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VCC CORPORATE DIVERSITY BUSINESS DEVELOPMENT PROGRAMME

What is Diversity for VCC?

To most organizations at present, 'Diversity' is about:

- fighting discrimination
- building 'tolerance' of individuals 'of different backgrounds'



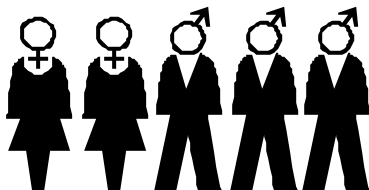
At VCC we aim to use Diversity as a tool to:

- broaden competence
- deepen customer insight
- increase innovation
- fulfil our business objectives

What kinds of diversity are important to VCC's business success?

DEMOGRAPHIC DIVERSITY

- age/ generation
- cultural/ ethnic/ geographic origins
- economic situation
- gender
- life-stage
- physical abilities and/or limitations
- sexual orientation, etc.



INFORMATIONAL DIVERSITY

- educational background
- international experience
- professional experience
- industry experience
- skills, etc.



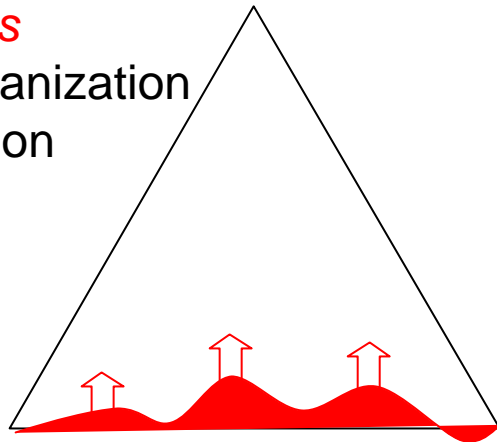
VALUES DIVERSITY

- life-style choices
- motivations
- personal values
- product-focus Vs. customer-focus
- work-style preferences, etc.



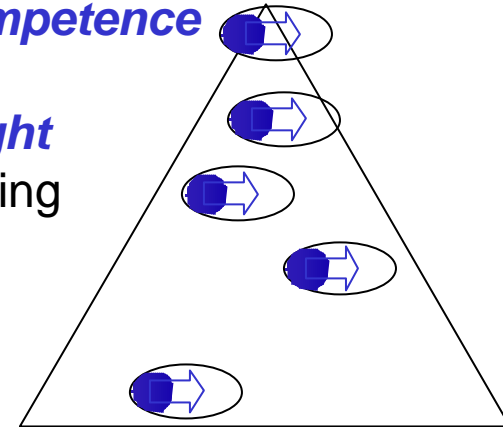
VCC's approach to diversity

Not a workforce where diversity is counted only in *percentages* and the organization misses out on essential learning...



Goal: x % to y %

...Instead VCC's business effectiveness is enhanced through *broadened competence* and *deepened customer insight* in decision-making teams.



Goal: Enhanced teams & tools

Our needs have changed and are changing...

- *From hard to soft knowledge*
- *From machine to people skills*
- *From regional to global focus*

The business case for diversity

- *Meeting our business objectives* requires improving our ability to recognize, value and serve the needs of the diverse range of Customers;
- *Becoming a more successful business* requires attracting, developing and retaining the best combination of talented people;
- *Becoming a true premium brand* requires demonstrating leadership:
 - customer understanding;
 - human resource management; and,
 - alignment with societal needs/ expectations.

Yugoslavian-Swede salesperson in Gothenburg:

“Super Salesman” Drago Lopatic



- 14% of national yearly sales to immigrants in Sweden
- Seven more “Dragos”:
+1200 extra cars annually
+6000 extra cars 2001-2006

Immigrant market:

- 1 in 5 Swedes is an “immigrant”
 - Many millionaires;
 - 40% have Swedish household income level;
 - Under-represented as owners and buyers of new cars
- Own 55,000 used Volvos
average upgrade rate 26,46%
if upgrade 10% = 5,500 extra cars

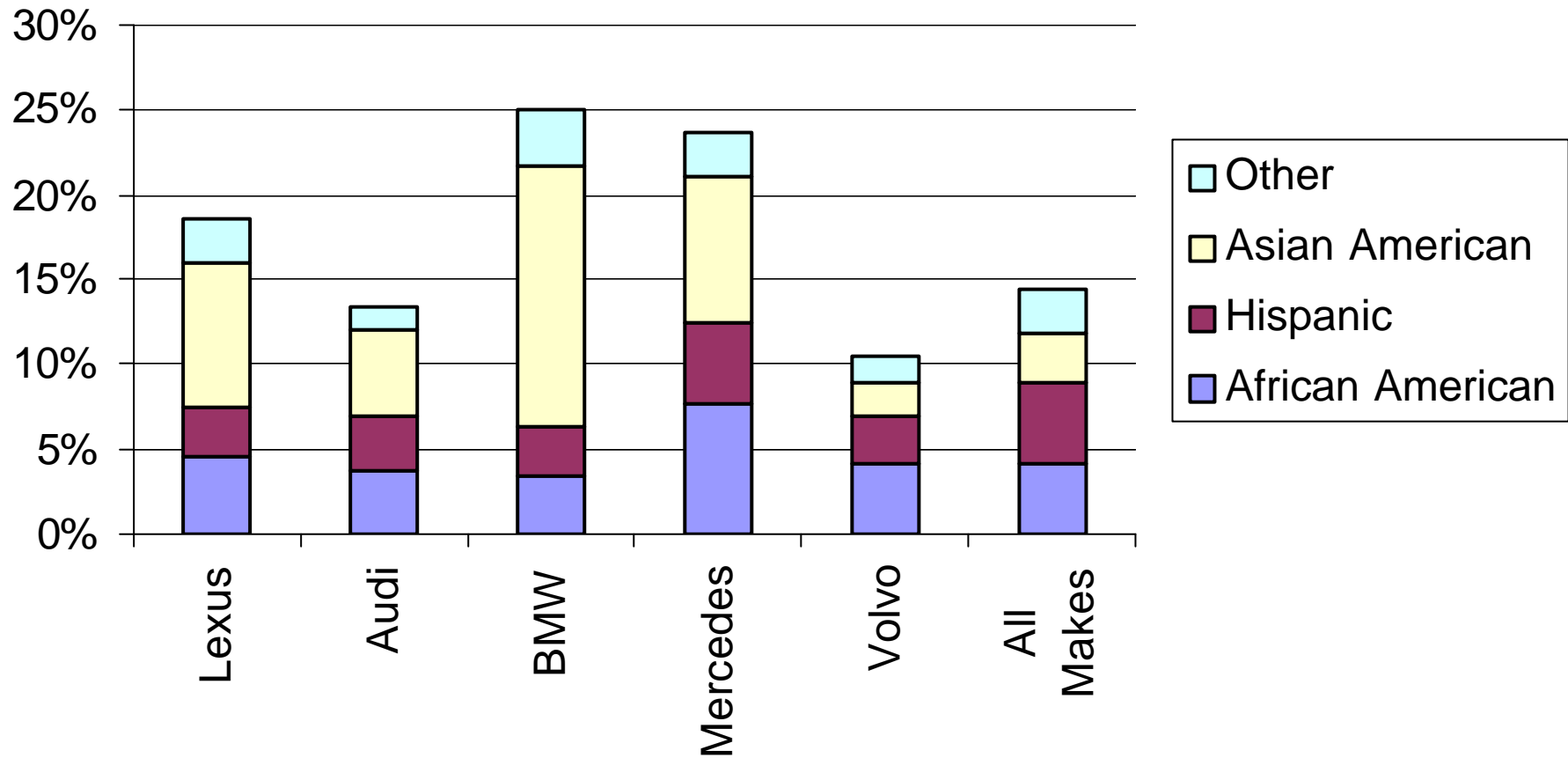
Source:

Görgen Eliasson, *Global Communication*

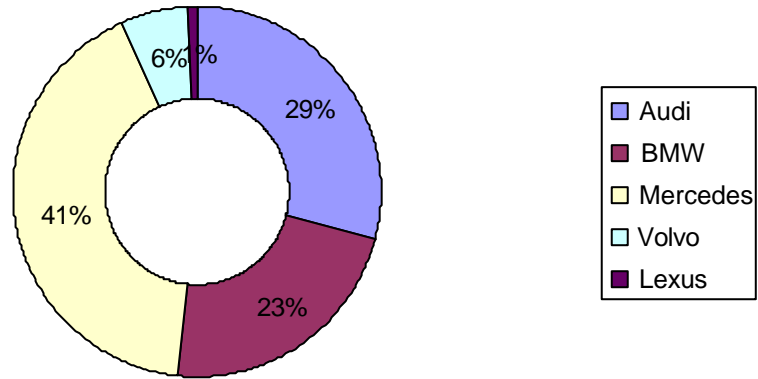
Eva Ohlsson, *Market Intelligence*

NCBS Sweden 1999

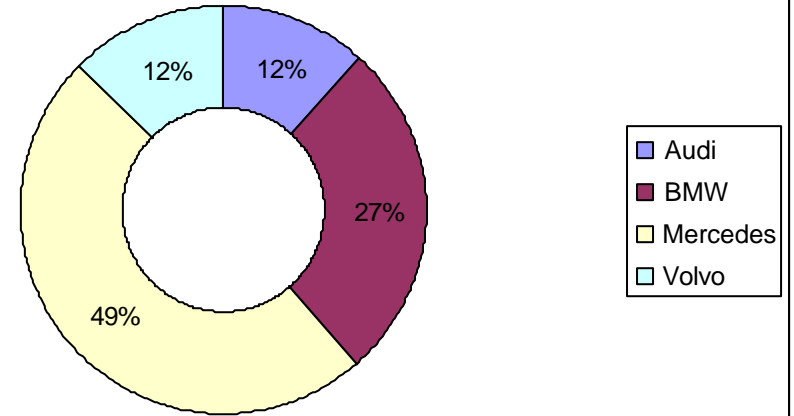
Ethnic Groups NVES USA 2002



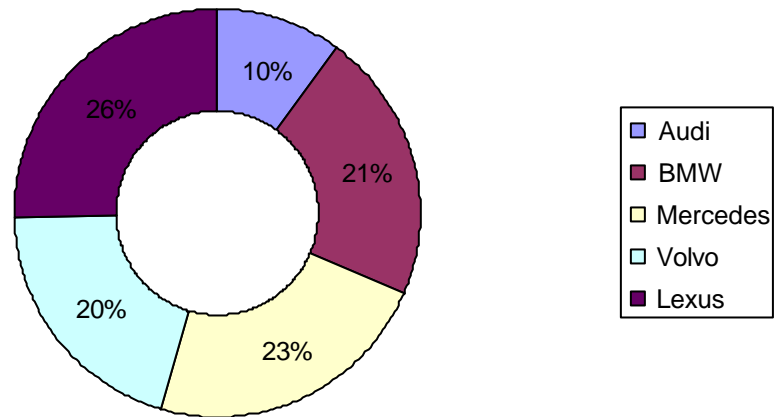
**Female Premium sales volumes EU main5 NCBS
2002**



Female Premium sales volumes Japan NCBS 2002



Female Premium sales volumes US NVES 2002



VCC Global Diversity Council

VCC

Sven Eckerstein, VCC Deputy-CEO (GDC Chairperson)

Magnus Johansson, VCC Human Resources

Kaarina Dubee, VCC Diversity

Monica Gustafson, VCC Product Development

Dai Min Barclay, Volvo Cars of North America

Peter Rask, Volvo Car Greece

Business Partners

Susanne Lauff-Kirsten, Autohaus Lauff, dealership, Germany

Madeline Sulaiman-Eason, Ford Motor Company Diversity

Social Partners

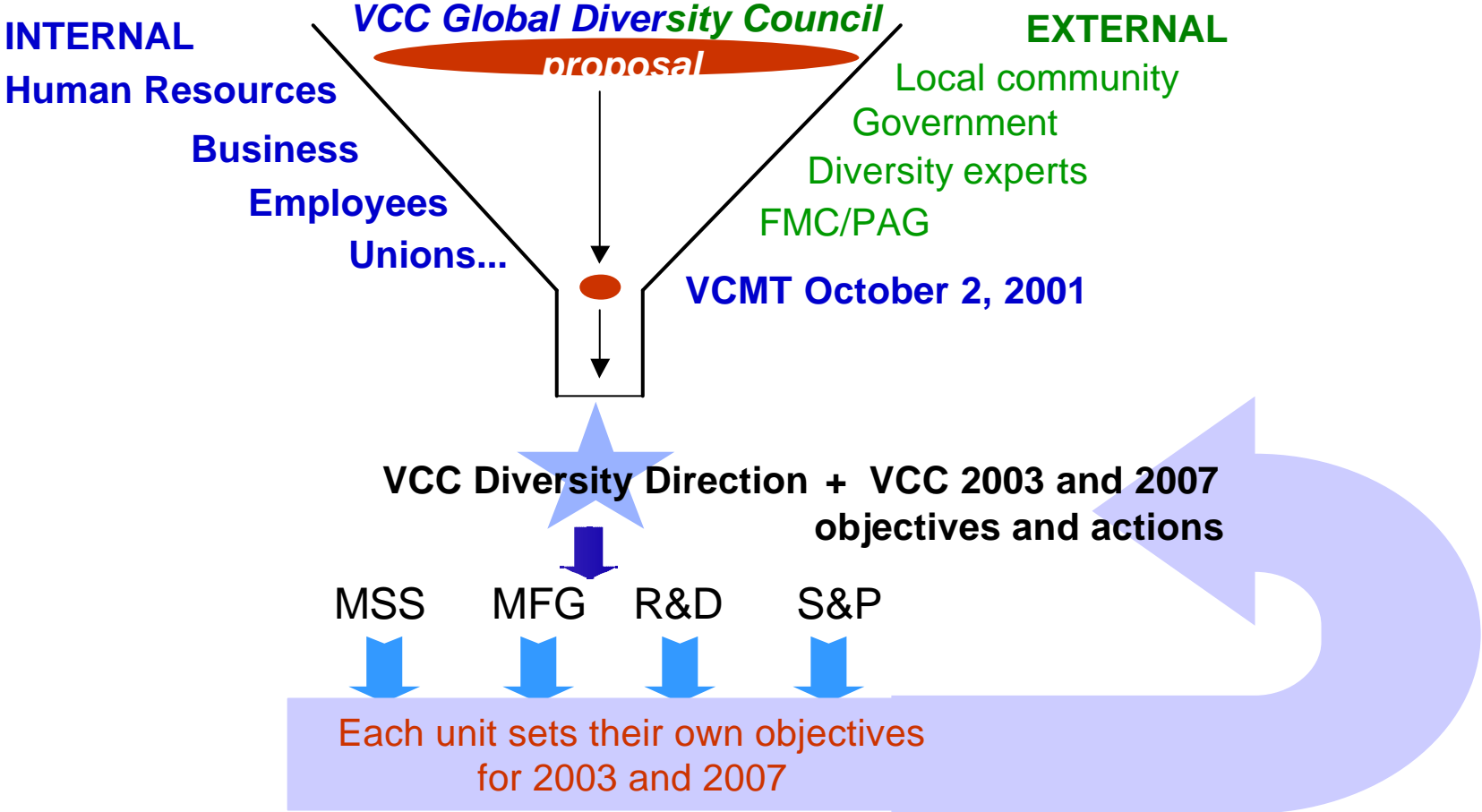
Thomas McCarthy, United Nations High Commission for Human Rights

Ulf Qwarfordt, Integrationsverket

Sarin Hedroy, Integrations Center för Kvinnor, Göteborg

Lennart Olausson, Business Region Göteborg

Diversity Objectives development process



Diversity for a Premium Brand

A progressive diversity approach is a key element in transforming Volvo Cars to become the world's most desired and successful premium car brand.



VCC Diversity Objectives

OBJECTIVES:

Improved...

1. *“Diverse” customer understanding and serving*

2. *Valuing of employee differences*
- competencies, experiences, perspectives

3. *Premium brand image*

MEASURABLE THROUGH:

Improvements in:

- ▶ *Retention & conquest of “diverse” customers;*
- ▶ *Customer Satisfaction;*
- ▶ *Sales & profit.*

- ▶ *Employee Attitude;*
- ▶ *“Diverse” employee attraction, development & retention;*
- ▶ *Team-mix development.*

- ▶ *Brand Score Card;*
- ▶ *Employer of choice;*
- ▶ *Corporate Citizenship.*

VCC Diversity Champions

Finance
HR
Manufacturing
MSS
Project Mgmt
Public Affairs
Purchasing
Quality
R&D

Andrzej Kasperek
Cindy Walters
Walter Fortgens
Katarina Stubelius-Ohlsson
Sara Johansson
Catarina Munck/Rosenschold
Steve Armstrong
Karin Börjesson
Paul Welander

Dan Hermansson - VCBC, Olofström
Dirk Smet - VCG, Gent
Göran Ovesjö - VCTC, Köping
Oskar Falk - VCE, Skövde
Michael Straughan - VCU, Uddevalla
Derek Jessiman - VCT, Torslanda
David Stenström - VCM Staff
Bengt Svensson - KD Operations

Maria Forssell, Olga Melekhova,
Anna Karin Karlsson, Robert Jagler,
Karin Bruyr, Greg Dixon, Tom Russell,
Jessica Malmsten, Caroline Breithardt,
Helene Laoudi, Peoy Leng Kong,
Cana Soyer, Natsuko Sakamoto,
Christer Andersson, Lennart Breeding

Corporate Citizenship Report 2002



VCC performance 2002

	Trend
Creating value	
Customer satisfaction	+
Employee satisfaction	-
Dealer satisfaction	=
Cars sold	-
Taking social responsibility	
Safety (Lost time incidents)	-
Health	+
Work/Life	-
Women in leading positions	+
Diversity	+
Promoting ecological sustainability	
Climate change (ACEA)	-
Emission (ULEV)	+
Cars run on alternative fuels%	+
Energy use in manufacturing	-
CO2 in manufacturing	-
Solvents in manufacturing	+
ISO 14001 VCC	+
ISO 14001 Suppliers	+

Work In Progress at VCC

Human Resources

- Mapped and analysed recruiting process, created tools and guidelines to ensure diverse hiring.
- Designing and piloting development program with focus on increasing diversity competence of HR community.

Public Affairs:

- Improving the diversity of information carriers externally.
- Improving the diversity of themes communicated externally.
- Improving the internal communication of diversity projects.

Work In Progress at VCC

Manufacturing:

- Diversity Champions in every plant globally
- Committees/ Taskforces for Equal Rights and Diversity started or re-vitalized
- Individual approaches in each plant - 'diversity of diversity'

Examples:

- Mapping completed of the development paths over the last two years regarding gender, age, education and citizenship
- Pre-employment programme for newly-arrived refugees

Work In Progress at VCC

Marketing Sales & Service:

- Diversity Champions in key markets
- Market Intelligence investigating & spreading business cases
- Several markets have begun 'diversity marketing' activities

Purchasing:

- Diversity development project in co-operation with 5 suppliers and external partners

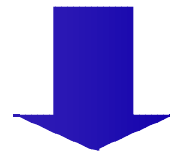
Next steps: VCC

- Unit-driven implementation of action plans
- Monitor awareness & understanding across VCC
- Roll-out Diversity Business Development Workshops
- Launch VCC Diversity Policy
- Continue co-operation with key internal and external stakeholders

Diversity for VCC - in Summary

Internally - competence

Externally - opportunities



Business opportunities

*“The illiterate of the 21st Century
will not be those who cannot read and write,
but those who cannot
learn, unlearn and relearn.”*

- Alvin Toffler