

FORTUNE

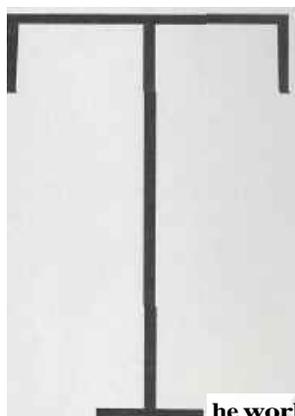
Global
Innovation

JOHN DEERE'S
**FARM
TEAM**

Indian engineers set out to build
cheap tractors for emerging markets.

They ended up helping Deere plow new
ground in the U.S. too. **BY JENNY MERO**

Logo Design by Marian Bantjes



he world is becoming one big K&D job. Companies increasingly are finding that their international operations are coming up with ideas that resonate far beyond local markets. Case in point: Deere & Co. now is pursuing a new market in the U.S.—recreational farmers—thanks to innovations hatched at its research facility in Pune, India.

Deere, based in Moline, Ill., opened the Pune center in 2001 as a way of entering the Indian market. The move was unexpected: Deere is known for its heavy-duty farm equipment and big construction gear. Many of India's 300 million-plus farmers still use oxen-pulled plows. But Deere saw potential, and its engineers in Pune responded with four no-frills models—they don't include GPS or air conditioning—that were sturdy enough to handle the rigors of commercial farming.

The tractors, which cost \$8,400 to \$11,600 in India, were so basic that Deere never even contemplated selling them in the U.S. Then Indian tractor maker Mahindra & Mahindra began selling its wares in the U.S., targeting a market Deere had largely ignored—hobbyists as well as bargain hunters. These folks didn't need advanced features, and it turns out they coveted the same qualities as Indian farmers: affordability and maneuverability. Deere, taking a cue from Mahindra, in 2002 transplanted a slightly modified version (with softer seats and higher horsepower) of the Indian line of tractors, which it markets as the 5003 series in the U.S. at a starting price of \$14,400. Today about half the tractors Deere manufactures in India make their way overseas.

The Indian-made Deere tractor was perfect for hobby farmer Jim Henderson, who works as a county executive in Franklin, Ky., and gets

U.S.

Brad Wolfe, Scottsville, Ky.

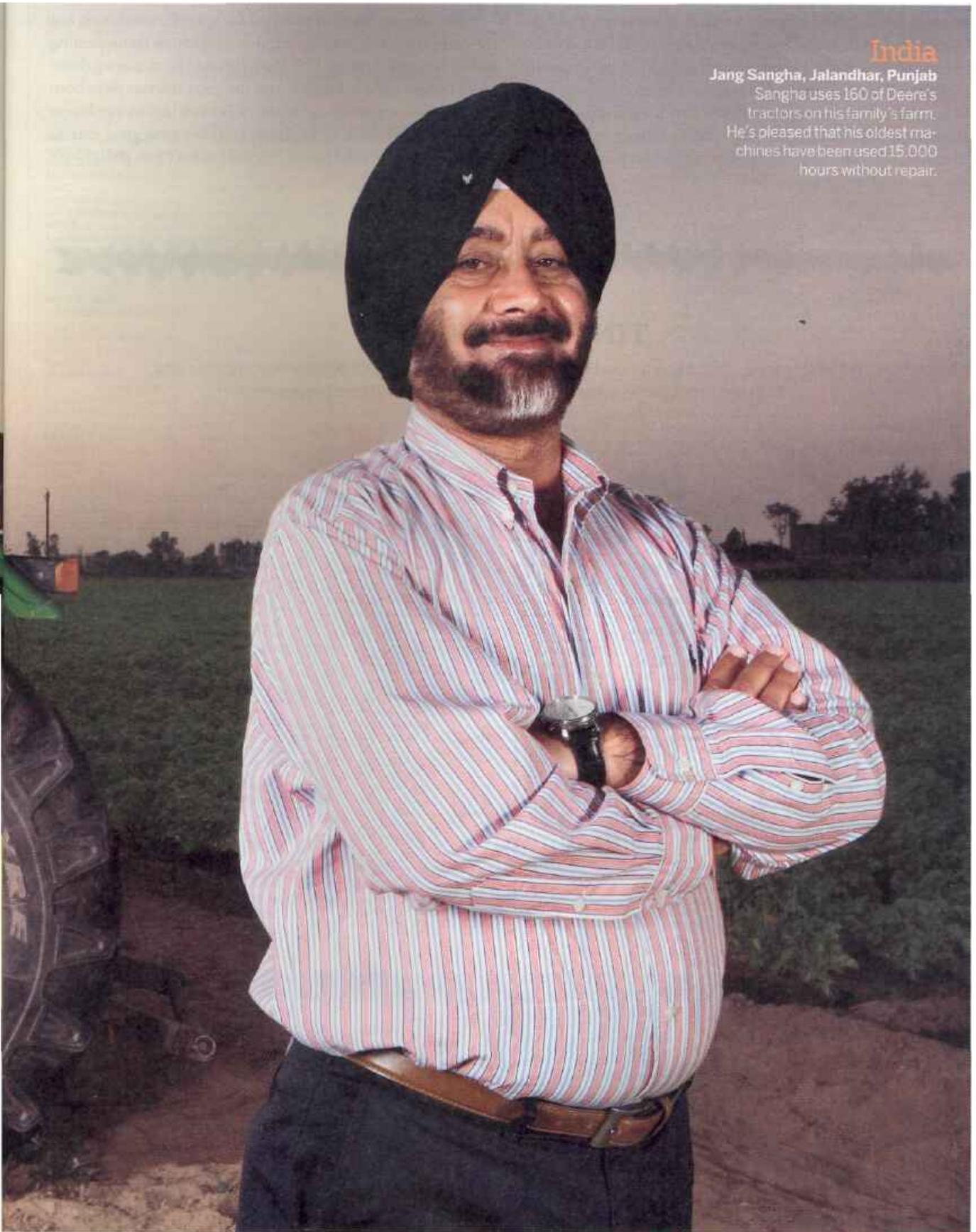
Wolfe, a corn farmer, overcame skepticism and now values his Indian-made 5303 tractor (modified for the American market).

Photographs by Chris Mueller

India

Jang Sangha, Jalandhar, Punjab

Sangha uses 160 of Deere's tractors on his family's farm. He's pleased that his oldest machines have been used 15,000 hours without repair.



rid of stress by tending his 57-acre hay farm on weekends. Full-time farmer Brad Wolfe initially was more skeptical: He balked when he learned a tractor he liked was made in India. A dealer finally convinced Wolfe that the tractor was durable, and two years later he bought another Indian-made Deere. Jang Sangha is concerned about durability too. Sangha, whose family farms 5,500 acres in Jalandhar, relies on a fleet of 160 Deere tractors to operate his business, and he's been pleased so far.

Deere doesn't disclose margins for specific machines, but the company surely sees financial benefits from transplanting Indian innovations to the U.S. Raj Kalathur, the managing director of Deere's Indian division, says the 5003 tractors were born out of "frugal engineering." Many of Deere's Indian employees witness poverty daily, he explains, and they took great care to minimize costs. That kind of innovation isn't just global—it's good business. ■

