

# The dawn of the superpowers?

### Tim Whiteman

comments on the consolidation of our crane industry – who is really reaping the benefits?

**T**hree, or maybe four, superpowers are forming in the crane business. They want your business and all offer a full range of mobile, tower and crawler cranes. The question is, does this benefit you, the customer, or does it simply make the manufacturers stronger? After all, how many companies really do buy tower cranes AND mobile cranes?

Three superpowers have emerged from the current round of global consolidation. Terex is buying Demag (*see interview with Terex's Fil Filipov*), while the Manitowoc Group, which already includes Potain, is buying Grove. The third member of our superpower club is Liebherr which already offered a full range of mobile, tower and marine cranes.

Consolidation is not new in the crane industry – just twenty years ago there were at least 40 other major names in the crane industry. Today they are gone and remembered, if at all, by brand names within today's superpowers. Terex, for example, bought PPM, Lorain, American Crane, Peiner, Atlas and other companies along the way. Potain, now part of Manitowoc, bought BPR, Cadillon, BKT and others. Grove, also about to become part of Manitowoc, bought Coles in the UK and Krupp in Germany.

Liebherr takes a different approach. It has always favoured internal growth and has built its crane companies from scratch. These include the enormous mobile crane factory at Ehingen in southern Germany, the nearby tower

crane factory in Biberach, the successful crawler/offshore/maritime facility which, bizarrely, is in landlocked Austria, the container crane factory in Killarney, Ireland and the smaller offshore facility in the UK.

#### What does it mean?

Customers benefit from a "one-stop-shop" approach, say the three largest manufacturers. In other words, one com-

pany can supply all your cranes. Economies of scale, (especially in purchasing), and cross-sector research & development should also benefit customers. Many crane hire companies are dubious about the first claim, but recognise the second and third. A fourth, less talked about benefit, could be highly competitive prices – after all, these big companies have huge organisations that need huge sales to survive. ▶



**TEREX:**  
**3,650**  
**people**  
**working in its crane**  
**businesses which**  
**include Demag, PPM,**  
**Atlas, Franna,**  
**Comedil, Peiner,**  
**Koehring, RO,**  
**American Cranes,**  
**Ferro, Bendini and**  
**Lorain; Twelve**  
**factories in the US,**  
**UK, Germany,**  
**France, Italy,**  
**and Australia.**  
**Predicted total**  
**turnover for crane**  
**sector \$750 million**  
**(€795 million);**  
**Predicted total**  
**turnover of Terex**  
**Group \$3000**  
**million (€3,170**  
**million); Total**  
**number of crane**  
**models 155. Terex**  
**Corporation is active**  
**in almost every**  
**sector of construction**  
**and mining**  
**equipment**  
**manufacture.**



# INDUSTRY FOCUS

Spierings and it still has the most successful crane in this market. In every sector of the crane market the customer still has a choice of whether to do business with a global player or a regional player. Companies like Sennebogen, Kroll, Raimondi, Ormig, Spierings and Luna are just some that come to mind – there are many others.

## The next contender?

Sumitomo, the largest crawler crane manufacturer in the world has agreed to merge its crane production facilities with Hitachi. Link-Belt has long sold Sumitomo crawlers under its name in the US and has just started selling Tadano mobile cranes. Tadano, despite the dire state of the Japanese economy, is probably still the largest mobile crane manufacturer in the world. Together with Tadano Faun in Germany it builds about 1200 cranes a year.

Ten years ago this author interviewed Sakae Tadano who predicted that there would be three crane superpowers in the mobile crane sector in ten years time! His company's strategy then was to establish a production facility in



**LIEBHERR: 5,150 people working in its crane businesses; Five factories building cranes (plus own construction of engines, hydraulics and electronics); Total turnover for crane sector in 2001 €1365 million; Total company turnover €4130 million; Total number of crane models = 130 of which 82 tower cranes, 27 mobile/crawler cranes and 21 maritime cranes. The company also builds other types of construction equipment and is active in aerospace and food services.**

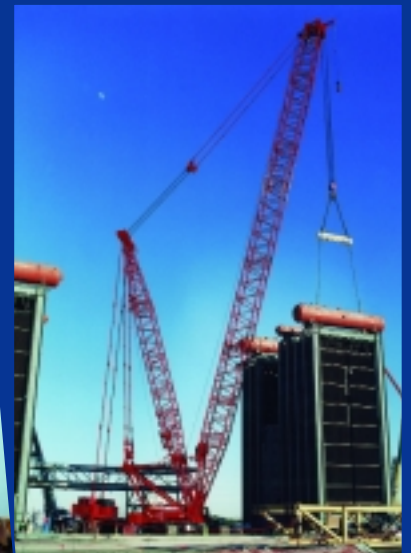


But, how many companies either buy all their cranes from one company or even buy more than one type of crane on a regular basis? Tower cranes and mobile cranes have traditionally been separate, with very little overlap. This is changing. In the US the very concept of using tower cranes is still new and there is no tradition of local tower crane fleets – that role has traditionally been filled by crawler cranes, often with special tower crane booms. Now, however, in a trend that is also being seen in Europe, mobile crane companies are starting to add tower cranes to their fleets and are taking a long hard look at the advantages that crawler cranes can sometimes offer over mobile cranes. Cost reduction is the driving force and mobile crane rental companies are recognising that sometimes a tower or crawler crane can be a very cost effective solution. The launch of tower cranes mounted on trucks is a part of this.

## Find your niche

But the success of this very specialist type of crane shows that the big companies will not have it all their own way. The mobile tower crane has been pioneered by a small Dutch company

**MANITOWOC: 5,600 people working in its crane businesses which includes Grove and Potain; Sixteen factories (4 in the US, 4 in Germany, 1 in Portugal, 1 in China, 5 in France); Predicted total turnover for crane sector \$1,200 million (€1,300 million); Predicted total turnover of Manitowoc Group \$2,000 million (€2,120 million); Total number of crane models = 175. The company is also active in ship repair and food services and owns Liftflux in Germany.**



**TADANO: 1800 people working mostly in the mobile crane sector; Four factories in Japan and Germany; Total turnover in 2001 \$757 million (€800 million); Active in mobile cranes, loader cranes, powered access and special transport vehicles.**



Europe and follow it with one in North America. The first part of the strategy was implemented when it bought Faun in 1990, but difficult times in Japan prevented the second stage. Now Tadano and Sumitomo are experimenting with co-operation in the US. Tadano's analysis was very nearly accurate ten years ago – it will be very exciting to see how the Japanese giants respond to developments in Europe and North America. ■

## The next 100 days

Terex is buying Demag and all eyes are focussed on Fil Filipov, the Terex man who brought the 100 day improvement programme to the crane industry. **Tim Whiteman** reports

What will Fil Filipov do to Demag? A better question might be: "What is Demag doing to Fil Filipov?"

Filipov seems to be a changed man: "I don't envisage a slash and burn 100 day programme at Demag" was one of his first comments in a wide ranging interview with *Cranes & Access*. Others included the observation that "I don't expect senior management changes at Demag" and "Demag is a hi-tech, customer oriented company with a savvy management that is focussed on customer support".

His exact plans for Demag are still unclear and will remain so until the purchase is officially completed in mid-July (about the same time that Manitowoc should complete its purchase of Grove). At that moment Filipov's famous 100 day plan will commence but, it seems, they will be a different 100 days to those experienced by the other crane companies that he has bought. Why? Because Demag is different and Filipov knows it. In size alone, Demag dwarves any other crane company bought by Terex – with 2250 employees, Demag is nearly twice the size of the existing Terex Cranes workforce and has a bigger turnover than the existing Terex Cranes.

That said, Filipov has no illusions about the task ahead of him, noting that "it's a tough time in the crane business and I will make \$20 million of savings at Demag through some fairly simple, cost effective decisions – I will look at every part of the overhead that does not concern sales or product support". As to the detail: "Demag's setup is something that I still have to digest – we just have to be careful not to repeat the mistakes of others" says Filipov in a direct reference to the current difficulties of US-German car manufacturers.

In Germany some parts of the strategy are clear. Demag's sales team will very soon get some significant additions to its



**Fil Filipov: You can find more information about his ideas at [www.filosophies.com](http://www.filosophies.com)**

portfolio. This will include PPM's 2-axle cranes, eg the 35 tonne ATT400, and Bendini's rough terrains (this seems to signal the end of PPM's own business in Germany). Also coming is a range of smaller crawler cranes in the 60 tonne to 250 tonne range where Demag is not currently active. The cranes are made by IHI in Japan and will be fully CE marked. Terex already sells IHI crawler cranes in the US under the Terex-American name.

Other changes look likely to include a significant investment in Demag's used crane business and the transfer of the Terex/Compact Truck project from PPM's Montceau factory to Demag's engineers: "There's room in our product line for a hydrostatic drive crane so we'll put our German technical experts onto the project" says Filipov. One thing that will not change is Demag's after sales support, which Filipov says will retain a separate identity.

The last year has seen Terex Corporation buying German companies with a total turnover of €1000 million (£650 million) – Demag cost just €150 million (£90 million). Atlas, Schaeff and Fuchs have also been bought in the last year and it seems the purchasing spree may not be over as Filipov notes that Germany's recession has pushed prices in Europe's largest economy "very low".

Terex itself has re-organised following the Demag acquisition, creating Terex Cranes, headed by Filipov. All of its crane activities except Atlas Terex, headed by Fil's son Steve, are part of Terex Cranes.

So is Filipov enjoying being in Germany? "Yes, I've been looking forward to it for some time" he says, adding "there's a great approach to technology and support and, let's face it, the Germans haven't won a reputation for great engineering for nothing!"