

Outsourcing to Access Key Executives

January 11th 2012

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BACKGROUND

- Joe Ruffo - CFO Del Monte Canada
- Del Monte Canada is a privately held Canadian Company
- Over the past 20 years, the business has been owned by Nabisco and Kraft
- The Company supplies canned fruit and vegetables under the Del Monte and Aylmer Brands



RECENT BACKGROUND TO DISCUSS THE TOPIC OF OUTSOURCING

- In 2006 the Company was sold out of Kraft Canada
- It was losing millions of dollars at the operating earnings level
- Uncompetitive and unproductive
- Cash flow negative with significant debt
- Lots of staff
- 12 different IT environments



MAJOR UNDERTAKINGS THAT WE ACTIONED

- Outsourced manufacturing in 2008
- Outsourced IT in 2007 (and repatriated in 2009)
- Outsourced administrative services
 - Human resources
 - Payroll
 - Sales
 - Communications



OUTSOURCING MANUFACTURING

Triple check your homework – cost, cash flow, working capital, credit, etc.

- Dig in and document. Define new processes and controls.
- Stick to typical project planning disciplines.
- Understand the community affect of terminations and closures
- Replace staff and retrain others. New expertise.
- Lead and manage the cultural change.
- Ensure senior involvement and oversight
- Decide. Have the courage to see it through.



OUTSOURCING IT

Can be accomplished with or without conversion

- Recognize that this affects everyone in your organization
- Understand where the costs are
- Avoid long timelines and moving deadlines
- Requires senior involvement and oversight. Get help if you need it.
- Replace staff and retrain others.
- Over communicate progress and milestones
- Stay current, be consistent, streamline.



OUTSOURCING ADMIN SERVICES

(HR, Payroll, Sales, Communications)

- Service providers are typically the easiest to transition
- Immediately realizable cost savings
- Flex up and down when needed
- Bucket critical vs. non-critical
- Screen providers thoroughly
- Relationship build for future crises
- Keep them educated on your business



LESSONS LEARNED

Most of the work is done before you 'pull the trigger'.

- You will be terminating and replacing people – Do it right.
- Eliminate costs – don't increment.
- If you are paying for advice – Listen.
- Detail your marketing and sales plans as to how you will grow given your new cost structure.

