

The business of manufacturing and selling

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They also provide remunerate services for their own parts, and second party machines. The financial products side of the business provides financing options and various forms of insurance for their customers and dealers (Company Profile, 2011 According to their Year in Review Fact Sheet (2010), they had over 104, 400 global employees and an annual economic growth of 31% with \$42. 5 billion in sales and revenues in 2010. This amount landed them number 58 on the Fortune 500 list of largest companies, and number one in the construction and farm machinery industry (Fortune 500, 201 1). They attribute their annual increase to the economic growth rate RESEARCH PAPER: CATERPILLAR in the developing world and an increase in demand from developed countries. The overall number of dealers increased to 188 which employ more than 126, 700 people. Combined, Caterpillar's business of manufacturing and selling their products employs more than 131 , OHO people world-wide.

Caterpillar's roots began as early as the 1 sass with the establishment of C. W. Holt & Company, which manufactured farm machinery. This company later became known as the Stockton Wheel Company when they began manufacturing wooden wheels.

Then in 1892, the company became incorporated as Holt Manufacturing Company. During the turn of the century, the company encountered a major breakthrough with the production of the first ever caterpillar-style tractor, called a 4 crawler. In 1906, they perfected a steam-powered crawler which allowed farmers to use land that was previously considered useless. In 1 925, the Holt Manufacturing Company merged with the C. L Best Tractor Company to form the Caterpillar Tractor Company. They maintained this name until <https://assignbuster.com/the-business-of-manufacturing-and-selling/>

1986 when it reorganized as a Delaware corporation with its current name, Caterpillar Inc.

(Harvard Business School, 2010). Throughout the 20th century, Caterpillar was instrumental in the development of dams, canals, airports, reservoirs, hydroelectric systems, tunnels, pipelines and many other major projects throughout the world. In 1950 they established their first overseas subsidiary in Great Britain. Now, their global reach serves customers in more than 180 countries and coupled with their dealer locations, they serve more than 500 locations world-wide. This type of global presence is fundamental to their success in the global RESEARCH PAPER: CATERPILLAR market. The closer they are to their customer, the stronger their customer relationship becomes. This element of customer satisfaction is essential to their success and to 5 their future, because the more successful their customer becomes, the more successful they become. This commitment to their customer is evident in all aspects of their business.

One of their goals over the next five years is to become the global leader every. Where they do business. They claim their customers will make more money with them than with their competitors (Caterpillar Company, 2011). Elements of their business that will continue to set them apart from their competitors include having products, services and solutions that help their customers succeed. Their supply chain and distribution system give them a competitive advantage over their competitors, and they have a superior business model with proven results. Their mission is to “enable economic growth through infrastructure and energy development, and to provide solutions that protect people and preserve the planet” (Caterpillar <https://assignbuster.com/the-business-of-manufacturing-and-selling/>

Sustainability, 2011). This mission is fundamental to the vision and direction of their business. Most domestic companies would have a mission of selling more products than their impetigo, or simply to “ be the best they can be”. This type of mission has no vision behind it, and no real vector to plan and engage their business for future development.

Caterpillar has a clear goal in mind through their vision, which is “ a world in which all people’s basic requirements-such as shelter, clean water, sanitation and reliable power-are fulfilled in a way that sustains our environment” (Caterpillar Sustainability, 2011). Caterpillar’s vision statement and goals are aligned perfectly to RESEARCH PAPER: CATERPILLAR succeed on a global scale. They have put in place a system that allows them the flexibility to effectively manage their company on a global market, and in a local market.

Take for example the local market they recently expanded in Brazil. Last year, the company announced plans to expand their manufacturing facilities in Brazil, adding thousands of new jobs to the local market, while continuing to serve their global customers. Engineer’s (2010) article describes how their expansion in Brazil is part of Caterpillar’s globalization strategy. As such, a part of their globalization strategy is “ aimed at reducing its U.

S. Rockford in favor of cheaper labor, less regulation and environmental responsibility” (Engineer 2010). Caterpillar is extremely committed to international free trade, and makes every effort to increase its global exposure, as seen in its Brazilian facilities. Additionally, this expansion also serves the local community by providing critical jobs in a struggling Brazilian economy. This facility further facilitates their global management strategy by

meeting customer demand and furthering their cause to enable local economies and businesses to improve their infrastructure and energy development.

The multiple brands that Caterpillar brings to the market all lay a role in their overall global management vision to provide solutions that protect people and preserve the planet. According to Sacks (201 1), Caterpillar's presence in Brazil dates back more than 80 years and their manufacturing operations were established as early as 1960. They maximize the local expertise in the marine and petroleum markets to manufacture products associated with those markets world-wide. The company currently has plans RESEARCH PAPER: CATERPILLAR to spend \$3 billion in capital expenditures this year in an effort to meet demand from its growing base of Latin American customers (Sacks, 201 1). Caterpillar, and its subsidiaries, will continue to prosper in Brazil as it has over the past several decades. Their commitment to the local economy matches their 7 commitment to their global management goal. Their Brazilian presence is strengthened nitrous by their manufacturing plants, but by their local customers. They manufacture the equipment not because of the cheap labor, but because it's needed for their Brazilian customer.

This is how they are able to match their global management vision with their local vision. As important as the Brazilian operations are for Caterpillar's manufacturing business, it is only a portion of Caterpillar's global management perspective. Another critical branch within the Caterpillar organization is the Caterpillar Marine Power Systems, headquartered in Hamburg, Germany. This organization brings marine power solutions and <https://assignbuster.com/the-business-of-manufacturing-and-selling/>

customer service from a single source to its global marine customers. They provide sales and services for the Cat and Make branded products to serve the commercial and pleasure craft markets world-wide (Caterpillar Marine, 2011).

This segment of Caterpillar is committed to affirming their global position as a leader in the marine power market, and has one simple objective, which is “to surpass customer expectations by providing outstanding sales and service support in a professional and consistent manner” (Caterpillar Marine, 2011).

RESEARCH PAPER: CATERPILLAR The Make brand was acquired by Caterpillar in 1996 from Fried Group A. G. S 8 subsidiary, Make Musician G. M. B. H.

The Make brand was incredibly successful with \$354 million in revenues in 1995, and employed about 14,000 employees. Caterpillar maintained the Make brand and incorporated the operation with its engine businesses (Bloomberg Business News, 1996). Caterpillar announced last year, they reached an agreement to purchase MOM Holding Comb, which produces gas and diesel engines, for \$810 million in cash. This agreement will provide Caterpillar gas turbines and electric generator sets, which it has desired for a long time (Webb & Parkas, 2010). This pending purchase by Caterpillar is essential to their continued expansion in growth markets world-wide. Electric generator sets provide organizations and customers the ability to have self-generated power when local power grids are unsustainable or unreliable. This addition to Caterpillar's Electric Power division is an important step in their vision for global management.

Germany has a unique history within the motor and power sectors of the global economy, having specialized with superior engines for motor vehicles. The local expertise within Germany in this respect is fundamental to the growth and development of Caterpillar's global reach with MOM. I'm sure Caterpillar will incorporate this new expertise in gas and diesel powered generator sets throughout their global network of distributors, especially in developing countries where power grids are not as available or reliable. In order for Caterpillar to ensure their name continues to stay at the forefront of their customer's minds, they engage in a world-wide marketing strategy. Like every RESEARCH PAPER: CATERPILLAR 9 other global business, Caterpillar engages in the business of marketing. However, their marketing IS mostly geared towards businesses in the industrial and construction industries. A couple of unique ways that Caterpillar markets their name is through sponsorships of a Mascara Next Cup Series race car in the U.

S. And the Leister Tigers rugby team in England. Not only does Caterpillar sponsor a race car on the Mascara Next Cup Series, but it also provides the generators used to power the televised broadcasts and light towers during race weekends (Caterpillar Sponsorships, 2011). Caterpillar has come a long way from its traditional marketing strategies to engaging in the new media streams of social networking. The company's marketing strategy is still largely similar to what it was 10 and 20 years ago, whereas it advertises their products to other industrial businesses. Marketing posters can also be seen in each of their distributors and rental shops, and of ours on every machine and product produced by Caterpillar.

Their global communication is top of the line and uniquely their. Due to the nature of their global business, communication from one location to another is critical. However, their global vision and goals enable them to provide their employees timeserving company information in order to meet their customer's needs. After all, they are in business to meet those needs, and their communication efforts put them in the best position to also effectively communicate with their customer. 10 Caterpillar Inc.

Has mastered the art of global management, and continues to fine tune their efforts on a daily basis. The expertise on their management team is incredibly experienced and their board of directors provides the external perspective necessary to continue to be a strong global leader.