

Volvo Group magazine 5.2016

CUSTOMER FOCUS
UD TRUCKS' NEW
ORGANISATION
PUTS SERVICE FIRST

5 TIPS
TO WOW
A CROWD

SERVICE MINDED
PREVOST KEEPS
NEW YORK CITY
MOVING

ATTENTION TO DETAIL

HOW FOCUSING ON THE SMALL THINGS
IS HELPING THE VOLVO GROUP GROW IN GERMANY

Time to get moving towards our targets!

I'M ONE OF those people who think that every day at work is actually interesting and rewarding. Although I have to admit, it's always better to go to work when plans have been finalised and everyone knows what they need to do and why. After all the changes we have made in 2016, this is exactly where the Group finds itself now. It is time for us to move towards our targets and show our full capabilities!

2016 has been a year filled with changes for everyone at the Volvo Group. In the beginning of the year, we introduced a new brand-based organisation with clearly defined responsibilities that brings decisions as close to the customer as possible. We adopted a new orientation with new objectives, values and strategic priorities. Our new brand-based business areas and truck divisions have since been working to put all this into practice, developing their own strategic objectives and priorities, supporting what we want to achieve together.

ALL THIS WORK has laid the foundations for the Group's road ahead and I am convinced this is creating the right conditions to lift every part of our organisation, and thereby the Group as a whole, to new levels. Now the interesting part of our journey begins, because the right plan and the right organisation is just the first step. We must all join forces and implement all the changes and improvements we wish to achieve. And when I say everyone, I mean everyone. Regardless of

whether you work in a management team or at one of our plants, whether you meet customers or work at a staff unit, we all have the potential to make a difference.

This is precisely the theme of this issue of *Volvo Group Magazine*: how we all have a role to play in realising our objectives. Read how we are working in different ways to enhance quality, how the employees at the Distribution Center in Ghent, Belgium, are working to improve customer access to parts, how our employees at the Bourg plant in France succeeded in becoming a productivity leader, and how we are working to win and maintain customer confidence in one of the world's most competitive truck markets – Germany.

All these stories have one thing in common: they are the sum of everyone's efforts to make a difference. The targets have been set. Let's go!



MARTIN
LUNDSTEDT
PRESIDENT AND CEO,
VOLVO GROUP

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Inside Europe's powerhouse

SPECIAL Volvo Group Magazine takes an in-depth look at Germany, one of the most important markets in the world, and where customers expect excellence.

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What does a day as a parts picker look like? Meet Stefanie Rooyackers at the outbound distribution centre in Ghent, Belgium.

37 Putting quality and service first

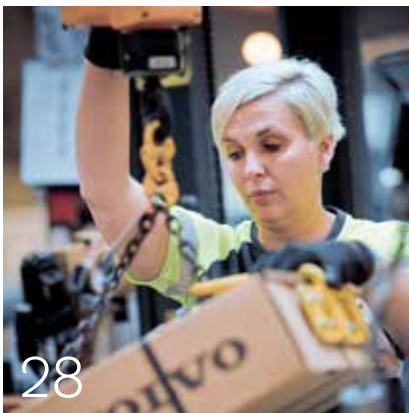
The reorganisation of UD Trucks will mean greater responsibility, faster decisions, increased flexibility and ultimately, even better customer service.

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Prevost is expanding from its traditional base in customised coaches into mass transit, starting with one of the world's greatest cities.

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Volvo CE is closely collaborating with customers to develop concept vehicles that make use of the full potential of emerging technology.



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Volvo Penta's Glass Cockpit System.



The e-Key Remote – an industry first.



The new patented Joystick for inboard applications.

Volvo Penta Boating Challenge puts new products to the test

IN 2016, Volvo Penta released a number of new products for the marine leisure segment, and to demonstrate the full potential of each product, it has also produced a series of short online films: the Volvo Penta Boating Challenge. Each episode shows the tangible benefits of a product by putting it to the test in a set of challenges.

The new products include a new D8 engine and matching IPS pod, which expands Volvo Penta's offer to an even wider range of boats; a widescreen format of the Glass Cockpit System; a patented new Joystick specifically for inboard applications; and a Battery Management System with e-Key Remote – a first in the marine industry.

"With these new products, Volvo Penta is

continuing to lead the way with innovation in the marine segment," says Stefan Carlsson, head of Volvo Penta's Marine Diesel segment. "All our products are developed according to our philosophy of 'easy boating' and the Volvo Penta Boating Challenge shows how much easier and fun operating a boat can be."

The new products were first unveiled to the public last July at the Sydney International Boat Show, and have subsequently featured at boat shows in Cannes, Southampton, IBEX, Fort Lauderdale and most recently at Metstrade in Amsterdam.

To see each innovative product in action, watch all four episodes of the Volvo Penta Boating Challenge on the Volvo Penta website. ©

New study proves VDS reduces injuries

BY REDUCING the physical strain of steering a bus, Volvo Dynamic Steering (VDS) can lessen the risk of work-related injuries among bus drivers. This has been proven by a scientific study carried out by the VTI (Swedish National Road and Transport Administration), which showed that, on average, VDS cuts muscular strain by 20–30 per cent, and up to 70 per cent for certain manoeuvres.

The study consisted of tests involving

20 drivers, where muscle activity was measured during left turns, right turns, roundabouts and driving straight ahead, both with and without VDS.

"There's no doubt that this type of system improves the driver's working environment. Many drivers experience pain in their joints and muscles and it is obvious that they benefit from a system of this sort," says Dr Anna Anund, associate professor and head of research at VTI. ©



Volvo Dynamic Steering (VDS) provides improved driving stability, comfort and safety.

Gold in Cannes

THE VOLVO GROUP won the Gold Dolphin at the Cannes Corporate Media & TV Awards for its latest corporate film. With the help of some of Europe's best miniature worlds, the film shows how the Group's trucks, buses, construction equipment and engines are essential to everyday life for people around the world.



New fuel economy tool for Mack customers

MACK TRUCKS' CUSTOMERS recently gained an advantage in their search for fuel efficiency savings – thanks to a new fuel economy tool.

The Mack fuel economy tool allows users to choose from a number of Mack Pinnacle options that affect fuel efficiency, including weight, speed, engine size,

transmission, tyres and aerodynamic enhancements. The tool is designed to save fuel and boost the customer's bottom line. "Even with today's low fuel prices, fuel remains the single largest expense for the vast majority of our highway customers," says Scott Barraclough, Mack Technology Product Manager. ☉

93%

is the portion of Volvo Step participants who are now working or studying. 81 per cent have found employment and 12 per cent now study. This was shown in a survey of 1,200 participants from the first three intakes.

The Volvo Step is a training programme for young people between 18 and 22, which is organised by the Volvo Group in Sweden.

Last October, a further 88 participants graduated from the programme. As of November, 84 new participants were accepted.

PHOTO: TOBIAS WILHELM



Scania, Renault, Iveco, Volvo, MAN, DAF and Mercedes were the truck brands that were test-driven.

Keeping an eye on the competition

HOW DO THE DRIVING characteristics of a Scania truck and a Volvo truck differ? And how does the transmission on a Mercedes truck actually work?

During the year, more than 800 sales staff from Renault Trucks and Volvo Trucks, together with staff from head offices, have had a unique opportunity to improve their product knowledge. Participants from all over the world got the chance to test drive trucks from the seven large European brands.

These test drives took place at a fenced-off proving ground outside Gothenburg in Sweden, enabling also people without a truck licence to experience sitting behind the wheel.

"The training has a practical part and a theoretical part," says Claes Hillén, Group Manager for Sales Argumentation, who organised the training together with Product Offer colleagues. "The next step will be to offer the theoretical part to other colleagues within Volvo Trucks. I think it's really important for everyone to obtain an insight into different applications and the way our sales staff think when they discuss with a customer." ☉

This is the world's fastest truck

SPEEDING DOWN an airplane runway in northern Sweden, professional truck racer Boije Ovebrink broke the world speed record for 500 metres and 1,000 metres with the specially constructed Iron Knight truck.

The Iron Knight is a purpose-designed semi-tractor Volvo truck with a turbocharged 13-litre diesel engine. It has 2,400 horsepower

on tap and 6,000 Nm of torque.

"The Iron Knight is a remarkable example of Volvo Trucks' capabilities in innovation and highlights the performance of our Volvo I-Shift Dual Clutch. Close collaboration in engineering and design between Volvo Trucks and GTT shows that we are a company that empowers our employees to be innovative and it has even

raised great interest in media and trade press that go beyond our primary target group. This project is something we can be proud of internally – and the attention in social media shows that it is also a source of pride for customers, drivers and fans worldwide," says Fredrik Klevenfeldt, Manager Public Relations and Social Media, Volvo Trucks. ☺

➔ See the Iron Knight's world-record run on Volvo Trucks' youtube-channel.



The purpose-designed Iron Knight can accelerate from zero to 100 km/h in 4.6 seconds. The truck set world records for the 500- and 1,000-metre sprints.

PHOTO: PONTUS JOHANSSON

PHOTO: MARCEL PABST



Kristoffer Karlsson, an instructor at Volvo CE's Customer Center, has a starring role in the first episode about the Ice Hotel.

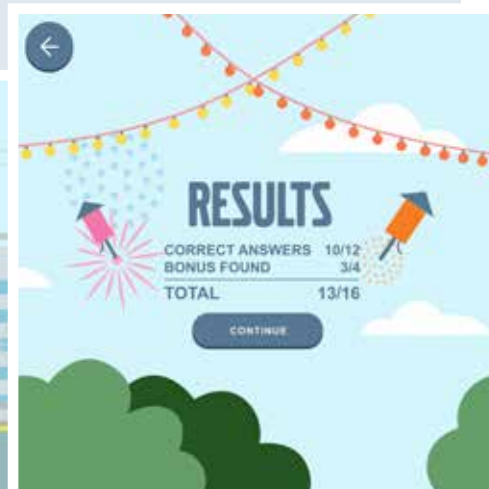
Volvo CE in freezing conditions

WE HOPE YOU haven't missed the first episode of Volvo CE's global brand campaign entitled "Building Tomorrow" that was released early December? In this film, the audience gets to follow work at the Ice Hotel in Jukkasjärvi, in northernmost Sweden.

The main aim of the campaign is to strengthen the brand position on the market and put Volvo CE in a larger context. "By following customer projects that have a clear-cut link to sustainability, we are hoping

to show how we are combining forces to build the world we want to live in. "Our most important target group comprises of customers and decision-makers in our industry, but we are also hoping that the campaign will create a sense of pride and engagement in the company," explains Susanne Karlsson, Global Brand Manager at Volvo CE. ☺

➔ See the film at www.volvoce.com/buildingtomorrow and on Volvo CE's social media channels.



By playing Game of Conduct you get a chance to learn more about how to act in different situations according to Volvo Group's Code of Conduct.

HELLO ...



... **Alina Yaroslavtseva**, Project Buyer GTO Russia, one of the employees who won a pair of colourful socks in the Game of Conduct, an e-learning about the Code of Conduct, which was launched earlier this year.

What was it like to play the game?

"It was really nice to do an e-learning as a game: it makes you feel more engaged. It was easy to navigate. The game was available in Russian and that helped to go deeper into specific topics. It was very engaging and the answers were often not obvious – it took a few seconds of thinking

before deciding what was the right answer."

What does the Code of Conduct mean to you?

"It is extremely important, since it gives us guidance. The Code of Conduct is like the foundations of a house. Without it, you can't build walls or the roof. I also like the fact that the code is the same for all countries and all sites within the Volvo Group."

How does it help you in your work?

"The Code of Conduct is something I work with every day and it helps me a lot. I'm a buyer and so I have a lot of contact with external stakeholders and suppliers. It's important that the companies we work with share the same values. The Code of Conduct gives me a good basis for decisions and helps me evaluate different situations."

LINDA SWANBERG

Is it OK to buy a customer a simple lunch?

Should you shut down machines and electrical equipment at night?

Should you put up with "a bit of flirting" to win a customer deal?

To find out – play the Game of Conduct!

All office staff have to play the game in the Learning Management System for registration and follow-up reasons. Find the link on the first page of Violin (by going to the Code of Conduct link on the right-hand side). The game is also open for everyone else – scan the QR code on this page or visit www.volvogroup.com/gameofconduct



Trees help nurture customer relationships

VOLVO FINANCIAL SERVICES

(VFS) Turkey has started a customer appreciation programme of planting trees for customers who reach the end of their contract term. The programme aims to promote the Volvo brand core value of environmental care and also provides a nice setting to discuss future business partnership.

As part of the programme, each customer that reaches the

end of its contract term receives a certificate of a tree planted in its name. The initiative has been named "End of Term Thank You Program". To implement the project, VFS has partnered with the TEMA Foundation, the biggest non-profit environmental organisation in Turkey. To kickstart the programme, VFS initially donated 5,000 new trees in the plantation area which is called VFS Grove. ©



Indian children learn to "Stop, Look and Wave"

AS OF AUGUST 2016, 5,000 children in India have taken part in the Volvo Group India's "Stop, Look & Wave" programme. The programme is specifically designed to allow students to understand how to behave around trucks, buses and cars while crossing roads. It includes a presentation with video and pictures, a Q&A on road safety and the opportunity for students to gain experience on how to best cross a road through a mock road crossing scenario.

Children also get the chance to sit in the driver's seat of a Volvo truck or bus to

better understand what the truck or bus drivers see when they drive.

With more than 135,000 traffic-related fatalities each year, the frequency of traffic collisions in India is among the highest in the world. Roads are especially unsafe for young children going to school.

By the end of 2016, the Volvo Group aims to have educated about 10,000 Indian children in traffic safety. Since its launch of "Stop, Look, Wave", over 100,000 children worldwide have learned how to interact safely with commercial vehicles in traffic around the world. ©



Traffic fatalities in India are among the highest in the world. The roads are especially dangerous for children walking to school. By the end of 2016, the Volvo Group India aims to have educated about 10,000 Indian children in traffic safety.

20 million

Volvo Group North America will receive USD 20 million in federal funding from the US Department of Energy as part of the SuperTruck II programme for improving freight efficiency in heavy-duty trucks. The Volvo Group and its partners will match this commitment dollar for dollar.





New heights

VOLVO TRUCKS AND Volvo Construction Equipment, together with distributor FAMCO, recently helped complete the highest road in the United Arab Emirates.

The project took eight years to finish, and involved over 30 Volvo FMX trucks and 50 Volvo CE machines that worked around the clock to carry more than 5.5 million cubic metres of rock. Despite the rugged terrain and extreme operating conditions, the project was completed without any major breakdowns or incidents. The finished road, which runs through the Jebel Jais Mountains, is 36 km long and climbs more than 1,910 metres.

"Without using these kinds of trucks and machinery, it would not have been possible to carry out this much earthwork," says Yaghoub Alipour from General Mechanic Company, the project's contractor. "We prefer to use Volvo Trucks and Construction Equipment because of the high specifications, capacity and efficiency they offer, which provides peace of mind for us." ☺

➔ Watch the movie "Building the UAE's highest road" on FAMCO's YouTube channel.

Bourg plant celebrated Tour de France

THE TOUR DE FRANCE is one of the biggest sporting events in the world, watched by more than 12 million people in 195 countries. Staff at the GTO Bourg plant celebrated the 15th stage of the 2016 race, which started in Bourg-en-Bresse and passed through the surrounding Ain region, by arranging 26 blue, white and red Renault trucks into a map of France. A team of more than 60 participants marked out the Ain region on the map with yellow flags. Nice was also marked with blue pallets, as a tribute to the victims of the terrorist attack in July.

The event attracted coverage from French television, which captured the map from helicopter in a live broadcast, and also got plenty of attention on social media. ☺



"To meet our customer needs, we visit them to find out their goals, take it back and then offer them solutions."

Masashi Inoue, Service Advisor, UD Trucks Fukuyama Customer Center, is one of the voices in a worldwide UD brand campaign. Watch the video "UD Gemba Spirit" at udtrucks.com/about-us/gemba-spirit

Don't miss the quiz on the last page. It's all about UD Trucks!



“We must dare – some simple improvements can be made overnight.”

**SANDRINE GERLING, LOGISTICS OPERATOR,
GTO BOURG PLANT**



“Close collaboration with customers is crucial.”

**FRANÇOIS SAVOYE, EFFICIENCY STRATEGY
MANAGER, RENAULT TRUCKS**

MAKING IT HAPPEN

Quality, availability and innovation – these are amongst the most important expectations from customers. Ten months after the Volvo Group introduced its new strategy, we meet just some of the many employees whose daily work is essential for future success.



“Our future as a company depends on parts arriving on time.”

STEFANIE ROOYACKERS, PARTS PICKER,
LOGISTICS SERVICES GHENT



“Working on quality should be fun!”

MIKAEL GUSTAFSSON, SVP, QUALITY AND
CUSTOMER SATISFACTION, VOLVO BUSES



“It’s good that the technicians get to know the customer and the customer gets to know them.”

JUNE UOM, HEAD OF PREVOST’S
SERVICE DIVISION



“An open approach is essential for us.”

JENNY ELFSBERG, DIRECTOR OF EMERGING
TECHNOLOGIES AT VOLVO CE



“By talking about the challenges we face, we can build engagement and confidence.”

JENS HOLTINGER, SITE MANAGER AND VP
GTO POWERTRAIN PRODUCTION,
SKÖVDE



“Customers expect everything to be correct the first time.”

VALEJI ARZAMASCOU, TECHNICIAN
VOLVO GROUP TRUCK CENTER STUTTGART

61,940

TRUCKS SOLD
IN GERMANY IN 2015

6,135

NUMBER OF VOLVO
TRUCKS SOLD IN
GERMANY IN 2015

1,007

NUMBER OF RENAULT
TRUCKS SOLD IN
GERMANY IN 2015

Competition in the heart of Europe

Germany is Europe's economic engine, logistical transportation hub and geographical heart, all rolled into one. For the Volvo Group, it is one of the toughest and most competitive markets in the world – but also one of the most important.

TEXT NIC TOWNSEND

GERMANY'S ECONOMIC strength is undeniable. It is the biggest economy in Europe and the fourth biggest in the world. More than a fifth of all trucks sold in the EU are sold in Germany.

In percentage terms, both Volvo Trucks' and Renault Trucks' market share is lower than on many other markets, but the sheer size of the market means that every percentage point translates into a large quantity of vehicles. In fact, Germany is Volvo Trucks' largest single market in Europe, accounting for 15 per cent of sales in the EU.

But such a lucrative market also makes it one of the most competitive and some of the Volvo Group's biggest competitors, namely Daimler

AG and the Volkswagen Group have a distinct advantage because of their German heritage. In fact, in the German heavy-duty truck market, Mercedes and MAN combined account for nearly 60 per cent of the market.

"IN A VERY aggressive market we have been able to grow our market share," says Roger Alm, SVP Volvo Trucks Europe Sales Area. "This is an enormous journey that the local organisation has been able to accomplish during a period of many changes. This, combined with our positive momentum in neighbouring markets, is a positive signal."

"Our ambition is to become the largest foreign truck brand. To accomplish this, we must dare to do things differently in our own unique Volvo way." ●

Great expectations

Like many German companies, J. Möhle Transport operates in a very competitive market, so it imposes high demands on its business partners.

TEXT
ROB HYDE

PHOTOS
SÖREN HÅKANLIND

THE LUSH GREEN hills, quaint villages and dairy farms of Germany's Allgäu region, located near the Austrian Alps, seem a world away from Germany's image as an industrial and economic powerhouse. But in reality the backbone of the German economy is not large corporations in Munich and Frankfurt but small family-owned companies in regional areas.

J. Möhle Transport, run by father and son Josef and Erich Möhle, is a classic example. From its home village of Leutkirch, Allgäu, it has quickly grown into a highly successful international hauler that operates across Europe, thanks to hard work and good business sense. But it has

not been easy. They operate in a tough and highly competitive market, and so they have high expectations of their suppliers and partners too. For Volvo Trucks, to be successful in Germany it is absolutely essential to meet the needs of companies like J. Möhle Transport.

How would you describe your business?

ERICH MÖHLE: "Transporting bulk material, wood and natural stones is our core business and we are very experienced in this field. For example we have been transporting goods to northern Italy for over 20 years and we know all the routes and the whole region, so even if the destination is hard to get to we can manage it.

"Although we are in a niche market, we manage to cater to a wide array of client needs. ►





Father and son:
Josef (left) and Erich
Mösle have built up
their business in a
competitive market by
catering to a wide array
of transport needs.

This includes providing everything from rubbish containers to 60 cubic metre-large aluminium dumper trucks (tippers), right up to the very rare stainless steel tippers for the transportation of batteries. We do pretty much everything. We have thousands of competitors, but all of these offerings make us relatively unique in the market."

What are your main challenges at the moment?

ERICH MÖSLE: "A key problem is the lack of drivers. Being a truck driver just does not fit into

today's Monday-Friday lifestyle anymore, and being away from the kids and your partner is very draining for everyone. The salaries are also too low, and the whole process of getting a driver's license is more expensive. All of this just makes being a truck driver very unattractive.

"I think this is a serious issue and we really need political intervention in order to bring about change. The fact is that there are just not enough truck drivers anymore – and society has not yet fully woken up to how dangerous this is. People always talk about having a lack of teachers and ►





J. Möse Transport has 20 Volvo FHs in its fleet. Here one of them drives past the Schloss Zeil castle, a local landmark in Leutkirch in Allgäu.

“Accidents aside – downtime is the worst thing that can happen to a truck driver. The customer is angry and we don’t earn money.”

ERICH MÖSLE, J. MÖSLE TRANSPORT GMBH

police officers, but no-one talks of how dangerous it is if you do not have truck drivers. These are the very people who are responsible for making sure so many of our goods are available, because it is they who transport them from A to B.”

What are the most important factors for you when choosing vehicles?

ERICH MÖSLE: “In terms of the product – we look at whether the truck is there right now and ready for the driver to use and check whether it is the correct weight and the correct price.

“In terms of service – we look at where the workshop is and whether it is easy to access. I want access to my business partners to be as direct and as uncomplicated as possible.”

How important are services?

ERICH MÖSLE: “The product must be part of a package, which includes a maintenance contract, driver training, replacement parts and so forth. Without this package, the product is dead for me. I believe the manufacturers need to move away from being production factories and develop more into mobility centres. I’m glad to see that many are now doing this quite nicely.”

What expectations do you have of the workshop?

ERICH MÖSLE: “When a truck driver needs to turn to a workshop, it should be a very simple process. No matter what – even if they are busy.

“Accidents aside – downtime is the worst thing that can happen to a truck driver. The customer is angry and we don’t earn money. It is also an issue, as time slots for loading and unloading freight are getting tighter all the time.

“Downtime should therefore be kept to a bare minimum, so receiving support quickly and easily from a workshop is first and foremost. In the case of on-the-spot repairs, workshops should make sure they stock the right parts. And, if there are any delays, the workshop should make sure to provide us with reports and updates.”

Is there anything that distinguishes Volvo Trucks?

ERICH MÖSLE: “What makes Volvo Trucks different is that it has a very progressive design and is very brave in terms of technology.



Erich Möhle wants a complete transport package, not just a truck. “I love to get things exactly as I want them,” he says.



Josef Möhle founded J. Möhle Transport in 1980, and his knowledge of the region means they can deliver to even the most remote places.

J. MÖSLE TRANSPORT GMBH

Location: Leutkirch, Baden-Württemberg

Founded: 1980, by Josef Möhle. His son, Erich, took over as Managing Director in 2014

Fleet: 70 trucks (including 20 Volvo FHs)

What: Transportation of bulk material, wood and stone

Where: Delivers all over Germany, as well as Italy, Austria, Switzerland, France and the Benelux region

Examples include the dual clutch gearbox and individual front suspension. Volvo Trucks is also great in terms of enabling personal configurations. It is possible, for example, to choose your own colour when it comes to paintwork and varnishing and I love to get things exactly as I want them."

What are the advantages of financing from Volvo Financial Services (VFS)?

JOSEF MÖSLE: "25 years ago there was just one bank for everything. Every single aspect of your work was financed through it and this was not good, as the bank did not understand your product, so it had no way of being able to attach value to what you do – how could it?"

"Things are different now. For us, VFS is easier to deal with than any bank, simply because they understand our company more, so they can offer specific financing to meet our specific business needs. And, as they are easier to deal with, the overall experience is more pleasant." ☺



Top: Schuhe aus! (Shoes off). Roland Pfau (top right) takes great pride in his truck. Both the exterior and inside of the cab are immaculately clean.



"Volvo FH is so comfortable"

ROLAND PFAU HAS BEEN a truck driver for over 32 years. In that time he has used many different trucks, but today he drives a Volvo FH and thinks it is the best truck he has driven in his life. "It is so easy to operate and very strong. I-Shift is the best gearbox on the market, and the whole cabin is beautiful – it is so comfortable for both driving and for sleeping."

A silhouette of a person working on a car engine in a workshop with large windows.

Getting personal

In markets across the world, German manufacturers are among the Volvo Group's biggest competitors, no more so than in Stuttgart – the birthplace and home of Mercedes. But despite such a formidable opponent on its doorstep, Volvo Group Truck Center Stuttgart is successfully driving sales through old-fashioned personal service.

TEXT NIC TOWNSEND PHOTOS SÖREN HÅKANLIND

STUTT GART, KNOWN AS the 'cradle of the automobile' due to its central role in developing the automotive industry, is still very much an automotive city. Mercedes, Porsche and automotive parts manufacturer, Bosch, were all founded in Stuttgart and are still central to the city's economy.

This makes for a tough market for Volvo Trucks, not least because civic pride automatically

entices many customers to choose the local brand. On top of this, Mercedes is well established in the region, with a long history and an extensive dealer network, which has allowed it to secure the region's biggest customers.

Yet, despite such strong competition, the Volvo Group Truck Center Stuttgart is managing gradually to increase its market share and has big ambitions to increase it further. It has found



The Volvo Group Truck Center Stuttgart serves both Volvo Trucks' and Renault Trucks' customers. Michael Günther, Workshop Manager, and Paul Preböck, Workshop Leader (above left) with five Renault trucks waiting to be serviced, while Piotr Jachym (above right) starts work on a Volvo truck.



Manfred Wieland, Head of sales for Volvo Trucks at the Volvo Group Truck Center Stuttgart, points to his dealership, in the heart of Baden-Württemberg.

particular success in meeting the needs of the many small- to medium-sized enterprises across Baden-Württemberg – Germany's famed *mittelstand* – where personalised service and customised solutions are most valued.

"Something that really distinguishes us is that we are very personal and individual with our customers," says Manfred Wieland, Head of sales for Volvo Trucks at the Volvo Group Truck

Center Stuttgart. "We are a very experienced team. One of our sales guys has over 20 years' experience in his area, and four of the nine have over ten years' experience. This long connection to the area helps build trust and our customers really like seeing the same face every year."

Continuity and face-to-face contact are important to Manfred Wieland. He himself spent five years working for Volvo Financial Services ►

“It’s important to give people the space and freedom to do their jobs.”

MANFRED WIELAND, HEAD OF SALES VOLVO TRUCKS, VOLVO GROUP TRUCK CENTER STUTTGART

before assuming his current role, so he already knew the majority of the dealership’s customers. The dealership is also well equipped to continue building and maintaining these relationships. For example, there is a handover specialist, who ensures a smooth delivery when a new vehicle is ready and, once delivered, customers are put into direct contact with the workshop leader, Paul Preböck, for all their service needs. “Having a face is much better than just having a phone number,” adds Manfred Wieland. “I also think it’s important to give people the space and freedom to do their jobs. My boss gives me a lot of responsibility and I give a lot of responsibility to my team.”

ONE SEGMENT WHERE Volvo Trucks has been particularly successful has been in construction, where the technical features on the Volvo FMX and Volvo FH have really set Volvo Trucks apart from its German competitors. “Customers are really interested in seeing innovations like the Tandem Axle Lift and I-Shift Dual Clutch. Overall, we have a really good brand image, and the Volvo FH in particular is seen as the best truck on the market.”

In an effort better to serve the construction industry, Volvo Group Trucks Germany came up with a special Xpress campaign, whereby customers can order Volvo FMXs at short notice and receive them within one to two weeks – an invaluable service for a demanding and unpredictable industry. It is also an example of how to add value to a great product with an innovative service.

IN A CITY like Stuttgart, there is no escaping Mercedes’ shadow. And yet last year Volvo Group Truck Center Stuttgart recorded the best sales figures for Volvo Group Trucks in Germany. Sales are increasing and market share is gradually growing. If it can be done here, it can be done just about anywhere. ☉



Valeji Arzamascou has seen a lot of changes in his 20 years at the Volvo Group Trucks Center Stuttgart.

“Customers have high expectations”

VALEJI ARZAMASCOU HAS WORKED as a technician at the Volvo Group Truck Center Stuttgart for 20 years. “When I started, you had to work with your head, now you work with a computer. I prefer working with my head, but in many ways the job is easier. I used to work a lot of night shifts. But, because the quality of the trucks has improved so much, there is less need for it now. On the other hand, customers also have higher expectations – they expect everything to be correct the first time.”

One-stop provider with VFS

With almost all customers in Germany requesting solutions to finance their purchases, Volvo Financial Services is becoming an increasingly important part of providing a total transport solution.

THE IAA, HELD every two years in Hanover, Germany, is one of the world's biggest trade shows in the transport industry and this year VFS' presence was unmistakable. Volvo Trucks, Volvo Buses and Renault Trucks each pushed financial services to the forefront of their respective stands and marketing material.

"By having our representatives more involved here at the IAA, we can work closely with our sales teams and contribute to a total offer," says Melanie Lagerström, Marketing Business Manager, VFS. "It has been a great collaboration exercise for the whole team and being so involved and integrated for an event as big as the IAA is a huge step forward for VFS."

In fact this is reflective of a broader strategy throughout the Volvo Group, where VFS is becoming increasingly integrated with the sales companies and VFS representatives can now be found at many dealerships. "We need to work hand in hand with market companies in order to bundle offers and be a one-stop shop for all transport solutions," says Jens

Winkelman, Sales Director, VFS, Central Europe West. "Ideally, VFS should be involved as early as possible, before sales even meet the customer. They can help with pricing and credit checks and together help structure an offer specific for that customer."

TODAY, 43 PER cent of all Volvo Group products delivered in Germany include a VFS service, including insurance, loans, leases or rental solutions. Not only does this help create a seamless experience for customers, but it also helps increase customer loyalty and repeat business. VFS is also a significant contributor to the Volvo Group's bottom line and helps deliver shareholder value. ☉

PHOTO: MARIUS BAUER



Melanie Lagerström and Jens Winkelman work side-by-side with Volvo Group brands at the IAA.

The toughest of markets

Christian Coolsaet, Managing Director of Volvo Group Trucks Central Europe, has worked in many markets across the world, but he always has the same simple message on display in his office: “Customers never disturb your job, they are the reason you have one.”

TEXT NIC TOWNSEND
PHOTO MARIUS BAUER

How would you describe the German market?

“I can’t think of any market more challenging than Germany. It is Europe’s biggest market, but then you have two very strong home players, Mercedes and MAN, which are regarded as German institutions. With their national heritage and dealer networks, they’re both very well established. Any non-German brand trying to break into the market can find it very tough and has to work twice as hard.”

Can you describe the typical German customer?

“There is no typical German customer. You have giant key accounts such as DB Schenker and DHL. But then you still have a strong traditional base of smaller enterprises. In fact, the German economy is built on small and medium-sized enterprises. These are companies that are based on long family traditions and rely on strong traditional values like reliability and hard work.”

What are the most important criteria for customers when choosing a truck brand?

“I’m still surprised by how much emotion is involved. Of course you have the bigger players who are more rational in their decision, but for

many it is still an emotional process and people identify with brands and brand values. Ultimately it is still a business based on relationships.”

What are customers’ demands and expectations?

“Customers want a truck that is reliable and only in the workshop for planned servicing. And, when it is there, the workshop should be punctual and reliable. They don’t reflect on resale value or spare parts stock – they reflect on the total cost of ownership. It’s up to us to ensure we have parts availability, skilled mechanics and everything else in place, so that we can deliver this service.”

How do you ensure you can deliver quality to your customers?

“Many people tend to reflect on the hardware aspect of quality, but my teenage son has a different understanding and is more focused on services. To him, reliability and punctuality are what is most important. As long as we have warranty issues, our quality is not optimum – but this is also a given – everyone expects quality in the hardware. So really it is the quality of our services that will determine whether we are seen as a quality manufacturer or not.”

What is the biggest challenge when it comes to providing quality service?

“With a network of 140 workshops, the biggest challenge is ensuring the customer experience is the same high quality throughout, whether it is a private outlet or wholly owned. My team is very busy securing the right training and competence levels, but in no other country is the Volvo Group’s dealer network this complex. We have 85 private partners, 14 selling dealers and 23 wholly owned outlets, and the customer experience needs to be identical in each one.”





CHRISTIAN COOLSAET

Managing Director & Vice President, Volvo Group Trucks Central Europe, since December 1, 2015

Born in: Northern Belgium

Joined the Volvo Group: 1997

Previous positions: Sales Manager North Africa for Volvo Buses; Regional Area Director for Eastern Europe for Volvo Buses; Managing Director for Volvo Group Trucks in Ukraine; Managing Director for Volvo Group Trucks Romania; Director Commercial Trucks, Volvo Trucks Region Central Europe; Managing Director for Volvo Trucks & Renault Trucks South Africa.

What distinguishes Volvo Trucks in Germany?

"We are innovative and ground breaking, and we have features in our trucks that no other competitor can offer. For example, we are the only manufacturer that has dual clutch gearboxes. Innovations like this put us in the spotlight. Not everyone will buy these features, but they attract a lot of attention and give us an image as an extremely innovative truck manufacturer. Additionally, the Swedish heritage is a strong asset. The Germans love Sweden and our customers want to be part of the open-minded Swedish 'family'."

What role does Renault Trucks have in the German market?

"With Renault Trucks, we are a full range supplier, which there are very few of in the

market. Renault Trucks' values – robustness, commitment, the no-nonsense concept – also enable us to approach the trucking business from a different angle. In fact, for the Volvo Group, there is no success in Germany without success for Renault Trucks."

How do you counter not being a German brand?

"One area where we are really breaking ground is with drivers. This is a very important element, given the driver shortage we are seeing all over Western Europe. In fact the driver's opinion is becoming very important in the decision-making process, and winning the hearts of drivers is helping us to win the minds of the decision makers. That is a big opportunity for us." ☉

GIANT GERMANY

– an important market for many of the Volvo Group's brands

Economic powerhouse

Germany is the world's fourth largest economy, after the US, China and Japan, and it has the highest trade surplus in the world. Important exports include automobiles, machinery, chemicals, electronics and pharmaceuticals. Frankfurt and Munich are amongst the world's most important financial centers, and the former is also home to the European Central Bank.



28,216

Total number of construction equipment units sold in Germany 2015.

Be RL iN

Became the capital of the reunited Germany in 1990. Other major cities are Hamburg, Munich, Cologne, Frankfurt, Stuttgart and Dusseldorf.

VOLVO CE IN GERMANY

- ▶ In Germany, Volvo CE has a strong position and is the market leader for wheel loaders (>100 HP) and articulated haulers.
- ▶ Volvo CE has two dealers supporting its German customers: Robert Aebi with five branches and four compact equipment dealers and SWECON with 19 branches, 12 sub-dealer branches and 44 compact equipment dealer outlets.
- ▶ Volvo CE has two production facilities in Germany: Hameln and Konz. The latter is the biggest crawler excavator producer in Germany.

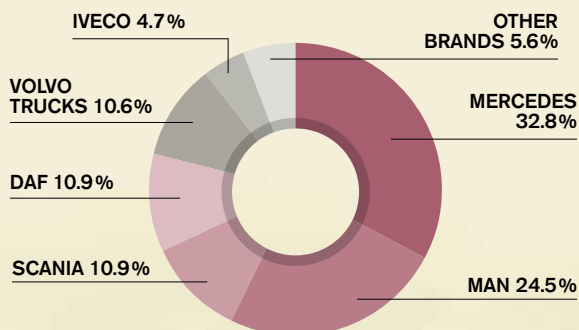
10.6%

Volvo Trucks' approximate market share (HD) Jan-Jun 2016. (16.7% in EU30)

1.4%

Renault Trucks' approximate market share (HD) Jan-Jun 2016. (7.8% in EU30)

Popular truck brands



Market share in Germany June 2016

TOP 3 PRIORITIES

for Volvo Trucks' customers in Germany:

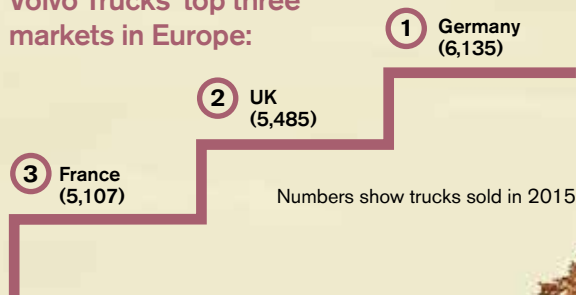
- ▶ Quality of service and repair
- ▶ Uptime
- ▶ Availability of the workshop service when needed

**according to REX, the Retail Excellence Survey*

One truck in five

More than one-fifth of all trucks sold in Europe are bought by customers in Germany. In 2015, 270,015 trucks were sold on the European market. The German brands Mercedes and MAN tend to be most sought after.

Volvo Trucks' top three markets in Europe:



15%

of all Volvo Trucks sold in the EU are bought by German customers.





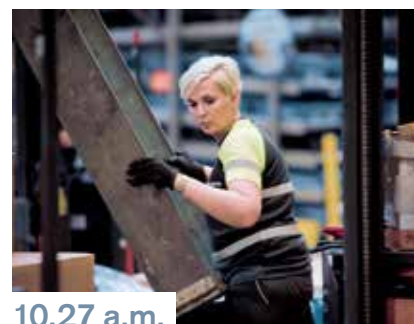
10.03 a.m.

Around 400 people work in the outbound side of the Central Distribution Center in Ghent, Belgium. Stefanie Rooyackers is one of the parts pickers tasked with locating and packing spare parts headed for dealers worldwide. "It's a busy and vibrant place to work and we have a strong team feeling here."



10.11 a.m.

The finished pallet is heading out of the warehouse. Parts going to Europe are packed into trucks. This specific pallet will be packed into a container and then loaded onto a ship to Australia – it will reach its destination in six weeks.



10.27 a.m.

A layer is added to the pallet. For ergonomic reasons, pallets are filled layer by layer. The final pallets vary in size.

A strong link in the chain

Spare parts reaching dealers on time and undamaged is crucial for customers. As the last step in a long supply chain, parts pickers in the outbound team in Ghent, Belgium play an important role.

TEXT LINA TÖRNQUIST
PHOTOS SIMON VAN BOXTEL

FORKLIFTS ZIP BY. A colleague waves hello. A day as a parts picker is filled with people and movement. From the outbound facility in Ghent, spare parts for different Volvo Group vehicles are packed into trucks or containers to

be shipped to dealers around the world.

"We're among the last steps in a long chain before parts reach the customer. So, the customer is something we discuss here often. Customer loyalty and our future as a company depend on parts arriving on time and with no defects," says parts picker Stefanie Rooyackers.

The vibrant atmosphere at the site has kept Stefanie Rooyackers working in Volvo Group Logistics Services in Ghent for 18 years. This is her second year as a parts picker.

"It's a friendly and energetic environment. I'm not the kind of person who likes to sit at a desk for eight hours a day. Finding parts and driving the forklift is good because it keeps me on the move." ☺

THE OUTBOUND DISTRIBUTION CENTER IN GHEENT

About 400 people work with outbound distribution within Volvo Group Logistics Services in Ghent, Belgium. From here, parts are packed and transported to destinations around the world.



10.42 a.m.

A pallet is being taken down from the rack to find an unusual part. The placement of parts in the distribution centre depends on a number of factors such as their weight and how frequently they are ordered. Their location allows the team to follow an efficient route and pack the pallets in the correct order. Fast-moving parts are all kept within easy reach.



12.08 p.m.

A special lunch is being held to celebrate the fact that the team has worked for three years without an accident. "An important part of the job is to keep myself and others safe."



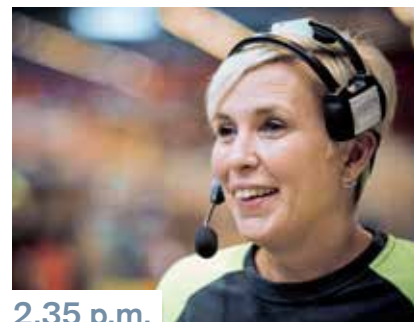
12.31 p.m.

Stefanie Rooyackers places a wheel disk into a one-way package. Unlike pallets, these boxes will not be reused. They are used for certain international markets. This package is heading to Mexico.



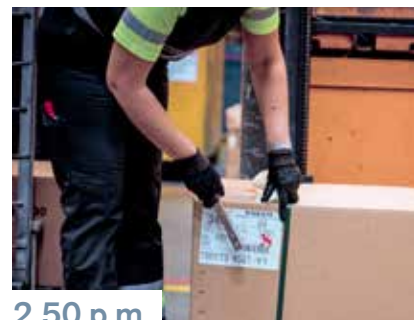
1.05 p.m.

Rush hour in the warehouse. Orders that are received in the morning will go out during the same shift. This is the so-called “golden area” where the fast-moving parts are kept. “In order to make sure that all the orders are completed on time, the afternoon is especially busy.”



2.35 p.m.

Most parts are found using VOICE technology. An automated voice reads out the part that needs to be picked. This allows Stefanie Rooyackers to confirm an order without using her hands.



2.50 p.m.

The package is labelled before being shipped. There is a lot of information on a box label – quantity, weight and departure date. It also identifies which picker has handled the goods.

“It’s our job to find a solution – fast”

One thousand people work in the Central Distribution Center in Ghent. Alice Tjepkema is a Parts Coordinator for Renault Trucks. If a part goes missing, she hunts it down.

“MOST PARTS ARE tracked automatically, so my team is on hand only if something goes wrong or if a manual order needs to be

made. If someone at a dealer needs a part urgently and it is not available in the local warehouse, they will contact us to find a solution.

“The best part of my job is the relationship with the dealers. I talk to the same people at the dealers often and so we’ve built up strong working relationships over time.

“The trickiest part is when external couriers don’t scan the boxes properly. Then we can lose track of where the parts are in the system. If this happens, everyone



Alice Tjepkema

calls us. We’re a small team so things can get very busy until we clear it up. We’re in the midst of implementing an e-service, so dealers can order parts directly. That should make things smoother.

“OUR FUNCTION MOVED up to Ghent from Lyon about a year ago to be closer to the distribution centre. The move was made in order to make communication more direct. It has worked. Communication is now both faster and more efficient.” ©

Fast-moving filter

This oil filter, part number 21707133, is used to remove contaminants from the engine and is one of the fast movers at Volvo Group's biggest distribution centre which is located in Ghent, Belgium. This is just one of 260,000 part numbers in stock at the 100,000m² logistics site.

POPULAR PART

30,500 pieces of the oil filter leave the Central Distribution Center Ghent on a weekly basis

Total volume: 100 m³

Total weight: 37,000 kg

MANY PIECES

1,600,000 pieces of the oil filter are sent out every year.

Volvo Penta: 275,000

Group Trucks: 1,325,000

ALL OVER THE WORLD

Central Distribution Center Ghent sends this part to 97 different countries

1. South-Africa (165,000)
2. Ireland (113,000)
3. Australia (105,000)
4. France (85,500)
5. Peru (81,800)

Sent per region:

Europe: 830,000 pieces to 41 countries

Asia: 335,000 to 18 countries

Africa: 175,000 to 11 countries

Latin America: 160,000 to 18 countries

Middle East: 140,000 to 8 countries

North America: 1,000 to 1 country



QUALITY FOCUS

"Satisfied customers are incredibly important. It costs far more to attract new customers than it does to keep the ones we already have", says Sven Wallström.



What is quality? For Sven Wallström the answer is simple. "Quality is customer satisfaction. Only when we fulfil, or better yet exceed, our customers' expectations can we say that a product is good."

TEXT LINDA SWANBERG PHOTOS CHRISTER EHRLING

“QUALITY *is everyone's responsibility*”

You are Senior Vice President Quality & Customer Satisfaction at GTT. Why is quality important?

"Satisfied customers are important. If our products meet our customers' expectations, they come back and buy more services and new vehicles from us. If on the other hand, we have unsatisfied customers suffering from quality issues and unplanned stops – negatively impacting their business – that will result in lack of trust, and in the end we risk losing those customers. For us as a company, having to use resources to fix quality issues is also waste, since we could use that money to develop new products and services, to secure our long term competitiveness."

Are there areas for improvement?

"Yes. We need to improve when it comes to reducing lead times – in other words, the time from discovering that a problem exists to supplying the customer with a solution. But if we

succeed in quality-assuring our launches, we will also improve our performance in other areas. We won't be best in the world by resolving problems more rapidly than anyone else, we can only be best in the world if we deliver the right quality from the very start."

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

"We are currently focusing much more on quality and we have ambitious quality targets. Unfortunately, we aren't yet where we want to be – to be the best more effort is needed. One area we are working on is improving our development process. When we release new products, we have to be sure that they deliver according to our commitments. Some products have not been on the right quality level and we are being forced to devote time and energy to correct things afterwards." ►

What challenges does the Volvo Group have?

"If we consider the wide range of products and services that we offer our customers – all based on complex technology – we already face some challenges. If we then add the perspective of the customers using the products in a multitude of ways, that adds another layer of challenges. In addition to that, we have a broad value chain in Volvo Group and there are challenges in all parts of it.



Sven Wallström is responsible for quality and customer satisfaction at GTT. He is also the rapporteur for the Quality Board of which Martin Lundstedt is the chairman.

How is the Volvo Group working to meet these challenges?

"Before we start work on a project, we have to make sure that our technology is mature. We are working with new principles, which will make our processes more stable and more reliable. Put simply, this means that we are learning from our mistakes, testing and verifying concepts to an even larger extent. We must use all the information and knowledge we have in order to constantly make the next product a bit better. The key is to ensure quality-assured launches. If we succeed with this, we also know that we are going to have satisfied customers.

"This is a process of change that we have been working on for many years, but it is only now that we are starting to be able to deliver projects in which we can really see the results."

How can individual co-workers contribute to improved quality?

"Quality is everyone's responsibility and we all contribute in different parts of the value chain. This means that together we ensure customer satisfaction, and we do that by living up to our values and putting the customers' success at the top of the agenda in our daily work. For all of us this means getting things right from the start." ☉

The Quality Board shows the way

Quality-related issues have top priority and are being handled in a partly new way. The Volvo Group's executive management gets together regularly for Quality Board meetings chaired by Martin Lundstedt, President and CEO.

THE QUALITY BOARD meets once a month to discuss and make decisions related to quality issues. The aim is to address quality- and service-related matters in order to support swift decision-making and customer focus.

"There is a clear-cut connection between customer success and quality. The Quality Board acts as a forum at which we can discuss these questions.

It also demonstrates that quality-related issues are a focus for everyone, starting with top management," says Sven Wallström.

The Quality Board's mission includes discussing, prioritising and making decisions related to different working methods, processes and KPIs.

Since May this year, the Quality Board has also been responsible for making decisions on the quality-

related issues that are to be defined as "red cards". When a red card is opened, it means that the question has top priority. At the same time, the criteria that apply in order to close a red card are defined.

"A red card represents a powerful value-related signal to secure full focus on the solving of an issue with major impact on our customer's business," explains Sven Wallström. ☉

THE QUALITY BOARD

Chairman: Martin Lundstedt.

Members: The Deputy CEO and CFO, the EVPs/ Presidents of Volvo Trucks, Renault Trucks, Mack Trucks and UD Trucks and the EVPs of GTT, GTO and GTO Purchasing.

Other participants: On some occasions, the Presidents of Volvo CE, Volvo Buses, Volvo Penta, Group Trucks Asia and JVs, Governmental Sales and VFS also participate. Other key stakeholders participate when needed.

How do you work with quality?



Collaboration is key to purchasing

"We focus heavily on the choice of suppliers, to ensure that we have the right supplier for the right component.

"Our task is to quality-assure our suppliers' production processes and make sure that they supply in accordance with the specifications on which we have agreed.

"Sometimes our suppliers fail to come up to our requirements for different reasons. So we devote a great deal of work to identifying risks and helping to make our suppliers' production processes robust and quality assured. This could, for example, involve changing a process or making certain design modifications.

MARTIN RANĀNG,
VP SUPPLIER QUALITY
ASSURANCE,
GTO PURCHASING

"Over the past three years, we have seen some important improvements. For example, the number of defects we find at our plants caused by our suppliers has decreased significantly.

"In the future, we are going to focus more attention on the quality problems that occur in the field and can be traced back to our suppliers' production processes. The collaboration between GTT Quality & Customer Satisfaction and product development is an important key in this context."

"It all comes down to trust and communication"



"We have worked hard to tackle the quality issues we have had, although there is still room for improvement. I am very grateful

MALGORZATA KULIS,
VP BALTIC SEA MARKET
AND MD VOLVO TRUCKS
& RENAULT TRUCKS POLAND

for all the efforts people have put into this, not least the staff at workshops

and dealerships. They're our local heroes!

"The first thing we did was to make sure we had an honest dialogue with customers and helped them in the immediate situation. Here communication is essential – we must always tell the truth. And of course, we need to make sure we have the necessary resources to resolve customers' problems.

"Secondly, we work on more long-term solutions. This includes having meetings with people working in sales, technological development and other areas, to discuss what the problem is and what we can do.

"Thirdly, we have established guidelines on how to handle certain situations. It is important to understand why customers may be frustrated, even angry, if the truck doesn't work as expected, and respond in an appropriate manner.

"It all comes down to trust and communication. We can't promise customers there will never be quality issues, but we can make sure that we do everything to resolve their problems."

GTO employees are urged to act

"Quality is a vital part of the GTO agenda and one of our main focus areas, simply because it is crucial for our customers' business. We are working in various areas to do our share. Short term, GTO is of course part in ensuring quick time to market on critical customer problems. There is also ongoing work to strengthen our internal quality gates for the sites that are still not stable on the right quality levels.

We have an increasing focus on verification and validation of product and process solutions at GTO sites to secure stable introductions. In this area we work closely together with GTT. At the assembly lines, our operators need the right prerequisites to be able to deliver the best quality, on every truck, at every time.

In order to be a world class provider of trucks to our sales colleagues, it is important to constantly improve our internal processes and management system and we are encouraging all GTO employees to act when they see that quality is at risk. Another part is of course to provide our best support in the different processes and forums GTO is part of including our direct links to the different brands."

DAVID FRÄNNE,
VP QUALITY &
ENVIRONMENT,
GTO



Volvo Buses eliminates waiting times

MIKAEL GUSTAFSSON,
SVP, QUALITY AND
CUSTOMER SATISFACTION,
VOLVO BUSES



"Volvo Buses has many large customers and it's incredibly important that they are satisfied. One problem we have had is excessively long lead times when it comes to solving customers' problems and, since the beginning of the year, we have been focusing even more heavily on this area. We have examined the entire process – from the customer identifying a quality problem to us presenting the customer with a solution. Firstly, it's a question of eliminating waiting times. The target is to halve lead times within the next three years and we can already see some substantial improvements.

"At the same time, we are working to improve both the proactive and the preventive work. We are doing this by extending tests and verifications. Volvo Buses is also investing more resources in the projects where we can see there is a risk of a high error frequency.

"To date, I have only encountered positive reactions to the work that is being done. Our employees are clearly very happy to work on these issues and help our customers.

"For some time now, we have been selecting a 'Quality enhancer of the month' and we celebrate this with coffee and cake. Working on quality should be fun!"

Volvo CE secures a learning organisation

"At Product Maintenance, we work in cross-functional teams. We act as project leaders in the work of solving quality problems for our customers – from identifying a deviation to implementing a solution and dealing with machines in the field.

"In addition to actually resolving customer problems, our most important task is to secure a learning organisation. To ensure that quality problems do not reoccur, we must learn from our mistakes.

"A while ago, we reinforced our working method with preventive actions. When we identify the root cause of a problem, we go back to the line function that 'caused' the problem. This could involve a hydraulics department, a purchasing department or

final assembly, for example. During the control phase, before we close an issue, we follow up and examine the improvements that have been identified and implemented. These improvements can be both large and small, such as updating guidelines, running training activities or examining other parts of a design. Many people are really interested in learning and we are receiving an extremely positive response."

EMMA VERNER,
DIRECTOR PRODUCT
MAINTENANCE,
VOLVO CE





UD TRUCKS AT YOUR SERVICE

New organisation prioritises customers

TEXT
MARIA SKÖLD

PHOTOS
JUN TAKAGI

Japan is characterised by a distinct focus on quality. This is also an important aspect of UD Trucks brand heritage which can be further emphasised now that it is an integrated, cross-functional business area. Its chairman, **Joachim Rosenberg**, believes in leadership based on transparency, trust and accessibility.

On the new development since the Volvo Group was reorganised in March 2016 is that the UD Trucks brand is now part of two business areas. The Quester, a truck that is produced in Thailand, is part of the newly established Group Trucks Asia & JVs (read more on page 42). The rest of UD Trucks, with Quon (HD), Condor (MD) and Kazet (LD), has become a separate unit, under the leadership of Joachim Rosenberg.

What has happened since your appointment?

“The outside world doesn’t grind to a halt because the Volvo Group implements a reorganisation, so the daily decisions and business operations continue uninterrupted, with the customer as the focal point. In addition, we are focusing very heavily on a new form of leadership based on transparency, trust and accessibility. We are developing a new strategy and drawing up a detailed map for our future journey. We are also clarifying ‘who does what’ in the different parts of the organisation and updating our decision-making structure. Our guiding principle is to ensure that our colleagues feel confident, know where we are heading and can see that we are actively shaping our future – together.”

What kind of organisation are you looking to create?

“Work should be fun! Everyone should feel that their efforts make a positive contribution to our business operations. We want a flat, agile

organisation that reflects the entire value chain, given the area of responsibility we have. In this way, we can make decisions more rapidly and, at the same time, make exactly who does what clearer.”

What are the advantages?

“It’s good for our customers, as we can get closer to them and it will be even easier to make swift decisions at the ‘moment of truth’ that impacts customers. It’s also good for our colleagues. Greater empowerment and responsibility results in engagement and it’s easier to work cross-functionally. What’s more,

Joachim Rosenberg and his family are really happy to be moving back to Japan. They all love the country and its culture.



Hitoshi Ajiki, a driver at Londo Logistics. Most of its new heavy-duty trucks purchased since 2010, have been UD trucks.



the whole company will be more effective if we are able to make better decisions more rapidly and this will then lead to a stronger financial outcome.”

What are UD Trucks’ main challenges?

“We want our brand to be even more appreciated and to have more truly satisfied customers. At the same time, we want our colleagues to feel motivated and engaged. Among other things, we need to devote more work to our leadership and empowerment. Our aim is to combine the many strengths our Japanese heritage offers with the best of the Volvo Group. There are concrete learnings and wisdom that can be shared and has not yet been put fully to use. Japan is one of the world’s undisputed leaders when it comes to automotive nations and that’s not a coincidence.

“It goes without saying that conditions vary across different markets. In countries like South Africa, Malaysia and Indonesia, the UD brand

“Our aim is to combine the many strengths our Japanese heritage offers with the best of the Volvo Group.”

enjoys a powerful position, partly because our dealers are doing an excellent job and partly because we have attractive products and services. In some other countries, we have yet to achieve the impact we deserve. For example, I recently met a UD customer in Australia, who couldn’t understand why not more of his industry peers buy his favourite truck. ‘UD Trucks is the best-kept secret in Australia’ was his spontaneous comment. So we obviously have untapped potential there!”

What characterises Japan, your largest market and one of the largest for the Group as a whole?

"The underlying customer needs are the same as those in most other advanced markets – uptime, fuel economy, reliability, driver environment and so on.

"At the same time, there are differences, including a special product definition and unique emission legislation. Many Japanese customers also keep their trucks for longer than in other countries, for perhaps 10-15 years. This means that we have the opportunity to keep a customer for a longer time, making the service market even more important.

"Japan is also characterised by a very distinct focus on quality. It's incredibly important for customers and our colleagues. It permeates not just the automotive industry but also society as a whole in an unmistakable manner."

How are you going to meet these expectations?

"In this context, I think it's great that we are a separate business area that is able to focus on the things our customers think are important and deliver at high speed. The fundamentals simply have to function in Japan – reliable deliveries,

"The fundamentals simply have to function in Japan – reliable deliveries, available parts and skilled service."

available parts and skilled service. There is also the scope for different service contracts and offerings related to service and financing, plus a growing market for connected services.

"I am pleased that our President and CEO Martin Lundstedt has brought such a clear-cut focus on quality to the Volvo Group. Having such extremely quality-conscious, demanding customers in a number of Asian countries, including Japan and South Korea, is an asset for the entire Group. When we succeed in satisfying them, we will also exceed customer expectations in many other countries. Quite simply, we must strive to achieve a high level of quality everywhere!" ☉

Going the extra mile

When a UD Trucks technician stayed back late to make sure his job was done correctly, Londo Logistics knew they had found a partner they could trust.

AFTER FIXING A truck for Londo Logistics, UD Trucks' service technician Issei Hatakeyama wanted to ensure it would run properly, so he took it out for a test drive even though it was already late in the evening. Word got back to Londo Logistics Group president Yuuji Mukaino that one of the company's trucks was on the highway after hours, but when he realised this was because of a dedicated service technician, he made the decision to only purchase UD trucks.

This was in 2010 and since then most new heavy-duty trucks at Londo Logistics are UD trucks. Previously, the company had bought from all four major Japanese truck brands evenly.



Yuuji Mukaino

Now, even Londo Logistics' trucks from other brands are serviced at the Kawaguchi Customer Center in an industrial area outside Tokyo.

LONDO IS A logistics company with major clients based in the Greater Tokyo area.

Their main truck yard is in Ichikawa, a city near Tokyo, strategically located near a major highway. It consists of a large parking lot with space for over 40 vehicles and a trailer office.

Issei Hatakeyama

"I work at Kawaguchi Customer Center as a customer service representative. Before that, I was a service technician. To me it is very important to always do my best to help customers and ensure the highest possible quality. We must also always be honest in our communication and not make promises that we cannot keep."



KAWAGUCHI CUSTOMER CENTER

Location: Kawaguchi,
Saitama Prefecture

Founded: 1979

Type of Business:
Regular maintenance
and emergency
services for
customers. Dispatch
roadside help when
necessary.

**Number of
employees:** 43

President Yuuji Mukaino welcomes visitors with a warm smile. His business motto is simple: "Safety, timeliness, warm greetings, and products delivered in excellent condition – perfection is the minimum."

Here, customers should always expect the highest level of service. Which in turn, means that Yuuji Mukaino relies on his truck supplier for high quality service. When asked why he decided to forsake other companies for UD Trucks, Yuuji Mukaino replies, "Trust. I trust that UD Trucks will service my vehicles the best they can".

Koichi Ogawa, vehicle dispatcher at Londo Logistics, echoes this sentiment. Last year, he



Kenichiro Yoshida (left) and Hitoshi Ajiki both work as drivers at Londo Logistics. The company prides itself of its reputation for quality, which means that drivers must be able to really trust their trucks.



Koichi Ogawa

displayed his driving prowess in the Extra Mile Challenge, a competition hosted by UD Trucks where international teams compete in three categories: Maintenance, Fuel Efficiency and Driving Skills. He appreciates how UD Trucks initiates special events to raise awareness of driving

techniques that can enhance fuel efficiency. But it is the day-to-day service that wins him over: "The best thing about UD Trucks is having confidence that if something goes wrong, things will be taken care of in the best way it can be done," says Koichi Ogawa.

ISSEI HATAKEYAMA, the service technician who did the nightly test run, still works at Kawaguchi Customer Center, now as a customer service representative. To him, customer care means always looking for new solutions and also being transparent.

"For me, the key to great customer service is to always be truthful in communication. We should not make promises we cannot keep. We also have to let our customers know as soon as we fall behind, even knowing they will be upset," says Issei Hatakeyama. ☺

CAROL AKIYAMA

175
THOUSAND

"Taken together this business area delivered 175,000 trucks in 2015. Naturally, we need to drive development together with our JV partners," says Håkan Karlsson.

STRATEGY FOR ASIA AND EMERGING MARKETS

GEARING UP

The newly established Group Trucks Asia & JVs business area aims to be a lean organisation that sources locally. Its goal is to raise activity and increase sales in emerging markets.

TEXT LINA TÖRNQUIST PHOTOS VOLVO GROUP

A S PART OF the Volvo Group's new organisation, effective since March, oversight of the UD Qvester truck, a coming UD medium-duty range and two joint ventures have been given to the Group Trucks Asia & JVs business area.

This includes full responsibility for sales, operation and technology for the UD Qvester and the medium-duty range; supporting the joint ventures VE Commercial Vehicles (VECV)

and Dongfeng Commercial Vehicles (DFVC) and developing a joint strategy together.

The organisation is set up to capture opportunities in emerging markets, especially in Asia, which accounts for about 60 per cent of the global market for trucks. It also aims to grow business in other markets; developing sales for the UD Qvester and the new medium-duty range in Africa, Latin America and the Middle East.



Jacques Michel



Håkan Karlsson

"Taken together, this business area delivered 175,000 trucks in 2015. Naturally, we need to drive the development together with our JV partners," says Håkan Karlsson, Acting President of Group Trucks Asia & JVs.

THE ENTIRE VALUE CHAIN – sourcing, production and R&D – is placed in emerging markets. The aim is to find common product and component platforms – essential to staying competitive. Being in Asia, close to major emerging markets, allows for quick decision-making: "We are in a very, very high-paced business. So speed and reactivity are essential," says Jacques Michel, Senior Vice President Sales, Group Trucks Asia & JVs. ☉

A quest to grow in Southeast Asia's biggest economy



Two generations of owners: Soegianto and his son Donny Leimena in East Java, Indonesia.

THE HEAVY-DUTY UD Quester is finding a strong market in Indonesia, Southeast Asia's largest economy.

Trucks are really put to the test here. Conditions can be tough – trucks tend to be packed, even above legal limits, and they are often driven on rough roads.

As one of Japan's early export markets, Indonesian customers are used to high-quality vehicles at reasonable prices.

NOW, AS A RELIABLE product with a well-known brand and competitive price point, the UD Quester is proving its potential. Introduced in mid-2015, 1,800 UD Questers were sold during the first 12 months – taking

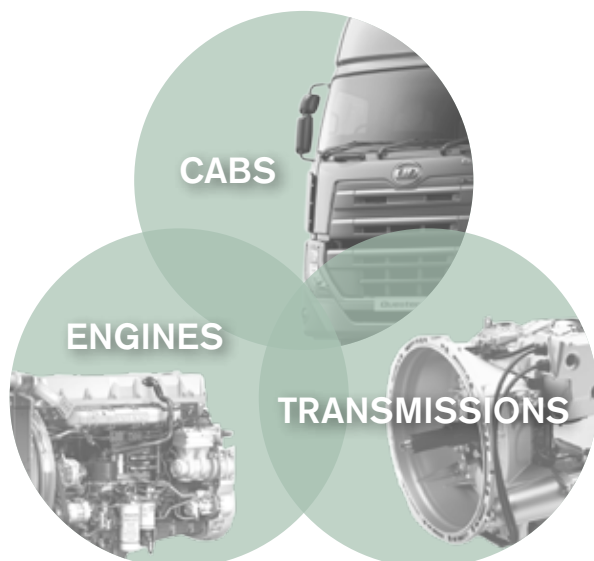
the UD brand from 1 per cent market share to 15 per cent.

One of those customers is PT Janti Sarana Material Beton (called Janti), a family-owned business in East Java – about 800 km from Jakarta, the capital. The Janti family has been buying UD vehicles since the 1980s. As a cement distributor, the family is part of the country's fast urbanising economy and is growing rapidly. Now they are switching to the UD Quester to support their growing business. Seventy UD Questers have been delivered, with another thirty on order. "It's proved to be a tough, safe and fuel-efficient truck, suitable for Indonesia's conditions," says director and second-generation owner Donny Leimena. ☉

GROUP TRUCKS ASIA & JVS BUSINESS AREA

STRATEGY

DEVELOPING A COMMON
ECO-SYSTEM
PURCHASING, TECHNOLOGY
AND COMPONENTS



THREE BRANDS

UD QUESTER AND THE NEW MD RANGE

Designed especially for emerging markets: the UD Quester and the new medium-duty UD range (to launch during 2017) will be sold in Asia, Africa, the Middle East and Latin America.



EICHER – VECV

Joint venture between Eicher Motors and Volvo Group. Operating since 2008, it includes a complete range of trucks and buses. Third-biggest truck brand in India; accounting for about one-third of light and medium-duty trucks and growing in the heavy-duty segment. Expanding both in India and globally.



DONGFENG – DFCV

Joint venture between Dongfeng Motor Group Company Limited (DFG) and the Volvo Group. Operating since 2015, full range of medium-duty trucks and heavy-duty trucks and buses. It is the second-largest truck brand in China and is also expanding internationally.



Diversity in the workplace brings new perspectives and ideas. *Volvo Group Magazine* asked three employees about their experiences.

TEXT LINA TÖRNQUIST PHOTO ANTON ZABRODSKII

"I want to set an example"

EGOR MAMONOV, GOODS RECEIVING ASSISTANT, GTO KALUGA PLANT, RUSSIA

"I WORK WITH logistics at the Kaluga plant. The job includes handling transport documents for shipments and deliveries. Drivers come to our office to be registered for unloading and I help coordinate them.

"Feeling useful is important to my sense of well-being. Here in Russia, many things are still only adapted for people who can walk. So people who use wheelchairs often sit at home and seldom go out. But over the last few years, more wheelchair-users are participating in sports and have started working.

"Diversity in the workplace makes use of different life experiences. For example, when you use a wheelchair to get around, you are

forced to plan ahead. Before I began using a wheel-chair I rarely planned things. But this skill really helps me in my day-to-day work.

"It's important for me to show colleagues and management that people who use a wheelchair can reach the same, or even better, results than everyone else. I want to set an example.

"I work with a nice group of colleagues and we often meet after work and go out together. I also play a lot of sports: I compete in ping-pong and train several nights a week.

"I also enjoy making things. I have a three-year-old son and he likes to help out whenever I do handicrafts. And I love to paint – I recently held an exhibition with my paintings at the Kaluga plant for Family Day." ☺

“Different backgrounds bring different perspectives”

FILIPA HOPPENBROUWERS, PRODUCTION MANAGER FOR VOLVO BUSES, CURITIBA, BRAZIL

“AS A PRODUCTION MANAGER at Volvo Buses, I am responsible for a production site which includes just over 100 people.

“Basically, I like everything about my job. I like working with people and continuous improvement. Every day is different: It’s never boring and always challenging. I also really enjoy working with the Volvo Production System.

“I am the first woman to hold a production management position within the Volvo Group in Brazil. To encourage more women to work in production management, I think one important factor is to show how plants have changed. Today it’s a clean, ergonomic environment and people are polite.

“Diversity is important in a management

setting. People with different backgrounds bring different opinions and perspectives. If you consider more points of view, the outcome can only improve.

“When it comes to my tips for someone taking on a management role, I would say: ‘First of all, believe in yourself.’ That’s the first step to making everyone believe in you as well.

“I am Portuguese and I worked in Belgium and in Sweden at the Volvo Group before moving to Brazil. I always try to demonstrate respect for others through my actions. I also can’t think of a single time in my career when I didn’t feel respected. But sometimes in life, because you are different in some way, people don’t react in the best way. In my mind, when I hear some unfounded negative comments, I think it says more about the person saying it than the person being criticised.” ☺



PHOTO: VOLVO GROUP

“I am the first woman to hold a production management position within the Volvo Group in Brazil,” says Filipa Hoppenbrouwers.

PHOTO: JUNG YOUNGSEOB



Frederic Ruesche

“Diversity is important”

FREDERIC RUESCHE, PRESIDENT KOREA SALES AND SERVICE OPERATIONS, VOLVO CE, SEOUL, KOREA

“I’M FRENCH BUT I’VE LIVED in Asia for 15 years. I’ve worked in Singapore, China, Malaysia and now I’ve been in Korea for two years. The construction and trucking industries are male-dominated around the world, and that is especially true in many Asian countries.

“I believe that diversity is important. When people think differently, it brings energy and the ability to change.

“When I arrived in Korea in mid-2014, there were only eight per cent women in the organisation and no females at the management level. So together with the only woman in our HR

department, we started a project in 2014 to hold our first career day for women. Participants were able to raise issues that could help advance female leadership. From that effort came several changes including more opportunities for self-development and lifting many secretarial duties from female staff.

“We are also strongly encouraging women to take maternity leave. Before many women were worried that it would impact their careers or even create additional workload for their colleagues. That shouldn’t be the case: family is something we should celebrate.

“This September we held a larger event, Volvo Women Career Day, which included an inspiring programme of leading women both from in and outside Volvo CE. We are also making some progress on diversity within management – we have now appointed a marketing director who is female for Volvo CE in Korea.” ☺



Volvo Women Career Day 2016

PREVOST IN NEW YORK

Known mainly for its tour buses and private coaches, Canadian bus builder Prevost has entered the transit business. And it started in the most demanding metropolitan area in the world: New York City. Its buses operate the express commuter service between Staten Island and Manhattan.

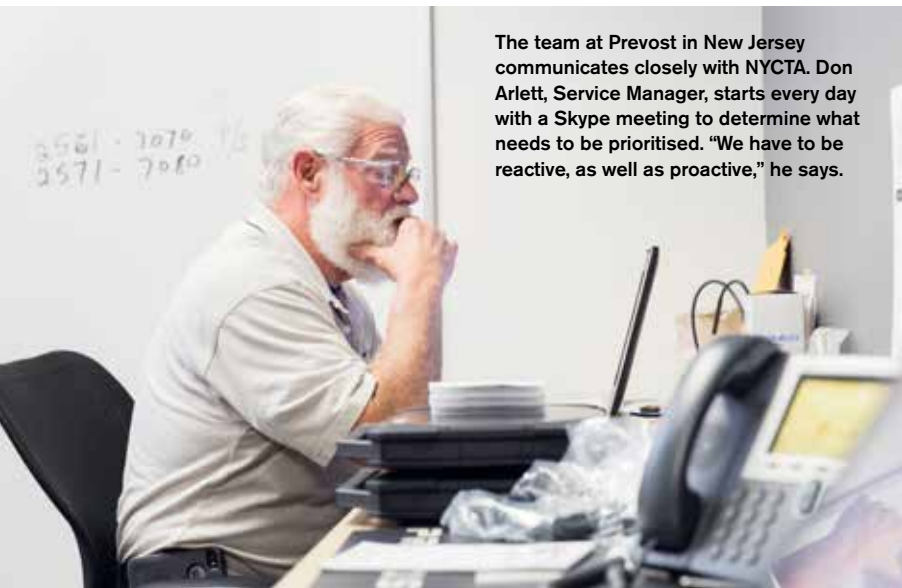




STREETS AHEAD

Do you know what Justin Bieber and commuters
in New York City have in common?
They ride Prevost to and from work.

TEXT HENRIK EK PHOTOS MARTIN ADOLFSSON



The team at Prevest in New Jersey communicates closely with NYCTA. Don Arlett, Service Manager, starts every day with a Skype meeting to determine what needs to be prioritised. "We have to be reactive, as well as proactive," he says.



Steeven Cardenas

Everyone in Prevest's team in New Jersey plays a very important role. Steeven Cardenas is one of the mobile technicians. He starts every day at the office in South Plainfield but can be assigned to any of NYCTA's five depots. "NYCTA is a demanding customer and should be," he says. "If the buses aren't running, they aren't making money, moving people." As he mainly works in the customer's depots, Steeven Cardenas has got to know NYCTA and its staff really well. "I like them and I think they like me. I always try to do my best and we don't leave until the job is done."

THIS IS NYCTA

- ▶ NYCTA stands for New York City Transit Authority.
- ▶ NYCTA is part of the Metropolitan Transportation Authority, MTA.
- ▶ NYCTA is responsible for New York City's subway system, bus system and Staten Island Railway.
- ▶ New Yorkers make seven million rides on these three each day.
- ▶ NYCTA manages 230 bus lines and 24 subway lines.
- ▶ That measures to 4,525 buses, 6,344 subway cars and 63 Staten Island Railway cars.

Last after 6.00 am at Prevest's facility in South Plainfield, New Jersey, an hour southwest of Manhattan. The workshop is already buzzing, and from an office down a narrow hallway, you can hear voices over a speakerphone.

"Actually Skype," Service Manager Don Arlett says, explaining the early morning meeting between himself, a couple of his colleagues from another service facility and the service team at New York City Transit Authority (NYCTA).

The call is a daily routine where NYCTA – part of New York's better known umbrella organisation Metropolitan Transportation Authority (MTA) – goes through service issues on their commuter coaches. Since 390 of them are Prevest, a lot of responsibility falls on Don Arlett and the rest of the team.

The call takes place just a few steps from the floor where several private coaches, motor homes and entertainer coaches are lined up – vehicles that Prevest is best known for.

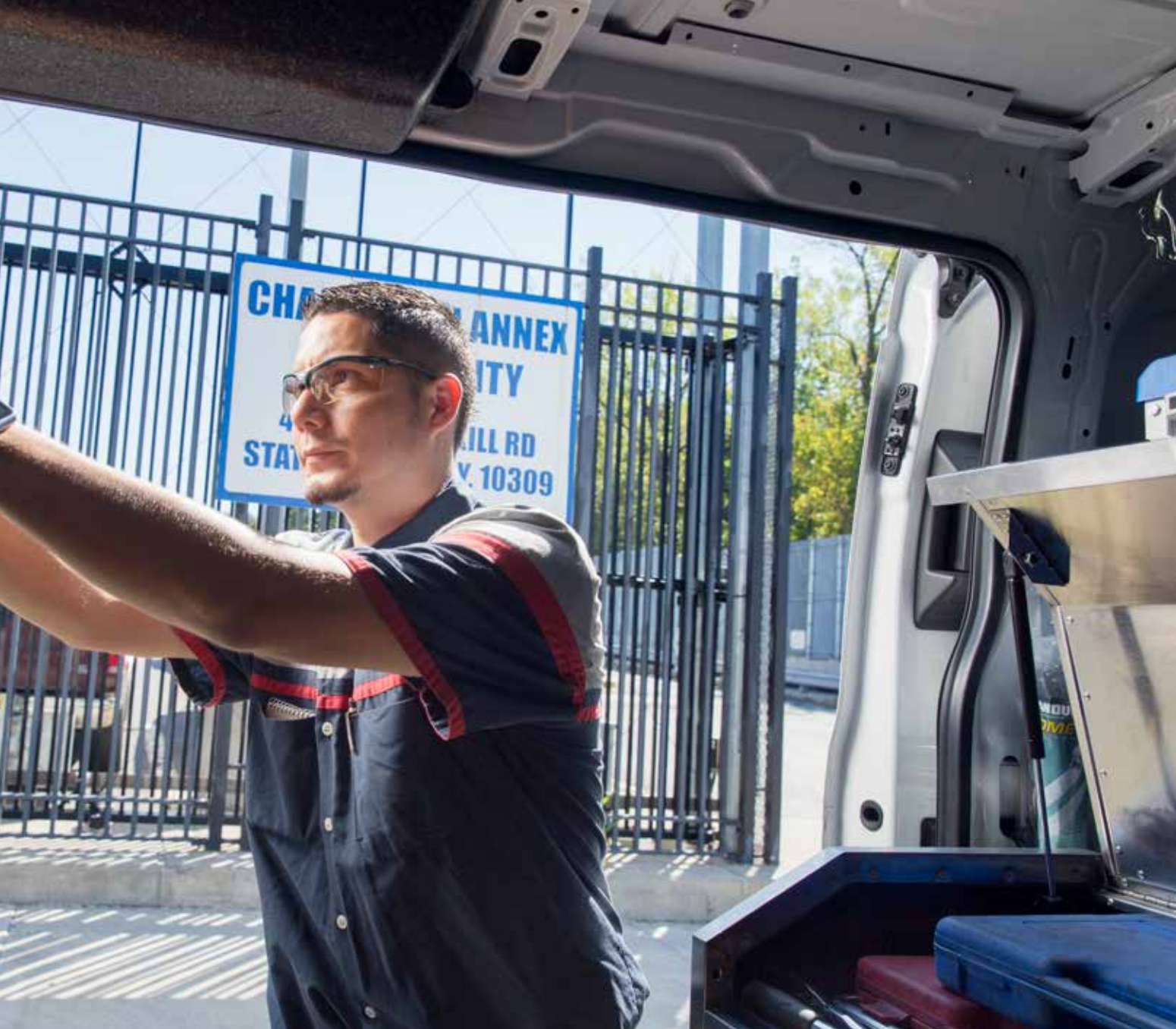
"For a rock band, getting your brand new Prevest means you have really made it," says Don Arlett.

A testament to that is the wall of fame in Prevest's lobby here in South Plainfield, covered with signed photographs of celebrities – everyone from Justin Bieber to Tony Bennett – thanking Prevest.

In the tour bus market, Prevest is still number one by a huge margin. Even the last two American presidents have used Prevest on their campaign trails.

But, since 2010, the focus has shifted somewhat and the company has entered into what is probably the most demanding area of transportation in the world: mass transit. After a test fleet of 90 buses was delivered to the City of New York in 2011, Prevest received a second order for another 300 in 2013.

Mass transit is a completely different market and the demands NYCTA has imposed on its



This is Prevost

Prevost was founded in Canada in 1924 and has been part of the Volvo Group since 1995. Prevost has made a name building customised coaches for different purposes. The company has a massive market share in "entertainers" – buses used for touring bands or celebrities.

Since 2011, Prevost has started building its X3-45 model as a transit bus, NYCTA is the first customer for this configuration.

Prevost commuter coaches are built in Plattsburgh, USA.

Prevost is working very closely with NYCTA and the service team in New Jersey is vital. June Uom is head of the service department for Prevost in South Plainfield. The team of mobile technicians, solely working at NYCTA's depots, is now eight people – a fairly slim organisation.



“We try to send the same technicians to the same locations as much as possible.”

JUNE UOM, HEAD OF SERVICE DEPARTMENT

buses are extremely high. The city streets where NYCTA operates are rough and its customers have huge expectations.

That is why the morning service calls are so important and quick responsiveness is a major factor in the deal. NYCTA is a customer that demands that every product deficiency is fully investigated, as soon as possible.

The teamwork, the focus on quality and the speed of the service has been crucial in making the customer satisfied and earning that second order of 300 coaches.

June Uom is head of Prevost's service division.

Each day, she assigns the company's eight mobile technicians to the five depots in the area where NYCTA has Prevost vehicles.

“We try to send the same technicians to the same locations as much as possible. With the security in New York and all that, it's good that the technicians get to know the customer and the customer gets to know them,” she says.

Prevost's main service shop for commuter buses is located in Secaucus in New Jersey.

“This is where we do most major work, the things that can't be solved at the customer's depots”, says Joe Zucco, Service Manager.



Joe Zucco

“We also do warranty repairs and campaign service that needs to be done on all buses,” adds José Medina, Branch Manager Secaucus NJ Service Center.

Commuter coaches such as these are supposed to run for



Lamar Jones works as a technician at Prevost's second workshop, located in Secaucus, New Jersey. This is where the company takes care of more complex service issues that cannot be dealt with at NYCTA's own depots.



Technician Lamar Jones (left) and team leader Michel Buteau work on the Volvo engine from one of NYCTA's commuter coaches.



at least 12 years, according to MTA guidelines. The warranty on the engine is five years – the rest of the bus, two years. But Prevost will still help out for as long as its coaches are rolling, the service team explains. It is a level of commitment rarely seen in other businesses.

Pascal Fillion is Chief Project Manager, based at Prevost in Quebec, Canada. He and his colleagues work very closely with the service team in New Jersey. "The engineering team in Quebec follow all the issues to see if there are developing issues that need to be addressed. It's crucial to stay connected and have a close focus. We work cross-functionally and have joint meetings with engineering, purchasing, production and service," he says.

TO WIN THE contract with NYCTA, Prevost had to build and produce the buses in the state of New York. "This meant reproducing Prevost's manufacturing culture and expertise to the new facility and staff in Plattsburgh. This was done in a strict and tight time frame without impact on the quality level. The delivery schedule that was committed with NYCTA was met without any delays," says Pascal Fillion.

New Yorkers might not feel like Justin Bieber or a presidential candidate riding to work, but the project has been a great success internally for Prevost which is now ready to grow in the transit sector. NYCTA has a very high reputation and is a transit benchmark.

"NYCTA is a very experienced and skilled customer. Their high knowledge has been crucial for us and we have been able to improve our product, our reliability and serviceability. We see a lot of possibilities having other major public customers signing up for Prevost," says Pascal Fillion. ☺

Volvo CE's new innovations are still in the prototype phase, but it is clear that the future of construction equipment is intelligent, connected, hybrid, electric – and even autonomous.

TEXT MARIA SKÖLD PHOTOS JONAS LJUNGDAHL

Scott Young from Volvo CE and John Meese from Waste Management.

NEW ROLE FOR CUSTOMERS



Volvo Concept Lab

The Xploration Forum is one example of the way the Volvo Group is working with its Volvo Concept Lab. It relates to projects in which customers and other stakeholders are invited to participate in the development of new products. To ensure that no one is misled into thinking that the products are anything other than development projects, the vehicles are painted a special 'winter orchid' green colour.

WELCOME TO THE Xploration Forum in Eskilstuna, Sweden. On the surface, it resembles a normal customer event for construction equipment, but there are some important differences. The machines are not for sale. They are not yellow. And they are almost silent.

"Our aim when we created the Xploration Forum was to show customers, the media, academia and our employees just how much exciting technology we are in the process of developing. The greater purpose is to strive towards the '3 Zeros' – zero downtime, zero accidents and zero emissions," explains Elisabet Altin, Director Communications Technology at Volvo CE.

During the Xploration Forum, held over three days in September, visitors were shown prototypes of a hybrid-electric wheel loader and a cab-less autonomous hauler. The machines were painted a futuristic shade of 'winter orchid green' to distinguish them from regular machines that can be bought at a dealership. This is in line with the Concept Lab guidelines for how the Volvo Group communicates technology that has not yet been brought to market but is being developed together with customers.

ONE EXAMPLE OF this kind of cooperation, which was demonstrated during the Xploration Forum, is the Electric Site project, where Volvo CE and the Swedish construction company Skanska are

Customers on collaboration



The Electric Site project

"We are partners with Volvo CE in the Electric Site project, which fits very well into our business. We try to make good business, but in a way that adds value to society. For us that means cost cutting for a better business, but not only that. It also means we have safer operations and dramatically lowered CO₂ emissions. Skanska and Volvo CE think in the same way."

ANDREAS SUNESSON,
HEAD OF DIVISION
FLEET AND TECHNOLOGY
AT SKANSKA



Waste Management

"Volvo CE and Waste Management have been close strategic partners since 2002 – when they speak we like to listen. Currently we have 60 L150 class wheel loaders, if we gain only a ten per cent reduction in fuel thanks to electrification, that's about 100,000 litres a year – it's a big difference in terms of economy and CO₂ emissions."

JOHN MEESE,
SENIOR DIRECTOR HEAVY
EQUIPMENT AT WASTE
MANAGEMENT

collaborating on the electrification of a quarry. US recycling giant Waste Management was also in attendance to explain how it is partnering with Volvo CE on testing a diesel-electric hybrid wheel-loader at two of its waste recovery sites in California.

"One of the important aims when it comes to the Xploration Forum is to demonstrate the value of partnerships of this kind," says Jenny Elfsberg, Director of Emerging Technologies at Volvo CE. "We hope to attract other customers to participate in various projects associated with this explorative side of product development."

TO ENSURE THAT ALL needs are aligned, Jenny Elfsberg and her team constantly observe the actual work on the customer sites and ask customers and users what would be valuable for them in future solutions – in order to make the right final design.

This cooperative way of working on product



Behind the scenes. Elisabet Altin (left) and Jenny Elfsberg set up the demonstration area together with the engineers Markus Rombach, Mikael Skantz and Ted Samuelsson.

development is mutually beneficial, especially during major technology shifts. Electrification, for example, could mean that a major part of customers' business operations and organisation are impacted. So it is essential for them to have the opportunity to conduct tests in order to decide on the adaptations they need to make.

Scott Young, Programme Manager of Electromobility at Volvo CE, points out that it is vital that Volvo CE understands how electrification has the potential to change many aspects of a customer's business.

"Thanks to really insightful feedback that we get from customers on our advanced engineering prototypes, we are able to improve the end solution and bring to market a much more



Jenny Elfsberg



Elisabet Altin

compelling offer. It's not just the machines, we are also analysing how these new products can significantly

change customer operations, business and support models, and perhaps even the shape of the wider industry in the future," he says.

Despite initial concerns surrounding secrecy and patents, neither Scott Young or Jenny Elfsberg envisage any major risks to Volvo CE as a result of this open approach. Most companies

nowadays are interested in similar technology, leading to greater transparency. It is also important to be able to collaborate with public institutions when it comes to the development of cutting-edge technology. For example, the Swedish Energy Agency is an important supporter of the Electric Site project.

"An open approach is essential for us in different ways. It is, for example, difficult to obtain patents for complete process solutions and so demonstrating that you are working on something can provide some form of protection. First and foremost, however, we need to showcase our technology in order to be an attractive partner. Too much secrecy makes you uninteresting," explains Jenny Elfsberg. ☺

TESTING TECH WITH CUSTOMERS

Customers are increasingly important experts and partners when it comes to product development. Recent examples include how La Poste and Guerlain work with Renault Trucks on electro-mobility.

TEXT MARIA SKÖLD PHOTOS NICOLAS DARTIAILH

François Savoye (left)
and Thomas Justin



THE FRENCH POSTAL service, La Poste, prides itself on owning the world's largest fleet of electric vehicles. With so many daily deliveries, the company tries to find as environmentally sustainable transportation methods as possible, explains Pascal Marin, head of La Poste's vehicles:

"We must accept our responsibility and electric trucks are therefore a good alternative. They don't produce local emissions and they are very quiet," says Pascal Marin.

The only potential downside he sees is the time needed for charging the batteries. La Poste is therefore working with Renault Trucks and Symbio FCell, a Michelin subsidiary, to increase truck autonomy. Their joint collaboration has resulted in a new hydrogen-powered fuel cell which instantly doubles the operating range of the truck and reduces the charging time to a few minutes. Using this fuel cell, the truck is able to drive 200 kilometres without being charged.

THE TECHNOLOGY IS NOW being tested for the first time in a 4.5-tonne Maxity Electric truck which has been equipped with a hydrogen-powered fuel cell. It was delivered to La Poste in February 2015 and is being used in the French city of Dole, in Jura province, a location chosen for its harsh winter climate. The idea is to really put the battery

to the test and both La Poste and the Volvo Group are monitoring the outcome meticulously. So far, the result has exceeded expectations.

"The truck has already run 16,000 kilometres and it works really well! The drivers like it, it is comfortable with good heating – a real plus for an electric vehicle – and it is easy to drive. And the hydrogen fuel cell is performing just as we had hoped," says Pascal Marin.

AS A LONG-TIME Renault Trucks customer, Pascal Marin feels the two companies share the same commitment to environmentally sustainable solutions. He is convinced electric trucks will be increasingly important for delivery transport.

This view is echoed by François Savoye, Energy Efficiency Strategy Manager at Renault Trucks. He notes how many cities, not least in Europe, are imposing stricter regulations governing carbon emissions, air quality and noise levels. For example, the French capital, Paris, is planning to ban diesel vehicles from its city centre in 2020 and other cities throughout France may follow suit.

"We also see a trend where the customer's customers are expecting that their goods are delivered in the most environmentally sound manner possible. Using clean vehicles is an important part of a company's brand image," says François Savoye.

But while the societal benefits of electro-

ELECTRO-MOBILITY

- ▶ Renault Trucks started working on electro-mobility for trucks in 1985.
- ▶ The Melody's project with fully electric trucks was initiated in 2009.
- ▶ Since 2009, six customers have participated in electric vehicle trials or demonstrations with Renault Trucks.



DOUBLE THE RANGE

- ▶ A 4.5-tonne Maxity Electric truck is equipped with a hydrogen-powered fuel cell, which produces electricity and heat from the combustion of hydrogen.
- ▶ The range of the truck increases from 100 km to 200 km.
- ▶ When the truck is not being driven, the fuel cell is able to charge the battery.
- ▶ Surplus heat from the fuel cell is used to heat the driver's cab.



mobility are obvious, it is also true that customers switching to electric vehicles need to deal with new operational constraints, especially related to the charging of the batteries. As a result, customers may have to adapt their operations, for example by reorganising distribution routes.

“Close collaboration with customers is crucial. We need to understand how customers want to operate the vehicles and how new technologies impact their operational schemes. Ultimately, we want to design our products to make it as easy as possible to integrate them in our customers’ operations,” explains François Savoye.

DURING THE PAST few years, six customers have been involved in different electrification projects with Renault Trucks and GTT. The starting point has always been finding a solution that suits the customer in question.

Thomas Justin is project leader for electro-mobility within Advanced Technology & Research (ATR) at GTT. He sees many advantages to this way of working. Not least that the different technological solutions can be assessed in field tests.

“It’s important that we have a dialogue with customers the whole time. I am now going to evaluate the La Poste field test and interview all

the participants. This will give us very valuable information,” says Thomas Justin.

He stresses the importance of collecting many different perspectives of the customer – certain factors play a major role for the driver, other aspects affect how the business is organised and some factors are important for profitability.

Thomas Justin believes that this dialogue will be increasingly important as the competition in the field of electro-mobility intensifies.

“We benefit greatly from our long cooperation with customers concerning electro-mobility. It is a question of both listening to the customer’s needs and being a partner that can advise them on how they can adapt their activities,” says Thomas Justin.

WORKING THIS CLOSELY with customers imposes huge demands – everyone in the company who is involved has to be flexible, reactive and prepared to try new working methods. But the rewards are endless, says François Savoye.

“This way of working not only means that we can learn a great deal, but, most significantly, it strengthens our ties with our customers. It builds trust and definitely impacts the business in a good way. The importance of this can’t be overstated.” ◉

Since 2014, Guerlain has delivered stock to its 15 stores in Paris with a Renault Trucks D 100% electric

Preserving beauty in many forms



Sandrine Sommer



Philippe Bernard

For French luxury brand Guerlain, using sustainable transportation for its deliveries is an important part of its image.

GUERLAIN IS ONE of the world's most prestigious perfume and cosmetics houses. It has put its mark on the beauty culture ever since the Guerlain family opened its first boutique in Paris in 1828.

But Guerlain has not only been hugely influential when it comes to trends in cosmetics, it is also a leading champion of sustainability.

"We love beauty and from that it follows that we want to preserve the beauty of the world. We focus a lot on biodiversity, eco-design and resource efficiency," says Sandrine Sommer, Sustainable Development Director.

Sustainable transportation is another key area. Since 2014, Guerlain has delivered stock to its 15 stores in Paris with a Renault Trucks D 100% electric, as part of a joint experimental project together with Renault Trucks and transport company Speed Distribution Logistique.

GUERLAIN HAS WORKED together with Renault Trucks to develop a clever transportation route of 200 kilometres, where the truck runs in full-electric mode, with recharging points along the way while goods are being unloaded.

"This is the first time we have worked together directly with a truck manufacturer, but it has been a very nice experience. Renault Trucks and Speed were both great support, they have really listened to our needs and found a solution adapted to

Guerlain's Paris distribution," says Philippe Bernard, Freight and Logistics manager at Guerlain.

He believes electric trucks could be one solution for deliveries in many cities. Not least since it is then possible to distribute goods during the night, without disturbing the stores' neighbours.

"Initially we calculated that using electric trucks would add a cost of 10-15 per cent, but for us it is definitely a contribution we want to make," says Philippe Bernard.

SANDRINE SOMMER NOTES how their customers are increasingly concerned about the environment, pollution and climate change, and they expect companies to assume responsibility. She has also been pleased to see the commitment of the sales staff.

"They are so proud of the electric truck and eager to talk to customers about it. I also meet a lot of people who have heard of the truck and want to know more. This is definitely the way forward as we try to build a better world in the name of beauty," says Sandrine Sommer. ☺



Guerlain dates back to 1828.

Small changes brought big improvements

Openness to change and recognition of smart ideas are ways to promote more efficient operations. *Volvo Group Magazine* visited the Bourg Plant in France to meet the team that took home the GTO productivity award in 2015.

TEXT SOPHIE POISARD-STORZ PHOTOS NICOLAS DARTIAILH

SANDRINE GERLING, logistics operator at the GTO plant in Bourg, knows how to observe her work station in order to identify actions for improvement. Through the 3M observation method, she has a way to analyse every action performed during a task in order to improve ergonomics, cut variability and eliminate downtime.

In a project, Sandrine Gerling identified actions for improvement such as developing a drawer to hold fuse holders or coupling carts of pneumatic

kits in order to reduce trips to the assembly line. "Taken together, all this has changed my daily life," she says. "This work has also united the team, we know that we can say things, make suggestions and that we will be listened to."

Even if everything cannot be changed right away, Sandrine Gerling insists: "We must dare – some simple improvements can be made overnight".

The Bourg Plant conducted 150 projects like this one in 2015 and 3,530 tangible ideas for improvement were applied in production and

BOURG IN BRIEF

- ▶ Assembly of the Renault T, C and K heavy duty truck ranges
- ▶ 1,450 employees
- ▶ 25,205 vehicles assembled in 2015



Sandrine Gerling is a logistics operator at the Bourg Plant in France. The work with 3M observation has changed her daily life.



Jean Calard, Team Leader, and David Desroches, Unit Manager, both work at preassembly.



Sandrine Gerling, Logistics Operator, Samuel Mateus, Team Leader, preparation pool-logistics and Eric Thomas, Unit Manager, preparation pool-logistics. They have all been involved in the work with the 3M Method.

logistics. The 3M collaboration between logistics and production improved overall productivity at the plant by eliminating production waste. The assembly unit led by David Desroches completely redesigned their set up. "We started by filming the progress of each task. Video observation is very enlightening, it gives us a new perspective," he says.

THE 3M TECHNIQUE has been implemented throughout the plant. It is not rocket science. For instance, Post-It notes are used to represent

one step at the workstation. This way, they can be easily moved to complete another workload. "The goal is not to work more but to work better by using the skills of the people closest to the field. Jean Calard, team leader of David Desroches' team, says: "Each machine operator takes charge of his or her station, this is the strength of this initiative". This also applies to all the members of the unit, representatives from logistics, safety, methods and so on, to ensure the feasibility of the action plans.

Key figure

13%

reduction in costs between
2012 and 2015

3M METHOD

A method used to visualise the various work elements within a process to aid continuous improvement. It is based on three areas: Muri (ergonomics), Mura (variability), Muda (waste).

The Bourg Plant's work with the 3M method earned its first place in the GTO Awards in the category Productivity. Claire Robert, Head of Business Control and VPS, comments: "Today, it's a part of our continuous improvement programme, it doesn't require large investments and it is transferable to all other plants".

THE METHOD IS also a source of pride for the plant and its site manager, Frédéric Brun. "The performance culture is a reality in Bourg and making everyone accountable is a major step that has been taken with consistency and conviction by all the managers," he says.

The next challenge? "Improve our safety numbers – let's roll up our sleeves and go for the GTO prize in safety!" 🍷



Claire Robert



Frédéric Brun

"Everyone in the organisation has a role to play"

AWARDS AND employee recognition are a central part of GTO's work with continuous improvement. Catherine Thoinon, Director Excellence at GTO, oversees much of the work with the six global annual awards at GTO.

Why is an award and recognition programme important?

"It is an important way to recognise the work people do to bring about improvements. It also helps spread best practices. The programme aims to demonstrate that everyone in the organisation has a role to play."



Catherine Thoinon

How do you ensure that knowledge gained in one project reaches others?

"We publish news articles and a video about each of the top three projects on Violin. Knowledge sharing is one of the main criteria

to win. A winning team also needs to demonstrate that it has benchmarked other projects and shared its own results. We also encourage teams to visit other sites and to learn from each other."

How does the selection of winning projects work?

"The competition opened in September. After the entry deadline, there is an evaluation phase where all applications are reviewed. Once the committee has decided on the three finalists, we have a video conference with the teams to ask questions and select a global winner."

What is it like to win the global competition?

"Our aim is that the winners should always remember this event. They are presented with the award at a big ceremony in front of a huge number of managers from around the world. The ceremony is also combined with activities such as visiting plants and adding the winners' names to our 'wall of fame'. It is often quite emotional." 🍷



AWARDS

The six global awards at GTO include:

- ▶ Safety
- ▶ Delivery
- ▶ Productivity
- ▶ Quality
- ▶ Environment
- ▶ Diversity & Inclusion

The deadline for applying for the next round of awards is 27 January 2017.

Köping celebrating 160th anniversary

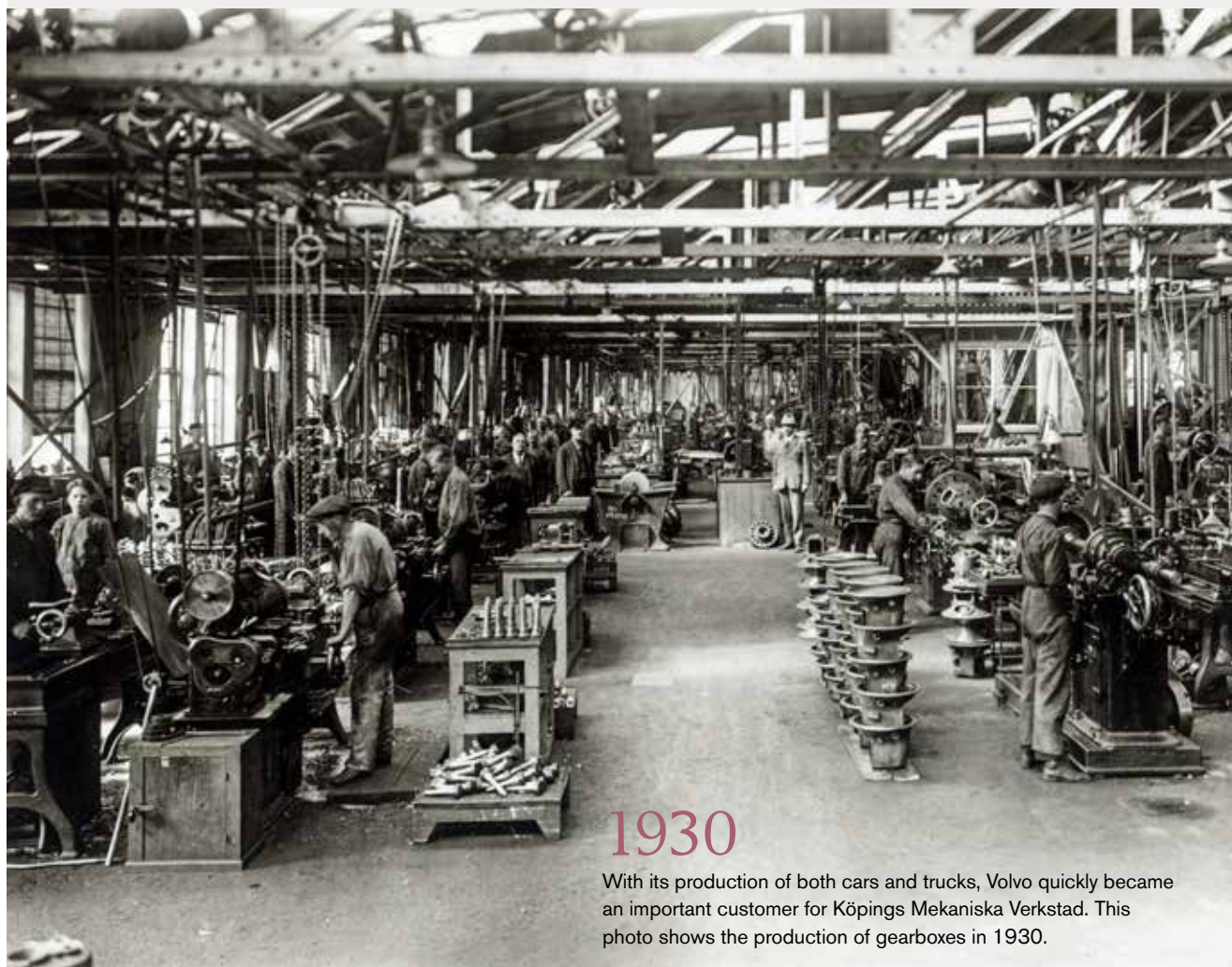


PHOTO: VOLVO POWERTRAIN PRODUCTION

1930

With its production of both cars and trucks, Volvo quickly became an important customer for Köpings Mekaniska Verkstad. This photo shows the production of gearboxes in 1930.

1856

Köpings Mekaniska Verkstad (Köping's Engineering Workshop) was founded by Otto G Hallström in Köping in Sweden. The company primarily produced machine tools, such as lathes, drilling machines and milling machines. Its largest customers included railway workshops and gun factories.

1926

AB Volvo, a recently established company, placed its first order for gearboxes with Köpings Mekaniska Verkstad. The following year, Volvo launched its first car.

1942

Köpings Mekaniska Verkstad became part of Volvo.

2016

Transmissions for Volvo trucks, buses and haulers are still being machined and assembled in Köping. The plant also produces marine drives for Volvo Penta and supplies the Volvo Group's plants in North and South America with transmission components. GTO Powertrain Production in Köping has some 1,500 employees.

5

QUESTIONS TO JENS HOLTINGER

FORMER SITE MANAGER AND VP
GTO POWERTRAIN PRODUCTION,
SKÖVDE, SWEDEN

Engaged employees are the key to success. And achieving engagement calls for open communication. Plus the courage to wait.

You recently became Senior Vice President for CVA Cab Over Engine in GTO. VGAS results from the Skövde Plant, where you were site manager, have shown high engagement. How do you work on these issues?

"Engagement is something that is created every hour and every minute of every daily operation. It is basically a question of conveying a clearly defined picture of the business environment so that everyone knows where we are heading and why. To reach our destination, we sometimes need to make deviations and compromises. Then it's important for us to explain why."

What is needed to succeed?

"Talk, talk and talk again! Dialogue is the most underrated means of change available and this is where other leaders and I have an important role to play. We have fantastically skilled and gifted employees, provided that they are given the right conditions and the right information. By talking about the challenges we face, we can build engagement and confidence."

Why is this so important?

"Nowadays, virtually everyone is able to buy the same equipment and manufacture the same products. Our employees are our strongest competitive weapon, they play a

decisive part in whether or not we succeed.

I like to say that our operations are characterised by 10,000 small decisions. If an operator thinks a machine sounds strange, does he or she make an extra check? This is the kind of decision that determines whether or not we succeed in being a world-class company. I am not able to play an active part in every decision, but I can do my best to ensure that decisions are made in the right direction."

What kind of leader are you?

"Well, that's a question only other people can really answer. But I think that people see me as someone who inspires confidence and delegates responsibility. I set high standards and I have high expectations for both myself and my employees, but I also give support when it is needed. As a leader, you need patience and the courage not to be afraid to wait. Change takes time."

You worked at the Skövde Plant for almost five years. Can you see any differences?

"Yes, I feel that we've been moving in the right direction. We've been moving towards becoming an increasingly learning organisation and we've been developing in a way that means that we are constantly improving." 🌀

LINDA SWANBERG

According to Jens Holtinger, every employee has four tasks to ensure a lasting ability to compete. "Perform the task, develop the work, develop themselves and develop the team." Carl Axelsson and Angelika Gustavsson are two of the 2,800 people working in Skövde.



7

FIGURES FROM VGAS 2016

87%

of employees feel
respected by their
managers.

86%

of employees have a
clear understanding
of their contribution to
their business entity's
objectives.

82%

of employees are proud
to be working for their
business entity.

72%

is the level of
employee engagement
(71% in 2015).

61%

believe that customer
problems get corrected
quickly.

57%

believe that there is
good collaboration
across the Group and
that their business entity
has communicated a
motivating vision of the
future.

61%

find that the senior
leadership team of
the Volvo Group have
communicated a
motivating vision of the
future (51% in 2015).

PHOTOS: JULIA BÄCK-JONSSON



“When you go on stage, you’re in the moment and you want to share the story you have with the audience.”

SAHANA RAVINDRANATH, VPS SENIOR ADVISOR, GROUP IT, INDIA



Continuous improvement was the theme of the Group Talks held in Gothenburg in June. Catalina Villa, VPS Manager, VPS Americas, USA; Martin Lundstedt, President and CEO of the Volvo Group; and Fredrik Rosén, Team Leader Manufacturing, GTO Skövde, Sweden, were some of the speakers.

Get inspired by your colleagues

DO YOU WANT inspiration from colleagues? Do you like personal stories? Make sure you do not miss Group Talks, the Volvo Group’s own version of Ted Talks.

Since starting in 2015, the Volvo Group University has arranged ten events with speakers from

different parts of the organisation sharing their personal experiences on topics such as leadership, continuous improvement and diversity.

“With Group Talks, we spread knowledge and inspiration in a different and fun way. It is also

an opportunity for our colleagues to show a more personal side of themselves,” says Alexandra Alfredsson, Learning Programme Manager at Volvo Group University.

More Group Talks on new subjects are in the pipeline. Check for updates on Violin! ☺

➔ You can find the talks in Navigator, the learning tool on Violin, and also on the new portal hosting all Group Talks: **knowledge.volvo.net/SHARE/**.

How to be a better speaker



Carl Ternstedt

CARL TERNSTEDT is the founder of TEDx Gothenburg, a producer and speaking coach for Group Talks. Here are his top five tips for capturing the attention of your audience.

1 WHAT DO YOU WANT TO SAY?

Less is more. Start by defining your main message and use it as the basis of your talk. Then remove anything irrelevant. A talk with a clearly defined message is more powerful than one dealing with many different things.

2 TAKE YOUR AUDIENCE ON A JOURNEY

See yourself as a guide. Give your audience a hint as to where you are heading, but do not reveal everything. Also think about the insight you hope your listeners will have been given when you reach your destination. What do you want them to feel and do? To succeed, you need to know your audience and adapt your talk to suit them.

3 REFER TO YOUR AUDIENCE

If your audience is to understand and assimilate your message, you need to create a personal connection. You can do this by sharing your experience and emotions. Try to use metaphors that other people can easily recognise. To create a common theme, finish by referring back to the beginning of your talk.

4 REHEARSE, REHEARSE, REHEARSE

If you know your talk by heart, the message will be more powerful. Give your talk to a family member or good friend – they are usually good at giving honest feedback.

5 NEVER BE AFRAID TO SHARE

Try to see your talk as something you really want to do, not something you have to do. Your audience will quickly see if you are truly enthusiastic. Never be afraid to show them the real you, or to be emotional and share your failures and difficult experiences.

DIANA NIU

Dare to be curious

ARE YOU A curious person? If the answer is 'yes', congratulations! You possess a trait that is increasingly associated with extraordinary performance. If your answer is 'no', well, you may be curious to find out why you would benefit from another outlook on life.

There is quite a lot of interesting research to back this up. Professor John Carter followed Harvard Business School graduates of 1973 for 20 years. In the early 1990s, he presented research on the distinction between the extraordinarily successful MBA students and the successful ones. Two things mattered: (1) having a strong sense of confidence and (2) always asking questions and being curious.

I find these studies fascinating and very relevant for the Volvo Group. Especially since curiosity and confidence are clearly linked with the ability to lead change, cope with change and generate higher performance. Curious people want to understand the world. They are better at dealing with new situations. They want to learn from others and are eager to find out how they can perform better. They listen to the customers and benchmark against higher performing individuals and companies.

ONE OF THE BEST THINGS about the Volvo Group is our great diversity, but, to really benefit from it, we must also be inclusive. Teams characterised by an inclusive spirit perform better, because all the members feel valued, collective wisdom is shared and the level of excellence increases on a daily basis. As individuals, we can all contribute to the inclusive atmosphere by asking questions, by listening attentively and by giving and receiving feedback in a sincere and constructive manner.

The positive news here is that we can all become more curious and confident by being interested in people around us and by striving to be in a state of curiosity and confidence. A company that wants to be continuously successful should foster a culture where everybody is listened to and encouraged to speak their mind.



DIANA NIU, SVP HUMAN RESOURCES, VOLVO CE

What do you know about UD Trucks?

Some 3,000 kilometres in 13 days. That was the first test run for the first truck back in 1939. Complete the quiz and get a chance to learn a lot of interesting facts about UD Trucks.

1

The first test run was made on rough mountain roads in Japan in 1939. The founder of the company was driving the truck. What was his name?

- A. Kenzo Adachi
- B. Ichiro Suzuki
- C. Haruki Murakami

2

UD stands for 'Ultimate Dependability'. Where does the name originally come from?

- A. From the President of the company in the 1970s
- B. From the term Unlimited Diesel
- C. From the name of the iconic 'UD engine' in 1955

3

In what year did UD Trucks introduce Quon, the world's first heavy duty truck with urea SCR system emission control technology?

- A. 2004
- B. 2010
- C. 2014

4

What is the name of the heavy duty truck that was launched for growth markets in 2013?

- A. Big thumb
- B. Quester
- C. Condor

5

What year did UD Trucks become a part of the Volvo Group?

- A. 2001
- B. 2007
- C. 1999

6

What is the brand promise of UD Trucks?

- A. Moving you forward
- B. Delivering the Gemba spirit
- C. Going the Extra Mile



Win a t-shirt!

Three lucky winners will get a t-shirt from UD Trucks with a retro print. Email your answers to groupmagazine@volvo.com no later than 31 January 2017. Write "Quiz" in the subject line. Remember to include your name, address and size of t-shirt. You can find more information at udtrucksmerchandise.net. Good luck!

The winners of the quiz in Volvo Group Magazine #3 2016 were **Ingegerd Östblom**, Sweden, **Danny Punwasi**, South Africa, and **Mukesh Gupta**, Scotland. Congratulations!

The right answers were:
1B, 2A, 3B, 4C, 5B, 6B

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