

VOLVO NEWS

FOR GENERAL RELEASE

STATEMENT NO. 2

"TEN GREAT YEARS"

VOLVO AUSTRALIA CELEBRATES A DECADE OF GROWTH

On July 1st 1970, a new company was established, called Volvo Australia Pty. Ltd. 40% of shares were held by the original importer Swedish Motors, 60% by the Swedish automotive group AB Volvo. The entry by Volvo into direct participation in the Australian market was the result of a two year study. The conclusion was that a substantial capital outlay was required to effect a major expansion into the market for luxury cars, heavy trucks, buses and earthmoving machines. The company started business in two converted warehouses southwest of Sydney. Total number of employees was 95. The first Managing Director was Per Eriksson, for many years a member of the parent company's group executive.

The year 1970 was really a period of planning for Volvo Australia. Sales in that year were not spectacular: 780 cars, 200 trucks and 10 earthmoving machines. But big changes were in the wind. The cornerstone of these changes was the setting up of company-owned retail facilities in Perth, Adelaide, Melbourne, Canberra, Wollongong, Sydney and Brisbane. These were, in most cases, brand new buildings, Swedish-designed and showcases for "the Volvo way" of providing a proper sales, service and spare parts operation. By 1973, this strong Volvo presence had boosted sales figures by almost 400%, thus attracting private dealers around the country to seek the Volvo franchise. Once the network became viable, Volvo sold almost all of its outlets to private companies. Today, there are 85 car dealers and 23 truck dealers. Volvo Australia's staff number 590 and 1979 turnover was \$127 million.

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Back to the early years:

Volvo was certainly not doing things by halves: Between 1970 and 1975 the company invested around \$10 million in facilities in Queensland, New South Wales and Victoria.

In Victoria in 1972 Volvo started local contract assembly of motor cars at the MPL (now Nissan) plant.

In Queensland, a \$2 million truck and bus assembly plant for Australia and New Zealand was opened in 1972.

The year before that, a \$2 million national headquarters for car, truck, bus and Volvo BM divisions had been opened at Moorebank near Sydney.

In 1975, a national parts warehouse and finance and administration centre was inaugurated at Minto near Campbelltown N.S.W.

This new parts operation is now one of the most sophisticated of any automotive company in Australia. The entire process of dealer ordering, selection, packing and re-stocking is controlled by computer. Communications with Sweden is by satellite. Interactive visual display terminals in Volvo offices in Melbourne and Brisbane are the collection points for dealers' orders which are transmitted by telex or phone. In future, major dealers may have their own terminals 'talking' direct to Minto.

By mid-decade, sales of cars had hit a high of 7,000 units, making Volvo leader in the luxury class. Volvo trucks with the introduction of the 330hp G89 and the new bonnetted N series had grabbed No 1 position amongst heavy duty diesels in Australia. And Volvo BM earthmoving machines had established a useful niche in the loader and dumper market.

In the next few years, other milestones would be reached: Volvo buses were to become the dominant make in the upgrading of Public Transport fleets in Adelaide, Hobart, Melbourne, Canberra and Brisbane. Sales of Volvo trucks in Australia would pass the 5,000 mark.

The parent company, through the mid seventies, embarked on a programme of product development which was to benefit Australian buyers. In 1975 the 200 series cars replaced the 100 series, incorporating many of the active safety and crash safety ideas from the Volvo Experimental Safety Car of 1973. Over the next ten years the 200 was to be further refined in terms of handling and performance to the point where Motor Manual in 1979 was to compare the high performance 242GT favourably with the BMW 323.

Safety, emission control, fuel economy and superb driver environment were the features of a new generation of trucks starting with the F10 and F12 models in 1978, trucks which European industry observers saw as being technologically years ahead of any of their competitors.

Volvo's role as conscience to the automotive industry extended to Australia right from the first years. There has been a steady stream of Volvo experts on vehicle safety, emissions, industrial relations and public transport coming to Australia since 1970. They have freely communicated their ideas at government level, in various forums and even with competitors. Conversely a large number of Australian specialists in similar fields, as well as State and Federal Ministers have visited Volvo in Sweden for discussions with senior people there. The result of a survey of 28,000 accidents in 1970 in Sweden where occupants of some cars were wearing belts is said to have influenced the N.S.W. Government to lead the way in making seat belt wearing mandatory. In 1976, experts from public transport, including two Government Ministers, converged on Sydney to participate in a National Public Transport Symposium staged by Volvo and led by specialists from Volvo's public transport "think-tank" in Gothenburg.

The growth of Volvo Australia was in no small part due to the dynamic leadership of the company and the calibre of its management team. Since 1973, Max Winkless, founder of Swedish Motors, had effectively applied his grass-roots experience to the task. 'Retiring' in 1977 to return to his first love, retailing, he set up what is today probably Australia's most successful Volvo truck dealership, in Perth. (In between selling trucks, Max last year managed to sail his yacht "Bounty" into 5th position in the London to Perth Yacht Race).

1977 saw a change in management style with the appointment of embullient Dane, Harry Jensen, as Managing Director. Harry came to Australia after a decade as head of Volvo in Denmark. His prior accomplishments had included winning the 1940 Danish Cycling Championship, a stint in a union position, a period studying with Ford in the U.S. and several years in Denmark running his own motoring programme on radio and newspaper column as a sideline. His prime aims with his new job have been to secure the company's economic viability, keep its organizational structure under regular review and give his management team the freedom to develop their functions as they see fit. (There are four main divisions headed up by General Managers: Car Division - Roy Firth; Commercial Vehicle Division - Ove Andersson; After Sales Marketing - Ken Liffen; and Finance and Administration - Konni Zilliacus. There is also a separate division for Volvo BM machines, headed up by Jeff Johnson). Sixty years old next year, Jensen has never let age stand in his way. Last year he drove a Volvo in the 20,000 km Repco Reliability Trial and climbed to 15th position near the finish, but was forced out after a roll-over. (The Volvo Dealer Team continued on to score 4th outright, first in class, and first in ladies class).

The one aspect of Volvo Australia's operations which is most apparent at the dealer/customer level is in the serving of the customers' needs after the sale. This is an area where manufacturers claims of 'caring' are ridden with cliches. According to Jensen, this does not apply to Volvo. The company's approach to achieving Volvo standards borders on the evangelical. Volvo dealers have a love/hate relationship with the company as its training, dealer development and field personnel relentlessly hammer home the message about doing things "the Volvo way" in regard to service standards and parts supply.

Has the pace of innovation, achievement and development slowed down? If 1979/80 is any guide, the answer is a resounding 'no'. Last year Volvo car sales hit 6,500, truck 800 and Volvo BM 40. This year to date, Volvo trucks have grabbed No. 2 position back from Ford. Cars are running slightly below last years year-to-date figures but are still holding No. 2 position in the Adaps luxury class. Early this year the 50,000th Volvo car was sold in Australia. Europe's "Truck of the Year" the F7 was introduced here to universal acclaim and is all but sold out. A truck Fuel Economy Symposium was staged by Volvo in five states. A new fleet version of the F10, the Road Viking, unique to Australia, was launched. Adelaide ordered another 100 Volvo buses making a total of 400 in that city. And a \$2.5 million expansion of the truck plant was unveiled.

Probably the most complete summation of Volvo Australia's position can be found in extracts of two articles from the mid seventies: The National Times: "A cool approach (to Volvo's communications) masks a particularly well directed marketing effect, called by some the best in recent times in the local automotive industry".

And Wheels Magazine:

"The acceptability of Volvo on this market, the influence that it has had on vehicle design that is out of all proportion to the numbers sold, and the way in which the company's aims have come to re-inforce social concern with the environment is an astonishing performance."

"In spite of Big Brother (AB Volvo), the Australian operations run with impressive slickness and in an impressive manner".

And it would take a churlish mind to deny that, on the evidence, the same cannot be said about Volvo Australia today as it leaves one decade and enters the next.

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