“Managing diversity at the workplace: competitive advantages for companies”
Rueil Malmaison, Paris, France
14-15 June 2007

Volvo Car Corporation
Britt Älvsäter-Thomasson
Global Diversity Director
“Cars are driven by people. Therefore the guiding principle behind everything we make at Volvo is – and must remain – safety.”

Assar Gabrielsson and Gustaf Larson, Founders of Volvo
Vision and Mission

Our Vision
To be the world’s most desired and successful premium car brand.

Our Mission
We create the safest most exciting car experience for modern families.

Our Diversity Mission
It is to support an organizational culture valuing and embracing individuals’ differences, and to utilize this unique composition to gain competitive advantages.
Fredrik Arp CEO Volvo Cars

One area that I personally will be working on is diversity. In the course of last year, we broadened our strategy on diversity. The aim was to clarify the link between diversity and our business priorities, such as customer satisfaction and profitable growth. Greater diversity within the company in terms of gender, age, ethnicity, education and life experience gives us more perspectives and new ideas. It also increases our understanding of customer needs.

This is a long-term process, but one which I am sure will ultimately lead to increased sales and therefore to supporting our long term targets.
Planning for Diversity
Diversity & Business

Not a workforce where diversity is counted only in percentages and the organization misses out on essential learning...

Instead VCC’s business effectiveness is enhanced through broadened competence and deepened customer insight in decision-making teams.

Goal: x % to y %

Goal: Enhanced teams & tools
What Kinds of Diversity are Important to VCC’s Business Success?

Demographic Diversity
- age/ generation
- cultural/ ethnic/ geographic origins
- economic situation
- gender
- life-stage
- physical abilities and/or limitations
- sexual orientation, etc.

Informational Diversity
- educational background
- international experience
- professional experience
- industry experience
- skills, etc.

Values Diversity
- life-style choices
- motivations
- personal values
- product-focus Vs. customer-focus
- work-style preferences, etc.
Implementation

Diversity Objectives development process

INTERNAL
Human Resources
Business
Employees
Unions...

VCC Global Diversity Council
proposal

EXTERNAL
Local community
Government
Diversity experts
FMC/PAG

VCMT October 2, 2001

VCC Diversity Direction + VCC 2003 and 2007 objectives and actions

MSS
MFG
R&D
S&P

Each unit sets their own objectives for 2003 and 2007
Diversity is one of 29 Directives in the VCC BMS System

Use Diversity to Fulfil our Business Objectives by:

- increasing sales;
- boosting innovation and increasing understanding of diverse customer demand;
- improving service and customer satisfaction;
- recruiting, retaining and developing the best talent;
- make full use of team resources; and
- strengthening and protecting our brand.

Zero tolerance towards discrimination and full legal compliance is the foundation and necessary preconditions for our benefiting from diversity.
Strategy & Wanted Position

- Where are we?
- Where do we want to be and when?
- Are we prepared to invest?

Equity for Differences

Making Room for Differences

Noticing Differences

Noticing Business Opportunities

Special Efforts to Seize Opportunities

Integrating Opportunities into Business Processes

1) Stair case model based on an ILO concept
Business Case for Diversity

CURRENT CASE

Premium Brand

Strengthen and protect **Brand** through diversity

EXTENDED CASE

**Customer Satisfaction #1**

Improve **Service** and **Customer Satisfaction** through diversity

**Profitable Growth**

Increase **Sales** and reduce cost through diversity

**Next Generation Cars**

Boost **Innovation** through diversity

**Next Generation Leaders & Employees**

Recruit and make full use of the best **Talent**

Female LL6+ : 25% (2008)

All of the agenda items support each other
Business Case for Diversity

*VCC can strengthen its brand through an active, customer orientated approach celebrating diversity (as part of modern family values).*
Our Dealers and Service Workshops

The most important interface between us and our customers.

Europe: 1,500 locations
North America: 400 locations
Rest of world: 500 locations
Total: 2,400 locations

The dealer and service workshop network employs a total of 22,500 people (including a small number of Volvo Group personnel).
Business Case for Diversity

VCC can sell more cars by better targeting specific, sometimes overlooked customer groups in our marketing efforts as well as in the sales organisation.

![Bar chart showing new model purchased per brand and ethnic group, US 2004](image)

If VCC could increase sales in these ethnic groups to 20% (while maintaining sales among White / Caucasians), this would mean 14,000 more cars sold per year in the US, a 10% increase!
Accelerated Diversity Development Training
Global Diversity VCC, Britt Ålvsäter-Thomasson
Date: Mar 15, 2006, Retention Period: xx years, Security Class: xxxxxx
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First SUV Hybrid on the road today
250,000 Hybrids a year by 2010
250,000 ethanol-ready vehicles next year
Engineers from Ford and our Volvo Division working together on new safety strategies

INNOVATION is our mission.
The guiding compass of everything we do.
Smarter, safer, more fuel-efficient vehicles.

Premium Brand
Customer Satisfaction #1
Diversity to improve Service & Customer Sat.
Profitable Growth
Increased Sales through diversity

Next Generation Cars
Innovation through diversity
Next Generation Leaders & Employees
Recruit and make full use of the best Talent
Strengthen Brand through diversity
Measuring Impact and Evaluating Success

Is your working group actively working to improve diversity (e.g. gender, ethnicity, competence, age etc.)?

Is Volvo Cars actively working to improve diversity (e.g. gender, ethnicity, competence, age etc.)?

Response options
5 = Yes - Definitely
4 = Yes - Mostly
3 = Neither yes nor no
2 = No - Improvements are necessary
1 = No - Improvements are very necessary
Women in LL6+ positions actual Q3 2006, Business Plan 2007-11
If sales correlate to driver patterns, a return to a female/male ratio of 19/81% (segment average), could mean 14,000 more cars sold per year in EU5, a 7% increase.

In US, the VCC ratio is 53/47%(!). A modest 25/75% ratio in EU5, could mean 30,000 more cars sold, a 16% increase.
## Key Business Issue Focus Area:

**VOLUME GROWTH**

### Overall Objective:

**Value and manage diversity as a means to increase sales volume**

### Problem Statement:

The diversity of our customers is not reflected in the sales organisation – within VCC as well as at our dealers. It is questionable if we are addressing our customers according to their diverse needs in our marketing as well as in direct interaction. It is therefore highly likely that we currently lose sales volume.

### Critical Questions:

- How do we use diversity in our marketing to increase ROI and support our diversity sales efforts?
- How do we improve our own and our dealers’ ability to serve the needs of our increasingly diverse customers?
- In which markets and in which forms of diversity are the potentials the greatest?
- How do we handle the global differences?

### Strategy / Action:

- Assess current situation and market potential
- Create market-specific plans
- Target sometimes overlooked customer groups in our marketing efforts as well as in the sales organisation

### Target:

- …

### Lead / Support / Champion:

- …
Looking Back
Key Achievements

- Diversity key objective on functional level
- Global and local champion network established
- Learnings from YCC
- Cooperation with key external stakeholders for learning and change
- VCC directive on Diversity published on BMS
- Tool/template for equal opportunities plan
- Training of all new managers (ITM)
- Improved VAS questions on Diversity
- Gender goal for 2008 – 25% females LL6+, line comittement
- Black belt project
- Volvo Cars Accelerated Diversity Development – new strategy framework
VCC Diversity Key Achievements

- Decision taken in VCMT, People Board, to implement Accelerated Diversity Development
- Integration of Diversity in the business plan process
- Quarterly follow up in VCMT People Board on gender target LL6+ 25% 2008
- Volvo Cars ethnicity demographics mapped
- Career development for blue collar women – action plan suggested
- Master class developed for HR to raise Diversity competencies on acquire & apply level
- 10 global Diversity Councils with Diversity champions
- VCC Diversity presentation produced and put on the homepage
- Initiating 2-3 networks
- Ford Diversity & Work Life award 4 VCC nominees - 1 winning team
Looking Ahead

From words to action
We have the framework. Thus, it is time to move to action!

Managing diversity
We need both strategy, and culture to benefit from diversity. The focus in 2007, will be to prepare and create an inclusive culture that understands and embraces the possibilities of diversity.

Proposed process
The core of the process is to integrate the diversity perspective in existing activities (e.g. training, recruiting, launches, test drives)

Proposed actions
During 2007, the concrete activities will focus on training and internal communication, also include tangible efforts on sales, external communication, and recruiting processes. We will continue our efforts on business plan integration.
Impact on Bottom Line