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Deere just keeps running strong

With all of the negative business news emanating out of Postville and throughout Northeast Iowa this week from the immigration raid at Agriprocessors, the region deserved some good news.

It got some -- about \$763 million worth -- from Deere & Co.

Deere & Co. announced it set quarterly records for net income and net sales and revenue in the second quarter of the current fiscal year.

It was the strongest quarter in the company's 171-year history, as the company stands poised to have its first \$2 billion-plus earnings year ever.

The Moline, Ill.-based company reported a net income of \$763.5 million, or \$1.74 per share, for the second quarter ended April 30, an increase from \$623.6 million or \$1.36 per share for the second quarter of 2007.

Agricultural equipment net sales were up 34 percent in the second quarter, from \$3.50 billion in 2007 to \$4.70 billion in 2008.

The company is positioned to post a fifth consecutive year of record earnings, tying a previous earnings record from 1993-98, which culminated then in Deere's first \$1 billion earnings year.

The large row-crop tractors manufactured at Deere's Waterloo operations figure heavily into the company's performance.

"The Waterloo plant is a big part of that agricultural division, which is doing well globally," said company spokesman Ken Golden.

Indeed, Deere investment of about \$130 million in redeveloping its downtown Westfield Avenue and East Donald Street facilities since 2000 is an example of the company's confidence in its Waterloo operations, its largest North American manufacturing complex.

In addition to the company's reinvestment in its Waterloo operations, it donated a record \$17 million in land, buildings and technical assistance for the creation of the Cedar Valley TechWorks, a bio-based industrial and ag product development center to be located on portions of the old Westfield site vacated by Deere.

While many buildings on site were demolished, two major ones are being renovated, and an agritrade exhibition center, possibly showing historic Waterloo-made Deere tractors is envisioned. The University of Northern Iowa's National Ag-Based Lubricants program anticipates relocating there from Waverly later this year.

To be sure, Deere faces its personnel-related challenges. It has a labor agreement with the United Auto Workers up for renegotiation next year, and its changes in nonunion salaried retiree health benefits have

riled some of its most loyal former workers. But its support of and reinvestment in its Waterloo operations are a strong expression of confidence in the people of the Cedar Valley.

It is a lesson in how to cultivate and reward people and a work force without exploiting them. Other employers would do well to take heed of the example.