

spirit

VOLVO CONSTRUCTION EQUIPMENT MAGAZINE



ROOM SERVICE AT 30 DEGREES BELOW ZERO

Sweden's Ice Hotel: a magical place built in extreme conditions by Volvo machines

New Launches: Volvo unveils its most advanced machines ever

Inside Track: Olof Persson, President and Chief Executive of Volvo Construction Equipment talks openly about the state of the construction industry

Also: Product information, job reports and much more...



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VOLVO CONSTRUCTION EQUIPMENT



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Shows of confidence

While parts of the Northern Hemisphere are held in the icy grip of winter and the global economy still recovers from the chill of a bitter recession, there may seem few reasons to be cheerful. But as 2011 gathers pace there are warming signs of optimism blossoming in our industry. The successful Bauma China show in Shanghai late last year demonstrated the exciting (and rapid) developments in the Asian construction industry – and also the huge potential on offer to those willing to engage in this most dynamic region.

It's not just about Asia: growing confidence in a recovering North American market will produce more winners than losers at this year's ConExpo show, to be held in the casino capital of the world, Las Vegas, in March. Volvo Construction Equipment will be at this show and present an exciting range of products and services for customers across the American continent. Volvo's commitment to its customers in North America is also highlighted with our report on the \$30 million investment in expanding our road machinery facility in Shippensburg, Pennsylvania.

The most important reason for optimism this year is the raft of new products that are being rolled out by Volvo. With a focus on fuel efficiency, our customers can look forward to a ground-breaking new series of articulated haulers, wheel loaders, excavators and backhoe loaders – all of which set new standards where the customer thinks it matters. A glimpse of some of the innovations contained in these products is given in our article in this issue.

Fittingly for this time of year, we have a report on the world famous Ice Hotel in the north of Sweden. Guests live, sleep and eat in this purpose-built hotel made entirely of ice. Starting from scratch each year as winter approaches, the extreme conditions in this arctic zone mean only the most reliable, fuel efficient and productive machines can take on the job. So it's no surprise that the machines used to carve out the Ice Hotel each year are Volvos. So join us in the ice bar with our video story on the construction of one of the most innovative building projects in the world today.



For many of our customers, we recognize that things remain tough. But despite the wintry weather and slowly improving economics, we at Volvo believe there are still good reasons to look forward with confidence. Join us to see why in this edition of our magazine.

I hope you enjoy the latest issue of Spirit

Bill Law Editor in Chief



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EDITOR IN CHIEF Bill Law **ASSISTANT EDITOR** Steven Lefebvre

EDITORIAL PRODUCTION AND DESIGN EMG Communications Ltd

CONTRIBUTORS Niall Edworthy, Tony Lawrence, Clare Gittins, Tobias Hammar, Brian O'Sullivan, Sara Wågenberg

PHOTOGRAPHY Julian Cornish Trestail, Hans-Olof Utsi **FRONT COVER PHOTO** Ben Nilsson/photobigben.com

PLEASE SEND YOUR EDITORIAL CORRESPONDENCE TO VOLVO SPIRIT, VOLVO CONSTRUCTION EQUIPMENT, HUNDERENVELD 10 - 1082 BRUSSELS, BELGIUM OR BY E-MAIL TO VOLVO.SPIRIT@VOLVO.COM.

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You can with CareTrack

CareTrack is the Volvo Construction Equipment telematics system*, designed to provide you with information which can help you optimize productivity and increase machine utilization.

Knowledge is power and with data such as machine location, fuel consumption and service reminders, CareTrack gives you the insight needed to take efficiency improving actions that have a real impact on your business.

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But don't just take our word for it – the real results our customers are achieving with CareTrack everyday speak for themselves.

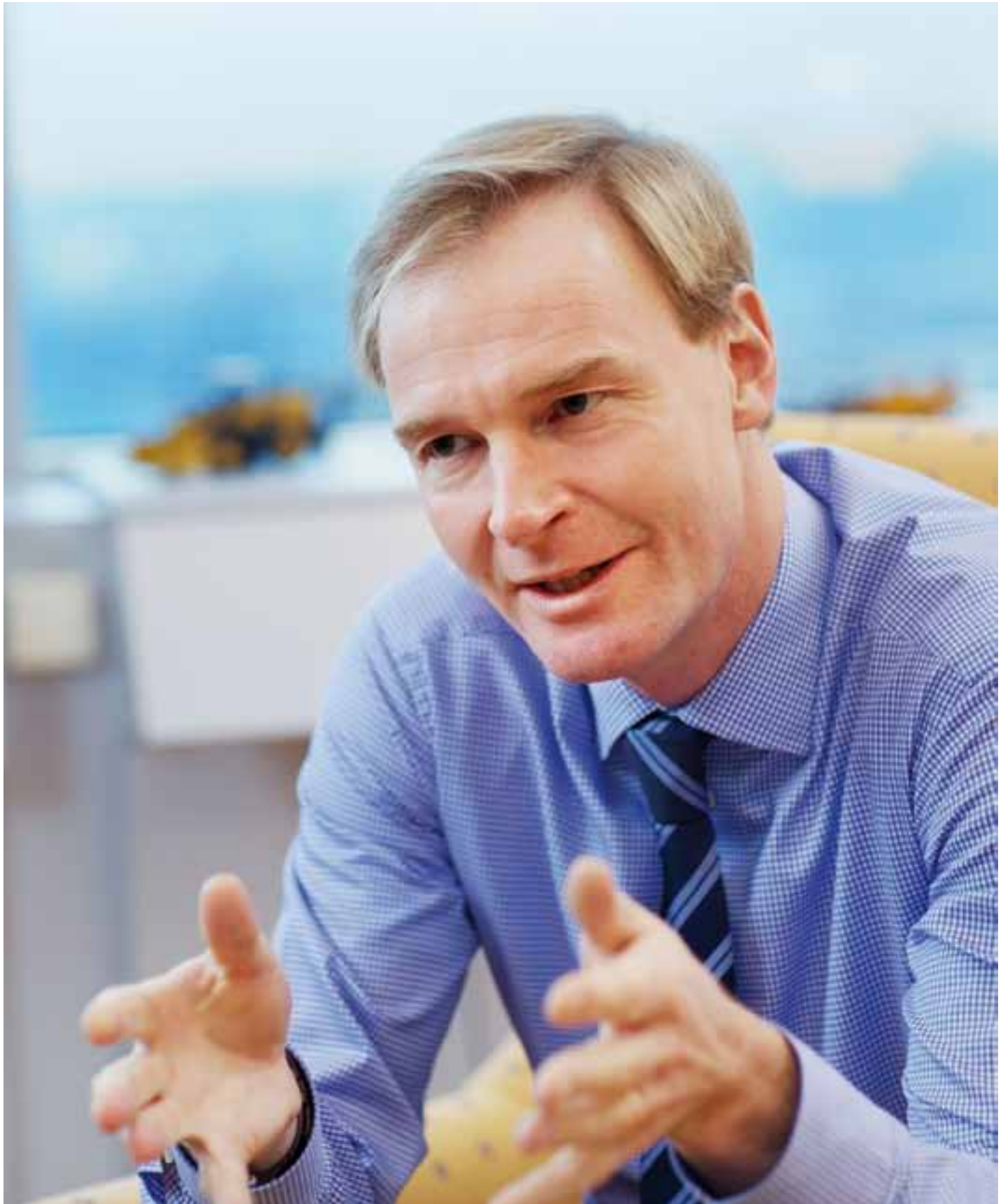
Take the example of one of our customers in Europe. When this customer was first introduced to CareTrack by their Volvo dealer, their average fuel consumption was 40 liters (11 gallons)/hr. With the information CareTrack provides, they were able to introduce an incentive scheme, offering a reward to the most efficient operator. Today, average fuel consumption for the customer is 20 liters (5.3 gallons)/hr – a massive saving across their fleet.

This is just one example of Volvo customers who are achieving real and measurable results using CareTrack.

With CareTrack as part of your machine, unlocking the benefits could not be easier – just ask your dealer about activation to get started.

You can save fuel. You can reduce costs. You can maximize profitability. For more information go to www.volvoce.com

You can with CareTrack.
** In markets where CareTrack is available.*



Volvo Construction Equipment's Chief Executive

“WE REORGANIZED THE COMPANY INTO A MUCH LEANER STRUCTURE AND IMPLEMENTED A CLEAR GLOBAL STRATEGY.”



TWO YEARS AGO OLOF PERSSON BECAME VOLVO CONSTRUCTION EQUIPMENT'S CHIEF EXECUTIVE – JUST AS THE FINANCIAL CRISIS HIT. BUT BY ADOPTING AN AMBITIOUS RENEWAL PLAN, BOTH THE COMPANY AND ITS LEADER ARE TODAY ENJOYING THE FRUITS OF RECOVERY.

It's hard to see how the timing of Olof Persson's arrival in late 2008 as Chief Executive of Volvo Construction Equipment could have been much worse. After years of prolonged prosperity, not only were the global financial markets in meltdown and banks failing, but the construction industry – that had only weeks before been booming – was suddenly dormant. With the company producing machines for which there was now no demand, it was clear that Olof was destined for a baptism of fire.

“The extent of the crisis was unprecedented,” says Olof, “We couldn't look to history to tell us what to do. We had to rely on the facts – and the facts were alarming. The reality was that no-one was buying equipment in our industry. The situation was so extreme that it called for extreme measures – and that is what we did. We pulled hard on the emergency brakes, reorganized the company into a much leaner structure and implemented a clear global strategy that we could all support.”

“I learned a lot over the last couple of years about how to deal with a crisis,” says Olof. “I learned that by taking painful and tough decisions early in an emergency you are more likely to come out of it in a much stronger and better shape than when



"I learned a lot over the last couple of years about how to deal with a crisis"

"ONLY BY US ALL DOING OUR BIT WILL THE COMPANY THRIVE."

you went in. But just because decisions make business sense doesn't mean that they are easy – and parting company with a quarter of our loyal workforce was the hardest thing I've had to do in my working life. Employees understood that we had to do something – but that didn't make it any easier. Happily, we are now welcoming many of those people back into the company."

While the impact of the crisis is still clear in the memory, today the global markets have recovered remarkably well – and Volvo Construction Equipment has not just survived, but actually come out of the recession in a much stronger position than when it went in. That the company is now one of the most successful and ambitious in the industry is a direct result of that proactive approach the company took to the crisis. Olof and his team weren't satisfied with just survival – there was a clear intention to become a more customer focused, more efficient and more global company when the markets recovered.

HOOKED ON CONSTRUCTION

Now settled into life near Volvo Construction Equipment's headquarters in Brussels, Olof understands the construction business – but having come from outside the industry has he got to grips with the machinery? "Absolutely – I'm hooked on it!" he laughs. "It's got to the point where my children don't want to come on a car journey with me, as I keep slowing down to look at the machines on the roadside and bore them with the differences between wheeled and crawler excavators and all the things backhoes can do. It's been an education for the whole family!"

With a consensual management style that collectively sets targets and measurements, Olof is then unbending when it comes to making sure that people meet their obligations. "Only by us all doing our bit will the company thrive," he explains. This strategy seems to be paying dividends, as Volvo Construction Equipment has never been in better shape.

Signs that things were stabilizing in the industry started to appear towards the end of 2009 and as 2010 developed it became clear that a full scale recovery was underway. Asia (particularly China) was the first region to bounce back, followed by Latin America, then Europe and now North America. This was reflected in Volvo's first quarter 2010 financial results, which

saw it return to profit after several quarters of heavy losses. By the third quarter not only was the company making money but it also found itself at the top of the industry league tables. Something significant had obviously happened inside Volvo Construction Equipment...

"You can't discuss the industry today without talking about the Chinese market," says Olof. "It's now as big as all other world markets put together. Our investments there enabled us to have the capacity to maximize the upturn in that market and we are investing still further in China and the other BRIC markets."

PRODUCT RENEWAL

"We are also now embarking on the company's most ambitious product introduction program, that will see over 50 new or updated products launched in the next couple of years. These premium segment machines will be of higher quality, more customer focused, cleaner and in most cases more fuel efficient than the ones they replace, which were already class leading. Quality in everything we do is our guiding principle. We will also introduce new products that fill gaps in our range where we see it makes sense for customers and for us. In the future our product development will have a more local focus, making sure we have the right products in the right markets to satisfy local customer needs. This is not limited to machines, but also financing, telematics, customer support agreements and a host of other 'soft' product offerings."

With a risk of a double dip recession receding, what does Olof predict for the rest of 2011? "Business is never 'normal' and there are always ups and downs. Markets are rarely in sync but we see good growth continuing in the BRIC markets and slower but still positive growth in Europe and North America, to which we remain committed. But whatever happens, the new-look Volvo Construction Equipment is better prepared for both upturns and downturns. We are more efficient and flexible to cope with whatever the markets throw at us."

So now that the dark days of 2008 and 2009 are behind him, is Olof finally starting to relax and enjoy his job? "Now that we are welcoming people back into the company, launching exciting new products and winning profitable market share, it's a lot more fun," he smiles. "We have all worked hard for that fun too; the trouble is that we have to keep on earning that fun by continuing to gain the trust and confidence of our customers."

The rigors of the last two years don't seem to have had any lasting impact on Olof, who seems as fit and healthy as when he started. He still runs regularly and unwinds by reading and watching films. "When I am at home my focus is on home," he



"YOU CAN'T DISCUSS THE INDUSTRY TODAY WITHOUT TALKING ABOUT THE CHINESE MARKET."

says. "This isn't a nine-to-five job, but I can switch off by watching my son play football on a Saturday and trying to help my children with their homework – not always successfully!"

So, now he can put a big tick against guiding the company through the recession and reorganizing it into a leaner and more efficient organization, what's next?

"We must continue to work hard with our customers to translate the needs of the industry into a total concept that includes not just machines but all the products and services that surround them throughout their lifecycles. We can do it too, as today we are a much stronger, more closely aligned and customer focused company." **VM**

Text: Brian O'Sullivan

Photography: Julian Cornish Trestrail

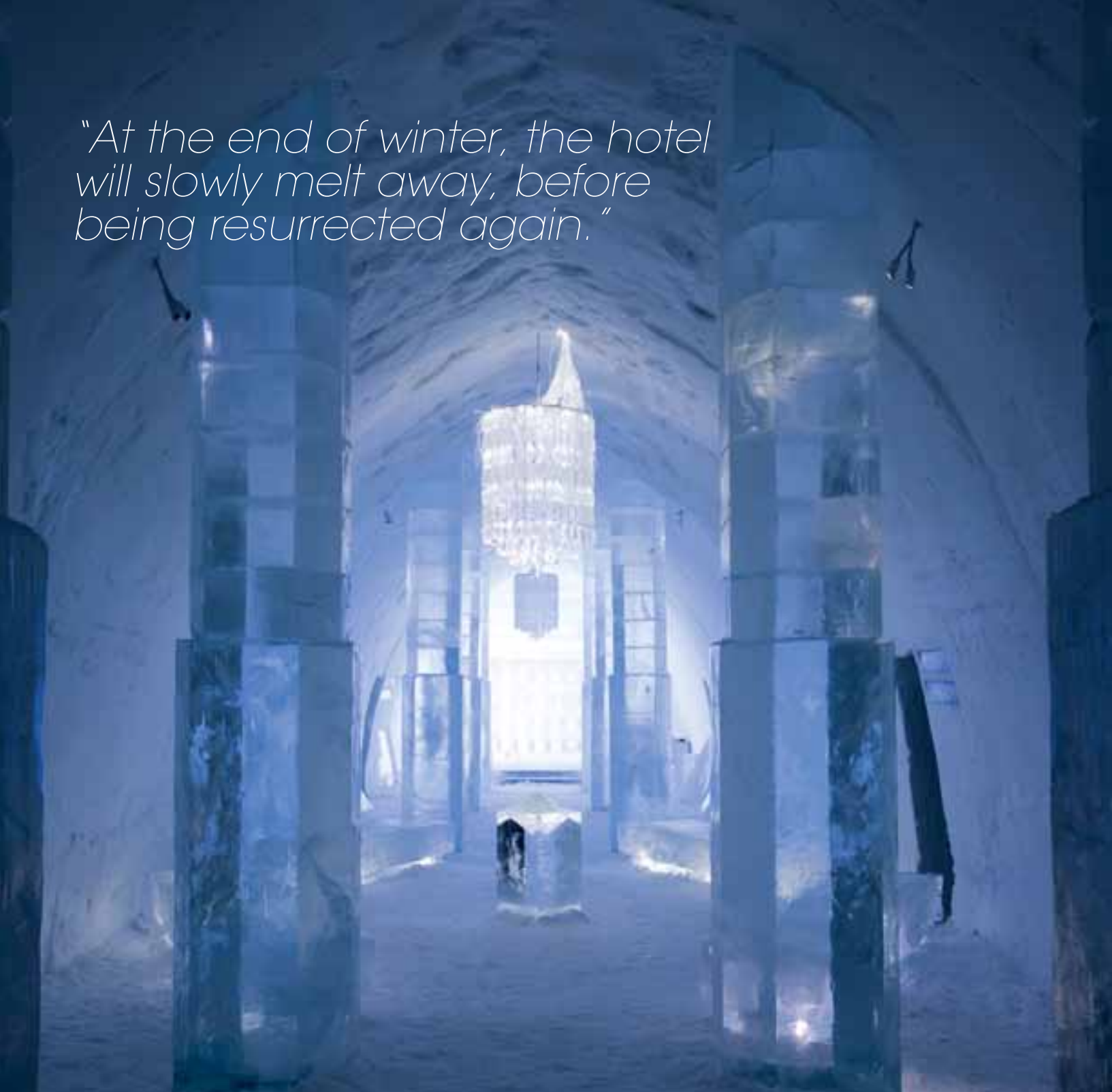
The image shows the interior of an ice hotel room. The walls and ceiling are made of clear, blue-tinted ice. In the center, there is a bed with a dark, patterned blanket and white pillows. To the left, there is a large, intricate ice sculpture of a person's face. To the right, there is a smaller ice sculpture of a person's head. The room is lit with soft, blue light, and there are small, round lights embedded in the ice walls. The overall atmosphere is cold and surreal.

ROOM SERVICE AT 30 DEGREES BELOW ZERO

Artur Torneus is a contractor with a difference. He helps build hotels. Or rather, he helps build one hotel - exactly the same hotel, on exactly the same spot, year after year after year. His tools? Four Volvos - and 900 tons of ice and 21,500 cubic meters (759,000ft³) of snow.

Room made by: Benny Ekman, Hanna Tonek Bonnett
ICEHOTEL 2009-2010

"At the end of winter, the hotel will slowly melt away, before being resurrected again."



Room made by: Arne Bergh, Anders Eriksson
ICEHOTEL 2009-2010



Go back 20 years and few people had heard of the Swedish village of Jukkasjärvi, more than 1,200km (746 miles) north of Stockholm and nestling 200 km (124 miles) beyond the Arctic Circle. In summer, people came to fish or canoe, see the northern lights or simply experience a place where the sun still shone at midnight. Later in the year, though, Jukkasjärvi disappeared from the map as well as from the public imagination.

Today, though, it has become as much a winter as a summer attraction and widely known as home to the world's first, and largest, ice hotel. In November, Torneus and a team of snow builders, architects and designers are already halfway through this year's construction.

30 DEGREES BELOW ZERO

The sound of machines bounces off the thick blanket of snow, tinged with a magical pink and blue in the pale light, as the thermometer drops to 30 degrees below zero (-22°F).

It's a place and an environment that the 54-year-old Torneus loves. He grew up on the shores of the crystal-

clear River Torne, just a snowball's throw away. The river, he says, is so clean you can drink straight from it. He began his working life alongside his father. Fifteen years ago, though, he came to work on the Ice Hotel, bringing his Volvo wheel loaders and compact excavator with him. He has never left.

"I now work full time, since the hotel has grown so much," says the owner of Artur Torneus Saw & Tractor AB. "I'm used to working with snow and ice because I used to make winter roads in the forest. I like working with snow."

A BAR, A CHAPEL AND 150 WEDDINGS

Which is fortunate, considering that this year's hotel – the 21st to be built at Jukkasjärvi – covers 5,500 square meters (59,200ft²) and will contain 62 rooms, a bar, a chapel, reception as well as common areas. Over the season, from December to April, it will cater for some 24,000 visitors, many of them from Japan and Britain – while its chapel will host 150 weddings.

Then, at the end of winter, the hotel will slowly melt away, before being resurrected again.



Artur Torneus and his Volvo



The Ice Hotel bar

Room made by: Åke Larsson, Mats Nilsson, Jens Thomas Ivarsson
ICEHOTEL 2009-2010

"The snow can be harder to unload than gravel because it is so compact and hard."



Each year Torneus and his L60E, L35B, L30B and compact excavator work flat out carrying snow

The idea came about almost by accident, when visitors to an art exhibition being held in the Lapland village at the start of the 1990s could not find any accommodation. As a last resort, they were allowed to bed down in the "exhibition hall", which was an igloo made out of ice specifically for the event. Wrapped up in sleeping bags and deerskin to combat the indoor temperature of minus 5 degrees centigrade (23°F), they were so delighted with their makeshift dormitory that more ambitious plans for an annual 'ice hotel' were soon being drawn up.

FLAT OUT WORK

So each year Torneus and his L60E, L35B, L30B and excavator work flat out from August until early June, carrying snow and loading it in moulds to form the hotel's roof and walls.

Once the snow solidifies in the cold temperature, the moulds are removed and the building divided up into rooms and exhibition spaces. Electrical cables line the floors and walls to give ice artists the opportunity to light up their unique works.

The snow used is specially produced on site using snow cannons, consisting of precisely calculated amounts of air and water from the river. This high-density artificial snow offers better

insulation and melts slower. It is also heavier.

"The snow can be harder to unload than gravel because it is so compact and hard," says Torneus. "Natural snow weighs 130 kilograms (287lb) per cubic meter but our snow weighs 470 kg (1036lb). For machines, it can be slippery and difficult, you have to run smoothly."

NO ALTERNATIVE TO VOLVO

During a working day, he can transport almost 2000 cubic meters (70,629ft³). The harsh conditions, though, are not an issue.

"There is no alternative to Volvo. They have a level of reliability that you won't find in any other machine. The warmth and comfort of the cabins are great. I have the machine stored in a heated garage during winter, which keeps the hydraulics in good condition."

Torneus, too, seems to delight in the low temperatures, the wind and 80 per cent humidity. "I like the cold," he says. So does Alf Kero, Production Manager at Ice Hotel. "We are extremely weather dependent. In short, it's good for us when it's cold," he says. Torneus, he adds, "brings a continuity that is valuable to us and because he lives so close he can also help out quickly if something happens".

Torneus's work does not end with the end of winter, however. Each spring, some 900 tons of ice are taken from the river.

MELTING TO THE GROUND

For the ice to grow unhindered and up to one meter thick, he 'ploughs' the river field, using a huge blade attached to his L50, harvesting 100 x 240 cm (39 x 94 inch) ice blocks which are then put in cold storage during the summer.

Meanwhile, as the April heat returns, the hotel shuts down before, ever so slowly, melting to the ground, leaving nothing behind but a jumble of cables. Torneus, however, refuses to be sentimental. Indeed, he celebrates the Ice Hotel's natural cycle.

"It feels just fine," he says. "We borrow materials from the river in the fall and, as nature takes its course, it returns there in the spring." **VS**

Text: Sara Wägenberg
Photo: Hans-Olof Utsi



To see the film go to: [YouTube@http://www.youtube.com/user/GlobalVolvoCE](http://www.youtube.com/user/GlobalVolvoCE)



Volvo Unveils Its Most Advanced Machines Ever

THERE IS NO SUCH THING AS THE PERFECT MACHINE – AT LEAST NOT YET. BUT THE DREAM OF 100 PER CENT EFFICIENT MACHINES IS GETTING CLOSER AS VOLVO CONSTRUCTION EQUIPMENT’S DESIGN AND ENGINEERING TEAMS STRIVE TOWARDS THAT GOAL. THE NEW 2011 MODELS, WITHIN TODAY’S TECHNOLOGICAL PARAMETERS, WILL BE THE MOST ADVANCED, EFFICIENT MACHINES EVER UNVEILED BY VOLVO CONSTRUCTION EQUIPMENT.

“Striving to meet 100 per cent efficiency has never been closer!”

Ultimately, however, success is measured by high fuel efficiency – a combination of high productivity and low fuel consumption – and that is what has driven the development of the company’s latest generation of wheel loaders, excavators, articulated haulers and backhoe loaders.

Engine development usually represents the cornerstone of fuel efficiency. With challenging emissions targets being set around the world, although first impacting only Europe and North America, the emphasis remains on Volvo Construction Equipment’s ground-breaking, environmentally conscious engines to meet these standards while producing market-leading performance.

Innovative design, ergonomics and unrivalled operator comfort, though, can also all contribute significantly to the bottom line. Today’s Volvo machines may be highly sophisticated in terms of technology, but equally they are supremely simple – simple to operate, maintain and simple to service.

Striving to meet 100 per cent efficiency has never been closer!

INTRODUCING VOLVO’S G-FORCE!

Volvo’s new G-Series wheel loaders – beginning with the L150G, L180G and L220G – are packed with new engine technologies to meet the various legislative requirements in force in different parts of the world.

That has meant re-styling the rear end, while also allowing for such features as OptiShift to be offered as standard. Combining a new torque converter with Lock-Up and free wheel stator, and the patented Volvo Reverse by Braking, OptiShift has



The brand new G-Series Wheel Loader



A30F's much vaunted CareCab aiding safe and easy entry and exit

led to fuel savings for load and carry cycles, while also reducing strain on the converter, transmission and Drivetrain. Horsepower and torque have also been improved for superior engine response – this combination make these new machines a G-Force to be reckoned with.

Hydraulic pressures, compared to the preceding F-Series, have also been improved, leading to an increase in lifting and breakout force figures across the range. Electro-servo controls now also come as standard, permitting operators to adjust boom and bucket functions safely and smoothly from the cab rather than from outside the cab. The boom and bucket positions can be set in any position or angle via a push of a button and a flick of the wrist on the controls. The Return-to-Dig function, for example, allows for an in-cab adjustment of the boom to a set height from ground level, freeing operators to concentrate on other key aspects of their job.

Design improvements include the engine hood tilting open from the rear to promote better accessibility, visibility and maintenance. Oil and fuel filters have been centralized to simplify servicing while water-cooling the turbocharger's bearing housing maximizes component life.

WHY 'F' STANDS FOR FUEL EFFICIENCY

Volvo's articulated haulers are used to setting trends. The new F-Series promises more of the same, delivering across the board in terms of better fuel efficiency, ease of operation and operator comfort.

The new A25F, A30F and A35F boasts higher horsepower and torque, with the A40F still touting the highest power to weight ratio in the industry. The biggest surprise of this latest technology, which meets

both challenging emission regulation and higher performance demands, is that it also has potential fuel savings over its E-series predecessor engines (depending on engine series). Did we also mention that oil service intervals have been doubled!

Volvo's exclusive Automatic Traction Control (ATC), by switching seamlessly between 6x4 and 6x6 to cut fuel consumption, extending tire life and protecting the driveline, comes as standard on all models.

Operator comfort – feeding directly through to greater efficiency – is enhanced in many ways. The A25E and A30E's rubber front suspension is superseded by a gas hydraulic system to reduce cab vibration – the cylinders are simply recharged once a year – all other F-Series suspension components remain 100% maintenance-free (non-FS). All F-Series feature a simplified, electronically controlled dump lever which allows for smooth raising and lowering of the body and also allows the operator to set different body angles/heights when dumping. To ease the reversing process and enhance safety around the rear of the machine, the operator has a rear-view camera and in-cab color monitor mounted as standard.

The much vaunted CareCab itself now boasts an improved control panel, better visibility, including a new rear glass door, and an optional (standard in some markets) new electronic climate control system, while the Volvo Operator Communication System - 'Contronic', providing key information such as fuel consumption and cycle times - has been upgraded, with an



The new F-Series Articulated Hauler

“Volvo’s designers have always recognized that operators sit at the heart of things”

improved interface, increasing the operator’s awareness of vehicle performance. As before, MATRIS, or Machine Tracking Information System, allows the owner to access vital machine performance information either from the machine physically, or remotely from Volvo’s CareTrack telematic system– making machine data easier than ever to access and study from the comfort of an office chair.

All F-Series models, meanwhile, feature a hitch with permanently greased tapered roller bearings, improving durability and eliminating costly maintenance downtime. Completing a comprehensive package, the ‘Auto Engine Shut Off’ option can cut operating costs by switching off the engine if the machine remains idle for a pre-set time. Other options include added filtration systems for the engine and cab, adjustable and electrically-heated rear-view mirrors and a wide-tire option for the A25F – and much more!.

D-SERIES EXCAVATORS POWER ON!

To appreciate the transformation undergone by Volvo’s crawler excavators you need look no further than the EC340D. Compared to its predecessor, the EC330C, the improvements are striking.

With a newly developed D13 engine complying with the latest emissions legislation, it produces metric horsepower figures that match the increases in power achieved by the EC380D and EC480D when compared to the original, pre-upgrade EC360C and EC460C models.

The EC340D’s hydraulic flow has increased and hydraulic pressure, slew speed, slew torque, travel speed and travel force have also been improved. Welding processes on the arm and track tensioning have also undergone development. The new D-Series models also benefit from superior boom-down speed, as well as faster bucket speeds, aided by two rather than one pump flow, when working in loose soils, sand and gravel.

THE HEART OF EVERY BACKHOE

Volvo’s designers have always recognized that operators sit at the heart of things – which is why improvements to the new BL61B and BL71B backhoe loaders have centered around the cab design.




BL61B and BL71B with improved ergonomics and efficiency

There have been other improvements, with an expanded 150 litre (40 US gallon) fuel tank, a reworked rear fender and larger, reversible stabilizer feet to provide increased ground contact and extend component life. There is also increased bucket rotation up to 205 degrees and a redesigned tool box.

But the CareCab takes pride of place, supplementing an already highly robust chassis, boom and arm. Ergonomics, visibility and storage have been improved, with more leg room and better working positions, reducing operator fatigue and maximizing efficiency.

Which brings us back to where we started - efficiency.

Volvo Construction Equipments class of 2011 have been made to measure when it comes to efficiency, whether expressed through lower-than-ever fuel consumption or higher-than-ever productivity. Are our machines 100 per cent perfect yet? Perhaps not – but we feel we’re getting ever closer to that goal. And we’re 100 per cent sure that we have a machine that will suit you - and your business - perfectly. 

Text: Tony Lawrence

Availability of machines in some markets may differ.

Please contact your local dealer for details of products available in your area. See www.volvoce.com for more details.

AT YOUR SERVICE

Volvo Construction Equipment's Global Distribution network has the task of looking after customers no matter where they are in the world. And with a raft of new products in the pipeline their job has never been more exciting - or more important.



“Dealers need us to produce premium quality products and services that the market wants.”



Scott Hall Executive Vice President of sales and marketing at Volvo Construction Equipment

Having great products and services is an essential element of success in the construction equipment industry – but how do you get them into the hands of customers around the world? And who are the customers? And how do you find them? And once you’ve found them how can you deliver a great ownership experience throughout the machine’s lifecycle? The answer to all of the above is simple – Volvo’s global distribution network.

Consisting of 150 dealers worldwide, who in turn have a network of hundreds more sales and service outlets, Volvo’s dealers can be found as far afield as Congo to Nepal; from the US to France; from Iceland to Oman. These companies employ thousands of highly motivated sales, parts and service technicians, all of whom have undergone extensive Volvo training. “Distribution is the key to success in this business,” believes Scott Hall, executive vice president of sales and marketing. “Manufacturers are only half the equation: it is our dealers who meet, interact and look after our customers face-to-face every day – and play a big part in determining how the Volvo brand is perceived. Our fortunes are mutually dependent – dealers need us to produce premium quality products and services that the market wants, while we at Volvo need dealers to offer an excellent supply and ownership experience to customers.”

ONLY THE BEST NEED APPLY

Not everyone can be a Volvo dealer. Only the most financially secure, confident, ambitious distributors with the right commitment to the brand can win the right to hang a ‘Volvo’ sign over their door. They must be able to supply new and used machines, finance solutions, provide excellent aftermarket products and support – and display all the characteristics to support the Volvo brand

“Dealers continue to play a vital role in our success,” says Scott. “A decade ago we had very little presence in India, China or Russia – today our growing branch network there has allowed us to capitalize on the incredible growth of these emerging markets. Half of our distribution partners in Asia are less than five years old, while in Europe some dealers have supplied Volvo equipment for over 75 years. But the one thing they have in common is a consistency of look and feel – the Volvo brand should be similar wherever you experience it in the world.”

Today the talk is all about ‘extended enterprise’, where information flows in both directions, with dealers encouraged to highlight problems and contribute to the design and marketability of proposed new products. “Dealers are the eyes and ears of the market,” says Scott. “Dealers are good at spotting trends with changing customer preferences, while Volvo is good at spotting macro trends in the economy and in the world market.”

Although Volvo and its dealers are, by and large, separate organizations, both parties are striving for the same vision, which is powerful, as once this is realized focus can be put on the market and looking after the customers – rather than on internal issues and discussions between the dealer and Volvo.

READY FOR RECOVERY

This partnership approach helped Volvo and its dealers to not only survive the severe downturn of 2008 and 2009 – no dealers were lost – but also meant that the entire branch network was ready for the upturn. This came first in Asia, but has steadily been followed with strong growth in Latin America, and steadier recoveries in Europe and North



"Today our growing branch network there has allowed us to capitalize on the incredible growth of these emerging markets."



“That means producing and supplying high quality, reliable products on time.”

America. This Volvo-dealer partnership has flourished during the recovery – for the first three quarters of last year Volvo Construction Equipment was the fastest growing company in the industry.

Gone are the days when the focus was all about sales. Today it's all about lifetime support and quality in everything we do. That means producing and supplying high quality, reliable products on time. It also means having good parts availability and well trained service personal who can fix machines effectively and efficiently. This latter goal is achieved via central and regional parts warehouses that can supply nearly every part or component within 24 hours. Volvo also has dedicated training centers around the world to boost competence – and its own Customer Centers where customers can experience the entire range of machines before purchase. It also means offering attractive finance packages – helped by the fact that Volvo has its own captive finance house – Volvo Financial Services.

TAILORED TO FIT

That's not all, this lifetime relationship concept offers dealers a range of customer support agreements that are tailored to the maintenance and repair needs of the customer. This is being extended through the use of remote diagnostic telematics systems such as Volvo's CareTrack – which can monitor a range of machine performance criteria, location and fault codes from anywhere in the world. “When you have a good idea what is wrong with a machine before you get to it onsite, you stand a pretty good chance of reducing downtime by having the required parts and tools and fixing it immediately,” says Scott.



Dealer - Genserv, Oman



Dealer - Brimborg, Iceland

With an ambitious product update and renewal program rolling out over the next couple of years, things are set to get even busier for Volvo's dealer network. New machines and parts will have to be accommodated, tools understood and training provided for dealer personnel, along with all the marketing material and training new products require.

“This total solutions approach throughout the life time of the product is increasingly coming to define what it means to be a premium construction equipment supplier,” says Scott. “We are dependent on our dealers – their entrepreneurship, their energy and competitive urge to win customers' satisfaction and loyalty. They continue to be vital for our continued success.” **VM**


Text: Brian O'Sullivan

To find out where your local Volvo dealer is visit www.volvoce.com or <http://www.volvo.com/constructionequipment/corporate/en-gb/applications/locator/DealerLocator.htm>



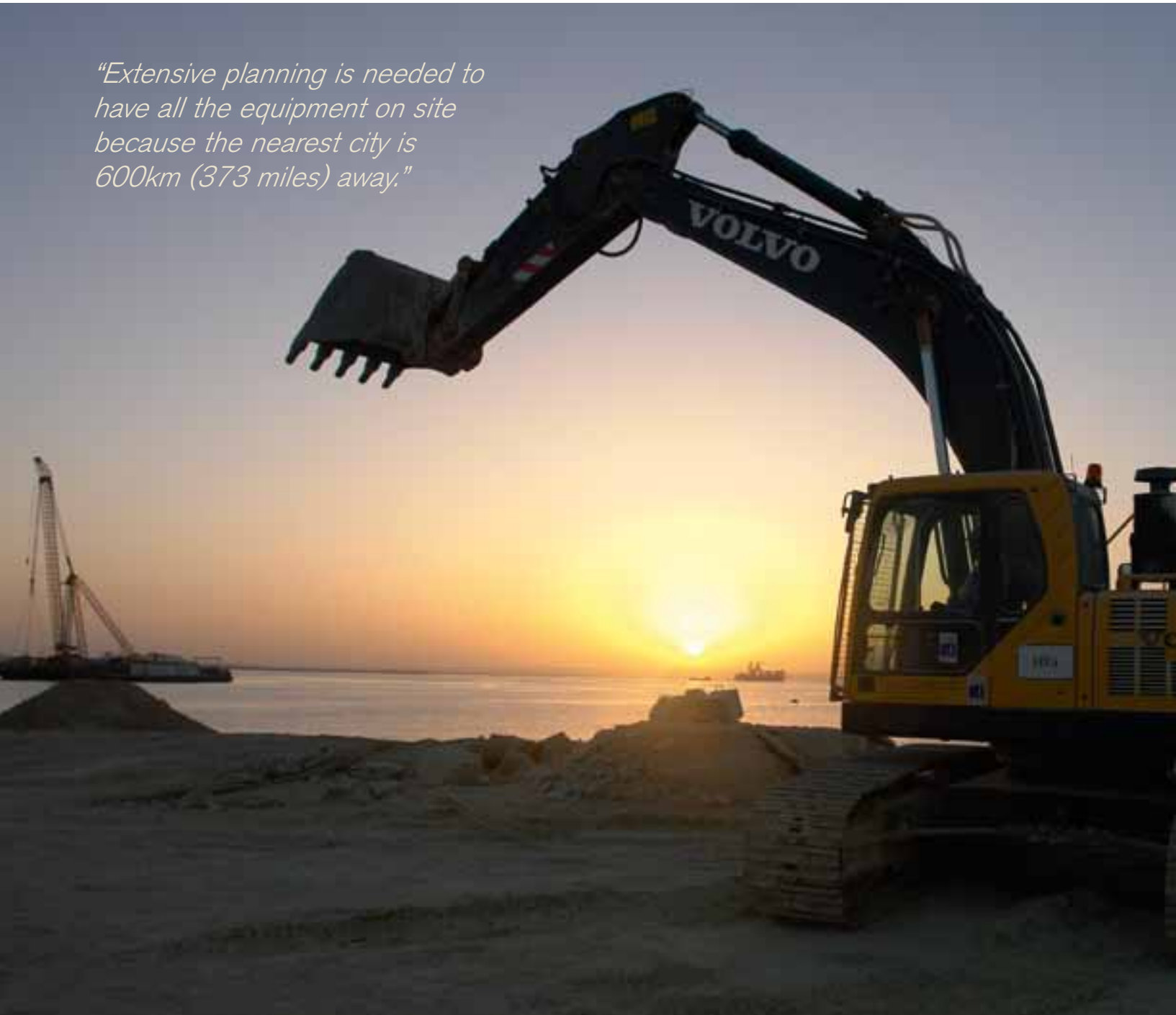
To see the film go to: YouTube@http://www.youtube.com/user/GlobalVolvoCE

From Desert to one of the World's Biggest Ports



One of the world's biggest, most spectacular construction projects in the entire Middle East is currently underway in the middle of Oman's inhospitable desert. Volvo Construction Equipment is supporting the project with machines and services in the toughest of conditions.

“Extensive planning is needed to have all the equipment on site because the nearest city is 600km (373 miles) away.”



It is early morning in Oman, a sparsely populated country at the bottom of the Arabian Peninsula famous for its hospitality and its vibrant cultural mix of both modern and traditional. The sun is just rising over Duqm, a tiny village 600km (373 miles) from the capital Muscat squeezed in between the Indian Ocean and a vast desert populated only with a few small hamlets and occasional Bedouin tribes tending their camels and goats.

When Asif Rehaman revs his excavator, a yellow Volvo EC360B, and heads off at full speed up a mountain with blast rock, it looks as though he's going to drive straight into the sky.

Considering the mountain is just a few meters from the Indian Ocean the maneuver does look fairly risky.

But it's no trouble for Asif because he's done the same trip countless times before. His job is to dump blast rock into the sea to reinforce the four mile long breakwater, which stretches like a long arm straight out from the beach that's littered with cranes, expanding construction complexes and extremely busy plant machinery.

WORKERS FROM ALL OVER THE WORLD

Like many of the workers on the site, Asif moved to



Haythem Ateeli



Duqm port - the biggest harbour construction project in the middle east today

the workers enjoy the local custom of smoking water pipes with flavored tobacco.

SHORTENING TRAVEL TIMES

The government's plans for the port project are as simple as they are ambitious. With its strategic location, Oman is the link between the Persian Gulf and the open sea. A port here significantly shortens the freight routes for the oil and gas tankers travelling between the Middle East and the rest of the world.

Plans are also in place to build an airport, power station, oil refinery and an 80km (50 miles) long six-lane motorway, for Duqm to be the perfect logistical hub the government hopes for. The region's biggest dry-dock will also be built here, which will have the capacity to take 600,000-ton super-tankers when it's completed in spring 2011.

"It's a massive project. The challenge lies in Duqm's remote location. Extensive planning is needed to have all the equipment on site because the nearest city is 600km (373 miles) away," says Haythem Ateeli, mechanical engineer and project manager for the Greek construction group CCC. Along with the Turkish company STFA and Belgian Jan de Nul Group, the company is the main contractor for constructing the port's marine sections.

TESTING CONDITIONS

We're standing in one of the project's two quarries, a vast, dusty stony desert where haulers and wheel loaders work tirelessly to load and carry rock and gravel for further transportation to the port, which is tens of kilometers away.

"When I arrived here two and a half years ago there was a mountain here, which we've now blown up. We've used more than 10 million cubic meters (353 million ft³) of rock from here just to make the two breakwaters," says Haythem Ateeli, sweeping his hand across the horizon.

The working days are long: ten hours as a rule. The work is carried out in two shifts and many of the plant machines are used more than 20 hours each day.

Oman from his native India. "I've been here for three years now so I'm starting to get used to it. It was more difficult in the beginning. It's hard work sometimes controlling the heavy rock this close to the sea," he says. In just a few years, Duqm has transformed from a sleepy village into one of the Middle East's biggest construction sites. Around 10,000 people from all over the world have worked here since 2007 to construct what will be one of the biggest deep ports in the entire Persian Gulf.

On the remote site, a giant camp has been set up for the workers, providing everything from food, water, tents, showers, restaurants, coffee shops and even a "hubby bubbly" café where



Muharren Isiker

“It’s dusty, heavy and extremely hot – sometimes as much as 50°C (122°F) in the sun. Seawater often sprays up onto the machines when they’re working in the port, which all adds up to heavy wear and tear on the machines over the long term,” he says.

He’s got ten articulated haulers and two excavators working in the quarry. For them to work optimally they all have service contracts with the local Volvo dealership Genserv. Every 250 hours Genserv’s team arrives to inspect, service and repair the heavily used machines.

“That’s what keeps the machines going for so long. We’re extremely busy here and it’s easy to forget to take care of the machinery. But Genserv keeps an eye on the service intervals for us and really takes care of their machines,” he says.



SAFETY COMES FIRST

Safety is paramount on the site and the contractors share the need to promote safety in the same way as Volvo has done since it was founded. Everywhere on the site there are safety information boards and all workers are required to wear protective safety equipment.

“We have rigorous safety procedures that all workers here must follow. Of all our commitments in this project, safety comes first,” says Muharren Isiker, mechanical engineer and Project Manager at CCC’s joint venture partner, STFA. Asif Rehman works tirelessly with his excavator at the port. The sun is starting to set, but it provides little relief and Asif is content despite the demanding work.

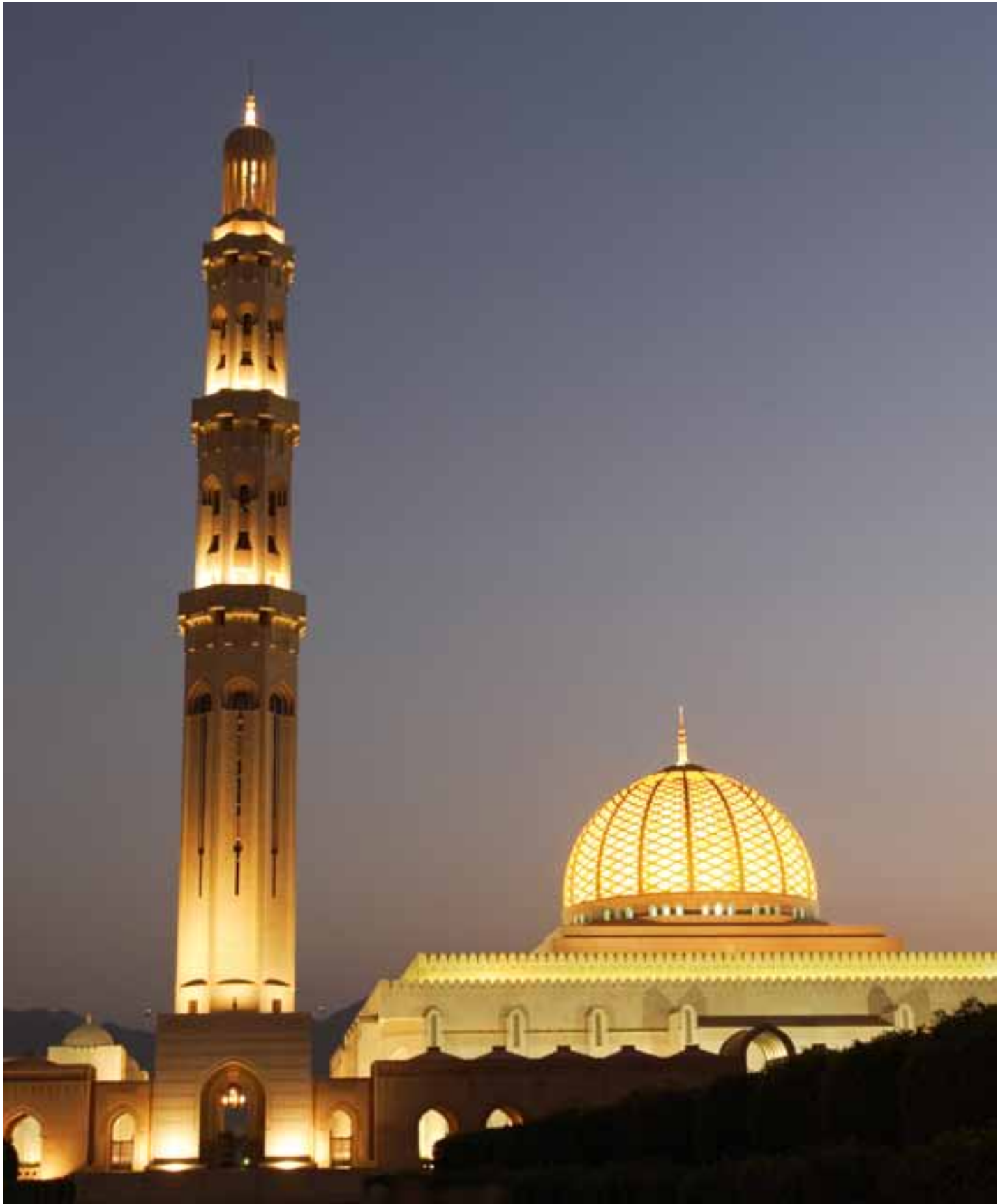
“It’s hard work, but I’ve got an Air Conditioning unit in my cab and I’m using a machine that’s durable, comfortable and extremely easy to drive. It’s worse for those working outside,” he laughs. **VM**

Text: Tobias Hammar and Bill Law
Photo: Mats Strömqvist and Tobias Hammar



To see the film go to: YouTube@http://www.youtube.com/user/GlobalVolvoCE

“It’s dusty, heavy and extremely hot – sometimes as much as 50°C (122°F) in the sun.”



World Class distribution Leading the way in the Middle East



Volvo's dealer in Oman, Genserv ready to expand again

A SHARP FOCUS ON SERVICE AND THE AFTERMARKET: USING THIS STRATEGY THE VOLVO DEALERSHIP GENSERV IN OMAN SUCCEEDED IN RIDING OUT THE GLOBAL FINANCIAL CRISIS WITHOUT ANY SIGNIFICANT DROP IN SALES. AS THE COUNTRY STEPS UP A GEAR IN TERMS OF GROWTH, GENSERV IS READY TO EXPAND AGAIN.

The tiny desert country Oman with a population of 2.6 million, at the bottom of the Arabian Peninsula's southern point is a constitutional monarchy governed by His Majesty Sultan Qaboos bin Said. Its capital is the beautiful city of Muscat on the Arabian Sea dominated by the rocky western Al Hajar mountains. The country has no oil reserves to speak of and doesn't share its neighbors' extensive ambitions for luxury tourism. It is also possibly the last place one might expect a construction boom.

Nevertheless, Oman is currently experiencing an expansion phase of historical proportions. The limited oil industry that exists is rapidly expanding, as is the gas sector, which in the past few years has taken over as the mainstay of the economy. The government has also invested in diversifying the economy in recent years, with the help of massive investments in transport networks and infrastructure.

This all benefits the local equipment supplier Genserv "Airports, ports, motorways, reservoirs, power stations, sewage systems – the government is currently spending vast sums of money on infrastructure. This means in practice that all sectors in Oman are doing really well," says the company's General Manager, Ahmed Rashed.



The secret behind Genserv's successes is in how it looks at service and the aftermarket

“WE NEEDED TO TEACH OUR CUSTOMERS THAT THEY BENEFIT OVER THE LONG-TERM IN BUYING VOLVO.”

VOLVO PARTNER SINCE 1998

Founded in 1976 as a supplier of spare parts with a few brands, Genserv has grown to become Oman's leading supplier of plant equipment. The company has more than 15 premium brands in its portfolio and sells everything from boat engines to generators, rock crushers to excavators. The collaboration with Volvo Construction Equipment has been running since 1998, and since then Genserv has not only succeeded in introducing completely new brands onto the market for the people of Oman, but has also made it the leading brand in the country. Market share is above 35 per cent with annual sales in a good year in excess of 500 machines.

The financial crisis, however, brought with it tough challenges for the capital-intensive machine hardware industry.

“Sales plummeted and all of a sudden we were sitting on stock in excess of 300 machines. But Volvo responded early on and said that they would treat all dealerships' stock as if it were their own. By ferrying machines between different markets they made sure that we were quickly able to cut our cloth according to prevailing conditions, which we're extremely grateful for,” says Ahmed Rashed.

Meanwhile, according to him, the crisis was an opportunity for Genserv to sharpen its own sales arguments.

“We needed to work hard to teach our customers that they would benefit over the long-term in buying Volvo because they would get a reliable machine that cuts costs in everything from down-time to service and fuel consumption.

EASIER COMPLAINTS PROCEDURE

The secret behind Genserv's successes is in how it looks at service and the aftermarket. The company works innovatively to take care of customer needs as effectively as possible. A toll free phone number was introduced two years ago, which customers could call with their complaints and views. Each case is registered in a central register that all managers and team leaders at the company can access and follow up. The case is then passed on to Genserv's specialists who call up the customer within 30 minutes.

If a customer visit is necessary then it will be booked within 48 hours – irrespective of where in the country the customer is.

“Customers have responded extremely positively to this. Complaints can be passed on easily and you only need to speak to one person at Genserv throughout the entire process. Customers also appreciate that we have the quickest response time on the market,” says Mohammad Rashid, Genserv’s Service Manager.

FOCUS ON SERVICE CONTRACTS

Another factor of Genserv’s success is its extensive focus on service contracts. The company encourages all employees to sell service contracts when dealing with customers and a special team deals with contracts already signed. The team calls operators every week for an update on the status of the machinery.

Genserv also employs a specialist group to work with what’s known as “white” service contracts – free inspections that give customers complete information about the machine’s service requirements and how operators should handle these requirements in the field.

“We know that lots of customers don’t have the time to service their own machines. Our inspections give customers the opportunity to fix any problems before they lead to costly production stoppages. This strengthens Volvo’s market reputation and assures us that all Volvo machines on the market are of the highest possible quality. In addition, it always leads to us selling more spare parts,” says Mohammad Rashid.


THE FUTURE LOOKS BRIGHT

Even if Oman, like so many other countries around the world, is still feeling the aftershock of the recession, Genserv’s business is characterized by a real sense of optimism. The company was recently appointed as a Volvo dealership – and the first company ever without any fault rates. The government’s ambitious construction plans are also creating continued healthy growth potential over the coming years.



Panoramic view of Muscat

OUR INSPECTIONS GIVE CUSTOMERS
THE OPPORTUNITY TO FIX ANY PROBLEMS
BEFORE THEY LEAD TO COSTLY
PRODUCTION STOPPAGES. THIS STRENGTHENS
VOLVO'S MARKET REPUTATION

“The future is very bright. All the figures we have access to indicate a hectic time in the next few years and we’ll continue investing hard, together with Volvo, to open up and penetrate the various market segments. It’s a calling for us: this is our way of contributing to building up and modernizing the country,” says Ahmed Rashed. 

Text: Tobias Hammar and Bill Law

Photography: Mats Strömqvist and Tobias Hammar



To see the film go to: YouTube@http://www.youtube.com/user/GlobalVolvoCE

STATE-OF-THE-ART INVESTMENT SHOWS LONG TERM COMMITMENT TO NORTH AMERICAN MARKET



Bigger, better and minimizing the environmental impact more than any major manufacturing facility in the region, Volvo Construction Equipment's state-of-the-art plant in Shippensburg is a bold statement of the company's commitment to North America.



One of the most efficient and environmentally conscious manufacturing complexes in the country

In spite of the worst economic crisis in living memory, every single cent of the \$30 million dollars originally pledged remains committed to this project. This has reassured a dealer network shaken by the downturn and put Volvo in an excellent position to take advantage of the coming upturn in the construction industry.

The 18,580m² (200,000ft²) expansion increases the total footprint to 53,883m² (580,000ft²) at the plant -known affectionately by the employees as 'Ship' - transforming it into one of the most efficient and environmentally conscious manufacturing complexes in the country.

"We are eager to show that we are here to stay in North America and that we have big plans for the future," says Jim Thompson, President, Operations Americas and the plant's General Manager.

"It may have seemed strange to some – the market was falling out but we were investing money. But that was the whole idea. We made the most of the downturn in order to be ready to better serve our North American customers once this economic crisis had passed."

CORE VALUES

"In these rather challenging and uncertain times, the new Shippensburg is a declaration of our commitment to excellence and a showcase of our core values. When you walk

into the plant, you see a workplace devoted to quality, safety and the environment staffed by a very eager, very talented workforce."

Incorporating the full-line production of Volvo motor graders, the expansion has radically improved manufacturing flow and increased production capacity to meet an anticipated growth in demand.

The workforce has risen to around 600 with a view to taking on more people as orders grow for the 60 models of Volvo asphalt pavers, soil and asphalt compactors, milling machines and motor graders produced at the facility.

Situated in the heart of Pennsylvania state on the eastern seaboard, Shippensburg's close proximity to major shipping routes and road networks will facilitate distribution throughout North America, enhance the support and supply chain and increase the company's production capacity.

"The old building is also being renovated to create better flow and a new paint system is being installed in 2011/12 that will give us the capacity we need," adds Thompson.

BRIGHT FUTURE

"There's a place you can stand in the facility right now where you can see the past and future of Volvo Construction Equipment in North America. You look one way into the new building and really see the future and the other way to see where

VOLVO IS IN AN EXCELLENT POSITION TO TAKE ADVANTAGE OF THE COMING UPTURN IN THE CONSTRUCTION INDUSTRY.



Visitors are stunned by the quality of the plant



Full-line production of Volvo motor graders has increased to anticipate growth



The workforce has risen as orders grow for road machinery

we've come from. My goal is to stand in the same place not being able to tell the difference!" says Thompson. From the moment the plans for the expansion were drawn up, one of the key aims has been to build one of North America's most pioneering and environmentally friendly buildings.

In that quest, Volvo is seeking a Leadership in Energy and Environmental Design (LEED) certification which is usually only awarded to office buildings and retail sites. For a manufacturing facility, to meet the extremely exacting standards of the US Green Building Council would be almost unprecedented.

"The overall work environment for the employee is absolutely world-class," says Karsten Carroll, VP Change Management. "It's brighter, cleaner and safer than almost any manufacturing plant on the planet. When customers come and see the place for themselves, they are stunned by the quality of the plant and the very bright atmosphere."

In the building phase, Volvo insisted on using recycled materials wherever possible and purchasing local construction products that meet LEED criteria. Three quarters of the construction waste will be recycled or recovered for reuse.

QUALITY OF DETAIL

In its daily operations, the facility adopts sustainable manufacturing methods, down to the smallest detail. A broad range of measures includes three different recycling solutions



New manufacturing technologies for more efficient production



“WE’VE GOT QUALITY FROM TOP TO BOTTOM: IN THE PLANT ITSELF, IN OUR SYSTEMS AND IN OUR PEOPLE.”

for the packaging in which materials arrive; bicycle racks for employees, preferred parking for low emission vehicles, carpooling and a comprehensive environmental training program for all new employees.

The seasonal nature of road construction in North America precludes work in the colder months and leads to a sharp rise in activity in spring and summer. During the quieter period of the cycle, Volvo has been busy training employees in time for the upswing.

“We’re very optimistic about the spring season,” says Thompson. “We are seeing some good orders at present and I think we’ll have an opportunity to exercise this new factory. We’ve got quality from top to bottom: in the plant itself, in our systems and in our people.

“We have new manufacturing technologies for more efficient production and we are very lucky to have the best work teams in the business producing equipment of the highest quality for a knowledgeable and demanding market.” **VW**

Text: Niall Edworthy

Volvo throws open its doors for customers and dealers

The recent customer and dealer ‘Open Door’ event at the Shippensburg plant in Pennsylvania, USA was such a great success that plans are in motion to make it an annual event.

Taking place over two days the ‘Open Door’ event brought together over 250 end-users, dealers and press from across North America to showcase the new facility and drive home the message of Volvo CE’s commitment to the region.

“The feedback was extremely positive,” says Dallas Reeves, of Product & Segment Sales Support. “They were impressed by the facility as a whole and totally blown away by the new expansion and the long-term plans we have for the old building which will be brought up to a similar standard. It showed them the level of our commitment to the product as well as to the North American market.”

The event gave Volvo Construction Equipment the opportunity to show its dealer network that the company is in North America for the long haul.

“Our dealers were as much a part of our target audience as our customers,” adds Reeves. “We wanted to make sure they knew exactly where we stood. They needed a display of confidence and we gave it to them.”

“The event was originally planned as a one-off but having proved such a success, I think it might become an annual fixture. We’ll continue to bring in customers and dealers on an individual basis, but it was great to bring together so many people from across the region under one roof.”



eBUSINESS is smart Business!

There are 1.7 billion internet users around the world today and that figure is still rising sharply. It's on the back of this trend that huge new businesses like Amazon, iTunes and eBay among others have sprung up in recent years. So what is Volvo Construction Equipment and its dealers doing in terms of generating business online?

EUREKA MOMENT

"It's clear that the internet has become the principle channel of communication in the world today." Says Garry Rowley. "The key question for Volvo Construction Equipment is: 'How is this relevant to our customers and our business model - and what revenue opportunities does it offer?'" Garry Rowley, head of Global eBusiness, took up his current post 18 months ago to try and answer those questions.

"We knew the internet was a major force," he says "but we were unsure about how to translate that fact into a solid eBusiness strategy. There was some fast learning to do. Trying to make sense of the internet is a challenge. Everything seems to be constantly changing. As a first step we asked some basic questions to establish facts - who created the internet? When? Who were the first commercial entrants to use it? What are the successful business models? What are common mistakes? How well positioned is Volvo Construction Equipment to leverage opportunities etc?"

His own "eureka moment" came after a few weeks of research. "It was like a light going on," he says. "It became very clear that going online, whether it's researching products & services or actually purchasing them - saves the customer significant effort and time and sometimes money, vs the offline alternative - that's why it has become so successful so quickly. Having pin pointed a few key drivers, the obvious question was: what should Volvo Construction Equipment's strategy be for the coming 3 years?"

"In June 2009 we held a global eSummit at Volvo Construction Equipment. We pooled our knowledge brought in a couple of guest experts and hammered out a commercial eBusiness strategy. The result is five cornerstone projects that will be piloted in regions around the world."

EXECUTING THE STRATEGY

"One key project is to ensure all our web sites across the world are properly structured," explains Rowley "in terms of technical architecture, customer content and KPI analytics. This is to ensure we have high natural search ranking. This is important because today there are 200 million web sites in the world. And the number is increasing all the time. If you are not visible through search or your site is too complex to navigate, you will be overlooked by customers."

"Today we are currently generating online revenue with the sale of Volvo Construction Equipment parts. It's a project currently being piloted with dealers in North America and will also be rolled out in Latin America in Q2 2011. We have made it as secure and straightforward as dealing with Amazon."

ADDED VALUE

In early 2011 Volvo Construction Equipment will be the first construction equipment manufacturer in the world to



Garry Rowley

"Put simply, we're creating a platform to make it easier for buyers and Volvo dealers to transact".

launch its own dealer to customer used equipment auction site. The project will be launched in Europe in 7 languages before going to other regions. The added value for customers is that they will be able to view and buy used equipment online from a trusted Volvo dealer without first having to travel to a physical auction location.

The added value for dealers is access to a large online pool of potential buyers. Also, machines labeled for auction will not now automatically have to be transported to a distant physical auction site. A click of the mouse and the machines can be loaded onto the Volvo online auction. Which means dealer transportation costs and commission payments to auction houses will be dramatically reduced.

"Put simply, we're creating a platform to make it easier for buyers and Volvo dealers to transact. There are also plans in Q1 2011 to pilot an online peer-to-peer "open forum", bringing construction equipment customers together to exchange information and discuss topics of interest to them." Says Rowley.

"In the not too distant future we could be inviting construction equipment customers from our online forum into the management decision making process for input on a whole range of relevant topics - product development, safety, fuel efficiency, Volvo Ocean Race, customer satisfaction, brand research etc. Having an online forum will provide an opportunity we have never had before - very inexpensive and very fast access to accurate customer sentiment."

MEASURABLE AND COST-EFFECTIVE

"Apart from increased speed of action, wide customer reach and low cost of operation, the other quantum leap in efficiency as regards the internet is that all online actions are quantifiable and measurable. This is very useful in terms of evaluating sales and marketing activities aimed at driving more customers to our dealers to generate more sales." Rowley explains. "On a global level advertising campaigns will cost a few hundred thousand Euros to set up and run for a few months. Ultimately without providing any quantifiable measure of success. The same for brochures etc. In comparison sending an email to a potential customer costs 0.2% of a Euro and almost immediately you know whether it, or any of its embedded links (which highlight elements of the total offer) have been opened."

"From these origins you build a data tree. In a relatively short space of time you have a fact based analysis of customer responses and feedback and a whole range of other performance metrics."

PRAGMATIC CUSTOMERS

"When new ideas come along it's normal to expect some degree of skepticism. People need to see the relevance of new ideas to them and for the business. That's why our eBusiness strategy is rooted in the real world of our customers and our dealers," Says Rowley.

"Customers are savvy and pragmatic. If we make it secure and easy for them to transact online, they will – we already see the evidence of that today."

Rowley concludes, "This is just the first bounce of the ball. There will be lots of further developments in the years ahead. But at least we are in the race now and laying some solid foundations." ❖

"That's why our eBusiness strategy is rooted in the real world of our customers and our dealers."

VOLVO SPIRIT MAGAZINE

Volvo Spirit Magazine is also embracing new channels of communication to strengthen its relationship with its readers, as Steven Lefebvre, Volvo Construction Equipment, External Communications, explains.

"Individuals have embraced the Internet and now business is catching up. It's still early days but the magazine has a dedicated Facebook page, which allows our followers to access our latest articles, exclusive pictures and videos. Readers can also upload their own stories, and there's a discussion forum to allow us to interact with our community. There's also a Volvo Construction Equipment press page, for the latest press releases, while we're also present on Twitter and YouTube."

"It's important that people come back to us with their views. Add all these channels together and we begin to see some good numbers of people following us. The numbers are growing all the time and they keep coming back. While it is difficult to see how this will impact on how we communicate in the future, we at Volvo Construction Equipment want to lead the way."



Europe's Future Has No Boundaries

When Europe's leading manufacturers and suppliers of construction equipment met in Barcelona for their biennial congress in October, there was unanimous agreement on one subject - that their future lies both inside and outside the boundaries of their own continent.

“The European market is not gone, but it was formally acknowledged that the big opportunities at this moment in history exist elsewhere,” says Marie-Hélène Dumail at Volvo, Director, Business Intelligence. “Although what was said was not original or surprising, it was the first time that the industry officially acknowledged what has been said in private for a few years, namely that Asia is the world’s main market now.”

The two-yearly get-together of the Committee of European Construction Equipment (CECE) was billed as ‘2020 Vision’, focusing the minds of the delegates on the trends that will define the industry in 10 years’ time and looking at how European manufacturers can position themselves in global markets.

“Up til now, the focus has been on trying to remain Euro-centric, getting the EU to support the European market and manufacturers and suppliers operating there,” Dumail adds. “At this meeting, no-one was saying ‘let’s forget about Europe now’ but the big message that came through loud and clear was that if you don’t have some foothold in Asia already then it’s high time that you do. If Asia is where the markets are, then that’s where the industry must head to.”

PRAGMATIC APPROACH

The construction equipment industry is certainly a very different world to the one that existed when the CECE met for its congress in York, England in October 2008. That took place a few weeks after the collapse of US investment bank Lehmann Brothers, ushering in the most severe economic crisis in living memory.

“In York we all realized that the good times were over but nobody foresaw it was going to be as tough as it turned out to be. A lot of faces who were at that congress were not here in Barcelona, but the very positive and heartening fact was that all the companies were still represented. The mood at the conference was neither optimistic nor pessimistic. It was realistic and pragmatic.”

Once it was established that Asia and Latin America are offering more growth potential and they were also becoming regions of significant demand, the congress turned to the question: how can Europeans exploit these opportunities?

HIGH QUALITY

It was agreed that new strategies are needed to take on board the fact that developing markets may need different products to those sold in Europe. However, there was strong consensus that it was essential for manufacturers to maintain quality.

“Europe is renowned for state-of-the-art technology, very high quality products created with very high engineering skills

What is CECE?



Marie-Hélène Dumail, Director, Business Intelligence at Volvo

CECE represents and promotes Europe's construction equipment manufacturers and related industries, co-ordinating the views of national associations by influencing institutions at a European, national and international level in order to achieve a fair, competitive environment through harmonized standards and regulations.

CECE monitors upcoming European legislation, forms an industry position on the relevant subjects and actively communicates the view of the industry to the European legislators. In the opposite direction CECE initiates legislation and other processes to harmonize the European markets and enable fair competition.

The promotion of international standards and safety regulations in co-operation with ISO (International Organization for Standardization) and CEN (European Committee for Standardization) is a major task for CECE, as well as the development of test procedures and nomenclatures.

CECE market data has become the leading indicator for the development of European construction equipment markets. Together with the sister associations from Japan, Korea and North America, CECE participates in the governance of worldwide statistical exchange for earthmoving machinery and other types of construction equipment. CECE regularly informs its members and the interested public about market developments and the economic situation of the industry.



“Europe is renowned for state-of-the-art technology, very high quality products created with very high engineering skills – and this will give Europe an advantage when working in Asia and the other emerging BRIC markets.”

-- and this is what we have to offer Asia and the New World markets. Volvo is already in a very good position in Asia. We are fortunate that we have people with vision, who saw Asia coming a long way back and now we're reaping the benefits of their foresight. Today, we have a very strong presence in China, Korea and India, which has given us a platform to expand."

The congress went on to address the subject of how the European construction equipment industry should adapt to the new world order. How important, for instance, was the internet going to become? Would it support the dealer network? Is the profile of the dealer going to change?

DEALERS CRUCIAL

The overall view was that although the internet is and will continue to be the principal source of information for end-users, nobody predicted that purchasing will change from B2B to internet only. It was unanimously acknowledged too that the distribution network will remain a key factor for the success of manufacturers in Europe, as dealers will continue to bring substantial added value for the end-users through their after-sales activities.

Dumail agrees. "We've had more and more feedback from customers wanting more of a service rather than just a product," she says. "Softer products are going to become more important. That will also be the case in the rental sector, which is expected to grow. Today, the rental solution is about more than just having a machine in the yard for a job; it's about bringing the machine to the job, providing an operator and generally providing a wider range of services than in the past."

"At the moment it's a good thing to be Volvo and it's a good thing to be a European company with a big reach rather than a national one with a narrow focus and a finite market. Volvo has very good brands and we're well respected in Asia. We're not arrogant, but when I introduce myself and people see that I'm from Volvo, people really pay attention. That for me is the only sign I need to know that our future is a bright one." ❏

Text: Niall Edworthy



THE RUSSIAN BEAR CLAWS BACK

VOLVO CONSTRUCTION EQUIPMENT'S OPERATIONS IN RUSSIA ARE UNDERGOING RADICAL AND DYNAMIC CHANGE. ARGUABLY, INDEED, THEY PROVIDE A PERFECT MIRROR-IMAGE OF THE RUSSIAN MARKET ITSELF.



The dynamic Moscow skyline

“THE PLAN IS TO TREBLE THE NUMBER OF OUR DEPOTS, TRANSFORM OUR SERVICE COVERAGE AND TO MORE THAN DOUBLE THE NUMBER OF VOLVO MACHINES IN THE COUNTRY.”

Within a few years, says Carl Slotte, the company's distribution network – along with its sales and market share – will be unrecognizable.

“The plan is to treble the number of our depots, transform our service coverage and to more than double the number of Volvo machines in the country. It's a huge challenge.”

Slotte is Volvo Construction Equipment General Director for Russia and the Commonwealth of Independent States, comprising the former Soviet Republics. He took over in 2008 - just before the global credit crunch.

“Everyone thought Russia's dynamic economic growth would continue but suddenly the construction equipment market collapsed by over 90%. We had to change our strategy from growth to cost cutting and inventory optimization.”

RUSSIAN RECOVERY

Now, though, the recovery has begun. Official figures show the Russian economy grew 4% during 2010 alone. Finance Minister Alexei Kudrin says Russia, as an emerging market as well as the world's largest energy exporter, is better placed than developed economies.

It is also time for the next phase of Volvo Construction Equipment's development. It has teamed up with Ferronordic Machines, a privately held sales and service company for the automotive and machinery industry acting as its exclusive dealer in Russia.

Ferronordic plans to invest 100 million Euros over five years, boosting its workforce from 160 to 1,000 and increasing the number of Volvo Construction Equipment affiliated branches from 30 to around 90.

“This is a clear statement of our commitment to the Russian market and to bringing the benefits of Volvo's products and services to customers across the country,” says Erik Eberhardson, Ferronordic Founder and CEO.

CARING ABOUT CUSTOMERS

“Volvo's approach to business is an extremely good fit with the Russian situation - caring about customers and customer profitability.”

“There will be an element of educating customers, especially through service. It's really exciting to participate in their growth, helping them to analyze how to develop their business, how to best use and maintain machines and, working with financial institutions, how to maximize the utilization of working capital. “It's a trust issue – first you have to gain trust of the customer, then you can develop a deeper relationship.”

Russia is already an economic superpower, fuelled by its energy industries. It boasts the largest reserves of natural gas in the world, the second largest coal and the eighth largest oil reserves. These industries, however, desperately need state-of-the-art construction equipment as they modernize and upgrade their ageing fleets.



Carl Slotte

“VOLVO’S APPROACH TO BUSINESS IS AN EXTREMELY GOOD FIT WITH THE RUSSIAN SITUATION - CARING ABOUT CUSTOMERS AND CUSTOMER PROFITABILITY.”



Erik Eberhardson

Similarly, the country’s Moscow-centered transportation infrastructure is also receiving massive investment as the country moves away from a reliance on rail. A 2007 study forecast that \$195 billion would be spent on infrastructure within the next few years, including \$12 billion assigned for the 2014 Winter Olympics in Sochi.

PERFECT SENSE

Such projects also feed off construction equipment. In this climate, says Slotte, the Volvo Construction Equipment - Ferronordic link-up makes perfect sense. Previously, Volvo Construction Equipment distributed vehicles from

Moscow and St. Petersburg while working through five independent distributors but the time was right to integrate that network.

Eberhardson, too, is the perfect choice, as a former Volvo employee. “Actually, he held my job from 2002-5 in Russia. So he has both an industry and company knowledge.

“That combination, as well as sharing our standards of operation, is great for us.”

Developing the after-sales business is a key goal. Volvo Construction Equipment has around 5,000 units in



Volvo articulated haulers look particularly well-placed to make an impact on the market

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Russia – most of them big machines – but that figure is expected to more than double by 2015.

“The service and maintenance side of the construction equipment business here is underdeveloped,” says Slotte. “Contractors often do their own servicing. We need to show that using service professionals, as well as Volvo parts, will increase uptime and productivity over the long term.”

WELL-ESTABLISHED BRAND

The Ferronordic agreement also looks perfectly timed. Volvo is well established as a brand, with cars and trucks paving the way for Volvo Construction Equipment. Eberhardson himself was responsible for building up Volvo Truck Corporation in the Ukraine and helping other Volvo group companies in the 1990s. “This may look like an ambitious growth plan but I have always been convinced of the potential of this market. We believe there is a proven track record of what Volvo can do when you do it the right way,” he says.

Slotte agrees, arguing the brand is almost as strong in Russia as in Sweden itself. “Sweden and the Nordic countries, their products and how they do business are highly regarded here. When we conduct brand and competitive satisfaction surveys Volvo always comes up on top.”

Strengthening the company’s distribution is essential to cater for this ‘goodwill’. Volvo Construction

Equipment holds around 8% of the market. By 2015, it plans to command 15%.

Those gains will be won in one of the most rapidly growing construction equipment markets in the world. Before the global credit crunch Russia’s construction industry had grown by more than 10% for almost a decade.

BREAKTHROUGH DEAL

The early signs for Volvo Construction Equipment are good. Its biggest sale last year was for 92 wheel loaders. The client? St. Petersburg Municipality. “This was the first time that a Russian municipality has ever bought western equipment - it was a breakthrough deal for us,” says Slotte.

While excavators represent half of all Russian sales, Volvo Construction Equipment’s articulated hauler looks particularly well-placed to make an impact.

Rigid haulers or trucks are often preferred in Russia yet articulated haulers are ideally suited to local conditions. “Again, it’s a case of making people understand that they could cut their costs over the long-term while improving productivity,” says Slotte.

“Russia is extremely dynamic and exciting, you need to be flexible and alert. Right now, I wouldn’t trade this job for anything.” **W**

Text: Tony Lawrence

SEEING THROUGH THE EYES OF VOLVO'S CUSTOMERS

You might expect Lars Klinthäll and his team of product auditors to be as unpopular within Volvo Construction Equipment as they are popular outside it.



It's a suggestion, though, which makes Klinthäll laugh. "No, not at all," he responds. "It might have been like that at the start – perhaps the first people to do the job were seen by their colleagues as some sort of police force - but things are very different now.

"Our product auditors are highly experienced, highly knowledgeable and highly respected. When they speak, everyone listens. All of their criticism is, by its nature, constructive - and beneficial."

So what is product auditing? Klinthäll, Quality, Environment and Safety Director for Operations Europe and the man in charge of the process, explains.

"All Volvo vehicles go through thorough quality control checks during manufacturing, including a PDI – Pre-Delivery Inspection – at the end of the production line.

RANDOMLY SELECTED

"But around 3% of our machines, whether excavators, wheel loaders, haulers, or road machinery, are then randomly selected for an extra examination. Our auditors crawl all over the vehicle, looking for the smallest of issues. In effect, they are looking at the machine through the customer's eyes."

Seeing things through customers' eyes, indeed, was the key message when product auditors from all of Volvo Construction Equipment's 15 production facilities across the world met in June, 2010 for an intensive two-day course at Braås in Sweden.

"You could describe this auditing as an additional quality assurance or control mechanism, safeguarding our corporate values of quality, safety and environmental care, but very much angled from the customer's perspective," says Mats Deleryd, Volvo Construction Equipment's Vice President of Core Value Management.

"It's as close as you can get to allowing customers into the factory to examine what they intend to buy."

WORLDWIDE STANDARD

The June meeting, run by Klinthäll, produced a new set of working guidelines for the auditors while also ensuring they operate in the same way and to the same standards, wherever they are based.



Each audit involves completing a comprehensive, detailed checklist covering each vehicle's finish, functions and safety. How comprehensive? Well, auditors take up to three days to examine a single vehicle.

A scratch in the paintwork will be picked up, and earn 'demerits'. So will a screw or bolt not tightened to the required level. The machine's engine will be run for up to two hours as every function is verified. At the end, the auditors' report is fed back to their Volvo Construction Equipment colleagues.

In the extremely rare cases where a safety issue needs to be addressed, however, the reaction is immediate. "Then," says Deleryd, "we call a 'walkaround' meeting within minutes with all the relevant departments, from purchasing and production to engineering, design and customer support, to discuss how the fault came about and what action should be taken."

WHEN MINOR MEANS MAJOR

As Klinthäll points out, however, even scratches can be important. "A minor issue becomes a major one if it reveals a fault with a particular manufacturing procedure or process. So we check whether that scratch was a one-off or whether it was repeated on other machines."

Lewis Brantner, a product auditor at Shippensburg in the United States, agrees. "We are trained to look at

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machines in a different light and always hold the customer's thoughts in our mind. I examine every part, every system and every bolt of the machines.

"Sometimes the (production) guys say to me; 'How on earth did you spot that?' But spotting even the smallest problem can lead to improved production methods worldwide."

The June "calibration" meeting was also important because it allowed Volvo Construction Equipment's network of auditors to get to know each other better while exchanging ideas.


That principle of face-to-face meetings, says Klinthäll, has been extended to include Volvo customers. Auditors sometimes visit them a year after purchase to better understand their concerns – or, put another way, to better see through their eyes.

KNOWLEDGEABLE AND INDEPENDENT

So what makes a good auditor? Again, Klinthäll laughs. "Well, I'm not sure I'd make a very good one," he says. "I began on the Volvo assembly line 37 years ago but it would be hard to match our guys. They have to have a huge amount of experience and product knowledge. They have to have an eye for detail – not everyone has that. They also must understand that they are effectively working as an independent unit, or as independent as you can be while remaining on the company payroll."

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a year after purchase to
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"More than that, though, they're great communicators. They have to communicate with the entire organization. Their opinions are valued to the extent that they are even consulted at the design stage to look at prototype vehicles yet to go into production."

"Do we ever introduce errors on purpose to test our auditors? No, never! But a few years ago we did check up on a group of vehicles that had been audited and all of them had been virtually problem-free since. That's a great sign that the system works – in our interests and in those of the customer." 

Text: Tony Lawrence



Monty marvels at the Middle Kingdom

“THE CONTRIBUTION VOLVO HAS MADE TO GOLF, FIRST ON THE EUROPEAN TOUR, THEN IN ASIA HAS BEEN TRULY REMARKABLE.”



Klas Magnusson - Volvo Construction Equipment and recent Ryder Cup captains Corey Pavin and Colin Montgomerie with China's own 2003 Volvo Open winner Zhang Lianwei

WHEN CHAMPION GOLFER COLIN MONTGOMERIE WON HIS FIRST EUROPEAN TOUR EVENT BACK IN 1989, GOLF IN CHINA BARELY REGISTERED ON THE COUNTRY'S SPORTING RADAR, BUT, HELPED BY THE VISION OF AND INVESTMENT FROM VOLVO, IT IS NOW THE FASTEST GROWING SPORT IN THE WORLD'S MOST RAPIDLY DEVELOPING ECONOMY.

Now, with the royal and ancient game back into the Olympic family in Rio de Janeiro in 2016, the recent Ryder Cup captain sees golf in the Middle Kingdom primed for a further injection of energy and impetus.

With 40-plus tournament wins from over 500 tournaments played all over the world in a career spanning almost a quarter of a century, Scots golfer Colin Montgomerie is better placed than most to take the pulse of golf in general and the game in China in particular.

No fewer than nine of those victories were in events sponsored by Volvo, including the flagship Volvo PGA Championship at Wentworth, which Montgomerie won a record three times in succession from 1998 to 2000, also winning the Volvo Masters twice and arguably the greatest feat in golf's modern era, seven successive Volvo Orders of Merit, between 1993 to 1999, adding an eighth in 2005.



Nine of Montgomerie's victories were in events sponsored by Volvo

"THERE ARE NOT MANY COMPANIES WHO CAN CLAIM TO HAVE BEEN INTEGRAL TO THE GROWTH OF A NATION'S GOLF, BUT VOLVO IN CHINA CERTAINLY CAN."

"The contribution Volvo has made to golf, first on the European Tour, then in Asia has been truly remarkable," says the charismatic if occasionally controversial Montgomerie, adding, "Volvo brought to the European Tour not only much improved prize money but also set the gold standard some of the younger players today take for granted - courtesy cars, players' lounges, physiotherapy services, first class practice facilities - whilst its groundbreaking involvement in the European Tour since 1988 helped persuade other blue-chip brands to invest in golf sponsorship based on Volvo's quality production values and a proven return on investment."

And, when, in 1995, Volvo became the first western brand to engage with the fledgling game of golf behind the Great Wall of China, the number of golf courses could be counted on the fingers of one hand, professional players in single figures, regular golfers in the hundreds rather than thousands.

"I had played quite a bit in China in the early years of the new Millennium when golf in China was very much still in its infancy, but when I made my debut in the Volvo China Open in Beijing in 2009 I was immediately struck by the manner in which Volvo's benchmark for quality was evident in a country where golf had clearly developed very considerably," continued the man they call 'Monty,' who adds, "There are not many companies who can

claim to have been integral to the growth of a nation's golf, but Volvo in China certainly can."

He concluded, "It is one of the great sports development stories of all time."

Three of Montgomerie's two-score victories have been achieved on Chinese soil, the 2002 TCL Classic at the Yalong Bay Golf Club in Sanya, Hainan Island, then the Macau Open in 2003 followed by the prestigious Hong Kong Open in 2006, but the Volvo China Open remains high on his list of priorities.

"To win any national open golf championship is special, but when it is the national open golf championship of China, that takes it to another level altogether," says the former world number two, who adds, "I was honored to be able to play the Volvo China Open in 2009 and 2010 when my Ryder Cup captaincy was gathering momentum and now that is safely and successfully behind me, it is a title I would love to win as I strive towards my goal of getting back into the top 50 in the world by 2012."

Montgomerie is a man as comfortable in the boardrooms of world business as in the locker rooms of the world's golf clubs - witness the number and quality of his personal sponsors - and is developing a burgeoning portfolio of signature golf course designs, one of which, the Montgomerie Course at the Royal Golf Club in Bahrain, staged the new Volvo Golf Champions event recently.

"I have three courses, Haikou Meishi, Nanshan West Donghai and Zhuhai Golden Gulf Golf Club already in play, with the Imperial Springs Golf Club currently under construction in China," continues Europe's most successful golfer, adding, "With golf now back in the Olympic Games, the development and accessibility of the game in China is going to be fascinating to observe."

'Monty' knows the current crop of Chinese golfers well; he was famously defeated by the then relatively unknown Chinese number-one Zhang Lianwei in his own back yard, the Old Course, St Andrews in 1998 and played all four rounds with the veteran Zhang at the 15th Anniversary Volvo China Open in 2009.


"China has some excellent players, Zhang of course, Liang Wenchong who is a world class player too, and both have won on the European Tour," reflects the recent Ryder Cup captain, adding, "But when you look at the youngsters coming through, so many with such great natural ability and if the China Golf Association can nurture its talent and develop its coaches, anything is possible."



Few doubt the ability of the 47-year-old veteran

"IT IS ONE OF THE GREAT SPORTS DEVELOPMENT STORIES OF ALL TIME."

Tournament victories may not come either as regularly, or indeed with such apparent ease as they once did for Colin Stuart Montgomerie, OBE, but few would doubt the ability of the 47 year old veteran to dig deep at least one more time and there would be no more apposite stage for him to achieve that on than the Volvo China Open.

The 17th annual Volvo China Open, the national open golf championship of China, takes place from 21st – 24th April 2011. 

www.volvochinaopen.com

Text: Mike Wilson



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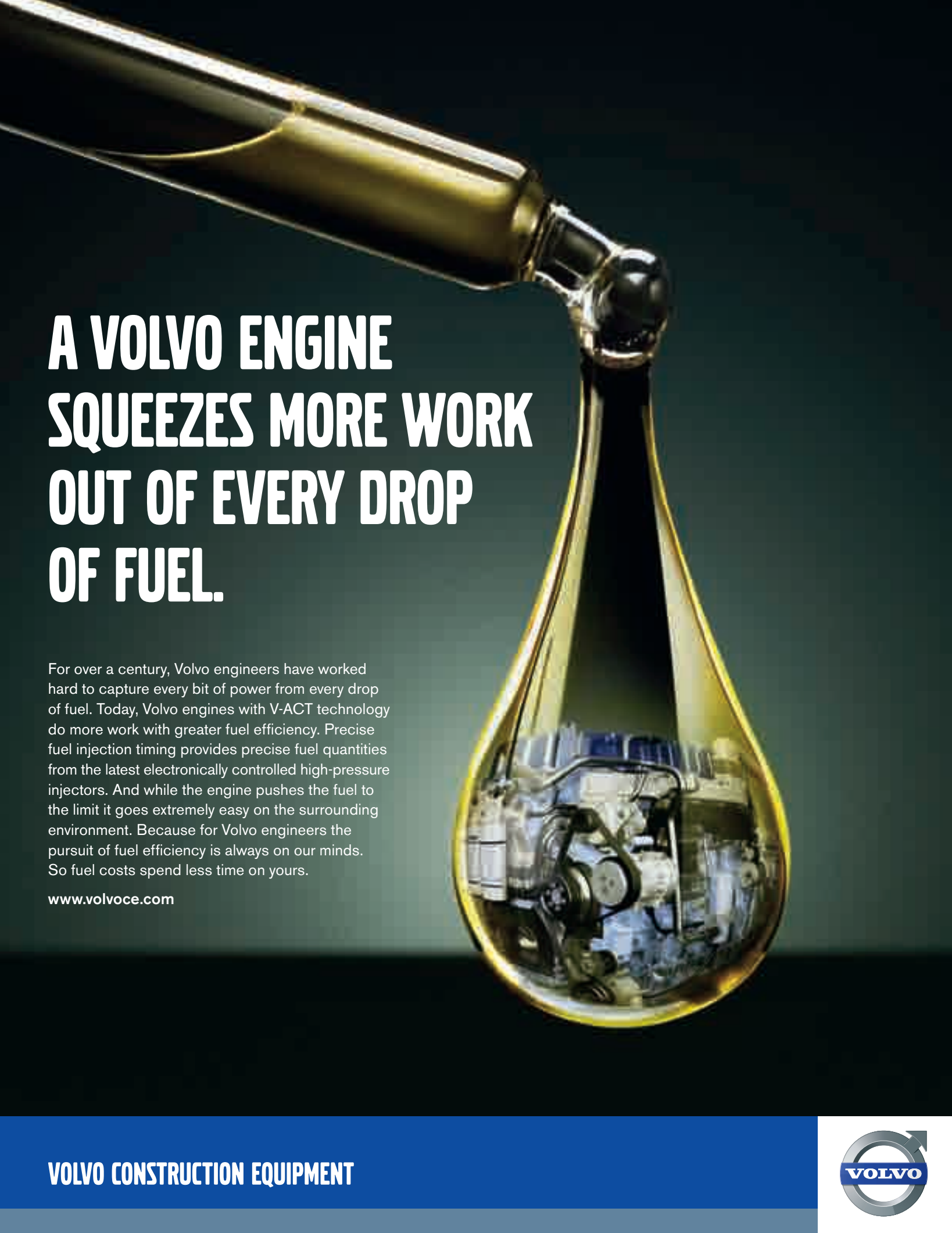


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