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**CASE CREDIT**

**P.W. Cote**

**Proceedings of  
Regional Research Committee NC-161**

**FINANCING AGRICULTURE IN A CHANGING  
ENVIRONMENT: MACRO, MARKET,  
POLICY AND MANAGEMENT ISSUES**

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**CASE CREDIT****P.W. Cote**

Pleasure to participate and represent J.I. Case in this "Financing Agriculture in a changing environment" program.

Special thanks to Greg Hanson for the invitation.

I was asked to offer a few remarks on "Agribusiness its trends and innovations".

I have recently joined Case after 23 years with Chrysler Credit Corporation. A place where I also saw "good times and bad" and I guess that you know the story of how we were able to turn a few things around there.

I see a lot of similarities here - with both Agribusiness and Case and its Agricultural Division (both have seen good times and bad) its an interesting parallel.

In both instances financing did and will play a major role in a renaissance.

One sure thing that I can say with confidence is that "you can't solve today's problems with yesterday's answers".

Quoting another native of my home state of Massachusetts "There are those who see things and ask why? - I prefer to see things and say - Why not!"

And that is a philosophy that we at Case Credit believe, clearly states our future position in Agricultural Equipment Financing.

We are committed to finding ways to provide necessary financing, in terms that were never seen before, in an economic climate that we've never faced before and with methods that were never used before.

In short were gonna do business - aggressively - by doing what it takes to do business.

As I have learned in Detroit - free enterprise can work - and our dealers can do the job for us and for their customers - IF and I underlined that word (IF) we give them the tools to do the job.

And our commitment is to do exactly that! Now - don't get me wrong - it's a big job.

We've gotta build a quality product and we've gotta finance it so that its affordable for everybody.

As an example - It's simple but it makes a point.

I'm sure you know this - but the average tractor being driven in this country is twice as old as the

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Phil Cote is Vice President, Marketing & Planning, J.I. Case Credit Corporation.

average tractor was ten years ago. That's testimony to a lot of things - But as I have learned in the automotive business, no one drives a used car because they want to.

We're currently reviewing every finance and lease plan that we have and where they've gotta be changed - they will be changed.

Not changed for change sake, but changed to react to and meet the needs of the market.

We're going to react quicker - we have to!  
When work has to be done - you need the tools to get the job done - NOW!

We have already started offering instant pre-approved credit. We tested it at AG shows in Memphis, Dallas and in Indiana, and the reaction was amazing-(market research sometimes works).

The market wants it - needs it and were going to provide it; Through our dealers, to the market.

Elsewhere we've determined a market need for lower payments and shorter terms.

- Simply put we're reacting to the needs of the 90's for new equipment - more often.
- Affordable - by revamping our lease finance plans - After all what's wrong with only paying for what you use. In this day and age who can afford to tie up working capital.

And this year we're introducing true lease plans

- That give the operator not just the lower payments, but the option to either purchase the equipment at term end for a predetermined amount or simply turn it in - and drive out with brand new equipment - the choice is his.

It's a way to fix costs and cash flow based on the operators individual needs.

We're also embarking on a pre-arranged credit program that not only saves time but simplifies the entire buying or leasing process.

Knowing that the needs of today's agricultural business go far beyond the products of a single manufacturer we have extended our financing services to include "Non-case products".

For the 1990's we're offering "full service financial services" to the American Farmer as a demonstration of the J.I. Case Corporation, commitment to support and supply the needed products and services to that world marvel - called American Agriculture!

As strong as that sounds - we go one better - PEOPLE - All that I've said today can only happen with people who know their business and are professionals. The best professionals - and, (we think) we've got them.

People who will work and know, our customers - the operators and dealers and their special situations and problems.

- And to use that word commitment again.
- In any instance where we don't have the people in place to deal with the unique problems of the 90's and beyond.
- We'll go out and get them - and I mean the best ones!

Our industry has to become better. It has to react quicker to the needs of American Agribusiness -- "To turn on a dime" to better support the greatest industry that America has to offer.

Since 1842 when Jerome I. Case established our company - we have been through a lot together with the American farmer, and as P.T. Barnum used to say "You ain't seen nothing yet!"

We're bringing the strength and financial clout of our "two and a half billion dollar Case Credit portfolio" to the future needs of tomorrow's agricultural market.

New products, like the Case Magnums and Maxxums can go a long way toward helping today's farms to become more efficient and more profitable - and we know that the right - affordable and available finance programs can go a long way toward making it all possible.

In summary then - let me say that I was asked to come here today to speak -but, it's important that you know that I have "more importantly" come here to listen. To listen in the hope that what I hear today can help us at Case to help and better serve the agricultural industry.

We today can prognosticate that:

Money cost should remain stable

That, petroleum cost should remain stable

That, foreign competition will increase

That, the politics of the world look like they will remain stable

But, most importantly - world population will continue to explode - and product demand (agricultural product) will increase.

Our job is to help meet that demand.

From a finance company point of view - we're gonna get better at what we do too!

As an industry we have to "look at things and say why not".

The trends in our business are to be more flexible with our programs and to work closer with both manufacturers, dealers and customers - then we ever have before.

We've got to be creative to hold cost to the customers down, - while doing all possible to assist in dealer profitability so that they can better service the needs of the operators.

The items that I mentioned earlier are the obvious keys:

- Speed - financing when it's needed (in minutes not days)
- Flexibility - through credit lines and terms such as customer oriented lease programs.

These, in the short time that I have been with you today, are some of the keys and thoughts that we see for our future and financing in the Agribusiness.

Business for American Agriculture will continue to be affected by political realities - Europe and the creation of a huge economic force will have a major effect on the way we do business - "Where and how American farm products are sold".

And while this is taking place the reality is that our farm operators can buy Toyotas and Komatus - but still can't sell rice to the people who built them. The playing field still isn't level - "But that's another problem".

What we have identified and addressed is the fact that at Case Credit we plan to provide the leading edge of marketing for all of the Case entities.

Our efforts, most certainly will take place in an era of factory supported low A.P.R. financing - which is good news to the consumer - and let's face it - to me as a finance type, -- Low A.R.P.'s are a reality in todays' market place.

There you have it (A game plan that's very familiar to me) manufacturers rate support, the best service that technology allows, terms designed to accommodate todays' equipment pricing and needs - and - finance plans and lease plans that can be customized to service (with Quality) the needs and desires of farm operators, and to do all of this better than we ever did before.

That is the commitment of J.I. Case and Case Credit.