HYSTER COMPANY

Americas Division

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

ACCOUNT: *KOHLER COMPANY*

STRENGTHS:

- Hyster is the preferred supplier for new equipment to Kohler facilities outside of Wisconsin.
- Hyster equipment has preformed very well at Kohler facilities especially in the toughest applications.
- Kohler Corporate Purchasing has utilized Hyster as a preferred supplier for most facilities since the change to centralized purchasing of lift trucks 6 years ago.
- Kohler corporate prefers to utilize lease with full maintenance contracts at most of the main facilities. The full maintenance contracts are negotiated with the local dealer and billed on a per hour basis. The per hour billing makes it more difficult for competitors to be convincing when presenting their full maintenance proposals

WEAKNESSES:

- Very tight full maintenance pricing which has not been increased in over 3 plus years has caused some conflicts with dealer maintenance departments. Conflicts often center around approved versus abuse repairs that are billed on a time and material basis.
- Hyster order picker is perceived as less reliable than older Raymond units at Hildebran NC facility.

OPPORTUNITIES:

- 2007 orders have not yet been let. Approval process is late due to new primary corporate contact being brought in and up to speed. Expectation of approximately 110 units yet to be approved for Kohler outside of Wisconsin for orders in 2007.

THREATS:

- New corporate purchasing contact is new to the industry and would like to make a big impact soon. Loyalty to Hyster is not as ingrained with new contact as with former contact.
- New equipment cost/lease payment and full maintenance increases make justifications for replacement more difficult to obtain approval in a cost reduction based program. This is especially true since the program does not have an automated/integrated cost reporting function and the new contact does not have the credibility of his predecessor.
- The central purchasing program that utilizes lease with full maintenance is coming under scrutiny by upper management due to smaller incremental savings year over year.

Hyster Company ▪ 1400 Sullivan Drive ▪ P.O. Box 7006 ▪ Greenville ▪ North Carolina ▪ 27834-7006

Main: 252-758-4978 Fax: 252-931-7877 Toll Free: 1-800-HYSTER1 www.hysteramericas.com

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<u>STRATEGY</u>:

- Continue to sell the value of the cost improvements brought about by Hyster equipment innovations and full maintenance approach.
- Work with Hyster Fleet Services to establish a Guaranteed Fleet Maintenance Program that will help to better track costs and relieve much of the burden associated with dealer negotiated full maintenance agreements throughout the U.S.
- Win the hearts and minds of Kohler corporate purchasing by providing industry information and assistance in selling the corporate program of lease with full maintenance to the facilities and upper management.