



Periodical of GKN AXLES - Carpenedolo (BS) V.le S. Maria 76 - Tel. 030 99861 - www.gknaxles.com - Editor in Chief Cinzia Furiani - Reg. no. 53 (15/09/2005)

Global market: the adventure has started



There can't be many people in the company who don't know that, last August, GKN plc's OffHighway started up the GKN Axles Division - a new division that unites all the group's axle companies (including all accessories and connected parts).

According to Domenico Traverso, "to call this a step forward would be a huge understatement. The market for axles and

stub axles for agricultural machinery is expanding greatly, and torsion axles for road trailers display very high potential." Traverso then points to just two figures, which say more than words ever could: "to be able to develop a business activity like this, backed up by a company with a staff of 40,000 and a turnover of more than 6.4 bn euro, is certainly very stimulating, especially when you consider the excellent results that are possible." The

new GKN Axles Division (with 250 employees in total) is currently made up of three companies: GKN FAD (Carpenedolo, Italy) - hosting the new Division's head offices, GKN Geplasmatal (Saragossa, Spain), and GKN Jackson Center (United States). These three companies are run by a single group of managers in direct contact with the holding company.

"Speaking of which, we mustn't forget another figure," adds Traverso: "Fifty million euro: that's what our new enterprise has as its 2006 turnover. This is our starting point." The objective of the new division is to provide our customers with increasingly advanced solutions (both technologically and in terms of service) and especially, to provide these to our large global customers such as John Deere, the AGCO Group, CNH and CLAAS. For these corporations, GKN is much more than a supplier. It is a strategic partner, a reliable partner for developing new products. The existence of a single division will also enable synergic

relations between the three plants (the importance of this is in no way insignificant). These synergic relations not only regard purchasing policies (the bargaining power of the Axles Division is much greater than the bargaining power of each company taken individually), but also openings for team work on developing new products and marketing strategies. So, the time has come to grow. It goes without saying that the holding company's expectations are enormous. During an interview, Martyn Vaughan - CEO at GKN Offhighway, and the first to back the "axles project" - said he is sure the Axles team will be extremely successful, thanks to the very clear idea it has of the objectives to be achieved. Vaughan's views are well founded. For a start, the Axles Division is the only enterprise in this sector which has a presence on the global market. Secondly, a rather satisfying thing about Martyn Vaughan's forecasts is that they generally turn out to be right.

EIMA 2006: winning over our audience

Once again, GKN was a major draw at the five-day international agricultural and gardening machinery trade fair in Bologna, EIMA 2006 (Esposizione Internazionale di Macchine per l'Agricoltura e il giardinaggio). The trade fair, held in the pavilions of the Bologna venue, was held on 15-19 November. This was the first time all the divisions of GKN Offhighway attended a trade fair, presenting the entire range of GKN Offhighway products. EIMA 2006 also provided GKN Axles with the opportunity to make its debut within this market as a new division, with a SIDRA suspension system, hubs and spindles manufactured at the Jackson Center plant, Torsion segment components from the Saragossa plants, and a glittering gold axle from the Gold series - yet again providing confirmation of the quality and commitment to technological innovation displayed by the

GKN family in its fresh, new format. The visitors showed considerable interest in all the products on display, and were particularly interested in SIDRA and GOLD (the only agricultural machinery axle with a 5-year guarantee). The American and Spanish products were also very well received, judging by the curiosity and interest displayed by sector operators. But however important EIMA was as an event, it was more than just a showcase for the new Axles division. It also provided a great opportunity for meeting up with Italian and foreign customers and suppliers. More importantly, we had a chance to establish direct contacts with the end users of the machines - with the people who install our products and who are therefore in a position to field-test product quality and performance ratings on a daily basis.



This issue:

- **CHINA ZONE:** increasingly advantageous partnerships.
- **OPEN DAY:** an impressive guest list for a very successful event.
- **IMPROVEMENT:** Olugbenga Bada on the imperative of the new corporate philosophy.

Vital statistics

GKN FAD

Producing: axles and suspension systems for agricultural trailers
Director: Massimo Limonta
Staff: approx. 110
Turnover in 2006: 24,000,000 euro
Markets (targets): worldwide
Main customers: John Deere Group, Strautmann, Hardi Group



GKN Jackson Center

Producing: torsion axles and springs, hubs and spindles for agricultural machinery
Director: Jeffrey Moore
Staff: approx. 100
Turnover in 2006: 18,000,000 euro
Markets (targets): North America
Main customers: John Deere Group, CNH, Claas, Agco



GKN Geplasmatal

Producing: torsion axles
Director: Andres Rodriguez
Staff: approx. 40
Turnover in 2006: 9,000,000 euro
Markets (targets): Europe
Main customers: Satellite Group





> GKN People

Andres Rodriguez

Spanish axles

Our most important task is developing the European market position, by building on the advantages gained through synergy with the other companies of the division. In other words, we are working towards putting the skills and expertise acquired by the various departments over the years to best advantage while optimizing the processes and costs of the new organization. Geplasmetal will also become the technical centre for development for all torsion segment axles.

A large portion of the GKN group's budget consists of R&D investments. What does "innovation" mean for your sector?

In a sector like ours, which occupies an area very close to the automotive sector, being a market leader means, first and foremost, being a technological leader. GKN knows this, and it invests considerable resources not just in the very best equipment but also, and more importantly, in people. Our teams are not just made up of experts in their respective fields; the team members are also highly motivated and efficient. This is why they always come up with new, improved products.

Tell us something about the innovations your company has recently presented.

We have just completed a very interesting project, a soft suspension system which, by eliminating vibrations, enables significant savings in tyre wear and therefore also in the costs borne by end users.

Can you give us a 'sneak preview' of products currently at the design stage?

We are working on new, compact bearings which will be manufactured via a briefer production process, and which will provide customers with greater reliability, hence less maintenance. We believe we will be able to market these products by March 2007.

The GKN group, in its activities, has always put customers first. Indeed, ideas for new products and new solutions are generated by listening to our customers. How does Geplasmetal interact with its customer base?

Our customers are becoming increasingly involved in the product development process and they have become an integral part of the project as a whole, which means sharing objectives and strategies with us. If we want their trust and respect, there must be no secrets on our part.

Can you outline the phases of new product development, from the project conception stage through to marketing?

There are ten steps that a new product goes through between project conception and the marketplace. These are:

1. demand
2. pre-project
3. financial analysis
4. project
5. prototype production
6. field testing
7. pre-production
8. process control
9. final financial analysis
10. industrialization

What does investing in quality mean for Geplasmetal?

It is very hard to gain the trust of customers in this market, but it's very easy to lose it, even through the slightest shortcoming.

Investing in quality means making no mistakes. It also means staying competitive in terms of price and service. More importantly, it also means investing in production processes to cut product flaws down to an absolute minimum.

Innovating to achieve leadership: this might be a good slogan for everything the GKN Axles Division does. Within the new structure of the Offhighway group, GKN Geplasmetal (Saragossa) plays a key role in all our new products and technologies. We met Andres Rodriguez, the operations manager at the Spanish plant, who explained how every new solution proposed by his company is the product not just of a tried-and-tested mix of technical skills, know-how and research, but also of the constant attention his company pays to customer needs.

Mr Rodriguez, what does the Geplasmetal plant in Saragossa produce?

Here in Spain we produce torsion axles and draw bars for overrun braking systems for road trailers. These are products with specific applications and we are investing a great deal in them, so as to provide our customers with even higher quality products while also ensuring improved productivity.

Can you outline Geplasmetal's role within the new GKN Axles division?



Randy Newlin

A glimpse at the States

Newlin's role in GKN OFFHIGHWAY covers acquisitions in the USA, and he also heads up sales and marketing in GKN AXLES. He is a key figure, and the global market has no secrets from him.

Why has GKN acquired a small specialist like QDS Henschen?

Already before acquisition, GKN Offhighway had a marketing arrangement with QDS Henschen for hubs and spindles.

By acquiring this company, GKN has ensured higher incomes and profits for itself.

When he visited the QDS plants, Martyn Vaughan realized that torsion axles might provide interesting development opportunities for Offhighway, too.

How can this operation increase GKN's volume of business?

From the very start, acquisition meant increased sales and profits for GKN Offhighway.

In the medium term, acquisition of QDS Henschen will broaden out the global range of GKN Offhighway axles on offer and will provide the company with a base in North America to be used as a launch pad for further development of activities.

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Paolo Danzero

Partners in the Orient

The GKN Axles Division, the newly established GKN Offhighway division made up of GKN FAD Axles in Carpenedolo (Italy), GKN Geplasmatal Axles in Saragossa (Spain) and GKN Jackson Center (Ohio/U.S.A.), is concentrating its efforts on taking maximum advantage of intercorporate synergic relations between these three players to optimize production. A key item in the balance sheets of the new division is procurement of GKN product components. Many of these items are to be found within the Chinese marketplace. Paolo Danzero, who manages the GKN Axles Division's supply chain, talks about his job and describes relations between our company and the Chinese marketplace.

What does optimizing the supply chain from China entail for the three production locations?

In concrete terms it means implementing shared supply and logistics processes, while maximising the similar profiles of certain commodities and developing the intake of materials from China in a coordinated and optimized manner. This means purchasing and transport costs can be lowered and it also means that we can create more stable, enduring relations with our suppliers. In a word, we save money and improve customer service into the bargain!

Of the three locations, FAD in Carpenedolo is the player with the longest track record in terms of relations with China, which means it can rapidly transfer the purchasing best practices it has developed in Eastern markets to the other two. One of the key aspects to be considered when developing a global supply chain from China is the importance of being there, being physically present in the country itself, with a competent body of staff capable of managing commercial relations both with local partners and divisions.

Seen from this angle, we understand how important it is for GKN to have an office in Shanghai, where Creation Chang, a Chinese engineer with considerable experience, has the task of managing GKN Axles' relations with local partners.

Which materials do GKN Axles division companies import from China? Tell us about the plus factors displayed by Chinese producers with respect to Western companies.

From the Chinese market, we purchase the traditional commodities and manufactured items required by engineering industrial concerns. Chinese products provide excellent quality at

lower prices than in the West. The companies of the East also provide very high quality service, in terms of flexibility and responsiveness (which includes fast response times). Our experience here tells us that Chinese manufacturers are much more customer satisfaction-oriented than their Western counterparts. As part of a tried-and-tested partner relationship, this translates into a competitive strength both for GKN and the users of GKN products and services.

Tell us something about GKN Axles' Chinese suppliers. Are they large- or small-scale enterprises?

GKN's portfolio of commercial relations with Chinese suppliers is constantly growing. Our suppliers are privately owned, small to medium-size enterprises with QS 9000 certification and also in some cases with ISO-TS 16949 certification. In other words, these companies are run according to modern standards, both in terms of the production itself and in terms of technical and commercial aspects.

How are customer-supplier relations evolving between Chinese and Western companies?

I think we are at last abandoning the stereotype of Chinese companies that do little more than copy products that others have developed. GKN's partners are capable of providing high technology content products and, increasingly, our engineers are looking towards involvement on the part of these companies at the trialling stage for new or improved solutions.

What are the main problems you encounter in your role as coordinator between Chinese suppliers and western customers?

Working with Chinese partners means stretching supply chain times. Each delivery takes more than a month to be



shipped by sea from the producer to our warehouses. On the one hand, this means we must have modern MRP systems, as well as staff who are well qualified in the procurement and production planning areas.

On the other hand, we must strengthen ties with our customers with regard to demand forecasting. However, what looks like a weak point turns out to be a strength. Working to medium-to-long term schedules means we can avoid the surprises and upsets that come with the last-minute approach, and this leads to improvements on the service front.

Does GKN look into the questions of workplace safety and the working conditions of the staff of the Chinese companies with which it has dealings?

Workplace safety and ethical conduct are vitally important to GKN. This is why we only have dealings with suppliers with the right certifications, and we also require certification for quality and environmental safeguards. In fact, before signing any contracts, we pay visits to the companies concerned to check that, at all levels and for all functions, the standards and conduct will comply with our own requirements.

How will the acquisition of QDS Henschen alter GKN's strategies in the United States?

The operation will enable GKN to enter the torsion axles and springs market as a major player.

How will QDS be reorganised?

The current structure will underpin all future developments. GKN has already brought an Operations Manager into the company, who is concretizing processes of simplification and recovery of efficiency at the Jackson Center production facility.

And the new production unit also has close contacts with its counterparts operating in the axles sector in Italy and Spain.

When will reorganisation be complete?

The first stage of restructuring at the Jackson Center production unit has been completed. Integration with the GKN world is ongoing and will be completed over a period of

five years. Improvements to processes have started up and, over time, these will become a corporate standard.

Does QDS only target the American market?

Most definitely not. GKN has already made QDS an integral part of its GKN Offhighway division, engaged in the production and marketing of axles worldwide.

QDS will therefore be able to sell its own products in the four continents.

What will the mission of the Jackson Center product facility be?

Jackson Center will become an extremely important manufacturing hub for GKN Offhighway. It won't just be producing hubs, spindles, torsion axles and springs. There are also interesting projects in assembling other products for the American market.

Jackson Center will also remain the marketing centre for all products linked to the torsion sector.

A glimpse at China

We asked the engineer, Creation Chang (see above), which objectives he thinks are the most important in managing Chinese companies acting as suppliers to a large Western group.

«It is vital to invest in research and quality in order to provide better products at competitive prices, and to set up increasingly advanced logistic systems to optimize flows of orders and supplies. We are currently engaged in many projects concerning the production both of standard components and of special components for new products and prototypes.»

Creation Chang and Walter Rohregger - President GKN Asia and Pacific





Distribution of freebies and entertainment from the local band.



OPEN DAY: for a company with lots to CELEBRATE

Sunday, 16 July 2006, with the summer well under way, GKN Axles held its first open day in Carpenedolo. It was a very special day, arranged with the much-appreciated assistance of the municipal tourist board, the Pro Loco. GKN Axles opened its doors (and gates) to the hundreds of visitors who accepted the invitation. With the recent involvement of British interests in its activities, work at the former FAD plant has stepped up considerably. As a result, the widely perceived (and well-deserved) reputation of this solid, vigorous, efficient industrial concern has been reconfirmed in the community at large. Around 800 visitors turned up, and the entire staff made every effort to provide a warm welcome for all. One visitor dropped in for no other reason than that he happened to be passing by at the time. He told us he thought GKN Axles Carpenedolo was "a company with open arms" - confirmation, perhaps, that the company's efforts have not been in vain!

"OUR" PARTICIPANTS

The senior management team was well represented, and it is with great pleasure that we were able to include Martyn Vaughan among the participants. Vaughan is the British CEO who has most insistently expressed his belief in the potential of the resources of the Carpenedolo plant. The speakers briefly

The GKN way: corporate style

Can 40,000 people from more than 30 countries - whose experiences and cultures differ so greatly, and whose workplaces are scattered over more than 130 plants - work together as a single team, with shared objectives and values? GKN thinks they can. So much so, in fact, that it is the essential precondition for excellence in all dealings that make up the life of the corporation. Excellence means more than merely achieving top marks in terms of economic performance. It also means creating workplaces in which the work is pleasant and safe, and in which respect considered the hallmark of relations with shareholders, customers and suppliers.

To achieve these ambitious objectives, the GKN management team started up a project which has been renamed The GKN Way. The GKN Way is a set of principles for regulating

professional relations between the corporation and everyone the corporation deals with, for whatever reason (employees, shareholders, members of local communities, customers, suppliers). This translates into various in-house policies, some of which have already been in place for some time now. Others are completely new, and were introduced to all plants and facilities at the close of 2006. The policies already in place regard compliance with codes of conduct in all activities, compliance with employment policies and competition laws, privacy protection, and procedures for reporting unsatisfactory employee conduct. The new practices focus on aspects such as environmental protection, supplier management, continuity of business and safety in the workplace. The efforts of the entire group are focused precisely on this last

consideration: our objective is to totally eliminate accidents as soon as possible. With this aim in mind, the enterprise is concentrating not only on safety investments (technologies and training) but also on active participation on the part of all employees. Not only are employees being called on to adopt all protection measures envisaged for each department, but they must also make sure that their colleagues are equally committed to adopting these same measures.

A new 24-hour freephone service has been set up by a company operating outside GKN. It is available for all employees who wish to report any instances of unsatisfactory employee conduct, regardless of the level at which it occurs.

The service is anonymous. Despite any appearances to the contrary, this measure is not intended to be seen as a tacit

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outlined the main points they wished to make, and frequently highlighted just how important it is to create alliances with the local community to the advantage of all. A further consideration which received due attention regarded the provision of safeguards for employment rights.

Martyn Vaughan, Chief Executive GKN Off-Highway

Domenico Traverso, Managing Director GKN Axles Division

Gianni Desenzani, Mayor of Carpenedolo

Mario Ferrari, Chairman of the municipal tourist board, ProLoco

Luigi Maninetti, Deputy chairman of the industry and commerce commission of the Italian Senate

Roberto Arturi, Councillor for Industry of the Province of Brescia

Enrico Mattinzoli, Councillor with special duties of the Province of Brescia

THE DAY'S EVENTS

9.30-14.30: During the guided tour of the plant, visitors had the opportunity to learn more about production process and about plant reorganization according to the Lean philosophy.

10.30: Speeches by the representatives of the local government authorities, followed by drinks and finger food and a chance to sample some of the local culinary specialities and produce. The municipal tourist board and local traders generously organised the catering for the occasion (cold meats, salami, snacks, confectionery, coffee, fruit, wine and soft drinks etc.).

11.30-13.00: While the guided tour of the plant went ahead, freebies were handed out and a talented local band, Corpo Bandistico di Carpenedolo, livened things up with a 'soundtrack' that fitted in perfectly with the festive open-day atmosphere.

After 13.00: A performance by the Gruppo Amadeus, a musical ensemble of 50 children aged between six and twelve, was also a great success.

The people working at GKN might have thought it ludicrous, but the question that most open-day visitors wanted an answer to was:

«What are axles for?»

request for people to inform on, or betray, their colleagues. Rather, the measure is designed to copper-fasten workplace safety. Efforts in this direction must hinge on compliance with regulations and respect for everyone's personal dignity.

The GKN Way can be summed up in the twelve pledges which the corporation and the employees make to each other. These can be found on the notice boards on the company premises. A manual outlining the key aspects of the GKN Way and a badge with a hand holding the corporate logo have been distributed to all group employees. The core message is intended to be both transparent and encouraging. The management team firmly believes in the importance of promoting values that improve the quality of work and consequently of all aspects of our lives.



Mario Ferrari, Gianni Desenzani, Domenico Traverso, Martyn Vaughan.



Guided tour of the plant and sampling local traditional fare at the refreshments table.

GKN

Living the Values the GKN WAY

PRINCIPLES FROM WHICH TO LIVE

- We will support you through investment and training so we can build a high performance business by delivering superb customer service
- We will help you develop your full potential and we will not tolerate any discrimination
- We will care for you by providing a safe working environment
- We will do what we can to minimise our impact on the environment
- We are all part of a wider society and we will contribute positively to the communities of which we are part
- If you have a problem we will listen in confidence

PRINCIPLES FROM YOU TO LIVE

- I share GKN's commitment to build a high performance business with a strong customer focus. I show that commitment through my work
- I always respect the rights of other team members
- I do not put other team members at risk of injury and will counsel anyone I see working unsafely
- I believe in honest and proper conduct at all times
- I know I am free to report behaviour which is wrong and I will do so
- I will help protect the environment and support local communities

6

The six pledges displayed on all company notice boards.

Portrait of a Lean Enterprise

Being a lean enterprise means aiming for maximum quality through eliminating waste, reducing delays, and limiting total costs. Becoming lean requires acceptance of a culture of continual improvement by all employees. Accepting this culture means using one's individual abilities to the fullest, making a real contribution to the final shared aim, and leads to the natural pleasure that comes from a job well done. Generally speaking, the lean system hinges on the satisfaction of both the customer and the operator. Hence, it can be translated into concrete practice only if the products are manufactured in the right quantities, to the highest quality standards, at suitable locations, and according to conditions that favour everyone that contributes to the manufacturing process.



Kaizen Team Servizi, the winner of the Kaizen Award 2006. (see page 7)

5 S

The name of the 5S method, the objective of which is improved corporate activities, comes from the initial letter 'S' of five Japanese words, each of which indicates a specific categorical imperative.

Seiri: sorting out, and eliminating the things that don't belong
Seiton: workplace organization and order

Seiso: for clean means of production at all times, including controls

Seiketsu: setting working rules and standards, and applying them

Shitsuke: setting up a monitoring system and making sure the rules are complied with

> Talking about Lean

Improvement: Bada reports

«Lean Enterprise is an organizational model that fits in with my way of thinking in general and, in particular, it fits in with the way I see the task of plant management.» These are the opening remarks of Oluغبenga Bada, Site Continuous Improvement Leader (SCIL), i.e. the manager responsible for all activities conducive to "continuous improvement" - the principle which for some months now has been the categorical imperative of the Carpenedolo plant. Bada tells us why he is such a keen supporter of this method, which Toyota's plants in Japan were the first to put into practice (and of which these plants undeniably represent the true pioneers). «Order, discipline, cleanliness and no waste,» says Bada. «This is what Lean enterprise means. Common sense, more than any management theory, tells us that if everyone adopts these criteria the work will automatically turn out better, not just in terms of yield and quality but also because it will be more fulfilling for each employee.» To study the most effective applications of the lean system, on receiving a request to this effect from the company, Bada travelled to the United States and the UK, and now his task is to manage all GKN FAD continuous improvement activities in the axles field. These activities include "kaizen events", i.e. working groups which, for a few days, take on the task of reorganizing the departments they work in according to the "5S" principles (see box). According to the "5S" principles, for example, we should curb waste and organize our work, thoroughly, in the real sense of the word. «The first thing is illustrating and analysing the theory and then moving on to practice. I think our early experiences have been stimulating for those taking part as well, because we also tackled the specific question of occupational risk: evaluation



of risk, and strategies for eliminating it. The people taking part seem to be keen on how easy it is to pinpoint problems and follow this up with adequate solutions.» Among his various activities (in which Bada receives the support of the department foremen), we have the "kaizen teams", which, as Bada puts it, provide «opportunities for meeting, enabling all employees, blue-collar and white-collar, to put forward their own ideas on what should be done to achieve global improvements in working activities.» In short, "kaizen teams" mean that everyone who contributes to the life of the company can have a say in what needs to be done.

> About Lean...

Sharon Nash reports



«Our journey to becoming a Lean Enterprise started in 2003, and it has meant commitment and hard work, every day, to improve the workplace, the way the work is done, and customer care. Unfortunately, Unidrive lost a considerable amount of business during 2006 and had to implement a 25% workforce cutback (the staff now totals 330). But the team, which is optimistic about future prospects, took up its tasks in full awareness of the need to persevere on the 'continuous improvement' front. Application of the Lean philosophy will go ahead during 2007, with the main focus on superior product and process quality, and with a particular emphasis on safety. In addition to this, our efforts will be directed toward extending leanness criteria to business support activities, in line with the indications laid down by the Japanese method. The process of involving people through kaizen activities, wider application of kaizen teams and improved organization of these teams can only lead to increases for the business as a whole. A team that works harmoniously together and which has a very clear idea of the objective to be pursued can only prove to be vitally important to our efforts to improve.»

Left: Sharon Nash, Managing Director Unidrive PTY (Melbourne - Australia). Right: The department organised according to Lean Enterprise principles.

Unidrive Pty Ltd, based in Melbourne Australia, is a part of GKN Driveline. It has been operational since 1952 in the automotive market as a supplier of components to Australian industry. Among its major customers are General Motors Holden, Dana, Mitsubishi, Toyota, General Motors in the USA, and GKN Driveline North America. Unidrive has 3 production plants where components are hot forged, processed and assembled: GKN took majority shareholding in 2001.



2006: reaping the rewards of a year's hard work

Work and professional commitment are a part of life at GKN Axles in Carpenedolo. But GKN Axles also found cause for celebration at the end of the 2006 - a year which brought with it excellent results and significant changes. On 22 December, the last day before the Christmas break, all the employees gathered at the community theatre in Carpenedolo to exchange greetings and look back over the year as it came to a close. It was an opportunity to remember the most significant events that each month had brought and also to look ahead and consider the initiatives lined up for 2007. The day reached its high point with the awarding of the kaizen prizes and the kaizen trophy for the staff members and working teams that over the year proposed and implemented ideas that successfully contributed to improving the quality of work and products. To round off the institutional part of the day a brief debate took place. It provided an opportunity for everyone to put questions to the management team. Then came the time to drink each others' health - time for a toast to the future, and also for an improvised table football tournament which was much enjoyed by the sports fans among the axles team.

Prize-winners

KAIZEN PRIZES

- Kaizen boards: Franco Fezzardi/Lorenzo Bortolotti
- Improvement to equipment on FR lathe: Salvatore Donnarumma
- Ergonomic improvement to workplace for assembly of 8-hole hubs: Massimo Pedercini
- Bogie assembly improvement: Angelo Pasotti
- Production of an adjustable welding bench for steering axles: Nunzio Astuto
- 5S moulds and shelving in press department: Bruno Zaninelli
- Special bogie packing system for safe loading and transport: Pierino Visani

KAIZEN AWARD

- For most ideas per head proposed over the year: KAIZEN TEAM SERVIZI

SPECIAL AWARDS

- Golden Award - for producing the GOLD axle prototype for EIMA 2006: Andrea Magalini
- John Deere Award - JOHN DEERE project management: Daniele Consolati



Two of the prize-winners: Lorenzo Bortolotti and Angelo Pasotti.

300 kilometers (more or less) from London

For about a year now, GKN FAD has boasted consolidated teamwork within the group. This is especially the case with GKN Walterscheid Belgium, which also operates as distributor of spare parts for GKN FAD axles for Belgium and France. Alex Vanhees, branch manager of the Flemish concern, told us about this valuable, efficient 'outhouse' resource with its staff of about 40, responsible for the offices and storerooms. The organisation targets a customer base of large and small manufacturers, in Belgium obviously but also in France. About 25% of these customers are in the building and road construction field. The rest are from the agricultural sector. One of the strengths

of the company is its broad range of products. Other strengths are the location (its strategic value as even noted by Julius Caesar) and, last but not least, the technical expertise of the operators and their enviable skills in communicating in various languages.

ORGANIZATION

The sales unit is divided into 3 sectors: "Driveline shafts and Agmaster"; "Hydraulics" and "Service and distribution France". Each sector has its own Customer Service department, which customers can contact not just to place orders but also for technical advice. However, the logistics and

administrative services sectors are shared, and are coordinated by a Financial Controller.

THE FIGURES

- 24: hours required for delivery in Belgium
- 48: hours required for delivery in France
- 95%: orders punctually processed
- 4.000.000: the value, in euro, of the spare parts sold in a year (35% of the turnover)
- 16.000: product list items currently sold in one year

A visit to Saxony, for an update on progress

The second GKN Offhighway conference took place in Dresden last October. This was an opportunity for the Division management team (including the Chief Executive, Martyn Vaughan) to come together to examine business trends while focusing on the ambitious project for expansion which is to be completed in 2009. A turnover of half a million pounds sterling is envisaged by that year. The objective, which was clearly stated at the conference, was that we should become the undisputed world leader in the market, basing our reputation on technologically advanced products and solutions that surpass industry standards at optimal quality-price ratios. However, GKN Offhighway's horizons are broader: the aim of all members of the senior management team is to build up solid relations with global suppliers and customers. These relations must be based on trust and continuity, while ensuring the quality of the working conditions of employees also through application of the Lean system (for more on the Lean system see the article on page 6).

A contribution deserving special mention came from the head of purchasing in Europe and South America for John Deere Group hay and harvesting equipment, who made it quite clear that he considers team work with GKN a vitally important factor in the expansion of corporations.



> Bits and Pieces

The cardinal principle

Politicians who raise their voices during parliamentary debates (and the politicians who sometimes even raise their fists); sports-lovers who turn violent even when the TV cameras are broadcasting their exploits worldwide; tenors who abandon the stage half way through an opera; managers and white-collar and blue-collar workers who take unfair advantage of the influence - whether considerable or modest - they have over the day-to-day dealings of the company they work for: all of these have one thing in common. They all believe, however ill-advised or unpleasant their actions may be, that there is a justification for what they do, a question of some principle backing them up. We should ask ourselves if sometimes we are not too hasty in our reactions to those who have wronged us, even when the disagreement is hardly worth the bother. Is it right, in such

cases, that we should defend our behaviour by appealing to a principle? Just because we have received a complaint from the boss which we feel is undeserved, can we be sure that we are justified in slowing down our rate of production, or working with less commitment? Do we see such behaviour as our right, or the best way to deal with this particular problem? Do we think we should create tension at home, in the workplace, or wherever we spend our spare time, when the question boils down to a point of principle, and perhaps one of little significance? That by such means we shall emerge victorious and come out on top? There are no guarantees, nor can there be, since it is quite clear that to behave like this is rather like the man in his car who refuses to leave the traffic lane that is his by right because the car heading straight for him - the car

driving down the lane in the opposite direction - shouldn't be there in the first place. What should he do?

Refuse to budge because the other driver is wrong and he is right?

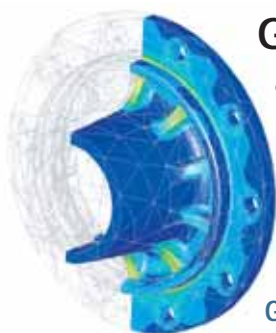
In the workplace, where we spend much of our time, we should remember the "cardinal principle": when reacting to others, common sense should be our benchmark. Common sense, by definition, tells us we should avoid unnecessary strife.

We can leave our principles to one side, unless circumstances tell us we must deal with the question head-on - but when you really think about it, such occasions are very rare indeed.

Alessandro Bolla,
content and communication manager, partner Soluzioni S.r.l.



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