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Collaborative Research among Multiple Subsidiaries under a Conglomerate: A Case Study of Guangxi State Farms' Nine Access Business Implementation

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ABSTRACT
This thesis explores the significance and implementation strategies of multiple subsidiaries synergy within a conglomerate, taking Guangxi State Farms Group as a case study. It analyzes the group's practical measures, including the establishment of the "Nine Access Business Alliance" and the implementation of collaborative performance assessments, to foster synergistic efforts among subsidiaries and jointly expand market presence. The research indicates that multiple subsidiaries synergy facilitates resource integration, enhances core competitiveness, and maximizes the overall interests of the conglomerate.

KEYWORDS
Conglomerate; multiple Subsidiaries Synergy; Guangxi State Farms Group; Nine Access Business Alliance; Collaborative Performance Assessment

1 Introduction

In an increasingly competitive market environment, the traditional model of subsidiaries operating independently can no longer meet the demands of market development. Effectively integrating internal resources and leveraging the strengths of each subsidiary to form a cohesive force for market expansion has become a critical challenge for the conglomerate. Guangxi State Farms Group, a leading agricultural enterprise, offers valuable insights through its implementation of the "Nine Access Business" collaborative strategy, providing a referential model for multiple Subsidiaries synergy within a conglomerate.

2 Synergy background of Guangxi state farms group

Founded in 1951, Guangxi State Farms Group is a large-scale agricultural conglomerate comprising 26 secondary companies (11 specialized groups, 13 farm enterprises and 2 research institutes) and one vocational college (Guangxi Vocational and Technical College). Each subsidiary possesses unique strengths, such as Guangxi Sugar Industry Group, which accounts for 10% of the national sugar production capacity and ranks second in Guangxi and fourth nationally. Yongxin Animal Husbandry Group is a nationally competitive swinebreeding enterprise, a national core swinebreeding farm, and the sole provider of live pigs to Hong Kong and Macao, with an annual output of 4.3 million pigs in 2024, ranking among the top 12 nationally and supplying over 20% of Hong Kong's market. Mingyang Starch is the largest modified cassava starch producer in China and the fifth globally, holding the first FDA food contact certification in China. The group's Green Food Group leads Guangxi in swine slaughtering, while Guangxi Sisal Group is the world's premier sisal products manufacturer. In 2021, Guangxi State Farms Group initiated a strategy to become a nationally leading food enterprise, proposing a "from farms-to-table" full-industry-chain model. However, fragmented resources and limited channels among subsidiaries hindered collaborative efforts, leading to inefficiencies and reduced market competitiveness. To address this, the group prioritized top-level design to integrate resources and foster synergistic marketing operations.

3 Multiple subsidiaries synergy strategies and implementation

3.1 Establishment of the nine access business alliance: an innovative collaborative model

As China's leading agricultural conglomerate, Guangxi State Farms Group (GSFG) recognized that fragmented operational models could no longer sustain competitiveness in an increasingly complex business landscape. Responding to the strategic imperative of systemic transformation, the group's leadership formulated the NineAccess Business Alliance—a visionary synergy initiative designed to aggregate internal resources and leverage the distinct strengths of subsidiary enterprises for collective market expansion and enhanced corporate competitiveness.

The alliance's nomenclature derives from its strategic focus on penetrating nine critical market domains: government institutions, educational campuses, corporate entities, residential communities, e-commerce platforms, supermarket chains, catering establishments, commercial districts, and tourist attractions. This comprehensive market access framework represents both a geographic expansion of GSFG's operational footprint and a structural reengineering of its internal coordination mechanisms. Membership is exclusively granted to secondary-level subsidiaries demonstrating: (1) substantial operational scale (minimum RMB 500 million annual revenue), (2) domain-specific excellence in sectors ranging from sugarcane processing to swine genetics, and (3) strategic alignment with the group's "From Farm to Fork" value chain integration strategy.

3.2 Implementation of collaborative performance assessment: the driving force behind nine access synergy

During the implementation of Guangxi State Farms Group's "NineAccess" business synergy strategy, the collaborative performance evaluation mechanism has played a pivotal role as both an incentive and a control mechanism. To ensure the effective execution of the "NineAccess" business synergy initiatives, the Group established a scientific, comprehensive, and operational performance evaluation system. This system combines annual assessments with routine supervision to comprehensively evaluate and motivate the collaborative performance of all alliance member units.

The cornerstone of this evaluation mechanism lies in its principles of "fairness, justice, incentive-orientation, and clear rewards and penalties." Each year, the Group organizes a professional evaluation team to meticulously review and summarize the "NineAccess" business synergy performance of each alliance member. The evaluation criteria encompass multiple dimensions, including business revenue growth, new client acquisition, and the proportion of procurement from the Group's proprietary agricultural products. These criteria are designed to comprehensively assess the actual performance and contributions of each member unit in the collaborative efforts.

In the evaluation process, the Group places particular emphasis on the motivational impact of performance achievements. Member units that demonstrate outstanding performance and significant accomplishments in the "NineAccess" business synergy are awarded appropriate bonus points in the annual evaluation. This measure not only effectively stimulates the enthusiasm of each subsidiary for collaboration but also fosters healthy competition and cooperation among member units, thereby driving the in-depth development and continuous optimization of the "NineAccess" business.

Simultaneously, the collaborative performance evaluation mechanism also underscores the principle of clear rewards and penalties. For member units that underperform or fail to meet predetermined targets in the evaluation, the Group promptly provides corrective feedback and urges them to make improvements. In cases where member units consistently fail to meet the evaluation standards, the Group will implement appropriate punitive measures in accordance with relevant regulations, ensuring the seriousness and effectiveness of the collaborative efforts.

It is worth noting that the collaborative performance evaluation mechanism is not static. As the "NineAccess" business synergy strategy continues to evolve and the market environment undergoes constant changes, the Group will adjust the evaluation mechanism. This ensures that the mechanism remains aligned with the strategic objectives and provides robust institutional support for the collaborative efforts.

Through the implementation of the collaborative performance evaluation mechanism, Guangxi State Farms Group has effectively stimulated the enthusiasm and creativity of its subsidiaries, thereby driving the in-depth implementation and continuous optimization of the "NineAccess" business synergy strategy. Looking ahead, with the continuous refinement and deepening of the collaborative performance evaluation mechanism, Guangxi State Farms Group is poised to achieve even greater accomplishments in the agricultural sector, contributing more significantly to rural revitalization and agricultural modernization.

3.3 Strengthening information sharing and communication: the accelerator of nine access synergy

In the grand blueprint of Guangxi State Farms Group's "NineAccess" business synergy strategy, strengthening information sharing and communication has undeniably emerged as a critical accelerator for the successful implementation of this strategy. The Group deeply understands that in a rapidly evolving market environment, the timely acquisition and effective dissemination of information are paramount for each subsidiary to seize business opportunities and enhance collaborative efficiency. Consequently, the Group has implemented a series of robust measures aimed at constructing an efficient, transparent, and shared information exchange system.

The regular convening of alliance meetings stands as one of Guangxi State Farms Group's pivotal initiatives to reinforce information sharing and communication. These meetings not only provide a platform for face-to-face exchanges among subsidiaries but also serve as a valuable opportunity to pool wisdom and jointly strategize for development. During these gatherings, member units can engage in in-depth discussions on market trends, customer demands, product innovation, and other pertinent topics, collectively exploring new avenues for business synergy. Furthermore, these meetings function as a crucial channel for the Group to convey its strategic intentions and deploy collaborative tasks, ensuring that each subsidiary remains aligned with the Group's vision and collectively advances the "NineAccess" business initiatives.

In addition to regular meetings, Guangxi State Farms Group has established an information sharing platform, which has become the information superhighway connecting all subsidiaries. Through this platform, member units can publish and access critical data such as customer information, pricing details, product specifications, and business updates in real-time. This instantaneous information sharing not only enables subsidiaries to promptly respond to market fluctuations and adjust their business strategies but also fosters business synergy and resource complementarity among member units. For instance, when a subsidiary identifies a new market opportunity, it can immediately share this information with other member units via the platform, facilitating joint discussions on collaboration plans and enabling the rapid integration of resources for synergy.

The reinforcement of information sharing and communication has not only elevated the efficiency of business synergy but also strengthened trust and cooperation among alliance member units. Through the transparent transmission of information, each subsidiary gains a clearer understanding of the strengths and needs of its peers, allowing them to more accurately define their roles and responsibilities in the collaborative process. This synergy model, grounded in information sharing and communication, not only promotes positive interactions and mutually beneficial development among subsidiaries but also provides a solid foundation for the successful execution of Guangxi State Farms Group's "NineAccess" business synergy strategy.

4 Analysis of multiple subsidiaries synergy outcomes

4.1 Significant resource integration effects

Through the establishment of the "NineAccess" Business Alliance, Guangxi State Farms Group has successfully achieved profound integration and optimal allocation of internal resources, marking a milestone in enhancing the Group's overall market competitiveness. The Alliance has not only aggregated the product resources of each subsidiary but also consolidated their channel networks, production capacities, and various other strengths, forming a formidable synergistic force.

In terms of product resources, each member unit of the Alliance possesses unique agricultural product and food production lines, encompassing the entire industrial chain from raw materials to finished products. Through the unified coordination and scheduling of the Alliance, these product resources have been effectively integrated, leading to a richer variety of products and improved quality. Subsidiaries can flexibly adjust their product mix in response to market demands, swiftly adapt to market changes, and satisfy the diverse needs of consumers.

Regarding channel resources, each member unit of the Alliance maintains stable sales channels and customer bases. The establishment of an information sharing and communication mechanism has enabled these channel resources to be shared within the Alliance, thereby broadening sales channels and deeply penetrating markets. Subsidiaries can leverage the channel advantages of other member units to rapidly enter new markets, increase product coverage, and enhance market competitiveness.

In terms of production capacity, each member unit of the Alliance boasts distinct production expertise and technological advantages. Through collaboration and cooperation within the Alliance, these production capacities have been effectively integrated, resulting in expanded production scales and enhanced production efficiency. Subsidiaries can focus on their respective areas of production expertise while closely coordinating with other member units to jointly establish an efficient and synergistic production system.

Driven by the dual forces of channel integration and production capacity synergy, Guangxi State Farms Group has achieved highly efficient operations across the entire industrial chain and significantly expanded its market reach. In terms of offline channels, the Group has established 23 brand image stores, 43 fresh meat direct-sale stores, and 13 cold-chain logistics centers, forming a regional service network that covers major cities in Guangxi and provides high-quality products and cold-chain delivery guarantees to end consumers. Online channels have transcended geographical limitations, successfully penetrating the national consumer market, with some core products entering first-tier cities such as Beijing and Shenzhen, thereby constructing an integrated omnichannel sales system that combines both "online and offline" elements.

At the level of production capacity synergy, through the deep alignment between Yongxin Animal Husbandry Group, which produces 4.3 million hogs annually, and Green Food Group, which has an annual slaughter capacity of 1.69 million hogs, precise matching between the breeding and processing ends has been realized. In 2024, slaughter volume surged by 49.91% year-on-year, fully unleashing the synergistic effects of the upstream and downstream sectors of the industrial chain. This has laid a solid foundation for subsequent market expansion and production capacity optimization.

The remarkable manifestation of resource integration effects lies not only in the realization of complementary advantages and resource sharing among subsidiaries but also in the profound impact of this collaborative model on enhancing the Group's overall market competitiveness. Through the synergistic operations of the Alliance, Guangxi State

Farms Group has been able to stand out in the fierce market competition, achieve rapid business growth, and continuously expand its market presence. Simultaneously, this collaborative model has laid a solid foundation for the Group's future sustainable development, contributing more significantly to rural revitalization and agricultural modernization.

4.2 Pronounced business synergy effects

Under the in-depth implementation of Guangxi State Farms Group's "NineAccess" business synergy strategy, the collaborative performance evaluation mechanism has emerged as a potent catalyst, fostering significant business synergy among the Group's subsidiaries. This mechanism has not only strengthened the cooperative bonds among alliance member units but also significantly enhanced their ability to jointly develop markets and expand businesses, injecting robust momentum into the rapid development of "NineAccess" operations and the overall growth of the Group's business.

By establishing clear evaluation criteria and incentive mechanisms, the collaborative performance evaluation mechanism has ignited the enthusiasm and creativity of each subsidiary in participating in collaborative efforts. Under the guidance of these evaluations, alliance member units no longer operate in isolation but instead unite closely to confront market challenges and seek business growth opportunities together. This transformation has not only facilitated information and resource sharing among subsidiaries but also enabled them to form a formidable collective force in market development, product innovation, and customer service.

In terms of joint market development, alliance member units can leverage their respective advantageous resources to formulate differentiated market strategies. Some subsidiaries excel in product research and development, offering competitive agricultural products, while others possess extensive sales channels, enabling swift market penetration. Through collaborative efforts, these advantageous resources are effectively integrated, endowing the alliance with greater agility and competitiveness in the marketplace.

In terms of business expansion, the collaborative performance evaluation mechanism has promoted business complementarity and synergy among subsidiaries. When a subsidiary encounters business bottlenecks, other member units promptly extend assistance, providing necessary support and aid. This mutual support in business operations not only helps overcome difficulties that individual subsidiaries might struggle to surmount independently but also fosters the sustained and healthy development of the entire alliance's business.

The manifestation of business synergy is not only reflected in the rapid growth of "NineAccess" operations but also in the enhancement of the Group's overall business performance. Through collaborative efforts, the business connections among subsidiaries have become closer, and the resource complementarity effect has become more pronounced. This enables the Group to confront complex and volatile market environments with greater composure, seize opportunities, and achieve sustained business growth and breakthroughs.

4.3 Enhanced brand image and influence

Through the deepening implementation of Guangxi State Farms Group's "NineAccess" business synergy strategy, the enhancement of brand image and influence has emerged as another significant outcome of collaborative efforts. By strengthening collaboration and synergy among alliance member units, the Group has not only successfully cultivated a more unified and distinctive brand image but also significantly elevated brand awareness and reputation in the market, laying a solid brand foundation for the Group's long-term development.

In terms of brand unification, Guangxi State Farms Group has comprehensively implemented the "Guangxi State Farms" master brand identification system. This initiative mandates the consistent use of the master brand logo across all product line packaging, thereby reinforcing consumer recognition of and trust in the core brand and fostering the accumulation of brand equity. For premium market penetration, the Group has positioned "Guiken Wagyu" as its flagship product, strategically leveraging alliances to deeply penetrate high-end catering channels in Guangzhou and Shenzhen. With plans to establish five additional directly-operated retail outlets in 2025, the Group aims to create a premium operational model integrating "product, scenario, and experience." The synergistic execution of these two initiatives has not only solidified the dominant market position of the master brand but also successfully penetrated high-value market segments, establishing a dual foundation for enhancing brand premium capabilities and deepening regional market penetration.

During the collaborative process, alliance member units have fully recognized the importance of brand image. They proactively promote the Group's brand, conveying the Group's brand philosophy, product features, and service advantages to a broader consumer base. While jointly conducting business operations, all member units consistently adhere to the Group's brand standards, ensuring the consistency and high quality of product offerings and service levels, thereby earning consumer trust and positive feedback.

Concurrently, Guangxi State Farms Group deeply understands the significance of brand promotion and marketing.

Through the organization of various brand promotion activities, such as agricultural product trade fairs and brand launch events, the Group provides alliance member units with platforms to showcase their strengths and unique attributes. During these activities, the Group offers significant support to the branded products of alliance members, employing a unified brand image and marketing strategy to further strengthen the brand's market competitiveness.

Furthermore, collaboration has facilitated the inheritance and innovation of the Group's brand culture. Through ongoing exchanges and sharing of respective brand cultures and business philosophies during collaborative endeavors, alliance member units have enabled the Group's brand culture to disseminate and evolve across a broader spectrum. This cultural inheritance and innovation have not only strengthened employees' sense of belonging and identification with the Group but also elevated consumers' loyalty and affection for the Group's brand.

By reinforcing collaboration and synergy, Guangxi State Farms Group has significantly elevated its brand image and influence. This achievement not only reflects the Group's commitment to and investment in brand development but also underscores the pivotal role of collaborative efforts in brand building. Looking ahead, with the continuous deepening of the synergy strategy and the relentless advancement of brand development, it is anticipated that Guangxi State Farms Group's brand image and influence will ascend to new heights.

5 Conclusion

This thesis, taking Guangxi State Farms Group as a case study, underscores the importance of multiple subsidiaries synergy in a conglomerate. Strategies such as business alliances and performance assessments effectively promote collaborative market expansion. Future efforts should focus on refining synergy mechanisms and performance systems to sustain healthy growth. Other conglomerates may draw inspiration from this model, adapting it to their specific contexts to explore tailored multiple subsidiaries synergy pathways.

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