



## Gwinnett to lose second headquarters this month

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By [Russell Grantham](#) and [Arielle Kass](#) - *The Atlanta Journal-Constitution*

For the second time this month, a Fortune 500 company has decided to move its headquarters out of Gwinnett County.

Rock-Tenn, a Norcross-based paper company, announced Monday that it is merging with a Virginia competitor and basing its executives in Richmond. The move comes about two weeks after the technology company NCR, based in Duluth, said it plans a \$260 million headquarters in Midtown Atlanta.

Gwinnett started 2015 with four Fortune 500 companies. Only two will remain when the moves are completed.

“It’s a bit of a feather in your cap to have those kind of corporate headquarters,” Norcross Mayor Bucky Johnson said. “It’s hard to replace, but we don’t know what piece of it needs replacing.”

Corporate headquarters are among the most coveted prizes in economic development, and the loss of the executive mantle of one Fortune 500 company — let alone two — is at least a symbolic blow. It may be a signal that Gwinnett is not as competitive as it once was.

Rock-Tenn has 1,100 employees at its three-building Norcross campus and in rented space in two other buildings.

The companies said their “principal executive offices” will be in Virginia, but Rock-Tenn CEO Steven Voorhees will be CEO and president and will continue to live in Atlanta, Rock-Tenn spokeswoman Robin Keegan said.

Rock-Tenn also said it will keep an operations center in Norcross, though it did not say how many employees will be there.

“Those decisions have not been made yet. It’s early,” Keegan said. “We don’t anticipate a lot of people moving any time soon.”

Similarly, NCR said it will also keep a campus in the northern suburbs, though it hasn’t disclosed a site yet.

Rock-Tenn, No. 293 on the Fortune 500, is one of 18 Georgia companies on the list. NCR is No. 423. The remaining Fortune 500 companies in Gwinnett are AGCO at No. 262 and Asbury Automotive, No. 472. The Fortune 500 measures the nation’s largest companies by revenue.

Nick Masino, head of economic development for Partnership Gwinnett, declined to comment on the county’s loss of two headquarters. In an emailed statement, Gwinnett Commission Chairman Charlotte Nash said she will watch the Rock-Tenn transaction with great interest.

The \$16 billion merger with MeadWestvaco, No. 457 on the Fortune 500, will create the world’s second-largest publicly-traded paper company, after International Paper. The firm will have \$15.7 billion in annual revenue, operations in roughly 30 countries, and 42,000 employees, at least initially.

Both companies mainly make paperboard and cardboard used for packaging such as cereal boxes.

The combination will “create a formidable competitor in the marketplace and plenty for us to get excited about,” Voorhees, the Rock-Tenn CEO, said in a conference call with investors.

The companies project \$300 million in savings over three years, after \$100 million in merger-related expenses, but executives declined to comment on how employees will be affected.

Typically, merging companies look for redundant employees and operations to cut. Usually, one or the other of the firms’ headquarters is downsized significantly or even closed.

“I think we’re going to take out a clean sheet of paper and figure out the most effective organization,” Voorhees said. There are “terrific capabilities in both locations,” he said.

John Boyd, principal at the site location firm Boyd Co., said Georgia will continue to attract “more than its fair share” of business. In recent months, Mercedes-Benz USA has announced it is moving to the metro region from New Jersey and homebuilder PulteGroup has moved its headquarters from Michigan.

He said Gwinnett will remain competitive, but the economy of the area is hurt by the moves.

“When those types of relocations happen, it’s very, very bad for the local economy,” he said. “There’s no doubt about that.”

Boyd said companies often move in clusters — as is happening in the auto industry, where more manufacturing and operations are moving to the Southeast. While an existing workforce in Gwinnett might entice new or expanded businesses, he said, businesses primarily want to go where others have found success.

“Companies do not want to be pioneers,” he said.

In an email, Mark Arend, editor of Site Selection Magazine, said a company’s move “is not necessarily a reflection on the location that company is leaving.” He said he is not aware of one company’s decision to leave influencing the location selection process for another business.

“It’s about where that company can better achieve its strategic objectives,” Arend said.

Rock-Tenn’s revenue has more than tripled over the past four years, to \$9.9 billion in the most recent 12 months, after it took over Midwestern-based Smurfit-Stone Container Corp. in 2011. Profit more than doubled during the same period, to \$480 million.

Today, Rock-Tenn has 27,000 employees and 200 factories and other facilities, mostly in North America.

MeadWestvaco revenue dropped from \$6 billion in 2009 to \$5.6 billion in the most recent 12 months. The company has 15,000 employees in 125 facilities in 30 countries.

The deal was the “most hypothesized combination” in the paper packaging industry, Barclays analyst Scott Gaffner said in a report, but he discounted it because of the hare vs. tortoise contrast between the two companies.

Still, Gaffner praised the proposed merger, saying the two companies’ product mixes and geographic territories fit well together, and the \$300 million in projected savings from the deal outweigh “potential cultural fit issues.”

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***By the numbers***

**Rock-Tenn Co.**

Revenue: \$9.9 billion

Profit: \$480 million

Employees: 27,000

Headquarters: Norcross

Products: Corrugated cardboard, paperboard

**MeadWestvaco Corp.**

Revenue: \$5.6 billion

Profit: \$320 million

Employees: 15,000

Headquarters: Richmond, Va.

Products: Paperboard, corrugated cardboard, specialty chemicals