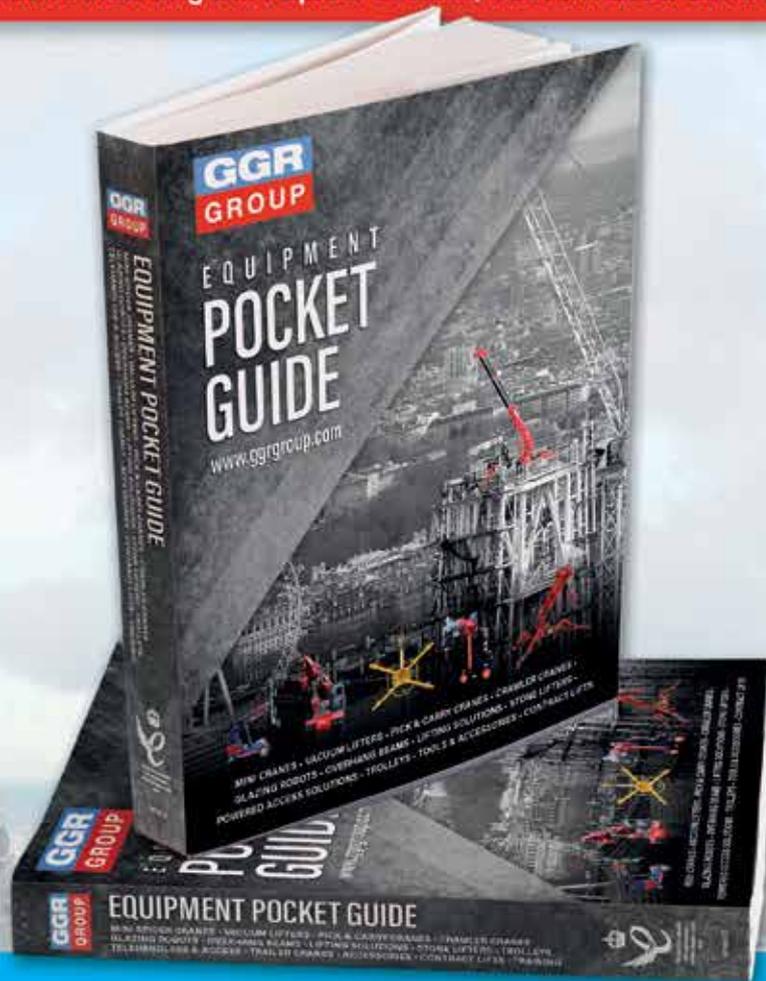


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Tadano and Demag brands to continue

At the beginning of August Tadano completed its \$215 million acquisition of the Demag mobile crane business from Terex. The deal brings together two of the top four mobile crane manufacturers to create a business that is close to challenging Liebherr in terms of revenues and the number of cranes produced. Demag and its affiliates has become a subsidiary of Tadano, with the corporate name changing to Tadano Demag GmbH. The new subsidiary is managed by chief executive Jens Ennen, who joined Tadano earlier this year after 25 years with Grove, having started out Krupp Mobilkrane in 1991. **Cranes & Access** talked to Ennen about the new company and its plans going forward.

A few years ago in 2015 Tadano chief executive Koichi Tadano stated that he wanted the company to become the global market leader in the lifting equipment industry. At the time it seemed something of a 'pipe dream' but since then it has made a few smaller acquisitions, such as Waterland Trading - its Benelux dealer in 2018 - followed by a stake in US-based manufacturer Manitex. It has also opened some new company stores around the world and extended its Tadano Faun facility in Germany and its Tadano Mantis factory in the

USA, but nothing that looked transformative. Then came the Demag deal.

At Bauma earlier this year Tadano restated his ambitions for the company, saying that he saw the Demag Mobile Cranes acquisition as a vital step towards achieving that goal by allowing it to expand its penetration into more markets throughout the world, adding lattice boom crawler cranes to its product line, and enhancing the capacity range of its All Terrain crane range. The thinking is that by having the two brands "it can better respond to its customers' needs and prove greater added value than ever before".

Since the acquisition Tadano and Demag have been relatively quiet, giving little away as to how it plans to integrate the two companies and their product



C&A

Tadano Demag



lines. However its new chief executive Jens Ennen did agree to an interview to discuss how the business is to develop.

"The integration of Demag into the Tadano group is quite simply the most exciting task of my career," says Ennen. "When I was offered the job of running the Demag mobile cranes business, I didn't hesitate for a second. This is a unique opportunity to create something that will leave its mark on the crane industry. Each of the positions in my previous jobs had their own challenges and I was able to gain a lot of experience, which naturally benefits me now. I would like to give some fresh ideas to keep this company on the road to success. Tadano and Demag share a genuine and unsurpassed passion for cranes

and customer care. Their corporate values are almost the same: safety, quality and efficiency based on compliance, which is why I believe that in the long run it's best for customers to have these two companies under one roof and that there are exciting times ahead."

Integration problems?

Few that know the Demag business well expect its incorporation into Tadano to be easy. The usual challenge of merging of cultures, design philosophy and quality aspirations will probably be easier than usual given that Demag's traditional Germanic quality philosophy fits better with Tadano than it ever did with Terex.

"The Demag acquisition is the largest for Tadano to date.



Jens Ennen

We will be stronger together as 'One Tadano' because we will infuse the best of both worlds into it. The number one priority is our customers' success. Tadano and Demag have historically been known for their commitment to safety, quality, innovation and product efficiency so that our customers have the best possible return on investment. We are absolutely committed to these and our goal is to combine these strengths to help customers to be even more successful."

"We will strive to operate the Demag mobile crane business profitably as a member of the Tadano group and in order to be successful with the integration we need to develop synergies across all areas of the company, like for example purchasing or customer service. We are looking to identify best practices that can be used across the company and benefit the entire group, but we are still just at the beginning of that journey.

My top five priorities today are:

1. Driving the integration to achieve a positive impact on our customers
2. Driving synergies in all areas of the business
3. Reinforce product development and technology as Demag is built on innovation
4. Sharing best practices with regards to internal processes, manufacturing technology and quality
5. Operate the Demag mobile crane business profitably

"We held our first joint meeting with the entire Tadano group leadership in Zweibrücken in late October with the goal to review the progress of integration. We were all pleased with the progress given the short time we have been working together and we could point to first successes with, for example, the cross training of the service teams on both All Terrain

brands, in order to increase regional support for both of them. Another good example is on the purchasing side - we are obviously now a larger customer for the relevant suppliers and this gives us a stronger position that will have a positive effect on the manufacturing side of the business, and will considerably improve the delivery times of parts and therefore of our cranes, which is an obvious advantage for our customers."

Has the process changed?

Early in the process there was talk of rapidly merging Tadano Faun and Demag product lines - a very unTadano way of merging acquired companies, but that now appears to have changed.

"We now have two well-known and appreciated companies with a long history in the industry working together. Tadano All Terrain models are filling product gaps that the Demag line up has and the other way around is also true. This enables us to better serve our customers and we have already seen the first successes to win customers that previously didn't buy one or the other brand in many markets."

"Regarding product range, we will learn from each other and evaluate if there are features and benefits that we want to implement across both brands. For the moment, Demag and Tadano will continue to innovate, introduce new models and phase out products within the normal product life cycle. One of Tadano's goals is to increase market share worldwide and we believe that all models available today will be essential to achieve this. In the future, the overall portfolio will of course change as part of the normal product development cycle, but no short term action will be taken."

The acquisition did not include the Terex RT crane product line, we asked the question, why not, given that it would have provided Tadano



with a European produced and orientated Rough Terrain product line?

"The Terex RT business was simply not part of the overall discussion and we are happy with the current Tadano RT range as it is very successful and well known for its quality and reliability," is all Ennen was prepared to say.

Product development

Prior to the acquisition Demag had several large All Terrain cranes on the drawing board including a seven axle 450 tonner and an eight axle 650 tonner as well as a CC 6800 lattice boomed crawler crane replacement and a new telescopic crawler glimpses of which were seen at Bauma - how are these progressing?

"When we look at our large AC All Terrain crane portfolio, especially the AC 500-8 and AC 700-9, our cranes are still up to date and successful, gaining high interest from our customers. We have managed to upgrade them several times during their lifetime, for example implementing the IC-1 Plus control system not too long ago. Nevertheless, we have announced that we are working on a new large AC platform based on years of valuable customer feedback and know how from our great deal of experience with large ATs in the past decades. It is too early to talk about specific products, but we are confident that we will release further information about new models in the near future. Keep an eye out at Conexpo."

"The telescopic crawler crane project is on track. We have prototypes on test, and we expect first deliveries to customers in 2020 as originally planned. This model will be branded Demag and it will be the first model of a new telescopic crane range for us built in Zweibrücken."

With regards to consolidation

between the production facilities in Lauf and Zweibrücken, Ennen is adamant that it is still way too early to consider such changes, and that no decisions have yet been made.

"There are no such actions planned in the short term. We must remember that the two companies have only been allowed to speak together for a few weeks now. We learn from each other on a daily basis, whether it is about products, processes or methods. We are currently deeply focused on the integration of Demag and we need to do this without interrupting our customers experience."

"It is true that Terex has been struggling with the Demag mobile crane business for quite a while but I believe that Tadano is a better match for Demag as we are focused on the lifting industry - the first time in 20 years that Demag has been owned by a company purely focused on the lifting industry. This is good news for everyone including customers and team members and has been reflected in the feedback we received from first meetings with the local unions. We fully took over the contracts of all the team members in Zweibrücken with no modifications."

The latest Tadano results suggest that Demag sales have suffered over the past six months however, although unable to comment on the financial numbers Ennen says that production is fairly busy, and the company has a stable order backlog. But the overriding message from Demag is that, for the moment, both Tadano and Demag brands will continue uninterrupted.

"Tadano and Demag are two brands which are well received on all markets," he says. "We will continue to sell Demag and Tadano branded AT cranes because both brands have their own considerable strength and we will take advantage of it."



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