

For the Love of Milk

29/01/2024 Anyone who leads one of Europe's largest dairy enterprises will need to balance a trifecta of producer, retailer, and consumer interests. The company will require a strong structure in every respect. One based on quality. With no room for compromise.

Ingo Müller peers at the transparent packaging on the product in his hand. "This cheese is so fresh it looks like it was sliced just five minutes ago," he remarks. Dressed in jeans and a hoodie, he stands in front of the long, glass-covered, refrigerated shelves of a modern Rewe supermarket in the Mühlen district of the northern German city of Bremen. We're not far from the North Sea coastline. The Hanseatic city is surrounded by flat, fertile land with lush fields on which cows are happily grazing. This is nothing new to Müller, who grew up on his parents' farm. And loved it. He has always been fond of cows, and they of him. Today, Müller is the CEO of one of Europe's largest dairy enterprises — "for the love of milk," he says. And out of solidarity with farmers. Some 4,700 member farms are the joint owners of the cooperative enterprise known as DMK Deutsches Milchkontor GmbH, and Milram is the best-known brand of this specialized food producer.

A meeting with Porsche Consulting Magazine? That's fine with Müller. "But let's meet where the products are: at a store instead of the airport office. Preferably early in the morning." He arrives in a

superb mood, full of energy, and without a trace of executive posturing. He rolls up his sleeves and fills his shopping cart for the magazine's photographer. Fruit, vegetables, and dairy products of his own make, of course. He promptly shows off an innovation: "The new covers of our yogurt containers are thinner and stronger than what we had before," he says.

"Quality is non-negotiable"

Müller is curious. As the spokesperson for the management board, he wants to know about the quality of his company's and his competitors' retail products. What items are new on the shelves? Is his company's packaging the most recyclable? Can the presentation be improved? Germany's largest dairy cooperative embraces quality — in all areas of the company from production, processing, storage, and transport to how the products are displayed in the refrigerated cases of retail shops. As he puts it, "What's on the shelves is what counts. Quality is non-negotiable."

Müller's colleague Dr. Marcus Krapp is responsible for overall quality at DMK. Global Head of Quality is his official title. Müller asked him to meet us at the supermarket too. "Our customers' satisfaction is our highest priority," says Dr. Krapp. "We always want to meet their expectations for our products." DMK has therefore drawn up a quality strategy as part of its Vision 2030. In doing so, the cooperative solicited advice and guidance from a specialized team at Porsche Consulting.

Farmers feed the population. Statistics show that a single farmer in Germany provides food for an average of 139 people. That figure has tripled since 1960. One food product that has always played a key role is milk. However, consumer behavior and purchasing patterns have changed over the past decades. The spotlight now is on convenience. Customers seek ease and simplicity in their lives, ready-to-use items in small amounts and packages. "But that conflicts with the idea of sustainability," observes Müller. "And sustainability is playing a big role right now in discussions about food. A lot more will be happening with packaging in the future."

Is food too cheap?

It seems bizarre to accuse the entire farming sector of being harmful to the climate. "For one thing, farmers are aware of their responsibility for the environment," says Müller. "Moreover, they are the ones who produce the 'means of life' (the literal meaning of the German word for 'food')." A second source of tension is the split between struggling to keep food prices down while desiring high levels of food quality. By way of background: in the 1950s and 1960s, residents of the Federal Republic of Germany had to spend about 50 percent of their income on food, whereas today that figure is only around 10 percent. "And quality has risen at the same time. We've never had such high-grade and healthy food products in our shops as we do today," says Müller. "These improvements have to be paid for. Quality has its price. That applies to organic products as well. If it's no longer profitable to produce them, or if most of the population isn't willing to pay extra for them, then farmers won't be investing in them anymore."

As the head of a cooperative food-producing enterprise, Müller also finds himself navigating the cross-currents of conventional dairy products versus vegan alternatives. Consumer eating habits have changed. The percentage of people who are flexitarian, prioritize plant products, or are entirely vegan will continue to rise by 2030. “As food producers we can’t say that’s a bad idea and we won’t go along with it,” says Müller. Quite the opposite, in fact: the dairy has the necessary expertise for alternative products as well. In the long term, the aim is for farmers to be able to participate in innovations as raw material suppliers. But it is also clear,” Müller remarks, “that we are a dairy and will remain so.”

As CEO of the DMK Group, Müller therefore needs to balance different interests. He seeks to address the many and often conflicting demands on his position by “communicating eye to eye.” As he explains, “Interacting with people as people, whether they’re cleaning personnel or company directors — that’s what’s important to me. And I want feedback. I want to hear if something isn’t working or if someone finds something disturbing.” This open ear for criticism is a quality Müller also expects from his management personnel. “We’ve modified our structures to promote this. When a quality assurance engineer speaks up, for example, we’re now paying the closest attention.” Müller is convinced that this type of corporate culture “enhances the quality of our products.” And that is the focus of the DMK Group’s vision for the future. “As food producers we bear a great responsibility. You can’t live up to that by following standard operating procedures alone. Instead, every employee has to like their work and be in a position to do their very best to improve quality. And you’ll only achieve that if quality is the top priority throughout the entire company, if you deal with people on an equal footing, and take them on board.” One example is DMK’s quality strategy. “It strengthens an entrepreneurial approach that promotes a preventive management system for assessing risks,” says Dr. Krapp. He has linked the strategy with a comprehensive continuous improvement project that closely observes production processes and uses an array of sensors on machinery to gather even more relevant information in real time about the milk, cheese, and curd.

It starts on the farms

As members of the cooperative, the farmers also place a premium on quality. As Krapp notes, “Our agricultural department maintains close contact with our farmers. We offer workshops, further training, and information. In the rare cases when quality problems arise, we go straight to the producer to discuss the causes and corrective measures.” He is quick to emphasize that since 2021, DMK has benefited especially from Porsche Consulting’s experience and expertise in process and cost optimization and in the further development of quality management systems. “We have profited from Porsche Consulting’s 25 years of experience in the food sector. It gives us a benchmarking framework that helps us improve all the more.” The experts at Porsche Consulting enjoy “absolute recognition and respect” among DMK’s employees. One reason for this, according to Krapp, “is that they don’t just provide ideas in theory, but are also and especially involved in guiding the steps to put them into practice.”

With a view to the future, Müller has the following to say: “We want to keep providing outstanding products over both the short and long term, while also keeping an eye on production costs. To do that,

we have to keep thinking about what else we can optimize, what we can do more efficiently, and what laboratory analyses we can run to get results that help us improve even more." Müller makes sure that success in different areas is measured. "Customer satisfaction has risen and our quality costs have declined," he notes. When the interview is over and we're about to depart, he turns one last time and says, "Milk is my passion — and has been so my entire life."

The CEO
Ingo Müller: Of Ice Cream and Farms

Ingo Müller was born in 1972 and grew up on a farm leased by his parents in Wesermarsch County in northern Germany (Lower Saxony). He has always been passionate about agriculture. As a 12-year-old he joined his father on a tractor at a demonstration against milk quotas, and at 14 he participated in the dairy's general assembly. After training as a dairy specialist at Milchwerk Botterbloom in Strückhausen, which later became part of DMK Deutsches Milchkontor GmbH, he studied milk and dairy management. "I was convinced that the dairy industry also needs people who understand and advocate for agriculture," he says. During his initial training he worked for the dairy's ice cream department as well as his parents' farm. Müller, who enjoys barbecuing in his spare time, became DMK's head of quality management in the late 1990s, then a plant manager, and in 2016 the CEO of Germany's largest cooperative dairy enterprise.

Portrait: The DMK Group

The DMK Group employs around 6,600 people. It is Germany's largest dairy cooperative and one of the top 20 companies in the sector. It processes 6.3 billion kilograms of milk a year for industrial, wholesale, and retail customers, and in 2022 posted sales of 5.5 billion euros. The cooperative has about 4,700 member farms. Its motto — "We sustainably supply millions of people with high-quality food" — stands for quality, diversity, and innovation. The product range includes cheese, dairy, baby food, ice cream, and ingredients for items such as pizza cheese and chocolate bar fillings. DMK's brands include Milram, Oldenburger, Uniekaas, Alete bewusst, and Humana, which enjoy high consumer confidence in both Germany and abroad and give the Group its strong profile in domestic as well as selected target markets around the globe. One of the company's goals is to constantly adapt its product range to the needs of consumers and clients. DMK therefore continuously invests in research and development to ensure that its innovative and successful products will continue to please customers in the future. DMK's declared aim is to "make the most of our milk," with the necessary steps outlined in its 2030 Vision. Fairness, innovation, and an entrepreneurial spirit are the core qualities inscribed in its values.

Commentary by Florian Haasis:
“Quality doesn’t appear out of nowhere”

Quality is essentially the sum of all properties. As used every day, the term is a prized designation for the merit of a particular product or service. Contracts are often awarded and goods often purchased on the basis of confidence in the provider’s quality assurances. But initial trust can quickly be lost if marketing superlatives like “top quality” are not followed up with consistently and comprehensively high-grade results.

For companies that means the following: quality can only serve as a seal of approval if it is carefully cultivated and continuously developed—in all departments and by all employees. Speaking from my experience in practice, that will only work if individual quality standards are anchored in the company’s strategy. They need to be clearly formulated, strongly prioritized, communicated widely, and above all embraced on a daily basis by leadership personnel.

As management consultants for a wide range of industries, it is clear to us that the best foundation for successful innovation is a comprehensive understanding of quality that is lived and embedded in all levels of a company's operations. DMK Deutsches Milchkontor is an example of how innovation is a key driver of growth. Good management requires the ability to self-reflect, especially for companies with classic and often iconic products and services. This includes regular reexamination of established practices and a strong desire to continue improving, to address changing customer desires, and to consider disruptive ideas. That is how a promising climate of innovation arises.

To bring innovations promptly and successfully onto the market, factors such as short authorization cycles and first-class value chains are crucial. The prerequisite here is a high standard of quality that underlies all fields of action. To produce innovative and superior-grade products, efficient processes and structures are needed: in procurement, production, transport—or in short, everywhere.

As we go through an age of technological change, new methods and techniques offer unprecedented potential. Together with its clients, Porsche Consulting is pursuing a “future factory” approach to develop and implement use cases in order to optimize value chains rapidly and efficiently. The greatest increases in efficiency are coming from the interplay between digitalization and automation. Examples in the field of quality include future-oriented test planning based on artificial intelligence, and data compilation with the help of smart analytics.

Quality is a driver of innovation and a seal of excellence. But it doesn’t appear out of nowhere. Quality has to be created anew and further developed every single day.

Info

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Image Sublines

Path: For the Love of Milk/Images/img_1.jpg
Title: Dr. Marcus Krapp, Global Head of Quality DMK Deutsches Milchkontor GmbH, Ingo Müller, CEO of DMK Deutsches Milchkontor GmbH (l-r), 2024, Porsche Consulting GmbH
Subline: Dr. Marcus Krapp (left) is DMK's Global Head of Quality. Together with Ingo Müller he has made the dairy company's quality strategy an important part of its Vision 2030. © Porsche Consulting/Marco Prosch

Path: For the Love of Milk/Images/img_2.jpg
Title: Dr. Marcus Krapp, Global Head of Quality DMK Deutsches Milchkontor GmbH, 2024, Porsche Consulting GmbH
Subline: "Our quality strategy strengthens an entrepreneurial approach that promotes a preventive management system for assessing risks," says Dr. Marcus Krapp, Global Head of Quality. © Porsche Consulting/Marco Prosch

Path: For the Love of Milk/Images/img_3.jpg
Title: Ingo Müller, CEO of DMK Deutsches Milchkontor GmbH, 2024, Porsche Consulting GmbH
Subline: How do retailers present our products to customers? That's what interests Ingo Müller. And chatting with a cashier can bring new insights. © Porsche Consulting/Marco Prosch

Path: For the Love of Milk/Images/img_4.jpg
Title: Florian Haasis, partner at Porsche Consulting GmbH, 2024, Porsche Consulting GmbH
Subline: Florian Haasis, a partner at Porsche Consulting, has many years of specialist experience in the food and packaging industries and in putting corporate strategies into practice. © Porsche Consulting/Marco Prosch

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