



Knowledge grows

# Organizational Dilemmas in Supply Chain

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# Agenda

- An introduction to Yara International ASA.
  - Including sustainability challenges and CCS at Yara Sluiskil.
- Organisational dilemmas linked to supply chain. Some reflections from Yara International ASA:
  - Supply Chain presence (or not) at the top.
  - Should supply chain reporting lines be functional or regional ?
  - What is the scope of supply chain ?
  - What activities to include in supply chain shared service centres ?
  - Does procurement fit into a supply chain organisation ?

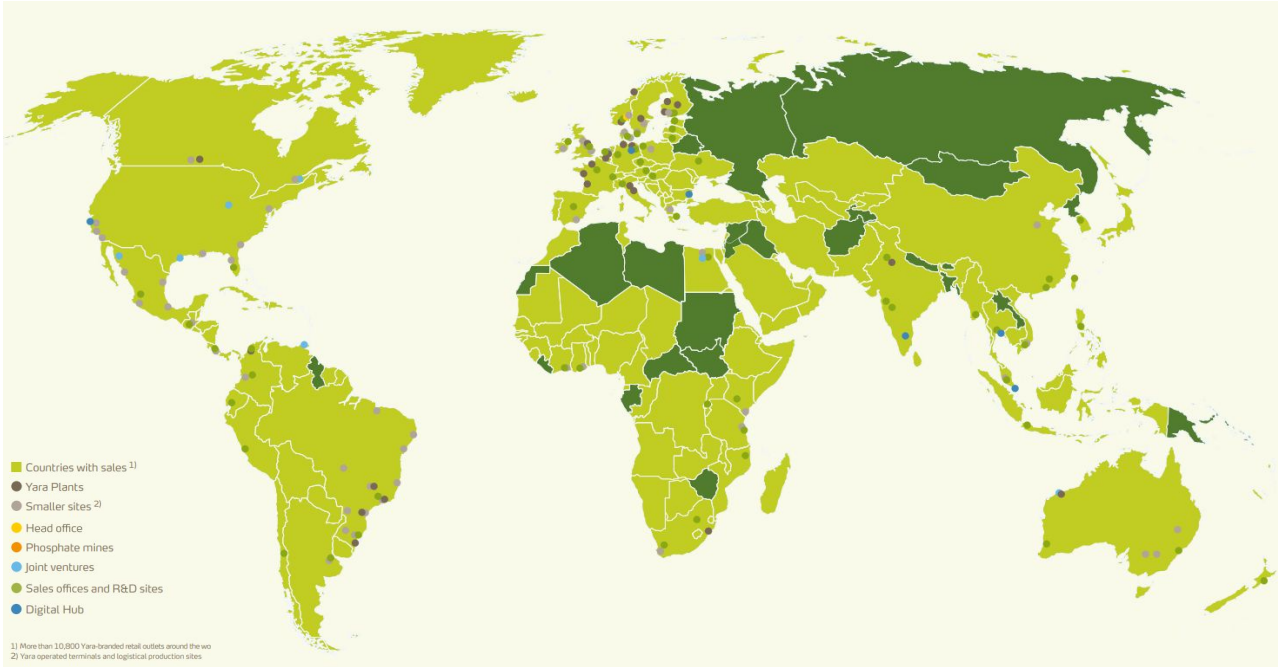
# Introduction to Yara International ASA

**Fertilizer is an incredibly important lifesaving innovation for global health and food security.**



**More than 50% of all food consumed today is produced using mineral fertilizers\***

# Global mission, global presence



# 17,000

Employees worldwide

# 13.9

Billion USD  
revenue

# 26

Production  
plants

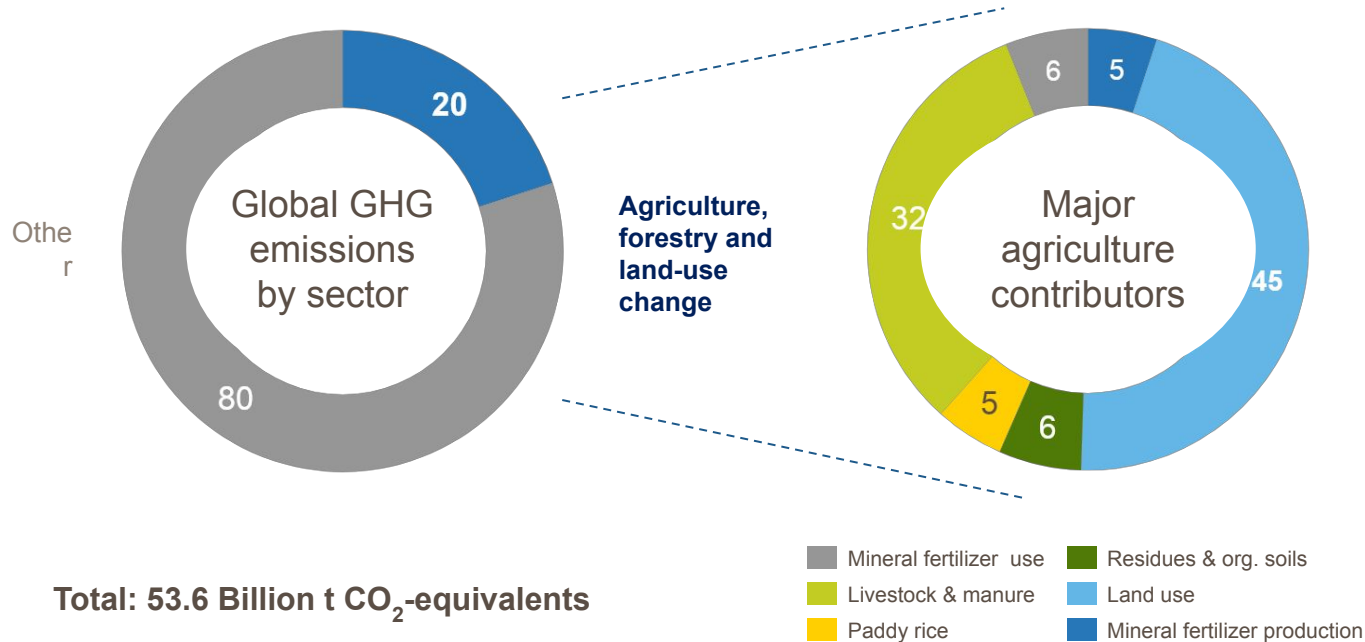
# 140

Countries  
with sales

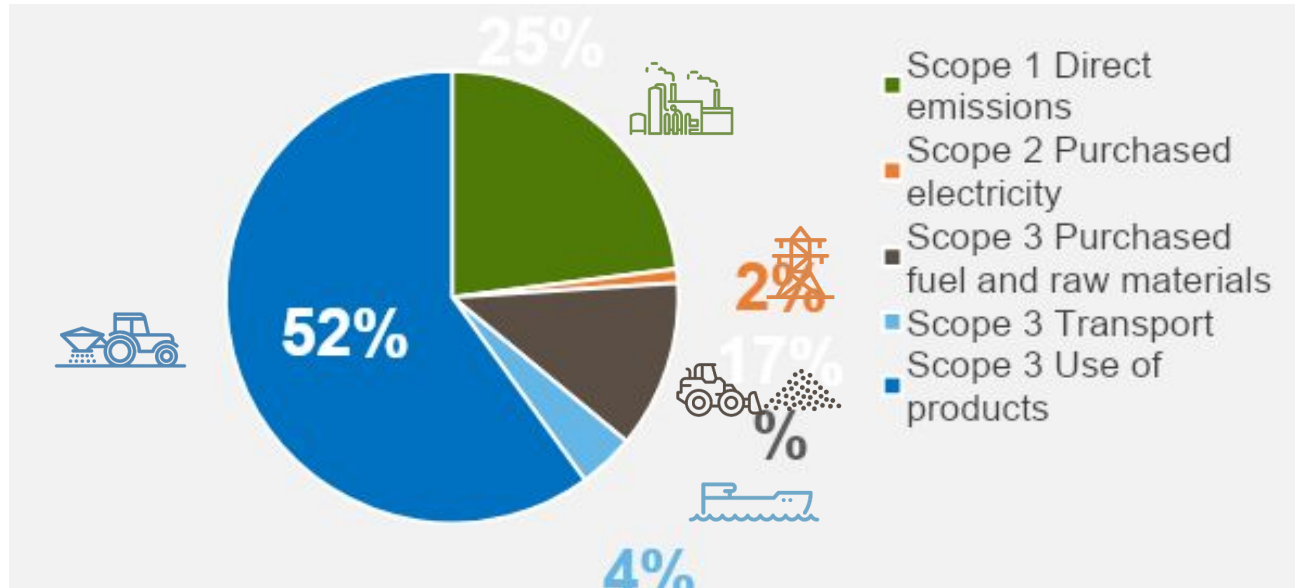
# 10,800+

Yara-branded retail outlets globally

# Agriculture is a major source of greenhouse gas emissions; improving land use efficiency is key

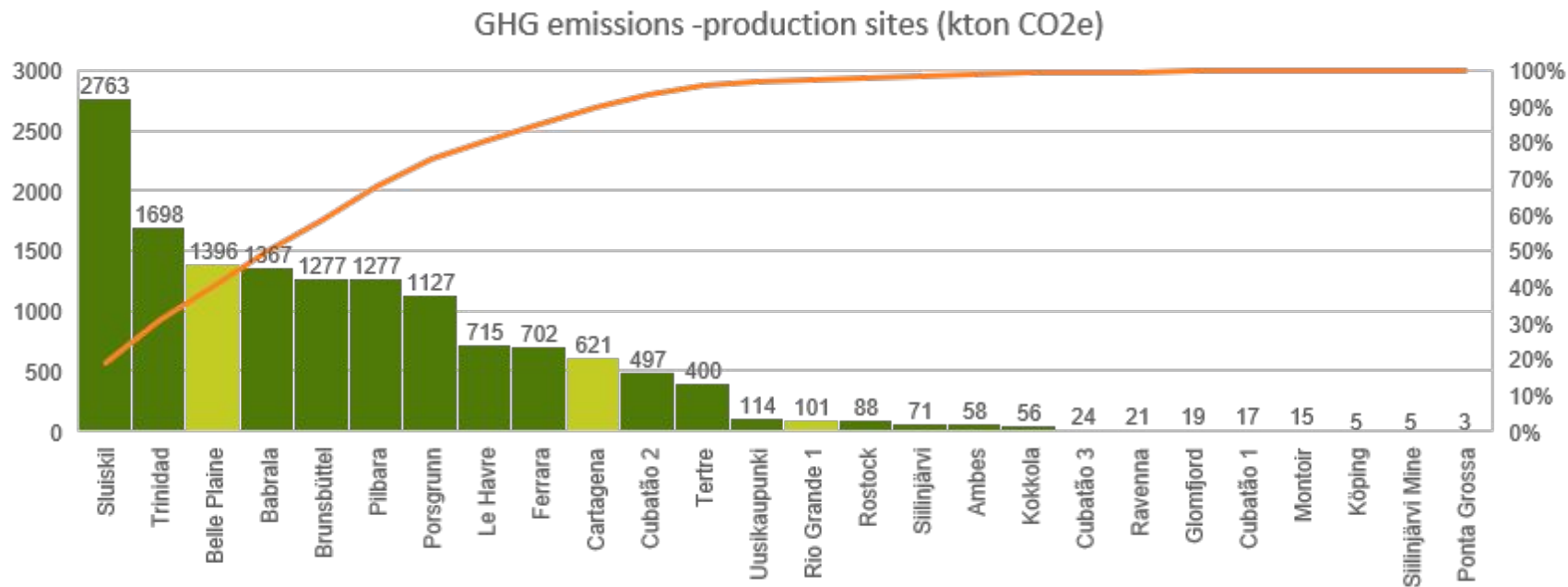


# Yara's Carbon footprint ~ 58 Mton CO<sub>2</sub>eq (YE 2023)



# Scope 1 - Direct emissions by site 2023

## YAM ~ 15%



# Yara Sluiskil CCS (Carbon capture and storage)



- 800kt / annum CO<sub>2</sub> will be liquified, shipped to Norway and pumped 2.4 km below sea bed.
- Equates to 0.5% of Netherlands' total emissions.
- Two 6 – 8 kT gas carriers weekly.
- Start up end 2025. +/- 15 year project span.
- Some nice new supply chain challenges for the site.



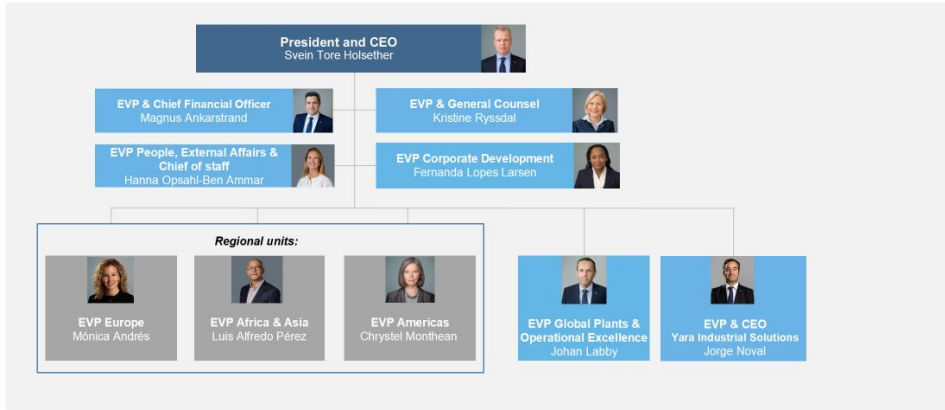
**A few Yara organisational  
dilemmas.**

# A few Yara organisational dilemmas

- Supply chain presence (or not) at the top.
- Should supply chain reporting lines be functional or regional ?
- What is supply chain ?
- Which supply chain activities can be located in a European shared service centre ?
- Does procurement fit into a supply chain organisation ?

# Supply Chain presence (or not) at the top.

## Yara Group Executive Board – GEB



- No EVP Supply Chain in Yara since 2019.
- We were previously global functional:
  - Production, Supply Chain, Commercial etc... with clear EVP Supply Chain role that encompassed Supply Chain and procurement.
  - Both direct and indirect procurement.
- Rightly or wrongly where supply chain sits in the organisation relative to other areas is a signal.

# Should supply chain reporting lines be functional or regional ?

- Yara has really struggled over the years with this one. Strong global functional reporting lines when introduced have not lasted the test of time:
  - Not helped by geography nor 7 ERP IT landscape..
- For me Supply Chain organisation fits best when it has compatible reporting parity to commercial.
  - Meaning if you have a Business Unit Latin America, The Commercial Head should have the same boss as the supply chain head. Key KPI's are shared at the same level. Inventory, forecast accuracy etc.
- Direct Procurement and maritime are or Yara. For us these are undisputed global functional responsibilities. As is process ownership for planning (SAP-IBP) and governance for procurement.
- For me strong lean global expert unit with regional functional reporting is the best compromise.

**What is the scope of supply chain ?**

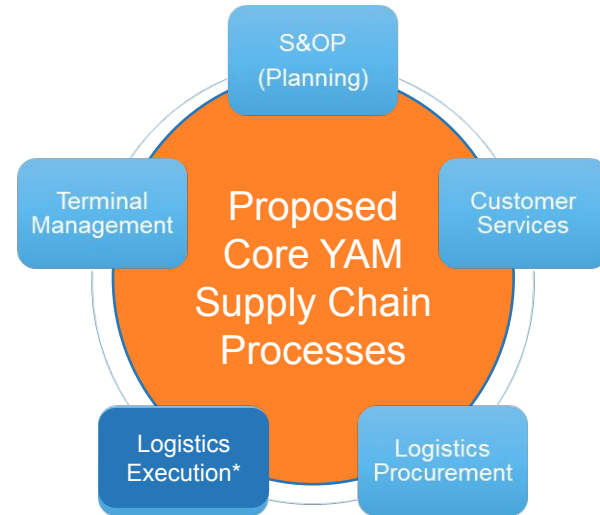
# Organisational design – Yara Americas’

- Following Yara’s decision to move to a regional operating model AlignOrg was hired by Yara Americas’ to help with organisational design for the new unit.
- Methodology used focused on agreeing the macro before moving on the micro.
- For supply-chain one of the most useful/interesting consultancy practices we have used.



# Proposal for what should be considered the core supply chain processes for YAM.

- Five processes proposed:
  - Sales and Operational Planning.
  - Customer Services.
  - Logistics Procurement.
  - Logistics execution.
  - Warehouse/Terminal management.



\*Logistics execution, in addition to the standard fulfilment of the order book also includes execution (but not the contracting which is DP/IP) of raw material and packaging procurement. Likewise the execution of trade business (but not the sale itself which is commercial) is also included in logistics execution.

# Key discussion points and decisions ...

## QUESTIONS ?

- Is procurement separate from supply chain or part of supply chain ?
- Are supply chain processes global ?
- Does logistics procurement report to direct or indirect procurement or supply chain ?
- Are factories supply chain ?
- Is demand planning a commercial owned and executed process ?

## DECISIONS ?

- We agreed separate apart from logistics procurement and direct procurement execution.
- We agreed only planning and maritime shipping.
- We agreed logistics procurement reports to supply chain.
- We agreed not if they have chemical processing.
- We agreed demand planning is a supply chain owned process but strong commercial enrichment and sign-off.

# AlignOrg – YAM Supply Chain organizational outcome.

- Lean supply chain expert unit implemented at regional YAM level.
- Three supply chain units created/adapted to reflect the five core processes identified.
  - Each reporting to separate Business Unit Managers: North America, Latin America, Brazil.
- Have proven to be well received.
- We are a 3 SAP ERP landscape in YAM.
  - Single entity landscape may have altered some of our decisions.

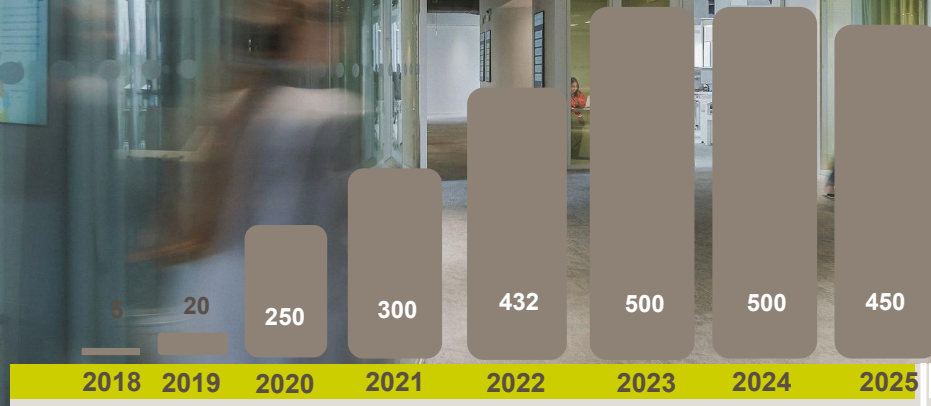
**What activities to include in supply chain shared service centres ?**

# In 2019 Yara decided to embark on a major European shared service centre initiative focussed on supply chain.

- Location chosen was Vilnius - Lithuania
- Key initial processes transferred were customer service, transport management and operational planning.
- All 26 local customer service offices across Europe closed. +/- 400 redundancies.
- It has been quite a journey for Yara ...

# Our Journey

From the first process lift in 2018, we currently provide services to more than 13 thousand customers



Number of employees

# Our Services



Transport  
Coordination



Export  
Coordination



Customer  
Service



Operational  
Planning



Financial  
Services



Other (BI,  
Procurement)

# Supply Chain Services

EBS use different systems to ensure that stocks are planned, orders are processed, deliveries get completed, and communication is quick and concise while constantly looking for process improvements and best customer care solutions.



Planning



Transport Management/  
Export



Customer Service

123

Customer Service

107

Transport  
Specialists

16

Export Specialists

# Our capacity over the year 2024

12.5K

Customers Served



705K

Number of Deliveries



479.9 K

Number of Orders



422.6K

Number of Invoices



21.8 Million Tons

Sales Volumes



56 %

C-Term Deliveries

44 %

F-Term Deliveries





# Innovation Thrives Where Diversity Flourishes

8,6   
Diversity and  
Inclusion NPS

14   
Unique languages

8,5   
Engagement NPS

39   
Unique Nationalities

34   
Year average age

# Team



**Vice President EBS**  
Artūras Fedotovas



**Communication**  
Ovidija Ferenciene



**HR Manager**  
Ieva Burjanienė



**HESQ Manager**  
Audinga  
Pasiliauskienė



**Director Finance  
Operations**  
Gabija Markevičienė



**Continuous  
Improvement Manager**  
Deimantė Puplesytė



**Director Operational  
Planning**  
Monika Sadauskienė



**Director Supply Chain YEU**  
Rasa Inčerauskaitė-Pivoriūnienė



**Director Supply Chain  
YIS**  
Brigita Balčaitienė

# Learnings

- The non customer facing is “obviously” the “easy bit”.
  - Customer facing however is not as difficult as commercial will tell you.
- Staff turnover will be higher than you plan for. There is serious competition for talent.
- We kept logistics procurement and terminal operations management local. I would not change.
- We did move operational planning. That remains our biggest Vilnius challenge. It’s a big ask.
- In Europe we are single instance SAP. We are globally an 8 instance SAP entity. Obviously single instance ERP aides shared service set up.
- Automation/efficiency brings bigger savings than labour cost arbitrage.
  - We have relocated global maritime execution to Norway.
- You should make those responsible for the decision own the implementation.
- Understand everything relating to local legislation. 3 week notice period was a surprise.
- In the end really is quite surprising what it is possible to achieve ...

**Does procurement fit into a supply chain organisation ?**

# Does procurement fit into a supply chain organisation ?

- Undisputed in Yara is the importance of procurement.
  - However, we struggle with two issues in particular:
    - What is the right organisational home for procurement ? Is it supply chain ?
    - Is the same organisation for indirect and direct procurement appropriate ?
  - Until recently Yara had global functional indirect and direct procurement organisations reporting to two separate SVP's however we changed this September to the following model:
    - Global procurement governance unit (covering both DP and IP) reporting to a SVP Procurement.
    - Global category management and direct-line organisation for pretty much all direct procurement.
    - Local management of pretty much all indirect procurement.
    - Local supply chain units have responsibility for land logistics procurement and execution (and direct procurement execution). Maritime procurement and execution is global.
  - Not easy to get procurement organisationally perfect.
    - In particular Indirect Procurement. IP remains an organisational challenge for Yara.

**Any questions ?**



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