



THE INSIDE OUT GAME

To help the Hershey Company seize its global potential, Jeff Kemmerer first had to address unease and tap the talents of employees at the 121-year-old brand.

BY GEOFF WILLIAMS

Founded by Milton S. Hershey in 1894, The Hershey Company has one of those enviable brands that people flock to—literally. Tourists from around the world descend on the small Pennsylvania town the company has called home since

1905 (the company started in Lancaster, Pennsylvania, in 1894) to visit Hershey's Chocolate World to learn how chocolate is made and enjoy the (non-chocolate-fueled) rush to be had on the roller coasters and other rides at Hersheypark.

While few companies can brag that their consumers travel great distances to interact with their brand, six years ago Hershey executives were pondering how more of the company's candy could return the favor, especially overseas. Indeed, while Hershey products—which include over 80

brands, such as Hershey's Milk Chocolate Bars, Hershey's Kisses, Reese's Peanut Butter Cups, Jolly Rancher, Ice Breakers mints, and Brookside dark chocolates—were already sold in 50 countries around the globe, the majority

of its customers were in North America.

The company's executives understood that sustainable growth required an aggressive push into dozens of new global markets. While a big component of success in reaching large numbers of consumers in places like China and India required understanding and adapting their products and marketing messages to suit local tastes, Hershey's C-suite also understood that in order to flourish they would have to recalibrate some of their own internal infrastructure and operations.

Case in point: In order to serve its existing international customers, Hershey already had an international division with multiple offices and manufacturing plants located around the globe, in places like Canada, Brazil, China, and Mexico. But that meant there was also a lot of redundancy and wasted resources involved with each country handling its own payroll, IT, shipping, and transportation. That sort of inefficiency could easily take an oversized bite out of the growth and profits it hoped to secure by attracting new customers around the world. The answer to this dilemma: the creation of a global shared services (GSS) department to uniformly handle these important responsibilities everywhere Hershey operated. In other words, GSS was a way for global Hershey operations to speak the same language internally so that the company could be more effective at pursuing the polyglot, often-complex international markets essential for growth.

UP FOR A CHALLENGE

Almost by definition, the establishment and smooth functioning of GSS at Hershey would be simultaneously a complex task and, if done right, one that relatively few people at the company would even notice. That is, taking disparate and essential functions and processes occurring in far-flung corners of the world and making them uniform is a job that would only get someone noticed if it didn't work.

To take on that formidable responsibility, Hershey's then-CEO David J. West, who has since left to head up Del Monte, turned to 23-year company veteran Jeff Kemmerer. It was a logical choice. During his tenure at Hershey, Kemmerer had established a reputation and a track record as someone who was eager to take on tough projects. "Every time they've

come to me and asked me to take on a new challenge, I've always said, 'yes,' and each experience has been better than the previous one," says Kemmerer. "Everything's been out of my comfort zone, and so every time I become comfortable, they've said, 'OK, now we'd like you to do this.'"

Kemmerer had already shown an ability to lead and manage major change that involved unifying myriad processes. As director of Hershey's Enterprise Solutions Center, a group charged with continuous improvement of integrated business processes, Kemmerer saved the company \$20 million by instituting best practices and improving business and accounting processes. Additionally, Kemmerer spent two years as the director of Hershey's sales finance organization and then three-plus years as vice president of finance for Hershey Canada, Inc.

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NOT JUST ABOUT THE NUMBERS

With his accounting and finance background, Kemmerer clearly had a knack for understanding the numbers and metrics he needed to focus on to make GSS a success. But what was harder to predict—and every bit as important—was the human part of the equation. Would the employees Kemmerer needed to create a shared services organization be willing to embrace a fundamentally new course? "Jeff had the foresight to understand that while processes, systems, and structures are obviously important in most significant organizational changes, it is unquestionably

HERSHEY'S TOTAL REVENUE



the people involved in and effected by the change that ultimately determine whether it will succeed or fail,” says Jon Kleinman, Insigniam partner.

Kemmerer began working on GSS as the vice president of the division in August of 2009. And although he took his time learning all about the existing processes and strategizing what changes would be necessary, he also knew from the beginning it would entail a substantial culture shift and a restructuring that would inevitably include job cuts. So, too, did the staffers he managed. “Whenever I’d introduce the shared service concept, many employees would say, ‘Just tell us who has a job and who doesn’t,’” he recalls. Kemmerer’s initial response to those questions was an indication of the sort of transparency and openness he now sees as essential to the successful establishment of GSS. “I don’t know. I need your help to figure that out,” he told anyone who asked about job security.

Which is not to say that a commitment to transparency didn’t mean that there weren’t bumps and lessons to learn along the way. During an initial two-day working session with the 140 employees who first populated GSS, Kemmerer learned that his employees fell into one of three categories: those who understood and cheered the wisdom of GSS, those who were ambivalent, and those who were steadfastly against the change GSS represented. “They were never going to buy in. You can’t worry much about them,” Kemmerer says now, though he admits that he wasn’t as forceful as he should have been with the dissidents. “I should have been more aggressive at identifying the blockers faster, the ones who don’t have the potential to grow.”

What he did do, though, was focus his attention on those who were uncertain about GSS and what it meant to them individually. Kemmerer regularly had lunch with 15 to 20 of those employees as a way to demonstrate that he genuinely wanted to hear their concerns and ideas. It didn’t start well. “I got a lot of blank stares,” he says about the first lunch meeting. But by being consistent about soliciting their input, a rapport, trust, and enthusiasm began to build. “They were asking me, ‘What about this?’ ‘Have you considered that?’” he recalls.

The cohesion Kemmerer was steadfastly building paid dividends when he let his lunchmates know that he would need to eliminate 30 to 40 positions. After hearing his explanation, his employees asked if they could share the news with their coworkers. Committed to transparency, Kemmerer said, “yes,” though he quickly had second thoughts. “I was sick to my stomach,” he says. “I thought, ‘What have I done?’”

BUILDING THE FUTURE

Kemmerer didn’t need to worry. As a result of his openness, he didn’t have to contend with negative fallout from the announcement. But he also believes that transparency allowed him to build both trust and genuine enthusiasm for what GSS meant for Hershey.

“Jeff’s commitment to building trust, being authentic and transparent, and taking risks demonstrates the kind of leadership required to be successful in an enterprise-wide change initiative,” comments Bonnie Wingate, partner at Insigniam. “The rewards can be significant, as they were with Hershey’s growth outside North America.”

Kemmerer knew that GSS was moving beyond its challenging transition period into one where a new culture

could be built when he started fielding employee questions that had nothing to do with the safety of their jobs. “They were asking, ‘Can I play music?’ ‘Can I eat lunch at my desk?’ Every

Tourists from around the world flock to Hershey, Pennsylvania, to visit Hershey’s Chocolate World and Hersheypark.



conversation was about the work environment instead of whether a position would be eliminated,” he says.

What Kemmerer told employees not only answered their specific questions, but also helped lay the groundwork for the sort of culture he knew would be essential for GSS to flourish. As long as what they did at their desks didn’t negatively impact others, he had no problem with it. It was a way of reinforcing the idea that employees feel independent and empowered. “Every employee of shared service is a leader,” he says. “You don’t want employees waiting to be told what to do. We wanted an empowered environment.”

Six years after the launch of GSS, not all questions about the division’s role have been sorted out. There’s an ongoing and healthy debate about what work GSS should handle and what individual departments at Hershey should take on. And Kemmerer has been careful to tie the growth of GSS to that of the departments they serve.

Yet what is not in question is how GSS has helped fuel Hershey’s international growth. Hershey has seen its sales grow from \$5.3 billion in 2009 to \$7.4 billion last year,

and the company has now set \$10 billion as its target. The most rapid growth has come from outside the United States, with Hershey now selling its products in 70 countries.

Nor is there any question in Kemmerer’s mind about what makes this kind of growth possible: people. “Employees are your most important asset, and you have to act that way even when you make difficult decisions, like letting a person go,” he says. “You first care about the person and focus on them being successful.”

In his own way, Kemmerer has helped expand Hershey’s reach around the world. And who knows, it might even mean a few new languages will soon be heard at Hershey’s Chocolate World and Hersheypark.

