

SOLUTIONS FOR ALL ACCESS CHALLENGES!

2017
AMSTERDAM
2 - 4 MAY

The International Access
Platform Exhibition

Register online for a **FREE** entry
www.apexshow.com



Sponsored by:

access
INTERNATIONAL

Supported by:

IPEAF

khl

Find us on



Big changes planned for Terex Cranes

C&A

interview

Steve Filipov, less than two weeks into his new role as president of Terex Cranes, has given his first interview to Cranes & Access and outlines his 100 day plan to return the division to its former glory. Mark Darwin fires the questions.

Steve Filipov has been with Terex 22 years, giving up leading the Crane division in 2008 when a restructure moved him to 'president of developing markets and strategic accounts' and then Material Handling and Port Solutions.

A few weeks ago he was re-appointed president of Terex Cranes, replacing Ken Lousberg who has left Terex after just over a year in the job. Filipov will maintain his current duties until the material handling and port business is transferred to Konecranes at the end of the year.

So what is happening at Terex Cranes?

There have been a lot of changes over the years but I still think it is a great company. However we have to deal with the 'burning house' issue - outlined in my 100 day plan - which deals with how to regain market share, focus on the customer and deal with product issues. Terex will have just three business segments from the start of next year. With the cranes segment not doing well, our CEO John Garrison had to make some tough decisions regarding the best person to run the business. Given my previous experience in the cranes business and having turned around the port equipment business he appointed me to the role.

What are the problems?

Two weeks into the job isn't a lot of time to fully identify the problems, but I can see we are too focussed internally - which is a problem for every company that goes through



Steve Filipov

a restructuring. You can't build an overall strategy around a bunch of internal initiatives. My job is getting the company focussed on the customer. We need to get our mojo back as well as our credibility in the market. 10 days in and I signed my first deal - an AC 500-8 to a customer in Turkey. We need to keep promoting the big wins but we have the opportunity to do better. Every crane manufacturer has product problems, but we have one or two products in particular that have more problems than others, so we are assembling a task force to sort these out. How can we ask a customer to buy a new crane when he has problems with another? That's why we first need to fix the issues.

Are there any new products on the horizon?

We have a comprehensive range, but we also have some product gaps which have happened over time, but new cranes won't be designed overnight. We will invest in new product development - something I think we could have done better - and continue to bring out new products. For example

we should never have stopped our market leading City cranes. We will change that soon.

We do lack a good 80 tonne All Terrain, but have a great 50 to 60 tonner and a great 100 tonner and have just introduced the new 220 tonne and 250 tonne ATs. At the same time, we need to show

customers and our shareholders that we can improve the reliability, quality and financial perspective which is critical right now.

In the past, we have had a very bad experience by bringing products out too early, and much as I want to push for new products, they have to work, be competitive,



Terex Superlift 3800

reliable and top quality. Unless they meet these requirements they will not be launched. Some new cranes will be unveiled soon, including a 300 tonne six axle AT and new tower cranes.

How will you measure success?

In the early 1990s we were one of the leaders in the crane business with the Lorain and P&H brands. When we acquired Demag in 2002 we became one of the leaders in the larger crane sector and as we created Terex Cranes we were one of the leaders in the industry. In my mind this was success. To be successful you have to be financially sound - make money to invest in new products and invest in talent, acquisitions, etc. Another measure is customer satisfaction and the third is market share.

When I was last in this role, our target was to be number two in Germany and we got there. We were also market leader in France and one of the market leaders in North America. For me success would be to get back to those positions. Ultimately the customer defines our success - if we do all of the things right then we will have success.

Where is Terex now?

Clearly our position has slipped and we need to improve. The cost of capital today is about 10 percent - so financially we need to be above that from an operating profit perspective. I know this is a viable business but there are a lot of things to do so we have to be tactical in the way we go about it. A few fundamental things done well will gain us market share.

Demag return?

By bringing back the Demag brand we have the ability to create another brand value proposition in addition to Terex. Terex RT cranes are simple and cost competitive and I would find it hard to put the Demag brand on that product. However by reintroducing the Demag brand for the ATs and crawlers we can build a brand that is about quality, reliability and innovation. It is a great idea and we have a growing momentum from its relaunch at Bauma and now the City class cranes will be the next evolution of that.



The new Demag AC220 launched at Bauma

What's different apart from the name?

A lot of work has gone into improving quality and making sure that the product is right before it leaves the factory and that includes the hi-tech infrastructure - IC-1 Plus and software etc. A lot of this was built into the five axle cranes launched at Bauma. We have started that change but there is more work to do.

Restructuring and downsizing?

We have to 'right-size' the organisation. Some of our markets are down 20 to 40 percent so we are going to have to quickly take action on our cost structure. The bad news on restructuring and downsizing needs to get out quickly and then we can focus on the positives already mentioned. Two main elements are people costs and our manufacturing footprint and both are being looked at. We have too many facilities that are underutilised and this will be addressed in the 100 day plan. I am a firm believer in making product close to customers and we will try and do that as much as possible. There will be some drastic changes on the structure of the company but given the state of the business today we cannot continue what we are doing.

Is it going to be easier or harder than you thought?

It is going to be different - the 100 day plan is very customer focussed and tactical as well as tracking execution. We will also be

concentrating on the longer term, including commercial processes such as managing pricing, the sales force and margins.

What will customers see first?

First customers will hear from me personally. Cranes is a relationship business and I have known a lot of the customers a long time - it is something that I want to continue to build. They will see change in the product quality and if the quality is not right then it will be dealt with. As we get further in I want to get back into innovation and game-changers. The CC 2800-1 and CC 3800-1 are fantastic cranes. The CC 8800-1 is another great crane - launched in 2001 we all thought that the market was limited. During my previous time we sold about a dozen and now there are around 30 in that class around the world. These are the sort of products we need.

I don't want to get into launching products that just have for example a longer boom than the competition. We need to supply cranes that get the job done for the customer. If we start designing and developing from this angle we will build the right products.

Are you worried about the number of recent Terex Cranes presidents?

I aim to change that dynamic. I didn't take the job just to do it for 12 months, having been with Terex 22 years and in cranes for a long time. I have what I need to be successful and the team have

reacted very positively. I am all about the customer and if I can keep that focus - which is hard when you get sucked into operational issues - I aim to be around a lot longer than my predecessors. The current challenge is prioritising and dealing with the issues one by one. As a leader of a business that is the hardest thing to do, but we have a great opportunity. At the 100 day update we will have made or will announce a substantial number of changes. I can't go into that detail but whatever needs to be done, John and the board are fully behind it.

And the recent political changes?

Irrespective of whether Donald Trump is the right person for the White House, at least we now have a positive result after a long drawn-out, frustrating process. Getting it done and with a clear winner is also a positive. Trump has all the cards in his hand to make the change and make a difference with House of Representatives and Senate on the Republican side so there is no room for excuses.

One of the main things I am looking for is the infrastructure investment - in a recent interview on CBS he said the huge amount spent on conflicts could be spent on infrastructure. The U.S. is supposed to be one of the world's leading nations but its airports, roads and bridges are in a pitiful condition. If that changes then it will be good for the country, for Terex and the cranes segment.