

# Reinforced ties in 2015

*Ascendum wishes  
all employees Happy Holidays.*

P. 04

**INTERVIEW  
WITH RICARDO MIEIRO**

[www.ascendumgroup.com](http://www.ascendumgroup.com)

P. 08

**ASCENDUM ACADEMY:  
KNOWLEDGE  
MANAGEMENT**

**55**  
YEARS  
ASCENDUM

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## Editorial

### KNOWLEDGE IS POWER. COMMUNITY IS STRENGTH.

At the start of the year, we asked the CEOs of the different geographies what could be done to improve our synergies, our efficiency and innovation. Virtually all of them suggested, among other things, the importance of enhancing communication between operations and sharing best practices ideas, strategies and indicators.

Aware that, after 15 years' internationalization and integration of operations and personnel the construction of a communication and sharing space is a priority, the idea took shape and is now about to come to life in the form of the Ascendum Intranet. This means that, for the first time, we will be able to work as a team beyond national borders, so that we can benefit from the experience and creativity, opinions, suggestions and critical sense of 1350 people. And while each geography faces its own situation and challenges, it will definitely be easier to develop joint projects of benefit to us as a group through this platform.

The study of internal communication networks shows that they bring proven tangible benefits to organizations. Companies such as Oracle, Cisco or IBM estimate that their intranets are worth over a billion dollars to them. IBM rates the benefits generated just by the e-learning provided over its intranet at 284 million dollars.

Like these companies, the aims of implementing our Intranet are very clear: to learn from the experience of others, develop common business tactics that generate capital gains, centralize processes bringing advantages and economies of scale, develop ideas that position and differentiate us, adopt indicators and procedures that support our productivity and identify new opportunities and innovations that boost business and profitability.



**RICARDO MIEIRO**  
President of the Executive Committee

In a nutshell, the purpose of our Intranet is to generate a return; a return that can only be created through the active contribution of every individual and if everyone is mindful of their role in this community.

The Group's activity is being multiplied across more and more countries; the macroeconomic environment remains unfavourable in most areas; and Volvo CE is increasingly inward-looking and occupied with its own restructuring - so the contribution of this community is more crucial than ever before.

As I wrote in the title of this editorial, knowledge is power. But isolated power generally has limited capacity to make a difference. Having the power that comes from knowledge, with this Intranet up and running, we will also have a community that increases our strength.

To that same community I now say have a happy Christmas, and let us all challenge ourselves to move into 2015 with all our power, but even more strength... so we can make a difference.

# United for an even more special 2015

*The Ascendum Group wishes HAPPY HOLIDAYS  
to all its employees, in the belief  
that 2015 will be a year of strong connections.*



Holding

INTERVIEW WITH RICARDO MIEIRO, PRESIDENT OF THE EXECUTIVE COMMITTEE

# SELLING A LOT OR SELLING WELL

**THE GROUP WANTED TO ACHIEVE TURNOVER OF ONE BILLION EUROS IN THREE YEARS. IS THIS STRATEGIC GOAL STILL IN PLACE?**

The world macroeconomic outlook is bleak and it is becoming increasingly difficult to chase increased turnover. In Europe, we face a major risk of deflation and negative GDP growth; in Turkey, there are geopolitical risks and in the US, despite GDP growth, since the financial crisis of 2007, the long-term is no longer attractive to investors.

Volvo CE, in turn, is still our main partner and accounts for about 80% of our sales, but is undergoing a phase of internal restructuring, with a strong and forceful leadership, in the person of its President, which has been disruptive for the past eight years.

In this scenario, if we wish to increase our turnover, we either have to wait for the world to improve, or we will have to make new investments.

Waiting for something that we cannot control makes no sense in the current climate, so there is no doubt that, to achieve our growth target, within two years we will need to make a new investment (see Figure 1).

**HOW DO YOU SEE THIS INVESTMENT AND WHAT WILL IT INVOLVE?**

Everything is open-ended at the moment. It may be an investment with or without Volvo. Either option is valid, although it would be more convenient to move forward with Volvo. We cannot, however, exclude the option of diversification, whether or not it complements the Group's business.

Whichever option we take, implementing it will always mean equipping Ascendum with greater financial capacity: I would say that it will involve anticipating investment capacity of around 60 million Euros for the next two years.

We can do it by reducing the group's current levels of assets, which will improve our financial autonomy. However, this will of course mean a reduction in the working capital invested in current structures and, if necessary, we may decide to sell less for increased profitability.

**HOW ARE ASCENDUM'S MARKET SHARES EVOLVING?**

In the current context, however efficient we are, on our own we cannot maintain the market shares that we have already achieved. If Volvo CE wishes to maintain them, it will need to help us more than it has done to date. Otherwise, we will suffer this loss together, in partnership.

Market shares, unfortunately, do not help us to pay salaries, to increase jobs or to bear the associated costs.

**WHAT IS ASCENDUM'S CURRENT SHARE OF VOLVO'S BUSINESS?**

Our operation as a proportion of Volvo CE's turnover is approximately 6%, which is highly significant, especially as, to our knowledge, Volvo CE does not have 17 other customers as big as us. Hence, if we compare ourselves with the hundreds of dealers that Volvo CE has worldwide, the importance of our group can be clearly seen.

**HOW ARE THE GROUP'S GEOGRAPHIES FARING?**

Turkey is the main contributor to the wealth of the group. It's an extremely well-managed company but it is in a region that is a genuine powder keg. Despite the highly complex geopolitical situation we are hoping to keep hold of what we have achieved to date. In the US, the area of the world with most economic growth, we have an organization that runs like a Swiss clock, but the purchasing habits of American customers have undergone a profound change and, at the moment, it is much harder to sell than to rent. After the financial crisis, American businesses no longer feel able to form a vision for the long-term and as a consequence they are unwilling to make long-term investments.

In the geography in which we have most recently started to operate, Central Europe, we are now completing our first year of operations, so we are still acculturating and reorganizing our management model, both with regard to business management and cost management.

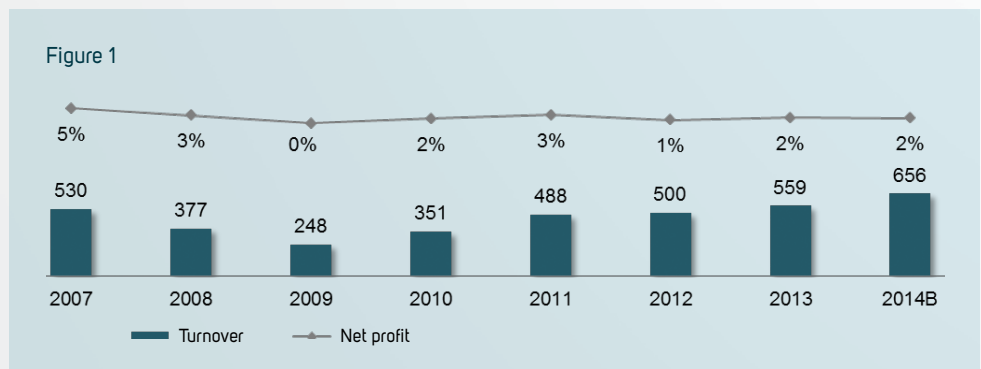
If, as many analysts predict, Europe as a whole slides into stagflation, we cannot expect major market growth. However, there is still plenty of work to do to optimize operations, and with our excellent team of employees, who are very knowledgeable about local markets and very mature, I believe we will succeed.

In the Iberian Peninsula ... Well, it's seven years now since the crisis hit the region and, at the moment, Spain has greater capacity than Portugal to exit the crisis, although it is not possible to anticipate when the recovery will reach our sector.

It is with a certain nostalgia that I remember when Volmaquinaria turned over 220 million Euros, with a net return of 9% ... Not to mention the group's birthplace, Portugal, which is still struggling in a very complex situation.

Someone very responsible and circumspect was asked "So, how is Mexico?" The answer was that "The market is moving. It can only improve, but finally we can say that we have a Company!" After two years' operations, with many ups and downs and upheavals, we finally have a well-structured and reliable company. A company that we are proud to have as part of the Ascendum group.

Then we still have Angola and Mozambique - two markets where we have created everything from scratch!



Angola is a richer market with greater potential, but it is hampered by the many power games. It is not easy to take money out of Angola, which does not help, because everything we earn is needed for group consolidation. However, we have well-trained multiracial teams that are gaining greater business experience. In this sense, things can only get better! Mozambique is a country where it is easier to enter and doing business is less burdensome. Moreover, the footprint of our local investment has been fully mapped out for us to achieve greater market coverage.

Political and social stability will be key factors in the success of this operation.

## WHAT TACTICS WOULD YOU ADVISE FOR THE NEXT TWO YEARS?

There are three central underlying tactics for us, for the present and for the future. The first is that we need to improve our rotation of new, used and rental fleet stock. The second tactic involves finding solutions to boost after-sales, especially for machines older than 4 to 5 years, which, in this instance, means finding alternative markets for parts. The third tactic is that we need to defend our gross margins in the different businesses in which we operate.

But of equal or greater importance than this technical approach to business, it is vital to maintain group spirit and multidisciplinary cohesion among the different countries, geographies and continents where "Ascendum" resides. Synergies and improvements in the skills of each person will be critical for the efficiency and optimization of all our resources. In this business it is the women and men who work with us that will always make a difference for the better.



A NETWORK THAT CONNECTS US TO PROMOTE CLOSER TIES, PRODUCTIVITY AND INNOVATION

# JUST A CLICK AWAY



FOR SEVERAL MONTHS A NETWORK HAS BEEN UNDER PREPARATION TO CONNECT US AND BRING US CLOSER, MAKING US MORE PRODUCTIVE AND INNOVATIVE: THE ASCENDUM INTRANET.

The Ascendum Group will be strengthened as a community through this new platform that puts us a click away from each other. This is one of the first projects being developed by the newest IT and Business Development Corporate Area. Together with the Corporate Image & Communication department, it has already implemented a pilot intranet that will soon be open to the Ascendum universe.

*"For the first time, we will have access to a platform that breaks down boundaries", says Angela Vieira, Executive Board Member responsible for Corporate Image & Communication, reinforcing the intranet as the promoter of new ideas, knowledge, procedures, success stories and best practices among Group professionals. "Collaboration and sharing will stimulate synergies and innovation, which are increasingly critical to the success and growth of the business".*

In addition to the previously defined thematic areas indexed to different Group practices and departments, each one can - and should - create working groups, invite colleagues that make sense both inside and outside their geographies, engage in video conferences, exchange and host documents, videos ... all this in a much more efficient manner than has been possible to date by email or phone.

## SHARING KNOWLEDGE THAT MAKES US MORE EFFICIENT

Across the different time zones of Ascendum's operations, the Group is working almost 24 hours



a day, so the Intranet will also act as a permanent help desk. For example, if a mechanic has a question during work on a machine, he can post it on the Intranet and someone else, who has already dealt with a similar problem, can provide help.

"Specialists" defined in various fields will support this knowledge network and due to these questions and answers being accessible on the platform, tutorials in various subjects will be developed over time. Likewise, several cross-cutting Group projects will run on the platform, particularly in the areas of management and training.

Besides being a repository of useful information, providing easy access and knowledge reuse and reducing its dispersion and loss, the platform will optimize the sharing and flow of information, making the learning processes that streamline answers to customers faster and easier.

This type of growth generates significant savings - in time and costs - and improves productivity. No less important, it is also the catalyst for a more challenging and stimulating collaborative culture that promotes creativity and innovation.

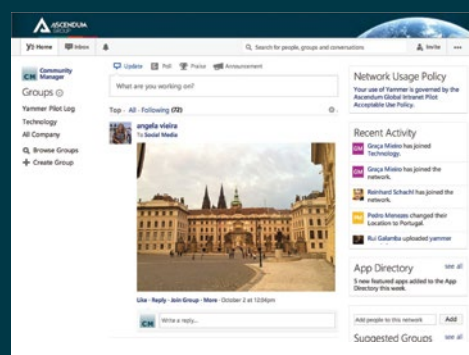


## INTRANET 2.0: MORE INTUITIVE AND VERSATILE

The base selected for this Intranet is Yammer, a new generation platform - designated Intranet 2.0 or "Enterprise Social Network". Like the best known social networks, it is highly intuitive and accessible over any browser - on computers, smartphones and tablets if they are web enabled - to bring people and ideas together, welcome suggestions, compile business and other information on a single platform, without time or space limitations.

The community is thus built up from the contributions of all employees. Contributions are visible to the whole Ascendum community but, as on Facebook, the platform also supports closed groups and private messages between two or more members of a group.

"No topic is prohibited as long as the platform is used with a sense of responsibility and with



constructive insight", says Angela Vieira who, as a member of the pilot project, often posts photos and personal highlights of her frequent travels and places that have caught her eye.

The pilot project is now underway, with limited access to approximately 40 group members for a period of tests and adjustments. It will be open to the whole Ascendum community throughout the year 2015.

By then, everyone will have an access password so they can contribute, enrich and learn with this community. "Community managers" will also be defined in every country, who will have the mission of stimulating the integration of ideas and contents.

"In the Holding, we will also take on this role, to set challenges, launch debates and form working groups. However the network cannot be effective if these initiatives are not multiplied and nurtured", concludes Angela Vieira.

Holding

# ASCENDUM ACADEMY AND KNOWLEDGE MANAGEMENT

THE ASCENDUM ACADEMY IS BEING CREATED TO TAKE ON THE KNOWLEDGE MANAGEMENT OF THE WHOLE GROUP WITH CROSS-CUTTING ROLE TO ALL BUSINESS AREAS. TO FIND OUT MORE ABOUT THE ACADEMY, WE SPOKE TO ANGELA VIEIRA, THE EXECUTIVE BOARD MEMBER RESPONSIBLE FOR CORPORATE HUMAN RESOURCES AND THE NEW ACADEMY.

**WHAT IS ASCENDUM ACADEMY?**

The Ascendum Academy is the Ascendum Group's internal training centre, which will now be responsible for the Group's knowledge management. It is a medium to long-term project which we have been developing for some time, with the overall goal of improving and promoting internal knowledge management and encouraging and developing our current and future business critical skills.

It also aims to develop the leadership skills necessary for top management (i.e. the top three lines), to boost innovation, share best practices and improve employee integration and involvement in the Group's corporate values.



## ASCENDUM ACADEMY AIMS TO

- IMPROVE AND BOOST KNOWLEDGE MANAGEMENT INTERNALLY
- FOSTER THE DEVELOPMENT OF CRITICAL SKILLS FOR THE BUSINESS
- DEVELOP THE LEADERSHIP SKILLS INDISPENSIBLE FOR TOP MANAGEMENT
- ENCOURAGE INNOVATION AND THE SHARING OF GOOD PRACTICES
- IMPROVE THE INTEGRATION OF NEW EMPLOYEES AND THEIR INVOLVEMENT IN THE GROUP CORPORATE VALUES

**SO WILL THE ACADEMY HAVE A CROSS-CUTTING ROLE WITHIN THE ORGANIZATION?**

I would say cross-cutting and structural. This is because one of its first areas of involvement is welcoming employees and integrating them into the company's culture and values, enhancing their knowledge of the business and the organization. There will also be tools to support the training of these same employees in their functional areas, with systematization of courses and practice in all aspects relevant to the business, including sales and marketing, after sales service and training for mechanics, logistics operatives, financial departments, human resources, etc.

This coverage also includes the group's talent management and training in leadership and management for our executives. This is the area where our Academy has already advanced the most and where it will soon begin the first "Ascendum Group General Management Program" in partnership with the pres-





tigious Católica-Lisbon business school. Moreover, executive training includes individual development, with coaching and mentoring programs delivered with the international consulting firm Hay Group.

**YOU HAVE PREVIOUSLY DELIVERED INDIVIDUAL COACHING PROGRAMS FOR YOUR SECOND LINE STAFF... WHAT ARE THESE PROGRAMS? WERE THEY ALREADY BEING PROVIDED AS PART OF ASCENDUM ACADEMY?**

Individual coaching programs started 2 years ago and have been completed in Portugal, USA and Turkey. We will start the next programs in Spain, Central Europe and Mexico.

The individual coaching program is delivered by Hay Group consultants. They usually consist of three to four sessions, about three months apart. The consultant carries out an audit of the functions of the individual which is then used to develop, with the person, an action plan to improve the identified points, which are reviewed in the following session. We would say that individual coaching can be considered the first initiative of our Ascendum Academy. However, we very clearly systematize the objectives and functional areas of this knowledge management structure. This work is carried out and can proceed



# ASCENDUM Academy

The initiatives developed by the Ascendum Academy will be identified with this symbol that unites the "A" of Ascendum with that of Academy, reinforcing the idea that we are working together to build knowledge. The logo uses the corporate colours of the Ascendum brand that could not express better the values of knowledge, wisdom and rigor that this Academy will treasure.



because we also have an online structure, our intranet, which will be an important platform for supporting training and enhancing it through e-learning.

**"SYSTEMATIZE THE OBJECTIVES AND FUNCTIONAL AREAS OF THIS KNOWLEDGE MANAGEMENT STRUCTURE. THIS WORK IS CARRIED OUT AND CAN PROCEED BECAUSE WE ALSO HAVE AN ONLINE STRUCTURE, OUR INTRANET, WHICH WILL BE AN IMPORTANT PLATFORM FOR SUPPORTING TRAINING AND ENHANCING IT THROUGH E-LEARNING".**

Holding

# GENERAL MANAGEMENT PROGRAM KICKS OFF IN FEBRUARY

THE ASCENDUM ACADEMY IS ORGANIZING A NEW COURSE SPECIFICALLY DESIGNED TO THE 2ND LINES OF THE DIFFERENT GEOGRAPHIES. THIS COURSE IS CARRIED OUT IN PARTNERSHIP WITH THE PRESTIGIOUS CATÓLICA LISBON EXECUTIVE BUSINESS SCHOOL.

**AND THIS NEW ASCENDUM ACADEMY COURSE? WHAT ARE ITS OBJECTIVES?**

Within the Ascendum Group's talent management we are organizing the first "Ascendum Group General Management Program" for the group's second line staff, i.e. directors who report directly to the CEOs in each country. This course aims to bring our

**IS IT NOT DIFFICULT TO BRING ALL THESE EXECUTIVES TOGETHER, EVEN FOR THREE SEPARATE WEEKS SPREAD OUT OVER TIME?**

The course is classroom-based - this was a strategic decision. So this will be the first time that these directors will meet in person and work together, laying the foundation for a relationship that must be nurtured and capitalized on for enhanced sharing of operational information, creation of group synergies and innovation. These synergies reinforce the culture of the Group and will be crucial for our future, in terms of management and innovation.

However, we are aware that is not easy to bring all the executives together at the same time and the course structure itself will mean that we cannot include them all in this round of training. The first people to take the course will be the Directors of Sales

and Marketing, the Directors of After-Sales and the CFOs of each country. Once they have completed the third module, a second round of training for the remaining second line staff will start immediately.

**IS THE COURSE TAILORED TO THE ASCENDUM GROUP'S SITUATION?**

As much as possible. The course was customized to support the key activities and challenges that our executives face day to day, making them more responsive, more cohesive and better prepared. The choice of the Católica-Lisbon was also strategic due to its extensive experience in creating courses tailored to the needs of a wide variety of organizations.

And this customization is still evident in a further challenge: a group work on the Creation of Synergies, a theme chosen by the Executive Committee to stimulate an area that we are really interested in exploring. The work will then be presented to the country CEOs and the Executive Board itself and will be evaluated by a panel of academics and executives.

**COULD THIS LEAD TO NEW PATHS IN TERMS OF BUSINESS?**

Of course, but even if that is not the immediate result, our executives will have the best tools at hand so that they can achieve it in the future. Moreover, what will carry the most weight in the evaluation criteria of this challenge will be its practical application in the Group context.

"THE COURSE IS CLASSROOM-BASED - THIS WAS A STRATEGIC DECISION. SO THIS WILL BE THE FIRST TIME THAT THESE DIRECTORS WILL MEET IN PERSON AND WORK TOGETHER, LAYING THE FOUNDATION FOR A RELATIONSHIP THAT MUST BE NURTURED AND CAPITALIZED ON FOR ENHANCED SHARING OF OPERATIONAL INFORMATION, CREATION OF GROUP SYNERGIES AND INNOVATION. THESE SYNERGIES REINFORCE THE CULTURE OF THE GROUP AND WILL BE CRUCIAL FOR OUR FUTURE, IN TERMS OF MANAGEMENT AND INNOVATION".

executives together around a highly structured course that will set them to work in a team and give them new global competencies in key areas such as leadership, management of teams and projects, strategy and competitiveness, marketing and value creation and financial analysis.

**HOW IS THE GENERAL MANAGEMENT PROGRAM ORGANIZED?**

The total duration of the course will be 91 hours, divided into three weekly modules. The first module takes place next February, the second in September and the third in January 2016.

## CATÓLICA-LISBON IS ONE OF THE WORLD'S MOST PRESTIGIOUS BUSINESS SCHOOLS

Part of the Portuguese Catholic University, the Católica-Lisbon - School of Business & Economics is the only Portuguese school in the top 50 Best Business Schools in the World for Executive Training, according to the ranking published by the Financial Times. This ranking, which also classed it in the top 20 in Europe, evaluates the performance of the best business schools in the world in their open and customized Executive Training programs.



CATÓLICA LISBON  
BUSINESS & ECONOMICS

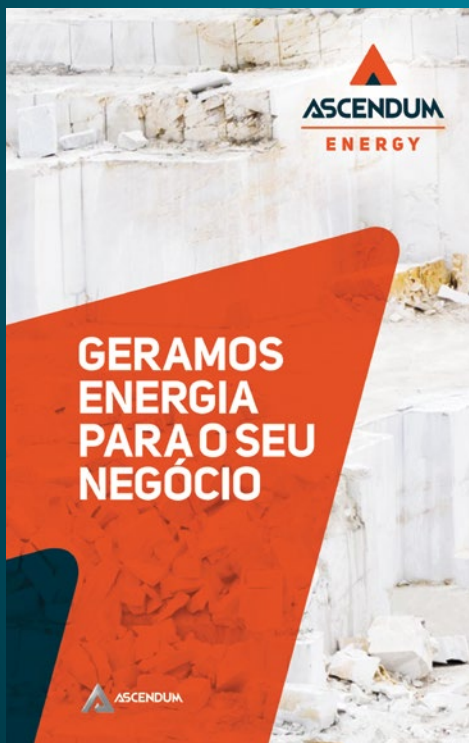
It should be noted that the Católica-Lisbon was the first Portuguese faculty accredited by the American Association to Advance Collegiate Schools of Business, which together with the recognition of the European Foundation for Management Development and the Association for MBAs (AMBA) placed it in the select group of schools with the so-called Triple Crown, a status enjoyed by only 1% of business schools worldwide.

## Ascendum Portugal

# ASCENDUM ENERGY "FEEDS" NEW BUSINESS AREA

EARLIER THIS YEAR, ASCENDUM PORTUGAL LAUNCHED THE ASCENDUM ENERGY BRAND, MARKING ITS ENTRY INTO A NEW BUSINESS AREA - GENERATORS.

Ascendum has been working with generators for many years, but as the top brands had highly successful business operations, it was difficult to penetrate the market with the available, less well-known brands. "Ascendum operates in a high-end sector and represents the top brands, so it was not considered consistent to devise a more structured supply operating below this quality level", says Pedro Gaspar, one of the project mentors.



When Sérgio Teixeira joined Ascendum Portugal, he came with experience in this area in Angola and the two professionals eventually asked themselves: "Why can't Ascendum create its own brand?" After surveying the manufacturers who could offer the best value for money in the production of Ascendum generators, they found a partner who could produce robust, "tropicalised" equipment - i.e. able to work even in very high temperatures - at a competitive price.

They then proceeded to create the brand which, after a few trials, became Ascendum Energy. This was followed by the production of commercial catalogues



**"WE HAVE TO PROVE THAT OUR PRODUCT IS GOOD AND THAT THE BUSINESS IS INTERESTING AND COMPETITIVE. I BELIEVE WE HAVE EVERYTHING WE NEED FOR SUCCESS AND BY MID-2015 WE WILL BE AT CRUISING SPEED, WITH DISTRIBUTORS IN MORE COUNTRIES"**

and training of the Ascendum technicians who are responsible for support for generators. "This is our year zero; we have already trained some technicians but it is ongoing and the brand only became ready in the middle of the year", says Gaspar.

Even so, by October, Ascendum Energy had already sold 50 generators in Portugal, Cape Verde, Mozambique and Angola. In the latter a partnership has already been established for the distribution of Ascendum generators.

In addition to the synergies with the core business and those resulting from *Follow The Customer*, the company's strategy includes identification of partners in other countries and contacts are already

being made in markets such as Panama and Peru. "We have identified huge business potential in African, Central American and Latin American countries", notes Pedro Gaspar, who in addition to being Head of Ascendum Energy is the International Manager of *Follow the Customer*.

"We have to prove that our product is good and that the business is interesting and competitive. I believe we have everything we need for success and by mid-2015 we will be at cruising speed, with distributors in more countries".

Who knows? Maybe the Group's other geographies will become Ascendum Energy distributors to boost this new business line and grow with it.

## RELIABILITY AND VERSATILITY

Ascendum Energy generators are equipped with Perkins engines and Marelli alternators and are available in soundproofed, canopied, open, containerized and trailer versions, for marine or portable applications.

With a range of models and capacities, ranging from 9.8KVA to 2200KVA, they can be used individually or in a network, thus ensuring versatility of use and covering the most diverse domestic and industrial applications. Ascendum Energy generators can be used to power hospitals, airports, factories, mines or constructions sites.

It should also be mentioned that Ascendum Energy also supplies lighting towers.



Ascendum Spain

# KEY CUSTOMER RETENTION MEANS STRONGER TIES AND MORE PROFITABILITY

Maintaining closer relationships and tighter control of Volmaquinaria's key customers, even those customers that have already left Madrid to develop projects in other regions, is one of the major goals of the Loyalty Programme that Ascendum has put in place in our branch in Cabanillas, in the Spanish capital, Madrid.

The initiative aims to prevent the loss of the large construction companies which Volmaquinaria has been working with for a long time. Following the completion of public contracts in the Spanish capital - such as Barajas airport or the M30 ring road - a number of these companies have begun to decentralize in search of new opportunities.

*"The economic situation in Spain has also exacerbated this risk, with customers reducing costs and services, and parallel markets offering more competitive solutions - either because more original spare parts have become available outside official distribution channels or because many former Volvo mechanics have found themselves without work but with knowledge and experience of the brand, so they provide fierce competition",* explains Javier Gómez, Technical and After-sales Director.

Against this background, the decision was taken to centralize the management of these key customers in Cabanillas, with a single manager combining the coordination and organization of all the business to meet the needs of customers, wherever they are, and to liaise with the other branches and dealers in Spain.

## INTEGRATED OFFER CREATES ADDED VALUE FOR THE CUSTOMER AND FOR THE BUSINESS

*"The customer now has a single point of contact who knows their needs and who will deal with them centrally, regardless of their geographical location. The manager is responsible for everything: managing discounts, payment terms and quality levels, with coherent and customized procedures",* emphasizes Javier Gómez.

This centralization gives the customer more structured and comprehensive services, resulting in Ascendum achieving greater loyalty with those customers, improving its penetration in terms of Service Delivery Agreements and maintaining, or even increasing, sales of parts and services. *"The fact that we have complete control of the customer's fleet, through Caretrack, assists this proactive approach",* Gómez adds, indicating that this also helps to neutralize many of the moves from the competition and the parallel market.

Between 2010 and 2014, the strategy increased key customer loyalty by 26% with consequent growth in their relative weight in total turnover, which offset



## SEVEN STEPS FOR IDENTIFYING AND RETAINING LARGE CUSTOMERS

1. Classify customers in categories A, B and C, based on machinery assets, potential volume generated by the parts business and work volume.
2. Study the major customer indicators, including changes in their consumption, with particular attention to parts and consumables.
3. Establish targets and conditions consistent with the customer's needs and situation.
4. Present and enter into an agreement with the customer, including offers of special conditions and commitments: category discounts, telematics with Caretrack, service agreements, special working conditions (option of 100% dedicated engineers), volume bonuses in After-Sales services beyond contracted levels, training for customer operators and technicians, etc.
5. Inform all branches and dealers, establishing working procedures and conditions.
6. Monthly monitoring reports.
7. Annual evaluation and definition of conditions for the following year.

the 30% reduction in revenue from the parts business over the same period. To this end, the extension of this Loyalty Plan to the key customers of the sub-dealers is already being planned for the coming years.

The combination of all these activities requires a redoubling of effort by those coordinating, evaluating and managing the processes for definition and allocation of all the resources needed to convince the customer that the added value in Ascendum's integrated offers is not limited to discounts. *"And the fact that the equipment is often a long way from Madrid puts added pressure on managers, who need to maintain a global perspective".*

Implementing this strategy involves a shift in focus to large customers, as this type of agreement only makes sense for companies with sufficient turnover and work to create economies of scale. Moreover, the calculation and definition of potential benefits only applies to medium or large fleets, since they are based on statistical studies in which sample size is critical. *"This focus does not mean that we are abandoning our smaller customers, but that different approaches are needed for customers of different sizes".* And this has proved to be the right approach for large customers.

## Ascendum USA

# SDLG'S PRICE AND SIMPLICITY ARE ATTRACTIVE BUT TRUST IN ASCENDUM WAS FUNDAMENTAL

SDLG, THE BRAND RESULTING FROM THE PARTNERSHIP BETWEEN VOLVO AND THE CHINESE COMPANY, SDLG, ARRIVED AT ASCENDUM USA A YEAR AND A HALF AGO, WITH SIMPLER AND CHEAPER EQUIPMENT, TO SUPPORT BASIC SERVICES WITHOUT EXCESSIVE MAINTENANCE REQUIREMENTS. JEFF MANESS TRIED THEM OUT AND LIKED THEM, BUT HIS DECISION WAS LARGELY DUE TO HIS TRUST IN ASCENDUM.

Jeff Maness needed a reliable machine to help him move the sand that he uses to line his cow sheds for his breeding ranch near Statesville, North Carolina. He analysed several loaders and decided on a relatively new product, supported by two trusted names. A year ago he decided to buy a SDLG959 wheel loader from our premises in Charlotte.

This Chinese manufactured loader is the fruit of a partnership between Volvo and SDLG and only arrived in the US in summer 2013. It combines reliability, comfort and energy savings. And it was this that Maness experienced as soon as he began using the SDLG959.

By mid-February, the machine had already clocked up 367 hours of use and, despite a harsh winter with frosty mornings, the SDLG959 proved that it was up to the task, day after day. Likewise, it met the simplicity requirements that Maness was looking for in a machine.

*"This machine has all of the basics and avoids excessive complexity, which is great", says Maness.*



*"It doesn't have lots of electronic components that can mean more maintenance and downtime. It is very user-friendly to operate and it also has very*

*low running-costs". Apart from these features, one of the main reasons for his choice was the price. "It is very competitive compared to other machines", he stresses.*



Another decisive factor was that he could buy it at ACS Construction Equipment. His relationship with Volvo and ASC was probably the most influential factor in convincing Maness that buying this little known loader had everything in its favour. It also gave him the peace of mind that should something fail to run as expected, he would have an experienced team of professionals ready to assist him. *"In the time I've been with ASC and Volvo, everything has always gone really well"* he says.

## SDLG959: HOW TO KEEP COWS HAPPY AND HEALTHY

Maness has about 1700 cows that need to be milked three times a day in a population of about 3 thousand cattle. With so many cows, he needs the LG959 to move sand dredged from the riverbed to be used to line the ground in the cow sheds.

These 'sand beds' are used by many breeders because when they are clean, this type of sand contains little organic matter, which makes it difficult for bacteria to breed.

Maness explains that, first, the SDLG959 is used to transport clean sand to a machine that lays it down in the sheds. Then, when the whenever the sheds are cleaned, it is used again to collect the sand for removal to the storage pool and, later, to take it back to the machine that separates it from other particles. This recycled sand is what the cows prefer and healthy, happy cows are all that Maness needs to ensure top quality milk production.

## VOLVO AND SDLG: A PARTNERSHIP DESIGNED TO INCREASE SUPPLY

Founded in China in 1972, Shandong Lingong Construction Machinery (SDLG) became one of the top 100 Chinese companies in the sector. In 2006, Volvo and SDLG started cooperation with Volvo's experience of management and technical support empowering the internationalization of SDLG.

The next year, Volvo investment in the Chinese company doubled production from 15,000 to 30,000 units, thus boosting its rate of growth. Commitment to improved quality and management made the company more competitive both inside and outside China.

More recently, Volvo CE has included SDLG in the range of brands it sells, positioning it initially as an option especially suited to emerging markets and customers prioritizing price. This emphasis on competitiveness is making the brand available also in several developed markets, especially focussing on wheel loaders, although SDLG also provides excavators, backhoe loaders and compactors.

## TRP: AFTER MARKET BUSINESS IN TURKEY

In Turkey, sales of construction equipment have grown significantly over the last two decades, making the parts market far more important as a result of the vast number of machines in operation. To address this trend, in February 2012, Ascendum Turkey launched TRP - Turkey Spare Parts, a new company focusing on end-customers and specializing in the supply of the multi-brand parts that are essential for keeping the current stock of machines operational.

*"Our experience and knowledge of Volvo CE equipment brought this opportunity our way. On the one hand, it meant that we got to know customers using Volvo machines in addition to several other brands and, secondly, we started to understand that it is not always easy for these customers to find the parts they need at the best value for money",* states Atıl Özbek.



### CUSTOMERS KNOW THAT WE WILL FIND WHAT THEY NEED

A glance at the last three years shows TRP fingerprints on many new projects: MOBA'S Mobile Automation Systems, Groeneveld's Automatic Lubrication System, MB's crushers and the AGCO, ESCO, Kennametal and Fink brands are examples of concessions started by the TRP team.

Synergies with Ascendum Turkey have boosted business. *"Currently, TRP has seven professionals and the support of Ascendum. In three years we have won significant business volume from large construction equipment dealers. Initially, we knocked on the doors of many very good brands, so that we could start to cooperate. However, the process has reversed and today many of these brands are seeking us out".*

Customers already know that if they need a solution that is not part of their portfolio, the TRP team will go and find it for them. So they've started asking for Wirtgen, Caterpillar or Komatsu parts.

*"This enthusiasm and passion for entrepreneurship seems contagious - we have received lots of suggestions from Ascendum and its dealers about how we can start new dealerships or find new solutions",* emphasizes Atıl Özbek, adding that it is this interest and demand that has led the TRP team to be increasingly efficient and productive.

### CREATE A NICHE AND USE IT FOR PROFIT

The After-Market business in Turkey has gained increasing importance over the last decade, supporting a stock of machines that has grown rapidly, with over 10,000 new items every year.

Customer demand for parts and services has accompanied this growth, leading them to seek alternatives. Most suppliers have ended up focusing on brands or products but some companies have seen the multi-brand parts business as an opportunity and have invested in this new business area.

TRP was one of these companies. Without intending to compete with equipment distributors or after-sales companies, it found a space in which it could start to operate in this area. *"This was an area where there was no solution and this is what we are looking for: niche markets that we can enter, to create differentiation and profitability",* says Atıl Özbek.

So they started seeking out reliable suppliers who could provide a better response to needs for parts and components, such as lubricants, tyres, tracks and automatic lubrication systems that could be used in different makes of equipment. TRP, ESCO, MOBA, DCF and Goodyear were some of the brands that met the criterion of being one of the top three in their areas. For complementary products, premium brands such as MB and Groeneveld were chosen for their recognized efficiency and the added value they offer to end users.

Ascendum Mexico



# FACILITIES UPGRADE FOR GUADALAJARA AND MONTERREY FOR GREATER COMFORT, BRAND IMAGE AND CONFIDENCE

The Guadalajara and Monterrey Branches have recently been refurbished, making them more comfortable for our Mexican colleagues and bringing them up to the image of quality and confidence that we wish to convey to our partners and customers.

*“These upgrades will give us a stronger image to mirror Ascendum’s attitude of responsibility and quality and convey values that are fundamental for us to position ourselves and differentiate ourselves from the competition”,* says Marco Liz, the Mexico CEO.

The team now has a workplace that it can be proud of and suppliers will recognize a well developed and implemented corporate image, while customers will have the confidence that Ascendum is in the market for the long haul.

## LONG-TERM COMMITMENT TO THE MEXICAN MARKET

This is particularly important for consolidation of Ascendum’s activity in a market like Mexico, where Volvo CE has already tried to establish itself but quickly withdrew, causing some distrust on the part of customers faced with new distributors in the market and, in particular, in relation to the Volvo brand that Ascendum represents.

We’ve only been in Mexico for a little over two years, so *“we need to gain the trust of customers in these*



*“Our employees spend as much time here as at home, if not more, but they are doing a great job, which requires a lot of dedication to this project. So this improvement in working conditions is also a way of showing them that it is worth their while keeping up their motivation because this company, although young, is also motivated and committed to growth and improvement and to offering them greater stability”,* says Liz.

In Guadalajara, the existing premises have been refurbished and extended. The office area has been enlarged, a new floor has been added, with a meeting room, the workshops have been expanded and a new showroom has been built. The improvements to the exterior are equally important because the branch premises stand next to one of the busiest roads in the region.

The Guadalajara and Monterrey branches each contribute about 20% to the total sales turnover of Mexico. *“With these improvements and the confidence that they will create in the team, suppliers and customers, I believe that their contribution will become even more important”,* says Marco Liz.

## COMMITMENT TO BUILDING THE BRAND

Guadalajara and Monterrey were two of the three cities in which Ascendum established itself once it arrived in Mexico, as they are two urban centres with good business potential.

*“Today, in order to operate in these cities that are major centres of economic activity, it simply having a product to offer is not enough. We need to position ourselves and ensure that we have a strong project in commercial and marketing terms, based on a Brand-building strategy”,* explains Marco Liz, emphasizing that the evolution of the customer base must be supported by supplying quality and innovation so that they will remember the Ascendum brand and the company won’t simply be perceived as just one among many options.



*regions one way is to show them that we are putting down deeper roots in these cities”. The investment in these facilities will help to increase this confidence, by proving long-term commitment to the Mexican market.*

At the Monterrey branch, there didn’t use to be any infrastructure per se. Employees worked in mobile premises and the warehousing was in containers, so the change for the better is very obvious. There is now 200 m<sup>2</sup> of office space and 1000m<sup>2</sup> of workshops and warehouses, with proper conditions of comfort and quality for working and receiving clients.

## VOLVO EXCAVATOR WITH STEELWRIST ROTATION SYSTEM

## A CAREER TURN FOR ALFRED KÖHL

"IT TOOK ME SEVERAL MONTHS TO HIRE AN EXCAVATOR HERE IN DONNERSBACH. SO I THOUGHT THIS WOULD BE A GOOD NICHE MARKET". THIS WAS HOW A BARMAN BECAME A SUCCESSFUL ENTREPRENEUR, THROUGH A CAREER CHANGE WHICH WAS UNDOUBTEDLY HELPED BY THE VOLVO ECR145D EXCAVATOR WITH ROTATION SYSTEM.

At the turn of the millennium, young Alfred Köhl decided to travel to Ischgl in the Tyrolean Alps in Austria, where he ended up working and forging a reputation as a barman. He stayed there for the winter season and during the summer months returned to his home town of Donnersbach, with just over 1,000 inhabitants, in Upper Styria. One day, his father asked him to find somebody to carry out some levelling so he could build a garage. Alfred then found that this was no easy task - it was months before he managed to hire a bulldozer with an operator.

With this idea in mind, he approached a construction equipment distributor expressing his interest in a mini excavator. As he had never operated an excavator before, he asked for an explanation of the basic functions of the machine and had a week's experience operating it. Thus was born the idea that would lead to his current career.

After a week, he returned the mini excavator, which was too small for his plans, and invested in a 9 tonne excavator with a rotation/tilt mechanism. This was the one! This was a highly functional machine in which Alfred discovered his talent for rotation.

## NOTHING IS IMPOSSIBLE

In 2009, after several years working as a bartender in winter and an excavator operator in summer, he created his own company - ak-ERDBAU. After 18 months' work in Donnersbach, the 9 tonne machine was already too small and, to meet the demand for larger jobs, he invested in a Volvo ECR145DL.

To benefit from his previous rotation experience, Alfred Köhl requested the installation of extras, including a Steelwrist rotating mechanism. Finally, he had everything he needed: power, stability, flexibility and manoeuvrability - the machine rotates 360° and Alfred Köhl was now able to meet his customers' needs much more quickly than would have been possible with a standard excavator.

His future prospects are therefore very positive: "There's always some job to be done round here



The inspiring story of Alfred Köhl and the excavator that helped make him a successful businessman

and I have requests in a 50-80 kilometre radius. My service portfolio includes digging, earthmoving and demolition, slope stabilization, metalling roads, drainage and much more. With this 15 tonne excavator, which provides great versatility, I have no worries about the future".

## MORE VERSATILITY AND BETTER PERFORMANCE

These Volvo Crawler excavators are designed to provide strength and safety in small spaces and the ECR145DL also combines high profitability and maximum comfort with low operating costs. Its efficient IIIB-tier 4 diesel engine provides more power and consumes less fuel, reducing operating costs and harmful emissions to the atmosphere.

Volvo offers 13 to 30 tonne excavators, all with optional Steelwrist rotary system which, along with the respective electronic components, is fully covered by warranty and Volvo support.

The rotation system offers the operator more accurate manoeuvrability and the control system allows multiple functions to operate simultaneously. These benefits are already recognized, especially in Scandinavian countries, where over 90% of excavators between 3 and 25 tonnes are already equipped with this extra. According to his own customers, his performance has improved by 20 to 35%. "It's like a mobile phone - I can't imagine how I could do without it", jokes Alfred Köhl. And, quoting Oscar Wilde, he concludes "I'm a man of simple tastes. I'm always satisfied with the best".



## Holding

## FINALISTS IN THE EUROPEAN BUSINESS AWARDS

The Ascendum Group has reached the final of the *European Business Awards (EBA) 2014-15*, an initiative that since 2007 has highlighted Europe's exemplary and most innovative businesses, to promote success, innovation and ethics in the business community of the "old continent".

Ascendum is a finalist in the "Company of the Year with Turnover above € 150M" category; one of 25 Portuguese companies still in the competition out of 709 selected for the 10 award categories, from 24000 entries in more than 30 countries.

All the finalists have produced presentation videos for evaluation by a pan-European jury of eminent personalities from business and academic life. In addition to the jury, the videos will be posted on the European Business Awards website ([www.businessawardseurope.com](http://www.businessawardseurope.com)), so



anyone can vote to highlight their own company. In a Group like ours, with more than 1300 people, this can give a big boost to the vote for Ascendum. The winning companies will be announced in 2015.

This is the first time that Ascendum has entered this kind of initiative. The decision was due to the importance of the EBA Awards in increasing Ascendum's brand awareness at European level, as even if Ascendum fails to win, our visibility as a finalist is already assured and we will achieve even more impact through the public availability of the Group's video presentation.

THE VIDEOS WILL BE POSTED ON THE EUROPEAN BUSINESS AWARDS WEBSITE ([www.businessawardseurope.com](http://www.businessawardseurope.com)) SO ANYONE CAN VOTE TO HIGHLIGHT THEIR OWN COMPANY

## SECOND PLACE IN THE RANKING SPONSORED BY INDEG-IUL AND THE FUNDAÇÃO DOM CABRAL

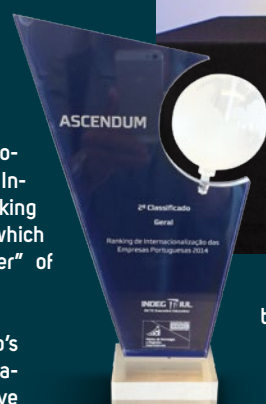
## EXAMPLE OF "INTERNATIONALIZATION OF PORTUGUESE COMPANIES"

The Ascendum Group was considered the second best example of internationalization among Portuguese companies, after INAPA, the leader in the paper distribution sector. The classification was awarded by the "Internationalization Ranking of Portuguese Companies" an initiative promoted for the first time this year by the renowned INDEG-IUL (ISCTE Executive Education), an Executive School established by the pioneering association between the Higher Institute of Employment and Business Studies (ISCTE-IUL) and some of the most prestigious Portuguese companies.

Developed in collaboration with the Fundação Dom Cabral (FDC), recognized as the best business school in Latin America, and supported by the Portuguese Investment and Foreign Trade Agency (AICEP), this ranking evaluates the performance and dissemination of practices adopted by companies in designing and implementing their internationalization strategies.

The ranking was published on 1 November at the INDEG-IUL's Second International Conference, an event marking the school's 26th anniversary and which brought Edward Freeman, the "father" of stakeholder theory, to Portugal.

Ernesto Vieira, Director of the Group's Institutional Relations and Assets Management, took the stage to receive



the second place award. He emphasized its importance and dedicated it to the Group's employees who, every day, work to take

Ascendum further not only in internationalization but in customer satisfaction and trust. To celebrate the award, the INDEG-IUL offered Ascendum an Executive Master's degree.

Holding

## CORPORATE FILM "RELEASE"

In a world where images are increasingly important for showcasing what we are and what we do, the Ascendum Group's new corporate film is about to have its first showing.

Currently in production, this short video shows the Group and the reasons that make us one of the major global players in the sales and service of equipment for construction and industry. It also provides information on Ascendum's size and history.

This is an important communication tool which all geographies will have access to as early as 2015, for use whenever they need to present the Group to stakeholders, at events, trade shows or meetings.



## VOLVO CE'S NEW PRESIDENT VISITS THE CORPORATE CENTRE

Martin Weissburg, Volvo CE's new President, paid a visit to our holding company in Lisbon on 3 September. The aim of the meeting was to deepen his knowledge about the operations of the holding, one of Volvo CE's biggest dealers worldwide. Weissburg also wanted to gather Ascendum's views on Volvo CE and the market.

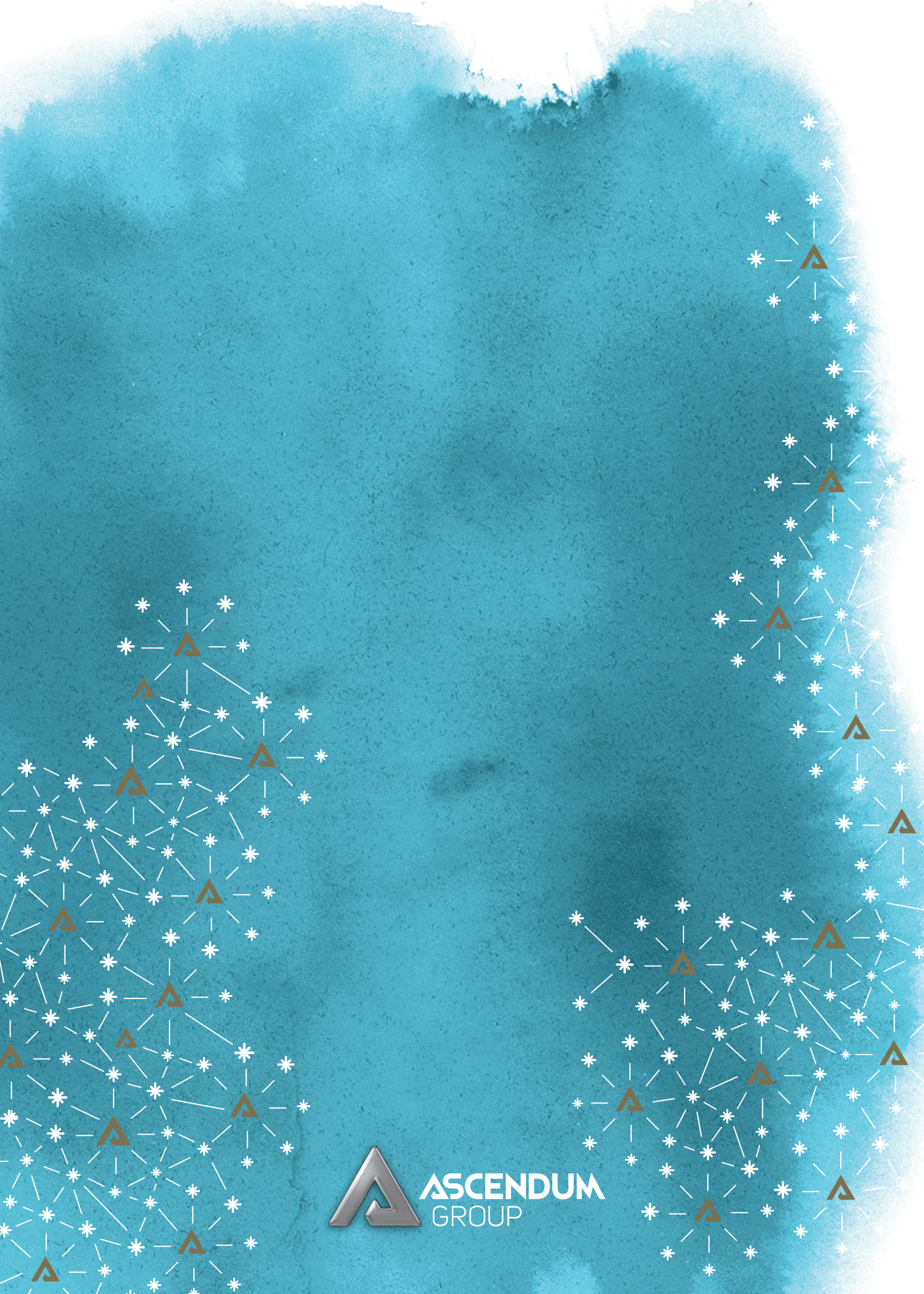
Although this was his first official visit to Ascendum in his role as President, Weissburg was already known to the Executive Committee, from his time as president of Volvo Finance Services (VFS), from 2010 to late 2013.

Volvo CE's President has been a member of the Volvo Group since 2005, so he knows the business inside out and is very much a hands-on professional. With a strong personality, he is a front man who tackles Volvo CE's challenges head-on and recognises the need to *"optimize what we do to win more business with better profitability"*.

Weissburg came to Lisbon accompanied by Volvo CE's Vice-President of Sales and Marketing, Eberhard Wedekind.



The Executive Committee with Martin Weissburg, President of Volvo CE and Eberhard Wedekind, Executive Vice President of Sales and Marketing



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