

Accenture helps agricultural company
cultivate the seeds of high performance
through effective acquisition integration

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The client is a leading global provider of technology-based solutions and agricultural products designed to improve farm productivity and food quality. The agricultural company also supports efforts to help conserve the world's natural resources such as water and energy.



Business challenge

After completing a recent business acquisition, the agricultural company discovered that it had inherited myriad supply chain process complexities with the newly acquired global subsidiary. The lack of an end-to-end view of the subsidiary's supply chain processes made it all the more difficult to get a real sense of the full scope of the complexities. As a result, the parent company's leadership was uncertain about whether they had fully achieved the potential synergies from the acquisition and what steps might need to be taken to optimally integrate the operations of its new subsidiary.

To help gain a more complete picture and understanding of the subsidiary's supply chain operations, the parent company, or client, turned to Accenture to help conduct a comprehensive assessment and identify opportunities for process improvement. The agricultural company's overall focus was on improving product availability,

identifying cross-functional and regional process hand-offs, improving coordination and communication, and evaluating supply chain needs holistically. The ultimate business objective was to remove undesirable complexity from the supply chain processes through either quick-win improvements or forming project teams to tackle more strategic improvement opportunities.

Accenture was chosen to lead the project due to its process-based and performance-driven approach, objective perspective, and data-driven methodology which in combination help to transform complexity management into a tangible concept for clients. Accenture's process-based approach focuses on helping clients identify and resolve executive management-level challenges to enable high performance, including how to: quantify product and process complexity; establish a comprehensive, end-to-end view of ongoing operations to increase speed and reduce costs; and integrate technology with process excellence.

Accenture Process & Innovation Performance solutions are based on insights gleaned from extensive client experience and pioneering research. A research survey conducted by Accenture in conjunction with Knowledge@Wharton, the Wharton School of the University of Pennsylvania, reveals key findings about the complexity brought on by mergers and acquisitions. According to the research, organizations that are masters in successfully integrating acquisitions are particularly aware of the dangers of complexity. The research identifies underlying principles for avoiding process complexity as a fallout of mergers and facilitating a successful integration. Three key dimensions of integration identified include: the organizational structure, the processes, and the joint projects and knowledge sharing. Higher levels of integration along the organizational structure dimension facilitate greater coordination and provide economies of scale and scope. Lower levels of integration help to preserve the routines of process functions and flexibility.

How Accenture helped

The client engaged Accenture to first map out commercial distribution supply chain processes for a specific set of agricultural products in a couple of its subsidiary's key regions in the Americas. The immediate emphasis was placed on implementing high-priority recommendations to support commercial distribution plans for 2009 in these select regions. Once the process mapping was completed and complexity optimization opportunities were identified, the company would then consider applying the same approach to its subsidiary's remaining supply chain processes on a global scale.

Leading the project, Accenture organized a well-rounded team of management consultants from its Process & Innovation Performance service line. The Accenture team brought to bear deep knowledge and skills in the area of process complexity optimization. Key services included complexity analysis and reduction, and flexible operations for supporting product portfolio variety.

To create a comprehensive, integrated view of the subsidiary's supply chain operational processes, including identification of key sticking points and opportunities for improvement, the Accenture team:

- Kicked off the Process & Innovation Performance project by conducting more than 50 interviews to develop the hypotheses or assumptions to be supported or refuted, and gathering system and other forms of data from across the supply chain for analysis.
- Developed an end-to-end complexity value stream map of the supply chain operations to identify drivers of complexity and process pains.
- Qualified and quantified the impact of process complexity and poor process performance on the current-state supply chain.
- Synthesized insights developed from the complexity value stream map, and qualified and quantified the impacts on a prioritized and practical roadmap of improvement opportunities and recommendations developed for further study and consideration.
- Prepared a strategic approach and plan for implementing recommended process improvements.

Accenture leveraged innovative and distinctive methods to help qualify and quantify process complexity and then address its impact to unlock significant and sustainable hidden value for the client. In particular, Accenture leveraged its complexity value stream mapping methodology to help outline and visualize the subsidiary's entire supply chain, areas of process complexity and opportunities for improvement.

High performance delivered

The Accenture Process & Innovation Performance project was initiated in October 2008 and completed within just three months in January 2009. The comprehensive assessment conducted by the Accenture team provided the client increased operational transparency with a holistic view of its newly acquired subsidiary's supply chain processes in the initially targeted regions. The operational process complexities and inefficiencies identified helped to further provide an actionable, prioritized list of improvement opportunities to target in supporting the company's strategic goals to achieve high performance through effective acquisition integration.

The Accenture team effectively helped identify the root causes of the subsidiary's supply chain process complexity and downstream distribution effects that were combining and compounding problems in a vicious cycle to negatively impact product availability and cost. Key findings included:

- Customer-driven process inputs that generated inefficiency in core process performance, increasing the cost to serve customers.
- Increasing grower influences that limited production flexibility, driving higher product cost.
- Inconsistent process performance and exceptions that drove inefficiency into core processes, leading to longer lead times and costly, nonvalue-added resource utilization.
- System constraints and unmonitored business management activities that created process "blind spots," limiting overall supply chain visibility.
- Historic market demands and customer-driven processes that risked giving customers too many choices, driving increased operational complexity.

In targeting process complexity optimization opportunities aimed at achieving short- and long-term, strategic goals for improving performance, Accenture developed a framework to measure the cost of complexity and assess potential benefits to be realized along four impact areas:

Time: Lead time losses resulted due to process inefficiency and nonvalue-added activities. Improvement recommendations were developed to remove nonvalue-added time from processes, secure lead times and reduce overprioritization.

Resource utilization: Complexity issues in plant operations appeared through overtime, nonvalue-added resource utilization and capacity overuse. Improvement recommendations were developed to help control overtime, limit equipment overuse, and spread responsibility and mitigate the "overtime-hero" culture at the plant level.

Product availability: Products supplied faced both extremes of imperfect availability—opportunity cost (shortages), and inventory carrying cost and obsolete inventory market value (surpluses). Improvement recommendations were developed to help balance the product portfolio and align the supply chain to deliver the right product, in the right place, at the right time.

Cost: In addition to supply chain value losses realized as a result of operational inefficiency issues and increased transportation costs, issues emerged concerning higher costs associated with contracting and maintaining product portfolio variety. Improvement recommendations were developed to drive increased operational efficiency and help control the cost to serve customers, reduce process variability and limit excessive customer choice of products.

The complexity optimization findings and framework that Accenture developed for the client's subsidiary in the initial, select regions will further help to provide an optimized supply chain process blueprint for achieving strategic performance improvement goals on a global basis.

About Accenture Process & Innovation Performance

The Accenture Process & Innovation Performance service line helps clients become high-performance businesses by taking an end-to-end, process-based approach to address key business challenges, such as complexity reduction; lean manufacturing and operations; process innovation; strategic cost reduction; and growth through innovation. This approach helps clients as they strive to create a sustainable competitive advantage. Accenture also helps clients become high-performance businesses by rapidly enhancing the internal capabilities needed to continuously improve operational and

innovation performance. Specific areas of expertise include Operations Strategy, Complexity Optimization, Lean Six Sigma, Business Process Lifecycle Management, and Fast Innovation and Growth. Accenture enhanced its long-standing operations and strategy expertise with the 2007 acquisition of George Group, a recognized market leader in process, operational and business transformation and innovation strategy, whose capabilities and offerings form the foundation of this new service line. Its home page is: http://www.accenture.com/Global/Consulting/Process_and_Innovation_Performance.

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Accenture is a global management consulting, technology services and outsourcing company, with more than 181,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US\$21.58 billion for the fiscal year ended August 31, 2009. Its home page is www.accenture.com.