

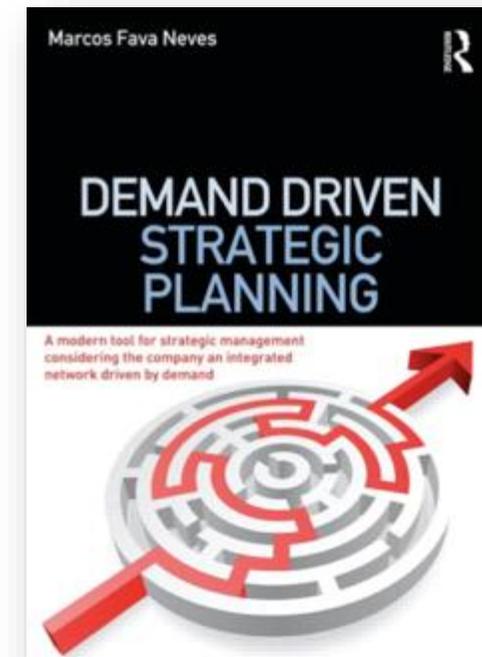
# Establishing Company Objectives

## Demand Driven Strategic Planning Chapter 04

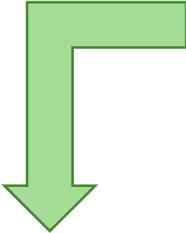
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Faculdade de Administração (FEA/RP) – Universidade de São Paulo, desde 1995  
Escola de Administração de Empresas (EAESP/FGV), desde 2018  
Center for Agricultural Business - Purdue University (Indiana/USA), desde 2013  
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# Doctors & Managers



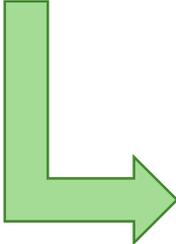
## Diagnosis

- ✓ Select important information and data
- ✓ Presentation of the results of these “exams”
- ✓ Consolidation of strengths and weaknesses
- ✓ Consolidation of opportunities and threats

## Ask Questions and Exams

- ✓ Document Analysis and Financial Reporting
- ✓ Interviews with managers, employees and various involved in operations (customers, suppliers, among others)
- ✓ Analysis of internal and external environment
- ✓ “Patient” be honest and actively participate in this early phase

## Recommendations

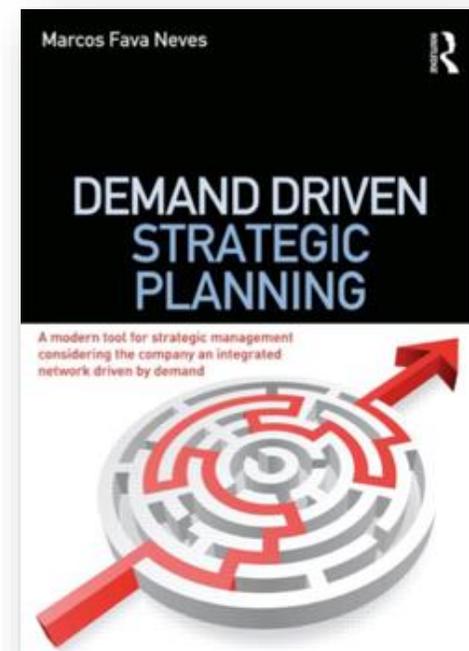
- ✓ Detailing of strategic projects
  - ✓ Proposition of “remedies” and “therapies” according to what was diagnosed
  - ✓ Can be painful for some organizations
  - ✓ Implementation and execution of this plan.
- 

# Agenda – Objectives (Chapter 04)

## 4.1 - Characteristics of Objectives

## 4.2 – Examples of Tables

## 4.3 – Cases



# Characteristics of the Objectives

CHARACTERISTIC	DESCRIPTION
<b>Hierarchical</b>	The objectives must be arranged on hierarchical scales, showing which have priority. It would also be interesting to clarify how the priorities were established.
<b>Numbers must appear</b>	Where possible, objectives must be quantifiable, allowing analysis of results over time.
<b>Realistic</b>	The objectives must be obtained from an analysis of opportunities and threats in the environment and from the strengths and weaknesses of the company, as well as the company's resources and not from the personal ambitions or opinions of executives and employees.
<b>Consistent</b>	A company may have several objectives and important challenges simultaneously; but they must be consistent with each other.
<b>Clear</b>	The objectives must be clear, simple to understand, understood by all involved in the process; and they should be in written form.
<b>Communicated</b>	The purpose and the content of the objectives must be communicated, direct or indirectly, to all staff involved.
<b>Separated Into functional objectives</b>	The corporate objectives of the company must be divided into specific objectives for each functional area of the company (marketing, human resources, finance, and production, etc.).
<b>Motivators</b>	They must motivate staff to develop and implement strategies in order to fulfill the objectives.

Table 4.1 Characteristics of the objectives.

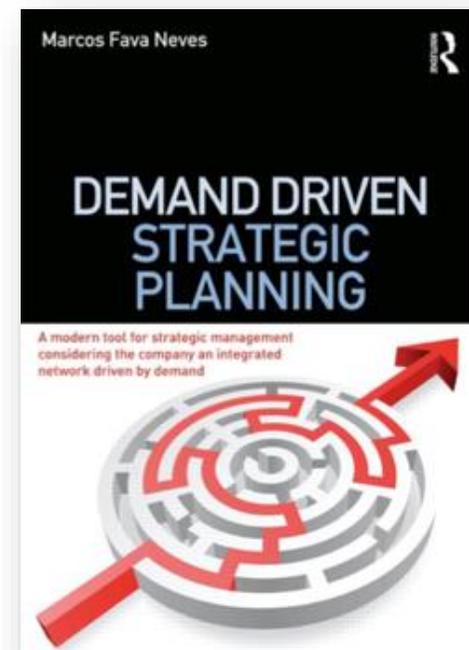
Source: Adapted based on Oliveira (2002) and contributions of Kotler (1997).

# Agenda – Objectives (Chapter 04)

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# Worksheet Showing the Main DDSP Objectives of a Company

Criteria	2016	2017	2018	2019
Income (\$)				
Profit				
Sales Margin				
Market Share				
...				

Table 4.2 Worksheet showing the main DDSP objectives of a company.

Source: Developed by the author.

# Worksheet Showing the Main DDSP Objectives of a Company

Sales Distributed Geographically	2016	2017	2018	2019
Business Unit 1				
Business Unit 2				
Business Unit 3				
External Market				

Table 4.3 Worksheet showing the main DDSP objectives of a company.

Source: Developed by the author.

# Worksheet Showing Geographical Distribution Of Sales Objectives

Sales Objectives by Product Lines	2016	2017	2018	2019
Line 1				
Line 2				
Line 3				

Table 4.4 Worksheet showing geographical distribution of sales objectives.

Source: Developed by the author.

# Worksheet Showing Major Growth Rate Objectives by Target Segment

Growth Rate	2016	2017	2018	2019
Target Segment 1				
Target Segment 2				
Target Segment 3				

Table 4.5 Worksheet showing major growth rate objectives by target segment.

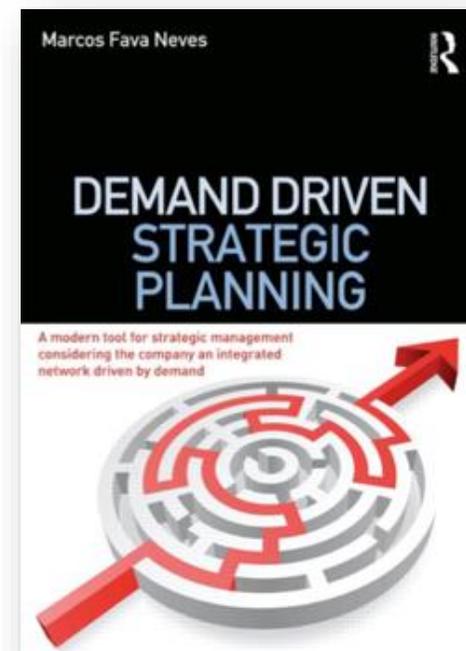
Source: Developed by the author.

# Agenda – Objectives (Chapter 04)

4.1 - Characteristics of Objectives

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# Olam Strategic Plan 2019-2024

Aspiration		
		
<b>Governing Objective</b>	<b>Vision</b>	<b>Purpose</b>
To maximise long-term intrinsic value for our continuing shareholders	To be the most differentiated and valuable global food and agri-business (by 2040)	Re-imagine Global Agriculture & Food Systems

Goals	
<b>ROE *</b> <b>≥ 12%</b>	<b>EBITDA/IC **</b> <b>≥ 13%</b>
<b>FCFE ***</b> <b>(+)</b>	<b>D/E ****</b> <b>&lt; 2.0</b>

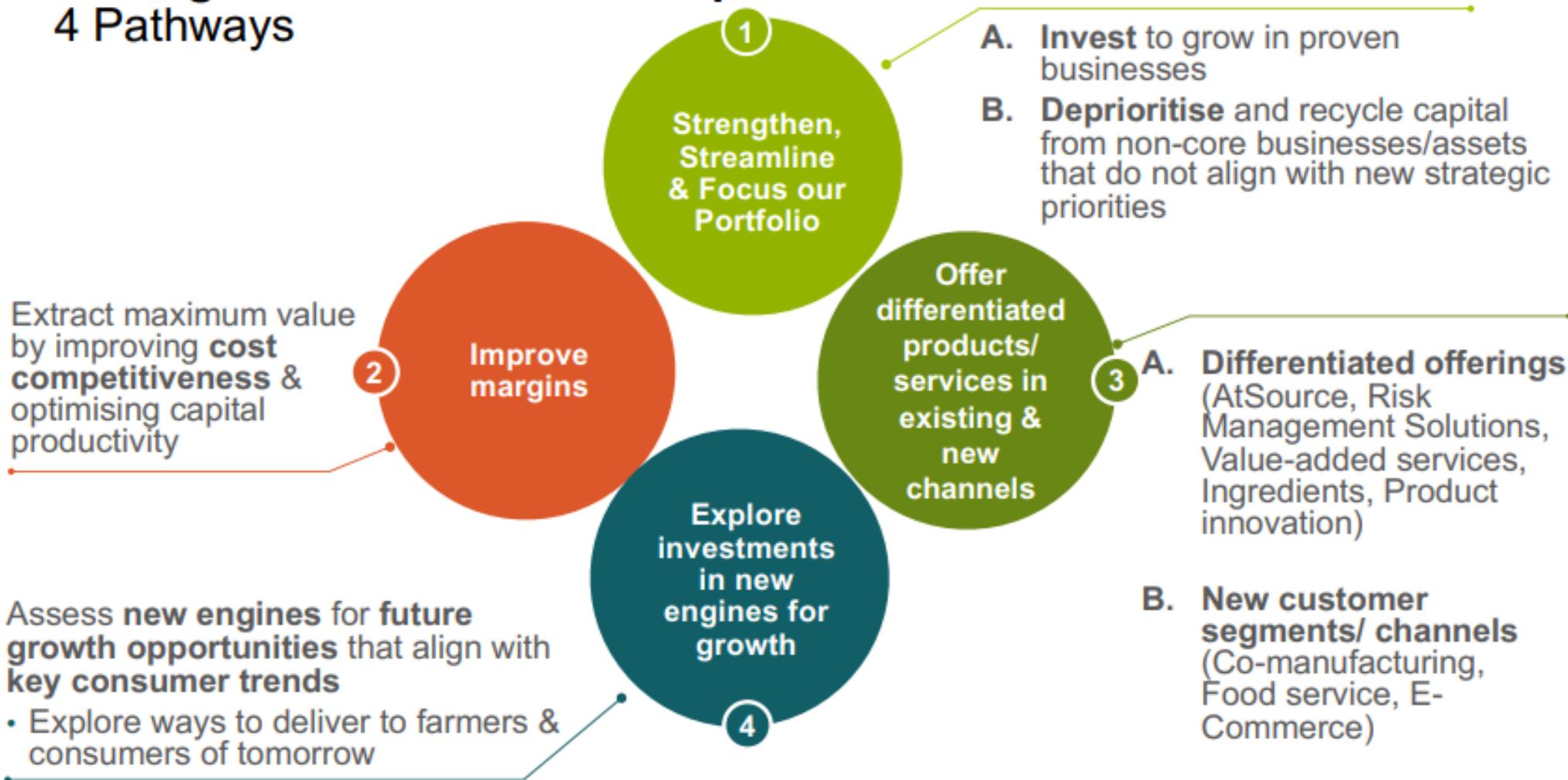
Note: \* ROE target ≥12% from 2021 \*\* EBITDA/Invested Capital (working capital + fixed capital); >13% from 2021 \*\*\* FCFE positive each year from year 2 (FY2020 onwards) \*\*\*\* Net Debt / Equity; < 2.0 throughout plan period

# Key Trends for Olam Strategic Plan 2019-2024

Right-for-me	Right-for-the-planet Right-for-the-producer	How I live & consume	How it's produced
			
<ul style="list-style-type: none"> <li>• Healthy eating</li> <li>• Customisation</li> <li>• Premiumisation</li> <li>• Authenticity</li> <li>• Natural ingredients (flavour, colour)</li> <li>• Cool / niche brands</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental concerns (planetary boundaries)</li> <li>• Social equity</li> <li>• Assurance (certification)</li> <li>• Supply chain provenance &amp; traceability</li> <li>• Direct link to producer</li> </ul>	<ul style="list-style-type: none"> <li>• Out-of-home / snacking</li> <li>• Omni-channel purchasing</li> <li>• Mobile connectivity</li> <li>• Social media influencers</li> </ul>	<ul style="list-style-type: none"> <li>• Advanced robotics</li> <li>• Drones</li> <li>• Unmanned vehicles</li> <li>• Big data / Analytics</li> <li>• Precision agriculture</li> <li>• Digital engagement</li> </ul>

# Strategic Priorities & Roadmap

## 4 Pathways



# 1 Strengthen, Streamline & Focus Our Portfolio



Continue **investing** in businesses where we have **consistently performed**, have **market leading positions**, are in line with key **consumer trends** & have significant potential for **further growth**

**US\$3.5B~ CAPEX**

Estimated over the six-year course of the Plan  
*(including maintenance capex of ~US\$1B)*

**Invest in attractive/proven Businesses:**

*Edible Nuts, Grains & Animal Feed, Cocoa, Coffee, Cotton, Spices, Edible Oils, Infra & Logistics, Dairy, Rice, PFB, CFS*



In a measured & orderly manner, re-cycle capital by de-prioritising **select businesses** that are **not aligned to our new strategic priorities**

**~US\$1.6B Cash release**

Estimated over the six-year course of the Plan

**Responsibly divest & partial sell-down:**

- 4 businesses & related assets  
*(Rubber, Sugar, Wood Products, Fertiliser)*
- Select assets/operations from continuing businesses

# Summary:

## Re-imagining Olam: Offering tomorrow's products & services

### Why

#### Our Governing Objective

To maximise long-term intrinsic value for our continuing shareholders

#### Our Vision

To be the most differentiated and valuable global food and agri-business (by 2040)

#### Our Purpose

Re-imagining Global Agriculture & Food Systems

### What: Our Goals

ROE \*  
≥ 12%

EBITDA/IC \*\*  
≥ 13%

FCFE \*\*\*  
(+)

D/E \*\*\*\*  
< 2.0

### Where to Play

- ✓ 12 strong business platforms with **leading positions in attractive market segments** including global food ingredients, global agri-businesses, Africa **food**, and Africa Infra & logistics, etc
- ✓ Balanced capital allocation with selective integration in the value chain. Special thrust on **midstream & added value ingredients** (~50% of our IC allocated to midstream/ingredients in 2024 from the current 39%)
- ✓ Global presence & leadership to **serve global customers**

### How to win

#### Leadership & Talent



#### Operational Excellence



1  
Strengthen, Streamline & focus our portfolio

2  
Improve margins

3  
Offer differentiated products/services in existing & new channels

4  
Explore investments in new engines for growth



#### Digital



#### Sustainability

Note: \* ROE target ≥12% from 2021 \*\* EBITDA/Invested Capital (working capital + fixed capital); >13% from 2021 \*\*\* FCFE positive each year from year 2 (FY2020 onwards) \*\*\*\* Net Debt / Equity; < 2.0 throughout plan period



## Bayer Group Financial Targets

Target	Target attainment 2018	New target 2019
<b>Growth and Profitability</b>		
Group sales (Fx & portfolio adj. change); revised forecast in September 2018: more than €39 billion	Increase by 4.5% to €39.6 billion	Increase by approx. 4% to around €46 billion
EBITDA before special items; revised forecast in September 2018: increase by a low- to mid- single-digit percentage	Increase by 2.8%	Currency-adjusted increase to approx. €12.2 billion and margin of around 27%
Core earnings per share; revised forecast in October 2018: €5.70 – €5.90	€5.94	Currency-adjusted increase to approx. €6.80

Fx & portfolio adj. = adjusted for currency and portfolio effects

# Prof. Marcos Fava Neves

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- ❑ Marcos Fava Neves is an *international expert* on global agribusiness issues and a part-time professor of planning and strategy at the School of Business (FEARP) of the University of São Paulo (USP) and FGV Business School, both in Brazil. He graduated as an agronomic engineer from ESALQ/USP - Piracicaba in 1991. He earned his master's degree in 1995 and his doctorate in management in 1999 from the FEA/USP School of Economics and Business – São Paulo. Marcos completed postgraduate studies in European agribusiness at ESSEC-IGIA in France in 1995 and in chains/networks at Wageningen University, in the Netherlands (1998-1999). In 2013 he spent the year as a visiting international professor at Purdue University (Indiana, USA) where he maintains the linkage as a permanent International Adjunct Professor. Since 2006 he is an international professor at the University of Buenos Aires, Argentina.
- ❑ He has *specialized in strategic-planning* processes for companies and food chains and works as a board member of both public and private organizations, being member of more than 10 international boards since 2004. Also in 2004, he created the Markestrat think tank with other partners, today employing around 60 people and doing international projects, studies and research in strategic planning and management for more than 250 agri-food business organizations. Some of these projects were very important in suggesting public policies for food chains that were implemented in Brazil with economic and social impacts.
- ❑ Also as an experience in the private sector, from 1992 to 1993 he worked in citrus juice exporter and from 1994 to 1995 in a veterinarian company. In 2008, he became CEO of Brazil's second-largest biofuel holding company, a position he occupied until 2009, when he returned to the University of São Paulo (USP) and Markestrat.
- ❑ At the academic side, since 1995 (when he was hired by USP), Marcos has advised more than 30 doctorate dissertations and master's theses and helped to form around 1200 Bachelors in Business Administration in Brazil with around 120 courses taught to undergraduates at USP.
- ❑ His writings are strongly focused on supplying simple and effective methods for business. He has published more than 100 articles in international journals and has been author and editor of 63 books by 10 different publishers in Brazil, Uruguay, Argentina, South Africa, Singapore, Netherlands, China, the United Kingdom and the United States. He is also a regular contributor for China Daily Newspaper and has written two case studies for Harvard Business School (2009/2010), one for Purdue (2013) and five for Pensa/USP in the nineties. Recognized as the Brazilian academic with the largest number of international publications about orange juice and sugar cane chain and one of the top 3 most cited Brazilian authors in the area of food and agribusiness. He has reached more than 4000 citations in Google Scholar index.
- ❑ Marcos is one of the most active Brazilian speakers, having done more than 1050 lectures and presentations in 25 countries. He received around 150 recognitions from Brazilian and international organizations, and is considered a "Fellow" of the IFAMA (International Food and Agribusiness Management Association), title received in Minneapolis - 2015.
- ❑ Coming from a family of farmers, he is a worldwide defender of agriculture and farmer's role in the development of the society. In the social side, together with his parents, Marcos is one of the creators and maintainers of Mucapp, a NGO that in 20 years has built more than 450 houses for families in Brazil that face very unfavorable conditions.