



Volvo Truck Corporation

Press Information

1998 SWEDISH QUALITY AWARD GOES TO THE VOLVO TRUCK CORPORATION

"Within the structure of a large global organisation, the company has succeeded in implementing a methodical process of improvement that pervades every aspect of its operations. Volvo Trucks is an excellent example of quality trends in Sweden."

These are the concluding words of the jury that nominated Volvo Trucks for the 1998 Swedish Quality Award in the large-organisation category. The award is tangible evidence of the quality-enhancing efforts implemented throughout the company for many years now.

The SIQ quality-development institute is charged with "stimulating and contributing to a positive trend in quality enhancement in all parts of Swedish society." Every year, SIQ makes the award to large and small organisations that record the best quality-related accomplishments.

The Swedish Quality Award is a tool that an organisation can use to describe and analyse its operations in the drive to identify internal strengths and improvement potential. For many years now, Swedish Quality Award criteria have been used at Volvo Trucks to provide essential feedback on the company's operations.

"I am deeply honoured to accept this prestigious award on behalf of Volvo Trucks," said Karl-Erling Trogen, President and CEO of the Volvo Truck Corporation.

"Quality is a central concept in all our operations – high quality is an absolute precondition for success in an industry that is becoming increasingly competitive. This award is proof that we have made considerable strides in this vital area, but it is not to be regarded as confirmation that we have reached our destination. On the contrary, we see it as representing an excellent foundation for continued efforts," he continued.

Karl-Erling Trogen's firm determination to give customers problem-free truck ownership is the very basis for all quality-related work. A major quality-enhancement campaign throughout the organisation is a precondition for long-term competitiveness.

Volvo Trucks employs a number of tools in order to progress towards these goals.

Customer satisfaction monitoring

Monitoring of customer satisfaction is one of the most important means of obtaining feedback about the way in which customers perceive the improvement drive.

Operational development and goal breakdown

One important parameter in the quality-enhancement process is to clarify quality goals in the annual business plan. The business plan is transformed into tangible goals for various working groups and individuals in a process of dialogue with all the employees. These goals constitute the basis for ongoing improvement efforts.

Modular approach

Volvo Trucks is continuing to develop a modular structure whereby a given number of components can be used in a wide range of model families. The FH, NH (Australia), VN (USA) and FM Series are all based on the same global platform. This approach creates excellent preconditions for positive quality-related development.

Uniform quality requirements

Volvo Trucks is working on the formulation of uniform quality requirements for all operations and facilities irrespective of their actual location on the world map. This permits more precise monitoring, follow-up and internal comparisons.

Communication

The establishment of networks between the various quality-related functions has promoted better communication and co-operation within the company.

Important milestones on the road to reaching the quality goal

1993 The first departments were accredited as per ISO 9002.

- 1993 The first product based on the global platform, the FH12, was launched and named Truck of the Year in Europe.
- 1994 The business-plan process was introduced.
- 1995 The operational development programme was introduced as a means of communicating the business plan to all employees.
- 1996 The second and third products based on the global platform were launched: NH (Australia) and VN (USA).
- 1996 Global quality council was created, heading all meetings of the company executive.
- 1996 Global quality council decided that all company employees throughout the world are to work within an accredited quality system by the end of 1998.
- Internal Swedish Quality Award evaluation of the entire company began.
- 1996 Uniform method for measuring product quality implemented throughout the company, with weekly follow-up.
- Quality system restructured into an operational system.
- 1997 Reorganisation with clearly expressed process responsibility.
- 1997 ISO accreditation for 85 percent of the employees.
- 1998 The fourth product based on the global platform was launched: FM for distribution and construction duties.
- 1998 New joint quality policy with quality strategies adopted. The strategies are based on SIQ's basic structure.
- 1998 Operational development programme encompasses more than 30 percent of all employees. Decision taken to ensure that all the company's employees worldwide are to be covered by this programme by 2001 at the latest.
- 1998 Volvo Trucks executive management accredited as per ISO 9002.
- Volvo Trucks receives the Swedish Quality Award.

The jury's motivation

The 1998 Swedish Quality Award in the large-organisation category has been awarded to the Volvo Truck Corporation.

"Volvo Trucks develops, manufactures and markets medium and heavy trucks for all types of transport application. The company's operations are characterised by the clearly expressed vision and strongly embedded determination to create added value for the customer. The foundation relies on a thoroughly involved

leadership, a well-structured strategic planning process and excellent communication with customers, suppliers and employees.

Structured breakdown of visions and goals helps promote a feeling of participation and motivation, of pride in the company's successes. Within the structure of a large global organisation, the company has succeeded in implementing a methodical process of improvement that pervades every aspect of its operations.

Volvo Trucks is an excellent example of quality trends in Sweden."

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For more information, please contact:

Tommy Kohle. Tel: +46 31-66 65 17, e-mail: vtc1.kohle@memo.volvo.se