



Customer insight

World leader in packaging
retains high potential employees
following global merger





High potential

employees retained

In today's whirlwind of mergers and acquisitions HR departments often lose their foothold as countless financial and legal priorities take centre stage. When two companies merge the HR department is typically restricted to providing an ad-hoc advice service to senior managers. Yet studies indicate that the ability of HR to get involved in an influential capacity has a direct impact on the success of company mergers. It is especially important that HR is able to identify and retain the very best human talent from the "acquired and acquiring" companies.

Setting the scene

In December 2005, Smurfit Kappa Group announced the successful completion of the merger between Jefferson Smurfit Group (JSG) and Kappa Packaging (Kappa). The newly formed Group created a world-leader in paper based packaging, with sales in 2010 in excess of €6.5 billion, operations in 30 countries and around 38,000 employees, with a clear focus to take the best of both companies in order to become a stronger player in the marketplace.

From the outset of the merger the central HR department, was given a formal and structured role. Mergers are periods of great change. Functions are being consolidated, facilities are closing and product lines are being combined. It was vital that the combined entities had a clear picture of employee demographics and where they were located. Fortunately, Kappa had used a HR solution, Lumesse* Talent Management and this technology provided a solid base from which to extract relevant information about Kappa's employees.

Inspiring solutions

"It was very important to the success of the merger that we could extract key pieces of information about our talent and make sense of them in a timely way," explains Christian Eder, Management Development Coordinator for Europe. "It is thanks to the Lumesse solution that we were able to move so quickly and efficiently and ensure that we retained the high potential individuals employed by both former companies."

Unlike Kappa, Smurfit had no single computer-based HR system across its European operations. SAP solutions had been used in some locations in Europe but still relied heavily on reports produced by individual HR personnel. Whilst these reports provided detailed local information they were not a long-term solution for a cohesive European HR process or developing a centralised system on a global scale.

Within weeks of using Kappa's Lumesse reports the project team decided to install Lumesse as the company's main HR system across Europe. Catherine Paul, HR Integration Manager for Europe, explains: "We were convinced that this technology could provide HR with the framework it needed to deliver a totally progressive solution for the new Group. We were actually overwhelmed with how well it could transform our HR processes."

Fantastic outcomes

In March 2006, the team decided to migrate from an older version of the software to a newer one to give them greater functionality and flexibility. The upgrade also allowed them to take ownership of Lumesse Talent Management and tailor it to the needs of the new Group.

"In updating the software we had to decide which bits of information were relevant and needed to be migrated. When the data was very limited we invariably made the decision to start afresh rather than patch it up," explains Catherine Paul.

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Smurfit Kappa

“This forced us to evaluate every set of data and assess its value and to make the decision on either rebuilding or restructuring the database. It is essential to get the structure right at the outset.”

With the support of a dedicated Lumesse manager, the central project team were able to complete the bulk of the migration within two months.

The greatest challenge was introducing the new system to its HR departments across Europe. In November of 2006 more than 30 HR personnel met in Paris for an introduction and training workshop. Despite the large number of new users and country spread a strong Lumesse community has evolved between HR departments.

Lumesse Talent Management is installed on the corporate Intranet and this has enabled the project team to build an information portal around it. A range of additional resources, message facilities and alerts are all built around the system to assist the end-users. Today everyone working in a management capacity has now been entered into the system. This amounts to over 900 people, pooled from over 300 European operations in 20 countries. By the end of 2007, the central HR team aimed to train HR personnel in Latin America. This would result in an additional 300-400 managerial profiles being added to the Lumesse solution.

The initial focus on the Group's managerial levels is driven by a belief that it is where Smurfit Kappa can keep its competitive edge. It has also enabled newly appointed CEOs and senior management to understand the Group's changing structure. The central HR team has been able to provide new company directors with diagrams to show hierarchical structures and reporting relationships. These can be produced for the entire organisation or specific operations. “Being able to print out a clear organisational structure chart is not to be underestimated,” comments Christian Eder. “It seems an easy task but when there is considerable reshuffling of the corporate deck having the information available at the touch of a button is invaluable.”

The project team identified four main areas of development for 2007: career and succession planning and compensation benefits and incentive plans. These projects will require HR personnel to work with their local head of operations in order to add more confidential and intangible information about individual employees. This will present challenges as they attempt to somehow standardise the process yet retain flexibility to include country variances. Succession planning has become a key priority since Eder and Paul asked: “What if we look at the organisational structure in 2010?”

In fact, they discovered that by the year 2010 the company faced a surfeit of jobs at senior levels. By exploring age and seniority levels, the data showed that large numbers of management entered retirement in, or around, 2010. Catherine Paul adds, “Without the ability to manipulate data and create these reports, these kind of situations could easily go undetected. Now we can develop our range of programmes to address succession planning.”

In just 12 months, Smurfit Kappa has made a considerable leap from a ‘pen and paper’ HR approach to a fully centralised long-term HR strategy. In integrating Lumesse technology the HR function has been fully streamlined to take the company to the leading global position it aspires to.



In brief

Solution: Talent Management

- HR Management
- Compensation Management
- Skills & Competency Management
- Career & Succession Planning
- Learning Management

Industry: Manufacturing

Country: Worldwide

Employees: 38,000

A world leader in paper based packaging with a leading position in Europe and a strong position in Latin America (www.smurfitkappa.com). With sales in 2010 in excess of €6.5 billion and around 38,000 employees, the Smurfit Kappa Group is a focused leader in paper based packaging. Operating in 30 countries (21 in Europe), it is the European leader in containerboard, solid board, corrugated and solid board packaging and has a key position in several other packaging and paper market segments, including graphic board, sack paper and paper sacks.

What Smurfit Kappa needed from its talent management solution

- Robust enough to be deployed on a global scale
- Ease-of-use to end-users
- A flexible solution that could evolve with the new Group
- Organisational charting
- Strong compensation management
- Career and succession planning including scenario investigation
- Win-win solution (locally and Group)

About

Lumesse is the only global company making talent management solutions work locally. We help customers around the world to implement successful local talent management initiatives that identify, nurture and develop the right people, in the right place, at the right time. Our multi-cultural background and presence means we understand how to deliver talent solutions that work the way our customers work, as individuals and as teams, because no two people, organisations or cultures are the same. We regard differences as strengths, not as obstacles.

1,700 customers work with us in over 70 countries because they recognise that commitment, innovation and value only come from people. We help customers to unlock and inspire that human potential in their businesses. Our integrated talent management solutions are comprehensive, intuitive, secure and fully internationalised into over 50 languages.

We have Lumesse offices and partners in more than 40 countries, covering EMEA, the Americas and Asia-Pacific. To find your nearest office and talk to someone who speaks your language, visit:

www.lumesse.com/get-in-touch



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