HYSTER COMPANY

Americas Division

SUBJECT: 2007 S.W.O.T. Analysis

ACCOUNT: General Motors

BACKGROUND:
General Motors is one of the Big 3 (although they now acknowledge themselves as the Detroit 3) automakers headquartered in Detroit, MI. GM still holds the # 1 spot in market share in the United States.
Hyster Company has been the recognized forklift supplier for General Motors for more than ten years. At its best, GM was a $35 million annual account for Hyster Company. They regularly ordered 600 -1000 trucks. In the last couple of years, GM has ordered 200 - 300 trucks per year.

STRENGTHS:
- Strong relationships at corporate offices.
- Close ties between GM plants and their local dealers.
- Hyster Company product has proven itself in tough GM applications
- Hyster Company is an American provider.
- AC electric product.
- Quick response to issues and concerns.
    - GM is very pleased with service response since the appointment of a dedicated automotive service manager.

WEAKNESSES:
- Ergonomic issues with large electric truck (E70-120).
    - While GM is very pleased that the electric line is being redesigned (particularly that we have involved them), our large electric truck is perceived as ergonomically outdated and poor. They know they won't see a new truck for two more years.
- We have some regional dealer difficulties with regard to customer service levels.

OPPORTUNITIES:
- We have the right reach truck to make some headway with SPO, GM's service parts warehousing operations. We will need to build a demo to GM specs to be shown to the SPO facilities.
- GM is seeing some turnaround in its financial situation. This may free up some money for purchases. They have not had their appropriation approved for this year, but are able to get funding for individual projects.

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THREATS:

- GM has a sizable stash of used equipment in a warehouse in Livonia, MI. The plants have to go “shopping” at the warehouse before they can order anything new.   These are mainly trucks that still have lease life left and have come out of GM plants that have closed due to their financial difficulties.
- Domestic car sales continue to slump, although GM is faring better than its colleagues.
- We are trying to get a contract extension, but cannot do so without some price increase. This goes against the grain for GM purchasing.
- We have new people in GM’s purchasing group. The buyer for trucks is from Mexico and while he speaks reasonable English, I believe there are many things that he misses when we meet with him. We’ll have a challenge making our case for a contract extension.
- We also have people within the GM Worldwide Facilities Group who are not friends of Hyster. Other brands are continuing to call on GM, selling their dealer organizations as strong asset.

STRATEGY:

Our current contract ends December 31 of this year. We are working on a proposal for a contract extension.   We are trying to find things we can do for GM to make the necessary price increase more palatable. We need to be careful, though, that we are not just giving GM the bottom line for their bid if they do go to market. It is very doubtful that we’ll get an extension with an increase.
We’ll continue to involve GM in the design of our new electric line. We’ll pursue the reach truck market within GM’s SPO division.

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