Our Lean Journey and aligning with SAP

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Agenda

• Company Background
• SAP at John Deere
• Our Lean Journey (Deere Production System)
  – Infrastructure
  – Implementation
  – future
• Alignment with SAP
• Questions
Our Company

• 172-year-old company
  - Core Values: Integrity, Quality, Innovation, and Commitment

• Four Manufacturing Divisions
  - Agricultural Equipment
  - Commercial & Consumer Equipment
  - Construction & Forestry Equipment
  - John Deere Power Systems
Our Company

- 56,000 employees world-wide
- 57 factories in 28 countries
- Products and services reach 160 countries
Our Customers
2008 Revenues: $28.4 Billion

- Agricultural: 46%
- Construction & Forestry: 26%
- Commercial & Consumer: 18%
- Credit: 8%
- Other: 2%
SAP at JD - Background

- SAP now installed in majority of factories
- Several Implementations underway
- Several SAP initiatives, instances, versions
- Division/region focus
- DPS Primarily linkage to PP, MM, QM, IM/WM & PM
- Much of this was installed without DPS focus
SAP – Focus Today

• Driving to Consolidation and Standardization
  – Fewer clients/boxes
  – Common/standard tools & processes
    • Eliminating waste & redundancies
  – New functionality aligned with DPS requirements
    • APO
    • Capacity planning
    • Parameter analysis
    • MES
    • Mii
    • BW
The John Deere Strategy

- Distinctively Serve Our Customers – especially those linked to the land
- Build a Business as Great as Our Products

To achieve this aspiration, our strategy is:
- Exceptional operating performance
- Disciplined SVA growth
- Aligned high-performance teamwork
DPS...

The “Deere Production System” is the...
John Deere Manufacturing Strategy

It is a robust framework of lean principles, practices, tools, and training aimed at helping our manufacturing operations globally achieve exceptional operating performance.

The HOW to achieve the WHAT...
Business Results

D&Co Proprietary
Consistent Approach

Leveraging best practices from all John Deere Equipment Divisions

Agricultural Equipment

Construction & Forestry Equipment

Commercial & Consumer Equipment

John Deere Power Systems

D&Co Proprietary
DPS Infrastructure

- Leadership
- Employee Environment
- Structured Operational Process
- Quality
- Operational Planning
- Material Logistics
- Operational Availability
- Enabling Manufacturing Technology & Processes
DPS Leadership

- Understanding Manufacturing as a Competitive Advantage
- Being Visible
- Responsible for Deployment Strategy
- Getting Everyone Involved
Expected Results

- Customer Responsiveness
- Flawless Execution
- Sustained Business Improvement

*Speed and Flexibility are the keys to running asset lean and satisfying customers availability expectations.*
DPS Implementation Approach

- Leadership & Change Management
- Best Practice Sharing Communities of Practice
- Internal Assessment Process Methodology
- Certification
What We’ve Seen So Far...
Example 1 - “Repeatability”
Common Platform - C&CE

Technology for
No Fault Forward Assembly

- 110 PC's for Work Instructions
- 75 Jervis Webb Smart-Carts
- 4 FlexLink Assembly Systems
- 1,000+ Interlocks and assembly controls
Example 2 - “Productivity”  
(labor effectiveness less capital)

12% Productivity Growth

- Team performance improvements
- Workforce flexibility
- Minimizing disruption

3 YEARS
Example 3 - “Visual Factory”

5-S: Sort, Set in Order, Shine, Standardize, and Sustain
Example 4 - “Technology Integration”

Enabling Manufacturing Technology & Processes

Virtual & Concurrent Engineering

D&Co Proprietary
Building on the success of two Deere Systems

Deere Product Quality System
DPQS

Deere Production System
DPS

John Deere Quality and Production System
JD-QPS

D&Co Proprietary
Anchored in our Core Business Processes
JD-QPS & SAP Alignment

- JD-QPS will drive a common process that SAP will enable
  - Parameter Settings & Analysis
  - Planning systems with Execution Outcomes
  - Real time Dashboards
  - Material Flow & Receiving Processes
  - Common Metrics & Measures
  - New Product workflow

- Process & IT Alignment at all levels
- Concurrent Implementations of SAP & JD-QPS
- Aligned to Industry Standards (APICS)
Questions?