

Deere and co. swot analysis

[Finance](#), [Financial Analysis](#)



DeVry University Pomona, California Swot Analysis of John Deere Symbol on NYSE : DE By Eduardo Elizarraras 11307 Spy Glass Hill Road, Whittier, CA 90601 626-246-4747com Submitted in Partial Fulfillment of the Course Requirements for Introduction to Business BUSN 115 Professor Tom Donini March 21, 2010 Company Profile John Deere (Deere & Company — NYSE: DE) is a world leader in providing technologically advanced machinery for agriculture, forestry, construction, lawn and turf care, and all sorts of landscaping. John Deere also provides financial services worldwide.

Deere & Company as it is known on the New York Stock Exchange manufactures and markets heavy machinery and engines used in heavy equipment. The company was founded by a blacksmith named John Deere. John Deere moved from Vermont to Illinois and immediately set up a blacksmith shop in 1837. John Deere developed a better plow for the tougher soil found in the Midwest and from there John Deere was established. Today John Deere Construction & Forestry produces more than 120 machine models and distributes its construction, forestry and worksite products through a network of more than 1, 300 dealer locations worldwide.

The company employs more than 50, 000 people worldwide. John Deere's Mission Statement as listed on their homepage website. It is listed as a Strategy Statement. 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 SWOT Analysis of John Deere Strengths * Highly recognized and respected brand * Market dominance for heavy equipment and machinery| Weaknesses * High prices * Less profit in non agricultural products| Opportunities * John Deere Credit * WindTechnologyPortfolio| Threats * Caterpillar * Weaker economies worldwide * Seasonal Business of agriculture| Company Strengths Highly recognized and respected brand John Deere has established itself as the leader in agricultural products worldwide since the 1960s.

John Deere green has become a color. Easy to recognize and distinguish itself from the competition. Marketing slogan on television commercials effectively ties in the logo with the company, “ Nothing runs like a Deere”. According to Encyclopedia Brittanica Online there was a surge in tractor sales in Ireland in 2006 and the sales leader was John Deere. This leadership in sales demonstrates the market dominance of the John Deere brand. Company Weaknesses High Prices/Less profit in non agricultural products John Deere tractors and other equipment are generally priced higher than other quipment. John Deere brand pressure washers at Lowe’s Home Improvement Warehouse costs 30 to 50 percent more than Troy Built brand pressure washers.

Lawn tractors and lawnmowers also command a price premium over the competition. The brand has become more expensive only because it is John Deere. Similar performance and similar specifications for products with only difference being price has caused a lot of buyers to opt for the lower cost

brand. Products that are not related to agriculture and can be substituted with a lower cost brand has led to lower sales in those areas. If a customer really needs something and it does not have to match his green tractor then they will probably buy the lower cost item. This has led to less profit in non agricultural products. Opportunities John Deere Credit/ Wind Technology Offering clients loans directly through John Deere Credit has increased revenue for the company. Financing of expensive farm equipment contributes extra income to John Deere Credit. The tractors and combines that farmers buy are very expensive, a new combine can cost in excess of \$200,000.00.

Customers who buy the machinery don't have to go to their bank. They can usually get better financing rates through John Deere Credit. This eliminates third party financing and increases the bottom line for John Deere. According to cnn.com/money John Deere has hired Goldman Sachs Group this past month, February 25, 2010, to conduct a review of the wind farms that the company owns. A possible sale of the wind farm portfolio could earn John Deere about 1 Billion dollars. Threats Caterpillar/Weaker Economy/Seasonal Business Caterpillar manufactures heavy construction equipment.

They do not build agricultural tractors but they do build a lot of bulldozers and backhoes that are used in general construction. Some heavy equipment that both John Deere and Caterpillar build for construction is similar in specifications. Some forestry machinery is also very similar. This could be seen as a threat to compete for limited budgets that would purchase heavy construction equipment if Caterpillar has lower prices and offers rebates.

Weaker economies not just in America but worldwide have slowed the purchases of heavy machinery.

This has led to some consolidation and less sales. Another threat to John Deere is the seasonal nature of the agricultural business. Combines are not harvesting daily. They only work when the crops are ready to be harvested. Tractors only plow and seed in the beginning of the growing season. Conclusion John Deere, Deere and Company is the world leader in tractor sales. They have expanded into a lot of different countries. I think that by offering rebates when buying some of their products or when buying more than one product, they can turn their high price weakness to be more of a strength because they will not only sell more but sell more to the same customers. I believe that given the opportunity I would enjoy working at John Deere. The company has been around for almost two hundred years. The products that they manufacture can be seen as soon as one drives south, east, west or north of our urban living area. In some parts of our urban area they can be seen working in strawberry fields and lettuce patches. I personally have always enjoyed watching how these marvelous machines work and provide food for our enjoyment and survival.

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