

Operational Management: John Deere Case Study

The company that has been chosen for this case study is John Deere Equipments. This company was founded by John Deere in 1837 and was incorporated in 1868 as Deere & Company. John Deere started this company as a one-man blacksmith shop and it is now a worldwide corporation that has its offices in more than 160 countries and employs more than 46,000 people. John Deere is one of the oldest industrial companies in the United States and it is guided by the original values of quality, innovation, integrity, and commitment that John Deere instilled at the beginning. The business strategy of John Deere, in their own words is: “We aspire to distinctively serve customers — those linked to the land — through a great business, a business as great as our products. To achieve this aspiration, our strategy is: Exceptional operating performance, Disciplined SVA growth, Aligned high-performance teamwork Execution of this strategy creates the distinctive John Deere Experience that ultimately propels a great business and, for all with a stake in our success, delivers...Performance That Endures” (1).

The company is always striving to give its stakeholders the maximum value for their money by continuous improvement and growth in all sectors of the company. The company is organized into four manufacturing divisions:

- Agricultural Equipment – products for farms;
- Commercial and Consumer Equipment – equipment related to lawn and ground care, residential needs, golf and turf, and commercial operations;
- Construction and Forestry Equipment; and
- John Deere Power Systems – products involved with developing engines for other John Deere products.

John Deere is a listed company and its stock is traded on the New York, Chicago, and Frankfurt, Germany, stock exchanges. The following is a summary of its operations around the world:

Products and Services: John Deere, with the help of its many subsidiaries, is involved in the manufacturing, distribution, and financing of a large and complete line of agricultural equipment. The product line also includes a very broad range of forestry and construction equipment, and various other consumer and commercial equipment. Other features of the company include the provision of credit and managed health-care plans for other businesses and also for the general public.

Marketing: The products of John Deere are marketed throughout the world via a large network that consists of many independent dealers, which are supported by a decentralized marketing organization. These dealers have their offices in many countries such as Argentina, Australia, Brazil, Canada, China, England, Finland, France, Germany, Italy, Mexico, South Africa, Spain, Switzerland, the United States, and Uruguay.

Manufacturing: The factories for John Deere are located in various countries including Argentina, Brazil, Canada, China, Finland, France, Germany, India, Mexico, New Zealand, The Netherlands, South Africa, Spain, Sweden, and the United States. John Deere products in the United States and South America are produced by affiliated companies.

Research & Development: Research and investment has always been one of the key interest points for John Deere as the company is known to have invested in large quantities. The various areas of research and development include activities for support of current product development, the development of new products and also for the search for new product-oriented businesses. Many of the factories run by John Deere have a product engineering department whose responsibilities include the design and development of the products.

Diversity: Deere & Company considers diversity to be a vital part of the company's core mission and goals. Deere & Company believes in building a vast and great building, one that would strive to cater to all the various stakeholders, including the consumers, the employees, shareholders, business partners, and communities all over the world. Since Deere & Company is a global company with its offices and production factories situated all over the world, it has a very large responsibility to all its stakeholders all over the world. More than 20,000 of this company's employees reside outside the United States and 45% of the total sales incurred come from outside of North America. Deere continues to expand its production and products worldwide and is making its presence known in various new markets all over the world. This also means that new and diverse employees, suppliers, and business partners from various ethnic, social, and cultural backgrounds have to be continuously incorporated in the business strategy of Deere. Deere has to remain committed to its stakeholders all over the world and in the various dimensions for them to be able to remain the market leaders. For this, they have to continuously incorporate people from diverse backgrounds into their company to keep the global leading team of employees so that they can better deal with the needs and expectations of the company's customers.

Deere has followed certain paths and guidelines that have enabled this company to grow beyond a one-man operation into the large corporation that it has today. One of the key aspects that have contributed to this huge growth has been because of the company's comprehension of the importance of diversity in running a global company. One other thing that has contributed to the vast success of this company is that it was able to recognize the importance of globalization very early and was successfully able to tap into the vast market around the world when the time was ripe. This is why this company enjoys huge opportunities for growth and has come to realize many of the goals set up by its core mission values and vision. Many critics note that Deere has made considerable progress in the area of diversity and it is continuously improving its business

initiatives in order to incorporate all aspects of its existence. “Accountability for diversity starts at the very top of the organization; diversity and inclusion are an integral part of the business agenda. Deere believes that diversity is good business and is essential to maintaining the company's market leadership and sustaining its reputation as one of the most ethical and respected corporate citizens” (2). Some of the areas that Deere is especially involved in include:

- Senior Leadership and Accountability
- Supplier Diversity
- Dealership Diversity
- Employment and Retention
- Employee Networks
- Community Involvement (2)

Product Diversification: Even though John Deere is very committed to its core businesses, it sternly believes that growth in the future not only depends upon carrying on with the current businesses, but also by introducing new products and services to the markets. This is why John Deere has ventured into the areas of finance and leasing by opening up John Deere Credit, which is one of the largest equipment finance and leasing companies in the United States. “It provides financing of farm and construction equipment, recreational and homeowner consumer products, commercial equipment, and revolving credit financing for agricultural purchases. John Deere Health provides health-care benefit-management services to more than 4,400 client companies and covers nearly 505,000 members. With these and future business developments, John Deere is positioned to take full advantage of tomorrow's growth opportunities” (2).

Technology: Deere has also realized that in order to be leaders in this world and in order to remain the leaders, advancement in technology is also very important. This is why Deere &

Company has kept technology as the jugular of its business innovation. Deere & Company works with the latest software and other cutting-edge technological equipment to provide its consumers with state-of-the-art products and services. “For example, product development uses the latest virtual prototyping techniques to produce John Deere products. Other major initiatives include precision-farming systems and global vehicle communications systems, designed to help customers become more productive and profitable. These technological initiatives will provide a major competitive advantage and continued industry leadership position to John Deere” (2).

Commitment to Employees: Deere & Company believes in treating its employees with as great a concern as their customers. Deere greatly values its employees and provides them with very high quality employee benefits. Deere has adhered to these excellent conditions since the conception of the company. Health and pension benefits were offered to the employees of Deere company as long as a 100 years ago. Deere continues to provide excellent support to its employees through various programs and benefits that have evolved over the years in accordance with the changing environment. The employees can choose their own preferences and can choose their benefits. Some of the benefits that are offered include:

- Continuing Education
- Financial Planning
- Fitness
- Flexible Work Arrangements
- Health Benefits
- Other Benefits

- Resources for the Parents
- Other Services and Discounts

John Deere has a unique personality when it comes to its image as a business in the global market. One of the first things that any stakeholder would notice about this company is that it has been around for more than 165 years. Ever since the conception of this company, certain core values and contents have been included in the corporate image and culture of this company. These include:

Quality: John Deere, the man behind this company, was a rugged blacksmith who started business as a one-man shop. He is known to have quoted in 1837: “I will never put my name on any product that does not have in it the best that is in me.” This statement has become one of the core values of the company today and this idea of striving for the best and to be the best is still followed by the company managers, 165 years later. All of the employees at John Deere are trained to be extremely quality conscious and to put quality before anything else.

Innovation: As with the obsession with quality, the company also believes in innovation through thinking out of the box. It is related that “John Deere chanced upon a shiny, discarded sawmill blade and he suddenly imagined a way to solve the problem plaguing Midwestern farmers of wet gumbo soil sticking to their plows. The next day he used the saw blade to fabricate a crude self-scouring “steel plow” that ushered in modern agriculture. You might say John Deere was founded by thinking out of the box. John Deere employees are innovative” (3).

Integrity: Money and profits are not everything at John Deere. The Deere & Company was around during the American Great Depression of the 1930s and it saw that many of the customers of the company were not in a position to pay back their machinery debts. Deere & Company decided to carry these customers for as long as necessary and even though it suffered heavy losses, it kept its promises to the customers. Eventually, all the debt was paid back and

Deere retained its goodwill amongst its stakeholders; this goodwill still runs deep and strong in the company's veins. John Deere employees strive for long-term win-win relationships.

Commitment: "The John Deere trademark is one of the world's most trusted and distinctive brands. Since all brands are simply promises in short-hand, their name recognition speaks directly to a great many promises made and kept. John Deere employees understand shared commitment is powerful. Nothing runs like a Deere" (3).

Some of the ways in which the Deere & Company was able to achieve its success through operational management includes two of its most famous systems. The environmental management system and the safety and health management system. "The John Deere Environmental Management System (EMS) is a set of formal, documented processes for controlling environmental impacts and driving continuous improvement. It provides the framework for John Deere facilities to meet legal obligations and company standards everywhere we do business. The John Deere EMS closely parallels ISO 14001, and also incorporates elements of the company's business conduct guidelines. The John Deere EMS is composed of four sections -- assessing, planning, implementing, and reviewing -- and fourteen elements" [see table below] (4).

Assessing	Planning	Implementing	Reviewing
Risk Assessment	Objectives & Targets	Awareness & Training	Monitoring & Measurement
Identifying Legal & Other Requirements	Pollution Prevention	Communications	Assurance
Change Management	Environmental Management Programs	Managing Information & Documentation	Tracking & Corrective Action
	Emergency Preparedness & Response		
	Roles & Responsibilities		

Table Taken from (4)

“The John Deere Safety and Health Management System (SHMS) is a set of formal, documented processes for controlling safety and health impacts and driving continuous improvement. It provides the framework for John Deere facilities to meet legal obligations and company standards everywhere we do business. The John Deere SHMS Standard draws elements from the OSHA 18001 and the ANSI Z-10 Standards, as well as our business conduct guidelines. The John Deere SHMS is composed of four sections – assessing, planning, implementing, and reviewing – and thirteen elements” [see table below] (5)

Assessing	Planning	Implementing	Reviewing
Risk Assessment	Objectives & Targets	Awareness & Training	Monitoring & Measurement
Identifying Legal & Other Requirements	Safety & Health Management Programs	Communications	Assurance
Change Management	Emergency Preparedness & Response	Managing Information & Documentation	Tracking & Corrective Action
	Roles & Responsibilities		

Table Taken from (5)

Other operational management parameters that make Deere & Company unique and the purpose of this study include its extensive audits and assurance programs. Both the above mentioned systems run strict audits and assurances based in three elements: an annual compliance assurance letter, a corporate/third party audit program, and a self-audit program. The compliance assurance letter allows the company to keep track of its parts and distribution facilities for financial risks. The managers are required to fill some forms that are related to the safety of the working environment as well as the management of risks involved in the working conditions. A third party audit is held that checks with the safety and health of the employees. These audits provide assurance that adequate safety and health policies and standards are implemented worldwide. The self-audit program complements the formal third-party audit program. The scope of a unit's self-audit is dependent on the safety and health risk of the facility.

Conclusion

Perhaps one of the most important reasons why John Deere has been chosen for this case study is because this company has strived to keep up with the changing times and has successfully grown itself in the various markets all over the world. It took many companies a long time to realize that the global market was the market of the future but Deere & Company had envisioned this growth a long time ago. And the best thing is that they were successfully able to 'strike while the iron was hot' and take home the winning prize of global growth and customer care. The Deere Co. has also been very successful in its endeavors of providing the stakeholders what they need world wide.

Work Cited:

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