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McCormick looks ahead



By WILLIE VOGT

CARVING out a new market in the farm equipment business isn't for the weak-willed.

For the Argo Group, an Italian company with a solid European base, the United States beckoned as a true land of market opportunity. When that firm got the chance to buy key assets from Case Corporate before a merger between Case and New Holland early in the new century, Argo jumped at the opportunity and McCormick International was born.

As 2006 wound to a close and McCormick celebrated its fifth year in the United States, significant changes were taking place — changes that will chart the newest course for this fledgling competitor in a tough ag-equipment market.

Farmer Iron got a chance to sit down with McCormick USA's new president, Simeone Morra, a member of the family that holds the controlling interest in the Argo Group. Morra, a younger man with a new family he is moving to America as he takes the reins of the new firm, gave us a look at where the company is and where it may be going in the long term as part of an exclusive interview.

Morra is the first member of the family ever to run a U.S. division of the company, but he's been working with the McCormick division worldwide since it was formed in 2001.

When McCormick fired up its U.S. business, the company was part of an innovative logis-

Key Points

- McCormick, Landini brands will be marketed from one location.
- The combined brands have separate dealer organizations.
- New products with McCormick name go on sale in 2007.

tical partnership. Vermeer, the Pella, Iowa, farm and industrial equipment maker, became the home base for the new firm.

"When we came to the United States, you appreciate why there was a need to team up with Vermeer. It was a logistical arrangement that served McCormick very well," Morra notes.

In fact, he says that in those early days, the Vermeer field sales team was helping McCormick find potential dealers for the new tractor line. As a new company — with a new brand name — working with an established firm, McCormick got the manpower it needed to get off on the right foot.

"We were successful in taking a lot of the Vermeer

dealers on board. It allowed us to talk to a lot of dealers at one time, without a consolidated dealer network," Morra recalls.

"We had to convince a dealer network that the McCormick franchise had the resources to support dealers. The Vermeer arrangement allowed us to do that."

Two brands, together

Now, five years later, it makes more sense to bring together the U.S. product lines for Argo — McCormick and Landini — into a single operation based in the Atlanta, Ga., area, says Morra. McCormick USA is the corporate name for the operation, and it will market the two brands.

"You need to be conscious of your structure and what your costs are in this business — how you're managing your business. Having the possibility to locate McCormick with Landini was a no-brainer," he says.

There's very little overlap between the two nameplates in this country. Consolidating the

operations in the United States in the Georgia operation gets the support into one location and cuts overhead costs, while still offering dealers the support they need to serve customers, Morra says.

Landini will focus on specialty tractors, while McCormick will continue its work in the more conventional agriculture market. However, there are niches where the Landini line might see some growth outside of its specialty markets, as well. The PowerFarm line features mid-level raw horsepower that a lot of Midwestern farmers might find of interest. Morra says the new organization's sales team could help the blue brand expand market share.

He admits that during 2006 there were hiccups in the transition to create the merged business, and regrets it happened. "Let's be honest, that has happened during the last year." Morra says those days are behind the company now.

Looking to the future

As 2007 gets into full swing, the new boss is in charge. He's looking at the total business and where it needs to go. As Morra sees things, the U.S. market offers opportunities for the Argo Group beyond the two tractor brands since the company manufactures a wide range of equipment for Europe.

"We're looking at the opportunities available for new products," he says. "We may see some potential for implements

TRACTOR OF THE YEAR: The XTX series, launched in the U.S. during 2006, earned recognition in Europe. The popular model features technology that will find its way into other models during 2007 and beyond.



FRESH LEADERSHIP: Simeone Morra, president, McCormick International USA.

in this country."

The pipeline will be shooting out some new products in time for the fall farm shows, too. Morra didn't give too many specifics, but the show exhibits later this year will have their share of new technology.

The XTX tractor, which got plenty of recognition in Europe when rolled out, is gaining U.S. sales. That machine's power-shift transmission technology could be finding its way into other machines later this year. A new version of the XTX was introduced to the European market in late 2006, and its styling offers hints for the future, Morra notes. Dealers also are asking for product changes that will hit the market this year, he adds.

McCormick's dealer base now tops 200 and will continue to grow, although at a little slower pace. Morra says that the slowdown is important, but that there is "a strong intention to grow and develop the network at a reasonable pace."

Morra remembers being at the National Farm Machinery Show when McCormick made its public debut. "What was really amazing was the reception we had in this market to the brand and to the product, to this kind of new business venture," he recalls. "We have a huge potential here."



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