

Italy's number one forklift and warehouse truck maker is five years into a new strategy by means of which it aims to consolidate its position in the home market and increase its penetration of key export markets.

OM Carrelli Elevatori has manufactured forklift trucks and internal material handling systems for more than half a century, and has been the leading manufacturer in Italy for several years. Its OM PIMESPO brand offers numerous basic models available in hundreds of different versions to match customers' specific requirements. In addition to its core activity, it offers an extensive range of

ancillary services ranging from rental and used trucks options, through to operator training and warehouse consultancy.

Nowadays, research and innovation are fundamental to the OM PIMESPO brand, and the company's ability to design and engineer new models incorporating highly reliable technology and innovative styling has resulted in a range of highly competitive, top quality and reliable trucks. The product portfolio includes counterbalanced trucks, electric trucks, IC trucks, warehouse trucks, transpallets, stackers, reach trucks, order pickers, VNA trucks and tractors.

Set up as an independent company making automobiles in 1917, OM (as it

was then called) built its first forklift truck in 1951. It was acquired by FIAT in 1967, becoming part of its Industrial Vehicles division, before the name was changed to FIAT Carrelli Elevatori in 1975. In 1992 the Linde Group – one of the world's leading manufacturers of forklift trucks and warehouse equipment – acquired a stake in the FIAT-owned Carrelli Elevatori. Ten years later the company adopted its present name, dropping the FIAT prefix, after Iveco SpA sold its shares in the company.

The present organisation includes a 15,800 m² head office at Lainate (Milan) which opened in 2000, two production

plants in Italy and 1,400 employees in six countries. Last year output totalled 13,200 trucks.

New era dawns

Marketing Manager Josef Morat identified the appointment of a new CEO in 1999 as marking the dawn of a new era in the history of OM Carrelli Elevatori. Since then its marketing and product range has changed radically.

"We have adopted an aggressive sales policy and a development strategy for the trucks. Five years ago we had a relatively old product range, there having been little by way of product innovation

for about ten years. Now, in just five and a half years, we have changed our entire product portfolio, developing a completely new range of warehouse and counterbalance trucks. Our future aim is to replace existing models with new ones about every three years."

The main competition comes from Japanese truck makers who target production to satisfy the demands of a very specific group of European, Middle Eastern and North African customers. These are typically smaller customers who require reliable, value for money machines rather than ones demanding top of the range specifications. In addition to



gearing its production to this type of vehicle, OM Carrelli Elevatori is encouraging its dealers to target precisely such customers.

While some change may have been the result of fresh thinking by senior manage->

ELEVATING THE BRAND

A new name, a redesigned product range and a fresh approach to sales can work wonders in a falling market, as Italian forklift maker OM Carrelli Elevatori has discovered.





ment, market forces have been at work too, as Mr Morat went on to explain. "The availability of some 315 or so brands of forklift truck, many of which are imported, is a measure of just how fierce the competition for business has become in the Italian market. During boom times, such as when the market was growing at a rate of about 20 per cent a year between 1995 and 2000, this was not a serious problem, but the market turned and for the last two or three years it has fallen by about ten per cent a year.

"Technically speaking, the differences between the various forklift models these days is fairly marginal, so this has become a price-driven

market. With the pressure on to maintain volume sales, the first casualty has been price and profits margins are not far behind. My personal opinion is that we have achieved the lowest cost level possible, not only at OM Carrelli Elevatori but throughout the entire industry. So the next step is to review the brands in production and to assess the viability of them remaining in production in the face of a possible further volume reduction in the market of say 25 – 30 per cent."

Although price remains the overriding factor influencing demand, there has been a recent shift in

emphasis from technological innovation towards health and safety issues. Much of the technology incorporated in forklift manufacture is borrowed from the automotive and plant equipment industries, such as is used in making excavators, for example. This state of affairs is unlikely to change very much in the short term. OM Carrelli Elevatori has responded by concentrating on improving ergonomic designs and developing systems to improve such things as truck stability. "We are seeking to incorporate high ergonomic specifications into our trucks which reduce the impact on a driver's back or neck, for example," Mr Morat said.

Brand strategy

Further evidence of the change that has taken place at OM Carrelli Elevatori is the replacement of two brands with just one. Mr Morat believes that this has made a huge difference to the way products are marketed to customers. "In the past we had two brands, OM and PIMESPO, and two sales organisations. OM dealers sold only counterbalance trucks and PIMESPO direct branches sold only warehouse trucks. The new strategy is completely different. We have just one brand, OM PIMESPO, a new logo and a single strategy in the field, which allows us to present just one face to customers. The problem before was that two different groups of people approached customers with different products. The new strategy eliminates this problem with just one approach made for all the products, service problems and logistics."

This new strategy had repercussions for OM Carrelli Elevatori's entire sales organisation, starting with a completely new training scheme to increase competence in product knowledge and applications. In 2002 it launched a completely new sales training strategy with emphasis on product knowledge and logistical solutions. The aim was to train sales people to

analyse customers' problems and to propose the appropriate solution.

This approach was a culture shock; one of the greatest challenges was that of changing the mentality of the sales team. Mr Morat said that their approach is now completely different to what it was, say, five years ago. "It is very important for us to instil in our sales people the motivation to win orders, to make them hungry for new business and improve their sales volumes, rather than giving way to the complacent attitude that is so often associated with representing the market leader."

Today, OM Carrelli Elevatori enjoys excellent coverage with its OM PIMESPO brand throughout Europe. The organisation includes a sales force of more than 1,000 sales representatives, a widespread network of affiliates and dealers throughout the whole of Italy, and its own OM PIMESPO subsidiaries to manage the local dealer network in major European markets. It also authorises importers to cover more than 30 countries in its key markets throughout the rest of Europe, North Africa and the Middle East.

OM Carrelli Elevatori has also adopted a new approach to aftersales. Aftersales support is provided by its Spare Parts department at Lainate and is updated in real time via a sophisticated software system and

an efficient procurement service. Its central warehouse contains 25,000 parts worth approximately €10 million. "This new approach ties us in more closely with dealers and customers. Callers can talk to us in any one of several European languages (including French, German and Spanish) or in Arabic," explained Stefano Robotti, product manager with responsibility for warehouse trucks. "This is carried forward in the training of technicians in the field, and it is our aim to improve dealers' competence in various countries by training their own technicians. This enables them to order parts directly from us via the internet. At present, 90 per cent of spare parts are delivered to dealers within 24 hours."

Focused production

Production is organised across two sites in Italy, a 100,000 sq m (including 44,000 sq m covered space) plant at Bari and a 37,000 sq m (including 16,000 sq m covered space) plant at Luzzara, in the province of Reggio Emilia.

The Bari plant manufactures counterbalance trucks and has a capacity for producing 13,000 – 14,000 units a year. This plant is equipped with state of the art technology following a €23 million renovation in 2001/2002. The focus of production at Luzzara is on warehouse trucks with production capacity of 10,000 units. A new, totally automated painting facility was added in 2000.

Output last year reached 5,700 trucks from the Bari plant and 7,300 trucks from Luzzara. In addition to current production, OM Carrelli Elevatori maintains a small stock of trucks to meet unexpected increases in demand, but its objective is to balance current demand and output and keep the number of finished trucks held as stock to a minimum.

Mr Robotti revealed. "At present we centralise the core technology for chassis





and outsource the parts for which we either don't have the technology or the know-how. The aim, however, is to increase production efficiency by developing families of trucks in order to increase the volume of each line, in much the same way that happens in the automotive industry."

Export-led growth

Within the overall strategy of the Linde group, OM Carrelli Elevatori has exclusive sales responsibility for Europe, the Middle East and North Africa. "Our focus is not on the fast emerging economies of Asia or on the USA, which are covered by our colleagues in Komatsu Forklift, a company with whom the Linde Group has formed a strategic partnership," Mr Morat said. "Komatsu is one of the four brands of the Linde group, the others are Linde and STILL, in addition to OM PIMESPO.

In Italy we have a division – OM Komatsu Europe – and, interestingly, our chairman is also responsible for the business of Komatsu in Europe. This gives us the possibility to steer our strategy in different countries with two brands. In the United Kingdom, for example, we promote Komatsu more strongly than OM PIMESPO, and likewise in some other countries."

Italy is OM Carrelli Elevatori's key market, where it commands an impressive 18 per cent share. Next in importance is Spain, where it enjoys a 10 per cent share of the market. Its strategy is to consolidate these positions while expanding in a number of North African, Middle Eastern and European countries. The aim is to reduce its dependence on the domestic market (and hence its vulnerability to the fortunes of the Italian economy) by increasing the contribution exports make



to turnover. The target for domestic sales is 40 to 55 per cent of the total, with overseas sales of 55 to 60 per cent in the longer term.

The Czech Republic, Hungary, Poland, Romania and Slovakia and a number of Russian language countries are among those in which it intends to implement a strategy involving new dealers and new branding activities next year. "We believe that Hungary and Romania have great potential over the next two to three years – although we are not as certain about Romania because the political situation is not so clear. Croatia, the Czech Republic, Poland and Slovenia are also promising markets. Russia clearly has a huge potential but here the problem is one of identifying dealers capable of developing long term relationships." □

