

# ACCESS INDUSTRY INTERVIEWS

2018-2019

Twenty-five exclusive interviews from the pages of

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# Global views

Here at *Access International* and *Access, Lift & Handlers* we pride ourselves in our wide range of interviews with some of the leading lights of our industry. So, we thought we would bring together all the interviews published over the last 12 months under one roof.

Apart from being an interesting reminder of their personally held views, it provides an excellent summary and analysis of the key issues affecting the access sector today.

The global access industry is undergoing significant change with high levels of consolidation in mature markets particularly North America, Europe and Australia. Then, there is the equipment, with continuing developments in electric and hybrid machines and increasing requirements for telematic solutions. They are accompanied by the obstacles that electric power sources still present and the challenges of gathering large amounts of data, bringing it together in an accessible way and then deciding who owns it.

If that was not enough, the decisions manufacturers and rental companies must make about the direction of their new models and fleets are combined with the day-to-day challenges that are thrown at them; everything from market fluctuations to the weather.

All these topics, and more, have been covered by the interviews in the pages of *AI* and *ALH* over the last year. Much of this wisdom comes from longstanding members of the access industry, who have worked their way up through their businesses and have personally witnessed the highs and lows of market conditions more than once over. However, new players on the block can also provide an intriguing insight into where the market is heading and the new opportunities and challenges that are on the horizon.

It's not always about what interviewees say, sometimes what they do not say can be just as revealing. People often like to read between the lines, and while our interviewing style is relaxed and inclusive rather than combative, we strive to glean thought-provoking responses from those we speak to as well as important insights into the modern industry.

We hope you find this round-up useful and illuminating.



**Euan Youdale**  
Editor, *Access International*



**Lindsey Anderson**  
Editor, *Access Lift & Handlers*

“Much of this wisdom comes from longstanding members of the access industry, who have worked their way up through their businesses and have personally witnessed the highs and lows of market conditions more than once over.”

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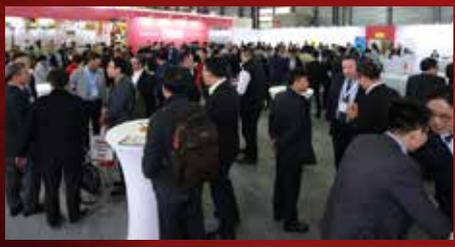
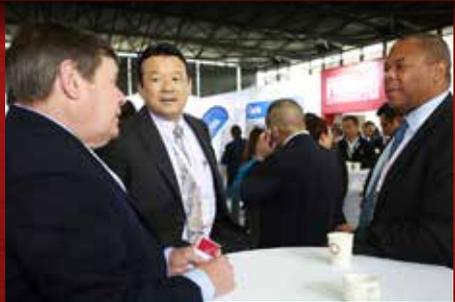
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## access INTERNATIONAL



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## ACCESS, LIFT & HANDLERS ALH



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**ACCESS PORTFOLIO**



**2018**

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**Heath Watton.**

# An honest perspective

## **Southeastern Equipment Co., Inc.'s Vice President**

**Heath Watton talks to Lindsey Anderson about his company's unique approach when it comes to the rental business.**

**F**ounded in 1957 by William and Nancy Baker, Southeastern Equipment Co., Inc. has since grown from a single location to more than 18 stores across Ohio, Indiana, Michigan and Kentucky. The company is in “expansion mode again,” says Vice President Heath Watton. “I can’t share where, but I can tell you we might be moving our footprint a little North. I’ll leave it at that.”

Today, the company employs about 225 people and its business approach is that they are a sales company with a rental fleet.

“I like to differentiate that because it’s also what sets us apart,” Watton says. “We like for our customers to have rental fleet available that is in wonderful condition and that is very-well maintained.”

Watton says 65 to 75 percent of Southeastern’s sales originate from a rental. “So, we use our rental to feed our sales opportunities,” he says.

Southeastern Equipment has watched over the years as national rental fleets – and the companies themselves – continue to grow and expand. The approach Southeastern has taken is to delve into a more-dedicated rental fleet; embracing the rental side of its business more.

“That’s a tough nut to crack for us because we have always been very sales-oriented,” Watton admits. “But we are doing quite well with it.”

The company, which specializes in dirt equipment, and which has a heavy-hand in telehandler rental and sales, is “in a very good place,” Watton says. “We had a record year in volume and we were up 10 percent in our rental business, which is nice growth because we continue every year to grow that part of the business.”

ALH asked Watton about what’s propelling rental in the area, how the company views competition from nationals, what rental rates are like and more. Here’s what he had to say.

### **WHAT’S FUELING THE COMPANY’S RENTAL GROWTH?**

**WATTON:** I really think in Washington, D.C., the commitment to infrastructure is helping. We have seen in eastern Ohio, a lot of oil and gas growth is returning. It had dropped off for three or four years. With that we see expansions from natural gas, the expansion of power plants and plastics plants. We see a lot of activity.

Here in Ohio, roads and bridges are always

a mess because of our winters. In Ohio, the number of bridges that need to be fixed is astronomical. We see so much work needed into the bridge and that part of infrastructure. Those are some of the mainstays, the real meat and potatoes of where we see growth.

We also are seeing a nice bit of recovery from the housing market, so that helps our rental fleet.

### **DO YOU FEEL THIS GROWTH WILL CONTINUE FOR THE NEXT YEAR?**

We are very confident. Every person I talk with is very excited. Our customers are excited. A lot of people, speaking back to oil and gas, they say, be prepared for the next 36 to 42 months – when the weather breaks – to go crazy. I anticipate a big push.

For instance, we can’t typically have enough telehandlers on the ground. We have graduated as a company. We had all kinds of 6,000- to 8,000-pound units – you could always find one. You can’t find a 6,000- to 8,000-pound unit now because we don’t have them; we have 10s and 12s. That’s what the industry calls for. We have 10,000 and 12,000-pounders everywhere.

Even though the machines are large, they’re so much more efficient and even for their size, they’re nimble because of horse power and transmission efficiencies. A 10 can always be an 8. A 10 can always be a 6. We do keep some 5,000 pounders around that we find the home builders like; but, really, the 10,000 and 12,000-pound units are staples for us.

### **HOW ARE RENTAL RATES NOW COMPARED TO A COUPLE YEARS AGO? ARE THEY STEADY?**

I think you will see them stay steady and probably even tick up a bit. It’s nice to see some of the big national firms say they’re going to be a little more steadfast in their rental rates. Obviously, the big animals like that are the ones who dictate the industry.

Honestly, I don’t want to make too much [money] on our customer. That’s not what I’m trying to do. I’ve seen a lot of companies say



**Skytrak telehandlers outside of Southeastern Equipment.**

this year they're going to hold their rates, and that's good. When oil and gas started to slow up, we started seeing some rates that were like before the 2008 recession. People were giving things away. They make large investments and I get it; they want to put it to work to make payments. But it hurts the whole industry and makes it hard to bounce back.

We, Southeastern, consciously stepped back a long time ago when the first oil and gas push happened. It really touched five or six of our locations and we saw the benefit of oil and gas in Ohio. I sat with our owner and some of the managers and we made a conscious effort to expand ourselves but we also didn't want to expand ourselves to the point where the customer that has walked in the door for the past 40 or 50 years didn't want to do business with us anymore.

We match ourselves up with a lot of good people and build good relationships. I think our rental increased with that mindset about 30 to 40 percent. We were being mindful of who the equipment went out to. So, we are going to take that same approach again. We've built some relationships with people who will be here; we're going to provide them with everything we need to without harming our core business.

### WHAT'S YOUR COMPETITION LIKE?

When Southeastern Equipment opened its doors and they started to grow, everybody in Ohio was independent. But what we've seen over the years, the big boys buy up the little boys and the landscape changes. The Ohio market was one of the largest equipment markets in North America. I think every year Ohio is in the top five for equipment moved, equipment into the industry, etc. So, you can imagine every large national rental company is here to play.

So, yes, we see a lot of national competitors. As they continue to buy one another out, it becomes extremely competitive.

What makes us different? It's very clear. And I hope we do a good job of this every day; it's my job to make sure we do. Because some days we don't. The reality is we are an owner-operator company. We like to deal with the



**The 10,000-pound telehandler class is one of the best-renting sectors for Southeastern Equipment.**

owner-operator but we have a lot of success with a lot of the large players in this business because we offer more of a hands-on approach.

We don't run eight different people out to customers because, "This guy is a rental guy. This guy is the insurance guy. This guy is the that guy." We keep short points of contact. The same salesman that can sell to you is the same salesman who can rent to you. The salesman can talk to our customers about financing. To get answers – because we have to be flexible – it's pretty much a quick phone call. Our owner is very involved. I'm available. Our other VP is very available. Our president is very available. We make decisions right now which allows us to be extremely flexible. And that keeps us competitive. So, I think the difference is, we're very hands on – we are more and more embraced in what our niche is with our customer and that cross section of the business. And we will continue to be successful like that.

### IS THERE ROOM FOR CONSOLIDATION IN OUR MARKET? DO YOU FORESEE ANY FURTHER BUYOUTS?

I do think there will be more acquisitions. I think there will be more acquisitions at even the manufacturer level. One of the things that

makes it tough to be who we are, the big national players have our same machines. They rent our brands. They may rent them cheaper per month. We're going to hold our number because of how we support the product. We're not just going to price down. We're the dealer and the renter. But, you know what, competition is fantastic. I'm a jock from way back, so I like to compete.

We as a company, if we know what we're about, we'll always be ok. It doesn't matter what everybody else does, we have to take care of ourselves.

### FROM YOUR PERSPECTIVE, WHAT ARE YOUR BIGGEST CHALLENGES FACING THE RENTAL MARKET NOW?

It has a lot to do with who we are. I really don't think it has anything to do what somebody else does. I want to embrace having a specific mix of equipment – you know you can't always have everything. Sometimes I think as a rental company, we might have too much stuff. Could we pretend that we're going to be like the small, little hardware companies that have rental because we have stuff on the shelves to clean a toilet? I don't think that's a good move for Southeastern. But, do I believe we can have the right amount of skid steers with attachments and telehandlers with attachments? Yes, that makes sense.

I think embracing how we want to continue to have a dedicated fleet, how we want to continue to have a mix of our fleet, how we want to continue to purchase for our fleet and pick up new lines – those are the biggest challenges. Because of our size, and because of our product offering, sometimes our bag is very full. Our sales guys have something to do every day. Sometimes we need to refocus. If we refocus on rental and what we want to do good there, it would help us. As our company refocuses, rental can drive that.

### WHAT'S YOUR MANAGEMENT PHILOSOPHY?

It depends on what day it is! One of the things I really push for in Southeastern – because our owner is here every day, he makes the coffee – we are a very family oriented company that tries really hard. And some days we fail. I'm willing to admit that.

But, keeping our employees as involved as we possibly can is important. The reality of being a family owned company like we are and the rental industry we're in, there's multi-national companies that you're dealing against. It seems like the pot of gold is endless for them. They can throw money at things. Our company is very healthy but we're not just going to throw money at it to throw money at it. We have to manage very efficiently. We have to manage smart. We have to be willing to make decisions on the fly. We have to keep our people involved so they see and understand how important it is when our customers walk in – that's our lifeblood. ■



**Southeastern's Case SR220 skid steer with attachment.**

# Pioneers of progress

**Gemini Power Hydraulics is helping to change the way India uses working at height equipment, thanks to its range of plans and products. Euan Youdale spoke to company director Aahan Sethi.**

**Aahan Sethi, director at Gemini Power Hydraulics.**



**A**s with many emerging nations for access equipment, India is on the cusp of major growth akin to China's booming MEWP market of recent years.

Indeed, India shares many of the characteristics associated with fledgling access equipment markets and, as you would expect, has some of its own.

Ideally placed to observe the changeable aerial lift trends in the country is Gemini Power Hydraulics. The company has been in the industry from the start and rather than jumping on the MEWP bandwagon, it has played a significant part in jump starting it.

Aahan Sethi, a director at Gemini, represents the second generation of the company. It was founded by his father Rajiv Sethi in 1989 as a sales and after sales service for Enerpac products, specifically hydraulic jacks.

As the years went by the company expanded into a range of sectors, including shut down and turnaround services for oil & gas. In 2011, it then moved into heavy lifting with a joint venture with Fagioli until the Italian company started its own entity Fagiloi India.

It has also ventured into niche industrial products and services such as crimping tools, with a separate company.



**Gemini is an official distributor for Haulotte in India.**

Eight years ago Sethi set his sights on a new wave of products known as aerial work platforms, and in 2010 partnered with Haulotte to exclusively distribute its range in India. Eight years down the line Gemini professes to be the market leader for the sale of self propelled booms in India.

In the process of building its MEWP division, Gemini decided to broaden its scope to tracked platforms and vehicle mounted vehicles, as well as manufacturing its own underbridge maintenance units.

At present the company exclusively distributes Palazzani tracked platforms. For vehicle mounts it has partnerships with Italy-based CTE and France-based Klubb. As far as Klubb is concerned, Gemini has recently started its own production of related products, using Klubb's platforms, including truck mounts, van mounts and pick up mounts, on locally produced chassis.

"Until a few years ago, everything was done manually, for example using ladders, poles and scaffolding to change bulbs in street lighting," says Aahan Sethi.

## Digital era

When the current Government in India took power in 2014, there followed a major emphasis on technology in various spheres, with the goal of creating a more digital India, with Smart Cities using modern

**Street light maintenance using a scissor.**

“ A challenge is the right balance of existing versus new technology and methodologies we want to introduce. ”

**AAHAN SETHI, director, Gemini.**

communication and related-equipment.

“Part of that process was to completely revamp our existing infrastructure systems. That meant, all the existing traffic lights had to be changed to LED, for example, to reduce power and save electricity. Then they decided to create a smart system in which cameras were installed at every junction.”

Such initiatives continued to be rolled out and contracts were made but it was not happening at a good enough pace for the government’s liking. “This was simply due to the fact the machinery being used at that time was not good enough to do the work.

“And some local companies used simple telescopic platforms but with no regard for safety. The buckets were non-insulated, they had open cages and there was no hook and there was no harness. The operator had to pray that they came back down safely.”

Operators were also using very heavy-duty chassis, two or three times the actual weight required, weighing in at 7 or 11 tonnes.

“In Mumbai, like most cities, traffic is heavy and efficiency is paramount, you cannot afford to take up a lot of lane space. Another drawback was these vehicles were just equipped to do the lift work, they had a separate cargo van behind, that was carrying all the equipment.

“So, in short, to change one lightbulb, you require a lift plus a secondary van to carry all the different equipment and you needed six people to do it.”

Gemini is concentrating its efforts in Mumbai, as well as Delhi and Hyderabad and looking at other smart cities such as like Nagpur and Pune.

Sethi adds, “It was good that we have moved away from the more traditional practices, but how do we further improve it to make things better?” The idea to provide an easier alternative, including the van mounted platform, stemmed from this quandary.

### Product plans

A great deal of research followed, with the end result being the partnership with Klubb, and specifically its 12m working height K26 van mount, which Gemini has chosen as the first model to be introduced to India. “The beauty is that most of their components are compatible with all Indian chassis,” says Sethi.



**The Klubb K26 was presented at Gemini’s AWP Junction event.**

“They are very flexible when it comes to manufacturing and have a great range of products, so there was no need to immediately go with an ‘India’ specific model.

Sethi continues, “They are slightly modified and stripped down versions of their [Klubb’s] top end models. The main reason being because we do not require so many safety standards and norms in India. And instead of automatic controls, manual controls are still being used here.

“So, for us, it is also a challenge of the right balance of existing versus new technology and methodologies we want to introduce into the market. It has to be done strategically and carefully.”

As is typical with a van mount, the equipment solves the problem of using two

vehicles for one job, with the van serving as a 3-in-1 utility vehicle for storage, maintenance and workshop inside the vehicle.

Sethi says, “Another advantage is that it can be used throughout the year, especially during periods of heavy monsoon or snowfall, where it can protect all the contents that it is carrying.”

The van chassis is a Tata Winger. Tata is the biggest chassis manufacturer in India and the Winger is typically used as a small school bus, ambulance or mini-refrigerator unit. The GVW is 2.8 tonne for the van mount. In the future that will be brought down to about 1.8 tonnes.

On the other hand, the truck mount, using Klubb’s 13m working height platform, is based on a 3.5 tonne GVW chassis and is also designed to be lighter and compact, compared to traditional truck mounts used in the market. “The chassis size reduces, and the width and the fuel reduces, the lane occupancy reduces. So, the TCO is reduced.”

Gemini hosted a special event in February at its premises in Chembur, Mumbai to present the new products. The AWP Junction event was the first time people had seen the specially-designed products targeted at street furniture maintenance.

On the subject of the pick-up, the equipment used at the event was a 13m working height CTE Zed 13 platform supplied for a specific customer in India. Going forward the pick-up mounted platforms will also be those produced by Klubb.

The plan is that products under 15m will be Klubb-supplied platforms, while models over that working height will use CTE lifts.

### Self propelled

As we have learned Gemini is a pioneer of the access equipment market in India, having started in self propelled boom sales. “We sold



**As a Palazzani distributor, Gemini supplies a track mounted platform to an airport expansion.**



**A CTE truck mount supplied in India by Gemini.**

more than 500 machines over a span of seven or eight years. When we say 500 machines, in India that is a very big deal.”

Sethi believes the number of new self propelled machines sold last year in India was around 280 units. This year, the figure will rise to the region of 300-320 machines.

In today’s market, 70% of those machines will go to end users and 30% to rental companies. “If you want to add used machines into this equation, it would be a cumulative market of about 600 units. But it’s hard to account for used machine because they come in all shapes, sizes and forms and some date back to more than 10 years old.”

Gemini’s deal with Haulotte in India excludes sales to rental companies as the French manufacturer deals directly with those. “Our focus is with government companies - maintaining the power grid, private industrial outdoor and indoor settings and railway yards.”

In most markets scissors and boom sales amount to a high percentage of the market, particularly scissors of course. “In India the self propelled represents a majority too, maybe 80%. At one point it was 100% self propelled.”

Sethi adds, “Then, when rental companies started in the market, there was a price war. So, people are always looking for the next best thing. That’s when truck mounted applications became important. So now truck mounted is where self propelled was a few

**“ Our focus is with government companies - maintaining the power grid, private industrial outdoor and indoor settings and railway yards. ”**

years ago. The dynamics are changing.”

Sethi believes vehicle mount sales have the potential to overtake self propelled sales in India in the near term, thanks to the fact their potential is just being realised. Whether or not the ratio of self propelled unit sales will fall quite so far, it’s a fair example of how an emerging access market can lurch from one dominant product type to another, before eventually settling into the type of industry we see in mature markets.

As with other emerging markets, the introduction of MEWP standards will be one of the key factors behind the market tipping into exponential growth. At present there are no such laws or official guidelines.

However, there is an organisation specifically for aerial platforms - the Aerial Platform Association of India (APAIOI). It’s formed by a group of nearly 50 companies, mainly rental, and is focused primarily on forming legislation in the country.

### Safe working

As a member of APAIOI Gemini is keen for the market to adopt a recognised standard.

“It’s been in the works for about a year and a half, perhaps we will see something in the next couple of years. A lot of the big contractors have an awareness and are already insisting on more advanced work practices on their sites, and they are starting to insist on only new equipment on site.”

APAIOI has employed a MEWP expert from the mature market Singapore to draft a complete working at height safety legislation, specifically for the Indian standard.

Apart from a move towards legislation, the idea of safe working at height is slowly gaining ground. “People like us are helping to promote it. Every company or organisation that rents or sells machines passes on that safety knowledge.

The seriousness of the organisation is demonstrated by its members including the 15 biggest MEWP rental companies in India. “In the main they are all second generation sold cranes with their own association, the CAOI, and its own legislation. Now it has moved on to aerial platforms,” explains Sethi.

Sethi calculates that the biggest 50 rental companies in India have anywhere between 100-plus units in their fleets, down to two or three units. Although the average is probably nearer to 50 machines. How many AWP’s do the top 50 rental companies have?

“I think the market will grow five- to 10-fold in the next five years. The number of projects in India are increasing,” Sethi adds, “All the projects that were done manually are now being done through mechanisation. All the new power plants, factories, etc., will be done using machines.”

### UNDERBRIDGE EXPANSION

About two years ago Gemini purchased a licence from the government to produce bridge maintenance units. “At that point none were produced in India and people were importing them. Plus, everything imported into India has an import duty of 30%, so that automatically increases your cost by a third.”

Part of the revamp of India was to tag and number each bridge and check the maintenance of them. “We manufactured a machine sold to a company that does government work, then we sold three more of these machines and we are probably one of two companies in India that makes them.”

One of the models is the trailer mounted Ginjoe HP35, with a maximum lowering depth of 5.54m and platform length of 10.67m and a capacity of 455kg.

The other is the original Ginjoe truck mounted version, available in three models of 10m, 12m and 15m platform length, with a lowering depth of 8m and 400kg in the basket.



**Gemini’s trailer mounted Ginjoe HP35.**



**The Ginjoe truck mount.**

AI

As virtual reality becomes more mainstream, companies are using it to improve our everyday lives. Serious Labs is one such business, which has debuted VR training simulators for the access industry.

Lindsey Anderson spoke with the company's CEO, Jim Colvin, about all things VR and AR.



# Getting serious about training



Jim Colvin, CEO, Serious Labs.

**S**erious Labs was originally founded in 2005 as 3D Interactive Inc., also known as 3DI. 3DI was focused on developing 3-D modeling and simulation for heavy equipment training. In 2012, a combination of new executive leadership, new investment and new technology refocused the company on game-based and virtual reality (VR) training. The company's branding also changed to Serious Labs at that time. Based in Edmonton, Alberta, Canada, Serious Labs now employs 45 people and is changing the way training can be provided. Jim Colvin, the company's chief executive officer, is passionate about safety and training – and his passion speaks volumes. We spoke after the company debuted its scissor lift training simulator in early March. Here's what Colvin had to say.

## TALK TO ME ABOUT HOW SERIOUS LABS WAS FOUNDED.

**JIM COLVIN:** Game-based learning is often referred to as "serious games" and a lot of research and development is required to be an innovative technology company similar to a laboratory. We have since been focused on safety training and operator competency within the construction, mining and oil and gas industries.

Our guiding mission is to shape a safer,

more engaged global workforce. We offer VR training and assessment simulators for cranes and added a scissor lift module to our boom lift simulator to deliver the world's first mobile elevated work platform (MEWP) simulator which we introduced in March 2018 at the IPAF Summit in Miami.

Our approach is to collaborate with manufacturers and industry experts to create a diverse solution to develop and expand their training offerings. We have strong partnerships with United Rentals and their United Academy training, ITI for crane training and we recently announced our collaboration with Skyjack for the new scissor lift portion of our MEWP Simulator.

## WHY DID SERIOUS LABS CHOOSE ACCESS EQUIPMENT (AND/OR HOW WAS IT CHOSEN) SIMULATORS?

Developing a training simulator for the access industry was a great fit for our capabilities. Access equipment is one of most common and most dangerous types of equipment that is utilized on a worksite. Equipment such as boom lifts and scissor lifts are responsible for a high percentage of incidents, injuries and deaths on worksites, and the majority of those incidents can be prevented through operator training. Typically, training on access equipment is



**Serious Labs now offers boom lift and scissor lift simulators.**

“just enough, just in time” in order to get the skilled worker to height to perform their job as soon as possible. And sometimes, it doesn’t happen at all.

To truly understand someone’s abilities to operate a piece of equipment efficiently and safely there has to be a way to test and measure them in a complex environment without risk. The MEWP simulator affords this ability and reveals the gaps in operator skill level.

#### **WHAT HAS THE RESPONSE TO THE BOOM SIMULATOR BEEN?**

It has been phenomenal. The immersive nature of the experience has convinced even the hardened “old school” trainers and operators. And that response led us to develop our new MEWP simulator, which combines both the boom lift and scissor lift modules. The simulations



**A view of the Serious Labs scissor lift VR simulator.**

isolate tasks around driving, lifting, platform positioning and operating. Each module takes about 45 to 75 minutes. The MEWP simulator comes with our Simulator Motion Base that makes you feel just like you are moving on an actual work platform.

#### **HOW MANY SIMULATOR UNITS (FOR ACCESS EQUIPMENT) DO YOU HAVE OUT IN THE WORLD? WILL THIS INCREASE THIS YEAR? IF SO, BY HOW MANY?**

While we are increasing production to meet demand, we are also educating the industry on VR and the integration of simulation in training and assessment. We have worked on an economic model which has been designed to support the smaller training companies as well as our larger reseller partnerships.

We are committed to making the MEWP simulator available to all workers, and that includes both the cost of the MEWP simulators for training and rental organizations, as well as where workers can go to access them. We are already in talks with like-minded companies, like Skyjack, to help ramp up our manufacturing output, and United Rentals and Nationwide Platforms to make the simulators available. Those types of partners who also share the

same commitment to safety as we do will help make training commonplace.

#### **WHY IS VR/AR IMPORTANT FOR THE ACCESS INDUSTRY?**

Wow, that’s a very good question. To start with, there is a massive global shortage in skilled labor right now. The Boomers are currently being replaced by Millennials who learn differently.

We believe that today we are faced with a new digital workforce. These are game, Internet and smart phone power-users who expect to be engaged by training technologies rather than the traditional classroom methods. Simply putting a Power Point on a screen, or courses online, is not enough now. They prefer game-based learning where they can be immersed in a jobsite and learn by doing.

And, by being able to immerse a trainee into a dangerous situation risk-free, it gives them an actual worksite experience that can’t be replicated in real life. By letting them make mistakes in a virtual world, they learn respect for the equipment and learn the right way to operate it which makes them safer and more competent at the same time.

North America, in particular, has a different training culture than Europe, for example. In Europe, aerial training has been utilized and pervasive for decades, largely driven by regulatory reasons. North America has more of a cowboy mentality where operators often are not trained and just get right on the equipment, or they haven’t been trained thoroughly and still don’t know how to operate



**The Serious Labs scissor simulator created in partnership with Skyjack.**

“ We believe that today we are faced with a new digital workforce; these are game, Internet and smart phone power-users. ”

**JIM COLVIN, CEO, Serious Labs**



**Serious Labs and Skyjack partnered to debut the scissor lift training simulator, pictured here at The Rental Show.**

it in certain risky situations.

The United States does not have the same type of enforcement of specific laws as the UK, for example, yet incidents, injuries and deaths are common. The new ANSI standards will impose stricter guidelines around training now, but are the standards enough to make training mandatory? No, they aren't. But it comes down to the ability to provide everyone with access to quality operator training so they can go home at night in the same condition as when they showed up to work that morning. Everyone, from every walk of life, is entitled to that. I think some operators don't even know how dangerous their jobs are, or that they even need training, because it isn't mandatory in many cases. Not only is it important for people to do their jobs productively and efficiently, but safely too. And that goes not only for the operators, but also for the employers, and it helps keep even the public safe that could be hurt in an accident as well.

We are working on a study right now to show that proper training is more than just a moral obligation of the employer; training is a sound business investment as well. And that is also why it's so important to us to try to make training available at a price point where anyone can afford it and anyone can access it. Training is one of the most important ongoing issues facing the access industry right now, and we want to help be part of the solution.

**WHAT BENEFITS DOES YOUR SYSTEM OFFER VS. IN-PERSON OPTIONS?**

Simulators have many benefits. They offer the ability to practice skills in real-world situations before being tested on the actual equipment. The training scenarios are always objective, consistent and scalable; they do not require human intervention enabling greater throughput. They are also measurable, so every behavior,

including ride quality, controls manipulations and where the operator is looking, is measured and recorded.

**WILL AR/VR REPLACE IN-PERSON TRAINING? WHY OR WHY NOT?**

That's an interesting question. AR/VR for training and assessment, combined with online theoretical training, is capable of eliminating in-person classroom training completely. However, some form of in-person final assessment and familiarization with the actual equipment will still be required, and for some, a classroom environment (coupled with time on the VR simulator) may be the preferred experience. To us, it's about providing options to the trainee that ensure that he or she receives the best training possible using the latest proven methods and tools.

**YOU JUST INTRODUCED SCISSOR LIFT SIMULATORS; WHAT'S NEXT?**

We are currently scoping a counter balance and rough terrain forklift, followed by a skid steer and front-end loader to create our next

simulators. These will all be available on the same universal motion base.

**WHAT DO FIRST-TIME USERS EXPRESS AFTER THEIR INITIAL TRIAL WITH YOUR SYSTEM?**

Total surprise and shock at the realism and immersive nature of the experience via the VR headset and the full motion base! First time users often forget they are not actually at height, and will hold on for dear life, lowering the boom before stepping off. That's always a good response! It truly does feel that real.

**HOW DID THE PARTNERSHIP WITH UNITED RENTALS COME ABOUT?**

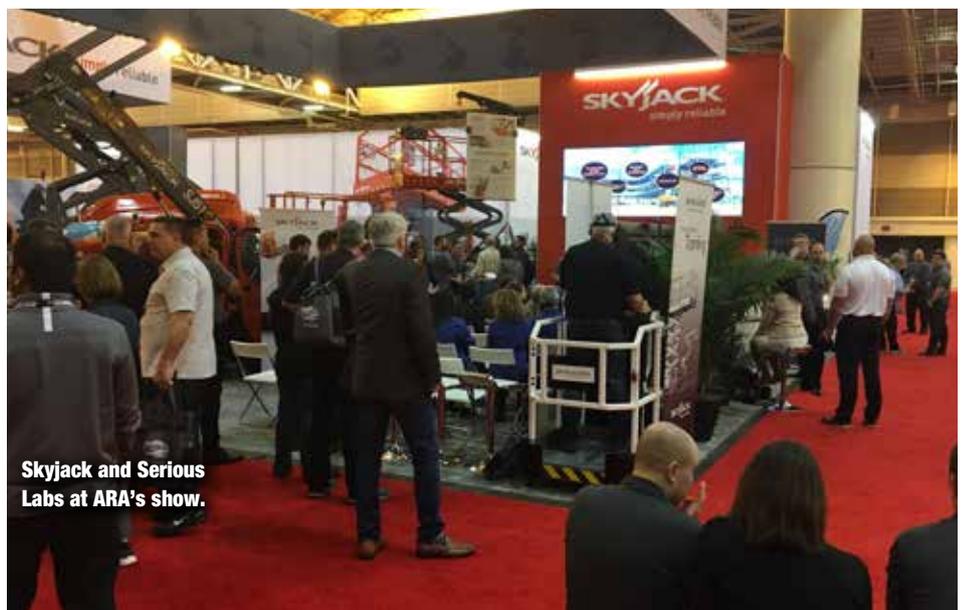
We were originally put in touch with Jim Dorris, the new VP of HSE at United Rentals, back in 2012. Jim's vision was to offer the heavy industry a single portal where they could purchase, book, receive and track the best available operator training using the latest modalities to delivery it.

**WHAT FUTURE PARTNERSHIPS CAN WE EXPECT FROM YOU IN THE ACCESS/RENTAL SECTOR?**

Serious Labs is already in discussions with the major access rental firms to make our VR simulator solutions available to a global market, either as a new asset in their rental fleets or through value-added training solutions delivered through branch-located and mobile training centers.

**ANYTHING ELSE?**

Serious Labs is humbled by the incredible response to our VR solutions, and we are in awe of the commitment that so many of the OEMs, rental companies and training providers have to the safety and competency of workers operating at height. We look forward to continuing to explore and leverage leading-edge technology to deliver the most effective training and assessment tools to the heavy equipment industrial worker. After all, everyone deserves to come home to their families the same way they arrived at work.



**Skyjack and Serious Labs at ARA's show.**

# Four events - stronger together



## SAVE THE DATE

Three days of Rental and Access events  
**9-11 June 2020**  
**MECC Maastricht, The Netherlands**

### WHY VISIT

- Discover new products and more cost-effective solutions
- See the latest technological advances
- Have face-to-face meetings with new and key suppliers
- Obtain expert advice on specific challenges
- Gain new ideas and insights to grow your business
- Engage with the local and global rental community
- Stay up-to-date with emerging or changing trends
- Attend the ERAs annual convention and awards
- See the latest information technology

### WHO VISITS

- Large and small rental companies
- General equipment rental companies
- Specialist rental companies (power, pumps etc.)
- Aerial platform rentals (also attending APEX show)
- Industrial equipment rental
- Small tool rental
- Landscaping/Groundcare rental

### WHO EXHIBITS

- Manufacturers and suppliers of
- Compact construction equipment
  - Generators and compressors
  - Small tools and equipment
  - Aerial platforms/scaffolding
  - Landscaping/groundcare equipment
  - Rental software specialists
  - Asset tracking technology

### TO EXHIBIT CONTACT

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# Unstoppable

Murray Pollok **talked to Rival CEO, Norty Turner, before he moved to United Rentals, about digitalisation and the company's internationalisation strategy.**

performance. Return on capital employed (ROCE) has increased by a “tremendous amount” over the past five years and the business is extracting proportionately more revenues from an expanding fleet – most recently a 9% year-on-year increase in fleet allied to a 38% increase in revenues.



**Norty Turner joined Rival as CEO in March 2012.**

**R**ival may be celebrating its 50th birthday this year but it's no surprise that CEO Norty Turner is most interested in its future. (Since this interview Turner has moved United Rentals in a strategic services role.)

Speaking to *AI* in a Rotterdam hotel on a hot June day, he acknowledges the historical strength of the brand – “The thread is the brand, it's always been a very strong brand’ – but the fact is the past six years have created a new Rival; a version of the business that constitutes a step-change from its past.

This change is exemplified by the much talked-about ‘The Rival Way’, the plan that encompasses operational efficiency, a consistency of approach, and an end goal of excellent “customer experience”.

That programme is now firmly established – as it should be after 180 separate ‘Kaizen’ events – and Turner says the target of “delivering the best customer experience in the industry” has become a reality; “Not in all locations, but in many, we are delivering the best customer experience.”

Among other things, the programme has translated into an improved financial

## Strategy shift

Turner is not being complacent about the customer experience goal – that remains a project with no end - but there is now a definite shift in the strategy. The latest “deep dive” review, completed last year, saw Rival adopt a new mantra: to be the first choice for jobs done at height.

“That’s the vision, that’s what we’re building”, says Turner, “The reason we say that is that the jobs don’t change, but the solutions do, and that’s where the future comes in. The solutions for those jobs will evolve, and aspects of digitalization and all kinds of new technologies will come in - 3D printing, drones, robotics, BIM and blockchain. All of this will impact our industry.”

These new technologies are arriving and Rival is responding. It has upgraded the post of ‘IT manager’ to ‘digital director’, a move that Turner says reflects its importance; “Digitisation is such a hugely impactful dynamic that it’s critical we bring focus to that.”

Some of this work is already manifest, such as the online rental capability that it offers customers and the client portal Access4U,



Riwal's depot in Dordrecht, the Netherlands.



This depot in Valencia, Spain, is one of Riwal's 67 locations in 16 countries.

linked to telematics, which allows customers to on- and off-rent via the touch of a button and see operating data. The associated Riwal Rental App was launched in March this year for Android devices and the iOS version will be available soon. It's too early to see the full impact of these tools, but Turner says "customers absolutely love it...it's going to drive returns."

## ELECTRIC RIWAL

Riwal is continuing to develop its own series of electrified JLG booms. It started in 2014 with a battery version of the JLG 800AJ for airline customer KLM, and has since added electric versions of the JLG 860SJ and JLG 1200SJP models. Now the company has launched an electric JLG 1350SJP, a 43m boom.

Norty Turner says the Riwal design team, led by Nico den Ouden, has created machines that perform really well; "There is not a fall off of performance. The ability to do the conversions without a reduction in performance is there."

He betrays no frustration that JLG did not do the work itself. "We're happy", he says, "We collaborate with JLG. We are in close contact with them and communicate about these things. They are going there. They have increased their range of hybrids, and they will continue to pursue that path."

When asked about Haulotte's announcement about its electrification project at Intermat, and says it is symptomatic of the way the market is going; "The whole market will move in that direction. It's not a surprise, and it's welcomed."

**The 43m electric converted JLG 1350SJP is capable of working for five hours from full charge with its Led batteries.**

Another of these new digital technologies is BIM (Building Information Modelling), which is starting to be integrated into Riwal's business, with digital descriptions of its machines being made available to customers for use in their computer models.

"Our feeling is that the possibilities that BIM will bring are much larger than what is in place today", he says, between sips of fresh



mint tea, "You are able to work with an entire construction site, and the leadership of that site, to optimise the fleet. To understand what should show up when, who should use what, and then track progress."

Riwal was also among the first European rental companies to sign up to the SmartEquip system, designed to provide rental companies with a single portal to order supplies, including machine parts, from multiple sources. Turner says it is already working in certain countries "and it's going well". He says it will make life easier for the company's technicians and increase wrench time "by making it so much quicker to find and source exactly the right parts."

## Customer research

The roll-out has been slowed to coincide with the introduction of Riwal's new ERP system, which uses InspHire rental functionality coupled to a cloud-based ERP system from Oracle's Netsuite.

This talk of digital projects leads him to innovation, and the notion that for Riwal it isn't about sitting in a room with colleagues and brainstorming: so-called idea-driven innovation. That, he says, has a notoriously low success rate.

"Another way to do it is to be outcome driven, where you go to your customers, not just a few, but a few hundred, and they tell

you what are their unserved needs; their pain-points", says Turner, "That data tells you what keeps coming up for them. Then you can identify the extreme opportunities, the high opportunities, and that guides your innovation, what digitalisation tools and what marketing and operational actions are needed."

That project is still underway so he can't reveal much about the opportunities that might arise, extreme or otherwise.

Along with the opportunities of digitisation

## RIWAL'S 50 YEARS

- **1968**  
Dick Schalekamp Sr becomes General Manager of the Netherlands division of UK crane rental firm Richards & Wallington.
- **1980**  
Dick Schalekamp Sr buys the Netherlands business.
- **1986**  
Creation of separate division to rent aerial platforms, Riwal Lift. Dick Schalekamp Jr joins the business.
- **1998**  
Cranes and aerial work platforms are brought together in a new unified company, Riwal.
- **2001**  
International expansion begins with creation of Riwal Scandinavia in Denmark.
- **2007**  
Riwal exits the crane rental business. International expansion progresses, with operations established in the Middle East, India and Kazakhstan.
- **2012**  
Norty Turner joins Riwal as CEO in March.
- **2013**  
Dick Schalekamp Jr leaves Riwal on 1 January. Now fully owned by ProDelta, the Netherlands investment firm, the company embarks on the Riwal Way programme.
- **2018**  
Riwal employs more than 1700 people, has 67 depot operations in 16 countries and operates more than 14500 machines. Celebrates 50 years in business.

come potential dangers, such as the power of online aggregators to commoditise the rental business. Turner says he has been watching the online rental players, looking at their track record of success and growth; "In the end, the experience that the customer has is the most important part of the business."

He views the rental of aerial platforms as a service that adds value, particularly in relation to safety and productivity, and that these considerations will trump price. He points out that online aggregators in the B2C market, such as Booking.com for hotels, add features such as popularity, customer feedback, quality levels, that take the customer beyond price.

There is also the natural concerns that any company might feel about emerging technologies. Are we falling behind? Are we exploiting the opportunities?

Is he comfortable with where Riwal



Machines at the Maasvlakte project at the port of Rotterdam.

is on the digitalisation path? "The thing is, computing capacity is expanding at a geometric pace, not linear, and that capacity is enabling so many new technologies, and it's happening so very fast. Are we comfortable? We're comfortable with the fact that we have the awareness, and with the fact that we have done a deep dive on our strategy and digitalization is a big part of that."

### Europe based

Of course, Riwal's strategy has also been about internationalising the business. Around 70% of revenues are still generated in Europe, but operations in the Middle East and parts of Asia, including India, have helped drive growth.

"Europe is our home base, and we are a European company", says Turner, "We will always extend and strengthen Europe, and there are still several areas of Europe where we will expand. And of course our industry and business model – the economies of rental – just make so much sense, no matter which markets you talk about."

He also makes the point that Riwal doesn't need to have a physical location in a country to operate there. There are territories where Riwal machines are working, often in partnership with local rental partners.

In fact, Riwal is sharing its "The Riwal Way" experience with some of these partners, and even considering whether it will make this knowledge available on a wider consultancy basis. For the moment, it is acting as a useful tool to help its rental partners in certain markets.

Back in Europe, Italy is an obvious example of a European market yet to have a Riwal depot. Turner says only that his colleague Pedro Torres has "tremendous experience in Italy" and it falls under the list of countries that the company is evaluating.

Elsewhere in its home region, Turner says he is pleased with the performance of the

company's operations this year. No Brexit wobbles in the UK and further potential for growth; a successful integration of AFI GmbH in Germany; good levels of business in the Netherlands; and a special mention for the French operation, which he says has "really driven value" in the year to date.

### Growth target

The international growth plan will focus on markets that are growing, such as in Asia and the Middle East. That also explains the decision to sell its business in Brazil last year.

Acquisitions will play a part, of course. Adding AFI GmbH was an example and more are likely in the coming years, not least because in February this year Riwal appointed Søren Rosenkrands – its long-time senior manager – to the new post of chief business development officer, responsible for exploring acquisitions and partnerships internationally.

Do they have the resources they need to make acquisitions? "We have a strong backing from our owner, ProDelta, who has been very supportive of the transformation of the company", says Turner. Evidence of that is the €88 million that Riwal will invest this year in more than 3000 new machines, of which 75% will be in support of the international push.

North America is, of course, the biggest single market for aerial platform rental, what about a Riwal operation there? "We're not scared of competition anywhere", he says, "It would also fall under the general evaluation of markets worldwide. It is not in the upper range of priorities at this moment." Is it outlandish to imagine a US presence for Riwal within five years? No it's not, he replies.

That kind of move really would make headlines. It brings to mind something Turner says early in the interview, likening the culture change at the company to "a freight train. Unstoppable." It's also a fitting description of a company celebrating 50 years in business.

# Moving forward

Ebbe Christensen, **IPAF's North American Regional Council chair**, has his sights set on growing membership and spreading **IPAF's safety mission**. *Lindsey Anderson reports.*

In March, the North America Regional Council (NARC) of the International Powered Access Federation (IPAF) selected Ebbe Christensen of ReachMaster to succeed Teresa Kee of United Rentals as chair of the Council. Tony Groat, IPAF's North American general manager who convenes the IPAF NARC, said, "The North America Regional Council is very active and engages rigorously with the issues affecting powered access in Canada and the USA. The council has gone from strength-to-strength under the leadership of Teresa Kee, playing a key hand in advising on new standards and delivering advice on safety, technical and training matters for IPAF's growing membership across the region.

"Teresa's unstinting energy and enthusiasm have been invaluable throughout this period, and we are grateful she is staying on as a member of the council to give the wisdom of her experience and to participate in the numerous working groups as the council continues to pursue its aims and objectives.

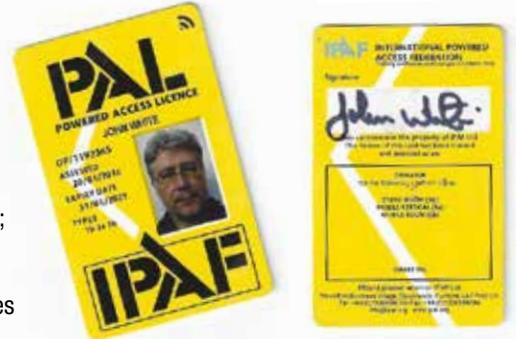
"We are also very pleased to welcome Ebbe as our new chair; he is a long-time supporter of IPAF and a fierce

advocate of safety and training best practices; he will undoubtedly continue to be a force for good and an agent of change in the North American powered access industry as he takes up his new role."

ALH asked Christensen what his goals and ambitions are for the coming years. Here's what he had to say.

## ALH: WHAT'S THE STATUS OF IPAF IN NORTH AMERICA?

**CHRISTENSEN:** Basically, the mission of IPAF North America is the same as it is everywhere else in the world: to promote the safe and effective use of MEWPs. This remains the main mission of IPAF. There's no difference in that approach here in North America to anywhere else. However, the reason why IPAF established the regional councils was to take those goals and those missions and help tailor them into a more individual format that can better adapt into the regional markets. That's the history behind the North American regional council where the idea came from to create a board: to convey the global message of IPAF in a form that can better address the specific



needs of the North American market.

For that purpose, the council has always been put together of a mixture of industry professionals. So, what we find in the council today is a representative mix of industry people that come from manufacturing, rental, training, consulting and more. We have a little bit of everything in there.

Legislations across the world are all very different. In Europe they have a lot of measures that are driven by legislation by either the European Union and/or the individual countries. That gives a different nature with how you implement your work; they have a different way of how they do that because they are driven by legislations.

We aren't so regulated in the U.S. So, we have to come up with different ways and events in order to get our message out. That's the status right now. Under Teresa (Kee) a lot of work was done to help prepare and input the new revision of the ANSI standards. That has been a major thing that has taken up a lot of space and time. Simply, the process of trying to help the industry here understand what these new measures will be and help as much as we can with the ANSI standards committees. If you look forward, that remains one of our main goals. We have to continue that work and basically help the industry understand the changes and

“ The mission of IPAF North America is the same as it is everywhere else in the world: to promote the safe and effective use of MEWPs. This remains the main mission of IPAF. ”

**EBBE CHRISTENSEN, IPAF, Regional Council chair.**



IPAF's Andy Access mascot promotes safety messages on how to use MEWPs correctly.

the awareness of these changes that the new ANSI regulations and standards will bring us.

Of course we also depend heavily on Tony Groat, IPAF's North American manager. Tony is the daily driving force behind NARC. He's the entity that holds the group together in terms of our daily operations. The goal of the council is that I want to have two annual meetings, face-to-face, and then another two meetings where we are doing our work on phone conferences. The council meets at least four times a year and it's one of my goals to emphasize the need of in-person meetings because it gives us a different way of working with our goals than when you do it on a phone conference.

**WHAT EXACTLY ARE YOUR GOALS AND AMBITIONS FOR NARC?**

My ambitions, I've made this public to the members of NARC, are that I expect them to give me and IPAF the three Ts: Talent, time and treasure. By that I mean, time is what you give. The talent is what you bring from your industry. And the treasure is, yes, costs involved to travel to the meetings, but it's very paramount for me that the group gets that opportunity to meet at least twice a year, face-to-face. This gives us a chance to work on a closer basis. That's, of course, to a certain degree a little ambitious in a sense because we are a group of very busy people. We have very important jobs in our daily lives. We have to take the approach that these meetings are just as important as all the other meetings we travel to. That's one of my goals.

If we look now, the council is planning an October event that will take place in Houston. This will be an industry event, not just for the council. We are doing the leg work right now. It will be more like a workshop event. The idea is to have an event that will allow the industry to come and participate more actively in shaping the future of the access industry and the safe and effective use of access equipment. There's a lot of good events already taking

place throughout the year and next year, which give a lot of great presentations, but we are going more for a format where work groups of industry professionals will work in teams to come up with ideas to work on special things that we are forming. The purpose of that is instead of having a relatively inactive event, we want to make it an active event where the attendees are really involved and discussing these issues at group levels. Then, the overall plan is to bring the best ideas forward to form new goals for the council. We will then push those forward. We are still in the planning stage; more details will be forthcoming.

Another goal I have, which I think all chairman have had, has been to grow the membership and awareness of IPAF North America. In the big picture, IPAF is a small entity with limited resources. North America is a very big market. It is definitely one of my goals to increase not only the awareness, but the membership here over the next two years. We have created some task forces inside the council with some key people that will have that as their given task over the next two years; to help form ideas, marketing, events, anything that can help us promote IPAF and get more members to become active. Because, at the end of the day, the members are what are driving an organization like IPAF. We have members, of course, here in the U.S., but we don't have enough. And when you compare us to the European arms of IPAF, we are lacking, proportionally, in numbers of members. At the end of the day, we listen to what the industry hears and sees. That's why it's important to grow the membership.



**IS IT AN UPHILL BATTLE TO GET MEMBERS IN NORTH AMERICA?**

We are slowly branching out. We need to make some bigger splashes than what we are doing right now in order to expand. That's a challenging task no matter how we look at it. It is paramount for us that we continue this process. Because at the end of the day, we are seeking, again, to grow the mission of IPAF and that includes the PAL Cards and other ways of enhancing the safe and effective use of MEWPs.

**I BELIEVE THE ANSI STANDARDS WILL POSITIVELY IMPACT IPAF IN NORTH AMERICA. ARE YOU TAKING THAT STANCE, AS WELL? THAT ANSI STANDARDS CAN BE AN OPPORTUNITY FOR IPAF TO REALLY PLANT ITS FEET HERE?**

Absolutely. There's no doubt about that. Given IPAF's background, we have a wealth of information and support opportunities to help members and new members and non-members – everybody, basically – to implement and understand these new standards because a good part of them have already been implemented into the European market for a long period of time. These new standards are an opportunity for IPAF to put the flag up and say we are here to help. It's one of our goals going forward and the immediate work is to help bring the awareness of the new standards out here to the U.S. These standards are a positive step forward. It is one of the most extensive revisions of the standards ever. They are building on a more uniform, global standard, where we utilize the experience from all sides. There are hiccups and challenges when you have changes. I feel personally that these new standards will help the industry in the U.S. long-term, and they will help us also from a global point of view with operation and industry. It's very positive.

**ANYTHING ELSE?**

One thing is the relationship we have with OSHA. It is very important. There's no doubt that one of my goals is to continue the work we already do to get us both close and stay close with OSHA. In Europe, they have a more progressive legislation. We don't see that as much here, but we see OSHA as an important partner for us. They can help us get the message out about safe use of MEWPs. The purpose is that everybody get home safe every day from work. When we're talking about MEWPs, obviously, OSHA is the entity that is out there in the market. For example, the Safety Stand Down week is something we support 100 percent. This is just one thing that we completely support as well.

The Powered Access Division (PAD) of Loxam Group is set for growth.



**When Loxam bought Lavendon last year it propelled its access fleet into the world's top three. Just over 12 months later, Don Kenny, the CEO of Loxam's access division, shares his views with Euan Youdale on the group's acquisitions and the state of the industry.**

# A platform for excellence

**D**on Kenny joined the publicly-listed Lavendon Group in 2011 as its CEO, until the group was acquired by privately-owned Loxam at the end of the first quarter of 2017, at which point he took on the same title, this time as head of the newly-formed Powered Access Division (PAD) of Loxam Group.

Most of us will remember the tussle between Loxam and TVH Group in the final weeks of 2016 as both companies sought to buy Lavendon. In the end Loxam was the well-documented victor.

The pairing of the two companies, along with Loxam's other major acquisitions last year, including Hune, in Spain, Nacanco in Italy, Cramo's Danish business and Swan Hire in Ireland, means it now has the world's third largest powered access fleet, along with its vast general rental offering.

This flurry of acquisitions helped Loxam to a 48% increase in revenues to €1368 million in 2017 - the company's 50th anniversary year, with EBITDA profits rising by 52.2% to €464.0 million.

"We are really a self-contained division within the Loxam group," explains Kenny. "Day-to-day, I'm still doing the same job, in terms of the business and customers, systems and processes, budgets, etcetera. The difference now is that we do not report to the city, so I

**“ The Lavendon name doesn't feature in the marketplace anymore. It was only ever really used at a group level. ”**

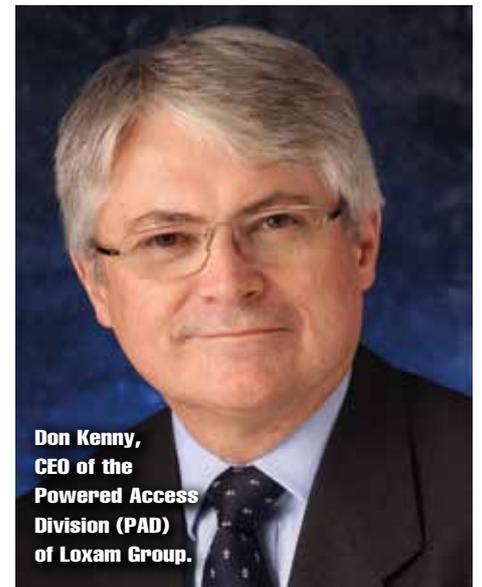
don't have a share price to worry about. I used to have lots of shareholders, I now have one shareholder, [Loxam president and owner Gérard Déprez].

Kenny adds, "Gérard had a vision to create a division of Loxam that is a centre of excellence for powered access; to retain the knowhow and expertise in Lavendon. So, all the systems and processes and expertise of Lavendon is still here, ringfenced in the powered access division."

## **New structure**

Over the next few weeks and months, the structure of the Loxam access division will be rolled out and its branding introduced.

Essentially, it means the Lavendon name is no longer in use and has been replaced by the new Powered Access Division (PAD) of Loxam Group, with a number of the previous



**Don Kenny, CEO of the Powered Access Division (PAD) of Loxam Group.**

Loxam Access business units now a part of that segment too.

"The Lavendon name doesn't really feature in the marketplace anymore. It was only ever really used at a group level. France was ironically the only location that we used Lavendon [as a brand name]," says Kenny.

Indeed, local knowledge is paramount in the rental sector. As such, well-known and respected company names will remain a strong part of PAD. For example, in the UK, Loxam will continue to trade as Nationwide Platforms, a globally recognised leader in work at height safety initiatives and products through its BlueSky Solutions arm, which, for example, pioneered secondary guarding. In addition, it

is the world's largest IPAF operator trainer. For this reason, the former Loxam Access UK business has been integrated into Nationwide and no longer exists as a separate entity.

In addition, PAD will continue to trade as Rapid Access in the Middle East and dk Rental in Belgium - both former Lavendon businesses. In Italy, the Nacanco branding will also be retained, following the acquisition of the business in November 2017. In each case the local branding will clearly state that they are a Loxam Company.

### Brand loyalty

Variations to that rule can be seen in France, for example, where Lavendon France has been integrated into the pre-existing and much larger Loxam Access business. And in Ireland, the company will continue to trade as Loxam Access.

"The ownership of the company is really not a consideration we find," says Kenny, "Where we have a market leading brand it would make no sense whatsoever to take that brand away."

"Even PAD is an internal term. Not many customers are concerned whether its PAD, or Lavendon Group or Loxam Group; they just want to know who they interface with. Having spent so much capital in developing those brands it would make no sense to change them all."

Kenny adds, "But we are not shy about the Loxam heritage. We are very pleased to be part of the biggest rental company in Europe and there are lots of advantages to it."

Bearing all this in mind, one might not be surprised to learn that just over a year on from the bidding war between TVH and Loxam to buy Lavendon, Kenny and his colleagues at Loxam believe it was a sound deal.

"Looking at it from the Lavendon shareholders point of view, I didn't hear many people complaining. I think they see it as a fair transaction and they got a fair value for the business. And looking at it from the Loxam perspective I don't hear anyone complaining that they overpaid."

"I think we demonstrated in our performance since they acquired us that it's a good business; we have delivered on our expectations. Loxam has turned out to be a good home for the ex-Lavendon people."

While Loxam's acquisitions last year saw it record a revenue growth of nearly 50%, the



At last count Loxam had 44232 MEWPs in its fleet.

company also increased its business outside of France, which now represents 39% of the total, up from 14.4% in 2016.

With international expansion very much part of the plan, Loxam's decision to sell Gardemann - the former Lavendon business operating in Germany - to TVH, just weeks after completing its acquisition, could be seen as a departure from this ambition.

TVH is now the dominant player in Germany by some way, with its pre-existing Mateco business and Gardemann's 3500 MEWPs combined, offering a fleet approaching 10000 units.

Kenny, however, views the situation differently. "Rather than have a hand-to-hand fight with TVH in Germany, and because we like to be the market leader, we saw an opportunity elsewhere, which was Italy. So, we came out of Germany, but we have moved into Italy."

"The lesson to be learned in all this is there is no hard and fast rule - we don't have to do this or do that in any market; opportunities present themselves and you go with the flow."

Nevertheless, Kenny believes the acquisition trend is set to continue at Loxam. "I'm not privy to Gérard's thoughts, I can only look at the track record of Loxam; they have always been involved in acquisitions."

"I think last year was a particularly active year and they have transformed the outward facing shape of their business where they were very dominantly a French business. France is still very important to them and they are very dominant in France but they operate in 24 different countries now, so I think the future is bright and exciting."

The group's powered access fleet now represents around 50% of the overall businesses. "Acquiring the 22000 machines from Lavendon gave Loxam a boost but they were already very familiar with powered access - they doubled up what they already knew and have given it more emphasis."

Asked if the 50% powered access fleet ratio will increase, Kenny answers, "I think there will be growth generally. Loxam wants to grow their business organically and through acquisition where opportunities present

themselves. I'm not aware that Gérard wants to focus in one particular segment."

"I do believe there is a move to consolidation in all of the markets in Europe. If there are interesting opportunities, we will have a look at them. Nacanco proves the case, it's a market we were not in, so we came aware of an opportunity and actioned it."

It's not all about buying opportunities, however. "I don't want to give anyone the impression all we are doing is looking for acquisitions."

"We need to get on and run the business. That's how we grew the Lavendon business, it wasn't through acquisition, it was through organic growth. Getting better use of our fleet and having better processes in our business; that is the main thrust."

### Clear ambitions

It would seem then organic and acquisition growth combined, PAD is set for significant expansion over the next five years. "I am not one of these people who is constrained by GDP growth, in that you can only grow your business by XX% because the overall market has grown by that."

Kenny continues, "In the UK where there are 56-57000 machines, we have 12000 units. So, I keep saying to my guys, 'don't tell me the market has only moved by XX because of GDP, there are 40000 machines that we are not renting'. There is loads of opportunity and the limit to our growth is our ambition and our ability to convince customers we can offer a great service."

A key factor in all of this is penetration, says Kenny. "We are not in the powered access market, we are in the access market, which includes all the traditional forms, like ladders, mobile towers and scaffolding."

"In the UK the powered slice of the access cake is very big, there is a very high level of penetration, maybe 70%-80%. In the Middle East it is the opposite, some people would say it is only about 10% and in the entire Middle East market there are 12000 machines; the same number as London. If you look at the forest of skyscrapers and the abundance of

**“ Loxam wants to grow their business organically and through acquisition where opportunities present themselves. ”**

construction sites, you wonder, “how can there be just 12,000 machines?”

“There is a big education and training process to convince people in the Middle East this is a better way of building than the conventional methodologies. We are on that journey.”

Thankfully, the path in many emerging nations is becoming smoother and wider. “There are always seminal events by which you can say a market really starts moving,” says Kenny, “I think the 2022 World Cup in Qatar has been a real catalyst for a step up in awareness of health and safety in the Middle East. And there are many international companies in the Middle East that take health and safety extremely seriously. The oil & gas industry has been one of the leading lights in terms of health and safety.”

### Options open

Heading further east, Asia is beckoning as a major access market, with some parts of it already proving very fruitful for those involved. Apart from well-established China, there are the likes of Southeast Asia and India promising to offer some of the next big markets. Would Loxam consider expanding in these areas? “I can see that happening in time,” says Kenny, “Although I don’t want to give the impression we are running around the area with a cheque book. We keep our options open.

“For example, Loxam are in Brazil and Colombia and in Morocco and North Africa. I am not aware there are any limitations - it’s an opportunity-rich environment.”

A continent yet to be mentioned is North America; representing the biggest access market in the world and arguably offering perhaps the greatest challenge when it comes to taking market share. Would Loxam and PAD specifically be interested in such a challenge?

“I can’t really comment on that,” explains Kenny, “If you were talking to me with my



**Loxam will feature in all future branding.**

previous hat on at Lavendon, I would say I am very happy to go and open up in America, I just need an investor to give me £1 billion to do it.

“The one company in the US that was comparable in size to Lavendon was NES Rentals, which was bought by United Rentals last year for \$1 billion. That’s the entry ticket.

“I can’t comment on what Gérard’s thoughts about it are. When I was at Lavendon, I did have shareholders ask me about it and that was my response.”

On the subject of capital expenditure, Kenny is convinced that as the business continues to be profitable and to grow, then capex will grow in accordance with that. To provide an indication, in 2017 equipment capex stood at €400 million. “The lesson we have learned is that the solution is not just adding more kit but its making the kit you have be more effective and efficient. When we talk about the fleet at a high level I think of it in terms of a number of key metrics: the size of the fleet, the percentage on hire, the percentage in transport, the percentage under repair and the percentage not available. For anyone who runs a rental business these are the main levers.”

Is there an estimate for PAD’s capex next year? “It’s early days at the moment. One of the things about the rental industry is that it’s fast moving - its closer to retail than general service delivery.”

Kenny adds, “We are bit more worried about the 2018 performance. The underlying business is good but it’s fair to say the bad weather we had in Europe has not been a tailwind. The problem with bad weather, particularly snow, the construction site shuts down and you cannot move any kit. We have had bad weather before, but we have not had it spread out over so many months. It’s not a problem you have in the Middle East, which has made a very good start to the year.”

Weather aside, the strength of the European market is good, Kenny insists. “All the markets are in decent shape.” For example, “I have never seen a French market like it in my time in business. France is going from strength-to-strength. They have won the 2024 Olympics and have the Grand Paris project.”

Spain is starting to show good signs of recovery too. “It’s a well-known fact Lavendon had a business in Spain but we pulled out in

**Local knowledge is key to success.**

“ We are driven not by brand loyalty but loyalty to the machines – our first priority is the best machines. ”

2010/11 because it was such a crash. Loxam timed the acquisition of Hune very well and are now benefiting from the growth rates in Spain and Portugal.”

### Considered expenditure

On the subject of buying machines, Loxam is such a big company, it’s buying choices could have a major impact on manufacturers. As Kenny explains, the company is focused on being a responsible customer and it talks to all the OEMs.

“Lavendon was very much a Genie house but we have used other equipment. Loxam have got other equipment and I see us continuing to talk to all the manufacturers going forward.”

One of the Lavendon systems brought over to PAD, along with the L-Vis IT system, is its central pricing policy, under which prices per unit for MEWPs are negotiated at PAD head office and any orders from branches across the division adhere to that arrangement.

“We make sure everyone gets a slice of the cake,” says Kenny, “We are driven not by brand loyalty but loyalty to the machines – our first priority is the best machines. If everyone was equal, then we would make sure that everyone is getting something.”

An area of huge interest is hybrid and electric-powered equipment. “Increasingly, we are having to look ahead to where we think the market is going. Seeing cities now introducing emission zones, it means you have to be cognisant of the fleet you have today and the fleet you will need in four or five, or even 10 years’ time. It’s now becoming a three-dimensional planning exercise as to where to go with fleet.”

One thing is certain, the company will have fewer diesel machines in the future. “It’s where the industry is going, and we see ourselves as having an important role to play in that and an impact on how we spend our capex.”

The increasing competition in the market, with new OEMs appearing in Asia and the mature markets, is proving to an interesting development for major rental companies. “The more competition between the OEMs the better,” says Kenny. “We see the functionality and the effectiveness of the machines improve. I’m always being told that competition is good for rental companies because it keeps us lean and mean and the customer happy, so the same philosophy applies to the OEMs.”

**AI**



United Rentals is the largest equipment rental company in the world, recording revenues of \$6.64 billion for 2017.

As United Rentals has made an entry into Europe through the acquisition of BakerCorp., *International Rental News* finds out what the company's long-term plan is for the market.

# Europe beckons, but North America rules



**W**hen the world's biggest equipment rental company makes a significant move, the rest take notice.

There have been sizable acquisitions made by United Rentals over the last 18 months alone, including the purchase of Neff Corp. and NES Rentals for around \$1 billion each.

Now the acquisition of BakerCorp has been announced for approximately \$715 million in cash.

What is it that makes BakerCorp valuable to United? Well, the company already has a thriving specialty segment that rents solutions for fluid handling, power and HVAC, trench

safety and tools for a broad range of industrial and construction applications. With BakerCorp, United will add expertise in bundled fluid solutions and add another 25,000 pieces of equipment to its fleet. There are also around 950 employees that will move from BakerCorp to United.

And notably, there's the European footprint that BakerCorp – and now United – possesses.

Though only small-scale in terms of its overall picture, the 11 locations across Europe that United will now own will be its first.

Yes, the biggest equipment rental company in the world by some distance, has, until now,

only operated in North America. Its sheer size was underlined in sister publication *International Rental News*' recent IRN100 league table, published in the June issue, which showed United Rentals take the top spot with 2017 revenues of \$6.13 billion – over \$1.16 billion more than its closest competitor, Ashtead Group. Its revenues also accounted for more than 12 percent of the top 100's revenues combined.

## Testing the waters

United has teased the rental world with hints of its new-market desire in recent times. The company's now-departing Chief Financial Officer William Plummer said at last year's IRC conference in Shanghai that United was considering new markets.

So why BakerCorp, why Europe and why now?

Michael Kneeland, United's CEO, spoke to *International Rental News* about the acquisition, and said the main pull toward BakerCorp was its North American presence, but the entrance into Europe was still a factor in the decision.

"The main appeal for us from the standpoint of geography is North America. That's where the majority of our customers operate and where our brand capital is concentrated. It's also where the bulk of the synergies lie. The 15 percent of Baker's revenue that comes from Europe will shift only about 1 percent of our combined revenue outside of North America.

"That being said, we're very impressed with the European operations. It's a chance for us to test the waters through established locations in four more countries with developed rental markets. Would we have done the deal if Baker had been

United Rentals was founded in 1997.





**The BakerCorp acquisition moves United toward its goal to grow its specialty rental segment to a \$2 billion business.**



**United Rentals will add another 900-plus employees to its 15,000 members of staff.**

strictly North America? Sure. But, in many ways, this level of entry into Europe is ideal for us.”

**Strategy and culture**

The four countries BakerCorp has a presence in Europe are France, Germany, the UK and The Netherlands. United is keen to learn all about Europe, and Kneeland said the company would take its time in settling in.

“It’s a small but opportunistic entry that’s part of a bigger strategic investment. We’ve always been open to all possibilities in growing the company, but we’re also very thoughtful when

it comes to mergers and acquisitions.

“A deal has to fit strategically, financially and culturally. In this case, after a lot of due diligence, we came to the conclusion that Baker fit our criteria. That includes their European operations.

“And by the way, we’re not going overseas thinking we have all the answers. When I say ‘cultural fit’ I’m talking about things like safety and a customer service mindset. We share an operating philosophy – that’s what’s most important. Our people have met the teams in Europe and we respect their business cultures. We’re excited to begin the process of listening and learning.”

With new markets comes new opportunities for United, but the company insists it will continue to follow its strategy that has got it to where it is today. Kneeland said specifically its strategy was about balancing growth with returns. He said that geography was one of many levers the company used to get there. The CEO added that United was still a long way from saturation in North America – the company has just over 1,000 branches and around an 11 percent share.

**Bread and butter**

North America will continue to be its number one engine for value creation for the time being, but Kneeland said that if the company decided to establish a larger presence in Europe at some point, it would most likely look at mergers and acquisitions to do that.

With BakerCorp specializing in tank, pump, filtration and trench shoring rental solutions, the aim for United will be to grow its fluid solutions business.

“For our specialty segment specifically, our strategy is to grow the segment to at least \$2 billion in annual revenue,” Kneeland said. “That’s fluid solutions, power and HVAC, trench safety and specialty tools combined. We set the \$2 billion target about two years ago when our specialty revenues totalled roughly \$1 billion. We’re moving the needle with Baker.”

The company laid the groundwork back in 2014 when it acquired National Pump, which Kneeland described as a big step into the fluid transfer space. Since then, the company has been moving the business toward end-market diversification across industrial applications, construction and infrastructure.

“Our decision to acquire Baker is less about



“ The main appeal for us from the standpoint of geography is North America. That’s where the majority of our customers operate and where our brand capital is concentrated. ”

**MICHAEL KNEELAND, CEO, United Rentals.**



United Rentals operates over 1,000 depots in North America.

adding fleet or branches and more about differentiating our solutions with the addition of storage and treatment capabilities,” said Kneeland. “The combination gives our platform a broader scope, and it expands what we bring

## Recipe for success

When United Rentals announced the deal to acquire BakerCorp many will have wondered why BakerCorp was deemed a strong fit.

Kneeland told *IRN* that whenever United makes a decision to acquire a company, it asks itself ‘what are the big levers for value creation with this deal?’ He said the answer with BakerCorp was its market position, scale and cross-selling. He added that the latter two equated to customer service.

“It would be almost impossible to arrive at the same place organically, because Baker is bringing complementary expertise,” said Kneeland. “They’ve developed bundled solutions for fluid storage, transfer and treatment. We do some of that now, but not to the same extent. There’s an investor deck on our website that describes a number of other positives about the combination.”

Kneeland also believes that with United’s technology, size and scope of services, it can help to grow the BakerCorp part of the business. He said, “The bottom line is – we’re getting a well-run organisation with a strong value proposition.

“As an acquirer, you always have to ask yourself, ‘Can we bring these operations into the fold and make them even more successful?’ Baker’s a definite ‘yes.’”

to the table for customers. We’re excited to take that to market.”

### Significant opportunities abound

So now that the company has dealt its first card in Europe, could there be potential for United to attempt an entrance into Asia? Though Kneeland remains coy in his approach to this, he said that it was good for the global rental economy to have nascent rental industries in Asia take root.

He said China was a dynamic rental market with some significant opportunities and challenges, one which the company had been watching develop for a while. He added, “For now, we’ll take our time to better understand what it takes to be successful outside of North America and see where that leads us.”

So, with 11 depots in operation across Western Europe, and a chance to feel its way into a new continent, United will be keeping its eyes open for other opportunities within it.

“We closed the transaction on schedule at the end of July. Now we’re diving into the integration.

“ A learning opportunity and a chance to explore the European potential, be it in specialty or general construction rentals. Whether that learning period lasts months or years. ”

“As I mentioned, we see this entry as a learning opportunity and a chance to explore the European potential, be it in specialty or general construction rentals. Whether that learning period lasts months or years – and where we come out at the end of it – remains to be seen.”

The European rental market will be watching with real interest over the coming months, as United begins to take shape in a new territory.



The main appeal for United Rentals from the standpoint of geography is North America, according to the company.

*Euan Youdale spoke to Don Ahern, owner of the Ahern family of companies, about the global rental and manufacturing scene.*

# Breaking the mould

**T**he name Ahern is instantly recognisable in the US rental sector, and thanks to a growing number of OEM distributorships outside the country's borders, its influence is now being felt on a global scale.

Heading it all up is the man himself, Don Ahern. Armed with the rare ability to harness success where others only see failure, Ahern has fought his way out of some tight spots. Notably, instigating Chapter 11 bankruptcy proceedings to see off a takeover attempt of Ahern Rentals, then almost doubling its US footprint while others scaled back in the financial crises and reversing the fortunes of a global MEWP manufacturer that almost ground to a halt – namely Snorkel.

There is a notable difference between the rental and distributorship branches in the Ahern family of companies. As its name would suggest, Ahern Rentals, which makes up about 70% of the total business, is strictly a rental company dedicated to the US market, with no plans to stretch beyond those borders.

The global side to the company was kick-started by the majority acquisition of Snorkel some five years ago. It is represented by Snorkel manufacturing facilities in the US, UK, New Zealand and China and the Ahern



**Snorkel is releasing the 14.2m working height 400S and the 16m working height 460SJ (pictured), mid-size telescopic boom lifts during 2018.**

distributorships, which are designed to offer a complete sales and service package for the group's manufacturing wing, incorporating Snorkel and Xtreme.

## All-time high

Ahern Rentals' 24,500-strong MEWP fleet, with close to an additional 4,600 telehandlers, make up what the company calls its high reach offering. It represents a significant proportion of Ahern's total 51,000 unit rental fleet.

"The North American rental market is as good as it's ever been," says Ahern.

"We have statistics that we have tracked for decades, and one of the primary statistics is the average rental rate and it's at an all-time high. Utilisation is very good too," says Ahern, before qualifying it with a more cautious statement. "I feel like we are on the front side of the bell curve but we do feel that we are on the top, or towards the top."

"I don't think we are going to have a downturn but 2019 could possibly become the top of that curve. Things will level out."

Ahern points out that he has been around long enough to learn that cycles are a part of life. "My father started the company the year I was born and never in those 65 years has there not been a cycle. To expect things to be different is a kind of insanity."

**John Gill, CMO, Snorkel/Xtreme; Don Ahern, owner of the Ahern family of companies, and Matthew Elvin, CEO Snorkel/Xtreme.**

"We had a very slow recovery after the last downturn, which from Ahern Rentals' point of view was the middle part of 2010. It was tripping along the bottom of the ocean through 2011 and 2012. Once it started taking off after 2012, the measurable improvements were felt day-after-day, rather than month-after-month."

Between 2009-2010 Ahern Rentals opened 35 major depots, moving the company beyond its traditional central/west base. "We came back with a national footprint," says Ahern. "In a way that was one of the real diamonds in the rough. You could cut the US into four segments from east to west, we now have an equal amount of revenue in each quadrant."

That come-back was made bitter-sweet with the ensuing Chapter 11 drama that befell the company. Ahern filed for Chapter 11 bankruptcy proceedings during a difficult financial period, in which the company received an unwelcomed takeover bid and saw bankruptcy as the only option to keep ownership of the company. "We were forced into Chapter 11 by a hostile takeover," says Ahern. "We were actually never bankrupt, in fact, we had \$51 million of liquidity, which is substantial."

Ahern is also keen to remind the industry that he honoured all debts, "100% of debtors, including unsecured creditors, were paid."

"Usually, in bankruptcy there are losers and there were no losers with us. That is very important to me. There is a certain amount of shame that comes with the word bankruptcy,



**The 3,000 square metre production facility in Jintan, outside Chanzhou, China.**

but you can do it right and honourably. And because we had lots of money, we paid every invoice we could find. Everyone got paid.” Ahern Rentals finally exited the Chapter 11 process in June 2013.

In a fitting testament to that integrity, the Ahern family of companies flew past the \$1 billion revenue mark in the last 12 months (LTM) previous to the interview carried out in mid-May and is on course to hit \$1.1 billion.

**Zero acquisitions**

It may be a surprise to learn that Ahern Rentals is neither interested in acquisitions nor moving outside the borders of the US. “From the rental point of view, we will continue to grow at a very steady moderate growth, exactly as we always have, and it will be organic, with certain types of debt instruments.”

He adds, “There is absolutely no opportunity for us to do rental outside the US, and we would not look at a rental company in any foreign country at all.”

One of the reasons being, as the OEM side of business grows internationally, Ahern doesn’t want to muddy the waters with an international rental company. “Our customers are predominantly rental customers. We don’t want to compete with them.”

Although, that isn’t the primary reason. “Sales are different to rentals, it’s cultural. Rental is done in a local language with local traditions, and relationships that spawn from childhood, all the way through adulthood.

“I think it’s very challenging for large rental companies being involved internationally – to be effective when they are not dealing in their native languages. I know others think differently, particularly in Europe.”

As Matthew Elvin, CEO of Xtreme Manufacturing and Snorkel, adds, “One reason European companies are cross border is because countries are smaller. The US is such a large marketplace you can be more than happy in the US without going anywhere else. Ahern has 92 branches and has still got a lot of room for opportunity just in North America.”

On the subject of OEMs and Ahern’s majority acquisition of Snorkel in 2013, has the company become everything he expected it to be? “Almost,” he replies, “We are very pleased with it. We have taken a company that was distressed and was barely operating and was probably within a very short time of not operating.

“You could call it ground zero, and now we are annualising around \$300 million.”

Apart from heavy financial investments, there have been substantial changes to make production leaner and meaner. For example, the company recently created the new role of chief manufacturing officer (CMO) and promoted John Gill, who joined the company in 2016, to



the role. He reports directly to Elvin.

As Elvin explains, “It has gone from a company that didn’t really respond to the market to one that now puts it money where its mouth is. We have customers returning to the business that left the brand during that period. There is an opportunity and desire for other choices in the market place, like us.”

Among the growing number of distributorships are Ahern Australia, Ahern Japan, Ahern Deutschland, Ahern Canada and Ahern Chile. Where applicable they also distribute products from other manufacturers, like Ruthmann’s Bluelift brand of tracked platforms in Australia and the UK. The are 11 of these outfits so far, with the 12th about to be opened. Ahern would like to have 100 of them in the next 10 to 15 years.

Taking the arrangement to the next level, Ahern also employs independent dealers to sell its products, either through its distributorships or directly from OEM level.

“It’s important to be clear about the difference between dealers and distributors. Our model is to create distributors with our name: Ahern Deutschland, Ahern Australia. Then we sign dealerships that spawn out of those; a lot of those are rental companies.

Will the heavy-duty Xtreme Manufacturing telehandler products have a future outside of North America where they have traditionally been sold? “Absolutely,” says Ahern, “We have already pushed some of those outside of the US, particularly in mining and heavy industry.”

As with many manufacturers, Ahern is watching the emerging access nations too, and calculating the right time to make a move. One of the regions on the radar is Southeast Asia. “That’s just one of the open territories for us. We have dealers that work directly in those

areas. There is nothing to say we couldn’t put a distributorship there so that we have local time zone, language and spare parts – so you can have same day events, that’s our model.”

**Good connections**

Towards the end of last year, Snorkel officially opened its factory in China, to primarily establish and support the Chinese market. The plan is to produce for the local market, rather than it being an international production facility. As Elvin explains, “To be brutally honest we are not in a hurry, we want to get bedded down and get it right. We are very much listening to our customer base as to what should be the next model.”

One thing, among others, that connects the OEM side of the business to Ahern Rentals is the concentration on sales to Tier 2, or independent rental companies.

“We consider ourselves independently-owned and we certainly prefer and target the independently-owned folks,” says Ahern.

“The independents are the majority of the market. The real dominant people in the rental industry are the independents, so, we would rather go where the winners are.”

Looking at the US as an example, Ahern believes the rental market stands in the lower to mid-\$40 billion-dollar revenue bracket. Adding up the rental revenue from the mighty players like United Rentals, Herc and Sunbelt, Ahern calculates it comes to just over a fifth of the total annual market, with independents being in the vast majority.

“So, for Snorkel and Xtreme it is logical to go where the majority of the business is, where there are thousands of people who make decisions and not just one where it is win or lose. For those reasons we stay away from the top five rental companies.”

One thing is clear, some of the biggest rental companies in Europe and North America are focused on acquisition. For Ahern it’s a gift.

“We absolutely love it. There isn’t anything that can happen better for us than United Rentals buying somebody. The flushing out of fabulous employees we can embrace, love and cherish. It is not only good for employees but for customers.”

**“ The independents are the majority. We would rather go where the winners are. ”**

The IPAF Asia Conference & Showcase 2018.



# Brimming with potential

**The Southeast Asian market for MEWPs is becoming one of the biggest talking points in the industry. A/ finds out why.**

**W**hile China still has plenty of challenges for those seeking to expand in the country, it has developed enough to be a recognised and established MEWP market. Now, the access industry is looking around for the next step. Undeniably, Southeast Asia fits that category.

Demonstrating the importance of the region outside the mature market of Singapore, IPAF held its Asia Conference and Showcase in Kuala Lumpur, Malaysia, during July. It is the first time such an event has been held in the country and some 300 delegates, mostly from around Asia, gathered to see a wide range of presentations touching on key aspects of the industry.

The day kicked off with the launch of Malaysia's guidelines for Safe Use of Mobile Elevating Work Platforms. The comprehensive guidelines were produced by IPAF, The Master Builders Association of Malaysia (MBAM), CIDB Malaysia, and the Malaysia Department of Occupational Safety and Health (DOSH). The guidelines are a first step towards the introduction of working at height safety regulation.

It was swiftly followed by a Memorandum of Understanding (MOU), signed by IPAF

and MBAM, with the aim of developing quality training for MEWPs in Malaysia. It was witnessed by the conference's guest of honour the government's deputy director general off occupational safety at DOSH, Haiji Kormain bin Haji Mohd Noir.

The event was accompanied by a two-day exhibition of MEWP manufacturers and other related suppliers, and a gala dinner that took place on the evening of the 18 July.

## **Aver Asia**

Rental companies in Southeast Asia tend to have been founded in the region, rather than being expansions of established players based outside the region. None more so than Aver Asia. It was founded by Ang Poh Kiang in Singapore in 1999 and became a Genie dealer in 2006 with less than 10 Genie machines in its ownership. Over 12 years, the company has grown its rental fleet size to about 3,000, of which 90% are Genies. Aver Asia also partners with brands like Airman, Doosan and Hercules to provide a range of other products.

In 2016, Aver Asia received accreditation as an IPAF approved training centre and signed a memorandum with Institute of Technical Education (ITE) to set up a training facility



**Ben Koh,**  
COO of Aver Asia

in ITE College West in Singapore.

The company has always kept an eye on Southeast Asia, and today has expanded its footprint outside its Singapore headquarters to include 15 depots in Malaysia, Indonesia, Myanmar, Thailand and Cambodia.

Ben Koh, COO of Aver Asia, is a veteran of the sector, having spent more than a decade promoting aerial platforms across the region. "If you grew up in Asia like I did, seeing workers scale towering timber scaffolding and later metal cages on construction, marine, oil & gas or power plants was a common sight."

Not anymore, "MEWPs have slowly replaced these rickety structures and continue to gain popularity across Southeast Asia."

The change has come from a growing demand for safer working at height, more efficient equipment and increased productivity >

over the last 15 years. It was Singapore that kick-started the MEWP evolution, says Koh, with the construction of Suntec City in 1992, a mall in the Marina Bay precinct that houses the iconic Fountain of Wealth and more than 380 retailers.

Singapore continues to lead the way in the use and development of MEWPs, and sits among the developed MEWP nations, but its neighbours are following closely on its heels.

It is being led by cultural change, and apart from construction sector, Asia is seeing an increase in the cost of living, a demand for infrastructure and the ongoing social development in its countries.

“When the industry grows, it brings foreign investment and with that comes a culture of safety and efficiency, rather than using conventional methods such as timber or bamboo scaffolding,” explains Koh.

On the subject of rental, he adds, “Contractors are engaging more with the rental houses for their projects. Competitiveness of the total project cost, high labour costs, shorter project timelines and land rent has resulted in contractors

**PAL CARD FIRST**

Shee Shu Leng has become the first female MEWP operator in Malaysia to gain IPAF’s Class 3A and 3B Category certification.

Shu Leng received her PAL Card earlier this year after completing the scissor and boom lift categories. Shu Leng is sales manager at Aerial Lift & Equipment, part of the TVH Group and a JLG distributor based in Kuala Lumpur.

“I have been working with Aerial Lift & Equipment for eight months now. I am glad that my company gave me the opportunity to get the IPAF operator license although I had just joined the MEWP industry, for about two months, at the time.”

The target for the first quarter, after receiving its training licence is 48 PAL Cards, followed by 72 in the next quarter.



**Aver Asia strengthens its presence in Myanmar at the Yangon International Airport terminal project, using one of its Genies.**

renting equipment rather than owning it.”

“I would say Malaysia, Indonesia and Vietnam are currently some of the fastest paced when it comes to MEWP development.

“There are also bright spots, one of which is Myanmar. This is a country with a lot of potential now. It is not the fastest in terms of MEWP development but with the change of Government and a transition period, I think the pace will pick up.”

One of the challenges currently facing the region, and the rest of the world is the lack of skilled field service staff to support MEWPs. “The standard of living in the region has gradually increased and fewer people want to work under the sun. The language issue also means field technicians may not understand the manuals or procedures.”

In Singapore Aver Asia is working with the Institute of Technical Education (ITE) to provide a three-year programme to final year students.

“I have a 10-year vision for Southeast Asia. We know that there is a lot of room for development in some of the countries, which have huge geographical areas. So, our vision is to ‘think global, act local.’”

Comparing the 12,000 access platforms in Singapore, Malaysia, has around 4,000-5,000, and a much lower proportion of those are new. However, Malaysia is seen by many as the next big MEWP market, following the rise of Singapore, also helped by its central location in Southeast Asia.

**Aerial Lift**

It is a view strongly echoed by Kang Han Fei, who has been working for International parts specialist TVH since 2000 when he started up TVH Malaysia. Then, in 2007, he moved to TVH Singapore when TVH took over a parts company there. He is now back in Malaysia, as the managing director of TVH Group’s new Malaysia subsidiary Aerial Lift & Equipment.

The difference is that, while TVH Group is a parts company, with a large MEWP rental division (now known as Mateco), Aerial Lift’s primary goal is equipment sales to rental companies as an official JLG distributor. Although it does have a re-rent division with a fleet of about 100 units.

“We started talking about opening an equipment division for MEWPs in 2015 and then in 2016 we opened our premises. TVH was already offering spare parts for MEWPs so we had good knowledge of it.” Kang adds, “This is a different approach. We are a bridge between JLG and the rental companies. Our plan was to copy what we have done in Mexico, which was a big success.”

Kang believes there are 34-40 rental



companies in Malaysia, with a total of around 4,600 units. Including the much smaller rental companies, there may be about 5,000 – 5,500 units in the country, a vast majority of which are used.

“Over the next five years TVH Malaysia plans to sell about 1,000 units each year into the country. In about five years’ time we can easily be at 10,000 machines. That excludes truck mounts.”

Traditionally, Malaysia is a truck mount market, and these product types still amount to about 50% of the aerial platforms in the market. That is set to change as scissors and booms become widely adopted and the country takes on a more familiar MEWP model.

The trend is similar with self propelled booms versus scissors. The company carried out a survey in 2015, in which booms outsold scissors. In April 2018 it repeated the process and found it had switched to 45% booms, 55% scissors.

The reality is the market in Malaysia is mainly a used one. “We came here more on the potential. It is still a very small market but the potential is there.

“There are too many used machines in the market and this is pushing the price down. That will change, people will start to realise that the price cannot come done anymore.”

Another significant opportunity comes from the current used market, much of which is made up of machines bought from Australia. “Australia has a 10-year ruling, then they sell



**Kang Han Fei, managing director of TVH Group’s Aerial Lift & Equipment.**



their equipment offshore - Malaysia is one of the dumping grounds.

“By next year it will be difficult to get 10-year-old machines because of the 2009 financial crises in the US. They don't have many machines from that time, as the manufacturers didn't produce many. They will have to buy 2011 or 2012 machines, which will be more expensive and less difference in cost to new machines.”

The company will then offer its service and after sales support to make that cost difference seem even less. “We are not coming in with the objective of making a lot of money. We are trying to create good habits.

## Tong Heng

TH Tong Heng Machinery's 1,000-strong aerial platform rental fleet, puts the company in the top three operators in the country.

Chan Jia Yuan, is executive director at the family owned company, started by Chan's father in 1994. It is about to open a state-of-the-art specialist depot on a 0.5-acre site in Johor Bahru, a city in the far south of the country, separated from Singapore by a road bridge. The new site is opposite the existing 1-acre depot which will be used for smaller rental products, such as generators, welding machines, lighting towers and air compressors.

Beyond that there is a two-acre crane depot and another six-acre site in Central Asia, which exclusively caters for MEWPs.

The company started out in 1994 supplying earth moving machines, then moved into cranes and power generators, then MEWPs in 2012 - Chan believes this was the year the Malaysian MEWP industry truly began.

The new premises will have complete service provision for platforms, including sales, service and spare parts. “It is not only for our use, it is a walk-in centre for customers who own JLG's or any type of MEWP. It's a one stop solution for rental, parts, training and sales.”

Tong Heng is also a JLG distributor. The difference to Aerial Lift's JLG distributorship, is the focus is on sales to end users, like contractors or hotels, for example, not, in the main, rental companies.



**Chan Jia Yuan, executive director at TH Tong Heng Machinery.**

But the main source of revenue is from rental, with 1,000 MEWPs in the fleet, that's 60% boom lift and 30% scissor. “When we entered the MEWP industry, we realised people start with scissors rather than boom lifts. So, we thought we would do it differently with boom lifts in the main and scissors as a support.”

Three years ago the company had 300 machines in its fleet. “Every year we aim to purchase 150-200 units. To make sure we have significant growth. I would say we need to have 20-25% growth each year in our fleet.

Nevertheless, rental rates are getting lower

due to growing competition, again particularly from rental companies in the mature market of Singapore. “We have a lot of projects coming up so they tend to bring more machines into the country.”

The latest MRT and LRT projects are on track. “But everyone is on observation mode, because of our recent change in government. We do not know if projects will continue or if they will be cancelled.” A couple of projects like the high-speed rail line between Singapore and Malaysia have already been put on hold.

Tong Heng covers the whole of West Malaysia, with the three previously mentioned depots for Johor, Kuala Lumpur and Penang. Another is likely to be on the east coast of West Malaysia in Kuantan.

But there are no depots in East Malaysia. “The East is a very different market and we don't have depots there yet. Our strategy is to cover the whole of Malaysia before we go out of the country.”

## Partnership potential

As we have heard, the majority of the machines in the company's fleet are used. They come from the US, Australia and some from Europe but not from the mature market of Singapore. “Competition with Singapore rental companies is high.”

In turn, Tong Heng then sells on its used equipment to places like India and other Southeast Asia markets like Vietnam and Philippines, which are ‘used-used markets’.

These standards will help develop the market towards more new machines. Currently Tong Heng's fleet is made up of about 20% new machines. By 2024, the company hopes to have 3000 units its fleet with 40% of them new.

On the subject of consolidation. “A few years back, there were companies that looked to buy us but my boss refused to sell because he thought we were still too young. But now, from my point of view, I would not reject the idea of partnerships with companies that want to invest in Malaysia.

**AI**



**Tong Heng's new MEWP centre**

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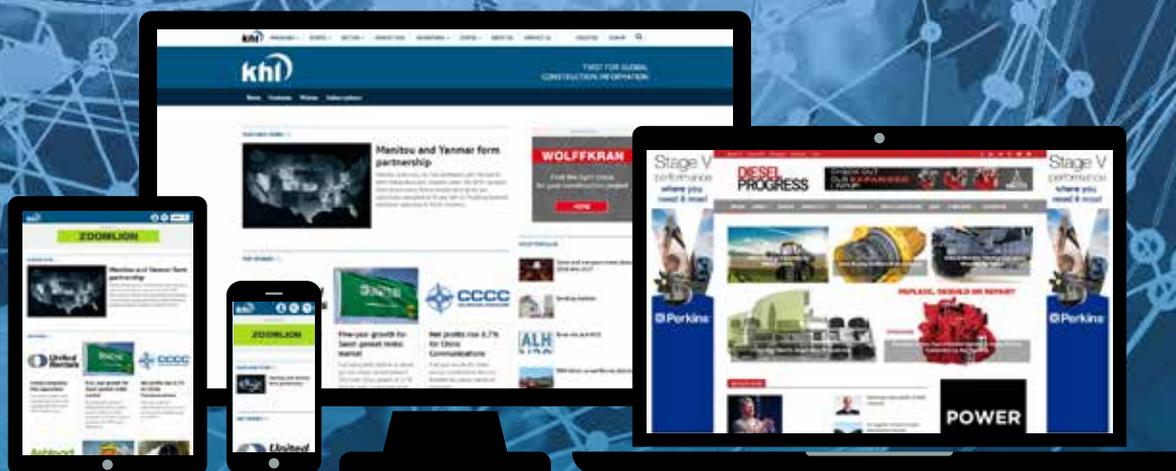
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According to the AGC, one of the main problems companies reported was that “relatively few young people were pursuing careers in construction at a time when the remaining industry workforce was aging, and retiring, at a rapid pace.”

It's been plastered across the news for some time now; the construction industry is facing a crippling labor shortage. So what's being done to address – and combat – this problem? Lindsey Anderson reports.



# The labor shortage

Earlier in 2018, the Associated General Contractors (AGC) of America reported that an overwhelming majority of construction firms are having a difficult time finding qualified workers – particularly hourly craft workers – to hire. Specifically, 80 percent of firms responding (there were 2,500 surveyed in total) said they are having a hard time filling craft positions and 56 percent report they are having a hard time filling salaried positions.

These shortages are prompting many firms to raise wages, improve benefits and expand bonuses and other incentives. Labor shortages are also leading many firms to change the way

they operate to become more efficient and less reliant on labor.

According to the AGC, one of the main problems companies reported was that “relatively few young people were pursuing careers in construction at a time when the remaining industry workforce was aging, and retiring, at a rapid pace.”

## Recruiting efforts

The association goes on to say “while we have achieved a number of significant victories in our efforts to promote workforce development measures, it will take a lot more to offset the

Few young people were pursuing careers in construction at a time when the remaining industry workforce was aging, and retiring, at a rapid pace.”

misconceptions that have prioritized college preparation instead of skills promotion.

According to the AGC: “These recruiting efforts are essential because the economics alone do not appear to be enticing many young adults to pursue careers in construction. Unlike many other jobs, most construction careers do not require four-year college degrees. This means many new construction workers not only earn more, but they owe less in student debt than their peers in so-called “white collar” jobs. Yet despite that, relatively few young adults currently choose careers in construction.”

High school students attend Lift & Move USA, an industry-led initiative to address the skills gap in the USA's crane sectors. KHL Group, publisher of this report, is an organizer.



ALH spoke with two people very close to the situation: Ken Simonson, the chief economist for AGC, and Laura Cataldo, senior manager of construction and real estate services for Baker Tilly and also co-chair of AGC's Industry Recruiting Task Force. Here is what the two industry veterans had to say about the shortage and what can be done to alleviate the problem.

**ALH: WHAT ARE THE MAIN FACTORS AS TO WHY THE INDUSTRY IS FACING A WORKFORCE SHORTAGE?**

**SIMONSON:** The problem dates to the recession but has been exacerbated by

recent economic, demographic and policy developments. Construction had the longest and steepest job decline of any sector, losing 30 percent of its employees between 2006 and 2011. "Help wanted" signs didn't come back until a year after the rest of the economy was hiring again, so the industry lost a lot of workers and new entrants to other sectors. Now contractors are eager to hire, but with the overall unemployment down below 4 percent, so are other industries. Meanwhile, more people than ever are reaching retirement age, the number of new workforce entrants and immigration policy is keeping out potential workers and driving others out of the country.

“ Construction had the longest and steepest job decline of any sector, losing 30 percent of its employees between 2006 and 2011. ”

**KEN SIMONSON, chief economist, AGC**

## Planning for future workforces

The AGC recently posted a revised Workforce Development Plan on its website that includes a variety of successful examples from companies, unions and AGC chapters. "There is no single way to succeed, but sustained commitment and leadership from the top of the organization are essential," says Ken Simonson, the chief economist for AGC.

As part of its efforts to encourage more young adults to pursue construction careers, the association is launching several new nationwide construction-recruiting efforts. Here are excerpts from the plan, which can be found on the AGC's website under "Workforce Development." The new measures include:

**LAUNCHING A NEW TARGETED DIGITAL RECRUITING CAMPAIGN**

The association is working with the Construction Personnel Executives Group and the National Center for Construction Education and Research (NCCER) to craft a new targeted digital advertising campaign to encourage young adults to pursue construction careers. The campaign will target a series of different demographic categories who are likely to pursue construction careers in nearly a dozen metro areas. The AGC will then direct digital advertising highlighting the many benefits of working in the construction industry to their households, so we reach them and their influencers. The AGC will encourage ad recipients to visit a new recruiting website to learn more about the industry and identify construction career opportunities in their areas. If successful, the AGC will explore ways to expand the scope of this campaign.

**ORGANIZING NATIONWIDE CAREER SIGNING DAYS**

AGC of America will organize and encourage its member firms and chapters to hold construction career signing events each spring. These events, which have been successfully organized by a handful of AGC chapters, bring together graduating career and technical students with local construction employers in a region. During the event, the employers meet the students and during a professional sports-like ceremony, announce which of the students they have "signed" to join their team. These events offer a high profile, and exciting, way to promote the fact that there are many high-paying construction jobs available to graduating seniors in many parts of the country.

**INVESTING IN INNOVATION AND WORKFORCE SOLUTIONS**

The association will announce its first-ever Autodesk-AGC Innovation Award winners later this year and provide the winners with cash awards. The competition is designed to encourage construction professionals to craft innovative solutions that use technology or techniques to make the industry more efficient. The association will also explore establishing a Workforce Venture Fund to invest in and encourage the development of promising construction recruitment programs around the country. We would solicit support for the fund from member firms and use the resources to encourage and invest in innovative workforce solutions.

**INCREASING DISTRIBUTION OF "BUILD YOUR FUTURE" MATERIALS**

As part of the AGC's ongoing partnership with, and support for, NCCER's Build Your Future campaign, the association will begin routinely distributing Build Your Future materials to its chapters and members. These materials will include recruiting materials, "trading cards" that contain information about pay ranges for construction crafts, and parent resources. The intention is to provide our 88 chapters and 27,000-member firms with resources they can use as they regularly participate in career days and other recruiting activities.

**HOW CAN WE BETTER LINK AND SUPPORT WORKFORCE AND ECONOMIC DEVELOPMENT ACTIVITIES AND INVESTMENTS AT THE LOCAL LEVEL SO THAT PUBLIC RESOURCES ARE DEPLOYED MOST EFFECTIVELY?**

**SIMONSON:** It is important for companies and their association to engage directly with schools, community colleges and local economic or workforce development agencies so officials understand the current needs and opportunities in the industry. Direct contact is also a great way to build bridges to students, teachers and guidance counselors.

**HOW DO WE COMBAT THE IDEA THAT "COLLEGE IS FOR EVERYONE" AND PROMOTE SKILLED TRAINING AND CERTIFICATION?**

**SIMONSON:** AGC of America and its chapters are trying to "educate the educators" that construction offers above-average starting pay, excellent career advancement opportunities and the chance to work with cool tools such as drones, GPS- and laser-guided equipment, robots and 3-D printers in some settings.

**CATALDO:** Changing the mindset of educators, parents and students is not an easy task!

As the K-12 system changes philosophies and shifts focus to include "career preparation," many educators are limited by their lack of





Contractors are eager to hire, but with the overall unemployment down below 4 percent, so are other industries, says Ken Simonson.

knowledge about the construction industry. Companies can engage educators and students by providing jobsite tours, math exercises focused on construction application (i.e., bid day simulation or crane loads) and classroom visits. Stepping forward to serve as a resource to educators helps inform students about construction careers.

Most school districts offer teacher in-service days that are focused on professional development, which can be a perfect opportunity to engage educators in the industry. Having them visit an office or jobsite, learn about the wide range of careers available and see the technology utilized in construction will allow them to put a real face to a career in the industry.

Many schools are also using online tools to help with career exploration in an effort to align education with career preparation. Such programs link educators and students with local industry professionals to provide them with real world experience and direct access

to information and career opportunities.

It is crucial for young people to gain work experience – and opportunities in construction can teach students employability skills while educating them about the industry. While there are many aspects of construction work that cannot be performed by those under the age of 18, there are still many ways that students can get involved within the guidelines of child labor law. Pre-apprenticeship and youth apprenticeship, for example, are two options that provide students with work experience.

... The construction industry is changing at an incredible rate. The use of such technologies as BIM, 3-D printing and modularization is changing the way contractors design, build and manage projects. Many trades also now rely on computer-based technology such as drones, GPS, lasers and equipment operated by joysticks.

The young adults of Generation Z are often characterized as technology savants, so today's construction industry can offer them unlimited opportunities to improve the design and building process.

#### **WHAT ARE YOUR THOUGHTS ON PRESIDENT TRUMP'S 2017 EXECUTIVE ORDER, EXPANDING APPRENTICESHIPS IN AMERICA? WILL IT WORK? WHY/WHY NOT?**

**SIMONSON:** Apprenticeships are one of several pathways to successful careers in construction. It is encouraging that the President highlighted the importance of apprenticeships and that he signed the recent congressional overhaul of federal programs for career and technical education. Both of these steps require follow-through with adequate funding and engagement with state and local officials and industry.

**CATALDO:** The Executive Order Expanding Apprenticeship in America is very important for our industry because it stresses the need

## Apprenticeships

The Trump Administration has undertaken several recent initiatives to expand apprenticeships in the U.S. In 2017, President Trump signed an Executive Order to increase apprenticeships in the U.S. and secure funding to strengthen the programs. In July, he then signed another Executive Order aimed to align government training programs with the needs of the industry.

President Trump will also created an advisory panel. More than 23 companies and associations pledged to expand apprenticeships, committing to train more.

to prepare workers to fill existing and newly created jobs. Apprenticeship is an affordable path to good jobs at a time when higher education is unaffordable to many.

Apprenticeship provides paid, relevant work experience to develop the skills that employers need. Students need to graduate with the skills necessary to secure employment and the industry-based approach of apprenticeship can do this.

A critical component of the President's Executive Order is to support pre-apprenticeship. Many states, including Wisconsin, are embracing pre-apprenticeship as a way to accelerate entry into the workforce. The Executive Order targets Job Corps, ex-offenders and veterans; all populations that need a training approach that can supplement previous experience with the skills necessary to gain employment.



**Opportunities in construction can teach students employability skills while educating them about the industry.**

AGC of America and its chapters are trying to "educate the educators" that construction offers above-average starting pay, excellent career advancement opportunities and more.



# New beginnings

**Turkey is destined to become one of the world's major access markets. It just needs to get over the hurdle of an economic crisis which has hit the country.**

**O**ver the last few years Turkey has been growing into what is now an established access equipment market. It has a number of successful and ambitious rental companies, the two largest of which have more than 1000 MEWPs in their fleets and intend to grow quickly. And many more smaller companies will no doubt follow seeing the potential that access has to offer.

Turkey also has the advantage of its location and historical connection to the region. It is bordered by eight countries: Greece and Bulgaria to the northwest; Georgia to the northeast; Armenia, the Azerbaijani exclave of Nakhchivan and Iran to the east and Iraq and Syria to the south.

The continued rise of the sector seemed assured until the second quarter of this year and the country's national elections in May, which has seen a major economic downturn, including a significant devaluation of the Turkish Lira.



**Erhan Acar, Rent Rise.**



**Rent Rise is one of Turkey's two biggest rental companies with fleet sizes over 1000 units.**

Much of the problem boils down to a credit crisis, with many companies having reached maximum borrowing levels. Many of the access equipment rental companies chose to take out equipment finance in Euros and Dollars in which repayments were very attractive at the time. All that has changed with the devaluation of the Lira. Then there is the issue of low rental price rates which were allowed to drop in recent times as companies attempted to win work by any means. It goes without saying that rental rates, in many cases, are lower than the equipment repayments they have to make.

In addition, the government recently brought in an import tax of 7.6% for non-EU products.

The situation was not always this way however, and before the downturn, the access sector was enjoying significant growth in the market, increasingly demanding safe working at height solutions.

Nevertheless, four to five companies have 55% to 60% of the rental fleet in Turkey. One of the two biggest, and one of the healthiest, is Rent Rise. It has a fleet of 1150 MEWPs spread over its head office in Istanbul and four further branches in the east side of the country. At last two more depots are planned for the next couple of years.



**Kenan Aydın, Fatih Vinç.**

## Emerging trends

According to Erhan Acar, general manager of Rent Rise, the government has been placing more importance on health and safety and has brought some new regulations.

The rental market has also been improving thanks to a stronger construction market, especially non-residential and, until very recently, a growing economy.

Taking into consideration Turkey's population of 80000 people, its fleet size could



**Kerem  
Bayrak,  
ELS**

up of Haulotte units, and this is mainly due to Haulotte's strong distributor in the country Acarlar Makina. The general view is that Haulotte commands a strong market share, at the moment, in the country of around 40%.

In fact, Acarlar Makina used to be a sister company of Rent Rise's until 2014, when the companies split completely. The separation of dealers and rental companies is a common story in maturing markets and is a sign of where Turkey now stands as a major potential market.

It is worth mentioning that the largest rental company in Turkey is MRT Makina, which is not included in this feature, but has a MEWP fleet of more than 2300 units.

Fatih Vinç, is owner of the country's third biggest rental fleet of 1,120 MEWPs. Its fleet mix is more evenly split with machines from other manufacturers. Some 35% of its fleet is made up of Haulotte equipment, while 30% comes from Dingli and 10% from Turkey-based ELS. The rest is divided up between other brands.

It is notable that the three biggest manufacturers in the world; JLG, Genie and Skyjack are present but not dominant in Turkey.

Fatih Vinç's general manager Kenan Aydın, says, "Of course this will change." JLG and Skyjack have introduced new distributors in the country during 2018, with JLG announcing its third in as few as five years.

The company, like other rental companies and manufacturers in the country, is turning to neighbouring countries where the access market is in its infancy, in most cases. The plan is to actively fuel an interest in access in these nations, particularly as the market in Turkey needs time to recover.

"Up until today, we have been working at nearly full capacity and have not been looking for projects outside the country. But the devaluation of the Lira means international projects are looking more attractive when it comes to Euro or Dollar income," says Aydın.

Fatih Vinç was originally a crane rental company but in 2009 switched to platforms, although it also offers 85 fork lifts, 25 knuckle

**Serkan Acar,  
Acarlar Makina.**



boom cranes, along with lift trucks and telehandlers.

"We face this crisis in an emerging market. So, it is very different situation the one in the European markets in 2008.

Servet Ayhan, is president of Big Lift and president of the country's MEWP association Platformder. Big Lift is the Palfinger Platforms dealer for Turkey and has a rental fleet, including 14 big truck mounts, between 45m – to 90m working height. In total Ayhan believes there are around 67 truck mounts in the same height range in Turkey, mainly Ruthmann, Palfinger and Bronto Skylift.

They are working in the wind energy sector, in which 60% of the wind farm construction projects have been completed, meaning there is some way to go, and then of course the maintenance that follows.

Other projects are the previously mentioned nuclear constructions, bridges, viaducts and the local film and television

be over 51200 units, says Acar. In reality, total fleet size stands at around 10000 units.

The utilisation rates of rental companies in Turkey demonstrates the requirement for the equipment. In previous years utilisation stood at 85% to 92%, far higher than the average across in Europe. That has dropped to 75% to 80% following the economic downturn but as Acar says, "Some projects have stopped but we are sure they will start again."

Those projects include the New Istanbul Airport, the Star Refinery in Socar, and the Akkuyu Nuclear Power Plant. In addition, there is the Grand City hospitals projects, in which eight large hospitals will open in major and medium-sized cities across Turkey. More will follow in the coming years.

In five years' time Acar believes its fleet will have risen to 4000 machines. Perhaps, by this time, established rental companies in Europe, the US and Asia, will also be interested in buying or partnering with the larger rental companies in Turkey. "When we grow more they will want to talk to the big players in Turkey. We are not big enough yet but I am sure they are watching."

The company was also the first IPAF member in Turkey and has the first training centre, and up to 1000 PAL Cards so far.

The majority of Rent Rise's fleet is made



**Mahir Polat, Makser.**

**MAJOR PLAYER**



Necip Ayhan is the general coordinator of Turkey's third biggest rental company Ayhanlar Platforms. Like many rental companies in emerging access equipment nations, it started out as a truck mount provider. It is partnered with Big lift and Istanbul Vinc and has 670 MEWPs in its fleet, including Haulottes, JLG's, Dinglis and Snorkels and has the largest fleet of spiders in Turkey. Some 400 of the fleet are scissor lifts. It says utilisation is at 80%-90%, despite the downturn. "It is an emerging market, so the number of platforms in it is not enough. As for rental rates, they will increase but not to the level they should be."

industry, which is thriving and sells its output across the region.

ELS Lift, owned by parent company Elsan, is the country's biggest home-grown manufacturer and is increasing its market share in the country, while looking to expand abroad. Nevertheless, it is a young company, with its first Bauma Munich being the 2013 edition. Its products range started with electric scissors and is broadening to eventually cover the complete rental range. In that light, its current headquarters in Bursa is set to be extended by around 50% and concentrate on low level access equipment



**Serhat Şişmanoğlu, Uygunlar.**



**Tunkay Çimen, TekMak**

producers. This new low level range has already begun with the 5.5m working height, lightweight EL5.5 Junior series self propelled and push-around models.

Firstly, a new facility will be built in the same town over the next 18 months to house its boom lift and rough terrain scissor products.

**Product debuts**

New products also include a 6m working height vertical mast, with electric drive and 50cm platform extension. By the end of next year there will be a 20-27m working height hybrid articulated boom. All these complement ELS's existing electric scissors and 15m working height AE Series articulated electric boom.

The company is now looking to expand across Europe and already has a dealer in Germany, which also represents them in Austria. ELS is also actively seeking a partner in the UK and in southern Europe there are a couple of partnerships that will soon be signed up. But, as you would expect, there is no limit to the company's ambitions, and partnerships of one description or another are being sought globally.

Last year the company produced 600 machines and this year that will rise to 1000, and the company is seeing a 30% year-on-year rise, which reflects growth across the country, including in the rental sector. Some 60% of sales are currently exported to Europe, while 40% goes to customers in Turkey.

Kerem Bayrak, ELS member of the board, told *AI* that next year exports would rise to 70% of production.

Ahead of this, ELS is building a new facility in the same town primarily for boom lifts and rough terrain scissors. The manufacturer's biggest products so far is an 18m diesel rough terrain scissor, which is in prototype stage and will launch at the end of this year.

"Turkey will grow over the next five years. New players will start up in the country and we want to see the global rental companies coming to Turkey." This, he says, will help the acceleration of the access market across the country.

One of the biggest players in Turkey is Dingli, which is represented by its dealer for the company Makser Makina. Indeed, the company is one of the biggest Dingli dealers outside of China, and two years ago was the biggest until the Chinese manufacturer entered Europe. Last year it sold 1000 units in Turkey, which was 300 units above target. The first quarter of this year got off to a fine start, with, the crises kicked in.

"Everything stopped," said Mahir Polat, of Makser. "Now, the sales target is 20 units per month."

Polat explains 70% of sales go to rental companies while the rest go to end users. "But the rental companies do not have strong capital. They are credited-out and the repayments are now very high."

As he explains, rental rates must go up in the near future. "The users will have to accept it."

Nevertheless, Polat feels the Turkish market for access will be good despite the downturn. "The total fleet in the country is not enough for requirements. There should be more than 20000 units."

**Making plans**

One possible solution is that the Government will push the banks to offer more credit. "That is what they did in 2017, and that is why so much equipment was sold at the time". In addition, the banks helped the situation by taking on some of the risk.

Over the last six years Dingli has sold 4000 units in China. The market has matured over the last 1.5 years, with an increased interest in 8m scissors. Before, rental companies acquired 12m scissors but realised it was not cost effective to rent 12m scissors for an 8m working height job - the standard requirement - at a lower price.

Due to the downturn the company is looking at other countries in which to sell its products. Makser has exclusive distribution in Romania and Azerbaijan and has been given the all clear by Dingli to sell in other surrounding countries that do not have exclusive dealers.

Sinoboom is active in Turkey too. Since 2012, Uygunlar has been its dealer and represents Liugong and Kato products. The company sold 600 units in Turkey during 2017, putting it in the top three manufacturers in the country.

It also supplies components like joysticks, electric systems, brakes and tyres to smaller scissor manufacturers.

Concerning the economic situation, Serhat Şişmanoğlu, Uygunlar's regional sales manager, said potential customers are holding off until the economy becomes more stable. "There will be new (local) elections next year, maybe that will help. But I think this is a short term thing and in four to six months everything will start up again."

Snorkel has been a successful brand in



**Mehmet Karakaya, Uzman Lift.**

Turkey in recent years. Uzman Lift is the manufacturer's dealer in the country. In 2017 227 Snorkels were sold in the country, bringing the brand in to the top five of sales volume that year. The company, which also represents Dinolift and Smart Lift, says there needs to be more finance options available in the country to increase sales, particularly in the current circumstances

Another ambitious Chinese manufacturer is LGMG. It signed up its Turkey dealer TekMak in December last year. Until may it sold 40-45 units, but that will drop off considerably this year and the company believes it will not be much better next year. "In 2020 we will see a bigger increase and by then we will be selling 100-220 units. Next year the government will increase taxes and the citizens of the country will have to pay for the debt. But in 2020 the market may come back to normal," says Tunkay Çimen, of LGMG deralern Tekmak.

### Truck mounts

Aydıntaş started in the early 1980's and is a major crane rental company. In 2010 it started investing in platforms. The largest is its 103m working height Palfinger. The company also has a pair of Liebherr LHM 500 mobile harbour cranes.

Now, its 20 truck mounted units include 10



**Servet Ayhan, Biglift and president of Platformder.**



**Yusuf Tursun, of Uzmanlar Platform**

units below 50m working height and 10 units above.

Ahmet Aydin, general manager with Aydintas, says there are between five and seven rental companies in Turkey with big truck mounts. Applications are found in the wind energy sector, along with construction sites and harbours. In the future, the company wishes to concentrate on the larger working height sector, mainly because there are already a large number of smaller truck mounted units in the country, thanks, in part, to the fact that, generally speaking, large working height units are not produced in the country - the largest truck mount manufactured in Turkey is 53m. "We always seek to support local manufacturers. If a local manufacturer produces them, then we will buy from them."

A challenge, however, comes from the current exchange rate when buying machines in Euros and Dollars. There is also the added complication that only used equipment above 70m working can be imported into the country; anything below that must be purchased new.

Uzmanlar Platform is Turkey's biggest manufacturer of truck mounts. It started as a rental company in 2003 but decided to move into manufacturing in 2006 when the company realised it was easier to produce itself, particularly as there were only a couple of small manufacturers in the country at the time.

Uzmanlar was soon approached by other rental companies wanting to buy their machines. Now, more than 10 years later, the company has produced more than 1100 units. It also produces truck mounted scissors for tunnel maintenance. In 2015 the company started concentrating on exports and since then has sold more than 350 outside the country. Last year, Uzmanlar manufactured 198 units, 100 of which were exported to 16 countries in Middle East, Russia, Turkmenistan, Kazakhstan and Georgia, then in Africa, Morocco and Tunisia, to name just a few. And, the company produces all its booms and related components on site.

"Due to the situation in Turkey our main target is the export market. For example, we want to enter the French market and we have meetings with potential dealers, and we will exhibit at European shows," says Yusuf Tursun, of Uzmanlar Platform.

The manufacturer is also seeking production partnerships in Europe and has already been to Italy to carry out discussions that may evolve into a collaboration. The company realises that it needs to improve its quality in a range of areas including finishing, welding and painting but is confident this will happen soon, after which it will take market share across Europe.

Specifically, the manufacturer is looking at the 45-50m working height area as a potential target in Europe.

The company is certainly in expansion mode, with its 5000 square metre production facility, and a further 3000 square metres being built on neighbouring land. In five years' time the company aims to be producing 80 machines a month. Another difference will be that it will be producing for stock, rather than as orders come in as is the case now, which will make a difference to how it can compete in the global market. The manufacturer believes there are around 4000 truck mount units working in Turkey at the moment. That rapidly increases to more than 10000 units if old cranes used with platforms are included, he believes.

Ansan, based in Izmit, places itself as the fifth biggest truck mount manufacturer in Turkey. Its owner Ali Canayakin started the company in 2006 when he retired from a government-owned petrochemical company. He had qualified as a mechanical engineer and always wanted to pursue it as a career. In an emerging market manufacturers must be flexible and apart from truck mounts, Ansan produces van mounts, towable scissor lifts, self propelled booms and truck mounted scissors, as well as electric scissors, when required. Each year the company produces around 180 units, 80% of which are truck mounts. Some 35%-40% of items are exported to the Middle East and Africa, among others.

**AI**



**Ali Canayakin, Anson.**



A throwback, retro Star Rentals sign outside the company's headquarters in Kent, WA.

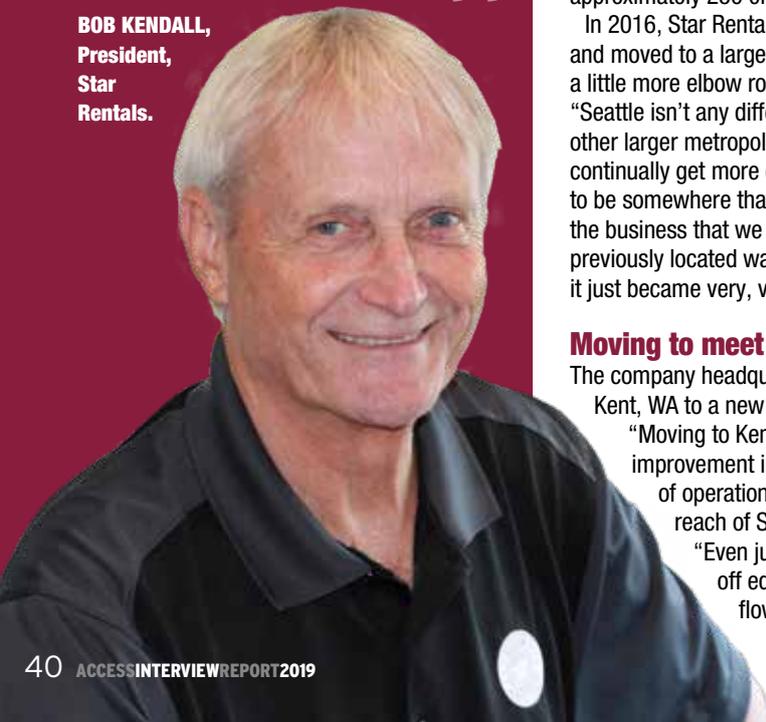
**Star Rentals has served the Pacific Northwest since 1960. Led by President Bob Kendall, the company has steadily grown over the past six decades.** Lindsey Anderson sat down with Kendall recently to talk about all things rental.

# The Pacific Northwest's 'Star'

“I’ve pretty much been involved in the leadership of the company for a quarter of a century,” Bob Kendall, president of Star Rentals, tells me. “I’ve been president for the last 21 years and previous served as executive vice president for five years prior to that.”

“The Great Recession was, without doubt, the most significant economic event in my career. Honestly, no one really knew for sure where we were all headed or for how long.”

**BOB KENDALL,**  
President,  
Star  
Rentals.



A quarter of a century. Granted, Kendall could have said, “Two and a half decades,” but that doesn’t quite have the ring to it as “century” does, now does it?

Kendall, who has been in the rental business for 35 years, is at the helm of the Star Rentals ship. The company was founded in 1960 as a wholly owned subsidiary of Star Industries Inc., which is the parent company for several other Star companies, including Star Machinery – dating back as early as the late 1890s.

“These companies built a reputation of supplying the finest industrial equipment and delivering expert service based on a thorough understanding of the customer’s needs,” Kendall says.

Star Rentals remains privately held and is closing in on 125 years of operations in the Pacific Northwest. It operates 18 branch locations in Washington and Oregon with approximately 250 employees.

In 2016, Star Rentals outgrew its headquarters and moved to a larger facility to “give ourselves a little more elbow room,” Kendall says. “Seattle isn’t any different than any of these other larger metropolitan areas; they just continually get more congested. So we needed to be somewhere that was more suitable for the business that we are. Where we were previously located was by the stadiums and it just became very, very congested.”

## Moving to meet demand

The company headquarters was relocated to Kent, WA to a new 17,000-square-foot facility. “Moving to Kent allowed for a marked improvement in productivity and quality of operations but still easily within reach of Seattle,” Kendall says. “Even just picking up and dropping off equipment now has a better flow.”

Construction of a new Star Rentals Express location was underway adjacent to the old Seattle location and was expected to be completed in mid-2019.

“The new Star Rentals Express operation will allow us to better service our key accounts and major projects in urban Seattle with an urban tailored marketing mix,” Kendall says. “The new Seattle/Kent combination is a hub and spoke approach to meeting the needs of dense urban markets in a very efficient business model.”

Kendall and I sat down in early October to discuss the rental cycle, growth plans and the future of Star Rentals. Here’s what we covered.

## ALH: DO YOU HAVE PLANS TO EXPAND?

**BOB KENDALL:** Although most of the current economic cycle has been dedicated to growing market share as the region recovered from the Great Recession, we have also been sampling other markets in our general operating area and looking at other opportunities as well.

We’re constantly looking at new locations. After the Great Recession, everyone was kind of focused on rebuilding their businesses. Honestly, in 2009 and 2010 our competitors closed close to 75 branch operations in Washington and Oregon. So we certainly saw an opportunity to grow our same-store business – and that’s what

**Construction of the company's new building.**



we've been working on in this cycle. We've been looking at southern, eastern and central Oregon. We think there might be another opportunity in eastern Washington and we're looking over in Idaho as well.

We like our business model the way it is right now. I know some of the national rental companies have diversified into different operating segments, but we're going to focus on geographic expansion. We think there's an opportunity to take our business model into other communities.

### **WHAT WAS YOUR 2018 CAPEX AND WHAT IS YOUR PLANNED 2019 CAPEX?**

Our CapEx has been significant over the past seven years as Star Rentals has experienced robust demand and same store growth. Going forward we feel the overall region remains modestly oversupplied and given that there are strong market indicators that our construction economy will likely peak in 2019, we will be cautiously optimistic regarding future CapEx and purchase more on an as-needed basis.

### **WHAT PRODUCTS ARE DOING BEST FOR RENTAL RIGHT NOW?**

Star Rentals' marketing mix is very similar to that of our competitors with an emphasis on AWP and telehandlers. Compact equipment continues to expand along with power generation. We are still considered a general rental enterprise but we are strictly dealing with commercial contractors, industrial and institutional accounts and governmental facilities.

Interestingly, you know, whenever we run the reports for our top items, it's pretty much the same stuff over and over again. I see telehandlers and scissor lifts as growth markets. The 40-foot and 60-foot booms are staples of the industry.

### **HOW ARE RENTAL RATES THIS YEAR? ARE THEY IMPROVING YEAR-OVER-YEAR?**

Rental rates for daily and weekly charges have seen some improvement this year but monthly rates, and specifically long-term monthly rates, have remained flattish. Overall improvement is less than 2 percent. Again, the market place is modestly oversupplied which is just enough to not let rental rates have any significant movement upwards.



The completed Star Rentals headquarters in Kent, WA.

### **WHAT OPPORTUNITIES DO YOU SEE FOR NEXT YEAR?**

We believe non-residential construction in the private sector is peaking. Increased building costs and interest rates have started to have an impact. But we do see some growth in public spending over the next 24 months most likely for schools, infrastructure and maybe some defense spending as well. We also have a diverse economy with aerospace, bio-med and technology leading the way. Add in our agricultural industries and several key port cities and one could say our local economy has a lot of economic symmetry.

### **HOW HAS TECHNOLOGY SHAPED RENTAL BUSINESSES OVER THE LAST FEW YEARS?**

Technology is important to every business whether you are improving your own efficiencies internally or exchanging with your customer base at the highest levels. Frankly, there is more technology available than maybe what would be considered practical. The key is to focus on what is most important to your specific business and your customers that will allow you to compete at the highest level effectively. Technology is advancing rapidly and there are a lot of options. But it must be relevant and not just implemented for the sake of having it. You always want to operate your business at the highest efficiency level that you can, and you want to be able to offer your customers the benefits that keep the playing field level with your competitors. Our corporate offices today operate with 40 percent less personnel than a decade ago in large part due to technology. And our customers can access and organize their data online whether it is from their offices through our customer portal or on a jobsite with our mobile app. I likely would not have envisioned any of these things 10 years ago!

### **DO YOU USE TELEMATICS?**

Remote diagnostics is on the horizon in North America. We have experimented and absolutely see the potential. For some products in our marketing mix it would seem to absolutely make sense but maybe for others not so much. And manufacturers are now starting to install telematics on new models so likely in the near future this will become more the standard in

**“** What has our attention is that the rental space is oversupplied. What is going to happen if the economy slows? **”**

our industry. It's a work in progress and I think there are probably some companies out there a little bit farther down the road as far as implementing telematics. We've had more of a 'wait and see' attitude – we could have put telematics on every one of our machines, but is it going to be outdated in two years?

What I see happening is no matter whose product it is, you're probably going to have access to what you're buying from them through their portals; I think it's going to be kind of the standard of the industry, maybe not dissimilar from what John Deere and their JDLink has been doing for the last five or six years.

When your customer calls up and is requiring service, telematics help by diagnosing the issue before you leave to fix it. You don't have to spend time looking up where the product is, what the error code is. If you're doing that, you're wasting your customer's time. There are definitely aspects of telematics that will become more popular.

I suspect in the very near future we will form a committee to explore how telematics will work best for Star Rentals and our customers.

### **HOW TO YOU HIRE AND RETAIN YOUR WORKFORCE?**

First, I believe every employer would admit that this is one of the most challenging labor markets that we have ever experienced. The data bears out that most of the social media sites available produce promising candidates. But networking with employees, suppliers, customers, job fairs, etc., seems to produce candidates more likely to better fit our environment. We believe the real key is employee retention. Star Rentals is fortunate to have a well-established culture of minimal employee turnover and long-term tenure with the company. We have invested significantly in our managers at all levels to embrace employee engagement and we work at it each and every day.





**Inside construction of Star's new HQ.**

**DO YOU HAVE ANY SECRETS TO SHARE ABOUT HOW YOU RETAIN YOUR EMPLOYEES?**

Well, I think a lot of it has to do with the fact that we've been in business for 60 years and we have a very defined culture. We have a lot of long-tenured employees and having long-tenured employees tends to help you keep other employees. We absolutely work hard at retaining our people. And in a difficult labor market, employee retention is extremely important. We try to make everybody feel important and appreciated. Plus, you have to pay competitive wages. That's a big part of it.

However, there needs to be more of a focus on, maybe, the pre-college educational system. They need to know that there are careers in construction. I personally have spent some time talking with schools here in the area and maybe that's what we can do as employers – exposing to those that are trying to find a career that these are valuable careers, truly careers – not just jobs. You don't have to go to college to have a great career, you can start in this industry and make good money and be here for a while.

**WHAT DID YOU LEARN FROM THE 2008 RECESSION?**

The Great Recession was, without doubt, the most significant economic event in my career. Honestly, no one really knew for sure where we were all headed and maybe for how long. Businesses that were overleveraged had to get smaller to survive if they could persevere at all. And those businesses that had a strong balance sheet and manageable debt were well positioned to take advantage of the situation

once the economy stabilized. You slept better at night if you were in the latter group!

**WHERE DO YOU THINK WE'RE AT IN THE RENTAL CYCLE?**

It seems like many economists feel we are late cycle. It's hard to ignore that. This has been an exaggerated economic cycle like no other. Is it because the Great Recession was so deep? Tax reform? I really don't know and maybe nobody does. But if this was a baseball game we are certainly in extra innings at this point!

**WHAT ARE THE BIGGEST CHALLENGES CURRENTLY FACING THE RENTAL MARKET IN THE U.S.?**

What has our attention is that the rental space is oversupplied. And we have a robust construction economy. What is going to happen if the economy slows? At the moment it seems like there is simply just too much equipment chasing the same deals! If I drove you around and showed you all of my competitors today, I guarantee you there's an awful lot of equipment sitting around and I would say, five or six years ago, that wasn't the case.

**WHAT ACQUISITIONS DO YOU SEE FORTHCOMING? WILL THERE BE ANY BIG MERGERS? ARE SMALLER, INDEPENDENT RENTAL COMPANIES THRIVING OR WILL THEY BE BOUGHT OUT? HOW MUCH ROOM FOR CONSOLIDATION DO YOU THINK IS LEFT IN THE U.S. RENTAL MARKET?**

I think United Rentals' acquisition of NES, Neff and just recently BlueLine – all former top 10 rental companies – clearly answers the question. There will continue to be further consolidation of this industry at the highest levels. But this is still a very fragmented industry and there is certainly abundant opportunity for independents. I think even United Rentals would say that this still remains a very fragmented industry. United's share is around 11 or 12 percent, so if you think about it, there's a lot of room for independents.

Just in Washington and Oregon we have seen in this current economic cycle examples of

operators that sold their rental companies years ago that are back in business. And doing well!

I absolutely believe that independents serve an important role. We certainly have a successful business ourselves here and we see an opportunity for growth, as well, so I think the independents are going to be around for a long time.

The manufacturers that service our industry have dedicated people to managing the independent business, just like they do for managing the national accounts, so we are definitely going to be around for a long time.

**WHAT'S COMPETITION LIKE FOR STAR RENTALS?**

First, Star Rentals is a fierce competitor. It is what makes us tick. We are competing at the highest level everyday with the biggest names in the business. It really is a lot of fun and it drives us forward! But, also, we respect all of our competitors. At the end of the day, you have competitors just about everywhere and most of us are buying from the same manufacturers and buying the same products. So you have to differentiate yourself. Provide a high level of service and make it very easy for your customers to do business with you. You have to work and hone your customer service skills, which is something we do every day.

**WHAT'S YOUR MANAGEMENT PHILOSOPHY?**

The president or CEO of any organization is charged with creating a vision for the company. That vision is constantly on the horizon and you are always chasing it. You establish goals just to create new ones. You keep pushing the business forward every day relentlessly. Treat people you come into contact with the way that you would want to be treated. And from a customer perspective, simply do what you say you are going to do. It really is not complicated.

**WHAT DO YOU DO IN YOUR SPARE TIME?**

Both my wife and I are avid golfers; we like to play warmer places during the winter months and are always working on our golf game. But trust me, that's a lot of work always. (Laughs) So, we're passionate about that.

But when I first went to school, I was a music major. After two years of music school, I figured out that everybody was likely a better player than I, and that they could make a living from music, so I switched to major in business. That was a good thing. I'm still an amateur musician and I like playing in my music studio. I have people that I get together with and play music with from time to time. I bought my first electric guitar when I was 12 – singing Beatles songs. I'm aging myself with that statement. (Laughs) But I do like to play multiple instruments and do recordings; it's a lot of fun and I'm still passionate about it while garnering a lot of satisfaction from it.



# New era

**Major changes are under way at Palfinger, designed to significantly grow revenue over the next few years. Euan Youdale spoke to CEO Andreas Klauser, who joined the company earlier this year.**

**P**alfinger is on the brink of a structural turnaround that will see the company change the way it operates globally.

Known as the Global Palfinger Organization (GPO), the new structure is designed to reduce complexity and harness potential across the Group when it is implemented by January next year.

There is also the promise of expansion into new product and service areas that will come through organic growth and new partnerships, and see the company strengthening its collaboration with Chinese construction equipment manufacturing giant Sany.

Heading it all up is Palfinger Group's relatively new CEO Andreas Klauser, who assumed the role in June of this year. He took over from the company's longstanding leader Herbert Ortner, who stepped down as CEO at the end of 2017, although he remains in a consultancy role to the Palfinger family.

Klauser's leadership experience is considerable; his previous position was as global brand president of Case IH and Steyr, as well as member of the Group Executive Council of CNH Industrial. He managed and restructured large business units in Europe and the USA and as the COO of CNH Industrial for the EMEA region, he was responsible for the integration of 12 brands and business units in Turin, among them Iveco, New Holland, Case IH and Steyr.

Comparing Palfinger with his former place of work, he says, "The size of the business is smaller, nevertheless the brand value of Palfinger is huge. Altogether, it has a strong, solid brand with a strong, solid and famous heritage."

Nevertheless, the complexity of products in Palfinger's portfolio has created a challenge. "In the past we [Palfinger] had different business units acting quite independently;



**The Jumbo Class NX P 640 model offers a working height of 64m and an outreach of 41m.**

different locations did similar things but with different processes. I saw that we are not using the potential synergies across our different plants and product ranges."

In response, the company has overhauled its global structure and areas of expertise will be clustered into global competence centres, for R&D, manufacturing, engineering, human resources and purchasing, for example, rather than different parts of those areas acting independently from each other, as in the past. The result will be a far more centralised company.

### Common goals

Ultimately, says Klauser, it means each employee will know what is expected of them. "Everyone will understand their KPI (key performance indicator) and will be accountable to that and bound by the common Palfinger structure around the globe, interacting with each other."

The company employs more than 10,000 staff and turnover was €1,471.1 million in 2017. In the first three quarters of 2018, the Palfinger Group's revenue increased by 8.2% from €1,093.1 million to €1,182.6 million.

The new vision, however, is not just about KPIs and synergising, "There is still a family spirit," says Klauser, "and we want to expand that globally too."

Klauser confirms that this intensive restructuring will not

lead to job losses or depot closures. "It's like in a football team, he explains, "The coach brings the players into new positions, but does not change the number of people. This is what we are currently doing. We are really focusing on



**Andreas Klauser,  
CEO, Palfinger Group.**

consolidation, bringing businesses together but not laying people off.”

On the subject of growth, which these changes would inevitably lead to, Klauser says will be significant, and will come primarily from organic growth and through new partnerships.

“The general focus is not to open businesses which are completely new but to find partners and businesses that supports the existing product range; for example, bridge inspection with drones, and in the Marine business. But this is too early a stage to talk about it in detail.”

In terms of organic growth, how will it play out in coming years? “Organic growth is about being closer to customers and more efficient. For example; currently the entire industry is suffering supply issues. We need to have better planning on one side and, on the other, we need to be more flexible in shifting internal capacity, that’s one of the reasons why we are rolling out the global structure.

“In terms of productivity, or pricing, we will do whatever we can to generate additional volume and grow market share. Even in a market that is at its peak, if the market slowed down, market share growth would offset a big proportion of that.”

As a target, market share gain for a company

that it is already dominant in many of its key markets is not easy.

This is certainly the case for Palfinger’s articulating loader crane segment. “We still want to grow market share on our home turf,” says Klauser, “It’s more difficult because in some areas we are already at 60% market share, and to go to 70% is a challenge, still, between the lines we have opportunity.”

When it comes to new products in its existing segments, launches will reflect changes found in their relevant industries. For example, in the cranes segment, the manufacturer has launched its first model on tracks. The PCC (Palfinger Crawler Crane) made its debut at the IAA Commercial Vehicles exhibition in September in Hannover, Germany. Three models, between 50 and 150 tonne-metres, are available initially. The idea is for the crane to be able to work on sites with difficult terrain without a delivery truck struggling or reaching its limitations.

### Growth strategies

Combined, these growth strategies should result in revenue reaching organic revenue of \$2 billion by 2022, and 10% EBIT over the cycle. “It’s a target, which is out there. Myself and my management team need to make it happen,”



**Telematics are a key part of Palfinger’s future plans.**

says Klauser. The plan is for this revenue to be split equally between the company’s three regions of operation: EMEA, North & South America, and Asia & Pacific.

On the subject of access equipment, how significant a role will Palfinger Platforms, which specialises in truck mounts and now accounts for around 10% of group revenues, play in the group’s expansion plans?

Frank Bürschgens, global product manager for platforms, says it is “definitely high.”

“We see a growing global market; there is still a lot of opportunity. Also, if you look at the global regions, they are not really covered by platform solutions.”

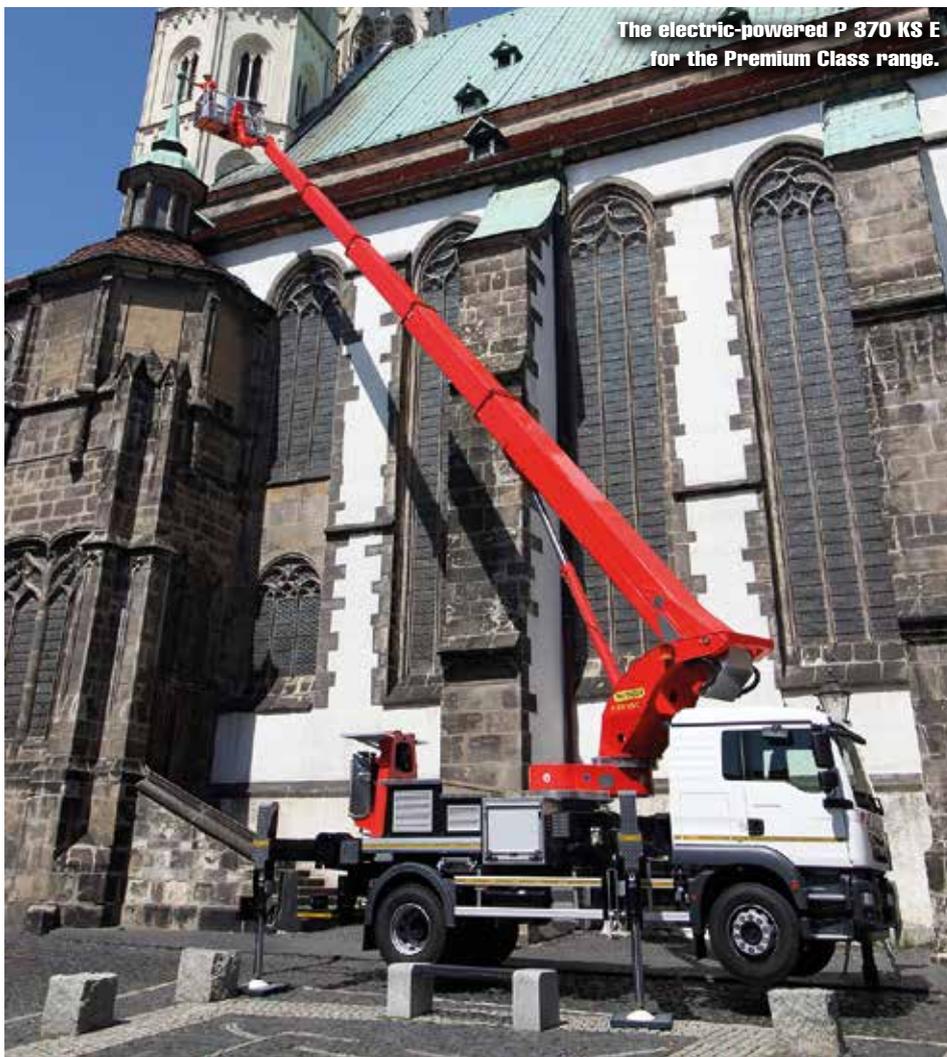
Bürschgens forecasts the platform segment of the company will grow in line with the global market for truck mounts, which he believes is around 5% annually. “It depends what happens in the world and on what I would call the megatrends. If you look to Asia, there is a lot of manual work but if the legal requirements change, in terms of safety, then things will change dramatically.”

One of the greatest challenges in the truck mount sector is the integration of the platform on to the vehicle. “You have to have the knowledge to mount the platforms on to every kind of vehicle in the world. I think this is one of Palfinger’s Unique Selling Propositions (USP) USPs - we have a long expertise in exactly that.”

Starting at the top of the working height spectrum, specifically Palfinger’s Top Class product range, Bürschgens says there are no immediate plans to extend it. The range includes the 103m working height P 1000, one of only two in the world in this working height category, used mainly for wind turbine maintenance, and the 90m working height 900, which has a variety of applications.

“We are not focusing on further heights. There are requirements for 125m and even 150m, but if you go into that height then there are a lot of challenges and legal requirements, particularly in the US, with different rules in each different State.”

He adds, “If you consider the transport of a 125m platforms, for example, then you have a lot of costs that go with it for the customer.



**The electric-powered P 370 KS E for the Premium Class range.**



"This is a very specific niche and the question is, is it really an area we want to focus on?"

Achieving greater working height is also fraught with technological challenges. "The Top Class is already a high-tech series, and while we definitely concentrate on high-tech, right now we are fine with the working heights we have, and we will work and improve the existing portfolio."

At the other end of the Spectrum is the Smart Class, including products with gross vehicle weights (GVW) of 3.5 tonnes, or below.

"We want to push the Smart range more in North America. I think the products will fit in there; the whole range is ANSI regulated and a good addition to what we already have in the US with our company ETI in Oklahoma." ETI is already 100% owned by Palfinger and will soon be fully integrated into the group as part of the GPO strategy.

The Smart Class is produced by Palfinger Platforms Italy and is one of the company's fastest growing product segments. "A few years ago we were doing 20 units a year," says Bürschgens, "Last year we had 570 units and in 2018 we believe we will see further growth.

"And the segment has growing potential globally, not just in EMEA and the US. In the future we will look at applications across the globe."

Not forgetting the company's medium working height range, there are plans there too, with an update of the Jumbo Class NX set for the near future.

These initiatives are a good example of how the company plans to evolve overall. "On one side, you have the product, but what else does the customer need to be more efficient?"

"They need a complete solutions package, where they can get status information on their Smart phone, and proactive maintenance information, for example. This type of customer convenience is a long-term activity that we need to focus on.

Another action in GPO is to strengthen the company's sales and service offerings in each region. "Through that we will push more platforms from our global portfolio in North America."

New technologies are also pushing the

product agenda. One such area is hybrid and electric. Earlier this year, Palfinger launched its first electric-powered truck mounted platform, the P 370 KS E. It combines a diesel and electric drive system but can be operated for one full working day in electric. Using an external power supply, charging can be performed on site during downtimes.

The intelligent charging system with an integrated quick-charging function shortens the charging time by 25%. After one hour of charging, the platform can be operated electrically for up to one and a half hours.

Like the existing P 370 KS, the electrical version P 370 KS E offers a maximum basket load of 500kg, a working height of up to 37m and a lateral reach of 31.5m. Vehicle length remains compact at 8.35m.

Bürschgens says the launch is a clear signal that the company will be focusing on such innovations. "It is one of our long-term strategies, and a megatrend that we want to jump in to, maybe in combination with electric trucks."

### Electric potential

On the subject of trucks, Bürschgens, adds, "At the moment, from an environmental perspective, it's not that efficient but it's definitely something that we need to have. And, in terms of pollution, governments are more concerned with it, so producing hybrid and electric equipment will be very important in the future."

That said, Palfinger is remaining tight-lipped about specific future electric or hybrid models. "Palfinger never sleeps," he says, "But the P 370 KS E is the status for now."

The platforms segment of the company will also benefit from the group's expansion of new and existing partnerships. On the Sany Palfinger front, there are plans for deeper cooperation in China.

The Sany Lifting Solutions partnership

currently includes crane and access equipment production. On the access side it currently produces a range of self propelled scissor lifts, with a maximum working height of 21m. This range is focused on the Chinese market. There is also a range of knuckle- and stiff-boom cranes.

Palfinger and Sany now hold a 7.5% share in each others' companies, which has been adjusted in recent times from 10%. This adjustment, mentioned in Palfinger's third quarter financial results, reflects a new era of equal partnership, rather than it being a sign of reigning back from it, explains Klauser.

The newly-invigorated partnership will include the China plant manufacturing products for global distribution, including one of the company's main targets North America.

Klauser picks up on the subject. "We have cross investment and we have agreed on a long-term relationship, apart from further premium products being brought to the China and those products being produced in the country, we have also looked at joint-engineering of key components. If you can imagine the size of Sany, it is very interesting for us. We see the company as an important partner and Sany sees Palfinger as an important partner."

Beyond partnerships and Palfinger's other current core areas of activity, there are, as mentioned, significant plans. Klauser sees it heading in the direction of inspection of buildings and bridges using drone technology. "This is something that we are working on, in terms of inspecting buildings and bridges in real time, along with all the data management. "And we are focusing on digitalisation in general terms, not just the product itself.

We need to have the appropriate customer relationships and management tools to make sure we are reaching out to our customers properly."

Klauser concludes, "Our claim is being the preferred partner in lifting solutions."

AI



The Premium Class P 300 can be mounted on various carrier vehicle models such as MAN and Mercedes.

2019

2019

Luke Powers **and** Ben Preston  
**launched Gearflow.com**  
**to ease online selling and**  
**buying.** Lindsey Anderson **talks**  
**with the two about business.**

# From the yard to the web

Ben Preston, left,  
and Luke Powers.

In its simplest form, Gearflow.com is an online marketplace for parts and equipment. The portal currently offers more than 50,000 products (17,000 pieces of equipment and more than 35,000 parts and accessories) from 51 sellers. The site was founded by Luke Powers, a rental veteran who spent six years working in aerial lift re-rentals at USM Rentals. During his time at USM Rentals, Powers traveled the country to independent and national rental companies and noticed a pattern of unused parts collecting dust on shelves and older equipment collecting rust on yards while owners held out for the right local buyer. He also noticed that equipment owners regularly had issues acquiring the parts and equipment they needed.

"It seemed like an information problem since the companies could not see the inventories on each other's shelves and yards," Powers says. "When buying a car, we have an abundance of information online to do a comparative analysis between brands, models and car dealerships. However, six-figure equipment listings usually have little more than two lines of information on the machine, no information on the seller

and limited pictures. Buying a piece of heavy equipment is a big decision, and buyers need just as much information and support as they are used to when buying a car or home."

So that's when Gearflow.com was born. Powers brought on co-founder Ben Preston in October 2018. Preston previously spent five years at an advertising machine-learning company called dataxu. Preston primarily works with the Gearflow.com sellers to get set up and market their storefront.

"Our tagline is 'Your Equipment Assistant' because that's how we serve both buyers and sellers – as their dedicated assistants," Powers says. "Gearflow.com enables sellers to showcase their products, and, just as importantly, their brand, to a nationwide network of consumers. Meanwhile, it gives buyers a one-stop-shop to easily discover, compare and purchase the products they need. Buyers are encouraged to call, message or e-mail the team at Gearflow.com to help them select, inspect, negotiate and warranty their purchases."

Lindsey Anderson sat down with Preston and Powers to learn more about their new business.

“Buying a piece of heavy equipment is a big decision, and buyers need support.”

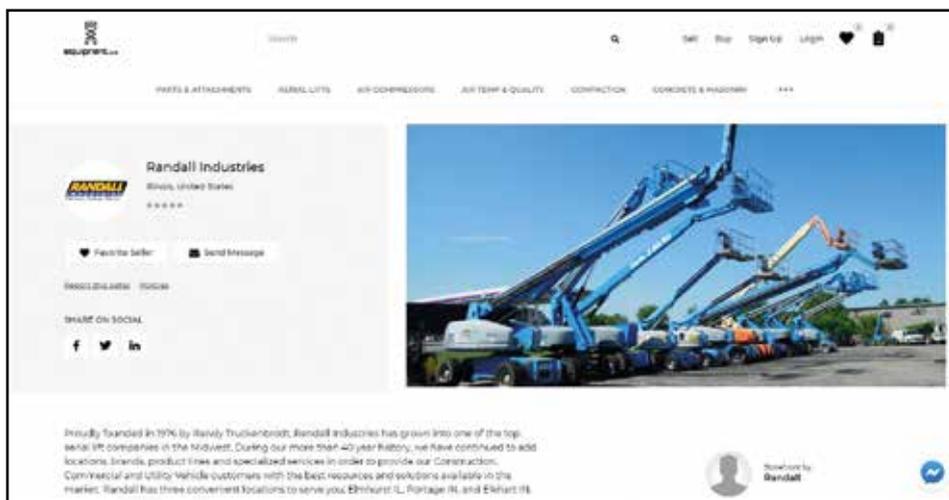
LUKE POWERS, Founder, Equiprent.com

## HOW DOES GEARFLOW.COM WORK? WHAT'S THE PROCESS FOR BOTH BUYERS AND SELLERS?

Sellers can list unlimited products for free on their own branded digital storefront. The digital storefront is an opportunity to promote their business. Upload a logo, a picture of your lot or store and a description about the history of your business. You also have the ability to accept offers on your equipment, customize your shipping policies and even add SEO information so your storefront can be found easier on Google.

Once your storefront is set up, you can begin uploading products. Your products will be accompanied by pictures, descriptions and all the necessary information for a buyer to make an informed decision about your product. Your product pages are also completely customizable. You can create special discounts or promotional periods, add optionality such as warranties or attachments and set quantity discounts. Our focus on the development side is to make this process as easy and seamless as possible.

As your products go live, the fun begins. You are able to receive messages and offers from prospective buyers, monitor your site traffic and track sales all through your seller dashboard tools. Once a product is added to an order, buyers have the option to pay through PayPal,



**An example of a storefront for Randall Industries on Gearflow.com.**

wire transfer, Amazon Pay or credit card. Gearflow.com only makes money when products sell. We make 4.25 percent commission capped at \$1,200 for heavy equipment and 9.75 percent commission capped at \$1,200 for light equipment, parts, tools and accessories.

Our goal is to provide buyers a seamless experience from research to transaction through online tools and over-the-phone assistance. Starting with research, they can search for or be algorithmically recommended products, download equipment manuals, make offers and message sellers with questions they have about their products. The buyer dashboards allow buyers to pick up where they left off by accessing all of their messages, offers, favorites, PDF downloads and more. Once they are ready to buy, they can apply for financing and/or check out directly through the site. All heavy equipment comes with a three-day buyback guarantee so they can be sure the machine's condition is acceptable.

**WHAT CAN BE GAINED THROUGH YOUR SITE THAT SIMILAR SERVICES DON'T PROVIDE?**

There are three ecommerce options for sellers today: online auctions, listing sites and DIY.

■ **ONLINE AUCTIONS**, such as IronPlanet (owned by Richie Brothers), PurpleWave and Bidadoo, have their place. For sellers looking to sell equipment fast to get it off their lots, auction still may be the way to go. However, according to EquipmentWatch data, 50 percent of Equipment in the U.S. is sold for half its value (FMV vs. FLV). With Gearflow.com, people have the opportunity to capture that 60 to 90 percent of retail margin that they are missing out with at auction on top avoiding the freight and 15 percent fee auction houses charge. We put the control into sellers' hands. They can set their prices, choose to accept or reject offers and

**Ben Preston, co-founder of Equipment.com.**



Zstill reach the same audience. Furthermore, unlike auction sites, our sellers have the opportunity to promote their business, not just their products. This adds an extra decision layer for buyers who find it important to work with quality sellers who have good reputations. Sellers should be able to leverage their brand equity to influence buying decisions. With sites like Ebay, you are simply an anonymous ID.

■ **LISTING SITES**, such as MachineryTrader, Rock & Dirt, Mascus and others put the risk on the sellers. We believe sellers should not have to pay a monthly fee to list equipment while not knowing how long it will take to receive leads - never mind sales. Furthermore, the directory-style nature of these sites still make it very difficult for buyers to easily conduct research, compare prices and discover products. Lastly, they can only go as far as contacting the seller for a quote or offer. This kind of workflow does not enable quick decision making, lead quality assurance or forecastable ROI and cost efficiencies. With Gearflow.com, we want to remove the risk from the sellers. By making it free to list unlimited products, there is no risk to listing even the slowest moving equipment or new equipment that people will only accept retail prices for. Also, all messaging, offers, and transactions are hosted on the site, therefore removing bottlenecks in the customer journey.

■ **BUILDING YOUR OWN** website can be necessary in some cases. However, building one with full ecommerce and marketing capabilities is extremely time consuming, expensive and difficult to manage. Using third party services such as SandHills Publishing still inherits the pains of listing sites – you can only go as far as lead generation, you don't own any of your data and you are stuck paying fees. Lastly, even if people do decide to build their own ecommerce site, they now need to market it. However, having the budget, time, expertise and inventory to attract enough consumers to outweigh costs is rare. Gearflow.com is a turnkey solution for ecommerce and marketing. We believe in the digital "shopping mall effect." By partnering with sellers from all over the country from all types of parts and equipment categories, everyone reaches a lot more consumers as a whole than they could on their own. Everyone benefits from the traffic that all other sellers attract and vice versa. .com brings "network effects" to the industry. This means that with every additional seller or buyer that joins the site, Gearflow.com gets incrementally more valuable for everyone already using it.



**Luke Powers, founder of Gearflow.com.**

**WHAT ADVANTAGES DOES A COMPANY/PERSON GAIN WHEN JOINING GEARFLOW.COM?**

The advantages sellers have by joining Gearflow.com is they can immediately reach a nationwide network of buyers, engage with those buyers and negotiate the sale all online. The transaction can then be hosted on the site or sent directly. This removes steps for the buyer along their customer journey that may cause them to abandon their purchase path. Furthermore, Gearflow.com enables accessory manufacturers and part suppliers to market their products alongside the machines that they complement. Sellers immediately have a national sales channel as well as a destination to point their marketing efforts to. Gearflow.com has partnered with a digital marketing company to provide managed service advertising packages to our sellers to granularly target shoppers of their products and influence them to buy directly online.

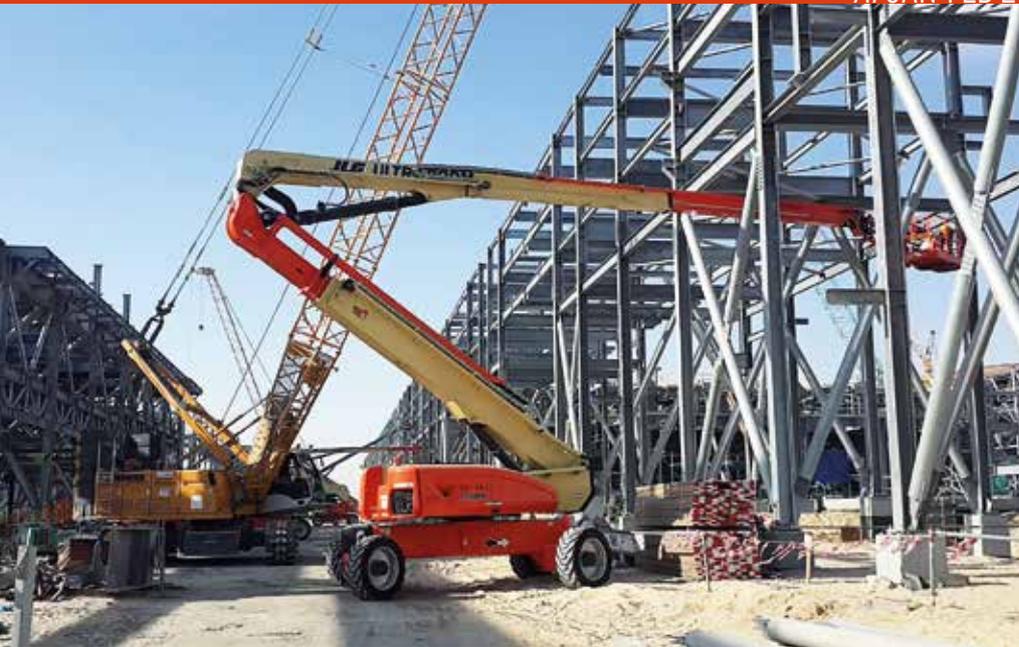
For buyers, Gearflow.com is the only destination where they can research products and sellers, discover new products, retrieve manuals, negotiate deals and check out all in one place. This saves an immense amount of time and money while instilling a sense of reassurance that they bought the right product at the right price from the right seller.

**WHAT'S THE FUTURE OF GEARFLOW.COM?**

In 2019, we are rolling out an API integration with EquipmentWatch to improve our search bar, to autofill machine and truck spec information and to host the taxonomy of the platform. EquipmentWatch is the leading data provider to the construction industry and is owned by business intelligence and media giant Informa.

We are also building out a mobile app to make uploading parts and equipment as quick and easy as possible for our sellers, and an app with our full-site experience.

“ Our goal is to provide a seamless experience from research to transaction through online tools and assistance. ”



**A steel construction application; just one of the many jobs for KRC's huge fleet.**

**Yoonkee Eom, the CEO of Korea Rental Corporation, explains to Euan Youdale how its 9,000-strong fleet of MEWPs is growing in its home market of South Korea and across Asia, where opportunity awaits.**

# Bold steps ahead

**T**he South Korean rental market is now well-established, although there are some major challenges to be overcome before it becomes truly effective. Rental companies based in the country are also well placed to move into other parts of Asia where there are ripe pickings in the MEWP sector, despite all the hurdles associated with this kind of pioneering work.

Korea Rental Corporation (KRC) is experiencing all of the above. The company was established in 1989, as a subsidiary of Korea Development Leasing Corporation, and was, at the time, focused on leasing equipment. Since the Asian financial crisis, KRC has changed its ownership numerous times and in 2011, its current parent company IS Dongseo, a construction and construction material specialist, took over.

In the same year Yoonkee Eom took the helm at KRC as its CEO, moving over from a senior role at Meryl Lynch. His arrival was to mark a shift in the company's fortunes as it grew to become one of the top two rental providers in the country, alongside its other offerings. It now boasts a fleet of 9,000 MEWPs across its international network. South Korea has the lion share, at 7,500

units, while Vietnam is next with 1,000, and the Middle East follows with 500. But there have been recent moves into India and The Philippines.

KRC has three business units; the Construction Equipment division, for rental of MEWPs; the Office Equipment division that officially sponsored the 2002 FIFA World Cup that took place in South Korea, and the 2010 G20 Seoul Summit, among other major events. The Test Equipment division is the leading rental supplier of test and measurement instruments in South Korea.

## Major force

Another clue to the size of the company is its annual revenue of US\$110 million, a number that has been consistent over the last two years.

Although the company concentrates heavily in MEWP rental, it does provide additional equipment from its depot in Saudi Arabia. That includes 34 cranes - 50 tonne to 100 tonne capacity Groves and Liebherrs, as well as a few

boom trucks, wheel loaders, excavators and 10 fork lifts. Nevertheless, the vast majority of the Saudi fleet is made up of its 400 AWP. Beyond the single Saudi location, to the east of the country, the company has another in Qatar and Kuwait and two in Vietnam, on top of the three in its home nation.

As Eom explains, there are no plans to expand on its equipment offering; In fact, the earthmoving and crane equipment numbers will be reduced. "We hire this equipment with operators and it is very difficult, so we will just concentrate on the AWP. Also, the reason we have this extra equipment in the Middle East is due to requests from our Korean customers."

KRC's client base historically comes from major companies based in South Korea, which embark on projects in other countries. For example, KRC's presence in Vietnam, its second biggest market outside of South Korea, is the result of Samsung and LG establishing themselves in the country.

"Many Korean companies have entered Vietnam as factories were being moved from China to Vietnam. And they ask us to support them with our equipment," says Eom.

Having followed its customers into Vietnam, KRC stayed there to develop its own customer base. "We have developed the market in Vietnam. And we get a lot of

**“ We have developed the market in Vietnam. And we get a lot of enquiries from local rental companies that want to buy machines from us. ”**

**YOONKEE EOM, CEO of Korea Rental Corporation (KRC).**



“ To enter China you really need to merge with a company. There is big potential. ”

enquiries from local rental companies that want to buy machines from us.”

Indeed, when KRC entered Vietnam in 2013, there were no MEWPs to speak of and the company effectively created the market in the country. “There were a few very small local companies, but they were very small.”

Following the success in Vietnam, would KRC consider entering other Southeast Asia markets, for example Malaysia, which is one of the region’s major MEWP strongholds?

First and foremost, Eom replies, the aim in the short-term is to consolidate success in its existing network. However, any reasonable opportunity will be taken into consideration. “We want to do better in the countries that we are in; we want to focus there. Maybe, once we have stabilised all our systems in those countries, then we can move to other countries.”

He reiterates, “The reason we started these overseas projects is because of customer requirements. Firstly, we went to Saudi because Hyundai asked us to supply them

**KRC in a facade application in the Middle East.**



with a range of machines, so we bought cranes, forklifts, etc., a US\$25 million investment.

“We just follow our customers’ strategy and provide a total rental solution. If there is something that we cannot do, then we cross rent, so that we can provide everything they need – that is our strategy.”

Then, if the market requires it, “We localise.”

**Customer focus**

It stands to reason that KRC would happily enter other global markets too, if its customers had reason to set up projects there. Under those circumstances, opportunities have been found in India and The Philippines. Concerning the latter, KRC supplied MEWPs to a single project carried out by Samsung Electro-Mechanics, around a year ago, but pulled out, rather than staying on after the project.

On the subject of India, the company is there now, with MEWPs that it is providing for a new Samsung factory. As a side note, South Korean president Moon Jae-in attended a completion ceremony for the factory.

The decision to set up in a country, once its customer’s project is complete, boils down to KRC’s ability to localise effectively, and fit in for one reason or another.

“We will decide what to do there once the project is over. But the Indian market is a very difficult one – even more so than China, with an unfamiliar culture. Plus, they are focused on used machines. So, they are really more a selling market for us,” adds Eom.

**China challenges**

When it comes to China, the difficulties may be outweighed by the potential. “Over the last three years we have considered entering the Chinese market, as Korea and China are close to each other. And we have many good technologies and branches already there for test and measurement instruments.

“But the situation is not good, for a number of reasons, including the payment issue, etc. We have been watching the market but we have not decided yet.”

There may only be one real solution to approaching some markets, adds Eom, and that is to find a partner. “To enter China, you really need to merge with another company. There is big potential, with rapid growth, but it is a tough market and we cannot enter it by ourselves.”

Wherever it goes, one of KRC’s key commitments is to provide young equipment; around 90% of its current fleet has been bought new. It was a strategy adopted by Eom when he joined the company. “Up to 2011, we bought used machines but after that we have only bought new.”

Asked if KRC adjusted its rental rates to pay for the new fleet, Eom replies in the



**KRC MEWPs at work in Saudi Arabia.**

negative. “They stayed the same,” he said. “And compared to 2011, rental rates are 30% down in the country. Actually, in 2011 rental rates were very high due to less competition and high demand.”

The situation has changed considerably. “In the first three years since then, the Korean AWP market by fleet size grew 60%, and KRC increased its fleet by 130%.”

KRC will continue in this vein, amounting to an annual US\$20 million in MEWP investment over the next five years, bringing the fleet up to around 13,000 units. Scissor lifts represent 90% of the fleet, while booms make up the 10% remainder. “This will change a little; we want to increase the number of booms.”

This places KRC as the second biggest rental company in South Korea. Its main



**KRC MEWPs.**

**Korea Rental Corp., carries out a construction project in Saudi Arabia.**

competitor AJ Networks is a similar-size and, says Eom, has a similar business model

**Fleet options**

KRC's fleet is predominantly made up of Genie machines, accounting for 50%, followed by JLG, about 30%, and Skyjack, 15%, plus others for more specialised equipment. Those who know the Korean market will remember that Skyjack is historically very strong there as it was the first MEWP manufacturer to enter the country.

Then, as Eom explains, Genie launched Genie Korea, then JLG moved in.

This fleet mix may change in the future, says Eom. "We have not decided yet, but we are thinking of concentrating on one or two brands.

"We have branches in different countries, so we need a global service."

At the moment that will not include any Chinese brands, says the company, however, the situation could change, he says, particularly if KRC enters China.

"We have to take into consideration total cost of ownership. If we buy a machine new and get the complete service provision from the manufacturer with it, the total cost is less than buying a used machine in the first place."

Eom believes there are now around 55,000 units in South Korea, and that figure is set to grow significantly.

"In Korea, AWP's are only now found on construction sites. The other areas like maintenance, etc., are growing.

"We have been watching and are trying to develop these new markets," adds Eom. "That's why we want to buy more booms



and a broader range like low level access and specialist equipment, for instance, rail mounted products and tracked platforms.

Industries that had fallen away are also showing signs of resurgence. "In the past the shipbuilding market was very high, then it went down. But it is now rebounding, so we want big booms for that."

In addition, the culture of the South Korea MEWP market is undergoing a transformation.

"The atmosphere is changing. Five years ago, the market was very big and end users bought their own equipment - hundreds of booms at a time. Now, they realise that this is risky. And now that the industry conditions are improving, people want to rent long term, not buy."



**KRC carries out operator safety training.**

**New dimension**

And, there is another dimension to the Korean market - it has a large MEWP population but no central standards or regulations. There are coverall lifting equipment regulations, including cranes and other equipment, but nothing specific to MEWPs.

Instead, each prime contractor, for example Samsung and LG, has its own internal standards specifically for working at height, which KRC has dubbed the 'Samsung Standard' or 'LG Standard', for example.

It means the company must provide a great deal of customisation for each major customer, which increases complexity and cost.

As a market leader, KRC is taking the initiative to change the culture of the rental market, and not just in terms of commonality of product. "We believe that operator training is more important than the machine itself. The machine is already built in a safe way."

Korean Rental Corp. is an IPAF member

and has an IPAF training centre – the first one in Korea. The company is also working closely with the Korea Safety and Health Association (KSHA) and has approached the safety division of a major contractor, with an offer to take care of its safety orientation and training. "In Korea we have a lot of daily workers. It means contractors often have a headache when training them because they don't know how to operate the machine themselves."

To this end, KRC hosted an open house at one of its facilities for the contractor just mentioned.

"It went really well and they then asked us to provide training at all their sites. We are now using that as our reference for other customers and, from here, we will try to change the market.

"We are focused on safety and efficiency. Safety is very important but efficiency is also very important."

**AI**

**“ People want to rent long term, not buy. ”**



Euan Youdale **speaks to**  
Ren Huili, the general manager of  
Zoomlion's newly-launched access division  
about its imminent plans for expansion

# Up and running

In October, *AI* broke the news that one of China's biggest construction equipment manufacturers Zoomlion had launched its access division, at a ceremony in its new factory in Changsha.

Late in November, at Zoomlion's stand at Bauma China, in Shanghai, Euan Youdale took the opportunity to speak to Zoomlion's new Aerial Work Machinery division's general manager Ren Huili.

The company has been waiting in the wings for a decade, carefully observing the access market for the right time to pounce. It is clear, as far as Zoomlion is concerned, that time has come.

Ren, who was previously assistant director at Zoomlion Central Research Institute for more than 10 years, was appointed to his new role in 2017. He has also been chief of Zoomlion's Technical Centre and deputy chief of the State Key Laboratory of Construction Machinery.

Ren says, "Zoomlion had a prototype of an AWP 10 years ago, but we decided the market was too young." There has been criticism of some new MEWP manufacturers in China, of which there are many, for starting too quickly,



Zoomlion booms line up at Bauma China.

with under-developed products and service, with the sole view of taking advantage of a booming market. It is clear Zoomlion is not in this category, rather it has spent the last three years developing its expertise and forming the product division, which boasts extensive R&D and factory facilities.

## Dedicated factory

The 260,000 square metre factory, located in Wangcheng District, Changsha, Hunan Province, is dedicated to MEWP production and has the capacity to produce 11,000 – 15,000 scissors annually and 2,000 – 3,000 booms. The manufacturer prides itself in its state-of-the-art production and in this factory has five automated production lines, including 27 welding robots and nine sets of automated guided vehicles (AGV).

Ren is confident that it can achieve 70% of full capacity in the first year. "We have customers that have already signed

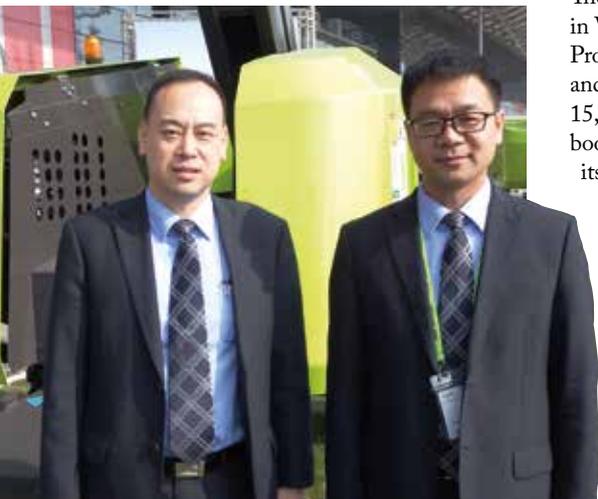
**Ren Huili, general manager, Zoomlion Aerial Work Machinery Company (left), and David He, its director of global sales and market development.**

up and we are developing other customers, so we think we can find a home for all units."

Product development started in earnest in 2017, using its research team in North America, which Ren says includes a number of longstanding former employees of some of the major manufacturers, as well as using its own R&D team.

The company has a sales team in the EMEA, although 80% of sales in the short term are

Zoomlion presents its MEWP range to the public for the first time at Bauma China.



## LOOKING OVERSEAS

China-based original equipment manufacturer Zoomlion is reported to be looking at potential acquisition deals in Europe to boost the firm's technological expertise.

In the most recent Yellow Table – a list of the world's top 50 original equipment manufacturers by revenue, compiled by AI sister magazine *International Construction* – Zoomlion was placed at number 13, with estimated revenues of just under US\$3.8 billion.

Increasing numbers of China-based construction equipment manufacturers have focused on overseas markets over the last decade.

Figures provided by China's heavy machine industry association show that in 2001 these companies exported US\$1.6 billion worth of products – a figure which increased to over US\$20 billion in 2018.

Vice president of Zoomlion, Xia Jun, was reported by the UK's Financial Times newspaper to have said, "We are looking for more acquisition targets. In the future we will pursue small companies with special technology, who do very well in a particular field."

Indeed, Zoomlion also has also confirmed to AI that it is looking for further opportunities, either acquisition or partnerships at the right time in the future.

Numerous Chinese companies are looking to overseas markets to compensate for a drop in the Chinese domestic market which, while still strong, is predicted to decline. Information compiled by Off-Highway Research showed that sales of construction equipment rose 30% in 2018 to 325,000 units. However, this number is predicted to drop to just over 300,000 units in 2019.

expected to be in China, but this will change in time, says Ren. The international approach isn't half hearted either. The company will set up a production plant in the manufacturer's existing European facilities, where sales and service teams can also be placed. There are two options: firstly, the Cifa facility in Italy, secondly, the Emtec in Germany. Both of which are previous acquisitions of Zoomlion's.

"First we will set up spare parts and service



Part of Zoomlion's Bauma China stand.

there. The second step will be the assembly lines, then the next step will be localising production," explains Ren. The goal is to produce around 20% of its output overseas.

As one would expect, Zoomlion's ambitions for its access division do not stop at the borders of Europe. There is also a Cifa plant in Wisconsin, US. "We can have an R&D team there to create high-tech products."

When it comes to products, Ren says the focus is on safety, efficiency and quality. He adds, "Job sites in China are very bad, so we if we can prove [our capabilities] with them then the job sites in Europe will no problem."

The current product portfolio includes scissor lifts, telescopic boom lifts, and articulating boom lifts. As for scissor lift models, it now has the Hydraulic Drive (HD) series and Electric Drive (DC) series. The platform heights of each series range from 6m, 8m, 10m, to 12m. In addition, Lithium battery power for all scissor lifts is available from April this year.

"A lot of Chinese customers are asking for Lihtium. We believe all scissors will be Lithium powered in the future. In China the work environment is very different and for a traditional battery, keeping it going and testing them is difficult. Lithium has longer life cycle."

## Future products

In the scissor line, future products will include low level access and rough terrain scissors. By the end of the 2019 the full range will be complete.

When it comes to the greater technology found in self propelled booms, Zoomlion is using its knowhow from its major mobile crane division. "This is easily translated to the market," says Ren. The prototype booms will be tested over the next few months in the China facility."

They already include telescopic boom lifts with platform heights of 20m, 24m to 26m; specific models are ZT20J, ZT24, and ZT26J. The articulating boom lifts have platform heights of 14m and 20m; specific models are the ZA14J and ZA20J.

By the end of this year, the telescopic boom

range will have extended to 50m platform height. The articulating boom range is also under continuous development and will increase to 38m working height this year.

The Chinese market is an exciting one and forecasts for growth vary greatly, with estimates reaching as high as 1 million units. Ren believes the 1 million mark is over optimistic but there are several factors that will ensure significant growth. "We believe that 300,000 units is the mature market in China. That will happen very quickly, in five to six years, then it will slow down."

These include growing labour costs, which will mean workers will have to be replaced by machines. Regulation for working height are set to increase and the rental scene in China is in major growth. The latter point comes with some challenges.

"We will be short of talent to manage the rental fleets and new people are not coming through. This will be a challenge in the future."

With substantial growth in many other regions of Asia, is Zoomlion ready to tackle those markets? Ren explains, "First our focus is America, Europe and Japan. We will then use that experience to cover other regions." AI



The manufacturer's ZS1212 slab scissor lift at its Changhsa-based factory.

# Forward focus

**Founded in late 2016, Women in Construction aims to increase the labor pool and advance the industry – but not just for females, for everyone.**

**Lindsey Anderson spoke with two of the originators to discuss the initiative.**

**F**rom skilled trades to equipment operators, it's not news to anyone in our industry that the labor shortage is real and it's fast approaching. As firms struggle to find the right folk to fill the gaps, organizations have popped up nationwide to assist. Take, for instance, Women in Construction, an enterprise "working to put more boots on the ground to increase our labor pool and advance our industry. Together we can open doors for everyone."

Yes, the name implies a direction for women, but the organization's focus is much broader. "Our goal is to drive action, from all genders, to ultimately increase the number of women in construction," says Danielle Edberg, senior manager of industry advancement with Procore. "We also want to create an inclusive environment for all current and future women in the industry."

According to a recent Crain's Chicago Business article, the national construction industry last year was 91 percent male. Let's do the math. We have a tight labor market demanding more workers. Women and minorities have been frozen out of the industry for decades. How do we improve opportunities for women, and others, to get them onsite, hardhat in hand, and fill these positions? With initiatives like Women in Construction, which is an arm of Procore, a construction management software company based in California.

## Creating the organization

"At the end of 2016, Lauren Masser (Procore's senior product marketing manager) and I attended the Women in Design and Construction conference in Dana Point, CA, as Procore had sponsored the event," Edberg explains. "While we had planned on sitting in our booth



**Danielle Edberg, senior manager of industry advancement, Procore.**

and discussing/demo-ing our products, we were instead invited to join the conversation amongst 100 passionate women seated at round tables. The women we met at the tables were passionate about their work, proud to have made it in construction and equally excited to develop and mentor a new generation of women."

Edberg says after meeting these incredible women, she and Masser had one of those light-bulb moments.

"We left the conference thinking that Procore was uniquely positioned to contribute to the conversation of how to get (and keep) more women in construction," Edberg says. "We brainstormed for a few months, asked some of our clients if they thought we could make a dent and ultimately decided to launch an initiative dedicated to bringing together individuals and organizations to tackle these challenges. This initiative was initially launched by Lauren and I, Katie Rapp (senior manager of product marketing) and Danielle Sandoval (senior manager of product,) and eventually became most of my full-time job."

"We have over one million users and over 3,000 companies that we work directly with," Masser

says of Procore's reach. "Our ability to create and leverage relationships may influence female leadership or programs to open companies up to educate on the ROI of diversifying their workforce which can be leveraged to change the dynamic of the industry."

ALH recently spoke with the women of Women in Construction. Here's what they had to say.

## ALH: WHY IS IT IMPORTANT FOR THERE TO BE WOMEN WORKING IN CONSTRUCTION?

**EDBERG:** The labor shortage is one part of it, but it's also time for construction to catch up to some of the other industries who have learned the business value of diversity of thought. There are tons of articles on this topic, including a Forbes piece, but in order to stay innovative and competitive, this industry must evolve their workforce.



**Attendees at a Women in Construction event.**



A Procore Empower Series.

**WHAT DO PEOPLE GAIN FROM JOINING WOMEN IN CONSTRUCTION? WHAT ARE THE BENEFITS OTHER THAN MEETING OTHER WOMEN AND PEOPLE IN THE INDUSTRY?**

Since the initiative has only been around a couple years, we've really only hit on the tip of the iceberg. Members get on our quarterly email list, invites to special events in their area, and ultimately, the opportunity to partner with us and help shape our focus. Since we're focused on being inclusive, our website is also a crowd-sourced list of all Women in Construction-related events around the world, so anyone can submit their event to be shared with our audience.

**HAVE YOU EXPERIENCED ANY PUSHBACK TO WOMEN IN CONSTRUCTION? AND IF SO, WHAT HAS YOUR RESPONSE BEEN?**

It depends. We've found that many of the women whose stories we tell would rather us not call attention to the fact that they are female, but instead highlight the work they have done, to provide an example of what's possible, and a role model of sorts that other women can aspire to be.

It's important to point out that our initiative is not for women exclusively, it's really for anyone who supports the advancement of women and the success of



**Lauren Masser, senior product marketing manager, Procore.**

the industry. Women are more than half of the workforce, and with the coming labor shortage, they are the biggest (mostly) untapped resource.

**HOW DO YOU ATTRACT NEW MEMBERS?**

We produce a lot of content and attend/sponsor many events. We do things like an article or story on our website, webinars, Empower Series events and have a large presence at Groundbreak.

**WHAT'S YOUR INVOLVEMENT WITH THE NATIONAL ASSOCIATION OF WOMEN IN CONSTRUCTION (NAWIC)?**

We have a partnership with NAWIC and we support their events on a local level, as well as a national level at their Annual Conference. NAWIC has exceptional member loyalty, and a strong presence, so we value their reach and are always excited to partner with them.

**I READ AN ARTICLE WHERE YOU WERE QUOTED TALKING ABOUT STEM, THE LABOR SHORTAGE AND THE PUSH NEEDED TO PROMOTE TECHNOLOGY IN CONSTRUCTION. HOW CAN WOMEN IN CONSTRUCTION HELP TO CHANGE THE MINDSET OF EDUCATORS (AND PARENTS AND STUDENTS) THAT THERE ARE AMAZING CAREERS IN CONSTRUCTION?**

This is one of the opportunities that I'm most excited about. We're aiming to change the conversation on a bigger level, as people don't traditionally even think that a career in construction is a STEM career. I believe we have the opportunity to push this link forward by creating content to educate the world on some of the cool technology construction is starting to embrace. Technology like AI, BIM, drones and predictive analytics are completely changing the way we build, and construction is one of the industries that can benefit the most from change.

**SO, HOW DOES PROCORE PLAY INTO ALL OF THIS?**

Procore has a department (which I'm part of) called Procore.org, that acts as a social impact/non-profit division. The Women in Construction initiative is part of Procore.org, and we also do the following:

**Continuing Education:** By providing access to Procore's software, certifications and classroom training, Procore.org helps bridge the gap between workers' current skills and what's expected on the modern jobsite. (We also developed a game called Brick by Brick used to teach construction management basics.)

**Procore U:** Procore.org provides training, tools and certifications designed to get students up to speed with the latest tech. We believe that better equipping these future construction

**Coming attractions**

From Procore's Empower Series to NAWIC's Women in Construction events, there's likely an event in a city near you. Events are listed on [www.procore.com/wic/events](http://www.procore.com/wic/events).

“ The Empower Series was created to bring together like-minded individuals looking to discuss the advancement of women in construction. This event is an opportunity to brainstorm, network, and build strategies to advance our industry with construction's most forward thinkers. ”

Another event is Women in Construction USA.

“ Women in Construction USA is brought to you by the creators of Europe's largest conference series dedicated to driving gender diversity and empowering women. ”

The industry has an image of being suitable for men only, and it's not shifting. The low percentage of women in the industry needs to be addressed now to lay the right foundations for the future.

After a sell-out launch in London, we're bringing this inspiring, eye-opening and educational event to America.

You'll leave empowered with practical tools to tackle both personal and professional hurdles, and with connections who have faced the same challenges as you. You'll also get deep insight into how diversity is the answer to the industry's biggest challenges.

It's time to disrupt, time to accomplish your goals, and time to rewrite the narrative... are you ready?"

professionals is the best way to inspire the workforce's next generation.

**Non-Profits:** Procore.org provides access to the cutting edge technology, training and certifications necessary to optimize projects for organizations like Habitat for Humanity, Team Rubicon and other non-profit builders throughout the world.



in production at the Fauillet-based plant.

**France-based ATN has been bought out by articulating loader crane specialist Fassi. Euan Youdale speaks with CEO Giovanni Fassi about his decision to get back into the MEWP industry.**

# Back in access

**M**ost people in the construction industry will know Fassi as a leading manufacturer of articulating loader cranes. However, they may not all be aware that the company has been on the acquisition trail for some years, and is expanding into areas outside its core product line.

Making up a substantial part of the Fassi Group is its French holding company CTELM, of which Fassi owns 92%. The company includes Fassi France and Marrel, a producer of loading equipment mounted on industrial vehicles. Now it has been expanded with the new addition of the France-based MEWP manufacturer ATN.

As the group's CEO, Giovanni Fassi, explains he has always had an affinity with the access industry, and many of those who have followed the ebbs and flows of the sector over the last decade will also remember that Fassi once owned another access equipment manufacturer, namely Italy-based truck mount specialist Socage.

Fassi sold the company back in 2009 to a consortium of buyers; one of them being the current CEO of Socage Fiorenzo Flisi, who had

previously been a shareholder in Oil & Steel.

"Truck mounts are very different. We are still talking about platforms, but it is a completely different market to self propelled. And that was not the market we wanted to be in," says Fassi. "But I wanted to get back into access and had the opportunity, so I thought, 'why not?', let's try again."

The opportunity came in the form of ATN, which benefited from a good reputation in terms of products but was suffering financially. "We had been talking to them anyway. They were struggling and looking for an investor," Then, as Fassi explains, around the middle of last year, the company went bankrupt.

"They nominated a trustee to sell or close it down. So, we made an offer... and the offer was the best for all the employees – they were keen to work with us."

## New beginnings

Fassi says he paid very little to take ownership of ATN, perhaps around €200,000, he estimates, but, he explains, the challenges and costs come after the buyout in supporting the employees, which have all been kept on, and getting production back up to the required level.

"If you just consider the price we paid, it was peanuts. But then it's what you invest in the company; you have the stock, the salaries, etc.

"In reality, we have re-opened the company almost from scratch. We had hardly any components, for example. So, we did not start from zero, but we started from one, which is close to zero."

Fassi adds, "Luckily, ATN has a good name in the marketplace, so most of the orders have been reconfirmed, even though the customers had been waiting some months."

ATN was founded in 2000 in Tonneins, between Bordeaux and Toulouse, in the South

West of France. Today, the production plant and offices are located a few kilometers away, in the town of Fauillet. The 20,000 square metre facility there opened in 2013.

The manufacturer's original products were the PIAF brand of vertical masts, an equipment type that ATN's founder Daniel Duclos had pioneered in the form of the Toucan. Duclos sold the Toucan product line to JLG, before starting afresh with ATN and its new range of mast lifts. Duclos left ATN at the same time as its sale to Fassi.

ATN's mission has always been to design and manufacture specialist machines for rental companies, and, by 2018 had developed a comprehensive range of masts, scissor lifts, articulating booms and tracked platforms up to 22.85m working height. Going forward, Fassi's plan is to honour that strategy by retaining the core products.



Models from ATN's self propelled boom line.



### Strategic partnership

Fassi insists that while some of the products will be dropped from the range for practical purposes, he is keen to take ATN in the same basic direction. "From the beginning of 2019 we have had a lot of work to do, and we are now discussing the evolution of products and investments."

In this respect, ATN is set to form a distant, yet important partnership with the Italian manufacturer of spider cranes, Jekko, in which Fassi Group currently holds a 33% share.

"We have created a collaboration between ATN and Jekko because they have similarities. They are good synergies, with engineering and they are both self-propelled.

"At the moment we are sharing knowledge about different technologies. In the end they will develop machines together for each other."

Besides the obvious manufacturing synergies between ATN and Jekko, the relationship will help Fassi provide a complete range of complementary products, including its core offering of articulating loader cranes.

As explained, the existing ATN production site will remain open and there are no plans to move it closer to, or combine it with one of the group's other facilities. "We are a European company, not American, which means if you move the company you will lose all the people," he reiterates, "It doesn't work in Europe - you move it a few kilometres away and you lose everything."

And, beyond the Jekko relationship, there are no immediate plans to collaborate or share facilities in any other segments of the group either. The only real possibility is that some production of rams by Marrel could be carried out at the ATN site. "It is a possibility, but we are to even thinking of that at the moment."

### Product focus

The main aim for now is to produce a line of products that works in the near future.

"We will carry on with the unique products.

**“ We will concentrate on our core products, we won't make 8m scissors. ”**



The ATN team as the factory re-started production last October for the first time since it was acquired in the summer.

We are not looking to go against the big players, we want to be big in our niche."

One of those products is the Piaf mast lift. "The Piaf is a bread and butter product," says Fassi. At the moment the range includes models starting from the 9.92m working height Piaf 10RE through to the 11m working height Piaf 1100R. The latter has an indoor lift capacity of 200kg and is designed to be very compact with a horizontal outreach of 3.74m. There are also a couple of models on tracks.

"We will work with the Piaf to complete the range to offer different transmissions, and electric and hybrid - a complete offering on existing models," says Fassi.

The scissor range will be upgraded too, literally. Currently, it is represented by the all-terrain CX12 and CX15 models. For example, the CX15 has a working height of 15m and is characterised by an oscillating axle and double extension decks, allowing a total platform length of 7.3m and a maximum lift capacity of 700kg. The plan is to extend the range upwards. "We are not looking to go smaller, we don't want to get into 8m electric scissors or anything like that - they have to be suitable for ATN."

ATN also has two articulating boom lifts, the Zebra 12 and Zebra 16, plus the 16.8m working height Zebra 16 Stab, with stabilisers. There is also a 22.85m working height tracked platform, the Mygale 23V2.

"Whatever is not convenient to produce, we will not do it," Fassi adds. "We will concentrate on the core products."

This could mean discontinuing the Mygale, he says. "The crawler is interesting but if you only have one model and other companies have two or three, then it is difficult to compete.

"The main aim of ATN is to produce simple machines to rent that are easy to use - more hydraulic and less electronic."

Beyond products, the plan is to expand globally through new distributorships. "We want to internationalise the company. ATN is already selling outside France - Australia and South Africa - but we need to increase that in Italy, Spain and other European countries. Then we would look at North America."

Fassi continues, "But we will not go through the Fassi dealers,

we will be looking for specific access dealers."

Overseeing ATN during its transitional first year is an interim manager; a restart specialist employed specifically to get the company back on its feet. A permanent managing director will then take over. "We need someone from the region. We have some candidates and we hope to have someone to announce soon.

"For the time being we have an interim director, and I am very happy with him." **A1**

**“ We have re-opened the company almost from scratch... we did not start from zero, but we started from one, which is close to zero. ”**

GIOVANNI FASSI, CEO of Fassi Group



A line-up of ATN products at the factory.



Lindsey Anderson  
**sat down with**  
**Genie's Simon**  
**Meester to**  
**discuss the North**  
**American market,**  
**future technology**  
**and more.**

# Looking ahead

In October 2018, Simon Meester joined Terex Aerial Work Platforms (AWP) as the new Genie vice president of global sales and marketing. Meester hailed from Eaton Corporation where he was vice president and general manager of Eaton's Industrial Control Division. Prior to that, he worked for 15 years in various global and regional roles with Caterpillar Inc. and Sandvik AB.

ALH sat down with Meester during the ARA Show in February to talk about the North American access market, trends and more.

## **ALH: YOU'VE BEEN IN YOUR POSITION FOR FIVE MONTHS NOW. ARE YOU FEELING SETTLED INTO YOUR NEW ROLE?**

**SIMON MEESTER:** Yes, a little bit. I was in the equipment industry for over 20 years, but mostly on the dealer side and now on the aerial side. So there are some nuances that I'm still familiarizing myself with. We mostly provide access equipment and utility equipment plus our telehandler line, and where I come from, it was mostly productivity related and dirt and that kind of stuff. It's the nuances that I'm still kind of getting my arms around, but there are so many

similarities. I mean, uptime is still critical in this industry just as it was in my previous life. So yeah, it's been a fun ride. And very interesting.

## **ONE OF THE THINGS I READ WHEN YOU WERE JOINING GENIE WAS THAT YOUR FUTURE SOLUTIONS AND INITIATIVES ARE BEING IMPLEMENTED TO ADDRESS CUSTOMER NEEDS. IT'S A BROAD STATEMENT. DO YOU HAVE ANYTHING IN SPECIFIC THAT YOU CAN TOUCH UPON REGARDING THAT?**

Well, if you just look around [at the ARA Show,] I think what one of the things that makes Genie unique is that we're truly specialists and there are a lot of generalists trying to get into this space, especially when you think about some of our Asian new entrants to the industry; we're specialists. All we do is think about aerials every day, all day. And you see a lot – it comes back in small little examples in our booth that are very application specific and are very customer-solution centric. Small little things like the access deck – you probably wouldn't even notice it if you walked by but it's such a big game changer for contractors because at

the moment they were just putting two by fours on a platform and stepping on it. It's completely unsecured to do that extra little bit of work that they could do.

So now we have small little features and options and accessories that we're bringing to the show. To me, that's a perfect example of how we truly add value to customers' needs and why we consider ourselves to be

“ One of the things that excites me about Genie is that this company was built around customer solutions. ”

**SIMON MEESTER, Genie vice president of global sales and marketing**



specialists instead of generalists.

Another one is the whole launch of our extra capacity booms. Look around [the ARA show,] there's no one else launching extra capacity booms. We don't just develop extra capacity booms because it's a standard. We believe it's the right thing to do. We took a conscious decision already a year ago to start putting our R&D dollars to develop solutions that the industry needs.

I can go on forever, but that's one of the things that excites me about Genie is that this company was built around customer solutions and real win-win customer solutions; not just a nice marketing logo. You will see a lot of examples where we try to "walk the talk."

### **LOTS OF INNOVATIONS OUT THERE. WHAT'S YOUR GENERAL OUTLOOK FOR THE AERIAL AND TELEHANDLER MARKET IN NORTH AMERICA FOR THE NEXT 12 MONTHS?**

Telehandlers are very strong. We think that will continue. Telehandlers have a slightly different cycle than booms and scissors, as you probably know. Telehandlers are the first machine to arrive on a jobsite in the last machine to leave the jobsite. And, so, there's still a lot of jobs out there to use telehandlers. Plus, it's a little bit more friendly toward oil and gas applications. So, telehandlers are booming, we see that market continuing to be strong for the remainder of the year.

On booms and scissors, we think there's been somewhat of a short "catch your breath," so to speak, where everyone's just kind of looking at what are the new trade rules are going to do? What are the geopolitical variables going to do to our industry?

We don't see any of that impacting the long term upside of this industry because if you truly look at fleet replacements, you know, this industry is going to continue to grow and will continue to be healthy for years to come. And that's just North America; we haven't even talked about the other markets, emerging markets like India and China that are booming. So, we're very excited about what's ahead of us and we see what's currently going on as just as a short-term correction, if you will. And when I'm saying "short term," I'm talking three to six months. But for the 12-month outlook, we're very bullish.

### **THE ARA FORECAST CAME OUT AND THEY'RE SAYING ABOUT 5% GROWTH NEXT YEAR, SO, AN UPWARD PROJECTION. YOU KNOW THE INDUSTRY IS CYCLICAL AND WE WILL HAVE SOME SORT OF A SLOWDOWN EVENTUALLY. WHAT IS GENIE DOING TO PREPARE FOR THAT AND WHAT CAN WE EXPECT? CAN YOU PROVIDE A HIGHER LEVEL OF ADVICE ON WHAT TO DO TO PREPARE FOR A SLOW DOWN?**

Well, I don't to spill all our secrets. But for starters, we've been a cyclical company for



50 years, so we kind of know how to ride the waves of the cycles. We know that we need to stay nimble and, as every company does, manage our fixed costs. When you're a cyclical company, you don't want to be overexposed to the fixed costs. So that's what we're obviously doing just like any other company.

But I would say most of what we have tried to improve mostly on is trying to read the cycles and be more proactive. We're very much following a system of leading and lagging indicators, so leading indicators that trigger lagging indicators that trigger the cycles. So we have a whole area of indicators that help us predict what the industry's going to do in three to six months from now.

So, I would say that's probably where we have evolved the most in recent times We are

**Genie's booth at the 2019 ARA Show.**

**Genie's Lift Tools Access Deck provides operators with a secondary working surface by elevating them 22 inches above the platform floor for more than 3 square feet of additional work area in the platform.**

able to say we think by 95 percent confidence this is what the industry is going to do in the next 12 months.

### **GOING BACK TO PRODUCTS REALLY QUICK, ANY PLANS OR THOUGHTS ON ELECTRIC OR HYBRID TELEHANDLERS?**

Well, we'd like to see ourselves as innovators in every respect. Electric drive is nothing new to the industry. Introducing it at the right time is what is the holy grail. So, we believe that over the last two decades, multiple competitors or suppliers to the industry, have tried to introduce electric drive. What we consider to be the sweet spot is to introduce electric drive obviously for economic reasons, but, which is most important, to make it economically viable for our customers. We feel that we're coming with this at the very right moment where it starts to become economically viable solution for customers instead of just doing it because everyone else is doing it. Or just because Tesla is doing it, you know? We want to make sure that our customers are still making money. And this comes back to your very first question is that we want to launch electric drive because that's what makes our customers profitable not because it's an industry trend.

### **ARE THERE ANY TRENDS THAT WE MIGHT NOT HAVE TOUCHED BASED UPON THAT ARE WORTH NOTING RIGHT NOW?**

I would just advise everyone to look at commercial construction in North America, which is a key driver. The price of oil is a key driver. There is volatility in the industry. So, everything I see is 5 to 10 percent upside or downside. So managing the volatility is going to be critical, but I would say those are the two variables I would look at is the price of oil and commercial construction. But for the 12 month outlook, we're very bullish. ■



**Looking to unload your used equipment? Don Maq Inc. might be able to help with that. Lindsey Anderson spoke with the company about its business model and why it recently joined IPAF North America.**

# Exporting expertise

**F**rom the biggest rental companies to local independents, Don Maq Inc. does business with them all. Founded in 2003 by Tim Donnelly, the company is an experienced seller and exporter of all makes and models of used mobile elevating work platforms.

“We sell the best and most-solicited brands in the industry: JLG, Grove, MEC, Genie, Skyjack, Snorkel, Upright, Haulotte and more,” says Christian Foucher, vice president of sales for Don Maq. “We firmly believe in customer cultivation and how that affects client retention. Our key objective is growth through sustained customer retention and referral business.”

“Our logistical and machine expertise are the biggest factors why people do business with us. We try to keep our margins down and our volume up, as a result we are one of the most competitively priced exporters of used aerial equipment. Our service to our export customers is allowing them access to excellent used aerial machinery at the best export price possible to their country. And if we couple our prices with the language and industry/culture-oriented services that we provide, we get the satisfied repeat customer that we want to have and retain.”

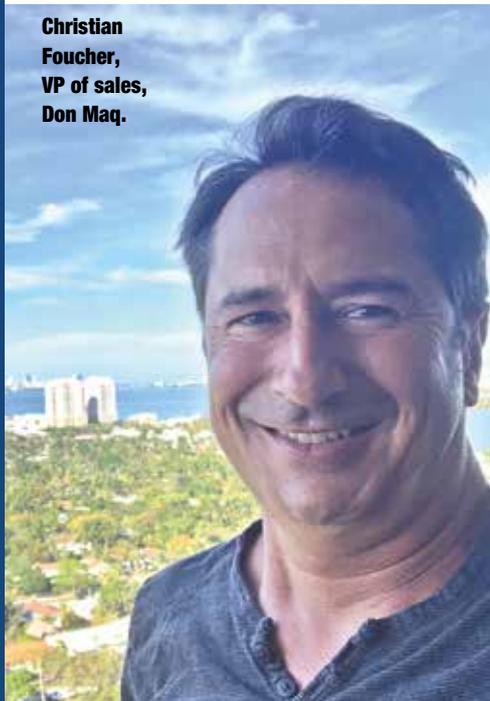
Don Maq often brokers machines, but “at times we take advantage of good package deals to invest in for future sale,” Foucher notes. “Anticipating and identifying the client’s needs has been a key aspect of our success. When clients perceive they are being treated as individuals and recognized for the uniqueness of their product/service, the client list and retention grow. Post-sales service and problem resolution are key aspects as well to generate the trust relationship that enables the securing of our long-term customers.”

## Global experience

The company sources its equipment from large rental companies all the way down to “the smaller guys in the business and auctions,” Foucher says. “We don’t rule out any options as suppliers. Pricing is crucial for us to survive so we are always with our radar going for the lowest prices possible so that we can sell at competitive prices overseas.”

Operating out of Miami, the company dedicates its exports to worldwide ports, but has its main focus is on Latin America, which is where its experience and expertise lies. Both Tim Donnelly, president of Don Maq and Foucher have over 20 years of experience

**Christian Foucher,**  
VP of sales,  
Don Maq.



“Our knowledge of Latin America has allowed us to focus on this area for the majority of our exports, although we have exported large amounts to Asia and Africa, as well.”

working with the Latam region and the two worked hard to create a large network of business connections. “Our knowledge of Latin America has allowed us to focus on this area for the majority of our exports, although we have exported large amounts to Asia and Africa, as well,” Foucher notes. “It is logical for us to focus on this region and take advantage of our knowledge in these countries.”

Most of the machines Don Maq sells are from the years 2005-2011, which tend to be on the “older” side of age for equipment in the U.S., Foucher notes.

“This allows many U.S. MEWP suppliers to get rid of machines that they otherwise would not be selling very fast in a local market,” he says. “Our clients range from small rental companies to large rental companies and everything in between. But the fact that we deal with many small and medium sized companies allows the sale to people that otherwise wouldn’t be on a larger company’s ‘radar.’ This allows for the large U.S. rental fleets to get rid of their older fleets at a faster rate while generating funds to purchase a newer machine fleet.”

## Sales and destinations

Foucher says Don Maq typically sells around 400 units a year but is expecting a slight slowdown for 2019 at 275. However, with regulations and standards changing in Latin America, that number could very well change – for the positive.

“Not so long ago, many countries in Latin America, especially the lesser developed ones, used the old-fashioned scaffolding system,” Foucher explains. “Basically, these last

## Why become a member of IPAF?

"We joined IPAF because we believe it is integral to all work at height to keep strict safety standards upon using aerial machinery. We want to demonstrate to our clients that we are committed to all current and future safety standards and that we stand by and demand all up-to-date training be done upon learning to operate MEWPs. We are professionals in what we do and consider that to be able to deliver the IPAF training program for platform operators is simply part of the commitment. Many of our overseas clients look to the United States for leadership in technology and safety; being an IPAF member reinforces that aspect and allows these international companies to take care of their personnel and fleet in the best possible way. Last but not least, networking opportunities that are international in reach but local in focus are certainly a benefit, as well as having access to people and resources that provide benefits for the industry."

**CHRISTIAN FOUCHER, vice president of sales, Don Maq Inc.**

last year, as well.

"Demand for [these] MEWPs is rising as other more old-school methods are phased out," Foucher notes. "This brings a more particular attention and demand for these products in our export countries.

The versatility of uses of these machines helps boost their popularity. End customers can be a variety of companies from assorted industries that use these MEWPs for construction, maintenance, installation, painting, façade work, repairing, etc."

According to Foucher, the cyclical nature of the used aerial business is what propels sales during certain times. "It is not uncommon to sell the same kind of machine for several months to one country of the world and then suddenly stop," he notes. "Currently there is a large demand for 45-foot articulated booms and telehandlers as well."

### Used equipment in the U.S.

While Latin America might be the company's sweet spot, Don Maq sells wherever the need for aerial equipment is. However, Foucher says now is not a good time to buy used equipment in the U.S.

"Prices locally are quite expensive relative to the prices of machines available in Latin America at the moment,"

he says. "The slowdown in some of the economies has led to a flooding of the markets with a greater availability of used aerials. Right now, for us, having a wide source of suppliers is key. Pricing is more important than ever to maintain competitive in the export market. Low margin and higher volume is the equation of the moment."

Foucher says despite the bumps, as with any business, evolution is important. "That is why we have taken on other industry-



IPAF's mission for 35 years since inception has been to promote powered access as a safe way to conduct temporary work at height, driving the movement to promote safety and raise standards in the industry.

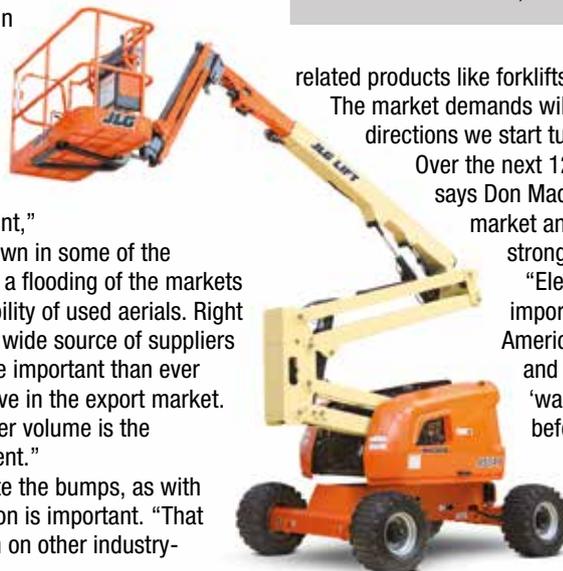
Membership of IPAF is open to platform users, manufacturers, distributors, rental and training companies. Benefits include:

Access to a wealth of valuable, practical information on legal, technical and commercial aspects of platform use;

The chance to influence the growing body of legislation and regulations that govern platform use.

IPAF members also profit from a portfolio of services including access to industry events; industry data reports and business intelligence; safety, technical and best practice guidance; special offers and discounts only available to IPAF members; a free subscription to leading sister industry publication Access International in print and online.

For more information, visit [www.ipaf.org](http://www.ipaf.org).



related products like forklifts and light towers. The market demands will dictate which directions we start turning to."

Over the next 12 months, Foucher says Don Maq is watching the market and expects to have stronger growth.

"Elections are always important in Latin American countries and many are in the 'wait and see period' before they feel confident to

make significant purchases." ■

10-15 years have been an economic growth for most countries there, albeit at different speeds and spurts. But the demand for faster construction and results has opened the door for this kind of machinery which in turn has created the security standards that are necessary to support it. Countries like Mexico, Brazil, Chile, Peru and Colombia definitely lead in this area."

For Don Maq, scissor lifts used to be a very large export business, but now the biggest demand is for articulating boom, most of which are electric. Large booms of 60 feet and above are in high demand compared to

# Ready for 50 more

**In JLG's 50th anniversary year, company president Frank Nerenhausen speaks to Euan Youdale about what lies ahead.**

**T**he name John L Grove is synonymous with the access industry, and not just because he invented the first access platform. In equal measure it is a result of his business acumen that set JLG on the path to its position today as the world's largest manufacturer of access equipment.

Few people in our sector will have missed the fact JLG is celebrating its 50th anniversary this year and, judging by its latest financial results, continues to go from strength-to-strength. At its helm is Frank Nerenhausen, who became president in 2012, after taking over from Wilson Jones. Previously, he headed up the commercial division of JLG's parent company Oshkosh.

Speaking of JLG's landmark year Nerenhausen believes the company's longevity is testament to the vision of its founding father. "We are proud to have been in business for 50 years - that by itself is an amazing feat. From my standpoint, so many ideas and businesses die from the first year. To grow to a multi-billion dollar company means the original idea had some merit, but what's most important to us, as we reflect on 50 years, is what John L Grove did for the industry and his character that controlled that kind of growth.

"Our founder's mentality is something that we don't want to lose. As a big company and a global leader it's easy to become complex and lose sight of what the purpose is."

Part of Grove's mentality was a personal drive to improve the experience of the worker



through safety and comfort, while the ambition for profit, although an important element, took a back seat.

"I think that myopic and passionate focus on customer requirements, safety and productivity in his own team is the same type of mentality we want to keep going now," says Nerenhausen.

Steering a multi-billion dollar company on the same course as its founder, who died in 2003, is no easy task and requires checks and balances to ensure the ship stays steady. The most recent review, some 18 months ago, saw a reorganisation of the product team to ensure feedback from the customer was getting through to the engineers.

"Now our product management teams are part of engineering," says Nerenhausen, "So, it's a seamless discussion between customers, the product groups and engineering, to leverage the scale of JLG but appear and feel small to the customer.

"What will demonstrate whether it works is to watch innovations that

come out over the next 18 months."

Look out for those at the events leading up to ConExpo, taking place in Las Vegas during March 2020. First up is the biggest show of all, Bauma in April this year, where JLG will



**“ Our founder's mentality is something we don't want to lose. As a big company it's easy to become complex and lose sight of our purpose. ”**

FRANK NERENHAUSEN, President of JLG



**JLG's Urban Solutions strategy concentrates on the zero emission requirements of city sites.**

present its new Lithium battery-powered booms. (See details in the Articulating booms feature, *AI* March, and a picture on the cover of this issue).

Looking forward, Nerenhausen believes there is a bright future for fully-electric MEWPs. "I don't think electric is going to replace internal combustion machines in totality and I think there is a place for both, depending on the applications. But electric has some significant advantages, and this industry will mature over the next three to five years."

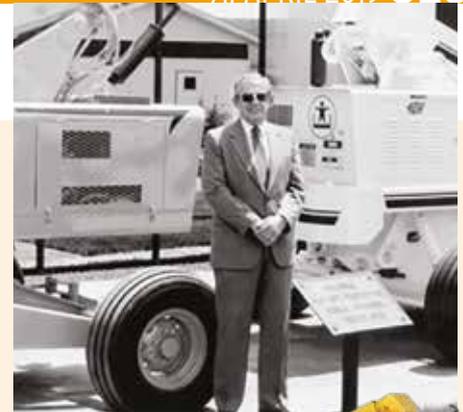
In fact, Nerenhausen can see a day when more than half of boom sales will be electrically-powered. While the three- to five-year timeframe may be a little too soon for that, it seems access is moving in the same direction as other industries. "One basic advantage of an electric car, for example, is that you remove thousands of moving parts. And you have an advantage of not having oil in your machine. It is sustainable and ecologically sound, it's not going to drip on a jobsite."

Production of Lithium, specifically, is expanding rapidly and is becoming more affordable. "I do know that it will be cheaper and more affordable and improve the TCO model to where it will be a significant part of the boom business."

It all means these first three Lithium-powered models, at Bauma, are just an indication of the range JLG will be delivering in the future. As technology

## 50 YEARS OF INNOVATION

- 1969** JLG Industries is founded by John L Grove, pictured right.
- 1970** Manufactures the first aerial work platform.
- 1976** The first JLG scissor lift is introduced.
- 1977** Expands into Europe by opening European headquarters in the UK.
- 1983** Opens support operations in Australia for customers in Asia and the Pacific Rim.
- 1986** The 10,000th boom lift comes off the assembly line in McConnellsburg, Pennsylvania.
- 1991** Launches the 150HAX, the industry's first 150ft boom.
- 1996** Introduces the mobile vertical lift.
- 1997** Opens scissor lift manufacturing plant.
- 1998** The 50,000th scissor lift comes off the assembly line in Bedford, Pennsylvania.
- 1999** Unveils the first fuel-cell powered boom lift. JLG acquires Gradall, a manufacturer of telehandlers.
- 2000** Introduces the first 60ft electric boom lift. Crosses the \$1 billion sales milestone.
- 2001** The 100,000th scissor lift comes off the Bedford assembly line. Establishes shared services centre in Amsterdam.
- 2002** Opens manufacturing facility in Belgium. Expands product line with all-wheel steer telehandlers, European-design telehandlers and the 135ft boom lift.
- 2003** Acquires Lull, SkyTrak, military-design telehandlers in Tonneins, France.
- 2004** Acquires Manlift, including Delta Manlift and Liftlux.
- 2005** Enters into a global alliance with Caterpillar to manufacture, sell and support all Caterpillar telehandlers.



**The world's first boom lift, commonly referred to as JLG 1.**

- 2006** JLG Industries is acquired by Oshkosh Truck Corporation.
- 2008** Launches the LiftPod portable aerial work platform. Breaks ground on manufacturing facility in Tianjin, China.
- 2009** Introduces ClearSky, telematics asset-management tool.
- 2011** JLG and Firestone introduce the first tyre design specifically for telehandlers. JLG launches Rental Series scissors.
- 2012** JLG University website supports nine languages making online training available worldwide.
- 2014** JLG introduces the 1850SJ—the world's largest self-propelled boom lift. JLG introduces the H340AJ hybrid boom with diesel-like performance.
- 2015** Acquires low-level access specialist Power Towers. Produces its 100,000th telehandler.
- 2016** Previews the 1500AJ, the world's tallest articulating boom lift, at bauma.
- 2019** Introduces Lithium-powered booms, at bauma. Celebrates 50th anniversary.

develops other possibilities will open up too like remote sense technology, and specifically remote charging.

Nerenhausen adds, "There's more to electric booms than batteries; there's other technologies involved. I won't divulge those things, but you'll see them at Bauma."

## Financial focus

JLG has been enjoying an excellent set of financial results, which have been reflected in its most recent first quarter 2019 figures. (See [www.khl.com](http://www.khl.com) for details). "We have had a good start of the year, we grew 25% on 2018, we had a real good quarter," says Nerenhausen. >

“Any given year, I get asked the same question. Are we topping out or not?”

The answer, he says, is in the positive, “I think there’s room for growth in the market. Our machines are being used and adapted to more applications. So, you have organic growth and we are also adding segments.”

A relatively recent addition is Power Towers, the innovative UK-based low level access specialist. “Low level access is an underappreciated section of our business. Really, the UK is the only place that has accepted that in quantity; you extrapolate that to the same number of injuries and fatalities on ladders across the world, and you have significant opportunity. And I think we have a technical advantage with our products.”

On the subject of finances, Nerenhausen is realistic about cyclical market conditions. “I think history would tell us at some point there will be a correction, whether it is mild.

“I don’t think anyone sees another 2009/10 on the horizon, but at some point it’s probably going to correct a little, then start taking off again.”

Further to that point, JLG sees the potential for a tailwind from replacement sales. “When you think of a rotational cycle of these machines coming out of 2009/10 to 11, 12 ,13, 14 – those are some pretty high-volume years, that will turn into a tailwind.”

North America, the largest of all access markets by some distance, is also on a roll, “We just raised our guidance for the year on our last earnings call. If fundamentals continue there’s upside to the year even from that data point.”

Adding an extra dynamic to the North American mix is the new US ANSI standards. The long awaited, and well-documented ANSI rules represent significant changes to the industry, and for those who operate the equipment. However, Nerenhausen says it won’t represent such a shock to the system as some believe.

“We spent a good chunk of last year educating customers,” But, he adds, “I have

been talking to customers, and I don’t see anyone interested in pre-buying or anything like that.

“I think the brand also gives a sense of assurance things will be right when it comes out in the market space even if we don’t touch every small/mid-range player. I think if it’s a JLG it’s not going to cause them problems, and it won’t.

“As a matter of fact, I think in many cases they will appreciate it. They won’t have a seat of the pants feel. I think there is a sense of comfort having a smart machine to protect unsafe situations that you would otherwise put yourself into, especially with less trained folks coming into the market.”

And, as Nerenhausen adds, the requirements leading up to ANSI have not been a bolt on exercise, “They have designed a fairly intensive number of pieces into the machines, load sensing is one of the main features but that is not a technology that is new to us.”

“But it [ANSI] is finally here, coming in December 12 2019, and we are ready for it.”

### Asia ambition

Showing as much in potential as North America does in actual sales, is Asia. Unsurprisingly, the continent is providing the highest percentage growth of any global market, yet it currently provides less than 10% of total company sales, and, for that reason, “Given the growth rate, it could become a significant business.”

Does this mean the company will expand its existing footprint in China? “We look at a five-year plan, by regions, by model, very granular, and if that calls for expansion, then we expand,” answers Nerenhausen. “Given the growth in China, you could expect there are plans on paper to grow there but nothing specific I’m prepared to mention.”

Parent company Oshkosh has most of its production facilities inside the US, meaning there are few opportunities to use group facilities to expand JLG’s global footprint.



**JLG AccessReady XR provides virtual reality-based training for operators of all skill levels.**

“We manufacture more outside the US than Oshkosh, so we have more facilities.

“We leverage everything we can with the broader company, whether its supply chain, or anything like that, but largely JLG has JLG manufacturing footprint outside the US.”

JLG’s policy is to increase local production across its global markets. “That can backfire too,” explains Nerenhausen, “But we take prudent steps where the volume makes sense to localise products and localise supply chains.”

Changing subjects, consolidation in the rental sector has been one of the hot topics in very recent years. Does Nerenhausen believe it will continue at the same pace. “It’s hard to say. I think the good news is, the market is very healthy – they wouldn’t consolidate if there wasn’t a strong financial motive.”

And, with the likes of Power Towers being brought under the JLG umbrella in recent years, it would seem the company is also ready to join the acquisition trail when necessary. Nerenhausen says future growth is more likely to be organic, although buyouts are never off the table. “I don’t think it’s any one source, it’s going to be through innovation, through targeting new industries, like Power Towers.

“I won’t rule out M&A in the future but that’s not our primary vision. If something comes up that makes sense we’ll look at it but I think primarily we are focusing on new opportunities for products, new opportunities for innovation, new market openings, like Power Towers.”

Taking the thought one step further, would JLG ever be up for sale? “It’s certainly not in my radar screen, we are a public company and, if you go through the rigors of what a public company would have to do if they were provided with such an offer, I don’t see anything like that happening in the near future. I would discount that to a great degree.”

It seems clear then that John L Grove’s foresight 50 years ago will be felt for many more years. “It is the same basic principles this is going to take us to the next 50 years.

“The derailer will be in getting too big and too complex and focusing on things not associated with looking after the customer.

See what Nerenhausen has to say about telematics and tariffs at [khl.com/ai](http://khl.com/ai).

JLG’s mobile control app.



# New vision

**Hoogwerkt is a new access rental company, with a unique model and a commitment to providing Lithium-only equipment. Its owners spoke to Euan Youdale.**

**M**any access rental companies would choose to live in a perfect world, where they offer customers high-spec machines, easily available in a nearby location, with no delivery charges and high-speed service provision. Unfortunately,

for most people, the perfect world is a dream rather than a reality.

Hoogwerkt, however, based in the Netherlands, believes it has hit on the perfect combination and has the means to do it. Its unique rental model combines the advantages of major generalists and their vast network of locations with the expertise of a small specialist operation.

These are early days for the Netherlands-based company, which launched in February last year, but its pair of co-owners Arnold Grootveld and Jan Vriesinga are confident that customers will roll in now that word is getting around about their venture.

## Innovative financing

Before Hoogwerkt, Grootveld and Vriesinga already owned a relatively young boat rental company HappyWhale, which benefits from Grootveld's longstanding experience in equipment rental leadership roles and Vriesinga's equally distinguished career in capital goods and investment structures.

The pair decided to copy the financing

“**Three elements work towards a sustainable, high-spec and local approach to rental**”



A Socage 23T truck mount.



One of Hoogwerkt's JCB Lithium-powered scissors.

model of the boat venture in a new start up, this time a MEWP rental enterprise, specifically focused on Lithium-powered machines that reflects the sustainable vision of both companies.

Both Hoogwerkt and HappyWhale are financed through another company, also jointly-owned Grootveld and Vriesinga, created to attract private investors who wish to help finance sustainable companies.

Hoogwerkt has a third financial pillar; an equipment leasing agreement with a bank that the previously-mentioned financial backing allowed them to set up.

“It's a mutual commitment, where all three elements work towards a sustainable, high-spec and local approach to rental. Without any of those parties this project would never have taken off.”

Grootveld and Vriesinga add, “It was fascinating that you can basically start a company without having the funds, firstly invest in 200 electric boats, and then move into access equipment and have a fleet as large as we have today.”

It means the finance is already available to increase the fleet up to 1,400 units, from its current 300 machines, once revenue agreed with the leasing arrangement have been met.

## New model

Hoogwerkt's main focus is on the 'pick-up model', whereby customers literally pick up the platforms from local depots, which are rented on trailers. Although, the company does offer delivery for equipment that is too big for a standard vehicle to pick up.

By the end of 2020, there will be 650 JCB Lithium scissors, from 6.6m to 16m working height in the fleet, about 200 Hinowa spiders, from 15m building up to 33m, covering the



Arnold Grootveld (left) and Jan Vriesinga, co-owners of Hoogwerkt.

whole Lightlift Performance IIIS range. Then there are 300 Niftylift booms up to 28m working height, including the HR12L - a lightweight version of the HR12 - that can be transported on a trailer, and 34 mini cranes from Hoeflon.

The company will also have 150 Niftylift trailer mounts, ranging from 12m to 17m working heights and 100 Sorage truck mounts. Trailers and trucks are an unlikely pairing for an access rental company, but Hoogwerkt says they are proving to be the most popular products in these early days. The bulk of the units are set to be delivered during 2019.

The company is planning to have 80 locations across the Netherlands, with its machines split equally across all of them. Today it has 11 depots, with another seven opening before the end of April. The idea is that the customer base is a very local 15km to 20km around each location.

“With 11 machines per depot, you have the coverage but we don’t have the revenue to pay for our own buildings or our own staff. So, we look for third parties that can help us with this rental process,” say Grootveld and Vriesinga.

Mainly they consist of building material merchants that stock Hoogwerkt’s equipment on their site and are trained by the company to IPAF standards.

“With this method we don’t have costs for the locations themselves or any costs for the staff. We pay them based on rental revenue. This helps us roll out a network very fast.”

The normal rate for delivering and picking-up access equipment is around €90, say Grootveld and Vriesinga. “If you rent a machine from us, you pick it up yourself.”

An innovative, easy-to-use online booking system and the fact a customer can rent by the hour, if required, tops off the service.

The arrangement provides a large generalist company’s coverage with the advantages of dealing with a specialist. “Coming from generalist rental companies myself,” says Grootveld, “You can see they have a proposition that works. On the other hand,



A Hoogwerkt pick up location, in Haarlem, the Netherlands.

they are very limited and it is that limitation that brought us to focus on being a specialist.”

And Grootveld and Vriesinga believe that if you are focused on a limited portfolio, it’s much easier to train your team to a high level of customer service. “In the future rental will become more specialist focused. Customer knowledge about equipment is deteriorating, so you need to be able to advise your customer how to work with machines in a proper way.”

“If you look at general rental companies, the turnaround of people is much higher than at specialists. The knowledge of staff in generalist companies is far off from the specialists.”

### Added advantages

But the generalists do have some advantages, especially the major ones. “For example, the big rental companies have 40, 50 or 100 depots in the Netherlands alone. If you just look at the proximity of those locations compared to a major access specialist, they may have around five location in the country.”

Grootveld and Vriesinga add, “We felt there was a space in the market to create specialist with a pick-up network with the same coverage as the big generalists.”

The pair looked at several types of equipment but settled on access for their venture. “Firstly, there is a very high rental to sales ratio, almost all access equipment is rented - customers generally don’t buy access equipment, and there are many types of customers.”

The company also has a central delivery hub

**“ We don’t have costs for the locations themselves or any costs for the staff. We pay them based on rental revenue. This helps us roll out a network very fast ”**

for larger equipment from which it delivers to customers like big contractors, who would not pick up themselves, and to smaller customers that cannot pick up the larger equipment.

All the equipment is Lithium battery-powered, except the Niftylift HR 15, 17, 21 and 28 booms, which are hybrids. “Lithium is more expensive, but there are so many advantages compared to lead acid batteries. The moment you switch on a lead acid machine it becomes slower and slower; a Lithium powered machine keeps full performance until 90% of the battery has been spent.”

The fact that Lithium batteries can be recharged at any time is another advantage. “In the past customers might need a second scissor to be used while the other is being recharged. A Lithium machine can be topped up during a lunch break no matter what its charge level.”

In general, rental companies change their batteries every 2.5 years, as they are usually damaged by the charging process. “We expect to use our battery packs for 15 years,” says Grootveld and Vriesinga. “They can last up to six times longer. In our minds, residual values are related to the quality of the battery.”

Thanks to the higher residual value of Hoogwerkt equipment, its rental rates are set at the same level as other companies, despite the higher initial equipment outlay.

“When we told manufacturers about what we wanted to do, they presumed we would take a low spec approach. But we believe in full option machines. We bought the machines customers would want to buy for themselves.

“We are getting customers every day who are happy with the machines and the model.”

Lithium-powered scissors on their trailers, ready for pick up.



Skyjack continues to post strong year-over-year financial results due in large part to its continued growth in the market with its scissor lifts.

Lindsey Anderson sat down with the President of Skyjack during Bauma to discuss the North American market as well as his recent appointment as IPAF President.



# A man of many hats

**B**rad Boehler is a passionate and engaging individual. His involvement in the access and rental industries dates back to 2003, when he joined Skyjack as a product safety manager. From there he progressively held a variety of strategic positions – both within his company (where he is now president) to outside organizations (such as IPAF, where he is also now president.) He has been elected to the Association of Equipment Manufacturers' CE sector board and the Serious Labs' board as well as has having been chairman of the Scaffold & Access Industry Association's access committee and the ANSI A92.6 committee. If there's an industry hat Boehler isn't wearing, there's likely only a matter of time until it's placed upon his head.

Boehler holds extensive knowledge of both Skyjack's products and business model; he weathered the global recession with the company and moved from product safety to vice president of engineering to vice president

of sales and marketing before being named interim president in 2011.

Seven years have passed since his official presidential appointment, seven years in which Boehler has used his expertise and insight to propel Skyjack as a major global player in the mobile elevating work platform and telehandler industries. Linamar, Skyjack's parent company, has reported growth for nine consecutive years, of which Skyjack has contributed greatly to.

I sat down with Boehler during Bauma to talk about the company's successes and plans, as well as his goals for his 2-year IPAF presidency. From expanding Skyjack's production outside of Canada to changing how the

industry is trained, Boehler better build a bigger hat rack.

**ALH: HOW IS THE NORTH AMERICAN MARKET FAIRING FOR ACCESS EQUIPMENT RIGHT NOW AND HOW DO YOU THINK IT'S GOING TO BE IN THE COMING YEAR?**

**BRAD BOEHLER:** Right now I think it's in a similar mode to last year. We expect to see some growth still; there's lots of work for the contracting base and there's lots of CapEx that is being committed and from a variety of different customers of ours. Most of their projections are still somewhat optimistic. It might not be as large of growth as last year, but it's still growth nevertheless. And I think there is a 12- to 18-month timeline where people have visibility to work. That's a positive.



I wouldn't rule out that we might have an acquisition in one way, shape or form. There's nothing that's imminent, but we continue to have discussions internally about how we grow.



**BRAD BOEHLER, president, Skyjack.**

**A man of many hats... or costumes? Boehler at Bauma during the company's stand party.**

**ARE THERE ANY OTHER AREAS OF BUSINESS OUTSIDE OF SCISSORS THAT ARE EXPERIENCING UPTICKS?**

Yes, I would say telehandlers are still very, very active. That's our biggest backlog and largest lead times are still on telehandlers.

**ARE TARIFFS AFFECTING BUSINESS?**

For the most part, our supply chain is structured in such a way that the tariffs don't really have any direct effect to us. There's not really a great net impact from the tariffs, but I would say that the impact is really more the downstream effects of it. For instance, now, prices of almost everything, even in markets or in instances where there's no tariffs involved, have gone up regardless. So, we've seen material costs increases and you know they have been significant. We're struggling with trying to mitigate our costs increases and work on that. We did go to the market this year and part of last year with a price increase. We don't like doing that, but the situation is what the situation is, and we have certainly seen material cost increases.

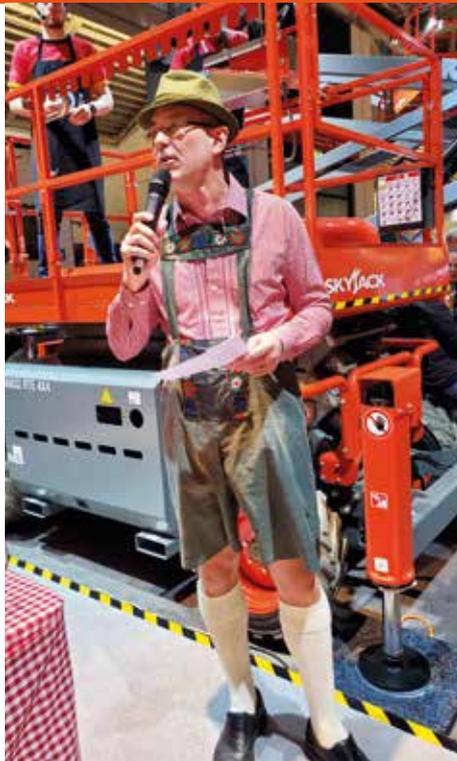
**YOU JUST POSTED PHENOMENAL YEAR-END RESULTS. IT WAS NOTED AN INCREASE CAME FROM STRONG MARKET SHARE GAINS FOR SCISSORS. ARE YOUR UNITS GOING TO NEW PLACES?**

We're just maintaining our position as a premier scissor manufacturer, which is sometimes hard. We think we're being relatively successful in doing that, which is great.

**A COUPLE OF YEARS AGO YOU WERE TALKING ABOUT EXPANDING YOUR PRODUCTION PLANT. ANY FURTHER MOVEMENT ON THAT?**

We're working on expanding our production capabilities. Part of that is that we have begun manufacturing some equipment in Hungary again. There's a Linamar plant there and in

**Skyjack's telehandler line continues to fair well for the company.**



Boehler in New Orleans at the ARA Show.

the past they have built electric scissors for us. When the recession came about, we brought back all of that; We had additional capacity in Canada and we didn't see the need to build scissors in a Linamar plant elsewhere in the world at the time. We're back at a point now where our capacity is pretty much exhausted in Canada.

**ANYTHING ELSE SKYJACK-RELATED THAT WE SHOULD TOUCH UPON BEFORE WE TALK ABOUT YOUR IPAF PRESIDENCY?**

We expect to continue to grow and be more of the same. We've talked to a lot of customers here [at Bauma.] We're building our customer base even more in the European marketplace. I see evidence of that this week [during Bauma] very much. We still have lots of potential in the Asian marketplace as well. If I go back a step, I do see that we've made some very positive strides with some very big companies in Europe and I think that bodes well. I can envision that we'll continue to grow more in the European marketplace.

There'll be more of the same: more organic product growth. I wouldn't rule out that we might have an acquisition in one way, shape or form. There's nothing that's imminent or we're brewing, but we continue to have discussions internally about how we grow and how we continue to grow, so all of those things are on the table.

**TRANSITIONING, YOU'VE BEEN NEWLY APPOINTED AS PRESIDENT OF IPAF. CONGRATULATIONS! WHAT ARE YOUR MAIN GOALS AND OBJECTIVES OVER THE NEXT TWO YEARS?**

Ultimately, I want to ensure that the good things that are going on at IPAF come to a conclusion

or to a steady state of process. Some of the things that we had started working on were apprenticeships and digital technologies. I want to ensure that we follow up on those and that we do our due diligence and we get to a place where we are continuing to promote safe and effective use of powered access in a variety of different ways. There's also talk about ensuring that we're attracting good, young talent into the industry and giving them a viable career so that we can continue to evolve the industry.

I want to do all those things. I want to make sure that we don't lose sight of any of those plans and ideas. Maybe more personally to me is I just want to make sure that IPAF continues to exceed where they are today and being relevant to their membership. In some instances, I think the members get good value from IPAF. But there are some instances I'm aware of where members are not entirely happy. So I want to make sure that we hear them, we listen to them and we find a way to bring their concerns to the front and deal with them.

I would also like to see a bit more of an attitude in this culture where the members are the owners and the members have interests because the members are the really the only reason the organization exists in the first place.

And so we, as the staff of IPAF, need to ensure that we're meeting those people's needs and that we're meeting them in a in a timely and effective manner. We want to make sure that everybody gets that message - that we do need to do everything we can for our membership.

IPAF's done a good job of growing more internationally and growing out of just being a UK entity. I know when I joined IPAF 15 or 16 years ago, at that time the membership I think was 95 percent in the UK. Something like that.

Now, it's over 60 percent outside the UK. That's a great thing. Having said that though,

“ IPAF continues to have a very, very large opportunity in the United States. We are absolutely going to focus on that. ”



**Skyjack has recently been using a Linamar manufacturing plant in Hungary to produce some of its booms.**



I also want to make sure that the core membership in the UK feels that they're getting their fair share of features and benefits and attention from IPAF.

So, there is that part of ensuring that you keep your base happy, content and serviced. But we also need to continue to grow the organization globally and ensure that as an industry, we continue to grow the safe use of our equipment.

I think we still continue to have a very, very large opportunity in the United States. We're absolutely going to a focus on that and try and find a way to bring people in. I am taking advantage of my position within the industry as a manufacturer to be able to have conversations with people in a variety of different companies in North America. I've taken the ability even before I became President to make contact with some of those people. I met with some of them at the Rental Show and said, "Hey, I'm about to be the new President of IPAF and I want you to tell me your experience with IPAF to date. Tell me what you like, tell me what you don't like, tell me what you would like to see."

I think we're going to try to find some ways to get membership, to get the large OEMs, and the large renters - and small renters for that matter - in the U.S. marketplace to see IPAF as a member organization that can help them in a variety of ways and build that internal momentum.

Ebbe [Christensen] is now the chair of the North American Council and he's being very

energetic and bringing a lot of responsibilities to people there; to come to the council meetings and be prepared to work in between the council meetings on a variety of objectives.

That's a good thing and we need to support that and just go out and encourage people to be members, show them why they should be members. We've got some good things that we can point to. We've got a partnership with United Rentals now. That model can translate to a variety of other rental companies. Specifically within Skyjack, we've been working to bring new people into the training end of it.

On a large continent like North America, it's hard to bring people from across the country to one

or two places [for training.] It's much easier with e-learning; it doesn't matter where you are, you can do the theoretical portion of the course online. What we've been working on with rental companies of various sizes is bringing them into the fold to be practical evaluators. Because they do have knowledgeable people on the ground all over the continent. So, Skyjack's kind of helping them along by administering the program under our training centers and to allow them to then be our practical evaluators on the ground. I think we're going to see this come to fruition soon.

What I see that as is a gateway model to people understanding IPAF better and coming into the fold by saying, "Okay, we can do training for people. We want to do training for people. It's easy to do this now through Skyjack and IPAF." Then, eventually, when they get to a point where they're successful at doing that and they get to a certain volume where it doesn't make any sense to do it through Skyjack anymore, then they become an

actual training center themselves. I think that's good for everyone all around.

We did a member survey satisfaction survey last year. When the results came back, one very pertinent result for me was a question for the North American marketplace asked, "Why are you not a member of IPAF?"

There was a variety of answers and they were broken out regionally. It was a very interesting response in the North American marketplace to, "Why are you not an IPAF member?" The leading response in the North American marketplace was, "I don't know who IPAF is."

That's a problem. We need to find ways to ensure that more people understand who IPAF is. So, we're working on communication plans.

We're also working on other plans to get it to the grassroots of the rental organization and other places so that we at least have an understanding of who IPAF is and what they do. It's not all related to training. Ultimately there are a lot of other benefits there such as being involved in the standards development. To a certain extent, they've been almost "too successful" in the standards development in North America because some of the feedback that I have heard is that, "We're getting a new standard. We're getting load sensing. We're getting all of this and it's all Tony Groat's [IPAF

North American regional manager] fault because he's been at a very leading part of that as an IPAF representative and energetic member.

So, I think those people need to understand that this was going to happen regardless. It was not driven by IPAF in any way, shape or form, but IPAF did take a very strong leadership position in ensuring that it happened and ensuring that it happened in the best possible manner for the greater good of our industry and the IPAF membership. ■



**The company's SJ311 3219 is one of its best-selling products.**



**Brad Boehler in front of a Skyjack boom.**



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The Genie stand at Bauma.

**There are changes afoot at Genie following parent company Terex's recent sale of its crane products - all of them complementary, company president Matt Fearon tells Euan Youdale.**

# Leading the change

**B**auma, Monday morning, 11:00. It's the start of the world's biggest construction show and expectations are heightened, as Matt Fearon, the president of Terex AWP, finds time amid the bustle at Genie's booth to explain the latest happenings at the company.

And, there have been a few, thanks to parent company Terex Corporation's announcement in February that it will sell its Demag Mobile Cranes business. It includes discontinuing its mobile crane production lines at its Oklahoma City facility, a move that is set to benefit Genie greatly.

As part of the reorganisation, Terex Utilities will become part of Terex AWP, which includes the Genie brand. The Oklahoma City facility will also join Terex AWP, focusing on telehandlers, aerial re-manufacturing and various products for the Materials Processing division of the company.

The Demag Mobile Cranes business sale, which is subject to government regulatory approvals and other customary closing conditions, is expected to close in mid-2019.

More recently it was announced that Terex had also sold its boom truck, truck crane and crossover product lines to Load King, a subsidiary of Custom Truck One Source. Included in the transaction are the assets and parts business associated with these products.

Expanding on what this all means for Terex AWP, Matt Fearon said, "We have picked up a couple of meaningful businesses. The biggest piece is the Terex Utility business, the insulated lift structures, truck mounted and digger derricks. They used to be under Genie about 10 years ago, so it fits perfectly."

With the additions, Genie becomes around a \$3billion revenue company.

"The reality is Genie has always been a significant part of Terex's revenue and operating profit and with the potential selling off of the cranes business that is definitely getting bigger."

Utilities is run by its general manager Clint Weber. He helped set up Genie's China factory in

Changzhou and before that was based at the brand's US facility in Redmond, Washington.

"I am very familiar with him, and I am going to leave that as a standalone business but it's a perfect bolt-on because its primarily aerials and we share some operations in China and we will continue to do that. So, there's lots of overlap between the two businesses."

Another advantage comes with the service network that Utilities has across North America, which over the last decade has provided some Genie servicing too. "What you will see is that we will start to use that footprint to offer more service to customers. We are excited by that as there are not enough service technicians in the industry."

## Shared goals

As far as the shared Oklahoma facility is concerned, Genie has been making its North American telehandlers there since 2014. Genie also has its certified used equipment programme at the plant, including refurbishment, and an engineering team. There is also a standalone training centre, with capacity for 50 trainees.

"And now the cranes are moving out, it gives us a perfect location for the North American market," explains Fearon, "For telehandlers, it is driven by oil & gas, so it's quick to get into Texas and quick to go straight up into Canada."

"It was a bit dated, but we upgraded the facility. That work is already done and with all our product development, it fits perfectly."



**“ Now the cranes are moving out [of the Oklahoma plant], it gives us a perfect location for the North American market. ”**

MATT FEARON, president of Terex AWP.

Looking to the future, Genie still produces some of its telehandlers for the North American market in Italy. With the extra space in Oklahoma they could easily move there. “Plus, we have a lot of new products coming out and if we are going to hit the peak of the replacement cycle, we have got some space. The paint systems are in place, so it’s really exciting.”

Fearon says Genie is constantly assessing its global footprint, with a view not just to expansion but logistics and the reallocation of activities as required.

“When your supply chain is changing, logistics is a major piece of it. So, we are constantly looking at the footprint. Oklahoma gives us a big open spot on the chessboard to move things around.”

And Utilities is expanding too at its current base in Watertown, South Dakota, thanks to the largest capital expenditure programme at Terex Corp., amounting to a new factory, with 11 buildings being combined into one.

Are there any plans to expand the Utilities segment globally? “The market in China for live line work is one that, like everything, is growing the fastest, so we definitely see some expansion,” Fearon answers.

And there are wider opportunities when it comes to lifts on trucks. “Obviously, truck mounts are a huge part of the aerial market, whether you talk about Europe or if you look at Japan.”

This also applies to non-insulated products. “Genie has got a lot of experience in non-insulated boom structures; they [Utilities] have great experience on mounting on trucks. So, we will continue to look at what opportunities come up.”

In fact, the worldwide opportunities for Terex AWP as a whole are considerable. “Over the years we have put a lot of energy into globalising the Genie business. But we



are still very North American centralised. A lot of our sales are in North America, and we continuously try and push into developing markets. We will use the whole portfolio to expand.”

Being geographically close to the customer is a key factor when driving into new markets. “The closer you are to the customer the faster you can react to demands. That’s the starting point but we have to look at the cost.

“The other piece, which will be harder for people to see, is that the supply chain is moving”. For example, some of the components that were being supplied from China are starting to be provided from elsewhere. A good reason for this lies in the recent and well-documented trade tariffs in the US. “Who knows what is going to happen with these tariffs but we’ve got a large Terex sourcing initiative. We have been talking to suppliers all over the world and we have a good idea who has the capability and capacity to supply us.”

### Global footprint

The company recently announced that it is again expanding its factory in China, and the footprint in Italy has grown too. “And we have our eyes on other parts of the world. We start with ‘local for local’, and then, as we get capability, we look at what is the most economical way to do it.

“Some products lend themselves to being put in containers much more efficiently than others. You can pack containers tightly and start to be pretty competitive.

“We know that we have competitors all over the world trying to come in and pick apart what we have, so we are not going to just sit back and live off the code we had in the past; we continue evolve.”

All this forward planning would seem to contradict any idea of Terex AWP following the same path as the crane division. Indeed, Fearon is adamant that Terex AWP will not be sold. “There are no plans to sell off Genie.”

Nevertheless, there are the inevitable concerns. “Team members ask me; they are worried about it. I tell them, even if there was going to be someone who was going to come and buy it, they would want us to perform exactly like we are doing, pay attention to customers and keep working on product innovations. But there are no plans.

“[Terex CEO] John Garrison’s view is very clear, his strategy is: Simplify, and Execute to Win. He has been trimming the portfolio back where he thinks it is best for the company. So, no, there are no plans to sell off Genie.”

Expanding on the sale of the crane products, he adds, “For us, there is very little disruption at all; we know what we have to do and we are completely focused on it.”

Moving on to the company’s expansion strategy, Fearon says future growth will be organic, rather than there being any specific plans for acquisition. “We see enough opportunity with organic growth. When you look at the overseas potential in aerials, there is a lot of organic growth and that is where we are focused right now.

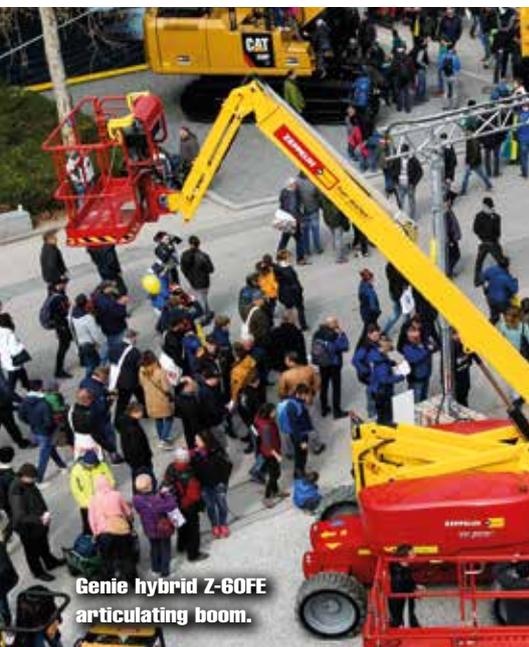
“We have success with the international markets. We got in there early, about 25 years ago, so we have a good installed base.

“We feel that we have put the hard years in developing those markets and we are making sure we have the aftermarket support to grow it. In tandem, we have the manufacturing presence, a large successful factory in China.”

The third phase of China factory expansion will mean the company can produce its entire scissor family and most boom products in that part of the world.

On the subject of emerging markets, Fearon adds, “They sometimes start out with a distributor model, then evolve to rental, so in the vast majority of our large markets we are setting up our own distribution centres, having local teams in the right time zones that speak the local language.

Beyond China, India is the next market that



Genie hybrid Z-60FE articulating boom.



Genie's Lift Connect telematics system.

Genie is keeping a close eye on. "Aerials are starting to be accepted more there. The rest of the markets are fairly mature."

Another potentially huge market, Latin America is becoming a little brighter. "They have been the slowest to come out of the recession – or they had their own one – but it seems like it is starting to perk up."

### Challenging tariffs

In the biggest market of them all, North America, the aforementioned tariffs are proving a real challenge for any company requiring large amounts of steel.

It started in 2018 with the threat of tariffs, triggering US steel producers to raise prices significantly, on both plate and coil. "It was not the tariff on anything coming into the country, it was the US steel companies pushing their prices up."

"Then, in July when some of the tariffs started to hit, the components we were buying from overseas, China, were getting hit with a 25% tariff, so absolutely, it has hit the cost of machines."

Rather than sitting back and hoping for the best, Genie is working with its supply partners to find solutions, although this strategy can take time. "So, in the short term we definitely saw an increase in our input cost but the supply chain has reacted quickly and we already had a sourcing initiative in Terex. The timing was perfect because we had been out in the market looking at the suppliers for the last 24 months."

He adds, "We are starting to get our arms around how many things are going to be tariffed. Because, you have things that you buy directly from suppliers and then there are the other components that our suppliers are buying sub-assemblies into."

"We have had to set up teams that are watching exactly what is going on and tracking it back. Some of it you can claw back; we are figuring out how to do that."

Certainly, the cost cannot be passed on to

the customer. "We pass some on, but only so much – the market sets the price."

Another factor in the modern marketplace is consolidation. Mergers and acquisitions are nothing new but there has been a flurry of activity in both Europe and North America over the last couple of years, and Fearon believes that is set to continue.

"The market is changing. It [consolidation] started in North America but now you can see it in Europe. The large rental houses are good operators and what they do is scalable. They are using that to their advantage; it's a good way for them to continue to grow."

"They know exactly how and where they make money, so it raises the bar for us as manufacturers; it pushes us, which, I think, is good. A lot of them we have had relationships with for decades, so we can work with them on a larger scale – we just need to make sure we are keeping up."

A key development in today's rental model is an ever more sophisticated use of data. Genie's answer to that is its recently-launched Lift Connect telematics solution, which the company is placing as standard on all booms, scissors and telehandlers. It will come with three years subscription for the data, then customers can renew it over the following years.

The requirements will be different, depending on the rental outfit. "There are the large consolidators, but then there are the smaller rental companies. They often don't have the infrastructure to put in the required IT systems, so we want to offer a service to them. We are trying to help them both out."

The nub of the matter lies in actionable information. "You can put sensors all over these machines, you can get so much information off them and in time we will get more. But you have to be able to connect it to them making money; extending the life of their fleet, avoiding a service call. Otherwise it is just too much information and it overwhelms everyone."

Today's requirements go way beyond the basics of GPS machine location and whether it is on or off. "There is some really low hanging fruit and we are just making sure we are able to get to that fruit. Some of that fruit lies in battery management data, including the health

**“ When you look at the overseas potential in aerials, there is a lot of organic growth and that is where we are focused right now. ”**



Genie XC booms at Bauma.

of the battery and its charge status. It's also a huge opportunity to solve the service shortage problem.

"In the life of a scissor lift, if you can stop one service call a year, that matters, and it's easy to imagine stopping way more than that. The financial return for the rental companies is going to be significant."

### Industry cycles

Over time even more will be understood about the life of a machine. "How much load is going in the machine, how many times a year does it actually go up and down? It will allow us to optimise the design of the machines and work with our supply chain and say, 'hey, your component is only lasting this number of hours'."

"And, think what it will be like 10 years from now. I think everyone should be excited about it. It will make the machines better and the businesses are going to be easier to run."

Over the next decade it is also likely the conundrum over who owns the data – the supplier or the customer – will be resolved. "My view is that we should both be able to share the data. And, if there is data that, for some reason, they don't want us to know about, we can scramble that and not look at it. If you have a pragmatic approach, there are very few that won't work with you on it."

See what Fearon has to say about electric and hybrid and Genie's latest financial results in the on-line version of this interview, at [khl.com.ai](http://khl.com.ai).

# Adapting to the future



**As Cramo adapts to the changing face of rental, the company's CEO and its senior vice president of group fleet management share with Thomas Allen some of the new opportunities that are emerging.**

**C**ramo is morphing in response to a changing rental industry. Indeed, the Finnish rental company is embracing that change and looking to direct it from a strong market position.

The company reported solid growth in 2018, with sales for the full year coming to €779.8 million, up 6.9% on the previous year, and profits increasing by 8.3% to €130.1 million – although the picture has been a little more mixed in the first quarter of 2019.

This has been helped by positive market conditions in the fourteen countries where Cramo operates. In an interview at Bauma, Leif Gustafsson, the company's CEO, told Thomas Allen, editor of sister publication *International Rental News* the markets are performing well in the Nordics, especially in its home country of Finland and even in Sweden where a decline in Stockholm has been more than offset by increases elsewhere in the country.

Eastern European countries, where Cramo has a relatively small presence, are also enjoying good conditions, and the only exception in the Baltics is Estonia, where the market is levelling out at bit.

Gustafsson describes Germany as “the diesel in our business,” because it's a steady market without extreme peaks and troughs. Elsewhere in Central Europe, he singles out Austria as a healthy market, as well as the Czech Republic, which after a slow period has picked up, with a significant increase in investment in residential and non-residential developments.

In almost all these markets, Gustafsson predicts continued growth in 2019. The one country for which he hesitates to give a forecast is Russia, saying, “It is difficult to predict the Russian market. It has been quite challenging for a couple of years,” but he added, “Our joint venture with Ramirent under the brand Fortrent has managed that market situation fairly well.”

In such buoyant conditions, it might

be tempting to continue doing business as usual, but Cramo has different ideas. Ever since the company introduced its Shape and Share strategy in early 2017, it has been aware of a shift in the industry away from simple equipment rental towards total site solutions.

“When we were in our strategy planning three years back, we all saw this at that time. We saw more services, and we believed that in the future we needed to create more value. And creating value, of course, means creating service solutions around our products,” says Gustafsson.

## Key catalysts

This requires heavy investment. Last year, Gustafsson said Cramo had invested about €170 to €180 million in its fleet. Of that, about €80 to €100 million can be attributed to growth Capital Expenditure (CapEx) to grow and develop the company's fleet beyond simply maintaining it.

Cramo has identified two important catalysts of change in the rental industry: sustainability and digitalisation. With growing

awareness of the importance of sustainability, the sharing economy has a central role to play since, arguably, rental is inherently more sustainable than the ownership model.

“To rent is a good start to being more sustainable,” says Gustafsson, adding, “We work a lot with our customers, integrating with our customers to provide different types of solutions to help them decrease their carbon footprint by using services from us.”

On the digitalisation side of things, Martin Holmgren, senior vice president of group fleet management, says, “There are three key focus areas. One is the internal part, and that's normally where you start because that's in your own control and so it's fairly easy to start there. Then there is the customer side, and we have been asking our customers how we can do our business in a better way with new digital features and the opportunities that lie therein. You have to integrate or collaborate with customers in a much more in-depth way. And thirdly, we are also asking how we can actually do business differently with the help of digital solutions – really thinking in new ways.”



**Leif Gustafsson,**  
CEO of Cramo.

**Martin Holmgren,**  
Senior vice president  
of group fleet  
management at Cramo.

**Digitalisation is a key part of Cramo's strategy. The company recently launched an online portal and two mobile Apps.**

what they have on rent, and what they should not have and can return. So it's much more of a management tool for rental, and it will become a management tool also for productivity, safety and sustainability. More and more digital features will be loaded into that tool."

As for the Apps, ProductViewer enables employees on the jobsite to scan equipment and get tutorials, instructions or safety manuals for any of the 230,000 pieces of equipment that Cramo offers. On the other hand, MyEquip is an equipment returns App that provides an inventory list of the rental fleet a company has on site, and invoices are connected to it to make things easy for the customer.

When asked how Cramo is making it possible for people to take machines on and off rent at any time of day, Holmgren cited the example of a container that is installed on a construction site, integrated into its boundary. The container is connected to an App through which the customer can place orders and access an entry code for the container. Transport companies can then deliver rental equipment to the container in the evening, when there is less traffic.

Holmgren says, "The container is very secure because it's part of the fence, which means that from the construction side – the inside of the site – you can put the equipment and lock it from that side but you can open it from the other side. So you don't have to move outside with equipment and make it complex. Once again, a very simple way of working."

This solution was recently provided to a customer in Sweden and some interesting insights were gained from the project. It was observed, for example, that workers spent less time collecting rented equipment, "They measured the amount of steps certain workers had been walking before the container was put in place and then after, and they can see that the workers can spend more time on

the production part rather than walking and finding equipment," says Holmgren.

This gives an idea of how new solutions arise from working closely with customers, and as those collaborative relationships deepen Cramo's role is morphing – as previously touched upon – into that of a total site solutions provider.

### **Wider visibility**

This is reflected in the company's acquisition last year of German construction site logistics company KBS Infra.

Gustafsson says, "They are more-or-less providing a full-service concept for establishing a construction site, meaning everything from electricity and fencing to security and machines on site."

He adds, "We are doing a similar thing, though not so advanced, in Sweden and Finland, and now we're getting this competence on board it's extremely interesting for our German business, but also across borders, spreading the knowledge and experience of KBS."

This is also an area where Cramo sees great potential for technological development as digital technologies are increasingly offering better visibility and control of a jobsite.

Holmgren says, "We conducted a thorough analysis of the market and companies say logistics is extremely important for the construction site." However, when asked if the logistics are being planned in the most efficient way, the consensus is that they are not, "So we know that we can do this much better. And they can also see that we can be a partner here; we can take the position as that specialist."

Holmgren goes on to say, "So that is an area we are developing now, to become that integrated partner in the production process, and not only being a machine provider. And when you are there, then you also start to learn about the processes and how they work and that's where we'll find a lot of good areas to improve the digital services as well."

An interesting effect of this changing approach is that Cramo is beginning to assess its fleet from a different perspective. **AI**



On the third point, one example is sharing platforms. Holmgren suggests a contractor's entire fleet – not only Cramo's equipment – could be connected up, opening the door to new payment models and novel ways for customers to access rental fleets and services. This is the 'Share' part of the company's Shape and Share strategy.

"So there we are also looking at what we can do, how we can shape this part of the industry. It's very exciting times and there are enormous opportunities. You can do so many things. The key is to have the right mindset among the employees, the right structure, and working extremely closely with the customers. Then you will find those areas where to focus," says Holmgren.

### **Data access**

This concept is apparent, perhaps in embryonic form, in Cramo's latest digital products, which comprise a web portal and two mobile Apps – ProductViewer and MyEquip for Android and iOS. Together, they are designed to give users a better overview of their rentals and help them to manage equipment returns. In addition, they aid in the planning and management of documents by providing an order history.

Holmgren says, "We want to give customers an easy way to get access to our data and also give them the tools to do business transactions in an easy way. So it's about simplifying the processes."

The web interface is not intended only as a rental portal or e-business interface; it's much broader than that.

"Of course, they can place an order on there, but also we want to give them a tool with which they can manage their fleet. They can get subscriptions to reports about what they have on site," Holmgren says.

"We have given them tools on the web and also in the App that allow them to see instantly





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