

STORIES FROM THE WORLD OF VOLVO GROUP

SPECIAL  
ISSUE

# Volvo Group magazine 4.2016



## A NEW DIRECTION

WHAT DOES THE FUTURE HOLD FOR THE VOLVO GROUP?



**What's next for the Volvo Group?** In this special issue of *Volvo Group Magazine*, we explore the new strategic direction – the mission, the vision, the aspirations, the values and the way the Group now operates.

## Volvo Group magazine 4.2016



THE MISSION

### 4 THE MISSION Why are we here?

The Volvo Group is driving prosperity throughout the world. In Mumbai, this is done through efficient transport solutions. Research into new innovations is also important.



THE VISION

### 18 THE VISION Where are we going?

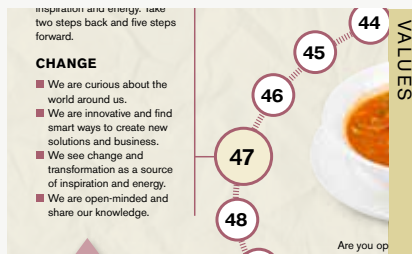
In the UK, the Volvo Group has excelled in packaging tailor-made total solutions for customers and becoming true partners rather than just suppliers. Many markets want to learn from this example.



ASPIRATIONS

### 32 ASPIRATIONS How do we get there?

What does it take to be number one in customer satisfaction and the most admired employer, while also having the highest profitability in the industry? We asked customers and employees.



VALUES

### 58 VALUES Who are we?

Values are important for good results – in work and in play. Find out how with our new board game.



MAKING IT HAPPEN

### 60 MAKING IT HAPPEN How will we do it?

There are two key elements to how the business is run in the new organisation: an increased focus on continuous improvements and decisions that are taken closer to the customer.





# “Together we lift our Group to the next level”

**W**hen I am out talking to people in the Volvo Group, I usually ask two questions. The first is whether the future demand for transport is going to increase globally. The other is whether this will take place in a sustainable fashion. Needless to say, the answer is “yes” to both these questions.

Sustainable transport is the basis of building a prosperous society. Our role is to be part of this development and we definitely have the capacity. In my view, there are few companies with the same potential to contribute that we have. This is one of the reasons my job is so much fun.

To succeed with our goals, to guide and determine the decisions we take, we have set a number of strategic priorities. They tell us what we should do and how.

**THE IMPORTANCE** of strengthening our brands is one example. The competition is razor sharp; we have lost market share and need to get back on the right track. Leading positions cannot be taken for granted.

This is why we are going to strengthen Volvo Trucks’ position as the leading global brand for heavy-duty trucks in the premium segment. At the same time, we need to recapture market shares for the Renault Trucks, Mack Trucks and UD Trucks brands in their regional markets.

A stronger, more brand-specific sales

organisation is one way of achieving this. Meetings with customers at dealerships play a decisive part in our success. So, I want a less complex organisation where decisions are made in closer collaboration with customers. The same thing applies to our service operations. This is vital to enable us to reach our targets.

We can also strengthen profitability by finding better, more straightforward solutions in product development, purchasing and production using continuous improvement. Once again, our focus is our customers. Our investments must give value to our customers.

But our Group is not only made up of truck operations. Our other business areas also contribute to profitability and technical innovation. I am proud to report that Volvo’s electric buses are in great demand globally. Volvo CE offers a fantastic range of machines and the development of our engines is really exciting. To succeed as a Group, we need to collaborate and make use of synergies whenever possible.

**THESE ARE JUST** a few examples of the way we are working to realise our vision. I hope those of us in the management team have succeeded in conveying the importance of this strategy to all of you. I also hope you will be inspired and, like me, feel that we are on the right track.

Together, we are going to lift our Group to the next level.

**MARTIN LUNDSTEDT**  
PRESIDENT AND CEO, VOLVO GROUP



# WHY ARE WE HERE?

With effective transport and new technology to meet future challenges, the Volvo Group wants to help raise prosperity. Come along to Mumbai where Volvo buses are making life easier for city residents.

The historic Bandra train station is an important hub in bustling Mumbai. But with the constant influx of new residents, the city needs to upgrade its infrastructure and transportation system.





## THE MISSION

► Driving prosperity  
through transport  
solutions

# MUMBAI ON THE MOVE

Like a growing number of rapidly urbanising cities globally, Mumbai is congested and needs new solutions. Volvo Group aims to get the people of this megacity moving again.

TEXT KEVIN CARMICHAEL PHOTOS KIRAN NAMA



Mumbai resident Anrullah Husaini explains why he chooses to travel with Volvo buses: "On the Volvo bus, you don't feel tired."



A ticket seller outside the central Bandra station in Mumbai. Due to the extra comfort, customers are willing to pay extra for a "Volvo ticket".



Close to the historic Bandra train station in central Mumbai, Anrullah Husaini's family runs the Lucky restaurant and hotel. It has been a favourite spot for *biryani*, the popular mixed rice dish, since 1937, which has even made it a navigational landmark in the city.

Anrullah Husaini remembers a time when a car would pass the restaurant only every few minutes. Now, the sound of horns, engines and voices is constant.

Anrullah Husaini drives to work because there are no decent public transportation links between his home and the restaurant. But when he needs to get out of the city, he catches an air-conditioned Volvo coach at the stop around the corner. "On any other transport, when you reach the destination you are tired," says Anrullah

Husaini. "On the Volvo bus, you don't feel tired."

India is urbanising at a pace that the World Bank estimates will be the biggest this century. 10 million people a year move to Indian cities from the countryside – this influx is making cities like Mumbai chaotic and congested.



DIVYA MAHAJAN is travelling to the nearby city of Navi Mumbai. It is her second time on a Volvo bus but she is already a fan: "It's less complicated than getting there by train and a lot more comfortable."







A Volvo bus from the neighbouring city of Navi Mumbai navigates the crowded streets of Mumbai. Other than these city buses, long-distance Volvo coaches are a strong presence in Mumbai, connecting it to various parts of the country.



**NEHA DULERA AND PRAJAKTA DIWAN** travel regularly with air-conditioned Volvo buses from Mumbai to Belapur, the Central Business District in Navi Mumbai, a nearby city. They prefer travelling by bus. Since it is relatively quiet, they can spend their time relaxing and chatting with each other.

The *Mumbai Mirror* newspaper reports that if all of the private cars registered in the city were lined up, they would occupy a distance of more than 3,000 kilometres — yet the city has only 2,000 kilometres of roads. Then add tens of thousands of black-and-yellow taxis, auto-rickshaws, and motorcycles. There isn't enough space for everyone. "You suffer," says Anrullah Husaini.

**TO ACCOMMODATE AN** urban population that is expected to reach 600 million by around 2030, billions of dollars will be spent in India in the coming decades. With its broad portfolio that stretches from solutions for infrastructure development to transport, Volvo Group is well placed to participate in





## A game-changing tax

**THE INDIAN** government is attempting to replace a number of state taxes with a single national goods and services tax (GST). The change is set to dramatically alter the trucking industry. Today, companies have to pay taxes every time goods cross a border, which is time-consuming and can leave trucks waiting at border crossings for days.

With a single tax, many of these delays could be avoided. And with more time on the road, trucks that carry larger loads and achieve higher uptime will be more competitive. "The proposed new GST regime will be a game-changer, not only for transportation and logistics industry, but also for smart urbanisation and infrastructure development. It is set to bring down India's high costs of logistics and realise the benefits of technology," says Kamal Bali, Managing Director for Volvo Group India.



Kamal Bali, MD of Volvo Group India

this historic shift. There are profits at stake; there also is an opportunity to help improve the quality of life in a country of more than 1.2 billion people.

Volvo Group is already making its mark on cities like Mumbai. Volvo CE loaders were part of building the approach to Mumbai's Bandra-Worli Sea Link, a US \$240-million suspension bridge that reduced the north-south commute by an hour at peak times. Volvo CE equipment demolished the old airport, clearing the way for a new facility that is recognised as

one of the best in the world. And Volvo buses are becoming the preferred choice for commuters.

The bus Anrullah Husaini travels on goes to Navi Mumbai, a newer city of more than 1 million people to the east of Mumbai. There are some other premium bus brands on the route as well, but locals know the service only as the "Volvo bus". Jheel Nayak who often travels by bus on intercity routes thinks Volvo buses are "great". The problem is they aren't part of the Mumbai inner-city service,

"Many Indians feel that AC buses are expensive, but people aren't thinking about how much it costs to buy the fuel they need to idle for hours a day in traffic jams."

FARDEEN HUSAINI, MUMBAI RESIDENT



## The gateway to India

PEOPLE FROM ALL over India come to Mumbai for work and travel. The city is home to a flourishing financial sector, Bollywood and several of India's leading universities. Mumbai also hosts the country's largest port, which handles around one fifth of India's foreign trade. More than 400 Volvo Penta engines are in operation in the port. There are an additional 100 marine engines operating in the Mumbai region.





## Volvo Group's joint venture in India

**EICHER-BRANDED TRUCKS** account for about one-third of the light-and-medium duty truck market in India, with a strong presence in the 5T-12T truck segment. They are also available in the heavy-duty truck segment (with close to 4 percent of the national market). Meanwhile, Eicher-branded buses make up some 15 percent of the bus market, including a large proportion of school buses. The Eicher trucks and buses business is part of VE Commercial Vehicles (VECV), a joint venture between Eicher Motors Limited and the Volvo Group. In operation since July 2008, the company includes the complete range of Eicher trucks and buses, VE Powertrain, Eicher's components and engineering design service businesses, the sales and distribution business of Volvo Trucks as well as aftermarket support to Volvo Buses in India.



Jheel Nayak

so she avoids it altogether. Jheel Nayak isn't alone: fewer people ride municipal buses today than a decade ago. The red behemoths are old and crowded. Jheel Nayak prefers to navigate the roads on her motorbike for about an hour each day and then catch a train to get to Bandra station from south Mumbai. It is a risky route – with frequent accidents due to overcrowding.

**IT IS ONLY A** matter of time before Mumbai and other municipalities upgrade their bus systems. It may not happen at once, India's local and national government have tight finances. But since large-scale bus infrastructure such as Bus Rapid Transport is much less costly than building a subway system, Volvo Group aims to be part of the solution.

"As the pace of urbanisation in India increases, finding sustainable solutions has become a national priority. At Volvo Group we have the potential to create real value on this road to progress," says Kamal Bali, Managing Director of Volvo Group India. "Whether that is about developing infrastructure or motivating citizens to leave their cars behind and take public transport – our solutions with buses, construction equipment, trucks or engines are there to help create change for the better." ☉



### BETTER INFRASTRUCTURE CUTS COMMUTE

India's rapid urbanisation is opening up both business opportunities and opportunities to make a positive impact. Volvo CE loaders were part of building the approach to Mumbai's Bandra-Worli Sea Link, a US \$240-million suspension bridge that reduced the north-south commute by an hour at peak times.

# Just the right cure

A trucking company based in Mumbai is changing the business of delivering medicine. And entrepreneur Rahul Agarwal is doing it almost entirely with Eicher trucks made with Volvo Group technology.

#### RAHUL AGARWAL, DIRECTOR of Bhorukas

Transporting Solutions, sits down for an interview in front of a wall full of trophies and certificates of achievement. Rahul Agarwal says he is proudest of a designation of excellence from GlaxoSmithKline, the British pharmaceutical company. The award is evidence that the risk he took a couple of decades ago is starting to pay off.

Rahul Agarwal comes from a family that has been in the trucking business since 1952. In the late 1990s, he decided to try to make it on his own. The Indian transportation industry was badly disorganised. Few companies were equipped to track their trucks or guarantee delivery times. Rahul Agarwal thought he could do better. He bought computers and installed global positioning units in his trucks. The investment allowed him to win business from drug companies, which were frustrated by the fact they had so little control over their high-value shipments.

Today, the business is growing by a whopping 80 per cent a year. In 2013, Rahul Agarwal had 12 refrigerated trucks. Today, he has 100. "We are hungry," he says.

The Bhorukas fleet is supplied almost entirely by VE Commercial Vehicles Ltd., an eight-year-old joint venture (JV) between Volvo Group and Eicher Motors Ltd. VE Commercial Vehicles,



Vinod Aggarwal Rahul Agarwal

which makes commercial trucks and buses, sold almost 5,000 units in April, a 37 per cent increase from the same month a year

earlier. The surge in sales reflects India's status as the fastest growing major economy in the world; the International Monetary Fund predicts India's gross domestic product will expand 7.5 per cent in 2016, compared with 6.5 per cent in China. "The JV is an entry into the mass market," says Vinod Aggarwal, Chief Executive Officer of VE Commercial Vehicles.

One key to success has been driver comfort. Rahul Agarwal pushes his drivers further than most trucking companies. He says he can do so because of the superior quality and reliability of the Eicher brand.

"It has a more efficient engine, there is more comfort for the driver. He has to stress less." ☺

### BHORUKAS TRANSPORTING SOLUTIONS

**Innovation:** A network of cold-storage facilities powered by solar panels, becoming one of the few Indian logistics companies offering controlled temperature door-to-door.

**Total fleet:** 225 trucks; 95 per cent supplied by the Volvo Group's JV with Eicher Motors.



## HOW TO CONTRIBUTE TO SOCIETY

The Volvo Group's new mission is "driving prosperity through transport solutions", but what does that really mean? *Volvo Group Magazine* asked Reef Larsson.

TEXT MARIA SKÖLD PHOTO CHRISTER EHRLING

**AS DIRECTOR OF** Strategic Research & Studies at Volvo Group, Reef Larsson explains how the Volvo Group's new mission statement reflects the social and economic environment we live in.

"Many people associate the word prosperity with material wealth, but the meaning is broader than that," says Reef Larsson. "It also means access to the shared conditions we need to sustain well-being and quality of life. On a societal level, that includes, for example, education, health care, good infrastructure and safe transportation, and of course caring for the environment."

Around the world, Volvo Group's customers contribute to the prosperity of societies by transporting people and goods, constructing buildings and infrastructure and providing many services needed in daily life. The Volvo Group enables this work through its products and services.

Making an impact is also about developing solutions that are accessible. In a diverse market like India, that means providing solutions for both the value and premium segments.

Reef Larsson believes that the Volvo Group, with its research capacity and global reach, can drive innovations in fast-growing fields such as automation, connectivity and alternative drivelines. These areas can contribute to safety and productivity gains, as well as environmental sustainability.

Ultimately, using a broad term like prosperity in a mission statement can create more possibilities to motivate and empower people: "The ways the Volvo Group can fulfil the mission may evolve as we grow and change as a company, and as transport solutions are adapted to our ever-changing world," says Reef Larsson. ☉





### AUTONOMOUS FMX MINING TRUCK

The truck is being tested as part of an R&D programme in the Boliden mine. It includes:

- ▶ Special sensors
- ▶ Lidar – radar system  
(The truck does not use GPS to navigate.)
- ▶ Extra sprinkler system
- ▶ Special mine tipper

Automation can be described as having 5 levels



Driver Assistance



Partial Automation



Conditional Automation



High Automation



Full Automation

# Scaling up automation

TEXT LINA TÖRNQUIST  
PHOTOS CHRISTER EHRLING

This Volvo FMX is a *tour de force*. The advanced automation technology in this research vehicle is set to boost productivity and improve safety, while lowering emissions. But don't expect all automation to look like this.



A

UTOMATION IS A hot topic in the vehicle industry. But it is also widely misunderstood.

"When people think about vehicle automation, they tend to think of robot trucks

but vehicle automation is something we have been working with since the introduction of automatic gearboxes in the 1970's. We see it more as a stepwise development," says Torbjörn Holmström, Chief Technology Officer of Volvo Group.

Automation is redefining a number of areas of Volvo Group's business, from its manufacturing to aftermarket services. Vehicle automation is set to be one key part of developments. At its most advanced, it is illustrated by this completely self-driving Volvo FMX truck, which is being tested at the Boliden mine in northern Sweden as part of an R&D programme. The truck is controlled by two computers, six Lidars (a radar system), and a number of sensors.

Since there is no human driver behind the wheel, the truck can operate 24 hours a day and in conditions that are unsafe for people.

This advanced technology was made possible by several important hardware milestones, including advances in autonomous braking systems and the introduction of Volvo Dynamic Steering in 2013.

"Volvo Dynamic Steering was the last big piece of puzzle to fall into place," says Torbjörn Holmström. "It allowed us to quickly scale up software applications."

**NOW, AS THE RACE** for greater vehicle automation heats up, Volvo Group is set to test automation across several vehicle categories. But even with advances on several fronts, the technology is not expected to be a one-size-fits-all solution.

The first levels of automation includes platooning technology, such as the convoy of trucks which drove through Europe in April. For that event, trucks were linked together using Wi-Fi, while braking and speed were controlled by computer. Human drivers help steer the vehicles and can take over if necessary.

On the highest level of automation are vehicles that can operate without any human interaction.



Torbjörn Holmström



Anders Kellström

This includes the FMX truck in the Boliden mine.

Ongoing advances in automation are set to bring tangible, broad-scale benefits.

"This FMX can cut costs and emissions while increasing safety. Mines are often full of dust and gases that can be unsafe for humans. After a detonation, for example, operators often need to stop transport temporarily to let the dust settle. When that happens a lot of productivity is lost," says Anders Kellström, Senior Product Planning Manager at Group Trucks Technology.

"In the long run, by making the Boliden mine more productive, we hope these types of solutions can help contribute to the sustainability of communities that are dependent on the mine." ☉

## Interest from around the world



Kina Wileke

**THE IMPORTANCE OF** vehicle automation in society is reflected in the attention that the technology is generating in the media.

Starting with European Truck Platooning Challenge in April 2016, Volvo Group's ongoing campaign to communicate its advances in research and development have been met by strong media interest.

"This spring, we've had journalists from several European countries and Japan visit and test our trucks," says Kina Wileke, Head of Volvo Group Media Relations.

The end goal is to build broad-scale buy-in. "Ultimately, we are trying to reach everyone from politicians and decision makers, to future employees. We want to communicate both the opportunities these technology advances make possible and to show that the Volvo Group is at the forefront of developments."

# IT'S ALL CONNECTED!

By 2020, an estimated one million Volvo Group vehicles are going to be connected. This is creating a huge potential to turn data into value for customers.

TEXT LINA TÖRNQUIST ILLUSTRATION PETTER LÖNEGÅRD

**T**he world is becoming more and more connected. Using a range of technology from telematics, Wi-Fi, sensors and social media apps – people, things, vehicles and infrastructure are sharing increasing amounts of information.

Today's connected vehicles are already creating value in a myriad of ways. For one, connectivity improves uptime by, for example, predicting when a component needs maintenance. Vehicle connectivity also helps to lower costs through better fuel and transport management. It can also increase safety. Volvo Buses, for example, operates Zone Management, a GPS-based service that alters how an electric-hybrid bus functions based on where it is, lowering speeds and running on electricity in sensitive areas. Connectivity solutions also help keep drivers entertained and safe.

As the number of connected vehicles increase, the eco-system of connected objects is also growing.

Connectivity is transforming each step of the customer journey – from how the Volvo Group sends its brand message to customers, to selling vehicles online, to



**Hans Ristner**

how goods are tracked and delivered. It is also making automation possible.


Customer benefit is the main goal. Take for example a truck that needs servicing – if it

can be steered to a service workshop that has an available slot, this creates value. If a mining customer is informed that a truck is 80 per cent full or that the dumper trucks are standing still 25 per cent of the time, further value is generated.

“The challenge we are working with every day is to build services to extend their reach and the usefulness for customers,” says Hans Ristner, Vice President Volvo Group Strategy. “The data we have create lots of opportunities – it is up to us to turn them into smart value-generating services.” ☉







## Creating value through connectivity:

► Connectivity is transforming each step of the customer journey – from how the Volvo Group sends its brand message to customers, to selling vehicles online, to how goods are tracked and delivered. Connectivity makes automation possible.

► Connectivity allows vehicles to receive information from infrastructure and vehicles. This helps in areas such as traffic management, accident-avoidance and automated tolls.

► The ability to broadcast location, speed and direction to all neighbouring vehicles increases safety through collision avoidance, convergence and cooperation applications.

# FUELS OF THE FUTURE

TEXT MARIA SKÖLD PHOTOS VOLVO GROUP

There is a lot of research going on to develop efficient and sustainable drivelines. For buses, construction equipment and lighter trucks, electrification holds great promise. But for long-haul transport, other alternatives are needed.



## A wide range of solutions



**1 TRUCKS:** For long-haul transport, diesel fuels will most likely remain the dominant fuel in the foreseeable future, due to their relatively low cost and high energy density. Changes in fuel supply will take time.

But different markets and segments have different needs and there is a lot of ongoing research into alternatives. Increasingly, renewable fuels are mixed with diesel and other fossil fuels to reduce CO<sub>2</sub> emissions.

Volvo Group is the first manufacturer to develop an efficient diesel engine fuelled by methane (for example, from natural gas) and ignited with a small amount of diesel. In addition, the Volvo Group is prioritising the use of dimethyl ether (DME), which burns almost soot-free and with the same efficiency as diesel in slightly modified diesel engines. Over the past 20 years, the Volvo Group has developed four generations of prototypes with DME.

For short distances and city transport, compressed natural gas will continue to be important, while electric trucks are also gaining some ground.

## Leading the way

**2 BUSES:** The Volvo Group wants to be the world leader in electromobility for buses. Developing this technology is key to tackling many of the problems associated with urban living, such as air pollution, noise and greenhouse gas emissions.

More than 7,700 electric and hybrid buses have been delivered from Volvo Group's bus brands and joint ventures.

In Europe, Volvo Buses is the market leader when it comes to hybrid buses, with a market share that is close to 40 per cent.

There are several factors that point to a growing demand for electromobility in the future: cities around the globe are imposing increasingly strict regulations on emissions and noise, as are many nations. At the same time, there have been important breakthroughs in battery technology.



## The future is electric

**3 CONSTRUCTION EQUIPMENT:** Electricity will be key to the future of construction equipment. In September, Volvo CE presented its new hybrid loader which can deliver up to 50 per cent better fuel efficiency, compared to traditional machines.

The Electric Site project was also met with great interest. This system solution for working in quarries aims to reduce carbon dioxide emissions by up to 95 per cent, and includes electrified products such as a new electric autonomous load carrying unit.



VISION



THE  
VISION

► Be the most desired  
and successful transport  
solution provider in  
the world

# WHERE ARE WE GOING?

Satisfied customers are what it's all about.  
Great Britain is at the forefront when it comes  
to listening to customers and developing a  
strong service offering.

Ian Ashley (left) from  
Faccenda Foods knows  
what to expect from Martin  
Williams and his colleagues  
at Volvo Truck and Bus  
Centre in Milton Keynes.





# THE UK: CUSTOMER & CULTURE

The UK is one of the world's toughest markets yet Volvo Trucks has successfully established itself as a leading provider of complete transport solutions. The key has been building a customer-centric organisation and a culture based on respect, trust and empowerment.

TEXT NIC TOWNSEND PHOTOS CRAIG ECCLESTON

“It is all  
music to  
my ears.”

Arne Knaben is excited  
about the new direction  
of the Volvo Group.





**W**HEN THE VOLVO GROUP unveiled its new mission, vision and values, few people were as excited as Arne Knaben, Managing Director Volvo

Trucks UK. "I'm incredibly happy when I see the direction of the Group – it is fantastic," he stresses enthusiastically. "It is completely in line with what we believe in: customer focus, market focus, providing complete solutions, the importance of culture and trust – it is all music to my ears."

The UK is the world's fifth biggest economy and an extremely mature truck market. It is also very competitive and customer expectations

are high. For Arne Knaben, who has extensive experience from across Scandinavia, India and Australia, working with total offers is not only the right way but also the only way. "A customer said to me recently that to operate a truck company in the UK is almost like operating an airline – because it is so heavily regulated. Customers expect us to help with compliance. They also want help with finance, repair and maintenance, special features – everything. Obviously the truck is still very important but it is absolutely vital that we can package and deliver services too."

**IN RECENT YEARS**, Volvo Trucks has been able to distinguish itself in the UK market through its focus on customer needs and ability to devise tailor-made solutions to meet those needs. It is something that has been born out of necessity. "We're good at it because we have to be – customers demand it of us. And because this has been our daily reality for some time, we have learnt to work well together cross-functionally. Commercial sales, used trucks, finance, aftersales – we all work as a team. This is important because to offer a customer the right price, you have to have everything else right: capital costs, finance, residual value and repair and maintenance costs."

But the key foundation behind Volvo Trucks' success in the UK is what Arne Knaben calls "the mother of all enablers": culture. "When you look at a truck, you cannot see the driveline but you know it is there and that the truck cannot function without it," he explains. "Culture is the same – it is essentially the driveline of an organisation."

**IN THIS REGARD**, the Volvo

Group globally provides a perfect template to emulate throughout the whole organisation. "The Volvo Group culture is a winning culture. It respects people, they are allowed a lot of freedom, they are empowered to make decisions. There is no secret recipe – just treat people with respect and trust – regardless of whether it is a customer, an employee or a dealership." ◎

>



Brian Mills (right), Dealerpoint Manager, Volvo Truck and Bus Centre Milton Keynes, with technician Darren Trim.



#### THE UK TRUCKS BUSINESS

**Market:** approx. 35,000 trucks  
**Market share**  
**Volvo Trucks:** 15-20 per cent  
**Renault Trucks:** 5-10 per cent



Susan Spencer



Stuart Napier

*Ian Ashley:*

At Faccenda Foods, we do a lot of things ourselves and don't really contract out. We have our own hatcheries, breeder farms, feed mills, abattoirs and distribution network. We want to ensure we are compliant and operate as efficiently as possible, and a lot of the time the best way to do this is to do it ourselves."

Ian Ashley (left) and Martin Williams have built their partnership based on trust and transparency.

## "WE HAVE A GOOD RELATIONSHIP"


In any business, there are many figures and KPIs for measuring progress and success, but when it comes to the Volvo Group's vision, there is only one opinion that counts: the customer. For Faccenda Foods, one of the strengths of Volvo Trucks is its willingness to be a partner rather than just a supplier.

**T**ODAY FACCENDA FOODS is one of the UK's largest food businesses with a turnover of over £500 million. What originally started out in 1962 as a one-man poultry business is now a national company that supplies fresh chicken, turkey and duck, and its customers include almost every major supermarket chain.

"We are very focused on how we grow our product to a really good quality and how we grow our business," says Ian Ashley, Head of Transport and Safety Operations, Faccenda Foods.

Faccenda Foods currently has a fleet of 128 large goods vehicles, which not only transport produce to customers, but also transport deliveries between the company's different sites. Each vehicle is typically on a five-year operational lease and every year, the company calls for tenders for vehicle renewals, which must then be carefully evaluated. For Ian Ashley, this decision is about more than just the truck's price. "If you're using a truck for five years, it's no good looking





“It’s more of a partnership rather than a ‘you sell it, I’ll buy it’, type of scenario.”

IAN ASHLEY, HEAD OF TRANSPORT AND SAFETY OPERATIONS, FACCENDA FOODS

at how much you saved with a cheaper truck knowing that at the end of the five years, they’ve caused us all sorts of problems because of their reliability, which costs us money.”

Faccenda Foods prides itself on its excellent service delivery record. Downtime not only threatens that reputation, but a single late delivery could cost a sale in the region of tens of thousands of pounds. Uptime is also important internally, in order to keep up with production. “The way we plan our factories is very much ‘just in time’, so if something is not on time, it delays what we do,” explains Ian Ashley. “For example, our processing plant expects delivery from us every two hours. If they don’t get it in time, it can basically stop the factory and that can cost us thousands of pounds an hour.”

**IN 2015, AFTER** a concerted effort from the Volvo Truck and Bus Centre in Milton Keynes, Volvo

Trucks won the contract to supply Faccenda Foods with 32 vehicles. In 2016, they won the contract again, this time for 29 vehicles.

By his own admission, Ian Ashley is a demanding customer. “I like things to be right and therefore I’m quite specific on what I want on the trucks and how I want them done. They know that if I have a bad experience, I won’t hold back on telling them so, but they’re really responsive to that.”

What has particular impressed Ian Ashley has been Volvo Trucks’ openness and transparency. “Volvo is more upfront in what they can offer. When you talk to other manufacturers, they’ll say ‘that’s the deal’. But with Volvo they’ll come and say ‘we’ve got a deal, however don’t forget we can help manage your fuel economy, we can help with the telematics, we can help by doing this or help by doing that’. We have a good relationship. It’s more of a partnership rather than a ‘you sell it, I’ll buy it’, type of scenario.”

**AS PART OF THEIR** partnership, Volvo Trucks sends a fuel watch manager to Faccenda Foods on a regular basis, who then analyses fuel and driver data. When he identifies potential areas for improvements, a driver development manager will then work with Faccenda Foods’ drivers. “Some people think you take an order for a truck, you deliver it, and that’s it – but that’s actually the start,” says Martin Williams, Sales Director, Volvo Truck and Bus Centre Milton Keynes. “For us, it’s then about helping them after they’ve got the trucks, to make the trucks more profitable.”

Volvo Trucks may have won over Faccenda Foods two years running, but they also know there is no room for complacency. In fact each year it gets tougher as the competition are forced to improve their offer. “Every deal gets that bit tighter and that bit harder,” adds Martin Williams. “In every business, whether it’s Sky TV or a phone provider, there always seems to be a lot of support at capturing new customers – half-price deals for a year and so on. But it’s important to throw all your support at keeping customers too.” ©



#### FACCENDA FOODS

**Founded:** 1962

**Employees:** Approx. 3,500

**About:** Faccenda Foods delivers fresh and convenience food solutions for the UK retail and food service sectors. The company is wholly owned by the Faccenda family and has been successfully supplying UK consumers for six decades. Their fleet delivers over 20m cases a year, hitting 99 per cent of the distribution targets agreed with their customers.

## Sam Taylor

ACTION SERVICE TECHNICIAN

Sam Taylor has been a Volvo Action Service technician for nine years. Recently Faccenda Foods (see page 24) saw three of their trucks break down on the same day, and Sam worked overtime to ensure all three were back on the road before clocking out. Ian Ashley from Faccenda Foods described his efforts as above and beyond his expectations. "It's highly unlikely to have three trucks break down at once. But I didn't mind working over time – that's what VAS is for," says Sam Taylor.



## LONDON FACTS

**3<sup>rd</sup>** largest city in Europe (behind Moscow and Istanbul). 19th biggest city in the world.

**65 MILLION  
VISITORS  
EVERY YEAR**

**8,500**

buses, 700 routes and 9,500 bus stops. This makes London's bus network one of the largest in the world.

**8.5 million**

The population of London (the wider metropolitan area has an estimated population of 12–14 million).

**HEATHROW  
AIRPORT**

is the busiest airport in Europe and sixth busiest airport in the world.



# “EVERYTHING STARTS WITH THE CUSTOMER”

For 15 years, Volvo Truck and Bus Centre London was losing money and increasingly looking like a lost cause. But by changing the culture and values, and putting the customer first, the business has completely turned around and is now firmly in the black.

**W**HEN PETER GROOME was appointed Managing Director, Volvo Truck and Bus Centre London was a mess. High living costs and property values make London a tough market even at the best of times, but the region was also still reeling from a rapidly declining vehicle population after the 2008 recession, which was having a knock-on effect on services.

Dealer points had to be closed and no new investment was coming in. REx (retail excellence survey) scores were the lowest in the UK, VGAS results were not much better, and the business had not made a profit for well over a decade.

“Anything you could imagine going wrong was happening,” recalls Peter Groome. “Dissatisfied customers, disengaged employees and there was no focus or motivation to change things. After a period, people just got used to not making money, and because it was owned by the Volvo Group, people assumed it would never be shut down, so there was no urgency to do anything different.”

**ORDINARILY A BUSINESS** in such strife would be under threat of closure, but London is no ordinary market. Greater London has a population of 8.5 million (up to 12-14 million including London’s wider metropolitan area) making it one of the biggest in the world. Its GDP is greater than many European countries, including Sweden. “Strategically London is too big and too important not to have a presence – we cannot afford not to be here,” stresses Peter Groome.

No business can survive while continuing to lose money, but with closure out of the question, that only left one option – turn the business around. For Peter Groome, that change started at the top with virtually an entire new management team. This was followed by new dealer managers, supervisors and workshop controllers until the entire workforce consisted of “the right people”. >



“Our aim is to make ourselves so important to the customer, they can’t take us out of the equation.”

PETER GROOME, MANAGING DIRECTOR, VOLVO TRUCK AND BUS CENTRE LONDON

“Knowledgeable, well-trained, experienced, have the right attitude, the right people management skills, and are entrepreneurial,” explains Peter Groome on what he was looking for in his new team. “The ethos we try to instill in the business is to allow people to run their own businesses, and feel empowered to make their own decisions.”

The next step was to change the culture and values, and establish a shared vision. “As a team, we decided what our values would be, and they are a lot like the values the Volvo Group now has globally. It’s about being the best possible partner for our customers. It’s about having the best offers to match our customers’ needs and it’s about finding the *right* customers. Not any customer but customers whose needs we can best match.”

**THE RESULTS HAVE** been immediate. In just 18 months, truck sales have increased from 250 a year to 400. But where the London region has been particularly successful has been with services. Three years ago, just 25 per cent of vehicles were sold with a service contract – that is now up to 75 per cent. Being able to offer customised total solutions has been a big part of their success, especially concerning compliance. London is a heavily regulated market, with customers affected by legislation concerning safety, visibility and carbon emissions. “We have had a lot of success in being able to offer customers a solution that takes care of all their compliance issues, so that they get on with their own jobs,” says Peter Groome. “Our aim is to make ourselves so important to the customer, they can’t take us out of the equation.”

**WITH THE BUSINESS** now back on track, Volvo Truck and Bus Centre London is proactively looking at the many exciting growth opportunities its region offers. High Speed 2 (HS2), a planned high-speed railway between London and Birmingham and later Manchester, will be one of the biggest construction projects in Europe. In close collaboration with Volvo Construction Equipment, Volvo Trucks is already in discussions with potential customers on how they can assist with a total solution that incorporates both machinery and transportation.



Ben Marzac jokes with a colleague. In the London region, changing the workplace culture has been key to turning around the whole business.







As London continues to move towards more sustainable modes of public transport, Volvo Buses is also in a leading position with its hybrid and electric hybrid vehicles, and is continuously in discussions with London's public transport providers.

"When I started this process, I needed people to believe that we could be profitable," says Peter Groome. "I firmly believe that if we can come up with solutions that enable our customers to be more profitable, that will enable us to be profitable. If our customers are not profitable, we never will be. Everything starts with the customer." ☉

#### **VOLVO TRUCKS AND BUS CENTRE LONDON REGION**

**Dealerships:** Eight plus one Vehicle Maintenance Unit

**Market share:** Approx. 11 per cent

**Sales:** 400+ trucks (up from 250)

**Contract penetration:** 75 per cent

#### **Main segments**

**Trucks:** Construction, waste managements, general haulage

**Buses:** London public transport

## *Susan Spencer:* **"I love the people, I love my job"**

**Susan Spencer, Parts, has worked at the Volvo Truck and Bus Centre Milton Keynes for seven years and never wants to leave.**

**"EVERYONE HAS DIFFERENT** skill sets and ability to bring something – and it's important that a company and managers recognise this and help people use those skills. That is what Volvo does.

"In other jobs I've had, you get to a stage where you realise you're not happy there anymore. You feel they're not utilising your skills or not listening to you, but that is not the case here. My manager and supervisor have picked up on areas where I have skills and they just chuck challenges at me knowing that's what I want.

"When I first started here, I was a van driver delivering parts. I was then asked if I wanted to have a go at selling parts. I took to it like a duck to water – absolutely loved it – so they asked if I wanted to go into the parts business and I took on the challenge.

**"PEOPLE HERE NOTICE** what you have a skill for and are ready to offer you a new challenge, so you're always progressing. But you're never thrown in the deep end and told to learn it yourself. There is as much help and guidance as you want.

"My manager (Brian Mills) is one of the best things about this job – I cannot speak of him highly enough. He keeps giving me new challenges, because he knows what I can do and what I like. Recently he sat me down and said 'you've got these skills, are you up for a new challenge?' He then put me into service doing job cards. Straight away I got all the help and training I needed. You're never made to feel you can't ask a question. Everyone is so happy to sit down and say 'I'll help you'."



# SERVICE THAT COUNTS

The staff at Volvo Truck and Bus Centre North & Scotland are clearly doing something right. They have consistently scored impressively in the Retail Excellence Survey, and have received praise for how they listen to their customers.

TEXT ALASTAIR MACDUFF PHOTOS SARAH ROBERTS

**T**HERE IS AN easy-going atmosphere at the Volvo Truck and Bus Centre in Glasgow. It's clear that the staff enjoy each other's company and take pride in their work. Like several others here, Neil Park started as a technician. Today he is Aftersales Director and also acting Managing Director at the time of writing.

"The customer has always been at the centre



Making time for a laugh. (left to right) Derek Henderson, Area Aftersales Manager; Craig Fisher, Transport Manager, European Metal Recycling; Kevin Bertram, Customer Relationship Management Coordinator.



“We would mostly just react to negative feedback from customers. Now the feedback we receive is distributed to every level of the company.”

KEVIN BERTRAM, CUSTOMER RELATIONSHIP MANAGEMENT COORDINATOR

service and information from the survey is sent to Volvo Trucks' and Buses' regional headquarters and then distributed to each dealership. In the UK's North and Scotland regions, it was introduced in 2013.

“Previously there was a tick-box culture,” says Kevin Bertram, Customer Relationship Management Coordinator. “We would mostly just react to negative feedback from customers. Now the feedback we receive is distributed to every level of the company and we share and celebrate the positive.”

In contrast to previous customer surveys, REx offers quarterly performance feedback to the dealerships. These are used to gain a more updated view of how things stand, enabling them to promptly address issues of concern and continuously improve their service.

Kevin Bertram thinks it is important to follow up on all customer surveys, even when feedback has been good. “Often we'll contact the customer to simply thank them for their feedback, or to look at one specific point that we could improve upon. It is important for us to make sure that every aspect of our service is first class and, if possible, to do that bit extra for a customer that makes the difference between us and our competitors.”

**ONE IMPORTANT ASPECT** of the REx is the Hot Alert system.

When customers award a low score of between one and five out of ten and signal that the dealership may contact them, a Hot Alert is

➤

of our strategic focus, but in recent years we have changed our tactics on how we deliver service on a daily basis. We have proactively worked with tools like REx to engage all our customers and staff in the drive for greater customer service.”

Volvo Group's Retail Excellence Survey (REx) is a questionnaire for customers who have recently visited a workshop or purchased a truck. The questions cover all aspects of customer



Kevin Bertram (left) and his colleague Raymond Hill chat with Andy Barr from WH Malcolm. "You get to know people better in a friendly atmosphere," says Kevin.

#### **VOLVO BUS AND TRUCK CENTRE NORTH & SCOTLAND**

- ▶ There are 12 Volvo dealerships in the region, with 420 employees.
- ▶ The Volvo Group's first import and distribution service in the UK started in Glasgow in 1967.
- ▶ It moved to the current site at Cardonald in Glasgow in 2003.
- ▶ Volvo Truck and Bus Centre North & Scotland was formed in 2009 after a merger between dealers in Scotland and the north of England.

generated. Prompt action is taken to solve the customer's issue satisfactorily, with the dealership also ensuring that operations are improved and the problem does not reoccur.

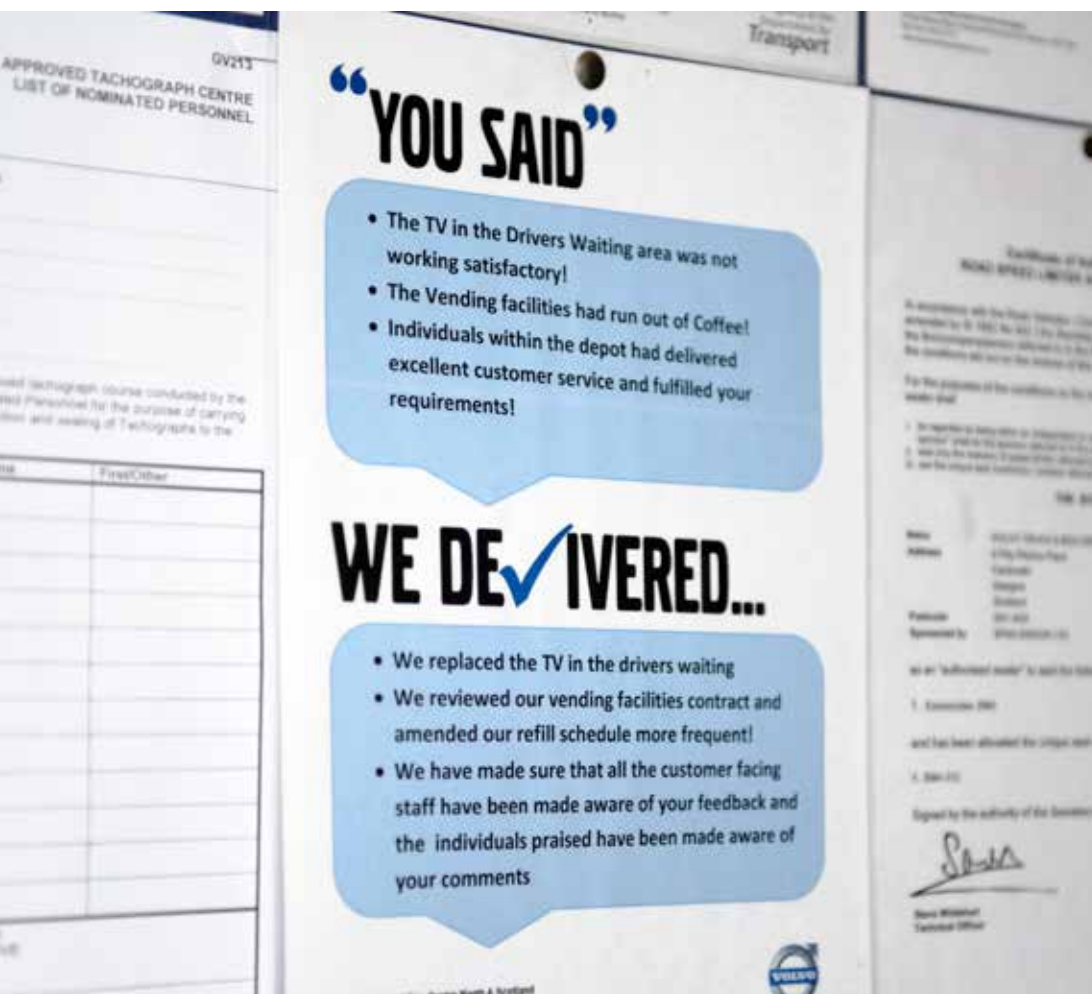
Kevin Bertram's role is central to the Hot Alert chain in the North and Scotland region.

"The Dealership Manager is notified when a Hot Alert is received. I then send out an acknowledgement to the customer, confirming the actions we will take to resolve the issue detailed by the customer in the survey. The Dealership Manager contacts the customer within one week, and the complaint should be resolved within a maximum of two weeks. It is vital that we act quickly in order to maintain our positive relations with every customer, no matter their business."

This customer-focused strategy has also led to power being handed to the twelve individual dealerships in the region.

"Local autonomy is making our dealerships accountable for their own successes," says Neil





## RETAIL EXCELLENCE

- ▶ There are different customer satisfaction surveys within the Volvo Group.
- ▶ The Retail Excellence Survey (REx) is carried out in more than 40 countries. The Hot Alert System is part of REx.
- ▶ The telephone survey consists of 13-14 questions to customers and takes around five minutes to complete.
- ▶ Categories of questions include Loyalty, Sales & Delivery, Workshop, and Soft Offer.
- ▶ Dealerships receive quarterly updates from the survey including customer service performance ratings.

A list of customer comments and staff responses hangs on the wall at the Truck and Bus Centre.

Park. "We are focusing on insight driven sales. This means listening to individual customers and understanding their needs. The dealerships have the freedom to create services for the customers that adequately resolve any issues they may have. It all comes down to adding value and helping the customers improve their business."

**AT THE CENTRE** in Glasgow, we meet customer Craig Fisher, Transport Manager with European Metal Recycling. The company has 15 articulated Volvo trucks and 15 rigids in service in the North and Scotland region.

Craig Fisher has travelled from Salford in north-west England for a meeting, and is happy to be here. "Our relationship goes back a long way.

The company I work for had some third party maintenance issues that we were unhappy about, but we managed to work together with the guys here and we haven't looked back. I know they have got my interests and the interests of the business at heart."

As Craig Fisher says goodbye and sets off on his journey home, there are hearty laughs and firm handshakes all round. "The natural touch is very important to us here," says Kevin Bertram. "If customers have to wait, offer them a cup of tea or something to eat. It's easy to get wrapped up in business, but we always make sure to have a chat and a laugh. We always prioritise time for our customers, as they are at the centre of our strategic vision to be the Customer Company." ©

## ASPIRATIONS



PHOTO: AZIMUTH / FILIBERTO ROTTIA







THE  
ASPIRATIONS

#1

► Have leading customer satisfaction for all brands in their segments

# HOW DO WE GET THERE?

Engagement, contribution and strong relationships are important for both employees and customers. Together with Volvo Penta, boat builder Azimut has strengthened its position.



In 2011, Volvo Penta invited Azimut to a customer event to demonstrate Inboard Performance System (IPS). On location in Gothenburg, representatives from Azimut were able to test drive a number of boats, including one with a triple installation IPS 600. "The biggest benefits are excellent manoeuvrability, low fuel consumption, reduced noise and vibration, integration, and better boat handling in general," says Giovanna Vitelli.

### AZIMUT YACHTS

**Based in:** Avigliana, near Turin, Italy

**About:** Azimut Yachts was founded in 1969 when Paolo Vitelli started chartering sailing boats. In 1985 Azimut acquired the historical brand Benetti and started constructing its own yachts.

**Market:** The yachts are sold all over the world. North America is the company's biggest market.

**Volvo Penta engines:** IPS is used in the models Azimut 55S, 68S and 77S. In 2011, Volvo Penta sold 80 engines to Azimut. In 2015, it sold 295.





## *Volvo Penta and Azimut Yachts*

# A winning team

By focusing on customer success, Volvo Penta has created new business. Now both Italy's most prestigious boat builder and America's biggest boat retailer, are investing in Volvo Penta IPS.

TEXT  
LINDA  
SWANBERG

PHOTOS  
TALOS  
BUCCELLATI

**I**N AVIGLIANA, JUST OUTSIDE of Turin in northern Italy, some of the world's most luxurious boats are being built. Giovanna Vitelli is the owner of Azimut Yachts, a company founded in the 1960s.

"We are a product-based company with innovation in our DNA. Our daily goal is the continuous improvement of our boats, achieved by on-going research into new desires and market trends," she says.

With a shared focus on product innovation, Azimut and Volvo Penta have been working partners for many years. Central to this partnership is Volvo Penta's unique integrated propulsion system, IPS. Several years ago, Azimut decided to invest in IPS for an entirely new model, the 55S, which became an important milestone in the two companies' cooperation. "As a product innovator, we have to be ahead of the market and this role is far from risk-free. Our bet on Volvo Penta and IPS was brave," says Giovanna Vitelli.

**AZIMUT'S BOATS ARE** sold all over the world, but the largest customers are in the US. There the boat market is dominated by MarineMax, one of the country's biggest retailers of leisure boats. For Azimut, it was crucial that MarineMax accepted its choice of Volvo Penta and IPS.

"It was not just a matter of convincing MarineMax of the benefits of IPS, the most important thing was to show how we can



Nicola Pomi, Head of Marine Sales at Volvo Penta Italy, and Giovanna Vitelli, owner of Azimut, have a good collaboration. "Both companies invest continuously in new products, even in difficult periods. Not everyone has the power to remain focused on innovation and the prioritisation of resources to create unique products," says Giovanna Vitelli.

support with spare parts and service," says Johan Wästeräng, Vice President Product Management Marine at Volvo Penta.

Success depended on close cooperation between many different departments and regions within Volvo Penta. Marcia Kull, Vice President, Marine Sales North America, was among those who played an important role. She met with Azimut and MarineMax representatives early in >



Some of the world's most luxurious boats are being built in Avigliana, just outside of Turin in northern Italy.

### *Bill McGill, CEO MarineMax*



"To get customer satisfaction in the long term, you have to take care of your customers. We see problems as an opportunity. If you take care of their problems – no matter what caused them – you make your customers happy and strengthen the relationship. Volvo Penta has the same approach, the issues we had they solved in a very good way."

#### **MARINEMAX**

- ▶ The largest leisure boat and yacht retailer in the US.
- ▶ The headquarters are in Clearwater, Florida. MarineMax has 56 retail locations.
- ▶ Sells Volvo Penta powered boats from Azimut, Ocean Alexander, Galeon and Aquila.

the process to answer questions about service and support. At the same time, Marcia Kull and her colleagues initiated different training activities with MarineMax. "We needed to get the salespeople to understand the IPS system, how it works and its overall value. We also needed to demonstrate to MarineMax that we value easy boating and exceptional customer experiences as much as they do," says Marcia Kull.

**THE INVESTMENT IN** training salespeople at MarineMax got results. Three years ago, the company's sales of boats with Volvo Penta engines was almost non-existent. The prognosis for this year is 125 boats powered by about 250 Volvo Penta engines. MarineMax has also extended the range of boats with IPS, and now also sells the brands Galeon, Aquila and Ocean Alexander.





## WHAT IS IPS?

- Volvo Penta's Inboard Performance System (IPS) was introduced in 2005.
- Since then, thousands of applications with the distinctive, forward-facing, twin counter-rotating propellers have been installed on hundreds of boat models worldwide.
- Some of the benefits are: outstanding manoeuvrability, higher top speed, lower fuel consumption and fewer CO<sub>2</sub> emissions.

"Our teams were a bit apprehensive at first, but once they got to know how Volvo Penta works that changed and now they are very pleased. Volvo Penta offers the complete package. It's a huge benefit that we only have to deal with one manufacturer," says Bill McGill, CEO and President MarineMax.

Today, MarineMax is considered a key account within the Volvo Penta organisation. That means that they have a sales professional assigned to manage all aspects of the account – from partner network and sales training to distribution development.

Volvo Penta conducts conference calls and meetings with MarineMax executives to ensure that their expectations are met. Which so far they are.

Besides selling several brands with Volvo Penta, MarineMax is working to drive its other major boat lines towards Volvo Penta and IPS. "The performance is incredible and when it comes to services Volvo Penta has been very proactive. With Volvo Penta you make boating easier – that's what we are here for," says Bill McGill.

Giovanna Vitelli at Azimut is also very happy with the good collaboration between Volvo Penta and MarineMax, which has been strategic for sales growth in the US.

"Through a proactive approach and excellent coordination, the new products launched have been extremely successful," she says. ☉



## What are the lessons from your work with Azimut and MarineMax?



NICOLA POMI,  
HEAD OF MARINE  
SALES, ITALY

### "CREATE GOOD RELATIONSHIPS"

"To make customers happy and successful, you have to create good relationships at all levels of the customer organisation. It must be easy to work with us and very hard to leave us. With the IPS in their boats, Azimut got the opportunity to launch a new product that made them more competitive. Thanks to the support provided by our network in the USA, we managed to make them successful in the most powerful retail nautical marketplace in the world."



MARCIA KULL,  
VICE PRESIDENT,  
MARINE SALES,  
NORTH AMERICA

### "A GLOBAL CUSTOMER IS OUR CUSTOMER"

"The understanding that a global customer, even if it does not buy products directly from our market unit, is our customer and should be treated like one. Volvo Penta holds a unique position as a global brand in an increasingly global marine market. Today's customer expects a consistent global experience. That's one of our value propositions which cannot be easily replicated by our competitors."



JOHAN  
WÄSTERÄNG,  
VICE PRESIDENT,  
PRODUCT  
MANAGEMENT  
MARINE

### "THERE IS NO US AND THEM"

"For us there is not 'us' and 'them'. We work cross-functionally, across regions, different segments and parts of the organisation. We all have the same focus, we listen to the customers and address their needs. By doing so, we open up for new business. The investment in Azimut was a strategic choice. They have a good vision, and just like us, they believe in innovation."



# Making the job easier

"They just make it really easy for us. We can reach them at any time and they go over and beyond what I would expect from such a service."

TEXT ALASTAIR MACDUFF

PHOTO V MCGEE TRUCKING INC.

**C**HRISTY CAUSEY IS Office Manager at V McGee Trucking Inc. in Mississippi, USA. A dump truck material hauling company, they have an ongoing cooperation with Mack Financial Services (MFS),

who provide a variety of business solutions in conjunction with the company's fleet of 50 Mack trucks.

"We started our collaboration three years ago, when we were looking to upgrade our fleet of trucks. All our drivers said the same thing – they wanted the Macks! This was the initial reason why we went with their services. We later realised that what they offered us was to way more than just a fleet of trucks," says Christy Causey.

Mack Financial Services provide a range of solutions to V McGee, including leasing agreements and payment plans. They are the sole





### V MCGEE TRUCKING INC.

**Based:** Memphis, Tennessee  
**Founded:** 1997  
**Business:** Dump truck material haulage  
**Fleet:** 50 Mack Granite dump trucks

“We subsequently realised that what they offered us extended to way more than just a fleet of trucks.”

CHRISTY CAUSEY, OFFICE MANAGER AT V MCGEE TRUCKING INC.



Timothy Vanzant

ago by Kevin and Venesia McGee. Today, the company covers the southern US ‘tri-states’ of Mississippi, Tennessee and Arkansas, their expertise has brought work on projects in Alabama and Louisiana – they were a prime subcontractor on the clean-up operation after Hurricane Katrina in New Orleans in 2005.

CHRISTY CAUSEY HAS 40 drivers and 20 subcontractors under her charge, and says that MFS has made her job easier. “My greatest challenge is keeping my paperwork in order on a day-to-day basis. MFS have been so helpful in helping us maintain our fleet on the road. If we have any financial issue to discuss, they are ready with the paperwork when we need it. Recently they worked directly with our insurance company to get the vehicle certificates we required.”

Apart from the overall financial support MFS offers V McGee’s operations, it’s the personal touch that Christy Causey values. “TJ (Timothy Vanzant) is just the best. We recently had a situation where a file was too large to send via email and he offered to drive to our office and pick it up. It really is the extra special touch these guys give, from the sales team to the finance team. They help with every aspect from beginning to end and it just makes everything so much easier.” ☺

source of financing on the company’s fleet of dump trucks.

Timothy Vanzant is District Finance Manager at MFS, and works as a liaison between V McGee, the Mack dealership and financial services. “When I began, the relationship was already in place. It was just a matter of building and maintaining a personal relationship of trust with our customer. It’s my job to make sure that V McGee are satisfied with the financial solutions we provide them with and to effectively aid in the implementation of these into their business model.”

V McGee, which is headquartered just south of Memphis, Tennessee, was founded 20 years

### FACTS: VFS/MFS

- ▶ Volvo Financial Services (VFS) was formed in 2001 when the Volvo Group merged several of its existing business units.
- ▶ Mack Financial Services (MFS) is part of Volvo Financial Services global coverage.
- ▶ MFS global headquarters are located in Greensboro, North Carolina.
- ▶ MFS offers loans, leases and payment plans to Mack customers in the USA.

# Right on time

At Bourg-en-Bresse in France, the GTO assembly plant has improved its performance – now 95 per cent of trucks are delivered on time.

TEXT ALASTAIR MACDUFF  
PHOTOS NICOLAS DARTAILH

**P**LANT MANAGER FRÉDÉRIC Brun is delighted with the results of working with continuous improvements at his location. “We now spend a lot of time with customers, working on quality of service and on delivery.” Two years ago, 80 per cent of the trucks that were assembled at Bourg were delivered to customers on time. This was a statistic they wanted to improve.

To achieve better delivery performance, communication between various parties involved in the process had to change. Laurent Genillon is Area Manager and responsible for coordinating five line managers at different stages in the assembly process. “We started by trying to understand what created the gap between the production process and the delivery process. An action plan was drawn up, which involves communication between the plant, Sales, and Logistics Services, led by Laurent Brunel

## DELIVERY PRECISION

- ▶ Delivery Precision is one of the main KPIs at Group Trucks Operation.
- ▶ A key element to delivery precision is to have effective standardised processes on the production line, to ensure a predictable and consistent output.
- ▶ Problems that are identified should be documented and shared throughout the organisational chain.

from GTO COE Logistics. When a customer requests a truck, various IT systems calculate the required milestones for each organisation, as to what exact date the truck must leave the plant. Then we enter in discussions to give the same priorities to all involved departments. It is this precise coordination between production process and delivery process that we have greatly improved. We then leave the trucks to Logistics Services, who are responsible for delivering to the customer.”

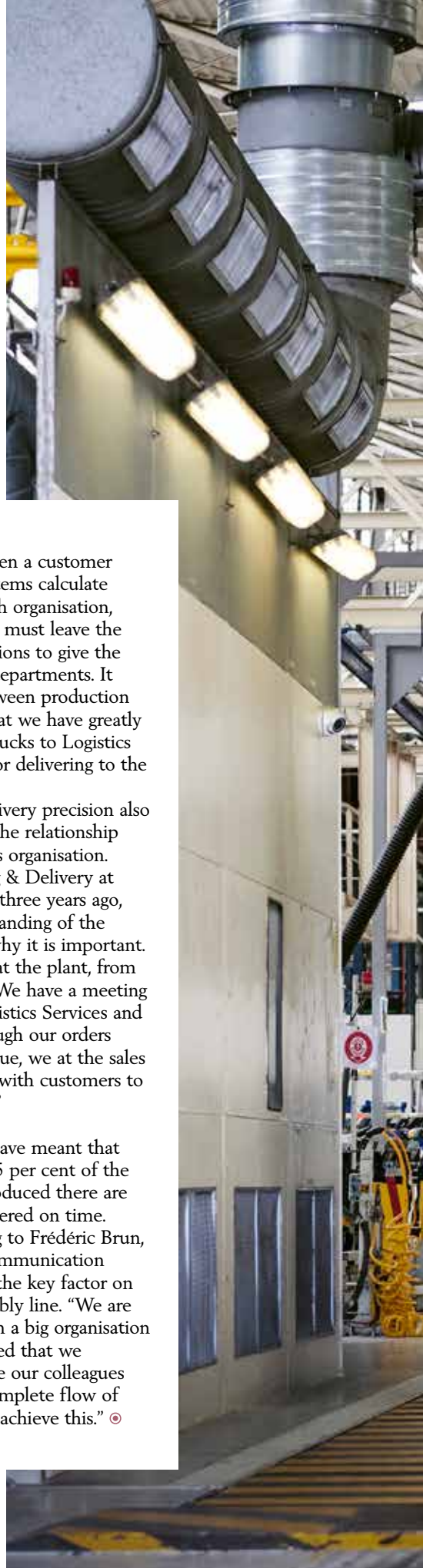
Making improvements in delivery precision also highlighted the importance of the relationship between the plant and the sales organisation. Eric Belles is manager Invoicing & Delivery at Renault Trucks. “Compared to three years ago, there is a much greater understanding of the Customer Delivery Date and why it is important. We now see full commitment at the plant, from all stages of the assembly line. We have a meeting every week with the plant, Logistics Services and Sales & Marketing. We go through our orders truck-by-truck. If there is an issue, we at the sales organisation can communicate with customers to ensure they are kept informed.”

**THE CHANGES MADE** at Bourg have meant that



Frédéric Brun

around 95 per cent of the trucks produced there are now delivered on time. According to Frédéric Brun, simple communication has been the key factor on the assembly line. “We are working in a big organisation and realised that we should use our colleagues to support us more. It is the complete flow of information that has helped us achieve this.” ☉







Two years ago, the Bourg-en-Bresse assembly plant in France set out to increase its delivery precision by working cross functionally. Today, 95 per cent of trucks are delivered to customers on time.

As Paulina Persdotter Örtendahl sees it, engaged co-workers and an inspiring culture are by far the most important factors.

“Everything starts with ourselves. Engagement and having fun at work is contagious and the best way to attract the employees of tomorrow.”

TEXT LINDA SWANBERG PHOTOS ROBIN ARON OLSSON

# “The Volvo Group’s co-workers are our most important ambassadors”

**P**AULINA PERSDOTTER ÖRTENDAHL is Director Employer Branding, Group Human Resources. Her job includes setting the direction on how to work with employer branding, to give the Volvo Group better access to a strong pool of talent worldwide. Meeting these requirements is a truly rigorous task. One of the Group’s three aspirations in its new direction is to be the most admired employer in the industry.

## What is needed for the Volvo Group to succeed?

“A long-term and conscious approach both internally and externally. Employer branding does not stand alone, it is a part of everything we do within the Group every day. In a time where transparency is constantly increasing, it is of great importance that our external employer brand reflects our values and the internal employer brand.

“It’s basically a question of creating pride and engagement, as engaged co-workers share positive experiences and stories with the outside world. This will enable us to turn our aspirations into reality.”

## Co-workers are crucial for how the Volvo Group is perceived. How do you make people feel engaged?

“Engagement can be achieved first when people understand why changes are being made and are able to see their role in the big picture. In the light of all the changes that have taken place, our leaders need to act as role models in showing openness and trust to communicate a motivating vision of the future that makes our employees passionate and proud. The way people are treated in their day-to-day work also plays a vital role. We all need to feel that other people listen to us, that we have the opportunity to develop and that our ideas are heard and taken into account.”

## How does the Group work with employer branding?

“We are working on many different levels, focusing on different target groups, not just university students but also pre-university students and young professionals.

“One very important factor is to ensure that the programmes and activities that are run are linked to our business needs in each individual market or area. In this context, workforce analytics and demographics are important tools. They give us information about the areas in

➤



## THE ASPIRATIONS

### #2

- Be the most admired employer in our industry



Paulina Persdotter Örtendahl works on employer branding at Group level. "What our co-workers feel and think has an incredibly important impact on the way the Volvo Group is perceived as an employer. Do we convey a sense of frustration or happiness at the dinner table or when socializing with our friends after work?"

### “The knowledge gap between different generations is another major challenge.”

PAULINA PERSDOTTER ÖRTENDAHL, DIRECTOR  
EMPLOYER BRANDING, GROUP HUMAN RESOURCES

which there is movement and the way global events impact our needs and access to important skills. To be an attractive employer, we need to understand the skills and competencies we require and be clear about that. If everyone is pursuing the same target group, it will be difficult to stand out from the crowd.”

#### Why should people choose to work for the Volvo Group?

“Because working with the sharpest and most creative people in the transport and infrastructure industry generates motivation and engagement. The Volvo Group really regards its co-workers as its leading driving force and it is always striving to be at the cutting edge. At the Volvo Group, people have the opportunity to work in a multicultural environment, where collaboration across all the time zones really changes the future step by step every day. The Volvo Group is the obvious employer for everyone who is driven by the desire to make a difference in a fast-changing world.”

#### Looking ahead, what are the greatest challenges?

“The Volvo Group is a large employer and it needs many different professional groups. Reaching everyone in the best way calls for a huge effort.

“The knowledge gap between different generations is another major challenge. While the younger generation has generally grown up in a connected world, we have co-workers who have spent most of their lives outside the digital world. There's a large discrepancy in the way people perceive the potential that new technology creates. New technology is also generating new roles on the labour market. Today, as an example, young people can be very successful, self-supporting bloggers and their skills, influence and networks could also be of interest to us.” ☉

## QUESTIONNAIRE

### What is a good employer to you?



HICHAM ELAMBRI, WAREHOUSE  
EMPLOYEE, GTO REMANUFACTURING,  
LIMOGES, FRANCE:

“A good employer is a company that listens and where there is a possibility to discuss things. Strong safety and job security are important and to know there is the possibility to advance and to try out different things. To become ‘the most admired employer’ in the industry, I think diversity is important. Employing women and people with different backgrounds brings different points of view. It also helps when employees get a sense of the company's long-term goals.”



RENATO NARDELLI DE SOUZA,  
ASSEMBLY WORKER, GTO  
CURITIBA, BRAZIL:

“It is important to feel valued and recognised. A good employer is concerned about the health and well-being of its employees, and there is competence development and different career opportunities. I also appreciate that the company has a good relationship with the local community, through social and environmental projects. The Volvo Group can be the best employer in the industry by keeping the employees motivated and continuously strive for excellence.”



TAMMY SCOTT, TECHNICIAN ON THE CAB LINE  
IN NEW RIVER VALLEY, GTO, USA:

“It's important that the company cares about its employees. Here, they give us benefits and classes. They interact with us. Continuous improvement gets employees involved, and the Volvo Group should continue to be open to ideas from people on the production floor. If we take everyone's ideas, and continue to make sure processes are done the same way each time, we can make a better work environment.”



**NEETA DULHANI**, VERIFICATION  
ENGINEER AT VOLVO BUSES,  
GOTHENBURG, SWEDEN:

"Three years ago, I moved from Bangalore in India to Sweden, together with my family. In India, I worked as an electronic design engineer, but getting a new job in Sweden wasn't easy.

"Last year, thanks to 'A job at last!', an initiative run by the governmental employment agency in which the Volvo Group is a partner, I got a six-month trainee position at GTT in Gothenburg. This has been really important for me, as, among other things, it helped me to attain the experience I needed to get the job I have now.

"I have been working at Volvo Buses since February. In India, many companies are more hierarchical, so it has taken a while for me to get used to a flat organisation. Here in Sweden, co-workers are expected to take more responsibility. It's a challenge, but it's also really positive.

"A good employer regards employees as an asset and gives them the opportunity to develop. As I see it, it's important that the team I work with has a clear picture and vision of the future. This enables me to understand what is expected of me and to see how I can develop in the organisation. Two-way communication is also important – having a manager who is interested in their colleagues' views and ideas.

"However, the most important thing of all is being given the chance to feel that I am doing a good job."

"It's important that the team  
I work with has a clear picture  
and vision of the future."

NEETA DULHANI



**RIE KOBAYAKAWA**, FINANCIAL  
CONTROLLER, UD TRUCKS  
OPERATIONS, AGEO, JAPAN:

"Learning new things is important. With proper mentoring, even a routine job can become fun. There should be an atmosphere where employees can challenge their managers to find better solutions and the freedom to decide *how* work should be carried out. We don't have as much work flexibility here as there is in Sweden. But there are discussions going on to try to change that."



**ROSANGELA PEREIRA DA  
SILVA**, ASSEMBLY WORKER, GTO  
CURITIBA, BRAZIL:

"It's about quality of life. The company must respect the employees and establish a relationship of trust. In my view, the Volvo Group can achieve its goal of becoming the most admired employer in the industry by encouraging personal and professional development for all employees."



**CHRISTOFFER MOTEUS**,  
HR BUSINESS PARTNER AT GTT,  
GOTHENBURG, SWEDEN:

"For me freedom with responsibility and challenging work tasks are important, as is flexibility in terms of work hours. To become the most attractive employer, we need to be more active on digital platforms. We must go out and show off all innovations and new ways of thinking. There is enormous knowledge and pride in our products within the company."



**KATIE GUEST**, OPERATIONS  
COORDINATOR, VOLVO GROUP UK,  
WARWICK, UK:

"Supporting the staff, so that those that want to learn and progress get help with their career progression. In terms of becoming the most admired employer, I can't think of anything the Volvo Group needs to do. I've been here for three years and I feel like the Volvo Group supports you 100 per cent. It all comes down to culture. Everybody is proud to work here and it is like a family really."

# Talent directors on their biggest challenges

We asked talent directors from around the Volvo Group about what talent is hard to find. What are the challenges to attracting and retaining talent? And, how are they working to achieve the goal to become the most admired employer in the industry?

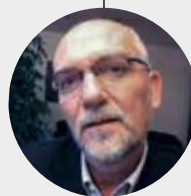
TEXT LINA TÖRNQUIST



## **"IT'S IMPORTANT TO MANAGE THE NEEDS OF DIFFERENT GENERATIONS"**

"I think the biggest challenge for us is to offer careers with cross-functional opportunities and clear career paths for advancement. It's also important to manage the needs of different generations. Being the most admired employer in our industry is definitely a goal we want to achieve. Starting out, we will continue to recognise and appreciate diversity and focus on better work-life balance opportunities. We are also raising our involvement and visibility in community and university relations."

**IRIS AUSTIN**, TALENT & COMPETENCE/HR BUSINESS PARTNER AT MACK TRUCKS



## **"A COMBINATION OF SKILLS, BEHAVIOURS AND VALUES"**

"We are looking for people in various fields, especially in sales. There is no secret formula – it is more a combination of skills, behaviours and values that we are looking for. Of course, we value the ability to make decisions, think creatively and find solutions for customers. In France, to become an admired employer, we are focusing on strong relationships with schools and universities and we are active in local forums and diversity networks. I think the most powerful lever to reach this goal will be our business success – our best ambassadors will be our employees and our customers."

**THIERRY GUERIN**, HR MANAGER, RENAULT TRUCKS





## “WE CONSTANTLY FOCUS ON RECRUITING MORE FEMALE ENGINEERS”

“Our challenge is always to find skilled engineers in the different job areas we have at GTT. At the same time, we need to recruit people who have the ability and potential to continuously grow as the technology environment becomes more and more complex. One specific area we constantly focus on is recruiting and developing female engineers and talent. To give one concrete example of how we are tackling this challenge, we are creating a specific Engineering Graduate Program and reaching out to female candidates at the universities that we collaborate with.”

**GUILLAUME VAUCHER**, HR DIRECTOR TALENT & COMPETENCE, GROUP TRUCKS TECHNOLOGY



## “ARE THEY ABLE TO MAKE THINGS HAPPEN?”

“When looking for potential employees, on top of professional and leadership skills, we put extra focus on their motivation. Are they able to make things happen? Do they have the will and skill to work and to adapt to the complex environment? We believe these qualities are needed for all employees, regardless of profession. From a company’s perspective, being the “most admired employer” means we are a respected company, and our work is meaningful and good for society. It also means we need to engage and develop our employees, and help them take care of their health and professional development.”

**RACHEL XIAO**, TALENT & COMPETENCE MANAGEMENT DIRECTOR, VOLVO GROUP CHINA

## CAREER OBJECTIVES AROUND THE WORLD

Every year, analytics firm Universum conducts a survey among students at universities in different parts of the world. One of the questions relates to the students’ most important career goals. Here are answers from some of the countries in 2015.

### ► USA

1. To have work-life balance
2. To be secure and stable in my job
3. To be dedicated to a cause or to feel that I am serving a greater good

### ► INDIA

1. To be a leader or manager of people
2. To be secure and stable in my job
3. To have an international career

### ► JAPAN

1. To have work-life balance
2. To have an international career
3. To be dedicated to a cause or to feel that I am serving a greater good

### ► SWEDEN

1. To have work-life balance
2. To be secure and stable in my job
3. To be challenged, competitively or intellectually

## THREE PROGRAMMES TO FIND NEW TALENT

### 1 Academic Partner Programme (APP)

This strategic, long-term programme covers 12 selected universities in Sweden, France, USA, China, Japan and India. The APP has two types of collaboration – Preferred Research Partners and Preferred Talent Partners. It aims to cooperate on specific projects and increase the Group’s visibility to students and researchers.

### 2 International Internship Programme

Every year, some 20 students from universities included in the Academic Partner Programme spend two to six months working abroad for the Volvo Group in France, India, USA, Sweden or Japan.

### 3 Volvo Group International Graduate Programme

A programme for recent graduates all over the world with a maximum of two years’ work experience. The programme runs for 12 months and includes a combination of common and individual graduate activities, day-to-day work at the home company and an assignment abroad.

In 2016–2017, 29 participants have been selected from a total of 4,529 applicants.

Awards, lunch roulette and time to generate ideas. Here are three initiatives within the Volvo Group that create engagement.

## “IT’S A WIN-WIN FOR EVERYBODY”

TEXT LINDA SWANBERG PHOTOS JORDAN LOHR

**A**T THE GTO powertrain plant in Hagerstown, engine assembly operator Cory Bishop thought of an improvement that saves 15 seconds and 32 steps per engine.

“Last year, we started a new line, so there were of course things that could be improved. I submitted a quick kaizen with suggestions on how the work instructions could be changed. It not only improved the work at my station, but also the station before mine. And it resulted in higher quality,” says Cory Bishop.

A quick kaizen is a simple form where employees describe a problem and submit an improvement proposal, including the expected benefits and the cost of the change.

The quick kaizen that Cory Bishop submitted was not only



Cory Bishop

implemented, it was also recognised as the best improvement suggestion at the plant in 2015.

Powertrain Production in Hagerstown started working with a

reward and recognition programme in 2010. A year later, the Operational Excellence Award (OEA) became standard at all Powertrain Production plants worldwide. Every month, award winners are selected from each of the six sites, located in Sweden, France, Brazil, USA and Japan.

The main purpose of the recognition programme is to create engagement and encourage more employees to get involved in improvement work. Every year, a winner is selected from each site and invited to a global ceremony.

**EARLIER THIS YEAR**, Cory Bishop attended the recognition ceremony in France together with his wife.

“We were there for four days. We went on a tour to two different plants and we also got the chance to do other things like wine tasting,” says Cory Bishop.

Since the start of the programme in 2010, around 400 teams and

Cory Bishop works as an operator at the engine assembly in Hagerstown, USA. Last year he was awarded for an improvement proposal at his work station. The improvement saves 15 seconds and 32 steps per engine.



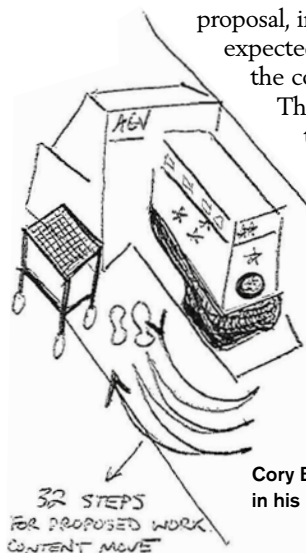
61,116

Numbers of quick kaizen in the OEA program for 2015.

129.3

million SEK (approx. 15,7 USD). The total cost saving for 2015. It's a new record!

Cory Bishop's illustration in his quick kaizen.







## OPERATIONAL EXCELLENCE AWARD

- ▷ The purpose is to get more employees involved in improvement work and contribute to the success of GTO, and by extension the whole Volvo Group.
- ▷ The first monthly Powertrain Production Operational Excellence Award ceremony was held in May 2011. Monthly award winners are selected at each of the six sites in Skövde, Köping, Venissieux, Hagerstown, Curitiba and Ageo.
- ▷ There are plans in place to implement similar programmes at all GTO sites. Plants in Tuve and Umeå in Sweden, for example, started reward and recognition programmes last year.



Tom Evans, Supervisor, Brad Heinbaugh, Value Team Captain, and Cory Bishop beside the quick kaizen board.

employees at Powertrain Production in Hagerstown have been rewarded for their improvement work. And there are a lot of changes to choose from – as of June this year, the number of suggestions submitted averaged five per employee. Every month, the top three improvements are presented by the employees who submitted them. The employees and leadership use Gemba ("go and see") to learn about the improvements on the plant floor. Nominees are then invited to a lunch, where the winner is announced.

"I definitely think the rewards are positive. Some people submit a quick kaizen hoping to win, but for me the reward is only a bonus. Improvements help you do a better job. If it can help the company to save some money at the same time, it's a win-win for everybody," says Cory Bishop. ◎

➤

Robert Valton,  
Erik Andreason  
and Magnus  
Löwenadler



# HAPPY FRIDAYS

*filled with new ideas*

Welcome to Happy Friday!  
One Friday a month, the employees at Volvo Group Telematics are given an extra chance to work on their own ideas and help to develop those of other people.

TEXT LINDA SWANBERG  
PHOTO JULIA BÄCK-JONSSON

**T**HE HAPPY FRIDAY concept is now in its second year, but this year it has a new format. In addition to employees being given time to develop their own ideas, lectures by people from other parts of the Volvo Group are organised. The aim is to create an exchange of knowledge, dialogue and new ideas.

"Happy Friday is a way

of creating engagement and participation, factors that are absolutely essential in an innovative culture," says Robert Valton, who is responsible for innovation at Volvo Group Telematics (VGT).

**ON THIS PARTICULAR** Friday, the theme is "The challenge of reducing warranty costs" and the guests – Magnus Löwenadler and Elham



#### WHAT IS VOLVO GROUP TELEMATICS?

**Operations:** Volvo Group Telematics is responsible for development, integration and operation of connectivity services for entities within Volvo Group, as well as external vehicle manufacturers (through WirelessCar). The function belongs to Group IT.

**Number of employees:** 600

**Established in:** China, Japan, Brazil, USA, India and Sweden

Pirina – are from GTT. Some 20 employees have made themselves comfortable in the lunch-room at the office in Gothenburg, while another 50 participants from other offices are taking part via Skype.

During the hour or so in which the lecture is held, a number of ideas are suggested on how GTT can benefit from the knowledge and data available at VGT – and vice versa.

**ERIK ANDREASON IS** a project manager at VGT and he is participating in Happy Friday for the first time.

“I will definitely attend again. It’s important to have a forum where you can express your ideas and where there are people you can discuss them with. Otherwise, it’s possible that valuable ideas aren’t spread or realised,” he says.

Erik Andreason also has one concrete suggestion. Use regular reports to give more people access to the analyses and data available in different parts of the Group.

“In just this short time, a number of really good ideas came up. Just think what would happen if we shared these insights with 100 or 500 people...” ☉

## Lyon plays Lunch Roulette

**C**OULD CHANGING WHO you lunch with also build a stronger company culture? The team behind a concept called Lunch Roulette at the Lyon Purchasing division hopes so.

About once a month, registered participants are automatically matched with a randomly selected group of four lunch companions.

And what difference does lunch make? Well, varying meal companions is linked to team effectiveness, according to research from Google. And a culture of eating together with people from different disciplines is even cited as a factor behind why Cambridge University has won so many Nobel Prizes.



Christelle Domercq

Christelle Domercq, Project Manager at Group Trucks Purchasing, first read about Lunch Roulette on the internet and is now one of the organisers of the initiative

in Lyon. For her, it has been a chance to have unexpected conversations and meet people in a relaxed setting. “It’s a fun way to break from my normal routine. It brings a little bit of randomness to the work day,” says Christelle Domercq. ☉

LINA TÖRNQUIST

“It’s a nice informal way to network. The conversation shifts from technical issues to vacation.”

“It’s an easy way to meet people and a fun thing to have in your calendar.”

Lunch Roulette is part of the Purchasing Lions initiative. Right to left: Julien Jamain, Elodie Chevallier, Fanny Laborie-Fulchic and Michel Garin.



PHOTO: NICOLAS DARTAILLH

THE  
ASPIRATIONS  
#3

► Have industry leading profitability

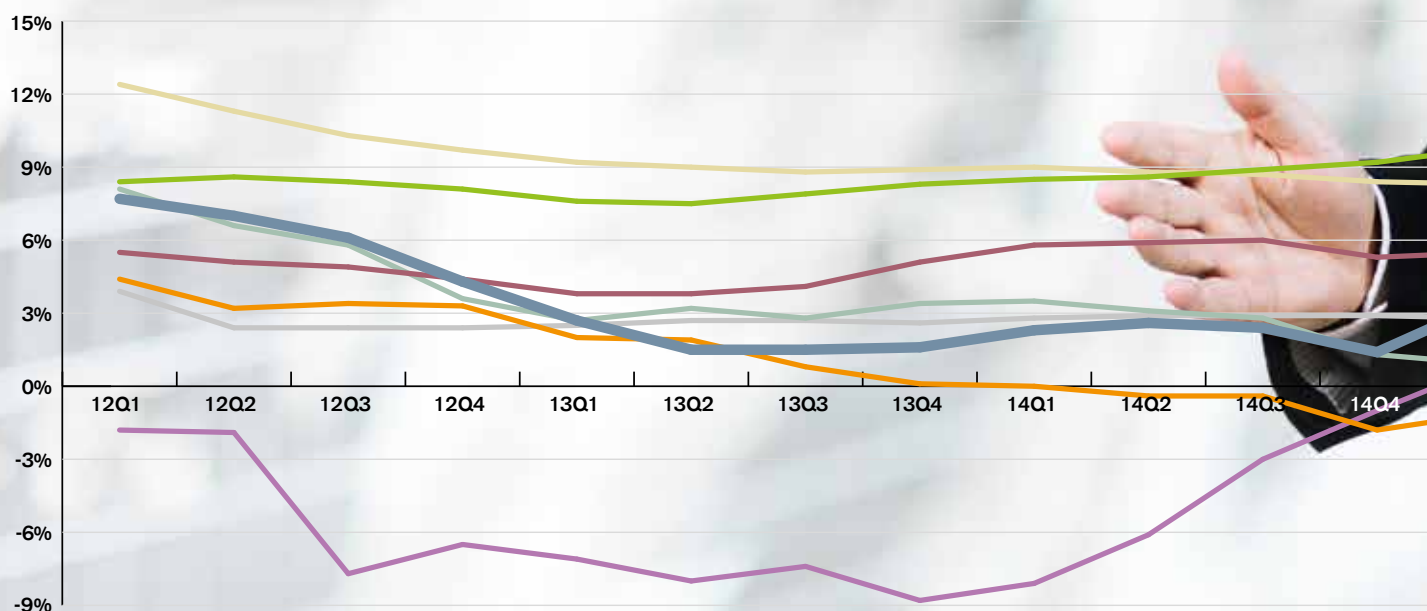
# “There is no magic formula”

Jan Gurander is the Chief Financial Officer who would rather talk about trust than figures.

“Performance is about delivering on our promises to one another. It’s about keeping our word. If we do that, we can also achieve strong financial results.”

TEXT MARKUS LINDBERG PHOTO CHRISTER EHRLING

## OPERATING MARGIN: Trucks and buses





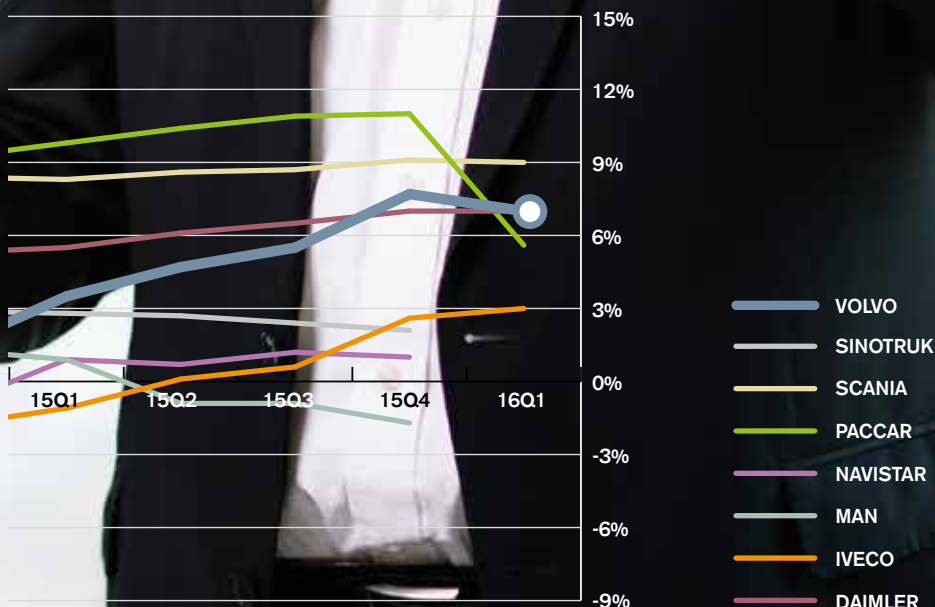


For many years, the media image of the Volvo Group has been one of a huge company with good products but flagging profitability, a company lacking the ability to manage upswings and downturns in demand. After the first quarter of this year, however, the tone totally changed. Profitability has continued to develop in a positive direction despite sharp downturns in both North and South America. News headlines have included “Time to believe in Volvo” and “Volvo stands steady in a tough truck market”.

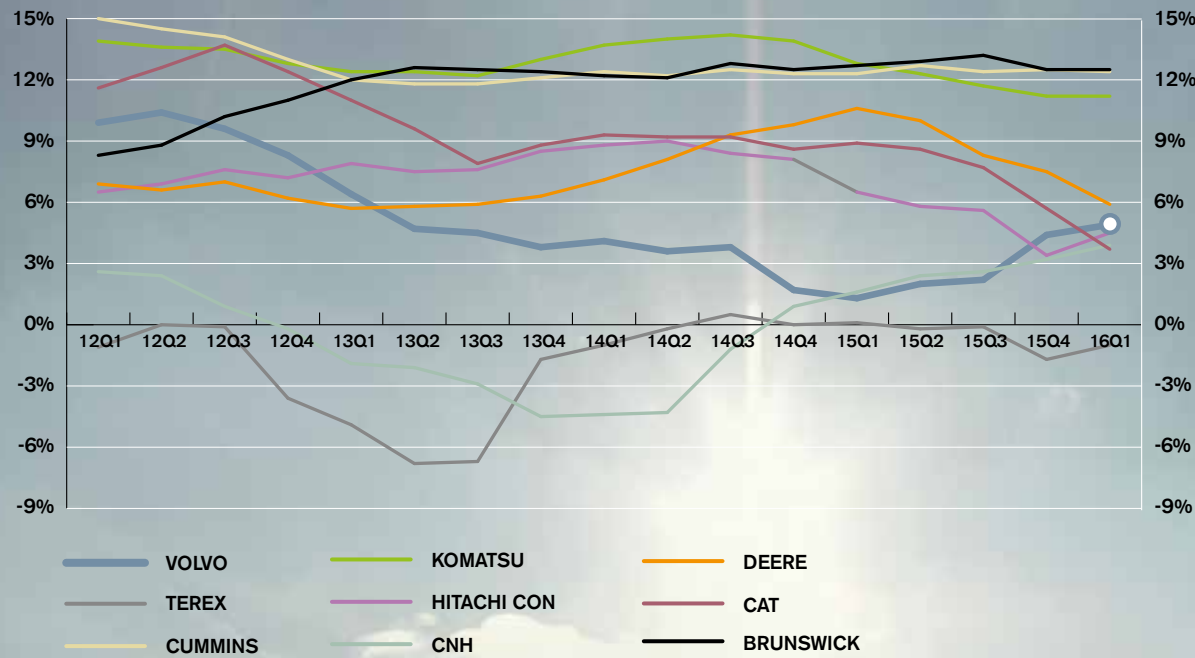
JAN GURANDER IS not so interested in discussing how the media describe the Volvo Group, but he says that the confidence of investors and the media has gradually increased.

“Our annual turnover is approximately 300 billion Swedish kronor. Over the past three years, we have reduced our structural costs – in

>



OPERATING MARGIN: Construction



25.7 billion SEK

The Volvo Group's operating income, excluding restructuring charges, in 2015.



other words, the costs that are not impacted in the short term by how much we sell – by about 3 billion Swedish kronor every year. This reduction corresponds to about one per cent of our turnover. This money directly improves our profit. Producing long-term sustainable results like that in an industrial company our size, is a pretty impressive achievement,” says Jan Gurander.

**IN THESE SENTENCES**, he summarises a journey that began a few years ago. The Volvo Group had grown sharply by acquiring a number of companies, but it had not been as successful when it came to transforming an increase in size to an increase in profits. What followed was a challenging period of restructuring and cutbacks among employees and consultants. Then slowly, the trend reversed.

In answer to the question of how he would describe the current situation, Jan Gurander has the following to say: “We can’t be satisfied with our current profitability, but we can see that we are approaching the best performers in our industry. Our previous costs were too high, but they are now closer to the average. So we can move from major structural changes to continuous improvements.”

So why is profitability so important? Jan Gurander addresses the question from different angles. The obvious answer is that money is needed to continue developing the company and its products, services and employees. Profit

brings freedom that allows the Group to create a good, stable future. The automotive industry is incredibly capital intensive and huge sums of money are needed to develop products and services that will also comply with future expectations for sustainability and fuel efficiency.

Another important aspect is the fact that the Volvo Group borrows money and then lends it to its



“Profitability is proof that we are on the right path.”

JAN GURANDER, DEPUTY CEO AND CFO

customers in the form of financing solutions when they purchase trucks or machinery. The same logic applies to people applying for a mortgage. If you want a good rate of interest on your loan, it is important to have stable finances.

The Volvo Group’s shareholders – in many cases institutions that secure pension capital for millions of people – also expect their investment in the company to be managed efficiently.

**FINALLY, IT IS IMPORTANT** to remember that the automotive industry is notorious for its fluctuations. So, when times are good, you need to make money in order to have a reserve when the tide turns.

According to Jan Gurander, profitability is also a sign of quality.

“If we look after our customers and generally run our operations effectively, we can achieve it. Profitability is proof that we are on the right path. Why shouldn’t we want to be better than our competitors also when it comes to profitability?”

The road to get there does not involve any dramatic change of direction. In concrete terms, it includes dividing large initiatives into smaller projects, for example, to make things slightly less complex and easier to achieve. It is also important to make use of economies of scale where they actually exist, without believing that one-size-fits-all solutions apply to every aspect of the Group’s operations.

Jan Gurander is also keen to underline the importance of controlling and developing the modular system when it comes to trucks.

Then he takes a break from the business economic reasoning.

“There is no magic formula. Performance is about delivering on our promises to one another. It’s about keeping our word. If we do that, we can also achieve strong financial results.” ☉

#### CUSTOMER BENEFITS WILL RAISE PROFITABILITY

“We’ll be successful by making our customers successful,” says Jan Gurander. He mentions four important areas to focus on:

- ▷ Sales of services
- ▷ Delivery precision in truck operations
- ▷ Parts availability
- ▷ Quality

The common factor for all four is that they create value for customers and the Volvo Group alike.

► You need a dice and playing pieces. Before you start, each player throws the dice and the highest number goes first. Land on a yellow circle and either jump forwards, backwards, skip a turn or get another throw. Good luck!



# START

“On the Volvo bus,  
you don’t feel tired.”

In Mumbai, Volvo buses are already becoming a refuge for frustrated commuters. And when India's megacities need to upgrade their bus networks, the Volvo Group is ready to play an important role. Hop onto a Volvo bus and go to stop number 12.

# WHO ARE WE?

Values are the key to achieving great results together. Play *The Values Game* and go on a journey through the Volvo Group and this issue of the magazine. The first to cross the finish line wins!

Change can be a source of inspiration and energy. Take two steps back and five steps forward.

## CHANGE

- We are curious about the world around us.
- We are innovative and find smart ways to create new solutions and business.
- We see change and transformation as a source of inspiration and energy.
- We are open-minded and share our knowledge.



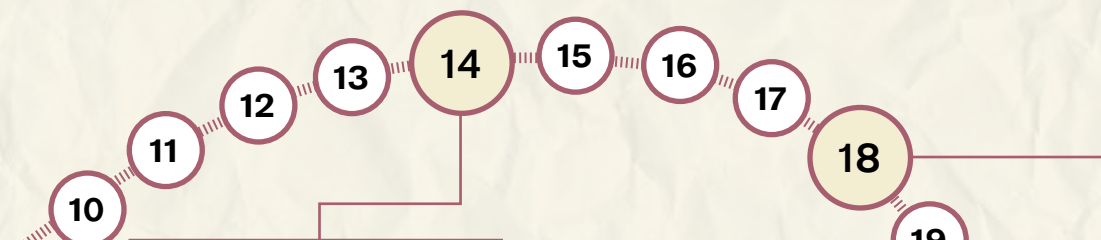
Are you open to new experiences and ideas? Then you should try Lunch Roulette. Skip a turn and eat lunch with colleagues at the Purchasing division in Lyon, France.

Having fun at work creates passion. Move forward four steps.

## PASSION

- We are proud of the work and business we do.
- We are engaged and committed to meeting our goals.
- We see how diversity strengthens us and try to bring out the best in everyone.
- We admit mistakes, fix them and learn from them.
- We are proud of our achievements, have fun and celebrate our successes.





Customer success is the first of the five carefully chosen values. Skip a turn and read up on what this stands for.

## CUSTOMER SUCCESS

- We truly understand our customers' business.
- We listen to and talk with our customers about their needs, desires and challenges.
- We focus on transport solutions that make customers successful and create value for society.
- We deliver on our promises.

It is controlled by two different computers, radar systems and a number of sensors. Sit back and go on a ride in the self-driving Volvo FMX, an innovation that saves fuel and improves safety. Skip a turn.



The values serve as a guide and drive decisions. Trust is an important part. Take another turn.

## TRUST

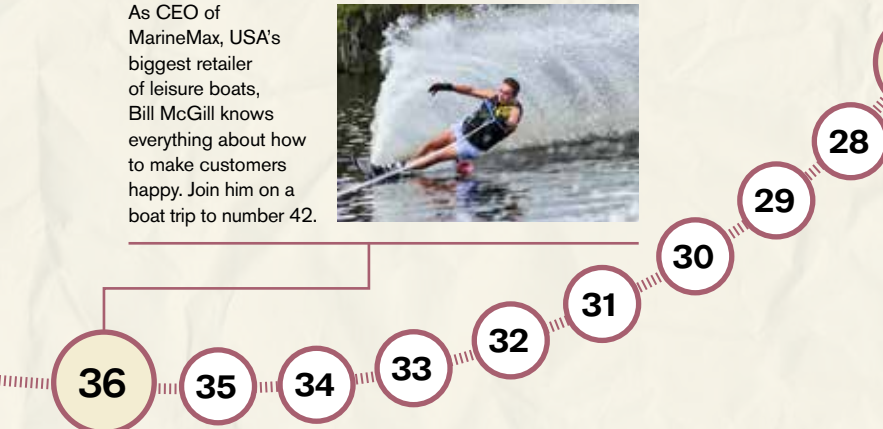
- We are transparent and have respect for the individual.
- We trust other teams to do their best and we respect the decisions made.
- We collaborate easily and create excellent results through teamwork and open dialogue.
- We are empowered and have the courage to act.

“We see problems as an opportunity. If you take care of your customers' problems – no matter what caused them – you make your customers happy.”

As CEO of MarineMax, USA's biggest retailer of leisure boats, Bill McGill knows everything about how to make customers happy. Join him on a boat trip to number 42.



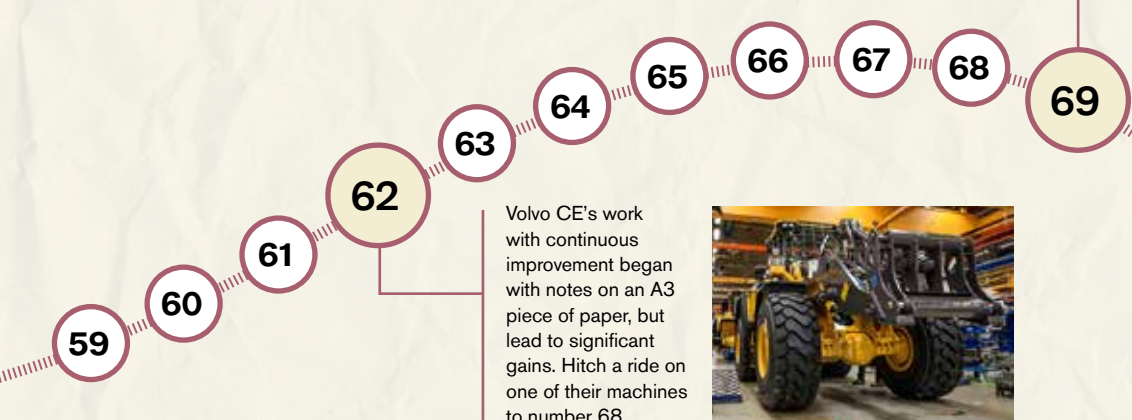
15 years ago Volvo Truck and Bus Centre London had problems with dissatisfied customers and disengaged employees. But by changing the culture and values, the business has turned around. Jump ahead four steps.



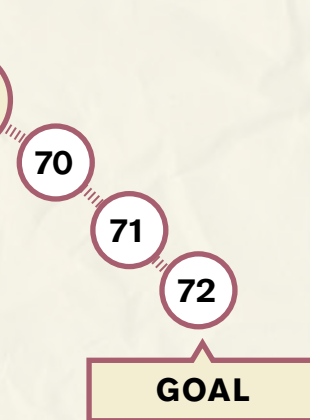
Performance is necessary for reaching business objectives. Wait one turn.

## PERFORMANCE

- We have a strong business instinct.
- We have the skills, knowledge and intuition to do the right thing.
- We expect a lot from ourselves and others, and walk the extra mile to do a great job.
- We see the big picture and know when to let go of an idea, a project or a plan.



Volvo CE's work with continuous improvement began with notes on an A3 piece of paper, but lead to significant gains. Hitch a ride on one of their machines to number 68.




**GOAL**

# HOW WILL WE DO IT?

Decisions that are made close to the customer,  
and work characterised by continuous  
improvement. These are two key parts of the  
Volvo Group's new way of working.





Melinda Axelsson works as a welder at Volvo CE in Arvika, Sweden. By levelling out production over the whole year, the plant can maintain a stable tempo.

Small changes can lead to big improvements.  
Here are three examples of the way work on continuous improvement can really make a difference.



Andreas Eriksson, supervisor, has noticed a big difference since the plant started working with production levelling. In the background: Magnus Forslund, teamleader.



Michele Ntandikiye is an assembly worker at Volvo CE in Arvika. Now he and his colleagues have more time for improvement work.

# Room for improvement

Fewer temporary employees, higher quality and greater flexibility. For Volvo CE in Arvika, Sweden, a more uniform production rate is producing major benefits.

TEXT LINDA SWANBERG PHOTOS PONTUS JOHANSSON

**E**VERY YEAR, THOUSANDS of wheel loaders leave the Volvo CE plant in Arvika, Sweden. Until the start of 2016, the production rate was based entirely on the monthly forecasts made by dealers in the region.

“Every month was like a blank sheet of paper. The problem with forecasts is precisely that – they are just forecasts and they are seldom correct. But here at the plant, we had to treat the forecasts as truths to which we

constantly adapted. All these changes in the production rate was tough for the employees and took time from improvement work,” says Dan Nykvist, Manager Order/Planning/VPS.

One of the results was that the plant was almost always overstaffed. Last year, in addition to more than 900 permanent employees, it had around a further 100 temporary employees working at production. Like any other plant, Volvo CE in Arvika is expected to be more





## Better every day

The concept of continuous improvement at work comes from Japan, where it was developed at the beginning of the 1960s. It has subsequently been used by many companies in different parts of the world. Work on continuous improvement has become increasingly important for the Volvo Group. Interest now focuses on working in a more standardised manner throughout the organisation.

Christian Nolander, assembly worker at Volvo CE in Arvika. The plant produces L60-L350 wheel loaders.



With a more stable tempo in production, Madelene Hjärpe and the other assembly workers can plan their every day work more easily.



Looking at data from previous years, the planning team found a way to level out production. From left to right: Tore van Baalen, Anders Gustavsson, Daniel Backlund, Christian Secund and Dan Nykvist.

“By levelling out production over the whole year, we can maintain a stable tempo without impacting deliveries to customers.”

DAN NYKVIST, MANAGER ORDER/PLANNING/VPS

efficient and increase productivity. This was not possible as long as the plant had to adapt the staffing to forecasted peaks in production.

**SO, AT THE** end of last year, the planning team in Arvika started to look at the way Volvo Trucks and Volvo Cars were working on production levelling. They then collected data and identified relevant metrics such as forecasts, stocks and lead times.

By also examining the annual volume from previous years and dividing it by the number of weeks in which production takes place, they arrived at the number of units that have to be produced every week.

“When we looked at previous years, we found that demand peaked during the second quarter and that it tended to fall away at the end of the year,” explains Dan Nykvist. “By levelling out production over the whole year, we can maintain a stable tempo without impacting deliveries to customers.”

One prerequisite when it came to successful production levelling was to include every link in the chain – finance, sales, market and production.

“In the past, everyone worked individually,

but we now made sure that we did our homework together, so that everyone had the same picture of the real-life situation,” says Tore van Baalen, Capacity Planner.

One of the most clear-cut results of the improvement programme is the reduction in temporary employees. In addition to the financial savings this represents, this new way of working has also generated other benefits in the shape of enhanced quality.

“A stable production tempo results in



Magnus Ellneskog

**Magnus Ellneskog**

MANAGER COMMERCIAL ANALYSIS & VOLUME PLANNING, SALES REGION EMEA

“The principal benefit is that we now have far greater transparency in the organisation and that there is more understanding of the challenges we are setting for the plants. Customers can also benefit. In the longer term, they will benefit from the reduction in costs and the improvement in quality.”



Melinda Axelsson, welder at the CAST-flow, is one of around 900 employees at Volvo CE in Arvika.





## NUMBERS

8

Volvo CE machines are produced at eight plants in Europe – four in Sweden, two in Germany, one in Russia and one in France. A plant in Scotland produces articulated and rigid dump trucks under the Terex Trucks name.

25–30  
MILLION  
SEK

The savings Volvo CE in Arvika expects the new working method to generate in 2016.

fewer mistakes which affects both quality and safety. What's more, the employees are able to improve their skills when they are not constantly forced to adapt to a higher or lower production tempo," says Dan Nykvist.

**EVERY MONTH, A MEETING** is held at which representatives from every part of the organisation are present. Mathias Asplund, Vice President Production Planning, is the person who has coordinated and established these changes in the organisation.

"The interfunctional work is the key to success. All the changes have been checked with and accepted by the sales regions in order to validate them and ensure that they don't impact the customer offer," he explains.

The working method that has been developed in Arvika will now be standard at all the Volvo CE plants within EMEA.

"The team in Arvika has done a fantastic job. We can see that working in the same way throughout the region will generate huge benefits," says Mathias Asplund. ☉

### DO YOU WANT TO LEARN MORE?

In June, Volvo Group University arranged Group Talks with six speakers from different parts of the Volvo Group. They shared their personal stories on how working with continuous improvement drives performance, collaboration, engagement and personal development. You find the talks in Navigator, the learning tool on Violin, and also on the new portal hosting all Group Talks <http://knowledge.volvo.net/SHARE/>.



Development of the award-winning Volvo FH, launched in 2012.



Renault Trucks launched a completely new range in 2013.

“It is important not to lose manoeuvrability, we need to be able to respond rapidly to the needs of our customers.”

CHRISTIAN CELLIER, SENIOR VICE PRESIDENT  
TECHNOLOGY PRODUCT PROJECT AT GTT



# Smaller projects – greater efficiency

Lower costs, greater flexibility and fewer risks. These are some of the advantages of Volvo Group's switch to a more stepwise approach to product development.

TEXT MARIA SKÖLD

**A**S PART OF the Volvo Group's new strategic direction, research and product development will increasingly be characterised by continuous improvements and smaller projects.

Christian Cellier, Senior Vice President Technology Product Project at GTT, sees several advantages of this new way of working.

"We have recently gone through major renewals, so we have the necessary foundation to work in a different way when we improve our products. A lesson we have learned is that efficiency often is higher in medium-sized projects than in the really big ones," he says.

In addition, the present volatility in the world economy calls for a more cautious approach. With a stepwise evolution rather than major renewals, the process is more flexible, since there is less risk that a delay at one step will affect development in other areas. It therefore becomes faster to bring new products into the market and start generating income. The ambition is also to make product planning and resource utilisation more efficient.

"It is important not to lose manoeuvrability, we need to be able to respond rapidly to the needs of our customers. At the same time, we're in the middle of a technology shift, including



Loic Mellinand,  
Renault Trucks



Ricard Fritz,  
Volvo Trucks

connectivity, hybridisation, and increased electronic monitoring. We need to develop products and introduce new technology in a way that involves low risk, since uptime is only becoming more and more important to our customers," says Christian Cellier.

This new way of working means important changes for the brands. For example, they will have greater freedom to choose when they want to push promotions and news, reducing the risk of important new features being drowned out in the general flow of information.

Ricard Fritz, SVP Product and Vehicle Sales Volvo Trucks, believes this opens up new opportunities. "It will be easier to present things in stages and explain what we have done and why. It will therefore be easier to work with price strategies and charge accordingly for improvements that we make," he says.

Loic Mellinand, SVP Product and Vehicle Sales Renault Trucks, is also positive. "Smaller projects with shorter lead times to market create good leverage for us. For now, we will prioritise maintenance and quality, which will send a strong signal to customers. But of course, over time there will be a balance between our short-term focus and long-term perspectives." ☉

Maria Rosenkrantz Sundemo (left) and Anna-Lena Karlsson have two meetings every week. Nine out of ten meetings are held at the appointed time and they are not interrupted as often.



planned meetings are often moved or interrupted.

"We started by looking back over the past two months and documenting how the meetings had gone. It emerged that fewer than half of them had been held as planned," says Anna-Lena Karlsson.

The group then created some golden rules for better meetings, together with a simple tool in Excel to measure the result.

**ANNA-LENA KARLSSON** and Maria Rosenkrantz Sundemo have two meetings every week. They go through the agenda for the following weeks and get a joint picture of what is important.

"When you're well prepared, it's easier to handle anything that turns up ad hoc. If we have effective meetings, Anna-Lena knows what to prioritise and she can make her own decisions. This also means that the quality of what I deliver improves," explains Maria Rosenkrantz Sundemo.

Anna-Lena Karlsson can see a number of advantages from working with continuous improvement. "It helps me to see and structure problems that steal time. By understanding the methods, I can also be even more active and contribute more to the management team."

The next step is to pass on this way of working to other executive assistants at GTO.

"We may not be assembling gearboxes and engines, but it is still actually possible to measure the work we do. More effective meetings are a small step in this process," says Anna-Lena Karlsson. ☺

# The golden rules for effective meetings

Meetings that are cancelled, moved or interrupted are a daily reality for many executive assistants. But through continuous improvements, Anna-Lena Karlsson and her colleagues have created three golden rules for effective meetings.

TEXT LINDA SWANBERG PHOTO JULIA BÄCK-JONSSON

**A**NNA-LENA KARLSSON works as an executive assistant to Maria Rosenkrantz Sundemo. In her role as SVP for Human Resources at GTO, Maria has a busy diary, with at least 10 meetings a day. "My job includes keeping an eye on her agenda and helping her to plan in advance," explains Anna-Lena Karlsson.

Last year, she took part in a course within the NEXT STEP programme for executive assistants. One of their tasks was to find out how they

could use methods for continuous improvement in their work.

"At the start, we were fairly sceptical. After all, our work isn't that easy to measure. It required both time and patience before we understood what the real problem was. When the penny dropped, it was a real 'wow' experience," adds Anna-Lena Karlsson.

**HER WORKING GROUP** chose to focus on meetings with managers. Executive assistants are expected to be proactive, but this is made difficult since

## GOLDEN RULES FOR BETTER MEETINGS

- It is held at the appointed time
- The participants go through the planned topics
- It is held without interruption



# How the Volvo Group is run

Who decides what in the Volvo Group? Here is a guide to the way decision-making at the highest level in the Group can be organised in different scenarios.

TEXT MARKUS LINDBERG AND JONATAN SJÖSTRÖM

**M**AKING THE RIGHT decision is decisive, regardless of whether it is a question of creating value for customers right now or choosing the right route for the future in a changing world.

The Volvo Group's so-called governance model is a way of explaining how the company is run in purely practical terms or, to put it another way, who decides what.

The basic concept is that the people closest to the customer should be able to make the right decision whenever possible. Needless to say, this naturally also requires collaboration. For example, the sales organisations need to work with the production function to ensure that the production rate matches demand. Other decisions call for multi-billion kronor investments and have such a major impact on operations that they require the involvement of the board of directors.

The set-up could be described as decisions being made at three levels: operational level, portfolio level and strategic level.

**Operational level** relates to the day-to-day operations in which the Volvo Group supports its customers with products, services and financial services. All the business areas have an income statement to follow and objectives to realise. This level

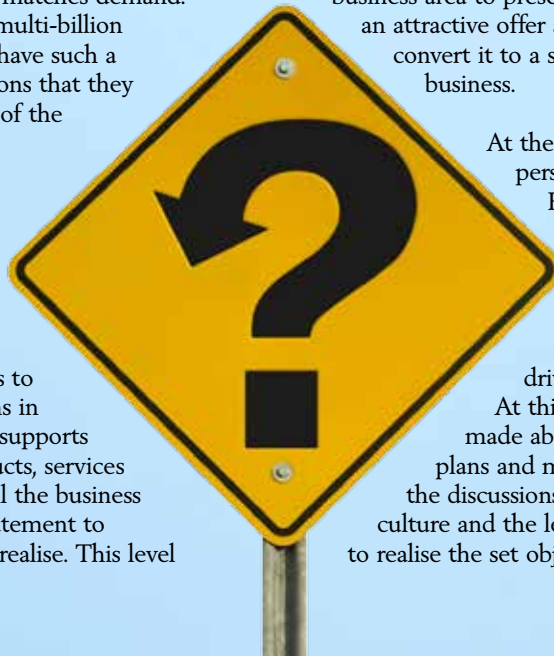
also involves constantly following upswings and downturns in demand, handling quality issues and looking for new, smarter working methods.

**Portfolio level** relates to the products and services that must be available. The word "portfolio" refers to the portfolio of products and services the Volvo Group needs to have and develop in order to help its customers to be successful in the future as well. The limits in this context are set by both strict legal requirements and advanced technology, which help to make the development costs in the automotive industry so high. This explains why it is so important that money is invested correctly, to enable each individual business area to present its customers with an attractive offer and, at the same time, convert it to a successful, profitable business.

At the **strategic level**, the perspective is even longer.

How will business look in the future? How will the business landscape change and how will the Volvo Group be involved and drive these developments?

At this level, decisions are made about strategy, long-term plans and major investments, but the discussions also relate to corporate culture and the leadership that is needed to realise the set objectives. ☉



# Examples of decision making

## OPERATIONAL LEVEL

► **SCENARIO:** Demand is increasing on several markets and production needs to be stepped up.

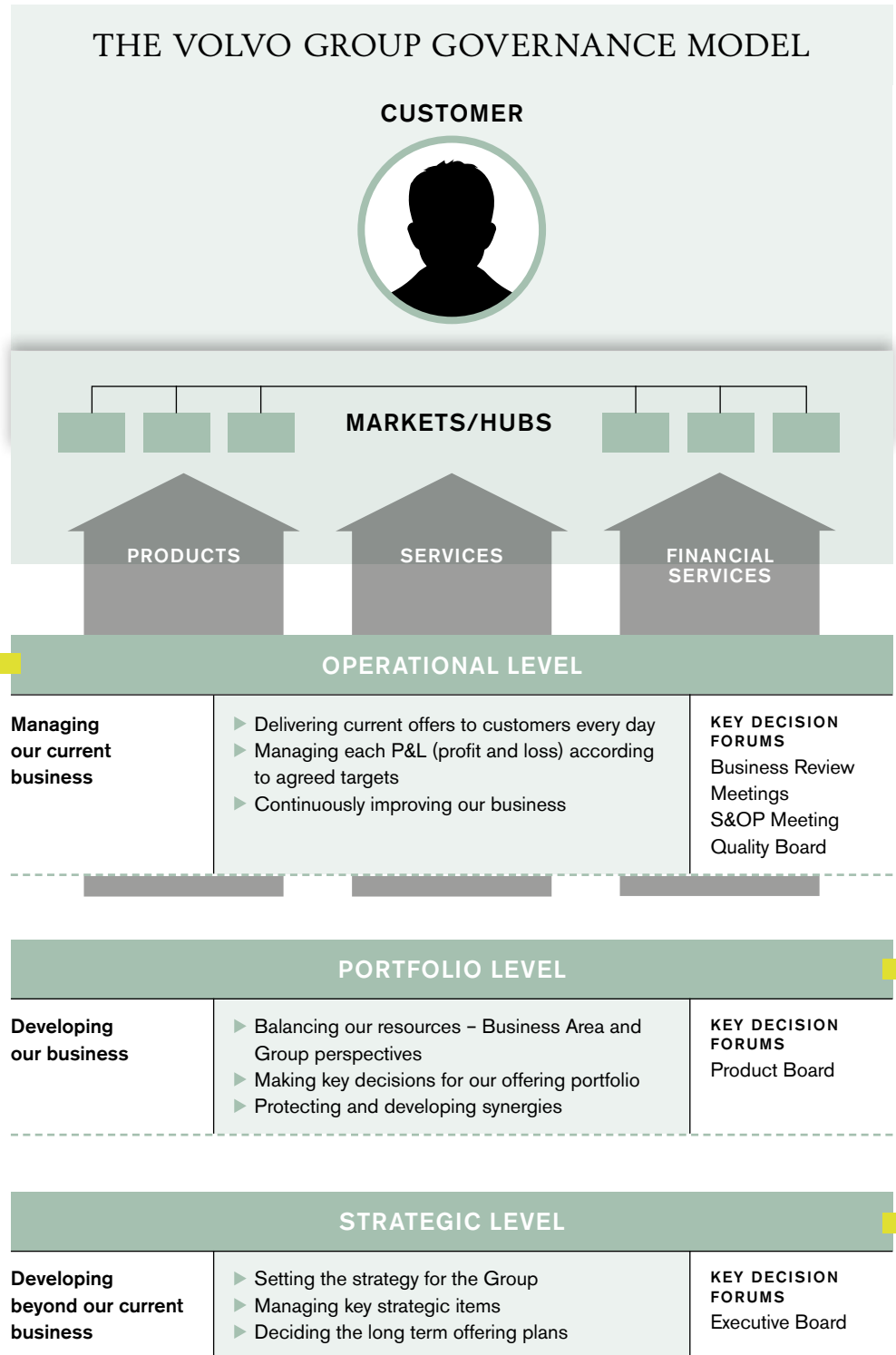
**DECISIONS:** Important decisions about production capacity are made at the Sales & Operations Planning Executive Decision Meeting, S&OP. Here the executive management decides on an S&OP Plan, in order to balance demand with supply chain capabilities and use resources efficiently.

► **SCENARIO:** Investment in a new dealer is needed.

**DECISIONS:** This is the type of question that is dealt with at a Business Review Meeting. In some cases, two or more business areas share dealers and the question is then referred to the Group Executive Board, ExB, to ensure that the best decision is made from a Group perspective.

► **SCENARIO:** A quality problem has been identified.

**DECISIONS:** Major quality problems are addressed by the Quality Board. Decisions can, for example be made to allocate extra resources to resolve a quality problem as quickly as possible and minimise the impact on our customers' operations.





## ■ PORTFOLIO LEVEL

► **SCENARIO:** It's time to define the targets and activities for next year for each individual business area.

**DECISIONS:** At Business Review Meetings (BRM), top managers discuss business development for their respective business areas, and set targets and activities.

► **SCENARIO:** How should the R&D resources be allocated between different types of projects and business areas?

**DECISIONS:** The Product Board is where the executive management creates an overall balance for the Volvo Group's development resources from both

Business Area and Group perspectives. Key decisions related to the offer portfolio, as well as the protection and development of synergies, are made here.

The Quality Board is where the executive management addresses quality-related matters in order to support rapid decision-making and customer focus in this area.

## ■ STRATEGIC LEVEL

**SCENARIOS:**

- The Group's overarching strategy is reviewed.
- A new country has been identified in which it could be interesting to sell the Group's products.
- The framework for how much the Group can afford to spend and invest in various areas has to be defined for the years to come.
- Future targets need to be set for the next year for each individual business area.

**DECISIONS:** Strategic decision are made at the very highest management level, by the Volvo Group's President and CEO, Martin Lundstedt, and his management team, the Group Executive Board (ExB). They meet for a whole day once a month and, in between, they have short weekly checks to monitor the situation. Strategic decisions that impact the entire Group are made at this level. They can include the areas in which the Group is going to do business, the way the different brands are going to be positioned in relation to one another and whether the time has come to enter a new market or leave an existing one. The Executive Board also sets the financial targets for the different parts of the Group and approves long-term plans that set the direction for future product offers and determine the industrial structure, for example.



## QUESTIONS AND ANSWERS

**What is the greatest difference compared with before?**

There are now precisely defined decision-making forums for different questions/areas at top executive level. Large parts of the top executive team allocate a full week a month to this.

**What are the greatest benefits of the new model?**

It will now be clearer who makes which decisions and there will be a clearly defined focus on the most important questions.

**Where can I find more information about the decisions that are made?**

There is plenty of information on Violin. In the Volvo Group Principles for Operational Governance, governance is described in greater detail.

## FACTS AND GLOSSARY

### **AB Volvo Board of Directors**

The ultimate decision-makers are the shareholders. They appoint the Board of Directors, which in turn appoints the President and CEO.

### **Business Areas**

The Volvo Group has 10 business areas: Renault Trucks, Mack Trucks, UD Trucks, Volvo Trucks, Group Trucks Asia and JVs, Volvo CE, Volvo Buses, Volvo Penta, Governmental Sales and Volvo Financial Services. The business areas are responsible for driving the business and realising their business objectives.

### **Business Area Business Review Meetings (BRM)**

These review meetings are established in all business areas and are the forums at which top managers discuss operational and strategic topics, with an emphasis on their individual BA.

### **Group Executive Board (ExB)**

The highest decision-making body within the Volvo Group, led by the Group President and CEO.

### **Product Board**

Where the executive management creates an overall balance for the Group's development resources.

### **Quality Board**

Where the executive management addresses quality-related issues in order to support rapid decision-making and customer focus.

### **S&OP Meeting**

The Sales & Operations Planning Executive Decision Meeting is where the executive management decides on a S&OP plan that optimises the Volvo Group's overall profitability. The purpose is to balance demand with supply chain capabilities, drive capacity management and provide directions for sales and operations.





# Tell us what you think!

*Volvo Group Magazine* aims to deliver interesting and engaging content, but to do that we need your help! Let us know what you would like to see and how the magazine can be improved.

Email us at [groupmagazine@volvo.com](mailto:groupmagazine@volvo.com)

## **DID YOU WIN THE QUIZ?**

The winners of the quiz in Volvo Group Magazine #2 were Fredrik Larsson, Group IT, Sweden, Sally Wu, Volvo CE, China and Emmanuelle Roux, Renault Trucks Defense, France. Congratulations!

The right answers were:

1-B, 2-A, 3-B, 4-A, 5-C, 6-B, 7-A.

**VOLVO**