




**Managing change  
in a global technology company**

September 24th 2009  
President & CEO, Matti Alahuhta



1. Step 1: 2005 – 2007
2. Changes in business environment
3. Step 2: 2008 →

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**Step 1: 2005 – 2007**

**We increased our ambition level in early 2005**

Growth	Grow faster than the industry average
EBIT	Continuous improvement Double digit 2007, 12% 2008
Cash flow	Stronger cash flow

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**Strategy**




KONE gives a performance edge to its customers with innovative services and solutions.

Simultaneously, KONE's products and services are cost-competitive and its processes characterized by globally aligned operational excellence.

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**Implementation of the 5 Must-Win-Battles to make KONE much more competitive by end 07**



1. Customer focus
2. Product competitiveness
3. Operational Excellence
4. Sourcing power
5. Presence in Asia

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## How do we enable faster than market growth?



- Stronger presence in fast growing geographically important markets (5)
- Develop product competitiveness in North America and Asia (1,2)
- Better flexibility by increasing modularity to serve local market needs (1,2)
- Industrialized modernization business system (2,3)
- Horizontal customer segments (1)
- Develop sales management skills (1)
- Develop new tools for sales (1)

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## Key management principles in MWB's



- Each MWB goes through the company and has significant potential impact on growth and profitability
- Each MWB has well defined owners and projects
- Systematic monthly follow-up in Executive Board
- Continuous direct communication to whole personnel
- Active cascaded communication

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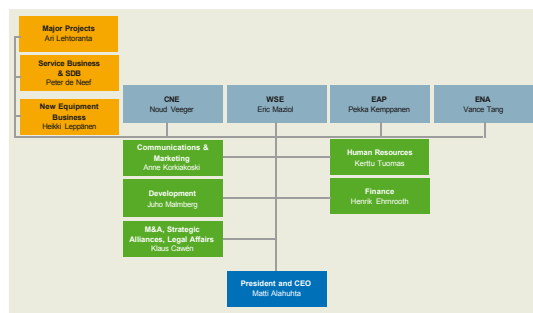
## We also defined KONE values to support the change!



- Delighting the Customer*
- Energy for Renewal*
- Passion for Performance*
- Winning Together*

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## We also created active continuous dialogue between the two dimensions



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## Transformational leadership



- Integrity
- Will to achieve exceptional results
- Capability to conceptualize
- Will to develop people
- Seeing the business from customers'/users' dimension

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## Results 2005 – 2007



- Fastest growth in the industry → growing market share
  - Best EBIT growth in the industry
- ... but we continue to have a lot to do!*


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**KONE**



2. Changes in business environment

The urban and rural population of the world **KONE**




■ Urban ■ Rural

Year	Urban Population (Millions)	Rural Population (Millions)
1950	1000	2000
1960	1500	2000
1970	2000	2000
1980	2500	2000
1990	3000	2000
2000	3500	2000
2010	4000	2000
2020	4500	2000
2030	5000	2000

Source: U.N. World Urbanisation Prospects 2007

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Number of mega cities (over 10 million inhabitants) **KONE**




Year	Number of Mega Cities
1950	2
1970	3
1990	10
2010	21

Source: U.N. World Urbanisation Prospects 2007

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India – urbanization accelerates **KONE**




■ Rural ■ Urban

Year	Rural Population (Millions)	Urban Population (Millions)
1950	300	100
1970	450	150
1990	650	250
2010	850	350
2030	900	600

Source: U.N. World Urbanisation Prospects 2007

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Europe – growing dynamics between cities **KONE**




■ Rural ■ Urban

Year	Rural Population (Millions)	Urban Population (Millions)
1950	250	250
1970	250	400
1990	200	500
2010	200	520
2030	150	550

Source: U.N. World Urbanisation Prospects 2007

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USA – all growth is seen in urban areas **KONE**



■ Rural ■ Urban

Year	Rural Population (Millions)	Urban Population (Millions)
1950	50	100
1970	50	150
1990	50	200
2010	50	250
2030	50	300

Source: U.N. World Urbanisation Prospects 2007

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3. Step 2: 2008 →

A challenge and an opportunity of urbanization KONE



**Challenge**

- More buildings and more people in them
- Congestion and crowding
- Environmental issues
- Successful urbanization is a prerequisite for economic growth

**Opportunity**

- Market volume growth
- Creating best ways of solving the problems of people flow

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The best people flow experience KONE



*We want to deliver solutions that enable people to move smoothly, safely, comfortably and without waiting from one place to another*

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Vision KONE



*KONE delivers the best people flow experience*

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Strategy KONE



KONE delivers a performance edge to its customers by creating the best user experience with innovative people flow solutions.

Simultaneously, KONE's people leadership and processes enable operational excellence and cost competitiveness.

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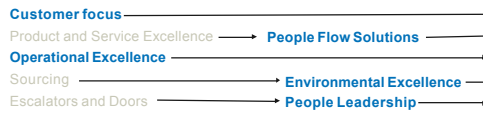
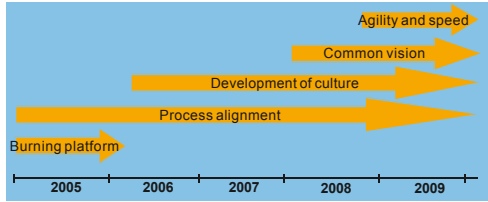
New Must-Win Battles KONE



- Customer Focus
- People Flow Solutions
- Operational Excellence
- Environmental Excellence
- People Leadership

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We are actively developing our competitiveness



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