

C A S E S T U D Y

BUNGE

Bunge Turkey | January 2020

United we stand, divided we fall

In the last two years, Bunge Turkey has undergone a significant transformation. It has increased its turnover to more than double, despite the challenges of operating in a volatile marketplace.

Strategically, Bunge Turkey was working to optimize its full value-chain business by strengthening the downstream food segment to build-out its relative strength in the upstream agribusiness. Utilizing one major acquisition, Bunge Turkey took the opportunity to implement improvement across the entire organization, creating an era of increased transparency, accountability and collaboration.

Supporting this remarkable turnaround was business transformation specialist, Oliver Wight EAME. Through the implementation of a major improvement programme, Bunge Turkey and Oliver Wight have worked together to overcome considerable challenges, strengthening Bunge Turkey's position as one of the country's leading integrated agri-food businesses, and resulting in the achievement of the globally recognized Oliver Wight Class A certification in Integrated Business Planning.

Imagine the **possibilities**,
realize the **potential**.®

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History

Founded in 1818 by Johann Bunge in the city of Amsterdam, Bunge & Co. was a family-run import-export trading business, expanding its reach across the Atlantic in the late 1800s to establish a grain trading company in Argentina. Additional subsidiaries swiftly followed, with expansion in Asia and Europe helping Bunge to secure a foothold in the global agricultural market that it has retained ever since. Indeed, although its origins are rooted in Amsterdam, Bunge's presence is felt across the globe and its expansive portfolio includes locations in over 40 countries in the Americas, Eastern Europe and Asia.

Bunge Turkey is one of these companies; established in 2000, its operations are focused throughout the value chain, incorporating agribusiness and food and ingredients. The former is the historical business, and includes oilseed processing, trading of diverse commodities and grain and meal distribution for the feed industry. The latter represents Bunge's newer venture into food business, with Bunge Turkey producing bulk refined oil for food processes, bottled sunflower, corn and olive oil and other vegetable oil-based products. With six sites, 380 employees, hundreds of SKUs and thousands of orders a month across two different areas of business, the scale and diversity of operations makes integrated processes and best-practice planning-and-control disciplines fundamental to Bunge Turkey's success.



Embracing the change

With a recognized reputation as one of Turkey's largest processors and suppliers of oilseed products, Bunge Turkey's expansion into the F&I business signified the tentative start of a new age for the organization as it began to invest in its downstream food operation, with the opening of a brand-new state-of-the-art refining and bottling facility in 2012. This move was part of a calculated expansion strategy, as Paul Ayton, Managing Director at Bunge Turkey, recalls, "The strategy was very much focused on growth. At the time, we were making sure that we were utilizing our capacity by building sound business with our customers and increasing production volumes."

Initially, Bunge Turkey F&I produced only private label goods for retailers, which entailed making-to-order for customers, rather than growing brands and focusing on consumers to build brand equity. However, during this period of significant growth, the upstream agribusiness and the downstream food business weren't always being managed as one full chain. Ayton admits, "There was room for performance optimization from a full supply chain perspective." But the acquisition of Ana Gida, Turkey's number one branded olive oil company in 2017, would prove to be the catalyst which sparked transformation for the food business. Ayton explains, "A key part of the strategy was acquisition, and the addition of Ana Gida to our F&I portfolio considerably strengthened the downstream element of the business in terms of people, brands and knowhow. However, it also increased the need for greater planning, transparency and communication."

Bunge Turkey's agribusiness operated with a shorter-term focus reflective of the prevailing trading environment, with decisions made quickly and dependent on the movements of the FX and commodity prices. Ayton says:

"By comparison, when we bought Ana Gida, it introduced a higher level of complexity in serving customers and consumers."

As an FMCG business, Ana Gida's focus was on building sustainable brand equity with customers and consumers, which requires a proactive, long-term planning approach. This was an approach that Bunge Turkey had less experience with. In addition, Ana Gida's business model was more complex, with an export business, an olive oil business and other oil businesses – all of which had to be plugged into the company footprint. Ayton agrees, "Making sure that we were able to plug in and integrate the new business was an essential element of success."

Finally, there was the complication that not only did Bunge Turkey and Ana Gida have different operating and management systems, but neither system had the capability to connect the whole business, upstream to downstream. Ayton recalls, "Neither our legacy system, nor the acquired company legacy system was suitable to cater for all products, from bulk commodities all the way through to the final consumer."

The integration process following the acquisition provided the perfect opportunity to combine the businesses and take advantage of all synergies. Explains Ayton:

"We took the challenge of implementing an entirely new process and encourage the whole organization to get used to one common business planning process, which is what we call *Integrated Business Planning*."



The solution

Improving business planning became Bunge Global's opportunity. With the help and guidance of Oliver Wight's consulting partner, Andrew Purton, Ayton and his dedicated team designed a programme of education and workshops to roll-out the designed practices whilst addressing any local specific needs. The aims were clear; cross-organizational collaboration, full value-chain perspective, common processes of working, improving long-term planning and increasing transparency. With the objective of achieving Class A accreditation as the definitive stamp of 'success', Bunge began its transformation journey.

Commitment

IBP implementation began with education for the key stakeholders, as in any organization, change management and leadership buy-in is an important factor for success. The initial education roll-out focused on the top-tier of Bunge. There were education sessions for senior and middle management which focused on fully acquainting the leadership with IBP and enabling the teams to familiarise themselves with the responsibility and importance of leading by example. An IBP lead was appointed, Ekin Gurbuz, who process managed IBP from the start and was responsible for the co-ordination of process

deployment, documentation and establishing the sequence of IBP Business Reviews.

Success takes time and there were inevitable dips in enthusiasm as people initially struggled to embrace change. Purton says this is common in organizations under-going transformation; "Episodes of major change often result in periods when project progress appears to plateau as organizations absorb and adapt to the changes." Ayton confirms, "It was a challenge to get everyone to buy into the new process and to demonstrate the benefits quickly enough. Some of the team doubted the need for the timing of such change, given that it came immediately following the acquisition."

Initially there was an underlying sentiment that it was just another reporting tool, as opposed to *the* way that the business was run. For example, some departments continued to use different sets of numbers to those derived from the IBP process, simultaneously doubling the workload. Some people were also hesitant to discuss key issues within the Management Business Review (MBR) meetings; product plans were incomplete and supply chain issues weren't being brought up.

Consequently, the priority for Ayton and Gurbuz was to obtain resolute commitment to IBP from every single employee in Bunge Turkey and establish it as *the* business



Paul Ayton
Managing Director
Bunge Turkey



Andrew Purton
Consulting Partner
Oliver Wight

planning process. Gurbuz confirms, “We needed to strengthen the commitment from all members.”

Ayton began to attend selective IBP Business Reviews to ensure that the right discussions were being had, guiding the reviews in the right directions. Gurbuz explains, “Paul questioned different things and from a different viewpoint and he showed the department directors how to look at the process from a full value chain perspective.” Paul also set up additional, separate meetings specifically for supply chain to help prepare for and inform the discussions that were being fed into the IBP process at the monthly Supply Review.

Importantly, a clear rule was established: ‘There is only one process, with only one set of numbers. If it doesn’t exist in IBP, it doesn’t exist.’ Gurbuz says:

“With steady encouragement, we started to see a change in mindset about 12 months after the initial kick-off meeting. People began to see the benefits; they started to see the bigger picture, discussing more scenarios and different options in the reviews.”

Responsibility = accountability

For Bunge Turkey, cultivating an environment of accountability and empowerment has been fundamental in establishing understanding, as it swiftly recognized that people are the catalysts in inspiring transformation. Part of strengthening commitment to the process was to match the right people with the right

roles, outlining the expected responsibilities to enable people to personally buy in to the process, and clarifying the ‘decision-making rights’ through the process. Ayton explains, “It really is a powerful tool. Once people are aware of their role and the effect they have – both negatively if you get it wrong, and positively if you get it right – then they start to see what the IBP process is all about.”

Once people started to see small improvements, support began to rapidly accelerate as they fully engaged in the value that it created for the company, and for themselves. Ayton recalls, “People started to become more transparent and put more issues on the table; they started to challenge redundant processes, challenge traditional thinking and look for ways to achieve further gains.”

For example, when there was an issue with a supplier, instead of just sending an email to procurement, Ayton worked with the supply stream to map out the process, break it down to finite detail and rebuild the model again to pinpoint the issue, and subsequently resolve it. And part of that continued solution has been the implementation of weekly or monthly meetings with suppliers to ensure that production bottlenecks are avoided, and that quality is sustained. The result? A 15 per cent year-on-year increase in production planning accuracy and an 8 per cent improvement in production plan conformance.

Product Management Reviews have matured explains Ayton. Now, the decisions we take in our monthly Product Management meetings are based on properly informed discussions, following processes to ensure its products align with the company’s sales and marketing strategy.

One team, one value chain

With the right people in the right roles and a renewed commitment to the IBP process, Bunge Turkey could start to address the overarching issue; bringing together two different company cultures. The aim? To create one cohesive organization, working to a single agenda and from one set of numbers with full collaboration, trust and cross-functional teamwork. Easy to say, but not so easy to do.

One of the biggest challenges was establishing the 24-month rolling horizon that is fundamental in IBP, Ayton admits, “The business found it difficult to create a forecast over such a time frame.” Eventually, people began to accept that an assumption-based process enables longer-term thinking and, by definition, yields more accuracy as discussions are focused on understanding and developments in business drivers, not just the generation of numbers.

It was also crucial to convey that creating forecasts was not all about accuracy beside encouraged and promoted the transparency

that Bunge Turkey needed to forge cohesion across the value chain. Ayton explains:

“Having the business mapped out allows us to clearly see the strengths and weaknesses, but also where the jigsaw puzzle doesn’t fit together well in terms of planning across the value chain.”

The results

In the two years since initial implementation, Bunge Turkey results have shown and an impressive upwards trajectory. F&I sales have been fuelled by measurable increases in efficiency in production volumes; 13 per cent in crushing volume for sunflower oil, 18.9 per cent refining volume and 29 per cent bottling volume. Ayton enthuses:

“Improvements across the value chain, in crushing, refining, bottling has definitely been achievable thanks to the inputs of IBP. The process has given us the ability to delve into



Back from left:

Omer Kutsal (Supply Chain and Industrial Operations Director), Turgut Yegenaga (Agri Value Chain Director), Pelin Celikkan Gencaga (HR Director, Agribusiness Value Chain Talent), Erman Erol (Food & Ingredients Director)

Front from left:

Paul Ayton (Managing Director), Gul Cigdemtekin (Associate General Counsel), Erdem Yildiz (Finance Director), Ekin Gurbuz (IBP Manager)

the detail, and the capability to fix issues to improve efficiency.”

Forecast accuracy has seen improvement, as well as financial forecasts, stage-gate performance of new product launches and root cause-scenario-cost analysis. In addition, the monthly rolling IBP cycle now provides a road map to the team to be able to see and direct the business over a 24-month horizon, by enabling increased visibility and control. Despite having a complex supply chain, IBP has given Bunge the transparency it needs across the whole network to consider its longer-term strategy in terms of business growth and its impact on capacity and supply chain capability. Ayton agrees, “If we see bottlenecks in supply chain, we now have the 24-month outlook to make informed decisions as to whether to invest CAPEX into new tanks, warehouse facilities, more logistics or infrastructure, or alternative infrastructure solutions.”

But most importantly, Bunge has successfully adopted the integrated full-value chain business planning process, forging cohesion in the company. Ayton confirms:

“IBP was a really important supporting process in the integration of all elements of the business.”

“IBP has become an important business driver that has supported the transformation of Bunge’s business,” says Purton, “Continuous improvement is a way of life and improvements are being addressed in every aspect of the business, encouraging professionalism, common understanding and cross-functionality. It’s brought visibility and discipline to the full value chain, whilst still enabling Bunge to remain nimble, agile and to make decisions quickly.”

Looking ahead

Now, Bunge has a determination to continually pursue excellence, with the aim of achieving its clear strategic vision of becoming the best integrated agri-food business in Turkey. And, in March 2019 it reached the milestone of Class A for Integrated Business Planning – tangible proof that it had achieved a true transformation.

Bunge continues to plan for its future, as it seeks to strengthen its position as one of Turkey’s leading agribusinesses and F&I manufacturers. The game plan? An increased focus on driving significant improvements in customer satisfaction, as well as sustainable growth within a framework of excellence, all whilst being a key Bunge Europe IBP success story, with other Bunge businesses addressing their respective business transformation in parallel. Ayton concludes:

“There is little doubt that IBP has contributed significantly to the business results; it’s been invaluable.”





About Oliver Wight

When you talk to Oliver Wight about improving your business, we'll assume you want results, not just better processes – things like increased revenues and margins and greater market share. If you have the ambition, it is possible to make improvements that truly transform the performance of your organization and create more fulfilling roles for the people within it. We believe this can only be delivered by your own people. So, unlike other consultancy firms, we transfer our knowledge to you; knowledge that comes from over 50 years of working with some of the world's best-known companies.

Oliver Wight has a long-standing reputation for innovation and we continually challenge the industry status quo, so you always get the latest in new thinking. Your Oliver Wight partners will use their real-world experience to ensure your people, business processes and technology are fully aligned and integrated right across your organization.

They will coach, guide and inspire your people to drive change throughout your organization, allowing you to create a culture of continuous improvement and innovation that simply becomes for you 'the way we do things around here'. It's a proven, sustainable approach that will deliver results straight to the bottom line.

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