



"Once you reach a certain level, you need to internalize this: you work for your team."

*Cindy Yao, Chief Financial Officer and
Executive Vice President at the Markel Group*

"You win the hearts, you win the world"

Cindy Yao holds not one, but two leadership roles at one of the industry's leading companies. She talks about combining her responsibilities as Chief Financial Officer and Executive Vice President at the Markel Food Group, the importance of leading a team while being a team player, and creating a Leadership University to support next-generation trailblazers.



Catalina Mihu: You were recently recognized as the 2023 Large Company Virginia CFO Of The Year by Virginia Business magazine. Congratulations on the award! How would you outline the priorities in your responsibilities today, in your double role as Markel's CFO and Executive VP?

Cindy Yao: First of all, people/team have always been my priority regardless of what role I have. You need to always be present for your team. I regularly am in contact with them. I work with our China team when it's my night and their morning. The time zone difference helps me juggle all priorities better. At the same time, financial reporting, and compliance especially as part of a public company, is always most important with a clear deadline. I meet with my finance team regularly to understand what is going on. For the first few years after joining the company, we put comprehensive policies and governance in place, and now all the teams can work on their day-to-day tasks together to make sure all the bases are covered.

Regarding my double role, they complement each other: the business role helps me to understand our business deeper and broader. It helps me to see what is important for our customers and our teammates. It provides me the ability to be a better strategic partner for the CEO, presidents, and other business leaders: What KPIs are more effective to drive what behavior and results? What are the customer voices? What reporting is meaningful for business users and for operations? Having a finance 'hat' also means that I can be more vigilant to make sure we comply with regulations and tax requirements. If we start doing business in a new country, or a new region, for example, I can collaborate with the team quickly and understand what risks and regulatory requirements we need to consider. So, my two roles help each other: the finance role helps me be a better businessperson and the business role helps me be a better operational CFO. It is more effective and efficient.

"The heart of Markel"

Mihu: What should leadership at this level entail, and what is the unique perspective that women bring to this role?

Yao: As a CFO and an EVP, it is about personal growth and the growth of the people I serve. It is about having empathy and being in their shoes. My teams do not work for me. I work for them. That is the essence of Markel Business System – Inverted organization structure. Once you reach a certain level, you need to internalize this: you work for your team. It is not a saying. It is your doing.

What do women bring to the table in leadership roles? In my own experience of working full time, having two children, and going back to school for my Executive MBA, I would say time management skill is critical, as is empathy – the ability to observe and relate to other people’s feelings and emotions. You may be in your business suit, look all put together, while at the back of your mind, you might be juggling daycare or ailing parents. My experience has made me better able to be more observant, to be able to listen to other people’s problems and challenges and create an environment and culture where my teams care about each other’s wellbeing and work together more effectively.

Mihu: This is a question that is exclusively addressed to women: how do they juggle their personal life and their careers?

Yao: You have to be comfortable with the choices you make. Work/life balance is such an out-of-this-world goal. It’s very difficult to truly achieve a balance, but there are often tradeoffs. I remember the times when I missed my children’s milestones and school activities because I was either traveling or busy with meetings. But, at the same time, this has helped me be more mindful of my teammates’ time commitment for work and life. For example, if I know that there are people with children in their care, whether it is a father or a mother, I do my best to avoid scheduling meetings for early mornings. That is precious family time, when they feed the children and take them to school.

Mihu: How does the team perceive this perspective, of you working for them?

Yao: They respond well to it. With this mindset, we work together cohesively, and I have people reaching out and wanting to share their life stories and struggles. They use me as a sounding board. A heartfelt comment from a recent 360° survey stayed with me: it said I am the heart of Markel. While I was working at Bausch+Lomb, in the engagement survey of my department, teammates said my boss works for me. It’s great to see people recognize it when you put them first and work to help them. They want to work with you, enabling certain changes together or advancing in one direction. In Chinese, we say, “You win the hearts, you win the world” and this is how I operate. Care for your people first!

Mihu: What is at the heart of Markel?

Yao: The heart of Markel is a way of our doing and being. It is the peace coming from the fact that we care about each other, we respect one another, and we challenge each other for the better of our own growth and company

growth. Of course, we care about our results; but people come first. We ‘build’ our people before we build machines. That is our heart. Most recently I saw a quote: “Sight is a function of the eyes. Vision is a function of your heart.” It seemed to agree with me that it is all about the heart!

The Markel Business System

Mihu: Speaking of working with and for people, you also celebrate a significant milestone this year: 10 years with the Markel Food Group. What are some of the most significant moments for you throughout the past decade?

Yao: Several moments come to mind; for the first three years, we transformed our company from a more entrepreneur type of organization to a more professionally run organization. We set up the fundamentals and the control framework and governance process. Then, in 2017, we embarked on the journey to create and implement the Markel Business System, which combined tactical tools with a holistic continuous improvement mindset. The past three years, I took on more commercial/business responsibilities. Working with the business directly gave me more appreciation of our front-line managers and teammates. I would say the creation and success of Markel Business System Leadership University is the biggest milestone and recognition for me, my team and the company.

Markel Business System, Leadership University

- + Monthly requirements:
 - One 90-minute session per month
 - Two separate 45-minute coaching sessions
 - Continuous skill application
- + The final session is held in person for one week, including graduation
- + Each student must successfully complete three Problem-Solving Projects (PSPs). They receive MBS PSP Champion certifications by December 2023

Mihu: You led the creation of the Markel Business System Leadership University. The first attendees of the MBS Leadership University graduated last year. How was it developed and how does support Markel Food Group teams and customers?

Yao: The concept of the university is to bring leaders and high potentials together, to share knowledge and support each other in understanding our customers, ourselves, and our industry. It aims to amplify the customer’s voice and teach a unified set of values and skills throughout the Markel Food Group. Those joining the Leadership University are selected and prepared to be able to lead themselves and others, as well as the business. It is designed to identify and train the successors for presidents, directors and other succession needs.

Mihu: What does the syllabus look like?

Yao: We split the program into two categories. One hones on leadership skills and teaches how to be a genuine leader and work in a team setting. It includes team and self-assessments. The other module focuses on tactical tools that can be used to solve problems, including KAIZENs, risk assessments and VAVE. We work with the students to create a five-year personal development plan, to see how the company can provide opportunities for them achieving their career growth.

Mihu: What resources are available to students during the program and who are their trainers?

Yao: We had a certified trainer from our HR department run our first class. We also acquired specialty training materials. The MBS Director and I teach lean tools and concepts. This year, I became a certified trainer for leadership courses to coach and teach with help from an external HR consultant. Our graduates have also become coaches. The students have full access to all of us. It has been a privilege to teach and learn from my students. They call me the Dean, best title ever.

Mihu: What are your other responsibilities regarding the University?

Yao: I work with the MBS director and HR consultant in designing the curriculum. We seek frequent feedback from the students, presidents, regional leaders, and managers on how to improve our materials and course structure. We have individual coaching sessions with the students, where they share with me their career aspirations and their challenges. I also have scheduled sessions with students and their coaches (who are the graduates from last year), to make sure we maintain a cadence and that we move forward with all the problem solving. This is my way of engaging both the existing students and the graduates in implementing MBS. One example of a PSP the students must solve are along the lines of: 'Why is my newly-built equipment module X% lower than we expected?' The student and his coach work together to find root causes and counter measures to eliminate this gap. These case studies can be used by other sites within MFG to improve our financial results and motivate our people.

"KAIZEN stands for improvement. It's a way of solving a problem or improving a process. A KAIZEN mindset means seeking continuous improvement, big and small."

Cindy Yao, Chief Financial Officer and Executive Vice President at the Markel Group

As I get feedback on our program throughout the year, we keep improving our material and planning for the next class.

All in all, the role of the MBS Leadership University is not to issue a diploma but to create an army of problem solvers! It is about changing the culture, changing the mindset, and changing the way we do things. To put things into perspective, 31 students have enrolled in the program so far. They will be the leaders that will make a difference in the future.

Mihu: How is a problem-solving session structured?

Yao: The MBS definition of a problem takes away all the guesswork and subjectivity: 'Do I have a standard/goal and where am I in relation to it?' If there is a gap between the two and has a trend, then the gap is the problem! We need to close the gap and solve the problem. Once we have a problem statement, we will ask the five why's to identify root causes and pretest the data to focus on the 80%. Problem-solving is a continuously changing process, because, while we might find some causes for it at first, we might later refine the scope to make sure the potential solutions are possible. We call this process PDCA: you plan, you do, you check, you act. This is how we move forward.

PDCA

PDCA or plan-do-check-act is an iterative design and management method used in business for the control and continual improvement of processes and products.

Mihu: Who can join this program and how are the students selected?

Yao: Presidents, and regional leaders and leadership teams recommend candidates. We do have a class size limitation because we want to have extensive one-on-one time. We ask for candidates from all our companies – AMF, Reading Bakery Systems and Solbern. The only branch that hasn't been able to have students join the program yet is our China operation because of pandemic traveling restrictions. I expect that we will have someone take part next year.

Mihu: What is the role of the KAIZEN principles in the organization of the MBS Leadership University and in the day-to-day work at Markel Food Group?

Yao: KAIZEN stands for incremental improvement. It is a way of solving a problem or improving a process. A KAIZEN mindset means seeking continuous improvement, big and small. The most important thing about having a KAIZEN mindset is that you see the need for improvement. At the MBSLU, we teach how to organize and facilitate a KAIZEN. It can be related to self-improvement or that of the team and the company.

Mihu: And why did you decide to embark on this project?

Yao: I have always been extremely fortunate regarding learning and training. I believe knowledge does not simply appear. You must actively seek it and you also need



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coaches and mentors to help you on this journey of learning and acquiring knowledge. Education is one of the best ways to obtain knowledge and change our mindset. MFG grew partially through several acquisitions. What are our shared values and ways of leading our teammates and serving our customers? Do we speak the same business language and apply the same operating principles? What binds us together is our business system. I knew we needed an institution to educate and train our people to adopt, implement and experiment our MBS. Therefore, we embarked on this education program.

We borrowed the idea of having a MBSLU through the experience I had at Bausch + Lomb, which had a university, although with a different focus. In the long run, our goal for the University is for it to run with alumni to build a network of problem solvers and KAIZEN practitioners. MBS is becoming the language of our business, a skill we keep perfecting. Personally, I also insist that more women students join the program and the company and receive training that will prepare them for future growth.

10 years with Markel

Mihu: How have values and strategies at Markel adapted and evolved over the past decade?

Yao: At the root, the values and strategies remain the same: customer satisfaction and teammates engagement are our pursuit. Through acquisition and innovation, we are able to provide broader offerings and serve more customers in different segments and different regions. The execution of the strategy evolved as we expand and with our implementation of MBS. Individually, each of our companies still needs to advance in its market segment; but collectively,

we are a much bigger and stronger company: we have presences and reach in many countries. We have groups of experts in baking and food processing technologies. We benchmark internally and externally. We leverage our innovation centers, manufacturing sites, currency advantages, geographically disbursed service techs. Our global footprint, wealth of knowledge and our multinational team enable us to win.

"As a company, we do have a high-level strategic deployment plan regarding automation and digital transformation. We will gradually introduce new solutions in the market that go beyond simply automating processes and use machine learning to continuously adjust these processes."

Cindy Yao, Chief Financial Officer and Executive Vice President at the Markel Group

Mihu: How did the pandemic bring everyone closer?

Yao: During the pandemic, we made an effort to stay connected and combat the 'pandemic enemy' together. I definitely increased my frequency of speaking with the leadership team at Reading Bakery Systems, Solbern and Markel TJ. It made me realize even more that we can't take every interaction with our teammates for granted and make the best use of our time together. Through the Markel Business System Leadership University we also stay connected via MS teams solving problems. The University offers us a forum and a very collaborative and organized way to assess what lies ahead for us, as a group.

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Mihu: How do the R&D teams from all the companies work together?

Yao: The speed of innovation is getting faster. To be the leader in the industry, we must invest in R&D. Being a CFO, I understand the short-term and long-term impact on our results. Our short-term profit needs to enable us to invest for the future. Overlooking the group companies R&D spending and direction enables me to find synergy and collaboration between the companies to make our R&D more effective.

"The future of the industry is 'lights out', highly-automated bakeries with minimum or no emissions."

Cindy Yao, Chief Financial Officer and Executive Vice President at the Markel Group

Mihu: What lean organization principles can a company with a global reach benefit from?

Yao: We are on the journey to become a lean organization. We have a lot of work to do. The pandemic exposed many of us to supply chain challenges. It helped us to focus more on our supply chain management. At the same time, to become a lean organization, our leadership must have a KAIZEN mindset. We must continuously seek ways to do better and share the knowledge of improvement across Markel Food Group.

Mihu: Speaking of success milestones, what are some of your favorite moments of the past 10 years?

Yao: In terms of favorite moments, I would single out earning trust. I remember at one of the business reviews, the

president said to his team that "Cindy is part of us." I totally enjoy working with Reading Bakery Systems, Solbern and MFG TJ in my EVP role. To feel part of the team and knowing you are a helper making things go right is the best feeling. The next one would be seeing the graduates getting promoted and taking more responsibilities with confidence.

Mihu: It's inspiring to see that the focus is on people and their milestones – the people behind the innovation, rather than the innovation itself.

Yao: It's always about the people! The right people with the right leadership make companies do great things.

Mihu: Speaking of KPIs, how would you summarize KPI priorities at Markel?

Yao: In my mind, the two biggest KPIs are safety and retention of good people. Safety shows, 'We care about you'. No one should go to work and get hurt. Regarding people retention, we often say that people don't leave their companies, but their managers. As managers, we need to ask ourselves 'Do we have the right culture? Are we serving our customers well? Are we developing our people?' Good scores in safety and retention indicates that we have done well in these three areas.

A global reach

Mihu: Looking at the global reach of the Group, How are the financial strategies of Markel Food Group's main markets defined?

Yao: Our global reach enables us to shorten our lead time, reduce logistic costs and serve our customers faster in local languages. Our business and financial strategy of Markel Food Group has always been: 1. What's best for the



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customer? 2. What's best for Markel Food Group? 3. What's best for me (the company or region)? They are in this exact order.

Mihu: You led the restructuring and repositioning of several regional offices, including China and the Middle East. How were the group's earnings in China doubled within 18 months?

Yao: The restructuring and repositioning of some of our regional offices are driven by tax and legal reasons. For China, I saw the day coming where TJ is not just a legal entity under AMF but a platform for AMF, the then Tromp Group, Reading Bakery Systems and Solbern for more customer reach and for more product offerings at more base models. In the past two years, we redefined our China strategy – win China and win the world. We saw the rise of Chinese competitors both in China and in emerging markets. However, our group technology, global reach, brand recognition and investment in our China operation give us an advantage. In addition, our TJ team is one of the best teams with most dedication. For example, during the pandemic, we had 26 people who slept in the factory to ensure on time delivery.

Mihu: How have recent disruptions affected Markel and what strategies emerged?

Yao: More recently, the chips supply has been an issue. As a result, we have a significant backlog. On the plus side, we could see where we can do better in response to situations such as this one.

Mihu: How would this problem be processed in the MBS Leadership program?

Yao: We must look at this problem objectively. We need to ask ourselves what are the things we can control, and what are the things out of our control? To be a lean company, we must emphasize more on what we can control, rather than just blaming the pandemic or the chip shortage. Seeing the need to improve is the KAIZEN mindset.

Imagining innovation

Mihu: One of the recent innovations developed by AMF Den Boer is the hydrogen oven. Was this solution developed in response to sustainability concerns from the industry, or does it reflect how Markel envisions the future of the industry?

Yao: The award-winning hydrogen oven is our response to sustainability concerns with our forward thinking. It is how we execute on our pledge of better food and better lives. We are making investments to lead the industry for sustainable oven technologies. When we first revealed the hydrogen oven, the market was interested but skeptical about the timing. In two years, we have seen the acceleration for adoption of green energy. When we first revealed the oven, the market thought we were 10 years too early. But now, in just two years, the market is saying that we arrived on time.

Mihu: Please highlight the group's strategy toward investing in innovation – and the people developing it.

Yao: We redefined our innovation process within our organization. We have cross-company product development processed to share and leverage knowledge with dedicated R&D innovation centers. As we lead the effort in these breakthrough innovations such as Hydrogen/electric ovens and digital transformation, we are acquiring different talents and competence. This transformation is also for our leadership to change the mindset from a traditional mechanical engineering capability to AI embodied competence.

Mihu: We looked into the past 10 years at Markel Food Group. What would be key to continuous improvement for the next 10 years?

Yao: People are still the key. In the next 10 years, people/talents will be retiring, including some of the presidents and other senior-level people. The University will be a good training ground for the next generation of leaders. At the same time, as technology changes, we need more talent in areas of AI transformation.

"Senior managers need to make a deliberate effort to grow the ranks of our women leaders and offer certain flexibility for their other roles such as motherhood. Creating an environment in which people can work better is key."

Cindy Yao, Chief Financial Officer and Executive Vice President at the Markel Group

Mihu: Could more companies be joining the group?

Yao: Yes, depending on our strategy at the time, or on new segments we might want to focus on. But, that should be at the right time and with the right company so that we maintain the Markel Food Group culture and the Markel Style.

Mihu: And how should women's representation be supported to grow in leading roles in the baking industry?

Yao: There are fewer women in the machinery industry, in general. As leaders, we need to promote people based on merit. You need to have the ability, the talent and the competence to do the job. With that said, we also need to make an effort to grow the presence of women teammates in leadership roles. Looking back at my life, I know that simply working hard is no guarantee for success. I have met managers who were willing to invest in me. Bausch + Lomb sponsored my E-MBA and put me through CXO training. Senior managers need to make a deliberate effort to grow the ranks of our women leaders and offer certain flexibility for their other roles such as motherhood. Creating an environment in which people can work better is the key. +++