

Ciudad Guzmán, Jalisco, November 2021.

Grupo Gonzámex is a company which operates various business units in the Mexican agricultural sector. AgroGonzalez produces avocado of the highest quality on over 2000 hectares in south Jalisco, and Avo Select is the leading exporter of high quality Avocado to the European, Asian, and American markets.

As part of Grupo Gonzámex's efforts to continuously improve, we developed, in conjunction with London Consulting Group, the "Innovando Juntos" (Innovating Together) project. The project focused on the organization's core operations through the use of agile methodologies, collaborative tools, and a focus on digitalization. The following activities were carried out:

- Carrying out a *Strategic Planning* exercise, defining our identity, values, and the emotional and tangible benefits with which we want to improve our Customer Experience (CX).
- Designing the *Organizational Structure* by defining the control spans, hierarchy, functions, responsibilities, and indicators for the different leadership positions.
- Starting our *Digital Transformation* journey by designing the *Operational Ecosystem*, integrating the master data, and standardizing the processes. This generates information that allows us to take decisions in real time.
- Improving the *User Experience* and designing the *Management model* through the creation and development of interfaces such as Apps (Consultation and Data Entry) and Business Intelligence Models.

Avocado Production and Supply Chain:

- Improving negotiations with suppliers which reduced the average unit price by 11 p.p. for agrochemicals.
- Reducing the over stocking of agrochemicals, from 31% to 23%.
- Increasing the level of service to suppliers, improving the OTIF indicator from 80% to 92%.
- Increasing the inventory reliability in the General Warehouse, from 68% to 91%.
- Increase in the 5S program in the General Warehouse, from 53% to 91%.
- 44% reduction in corrective maintenance costs, by implementing improvements in the prevention process and using a checklist.
- Improvements in the compliance to the Harvesting Labor Program, from 58% in the first few weeks to 91% in November 2021. This was due to the implementation of a digital system which controls the activities.
- Improving management over pest and diseases, reducing the Infestation in the orchards by 12 p.p. and a 3 p.p. reduction in financial losses.

Packaging plant and Harvesting Avocados:

- 12% improvement in the adherence to the Sales requirements, and 16% improvement in the quality of the harvested fruits (CAT 1-NAL A). This was done by increasing visits to the orchards, an increase in the available fruit, and by carrying out an analysis which helped us identify which fruit to harvest.
- 234% increase in the monthly visits to the orchards (from 208 to 487 in Oct 2021).
- 16% increase in productivity per person, from 23.1 boxes of 25kgs per hour per person, to 26.7 boxes.
- Reducing idle time, from 34% to fulfillment of the operational objective of 24%.
- 11% reduction in the presence of clean fruit amongst national products.
- Digitalizing 30% of the formats that are used to ensure the quality of the productive process, from 13 formats to 6 digital modules.

Using the new *Agile Leadership* methodology and through the newly implemented *Innovation Hub*, we have also implemented a new work culture which involves the first and second leadership levels during this project. LCG has taught us to use comprehensive development tools, agile methodologies, and they showed us how to digitalize our operations, by teaching us to master effective tools such as Business Intelligence and developing business Apps.

Outside of the operative benefits, the project has also generated a forecasted return on investment of 3.4 to 1. Due to this, we highly recommend London Consulting Group for their personnel's professionalism and the work methodology that they used during the project.

Sincerely,

Ignacio González
Executive Director



