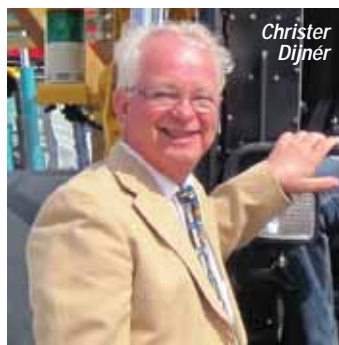


One step at a time...

If you were to name one person as most responsible for developing the mini crane sector outside of Japan, it would have to be Christer Dijnér of Kranlyft. He has spent more than 30 years with Maeda's European master-distributor Kranlyft and recently spoke to C&A about the huge strides made in the sector and the enormous potential that still lies ahead.

Gothenburg-based Kranlyft first started life in 1963 and over the years has had a varied and complicated history. The company began as a small rental operation founded in Gothenburg by Bert Jonsson and Staffan Ferón with a few excavators and a crane. Expansion meant moving premises several times during the 60's but it was the Kato Cranes agency that it won in 1970 that saw the company really take-off. Jonsson found out about Kato, so the story goes, when he was stranded in a foggy Heathrow airport and read a magazine article about the company. The following week he flew to Japan and secured the agency for part of Europe.

He initially covered the Scandinavian market before forming Kato Cranes UK in 1975 together with Jack Ford, opening Kato Kraanen in Holland in 1976 then establishing a dealer for Belgium and in 1978 Kato Kraner in Norway. In 1977 the pair diversified further



Christer Dijnér

starting Eurolift in Ireland as a manufacturer of trailer and truck mounted work platforms. Kranlyft had been the Swedish distributor for British-based trailer and vehicle mounted lift producer Acklift, but following product issues that the company would not step up to the two teamed up with Acklift's export sales manager John Ambrose and others including Frank Delaney and Charlie Coates of Coles cranes. In 1977 Kranlyft also became distributor for Kansas-based boom manufacturer Snorkel and Chicago-based scissor lift company Economy which was later acquired by Snorkel. 1977 was also the year that Dijnér joined Kranlyft as a junior accountant. Three years later the company was sold to Swedish investment company Cinderella, beginning a turbulent period of in the company's ownership.

Cinderella story

Cinderella sold the company in 1983 to Gothenburg construction company Kullenberg who then sold a year later to Swedish investment group Nordstjernan AB - a part of the Axel Johnson Group. In 1984 a new managing director made it clear that the sales company was not part of the group's long-term view, resulting in a management buy-out later that year by Dijnér - now chief executive and more focussed on sales - and four others.



LC785



C&A

face to face



After the MBO, Eurolift was sold to the Simon group in the UK - with Kranlyft remaining as a distributor and the Dutch operation was sold off.

In 1989 Kranlyft was approached by Swedish-based Componenta group which already owned the Dynapac compaction business. The idea was to sell Kato cranes and Dynapac construction equipment together throughout Europe. Whilst this sounded logical at the time as there appeared to be plenty of synergy, it ultimately didn't work because the two cultures just did not mix. Componenta was then acquired by Svedala Industri AB in the early 1990s which was then acquired in 2001 by Metso Corporation from Finland.

Metso made it very clear early on that Kranlyft would not to be part of the group (déjà vu?) and soon after the acquisition tried to sell it. By April 2002 Dijnér was involved in another management buy-out, this time six people were involved - three in the UK including Terry Marnock currently managing director of Kranlyft UK, Paul Rosevere and John Hornby - and three in Sweden, besides Dijnér, Bo Börjesson and Per-Ragnar Karlström. Since then Rosevere and Hornby have retired and Kranlyft has bought back their shares leaving three Swedish owners and Terry Marnock.

Kato Cranes problems

"It was around this time we really started to market the Maeda product primarily because in early 2000 Kato had problems with the homologation of its crane engines for the European market, leaving the Maeda mini cranes as our only product," said Dijnér. "Kato's problems were caused by Daimler Benz buying Mitsubishi Heavy Industries and deciding not to develop Mitsubishi industrial engines. Kato could not find any engines in the short term to replace them and decided to 'take a holiday from Europe'. We continued with the service and parts backup for Kato cranes but this was never going to be a developing market."





But how did Kranlyft get involved in Maeda cranes?

"I first visited Maeda in 1994/5 but in those days I could not see a market in Europe because of the lack of required product safety features. In 1998 we decided to CE mark the mini cranes and fit them with safe load indicators etc. This process took a long time because Maeda was a small company based in Nagano which took a long time to get to and no-one spoke English! In 2002 we restarted Kranlyft with just the Maeda product and by this point we understood each other and were ready to market the products properly."

"As we were the first into this sector we looked at and compared all the products available in Japan and came to the conclusion that the Maeda was the quality crane in that sector. In total there were four Japanese mini crane manufacturers - Toah, Tadano, Unic and Maeda - but as service representative for Kato Cranes we could not talk to Tadano. Toah only produced in limited numbers so in reality it was between Maeda and Unic. Since then Tadano has stopped

An MC305 at Mullion Cove, Cornwall



manufacturing mini cranes."

At that time Maeda also sold a few machines into the Australian market which accepted the Japanese versions as they were. Maeda has always been the Japanese domestic market leader for mini cranes with more than 70 percent of the market.

Komatsu-based crawlers

Kranlyft also sells Maeda mini crawler cranes but these are nowhere near as popular as the spider cranes in Japan. The LC range of crawler cranes were introduced at the same time as the spider cranes. The early models were based on Komatsu undercarriages, the LC coming from the Komatsu nomenclature system.

"At the end of the 1990s Komatsu had a German distributor which struggled to achieve sufficient sales to establish the product, so we took over the mini cranes. In Japan they were sold as Komatsu cranes but we were allowed to sell them as Maeda. The LC785 and LC1385 still use Komatsu undercarriages - the rest of the range are now full Maeda products.

Hard to establish minis in Europe

"Initially we were not even sure who to market the machines to and made the mistake in the local Swedish market of trying to sell into the crane hire industry," he said. "It took us 18 months before we realised they were not really interested in such small cranes as they had invested millions in big mobiles with operators and preferred to rent these out rather than a smaller, cheaper non-operated machine. This made us look towards the general non-operated plant hire market and that is when (2004) it really took off."

Mini cranes were initially a very special niche market, made even more specialist because certain rental companies realised their potential and did not want anyone else entering the market.

"We had one very satisfied customer on the East coast of Sweden with 15 Maeda cranes so we asked if we could use him as a reference to vouch for the machine's quality and potential to prospective buyers. But he said that if contacted he would say they were rubbish, just to put-off other companies from entering the market. He was supplying the



Two MC285's on Brighton Pier

whole of the east coast area and had 100 percent utilisation and didn't want another competitor!"

"This was just one of many obstacles in developing the sector. Being a small machine it is often working inside or behind buildings, so we don't get the free marketing that larger equipment gets such as mobile cranes were people see them in action," he says. "I still think that less than half of the contractors and plant hirers know what a mini crane is and understand its capabilities. This is highlighted by the numbers who visit our stand at a show like Bauma and ask what they are and what can they do!"

Manual handling rules

"We are also fighting against older workplace traditions where workers are not bothered about how much they lift. In Europe the regulations state a maximum of 25kg but when I was travelling in Russia and using the manual handling argument on a Russian contractor he said that if a man could not lift twice his weight he was useless and would simply get another. It is these sorts of barriers we still have to break down."

In an effort to promote and sell the product around Europe Kranlyft has appointed about 30 distributors with the aim of spreading the word and providing a local service. These dealers now cover Europe, Russia, Middle East and North Africa. Maeda covers India, Pakistan and further East and there is now a dealer covering North America.

57,000 minis to go!

"Japan started with mini cranes a little more than 30 years ago and there are now about 10,000 spider and mini crawler cranes serving a

population of 127 million," says Dijnér. "If you make a similar per capita calculation for Europe we should have 60,000 cranes, but currently there are only around 3,000, so only 57,000 to go!"



"Scandinavia, the UK and other Northern European countries are the most developed mini crane markets and 99 percent of Maeda's sold by Kranlyft are delivered with the diesel and electric option. Even companies which know the machine will spend all of its time working outdoors would benefit from opting for the electric option because of the much greater residual values."

The majority are still bought by rental companies with machines working primarily in the glass sector and then general construction work. Kranlyft does not distribute a vacuum handler but lets the customer go direct to the manufacturer/distributor for the best price."



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"In the early days, GGR was a Maeda dealer in the UK but it saw an opening to distribute the Unic crane in Europe," he says. "That move was good for both of us in that there were then two companies promoting the product concept. There are now a few other smaller manufacturers such as Jekko, Reedyk and Hoeflon producing cranes in Europe and a few manufacturers have been looking at the sector but the numbers are still too small for major manufacturers to get involved. Palfinger was said to be getting closer to entering the market in 2008 but the recession probably put an end to that idea. In our best year we sold close to 400 machines in Europe so my guess was the total market was about 650-700 units."

Euro/Yen exchange

For mini cranes, the recession is two-fold. Products imported from Japan are subject to the fluctuations in the Euro/Yen exchange rate, which in recent years should have added more than 30 percent to the overall price.

"We get help from the factory and we have reduced our margins to

keep prices down until demand returns but this is becoming more and more difficult and we have now had to raise prices by about 15 percent."

"There is a case to produce in cheaper manufacturing areas, but at the moment the numbers are not sufficient. Maeda has a capacity of 1,000 cranes a year and when this is breached it will be time to look to other manufacturing facilities, possibly in Eastern Europe."

Currently demand from historically good markets such as England, Ireland, Spain, Portugal, Greece is well down, while Germany and France are also implementing cost saving measures and cutting back on new projects. So it is a tough time for mini crane sales although the fact that it is not a mature product sector does help.

Maeda does not have any radically new models in the pipeline but is instead concentrating on updating the existing products and 'globalising' the whole range, in order to avoid the need for separate models for individual markets.

"We have started in the US market and there are differences between what's required in the US and European markets, but a single all-encompassing machine specification is needed in order to benefit from manufacturing cost savings. There is not a lot more that can be done to the spider cranes," says Dijnér. "Maeda's biggest model is the MC405. Unic has the 706 but in our opinion it is too big to be called a mini crane. With the outriggers extended it needs 45 square metres where as our MC405 it needs just 30 square metres, bigger than this and you may as well use a rough terrain crane."

"I am happy with the current range which runs from the MC104 to the

MC405 but we need to develop these machines with more options. Boom length and lifting capacities are fine, but we could benefit from more development for indoor use and lifting down below crane level – the MC285 can lift down 40 metres on single line but this can be developed into 60 metres. The LC range is slightly different – now we have the LC383 - the prototype of which was shown at Bauma and about 15 have been sold already. We have to learn about the market and how our customers use the crane."

Searcher hooks

"We tend to use these machines differently to the Japanese such as the searcher hook which is not used in Japan at all because they do not use the cranes for glass handling. We are currently developing a crane with a much stronger searcher hook and longer jibs."

"Promotion of the mini cranes is a slow process which is achieved through customer word of mouth and exhibitions to increase awareness of the product," he says. "We also try to supply financial support to customers through our dealers so that it does not limit their expansion. The worst case is when an end customer decides to rent a mini crane - changing from his traditional way of doing the job - but finds out that one is not immediately available. Often we find that he reverts back to the old way of doing the lift and may never come back to giving a mini crane a try. To help with this we have a small rental fleet in the UK - around eight to nine cranes - because we do not want to compete with customers' rental fleets. The majority who rent a mini crane come back and rent again. Rental rates vary in different markets and have been under pressure recently but the return on investment is still very good."

"Overall it is the traditional ways of working that hold people back. Logically the traditional crane companies would be the best mini crane rental companies but this



tends not to be the case. In Sweden for example – not many crane hirers have mini cranes. Yet in nearby Norway many crane hirers have invested in minis. It really depends on the mentality of the industry in each country to solve the lifting issues."

"In the more developed countries it may still take five years the less developed maybe 15 years before the market achieves significant volumes," he says. "We will continue to promote the mini crane as if it was a new invention - after all there are potentially 57,000 more machines to go for!"



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