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## Corteva Agriscience: Communicating R&D Strategy to a Global Organization

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One day in November 2019, Wendy A. Sronic, global leader of Integrated Field Sciences (IFS), a subfunction within Corteva Agriscience's (Corteva's) research and development (R&D) organization, sat in her office in Johnston, Iowa.<sup>1</sup> While she waited for a call with the other members of the R&D leadership team (RDLT), she thought of the newly minted strategy they'd recently developed together. It reflected Corteva's new purpose—a fanatical focus on farmers to help them meet the needs of consumers for generations to come. Sronic couldn't have been prouder and more energized.

Five months earlier, in June, the strategy had been successfully rolled out to Corteva's top 500 scientists during an internal conference. But Sronic and her boss, R&D's head, Neal Gutterson, were eager to communicate it to the entire R&D organization. It was critical, as Sronic put it, to “disseminate strategy throughout the organization, down to the frontline workers, so that everyone understood how their jobs fit into the big picture.” It was also critical to do it fast—to start the year 2020 with everyone on the same page.

But Sronic wondered how they were going to accomplish that in such a short timeframe. How did one communicate strategy, she thought, to approximately 5,000 R&D employees, with at least half of them outside the United States, dispersed over more than 140 countries in North America, Latin America, Asia Pacific, Europe, Africa, and the Middle East? Because Corteva had been formed from a merger of three different organizations with different cultures, mindsets, and skillsets, communications efforts would have to accomplish a lot, including creating ownership and buy-in while promoting unity and a sense of belonging.

It was a tall order, but Kate Irvin, Corteva's R&D communications leader, had some ideas. She'd be presenting them in a few minutes. Sronic settled in her chair and unmuted her microphone. She couldn't wait.

### Corteva Agriscience: Genesis and History

Corteva Agriscience was the subsidiary of Corteva, Inc., a publicly traded company headquartered in Wilmington, Delaware, specializing in the development of new seeds and crop-protection products, such as weed killers and insecticides. It also provides digital solutions to help farmers maximize performance and productivity. With 21,000 employees, operations in more than 140 countries, and nearly \$14 billion in sales in 2019, Corteva was the biggest pure-play agricultural organization in the world. (See **Exhibit 1** for the 2019 highlights and **Exhibit 2** for the 2018 through 2019 net sales by region. **Exhibits 3** and **4** provide detailed balance sheets and income statements for 2018 and 2019, respectively.) Corteva's name, derived from a

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<sup>1</sup> This is a field-based case. All information and quotations, unless otherwise specified, derive from interviews with company representatives.

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This field-based case was prepared by Gosia Glinska, Associate Director of Research Impact; June West, Associate Professor of Business Administration; and Paul Simko, Associate Professor of Business Administration. It was written as a basis for class discussion rather than to illustrate effective or ineffective handling of an administrative situation. Copyright © 2021 by the University of Virginia Darden School Foundation, Charlottesville, VA. All rights reserved. To order copies, send an email to [sales@dardenbusinesspublishing.com](mailto:sales@dardenbusinesspublishing.com). No part of this publication may be reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form or by any means—electronic, mechanical, photocopying, recording, or otherwise—without the permission of the Darden School Foundation. Our goal is to publish materials of the highest quality, so please submit any errata to [editorial@dardenbusinesspublishing.com](mailto:editorial@dardenbusinesspublishing.com).

combination of words meaning “heart” and “nature,” reflected its commitment to the health and well-being of the natural environment.

Corteva, Inc., officially became an independent company in 2019 by combining Dow AgroSciences, DuPont Crop Protection, and the Pioneer seed business, which DuPont had acquired in 1999, and separating from DowDuPont, Inc. However, the creation of this combined business began in 2015, when The Dow Chemical Company and E.I du Pont de Nemours and Company—two US institutions with long histories and rich legacies—were facing mounting investor pressure to improve returns.

Following the retirement of DuPont’s CEO, Ellen Kullman, the board appointed an interim CEO, Edward Breen. Breen was a board member of DuPont and highly regarded as the turnaround artist who broke up Tyco International, creating large shareholder returns. In October 2015, he was approached by Andrew Liveris, the CEO of Dow Chemical, to explore deal possibilities for their companies’ agricultural divisions.

Two months later, Dow and DuPont announced an agreement under which the companies would come together in a “merger of equals,” then spin off into three independent businesses focused on agriculture, specialty products, and materials, respectively. The complex merger-to-split plan was completed in August 2017, resulting in the formation of DowDuPont Inc., a business with a combined market capitalization of more than \$120 billion.<sup>2</sup>

In February 2018, DowDuPont unveiled its agriculture division, Corteva Agriscience, with a new name, brand, vision, and purpose. The new company was spun off on June 1, 2019, and went public on June 3, 2019, at \$24.81 per share, when DowDuPont distributed Corteva shares to its shareholders.<sup>3</sup> James C. Collins Jr., a DuPont veteran who had led its agriculture division as chief operating officer, was named Corteva’s CEO.

The new Corteva was organized into two segments: seed and crop protection (see **Exhibit 5** for financial detail by segment). It had one global business center in Iowa (for its seed business) and another in Indiana (for crop protection). But Corteva was truly global in scope, with manufacturing, processing, and research and development facilities spread throughout the world. Approximately one-half of net sales and 50 of its 104 manufacturing sites were from the North America region.

By the end of 2019, Corteva had delivered over 20% returns to shareholders since its IPO just six months earlier. Collins and his team had set ambitious financial goals to continue creating value: growth in organic sales (1% to 2% above market), growth in operating EBITDA margins, an additional \$400 million in merger-related cost synergies, and targeted percentage return on invested capital (ROIC) in the mid-to-high teens (see **Exhibit 6** for a summary of operating EBITDA for 2018 and 2019).<sup>4</sup>

### **Agriculture Industry: Challenges and Opportunities**

The agriculture industry in the early 21st century faced multiple challenges. Corteva’s CEO touched on some of them in a speech delivered in 2019 at the National Press Club in Washington, DC. Said Collins:

We’re going to have to increase agriculture production by 70 percent to feed a projected 9.3 billion people by 2050. That’s over 2 billion more people being added to the planet over the next

<sup>2</sup> Natalia Drozdak, “Dow Chemical, DuPont Offer to Sell Businesses to Win EU Approval for Megadeal,” *Wall Street Journal*, February 8, 2017.

<sup>3</sup> “Our History,” Corteva’s website, <https://www.corteva.com/who-we-are/our-history.html> (accessed Nov. 20, 2020).

<sup>4</sup> Corteva, “Roadshow Presentation,” May 13, 2019, [https://s23.q4cdn.com/505718284/files/doc\\_presentations/2019.05-06\\_Corteva-Roadshow-Slides\\_FINAL\\_05.13.2019\\_4.pdf](https://s23.q4cdn.com/505718284/files/doc_presentations/2019.05-06_Corteva-Roadshow-Slides_FINAL_05.13.2019_4.pdf), (accessed Nov. 30, 2020).

30 years...The key challenge for us in the industry...is how do we do this the right way? How do we ensure progress for those who produce and those who consume without endangering our natural resources, adding to the world's carbon burden, or jeopardizing the economics of farmers and farming communities? How do we thread the needle in a time of growing trade disputes and regulatory burdens? How do we keep our younger generations on the farm? And what's our role in alleviating consumer anxiety over issues like genetically modified and other food technologies?<sup>5</sup>

According to the World Economic Forum and McKinsey, to meet the challenges of feeding the growing world population while mitigating the climate change affecting every aspect of food production, the agriculture industry needed to transform the ways in which food was produced, including the practices of more than 500 million small farms.<sup>6</sup> That transformation was going to be powered by agricultural innovations, such as digital technologies that were increasingly prevalent across the agricultural value chain.

The future of farming was "agriculture 4.0," characterized by precision agriculture.<sup>7</sup> For example, instead of blindly applying fertilizers or herbicides to plants, precision agriculture used advanced analytics and nanotechnology to apply them at variable rates, ensuring precise dosage.<sup>8</sup> But increasingly, drones that gave farmers greater insight into the health of their crops and soils, sensing devices attached to tractors that were capable of identifying invasive pests and weeds, genetically enhanced seeds that reduced fertilizer applications, agricultural robots that harvested crops, and big-data tools that helped farmers optimize planting and harvesting were disrupting the agriculture sector. The companies that mastered those advanced technologies were transforming agriculture and gaining competitive advantage over those that fell behind.

### **Corteva Agriscience: A New Company with a New Purpose**

On the one hand, Corteva was a young organization. On the other hand, it consisted of three different companies with long legacies. DuPont was started in 1802, when a French innovator named E. I. du Pont established the first gunpowder mill on the banks of Brandywine River in Delaware. Midland, Michigan-based Dow Chemical was founded in 1897 by an electrochemical pioneer, Herbert Henry Dow, who sold bleach and potassium bromide before becoming a major producer of agricultural chemicals. And seed company Pioneer Hi-Bred International (Pioneer) was founded in 1926 by Henry A. Wallace, who successfully bred high-yielding hybrid corn.<sup>9</sup>

As Corteva's CEO Collins put it: "Corteva is a new company...A combination of three great institutions with more than 400 years of experience behind us. Or put another way, we're a 400-year old start-up, one that's beginning with a clean slate. Tabula rasa, if you will."<sup>10</sup>

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<sup>5</sup> James C. Collins, "I Am in Favor of Trade Policies and Regulations That Benefit Our Growers and Those Who Consume Their Bounty," speech delivered at National Press Club, Washington, DC, September 25, 2019.

<sup>6</sup> World Economic Forum and McKinsey & Company, "Incentivizing Food Systems Transformation," January 2020, [http://www3.weforum.org/docs/WEF\\_Incentivizing\\_Food\\_Systems\\_Transformation.pdf](http://www3.weforum.org/docs/WEF_Incentivizing_Food_Systems_Transformation.pdf) (accessed Nov. 20, 2020).

<sup>7</sup> Matthieu De Clercq, Anshu Vats, and Alvaro Biel, "Agriculture 4.0: The Future of Farming Technology," World Government Summit in collaboration with Oliver Wyman, February 2018.

<sup>8</sup> De Clercq, Vats, and Biel.

<sup>9</sup> <https://www.corteva.com/who-we-are/our-history.html>.

<sup>10</sup> James C. Collins, "Agricultural Megatrends that Should Matter to Everybody," address delivered at the World Affairs Council of Philadelphia, Philadelphia, Pennsylvania, August 9, 2018.