Sany Heavy Industry Co., Ltd

The Sany Heavy Industry Co., Ltd is China’s largest producer of heavy equipment. In fact, it is the fifth largest producer of this type of equipment globally. In 2014, its revenue was decreasing because of the downturn of overall GNP in China. Sany’s total sales revenue in 2012 was $12.9 billion, well behind industry leader Caterpillar at $65.9 billion. However, Sany has a goal of eventually unseating Caterpillar as the industry leader. Sany plans to achieve $47 billion in annual sales within 10 years. Sany has already surpassed Caterpillar as a leader in its Chinese domestic markets.

Sany has four core businesses: (1) cranes, (2) road construction machinery, (3) port machinery, and (4) pumpover machinery. While each is distinct, some similar technologies are used in the production and equipment. Furthermore, similar technologies allow similarities in production processes and equipment for certain parts. Therefore, there is a transfer of knowledge across these businesses. In addition, customers and markets share some similarities because all relate to some form of construction. For this reason, in the United States, Sany has become a major sponsor of a Chevrolet on the NASCAR auto racing circuit. Sany America’s marketing director, Joe Hanneman, said that research showed NASCAR racing events to be the primary recreation event for people in the U.S. construction industry.

Sany invests 5 percent of its annual sales in R&D to continuously improve the quality of existing products, identify new technologies, and develop new products. Through the end of 2012, Sany held 3,303 patents as a result of its R&D efforts. Indicative of its intent to be a technological leader in its industry, Sany has developed new postdoctoral research centers to attract top research scientists. In 2013, the company was awarded China’s National Technology Invention Prize for its “super-length-boom” technology.

Although it has been pursuing technological innovations, Sany was recently accused of patent violations by Manitowoc, a diversified producer of equipment including large cranes. In 2014, a judgement went against Sany concluding “one Sany crane product infringed one of Manitowoc’s patents and that six trade secrets of Manitowoc were both protectable as trade secrets and misappropriated.” This is a negative signal for Sany as it seeks to pursue more diversified growth outside of China.

Sany continues to grow organically and through acquisitions. For example, in 2012, it acquired Putzmeister, a well-known concrete pump manufacturer. In addition, it has established subsidiaries in many countries, including the United States, Germany, and Brazil, to enhance its international equipment sales and broaden its market reach. Largely because of its major goal of internationalization, it is moving its corporate headquarters from Changsha to Beijing for enriched international connections.

Sources: 2015, Sany Heavy Industry Co. Ltd., www.sanygroup.com, accessed on June 12; 2015, www.manitowoc.com, press release, The Manitowoc Company receives favorable final determination in Sany patent infringement lawsuit, April 17; R. Flannery, 2014, Profit drops by 48% at Chinese billionaire’s equipment flagship Sany Heavy, Forbes, www.forbes.com, August 31; 2015, www.manitowoc.com, 2013, Yellow Table Survey: Sany ranks no. 5 among construction machinery manufacturers in 2013, China Construction Machinery Online, www.cmbol.com, April 15; M. Barris, 2013, Sany turns to NASCAR to fuel sales, China Daily, www.chinadaily.com, April 4; 2013, Awarded National Technology Invention Prize, Get to Know Sany, 15th issue, February 15; L. Hooks, P. J. Davis, & N. Munshi, 2013, Caterpillar digs into trouble in China, Financial Times, www.ft.com, February 12; J. R. Hagerty & C. Murphy, 2013, Sany tries to gain traction in the U.S., Wall Street Journal, www.wsj.com, January 28; 2013, Sany Heavy Industry Co. Ltd: Sany Group’s top 10 events in 2012, $-traders, [www.4-traders.com](http://www.4-traders.com), January 22; Z. Yangpeng & F. Zhiwei, 2012, Sany to move HQ to Beijing from Changsha, China Daily, www.usa.chinadaily.com, November 11.

question 2: *How does the level of change in gross domestic product (indicator of country economic health) influence a firm like Sany?*