

Volvo Group magazine 1.2016



THE NEW CEO

MARTIN LUNDSTEDT SHARES
HIS FIRST IMPRESSIONS

LIMOGES

BENCHMARK FOR
REMANUFACTURING

CUSTOMER JOURNEY

THE MANY PERSONAL
INTERACTIONS THAT
DEFINE THE BRANDS

STEADY IMPROVEMENT

HOW GTO'S BANGALORE PLANT IS SETTING NEW STANDARDS

Our brands are our most valuable assets

AT THE BEGINNING of February, some 300 managers got together for the first Volvo Group Leadership Summit of the year, to formulate a common picture of our opportunities and challenges. This was also the first time for me to share my impressions with a large group of people, after my initial 100 days in the Volvo Group.

My most important conclusion is that our brands and the people who represent them are our most valuable assets. Our customers choose a brand in which they have confidence, a brand they appreciate. It is the brand that conveys our promise to the customer.

At the same time, our business is based largely on relationships. In the eyes of our customers, it is the dealers and the service technicians that are responsible for the brand and how we deliver on our promise.

We often think of our customers as companies, but it is the people working for our customers and for the Group who make decisions and make a difference. It is therefore important that as much of the daily decision-making takes place as close to the customer as possible, by people who understand that they are responsible for the brand and are also able to influence what we deliver. Greater authority also means greater responsibility.

The Leadership Summit also focused on the expectations we have of leaders in the Volvo Group. This work has been in progress for some time and I am both pleased and confident with the result. We must always focus on the success of our customers. We must have confidence in co-workers, and show passion for

our roles, missions and assignments. We must manage change so that it becomes a competitive advantage. Last but not least, we must aim to achieve, recognise and encourage strong performance.

I hope that you have already received or will shortly receive detailed information on this and much else besides via the colleagues who took part in the meeting in Gothenburg. When we left the conference, we all agreed that "Let's do it!" is the perfect mantra and this "us" also includes you!

MARTIN LUNDSTEDT
PRESIDENT AND CEO, VOLVO GROUP



VOLVO GROUP MAGAZINE is aimed at all the co-workers within the Volvo Group. It is published five times a year in Swedish, English, German, French, Portuguese for Brazil, Polish, Russian, Japanese, Dutch, Korean, Thai, Chinese and Spanish. There are three editions of the magazine: Operations, Technology and Sales. **PRINT RUN** approx. 85,000 copies. **ADDRESS** Volvo Group Magazine, Volvo Group Headquarters, Dept. AAT5400, VHK2, SE-405 08, Göteborg, Sweden. **PHONE** +46 (0)31 85 00 00 **E-MAIL** groupmagazine@volvocorp.com **EDITOR RESPONSIBLE UNDER SWEDISH PRESS LAW** Markus Lindberg **EDITOR-IN-CHIEF** Ann-Mari Robinson **EDITORS** Lotta Blomgren (Operations), Carita Vikarstedt (Technology), Tobias Wihlén (Sales), Joanna Dendelick (Business Areas). A Group-wide Editorial Network also contributes content. **MARKET LANGUAGE REVIEW** Ann-Mari Robinson **EDITORIAL PRODUCTION** Spoon (project team: Marie Sköld, Linda Swenberg, Nic Townsend, Lisa Thorsquist, Hanna Zakari, Janne Saaristo, Pernilla Stenberg, Sofia Hammaré) **PRINTED BY** RR Donnelley **CHANGE OF ADDRESS** Contact your local HR **TRANSLATED BY** Jeanette Kilger





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Nobody has a bigger impact on defining the Volvo Group's brands than the people who meet and interact with customers each and every day.



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Joanette Hedén Carlsson, SVP Communications Volvo Buses, explains why the communication strategy and PR campaign surrounding the Electrify project have been so successful.



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Christophe Aurenge, VPS Manager at the Tuve Plant in Gothenburg, is giving the CIR team a tour.

PHOTO: MALIN BERTSSON

PHOTO: RENAULT TRUCKS

GIVING PRIORITY TO PAYLOAD



Renault Trucks has developed a tanker version of its Renault Trucks T vehicle, to meet the specific demands of customers who transport hazardous materials or perishable goods. It has been specially configured to be lighter by being fitted with aluminium rims, air and fuel tanks,

as well as a lightweight fifth wheel. A number of non-essential elements such as door extensions have also been removed. Overall, this enables the payload of a Sleeper Cab version to be optimized by as much as 270 kg compared with a standard T vehicle.



Tandem axle attracts attention at Fenatran

Last November, a Volvo FH 6x4 with tandem axle raise was the centre of attention at Fenatran in São Paulo, the largest transport fair in Latin America. The tandem axle, which disengages and raises the second drive axle, is unique on the Latin American market. Volvo Trucks was also exhibiting Dynafleet and an advanced simulator for the new Volvo FH, as well as demonstrating its world leadership in safety. Read more about traffic safety in Brazil on page 47.

On-site validation looks into continuous improvement

As a part of the GTO Continuous Improvement Reinforcement (CIR) initiative, on-site validation sessions are taking place at all the different GTO sites. The CIR validation at the Tuve plant in Gothenburg, Sweden, during autumn 2015 looked more closely at the plant's continuous improvement and cost reduction work.

The CIR team and the plant management team discussed cost deployment, target image, road maps and reward and recognition programmes during the validation.

At a Gemba tour of the plant, the team met employees from selected areas and asked questions to determine how improvements are implemented, what results have been achieved, how results are monitored and what

action is taken if goals are not met.

"It is positive that someone from the outside sees how we work, checks our routines, asks questions and that we are also able to ask questions in return. It is good that the CIR team visits us to understand our problems," says Dragan Dimoski, Team leader, Tool preparatory work.

Concluding the day at Tuve, the CIR team presented a summary with strengths and opportunities moving forward.

The CIR initiative started in 2014 to support the strategic objective towards 2015. CIR continues at GTO during 2016 and onwards. Continuous improvements will be a main contributor for reaching the productivity target.

LOTTA BÄVMAN



Dragan Dimoski at his workstation

PHOTOS: MACK TRUCKS



Gold thread embroidery, leisure deck and a solid gold tiger hood ornament are some of the features.



Luxurious Mack made to order for the Sultan of Johor

At first, employees at the GTO Wacol plant in Australia thought it was a regular truck going down the assembly line. It was not until later, once a great deal of customisation work was completed, that it was revealed that they had taken part in assembling one of the most luxurious Mack trucks ever built. The owner, His Majesty the Sultan of Johor, will use it to transport his private powerboat around Malaysia.

The custom-built Super-Liner boasts several glamorous features, including a luxury leisure deck, 72,000 stitches of gold thread embroidery and a solid gold tiger hood ornament. The

price tag is a well-kept secret.

As he visited the Wacol plant, the Sultan talked to assembler Stu Cairney. "It was great to be a small part of building something so unique and what turned out to be a stunning truck. It's so rewarding to build a truck by hand with no machines."

The Sultan, delighted with the end result, praised the 35-strong Mack team who worked on the truck. "Mack has done a wonderful job and I'm looking forward to showing its workmanship to the people of Johor." He also revealed that he intends to purchase two additional Mack Super-Liners for his fleet.



7 FIGURES ON WHAT YOU SAID IN VGAS

92% of Volvo Group employees gave their views in the 2015 Volvo Group Attitude Survey (VGAS). Here are some of the findings:

86% of the employees feel respected by their managers and experience strong collaboration between colleagues.

81% of the employees are proud to be working for the Volvo Group.

80% believe that the Volvo Group is committed to providing high quality products and services.

71% is the level of employee engagement. In 2013, this figure was 76%.

54% believe there is good collaboration across the Group and that their business entity communicates a vision of the future that motivates them.

51% think they have an efficient decision-making process.

“ We continue to have strong teams committed to delivering high quality to our customers and we are proud to work for the Volvo Group, but only just over half of our employees see a motivating vision for the future. This is something that our senior leadership is addressing right now as a priority,” comments Ulrika Jacobsson, Director VGAS Strategy and Development.

Seventy-five children from Braås comprehensive school have created an exhibition of 'space haulers', as part of the Reaching for the stars project. The students met the astronauts as well as Volvo CE experts who shared their tips on constructing haulers.



PHOTO: BLACK & CO

Astronauts challenge kids to reach for the stars



Dr Donald Pettit shared inspirational stories about his experiences.



Dr Ernst Messerschmid and students discuss how to create machines adapted to conditions on specific planets.

The Volvo CE plant in Braås, Sweden, recently hosted two astronauts, Dr. Donald Pettit from the USA and Dr. Ernst Messerschmid from Germany.

The two spacemen were in Braås as part of the Association of Space Explorers (ASE) annual conference, which was held right on the doorstep of the Volvo CE's Braås facility and included over 100 astronauts from around the world. During their visit to the Volvo CE plant, Dr. Donald Pettit and Dr. Ernst Messerschmid told inspirational stories about their space expeditions and experiences as scientists. Their message was clear: innovating and challenging established thinking is what leads to all major scientific and technological breakthroughs.

This was something site manager Jörgen Sjöstrand agreed with. "At Volvo CE, we too have to challenge conventions in order to keep on delivering an internationally leading product," he said. "In a way, we are in similar businesses – we are moving Earth – you are leaving Earth!"

The unusual event concluded with the astronauts test driving a A40G, Volvo CE's biggest machine. They both agreed that it would be the perfect tool for any lunar landing.



Playing the Code of Conduct

Do you know how to act in a responsible way at work? By getting you to take on the role of a fictional reporter, the new Game of Conduct will remind you how and also help you learn more.

Success in business depends on building and maintaining the trust of customers, shareholders, employees, governments and the general public. Every country has its own laws, so the minimum requirement for ethical and responsible behaviour is outlined in the Code of Conduct. The policy was first signed by the Board of Directors in 2003 and includes business principles, principles of human rights and social justice, as well as environmental principles. Employees are encouraged to take part in an e-learning every three years to be reminded of the content. This year, the e-learning will be in the form of a game. "We have decided to make training available



Anna Hollman

via a game to make it more attractive and fun. Employees will join a fictional world where random dilemmas will be presented and you have a selection of choices on how to act and behave. There are different environments to explore; the office, a factory, a dealership and a canteen. The reporter role also adds a fun element to the game," says Anna Hollman, Director Internal CSR Management.

The Game of Conduct will be launched during the first quarter of 2016. Employees will be invited to participate via email. Employees without regular access to a computer will be able to join via other channels. "The Volvo Group wants to be a responsible company in everything we do and it's important that we act accordingly," says Anna Hollman.



The canteen is one of the environments in The Game of Conduct.



Read more on
Violin or contact
codeofconduct@volvo.com

PHOTO: VOLVO BUSES

SAFEST COACH ON THE MEXICAN MARKET

Travelling by bus should be not only convenient, but also quick, safe and fuel-efficient. Volvo Buses has launched a new coach for the Mexican market, the Volvo 9800. The new Volvo 9800 replaces the Mexican version of the 9700, which has been particularly successful with more than 6,000 units sold in Mexico alone. The new coach was officially presented at the Expo Transporte in Guadalajara in November as the new flagship of the Volvo Buses coach range. It is also the safest coach on the market with four optional driver support systems.



French Partner of the Century

The Swedish Chamber of Commerce in France (CCSF) has awarded boat builder Beneteau the "French Partner of the Century" Special Prize of Excellency 2015 for the strength and longevity of its relationship with Volvo Penta.

Beneteau received the prize in a ceremony on 30 November celebrating Swedish-French friendship, attended by King Carl XVI Gustaf and Queen Silvia of Sweden, as well as Swedish Prime Minister, Stefan Löfven.



The Swedish King with prize winner Beneteau

What are your expectations for 2016?



JAN WERNER, Service Sales Manager,
Uptime, Group Trucks Sales, Gothenburg,
Sweden

"Workwise, I am looking forward to a fresh start for the new Uptime function. I also hope that the latest marketing campaign - 'Battery management awareness' - will be well received and adopted into our truck owners' and drivers' daily work. The aim is to achieve the best possible conditions for uptime. Privately, I am looking forward to moving in together with Annika, my new big love in life, and her sons."



JUNE MARQUISS, Performance Engineer
within Powertrain Engineering, GTT,
Hagerstown, Maryland, USA

"In 2016, I hope to deepen my engine knowledge. My new position working in the performance test cells brings with it a lot of exciting opportunities. It's going to be a great year working with my team!"



SALLY BI, Financial
Analyst VFS Region
APAC, Beijing, China

"Hard work, professional performance and a wonderful life - these are my key words for 2016. I will strive to be fast in responding to organisational needs, to be diligent in team collaboration, and to be passionate about life!"

"It's a great year on all levels"

MÉLANIE MAYET, Purchaser, Governmental Sales, Lyon, France

"2016 should be very interesting as I work within a strategic project and we're expecting the first prototypes to assemble the first vehicles."

There has been a lot of work and stress so it's exciting to finally see the result. It will also be nice to share the results with our suppliers and carry on working on the final version of the vehicle. The challenge with this project is to find the balance between work, leisure and family. My son is hoping I won't need to hire babysitters anymore and my zumba colleague depends on

me dancing during our lunch hour! I'll turn 40 in 2016 so it's a great year on all levels."



Mélanie Mayet is looking forward to an interesting year.



Volvo Step participants at Volvo Group Trucks Operations in Skövde

1,200 completed the Volvo Step

1,200 young adults are ready for a career within the industry after completing the Volvo Step. The Volvo Group launched the programme in 2012, aiming to offer vocational training in industrial production to 400 unemployed youngsters in Sweden over three years. Three rounds later, the mission has been accomplished.

The Volvo Step initiative now continues on a yearly basis thanks to positive feedback and results. The fourth round - part of the line organisation and run by the

Operations Academy at the Volvo Group University - started in November 2015 with 100 participants at 11 production sites in Sweden. Interest in the training programme remains high and almost half the participants are female.

Since its start, the Volvo Step has received almost 10,000 applications.

(Volvo Group Magazine will highlight some of the Volvo Step participants during 2016.)



JAROSŁAW BELZA, Junior Product Cost Financial Controller, Business Control and Planning, Volvo Buses, Wrocław, Poland

"I have worked at Volvo Poland since 1996. Last June, I moved to Business Control so I am still at the stage where I am learning the work being performed in my new department. I expect that in 2016, thanks to my work and my team's support, I will learn all the methods of product cost calculation. This knowledge gives me the full picture of the effort, work load

and financial resources that are needed to build one bus."

"I look forward to the upcoming new challenges"



SUSANNE BERGSTRÖM, CAD-Administrator at Real Estate Services, Skövde, Sweden

"I look forward to the upcoming new challenges and projects we will implement here at Volvo Group in Skövde. I will continue to take the yoga class that I started in 2015 and hope that my family and I will keep healthy. I will try to adopt a calmer lifestyle and live more in the present."



EDER OLIVEIRA, Senior Manufacturing Technician, Manufacturing Engineering, Group Trucks Operations, Curitiba, Brazil

"We are facing a tough period in Brazil and 2016 will be a challenging year for our business. However, we will

carry on with the core values of our company. It is important to work with energy, passion and respect for people to build better scenarios for us. I have a personal goal to communicate better in English; I'm studying and preparing for this. To achieve this goal, I'm also working to make an exchange in another country."



S.B. CHIKKAMATH, Senior Technician, Excavator Assembly, Volvo CE Operations, Bangalore, India

"Having spent over 37 years with the company and being the President of the Volvo India Employees

Association, I have always worked towards a collaborative and friendly working atmosphere between the management and the industrial workers. I am sure 2016 will also continue to bring out the same energy and passion."

New year – new ideas

I am as delighted as a child on New Year's Eve. A new year feels just as exciting every time, maybe because of the chance of a new start and new goals for inspiration.

For *Volvo Group Magazine*, it is the beginning of a new year and the magazine now has some new sections. This includes a global vox pop where eight employees share their expectations for 2016 and a look back at one of several milestones in the history of the Volvo Group. Starting with this issue, we also have a quiz in the magazine. See page 52 and test your knowledge.

Pleasant reading!

ANN-MARI ROBINSON
EDITOR-IN-CHIEF



PHOTO: LARS ARDARVE

100 A

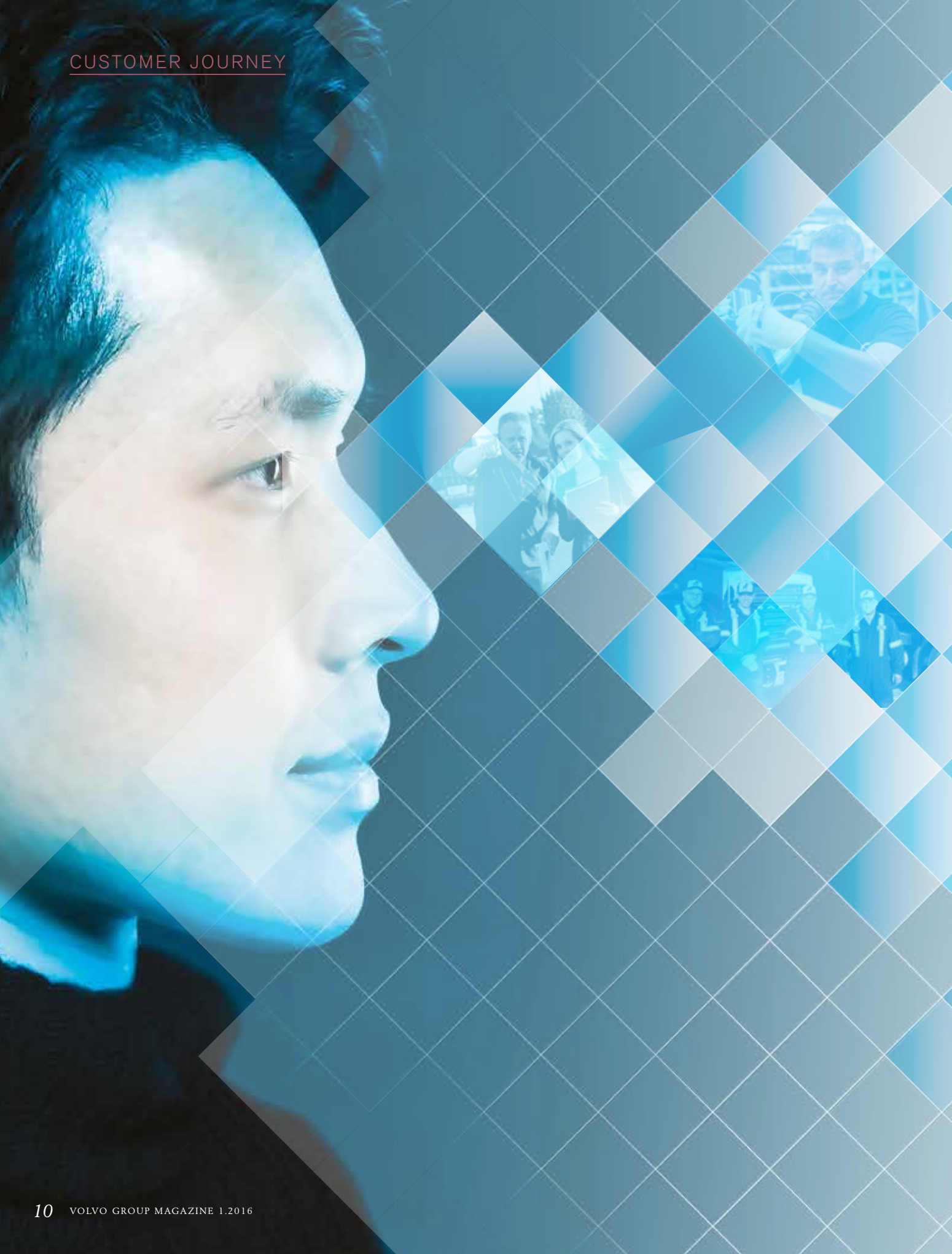
The Volvo Group receives the highest score of 100 points for Disclosure and rates A for Performance when the international organisation CDP (Carbon Disclosure Project) reports environmental results in relation to carbon footprint. The 2015 result is an improvement from last year's score of 100 B.

Two new giants at Bauma 2016



Volvo Construction Equipment will attend Bauma Munich 2016 in April under the theme "Building tomorrow" together with its customers. The key message is productivity and Volvo CE will display new products and services, especially larger, general-purpose production machines. Two giants will be on the stand: the A60H, the largest articulated hauler ever made by Volvo CE, alongside the EC950E, a 95-tonne excavator. Uptime services will also be in focus.

Emphasising the size, strength and breadth of the Volvo Group, Volvo CE will be joined by sister companies Volvo Penta, Volvo Trucks and Volvo Financial Services.





PIECING TOGETHER THE BRAND

*– when everyone
contributes*

Brands are built through a myriad of personal interactions with customers. At the Volvo Group, thousands of these encounters take place every day. Join us on a trip to see some of these touchpoints in the only way that counts – through the customer's own eyes.

ILLUSTRATIONS PETTER LÖNEGÅRD AND COLOURBOX

What have you done for the Volvo Group's brands today? Probably more than you think. Every employee has a role to play in creating powerful brands that deliver what they promise.

TEXT
MARIA SKÖLD

PHOTO
SÖREN HÅKANLIND



The title on Bengt Köhlin's business card is Vice President Brand Management. Development of the Volvo Group's brand portfolio is part of his job description. He frequently does this with all the other people in the Group who have the word "brand" printed on their business cards. But this is only part of his job.

"The brands impact everyone, regardless of whether they are involved in product development and production or work at a dealership. Everyone needs to understand the basic elements when it comes to the importance of brands," explains Bengt Köhlin.

So what is a brand?

"People would perhaps say that it relates to a product or some form of identification, like a logo or some kind of communication, such as an online

video. This is correct, but a brand is so much more. It is first and foremost a promise to the customer. Through the brand, we promise a solution to a need or a challenge facing the customer. Everything we deliver, no matter whether it's a product or a service, should prove that what we are claiming is true."

A brand is powerful if the customer feels that a promise has been kept. The brand must match – or perhaps even surpass – the customer's expectations. However, the strength or weakness of a brand has absolutely nothing to do with whether it is perceived as luxurious or more down to earth.

"Brands can be powerful, regardless of whether they are in a premium or value position. The furniture manufacturer IKEA, for example, is an incredibly powerful brand without being luxurious. The most important thing is to be consistent the whole time and deliver what the customer expects and values," says Bengt Köhlin.

To achieve this, everyone working with a brand



Bengt Köhlin and his colleagues at Volvo Group Brand Portfolio Management have been tasked with developing the Group's 12 brands.

3 OF BENGT KÖHLIN'S BRAND FAVOURITES



APPLE

"They have thought through their customer journey and have combined product, sales, behaviour and communication in an homogeneous, consistent manner."



IKEA

"They have consistently stuck to their roots and represent sustainability."



HARLEY DAVIDSON

"This is such a powerful brand that it has become a religion, even for some people who are not particularly interested in motorcycles. By working on the brand, the company succeeded in once again becoming the leader after experiencing a decline."

WHERE TO FIND MORE INFORMATION?

A new e-learning course on brands, aimed at all co-workers, is available. Search for *What is a Brand?* on Violin/Navigator. There is also a wide range of reading material at the Brand Center on Violin.



What is a brand?

It all began with cattle. Or at least the word "brand" is said to come from the use of branding irons to mark animals. However, the tradition of marking objects probably dates back to the beginning of time.

Nowadays, brands relate to what customers perceive and expect. The functions and characteristics of products and services are not the only important things. The skills, attitudes and behaviour of a company's co-workers also play a decisive part in the way customers perceive the brand.

needs to know what it represents and the promise that needs to be fulfilled. Customers in different positions have different needs and behaviours that guide their purchasing decisions and, as a result, their choice of brand. No brand can mean all things to all people, everywhere and at all times.

"The starting point for all the Volvo Group's work on its brands is first and foremost the customer. What needs do customers have, how does demand look in different markets? This analysis forms the basis of a segmentation model and a positioning strategy. It's a question of prioritising between different segments and positions, depending on the Group's situation and the areas with the potential to grow profitably," says Bengt Köhlin.

The next stage when it comes to positioning is to analyse the brands that match the needs in the different segments. One of the starting points is the value base of the different brands, their brand framework. This defines what this specific brand

promises its customers, its core values, the attributes with which it should be associated and ways of proving that the brand promise is kept.

"If, for example, you compare the truck brands

Volvo and Mack, you can see a lot of similarities. They are both premium, but the way they are communicated emotionally differs. Volvo Trucks is communicated as skilled, competent and caring in a very dynamic and innovative manner. Mack, on the other hand, is an icon among US brands and it signals reliability, durability and roll-up-your-sleeves for hard work, while being perceived as approachable at the same time," says Bengt Köhlin.

The brand framework of every brand then needs to be "translated" so that the product, service offers, customer reception and

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The Volvo Group has 12 powerful brands in four categories: trucks, buses, construction equipment and marine and industrial engines.

The Group's own brands are Volvo, Volvo Penta, UD, Terex Trucks, Renault Trucks, Prevost, Nova Bus and Mack. Through joint ventures and strategic alliances, Dongfeng Trucks, Eicher, SDLG and Sunwin have also been included in the brand family.

82,000

The number of interviews conducted in REX, the Retail Excellence Survey. The Volvo Group is continuously conducting surveys worldwide to obtain an up-to-date picture of customer perceptions of service, future purchases and brand image.

WHAT IS THE CUSTOMER JOURNEY?

Customers meet the Volvo Group's brands in a range of situations.

- ▷ **Prior to a purchase:** it is important how the customer encounters the brand at fairs or in advertising.
- ▷ **Purchase phase:** information about the product, services and financing must be relevant. The way the vehicle is handed over also says a great deal about what the brand represents.
- ▷ **After the purchase,** it is important to remain a reliable, helpful partner to the customer.

[READ MORE](#) about The Customer Journey in *Volvo Group Magazine* #2/2016, Sales edition.

"It all comes down to consistency. The customer must always be able to recognise a brand in every situation."

TOBIAS DAHLGREN, DIRECTOR GLOBAL BRAND STRATEGY & IMPLEMENTATION VOLVO TRUCKS



PHOTO: CHRISTER EHRLING

Tobias Dahlgren

a brand in every situation," says Tobias Dahlgren, Director Global Brand Strategy & Implementation for Volvo Trucks.

He and the other brand managers within Volvo Group Trucks work to ensure this consistency for their respective brands. "You can put on a good show at a truck fair or create a video that goes viral, but, if the customer feels that what's being communicated isn't in line with what the brand stands for, it can actually backfire. We want everything – products, communication and retail – to interact to strengthen the total brand experience," says Tobias Dahlgren.

In order to improve consistency, Volvo Group Trucks works with the concept of the Customer Journey. All in all, 62 possible touchpoints have been identified, where the customer may come into contact with the brand – before, during and after a purchase. The brands focus on different touchpoints and define how these meetings should be organised to match the core of each brand.

Volvo Trucks has selected vehicle handover and sales staff interaction with customers as two important touchpoints that build customer loyalty.

Surveys have confirmed that customers perceive the Volvo brand as 'competent' and 'easy to do business with'.

"Sometimes people think that brandbuilding is just about making ads, but that's not what the customer really values. What creates a strong brand is the hard work of dedicated employees every day of the week," says Tobias Dahlgren.©

Short glossary

BRAND FRAMEWORK – the brand framework shows the brand vision and promises to the customer. Which customers are being targeted and which customer needs and wishes can the brand fulfil? The brand framework is designed to function as the basis for everything that constitutes brand identity, including product characteristics for every area in which the brand meets the customer.

COMPETITIVE SET – every brand competes with other brands that have a similar position on the market.

COMPONENT BRANDING – certain components should be labelled to demonstrate clearly the brand they are part of. This kind of recognition is particularly important from an aftersales perspective.

CORPORATE BRAND AND PRODUCT BRANDS – the Volvo Group is the Corporate brand, the other brands within the brand portfolio are product brands.

BRAND IN RETAIL STRATEGY – every brand has its own strategy for meeting customers at the important dealership level.

WHERE THE CUSTOMER IS ALWAYS WELCOME



From a piece of metal to a finished machine. When Volvo Construction Equipment in Arvika welcomes VIP visitors, they get to see the whole production chain. For the employees at the plant, customer focus is a given.

Ravinder Rao Takkalapelly and Venkata Nagaraja from India on a customer visit at Volvo CE in Arvika.

TEXT
LINDA SWANBERG

PHOTOS
PONTUS JOHANSSON



Even if the Arvika plant has created effective routines for customer visits, it is constantly attempting to refine and improve the processes to make things even better.

"Welcome to Arvika!"

At the visitors' centre at Volvo CE in Arvika, site manager Jonas Lakhall welcomes today's visitors. After a short presentation, it is time for a tour of the plant.

The visitors of the day represent a number of large companies – most of them from the road, mining and quarry industries – in India. Some already have several machines from Volvo CE, others have placed orders, while some are potential customers.

"This is my first visit to Sweden. It's good to see production first hand and I really appreciate the hospitality," says Venkata Nagaraja, Manager Director of Pearl Mineral and Mines Pvt. Ltd. in Ongole in south-eastern India. At a large open-cast mine, the company, which has 300 employees, mines large blocks of black granite. Pearl Mineral and Mines Pvt. Ltd. currently has around 20 excavators from Volvo CE, plus two Volvo L350F wheel-loaders. "Volvo CE offers excellent quality and service, when it comes to both delivery speed and support from the dealer," says Venkata Nagaraja.

During the tour, the visitors have a chance to see the entire

production process and material handling flow: from the tiniest piece of metal to welding, painting, final assembly and quality assurance.

"Customers can get really close to the product. They can feel it and touch it," says Michael Bergström, one of three guides on this particular day.

He thinks it is very important that customers get to visit the plant in reality. Not least, because they can see in practice how and why the company is working with the core values of the Volvo brand; quality, safety and environmental care.

"These are the kind of things that can play a decisive role in a purchase. The plant is clean and attractive and, what's more, it's light and relatively quiet," says Michael Bergström.

Volvo CE in Arvika welcomes between two and four groups of customers a month. These visits are an important part of operations and a great deal of effort is made to ensure that visitors feel welcome. Today, the TV screens carry a greeting in Hindi, while there are large pictures of machines in different settings on the walls.

VOLVO CE ARVIKA

The plant began life in 1885 as a small forge. Today, it is a high-tech facility and the Volvo Group's main wheel-loader plant. The plant has 1,000 employees. In 2014, the plant produced 4,271 wheel-loaders L60-L350.



José Santana

is an assembly worker at one of the five work stations on the Volvo L350 line. He comes from Spain and is often asked to describe his work when the plant welcomes Spanish-speaking visitors. "We are proud of what we do and we really enjoy showing it to people who come here."



Michael Bergström

is one the guides at the Arvika plant. "We have a culture in which the customer is the focal point. Everyone is friendly and takes the time to help, accomodate the visitors and show them things."

"It's important to see not only the parts but also the finished product. It creates a different feeling," says Michael Bergström.

Customer visits to the Arvika plant usually begin with a dinner the evening before the visit. The guides always attend.

"It's a good way to get to know our visitors, who they are and what they are most interested in. This enables us to adapt what we show them and what we talk about. If there are any special requests, we try to fit them in."

For the visitors from India, this tour of the plant in Arvika marks the end of a three-day trip to Sweden. When the tour ends, Venkata Nagaraja and some other customers will travel on to the marble mine in Carrara in Italy, where a number of Volvo L350Fs are being used in mining operations.

Before that, however, a group photograph is taken in front of the brand-new wheel loader which is parked outside the visitors' centre. Everyone seems satisfied.

"One of the visitors patted me on the back and said 'Next time, it'll be a Volvo'. That's precisely what you want to hear," says Michael Bergström. ☺

"Customers love it and keep coming back"

Every week, the GTO New River Valley plant hosts customers and visitors. Gaile Doyle is one of the tour leaders.

Who visits the New River Valley plant?

"It's generally someone who has either placed an order, or someone who has a truck currently being assembled on the line, or even a potential customer. We have visitors from all over the world, and as far away as Australia and Honolulu."

Do customers generally enjoy visiting?

"They love it! They're so excited, and many customers keep coming back, bringing more people with them."

Do you have a set tour each time?

"No, we customise it depending on the customer's time and interests. The average tour is 2.5 hours, but it can take up to six hours. We don't have a strict schedule and we encourage visitors to stop and talk to people along the way."

What are the main highlights of the tour?

"People really enjoy meeting and interacting with our employees, being able to ask them questions and hearing about our processes. Our employees enjoy the interaction too."

How do plant tours help with brand perceptions?

"It's a great opportunity to showcase our plant and our team. During the tour, we can highlight the various benefits and safety features of our trucks and, by seeing the trucks assembled before them, it really drives the point home and makes a difference."

Do you enjoy conducting the tours?

"Absolutely! I've been working at New River Valley for 39 years and not a day goes by that

I don't feel extremely proud of what we do here. It's very rewarding to show people how we put everything together right through to the finished product."

NIC TOWNSEND



Sales representatives

Building the brand

As a key link between the customer and the brand, the salesperson forms relationships with customers based on attentiveness and trust.

TEXT SOPHIE POISARD-STORZ PHOTOS NICOLAS DARTIAILH

Emilie Ruiz works with the Renault Trucks heavy-duty range in Corbas, close to Lyon in France.

"Our customers are looking for very specialised advice and expect a high level of professionalism from us," says Emilie Ruiz.

She has been a heavy-duty range salesperson for the past year, after eight years as a salesperson for the utility range. "There are fewer heavy-duty customers and they are much more sought after, so it's crucial to build trust with them if we want to be consulted when they renew their fleets."

Her goal is to be consulted in 100 per cent of renewal cases in her sector. In reaching her goal, she has an advantage: The strength of the Renault Trucks brand, which with its French origin is recognised as a mark of quality. "But this is not enough. The advisory role of the salesperson is key, both at the technical level in order to recommend the right vehicle for the task and in terms of ensuring service, maintenance, extension of warranties and financing," says Emilie Ruiz.

That is a positioning that helps win deals. Last November, Emilie Ruiz sold a Renault Trucks T to one of her prospects who, until then, had mostly been affiliated with Mercedes. Patrick Folléas, CEO of BFT Transport, runs a family business comprising 45 people that offers transport and rental services. "I have a special



Patrick Folléas, CEO of BFT Transport, chose a Renault Trucks T after being impressed by the level of service he received.



For many customers, including Patrick Folléas of BFT Transport, the local sales representative is the personal interface of the brand.



Emilie Ruiz

has worked at the Renault Trucks Grand Lyon dealership in Corbas for 10 years. She has been a heavy-duty salesperson since 2014 after eight years as a utility vehicles salesperson.



Emilie Ruiz

connection to the Renault Trucks brand because I started my career driving an R390," he says.

Patrick Folléas is also convinced of the reliability of trucks from Renault Trucks, especially since the launch of the new Euro 6 range. "But what really makes the difference is the quality of service, attentiveness to my needs and the responsiveness of the teams."

the teams."

In this case, BFT required a rental vehicle. "The vehicle had to be as versatile as possible, but we found a compromise that included the maximum number of options while keeping costs as low as possible," says Patrick Folléas.

To convince the customer, Emilie Ruiz loaned him a vehicle in July to test it. "I am also the captain of a racing team," says Patrick Folléas. "I had the chance to drive a T model in which I transported my Renault Trucks racing truck all the way to the 24 Hours of Le Mans Race."

According to both the customer and the salesperson, the real work starts once a sale is completed. "It's now up to us to demonstrate our ability to guarantee the expected level of service, especially when it comes to the implementation of the maintenance contract signed by BFT," says Emilie Ruiz.

Here, the salesperson serves as the business coordinator and link. "Representatives of the workshop, as well as salespersons working with utility and heavy-duty vehicles, meet every Monday morning."

The goal of these meetings is to exchange information and to talk about issues and opportunities in order to be able to speak to the customer with a common voice. "Through consistency and transparency, we aim to provide the highest level of long-term satisfaction. Nothing can ever be taken for granted," says Emilie Ruiz. ©

"Our customers are looking for very specialised advice and expect a high level of professionalism from us."

EMILIE RUIZ, HEAVY-DUTY SALESPERSON AT RENAULT TRUCKS

PHOTO: JOHN R. BANDSTRA



“We all have an important role to play, when representing the brand to our customers.”

MATT GIESBRECHT

Matt Giesbrecht, Clarence Oosterhoff, Dan Orser and Tyler Kronebusch are Master Techs.

ENGINE ROOM KEEPS CUSTOMERS SATISFIED

Service technicians have a vital role to play in the way any brand is perceived by the customer. They are the ‘engine room’ of the dealership, fixing problems and making sure customers’ vehicles stay on the road.

BABINE TRUCK & EQUIPMENT in Prince George, British Columbia in Canada, sell and service Mack and Volvo trucks. A team of four mechanics from the company competed in the VISTA competition in 2013, where they finished 11th out of 32 teams in the world final. They also won the Mack Masters competition in North America last year. Clearly they take their work and their brand of truck seriously.

Matt Giesbrecht and his three colleagues in the team are Master Techs, dealing with diagnostics, repairs and servicing. All four have worked for over ten years respectively with Mack trucks and share a knowledge and enthusiasm for the brand. “We have really been brought together by competing in the aftermarket competitions. This has increased our commitment to our workplace and to the job. We have passed this on to our customers in different ways.”

The team of service technicians are at their happiest when working on the vehicles, according to Matt Giesbrecht. “Our aim is to be dealing primarily with the trucks and not having to meet the customer, as interaction with the customer in our role often means there is something wrong with the truck. However, when dealing with customers, we recognise the importance of using our experience and offering the best possible service. We are all in the customer service business – they sign the paycheck and keep us employed at the end of the day.”

Matt Giesbrecht believes that a passion for the brand is an essential component in communicating it positively. “We have a saying here that ‘the salesperson sells the first truck, and everyone else at the dealership sells the rest’. We all have an important role to play in this respect, when representing the brand to our customers.”

ALASTAIR MACDUFF

What do customers think?

IT IS GUNNEL ERIKSSON'S job to answer this question. As Manager Market and Customer Intelligence at Group Trucks Sales, she works with surveys of three kinds to understand truck customers' needs and wishes.

"We analyse the way customers perceive our brands, how satisfied they are with the dealers and workshops and, in addition, we produce a purchasing barometer to assess future demand," she explains.

Many people are interested in the results Gunnel Eriksson and her colleague, Katarina Ekeros, obtain. The image surveys reveal customers' perceptions of the Volvo Group's brands in comparison with those of its competitors. The purchasing barometer forms the basis of production planning, while the customer satisfaction

surveys, like the large Retail Excellence (REX), are used in work on quality at dealerships and workshops.

"It isn't simply a question of research. It also involves finding errors and rectifying them," explains Gunnel Eriksson.

So what is most important to customers? The answer can vary over time and between markets, but three areas stand out, according to Gunnel Eriksson.

"Reception, uptime and quality are given the highest rankings. All three of them are areas that are dependent on the skills and engagement of individual co-workers."

MARIA SKÖLD

3 TOP TOPICS FOR CUSTOMERS

- ▷ Relationships and reception
- ▷ Uptime/availability
- ▷ Quality



In 2013, the Plant Manager Helén Savmyr implemented a change and improvement programme. The goal is to become a world-class plant.



NEW ROLES LEAD THE WAY

A world-class plant. To realise this goal, Volvo Group Trucks in Bangalore is investing in leadership and dialogue. New leadership roles with greater responsibility create engagement at every level.

TEXT R F MAMOOWALA AND LINDA SWANBERG PHOTOS KIRAN NAMA

FOR AN INDUSTRIAL facility, the Volvo Group Trucks Operations plant on the outskirts of Bangalore in South India is strikingly green. At least a third of this massive plant, stretching across 120 acres, has a green cover and in the beautiful landscape you can find both birds and monkeys.

The plant has two assembly lines – one manufacturing Volvo trucks and the other Eicher Pro 8000 vehicles. Moreover, the workplace is organised in line with the 5S principles to give it a clean, efficient look and ensure optimum productivity.

The plant has been in Bangalore since 1998 and for many years it was a Completely Knocked Down (CKD) plant for Volvo trucks. Since the beginning of 2015, the plant has also been producing the Eicher Pro 8000, which is built completely from scratch.

“Completely Built Up (CBU) calls for entirely different processes and imposes other demands for delivery and quality assurance of components in Asia. This is going to be a

world-class plant and my mission has been to make sure that the transformation is effective,” explains Plant Manager Helén Savmyr.

When she took on her appointment in 2013, Helén Savmyr implemented a change and improvement programme. The method used is based on “The 7 Step Improvement Cycle”. The method includes developing clearly defined targets and a plan for realising them. Leadership has played a central role.

“It has a decisive impact on the culture at a workplace. To make change a living process in people’s everyday lives, all the managers need to share the same vision and mission. We must work according to the same action plan and have the same understanding of the changes that need to be made,” says Helén Savmyr.

R VISWANATHAN IS Volvo Production System Manager and it is his role to deploy the VPS and support the management team and all the employees.

He thinks that “The 7 Step Improvement Cycle” has encouraged everyone to see things from different perspectives. >

BANGALORE PLANT

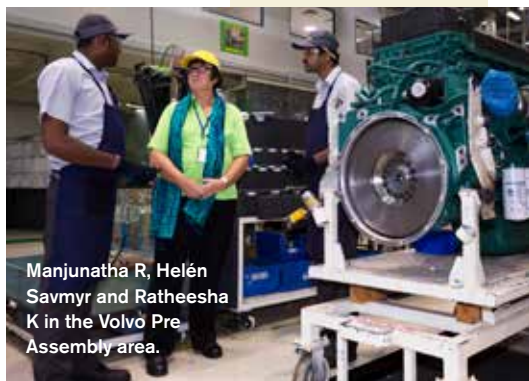


THE GTO PLANT IN BANGALORE

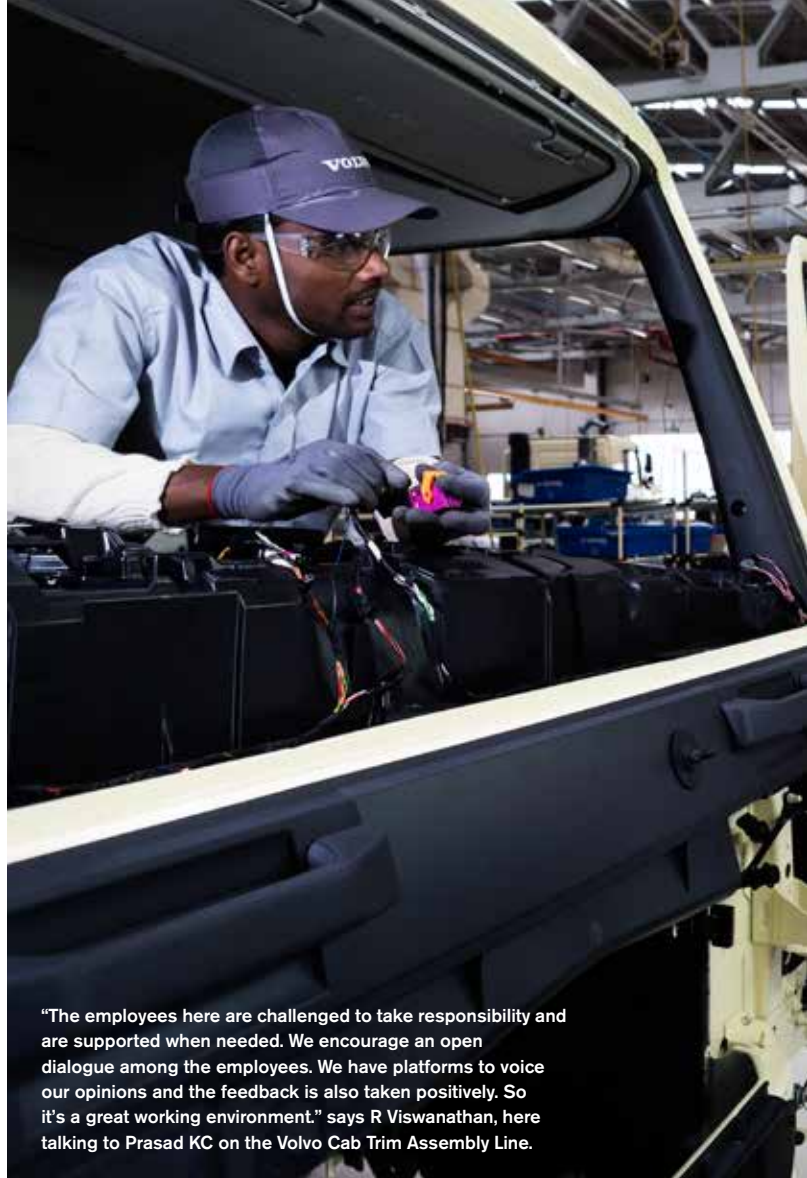
▷ **History:** the first Volvo truck left the plant in 1998

▷ **Employees:** approx. 310 (including temporary operators)

▷ **Production:** Volvo trucks and the Eicher Pro 8000



Manjunatha R, Helén Savmyr and Ratheesha K in the Volvo Pre Assembly area.



"The employees here are challenged to take responsibility and are supported when needed. We encourage an open dialogue among the employees. We have platforms to voice our opinions and the feedback is also taken positively. So it's a great working environment," says R Viswanathan, here talking to Prasad KC on the Volvo Cab Trim Assembly Line.

"The improvement cycle involves the entire organisation and creates a shared vision. All our teams use it in the same way to achieve their performance goals."

After each cycle, which lasts for a year, an evaluation is made to see what has gone well and what needs improving.

"It has been really good having these tools to work with. They make it easier to see whether we have made the right decisions and what we are going to focus on and why," says Helén Savmyr.

Every month, communication meetings are held at which all the employees are informed about the results, the improvements that have been made and the challenges that lie ahead.

"First, we prepare the information in a meeting with the management team and after that all the leaders get involved. The production leaders then pass on the information to their co-workers and have a dialogue on the next step," says Helén Savmyr.

The winners of different competitions are

also announced at the communication meetings. Individual employees and teams are presented with awards depending on the number of improvement ideas they have submitted.

"Recognition acts as inspiration. More and more people are understanding what needs to be done and what can be improved," explains Helén Savmyr.

THE SAFETY CULTURE has been one of the most important focal points since the beginning. During the last year, the employees have also worked a great deal on quality assurance and delivery precision.

"Everyone is involved in this work. During the first year, our target was to identify 2,000 unsafe conditions and acts. In 2015, we identified more than 5,000," says Helén Savmyr.

New leadership roles and new divisions of responsibility have also been introduced at the plant. Two internal consultants have been trained and are now responsible for training the management team and the production leaders.



"I see everybody participating in good spirit and taking responsibility for whatever tasks or functions are assigned to them."

RAVI PRASAD, ASSEMBLY MANAGER

"They both come from India. It's important that they come from here and understand the culture," says Helén Savmyr.

In the new leadership organisation, the production leaders have been given more of a coaching role and greater responsibility for the preventive work relating to quality and safety.

The team leaders have been assigned a totally new role in assembly and logistics. They have, for example, been tasked with working with key performance indicators directly in production.

"They are industrial workers and they work close to production. The fact that they know what is happening in their areas is a huge advantage."

RAVI PRASAD, ASSEMBLY Manager, has taken on a new leadership role during 2015. He has been at the plant since 1998 and takes care of deliverables to the assembly line for Volvo Trucks.

"This is a challenging job; I have to ensure that the deliverables are met, that everything runs smoothly

and that we meet key performance indicators on a day-to-day basis."

Since April last year, Ravi Prasad and his colleagues have been working with QRQC, Quick Response Quality Control. It enables problems to be resolved quickly and provides fast feedback to everyone concerned.

"The changes in response time are clearly evident. I see everybody participating in good spirit and taking responsibility for whatever tasks or functions are assigned to them. We also encourage people to solve problems and take remedial action."

IT IS ABOUT a year since the first Eicher Pro 8000 left the plant. Even if there is still some way to go before the production targets are met, Helén Savmyr feels that the plant is well on the way to realising them.

"Implementing change takes time. At the same time, I sense tremendous determination and loyalty among the employees. They are proud to work for the Volvo Group," she says. ☺



Encountering change can be challenging, yet can offer fresh perspective and broadened horizons. We talked to three Volvo Group employees who have recently dealt with various aspects of change in their work and personal lives.

“A huge change for the whole family”

ALBERTO RUIZ SAEZ, an operator at the Engine Assembly Plant in Skövde

“We moved here to Skövde from Madrid in July 2014 and it has been a huge change for the whole family. It isn't just the language that's different in Sweden; it's so much more. The way people think, the way they are... At the same time, I think it's good to try new things in order to develop.

“I started working as an operator for the Volvo Group in 2000 and I have been involved in reorganisations and closures. When they announced that the plant in Madrid was going to close, I was offered jobs in both France and Sweden.

“Initially, we thought about France, but, in the end, Sweden felt like the best choice. This is, after all, Volvo's home, so I'm hoping that this will be the last plant to close.

At the plant in Madrid, I was a shift leader, but here I am an operator and I check crankshafts.

“To begin with, I spoke English at work, but now I only speak Swedish. It takes a lot of energy to learn a new language and I'm frequently tired when I get home from work.

“Security is important and this had a major impact on our decision. I want to give my children a good future. In Spain, the financial crisis is still having a huge effect and moving here was the best thing we could do. Our children are able to learn a new language, they can have a good education and get good jobs.

“That doesn't mean that it hasn't been difficult at times, especially during the first winter. In spite of this, the children like it here. They have more chance to play at school here compared with Spain and they have made new friends. Things get easier with every month that passes.

“How long do we plan to stay in Sweden? Perhaps for the rest of our lives.”

LINDA SWANBERG



Christina's private photos: the view from her apartment overlooking the Yangtze River and images from the street markets in Wuhan City where she likes to shop.

"I had two lifelines – my translator and the girl who helped me with finding an apartment."

CHRISTINA HALLIN is a Senior Vice President at DFCV. She is currently based in Wuhan City, Hubei, China and is originally from Trollhättan in Sweden.

"The cultural differences are just something that you get used to. Wuhan City is in the middle of China and is considered a bit remote compared with Beijing or Shanghai. It is referred to as the countryside, even though it is a city of some 10 million people!

"I am one of four appointed Senior Vice Presidents in DFCV, the joint venture between Dongfeng and the Volvo Group. My responsibilities include running six vehicle subsidiaries. I have been with the Volvo Group, working with trucks, for over 30 years. During this time I have mostly worked within product development and project management.

"When I moved to Wuhan City in early 2014, I was alone for the first few months. Communication was very challenging, as very few people speak

English outside the larger metropolitan areas in China. I had two lifelines at that time – my translator, who was with me constantly in my daily work, and the girl who helped me with finding an apartment to live in – both of them just a couple of years older than my own daughter.

"My husband moved from Sweden to join me after a few months. He is now working at Dongfeng, which we are very happy about. There is now another Swede in the team I work with, as well as colleagues from India, France and the UK. This has made things much easier, as we are able to compare our experiences of living outside our respective comfort zones.

"My own contract here is for three years, so we don't need to make a decision on our long-term future just yet. Our kids are grown up and are back in Sweden making their own way in life. I think they wondered what their parents were doing taking off across the world!"

ALASTAIR MACDUFF



PHOTO: LARS ARDARVE

PHOTO: NICOLE LOWERY



JERRIE CARTER works as an Inside Sales Specialist at Volvo Financial Services in Greensboro, North Carolina, USA.

"Change in my world doesn't just mean doing something new or different. It creates the opportunity to learn a more

"Change is an opportunity to learn a more effective way of doing something"

effective way of doing something, to make something more marketable, for example. I have used my background when adapting to change.

"I started at Volvo Financial Services as a Collections Specialist in 1998. My duties here included helping customers to make payment arrangements and determining the cause of default payments. This proved to be valuable experience, and I was asked to take on a role as a Repossession Specialist.

"What I really wanted to learn were the parts of the business I didn't know. We are a finance company and we help dealers to sell trucks. There is a lot to learn. The opportunity came up to be a Retail Credit Analyst and I moved on, eventually working 11 years in this

position. I was involved in reviewing the financial health of potential customers. As it turned out, this was a step towards my current role as an Inside Sales Specialist here in Greensboro.

"My job is now to support the Field Sales Team. We offer finances to customers and facilitate rate concessions. The team relies on us being able to secure these deals. Having credit experience means that I know the way to go about negotiating terms. I have been able to pass this onto my team.

"The most enjoyable and interesting aspect of change involves taking what you've learned and applying it in your new circumstances. It comes naturally and makes it much easier to adapt."

ALASTAIR MACDUFF

"I am not a good actor. Life is too short for play-acting. I am pretty open about who I am, so I think I'm fairly easy to read."

"Nu kör vi"

Martin Lundstedt's initial period as CEO has focused on getting to know the Group's customers, co-workers, brands and organisation.

"My first impressions are extremely positive. I can sense a lot of energy, engagement and a willingness to further improve the Volvo Group," he says.

TEXT
ANN-MARI ROBINSON
MARIA SKÖLD

PHOTOS
SÖREN HÅKANLIND





Martin Lundstedt

Family: wife and two daughters

Education: MSc in Management and Technology from Chalmers University of Technology, Gothenburg

Free time: I like to spend time with family and friends. Sometimes we go sailing or skiing. I also play golf and sometimes the guitar.

Languages: Swedish, English and French. I understand a bit of German and Portuguese.

Favourite expression: "Nu kör vi!" (Let's go!). I usually say it in Swedish wherever I am. At my old job, everyone heard it so often that they knew the Swedish words.

Martin Lundstedt's bellowing laughter can be heard far down the empty corridors. It is Thursday evening at the Volvo Group headquarters and most people have left for the day.

Martin Lundstedt, on the other hand, appears to be full of energy, as he recounts small anecdotes, answers every question without hesitation and obediently runs up and down a staircase, following the photographer's instructions.

It is clear that he is enjoying his assignment as President and CEO that he began on 22 October. That is when he joined the Volvo Group, after having spent the whole of his career at Scania.

What are your first impressions?

"Extremely positive, there's so much energy and engagement. I sense a real determination to continue improving the Volvo Group."

What are you focusing on during this first period?

"I'm spending time with customers to understand where we are as a business. After all, we are here for our customers and their customers."

What advice have you given yourself prior to this?

"I usually enjoy discussions, but, initially I will talk less and listen more, so that everyone can explain where things stand and how they work, how different departments communicate with one another, how customer focused our operations are, how business is developing – these are all things I want to get to grips with."

What do you think the co-workers are expecting from you?

"I'm sure they have many expectations. I think they expect me to tell them where the Group is heading and also that the management should take advantage of all the good ideas that co-workers have in order to create an even stronger Volvo Group."

What do you expect of the Group's co-workers?

"Openness and transparency are really important. We need to talk to each other rather than talking about each other. Decisions must be preceded by debate and effective discussions, but I then expect loyalty to the decisions that are made, so that we all

move in the same direction. I also expect everyone to work together and contribute good ideas. I hope that our co-workers have a desire to develop and take the opportunities that are presented."

What makes a good leader?

"Leadership is a combination of things. Managers are responsible for formulating guidelines, but we must ensure that there is scope for creativity, engagement and discussion. This is powerful enough to trump everything else."

"No one gets up in the morning and thinks 'Today, I am planning to do a bad job'. Everyone wants to do a good job. When it feels like you're doing a good job, it's fun and you want to continue developing. It's this upward spiral we are aiming for."

"I find it easy to be proud of an organisation, showing appreciation is undervalued. At the same time, you also need a straightforward, clear-cut, transparent discussion when things aren't going so well."

As you see it, what are continuous improvements?

"Sometimes they involve major changes, but the most important thing is what we do every day. How we work together in a team, the way we deal with customers, the way we handle deviations. Deviations are a source of continuous improvement, not something that should be swept under the carpet so that the boss doesn't see it. If a customer calls and is dissatisfied, they want someone to listen and say that they're going to deal with the problem. That's customer service."

"It's important that everyone understands their

>



In front of trucks from all the Group's brands

My life



"After school I played in a band and we toured a bit. For a year I worked at a local company, I drove a forklift and learned a lot about running a business. Then I went into engineering."



1994 "My family is the most important thing in my life. I got married in 1994 and our oldest daughter was born two years later."



2001 "The whole family lived in France and we really enjoyed it. I was actually speaking French this morning at a breakfast with the President of Tunisia. I want to try to maintain my language skills."

"When I was at Scania, I always saw the Volvo Group as a good sparring partner. Scania would not be what it is without the Volvo Group and vice versa."



With wife Eva Lundstedt

1967

Born and raised in Mariestad

1986

Completes military service

1987

Works at a bench top company

1989

Enrols at Chalmers University of Technology, Gothenburg

1992

Joins Scania

1995

Project leader for Scania do Brasil

1996

Back to Sweden

2001

MD, Scania Production in Angers, France

2006

Head of trucks at Scania

2012

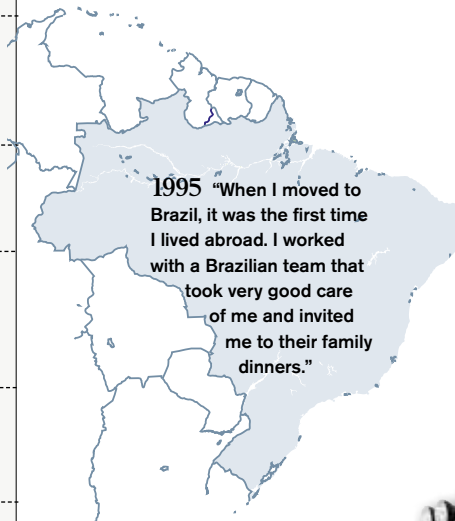
President and CEO of the Scania Group

2015

22 APRIL: presented as the new Volvo Group President and CEO
22 OCTOBER: first day at Volvo Group



"University was a big deal because I'd just moved away from home. I had a lot of fun and it was a very formative period."



1995 "When I moved to Brazil, it was the first time I lived abroad. I worked with a Brazilian team that took very good care of me and invited me to their family dinners."

"When the Volvo Group chairman called me, my first thought was 'Yes, I want to do this!' and later 'Do I have what it takes?' It's a huge responsibility. I was so happy and inspired; I didn't need to think about it for long."



3 life lessons:

- ▷ Treat other people as you want to be treated.
- ▷ Be open. You need to be honest if you want people to become engaged.
- ▷ It's easy to fool the hierarchy, but you can never fool your organisation.



1 A team from a local newspaper in Gothenburg is granted the first interview with Martin Lundstedt on 22 October. 2 In conversation with service technician, Patrik Granberg. 3 In his office at headquarters. 4 There will be many cups of coffee. 5 Martin Lundstedt's first public appearance was at the Volvo Truck Center Bäckebol in Gothenburg. "This is where we should be – where the customer is!"

role and that we talk to each other about why we do certain things. If I ask you, 'Do you believe in the Volvo Production System?', there's a huge difference between the answer, 'Yes, because the management says so' or 'Yes, because we can take control of the process and improve the way we handle deviations'. The management's most important task is to handle discussions about 'why'. And also to be open to testing different things and not simply saying with absolute certainty 'That's how it is.'

How important is the financial result?

"Strong financial results are important since they allow us to control our own destiny. We are here to serve customers. If we do a good job, customers will want to do business with us and this will generate strong financial results. We then have the scope to make the necessary investments to develop."

How good is the Volvo Group at customer focus?

"There's huge engagement and that's something I noticed before, when I was a competitor. Otherwise, the Volvo Group would not be in its current position. This is a global industry, with fierce competition and highly complex solutions. But it's vital to keep proving our commitment to customers."

What do you want customers to think and say about us?

"That the Volvo Group and the people there help me as a customer to build my business. As a customer, you should be able to go to bed feeling that you have made the right choice and are getting the support you need."

"Our business is about *brain* – financial results, uptime and so on – and also about *heart*. Customers are so pressurised by different demands that it's important that we show that we are there for them. A relationship like this also means that we can handle any deviations that occur. If we stand up and take our responsibility, a deviation can even strengthen the relationship."

What about the challenges facing the industry?

"There are a huge number of challenges, but they also represent opportunities for us. Logistics, transport and mobility are important for economic development, for international collaboration and to eliminate poverty. We know we need to address a number of challenges when it comes to the environment. We know that we are facing urbanisation which will force us to create systems that are sustainable, not only in terms of emissions but also for mobility, so that people do not spend all

"The great thing is that, in all these areas, the Volvo Group has the capacity to contribute to improvements."

their time sitting in traffic jams. Noise and energy security will also be important questions.

"The great thing is that, in all these areas, the Volvo Group has the capacity to contribute to improvements. That's why I like our aim of being world leaders when it comes to transport solutions. Other companies can certainly say this, but which of them actually have the potential to do it? Few companies have the same chance to contribute as the Volvo Group and that's what makes this job so much fun. Everyone here can feel that they have actually helped to make the world a little better."

How do you plan to increase employee engagement?

"I think it's a question of talking about why we are here and what we can contribute. People also need to feel that there is the scope for them to grow, either in their current jobs or by testing something new."

How important is it for people to have time to recover?

"It is extremely important, but it isn't simply a question of getting a rest from work, it also depends on how things are at work. It sometimes sounds as if people think that 'In my leisure time, I recharge my batteries, but, when I'm at work, I discharge them'. I think it's the other way round. People's jobs also give them energy. Being out and meeting a customer can give an enormous energy boost!

"We need to make sure that people also recharge their batteries at work. At the same time, it's really important to find a balance in life."

You have lived and worked in Brazil and France. What are your most important experiences from those periods?

"Leaving the comfort of your home base means seeing the company from another angle. It taught me a huge amount."

"To focus on local business, you need to be able to make local decisions based on what works there. Otherwise, we can't act as quickly as customers expect. We are the Volvo Group, but we also need to be able to adapt to the local culture."

"I have also learned that everyone needs to be given a chance to grow in the company. This is a key question for international businesses in order to create engagement among co-workers." ☺

REASSESSING REMAN

Once seen as a minor side-business, collecting and repairing damaged components is now a major business opportunity. Following a string of market successes, including 39 per cent growth in North America in 2014, the teams working with remanufacturing want everyone in the Volvo Group to see its growth potential.

TEXT
LINA TÖRNQUIST

PHOTO
HANNES OJENSA, NICOLAS DARTAILH
& DARREN HAUKE

JAMES CHENIER HOLDS up a piece of recycled wood. It is inscribed with the '10 Commandments of Remanufacturing.' They were first written down, for fun, on a paper bag during a slow train-ride through France. One reads: 'Thou shalt salvage and reclaim parts that would be scrapped by someone else. This saves costs and differentiates us'.

"We wanted to find a fun, straightforward way to communicate remanufacturing," says James Chenier, VP, Aftermarket Pricing and Sales Support, with a laugh.

Though the commandments were intended as a metaphor, the business opportunities for selling



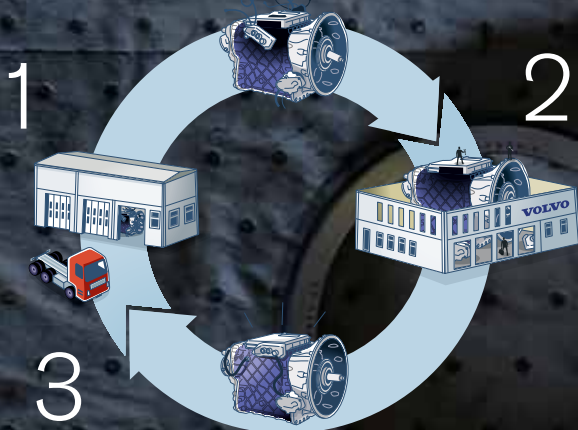
James Chenier

exchange parts are real. The Volvo Group's exchange business grew about 19 per cent globally in 2014. And in North America, it shot up by 39 per cent over the same period.

Now its success is helping win over more and more converts.

"It's profitable, it's environmentally friendly. Customers love it. Dealers – when they know it – love it, too," says James Chenier.

Importantly, by lowering cost of ownership it helps >



How remanufacturing works

1. Collecting: the customer's worn part is collected and replaced with an exchange part - this part can be new or remanufactured.
2. Repairing: once the core is deemed reusable, it will be disassembled, cleaned, re-machined, re-assembled and tested.
3. Replacing: a new customer buys the remanufactured Volvo part from the dealer.



Technician Gail Hanson works at the family-owned Kriete Group in Milwaukee, Wi, USA. The dealer's exchange parts business for Volvo and Mack trucks grew 40 per cent in 2014 and is estimated to have grown at the same rate in 2015.

drive new vehicle sales. "Customers, especially large customers, expect remanufactured components."

ONE MAJOR FACTOR behind the strong growth figures is day-to-day customer interactions at ambitious dealerships, like the Milwaukee-based Kriete Group, where Mack- and Volvo-branded trucks and parts represent about 90 per cent of all sales.

Originally founded in 1951, the Kriete Group has grown aggressively during the past decade. It now has five full-line dealerships, located throughout the state of Wisconsin. Today, it is headed by David Kriete, third-generation owner.

Since David Kriete and his team started targeting the exchange business two years ago, it has expanded quickly.

"We have really gone for the business and it's

grown big time," says David Kriete, who estimates his revenues from selling exchange parts, such as transmissions and engines, grew 40 per cent in 2014 and is expected to have grown the same in 2015.

For his customers, the major benefit is quality. "You are getting a quality product that is going to be better than trying to rebuild it yourself."

For the Kriete Group, the quick growth of its exchange business has taken place alongside strong market growth. 2013, 2014 and 2015 have been record-breaking years for the US truck market.

Two other trends are helping.

One is the age of the vehicle fleet in the US: "From a parts replacement and sales standpoint our whole dealership is predicated on trucks turning in five to six years. Now customers are keeping their trucks a decade."

EXCHANGE DICTIONARY

EXCHANGE: Parts that are sold for a lower price, provided that the customer returns a core in exchange. Exchange parts are often remanufactured parts, but they can be new spare parts when there is a need to buy up old cores.

CORE: Customer part that has been replaced and returned to the Volvo Group.

REMANUFACTURING: Industrial process where the function of a component is restored. It is divided into five main steps: disassembly, cleaning, re-machining, assembly, testing.



Kriete Group CEO David Kriete talks with foreman John Stiemke and technician Zach Haselhuhn.



Exchange parts, like transmissions and engines, are a growing business for Kriete Group.

85% IS REUSED

Volvo CE also has a long history of remanufacturing. Recognising that remanufacturing parts is a key way to achieve a sustainable economy, Volvo CE was asked to present its benefits at the European Commission in May 2015.

"This business is sustainable in a number of ways. About 80-85 per cent of raw materials are reused in remanufacturing," says Koen Sips, Vice President Customer Solutions at Volvo CE. "This saves energy, reduces landfill waste and it means that dangerous residuals inside worn components are taken care of."

Remanufacturing can also be seen as sustainable from a societal perspective. Koen Sips explains: "Remanufacturing is more labour intensive than new production and demands high-skill jobs."

Another factor fuelling growth is a technician shortage. Today, 200 of David Kriete's 322 staff are technicians. "But I would easily have the capacity to take on many more," he says.

The shortage of technicians is acute across the industry (and getting more pronounced as baby-boomers retire).

This is good for the exchange business. Because, while changing an exchange engine still needs technical know-how, it is still much simpler than pulling apart a whole engine.

NOW SUCCESS FOR the exchange business in North America is inspiring success elsewhere.

In 2014, a collaborative team at GTS and GTO decided to try to get better traction for exchange gearboxes in other markets including Europe.

"It's profitable, it's environmentally friendly. Customers love it. Dealers – when they know it – love it, too."

JAMES CHENIER, VP, AFTERMARKET PRICING AND SALES SUPPORT

>

“We calculated that we have 250,000 trucks with AMT gearboxes. But we were selling only 100 exchange gearboxes a year. This market was pretty much untapped,” says Staffan Lindell, Director of Business Development at GTO, Powertrain Production and Remanufacturing.



Staffan Lindell

In April 2015, the team cut the price for the Renault Trucks Optidriver and Volvo I-Shift transmissions drastically and increased production volumes. The result has been a 200 per cent sales increase for exchange I-Shift and 65 per cent increase



Gaétan Vergnier

for exchange Optidriver in Europe and profits are also up.

At GTO's plant in Limoges, where transmissions are remanufactured for Europe, the huge increase in I-Shift and Optidriver sales has meant big adjustments in production.

“When the numbers began to shoot up in August 2015, we had a goal to remanufacture nine gearboxes a day. By early November, we were up at 17! And it continues to accelerate,” says Gaétan Vergnier, an operator. “This is a great opportunity for our factory. We are dynamic and mobilised to meet demand.” ☉



A remanufactured gearbox (left) lies next to a worn gearbox “core” at GTO's remanufacturing plant in Limoges, France.

Saving cores

One major reason for a strong exchange business is preventing competitors buying Volvo Group “cores” to mend and resell. To check the quality, competitors' components were examined at the remanufacturing plant in Limoges. What was the result? One transmission was covered in rust, while some parts did not conform to Volvo Group specs resulting in serious technical problems. “The message is that, if we don't remanufacture, someone else will and my view is that the Volvo Group is in a position to do this better than anyone else,” says James Chenier.



Anders Lindström

“Working together is key”

The fast-expanding exchange business needs collaboration between different parts of the Volvo Group – from designing parts that are easy to remanufacture, to salvaging old components known as “cores”. Ensuring component commonality helps drive volume and keep costs low.

To better oversee the business, a Group-wide Exchange Business Council (EBC) was set up three

years ago. While in the past each brand in the Volvo Group was responsible for its own remanufacturing, it is today concentrated within GTO.

“Remanufacturing touches all parts of the organisation, from product development to sales – that's why working together is key,” says Anders Lindström, Vice President, Remanufacturing, who heads the cross-functional EBC.

LIMOGES – AN ENGINE OF REMAN

An historic Renault Trucks site is currently entirely devoted to remanufacturing. The Limoges plant has become a benchmark both within the Group and beyond. Welcome to a guided tour.

TEXT SOPHIE POISARD-STORZ PHOTOS NICOLAS DARTAILH

OCCUPYING 20,000 m², the Limoges GTO remanufacturing plant in France is a modern site that offers the best of remanufacturing technology. Medium-duty engines, gearboxes and mechanical components are remanufactured here. Often dirty, sometimes broken and always worn after years of service.

“On average, we recover 80 per cent of the components,” says Philippe Fontenas, Site Director. “Some critical components are systematically replaced with new ones, we also replace those whose level of wear could pose a risk to quality or safety.”

The process starts with internal and external cleaning then moves on to disassembling, chemical treatment, blasting, machining and

re-assembly, followed by testing and painting. Then the components are set for a second or third life. This is explained by Patrick Brégère, operator in charge of engine tests. “How we test a remanufactured engine has always been similar to how we test a new engine.” As a

result, the performance of a remanufactured engine is also similar.



Philippe Fontenas

WITH ITS 150 employees, Limoges is also a part of the Volvo Group's roots. Created in 1938, the plant has undergone several changes

including the relocation to a new site in 2003. This was followed by another major milestone. In 2008, Limoges transformed itself from a plant with a single domestic customer (Renault Trucks) into a global and multibrand one. "In 2004, we delivered to three sites in France," says Yannick Kane, Logistics Method Technician. "Today, we deliver to fifteen customers, most of them international. It's a major change for all of us. We've had to adapt our processes to a new international way of working... and learn English! It feels like I've switched companies," she says.

BEHIND THIS SUCCESS is the commitment of a dynamic team that has seized opportunities, such as meeting the recent boom in I-Shift and Optidriver transmissions. "Adaptability is in our DNA," says Brigitte Elalia-Kandel, Manager of Human Resources. "Technical skills and autonomy are also essential in our work," she says. Each remanufactured component is unique and



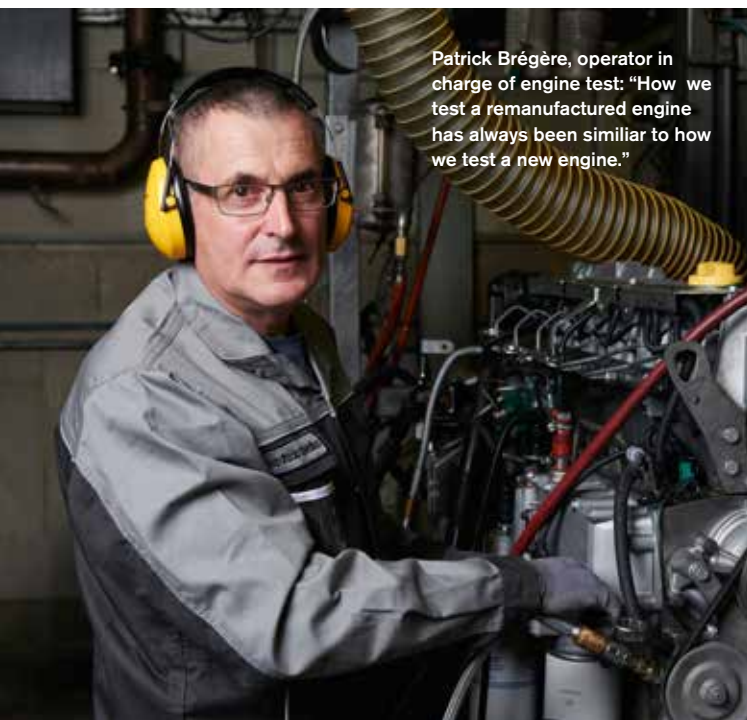
Brigitte Elalia-Kandel

the process is only partially automated, so no repair is the same. "Our teams must make the right choices quickly in order to meet delivery precision as well as cost and quality targets."

LIMOGES IS ALSO a "Centre of Excellence" for remanufacturing medium-duty engines and gearboxes and provides technical support to other Volvo Group sites. Anthony Napierala, Manufacturing Engineer, is an engine specialist. As part of his role, he participated in the development of the new remanufacturing sites in China and India and worked with the teams that designed the Euro 6 engines, the first of which are now up for remanufacturing: "The goal is to anticipate remanufacturing during product development," he says. "After making a prototype of the Euro 6 engine in 2015, we are now ready to start remanufacturing it on a large scale." ©



Anthony Napierala



Patrick Brégère, operator in charge of engine test: "How we test a remanufactured engine has always been similar to how we test a new engine."



LIMOGES, FRANCE

Established: 1938 (at current site since 2003)
Employees: 150
About: Remanufacturing of engines, gearboxes and components for Volvo Trucks, Renault Trucks, Mack, Volvo Buses, Volvo CE, Volvo Penta products and Renault Trucks Defence. Today, all remanufacturing at the Volvo Group is concentrated within GTO. Other remanufacturing sites include Middletown/Hagerstown, Charlotte, Curitiba, Bangalore, Shanghai, Ageo and Flen.



Afif Hagani remanufactures an engine in Limoges.



“Today, we deliver to fifteen customers, most of them international. It’s a major change.”

YANNICK KANE, LOGISTICS METHOD TECHNICIAN

Limoges and the environment

99.9%

recycling: 80% during the process, the rest in specialised recycling processes

0 acid treatment

Only base chemicals are used to strip the frames.

0 liquid discharge

Polluted water is recycled in the plant treatment site.

A stronger partner

As Volvo Financial Services continues to record impressive results, Scott Rafkin, President of VFS, shares his views on what lies ahead.

What are the key challenges facing VFS?

"VFS is a global business with products and services available in 44 markets around the world. Some markets such as Brazil, China and Russia are facing downturns, so risk management and mitigation are of primary importance. Many other markets are experiencing upcycles, most notably North America and Europe, and we are seeing competition increasing significantly. Not only from captive finance companies but also from banks and independent finance companies. In this environment, it is extremely important that VFS continues to build on its competitive advantages of speed to market, ease of doing business and knowledge of both our customers' business and the equipment we finance."

Is the importance of financing changing?

"Captive financing for the Volvo Group has always been strategic, but its importance is growing in relation to delivering total offers. Our customers are becoming more sophisticated and demanding when it comes to driving down their operating costs. Concepts like power by the hour and cost per kilometre are upon us. VFS has a big role to play in packaging solutions and delivering total cost of ownership. In fact, over 60 per cent of VFS employees work with customers and dealers on a regular basis, helping to drive customer loyalty."

VFS is becoming more integrated and aligned with the Volvo Group. Why is that?

"The simple answer is that we are stronger

together. Our customers expect one Volvo Group brand experience. Our job is to make it straightforward and easy for them to do business with us and the only way to accomplish that is to have very strong commercial integration, particularly at the point of sale."

What is the future direction of VFS?

"We have one primary reason for being and that is to support Group sales. Our mission is to be the best captive finance company in our industry and fulfilment of that mission requires us to be the 'provider of choice' and thus a primary reason why customers choose the Volvo Group; the 'employer of choice' by attracting, developing and retaining the best people in our industry; and to drive shareholder value by consistently meeting our financial targets. I think we have strong plans and investments in place to continue to drive towards our mission."

How are financing offers tailored for customer needs in such a variety of markets?

"At VFS, we fully embrace the concept of global strength and local expertise. At the end of the day, business is done locally so we promote flexibility for our markets to address local business opportunities while ensuring global governance and best practice in areas such as product development, systems integration and marketing programmes. A deep understanding of our customers' businesses means that VFS can customise financial products to match revenue streams and cash flow."

NIC TOWNSEND

Greater integration

A number of new initiatives have seen VFS become more integrated and aligned with the Volvo Group. They include:

- ▷ Service offerings into new markets including Bulgaria, India, Indonesia, Malaysia, Morocco and South Korea
- ▷ Joint effort with Volvo CE to support China activities
- ▷ New product development to support market needs, including an insurance programme for Volvo Penta customers in Brazil, and North American Transaction Services parts & services platform availability for Volvo CE
- ▷ Investments in integrated point of sale technology to drive ease of doing business

First sale in India

VFS celebrated its expansion into India by making its first sale almost immediately after its launch.

The deal involves BGR Mining purchasing 25 units of the new EC750 excavator from Volvo Construction Equipment, with financing provided by the newly launched VFS India.

India is the latest in a number of new markets where VFS has now expanded its services, including Bulgaria, Indonesia, Malaysia, Morocco and South Korea. Last October, Scott Rafkin attended the official launch of VFS India in Bangalore, where he took the opportunity to share VFS' mission with journalists and VFS India's 40-strong team. He emphasised the importance of India to both the Volvo Group and VFS, noting that India is projected to be a top market for VFS by 2018.

Scott Rafkin, EVP
and President of VFS



Representatives from BGR Mining receive a cheque from VFS, who financed the deal.

A HELPING HAND

When 50 per cent of the value of your machines comes from bought-in parts, the importance of having high performing suppliers is obvious. This is why Volvo CE is helping companies like SIAP to adopt best practices from VPS.

TEXT
BRIAN O'SULLIVAN AND
NIC TOWNSEND

ILLUSTRATION
KJELL THORSSON



With VPS, suppliers can identify root causes of quality issues.

Thanks to Volvo Production System (VPS), Volvo CE continues to make great strides in improving efficiency in its own operations. Now VPS is being used to help suppliers improve their performance too – and, in turn, share some of those gains with Volvo CE.

SIAP, an Italian component manufacturer based on the edge of the Alps near the borders with Slovenia and Austria, has a long history of making transmission and driveline parts for Volvo CE, including gears, shafts, bevel sets and ring gears. In 2011, SIAP started working with VPS and developed a pilot line that made components just for Volvo CE using the new lean techniques. Such were the improvements in reduced lead times and improved quality and productivity that the methods are currently being rolled out to the rest of the plant.

“We weren’t pressured by Volvo CE into joining this programme – it was our choice,” stresses Paolo DeCol, plant manager at SIAP. “We saw introducing VPS as an opportunity. Five years ago, we suffered from quality and delivery precision issues – for reasons we couldn’t quite solve.”

VOLVO CE HELPED SIAP develop a root cause development system to find the reason behind quality issues and then plan and implement quality improving actions. This has paid off and today SIAP delivers with almost zero quality related issues and lead times and delivery precision have improved remarkably. Lead times were slashed thanks to the introduction of SMED (Single Minute Exchange of Dies). This increased production flexibility and meant that SIAP could easily run smaller batches and deliver quicker.

“The introduction of techniques such as 5S, value stream mapping, kanban and cell manufacture have made a big difference,” explains Paolo DeCol. “We changed the layout of the line and invested in new machinery to remove production bottlenecks. Adopting the cell approach alone resulted in a 54 per cent reduction in work in progress, a 69 per cent reduction in lead times – and took up 25 per cent less space in the plant.”

“We saw introducing VPS as an opportunity.”

PAOLO DECOL, PLANT MANAGER SIAP

IT STARTED IN

2010

with five suppliers participating in the original Supplier VPS Programme.

75

Today, 75 of Volvo CE’s largest and most critical partners globally are involved in The Supplier VPS Programme.

What VPS has meant to SIAP

- ▷ SIAP first started working with Volvo Production System in 2011.
- ▷ Prior to that, the company suffered from quality and precision issues.
- ▷ Adaptation to VPS involved various lean techniques, including changing the layout of the production line and investing in new machinery.

THE RESULTS ARE IMPRESSIVE:

25%

After changing the layout of the line, it took up 25 per cent less space in the plant.

69%

Adopting the cell approach alone led to a 69 per cent reduction in lead times.



WHAT IS VPS?

Volvo Production System is a way of working with continuous improvement that is used throughout the Volvo Group.

In 2015, a new VPS system was developed that can be adapted to any kind of work environment.

More information can be found on Violin, look for 'Continuous improvents' under Communities.

SIAP has worked with VPS since 2011.

The Supplier VPS programme began in 2010 with just five suppliers and today has grown to include 75 of Volvo CE's largest and most critical partners globally. The help that Volvo CE offers is largely practical. The current situation is analysed and an improvement plan is then jointly put together – which is translated into actions and targets. Educating the workforce is also an important piece of the puzzle and kaizen-type events are regularly

held. It is important that the suppliers 'own' the process themselves – Volvo CE is merely acting in a consultancy role.

“The final outcome is also different for each supplier – just as VPS is a modern variant of the Toyota Production System that was first introduced



Dirk Engelke

in the 1960s," says Dirk Engelke, who is the VPS Director at Volvo CE and an expert in supplier development and process improvement. "Each supplier will end up with a similar, but different, lean manufacturing system of its own, one that suits their business. The changes can be as radical as a complete redesign of the production line – or simply a more efficient relationship with their



Katarzyna Kaifasz

KATARZYNA KAJFASZ, Supplier Development Engineer in Powertrain Commodity, is also successfully implementing VPS, in this instance with a leading supplier of cooling systems. Until recently, the supplier was experiencing quality and delivery issues, but, by working together with Volvo CE and using

lean integration, it was able to identify weak points and devise action plans. The result is a significant reduction in quality issues, as well as a reduction in lead times from around 11 days, to five to six days.

"For us, these improvements mean better delivery precision, increased flexibility in ordering parts, reduced inventory costs and improved overall quality of our product," says Katarzyna Kajfasz. "On top of that, working together like this has also helped build our relationship with our supplier, as well as a great opportunity to work as a cross-functional team."

By its very nature, you are never quite done with continuous improvement – there is always work to do and new ways to get better.

"You can never say 'we are good enough,'" concludes Dirk Engelke. "But this programme proves that there are many benefits in encouraging higher performance from our suppliers. Just take quality – better quality components reduce warranty claims, which improves the reliability of products in the field – resulting in a win-win-win situation for suppliers, Volvo CE – and, most importantly, our customers." ©

TARGET FOR BRAZIL: ZERO ACCIDENTS

In an effort to combat the country's high number of traffic accidents, Volvo do Brasil has launched the Zero Accident vision and continues to work closely with customers to improve road safety.

In 2014, 168,376 accidents were registered on Brazilian highways alone – 69,181 of which involved trucks or buses. For Volvo Brazil, this is far too high, which is why the Volvo Traffic Safety Programme (VTSP) was established.

"Even with vehicles thought to be the safest on the market, we know that they alone cannot avoid all accidents," says Anaelse Oliveira, responsible for VTSP. "It is important to engage with other companies and entities from the transportation sector, who will directly benefit from the increase in safety and reduction in accidents."

By setting the highly ambitious target of zero accidents, Volvo do Brasil has reinforced its position as a leader in safety, and aligned itself with the Volvo Group's vision. As part of the initiative, four seminars are held each year, bringing together customers, dealers, employees and government representatives, to discuss ways to reduce traffic accidents.

Other initiatives include publication of the *Atlas of Accidentality* – a reference book that maps all accidents on Brazil's highways, highlighting the most hazardous stretches as well as the main causes and conditions of accidents. Based on input from customers, Volvo do Brasil is also creating a

manual for the implementation of ISO 39001 for road safety management.

"The target is bold and naturally awakens questions about the possibility of achievement," says Solange Fusco, Corporate Communications Manager, Volvo Group Latin America. "But



Solange Fusco,
Corporate
Communications
Manager

we see zero accidents as an ideal, an inspiration for the future. If our actions can avoid just one accident and save just one life – this is already an excellent outcome."

The response from customers has been overwhelmingly positive, with many actively taking part in seminar discussions and showing an eagerness to work together to reach the zero accident target. XPress Logística, one of many carriers taking part in the Zero Accident seminars, is currently investing in driver training to improve the company's safety record. "The target of reaching zero accidents is a dream that everyone is working to make a reality," says Rogério de Souza, director of XPress Logística. "There is no way to calculate the value of a life."

NIC TOWNSEND



Anaelse Oliveira, responsible
for the Volvo Traffic Safety
Programme (VTSP) in Brazil.

5

QUESTIONS TO JEANETTE HEDÉN CARLSSON, SVP COMMUNICATION VOLVO BUSES

ElectriCity and Route 55, the electrified bus route in Gothenburg, has attracted interest far beyond Sweden's borders. The reasons include a well-planned PR strategy with unexpected features such as concerts and pop-up bus stops.

1. Could you describe your assignment?

"I am responsible for producing the communication material associated with our offers related to hybrids and electric buses. ElectriCity has been the nucleus and a fantastic platform to use as a starting point. In the bus industry, things are normally organised in a traditional way: products are launched, information is passed on to the trade press and bus customers – and that's more or less it. ElectriCity, on the other hand, has given us the opportunity to reach a far larger target group. The project is a partnership between 14 different players. Spotlighting many different aspects, not just things related to the actual bus, has been one of the challenges."

2. You have built a pop-up bus stop that functions as a library and organised acoustic concerts on these buses. How did you come up with these ideas?

"We have spent a great deal of time talking about silence and the opportunities it creates when it comes to urban planning. Libraries are quite literally associated with silence. We also wanted our communication to be fun and reach a large number of people. As the bus route runs between two university campuses and is used by many students, it didn't take us long to come up with the idea of music and concerts. We wanted to use Silent Bus Sessions to show that the sound level is in fact so low that it is actually possible to have concerts on board the bus."

3. What kind of response have you received?

"It has been really positive. The concerts with Seinabo Sey and Zara Larsson have been watched more than 2.6 million times on YouTube and Facebook and more than 140 articles have been written worldwide. The message has really hit the mark. The people of Gothenburg have shown a huge interest in Route 55 and half a million people have travelled along it. We are also receiving a large number of enquiries, from both the media and companies, who would like to use the bus in different contexts."

4. What does this interest in ElectriCity mean to Volvo Buses?

"There's real interest in the brand. Many people want to visit us to see the bus and find out more about what we have to offer. The visitors include Swedish towns and cities, as well as people from much farther away, like South America and China. What's more, customers operating on markets where electric buses are not yet relevant have been made more aware of Volvo Buses."

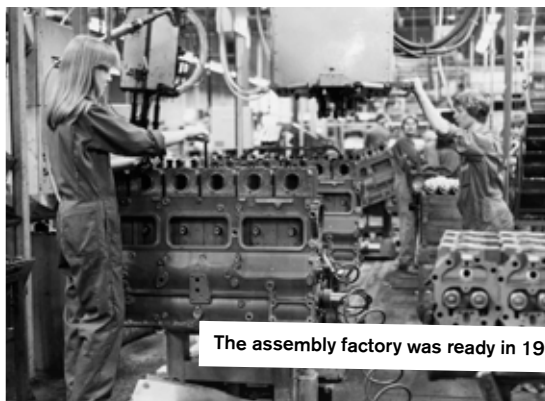
5. Silent Bus Sessions became a viral success that is creating huge involvement. What will be next?

"ElectriCity will continue until 2018 and the partnership will, for example, be testing different innovative solutions to make public transport more attractive. Research is also in progress in areas including passenger behaviour and I'm convinced that we are going to be able to inform people about it in an entertaining way."

LINDA SWANBERG



Jeanette Hedén Carlsson,
SVP Communication
Volvo Buses



The assembly factory was ready in 1975.



first engines to be produced in the factory.

SKÖVDE FACTORY F 40 YEARS

TODAY, THE SKÖVDE PLANT is a world-class production facility supplying the Volvo Group with diesel engines and components. The main processes are casting, machining and assembly. The assembly factory stood ready in 1975.

The history of the Skövde plant, however, dates back all the way to 1868. John G Grönvall started Skövde foundry and mechanical workshop that year and up until 1907 the main products were frame saws, iron stoves and turbines. The first engine was produced in 1907.

During the 1920s, Volvo became an important customer and in 1935 AB Volvo bought its own engine production factory.

The construction work of a new engine

assembly factory started in 1973 and took two years to complete. This is today part of the GTO Powertrain Production plant in Skövde. In October 1975 the assembly factory F was ready to produce engines at an annual capacity of 60,000 units per year. The factory had space for testing, painting, load area and an engine store. New features included stationary carriers and the final assembly was done on engine racks to avoid reloading before testing and delivery.

The D7 and D100/120 were the first engines to be produced at the assembly factory. Since then extensions of the



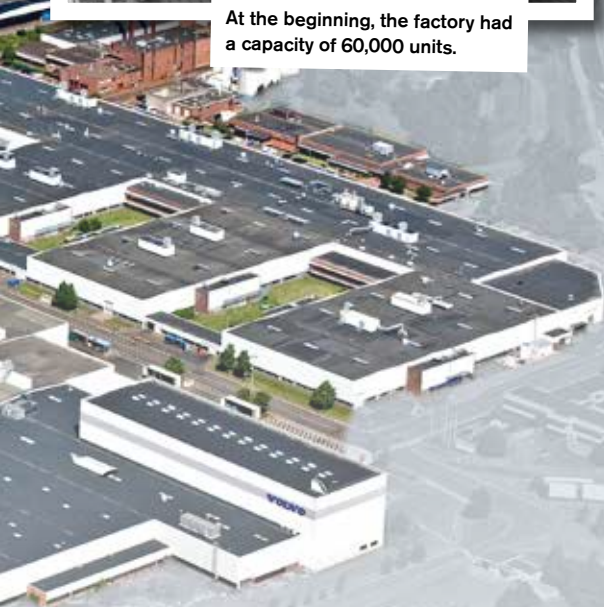
Engine number 100,000 is produced at factory F.

IN THE NEXT ISSUE

of the *Volvo Group Magazine*
we plan to explore the long history
of the Volvo CE Arvika plant.



At the beginning, the factory had
a capacity of 60,000 units.



factory have been completed in steps; in 1983 with an automated warehouse, in 1984 with space for CKD packaging and in 1987 with assembly for the D16 engine for the new Volvo FH16 – a 200 MSEK investment for the Skövde plant. In 1990, the assembly of the D12 engine started.

Today's assembling at the F-factory consists of the HDE13 and HDE16 engines. The entire engine plant has some 2,800 employees. Happy 40th anniversary!

TINA FREY

“What’s (W)in it for me?”

HONESTLY, THE REASON I joined the Swedish women's network (WIN Sweden) was personal. I had to find a new job. But I also joined because I knew that I could contribute. As I started meeting all these fantastic women colleagues, very soon my world changed.

WIN Sweden is an employee diversity network that represents, develops and empowers women working for the Volvo Group in Sweden. Its purpose is to improve the inclusion of women. We have full support from HR and the Group Executive Team. The network has a steering committee and three support functions (advocacy, mentoring and communications) and is active at most sites in Sweden.

VERY SOON AFTER I joined the WIN Lundby site, we needed a new site leader. I challenged myself and suddenly I was involved in steering committee work, setting future targets and strategies. Last September, I was elected leader for the entire WIN network. This provides me with a fantastic opportunity to understand the Volvo Group, on issues such as diversity and inclusion and overall strategy, but also cooperation with people from completely different experiences compared to mine. Thanks to WIN, my own network is constantly growing and covers much more than only Gothenburg or Sweden. It really helps a lot in my daily work!

We have grown from around 500 members to over 2,100 in a little over a year and we have a common vision; to make the Volvo Group the best employer there is. We want all women to articulate what they want professionally and we try to support them to reach their dreams.

Before, I was at times frustrated, whined about it, sent out negative energy, while today I do something about it. And guess what? Things are changing.

When setting goals and visions, miracles can happen.

Through my engagement in WIN Sweden, I have reached beyond my dreams. So, if you feel frustrated, tired or lost, join one of our Volvo Group employee networks (search on Violin).

I promise that the energy you put in will be doubled in return.

And, yes, I got a new job. Very much thanks to my network and WIN.



Tina Frey, Change Management and Administration
Co-ordinator, Corporate Accounting and WIN Sweden
Network Leader Gothenburg, Sweden

How well do you know our brands?

So much has happened since the name Volvo was first registered in 1915. Today, there are 12 product brands in the Volvo Group. Each of them has its own profile and history.

1

Which brand is the latest addition to the Volvo Group?

- A. SLDG
- B. Sunwin
- C. Dongfeng

2

Which truck brand is associated with "Going the Extra Mile"?

- A. Eicher
- B. Mack
- C. UD

3

Which brand has a bulldog in its logotype?

- A. Terex Trucks
- B. Mack
- C. Dongfeng

4

What job did the founder of Prevost, Eugene Prevost, have?

- A. Cabinet-maker
- B. Farmer
- C. Factory owner

5

In which year did Renault Trucks' history begin?

- A. 1894
- B. 1904
- C. 1924

6

When did the first Volvo truck leave its production plant?

- A. 1924
- B. 1928
- C. 1932

7

Where are Terex Trucks produced?

- A. Scotland
- B. USA
- C. Brazil



WIN A T-SHIRT MADE OF ORGANIC COTTON!

Email your answers to groupmagazine@volvo.com no later than 31 March 2016. Write "Quiz" on the subject line. Remember to include your name, address and the colour (see picture) and size of T-shirt you would like if you win. Three lucky winners will receive T-shirts from the latest merchandise collection, made of 100 per cent organic cotton with certifications (GOTS, FAIRTRADE and LIVING WAGES).

You can find more information at volvomerchandise.com. Good luck!

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