

## Building on solid ground

(November 2006)

From housing to public works projects such as new infrastructure for bridges, airports, power stations and dams, the market for major building and construction projects has witnessed a boom in recent years, and new-generation industrial machines have enabled the sector to keep up to speed with global market needs.



The November 2006 issue of *ISO Focus* contains a portfolio of articles highlighting the progress and usefulness of ISO standards in the context of the current technical and business environment.

In addition, **Jim Owens**, Chairman and Chief Executive Officer of Caterpillar Inc, highlights the company's commitment to standards development and the benefits of International Standards that truly serve the needs of the global market.

# Guest View

# Jim Owens



## About Caterpillar:

For more than 80 years, Caterpillar Inc. has been making progress possible and driving positive and sustainable change on every continent. With 2005 sales and revenues of USD 36.339 billion, Caterpillar is the world's leading manufacturer of construction and mining equipment, diesel and natural gas engines and industrial gas turbines.

More information is available at <http://www.CAT.com/>.

**J**im Owens is Chairman and Chief Executive Officer of Caterpillar Inc. After joining the company in 1972 as a corporate economist, he has held numerous management positions.

In 1995, Mr. Owens was named a group president and member of Caterpillar's Executive Office. Over the next eight years as a group president, Mr. Owens was at various times responsible for 13 of the company's 25 divisions. In December 2003, the Caterpillar Board of Directors named Mr. Owens Vice Chairman and appointed him Chairman and Chief Executive Officer effective 1 February 2004.

Mr. Owens, a native of Elizabeth City, North Carolina, graduated from North Carolina State University in 1973 with a PhD in economics.

He is a director of Alcoa Inc. in Pittsburgh, Pennsylvania, and IBM Corporation in Armonk, New York. Mr. Owens is a Director of the Institute for International Economics; Chairman of the International Trade and Investment Task Force of The Business Roundtable; and a member of The Business Council and Manufacturing Council in Washington, DC. He is a Director of the Council on Foreign Relations and a member of the Global Advisory Council to The Conference Board in New York.

**ISO Focus:** When presenting the company's new enterprise strategy and goals, which are focused on delivering Caterpillar's Vision 2020, you said that one of the things that will take Caterpillar to the next level is the company's leadership in technology and innovation. Can you expand this?

**Jim Owens:** Caterpillar's heritage of innovation started more than 100 years ago when Benjamin Holt, one of our founders, was the first person to successfully test a track-type tractor. The track-type tractor remains our flagship product, and a dedication to innovation has remained part of the corporate DNA at Caterpillar. There are many recent

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examples of technology development that I could talk about that demonstrate our leadership, and how technology will help Team Caterpillar achieve our Vision 2020 goals, but I think the best example may be ACERT® Technology. ACERT is a differentiated emissions reduction technology that is dramatically reducing emissions levels for our on-highway engines and for our off-road machines. Developed by a team of dedicated Caterpillar researchers and scientists, ACERT is giving our customers the performance

### “Caterpillar supports the ISO goal of one standard, one test accepted globally.”

they have come to expect from Caterpillar while also meeting ever-stringent emissions requirements. Because Caterpillar chooses a different path with ACERT, it allows us to command a premium for a product that is better than customers can find anywhere else in the market. It's the perfect example of an innovation that helps Caterpillar and its shareholders, helps our customers and is good for the environment.



Easy to operate: earth-moving machines.

**ISO Focus:** What is the role of standards for the successful support of innovation? How does Caterpillar promote the use of International Standards to anticipate and conquer new markets for its products and services?



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ments in each country. Thus, the ISO standards are very valuable for promoting global requirements to minimize the time and costs of developing and testing new products. Caterpillar supports the ISO goal of one standard, one test accepted globally. This approach offers a level field of competition across the world, so that companies can compete based on the value they can offer customers no matter where in the world those customers may live and do business.



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Top – Large machines used in mines and quarries.

Above – Medium-size machines for earth-moving and construction projects.

**Jim Owens:** Standards help establish acceptance criteria and test methods for the introduction of new technology. Particularly in the safety area, international standards provide performance criteria that can be used as a baseline for adopting new innovations and technology.

Caterpillar is actively leading the development of ISO standards for our products. We are also promoting the adoption of the ISO standards as the national standards for our products, as well as the use of the ISO standards as the basis for the technical content in national and regional regulations.

It is not economical to develop products to meet different require-

**ISO Focus:** Caterpillar was among the companies chosen for the 2005 Dow Jones Sustainability Index for the company's ability to combine sustainability with profitability. What is, in your view, the business case for investing in socially responsible actions that may not be immediately beneficial to productivity or the bottom line or economic success in a competitive market? What added value would you see in the International Standard giving guidelines on social responsibility being developed by ISO? (cf. ISO 26000)

**Jim Owens:** Caterpillar views support of sustainable development as a significant growth opportunity for our company. The reality is that as the global population grows and the limits of our natural resources become increasingly apparent, the need for Caterpillar products and services as enablers of sustainable development is even



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Track-type tractors: Caterpillar's first machines.

**“It is not economical to develop products to meet different requirements in each country.”**

more important. As we successfully meet this need, sustainable development will serve to drive our growth. By offering customers products, services and solutions that help them become more sustainable in their industries, we differentiate ourselves from competitors and achieve our market-leadership goals. One recent example of how this works is our sale of sixty methane-gas-powered Cat generator sets to produce 120 megawatts of power at China's Sihe Coal Mine. By capturing methane gas and converting it into electricity, the Cat generator sets will significantly reduce greenhouse gas emissions and improve the capacity of the local power grid. The project will help improve environmental and economic conditions, and mine safety.

**ISO Focus:** *What is Caterpillar doing to support sustainable development in the construction sector? How do ISO standards help the company achieve this goal?*

**Jim Owens:** Caterpillar actively supports policies and standards that help ensure the smooth introduction of cleaner, more efficient products and technologies to the marketplace. Our involvement with ISO to develop global standards for earthmoving equipment is one example. ISO guidelines on social responsibility would go beyond the product to help harmonize stakeholder expectations of companies who operate globally, and would support companies like Caterpillar whose commitment to honesty, ethical behaviour and sustainability is longstanding and strong. Therefore, we are pleased to have a representative who is participating in the development of ISO 26000.

**ISO Focus:** *On-the-job safety can impact a company's bottom line. What strategies does Caterpillar implement in order to ensure the health and safety of its workers? Concerning the safety of operators using your equipment, how do ISO standards help improve machine safety?*

**Jim Owens:** We've set bold safety goals. Our Code of Conduct emphasizes the responsibility for leaders to put a process in place for a safe workplace – and for all of us to look out for others and ourselves. Expectations of leaders are high, as they should be. All managers, supervisors, and team leaders must complete safety training, set actionable safety goals, develop com-

mon and clear expectations, and are held accountable to a scorecard that gauges their involvement in a variety of safety-related activities.

**ISO Focus:** *What are the benefits of harmonized standards for a multinational company like Caterpillar with R&D, manufacturing and assembly sites all over the world? What support is the company taking to ensure this harmonization happens?*

- Harmonized standards minimize the number of product configurations that must be designed.
- Harmonized standards reduce product development costs, if the same basic machine configuration can be sold around the world.
- With harmonized standards, machines can be shipped from production facilities in different parts of the world to balance production versus demand. ■



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Above – Small machines offer versatility.

Left – Articulated truck and excavator.



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