

# FEEDING THE WORLD

An interview with Alberto Weisser, former chairman and CEO of Bunge



Alberto Weisser

With ADM, Cargill and Louis Dreyfus Commodities, Bunge is one of the four “ABCD” companies that dominate global agricultural trading flows. Much of Bunge’s dramatic growth, which transformed the company from a family-owned regional trading business to a publicly traded global player with more than \$61 billion in revenue, came during the 14-year tenure of former chairman and CEO Alberto Weisser. The native Brazilian joined Bunge two decades ago as chief financial officer, became chief executive in January 1999 and was named chairman in July of that same year.

Bunge was founded in Amsterdam in 1818 as an import/export trading firm, relocating in the mid-1800s to Belgium and then to Argentina and Brazil. For many years, Bunge focused on building its business in North and South America, and it continues to be the largest exporter of agricultural products from Brazil. Under Weisser, Bunge moved its global headquarters to White Plains, New York, to be closer to the world’s financial centers, went public, expanded into Asia and Europe and entered the sugar cane processing business. Bunge today has more than 35,000 employees in 40 countries. Since being listed, Bunge’s valuation has increased more than 5.5 times to more than \$11.5 billion, and total shareholder returns have averaged 16.4 percent a year.

**When you think about the agriculture industry over the last decade and all the changes that have occurred, what has been most surprising?**

The biggest trend has been the tremendous growth in demand, driven by the surge of middle class consumers in developing nations, especially China. This is the trend we built our business on. The biggest surprises have been on the supply side. First, supply had a hard time keeping up with demand, and we had series of shocks that caused price volatility. The second surprise relates to GMOs. The reaction among certain groups and countries to something that hasn't harmed anybody has been strong, persistent and emotional. It has become a problem. I'm not a scientist, but if I trust the science that I have read, there is no harm and biotech provides a lot of benefit for society.

**Getting back to your point about the imbalance of supply and demand, the UN is projecting a dramatic need for more food — a 70 percent increase required by 2050. What needs to happen for people to be fed at that level?**

This was something that, as CEO, I discussed a lot, because this is an issue where the agriculture industry has a natural leadership role. It is possible to satisfy this additional demand and expand food production by 70 percent with only 10 percent more land. What needs to happen, first of all, is free trade. Let those countries or regions that can grow certain crops efficiently do more of it. For example, we have seen very sensible policies in Morocco shifting away from wheat to olive oils and fruits. Secondly, we need better

agronomics. The yield disparity between different regions is enormous, so let's share best practices. The third one is infrastructure. Where the infrastructure is weak or inefficient, transporting grains and food is expensive and there is a lot of waste. Finally, there is a role for biotechnology. It is very important, but obviously it needs to be dealt with in a careful way.

**Much of the population growth is going to happen in Africa. How does Africa become a productive region for agriculture?**

I'm very excited about Africa, because it has 400 million hectares of savannah — the Guinea Savannah — ranging from just south of Senegal to Tanzania, and then on the east coast down all the way to Zimbabwe including Mozambique then back to Angola — that has a huge potential for agriculture. What the ag industry has been doing, but needs to do much more of, is to help facilitate trade — intra-African and international — and infrastructure investment. There are pilot projects all over the place, but we need more investment and better policies. It's absurd that Africa is largely importing food. It should be exporting.

It will evolve, and in fact, I have been telling the Brazilian government that the biggest threat in terms of competition for Brazil is Africa, if they find a way to invest in infrastructure and improve their policies.

**When you think about the next five to 10 years, what are the trends that are going to continue to change the industry?**

One is climate change. Nobody knows where this could take us. The temperature increase has plateaued for a while, but I think we should not kid ourselves. We did have an impact on the environment, and there will be changes. We tend to think all of the changes are bad, but some are not. For example, both Russia and Canada are looking at soybeans as the permafrost has moved further north and more areas have become available for agriculture. But most of the change is negative, and it affects agriculture. I have seen models where certain areas of Africa will be very dry, and some parts of Brazil will get dry.

The other concern is the form that government intervention could take. I was quite concerned during the recent price hikes that we would see the wrong kind of policies. We saw some countries encouraging their companies and farmers to buy land in other countries. That looked to be very dangerous. Some government interventions worry me. At the same time, the ag companies all have grown over the years. They all have become larger, and they have a social responsibility as well. Agribusiness companies should be more involved in the debate about what should be done and what should not be done. Be part of the process, part of the dialogue. Not all of these government agencies have a global view like agribusiness has, so helping them to connect with other governments and stakeholders helps.

**Let's talk about you and your career and your journey. It's pretty amazing coming in as a CFO**

**and then taking a company from South America to North America and taking a company public.**

**When you look back, what achievements are you most proud of?**

I'm very proud of the restructuring we did at the company when it was still private in the mid-1990s. It was an over-diversified company with a less-than-ideal governance structure, without a clear separation between shareholders and management or appropriate checks and balances. We divested non-core businesses to focus completely on food and agriculture. I remember selling 45 companies over three years. We focused Bunge to its core, and I'm very proud of that. By 1996, Bunge was nearly debtless. The second part was the growth phase that started in '96 and continued for at least 10 years. The company grew by 10 times through acquisitions and expansions, and a strong merchandising arm. Obviously, none of this can be done if you don't have a good team and a good culture. Archie [former co-CEO Archie Gwathmey] was an unbelievable partner of mine to make this happen. I'm especially proud of the culture that we built. It's very special.

**What's different about being the CEO versus other very important, very big leadership roles such as CFO, CIO or head of HR?**

I was extremely surprised when I moved from CFO to CEO. I was not really prepared for it. As CFO, I had to do a lot of tough things, including firing people; at one point, I was called the administrative terrorist, but I said it's either I do it now or we pay for it later. The biggest surprise to me was the

relationships. While I was CFO, I was like the buddy. The next day, every relationship changed. The other thing that I learned early on was that, as CEO, you can't say exactly what you think, because too many people take what you think as your decision. So you have to find a system of listening and discovering what is the right decision. Because as the CEO, you have to make decisions all the time with poor or little information. You can't expect to get the complete picture. So try to get as much as you can before you give your opinion.

And many times, the CEO's job is to say, "No." I remember my assistant saying once, "I could not do your job because all you do is give bad news and say no." It's true, because the good news spreads on its own. Nobody wants to give the bad news.

**Does the quality or quantity of information change when you become CEO — because you're no longer somebody's peer, you get a more filtered set of information?**

Of course, you need significantly more information. But the type you get changes as well. As a CFO, you get a lot of information, but it tends to be focused and deep. As the CEO, you get much broader and shallower information, so initially it is uncomfortable to make decisions.

**Talk about your team and the culture that you were trying to build.**

When I became a CEO, I considered myself at the time the accidental CEO. I was a little

bit intimidated, especially because some of my direct reports were much older, much more experienced. What helped was the work that I did with a professor from Harvard, who helped me define the decentralized and open culture that I thought was the right one for Bunge. Very early on, I determined, together with the team and the board, that we wanted a decentralized and open culture that valued entrepreneurialism, teamwork, openness and trust. The culture is very powerful. We were a second-tier company that became the largest oil seed company in the world. How did we do it? We had this unbelievable entrepreneurial spirit, and we also let the locals be local. They found ways to make acquisitions that a highly centralized company couldn't do.

**You were on the International Paper Company board and are now on the PepsiCo board. How do you view the give and take of an executive participating on a board?**

I think it is very important and I would highly recommend to any CEO to be on a board. First of all, you always learn something new. My first board was Ferro Corporation, a small chemical company. I saw the things they did well and I learned from it. You also learn to behave differently on a board because you are one voice and you can't decide; you can speak up and then the group decides. Outside board service also helps you in working with your own board, because you know they don't have the whole picture.

Spencer Stuart consultant Patrick B. Walsh interviewed Alberto Weisser for this article.

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