

imREVIEW

2010/11



NORDIC WAY

Understand how IM
Nordic has become a
significant part of IM

ISUZU

How IM is looking to
make Isuzu a market
leader in the UK

TIME FOR CHANGE

New initiatives and
exciting developments at
The Funding Corporation

SUBARU LEGACY
IRELAND

With CO₂-based taxation now the overriding influence on the Irish motor market, midway through the year we managed to achieve a lower CO₂ classification for our Legacy sedan.

The car for all seasons



NEW 2010 LEGACY DIESEL.

CO₂ Emissions: 153
Road Tax: €302 per annum
(Dealer delivery may vary)



www.subaru.ie



INTRODUCTION

IM REVIEW 2010/11

By Andrew Edmiston
Managing Director - IM Group



As we move from 2010 into 2011 we leave behind a year where IM Group has moved forward in a number of key areas but also one in which the challenges of the business environment have not really eased.

The change of government in the UK, one of our major markets and the location of our headquarters, signalled a change in emphasis in the UK's approach to dealing with its budget deficit and accumulated debts. The increased pace at which the government plans to recover the situation will likely put some stress on the

economy in the short term, with the hope being that confidence in the UK economy by investors and consumers returns much faster in the medium term.

The threat of spending cuts seemed to contribute to a weakened motor market in the second half of the year but, more importantly, the general concern about the state of not only the UK economy but that of most European countries continued to see low values against the Yen for all the key currencies that we trade in.

With a backdrop of continued turmoil, our well-held values of agility and inventiveness carry a real premium. But it is the third of these guiding principles, openness, that perhaps had the biggest part to play in our success in the face of difficulty this year.

As a motor importer, we sit as a key service provider in the distribution chain between the vehicle manufacturer and the dealer. To retain the ability to respond quickly and decisively as the market twists and turns, it is important to have a level of trust and openness with our manufacturer and dealer partners so that all stakeholders can work closely together to bring

maximum benefit to the customer. Without this level of trust, fuelled by an honest and open attitude across the company, we are just not as well equipped to succeed.

Included in this year's IM Review is an in-depth look at another one of our success stories; IM Nordic. What a great example of how to achieve amazing things, despite a market situation turning completely against us. We also take a look at Isuzu in the UK, where we are currently proving the sense in sticking to what you believe in and know to be right.

There are so many things happening across the group that we don't have enough room to write about it all, suffice to say that I still believe IM Group to be exceptional people delivering a world class service. I hope this review will give you a flavour of exactly that.




ISUZU
UK

The latest suite of advertising reflects Isuzu's consolidated position in the market. Always a utility vehicle, never a lifestyle pretender, the latest Isuzu range proves in these visuals that it is truly the 'Pick-Up Professional'

At Isuzu we only make commercial vehicles. That's why we can focus on making the Rodeo tough, strong and built to go the distance. Created from our commercial vehicle DNA, every part has been designed to be hard wearing. And hard working. That's why we use bigger brake pads than most other pick-ups. So when the terrain is testing, the Rodeo rises to the challenge. When you need something built for the job, turn to the experts. Because the Isuzu Rodeo is 100% pick-up, from bumper to bumper.

FOR DETAILS OF THE
NEW EXTENDED RANGE
CALL 08446 622XXX
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ISUZU
RODEO
THE PICK-UP
PROFESSIONALS



**THE NEW RODEO'S BRAKE PADS
ARE BIGGER THAN MOST.
BECAUSE THIS IS NO TIME
FOR ORDINARY BRAKES.**



CLASS
LEADING
5000KG
TOWING
POWER



CLASS
LEADING
FUEL
ECONOMY



CLASS
LEADING
EMISSIONS



ADAPTS
NEW DIGITAL
TACHOGRAPH

CONTENTS

- 6 **NEWS:** L.A. SHOW, GREAT WALL ENGINE, WHAT THE PAPERS SAY PLUS MUCH MORE...
- 10 **FROM HUMBLE BEGINNINGS:**
A LOOK AT HOW THE IT DEPARTMENT KEEPS IM GROUP WORKING
- 14 **CHANGING FACES:**
A BUSY YEAR FOR IM PROPERTIES
- 18 **SURVIVAL OF THE FITTEST:**
A POSITIVE FUTURE FOR IM IN IRELAND AFTER A VERY TOUGH YEAR FOR THE COUNTRY
- 20 **THE ULTIMATE IMPREZA:**
HOW THE COSWORTH IMPREZA STI CS400 CAME ABOUT

23 REVIEW OF THE YEAR

Andrew Edmiston looks back at the challenges, changes and successes of 2010.

- 28 **TO GET TO THE FUTURE - YOU NEED A MAP:**
CRM TECHNOLOGY IN SUPPORTING IM'S MARKETING STRATEGIES
- 30 **WATCH OUT GRAHAM'S ABOUT:**
CHRIS GRAHAM EXPLAINS HIS APPROACH FOR STRENGTHENING THE DEALER NETWORK OF EACH FRANCHISE
- 32 **TIME FOR CHANGE:**
NEW INITIATIVES AND EXCITING DEVELOPMENTS AT THE FUNDING CORPORATION

36 "YES WE CAN!"

A report on how Isuzu hopes to become a market leader.

39 NORDIC FEATURE

How IM Nordic is becoming a significant player within IM Group

- 46 **THE FUTURE:**
AS A HIGH PERFORMANCE COMPANY THE FUTURE IS IN OUR HANDS

SUBARU AT L.A. SHOW

Subaru unveiled a stunning concept car hinting at future design developments.

At the Los Angeles Auto Show, the sleek, four-door Impreza coupé concept blends two thoughts, say the designers – ‘dynamic flow’ and ‘confident stance’ – while incorporating all the marque’s core engineering values.

Powered by a combination of the 2.0-litre naturally aspirated Boxer engine with a Lineartronic continuously-variable transmission (CVT), the package represents Subaru’s next-generation

powertrain. Lineartronic is currently only available on 2.5-litre models in the UK.

Subaru’s new active safety EyeSight system is installed along the front edge of the roof. Images taken by the camera are relayed to a monitor in the centre of the instrument binnacle. EyeSight is also connected to the latest collision-prevention technology, underscoring the Subaru’s safety credentials.



Four door Subaru Impreza coupé Concept.



NEW DIESEL ENGINE FOR GREAT WALL

Three years of hard work and millions of dollars investment pays off for Great Wall as production of a new diesel engine begins.



The new GW4D20 diesel engine.

Following three years of intense development, thorough testing and a major investment programme, Great Wall Motor Company formally celebrated the start of production of its new GW4D20 diesel engine at the Baoding factory, south-west of Beijing, in August.

The new unit – currently Euro 4 compliant and, from 2011, Euro 5 – will form the backbone of non-gasoline power for the GW Steed pick-up and the company's next generation of SUVs, as well as C-segment passenger cars in the future. When Steed is launched in the Nordic territory, followed by the UK and Ireland, it will exclusively feature the new diesel engine.

One of the most advanced features of the in-line, four-cylinder, 16-valve 2-litre unit is the latest Bosch common-rail fuel injection system. The engine has been designed for both north-south and transverse installation, making it suitable for rear-wheel drive, 4x4 and front-wheel drive vehicles. Maximum power output is 110kW (150hp) with up to 310Nm (230 lb-ft) of torque.

Annual production of the new engine, said to be exceptionally quiet, will reach 140,000 units by the end of 2011.

RYDER STREET OFFICES RAZED

The former Ryder Street office buildings – home and headquarters of IM Group for nearly 30 years – have been demolished and the site, which is ripe for redevelopment, is on the market.

A decision to demolish the empty offices was taken after an assessment indicated that IM's old headquarters building offered an excellent development prospect. By levelling the site and presenting it as a redevelopment opportunity, IM Properties expects to see keen interest from developers.

The Ryder Street parts warehouse buildings, which stand behind the frontage site and are also home to some of IM's training operations, remain in use.



BROADWELL BUILDING GOING

The Broadwell building in West Bromwich, where countless company, demonstration and Press test cars have been prepared and maintained, was put up for sale during the year after standing empty for some time.

Gary Hutton, CEO of IM Properties, said the building had generated a lot of interest despite very difficult market conditions. Unfortunately, the initial interest had come to nothing, he

said. "However, during September we had someone come in with a cash offer and, by the end of the year, Broadwell should be sold."

And IM's former vehicle distribution site at Quedgeley, near Bristol, has also been classified as excess property and will be sold. The site was closed towards the end of the summer when vehicle import operations were concentrated on the Sheerness depot in Kent.

GENTLEMEN, THANK YOU.

Early in 2010, two 'lifetime' contributors to IM's success ended their careers with IM Group. Gerry Watson, who headed up IM Parts and Service handed over the reigns to Darren James following a career which saw the highs and lows of business. Gerry worked with Jensen Motors until its demise in 1976, leading to the birth of Jensen Parts and Service and ultimately IM Group as we know it today.

Also ever-present during those years was Phil Williams who has made a significant and tremendous contribution to the company in over 35 years' service. During that time the changes in IT technology have been many, varied and constant. But Phil has always managed to deliver effective IT solutions and an approach that allowed the company to become one of the motor industry's great success stories.



WHAT THE PAPERS SAY

MSN Cars (10 Nov 2010)

Subaru Cosworth Impreza STI CS400

"Subaru lets Cosworth at the Impreza to spectacular effect. This car is so fast it will actually set your trousers on fire.

Astonishing traction and performance, exclusive, a real Cosworth road car.

...the gargantuan performance is just so useable it defies belief."



DieselCar online.co.uk

Subaru Outback 2.0D SE NavPlus

"Excellent performance, plenty of space, high equipment levels, all-wheel drive reassurance.

The Outback gives an impression of reassuring solidity and self assurance."

Which? Car (1 August 2010)

Subaru Forester

"A versatile vehicle that's a cross between an estate and an off-roader. Impressive durability and strong diesel engine, plus real mud-plugging ability."

Automotive Management (1 July 2010)

Auto Index 2010 results – Sweden

"Subaru performance in AutoIndex is nothing short of spectacular."

KEITH H KENT

JANUARY 1930 – MARCH 2010



Everyone at IM was saddened in March to learn of the death of our former advertising and PR director, Keith Kent. He had been admitted to hospital after a fall at his home near Stratford-upon-Avon.

Keith joined Bob Edmiston just after Bob bought Jensen Parts and Service, from which the IM Group was to grow. Keith had quit his job at BL, where he headed the company's news service, and was looking to change direction. But Bob persuaded him to stay in the motor industry – something that Keith never regretted. He enjoyed life at IM to the full and, even after retirement, continued to edit IM Group Express, the company's newspaper in the days before IT and the portal. His many journalistic skills, learnt during a distinguished career in newspapers in the north-west and in Birmingham, served him well as PR for the company. Journalists deeply respected him.

The small Parish Church at Wilmcote, where Keith lived with his wife

Margaret, was crammed full of family, friends and former colleagues for a service of thanksgiving for his life. He had requested that everyone should wear bright colours and have a daffodil buttonhole. Daffodils were Keith's favourite flower.

Although he planned to take up golf in retirement – a game Margaret is passionate about – problems with joints and other ailments prevented Keith from accompanying her on the greens. But he was a more regular 'regular' at Henley Golf Club than many a member! And, after his funeral service, everyone adjourned to the club, one of his favourite watering holes, to celebrate his life with joy and happiness and laughter – the way that Keith would most appreciate.

FROM HUMBLE BEGINNINGS



NICK FLAVELL
SYSTEMS DEVELOPMENT
MANAGER

IM Group wasn't always as 'switched on' as it is today in the high-tech environment of buildings such as IM House.

Computers, the Internet, the World Wide Web and e-mails have become such an important part of our everyday lives, both at home and at work, that it's sometimes difficult to remember life before the full impact of ITC – information technology and communications. For our children it's one of the subjects in their school curriculum. For many adults it's something we take largely for granted. And for IM it has been a vital component in the Group's development and success.

But it wasn't always as 'switched on' as it is today in the high-tech environment of buildings such as IM House. Indeed, when Bob Edmiston established Jensen Parts and Service in West Bromwich – from which IM Group grew – the Internet hadn't been born. Its recognised date of delivery is January 1983, although conception had

been way back in the 1960s. E-mail only became widely available in the 1990s up until when the only mail arriving at Ryder Street came in sacks on a postman's shoulder.

"Believe it or not," said Bob, "one of our ladies actually used an abacus and another had a comptometer!" (Younger readers unaware of the merits of these mechanical calculators can, of course, easily Google them and check Wikipedia!)

But even in the early days, Jensen Parts and Service had a rudimentary computer system. "It really was rudimentary – it used thousands of cards with holes punched in," said Bob, reflecting on development of ITC within the Group. "We took orders during the day and they would be batch-processed overnight. Unfortunately, unlike modern computers, this system couldn't be instantly updated and that meant the final few

Over the years we've always tried to keep abreast of everything and try new ideas. I think we've adopted a wise approach to IT.

orders quite often couldn't be dealt with because there weren't enough parts available in the bin."

Bob says he's never been afraid of technology and always embraced the benefits it can bring. "Years ago I had a small gadget that I had to program with ones and noughts," he revealed. "When I went to meetings in Japan, they would give me a price, which I then entered, and up would come the retail price we'd have to charge! It was like a glorified calculator. It was also quite rare. I know the Japanese didn't have anything like it."

'Proper' computer systems had arrived at Ryder Street with an IBM System 34, upgraded several times over the years. It was with the development of computer systems for businesses that Bob formulated his thinking and policies on ITC, and remembers the many 'friendly battles' with Phil Williams, IT director until this year, wanting to spend money. "IT people, by their very nature, love gismos and the latest technology," he said.

"IT people will always want the best of everything and, at the end of the day, it's an overhead. We have to ask, when we plan to spend money on IT, whether it's going to be something that's nice-to-have, or does it help us to sell cars or benefit the customer in some way and bring our cost of operation down.

"Over the years we've always tried to keep abreast of everything and try new ideas. I think

we've adopted a wise approach to IT, and I would counsel that we continue to do so. It's okay to be an early adopter in areas where there's little or no cost. I believe in dipping a toe in the water and trying things out – provided to do so isn't going to be at a massive cost either in financial terms or for other key resources. As a small organisation, we always have to be innovative."

The message has not been lost on Andrew Edmiston, who took over the running of the business a few years ago when Bob stepped back and concentrated on his role as Group Chairman. "A study at Harvard showed that early adopters of ITC – those right at the cutting edge – spent a lot of money to basically iron out the bugs for those who came very shortly after," said Andrew. "We like to consider ourselves as people who make IT investment with a clear purpose rather than because it feels nice."

Following Phil Williams' departure after a long and highly successful career with IM, Andrew's IT team at IM House is now headed by Nick Flavell, who joined IM in 1995 after starting his career in IT at what was then the UK's largest building society, the Halifax. After working for a time with a large Warwickshire construction company, he moved into the automotive sector with positions at Lex Transfleet and then AA Business Services before becoming an analyst programmer at IM.

When he arrived, still only a handful of staff had

About 18 months ago IM department launched the 'IM Portal', a form of intranet designed to make communication with and between staff much easier. This first version was effectively a 'toe in the water' but the technology will eventually form

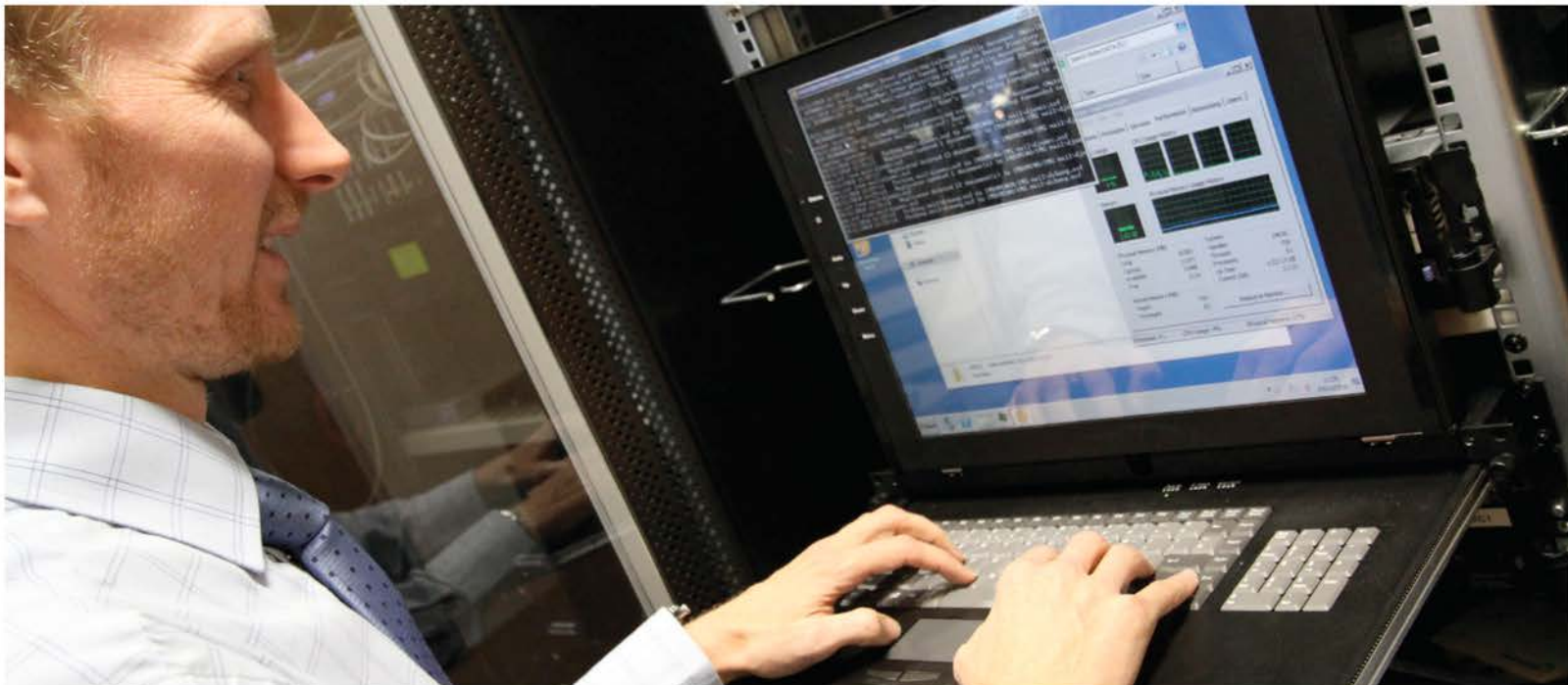
a critical part of IM's approach to communication.

And it's going to get even better. "We're currently working on a new version of portal," said Nick. "It's a very valuable tool for lifting knowledge. It's like the atrium at IM House where we put the newest cars

on display. When you walk in you are exposed to that new product and your knowledge is increased. The portal heightens the feeling of togetherness and sharing information."

IM's systems also allow the use of VOIP – voice over Internet protocol – which facilitates

putting voice and data on one network. Instead of having separate physical networks for telephones and computers, everything is carried via one.



PCs on their desks – mainly senior managers and directors. “For others it was very much dumb-terminals – the green-on-black screens,” he recalls. “My first role was to give some IT support to the warranty side and give it some functionality so that we could get the most out of the data that we’d got in the system.”

Today that remains a key challenge for the IT department. “We have got fantastic amounts of data in our system,” he said. “But it’s all about making sure that people can make the best use of that data.”

The first big change in IM’s systems came just before the millennium when the world waited with bated breath to see what havoc the dreaded Millennium Bug would wreak within computers. “We had to be quite bold in terms of addressing some of our core systems that had been unchanged for some time, to make sure they would not be affected by the year 2000 bug, should it occur.

“Fortunately, the bug turned out to be a bit of a damp squib in the end. But it had focused preparation; people re-examined previous systems they had used and they started to question whether we were getting the most out of them. It

helped us to modernise and to address the look and feel of our systems.”

At the same time, IM was taking on new companies in different parts of the world and each, says Nick, presented a new challenge by having different requirements. “Each required us to look and to change and to adapt to try to benefit not only that company but all the others within the group. The sheer volume of business coming through made us rethink how we did the work.”

In those days, the hardware was largely IBM AS400 – also known as I-series – machines. As with almost everything in IT, these have been enhanced time and again in order to facilitate faster connections and provide more comprehensive data. Nowadays nearly all staff have a PC on their desk. The old building at Ryder Street used a token ring network, which was stable but slow. It was also a problem to add new devices and to maintain. The new Coleshill building is all Ethernet and easy to maintain and very flexible.

In the mid 2000s, the first plans for relocation to Coleshill were mooted and Nick was one of the team that travelled to the north-east to see how the Vardy Group had designed and equipped its

new headquarters to accommodate IT. After the visit, and working with Phil Williams, Nick met a couple of specialist IT companies and invited them to give IM ideas about cabling, security, wireless access, Internet access and so-on for a new building in a green-field site. Then, as Nick puts it, “Phil did have to do a fair bit of negotiating with Bob Edmiston and Andrew in terms of the amount of money that he felt needed to be spent. There were one or two friendly battles to get there. But management did understand that when we were moving to a new building, to get the IT infrastructure right they’d have to spend some serious money to make sure it was going to be resilient and allow the business to grow and increase its use of new technology.”

There are pros and cons to being at the forefront of technology, says Nick. “One of the cons is that, sometimes, it can go hideously wrong. And you don’t want to be right at the forefront when that happens! We like to think that we are as fully aware of new developments as we can be. We certainly try to take advantage of any new advances in technology where it is appropriate for us to do so. We don’t want to do technology just for technology’s sake. It’s got to be for the benefit

We already have ample capacity and systems to cope with the increases that will arise from new business such as Great Wall.

of the business. We're here as the department that enables the business to do things. We're not here to do things just because they might be nice and interesting or sexy to do! We see ourselves as being here to enable the business to fulfil its plans."

Nick is part of the ongoing IT review that is looking at whether the company has the appropriate systems, software and hardware in place to support the business strategy. "ITC is a fast-moving area and I feel we need to be as flexible as we can to respond to needs within the business."

One of the latest areas to be addressed – and currently under review – is disaster recovery by what is called server virtualisation. "This will give us far more resilience," explained Nick. "Essentially, we'll have machines that mirror each other. So if one machine is not available when a member of staff tries to log in, the network will say: 'Don't worry, there's another machine over here that's got exactly the same information for you.' It also gives us some immediate back-up capability."

"There's been a big, big push for this over the past couple of years in IT because of the benefits it gives. With virtualisation, we can do this without having to physically get more machines. So for additional green credentials, we're saving on electricity by having fewer machines."

The most important role the IT department can play in the future is to support whatever route the company decides to take, according to Nick. "From a practical perspective, that means ensuring that we are prepared and ready to provide that support and that the database is future-proof," he added. "These are things that are invisible to the staff. But I've always believed that an IT department should be almost invisible. If people keep saying we're wonderful because we fix this

and we fix that, how resilient are the systems and programs that we have to keep fixing them!

"We are very much a team with round-the-clock responsibilities, meaning that the levels of commitment required are extremely high. There is no doubt we all put high emphasis on supporting each other, the users that we serve and the company overall. My team are unsung heroes."

Their work sometimes takes them to distant locations to ensure that systems are compatible and integrate. Most recently, this has involved visits to China to talk with Great Wall, IM's newest franchise. Among the agreements resulting from the visits is an understanding at Great Wall that they need to provide much more data electronically. "I suspect that, in the past, they've dealt with other distributors who are not so intensive on the electronic exchange of data," said Nick.

Future developments of IM's computer technology could well be influenced by staff. "We're looking to tease out from users what functions they think they're missing at the moment. We want to get them thinking blue-sky. It could be that people are looking for better management information, or better information in terms of key performance indicators."

"There is a need to return lower costs per unit sold and that's what we should be striving for. That's why we already have ample capacity and systems to cope with the increases that will arise from new business such as Great Wall."

IM's IT team is 11-strong. Nick has five developers, four team members working on the operations side and one out on the road doing dealer support. Often the team can assist staff with technical issues without either person having to leave their desk thanks to another of the

high-tech system's advantages. It is possible for IT staff to remotely take control of a user's PC and 'walk them through' the steps that will resolve their technical problems. This is extremely useful when staff are out of the office. "We recently bought some new software to

do this and it's made a massive difference," said Nick. "It's helped us no end, time after time, be it with dealers, staff at home trying to log on or even the Chairman. Bob was in Australia at the time!"

But Nick still likes his team to take the few steps needed to walk to the desk of anyone in

IM House who is experiencing problems. "It helps us to get a better understanding of the user's perspective and there's nothing better than face-to-face personal contact when it comes to understanding the problems."



Pictures (left to right): Logistics units in Swindon, Birch Coppice and Doncaster, and offices in Lyon, France.

While popular belief is that the property market has been all but bricked-up by the economic downturn, 2010 has been a busy year for IM Properties.

There were significant changes in senior personnel following Mick Jones' retirement early in the year and lots of activity as a result of part of the market 'hotting up' at the start of the year. Meanwhile the team worked flat out to implement new strategies for the company's business plan designed to maintain its position and strength throughout the coming decade.

Managing director Tim Wooldridge says that despite everything going on in 2010 – and the prevailing economic conditions – IM Properties was still able to remain highly successful and profitable, as well as confident of an even better year in 2011. "One of the driving forces behind our busy 2010 has undoubtedly been the arrival of Gary Hutton as CEO and his need to work

with the whole team to establish his style of management and to start implementation of our plans for the business as it moves forward.

"Gary joined us towards the end of 2009 and was, of course, known to many of us because he has long been associated with the Edmiston family as a close advisor on financial matters. He also became IM Group administration director when Bob Browning retired."

Among the flurry of personnel changes was Kevin Ashfield's move to manage the property development business and the appointment of John Hammond, as investment manager, to replace him. Jason Jasper was recruited to the position of construction manager. With Patrick O'Gorman, head of the finance team

and a board director, due to retire early in 2011, Adrian Clarke has been appointed to take on those roles.

One of the projects keeping everyone busy has been IM Properties' Birch Coppice site at Dordon in Warwickshire. "Everyone has been working very hard on Dordon, where we'd been looking to get Phase 2 planning," said Tim. "This was achieved during the summer. In addition, we've entered into contracts with Ocado – the on-line supermarket partly owned by John Lewis and specialising in Waitrose provisions – who will open a regional distribution centre there in 2012.

"That's a very big unit for us. The contract should complete early in the New Year and will



TIM WOOLDRIDGE
MANAGING DIRECTOR
IM PROPERTIES

generate significant profits for us in 2011. It's an exciting time at Dordon and we're looking to piece together land for Phase 3. The development team is also looking at other opportunities."

Under its new strategy, IM Properties is now looking at a portfolio mixture and a spread of risk and return. "We're quite focused on return on capital employed," emphasised Tim. "But there is no reason why our portfolio mix can't be in a number of different areas that blend together."

He said that on the investment side it was apparent at the beginning of 2010 that the market was quite hot. "We used that to get rid of some of our poorer-quality stock that we considered would, long-term, lose us money. We disposed of around £90 million worth. However, during the year we've replaced that with far better quality property with much better covenants and much better lease lengths.

"So 2010 has been quite a rebuilding year in terms of our strategy and what we want to be doing. We believe that results from all this hard work will come through in 2011, when the properties we have bought should be showing good returns. We expect a strong performance in 2011 and profits should significantly exceed those for 2010."

A small amount of capital has been put aside to support niche residential development opportunities. "That's been quite successful so far," he said. "In the past we bought two large residential portfolios, valued at around £80 million. Over the course of two or three years we sold those residential properties on an individual basis – and that's just about our total involvement in residential in the past. However, we think that the market is right and there are now opportunities for us. Banks are not prepared to lend on a speculative basis, which gives us an opportunity to step into those shoes and provide the funding and to take a share of the profits. It's fairly small-scale, but very interesting.

"On the investment side in the UK we've gone out and replaced the £90 million of property sold with in excess of £110 million worth bought in. On top of that we are buying property in Germany, where we've seen some good opportunities with better yields than in the UK and lower taxation. We've added a couple of properties in Germany and in the US – where we hold a portfolio of about \$44 million – we have entered into some development agreements for Roundy's Supermarkets. They are big players around Chicago and an excellent brand with a

very strong covenant. We're investing in the latest supermarket which is under construction ready for opening in 2011. We've also got another development with Roundy's that will follow on."

IM has gone out to the market in the States to raise funding on its portfolio and has secured provision for its future investments in the US. The objective is to build a portfolio of property there of some \$100 million over the coming two years. The States generally offers good lease lengths and strong covenants, meaning good long-term income that fits well with plans for the company's future.

"We have all enjoyed 2010," said Tim. "It's been a good year with the whole 15-strong team working well and enjoying what they do. What we've done is to firm up on what our strategy is so that all members of the team understand where we're going. One move – part of the wide-ranging IMPACT motivational programme – has been to bring in an appraisal system. This provides the opportunity for staff to meet with managers and directors, look at their position in the company, and discuss how they can move forward. It's something that has been brought in across IM and it has been very well received within IM Properties."



SPINNINGFIELDS

Most companies talk about the jewel in their crown. IM Properties is fortunate in having a number of jewels, including No. 1 The Avenue, Spinningfields. This landmark building was acquired from developer, Allied London, in August, and forms the gateway to Manchester's new financial quarter.

"It's a really exciting, high-profile building," said Tim Wooldridge, managing director of IM Properties. "The architecture is wonderful and the building has won lots of awards. It is part-retail, part-offices, and is the new home to Armani in Manchester. They

closed two other shops to open at Spinningfields because they were so sure that was where they wanted to be.

"So we have Armani in a double-height unit. Also on the ground floor we have Living Ventures, who are famous for having brought us the Living Room chain of restaurants. They've taken part of the ground floor to house their new concept – 'Australasia'. We understand that they anticipate it will become a Michelin-starred restaurant. It will certainly be a really great place to eat.

"We have four floors of offices in the property, two of which have

recently been let to a prominent national firm of lawyers. We anticipate that the remaining two floors will be under offer before Christmas so, by March 2011, it should be fully occupied.

"What we have been able to do is acquire a building that will give us a premium when we come to move it on," said Tim. "It's a trophy building and, throughout London and key cities, people really want trophy buildings."

IM Properties is looking at other opportunities on the Spinningfields site, he revealed. "It really is a fantastic development."



Main picture and insets:
No. 1 The Avenue, Spinningfields, Manchester





Torbjörn Lillrud, Fredrik Tottie, Howard Ormesher, David Challinor and Emelie Nielsson



Shang Degang, Martin Dalton and Neville Matthews

IM SUMMIT 2010

SINCE 2007, IM HAS HELD AN ANNUAL CONFERENCE FOR A NUMBER OF ITS KEY BUSINESS LEADERS, REPRESENTING ALL COMPANIES AND BUSINESS UNITS.

"The idea was to provide a forum where ideas could be exchanged and we could spend some time talking about our achievements and challenges with the general aim of building a better and more resilient business, together as a team", said managing director Andrew Edmiston.

The venue for IM's Summit has rotated among some of its markets since that inaugural meeting, with the location for 2010 being a cold and snowy November in Helsingborg, Sweden – IM's Nordic HQ.

Speaking after the event, Subaru UK's sales director, Sam Burton said, "The great thing about these Summits is that we are often thinking about exactly the same issues in the UK as our colleagues are in Sweden or Ireland and sometimes even China. To have an opportunity to take time out of our busy day-to-day activities and think about what solutions others are finding is really helpful – in fact, I would probably go further and say that, especially this year, everyone came away inspired and completely full of belief!"

And does Andrew think that the effort associated with putting on an event such as the Summit is worthwhile? "I have absolutely no doubt – thinking time for any manager is often difficult to find but it is a vital part of success. I also love the fact that within IM Group we truly believe that two heads are better than one, four heads are better than two... Getting together in this way always reminds me what strength in depth, across multiple countries and continents, we have in our management team."



Discussions held at IM's Nordic offices



Left to right: William Brown, a Swede, an Irishman, Sean Dunne, Michael Willetts and David Wheatley

SURVIVAL OF THE FITTEST

*Neville Matthews discusses
one of the toughest years in
Irish motoring history and
the future of IM in Ireland.*

The largest economic deficit in Ireland's history, swingeing economic cuts and job losses, unhelpful changes in taxation on motors and motoring, punitive legislation on emissions unfavourable to petrol-engined vehicles and little or no certainty about the economy, has meant the most difficult of years for the Irish motor industry, including IM Automotive, says managing director, Neville Matthews.

"It has been very, very challenging. Simply surviving in Ireland means you have been successful, because there have been casualties. But we have survived.

"We have a loyal band of 12 dealers who are 100-per-cent committed. They love the Subaru brand and are raring to move forward. We have eight dedicated staff at IM Automotive who, like our dealers, love the brand and are totally committed. All of us have, throughout the year, taken all the measures we can to reduce our costs and ready the company to move forward. We've employed absolutely all IM's core values to prepare for the future."

One of those core values is agility. And a classic and innovative example of Neville's team being agile came in a carefully-considered and technically-thorough move to improve the competitiveness in Ireland of the new diesel Legacy. Thanks to harsh new emissions legislation, the Legacy was initially seriously disadvantaged. Its declared CO₂ emissions were 156gms/km. "This was just 1gm above the threshold of 155gms/km making it extremely challenging to sell because of the punitive taxes," explained Neville. "The three main factors affecting us were CO₂, CO₂ and CO₂...

"Without a common standard across Europe, 156gms/km might well be perfectly acceptable from a tax point of view in some countries. But, sadly, not here in Ireland. However, we'd noticed that Fuji Heavy Industries had used a

sunroof model for the certification tests and we knew from the past that this, together with some engine settings and parameters, can affect the fuel consumption thereby influencing CO₂ emissions."

His team took a non-sunroof Legacy to the Millbrook proving ground in the UK and carried out a number of tests to conclusively establish that its CO₂ emissions were actually below the threshold. This led to a reduction in annual road tax, from €447 to €302, and a 4% cut in tax on purchase of the car. "It genuinely made the car much more marketable in Ireland," said Neville. "Naturally we were very happy with the work we did."

The harsh tax penalties on CO₂-unfriendly vehicles – in particular petrol-engined cars – were always going to hurt Subaru. However, the arrival of the new Boxer diesel engine came at precisely the right moment and it has been very well received, says Neville. But while the diesel offered lower CO₂ emissions than the petrol-engined Legacy, they were not quite low enough until the Millbrook exercise and subsequent adjustment of the declared figure.



Many businesses – and individuals – have suffered greatly as a result of the dramatic collapse in property prices throughout Ireland. But Neville believes the slump gives IM Automotive an interesting and potentially beneficial opportunity. Acquisition of a volume-brand dealership struggling to survive – and whose premises are particularly suitable – could add to the preparations he and his team have made to out-run the downturn and grow again.

His plan is to use the resources he has available to secure the acquisition and move IM Automotive's operations to above the shop from its current industrial-park location in south-west Dublin. "It would, of course, have to be the right dealership – and the right premises," he stressed. "Not necessarily a 'trophy' building, but certainly one that significantly enhances our visibility and presence in Ireland."

As well as providing a base for IM's Irish operations, Neville believes that such an acquisition could generate welcome revenue as the support of IM kicked in to turn the dealership round to become a successfully-run and profitable volume franchise.

Another potential light at the end of the Irish tunnel of economic darkness is the imminent arrival of Great Wall models. A number of vehicles from the Chinese manufacturer's range are likely to have strong appeal in Ireland. In the case of the 4x4 Steed pick-up, this could be particularly so outside the main centres of population, where customers often favour vehicles with all-wheel drive, good ground clearance and rugged reliability. These are all qualities that Neville sees in the Steed and continues to see as significant reasons for the popularity of Subaru's Forester.

He is optimistic that, with competitive pricing, the Steed might gallop to assist in the recovery in Ireland. He is also hopeful that it could do well in some of the smaller, right-hand-drive markets for which he is responsible. To explore the potential in one of these markets – as well as promoting Subaru's range – he spent time during the autumn in Greenland. "It is an unusual country and a very interesting market," he said.

Shortly after he returned from Greenland – where he found high levels of interest in Subaru's All-Wheel Drive – Neville met with businessmen from a number of those smaller right-hand-drive markets. One, from Cyprus, was particularly enthusiastic about the Great Wall products. "He believes he can do well in Cyprus with Great Wall vehicles," said Neville.

Back home in Ireland, Neville remains bullish and determined – fired up by the promise of the new, volume models from Great Wall, and the fact that he does have resources available to capitalise on opportunities that are presented. "I'm particularly excited about the new small car from Great Wall," he said. "It doesn't have a name here yet – but we've already got our first unit! And we've been looking at it very closely. It's been extremely well received by my staff, all of whom have been invited to drive it in order to prepare their personal reports on it."

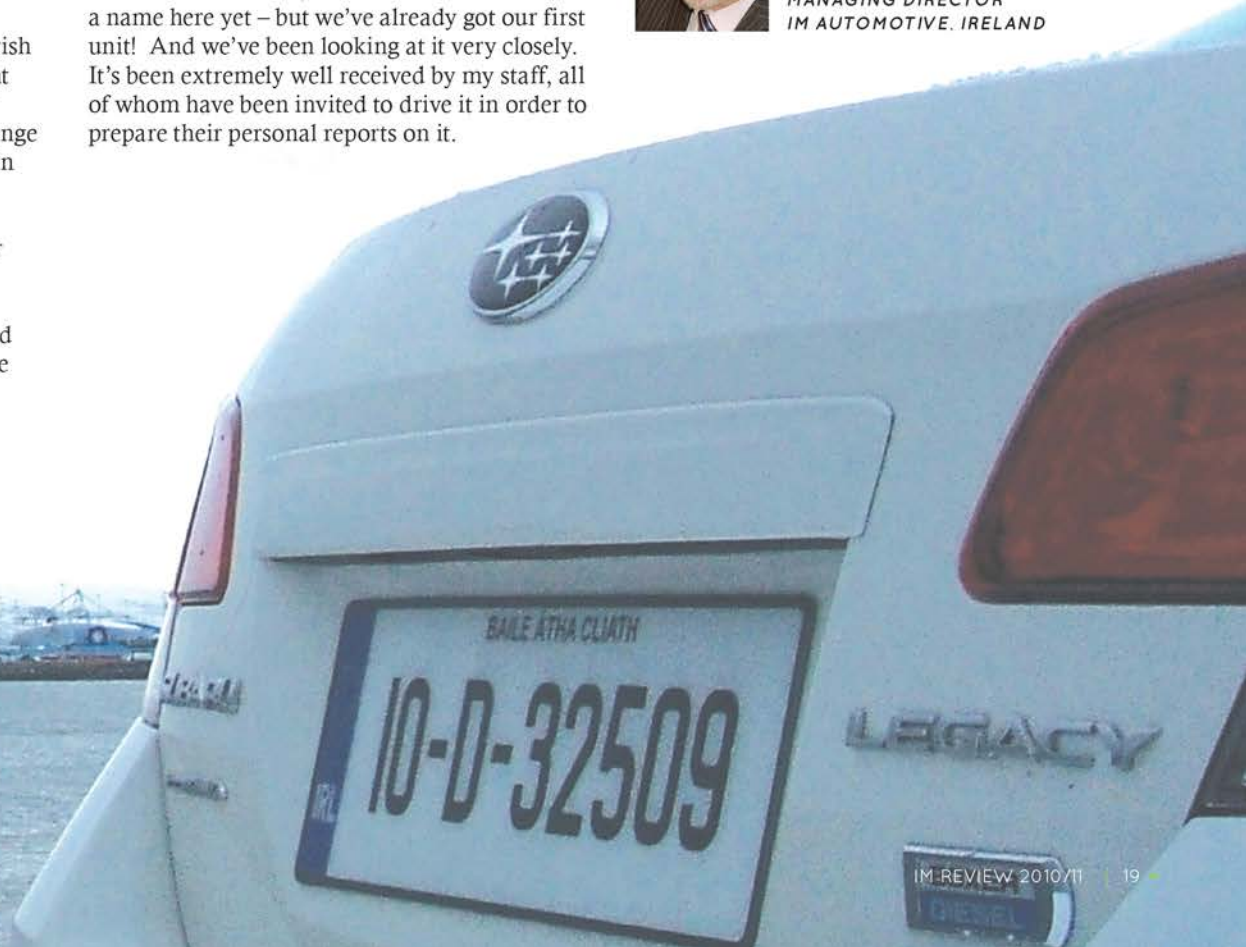
"What's so exciting is the prospect of having a popular car to sell in volume. Subaru is a very popular car in Ireland. But it's not a volume seller. There is a saying that half way through a pint of stout, a pessimist believes that his glass is half-empty... An optimist believes his glass is half-full... But the Irish believe they need a bigger glass..."

"Some of Great Wall's products could well deliver IM Automotive that larger glass. I certainly hope so. In the meantime, we will use our resources wisely and use them to weather these very difficult conditions, and prepare for the future. But above all the resources and hopes we have for the future with new products, our biggest asset remains our dealers and our staff, all of whom are so totally committed."

"There is, I assure you, absolutely no negative talk in the camp."



NEVILLE MATTHEWS
MANAGING DIRECTOR
IM AUTOMOTIVE, IRELAND



THE ULTIMATE IMPREZA

When the first Cosworth Impreza STI CS400 was handed over to its proud owner, it was highly appropriate that it took place at Subaru's Cross Roads dealership in Warwickshire.

For it was Cross Roads' dealer principal, John Mathers, who had forged the link between Cosworth and IM Group that will see just 75 of the most impressive Imprezas ever being built.

And while the first customer for the 'ultimate' Impreza confessed to having "a very special feeling," the IM team behind the car's eventual specification felt similar emotions too. Phil Evans, Subaru technical director at IM and Roy Marshall, group after sales director, had spent a year helping Cosworth to ensure the end-product lived up to expectations.

The story starts with John, who knows Cosworth well because he is involved in a number of motorsport projects, learning of Cosworth's plan to build the CS400 and suggesting that IM might be interested in adopting the product.

"Cosworth did, indeed, ask us if we would be interested in getting involved," said Phil. "The timing was quite interesting because Subaru, as a manufacturer, had just pulled out of supporting the rally team – Prodrive. At the same time, we were getting feedback from our customers that

the majority buying the Impreza, and then fitting performance modifications, were doing so to use the car on tracks rather than in rallying. And the proposal from Cosworth was to do a road car with circuit car handling."

Cosworth would lead the project with IM Group support, but were not seeking financial investment. Another attraction of the project for IM was that Cosworth had just announced its return to Formula 1. "It presented itself as an opportunity," said Roy. "We felt that the marrying of the Subaru and Cosworth names was going to be quite useful."

"Fuji Heavy Industries understand that certain markets have to do things to promote the brand," he explained. "They understand that you have to go with what the buying public want, whether that's the general specification of the car, the colour or the performance. So although they understood what we wanted to do with the car, and why we wanted to do it, because it wasn't their own project they didn't feel comfortable about it being labelled as a generic Subaru vehicle.

"What they said was yes, you can do it. It can be a UK car, but it has to be labelled Impreza CS400."

The approach from Cosworth arrived in the autumn of 2009, swiftly followed by a presentation. IM's decision to go ahead was given very soon after – largely as a result of Cosworth's compelling presentation as to why such a car as the CS400 should be produced. The fact that their team also arrived with a prototype for IM to evaluate also helped! And who grabbed its keys first?

"I did," admitted Phil. "We didn't tell anyone else that we'd got them!"

"Yes, I had to let our ubiquitous technical director have the first drive," conceded Roy. "But then I got my turn behind the wheel. It was extremely impressive from a performance aspect. But was a little bit rough round the edges, not refined enough to be offered as a road-going track vehicle."

In reality, Phil and Roy threw themselves into what would become a series of major revisions to what Cosworth had planned and, after that, working closely with Cosworth to further-improve the package.

The way Phil describes the initial recommendations is 'basically retuning' although that embraced both the engine and suspension to bring the car closer to what IM wanted. "We eased the torque off a bit, changed the torque curve and altered the final torque figure," he said. "Originally we'd been given 400PS and 400

lb-ft of torque. But when we drove the vehicle it wasn't something you could look at as an everyday car."

The performance of the prototype in its original form had been achieved by rewriting the ECU programme and turbo controls, and changing the inlet tract and exhaust system. Cosworth had used the Impreza STI's standard block and crank with different bearings, con-rod and pistons they had produced.

Following all the changes, 400PS (295kW) remains available at 5,750rpm in the customer cars but maximum torque is reduced to 375 lb-ft (515Nm) at 3,950rpm. However, performance is still stunning with 0 to 62mph taking just 3.7 seconds while the top speed is restricted to 155mph. And to keep all that under control,

the brakes were uprated by AP Racing to competition-type six-pot callipers.

After Phil and Roy had driven the prototype, a staggering 50% of the Cosworth-produced engine components were changed – including the exhaust – in order to get the CS400 to the point where not only was IM happy, but also any traffic patrol with a decibel meter! "Their exhaust simply would not have complied with the Construction & Use Regulations," said Roy. "The exhaust note was truly beautiful. But you couldn't have got away with it on the road..."

Among other items that Cosworth and IM identified for changes included the turbocharger and the pistons – both items being specifically designed for the lower output of the standard STI but not being right for the Impreza Cosworth.

Once the changes had been made, Phil and Roy arranged an appraisal session for four key IM people – managing director Andrew Edmiston, Subaru managing director Paul Tunncliffe, Subaru marketing director Kenyon Neads and Subaru sales director Sam Burton. "We had a view of the vehicle as engineers and the technical team," said Phil. "But what we wanted was feedback from across the business – from our marketing and sales people – so we could be comfortable that the project we put together would tick all their boxes too.

"With Cosworth we set up a test day at Millbrook proving ground and invited Andrew, Paul, Kenyon and Sam to spend a day driving the car to make sure that what we were doing with the first stage of our modifications was correct.



PHIL EVANS
SUBARU TECHNICAL
DIRECTOR



ROY MARSHALL
GROUP AFTER
SALES DIRECTOR

THE ULTIMATE IMPREZA

We'd certainly knocked some of the rough edges off." But not enough was the verdict after the management test day.

The tests showed that the design was not quite as the IM teams wanted and required further development. This led to a five-month delay in the project. Phil and Roy make no apologies for their decision to have new components and suffer the delay. "Part of the brief was that the Impreza CS400 had to have a three-year/36,000-mile warranty," said Roy. "For us to be comfortable giving the customer that, we needed to know that the car was durable. We also made further changes to the suspension and suspension height because the car wasn't handling as we wanted it to."

At the same time as all the engineering development was going on, the interior was being put together in collaboration with Cosworth and IM's marketing team. Trim changes were made, new badges designed and countless other bespoke CS400 items finalised.

All the hard work resulted in a very special Impreza with which everyone was happy. "It's turned out to be an absolute gem," said Roy. "You expect, when you drive a car of that performance and that ability, for it to drive like you were on roller-skates – very hard. However, I have to say that the suspension is extremely compliant for the road-going environment. But when you lift its skirts up and give it the gas... Well, the transformation is nothing less than incredible!"

Phil points out that another of the main requirements from all the suspension changes was to make the car predictable. "We can tune a car and get it to be perfect. However, none of this makes any sense unless it inspires and rewards the driver. The true Impreza tradition is that the car should give something to drivers of varied skill levels.

So, we have to make sure that if the car is going to break away from you, before it gets to that point it should be telling the driver not to push any more – come rain or shine, this is a car that should work with you."

Throughout the development period, IM's team and Cosworth's engineers often found themselves with opposing views. However, there was no falling out and all agree that the resulting Impreza CS400 is impressive. That's certainly been the conclusion of road-test reports in the media and feedback from the first customers.

"With the number of cars we sell, it's extremely difficult to get presence in the market," said Roy.

"You could spend millions on television advertising and not even scratch the surface. What larger competitors spend on above-the-line advertising is phenomenal – figures we wouldn't consider. So our thinking with the Cosworth project is to further raise the profile of the Impreza and promote the Subaru brand, but in a meaningful way.

"We consider the link between Subaru and Cosworth to be doing just that. It's been very beneficial. The press reports coming back are proving that. The association with Cosworth has certainly given us a little bit of edge and generated visibility for the product."

Success note: more than 45 Cosworth Impreza CS400s were sold before the first customer car was built. A total of 75 examples will be built with Cosworth producing three a week.

Cosworth Impreza CS400 delivered to first eager customer.



BY ANDREW EDMISTON

REVIEW

of the year 2010

Japanese businessmen often refer to the period of the 'the Lehman shock', or that period in 2008 where the unthinkable happened - a major global financial institution was allowed to fail. The knock-on effects to their economy as frightened investors sought the relative solace of the Japanese Yen were significant.

Still today, over two years later, the after-effects of this period are with us. The beginning of 2010 saw some of our motor businesses, which are heavily dependent on a sensitive Yen, struggle with trade during the year as a result of the volatile exchange rates. By quarter two, though, it was becoming apparent that this would not be the case as questions were being raised about the state of European economies and in particular, the large budget deficits being run by many of them, including the UK. A continued weak appetite for risk was the net result, in turn leading to continued Yen strength against the Euro, the Swedish Krona and the British Pound.

As they say, 'when the going gets tough, the tough get going'; here we had the opportunity to work out exactly how much our core value of customer focus was in evidence across the Group. By the end of the year we were re-planning our year to take account of these adverse conditions. The first quarter had been brisk in the UK with the Volvo water for many years arriving uncharacteristically early. Both UK brands started strongly, suggesting that would continue right through to the end for Isuzu. In Scandinavia sales were also strong in 2009 and already it began to feel like a strong momentum was developing for the year.

As a Group, some significant things were happening during this early part of the year. Both Phil Williams and Gerry Watson ended their careers with IM Group after successfully handling our IT and UK Parts and Service organisations respectively, but as a testament to the strength in depth they had built within their teams, the handover to their successors was

seamless - the company still having an excellent year in both areas.

A transition was also underway within IM Properties with development director Mick Jones' retirement and the appointment of a new managing director who began to focus on a change in direction regarding our property portfolio. Using 2010 as something of a restructuring year following the events of 2008 and 2009, the team was able to acquire key high-profile sites, such as the purchase of an award-winning building in Manchester's major new Spinningfields development - an investment that we believe will contribute significantly to our performance over the next few years.

The early part of our year, in almost every area of the business, saw us responding to the pressure that the wider economy was placing upon our trading environment - and respond we did!

In February IM Parts and Service (UK) began the process of tackling some of its challenges by taking our desire to engage with the dealer network

further than we had done before. Mission 'IM-Possible' was launched!

Most companies will use what has become a bit of a cliché by acknowledging 'this is a tough business' - and, yes, we're no different! That doesn't diminish the importance of this should not be underestimated and there is perhaps no better example of this than our IM-Possible launch which, during a cold, muddy week in February, saw 15 dealers were invited, along with our staff, to engage in a military-style manoeuvre. It shall we say, a different kind...

The serious point to all this though, was something that would come to pass and our vision for the next few years. We can achieve incredible things, even when the odds don't seem to favour you.

This really is a people business. Working with our dealer network in the UK, we are reminding ourselves that it is people and their skills that make a business work.

Also as part of the year, and as part of our mission IM-Possible, we launched a new initiative - ProDrive. This was a direct response to some original feedback from the manufacturer, still fully supported and approved by IM Group, but more importantly for older vehicles that we manufactured some time ago but where we wanted to be able to offer customers a very thought through, high quality service that was completely appropriate to the age of their vehicle. Still in its infancy this project is a great example of us working ever closer with our dealer network and customers.

Although IM Nordic, by the half year, were becoming certain that 2010 was going to be a super year for sales, a different problem was developing. In fact, this was to be a problem that would affect all of our companies buying product in Yen. With the exchange rate being generally adverse but also very volatile, we were finding little 'blips' where the rate would move to a point that if we acted fast, in conjunction with the manufacturer, we could agree

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WHAT CAME AS A SURPRISE TO OUR DEALERS WAS THE DESIGN AND QUALITY OF THE PRODUCTS BEING PRODUCED BY GREAT WALL - THEY WERE EXPECTING TO BE IMPRESSED, BUT NOT TO BE COMPLETELY AMAZED.

special temporary price would allow us to order stock. The rate would then swiftly fall away again, leaving us playing a guessing game until the next blip upwards. Not a pleasant prospect.

Nevertheless, a necessary approach to managing our way through the market and one that would prove extremely successful. It did, however, depend on a strong and trusting relationship with especially our partners in Japan. We do believe that we are a good partner for Fuji Heavy Industries - the owners of the Subaru brand - and they also for us. Subaru mainly does seem to have provided ample evidence for this.

Despite a bit of a feast-and-farce approach to supply, our staff have worked extremely hard to make sure that dealers and customers were not affected by our need to operate in a grey way - nothing unusual for IM but certainly worth noting all the same.

For IM Nordic, the growth in demand did not lead to another potential problem - capacity. In the Swedish market in particular, there is a preference for so-called Environmentally Friendly cars; a special low taxation system

driven by the requirement for vehicles to achieve a CO₂ rating of less than 120 g/km for larger vehicles, and of course our own needs for the Outback, the route to achieving this by using CNG (Compressed Natural Gas) which is freely available in Sweden but needs extremely technical and complicated vehicle components.

In terms of sales volume, there is no doubt that to be able to compete in this sector would provide a huge boost. So the time was cast and we set about completing the technical work required to offer our customers the Subaru. Again confirming the strong relationship between IM Group and Subaru, the Japanese worked during the year to solve all the technical issues that CNG presents and we were fairly certain that early in 2011 we would see sales of Subaru CNG products in Sweden - the world first for IM!

Following 2009, our relationship with Great Wall Motors came into the public knowledge, 2010 was a quiet year publicly at least. Behind the scenes, things were rather more frenetic!

In the early part of the year, staff from the UK, China and IM Nordic hosted our Nordic

dealers for a trip to China with the idea that they become immersed in all things China and Great Wall. For IM there was a first opportunity to visit China, a country virtually impossible to visit and come away impressed by the sheer scale of the place and the ability and determination of the Chinese to leave their mark on the global motor industry.

The Chinese obviously think that their country is so vast, whatever you may believe about China, somewhere it is true they have a long and rich history which is easy to see and perhaps among the more obvious things you could imagine before making a visit. What came as a surprise to our dealers was the design and quality of the products being produced by Great Wall - they were expecting to be impressed, but not to be completely amazed!

When hard-nosed motor dealers tell you that they want products as quickly as soon as possible, they aren't being silly. It may not come as a surprise that there is a really good eye for what does and what doesn't sell, after all, their livelihoods depend on it.

THE GREAT WALL (UK) TEAM ATTENDED THE MOTOR TRADER ROADSHOW, AND PROMPTLY 'STOLE' IT.

This theme continued in the UK over the late summer where the Great Wall (UK) team attended the Motor Trader Roadshow, and promptly 'stole' it. The interest from UK motor dealers was way beyond our expectation with them reaching the same conclusion as our Nordic colleagues those months earlier; namely that Great Wall is another way of saying 'Great Opportunity'. And that wasn't just our opinion, Motor Trader Editor, Chris Hutchinson, talking about the model in the Great Wall range commented that dealers "were impressed... favourably" in terms of size, styling and quality with the Toyota's Yaris were made"

Late in the year a key visit was made to IM's UK and Nordic headquarters by Great Wall. The product of any new launch is, of course, an important aspect, but it is not the only one. The view from IM and Great Wall is that 'new entrants' doesn't have to be a euphemism for poor service. It's not giving too much away to say that when Great Wall is launched it just isn't in a make-up to do half a job and offer anything less than the absolute best levels

of service that we can envisage. If industry awards for anything to do with us, that's a high standard indeed.

None of this happened in an accident, though. And so the work given to those who made the trip to Europe was to continue and complete the work of linking the two companies so that the provision of customer and dealers of spare parts, warranty, technical support and dealer training from Great Wall via IM would be completely seamless and of a first-class standard. The co-operation between Great Wall, IM China, our business development team in the UK and our UK and Nordic technical teams ensures that every basic covered and the wealth of expertise being applied to this major new franchise launch is impressive.

With Great Wall and the Subaru CNG project defining every year for the Nordic technical staff, what of the UK technical team? Well, in addition to the busy Great Wall agenda a world of a different kind was underway. Announced late in 2009, the first official collaboration between two of the world's motorsport

names to design a race car as impressive as it would be unique, got underway. The resulting Impreza Cosworth CCR began to be delivered to customers in the first quarter following an exhaustive (and exhausting!) test programme. Only 75 vehicles would ever be manufactured boasting a full 400 PS. It was one Impreza destined to eclipse the rest - the ultimate road-going, all-weather, all-terrain, all-weather performance turbo, from the competition that mastered the genre and went on to ultimately define it - Subaru!

The Impreza Cosworth project greatly fed into Subaru's own development of the third generation Impreza in the form of the 2011 model year STI that was launched towards the end of the year, for the first time in a four-door saloon version as well as the existing hatchback variant. Upgraded 'DCC-C' suspension and a gentle refresh of both the interior and exterior drew glowing praise from the UK's motoring press, most notably from *Top Gear* magazine, which highlighted the updated suspension changes and other developments that worked for the hot Impreza.

The Subaru UK team certainly found life difficult in the second half of the year with the weak pound severely restricting our ability to order stock or maintain existing retail prices. The solution we settled upon was to gently ease prices up, in line with many other manufacturers and make sure we could operate with lean stocks in a much better situation for the customer since they will receive absolutely box-fresh product, straight off the boat. Although it would be true to say that our volumes were weaker in the second half of the year, all the basic ingredients remain in place and from 2011 onwards new product will again invigorate our opportunity with Subaru in the UK. One of the best things about Subaru is the product - you cannot speak too highly of it - so combining with the strategy we have in place and still finding new ways to communicate our message will pay great dividends. Subaru UK is one of the biggest opportunities we have since we know this is a great chance to really grow volume - time to light the touch paper...

Our UK franchising team has been exceptional this year, especially where Isuzu is concerned. A while ago we found that some Isuzu dealers began to become disengaged with the brand, our direction and theirs moving apart. Rather than allow this to develop into something that might impact customers and

our sales, the team set about changing the situation. In line with the Isuzu identity - 'the Pick-Up Professionals' - what they uncovered has reinforced Isuzu UK's already burgeoning performance no end. Commercial vehicle dealers have a tremendous understanding of the technical side of the product and are in touch with customers who not only demand heavier vehicles but light commercials too. There is no doubt in our mind that the Isuzu Rodeo is the most competent utility pick-up in the market, and by quite some margin, so the combination of highly skilled commercial vehicle dealers, the customers they serve and the superiority of the Isuzu product, when added to an already successful network of long standing and motivated dealers, has turned Isuzu UK into a top performer within the UK market and fully justifies our aim to reach market leadership over the next few years. This franchise really is a gem in the IM portfolio.

There have, of course, been areas of the business that have had a more-than-difficult time this year, most notably our Irish business. Being down, though, is not the same as being out and in true IM fashion we have a brave plan...! With a bit of luck and a lot of endeavour we'll be able to talk about those plans as reality in next year's review. I detect that as a company

we are becoming much more adept at using our successes to resolve our challenges so there are far more of the former than the latter these days, and even when we do encounter a challenging situation we rarely stay down for long.

You can read elsewhere in this review about the transformation that has been taking place at The Funding Corporation - it may have been a long road but boy, was it worth it! Of course, there's never any room for complacency but it would be interesting to find out if David and his team even knew what that meant...

There are so many other areas of the business where our progress has been remarkable - our China business, our CRM team, our IT department where we have been undertaking a full review, which is due to be completed around the turn of the year, to plan our infrastructure for the next 5-10 years.

Overall, a really good year for the company, in terms of vision and strategy, energy, company culture, finances and fun!

But if you want to know what seems to be the most exciting thing of all, it's the spirit of optimism and confidence that is beginning to consume this company. You never know what the future holds, but if your outlook is positive, whatever the answer is, you'll be able to take hold of it with both hands and find a way to win!

OVERALL, A REALLY
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THE COMPANY, IN
TERMS OF VISION
AND STRATEGY,
ENERGY, COMPANY
CULTURE, FINANCES
AND FUN!

TO GET TO THE FUTURE - YOU NEED A MAP!

Howard Ormesher and Ryan Young explain how CRM technology is influencing IM's marketing strategies.

When IM invested in customer relationship management (CRM) technology to help its network to capitalise on every sales opportunity, Howard Ormesher, Group director of CRM, asked dealers to “make a leap of faith” in return for which he would offer payback. Today, the technology is being pushed to the point where dealers will not only have solid information vital to driving their businesses forward, but also a much fairer system of targets and rewards.

And one of the new areas in which important dealer benefits are going to be delivered is mapping. “One of the key uses for the database is to build stronger relationships with our customers and prospects,” explained Howard. “The database is dynamic and is being rebuilt and refreshed every day with information from dealers and from new enquiries and sales. The mapping project is about trying to make sure that every prospect

and customer on the database is allocated, fairly, to a dealer appropriate to them. Normally it's their nearest dealer, but not always.

“I'm aware that a lot of dealers sell outside their territory – as they are entitled to do – and some of them have long relationships with those customers. If a customer in Edinburgh wants to buy from a dealer in Northampton, that's his prerogative and the system recognises that. Likewise, if a dealer sells to a customer who chooses to go elsewhere for his servicing, we need to recognise that – and the system does.”

The reason that the system recognises these apparent anomalies is because some ‘rules of engagement’ have been put in place. “The rules have come about by talking to dealers and asking them what rules they feel should be put in place,” said Howard. “The dealers have been quite emphatic in saying if they sell to a customer,

that's their customer – irrespective of where he lives.

“We've tried to build the CRM system so that it recognises that relationship and that it might change over time. When those rules of engagement don't apply, the geographical element of allocating a dealer to a customer is used. But if a customer has made an enquiry directly to a dealer, that customer belongs to that dealer as far as the CRM system is concerned – even if the customer is out of the dealer's area.”

Two separate dealer territory definitions have been created for use in mapping. One influences IM current marketing efforts on behalf of individual dealers. The other is to help IM's franchising team to better understand current open points and how valuable they can be when filled. “Effectively, the mapping solution helps us to prioritise regions for franchising, as well as allowing us to develop

dealer-personalised mailings, customers, and prospects.”

In future, dealers will get highly detailed reports on their area of influence, which is defined by postcodes. “The database knows how many people live in each postal district, how many Subaru customers live in the district, and it knows the demographic profile of the people who live in that district,” said Howard. “Subaru customers are very distinct and have a particular profile. Something like 80% of our customers come from demographic groups that are only found in around 17% of the population. As the profile is therefore quite heavily skewed, we can use mapping to locate those demographic groups within the area of influence (AOI). We can then work with the dealer, to better understand where his current success is coming from and, more importantly, where the potential lies.

“This is quite powerful, and should build on the local knowledge of the dealer helping to reinforce what the dealer suspects already.”

Howard has been heavily assisted in this work by Ryan Young, an international business graduate, who joined IM Group this year as marketing database analyst. His role is to look after the CRM database and he has been instrumental in completing the whole mapping exercise.

Mapping will make territory allocation fairer. Where a dealer has less potential to sell Subaru, he should have a smaller target or be given a greater area of influence. Historically, dealers have often been given identical targets.

“We’re also loading competitor sales into the CRM system” said Ryan. “Having compiled a basket of competitors for each of our models, we then plot a map showing the location of competitor sales.”

The plan is to provide dealers

with the detailed maps and reports to help them better understand their AOI. “We are looking at the possibility of plotting garden centres, DIY stores, equestrian centres or other locations that would have potential for product placement. “In the past, allocating geography to a dealer was outsourced; but we’ve now taken control of the AOIs ourselves and, as a result, can provide far more valuable information to dealers.”

And according to Howard, it doesn’t stop there: “We also want to use this information to drive marketing communications that support the dealers, helping to drive footfall and business to the dealer. I think what we’ve put in place is the sensible solution. In time we will allow customers to set their own preferences. If a customer living closer to one dealer does want to use another dealer further away, then he really should be able to make that clear in his preferences.”

In the past, allocating geography to a dealer was outsourced; but we’ve now taken control of the AOIs ourselves and, as a result, can provide far more valuable information to dealers.

RYAN YOUNG
MARKETING DATABASE ANALYST



WATCH OUT

GRAHAM'S ABOUT

Anyone hoping to become a franchised dealer for one of IM Group's brands should be very wary of a well-spoken, middle-aged man, dressed in jeans and a T-shirt, making enquiries about new vehicles on display and taking a very keen interest in your used-car line up and your crockery...

For the chances are that it is Chris Graham, IM Group dealer development manager, making an under-cover visit to see just whether you hit the mark with all the right impressions!

His unannounced visit is part of the dealer recruitment process that, during 2010, had its most successful year ever for Subaru and Isuzu. "Up to the beginning of November we'd appointed 18 new Subaru dealers who are open – or will definitely be open before the end of the year – and there are two more who, with a little bit of luck, will be open by 31st December," said Chris.

"We lost seven Subaru dealers in 2010 – three who were multi-franchise left for financial reasons rather than moving to another brand, one decided to retire from business altogether and the other three decided for various reasons they no longer wanted to represent Subaru."

Having identified towards the end of 2009 a number of open points, Chris and his team undertook an aggressive campaign to close as many as possible during 2010. With the open points highlighted, Chris and his team called upon the wealth of information available from IM's CRM (customer relationship management) system to help find the most appropriate new dealers.

Businesses like Saab dealerships became a target for IM during 2010 because of the difficulties of longevity that the former GM brand ran into, although it now appears to have a secure future under its new owners. "Saab dealer and customer types are very much in step with the Subaru brand," explained Chris.

IM often writes an introductory letter to businesses in areas where new dealers are needed. "We ask if they would like, at the very

least, to have a conversation with us," said Chris. "That's always followed up with telephone call."

Letters and the subsequent phone call have a level of success but the majority of successful negotiations come from knocking on the dealer's door and talking, face-to-face. For Chris, the moments around that knock on the door and, hopefully, the invitation to sit down and talk with the dealer principal over a cup of tea, are among the most critical. "At that point you have to make them feel very comfortable with you as an individual and what it is you've come to talk about.

"Do that successfully and there is often an opportunity for a second meeting, which can lead to a third meeting, and perhaps an invitation to visit one of our open days that we hold for the brand at Coleshill on a regular basis offering a chance to drive the product and meet the team. We place a lot of emphasis on feeling comfortable not only with the individual who made the approach but with the whole team."

But even before those meetings happen, Chris will have left his business suit in the wardrobe, driven to the prospective dealership's premises, parked his Subaru out of sight round the corner and strolled into the showroom. "By going to the dealership you get a real feel for what type of business it is – how well you are greeted when you walk into the showroom, whether they offer you a cup of tea in a plastic or paper cup or whether it's a china mug or cup...

"Those things tell you a lot about a dealership just as much as how clean the used cars are or whether the showroom is clean and tidy. We are very particular about their attention to detail."



If the dealership comes up to Subaru's expectations, it's always worth having a conversation, he says. "It's better to have someone on board who wants to be involved and who understands what it is to represent a niche brand in the right way, rather than just another car to sell. Because, believe me, Subaru isn't just another car!"

The success rate from Coleshill open-day visits is very high with something like six in every 10 potential Subaru dealers going on to take the franchise within as little as three months. The other four are never discounted, becoming what Chris calls 'on-going longer-term prospects.'

Development of Isuzu dealerships has also been very successful during 2010. "There's usually no difference in the way we go about finding Isuzu dealers," said Chris, "although we have run a couple of very successful advertisements in Dealer Update magazine. They proved excellent in producing some leads – people we'd not contacted in any way and were therefore fresh opportunities.

The ads were part of a new strategy for the team that could be broadly classed as 'not looking for the obvious' but considering good used-vehicle operators, agricultural equipment companies and truck dealers. At the same time, some Isuzu dealers were separated from some Subaru dealers and a number of Daihatsu dealers were recruited to Isuzu. "Our fresh approach to consider alternative business types has resulted in 20 new appointments so far in 2010 with another 10 expected before the end of the year. Twelve have been carried over, ready to be appointed during the first quarter of 2011," said Chris.

Daihatsu remains an 'interesting situation' thanks to adverse currency exchange rates, he added. "We started the year with 100 dealers and received only five resignations. And you must bear in mind that most of the dealers haven't had any new vehicles to sell during 2010, and what they have had to sell have been the odd car in the odd colours or interior trim that haven't previously sold.

"It shows the loyalty they have to the brand and it has really opened our eyes. The dealers are obviously frustrated and disgruntled that they haven't had cars to sell.

"What we've done in the meantime is to offer them an opportunity with other brands we represent because we'd like to keep our partners within the fold rather than lose them. We then assess them in the way we would for any other dealer who we'd never met before. We do this because it has to work for us, it has to be right. We won't always make the right decision and I wouldn't say we haven't made any wrong decisions. But, to the best of our knowledge at the time, it was the right decision to make on the day.

"Great Wall is certainly something that is very much on our radar. I'm not specifically involved with Great Wall, but if anyone we're talking to has read about IM's plans for Great Wall – and expresses an interest – we will certainly have an initial conversation before handing them on to the dedicated team within IM currently working on the Great Wall introduction."

Chris believes much of the loyalty from Daihatsu dealers comes from IM's determination to keep them fully informed right from the moment that significant movements in the currency exchange rate made it obvious that there was going to be a shortage of new cars. "We've been completely open and honest with our Daihatsu dealers all the way down the line," he added. "Of course we're still buying and supplying parts, but the after-sales business is being affected because they're not selling new cars."

During the year, Alex Sheward, who has worked for IM for a number of years, joined Stephen Battle, Lorraine Jones, Luke Hewitt and Chris in the franchising department. Alex's primary role is to keep the prospects database up to date. "We have 6,000 records of companies across the UK and at any point that we have contact with them it is recorded on our Contact Tracker system," said Chris.

"People say that franchising is a bit of a black art. And if it appears that way to our colleagues in IM, I can only apologise. It's not something we try to keep secret. But it is something where you are so involved with the dealers' businesses, and so involved with every department within our own business, that you have to be better than a layman in all areas."

Training of existing and new dealers falls into the franchising department's remit and has continued throughout the year. Subaru is a niche product and unique, and the way it is sold and demonstrated is critically important, says Chris. "It might sound that our dealer training is like teaching our granny to suck eggs, but the reality for us is that we can't talk to our dealers about it enough. We regularly talk to them and hold regional and national test-drive competitions to find the best people out there to demonstrate the product. We then look at the best practices and share them. We do, of course, share equal focus and commitment to our colleagues in the Isuzu network.

"We have quarterly dealer forums. Some of it is fun, some of it is learning. We aim to make training a good blend between classroom activities and hands-on learning."

TFC TIME FOR CHANGE

The fruits of a number of initiatives implemented during 2009, together with significant developments throughout 2010, have resulted in a record year for The Funding Corporation. "In terms of profit, it will be the best year in the company's history," said managing director, David Challinor.



The first milestone came in December 2009 when TFC renewed its banking facility with Barclays for two years – the longest period negotiated in the company's history. "This was something we'd been working towards for over 18 months," said David. "Normally it would have been renewed for a year as a 365-day revolving facility. In this case we renewed it for two years to gain stability."

That stability, he explained, was to enable the company to post good results ahead of seeking a renewal of facilities with Barclays in 2011, or new facilities with another funder.

In 2007, a decision was made to exit prime lending and concentrate on the sub-prime market which, as a result of the current economic climate, has grown considerably with more and more people falling into the category. However, to

minimise exposure associated with the sub-prime market, TFC has adopted a risk-based pricing model. APRs for each risk category are based on expected performance, from empirical historic data, from that category of business. The risk category is determined from a bespoke credit scorecard developed by Experian. This has produced a range of APRs, with 5% increments, to cover the different categories.

"When we credit-score the customer, our underwriting system selects the APR that is applicable for that customer," explained David who sees the market continuing to grow. "The banks are being very careful who they lend to. Some customers, who would normally have had credit from the High Street or from the banks, are not being accepted. It could be for a few missed payments on their mortgage,

their credit card, or on a hire-purchase agreement. Historically, those missed payments wouldn't have pushed them into the sub-prime category but today, because the banks are being more particular, it's very easy for them to decline that customer.

"I see the population [of sub-prime customers] continuing to increase. Because the lending is to higher-risk people, we obviously have to be careful as to what we're financing. For us, it's purely cars and we see the cars our customers are buying not as a luxury item, but as an essential. It's either to get them to work or to transport the family. That means the type of cars we sell are the Ford Mondeo, Ford Focus, Vauxhall Vectra and Vauxhall Astra, and so on. We don't finance anything exotic. And because the car is an essential

purchase, the customers are more likely to want to continue paying the loan. By being careful who we lend to, we find we lend to people who are more inclined to pay and in so doing they are also repairing their credit status - a really important benefit that we always hope to provide to our customers"

To boost its measures against fraud and potential defaulters, TFC implemented a quality drive during 2010. One of the introductions – a border control-type ID document checker at its ACF Car Finance dealerships – is unique within the financial services industry for ensuring the authenticity of identity documents supporting credit applications.

"In the case of a passport, it looks at the paper it's printed on and at the chip (where details and a copy of the photograph are stored) so that

we can compare the photograph on the chip with that on the passport,” said David. “It can also check driving licences and EU National Identity Cards.”

In addition, during the year TFC started up a specialist vehicle tracing department. With the aid of specialist facilities, the department is able to trace vehicles that go missing and cannot be located by normal collection services. So far, 75 vehicles have been located by the new department – a good level of success, says David.

“With all the new checks we’ve put in place, I’d hope that we capture any fraud before we let the cars go.”

TFC’s Collection Agency – Red2Black Collections – also had a very good year, said David. “We’ve seen a tremendous improvement in our collections service, and what that’s showing us is that the people to whom we are lending are paying

back and staying on the books.” He says this might, in part, be due to the door now being closed to customers who would have once walked away from a loan to seek another elsewhere.

“Because that option’s not there any more, they tend to stick with what they’ve got, keep their heads down and keep on paying,” he explained. “A number of changes we’ve made to improve our credit scorecard have also helped. We fine-tuned the scorecard in January as part of our strong focus on quality – both the quality of the car that we’re selling and the quality of the customer who we are selling it to. We’ve moved up the scale in terms of the quality of customer we’re lending to now.”

Another activity that will be on-going was launched in October. “We’ve called this initiative ‘Time for Change’ and through it we

have defined the company’s vision and values. We’ve done this in conjunction with our staff. For me, the values drive the behaviours and the behaviours drive the culture. What I’m looking for is a particular type of culture – a very positive culture. We want TFC to be a fantastic place to work” said David.

“We asked a cross-section of the staff what they liked about the company and what they didn’t like about it. We then used this feedback to define the vision and the values. Our vision is: ‘Remarkable people delivering exceptional experiences to all our customers.’

“To illustrate our values we’re using the acronym REACH: Respect/Recognition, Excellence, Accountability, Communication and Honesty. It’s easy to remember and at every team meeting, Time for Change is now an agenda item when we ask people what they are doing

differently and how they are taking each of the values and implementing them in their day-to-day operations.

“These are simple things – being courteous to people and having respect. We also want people to be accountable. This will mean they will be more willing to take on the responsibility of doing something new without fear if it doesn’t go quite right. Communications are, of course, key to making sure that we keep people informed as to where we are. We want to give everybody a clear indication of where we’re going.

“For The Funding Corporation, 2010 has been a very good, and interesting, year. And with Time for Change improving the atmosphere, we’re getting visitors to the company commenting on the ‘feel good factor’ about the place, and how they see staff with a smile on their faces and going about their work in a very positive way.”



Time for Change presented in traditional and slightly more unusual ways.

A DAY IN THE LIFE OF... ...JOHN LOACH

PARTS TRAINING MANAGER



For the first in a series looking at the day-to-day life of staff in different parts of the IM Group, Keith Read spent some time with John Loach, who trains Subaru and Isuzu dealers' parts department personnel.

When he joined IM as a filing clerk 23 years ago, John Loach had no idea that his days would be spent training up parts department people so that they not only know all about the various systems and procedures involved in keeping vehicles on the road, but also imparting the passion that he says is vital for the success of the company. Neither did he realise that in his day-to-day life as parts training manager, hardly any two days would be the same!

"Training has, of course, always been important," said John, who is based at the company's Ryder Street parts warehouse in West Bromwich. "But in the current economic climate I believe it's more important than ever. If a customer feels that he's been given short shrift, he's not going to come back. Even if the parts person is on the phone when the customer walks in, it takes only a second to acknowledge the customer and indicate they will be attended to as soon as possible."

John believes that being passionate and inspirational is important for the success not only of IM and its dealer network, but also for the individual. "When it's time to go home at the end of the day, it's a fantastic feeling to know that you've gone the extra mile to help a customer and, quite possibly, he's thanked you for doing so. Just as I feel I'm an ambassador for IM, the parts person is an ambassador for the dealership and for himself."

"Training, and giving staff skills and confidence, is so important when times are tough because the customer is paramount. If we don't project customer delight, the customer can go anywhere. Why is he going to bother to come to Subaru or Isuzu?"

His training for parts department people starts with a one-day induction undertaken at the dealership. Called Level 1, it's where John goes through all the systems for ordering and returning parts and the other various tasks the job entails. Courses are limited to four people at a time to ensure everyone is given individual attention. "Basically, we go through everything to do with the parts department issues," he explained. They are then left for about three months before being invited to Ryder Street for a second induction when John goes into greater detail before setting them an examination.

Success in the exam results is a pass, merit or distinction, celebrated with an Institute of the Motor Industry certificate. "I do invite them to display the certificate in their parts department because the customer can see it and appreciate the person they are talking to has been fully trained," said John, who

not only asked the IMI to assess his abilities when he first established the training courses nine years ago, but also submits himself to regular reassessments to maintain his own standards.

After their Level 1 training, parts personnel are left for a further three months before being invited back to Ryder Street for their Level 2 training. At this session, John seeks to enhance their skills and give them confidence when selling parts. "I always ask them if they consider that they are sales people," he said. "Almost all say no. But I point out that they are part of the sales team. Unfortunately, a lot of the parts people in dealerships don't feel valued. I want to change that feeling because they are important, and they should be valued."

Part of John's role also involves co-ordinating reports from the mystery shoppers employed by an agency IM uses to evaluate the performance of its dealers' parts personnel. And from the New Year, his days will also include helping colleagues to roll out IM's IMPACT motivation programme to new staff appointments and to dealerships. "We want to try to instil IMPACT's guiding principles, and impart its commitment and its passions," he said.



TYVÄRR BMW, AUDI OCH MERCEDES.

ÄVEN I ÅR KÖR SVERIGES MEST NÖJDA BILÄGARE SUBARU!



SUBARU
NORDIC

This advertisement ran in magazines and evening dailies during May to June and coincided with the announcement that the most satisfied car owners in Sweden drive Subaru. The survey is the most extensive of its kind in Scandinavia and the result was based on nearly 14,400 responses. Subaru also won in 2009 and 2007.

Except for product launches, 'Sweden's most satisfied car owners' has been the theme in all advertising all through the year.



Enligt Sveriges största bilägarundersökning, Vi Bilägares AutoIndex 2010, har Subaru Sveriges mest nöjda bilägare 2010.



Subaru hade Sveriges mest nöjda bilägare 2009 enligt Vi Bilägares AutoIndex 2009.



Subaru hade Sveriges mest nöjda bilägare 2007 enligt Vi Bilägares AutoIndex 2007.



Euro NCAP
Legacy ***** 2009



Japan NCAP "GRANDPRIX 09/10"
Legacy ***** Enda vinnare av högsta priset!



Australian NCAP
Legacy & Outback ***** 2009



LEGACY – BÄST I TEST
Nr 26, Dec. 2009



ADAC (Tyskland)
1:a i kategorierna Ägande & Service 2009



Bisnode, Högsta lojalitet (Finland)
Forester – '09, '08, '06, Outback – '07



OUTBACK – BÄST I TEST
Publicerat april 2010



Car of The Year Japan 2009/2010
Legacy/Outback vinnare i kategorin Bästa köp



GTÜ (Tyskland)
Forester mest tillförlitliga SUV 2009



LEGACY – BÄST I TEST
Nr 4, Feb. 2010



IIHS Top Safety Pick 2010 (USA)
Legacy, Outback, Forester, Impreza, Tribeca



FORESTER – Årets SUV
Danmark 2010



FORESTER – BÄST I TEST
Nr 24, Nov. 2009



Motor Trend (USA)
Outback – Sport/Utility Vehicle of the Year 2010
Forester – Sport/Utility Vehicle of the Year 2009



SUBARU

www.subaru.se



“YES WE CAN!”

With new marketing strategies in place Isuzu is aiming for market leadership by 2014, having made a meteoric rise to take on far greater importance within the IM Group during 2010.

On the way it has won praise from Isuzu executives in Japan, raised sales by 88% over 2009, and exceeded its 2010 target by 38%. As a result, Isuzu management believes the marque is set to become the UK's market-leader in pick-up trucks in 2014. And its growth and achievements in 2010 already indicate that their optimism is well-founded.

Reporting to Paul Tunnicliffe, managing director of IM's UK sales operations, the man behind the wheel at Isuzu since March 2010 is William Brown, previously dealer operations manager for Subaru and Isuzu in the Midlands region. He was given the task of managing this growth. One of the first things he did was to sit down with Paul and put together a five-year plan – including the strategy needed to become market leader.

To achieve such an ambitious goal, his first priority was to take a long hard look at the dealer network. “Some of the Subaru/Isuzu dealers were originally handed Isuzu when the Trooper SUV was available. With just the Rodeo pick-up, a commercial vehicle, available today, Isuzu sits less comfortably with some Subaru dealers,” he explained. “I don't think we appreciated the differences that dealers would need to run a commercial vehicle operation as opposed to a passenger

car operation. Some dealers embraced it well, and continue to be successful with both brands. Others were less successful.

“We looked first where our open points were and rather than appointing a dealer who had already got Subaru, we wanted to put the focus on having people who understand the Isuzu brand and who are enthusiastic and passionate about it and understand commercial propositions.”

Interestingly, the search for such dealers found him talking to truck dealers, including Isuzu Truck dealers. Eight of them have already been appointed and conversations are on-going with others. Volvo and Iveco trucks dealers have also been appointed and discussions are taking place with Mercedes, Renault and Scania truck dealerships.

“We've also appointed some agricultural dealers who have Massey Ferguson and John Deere franchises,” added William. “They have



WILLIAM BROWN
GENERAL MANAGER

been particularly successful with the franchise because of their farming connections. The largest part of our database is made up of farmers. So to have these dealers on board, who have live accounts with farmers, is ideal for us to find new customers for our product.

"We started this year with 75 dealers. We lost 10 and have appointed 20 new dealers. There are about 15 open points we're currently working to fill."

Perhaps more surprising is the appointment of used-vehicle operators as dealers. "They are very enthusiastic and efficient organisations who want to make their next step having a franchise," he explained. "To have a franchise these days you are looking at tens of thousands of pounds of investment. However, with the Isuzu franchise, we can be a bit more pragmatic with the set-up costs."

William is looking particularly at those operations that specialise in 4x4, pick-ups or commercial vehicles. "We have had a number of those come on board with especially the commercial

vehicle dealers proving to be a fantastic fit with the Isuzu brand and product and the direction that we are moving in.

"Where people want both Subaru and Isuzu, we will still appoint them – if we think they are right for Isuzu. We're not looking to turn anybody away that wants both. We just have to convince ourselves that they will give the level of focus that both brands deserve.

"It's been remarkable and amazing that some of these new guys have come on board and, within their first six months, have been out-selling existing dealers. If someone takes on a new franchise, it normally takes time to build it up. But at least three of the top-10 dealers are new and have been with us less than a year.

"We're really confident that with the change in our franchising strategy we can move forward with real, sustainable growth that is going to come organically, rather than the distributor having to force it. The commercial vehicle and agricultural outlet guys have the right databases and mindset to be able to sell the product."

The overall success of Isuzu sales this year led to a supply problem during the third quarter when sales moved ahead of the planned growth. However, the imbalance has been addressed with an increase in orders. "We're ahead of plan by 38% and will do around 2,000 units this year

rather than the 1,400 planned," said William. "Our 2014 target of 4,000 registrations may well come sooner. We've revised our 2011 target of 2,100 units to 2,500 and, if the current sales rate continues, we'll revise our 2012 target and those for following years."

Isuzu held its nerve during the difficult days and refused to over supply the market and discount. This has meant residual values remain high. And a £500 price increase when the face-lifted Rodeo was launched in the summer had no adverse impact on demand.

Isuzu won't consciously compete as a lifestyle product. Instead it will compete on its main strengths – a rugged and reliable vehicle, built to be fit for purpose as a workhorse. "We have so many strengths to our product that our competitors don't have," said William.

And that's set to continue when an all-new Rodeo is expected in the first quarter of 2012. William sees this as key in the growth of Isuzu's volume, especially with the competition increasing next year. "Our new product will come at just the right time to keep everything fresh," he said.

Can Isuzu reach the target? "The title says it all," said William.



*Paul Tunnicliffe reveals
how going back to basics
has helped Isuzu grow
and become one of IM's
stand-out brands.*



PAUL TUNNICLIFFE
MANAGING DIRECTOR,
SUBARU, ISUZU AND DAIHATSU
IN THE UK

Isuzu has the potential to stand on its own feet and be an integral part of IM's portfolio of brands, says Paul Tunnicliffe. "It's assuming a much greater importance now and growing at a rapid rate. We don't see Isuzu as just a bolt-on part of our business."

On a visit in late 2010 to Japan where he met Isuzu executives, Paul recalls: "They were really supportive of the job we've done

over here. We're certainly the star performers in Europe for Isuzu. It's been a complete turnaround and it's been achieved by going back to basics – working out what the product stands for and the best way to sell it. That's completely different to what's happened with the Isuzu brand in the past.

"We've deliberately gone for specialist retailers, people who are comfortable selling no-frills, fit-for-purpose products to quite discerning customers who don't necessarily see value in flash showrooms and computerised sales processes. They want great product knowledge, great customer service and, often, to be buying from someone who is well-known in their community. So we've looked to appoint people who fit that profile – and it has reaped benefits hand-over-fist. It's been a very good success story for us."

But he warns that it is essential to keep the momentum going. "We've been able to hit the competition when they've been relatively weak this year. Going forward we can't rely on them being quite so obliging. But we have got momentum and we have a whole bunch of dealers who are really up for it.

"William is now the focal point, and it is paying dividends. Our aim is to continue to drive forward our five-year plan and, if we do, it should see us become number one in

the UK pick-up market. There's no reason why not."

Buying Isuzu pick-ups in pounds has protected IM from the falling of the currency. "It means we know in advance how much margin we have in the vehicles and we've been able to invest that as we see fit. One of the routes we've adopted is giving every dealer a target that has a reasonable amount of challenge but, for anyone who is serious, it's pretty much a formality. Once they reach that target they get a higher margin. That's given them the opportunity to be very aggressive in the local market."

One of the new areas Isuzu is about to attack is the contract hire market. "At the moment we don't really sell any pick-ups on contract hire whereas the market leader sells 35% to 40% through contract hire," said Paul. "We believe we can do the same and that would bring a huge slug of extra volume our way.

"We're not just saying we're going to do it and hope that it happens. We have a justified and supported plan and will provide the vehicles through Lex Autolease. It's a first for us and reflects the new-found interest and confidence in Isuzu – our competitors may have the experience but we've got the product."

A low-angle photograph of a white crane arm extending from the left side of the frame. A blue car is suspended in the air, held by a wire mesh cage that is attached to the crane by several cables. The background is a clear blue sky with some green pine trees visible at the bottom. The title 'NORDIC' is in large, bold, black letters, and 'FEATURE' is in smaller, white, sans-serif letters below it.

NORDIC

FEATURE

IM Nordic, headquartered in Sweden, operates in six countries – Sweden, Finland, Denmark and the Baltic states of Estonia, Latvia and Lithuania. During the past seven years,

under the leadership of managing director Torbjörn Lillrud, it has grown into a highly successful company. It has pioneered a innovative and ground-breaking business

model on the way to becoming a significant player within the IM Group. But it wasn't always the case. Chris Poole traces the zero-to-hero story of IM Group's northern-most subsidiary.

Like IM Group itself, which grew out of the ashes of a former business, IM Nordic was born out of failure – the collapse in 1992 of the previous importer of Subarus in Sweden. Recognising the skills with which Subaru's presence in the UK and Ireland was being handled, Fuji Heavy Industries asked Bob Edmiston if he could help. He did.

It was not plain sailing, though, especially in those early days. "Currency issues that had plagued the previous importer still persisted, even up to 1995" remembers Bob. As a result, the company continued to lose money and went through a difficult patch that called the company's very existence into question. IM had to prove to itself that the situation could be turned around. At the same time, Bob was looking for a way to introduce his son Andrew to company management and wondered if this might be a good opportunity to see if he would sink or swim.

Having made up his mind, Andrew was challenged with

a fairly simple brief; IM had never made any money in Sweden, see if you can change that.

For a maiden management assignment, it wasn't particularly easy for the young Edmiston, especially since the MD from whom he took over had got himself another job and virtually recommended Andrew to close the business down. But despite the obvious concerns with which he was greeted – was the new owner sending his son to shut up the shop? – Andrew was determined not to have his CV show failure at the first hurdle. He knew he could quickly improve morale and, taking advantage of a couple of pieces of good fortune, made a committed start on turning the business around.

Working with him was an energetic sales manager, Kai Sörensen. Together with the staff they forged ahead, making IM's first Nordic profit in that year. And when Andrew left to head back to the UK, he promoted Kai to managing director. Under the new

managing director the company sold between 1,200 and 1,500 cars a year - not impressively big numbers, but enough to stabilise the business. But tragically, in 2003, Kai suffered a heart attack and died. His position had to be filled and it was the sales and marketing director of Kia in the region who joined IM Nordic.

Torbjörn Lillrud had started his career in the automotive industry with BMW Nordic and then joined Kia to help the private importer launch the brand in the region. What attracted him to the job? "Well, everything that looks impossible has always attracted me", he said with disarming candour.

It had been the same when he first joined Kia. The South Korean company had no history in the European market and he was able to be what he describes as "entrepreneurial and an under-dog".

"Starting with an almost blank sheet of paper, I was allowed to continue writing the story myself," he said.

Even though Subaru had been in the Nordic region for some time



The interesting question for me was 'how far can we take Subaru?' I really believed this was a huge opportunity. And so we realised that there was a lot to do.

TORBJÖRN LILLRUD
MANAGING DIRECTOR IM NORDIC

The most important vision we had was that we wanted Subaru owners to be the most satisfied owners in our market.

when he joined IM, the brand wasn't figuring anywhere near the place it should have occupied in the annual sales and registrations statistics. "It was a similar situation to when I joined Kia although with Subaru having a better reputation, of course, and Subaru was better-known in the market. I could see so many opportunities as to what we could do with Subaru in the Swedish and Nordic markets."

"The first thing I did when I took over was to make a market survey about Subaru in the Nordic countries. We asked car owners in our territory about their knowledge of the brand, and we could clearly see that 50% of the population didn't know that Subaru was a car. Those who knew that Subaru was a car, explained that it was largely an unknown car with a very small dealer network. It came across that the image of Subaru was quite poor – a little bit cheap."

The survey also indicated that motorists' impressions of Subaru design was not good and that the cars had high fuel consumption.

On the positive side, people said that it was probably a reliable car, indicated it was famous for being four-wheel-drive and that it was particularly suitable for small trades people who did short journeys carrying some tools and equipment. However, they didn't see Subarus as a commuter or family car.

"It didn't have a good image and certainly wasn't a premium car," said Torbjörn. "A lot of what the survey told us was true. We did have a very poor dealer network. We hadn't spent anything, or invested in brand awareness or image, since IM's initial aim was simply to stabilise the business and make sure customers were taken care of – Fuji Heavy Industries' original request. "But the interesting question for me was 'how far can we take Subaru?' I really believed this was a huge opportunity. And so we realised that there was a lot to do."

Armed with the survey, Torbjörn sat down with his management team and drew up a vision and planned what they would do. "The most important vision we had was

that we wanted Subaru owners to be the most satisfied owners in our market. You can measure satisfaction – J D Power and other organisations do it all the time.

"Number two was that we were going to be the best distributor in our market compared to all the other brands' distributors. This is also something that is easy to measure because they are making those kinds of surveys every year." At the time, Torbjörn and the team knew that out of 30 different brands represented, Subaru dealers were 15th in the league table.

"Our third vision was to build up the brand awareness and the brand's image into a premium car. That was important, because when I joined the company I learned that there were some interesting future products coming from the factory with better design."

Having set out his three-part vision, and worked out what he had to do to make it a reality, he then needed to put his plans in place and, at the same time, write another chapter in the IM Nordic story.

Torbjörn Lillrud's idea of relaxing from the stresses of running a successful business is a good meal, a glass of wine and a good whisky – or to walk his dog to the shops on a Saturday morning to buy a paper so that he can read about the automotive industry!

"I'm afraid I don't relax very much," he said. "Perhaps this will sound immodest, but to be able to create what I have so far – raising sales from around 1,000 to more than 7,500 and making profits that are the highest in the regions automotive industry – you need to be very dedicated. But I don't see it as work all the time – it's a hobby!"

But even with his views on relaxing, there has to be some free time. And when there is, he enjoys skiing or just sleeping under a beach umbrella – something he will do at Christmas when he and his wife and 10-year-old son travel to stay with his 22-year-old daughter who lives and works in Honolulu on the Pacific island of Hawaii.

Torbjörn's 25-year-old daughter also lives abroad. She works for a Swedish telephone marketing company in their Barcelona office, while his eldest daughter, 27, and her husband, live in Stockholm with Torbjörn's first grandchild.

Right: Auto Index 2010 final standings placing Subaru comfortably ahead of all other brands.





Dealers at a Subaru Nordic launch event.



Subaru dealer in Stockholm, Sweden.

REAL GROWTH

What were the ingredients to achieving greater success in the Nordic region?

Implementing strategies to turn bold visions into reality inevitably requires strength of character when taking drastic action. In 2003, IM Nordic's new managing director, Torbjörn Lillrud, looked to his own motivation to confirm that what he was about to do was the right course of action.

"As a person – and this is also the same for the team I have created around me – I want to be an entrepreneur. I want to be a person who builds something and who does something," he said. "That

is my mentality. I will never be an administrator. I will never accept that everything has to be just as it always has.

"When I arrived in the organisation, too many people had been working here for years and years and told me they'd never done it the way I wanted it done. They told me they couldn't change and they were not allowed to change and this is how it should be handled."

Needless to say, those people are no longer part of the Torbjörn team.

But it wasn't a simple case of a

night of long knives. There was much searching self-examination of just how well the company was serving its dealers. A long, hard, look at the terms and conditions under which dealers operated the franchise was called for, looking at the dealer bonus system and how it was paid, the marketing support offered and general support from the company. "We then compared all this with what our competitors did," said Torbjörn. "And wherever we monitored what they were doing, we resolved to be better."

His rationale for this was simple. To reach the position of having the best customer satisfaction, you have to have satisfied dealers.

"If a dealer is not satisfied, he will not take so much time and effort to take care of his customers. If he sees that he can earn money on it, he will take care of the customer. If the dealer gets easy back-up and service from our side, if he sees it is easy to get in contact with us, if it's easy for him to get an answer, if it's easy to get support, then he will work with our brand and he will take care of the customer. This is one of the biggest keys to success.

"The reason for the soul-searching within Subaru Nordic," he said, "was because if we didn't perform as the best distributor for the dealers, I could never, ever, ask them to perform as the best dealers for their customers. It's management by example."

One of the ways he elevated the ranking of the company to become the best distributor was to put up the best dealer terms – an interesting move when most of his dealers were multi-franchise, selling between two and six different brands. "If you earn more money selling a Subaru than selling a BMW or a Toyota, you will have a lot of dealer satisfaction," said Torbjörn. "Money talks in the automotive industry."

But it is only one aspect, he says. Simplicity in all activities is essential, be it for ordering a car or getting an answer to a technical problem. "It has to be easy to get in contact with us and get an answer. It's the same with the bonus system. Not only is it the most profitable, it's also the easiest for the dealer to understand. When one of our dealers stands in the

showroom selling a car he knows exactly what he will get because he is reaching his target. Most of our competitors have very, very complicated bonus systems based on how well their parts department is decorated and how many demonstration cars they have!

“To be simple in all our administration procedures is so important. Asking for warranty claims, ordering parts, getting advertisements for advertising... Everything has to be very, very simple with us. That is another way of making the dealers happy.”

But even before all his revised dealer contracts and motivating incentives were put in place, Torbjörn had to build up the dealer network. When he joined the company, there were 50 dealers across the region. Within a year, half of them had terminated their contracts. He had to

easier for them to believe it.

“So immediately after our survey I made a Press release and sent it to all the journalists in Sweden saying that Subaru was going to invest in the Scandinavian market. It would triple its sales in two years and would be spending more money and hiring more people etc etc.

“Of course, when the journalists saw a nice, positive release saying that Subaru was going to double its turnover etc., they put it in the newspapers where everyone could read it. When the dealers saw that here was a distributor who was going to triple his investment and increase sales, they thought: Hey! Here’s an interesting product to sell...

“From that I recruited a lot of dealers and it also gave my own team of employees a lot of courage and belief in the future when they saw in the newspapers that the

Torbjörn is too diplomatic to say that his master plan had effectively pruned out the dead wood that was strangling growth, and grafted vibrant new branches on to the healthy roots. Not that the master plan was universally accepted.

In Sweden and Denmark, and the Baltic states of Estonia, Latvia and Lithuania, the public announcement attracted dealers. In Finland – a country in which Torbjörn admits he had not, at the time, had huge business experience – dealers were very interested. But their response was very largely one of, ‘Come back when all the investment and success has happened, and we might well want to join you.’

“It’s true that in Finland I did see quite big cultural differences,” he admits. “In Sweden, if you tell a good story, we’re quite trustful. We have the blue eyes and we believe in

joined IM Nordic’s original 25 survivors giving the company 120 outlets. Some are large and very modern. Others – like the dealership in Kiruna in the Arctic Circle, Subaru’s northern-most representative in the world – are very small.

And for Torbjörn, the fact that the Finns believed him will be made even more satisfying this year when IM Nordic will see record levels of sales, turnover and profit from its Finnish operations. Not that Torbjörn will sit back and be satisfied. He wants more. But he knows it will be hard.

“The total market for diesel cars when I arrived at Subaru seven years ago was 5%. Today it is 45%. In 2003 in the Nordic region, the total market for environmentally-friendly cars – hybrids, ethanol, electric cars and all those we don’t

When the dealers saw that here was a distributor who was going to triple his investment and increase sales, they thought:
Hey! Here’s an interesting product to sell...

do something drastic. So he got the media to help him.

“To get the wheels spinning, and to make people believe in you, it’s important that you are informing your dealers and employees and trying to be the good leader,” he said. “However, almost always that’s not quite enough because, after all, they say he’s the managing director and he would say these beautiful words. But if the dealers can hear it from someone else, it’s

company they were working for was going to invest and grow.”

He also put up some targets for the established dealers regarding their premises, and demonstration fleet etc. “They also had to invest in marketing. And I told them that those dealers who didn’t believe in me, and in Subaru and Subaru Nordic, should give back their contract. We were quite tough at the same time as we were being quite generous.”

it. But when you come to Finland, you have to prove everything before they believe you. It was not enough with beautiful words, and a good dinner and a nice article in the newspapers! I had to prove it to them and it therefore took longer in Finland to convince dealers that we were a solid player and would invest in the future of the business.”

In the end, everyone believed Torbjörn – including the Finns. As a result, some 95 new dealers

actually sell – was zero. Today it’s 42%. So today, 87% of the total market is the kind of cars that we cannot offer. It is mission impossible,” he warned.

However, with his familiar enthusiasm and optimism, he added: “Having said it is mission impossible, my other message is that everything looks possible – with a little luck!”

GREAT OPPORTUNITIES

IM Nordic will lead IM Group's launch of Great Wall vehicles and for Torbjörn Lillrød and his team it's going to be a little bit like history repeating itself. "I see Great Wall as a big business opportunity for the Group," he says.

But it won't be easy, because people know little or nothing about the brand and – probably the most important consideration – it comes from China.

"Today you really need to make people believe – a similar story to that of Subaru in the Nordic region," said Torbjörn.

But although he says that Swedes believe what you tell them, he's pragmatic about Great Wall. "When you come with a totally new brand, you have a lot of convincing of everybody to do. It will probably take us longer in Finland, but it'll also be a big uphill task in the Swedish market to convince people to buy a Chinese car.

"The good thing for us is that we are recognised as a good, stable company that has performed very well. I believe that is something we can use when we are introducing Great Wall's products. Our reputation in the Nordic market is very, very positive.

At the moment, Torbjörn says he can't forecast volumes because the exact model line-up has yet to be confirmed. "Volumes are totally dependant upon which models they are going to offer us," he added. "Our plan is to start with the commercial vehicles – the pick-up – and up to 1,000 units per annum wouldn't be unreasonable."

The original plan was to start with Great Wall passenger cars in the Baltic states. However, now that the launch vehicle is scheduled to be the pick-up, Torbjörn plans to undertake a simultaneous introduction across all six territories plus, for the first time, Norway. "Our aim and our vision is to have the same success with Great Wall as we had with Subaru," he said.

"Norway is very similar to Sweden in culture and in behaviour and so on. The language is very similar, but the taxation system is different – so that is something we have to learn more about."

LANGUAGE BARRIER

Most car distributors talk to their dealers in one language which they both understand, and most distributors trade in just one or two currencies at the most. By serving six different countries – seven when Norway starts selling Great Wall vehicles – IM Nordic has to operate in eight different languages. Make that nine when Norway comes on board.

It's a complication that has to be accommodated. And that means communicating in each of the languages for the six different territories, plus English in relation to the parent company, and Russian. "Almost 50% of the population of the Baltic states are native Russians and speak Russian," explained Torbjörn. "So we have to operate in Russian too."

And it's not just multiple languages IM Nordic requires. "We have six different taxation systems for car sales – this will be seven with Norway – and we operate in six different currencies. Again, that will become seven with Norway.

"I have to adapt. I have employees within the company from Sweden, Finland, Denmark, and the three Baltic states, and I have area and sales managers in each country as well as a small branch office in Helsinki in Finland," said Torbjörn.

This cross-border system of operating – known as a cluster system – has a number of advantages. A wider model line-up for different countries is possible.

He also likes the thought that if one market suffers a particular difficulty, such as an economic downturn, he has what he describes as 'other legs' to stand on. "Yes,



you have to become quite flexible to handle six countries, but it does have benefits."

If the thought of being the distributor for six – soon to be seven – countries suggests six or seven times the paperwork, forget it. "One of my biggest rules is to keep administration, reporting and statistics as simple and easy as possible and make 80% of my employees' time focussed on selling cars – the only way we can pay our bills.

"Unfortunately, many companies tend to be 80% administrative and only 20% operative. For example, just 60kms from us there is a key competitor. They handle the same number of countries as us, have similar structures and sell approximately similar volumes. But they have 120 employees. I have 45 employees. We are a very compact company. It's one of our many strengths."

"I am extremely happy with the team I'm working with in IM Nordic. They perform very, very well. They are dedicated and they are proud of the company and proud of the brand."

I am extremely happy with the team I'm working with... They are dedicated and they are proud of the company and proud of the brand.

SATU SALOMAA
SALES DIRECTOR,
SUBARU FINLAND

We have increased sales in Finland this year by more than 60% – it is a record year for Subaru here in the history of IM ownership. The overall market increased a little over 20% so we're well ahead of the market trend. Two years ago our market share was 0.6%. This year it will be 1.2% so it means we have doubled our market share during the past two years.

The achievement follows the development of our dealer network. Our way is to motivate our dealers. As a distributor we want to be very close to them and we like to do things in a very positive way. That's one of the ways in which we have succeeded.

Today we have 32 dealers. We added four during the year but, after doing some quality work, we lost two of our former dealers.

What do I like best about working for IM Nordic? It is the positive feeling we have here. It's like a family. So we're not just working – we have a passion to do things, and everybody knows what we are all aiming at. We have a motivated team.



FREDRIK TOTTIE
MARKETING DIRECTOR,
IM NORDIC

There is no single key to success that opens Pandora's box and everyone is happy...

Our success is based on the fact that we are always striving, and 80% of our time is focused on our dealers and only 20% discussing things internally. When I worked with GM I spent 80% of my time discussing things with my colleagues, studying Excel spreadsheets and writing reports. It's the opposite working for IM.

Keep it simple is a basic rule for us. If you look at the size of our company it's logical not to take on too many projects. It's better to go back and look at the projects you already have and see if you can do them better. It's a stressful situation for the dealers if, every time you meet them, you tell them that there's a new process they will have to undertake or there's a new report we want them to prepare for us.

What do I like best about working for IM Nordic? It's very nice to work in a true sales-oriented organisation.



DAN PERSSON
PRODUCT & LOGISTICS
MANAGER, IM NORDIC

I have been working in the business for 20 years next year and have been in sales, in the service side and most areas. As product manager I think to be in contact with the dealers, and to give them a quick response back when they have a problem, is the key to success.

It is a challenge operating in six different countries, but I know all of the dealers in all of the countries. Three to four times a year I train all of the dealers from all of the countries. I have good staff working with me and when I am training I sometimes have to take a colleague who can translate into Russian for me when we are in the Baltic states.

I normally have daily contact with my dealers, although when it is very busy with lots of calls and e-mails coming in, it's not so easy. But even if they haven't got a problem, I like to give them a call and keep in touch.

What do I like best about working for IM Nordic? The product, of course! Subaru is burned into my heart. Also the team spirit we have here. It's with everybody, from the managing director down. I think that spirit is most important for success.

MARTIN JÖNSSON
DEPUTY PARTS MANAGER,
IM NORDIC

The different cultures and different ways of thinking can create barriers when you work across six nations. But I see it as a challenge to get to know them and how they work so that I can solve their problems quickly. Yes, it's a challenge but, in some ways, it's fun. And we do have people in the office who can translate.

We use two companies to transport the parts and we did have a problem in Finland but it gave me the chance to get to know the transport company. I met their sales representative and got to know them and their culture and resolved the problems.

I also meet the parts managers in all our dealerships because I am also the parts training manager.

What do I like best about working for IM Nordic? I think it's the fact that you are not just doing one thing. What I like is doing many different things. I have had the opportunity to be involved in many things. Also, the way we work and the fact that we are a small family and everybody is helping each other.



CHRISTER BLOMDELL
FINANCE DIRECTOR OF IM
NORDIC, AND MANAGING
DIRECTOR OF GREAT
WALL NORDIC

I see our prospects with Great Wall very positively. We believe it's a really good product and there is a demand for good value-for-money cars. I can also see great PR value of a new brand coming from China. The Press have been waiting on their toes to see the first brand coming from China and everybody is very curious about it. We hope to see Great Wall cars here during 2011.

For the first time, we at IM Nordic will embrace Norway with the Great Wall brand. And having the option to supply Norway gives us access to a country with approximately five million people – that's a market similar in size to Finland where we sell almost 2,000 units a year. So obviously Norway will be a good additional volume for us.

What do I like best about working for IM Nordic? That's very easy for me to answer because we, ourselves, determine our future. We have all the power to decide if we want to do something new. We can all make that come true for ourselves if we have a good taste for it. There is no difficult bureaucracy to deal with.



THE FUTURE IN FOCUS

By Andrew Edmiston

As part of the IMPACT values programme we began two years ago we included, as the final of our twelve values, 'we will always be hungry to improve and will never be satisfied.'

There is no doubt in my mind that we have improved this year, but there is equally no doubt we can still go further. Our aim is to be the best at what we do and all across the company we are not only focused on this, but also achieving it.

You can find many definitions of a 'so-called' High Performance company. Mostly, they tend to agree that High Performance companies out-perform not only their peers, but also their circumstances.

Anybody who knows the motor importing game will tell you that there have been plenty of 'circumstances' recently. The same, too, for property and finance. Despite this we have many success stories across the Group where we have made spectacular achievements despite some very difficult problems - The Funding Corporation, Isuzu UK and Subaru Nordic, all covered in the review, are three really good examples. There are others.

In all cases there is not a specific thing you can point to as a reason for our success - it is a composition of factors, bound together by a winning mentality.

So, what of the future? If a winning mentality is the key difference and the starting point for 'High Performance', then as a company we can take inspiration from our successes to reach greater heights in every single business we have. After all, nothing breeds success like success - always remembering that we will achieve these things by putting the customer first, working together as a team and believing that we can achieve what seems, to everyone else, impossible.

For 2011 it seems like those circumstances I mentioned will persist; the strength of the Yen and the comparative weakness of many European currencies such as the Euro, the Swedish Krona and the Pound Sterling looks set to continue, economic growth across Europe is likely to be subdued and the focus for most governments seems to be to cut expenditure and repair ailing budget deficits.

Even allowing for those things, we believe that we will see good growth over the next few years and in 2011. The introduction of Great Wall during the year, plus the ambitious expansion of the Subaru model range due to take place over

the next three years, will provide a real boost to our performance. The opportunities we have taken during 2010 ensure that 2011 will also be extremely successful for our property business, and the turnaround that has been taking place at The Funding Corporation is not expected to stall: instead, the growing momentum seems set to continue.

For all three of our main business groups, the end of the last decade had much to do with refining and redefining our strategies to take account of the way the world and industry had changed with the company. Now showing good growth and excellent prospects, the challenge for us is to make sure the continued implementation of these strategies is handled with tremendous belief, skill and enthusiasm.

That's our challenge - I know we will not fall short!

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The headline challenges any potential driver's own reaction speed, to create quick emotional appeal and is supported by body copy which outlines what makes the WRX STI a drive without compromise.

The piece was shot over three days in mid Wales, involving two car shots, five background shots, a sky shot and a water shot.

WRX STI range fuel consumption in mpg (L/100km): Urban 20.0 (14.1), Extra urban 33.6 (8.4), Combined 26.9 (10.5). CO₂ emissions 243 (g/km).

www.imgroup.co.uk

Cover Photo: IM Nordic Head Office, Helsingborg, Sweden.

