Cargotec: Lifting Operational Efficiency and Transparency with SAP® SuccessFactors® Solutions

Cargotec Corporation, a world leader in cargo handling, has three business areas – Kalmar, Hiab, and MacGregor – but it wanted one view of all of its employees. With SAP® SuccessFactors® solutions, it has gained new HR insights that are helping it improve performance.

Executive overview

Company
Cargotec Corporation

Headquarters
Helsinki, Finland

Industry
Manufacturing

Products and Services
Solutions, services, software
and equipment for marine cargo,
offshore loads, containers,
on-road transport, and more

Employees
10,500

Revenue
€3.4 billion (2014)

Web Site
www.cargotec.com

BUSINESS TRANSFORMATION

Objectives
- Create one global HR platform from 140 local HR systems
- Increase cost efficiency and drive synergies between businesses
- Obtain an integrated view of the global workforce and organization

Resolution
- Big-bang implementation of SAP® SuccessFactors® Employee Central, SAP SuccessFactors Performance & Goals, and SAP SuccessFactors Compensation solutions
- One global template of core HR data for 51 countries, with little localization

Benefits
- Simplified HR processes and greater control over the performance management process
- Ability to analyze and report on a wide range of HR indicators
- Higher transparency and visibility of workforce data leading to immediate ROI
- Time savings that increase the productivity of HR, line managers, and individual contributors
- Less room for human error due to digitizing core HR, performance, and compensation data

TOP BENEFITS ACHIEVED

50%
Less time spent
on performance
management

50,000
Logins per month on the
new HR information system

10%
Increase in HR efficiency

"The SAP SuccessFactors solutions gave us a truly fact-based people-management platform that lets us drive Cargotec performance to a completely new level."
Heini Kämi; Director; Human Resources Road Maps, Processes, and Tools; Cargotec Corporation

The power of one

Whether it's the raw materials hidden in your smartphone, the food you buy at the supermarket, the clothes you wear, or the toys your kids play with, almost everything you own has traveled a long way over land or sea to reach your home. Efficient cargo handling is vital for the global economy and for our daily lives.

One of the biggest names in cargo handling is Cargotec Corporation. Its products – from cranes to sophisticated terminal automation solutions – can be found at all major ports. Cargotec consists of three business areas: MacGregor, Hiab, and Kalmar. Over the years, a complex organization was formed with a highly fragmented IT and HR landscape across 51 countries. In HR alone, there were 140 tools to manage nearly 11,000 employees.

"Nobody could give me a full list of all the different HR tools that existed in their country or who was using them, and I couldn't get a complete list of the HR people who worked in each country. Getting a simple headcount was a time-consuming manual exercise," explains Heini Kämi, director of human resources road maps, processes, and tools at Cargotec.

The CEO decided this had to change. He supported the idea of introducing a single global HR system. This would help the company cut costs, increase organizational efficiency, and drive the synergies it needed. Financial performance had to be guaranteed, and senior management knew that for a successful turnaround, it had to know where its most important assets, its own employees, were located.

HR also wanted Cargotec to start describing roles in the same way across businesses. Its companies in the United States and Europe used different job frameworks, making it difficult to compare positions and the people who filled them.

Reaping the benefits fast – with an award on top

Cargotec selected SAP® SuccessFactors® Employee Central as its new core HR solution. The implementation was classified as high-risk because it touched every employee and every business management system. For this reason, the project steering group included three board members and the heads of HR, IT, and finance.

A separate team was formed to gather the master data (such as name, age, sex, salary, job function, job family, cost center, and legal entity) from all 51 countries. Local deviations were not allowed unless necessary for legal reasons. The financial structures in all three business areas were harmonized to ensure they matched the foundation that was being built in SAP SuccessFactors Employee Central.

Cargotec also created one company-wide org chart. "Employees love it. They can easily find their colleagues and see where they fit in the organization," says Kämi.

For performance management and reward, Cargotec selected the SAP SuccessFactors Performance & Goals and SAP SuccessFactors Compensation solutions. A common personal development planning process was developed for the first time. Cargotec took advantage of the standard target library that came with the solutions, but the company has also begun to add customized targets.

The solutions were implemented in a big bang in order to reap the benefits as quickly as possible. The smooth introduction took place in just eight months and earned Cargotec a gold SAP Quality Award in 2015 for the Nordic region.

More discipline, and eye-opening insights

SAP SuccessFactors solutions are transforming Cargotec's business by creating the conditions to improve its performance and deliver the solutions its customers will need in the future.

By introducing one system for its core HR processes and digitizing all the data around those processes, Cargotec has seen a significant rise in organizational efficiency. Employees now have a single place they can go to update their personal data, set targets, and document their achievements. This has created much more time to focus on customers and market developments.

"Before we had the new software, more than 30,000 documents used to float around the company three times a year for the performance management cycle. It's so great having everything on one tool. There are considerable time savings for all line managers and HR. And the possibility for human error is much lower," says Kämi.

Cargotec can also manage its people in a way that supports business strategy. The whole performance management process has become more disciplined. For example, HR can monitor whether managers are implementing the agreed-on procedures on time and whether targets are smart enough. The new data transparency revealed that Cargotec had more than double the number of high-potential talents in a variable compensation scheme than it believed.

HR can also report to management on where the highest employee cost is in the company, how many people have been promoted internally, the tenure of staff, the reasons people leave the company, the number of new hires, and much more. "It's been eye-opening. We can show the bigger picture and use the data to develop solutions to specific business challenges," says Kämi.
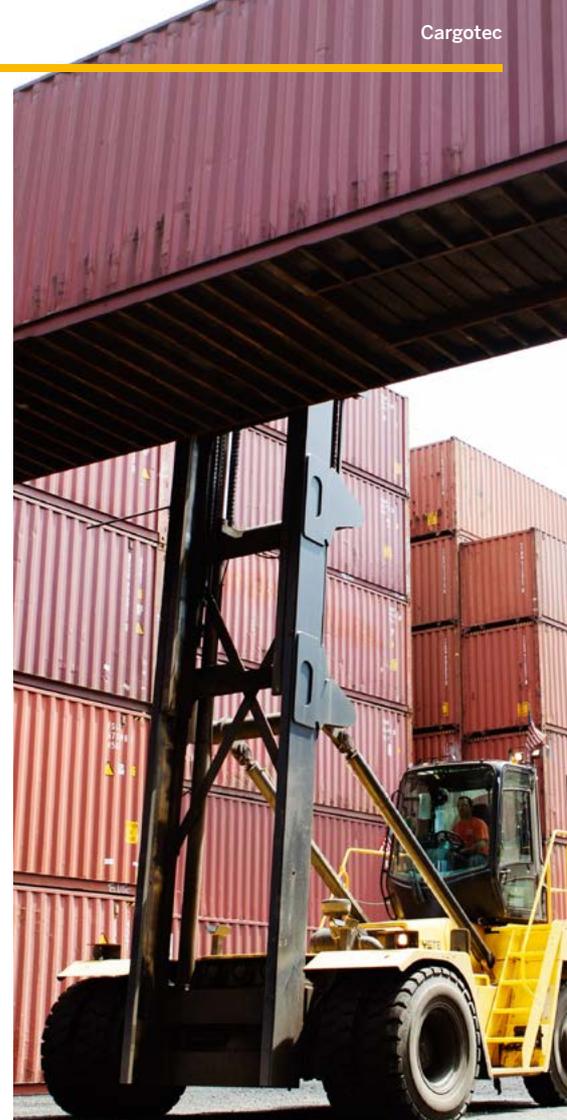
Identifying a larger pool of talent

The cargo industry is changing. Containers and ships are becoming more and more digitized. Ports and transportation companies have to comply with higher safety and environmental standards. And Cargotec's customers are constantly searching for ways to keep costs down; their largest cost item is energy.

Cargotec's strategy is to further digitize its products and services and make its solutions more "smartly sustainable." Delivering on these strategies requires using the knowledge and expertise of its employees across brands and countries.

With its global HR system, it has already lifted talent management to a new level. The next step is to build talent pools, define critical positions, and create succession plans for those positions. "Succession planning always existed at Cargotec, but it focused only on the top layer. Now we'll be able to capture a larger pool of talent," says Kämi.

Cargotec is also now investigating the business case for adopting the SAP SuccessFactors Workforce Analytics solution to use the benefits of its people data in targeted business decision making.

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