

Case: ESTABLISHING E-BUSINESS STANDARDS AT DEERE AND CO.

Paul Morrisey has been chosen to lead Deere & Co. into a modernized form of business operations. His limited marketing experience makes him not the most apt person to deal with what he sees as a fundamental shift in the way Deere & Co. thinks about doing business. However, he does see some very obvious problems that must be addressed before Deere truly emerges a stronger company from any major operations changes.

Deere & Co. is a highly decentralized company with 14 divisions that operate independently. This includes a lack of global commonality in systems used, and varying methods of using technology with suppliers. This has amounted to complaints among suppliers about coordination problems due to the volume of incoming calls from Deere and the many confusing directions that the supplier must respond.

Despite the implementation of EDI for over 5 years, the company has yet to find a method of communicating with suppliers that truly harnesses both the technology abilities of the company's current system, because the system has not been streamlined with a unified method of interface.

The decision as to how to proceed may make the difference in operating profitability, as the company is facing a rapid decline in profits, largely due to operating inefficiencies, part of which must be attributed to poor continuity throughout the supply chain.

The possible outcomes may include:

Working with the supplier to better educate the supplier as to the structure of Deere & Co.'s many divisions and assigning a method of routing that automatically allows the supplier to know the division with which he is currently working.

Centralizing the purchasing process through the purchasing coordinator, and reduce division responsibility for making direct purchasing decisions with the supplier; instead provide more support for the purchasing coordinator to make the best purchasing decisions as a point of contact for all divisions.

Develop a more universal EDI system that allows all divisions to interface in a coherent and yet equally divisible manner with suppliers, using phase or job codes to identify what of the three businesses is responsible for making a purchase. This system can be structured/programmed to provide each business a different set of suppliers and options, based on business needs.

The solution that best fits the scenario is a balanced mixture of all three outcomes. The system needs to be structured so that communication is effective between supplier and buyer. A uniform EDI system provides a common language that all Deere employees can speak, that is understood by suppliers, and can be individualized based on business area or division. This make take some retooling as far as education and how to operate such a robust system; however ultimately it will result in better operational efficiency and cost savings at the time management, supplier costing, and ultimately time-in-delivery stages of operations.