

THE WAY WE WORK

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“Our Dealership was founded in 1916 by my wife’s grandfather, Percy Ransome, Sr. We became a Caterpillar Dealer in 1932. Percy had three sons who were active in the business—Ernie, Allan and Dawson. I married Ernie’s daughter, Jane, and began working in the Dealership after graduating from law school.

“There was a time in our history when more than 40 members of the Ransome family held stock in the company. Caterpillar approached Ernie, expressing the desire to consolidate ownership with Jane and me. I can still recall meeting with the bankers; there must have been 20 of them. A Cat Region Manager attended and spoke on our behalf. He told the lenders that Caterpillar wanted us to be the owners and would stand behind us.

“I was a young man with no personal wealth and certainly no sense of entitlement, but I had the complete support of Caterpillar and my father-in-law. It was very humbling. I am immensely loyal and extremely grateful for the tremendous opportunity they have given me.

“Today our two daughters, Kristin and Lauren, work in the Dealership. We hope to pass the business to them, the fourth generation, and are delighted that they are interested in becoming Dealer Principal candidates.”

Wayne Bromley

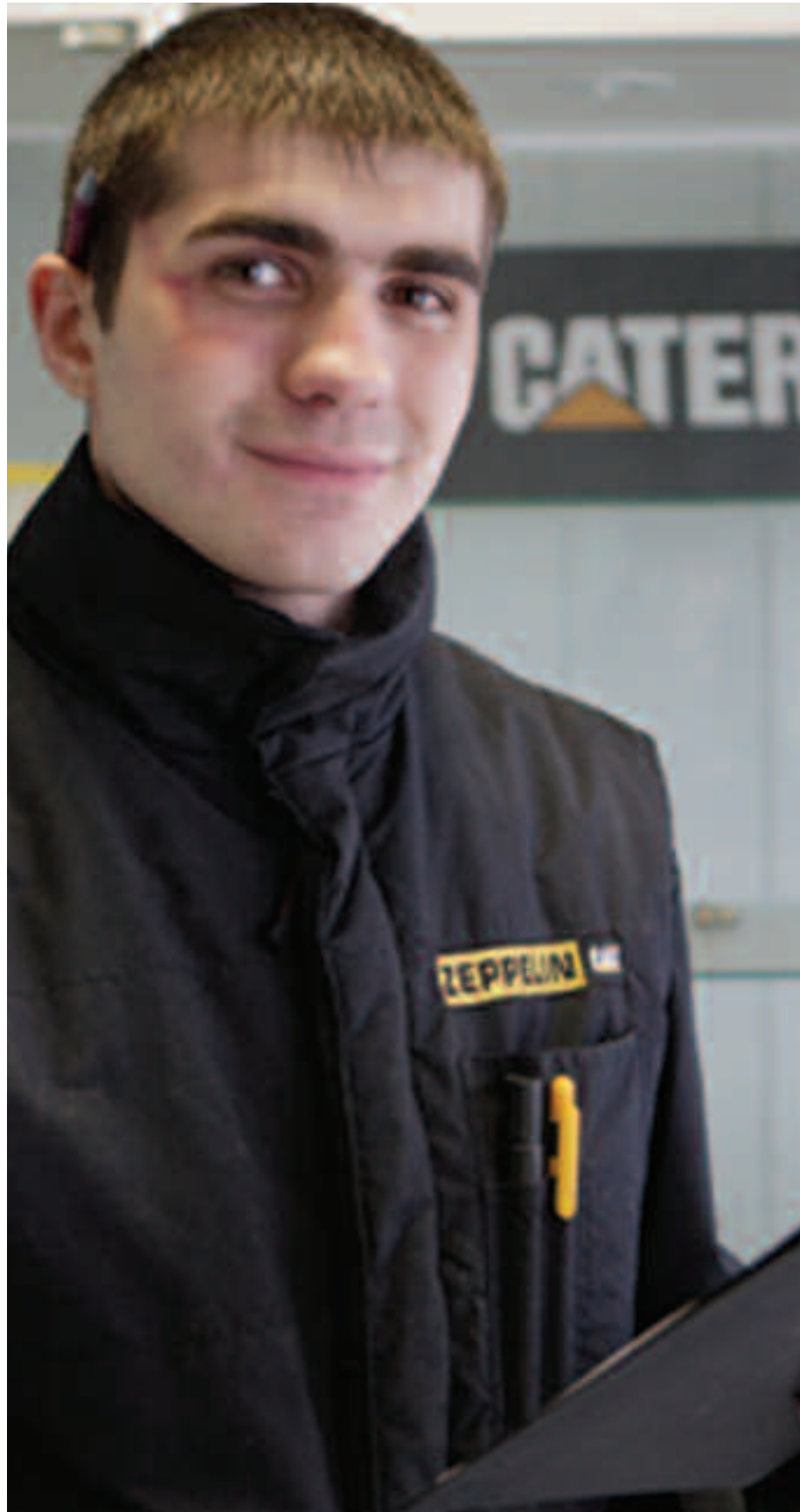
Caterpillar believes in the power of local Dealers as strongly today as we did in 1925. We built the business by building relationships, through the powerful combination of local customer relationships and global product technology and will continue to prosper by putting relationships first. We expect every Dealership to be led by one person who is highly involved in the business and personally accountable for developing lasting relationships with local customers.

Although our business thrives on personal relationships, the legal relationship we have created is equally important. Caterpillar and its Dealers are bound by the terms of the Sales & Service Agreement, a contract known for its brevity and simplicity. All parties respect and honor the agreement. While it can be cancelled by either party, with or without cause, the strong relationships we’ve forged have endured for decades, sustained by mutual trust, respect and performance.



“Our Sales & Service Agreement is rarely referenced, because the relationship is not governed by a lot of rules and regulations. It’s governed by trust and personal relationships. As someone once said, ‘We’re in the relationship business; we just happen to sell machines, engines and parts.’”

Ed Rapp



“We don’t own each other, but we’ve known each other for decades. I don’t think there’s a stronger, deeper or longer-lasting partnership anywhere.”
Doug Oberhelman



HOW WE WORK TOGETHER

While the Sales & Service Agreement documents the legal aspects of our relationship, a few key principles guide how we work together. Those principles are the same whether the Dealership is privately or publicly held.

We believe history has shown and we strongly believe, the relationship functions best when there is “**one set of eyes**” to deal with at a Dealership—one decision-maker—not several individuals, each with a fractional ownership in the business. Therefore, Principals of privately held Dealerships are expected to own more than 50 percent of the stock. If the Dealership is publicly held, one person in the territory is named Principal. This individual is accountable for building customer relationships, and his or her personal rewards are tied to the success of the business.

We engage with Dealers in a **continuity planning** process for the Principal and other key executives. When a leadership transition is necessary, Caterpillar selects the new Principal to take the relationship forward. We work closely with the departing Principal—or a publicly held Dealership’s board of directors—to identify the person we believe will have the most success sustaining and strengthening customer relationships through the transition and in the years to come.

Commitment to the Cat brand is another principle that guides the way we work together. We expect Dealers, private or public, to represent us fully and refrain from selling competitive products.

Dealers are also expected to **avoid affiliation with any business that uses the products we sell**. By having a financial interest in a construction company, for example, a Dealer could lose business to other contractors who might view the organization as a competitor, rather than a partner.

Finally, **open communication** is vital to the spirit of our relationship. Bound together by mutual performance, we share appropriate information to ensure we succeed in providing unmatched customer value.





“The strength of our relationship stems from our openness. When we both approach the business that way, magical things can happen.”

Rod Beeler

PRIVATE AND PUBLIC OWNERSHIP

From the beginning, the family owned business, passed from generation to generation, has been the hallmark of the Cat Dealer organization. Today, the Cat Dealer network includes family owned businesses, as well as publicly held companies. While their capital structures differ, all Dealers are bound by the terms of the Sales & Service Agreement and held to the same high performance standards. A common spirit guides us, and the way we work together is essentially the same, regardless of ownership structure. In the final analysis, Caterpillar expects all Dealers to represent us with Integrity, Excellence, Teamwork and Commitment, focusing on customer relationships and achieving desired results.

“Although Barloworld is publicly owned, we partner with Wagner in Siberia, and they’re family owned. We work together amazingly well. Maybe that’s part of being in the Cat family. In the end, the way most Dealers do business is essentially the same, no matter what size or shape they are.”

Lester Day



“Successful Principals are involved on a day-to-day basis. They know what’s going on. They’re walk-around managers. They build relationships with their employees and customers. And they take time to have some fun.”

Chris Curfman