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# The farmer in Flanders

Last year Belgian replacement parts and fork truck specialist TVH acquired Dutch rental company Gunco, along with its sales division HDW. The combination of Gunco with its own not insignificant rental operations created the foundation for Europe's third largest powered access fleet and one of the largest access equipment distributors. Publisher Leigh Sparrow visited the company to learn more.

If you have driven down the E17 highway past the town of Waregem in the past eight years you cannot have missed the impressive TVH headquarters, complete with huge advertising billboard. The company moved into these purpose-built premises in 2004 but has since added further sizeable buildings as it expands at a seemingly relentless pace.

Taking exit five off the highway I was in the company of two TVH trucks, so following them seemed to be an easy way in, but was then aware that the entire neighbourhood was made up of TVH warehouses and facilities. As you pass the huge TVH rental depot a sign helpfully says "TVH reception one km". It is more like a large campus than a simple facility - nothing about it is small or second-rate. The reception was a hive of activity, busier than a medium sized hotel, with three receptionists fully employed behind the long counter in the three storey atrium.

The statistics come thick and fast: 3,000 employees worldwide, more than 100,000 square metres of warehousing in Waregem alone, 5,000 orders with an average of

60,000 parts shipped every day, 450,000 stock items and 16 million referenced parts in the system, 2.2km of box conveyers and 250km of data cabling. And yet in 1980 the company employed just 25 staff in a single location and was largely occupied with selling used forklift trucks. The growth since then has been utterly remarkable, a combination of savvy acquisitions and rapid organic growth. As you walk around the premises the more you see the more it is clear that someone here not only has an eye for detail but also the art of fine tuning an organisation to extract the most from every ounce of effort. Take a pit stop in the 'gents' for example and you are faced with a TVH message or advert. No opportunity is missed to get the message across and promote the brand.



One of several information boards gives an idea of the scale of this facility.



Bikes help staff move around the large site



c&a

TVH



The main reception was a hive of activity

## Humble origins

TVH today is an excellent example of what can be achieved through hard work, reinvestment and imagination. The company began operations in 1969 when school friends Paul Thermote and Paul Vanhalst set up Thermote & Vanhalst to repair and maintain agricultural equipment. Soon realising that this business had its limits the two began importing, servicing and repairing second hand fork trucks, including army surplus units from the American forces in Europe. Their timing proved almost perfect as industry rapidly adopted

forklift handling and containerisation, encouraged by the use of palletisation. In 1973 the company took on its first dealership as importer for Italian fork truck manufacturer Mora and then in 1974 started renting fork trucks in a small way. By the late 1970s Japanese fork trucks such as Toyota were becoming popular. Sensing this, Paul Vanhalst flew to Japan in 1978 and managed to purchase 40 used trucks, starting something that would take the business to another level. Even with some notable successes the company had just 25 employees at this time.



Part of the huge used equipment inventory





Paul Vanhalst in the early agricultural days

### "Who is this farmer from Flanders?"

By the end of the 1980s it was clear that there was major potential to sell more spare parts and in 1989 the company set up a separate parts division. By this time it had developed its ability to cross reference manufacturer's part numbers and source many non-captive parts direct from component manufacturers. With the advent of the parts division the company invested heavily in IT, automating its cross referencing skills and streamlining the parts ordering process.

In the beginning it naturally experienced resistance from equipment manufacturers and was often blocked from purchasing direct from the component producers. However as volumes increased the company began using the buying power that its cross referencing system was able to provide, it not only knocked down those barriers but managed to negotiate very attractive prices, all of which helped to build the business.

As fork truck manufacturers began to notice the Belgian upstart taking a chunk of their lucrative, high margin parts business one memorable quote from a senior manufacturer executive was 'who is this farmer in Flanders that's stealing our parts business?'. Relations with manufacturers are far more cordial these days, with the company now acting as importer for a number of producers, such as Daewoo - now Doosan forklifts - TCM and Atlet-Lafis, along with a number of parts distribution and logistic agreements with others.

The company also spotted the potential for 'E-commerce' well before the term came into popular use, taking its first steps in 1995 and adding online pricing under its Quickprice banner in 2000. Today 84 percent of all quotations and enquiries are made online, while 73 percent of all parts sales are online transactions.

By the end of the 1990s it began to step up and widen its export efforts, opening in the UK in 1999, Australia in 2002 and the USA in 2003. Today the company is active in 165 countries with additional subsidiaries in Sweden, Netherlands, Belgium, France, Spain, Italy, Russia, New Zealand, South Africa, Canada, Mexico, Brasil, India and Dubai.

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### Adding variety and moving into access rental

In 2004 the company made the decision to add a replacement parts service for other similar products such as aerial lifts, telehandlers and sweepers. This was also the year it moved to its current headquarters in



A corner of the massive TVH 'call centre'

Waregem, reflecting the incredible growth that had increased the number of employees to more than 1,100.

While the company stepped up its efforts in the aerial lift market, including adding lifts to its rental fleet, it was still first and foremost a fork lift parts company. Outside of the Benelux region it was not seen as a mainstream player in the access market. While that impression was gradually changing and evolving, the company was propelled to centre stage in late 2010 when it launched a surprise bid for the world's largest specialist powered access rental company - Lavendon. Not only was this an audacious move, but the fact that Lavendon was a public company meant that its acquisition approach was played out in public.

The Lavendon share price had been languishing for some time and in true Flemish style TVH had spotted a potential bargain, although its offer was a substantial premium over the share price on the day. If it had succeeded it would have picked up

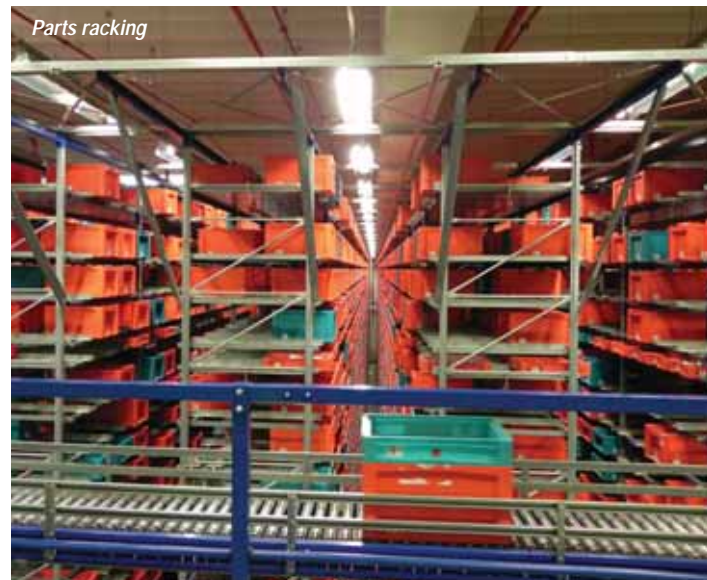
the business for a modest price at the bottom of the market, absolutely fitting with the owner's acquisition principles. However Lavendon quickly rebuffed the offer and TVH upped the stakes in January 2011 by teaming up with Ashtead to make a new joint offer for the business. The Lavendon management managed to fight off the takeover but TVH was no looser in the scuffle. Overnight it had raised its profile in the access world, which almost certainly brought in more acquisition opportunities. Within weeks of withdrawing from the Lavendon bid it successfully acquired the second largest rental company in the Benelux region - Gunco - and its sister company Genie distributor HDW.

### Becoming a major rental player

In 2011 the Gunco and TVH rental businesses were merged under the Gunco brand, although in Belgium the TVH name also appears on the equipment. Today the powered access rental operation has more than 10,000 units in its fleet, making



Gunco/TVH rental booms



Parts racking



it the third largest specialist fleet in Europe and possibly the world, and the sixth largest fleet overall in Europe - after Lavendon, Loxam, Riwal, Cramo and Ramirent - and perhaps 14th worldwide. So no question about it, the company is now a major force in access rental, particularly in the Benelux region.

Meanwhile it has also continued to build its access parts operations and now permanently stocks 22,000 line items for access equipment, with around 450,000 different parts on its system. In terms of inventory Genie is the largest brand, followed by JLG, UpRight/Snorkel and Haulotte yet when it comes to sales JLG parts provide the largest volume, followed by Genie, Haulotte and UpRight/Snorkel. This might reflect the fact that the company is a Genie dealer and in October took over the wholesale distribution of Genie parts for 14 central European countries including Poland, Hungary, Czech Republic, Slovakia, Slovenia, Serbia, Bulgaria, Romania, Moldova, Montenegro, Albania, Bosnia Herzegovina and Macedonia.

While a large and increasing amount of parts searching and enquiries are carried out online, the company publishes a huge volume of printed documentation including dedicated and extensive parts catalogues for JLG, Haulotte and Genie. Every new part going into stock or into a parts order is routinely photographed in a small booth on the warehouse floor and used to help customers identify the part.



TVH  
Parts books

### Increasing the parts range.

TVH has also added a range of other parts including rubber tracks for spider lifts, spider cranes and mini excavators, outrigger mats - which it says is a steadily growing business - and parts for tail lifts, while for some brands it covers the full product line from telehandlers to skid steers. Telephone parts orders come into a sizable call centre divided up by country and language.



The main parts packing area

In total 33 nationalities are covered with 31 different languages. Where possible regular customers always deal with the same person based on country, language or product speciality.

In a separate open-plan office a team of parts specialist analyse every new part that is purchased and received from an OEM, in order to identify the item and its manufacturer. This is then cross checked to see if it is already stocked for another product and if not, the component manufacturer is contacted and negotiations opened to buy the item direct at a more attractive price, although the company still offers customers the option of buying such parts in manufacturers packaging. It is this major investment in research and the massive cross referencing programme that is the company's principle strength. An electrical component for example might be listed under a dozen different manufacturer's part numbers, but there will only be one bin location in the system with a single TVH number.

### Electrical rebuilds

When it comes to electrical components the company has made a massive investment in a large new electrical rebuild and repair facility staffed by 35 electrical engineers. The facility boasts an incredible range of dedicated equipment, from a wide selection of cleaning and blasting machines to circuit board sealing, special long-run test rigs and other testing equipment. Electrical engineers working at three large double sided work centres, order parts they need on their work



One of three electrical repair and rebuild work centres

station screens which are then delivered via vacuum tubes, similar to those that used to shuttle money in big department stores.

The Waregem facility also includes a dedicated hydraulic hose manufacturing plant, and dedicated tyre facility that is able to remove and replace solid tyres from their wheels. There is also a machine shop and R&D department that can reverse engineer and manufacture relatively simple items such as pins, collars and the like, that might otherwise be unobtainable. The process involves measuring, stress analysis, 3D modelling and production.



Machine shop

Most of the parts are collected from the huge automated warehouse and moved in boxes via a complex conveyor system to the consolidation/packing desks. Once packed, they are moved to the shipping area and stacked on pallets for a particular truck collection. The operation is connected electronically



Parts shipments awaiting collection



The indoor practical training centre

to all of the couriers it uses, so that they know the precise volume, weight, number of items and destination of the shipments that they are due to collect.

### Machine distribution and rental

In addition to the parts operation, the Waregem campus includes the TVH dealership operation, complete with workshops for fork trucks and aerial lifts - which boast two large paint booths - and a massive warehouse to store the large new and used machine inventory as well as machines awaiting repair. Alongside this is the company's training centre which includes several large classrooms and meeting rooms as well as a well thought-out indoor training centre for both fork trucks and aerial lifts. While the company trains a large number of aerial lift operators, so far it is not IPAF accredited.

Finally the last stop on our tour took in the local Gunco rental operation. Once again no expense has been spared, the large facility includes extensive indoor and outdoor storage areas and a covered loading and unloading bay that can accommodate a large number of low loader delivery vehicles.

This facility must rate as one of the most impressive I have every visited in over 30 years in the crane and access business.



The covered loading area at Gunco/TVH rental centre.