

Volvo Group magazine 4.2015

“The truck is
more precious
than my life.”

Yang Changyong

DONGFENG & LINGONG

COMBINING GLOBAL WITH LOCAL
THROUGH JOINT VENTURES

POWERFUL TIES

20 YEARS OF MUTUAL
GROWTH FOR VOLVO PENTA

RENAULT TRUCKS

NEW RANGE AND NETWORK
START TO PUSH UP SALES

Ready for a changing China

As China's economy continues to transform, the Volvo Group
is taking action to meet the market's new needs

Future success is all about change

THE **SUE OF** Volvo Group Magazine focuses on China, a country whose GDP has increased fivefold since the turn of the millennium. The rate of change has been extremely high and there is perhaps no finer example of the way the desire to change can make an economy flourish.

Change can be difficult if you are not involved in driving it. At the same time, it is our own capacity for adaptation and change that creates the conditions that enable us to be involved in leading change. Change has brought us to the position we currently enjoy – but the things that took us here are not enough to take us to the next level.

IN THE SAME WAY, I am convinced that our most successful customers are the ones who are best at utilising change or actually driving change in their sectors. The very best of them use their determination to change to challenge us to do our very utmost and constantly improve our performance.

When you read this, yet another change will have taken place, with Martin Lundstedt taking over as President and CEO of the Volvo Group.



JAN GURANDER
CHIEF FINANCIAL OFFICER,
VOLVO GROUP

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In Business Intelligence's latest analysis of the Volvo Group's main competitors, Daimler Group is in the spotlight. Daimler is one of the rivals in the heavy-duty truck segment.

30 Partnership built on mutual benefit

In the 17 years since Cooltech began working with Volvo Penta, the company has grown to become a leader in mobile generation units in the Chinese market.

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By examining late deliveries of Volvo trucks and working all along the chain, it was possible to find, isolate and eliminate the root causes. Delivery precision immediately improved.

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With orders for Renault Trucks' vehicles rising across Europe, it's clear that the new range and expanded dealer network is starting to have an impact on the future.

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Jacques Michel, President Group Trucks Sales in Thailand, hands over the 70 all-new FMX to Prayoon Changpinit, Managing Director of Changpinit Engineering Co. Ltd.

Perfect partners

By providing a total offer with fully integrated solutions for finance and maintenance, Volvo Financial Services (VFS) and Volvo Group in Thailand were able to secure a deal for 70 Volvo FMX trucks to Changpinit Engineering Co., Ltd (CPE). The company specialises in mining operations and is currently responsible for operating a surface coal mining concession in Laos.

CPE has been a Volvo Group customer for 13 years and has more than 300 Volvo trucks in its fleet.

"The Volvo Group's total offer made this purchase possible. It has been proven that Volvo Group, CPE and VFS Thailand are not just business

counterparts, but long-term partners," said Prayoon Changpinit, Managing Director.

"VFS wants to be a primary reason that a customer decides to purchase Volvo Group trucks," says Scott Rafkin, EVP and President of VFS. "We offer customer financing in 44 countries, where approximately 90 per cent of Group sales are transacted, and we continue to grow in markets like Thailand. The deal with Changpinit Engineering Co. is a good example of how VFS worked with the customer to understand their business model – right down to details such as when and how the trucks are used – in order to deliver a competitive financial solution."

Mack telematic services are being awarded

Mack Trucks has been named the 2015 Telematics Commercial Vehicle Maker of the Year by TU-Automotive (formerly Telematics Update), a leading advocate and information hub for automotive technology and connectivity.

"It truly does connect man and machine." This is how Phil Cary, Mack Truck's Regional Fleet Service Manager for the Southeast Region, describes how GuardDog Connect, ASIST and Mack OneCall work in symphony to perform the all-important task of keeping drivers on the road in well-performing trucks.



Mack Trucks' GuardDog Connect, ASIST and Mack OneCall are some of the services that helped win the 2015 Telematics Commercial Vehicle Maker of the Year award.

1,500 MACK TRUCKS SOLD TO CANADA

Mack Defense, part of Governmental Sales, has been awarded contracts to supply more than 1,500 trucks to the Canadian armed forces. The two contracts are valued at 725 million CAD. Deliveries will begin in the summer of 2017 with completion in the fall of 2018.





The Hongsa Mine Mouth Power project is the first and biggest lignite-fired power plant to be developed in Laos. Construction commenced in 2010. It comprises a lignite-fired power plant, a lignite mine, a limestone mine and supporting infrastructures.

WFP partnership expanded

Renault Trucks is expanding its 2012 partnership with the World Food Programme for another three years. Renault Trucks' volunteer staff members, keen to pass on their knowledge, will be travelling to the Democratic Republic of Congo, the Central African Republic, Ghana, Sierra Leone, Liberia, Chad and Uganda over the next three years, leading training sessions focused on a Renault Kerax 6x6, configured as a mobile training unit. In all, 150 World Food Programme mechanics, workshop managers, fleet managers and trainers will benefit from this instruction between now and 2017.



Working with today's youth

Youth for Public Transport (Y4PT) – an international youth-led pro-sustainable-mobility organisation with some 5,000 volunteer members – teamed up with Volvo Buses in Milan, Italy, during the UITP World Congress, the biggest event in public transport. The organisation

learnt about Volvo Buses' plans for electro-mobility.

'It is our strong belief that eco-friendly sustainable transport is absolutely necessary for individual and collective well-being,' said Alessandra Gorini, Co-Founder and Director, Y4PT.



I would like to hear your thoughts

Since the beginning of the year, the Volvo Group owns 45 per cent of the Chinese truck company Dongfeng Commercial Vehicles, DFCV, with 19 plants and a market share of around 16 per cent. I am very pleased that *Volvo Group Magazine* is able to provide the inside story of the new Chinese venture in this November issue. Our reporter Lina Törnquist spent a week in China earlier this year to profile a market that is changing at a tremendous pace. Read her stories on pages 10-25.

This is the 4th issue of the *Volvo Group Magazine* and you have hopefully got used to – and appreciate ☺ – its format, layout and content. An evaluation is being carried out to hear some of our readers' thoughts in a more structured manner. There are so many examples of how employees contribute to great achievements every day.

It is the aim of this magazine to highlight these as well as provide insight to the bigger picture of our Group direction. I would like to hear your thoughts as well! Please drop me a line at groupmagazine@volvo.com

ANN-MARI ROBINSON
EDITOR-IN-CHIEF



PHOTO: LARS ARDARVE

ANSWERS FOR THE QUIZ ON PAGE 52

1. B | 2. B | 3. C | 4. A | 5. Volvo Buses 8%, GTO 33%, Volvo CE 15%

HVO for Euro 5

After extensive field-testing, the renewable diesel HVO (Hydrotreated Vegetable Oils) has been approved for all Volvo Trucks Euro 5 engines and certifications are being prepared for Euro 6. In addition Volvo city buses and intercity buses in Euro 6 are ready for the new fuel. HVO has the same properties as regular diesel, such as storage life and cold-resistance, and reduces CO2 emissions between 30 and 90 per cent. The two fuels can also be mixed.

UD Trucks' future vision unveiled

The Tokyo Motor Show between 28 October and 8 November saw the unveiling of the 'Quon Vision', a concept truck to show UD Trucks' future vision to go the extra mile for smart logistics. A second highlight was the UD electric demonstrator, a new innovative technology solution for a full electric truck with high volume load capacity. And finally, another recent customer focused initiative to mark the 80th year anniversary of the brand, was the UD Road Support for proactive around the clock customer service.

11% LESS FUEL WITH OPTIFUEL

The independent body TÜV Rheinland has certified a 10.9 per cent reduction in fuel consumption for a Renault Trucks T Optifuel compared with a standard T model, after drivers had benefited from Optifuel Training instructions. TÜV Rheinland carried out its tests over three days on a 200 km route, typical of a long distance inter-

regional haulage run. Both vehicles carried a 32 tonne load. This very strict procedure made it possible to isolate the two vehicles' intrinsic performance and exclude any impact on consumption from outside factors such as ambient temperature, differences in the two semitrailers' rolling resistance or the prevailing road traffic.



PHOTO: RENAULT TRUCKS



Volvo Penta team in Lingang awarded

A production team at the Volvo Penta Lingang plant in China has received the 'Role Model of Teamwork' award by the Shanghai government. The award is presented every five years to promote continuous excellence in the workplace and contributions to society. The Volvo Penta team was selected from a field of 126 participating companies. Commitment to Volvo Group's core values was a key factor in

winning. With its strong focus on safety, the plant has had zero accidents since it was established in 2008. It has scored 98 per cent in customer satisfaction and the facility is also viewed as a benchmark when it comes to waste recycling.

"This award is an encouragement to continue to work with excellence and with a strong teamwork spirit," says Chew Koon Teng, General Manager, Lingang plant.



PHOTO: MILY ZHU



10,000

Volvo trucks have been delivered in India, making Volvo the first premium European truck brand to reach this milestone. The 10,000th vehicle was a Volvo FMX delivered to M/s Mahalaxmi Infracontracts Pvt Ltd in Bangalore on June 18.

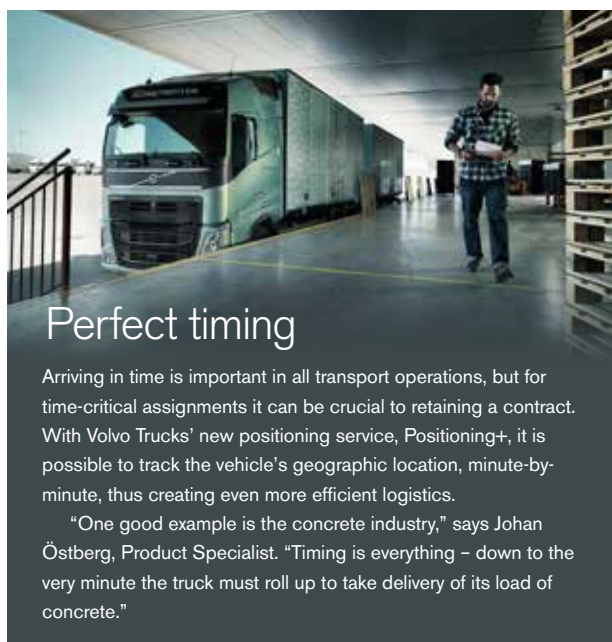


Investing in platooning system

Volvo Group Venture Capital part of developing integrated safety

Volvo Group Venture Capital, a subsidiary of the Volvo Group, has invested in Peloton Technology, a developer of vehicle technologies that deliver safety and fuel savings to fleets in the trucking industry.

Peloton's truck platooning system is an integrated safety, efficiency and analytics platform that builds on advanced safety technologies such as collision mitigation and adaptive cruise control systems.



Perfect timing

Arriving in time is important in all transport operations, but for time-critical assignments it can be crucial to retaining a contract. With Volvo Trucks' new positioning service, Positioning+, it is possible to track the vehicle's geographic location, minute-by-minute, thus creating even more efficient logistics.

"One good example is the concrete industry," says Johan Östberg, Product Specialist. "Timing is everything – down to the very minute the truck must roll up to take delivery of its load of concrete."

Safety pioneers

The Volvo Group reinforced its commitment to safety at two key international conferences, Enhanced Safety of Vehicles and Towards Zero – both held in Gothenburg, Sweden, in June – where important research and ground-breaking technologies

were presented and demonstrated. Presentations with experts from GTT covered the topics of challenges for a safe human-machine interface design and automatic control of low speed manoeuvring of trucks and trailers.



A special delivery for Randy

Randy Blose, Purchasing Manager at Governmental Sales, Mack Defense in Allentown, USA, and a Volvo Group employee since 1977, shares a rare and very special experience that also made him a hero in the local paper. Here is his story:

"My wife and I were going to meet some friends when the driver in front of us made a fast manoeuvre through a red light and

raced into a parking lot. We pulled aside the car and asked if everything was OK. It turned out that the driver, Jon, was frantic about his wife having a baby. His wife Casey immediately delivered a baby girl! We called 911 and grabbed a blanket from our car to wrap the baby in. My wife sat holding the hand of Casey and I stood behind Jon patting him on the back telling him what a great job they were doing.



Randy Blose

Everything went well. We stay in touch with the family and baby Stella on Facebook. It was an exciting and rewarding experience to be able to help. I know some people might not want to get involved but we had a feeling we needed to stop and are glad we did. Very few things in life compare to the birth of a child."



PHOTO: VOLVO BUSES

Sustainability by the book

Why not take the bus straight into the library? This unusual concept was tested in Gothenburg during the Volvo Ocean Race final. In collaboration with the Gothenburg City Library, Volvo Group built a temporary bus

stop combined with a library, to showcase the opportunities provided by quiet, emission-free buses. Visitors were able to sit down to read or listen to audio-books in silence – just like in a real library.

"With noise and air pollution out of the equation, the vehicles can get closer to where people are – even indoors," says Håkan Agnevall, President Volvo Buses.

QUICK AND POSITIVE SERVICE REWARDED

Quick to respond, service-minded and always with a positive attitude – this is how colleagues describe Alex Chin, who works with resolving software and hardware issues at IT Services in Malaysia. The management team at Group Trucks in Malaysia decided to recognise his services by making him Employee of the Month.

"I feel truly honoured to receive the award; it is a wonderful way to express appreciation in addition to raising morale," says Alex Chin, who has been with the Group for almost five years.

Alex Chin, Service Desk Engineer at IT Services.



NEW INITIATIVE, NEW GRADUATES

It is estimated that around 100,000 graduates in Sweden with a non-Swedish degree are unemployed or highly over-qualified for their current job. At the same time, Swedish companies can expect a shortage of engineers in the coming years. The Volvo Group is trying to reverse the trend and has offered 15 graduates work and language experience for six months in 2015, as part of the national initiative 'Äntligen jobb' ('Finally working').



Teresa Krook

"In the long-term we will need to recruit graduates, mainly engineers, so this is an important target group. We also want to increase diversity and gain new competencies," says Teresa Krook, Director, Talent Management, HR CoE Sweden.

ENERGY GOALS FIVE YEARS AHEAD OF PLAN

In the US Department of Energy's 'Better Buildings, Better Plants Challenge', Volvo Group North America achieved its energy reduction goals five years earlier than anticipated. The Volvo Group's goal had been a 25 per cent reduction in energy consumption at its eight manufacturing plants in the USA between 2009 and 2020. By the end of 2014, energy consumption had been reduced by 26.8 per cent, making the Volvo Group one of only 11 companies to meet its goal early.

"Reaching this milestone required the diligence and dedication of all our employees and we will continue to strive for improved energy efficiency," says Rick Robinson, Director of Health, Safety and Environment for the Volvo Group North America.

PHOTO: VIJAYALECHUMI SUPPIAH

Getting their voices heard for wellness

Singing in a choir can be a lifetime experience, a way to express joy together and make new friends. Some 100 Volvo Group co-workers in Lundby and Arendal in Gothenburg, Sweden, have discovered this as part of employee wellness activities during the first half of the year. They have been rehearsing for 1.5 hours after work each week under the guidance by choirmaster Lars Brandström, who has experience of leading choirs in genres like gospel, R&B, pop and ballads. The spectacular finale took place in June.



PHOTO: FREDRIK FRITZELL





UNDER RECONSTRUCTION

China is undergoing a huge economic transition, which is bringing challenges but also plenty of opportunities. We take a closer look at the trends transforming the country and how Volvo Group is meeting them – from the coastal province of Shandong to inland city of Shiyen, home to Volvo Group's joint venture DFCV.

TEXT
LINA TÖRNQUIST

PHOTOS
NICKE JOHANSSON

Li Guixiang assembles water tanks at Dongfeng Commercial Vehicles' (DFCV) new cab assembly plant in Shiyan, a city in central China's mountainous inland. Opened in 2013, it is one of the most modern automotive plants in the country.

Robots scurry along the floors. Three islands of trees have been planted alongside the line with benches where workers can rest. The production line is designed to be flexible and can handle over 1,000 different truck configurations.

Li Guixiang has been manufacturing Dongfeng trucks for 20 years. She grew up poor, she says. "Life was tough then, I have three brothers and only my father worked. But, today, it's getting better and better." Li Guixiang now owns a flat and a car and likes to travel to nearby cities at the weekend. Travelling around and seeing Dongfeng's trucks on the road makes her proud: "I think to myself – I built those."

Volvo Group Magazine is in Shiyan to meet the people working with DFCV, the Volvo Group's new Chinese joint venture, which holds 16 per cent of China's massive market for medium- and heavy-duty trucks. The city is located in China's industrial heartland, Hubei Province, where 80 per cent of DFCV's supplier base is also located. Still,

it is surprisingly green with newly-built skyscrapers nestled among verdant, forest-covered hills.

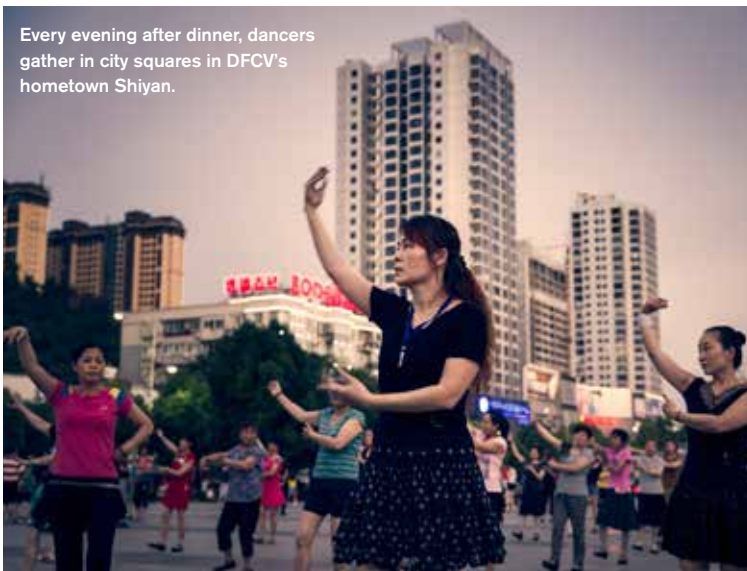
Shiyan, and the truck company that has developed into today's DFCV, were carved out of the surrounding mountains in 1969, when China was still largely closed off to the world. At the time, the area consisted of just a few villages. Since then, China has transformed itself into a leading global economy and the world's largest truck market. Today, 16 of DFCV's 19 manufacturing plants are located in the city, as well as offices and headquarters.

During China's past decades of growth, much of its population have followed a similar path to plant worker Li Guixiang. China has become a middle income nation.

NOW, AS ITS ECONOMY matures, the country is changing in ways which are transforming both its society and its truck market. DFCV and its customers are right at the centre of these changes.

One major change currently underway is the on-going consolidation of China's fragmented logistics sector. Until recently, the country had a relatively undeveloped and inefficient logistics market that focused primarily on exports and consisted of a myriad of small players. In 2014, China's 20 largest logistics firms made up barely two per cent of the market, according to *The Economist* magazine >

Every evening after dinner, dancers gather in city squares in DFCV's hometown Shiyan.





Married couple Hu Jinfeng and Wang Hongwen bought their Dongfeng Kingland long-haul truck in April 2013. To afford it, they saved money they made from running a small fish farm for over a decade. "When we bought the truck, quality was the most important consideration for us. We checked with our friends before we bought it and this truck has a reputation for having no major breakdowns," says Hu Jinfeng. "We have two children in college, which is expensive, and the truck helps to support us as a family."



Team leader Du Wei has manufactured Dongfeng trucks for ten years. Today, his team is assembling DFCV's red Kingland long-haul truck. The colour red is considered lucky in China. The red "heavenly dragon", as the company's long-haul model is called in Chinese, is a best seller.

"The customer profile is changing"

The structure of China's truck market is shifting.

Major changes are underway in the make-up of China's truck customers, explains Gao Chao, Sales Department Director at DFCV. He divides Chinese truck customers into three main types: third-party logistic operators, in-house company logistics and independent owner-operators. Accounting for around 50 per cent of the market, owner-operators are the largest customer group in China. These customers typically buy a truck



Gao Chao

with money saved up or scrounged together from friends and family. Their operation is often inefficient with a lot of downtime and low pay.

Now, too many drivers, coupled with the on-going drop in construction and mining, are pushing many of these drivers out of business. Instead, third-party logistics operators are gaining traction. These logistic companies often operate large fleets with hundreds and sometimes thousands of trucks. Today, they account for around one-third of

the market, estimates DFCV, but they are getting a big push through government incentives and China's booming e-commerce market, which demands reliable, overnight deliveries. These third-party operators care more about uptime and total operating costs. With such large changes underway, what will be key for future customers in China? "Reliability, fuel efficiency, telematics," says Gao Chao. "Cost will continue to be a key factor, too. To meet this future, developing both our products and our aftermarket will be crucial."



Yuan Mingfu is a hired driver and has been working as a truck driver for 20 years. He usually hauls decorative stones in Hubei province from his hometown of Suizhou to Wuhan. "I like driving because I get to see different places. But it can be difficult, especially in heavy traffic. Manoeuvring the truck when the load is long in the cities can be tough work."

and the country had a whopping 700,000 owner-operators.

But as domestic consumption grows in China, sped on by rising incomes, it is making way for a more efficient logistics sector with larger national players.

The result? "The profile of China's truck customers is changing," explains Gao Chao, Sales Department Director at DFCV. "Third-party logistics operators are quickly gaining ground." These larger players, sometimes with fleets of hundreds of trucks, will still compete on cost, he expects, but are also set to focus more on efficiency and uptime.

DFCV may be well positioned to meet the needs of this changing market.

For one, the truck-maker already counts many of China's large, third-party operators as customers. Through its partnership with Volvo Group, it is now upgrading its technology to increase the performance of its vehicles.



Luo Yijiao

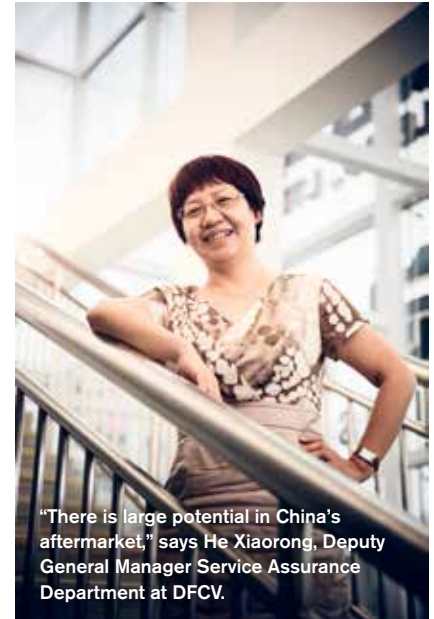


Gary Huang

The company has licensed the Volvo Group's 14-speed SMT gearbox technology and also signed a licence agreement in June to develop and produce an 11-litre engine based on Volvo Group technology, which will strengthen DFCV's position in the Chinese market.

A CONCERTED EFFORT is also underway to raise quality standards overall, says Luo Yijiao, Chief Engineer of the Quality Insurance Department, which has been supported through DFCV's collaboration with the Volvo Group. "We are now taking a customer-oriented approach to our quality efforts and this has improved our way of working," she says.

But even as some parts of China's economy, including its service sector, are expanding, others are contracting. Following decades of rapid urbanisation, China's property market, which has powered almost a fifth of the economy, cooled last year. As a result of this and



Team Dongfeng brought its brand to global audiences

When the Dongfeng team first started training a few months before the Volvo Ocean Race, where it would be up against some of the best sailors in the world, it included crew members who had never slept on a sailboat.

Despite these obstacles, and other hurdles including a broken mast during a key leg of the race, the Dongfeng team finished third – a feat

few thought possible at the outset.

As one of the most talked-about boats in the race, Team Dongfeng has been a platform for launching the Dongfeng brand globally. Having turned Dongfeng into one of China's largest truck brands, the company now has its sights set on expansion into emerging markets including Africa, Latin America and Asia.

"Through our global alliance, the Volvo Group is strengthening its position in China and DFCV can bring its Dongfeng brand overseas. The strength of east and west can turn us into a truly global partnership," says Gary Huang, DFCV's President.

other factors, China's truck market dropped 35 per cent during the first six months of 2015. DFCV's sales were down 20 per cent during that period.

To find additional income streams in a shrinking market, DFCV is expanding its service offer. "There is large potential in China's aftermarket," says He Xiaorong, Deputy General Manager Service Assurance Department at DFCV, who manages the spare parts strategy for the company.

In the past, truck dealerships in China mainly offered repair service and bought parts directly from the open market.

But since 2013, Dongfeng's aftersales division has been attempting to raise standards and expand its aftermarket by grading and coaching authorised dealerships. It is also encouraging them to be active and approach customers directly. Through such efforts its spare parts business has been growing by 20 per cent a year (albeit from a low base).

"Our aim is that one-third of profits will come from the aftermarket in ten years' time," says He Xiaorong.



Half-finished building projects, like this one outside Jinan in Shandong province, are a common sight in China in 2015. After massive spending on infrastructure and housing during the past decade, China's property market, once one of the country's largest economic drivers, has slowed. Meanwhile, other sectors, including consumption, are growing. Taken as a whole, China is quickly moving to higher income status.

DFCV is also seizing the opportunity to better position its product mix.

"There hasn't been a strong tradition in China of product differentiation. So there's work to be done on that front," says Claes Svedberg, Senior Vice President, China JV. "We are mapping the product portfolio and working on a product strategy that is designed to meet the needs of different customer groups."

TO INCREASE THE MARKET for Dongfeng trucks, DFCV also aims to expand into other emerging economies in Asia, Africa, the Middle East and Russia. Its successful participation in the Volvo Ocean Race earlier this year provided a platform to market the Dongfeng brand globally.

Another large change, brought on by higher incomes, is the rising standard of living in the country, which is leading to better working conditions.

In line with these developments, DFCV's new engine and assembly plants have been designed to improve productivity but also ergonomics to ensure the health and safety of staff. Magnetic cables and automated-guiding vehicles are helping to improve both ergonomics and productivity at the plants.

Safety and environmental care are also key areas in which the Volvo Group can contribute expertise and know-how.

Rajesh Mittal, Head of Manufacturing and Quality at DFCV, is one of four managers from the Volvo Group that hold top management positions in the company as part of the joint-venture. He is now leading a number of large safety and environmental initiatives at DFCV.

"Safety is not only a question of equipment. It is a culture, and we are trying to build a safety culture here and work through step-by-step improvements," says Rajesh Mittal. He is pushing to improve safety measures on many fronts, including reporting procedures.

As part of this work, Rajesh sends out a safety tip to all workers at DFCV at the start of each day. "We want to show that this is a top priority, every single day. Safety is a core value at the Volvo Group and it is one of many important areas where we can make a difference," says Rajesh Mittal. ●



Rajesh Mittal gets ready to smash at one of dozens of sports facilities open to DFCV staff. Since moving to Shiyuan, he has started playing badminton with his colleagues three times a week.

DONGFENG COMMERCIAL VEHICLES - DFCV

Employees: 28,000

Headquarters: Shiyan, China

Formation: DFCV was established in January 2015 as a joint venture between the Volvo Group, which owns 45 per cent of the company, and the Dongfeng Group, one of China's largest automotive conglomerates. However, the company's origins as a truck manufacturer dates back to 1969, when it was called China's Second Automotive Works.

Today, four out of eight top-level management positions at DFCV are held by the Volvo Group and four are held by the Dongfeng Group.

Market share: The company held 16.3 per cent of the country's market for medium and heavy-duty vehicles in China in June 2015. (Dongfeng gained 1.3 per cent market share over the same period in 2014)

Sales 2014: 156,155 vehicles



As head of manufacturing for DFCV and one of the only foreigners in DFCV's hometown Shiyan, Rajesh Mittal has gained a great deal of insight into Chinese culture and business.

"First understand and then be understood"

Rajesh Mittal was recruited by the Volvo Group to head DFCV's manufacturing in its hometown of Shiyan, China, leaving a senior management position at VE Commercial Vehicles, the Volvo Group's joint venture with Eicher Motors in India. When he arrived in March 2014, he was practically the only foreigner in the city.

Living and working far from his family, where few people speak English, has been extremely challenging, explains Rajesh Mittal. But the experience has also helped him grow both professionally and personally.

"The work is exciting. I manage 13 plants and also oversee quality, safety and environmental work. I'm also learning Chinese and going on market visits to meet customers all over China. So I am getting a lot of insight into the market."

Spending time in China has also disproved many of the misconceptions he had when he first came. "I thought perhaps people wouldn't be so friendly, but I found people very friendly and very approachable. People are open and willing to learn. I also thought China would be conservative like many other Asian countries, but women and men work shoulder to shoulder here."

For the DFCV joint venture to succeed, strong cross-cultural collaboration will be key. His advice to others is: "First understand and then be understood. We cannot come with the idea that we know everything. DFCV is a huge company and a large success story in China. So you need to be ready to learn and work hard. If you have that mindset – you can do well here".

5 QUESTIONS TO FRANCIS SUM

President of Sales Region China,
Volvo Construction Equipment



How has the market changed in the last 10 years?

Over the past ten years, Francis Sum, President of Sales Region China, has followed developments in the Chinese construction equipment market closely. As the China market enters a new phase, he and his team are tasked with positioning Volvo CE for the future.

TEXT LINA TÖRNQUIST PHOTOS NICKE JOHANSSON

AFTER DECADES OF fast-paced growth, the size of China's construction machinery market dropped significantly in 2015. In spite of this, China remains one of the world's largest markets for construction equipment: "We are committed to this market and we need a strong presence here," says Francis Sum, President of Sales Region China. Here, he discusses the market developments in the country and the roadmap Volvo CE is drawing up for the future.

In the past ten years, how has the Chinese market changed?


"I came to China about ten years ago from Singapore. What I saw then was a strong hunger for



fast-paced growth and a desire for China to develop and to deliver its vision to the world. Demand for new machines was strong. Today, we are seeing a new type of market. The current downturn is significant; the market is down by almost half of 2011 levels. China has become a replacement market where we need to deal with trade-ins. But there is still market momentum due to large demographic shifts and continued development of the economy."

Are you seeing a shift in customer needs?

"Previously, a global brand carried a lot of weight with customers here. Today, it is important to prove



“I believe that the customers we support at times like these will stay with us.”

FRANCIS SUM, PRESIDENT OF SALES REGION CHINA, VOLVO CONSTRUCTION EQUIPMENT

Workers lay a road at a Volvo CE customer site in the city of Jinan in the coastal Shandong. Though road building is slowing, it still remains a relatively robust part of the country's construction sector.

that you can deliver. Customers know exactly what they are looking for in terms of specifications and can go to a website and compare prices and products from the whole market. So it is key to know how to position ourselves. We also expect to see a general shift towards a focus on productivity, durability and fuel-efficiency.”

How is the current market downturn affecting Volvo Construction Equipment's customers?

“The industry is going from being fragmented to a phase of consolidation. We are seeing weaker customers who are not committed to this market

pulling out, while others are strengthening their positions. I believe that the customers we support at times like these will stay with us.”

In the current market climate are there business areas that are doing better than others?

“The current drop in commodity demand has shifted the market away from mining. But urbanisation in China is set to continue and this necessitates small machines for urban construction. Road building is also continuing – albeit at a slower pace than before. We are also seeing a general shift towards higher quality of life, safety and the environment.” >

How is Volvo Construction Equipment preparing for the future? What are some key trends to keep an eye on?

"The market is changing quickly and it is important to focus on the right things. We have started the China 2.0 programme by reviewing the 5 Ps – people, products, position, price and promotion. We are looking at questions such as: What products do we need? What role will telematics play? We are also developing our aftermarket. Through GPS data we can identify which of our customers' machines need servicing and we are visiting around 2,000 key customers in China together with our dealers in order to service their vehicles and discuss their business. We have decided to be active and responsive." ☺



Francis Sum



New routes to growth

As China's continent-sized economy has grown, so has its road network. Today it has a whopping 4.5 million kilometres of roads including 110,000 kilometres of hybrid highways, which is about twice that of the US, estimates Ju Rongyun, Vice General

Secretary at China's Road Institute and a key thought-leader in China's construction industry.

Despite a difficult year in China's building sector, road construction remains relatively robust, explains Ju Rongyun.

"We expect the pace to slow down from around 9,000 km of new highways per year over the past decade or so to around 8,000 km this year. Most of these new roads are being built in China's less developed central and western regions," he says.

With new road construction activity moving inland, China's coastal provinces are feeling the pinch.

For example in Shandong province, Yuan Peng, Director at Jinan Urban Construction Company, one of the province's largest road developers, has seen the market tighten this year.

"This year we have seen both tougher competition and a market drop of around 60 per cent," he says.

In the city of Jinan, only around five per cent of road tenders are for road maintenance. But according to Professor Ju, road maintenance projects are set to grow across China since the country's giant road network will need repairs.

"The key to winning this market is not selling products – it is to provide solutions."



Ju Rongyun



Yuan Peng

Lingong goes global

In just a short time, Volvo Construction Equipment's Chinese joint venture, Lingong, has emerged as a major player in the global market for construction equipment. Behind this unusual achievement lies hard work to expand its dealer network – and to counter prejudice.

TEXT MARIA SKÖLD
PHOTOS JONAS GRATZER

A GREAT DEAL HAS HAPPENED in ten years. The market for construction equipment has changed dramatically, with brands in the value segment as the main winners.

In 2006, the Volvo Group acquired 70 per cent of Shandong Lingong Construction Machinery, forming the Shandong Lingong joint venture. Its brand, SDLG, has proved to be perfectly positioned to meet the demands of this new market.

Lingong has decided to expand its product portfolio and at the same time pushed hard to increase exports. Earlier, the company focused primarily on the wheel loader segment in China, even though a few of its products were also sold abroad, mainly in Russia and North Africa.

"It was natural for us to focus more on exports when we saw such a strong increase in demand the world over for construction

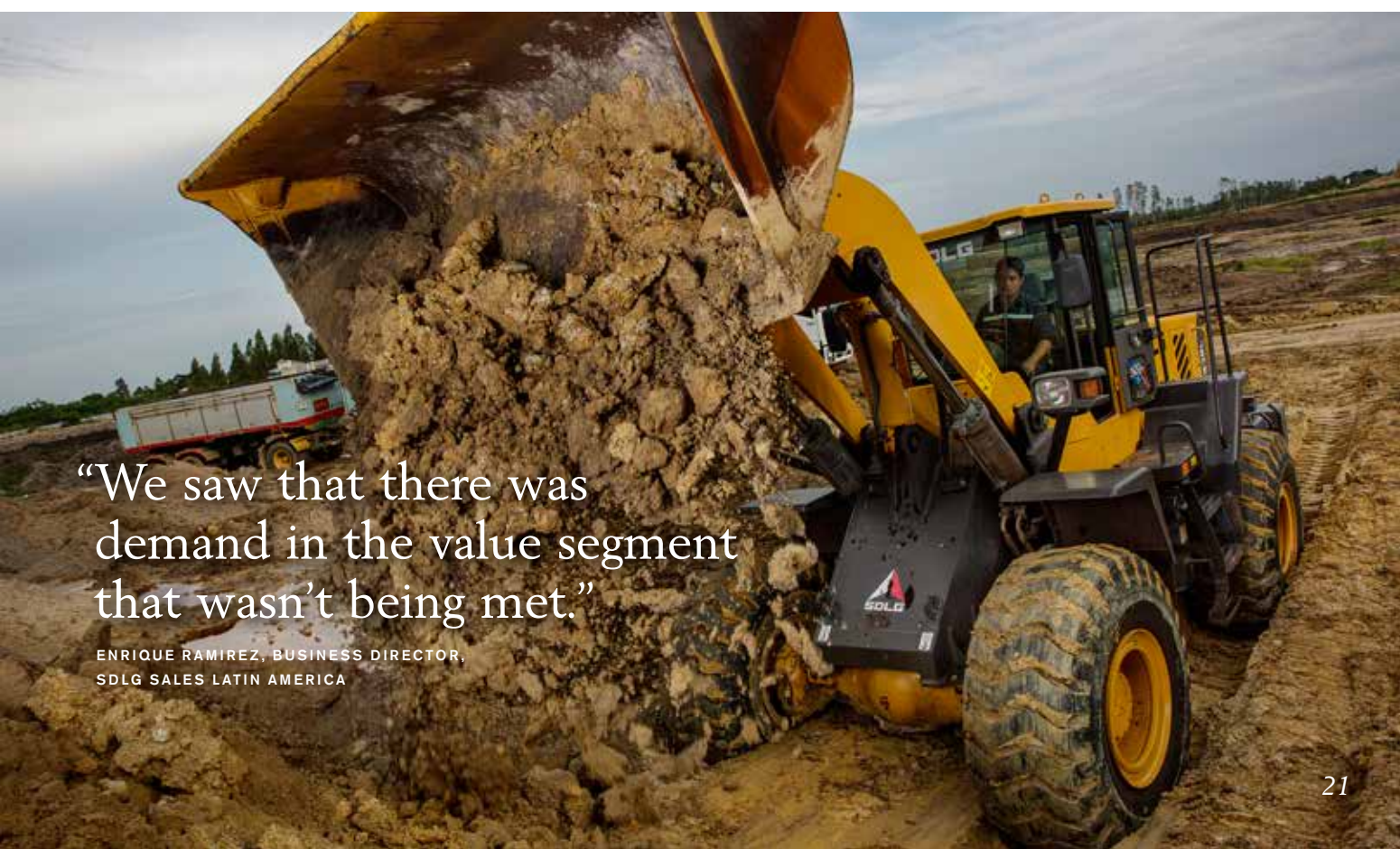
equipment in the value segment, which is exactly what Lingong offers," says Wang Xiaohui, Head of Exports at Lingong.

Wang Xiaohui has played an important role in Lingong's record-fast shift from focusing primarily on China to exporting goods to 65 countries.

SUCH RAPID GLOBAL EXPANSION is uncommon, as it is often difficult and costly to break into new markets. However, Lingong has chosen a different approach, which has proven successful.

"We realised the strength of Volvo Construction Equipment's extensive dealer network and decided to make use of it," explains Wang Xiaohui.

The strategy was first tested in Brazil in 2009. The country's six dealerships for Volvo CE's products were also given responsibility for Lingong but established



"We saw that there was demand in the value segment that wasn't being met."

ENRIQUE RAMIREZ, BUSINESS DIRECTOR,
SDLG SALES LATIN AMERICA



Pacharapon Wiriyanchit works as a driver at Mit Mitree outside Bangkok.

a separate sales organisation for SDLG machines.

"We saw that there was demand in the value segment that wasn't being met. Many customers were left to buy machines from the used machinery market, where safety was poorer and the supply of spare parts was always a problem," says Enrique Ramirez, Business Director, SDLG Sales Latin America.

THE TRIAL WAS A GREAT SUCCESS. Sales in Brazil have increased from 80 machines in 2008 to more than 800 units annually. SDLG machines have also spread to a number of other Latin American countries. The machine population in Latin America has grown to 3,500 units, a good base from which to develop an aftermarket business.

"One important reason this has worked out so well is the strong reputation of Volvo dealerships. They stand for quality and can guarantee outstanding

service support and availability of spare parts," says Enrique Ramirez. "At the same time, we are profiling SDLG to grow as a strong, independent brand that brings value to customers."

This formula has since been exported to other markets, even if the global construction market has slowed down. Benoit Rimaz, Senior Vice President Lingong JV, emphasises the importance of building on the trust established by the existing Volvo CE dealership network. By doing so, Lingong has been able to establish in market after market without expensive marketing.

"There is a certain degree of prejudice against Chinese products in other countries. Being backed up by Volvo CE's local dealerships helps increase customer confidence in the quality of our products," says Benoit Rimaz.

Lingong has also won ground in the competitive North American market, where Chinese manufacturers rarely venture as it is so difficult to penetrate. To do so Lingong invested heavily in building trust.

"We have invited customers, dealers and journalists to our state-of-the-art facilities in China. When guests visit and learn about our prize-winning quality assurance work, they acquire a whole new perspective. It takes time to counter prejudice, but now it is beginning to pay off." ☉

LINGONG IN LATIN AMERICA

Products: Wheel loaders, excavators and compactors.

Markets: Argentina, Brazil (60 % of sales), Chile, Colombia, Ecuador, Panama, Paraguay, Peru, Uruguay.

Customers: Typically small companies in for example construction, agriculture, material handling or forestry segments. There are, however, an increasing number of larger customers.

Production: Some machines sold in Latin America are from Linyi, China, and some from the Pederneiras plant in Brazil.



Enrique Ramirez



Pacharapon Wiriyanuchit



Thana Wongsasulux

SDLG – a perfect fit for the changing Thai market

As more and more customers in Thailand invest in new construction machinery, SDLG is quickly forging a reputation for reliability and high quality.

At a sand pit 50 kilometres outside Bangkok, loaders and trucks collect soil for Thailand's prime real estate projects. This is one of the several sites owned by Mit Mitree 1994 Co Ltd, one of the largest purchasers of SDLG machinery in Thailand, at the heart of Bangkok's construction boom.

Out of the rubble of the 1997 economic crash, the family-run Mit Mitree emerged stronger with clients including some of the largest real estate companies in Thailand, according to company owners Jaran Phongsai and Ruthaiwan Luangsodsai. Because of growing competition, Mit Mitree sought reliable equipment for its

ever-expanding operations that now range from construction to waterworks, as well as servicing the pulp and paper industry.

"We wanted to replace our older wheel loaders with ones that can provide the reliability and quality required by our clients. SDLG offered the price and performance within the scale of our projects and budget," says Jaran. "We already have a good relationship with ItalThai Industrial, the SDLG distributor in Thailand, so that made our decision to try SDLG much easier."

Mit Mitree's field officials were impressed by the robust performance of SDLG equipment. Soon enough, the company's SDLG fleet grew from three to six.

Mit Mitree's switch to SDLG follows a nationwide trend, notes Vincent Tan, President of Sales Region APAC at Volvo CE. "There



Jaran Phongsai and Ruthaiwan Luangsodsai

is a shift in mid-size and small-scale customers, who previously purchased used machines, into buying new value machines. SDLG fits perfectly in this market," he says.

Thana Wongsasulux, Product Manager at ItalThai, says that the growth of SDLG is also supported

by wider distribution and the availability of customer support at 12 ItalThai branches across the country. "There is growing confidence in SDLG machines in Thailand. Customers see good value products along with quality aftersales service nationwide." ARTHUR JONES DIONIO

THREE TRENDS SHAPING CHINA

In just a few decades, China has become a leading world economy and is continuing to change at a tremendous pace. Here are three major trends transforming the nation, and how they impact the Volvo Group.

TEXT
LINA TÖRNQUIST

PHOTOS
NICKE JOHANSSON

1 *E-commerce*

Alongside rising incomes, personal consumption is growing at a tremendous pace in China and a huge chunk of this spending is happening online.

China has now become the world's largest e-commerce market and many of the largest distribution companies for online retail are choosing Volvo Trucks due to its high quality products and strong service network.

In the past year the Volvo Trucks brand has won several large tenders to supply trucks in the e-commerce sector, including an order to deliver 51 trucks to YTO, a logistics company for Alibaba, China's largest online retailer.

In the first half of 2015, the retail segment accounted for around 80 per cent of Volvo Trucks' overall sales – up from 20 per cent in 2012.

2 *The fight against air pollution*

China's fast-paced economic growth has also led to a rapid rise in air pollution. After record-high levels were recorded in 2012, the Chinese government set tough targets to reduce air pollution by ten per cent from 2012 levels by 2017. Stricter emission requirements are now being introduced across several industries.

The renewed focus on clean air represents an opportunity for Sunwin

Buses, a Shanghai-based joint venture between the Volvo Group and SAIC.

In 2014 Sunwin sold 1,500 hybrid buses, mostly to the city of Shanghai. This year, it launched its third generation of fully electric city buses, which are scheduled to go into production in late 2015. The joint-venture also sold over 300 fully electric shuttle buses for companies transporting employees to and from work.

3 *Going global*

Due to a host of factors, including overcapacity, weaker domestic growth and better global knowledge, the number of Chinese manufacturers expanding globally is surging.

And while most Chinese companies are expanding into South America and Africa, some companies are also finding a footing in the US and Europe, most

notably in the construction, energy and consumer goods industries.

Through its investment in Dongfeng Commercial Vehicles, Lingong and Sunwin Buses, the Volvo Group is now part of China's global push and the three jointly owned brands are benefiting from the Volvo Group's global expertise and distribution networks.

DO YOU HAVE A LICENCE TO KILL?

Every year, the Volvo Group spends an estimated one billion SEK on IT licences, yet many are either underused or not even being used at all. The Licence Management Office supports efforts to eliminate this waste and create a more efficient portfolio.

TEXT NIC TOWNSEND ILLUSTRATION DAN HAMBE



WOULD YOU HAVE two phone subscriptions if you only needed one? Or subscribe to a movie channel if no one was watching it? Obviously

not, for the simple reason that it would be a pointless waste of money. Yet, by subscribing to software that they do not need and are not using, parts of the Volvo Group are effectively doing just that every day.

The new Licence Management Office has been given the task of cleaning up the Volvo Group's licence portfolio and ensuring better co-ordination and control. The global team, who work within Process & IT, are currently mapping licence use and needs and has eliminated unused licences accordingly. They have already made some significant efficiency gains.

"During a review, we found that 20,000 SAP users are inactive and rarely use the system, of which 10,000 are never in the system at all," says Niklas Sandvik, Team Leader, Software Asset Manager. "And it's not just the number of licences but also the licence types that affect costs. For SAP, there is a price difference between the 'professional' and 'limited' versions. Those who don't need the more advanced version should naturally have the limited one."

The same principle applies to software. For example, Adobe Acrobat is available in both 'standard' and 'professional' versions. "Since most

users only need the 'standard' version, we have been able to reduce the number of subscribers to the 'professional' version from 2,600 to just 600," says Fredrik Asknäs, Assignment Leader, Licence Office. "There is a big price difference between 'professional' and 'standard', so this represents a significant saving without affecting people's ability to work."

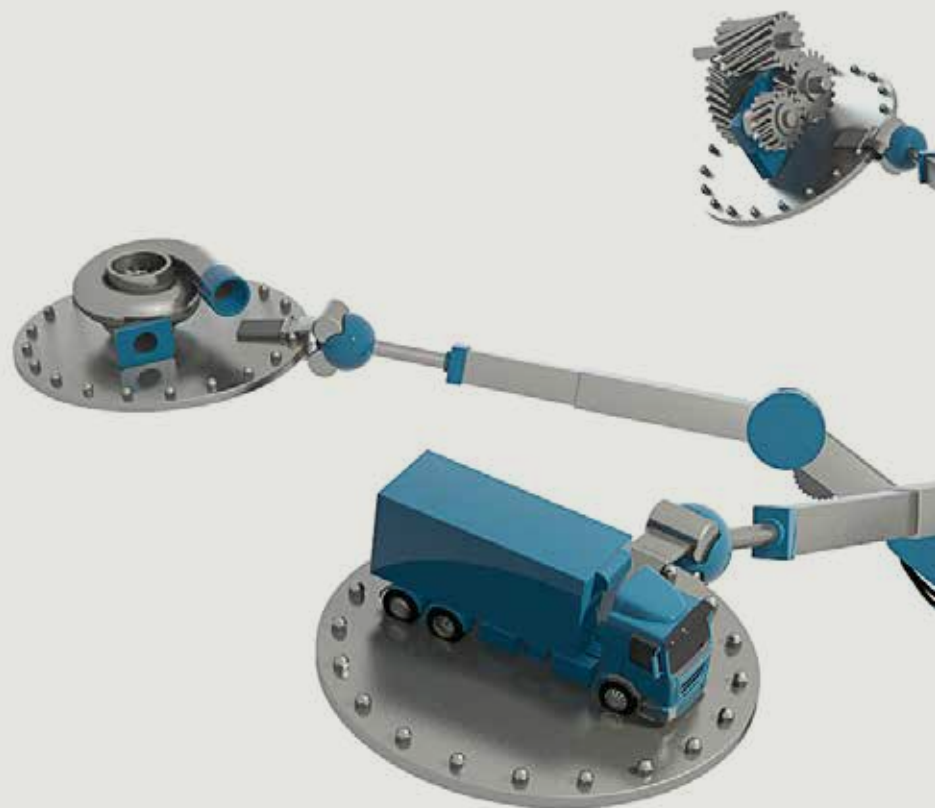
Currently, different parts of the Volvo Group are subscribing to the same licences, but the Licence Management Office is in the perfect position to identify synergies and potential for licence sharing.

"We need to consolidate our licences and use them in the best way," adds Fredrik Asknäs. "A good example is QlikView, a business intelligence tool that five different Volvo Group companies had bought. This meant that we had five installations and each server licence costs over 250,000 SEK. But we have removed four of them and today only one remains." ☺

HOW YOU CAN HELP

- ▷ Only order software you actually need.
- ▷ Add applications when the need arises, not on speculation.
- ▷ Go through your applications in Faros at least once a year and remove applications you no longer need.
- ▷ If you are a manager, reflect on what your personnel need and do not automatically approve all requests.

The new Licence Management Office is cleaning up the Volvo Group's IT licence portfolio, eliminating underused and duplicated licences.



INSIDE THE DAIMLER GROUP

Daimler Group, Volvo Group and Volkswagen Group are the three major commercial vehicle clusters – all global players and technology leaders. Here we take a closer look at the Daimler Group, as analysed by Business Intelligence.

TEXT ANN-BRITT SEDIG ILLUSTRATION DAN HAMBE

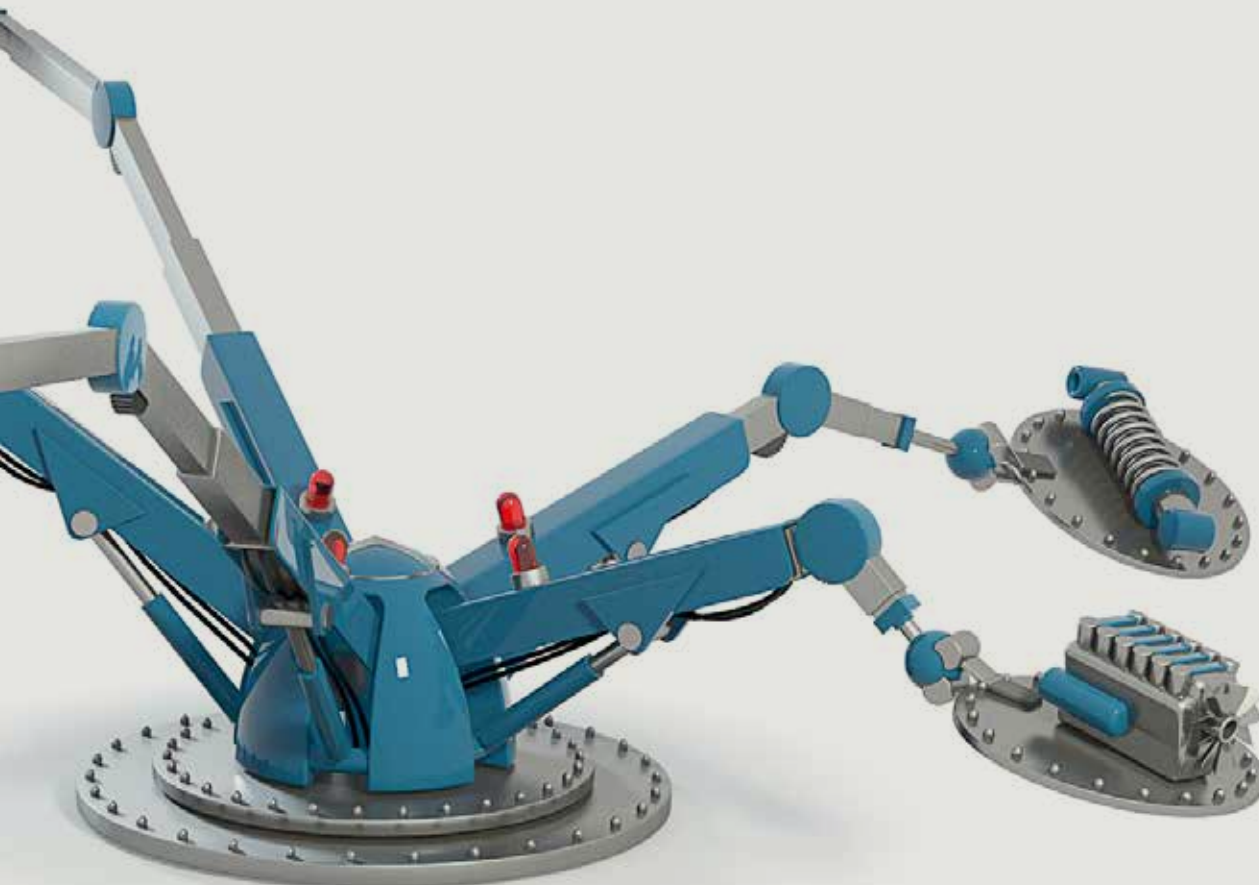
Daimler Group, with its headquarter in Stuttgart, Germany, can trace its history back to 1886. Daimler Trucks accounted for almost a quarter (24.9 per cent) of the Daimler Group revenue and some 30 per cent (82,743 employees) of the entire Daimler Group workforce in 2014. Daimler talks about three strategic pillars: Technology leadership, Global market presence and Intelligent platforms. Growth is built on strong partnerships with major players like Foton in China and Kamaz in Russia.

Daimler's vision is to be No.1 in the global truck industry, with a sales target of more than 500,000 units in 2015 (496,000 2014) and 700,000 units in 2020 (excl. Auman).

The profitability target is eight per cent return on sales over a business cycle. For 2014 it was 6.4 per cent.

Daimler Trucks' broad product portfolio has several brands; Freightliner, Western Star, Mercedes, Fuso and Bharat Benz. The Auman brand, produced by the Chinese joint venture, and Russian Kamaz (where Daimler owns 15 per cent) are also part of the portfolio.

GLOBAL PLATFORMS FOR trucks and engines have been developed by Daimler under the heading "as globally as possible and as locally as necessary". Partner companies like Foton and Kamaz are also included in the global concept. Three different engine series for Mercedes Benz, Freightliner and Fuso have been shifted to a single common global engine series platform (HDEP). Daimler Trucks is striving to



increase the percentage of non-variable parts from its current level of 50 per cent to 70 per cent.

For the triad markets (Western Europe, North America, Japan), the focus is to secure technological leadership and a strong market position. Traditional and proven technologies should be used in markets such as Brazil, China and Russia. Markets in India, Africa and certain Asian countries should be supplied with technologically simpler, robust vehicles.

MERCEDES BENZ IS the leading heavy-duty truck brand in Europe, but it cannot match the combined shares of the Volkswagen Truck Group or Volvo Group Trucks. Daimler is well positioned in Russia with co-operation with the leading Russian truck producer, Kamaz.

Freightliner is the US market share leader. Its top customers are large fleets and leasing companies. The Western Star brand will focus on more product differentiation and niche markets. Its strategy is shifting to bring in even more advanced technology, like connected trucks and advanced telematics. In 2015, Daimler Trucks North America unveiled the Freightliner Inspiration Truck, the first licensed autonomous commercial truck to operate on an open public highway in the United States.

Brazil is the world's largest market for Mercedes-Benz trucks. For many years, Mercedes-Benz trucks had been losing market share in Brazil, but, in 2014, they improved significantly. Daimler Trucks has been working hard on its "Brazil turnaround" to regain market share and improve profitability and efficiency. The programme is even more demanding as the market slows down and Daimler is reducing its workforce in Brazil.

Daimler has several joint ventures in China. For trucks, it has a 50/50 joint venture with one of the major Chinese truck producers, Beiqi Foton. The first jointly produced Auman truck was produced by Beiqi Foton Daimler Automotive (BFDA) in July 2012. After an earlier joint venture in India failed, Daimler decided to set up its own business and develop a new brand for the Indian market. The production of Bharat Benz vehicles started in 2012. The initial production capacity of 36,000 units a year can be expanded to more than 70,000 units a year. 20 per cent of sales will be targeted for export to markets in Africa, West Asia and Southeast Asia. Most of the export vehicles are branded Fuso and sold through the Fuso network. Daimler's 700 MEUR investment in India is one of the largest investments outside Europe Daimler has ever made. ☉

Powering rapid growth together

Volvo Penta and Cooltech, a Shanghai-based manufacturer of power generators, forged ties almost two decades ago. Now they are a shining example of a partnership that mutually benefits both companies.

TEXT KIM HUNTER GORDON PHOTOS DANIELE MATTIOLO

NESTLED IN SHANGHAI'S bustling Qingpu industrial district, just a stone's throw from the historic village of Zhujiajiao, Cooltech's new headquarters are modern and classy.

Founded in 1995, Cooltech's core business was originally cooling systems. Today it is a market leader in power generation units. The company has gone from strength to strength since moving to Shanghai in 2003 from its home in Shantou, in China's southern Guangdong province.

However it was in Shantou that Volvo Penta Shanghai's director Guangbao Miao first visited the company, supplying the Volvo Penta engine for the company's first electric generator. Miao recalls the early days of their co-operation:

"We have a very long history together with Cooltech, our co-operation started

back in 1998 and we've always had a very good relationship. We know each other very well from working together for such a long time and we receive very important feedback and good suggestions from them."

Some 17 years on, Cooltech now produces between 250 and 300 mobile generation units using Volvo Penta engines, mainly for the domestic Chinese market. These units are used in telecom base stations, construction sites and remote operations for oil and other industries.

Today we are accompanying Guangbao Miao as he visits the company on a client visit. However, Cooltech is now more than just a client, it has become a strategic partner and market ally. Unlike global suppliers for Cooltech's larger scale product lines, Volvo Penta does not compete with its customer by entering the market with a generator of its own.

"Volvo Penta is a key partner for Cooltech, because we're an independent >



"We have a very long history together with Cooltech, our co-operation started back in 1998 and we've always had a very good relationship," says Guangbao Miao, to the left.

VOLVO PENTA CHINA

Founded: 1995 (Penta 1907)

Headquarters: Shanghai

Number of offices: Two (Guangzhou, Chongqing)

Major products: Marine and industrial engines

Staff: 45

supplier. We never compete with them as we don't produce generators," explains Guangbao Miao.

The rapid growth of Cooltech since it was listed on the Shenzhen Stock Exchange in 2010 led to the construction of this new factory and headquarters, expansion of product lines and new staff.

In particular, the roll out of mobile base stations built by Huawei, Zhongxing and other telecoms infrastructure, not just in China's remoter regions but also increasingly across Asia and Africa, has created a fast-growing market for mid-power supply units.

In addition to mobile generation units for the telecom, mining and oil industries, Cooltech now also specialises in backup power generation for data centres, hospitals and other crucial facilities. It is also leading the way in the growing field of intelligent green power equipment, both upstream to support renewable power production and downstream in the development of battery technology, charging stations and electric vehicles.

For its middle-power range product lines, those that produce between 80 and 700 kVA of electricity, Cooltech exclusively uses Volvo Penta engines.

Performance and reliability are far more important

than margins when supplying to remote base-stations and project locations, making Volvo Penta's global brand a strong selling point.

"Because our customers are all high-end companies in the telecom, power generation and oil sectors they have high requirements for generators, so we always use Volvo Penta engines," says Cooltech's Vice President Lulai Zhou.

Guangbao Miao adds that it was equally important for Volvo Penta to be associated with the high-quality products for which Cooltech has become renowned: "It is important for Volvo Penta to co-operate with a partner like Cooltech, which has a brand image very similar to our own. Cooltech is very much a premium brand, just like Volvo Penta," he says.

In order to strengthen the partnership, a great effort has been made by senior management on



"Because our customers are all high-end companies and have high requirements for generators, we always use Volvo Penta engines."

LULAI ZHOU, VICE PRESIDENT, COOLTECH



both sides. Cooltech's chairman, Jason Xie and Penta CEO, Bjorn Ingemanson, along with the president of Volvo Penta EM & APAC, Giorgio Paris, make regular visits to one another, establishing a smooth and efficient communication channel at the highest levels of management. A strategic co-operation agreement was signed between the two companies in 2014.

A tour of the building with Guangbao Miao feels a bit like a family reunion – amid all the new faces are the familiar ones who light up in smiles as he approaches. These are the friends, partners and colleagues he has forged bonds with over almost two decades – developing the company's first generators, seeing the business grow, working together and sharing resources to expand product lines and sales networks.

Closest of all is company vice-president, Lulai Zhou. Zhou first met Miao when working as a technical

manager for the company in Shantou in 2000. Over lunch, as we sample local shrimps and the company chef's signature red-braised pork, Zhou fondly remembers the generator that Cooltech sold, equipped with a Volvo Penta engine. "It would be fair to say that Volvo Penta is our most important partner," he says.

IN THOSE DAYS, the total number of staff at Cooltech numbered just the tens, while now there are over 300. The company looks set to continue growing as the need for secure and stable power supplies becomes ever more important.

"Cooltech is a key generator manufacturer in China and a great partner for us. We value that they have both high quality products and a good sales network in China. In addition, they are now planning to expand internationally," adds Guangbao Miao. ☉

COOLTECH

Founded: 1998

Headquarters: Shanghai, China

Product lines: Power units

Units/year: 5,000

Staff: 300

General Manager Fjunet Zhang is proud of Cooltech's rapid development.





PHOTO: JUN TAKAGI

Working at the Volvo Group can lead to some exciting career shifts including changing countries or professions. Meet three co-workers who have undertaken their own personal journeys.

“Working in Sweden was an invaluable experience”

NAOKO KIMURA works as HR Business Partner, Powertrain Production Japan, but she has previously worked in Sweden.

“I am now back in Ageo City, where I was born and grew up and where my parents still live,” says Naoko Kimura.

“It took a roundabout route to return here, though. Having studied and worked in the USA for 16 years, I began working at UD Trucks back in Japan in 2007. Three years ago, I was offered the opportunity to go and work in Sweden. I moved to Gothenburg and worked with support to SVP and GTO global controlling. Working in Sweden was an invaluable experience and I enjoyed the food, nature, traditions and working freedom. I met Volvo people from all over the world and even tried to learn Swedish. When living in another country, learning a local language offers a greater understanding of the people and culture. It is also a way to appreciate and show respect for where you live.

“My background is in behavioural and social sciences, specifically Human Development and Multicultural Counselling. I knew that HR was the area that I wanted to work in after having been exposed to business management, network building and the Volvo way of working in Sweden. My manager there was very supportive of my next step towards working in HR in my home country. I applied for the HR post at Powertrain and, with great support from management in both Sweden and Japan, I was given this opportunity. I moved back to Ageo City in March this year and I am really enjoying my new role. I hope to be one of the bridges between Sweden and Japan. It's great that more people have opportunities to work outside their initial 'job family' and their own countries.”

WHO WOULD YOU LIKE TO NOMINATE as a Volvo Group Voice?
Please let us know by sending an email to groupmagazine@volvo.com



PHOTO: JONAS LJUNGDAHL

Back in
the 1970s



“I never thought of having a career, I just tried to do a good job where I was”

ANDERS LARSSON started on the shop floor in 1978. Today he is Executive Vice President of Technology at Volvo Construction Equipment.

“I’m from Eskilstuna, Volvo CE’s Swedish hometown, but it was mostly just a coincidence that I began working at what was then called Volvo BM. After completing my military service, I applied for an entry-level engineering job. But there was an office-hiring freeze at the time, so I started out on the shop floor. I enjoyed the camaraderie of the job and worked my way up from being an operator, to being a substitute and later adjusting machine settings, something we needed to do back then. After a few years I ended up at the office as a trainee purchaser. From there, I went on to become a purchaser and later a team leader.

“I’ve never actively tried to pursue a career, I just tried to do a good job wherever I was. But that has led to new jobs.

“In the 1980s, I ended up in Braås, Sweden, where I worked with purchasing before I became a plant manager. The 1990s was a period of rapid expansion and I worked with global strategies. This was probably what got me recognised by Volvo CE’s management in Brussels and I was recruited as President and CEO of Volvo Motor Graders in Canada. Our children were between six and 16 years of age when we moved there – to a small town outside Toronto. I then moved to Brussels, where I co-ordinated product development and industrial activities, before Volvo CE had today’s more integrated structure. Recently, I have been involved in the transformation of Volvo CE and feel that the new organisation has taken shape. Especially when I work with change management, I feel that I can benefit from having taken the ‘long route’ into the company. Still, I’m not sure that this kind of career path is possible today.”

“My family is looking forward to settling in Sweden”

MARCELO GONÇALVES is originally from Curitiba in Brazil. He will shortly move to Sweden to work as Head of Sales and Operations Planning, Group Trucks Sales.

“It’s an exciting time. My family and I are now making final preparations for moving. This will not be the first time we have moved away from Brazil. I have worked for 23 years within the Volvo Group and was based in Lyon, France, between 2001 and 2005. I worked at Renault Trucks and travelled a lot around Europe. It was a rich experience for someone from Brazil and, on a personal level, it was an intense time for my family, a period that united us.”

“My son was actually born in France. I had previously worked in retail development but made the career change to Sales and Operations planning, managing the demand process and the link with

the production facilities. In Brazil, I worked until recently as Head of Vehicle Sales for Latin America and have now been appointed to this global role within Vehicle Sales at head office.

“I am delighted with this change and am very much looking forward to bringing my regional experience to the position. We are at the service of the regions. We talk to them each month to establish what they need, ensuring that the factories are producing accordingly and we secure matters with our counterparts at GTO.

“My family are looking forward to settling in Sweden. My son has a place at a new school there and we are currently busy packing our things. It will of course be a time of adapting to change, but we have done this before and look upon it as a time of opportunity.”



PHOTO: SÖREN HÅKANLIND

“We deliver together”

What does the customer need to create a winning business? How can all the skills and expertise in the aftersales organisation generate the greatest benefits? These are just two of the questions *Markus Efraimsson* is considering. As Vice President Uptime, Group Trucks Sales, he and his co-workers are in the process of creating a new structure and new customer support objectives.

TEXT SOFIA ERIKSSON
PHOTOS CHRISTER EHRLING

MARKUS EFRAIMSSON

Family: married, three children

Lives in: Budskär outside Gothenburg

Background: joined Volvo Parts

almost 18 years ago, where he was involved in software development and implementation. In 2003, he moved to the Volvo Trucks International Division as Commercial Manager for Parts and Service. In 2007, he was given responsibility for Aftermarket Training. He was then appointed Vice President Customer Support, with added responsibility for Renault Trucks. The organisation is now known as Uptime.

Leisure interests: family, friends, tennis, boats



On the whiteboard in his office, Markus Efraimsson has drawn a Volvo Group customer with a speech bubble saying "I want uptime". Next to it, in red, is the word "HOW?", followed by a list of points in a structured flow chart of thoughts and ideas about the organisation, together with the relevant business areas, objectives and possible solutions. Still some questions remain unanswered. And the whiteboard eraser is close by, because, as more and more people give their input, Markus Efraimsson needs to make changes.

"I want my co-workers and colleagues to be involved in creating the new organisation, partly because this will probably make it a better organisation and partly because I want everyone to feel that they are part of it and can influence things. They will then deliver more and have more fun at work. After all, it's up to all of us to pull together and help our customers succeed," he says.

Uptime is a new department at GTS. So what are the changes compared with the previous organisation?

"Most of Uptime's operations were previously part of Customer Support, which focused on region EMEA and also included technician training, competitions for technicians, such as VISTA and RTEC, and driver's handbooks. Uptime now focuses more specifically on service and customer uptime, plus a global function – that feels right. The staff at headquarters are only going to focus on governance and support to enable the organisation to do the best possible job. This means that a continuous dialogue between head office and the regions and markets is vital and this can be achieved through regular meetings with all the service managers, for example."

What are your objectives?

"Well, we were already working to be more proactive. After all, our aim is to ensure that vehicles stay on the road so that our customers can do their jobs. We are going to be even better than before at >

“If we can make our customers feel that we make it possible for them to become winners, we will have succeeded.”

MARKUS EFRAIMSSON, VICE PRESIDENT UPTIME

creating uptime. Depending to some extent on how you calculate, we are currently around 97 to 98 per cent, but our vision is 100 per cent globally for all our brands and business areas.”

How are you going to achieve this?

“One area we are looking to develop is diagnostics, both by making faster, more precise assessments and by offering vehicles that are built in such a way that they are easy to diagnose. We also want to develop connectivity, to increase the number of connected vehicles. As things stand, customers call Volvo Action Service, for example, if something happens and we conduct an analysis and send a service technician. In the future, we want to know as much as possible in advance so that the workshop can call the customer before a problem occurs and tell him or her what needs doing and when. The technicians can then schedule appointments, order parts and plan in good time. We will also be able to do much more on the internet. If we need to improve a function, customers will be

informed by a message on their instrument cluster and they will be able to update it themselves, without visiting the workshop. It goes without saying that they will still visit workshops, but, the more uptime we can create, the better.”

How good is the Volvo Group when it comes to connectivity?

“In many areas, we are already among the leaders, while in other areas we are just starting out. From the customer's angle, features and quality can both improve even further. As more and more vehicle-monitoring systems are developed and more connected vehicles are sold, we will be able to predict and schedule even more effectively. The more people who have access to the tools, the better we will be. Right now, we can read large amounts of data at specialist functions at head office. The next stage is to optimise these data and make them available to the 22,000 technicians working in Europe, for example. I see this as a small revolution in the support we offer our customers.”

MARKUS EFRAIMSSON ON...

... COLLABORATION BETWEEN
GTS, GTT AND GTO

“If we are going to succeed with product launches and make our customers satisfied, this interaction is essential. We are currently working in projects on a more cross-functional basis, from production to aftersales. We have just started monthly management group meetings at which we openly discuss how we can combine forces and do a good job. This is then going to be communicated to the rest of the organisation.”

... DEVELOPING THE OFFER

“Another thing I often say and implement is ‘fail fast’. I think we should be faster when it comes to testing our aftersales products on reference customers and making adjustments with them. I want to have that dialogue at the earliest possible moment. The more customer awareness the staff at head office obtain in this way, the more we can help the regions, market companies and dealers to do a good job.”

... HIS BOATS

“Boats are my passion. I devote a large amount of my leisure time to them and I have several that I am converting. Working on boats is both a form of relaxation and an opportunity to reflect on work-related questions. I am currently in the process of converting a second-hand lifeboat into a picnic boat for trips with the family.”

Markus Efraimsson, Vice President Uptime, at the Volvo Demo Center in Gothenburg.



“I regard
our technicians
as heroes.”

UPTIME'S ROLE IN THE VOLVO GROUP

▷ Uptime is a new department at GTS with some 260 employees.
▷ It performs a governance and support function with the service organisations globally.

UPTIME RESTS ON 3 “LEGS”:

• **Uptime Centers** (Volvo Action Service, Renault Trucks 24/7 and the equivalent for UD Trucks in South Africa), which help customers with breakdowns;
• **Technical Dealer Support**, which helps technicians use the different tools and optimise service schedules;

• **Region and Market Support**, which ensures that the service organisation has the correct information.

▷ Uptime Centers service both truck and bus customers and are also the base of a pilot project focusing on monitoring Volvo CE vehicles with a view to improving uptime.

▷ Technical Dealer Support includes Group Trucks, Volvo Buses, Volvo Penta and Volvo CE. Future connectivity and diagnostics projects will involve all business areas.

Why are aftermarket sales so important for GTS and the Volvo Group?

“This is where we can build long-term relationships with our customers. We often say that the salesperson sells the first vehicle, but the aftersales staff – the service technicians and advisers – sell the second. There are studies that show that two thirds of the customers who choose to leave a company do so because they are irritated by someone in the company. This makes it easy to understand just how important it is for the people who meet customers to have the right attitude. I am naturally biased when I assess the impact the aftersales market has on our business, but I regard our technicians as heroes. If we can make our customers feel that we make it possible for them to become winners, we will have succeeded.”

How can each co-worker help to increase customer satisfaction?

“Everyone that works here should be able to answer the questions ‘Why do I go to work?’ and ‘What do I do that has a positive impact on the customer?’. If co-workers are unable to answer them, their jobs are not enjoyable and they should be. Feedback on what they do to benefit the customer has an important effect on their self-esteem.”

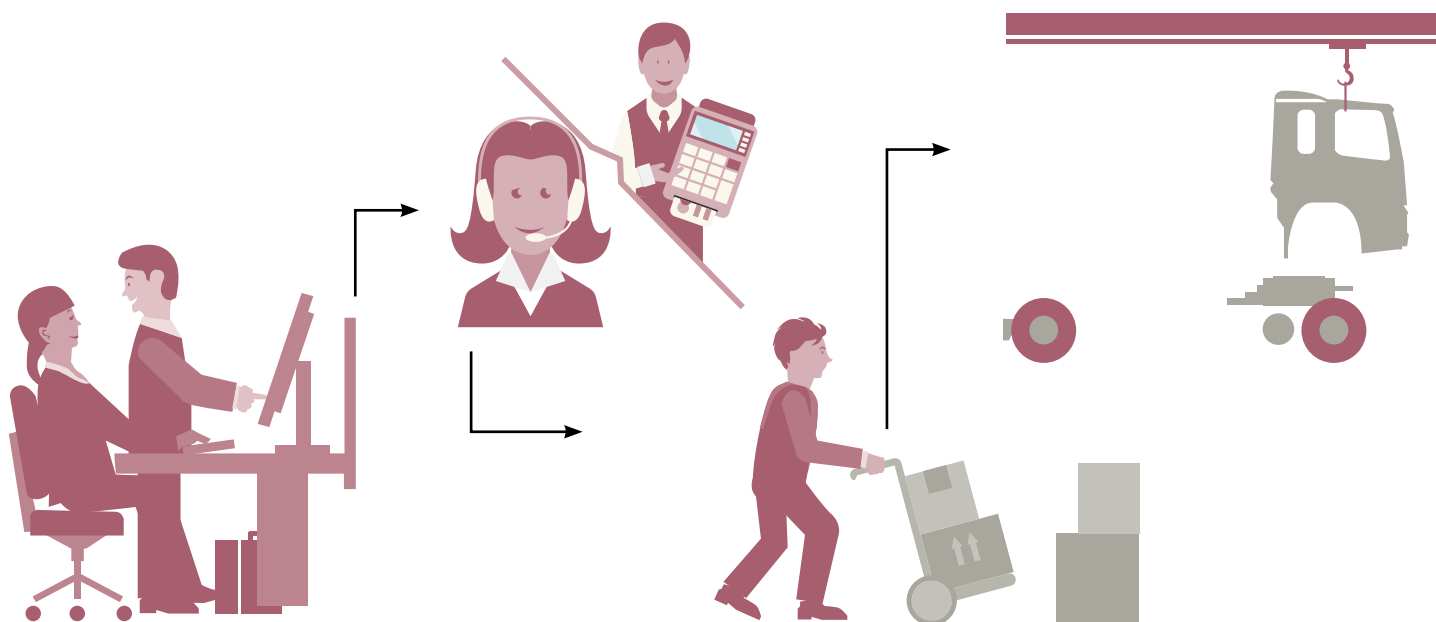
What are your answers to these questions?

“What motivates me is building winning teams and seeing the results, such as Volvo Action Service being chosen as the best call centre in our Heavy Truck Survey last year. In the same way, it's terribly frustrating that we came second this year. We aren't doing a poorer job, but our competitors have improved, so we need to make our offer even better and respond and provide solutions even more quickly. At the same time, it's more important to succeed than win – and we can do this if we make our customers winners.” ☉

TACKLING THE ROOT CAUSE

Detective work often takes time, but its results can be richly rewarding. A recent project looked for clues when examining the root causes behind 100 late Volvo truck deliveries. By systematically tracing back from the point of delivery to the origin of the problem, the aim is to simplify the process of identifying where delivery problems originate.

TEXT ALASTAIR MACDUFF
ILLUSTRATION PETTER LÖNEGÅRD



“We took an end-to-beginning perspective.”

SAM GOHARI, PROCESS DEVELOPMENT AND BPM FRAMEWORK MANAGER, GTO

Late deliveries chiefly have a negative impact on end customers, but they also adversely affect dealerships and bodybuilders. Delivery Precision at Confirmed Delivery Date (CDD) is one of the main KPI's of the Produce and Distribute products process, owned by Group Trucks Operations.

It is currently the most customer oriented of its kind and its success is determined by everything that is done between an order being received and a truck being delivered, for example, to a dealership or bodybuilder. It is therefore not a KPI target that GTO can achieve alone but through close collaboration with the other upstream processes at Volvo Group Trucks; DVP and MAS.

In order to improve delivery precision, a project analysed 100 randomly selected trucks that had

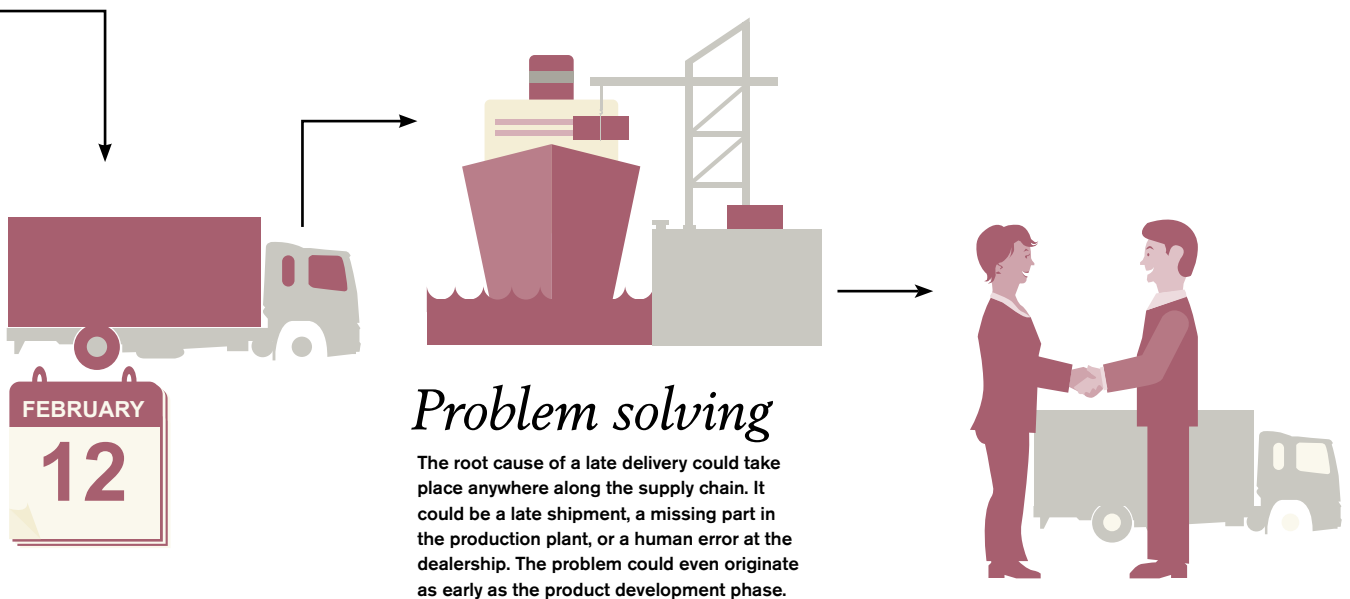


Sam Gohari

missed their delivery date to the market during the period January to March 2015. The trucks came from GTO's plants at Tuve in Sweden and Ghent in Belgium. The purpose – identifying the root causes behind the late deliveries and eliminating them. A cross-functional team was assembled, featuring representatives

from the various main processes involved in the whole chain throughout Volvo Group Trucks until the agreed delivery point.

“We took an end-to-beginning perspective,” says Project Manager Sam Gohari, who is Process Development and BPM Framework Manager, GTO. “What had gone wrong and where? We knew that the distributor needed two days to deliver a specific truck to a specific dealer. Yet when we went back >



What are your views on performing root cause analysis and making fact-based improvements?

MARTIN RANÄNG,
VICE PRESIDENT SUPPLIER QUALITY ASSURANCE, GTO



"True root-cause analysis is often a very difficult and sometimes time-consuming process. It's essential to do it thoroughly and it often requires you to dig deep into a chain of events. Having proper facts and figures is vital to find the root cause and to develop a robust solution to prevent it from happening again."

ANNA FRANK,
MANAGER INVOICING AND DELIVERY SUPPORT, GTS



"It is extremely important to tackle the root cause of a particular problem. Simply attacking the symptom does not make us better, because the problem still remains. For me it is obvious that we should continuously measure our performance and use facts to make improvements."

"By working all along the chain, we could isolate the root causes and identify where they were generated."

**SAM GOHARI, PROCESS DEVELOPMENT AND BPM
FRAMEWORK MANAGER, GTO**

VOLVO GROUP TRUCKS PROCESSES LEVEL 1

DVP: Develop Product and
Aftermarket Product Portfolio

MAS: Market and Sell Total
Offer

PRD: Produce and Distribute
Products

DCL: Deliver and Develop
Customer Loyalty



we found a three-day delay in production – a certain part was missing. What caused this? Our supplier had perhaps delivered late. Did the fault lie there or had an incorrect design perhaps been sent? Had something gone wrong during transportation or on the production line? Was it a human error or did it occur because the correct processes were not in place? By working all along the chain, we were able to isolate the root causes and identify where they were generated."

THE PROJECT HIGHLIGHTED the importance of having effective standardised processes in place to ensure predictable output and also

to use as a base for continuous improvement and a sustained way of working.

"It is important that the documentation of our processes that are being developed and continuously improved is updated, to make sure that best practices are not just benefiting a single place but are shared with the entire organisation. We want to avoid 'firefighting'. If we just use short-term solutions and are unaware of the root causes of a problem, we can only expect to encounter the same situation time and time again," says Sam Gohari.

Case owners and case leaders have now been appointed to various 'improvement areas' identified by the project.

"This way of working will allow us to be more proactive, make fact-based decisions and use standardised, effective processes to benefit performance and customer satisfaction in future. This is not just a one-time shot, this is never-ending work," concludes Sam Gohari.



Johs. Rasmussen Svebølle A/S build their own trucks at their workshop and order the chassis from Volvo Trucks.

PHOTOS: MARTIN MANGTORN

THE IMPORTANCE OF on-time delivery cannot be overrated in any business. For the Volvo Group, this service does not simply fulfil the requirements of the end customer. Failure to deliver on time can result in customers having to delay valuable assignments and keep their customers waiting due to circumstances outside their control.

With the Volvo Group supplying not only complete trucks but also essential large parts such as chassis, the delivery precision of any order is vital to maintain uptime. Klaus W Rasmussen is Managing Director/CEO at Johs. Rasmussen Svebølle A/S in Denmark, a haulage company with clients in the building, medical and chemical sectors, among others. They build their own trucks at their workshop and order the chassis from Volvo Trucks, then fitting various systems to the trucks including tanks, compressors and hydraulics.

Why is it important for your business that you receive deliveries on time?

"With respect to our own business, we would be able to turn to our sub-contractors if a chassis were not to arrive on time. However, during our three-year partnership, Volvo Trucks has been very reliable in this regard. Speaking more generally, of course there is a knock-on effect to customers if trucks or parts are not delivered on time."

How have you worked together with Volvo Trucks towards delivery precision?

"We have a plan for changing the chassis on each of our trucks. We know one year in advance when we will be changing them. In this way it is easy for our supplier, as they are aware of our requirements well in advance of when we need them delivered. I must say that we have been very happy with Volvo Trucks' delivery precision process." 🍷



ABOUT JOHS. RASMUSSEN SVEBØLLE A/S

Head office: Svebølle, Denmark
Established: 1932
Truck fleet: 185 (approx. 50 per cent Volvo Trucks)
Nature of business: Haulage contractor with 200 employees and affiliated business with 40 personnel. Customer solutions include tank haulage, concrete-element transport and transport of foodstuffs throughout Scandinavia.




Dual brand

TEAMWORK LIFTS CZECH SALES

The last two years have seen some dramatic changes for the Renault Trucks brand, not least a completely new range. But with orders now increasing, the changes are paying dividends. We visit the Czech Republic to see the impact first hand.

TEXT ALANNAH EAMES PHOTOS ADAM LACH



Renault Trucks' staff in the Czech Republic are feeling the impact of both the new range and network integration and business is booming.



Petra Janatková, the receptionist at the Cestlice Renault Trucks Center, prides herself on always doing what she can to make customers feel welcome.

THE CZECH REPUBLIC is starting to climb slowly out of recession and truck sales are growing for the first time in several years. It's perfect timing for the Volvo Group, which has spent the last two years integrating the Renault Trucks' and

Volvo Trucks' service networks and introducing the new Renault Trucks range.

"We've taken two huge steps forward," says Stefan Krajčí, Sales Director for Renault Trucks in the Czech Republic. "The integration had a major impact on us and at the same time we launched the new range, which is at least two generation steps compared with the previous model range."

Czech customers – sceptical by nature – were initially slow to warm to the new Renault Trucks range. However, winning the "International Truck of the Year 2015" and test-driving the new trucks have helped to convince even the most reluctant companies that they should try something new.

For example, Czech transport company OK Trans, bought its first ten Renault trucks in early 2015. "At first, the drivers were not keen on the Renault trucks when they saw them parked in their yard, but after

two months they said 'I don't want to go back to a DAF truck,'" says Krajčí. "The owner is also very satisfied with the fuel consumption compared with the rest of his DAF fleet and, because of the shortage of local drivers, he's happy if his drivers are satisfied." Another



Stefan Krajčí

>

The Renault Truck Center in Cestlice, Prague, opened in 2010. It is one of the three single-branded Renault Truck Centers in the Czech Republic.



haulier, JP Spedition, has 80 trucks in its fleet; almost half are now Renault trucks.

The level of service support has also improved since the dual-branded dealerships were introduced. Now, a customer can go to any of the 15 Volvo Group Truck Centers across the Czech Republic – not just the one where he signed the service agreement – and get the same price for spare parts in any workshop. The extended service support network is a great opportunity to sell more service agreements, according to Krajčí.

There are still six single-branded Volvo Group Truck Centers in the Czech Republic; three for Renault Trucks and three for Volvo Trucks. At the Cestlice Renault Truck Center in Prague, staff have noticed that business is picking up with the launch of the new Renault Trucks range.

Receptionist Petra Janatková says she is busier

Kateřina Švarhová works as Sales Support for Renault Trucks. "It was a bit slow after we launched the new trucks as customers were cautious at first, but now sales are increasing."



Zdeněk Kroužek

than ever before. Yet, this has not stopped her from smiling, making time to chat with customers and even babysitting their children. The warm hospitality is appreciated by customers: "Recently, a customer told me that he really trusts us," she confides.

"He said that there are so many people out there who cheat him, but he likes coming to us as he feels we are really honest." She is also enjoying the customers' enthusiasm for the new range: "They love the new trucks; it's not enough just to stand and look at them, they want to get inside them."

Workshop manager Zdeněk Kroužek sees a lot of benefits now that the two brands are working more closely together. "What's good is that we can now transfer spare parts from one Volvo Trucks or Renault Trucks workshop to the other. And, if we are short of a technician at one workshop, we can always 'borrow' one from another workshop. This means we can service our customers more quickly than before."

FOR PETER CARDA, a salesman at the Cestlice Renault Truck Center, the introduction of the new range and the integration was a huge change. He is still protective of the Renault Magnums and Premiums, which he sold for the past 21 years, but he admits that things are better now. "I love the new trucks,"

“They love the new trucks; it’s not enough just to stand and look at them, they want to get inside them.”

PETRA JANATKOVÁ, RECEPTIONIST



he says. “And we have an improved structure now. Before there was always a private dealer standing between the customer and us. Now, we have a direct connection with our customers.”

Today, the Volvo Group has an approximately 24 per cent market share in the Czech Republic. Robert Grozdanovski, head of Group Trucks Sales in the Czech Republic, believes that much of the future growth will come from Renault Trucks: “I think six to seven per cent in the next few years is realistic, but I hope we’ll even reach a double-digit market share in the future.”

The Czech Republic handled the integration particularly well. It was one of the first markets to open two dual-branded workshops back in January 2013. “Speed,” says Grozdanovski, was the key to success. He admits that life has definitely got busier since the integration: “Together with the fact that we’re growing, it means we’re very busy: instead of working 10 hours a day, now it’s 12 or 14.”

MANAGING TWO BRANDS is a tricky business. His words of wisdom: “You need to pay more attention to what you communicate and find a balance between the two brands. If we’re clever in managing the two brands, we won’t risk losing any customers to a third party.”

“But, overall, we feel that we are on an upward swing, knock on wood,” continues Robert Grozdanovski. “And we have our own internal target to sell 500 Renault Trucks by the end of 2015.” ©



Orders for Renault trucks are increasing across Europe, especially in markets where the service network has been integrated with Volvo Trucks.

Clear upward direction

The growth for Renault Trucks in the Czech Republic reflects a broader trend across Europe and it has not happened by itself. The past few years have seen significant investment in the brand’s products and service network.

In 2015, orders for Renault trucks have increased across Europe. In Region North Europe, which has not historically been Renault Trucks’ strongest regions, orders have doubled to around 200 a week. Two main factors have been driving this growth: the launch of a new truck range in 2013 and the integrated service network with Volvo Trucks.

“We have a very good product offer, in terms of both vehicles and soft offers, which creates a good fundamental base to build from,” says Roger Alm, SVP Region Europe North Sales, GTS. “Now we are building the network and adding the sales force, so that we can really boost the new range and deliver it to the market.”

Launched in 2013, the new Renault Trucks range has taken the market by storm and continues to change customers’ perceptions of the brand. The new vehicles are the result of

around seven years of research and development.

In conjunction with the launch, GTS has also integrated the Renault Trucks service network with Volvo Trucks in many markets within Northern and Eastern Europe, resulting in significantly improved coverage for both brands. Once the integration process is complete, it is estimated that service points for Renault Trucks customers will have increased by 30 per cent.

“We are committed to building the Renault Trucks brand and our dealers see this as a big business opportunity,” says Roger Alm. “I see huge potential. When it comes to the trucks – the quality, fuel consumption and cost – all combine to create a very competitive offer. It has to be a success!”

NIC TOWNSEND



VOLVO GROUP TRUCKS IN THE CZECH REPUBLIC

Employees: 350 people of whom 325 work for GTS

Truck Centers: 15 of which six are single-branded; three for Volvo Trucks and three for Renault Trucks
Competitors: MAN, IVECO and DAF
Market share: Volvo Trucks 20%, Renault Trucks 4%

Customers: 65% long haul and construction, 20% LCV (light commercial vehicles), 15% medium duty – regional transport
Sales in 2014: 1,500 Volvo Trucks and 400 Renault Trucks

4

QUESTIONS TO ANN-CHARLOTTE VEJLÖ

Subject Matter Expert and Process manager at Volvo Group Real Estate

Some 400 Real Estate employees are making sure that 2,148 buildings in 60 countries are adequate workspaces for the entire Volvo Group. That includes all the soft services you take for granted – like waste disposal, cleaning and security.

1. What does becoming one Volvo Group mean to Real Estate?

"It means implementing joint specifications and processes for services, contracts, maintenance and everything else connected to our properties. My colleague Bengt Gustavsson was part of this from the start and we are now working together with project teams and networks to implement these services globally. We collaborate closely with local organisations for support and understanding of the concept."

2. Can you name some of the advantages of global services?

"Implementing standards and being able to map, measure and follow up, together with efficiency gains, and the fact that we purchase services from sub-contractors according to set specifications. So far, we have managed to present cost savings in almost all involved sites – in some cases up to 30 per cent. One example from the USA is a 2 MSEK saving when we changed the set-up to have central storage of uniform office material where staff pick up material themselves instead of this being managed by internal resources."

3. What challenges are you experiencing?

"There are national differences to consider, such as regulations and handling of wild animals. In Sweden we may have elk and deer, in Brazil there are wild dogs, in Poland wild boars are damaging our lawns and, in France 80 tonnes of excrement from seagulls have proven a challenge as it is prohibited to eliminate the birds. Another challenge relates to cultural differences. One small example with a big impact for the individual is litter bins. In Sweden we would like to remove them. In other countries, staff might eat their lunch by their desk and need to throw the food paper in their bins because there are no joint service facilities nearby. Then we need to listen and adjust the global specifications."

4. What lessons have you learnt along the way?

"It takes time to implement change and it is not easy to estimate the consequences. Also, we shouldn't underestimate the need for training and always work closely with HR. It is a great advantage if changes are anchored with both top and local management."

ANN-MARI ROBINSON



PHOTO: CHRISTER EHRLING



“WE NEED A ZERO CARBON ECONOMY BY 2050”

The Volvo Group recently renewed its commitment to the WWF Climate Savers programme and is driving stronger ties with the well-respected environmental organisation. Two WWF representatives were among the speakers at the first Construction Climate Challenge (CCC) Summit in conjunction with the Volvo Ocean Race final.

Environmental care is a core value of both the Volvo Group and Volvo CE, with continuous efforts to reduce the climate footprint, for product use as well as in factories and distribution centres.

The Construction Climate Challenge project was launched in 2014. It was born out of concern for the environmental impact of the construction sector and the conviction that only pan-industry collaboration along the industry's long and complex value chain could bring about

the necessary changes. More than 150 people attended the flagship summit event in Gothenburg in June to jointly discuss how best to manage the challenges surrounding sustainable construction and listen to speakers from academia, public institutions, organisations and industry.

Professor Johan Rockström from the Stockholm Resilience Centre presented the latest planetary research which shows that tough action to reduce emissions is now essential. We need a zero carbon economy by 2050, he said.

But there is a serious risk of missing the current goals which could trigger a ‘tipping point’ with disastrous consequences.

Carina Borgström Hansson from the WWF stated that some 350 trillion US dollars will be invested globally in urban infrastructure over the next three decades. Very aggressive targets are needed to reduce emissions and increase the use of renewable energy sources, she stressed.

Niklas Gustafsson, Chief Sustainability Officer at the Volvo Group, talked about the company vision of becoming world leader in sustainable transport solutions and the need to form partnerships to achieve it.

“Leadership takes on a lot of responsibility and requires new thinking. We need to think outside the box, we need to reach out to catch the entire transport system and to find input from different partners,” he said. **NIGEL GRIFFITHS**

A new era

By providing solutions to local needs, the UD Trucks Quester has potential to match a growing demand in South Africa for robust off-road performance for short- to mid-term delivery needs. It is also an opportunity to expand the customer segment.



Customers in areas like construction, agriculture and waste & recycling will benefit from the new range which focuses on the essentials," says Gert Swanepoel, Sales Director for UD at Group Trucks Sales South Africa – the largest market for UD Trucks outside Japan.

Having worked with the brand, formerly known as Nissan Diesel, for 25 years, Gert Swanepoel has seen a dynamic development of the South African truck market. He describes it as being quite unusual, both as a developed

market but also as a developing market.

"You cannot have success if you don't listen to the voice of the customer. Earlier there was



Gert Swanepoel

a lot of focus on the specifications of the truck; today the truck is viewed as an asset that needs to give return on investment. This makes uptime and lifecycle cost the key influencers when purchasing a truck. The

general customers are very professional operators with good knowledge of transports who want to utilise their vehicles to the fullest."

The UD Trucks Quon was first introduced in 2008 and was launched with an updated Group drivetrain in 2012. The main focus for Quon is on middle-distance deliveries. The launch of the Quester at Entabeni Game Reserve held in March 2015 was an opportunity to position the new range of dumper, mixer and sprinkler trucks for some 700 specially invited customers at a bush-



VOLVO GROUP IN SOUTH AFRICA

Sold trucks annually: Approximately 32,000
(40% light-duty, 20% medium-duty, 40% heavy-duty)

Volvo Group brands in South Africa: Volvo Trucks, Renault Trucks, UD Trucks (UD Trucks entered the market in 1962)

Volvo Group market share in total: around 16%

Main competitor: Daimler

Number of dealers: 40 local independent dealers

like event. Regional launches have been taking place since March by some of their 40 independent dealers and Quester will also be introduced in some of the neighbouring countries during 2016. The trucks are assembled at the GTO plant in Rosslyn with semi-knocked down kits imported from the Thailand plant. The ambition is to sell 600–700 Quester trucks a year in South Africa.

"The reactions have been very positive so far. The concept of the Quester is a way to capture new opportunities here," says Gert Swanepoel.

ANN-MARI ROBINSON

JOHAN ENGEBRATT

What characterises a skilled extreme skier?

PASSION? EXPERIENCE? COURAGE? A powerful death wish?! In all probability, all of them, apart from the death wish. I love so-called extreme sports, such as off-piste skiing and climbing, for the feeling of freedom they generate. I love them at the same time for the meticulous planning and control they require. It's a question of making the right decisions at the right time.

I really enjoy skiing on steep mountains where the risk of avalanches is a vital factor that has to be handled and you need to be extremely well prepared. Over the years, I have gathered my experience and best practices in imaginary checklists and a toolbox that I use to prepare every project. Some of the tools always need to be included, whereas others are only needed in some situations. I try to adopt the same approach to projects at work, where I am currently involved in developing a new engine platform. Many of the things I have learned from extreme sports can be applied at work. Our attempts to streamline research and development using RnD30 are just one example. Here are some of the similarities I have found:

Have a concrete target. To push your limits and achieve success, you need a clearly defined, common target which the team aims to realise together. Climbing to a particular mountain summit and getting down unscathed is one example. When it comes to RnD30, the target is clear. We are going to improve efficiency by 30 per cent. It's easier to get the organisation to work towards a concrete target and generate better results than focusing on an unspecific desire 'to improve'.

Don't be afraid to think twice. The importance of preparation can't be overstated. You need to review your checklists before setting off up a mountain or starting a project. But, after that, you can't rely on processes and routines but must also keep an eye on how the situation is changing. RnD30 also means considering whether what we are doing is really adding value. If it isn't, we shouldn't do it.

Radical approach. Sometimes we need to think in a different way. There are classic climbs that were previously expected to take several days. However, by optimising everything it is possible to climb them in less than one day.

This is the secret behind innovative thinking.

Johan Engebratt

is Chief Project Manager, Heavy-duty Powertrain Range, GTT



WHO ARE WE?

TEST YOUR
KNOWLEDGE WITH
THE VOLVO GROUP QUIZ

1 What percentage of employees in the Volvo Group have blue-collar jobs?

- A. 35%
- B. 49%
- C. 70%

2 What percentage of the Volvo Group is under the age of 30?

- A. 5%
- B. 14%
- C. 25%

3 What percentage of Volvo Group managers are women?

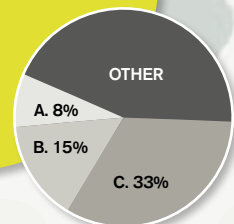
- A. 6%
- B. 15%
- C. 18%

4 How many Volvo Group employees are based in Asia?

- A. 19%
- B. 22%
- C. 34%

5 What percentage of employees belong to each of the following organisations?

Volvo Buses
GTO
Volvo CE



YOU CAN FIND THE ANSWERS ON PAGE 5 - GOOD LUCK!

VOLVO