

# A Complex Equation

*Syngenta balances production and supply with projected demand to deliver superior products to customers when they need them.*

## Experts:

Ed Attema  
Head, Production, North America  
Syngenta

John Riley  
Head, Supply, North America  
Syngenta

**W**hat has helped make Syngenta one of the best agricultural product suppliers in the industry for more than a decade?

Ed Attema, head of production, Syngenta: The formation of Syngenta more than 10 years ago was all about creating a company with a singular focus on agriculture. This focus has allowed our supply chains for seeds and crop protection brands to create strategies and tactics that deliver quality products in a reliable, responsive, cost-efficient and safe manner – something we take great pride in doing.

John Riley, head of supply, Syngenta: Our exclusive focus on agriculture has been a key factor in our ability to successfully meet our customers' needs. With this focus, we have been able to tailor our supply chains based on the specific business needs of each crop area we serve. A key to our success has been our ability to adapt to the changing demands within our industry. Because continuous improvement is a top priority, we are combining our various supply chains' strengths – customer intimacy, robust business processes, and commitment to health, safety and environment – to benefit our customers. As a result, we have integrated our crop protection and seeds supply chains into a single production and supply organization. Our production organization focuses on field production and processing seeds, as well as formulation, field and packaging activities. Supply deals with production planning, logistics and supply chain design.

Why was 2012 a particularly challenging year industry-wide regarding production and supply?

Attema: Seed production conditions during the summer of 2011 were very difficult, resulting in shortfalls in planned supply of both corn and soybeans. Recovery seed production in South America took place, but we knew going into 2012 that delivery timelines would be tight. For our crop protection products, even though global production capacity for some key active ingredients was limited, we had hoped for just-in-time delivery to our formulation and packaging facilities here in North America. Unfortunately, we had an early spring, and some of the just-in-time deliveries for seed and crop protection products arrived too late.

Riley: For the entire industry, the 2012 season was challenging for a number of reasons. From a customer service perspective, the size and phasing of the corn market proved to be a challenge, especially when combined with the rapid planting we saw throughout the Midwest. The result was a huge, instantaneous demand for both seeds and crop protection products. This combination of factors broadly taxed the industry, limiting product availability and restraining the ability of suppliers to meet customer service expectations.

What are some of the longer-term trends that are impacting production, supply and delivery, and what is Syngenta doing to address them?

Attema: Like any well-managed supply chain, it's critical to create the right balance between inventories of both raw materials and finished goods and the production capacity that allows us to meet unplanned increases in demand. After the 2012 season, we are re-evaluating our positions and trade-offs in these areas. We are in the process of increasing our capacities at several sites; and for long-lead-time raw materials, including seeds, we are implementing plans that will enable us to deliver product for even the most optimistic sales forecasts.

Riley: Syngenta shares some of the same concerns around long-term trends as farmers. Increasing oil prices impact our business by affecting the costs of fuel and most raw material inputs. We use many approaches to manage these costs, including the implementation of continuous-improvement activities to in-

crease efficiency in our operations. The global breadth and depth of Syngenta will continue to strengthen our purchasing power for resources and eliminate waste in our business processes.

From a Syngenta production and supply perspective, what is the outlook for 2013?

Attema: Going into the new production season, there is a definite improvement over what



**Ed Attema**



**John Riley**

our position was last year. Syngenta seed production acres for corn and soybean are at record levels, and many of the key active ingredients that we source globally are reaching inventory levels that will enable us to produce finished products on a more timely basis. However, the prolonged drought and intense heat in the central U.S. that started in mid-June will affect overall seed supplies. We have secured acres for recovery production in Chile and Argentina, based on early August estimates. Because supplies will be tight across the entire seed industry, we will once again be reliant on shipments from South America to fill our orders. Also, supplies of some key active ingredients are projected to be very tight due to increased demand, especially if an early projection of record North American corn acres in 2013 holds true.

Riley: From a supply perspective, we are focused on driving customer service excellence throughout our organization. To make sure we can meet the needs of the farmer and our distribution chain partners, we are working to continuously improve our business processes and investing in North America. For our corn and soybean seeds portfolio, for example, we've instituted an early order plan and increased our staffing on orders and customer service by almost 35 percent. For our crop protection products, we've created a multi-functional team to review and improve our customer service business processes. We're also investing \$8 million in our mesotrione formulations alone and increasing our fleet size by 20 to 25 percent. In 2013 and beyond, the primary goal of Syngenta is to deliver real value to our customers. Δ



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