



BG GROUP



PROJECT:

The Post-Merger Integration in global exploration and production

CLIENT:

Shell and BG Group

Muuto helped to guide the integration of BG Group and Shell, focusing on planning and post-merger implementation to maximise synergies.

Context

The merger of Royal Dutch Shell plc and British energy giant BG Group plc marked one of the largest M&A deals in the energy industry's history.

This immense transition saw Shell become the second-largest international energy company globally, both by market capitalisation and production.

Tasked with leading much of the people and organisation integration activity, Muuto's role was instrumental in planning and implementing post-merger synergies to maximise efficiencies.

Business Challenge

The integration of two global groups with distinct cultures, histories, and strengths posed significant challenges. The process needed to be fair, transparent, and respectful to all employees, while maintaining business operations and realising the committed synergies.

A critical part of the task was to manage the complex elements of HR and people transition, which included 'hiring' several thousand people overnight and managing role changes and exits from the combined organisation. Further complexities included integrating various departments like Finance, HR and IT, and also consolidating legal entities and the real estate footprint across 18+ countries.

Our Approach

The team took a flexible but disciplined approach to the people integration planning. There was early recognition of the different challenges faced operating assets across the globe, addressed by the four main principles for the integration:

- Ensuring safe business operations were not compromised by integration activities
- Retaining the best talent
- Identifying and capturing synergies and value upside
- Learning from BG's agile operations to reset the Shell Group

Muuto led integration planning, focusing on the organisational structure of the combined entity. We managed the industrial relations and consultation activities and the resourcing approach for the combined entity.

Our focus on the intricate elements of the HR and people transition, and detailed planning of the employee and industrial relations aspects (especially in complex European jurisdictions) was instrumental in the success of the process. The detailed org design, systems migrations, handovers, and knowledge capture were all part of the comprehensive approach.

The Outcome

Supported by Muuto's approach the combination delivered results more quickly than analysts had expected. The initial \$2.5 billion synergy target was realised by the end of 2016, ten-and-a-half months after day one.

The expected synergies were increased by an additional \$2 billion, achieved by 2018. Through careful planning and execution, Muuto helped Shell and BG smoothly integrate, ensuring BG employees felt valued and respected throughout the process. By the end of 2016, three-quarters of BG employees had moved to a role in Shell.

Conclusion

Muuto Consulting's role in the integration of Shell and BG Group demonstrated the value of meticulous planning and an unwavering focus on managing critical people components and, value creation.

The success of this complex project illustrates the potential for other industries, especially financial services, to manage similar complex integration efforts effectively.



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