



### **EXECUTIVE SUMMARY**

**Opportunities** 

Core return rates decline

Unstable rates of return from consumers

Risks tarnishing John Deere's reputation

#### **OBJECTIVES**

Implement opportunities that add value to the company, improve customer service, and support the company's commitment to environmental sustainability, building partnerships, and integrate data analytics.

#### **SOLUTIONS**

Improve dealer engagement and customer satisfaction

Incentive program to develop commision for dealers

Renovate customer service program

Leverage John
Deere's data
analytics to
increase visibility
and forecasting



1=Poor 3=Meets 5=Exceeds

#### **Considerations for weights:**

- Lack of leverage of data
- Demand for OEM's
- Projected growth in industry
- Customer Focus
- Current/future sustainability practices
- Strategic alignment

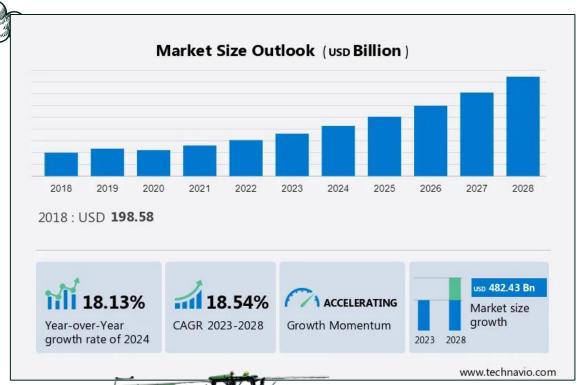
### **SUPPLIER SCORECARD**

Parameters	John Deere Reman (Rating 1-5)	Leading competitor Reman (Rating 1-5)	Weight			
Reman profitability	2	3	20%			
Customer service	5	3	25%			
Sustainability	3	3	25%			
Data leverage	1	4	30%			
Total score	2.7	3.45	100%			





### **INDUSTRY ANALYSIS- REMAN**



#### JD Market Information

 Target growth of JD reman revenue by 50% by 2030

#### Sustainability

Environmental factors- saves

• 85% energy, water, and material use.

## INCENTIVE AND CUSTOMER SERVICE IMPACT

#### Highlights of Reman Incentives and Customers Service System Adoption

- Improved dealer engagement and satisfaction: Increased sales by implementing a commission system for the dealers so consumers become more likely to do business with dealers due to enhanced dealer/customer engagement.
- Increased market share from our revamped customer service program:

  The company will gain increased market share and customer loyalty due to its

  commitment to transparency, communication, and customer satisfaction from the
  plan implementation.
- **Integrated data analytics:** Precision and Transparency in data analytics will bolster our sellers' strategic planning, engagement efforts, and overall accessibility to valuable information. Leading to a stronger partnership.

30% lower cost to Reman a product rather than buying new

**Quality assurance** 

Reman products will be tested vigorously to ensure performance

Warranty

2 year given with the remanufactured parts

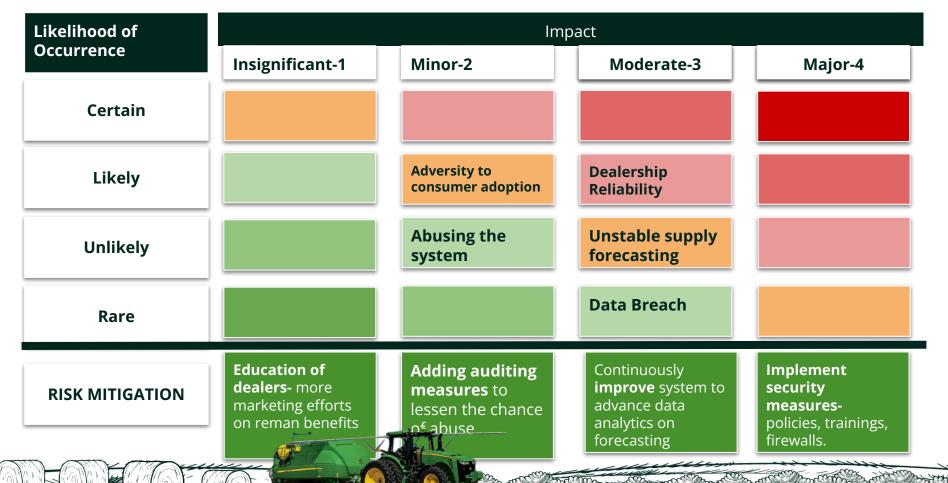
**5% increase** in profitability from "Integrated Data Analytics"

### **IDENTIFYING RISKS-CURRENT SYSTEM**

Likelihood of	Impact								
Occurrence	Insignificant-1	Minor-2	Moderate-3	Major-4					
Certain			Unable to Forecast	Unsteady rate of return-shortages					
Likely		Hurt customer relationship	Sustainability Risk	Declining profitability					
Unlikely									
Rare									



### **IDENTIFYING RISKS-PROPOSED SYSTEM**





### KPI'S FOR DATA ANALYTIC VISIBILITY AND ACCURACY

5% PROFITABILITY INCREASE FROM DATA ANALYTICS

**FORECASTING KPI** 

7.81 MIL YEAR 1 NET INCOME

8.2 MIL YEAR 5 NET INCOME

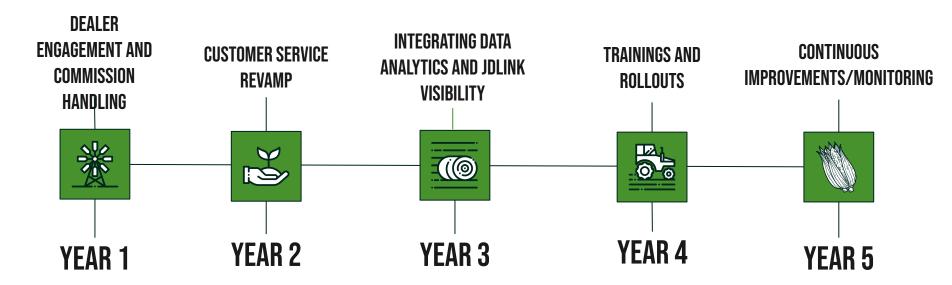


2-7% INCREASE IN SALES REVENUE **200 Mil**Year 1 Sales Revenue

**210 Mil** Year 5 Sales Revenue



### **TIMELINE**



ASSUMPTION: TO BE CONSERVATIVE WE HAVE GIVEN 5 YEARS FOR CHANGES AND ROLLOUT TO TAKE PLACE.





### FINANCIAL IMPACT

5%
Return on investment (ROI)

210 Mil Sales Revenue In year 5 Year 1 Cost \$7 Mil

Year 5 Cost 7.3 Mil



### **CONCLUSION**

Core return rates declined in recent months

Unsteady rates of return from consumers

Instability of returns creates shortages, risks of hurting John Deere's reputation

Implement opportunities that add value to the company, improve customer service, and support the company's commitment to environmental sustainability.

Improve dealer engagement and customer satisfaction

Incentive program to develop commision for dealer's

Renovate customer service program

Leverage John
Deere's data
analytics to
increase visibility
and forecasting



#### Outsourcing

- Forbes, "The Top 10 Benefits of Outsourcing Your Manufacturing" (2023)
- Entrepreneur, "How Outsourcing Can Help Your Business Succeed" (2022)
- Inc., "The Pros and Cons of Outsourcing Your Manufacturing" (2021)
- The Wall Street Journal, "Companies Are Outsourcing More Work Than Ever" (2020)

#### Alternative Uses for Plant Sites

- The Guardian, "How to Turn a Brownfield into a Green Space" (2023)
- NPR, "New Life for Old Factories: How Communities Are Revitalizing Vacant Industrial Sites" (2022)
- The New York Times, "Repurposing Industrial Sites: A Guide for Cities" (2021)
- Wired, "The Surprising Future of Abandoned Warehouses" (2020)

#### Other Sources

- Source: Deloitte, "The Manufacturing Outsourcing Revolution: A New Era of Cost Savings and Agility" (2022)
- Source: "Reusing Former Industrial Sites: A Guide for Communities" by the U.S. Environmental Protection Agency (EPA)
- National Bureau of Economic Research: "The Effect of Plant Closures on Local Employment" by John Bound, Michael Jensen, and Christopher Ruhm (2019)
- Deloitte: "Manufacturing in the Age of Disruption: How Leaders Are Thriving in a Changing Landscape" (2018)
- McKinsey & Company: "The Impact of Plant Closures on Financial Performance" (2020)
- Economic Policy Institute: "The Economic Impact of Manufacturing Plant Closures" by Robert Scott (2021)
- American Customer Satisfaction Index (ACSI): "The Impact of Plant Closures on Customer Satisfaction" (2022) pu in slides build kpi
- Reputation Institute: "The Impact of Plant Closures on Corporate Reputation" (2023)
- "The Benefits of Providing Excellent Customer Service" by Inc. Magazine
- "Why customer service is important" by Hubspot Blog





### **APPENDIX**

- <u>Implementation roll plan</u>
- Remanufacturing Market
- Alternatives to closing a plant
- Alternatives to closing a plant pt 2
- Open Loop Pro's
- Open Loop Cons
- Stakeholder adoption Stakeholder adoption extra info
- Core Values/Mission Statement
- <u>Assumptions</u>
- Reman processes
- <u>Commission</u>
- Reman Process
- |Dlink info

**Intro Slide** 

<u>analysis</u>

- **Executive Summary** <u>Supplier</u> scorecard/Situation
- **Industry Analysis Identifying Impact**
- **Risk Current System**
- **Risk System Creation**
- **KPI's Data Analytics**
- **KPI's Customer** <u>Service</u>
  - **TimeLine**
  - **Assumptions**

- Stakeholder Adop Conclusion
- **Executive Summary**

**Financial Impact** 

**Financial KPI's** 



# REWORKING THE INCENTIVE PROGRAM AND ENHANCING CUSTOMER EXPERIENCE/KNOWLEDGE

- Dealer engagement and customer commission handling
  - Introduction of dealer commission
    - Incentive/Partner tiers
- Customer commission processing
  - Streamline commission procedures, Notification system to dealers/sellers
- Customer Service revamp
  - Dedicated Dealer Support
  - Training programs for dealers
  - Expanded service offerings
- Monitoring and data Analytics/machine learning
  - KPI's, feedback mechanics between customer service and dealers and customers
  - JDlink Connect Max visibility to dealer, customer, and revamped customer service.
- Communication and Rollout
  - Training sessions, and communication plan
- Continuous Improvement
  - Regular assessments of the reworked program
  - Adaption to market change(adaptability to the incentive pricing)



### REMANUFACTURING MARKET

Remanufacturing offers a compelling combination of benefits:

- Cost Savings: Remanufactured parts are typically 25-40% less expensive than new parts, making them an attractive option for budget-conscious businesses.
- Reduced Waste: Remanufacturing diverts used parts from landfills, minimizing environmental impact and conserving valuable resources.
- Improved Energy Efficiency: Remanufacturing processes often require less energy than manufacturing new parts, contributing to a more sustainable approach to production.
- Reduced Downtime: Remanufactured parts can quickly replace failed components, minimizing downtime and ensuring equipment availability during critical periods.
- Quality Assurance: Remanufactured parts undergo rigorous testing and quality control procedures, ensuring performance and reliability that match or exceed new parts.
- Warranty Coverage: Remanufactured parts are typically backed by warranties comparable to those of new parts, providing peace of mind for farmers.

The Future of Remanufacturing

The remanufacturing market is poised for continued growth as businesses recognize the economic, environmental, and operational benefits it offers. Technological advancements, such as improved remanufacturing processes and enhanced testing methods, are further propelling the market's expansion.

https://www.agriculture.com/machinery/used-farm-equipment/parts-maintenance-repair/rem-parts-market-remade 210-



### **ALTERNATIVES- CLOSING A PLANT**

#### Pros

- Improved Efficiency: By consolidating operations into fewer facilities, companies can often streamline their processes, reduce redundancies, and improve overall efficiency. A 2018 study by Deloitte found that companies that closed plants experienced an average 15% increase in productivity.
- Enhanced Financial Performance: Plant closures can lead to improved financial performance, such as increased profitability and higher stock prices. A 2020 study by McKinsey & Company found that companies that closed underperforming plants saw an average 10% increase in their return on invested capital (ROIC).

#### Cons

- Job Losses: Plant closures often result in significant job losses, which can have a negative impact on the local economy and the
  affected employees. A 2021 study by the Economic Policy Institute found that the average manufacturing plant closure results in
  the loss of 1,000 jobs.
- Reduced Customer Service: Closing a plant can sometimes lead to a decline in customer service levels, as remaining facilities
  may be overwhelmed or unable to provide the same level of support. A 2022 study by the American Customer Satisfaction Index
  (ACSI) found that companies that closed plants experienced an average 5% decline in customer satisfaction scores.
- Reputational Damage: Plant closures can damage a company's reputation, as they may be seen as a sign of weakness or mismanagement. A 2023 study by the Reputation Institute found that companies that closed plants experienced an average 10% decline in their reputation scores.



### **ALTERNATIVE- CLOSING A PLANT PT2**

Pros	Cons				
Reduced costs	Job losses				
Improved efficiency	Reduced customer service				
Enhanced financial performance	Reputational damage				

- In some cases, there may be alternatives to plant closures that can help companies achieve their goals while minimizing the negative impacts. These alternatives may include:
  - Consolidating operations into fewer but more efficient facilities
  - Outsourcing some or all of the company's manufacturing operations
  - Implementing new technologies to improve efficiency and reduce costs

Exploring new market opportunities that may require different manufacturing capabilities\*\*\*



### **ALTERNATIVE- OUTSOURCING**

- Loss of control: When you outsource a function, you relinquish a degree of control over that process. This can
  make it more difficult to ensure quality, consistency, and responsiveness.
- Potential for communication and coordination issues: Effective communication and coordination are crucial for successful outsourcing. However, language barriers, time zone differences, and cultural gaps can lead to misunderstandings and delays.
- Hidden costs: While the initial cost savings from outsourcing may be attractive, there can be hidden costs that
  arise over time. These may include additional fees, unexpected project delays, or the need to bring the function
  back in-house.
- Impact on employee morale: Outsourcing can negatively impact employee morale, especially if it leads to job losses or a sense of diminished importance. This can affect productivity and retention.
- Data security risks: When you share sensitive data with an external provider, you increase the risk of data breaches or unauthorized access. It's essential to establish clear data security protocols and agreements.
- Dependency on third-party vendors: Over-reliance on outsourcing can make your business vulnerable to disruptions or changes in the vendor's capabilities or services.

#### Source:

"The Downsides of Outsourcing" by Investopedia



# **OPEN LOOP PRO'S**

in design and construction, making them easy to

Pros

Simplicity

understand and implement.

Description

Open-loop control

control systems.

systems are suitable

for applications

impossible.

where measuring

output is difficult or

systems are simple

Low cost Open-loop control systems are less expensive to implement and maintain compared to closed-loop

Ease of maintenance

applications

difficult or

impossible

measurement is

where

Open-loop control systems are relatively easy to maintain due to their simple design. Suitability for Open-loop control

"Open-Loop vs.

Source

bγ

bv

"Open-Loop vs.

Control: Examples

and Differences"

planeus-solutions

"Closed-Loop vs.

Control: Examples

and Differences"

planeus-solutions

Open-Loop Production

Closed-Loop

Production

Closed-Loop Production Control: Examples

and Differences" planeus-solutions "Open-Loop vs.

Closed-Loop

and Differences"

Production Control: Examples

by



OPEN L	OOP CON'S	



Cons

Lack of

Poor

feedback

Description

Open-loop control systems lack feedback, which means they

"Open-Loop vs. Closed-Loop Production Control: Examples and Differences" by planeus-solutions

Source



reliability

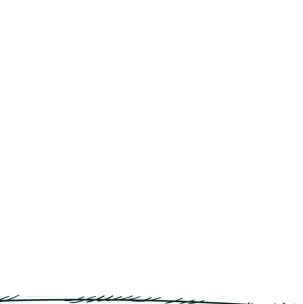
Open-loop control systems are less reliable compared to closed-loop control systems due

cannot adjust their output based

on actual performance.

Closed-Loop Production Control: Examples and Differences" by planeus-solutions

"Open-Loop vs.



Lack of adaptability

Open-loop control systems are less adaptable to changes in process conditions or disturbances.

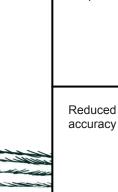
less accurate than closed-loop

of feedback.

control systems due to their lack

to their lack of feedback.

"Open-Loop vs. Closed-Loop Production Control: Examples and



Open-loop control systems are

Differences" by planeus-solutions "Open-Loop vs. Closed-Loop Production Control: Examples and Differences" by planeus-solutions

### STAKEHOLDER ADOPTION

#### **Integrated Data Analytics**

- Benefits
  - Support for sales planning, engagement, and data accessibility
- Strategy
  - Leverage data analytics to identify high-potential customers, develop effective sales strategies, and track progress.
  - Provide dealers with insights into customer behavior, market trends, and product performance.
  - Personalize the customer experience, provide proactive support, and identify and resolve issues quickly.

#### **Improved Dealer Engagement and satisfaction**

- Benefits
  - Increased sales and market share
- Strategy
  - Enhanced dealer satisfaction through proactive communication, training programs, and support initiatives
  - Partner dealers to develop strategic sales goals/plans
  - Foster communication channels

#### **Renovated Customer Service Program**

- Benefits
  - Enhanced customer service leading to increase satisfaction
- Strategy
  - Train customer service representatives to provide empathetic and knowledgeable support.
  - Empower customer service representatives to resolve issues promptly and effectively.



### STAKEHOLDER ADOPTION EXTRA INFO

#### Integrated Data Analytics:

- Sales: Data analytics can help sales teams identify and target high-potential customers, develop effective sales strategies, and track their progress.
- Dealers: Data analytics can provide dealers with insights into customer behavior, market trends, and product performance. This information can help them make better decisions about inventory, pricing, and marketing.
- Customers: Data analytics can be used to personalize the customer experience, provide proactive support, and identify and resolve issues quickly.

#### Improved Dealer Engagement and Satisfaction:

- Dealers: Satisfied dealers are more likely to promote products and services to their customers. They are also more likely to invest in training and development, which can lead to improved product knowledge and better customer service.
- Company: Increased dealer satisfaction can lead to increased sales and market share. Satisfied dealers are more likely to recommend the company's products and services to their customers.

#### **Warranty for Remanufactured Parts:**

- Dealers: Offering a warranty on remanufactured parts can give dealers more confidence in selling these parts to their customers. This can lead to increased sales of remanufactured parts.
- Customers: Offering a warranty on remanufactured parts can give customers peace of mind. This can lead to increased customer satisfaction and loyalty.

#### **Renovated Customer Service Program:**

- Customers: Enhanced customer service can lead to increased customer satisfaction and loyalty. Satisfied customers are more likely to recommend the company's products and services to their friends and family.
- Company: Increased customer satisfaction can lead to increased sales and market share. Satisfied customers are more likely to return for future purchases and are less likely to switch to competitors.



### **CORE VALUES/MISSION STATEMENT**

Our core values – integrity, quality, commitment, and innovation

Mission statement:

'We run as one, aligned with our customers, transforming the industries we serve.



### **COMMISION**

- Motivating employees: Commission-based pay can be a powerful motivator for employees, as it directly links their earnings to their performance. This can lead to increased productivity, sales, and customer satisfaction.
- 2. Attracting and retaining top talent: Commission-based pay can be an attractive incentive for top-performing salespeople, as it allows them to earn potentially unlimited income. This can help companies attract and retain the best talent in the industry.
- 3. Sharing the risk: With commission-based pay, employers only pay their employees when they generate revenue. This can help to reduce the company's financial risk, especially during periods of slow sales.
- 4. Aligning incentives: Commission-based pay aligns the interests of the company and its employees. Both parties are motivated to increase sales and generate revenue.



What is JDLink?

Let's start with the very basics. JDLink is a telematics system enables data flow between connected machines and the owner's John Deere Operations Center/JDLink account.

Why should I connect machines to JDLink?

Enabling JDLink Connectivity opens the opportunity for better fleet management, thanks to all the data that JDLink tracks.

What data can be tracked with JDLink?

Dozens of data points are tracked with JDLink. Common machine data points tracked are basics like fuel consumption, idle time, hours, and machine location.

• What can a dealer do with my JDLink data?

Granting access to a trusted dealer partner like RDO can help with better fleet management, proactive fleet monitoring, and an elevated level of support. Not everyone is interested in viewing and analyzing data, even those who recognize the value and want to harness it.

- RDO has a team of machine health experts that can proactively monitor connected machines. If they see a machine alert, they can quickly address the issue and create a solution to prevent downtime often, before anyone, even the operator, is aware anything is wrong with the machine.
- 10. How much does JDLink cost?

Save the best for last. JDLink is a subscription based but we will make it free as of 2021 within out timeline.





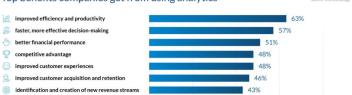




#### 3 Key Analytics Statistics You Should Know

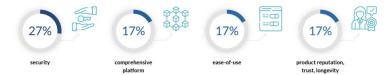






2 Factors companies consider when selecting analytics software

Source: MicroStrateg



3 Barriers to the effective use of analytics

Source: MicroStrateg





#### **KPI**

### **TARGET**

- Data Analytic implementation 60k over 5 years
- Dealer commission totaled 2.5% of Sales revenue
- Data Breach risk dispersed evenly over 5 year period at 5% risk





### FINANCIAL KPI'S

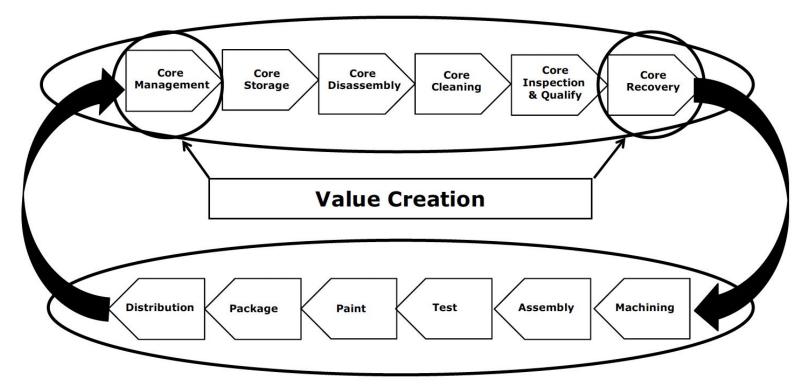
	Today	Year											
	0		1		2		3		4		5	6	7
Revenues		200	,000,000	\$20	02,500,000.00	\$	205,000,000	\$	207,500,000	\$	210,000,000		
Expenses		\$	185,186,000	\$	187,500,825	\$	189,815,650	\$	192,130,475	\$	194,445,300		
Data analyitcs implementation (60kg	<b>(</b> )	\$	12,000	\$	12,000	\$	12,000	\$	12,000	\$	12,000		
Cost of Dealer Incentive		\$	5,000,000	\$	5,062,500	\$	5,125,000	\$	5,187,500	\$	5,250,000		\$ 25,625,000
Cost of Data Breach Risk		\$	2,000,000	\$	2,025,000	\$	2,050,000	\$	2,075,000	\$	2,100,000		
net income		\$	7,814,000	\$	7,911,675	\$	8,009,350	\$	8,107,025	\$	8,204,700		\$ 40,046,750
								RC	DI		5.60%		





### **REMAN PROCESS**

#### **Remanufacturing Processes**





and the same



### **CORE RETURN RATE**

#### EXHIBIT 4: AXLE CORE RETURN RATES FOR NOVEMBER 2016 TO OCTOBER 2017

Nov.	Dec	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.
87%	88%	86%	90%	88%	85%	85%	80%	80%	78%	70%	66%

Source: John Deere company files.