



BUNGE

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### Benefits at a glance

- ▶ *F&I sales increase of 20%*
- ▶ *EBIT more than doubled in two years*
- ▶ *A unified business and era of transparency*
- ▶ *Future growth in a framework of excellence*

## Customer profile

### United we stand, divided we fall

In the last two years, Bunge Turkey has undergone an astonishing transformation, taking its performance from suboptimal to sublime with a turnover of \$547 million, despite operating in a marketplace marred by domestic disruption; a coup d'état, terrorist attacks and a struggling tourism industry.

Although its books were always in the black, Bunge's 201-year legacy was facing unprecedented challenges as various acquisitions affected the balance between Bunge Turkey's historical upstream agribusiness, and its comparatively new downstream food business. Combined with underlying issues of hereditary behaviour, a lack of formal processes and a hesitancy to change, Bunge Turkey utilised one major acquisition as an opportunity to implement improvement across the entire organisation by creating a new era of transparency, accountability and collaboration.

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realize the **potential**.<sup>®</sup>

*Oliver Wight*  
OLIVER WIGHT





Two years ago, 'integrated processes' and 'best-practice planning-and-control disciplines' were not in Bunge Turkey's vocabulary



"Although there wasn't overt resistance, there were inevitable dips in enthusiasm as people initially struggled to embrace change."

Guiding 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 country's most successful agribusinesses, and resulting in the achievement of the globally recognised Oliver Wight Class A certification in Integrated Business Planning.

#### 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 across two areas of business; food & ingredients (F&I), and agribusiness. The latter is the historical business, and includes oilseed processing, trading of diverse commodities and grain & meal distribution for the feed industry.

The former represents Bunge's newer venture into food business, with Bunge Turkey producing bulk refined oil for food processes, bottled sunflower and corn 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. But two years ago, 'integrated processes' and 'best-practice planning-and-control disciplines' were not in its vocabulary.

#### Polar opposites

With a recognised reputation as one of Turkey's largest processors and suppliers of oilseed, Bunge Turkey's expansion into the F&I business signified the tentative start of a new age for the organisation 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 turnaround strategy, as Paul Ayton, Managing Director at Bunge Turkey, recalls, "The strategy was very much focused on growth and organic acquisition, but at the time, the growth was fairly simplistic; making sure that we were utilising our capacity, increasing production volumes and acquiring deals."

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 were often treated independently. Ayton admits, "This initially resulted in a suboptimal performance of the company, from a full supply chain perspective." But the acquisition of Ani Gida, Turkey's number one branded olive and seed company in 2017 would prove to be the catalyst which sparked transformation for the entire business. Ayton explains, "A key part of the turnaround strategy was acquisition, and the addition of Ani Gida to our F&I portfolio considerably strengthened the downstream element of the business. However, it also increased the need for greater planning, transparency and communication."

Historically, Bunge Turkey's agribusiness had operated with the short-term, reactive mindset common amongst the trading

industry, with decisions made quickly and dependent on the movements of the FX and commodity prices, for example. Ayton says, "The agribusiness wasn't especially complex; we received the order, we made the order and we distributed the order. But when we bought Ani Gida, that changed."

As an FMCG business, Ani Gida's focus was on building sustainable brand equity with customers and consumers, which requires a proactive, long-term planning approach - an approach that Bunge Turkey had little experience with. In addition, Ani 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 explains, "Bringing the two together was quite challenging. The downstream part of the business truly understood the need for it. The upstream part of the business, less so."

Finally, there was the complication that not only did Bunge Turkey and Ani 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 from agriculture all the way to final consumer."



**“We started to see a change in mentality about 12 months after the initial kick-off meeting. People began to understand.”**

**Ekin Gurbuz**  
IBP Lead, Bunge Turkey

**“ For Bunge Turkey, cultivating an environment of accountability has been fundamental.”**

**Name name,**  
Job title, Bunge Turkey

Although the issues were initially disquieting, ultimately, the integration process following the acquisition provided the perfect opportunity to combine the businesses and take advantage of all synergies. “We took a risk - and it was a risk - we agreed to put in an entirely new system and force the whole organisation to get used to one common business platform as well as a single planning process, which is what we call Integrated Business Planning,” explains Ayton.

#### **The solution**

Oliver Wight EAME was already firmly on Bunge Turkey’s radar, as Bunge had contacted the firm in 2012 with the request to deliver a diagnostic report and to identify key business opportunities. “Oliver Wight was brought in by one of our senior food executives who knew them from a previous life,” Ayton recalls, “I was part of an initial supply chain assessment in Hungary.” Diagnostic completed, the results showed that one of the biggest gaps to best practice in the Bunge company overall was in the existing S&OP process, and the company’s SILOed approach across the value chain.

Subsequently, improving business planning became Bunge’s mission after the diagnostic work in Hungary. In 2016, Bunge decided to elevate its planning process further and selected IBP as the best practice to be implemented region-wide in three phases. The first wave of implementation included

Poland, Romania, Hungary and crucially, Bunge Turkey. This, in part, was due to Ayton’s determination and recognition that IBP was an essential tool in the successful integration of the downstream and upstream parts of the business. “I understood this could be the opportunity that we wanted, so we insisted that Bunge Turkey was part of the first phase of pilots of the full roll-out of IBP across Europe.”

With the help and guidance of Oliver Wight’s consulting partner, Andrew Purton, Ayton and his small, dedicated team designed a programme of education and activity. The aims were clear; cross-organisational collaboration, 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 issues**

IBP implementation began with education for the key stakeholders, as in any organisation, change management is an important factor for success. The initial education rollout focused on the top-tier of Bunge, as without top-level buy-in, implementing true transformation would be impossible. 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 championed IBP from the get-go and was responsible for the initial progress of system set-up, documentation and meetings.

But success was slow to materialise, as the cultural re-education took some time to settle. Although there wasn’t overt resistance, there were inevitable dips in enthusiasm as people initially struggled to embrace change. But Purton says this is common in organisations under-going transformation; “Episodes of major change often result in periods when project progress appears to plateau as organisations 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 or the timing of such change, given that it came immediately following the acquisition.”

Although management accepted IBP, there was an underlying (and incorrect) sentiment that it was just another reporting tool, as opposed to *the* way that the business was run. For example, finance conducted a completely separate process using a different set of numbers to those derived from the IBP process, simultaneously doubling the workload and undermining IBP’s role as an integral part of the business. In addition, people were 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, let alone resolved.

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

Ayton began to attend certain meetings to ensure that the right discussions were being had, guiding the reviews in the right direction. 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 supply 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 IBP meetings. Ayton recalls, “We ensured that people were better prepared for meetings, we pushed back when we weren’t happy with the quality of the submissions.”

Crucially, the rule; ‘There is only one process. If doesn’t exist in IBP, it doesn’t exist.’ was established, alongside a ‘there is only one set of numbers’ rule. It was a tough love approach, but it was one that worked. Gurbuz says, “It was difficult, but we pushed and pushed and slowly but surely, we started to see a

## “The transparency is something that we could only have dreamed of three years ago.”

**Paul Ayton,**  
Managing Director, Bunge Turkey

change in mentality about 12 months after the initial kick-off meeting. People began to understand; they started to give the bigger picture, discussing more scenarios and different options in the reviews.”

### **Responsibility = accountability**

For Bunge Turkey, cultivating an environment of accountability has been fundamental in establishing understanding, as it swiftly recognised 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, and to outline the expected responsibilities to enable people to personally invest in the process. Ultimately, it required a change in personnel in certain teams, but 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 understand 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 delivering OTIF with the correct quality, instead of just sending an email to procurement, Ayton worked with the supply chain team 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 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 meetings matured from uninformed discussions to reviews fuelled by a renewed sense of purpose. “Prior to IBP, we had tried to build a product portfolio to plan for the future, using a ‘product innovation funnel’. We had a sort funnel shape on a PowerPoint, with a few bits and pieces on it, but there was no process linked to it,” explains Ayton. Now, every month Bunge kill, push or promote projects based on properly informed discussions, following processes to ensure its products align with the overall sales & marketing strategy.

### **When two become one**

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 radically

different company cultures. The aim? To create one cohesive organisation, working to a single agenda and with one set of numbers with full collaboration, trust and cross-functional teamwork. Easy to say, but not so easy to do.

The F&I area of the business was accustomed to looking out into the longer-term and creating future plans, but Bunge Turkey’s legacy agriculture business struggled with the concept of the 24-36-month rolling horizon that is fundamental to IBP. Ayton admits, “The upstream part of the business found it very difficult to create a forecast, as historically, decisions had always been reactive rather than proactive.” It was a barrier that proved difficult to overcome, as people resisted creating forecasts for fear of inaccuracy. Eventually, through persistence and education, people began to understand that an assumption-based process, by definition, yields less accurate forecasts as it travels further along the curve. “That’s why you use assumptions based on your market knowledge and on your activity plans,” says Ayton, “And it’s the same whether you have a short-term mentality, or a long-term mentality.”

It was also crucial to convey that the true value in creating forecasts wasn’t necessarily accuracy (although it was arguably one of the obvious benefits), but that it encouraged and promoted the transparency that Bunge Turkey needed to forge cohesion between the downstream and the upstream areas of the business. Ayton explains, “The transparency is something that we could only have dreamed of three years ago. 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. In such a complicated business, this has been a revelation.”

### **The results**

In the two short years since initial implementation, Bunge’s EBIT has more than doubled, with the outlook continuing on an impressive upwards trajectory, led by a 20 per cent increase in F&I sales. This has 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 in crushing, refining, bottling and squeezing a little more out of the value chain has definitely been driven by IBP. The process has given us the ability to delve into 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 analyses. In addition, the monthly rolling IBP cycles now provide a roadmap 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 capacity and supply chain capability. Ayton agrees, “If we’re running out of capacity and are considering investing CAPEX into new tanks, warehouse facilities, more logistics or infrastructure – whatever it might be – we now have the 24-month outlook to make an informed decision.”

But most importantly, Bunge has successfully transformed the cultural behaviour and climate, forging cohesion in a company previously uncertain how best to incorporate and manage a new arm of the business. Ayton confirms, “IBP was a really important part of the success of this acquisition and had we not done it, I think we would have had a lot of problems.”

“IBP has become an important business driver that has supported the transformation of Bunge’s business culture,” says Purton, “It’s created a focused organisation working to a single agenda and to one set of numbers, with full collaboration, trust and cross-functional team-work. It’s brought discipline to an industry which historically, is undisciplined, whilst still enabling Bunge to remain nimble, agile and to make decisions quickly.”

### **Looking ahead**

Now, Bunge has a strategic vision and a determination to continually pursue excellence, with the aim of becoming the number one integrated food chain 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 can begin 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 service, as well sustainable growth within a framework of excellence. All whilst being Bunge Europe’s IBP success story, of course, with remaining sites earmarked for transformation in the future. Ayton concludes, “We wouldn’t be able to run this business if we hadn’t implemented IBP. It’s been invaluable.”



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 nearly 50 years of working with some of the world's best-known companies.



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