

NEWSPOINTS

Business News

John Deere Named In Discrimination Suit

Former employee alleges that his application to buy two shops was unfairly rejected

By Aisha Jefferson

Kenny Edwards understands that business ownership is key to building wealth. That's why, after spending 30 years as a John Deere employee, Edwards, 57, set out to fulfill his dream of owning a John Deere dealership. Instead, he faced his worst nightmare: The industrial giant turned down his application.

Headquartered in rural Moline, Illinois, the 167-year-old company (the second oldest member of the New York Stock Exchange) operates in more than 160 countries and is one of the world's largest dealers of golf and turf marketing equipment (tractors). There are some 1,400 John Deere agricultural dealerships in the country, however, none of them are African American-owned. And together, women, Hispanics, and Asians own about 5%.

"I knew the requirements of being a dealer, and John Deere put stipulations and conditions on me that were different than what they put on other, white applicants," claims Edwards, who was in the process of purchasing two John Deere agricultural dealerships -- Tractor and Turf Inc. in Bessemer, Alabama, and Skyland Equipment Company Inc. in Tuscaloosa, Alabama. John Deere wanted to put a superior lien on all Edwards' present and future property, meaning the company would have an interest in all his property, regardless of its value or relationship to the business.

Embarrassed and puzzled by John Deere's decision, Edwards filed a racial discrimination lawsuit, seeking no less than \$25 million in loss of income and nominal compensatory and punitive damages. Rainbow/PUSH Coalition stepped in, requesting that the company complete a survey of minority employment and participation. Rainbow/PUSH Vice President and attorney Janice Mathis says, based on survey results, that there's plenty of room for improvement. "You can make excuses for why you don't have any black dealerships or you can expend energy making progress."

John Deere dealerships are not franchises or company stores, but are independently owned and operated. Although sales of dealerships are between the independent owner and prospective buyer, the transfer of the dealer contract is subject to approval by John Deere. "Race is not a factor when determining whether an individual should be approved as a John Deere dealer," says company spokesman Ken Golden, adding that Edwards' lawsuit lacks merit. He maintains that John Deere did not approve Edwards' application because the owners of the dealerships, Don and Joy Rose, withdrew the offer to sell.

Edwards' attorney Byron Perkins disagrees. "The Roses backed out of the deal after John Deere put so many requirements on it that it wouldn't be feasible," says Perkins, explaining that the requirements threatened federal contracts the dealerships received from the General Services Administration. Perkins says money wasn't an issue because a bank had approved Edwards for an \$8 million loan and Edwards had put up more than \$500,000 of his own finances: "That was more than enough to cover the loan, and the deal was a low risk for John Deere and the bank."

"On top of that, [Rose] was going to remain on the debt with me and the bank to make sure that if there were any glitches he was going to guarantee the loans and [pay or sell them] off if need be," Edwards adds.

Not only did he have financial backing, Edwards had experience. He was the first African American territory manager in the company's agricultural group, the first and only African American service manager, and the first and only African American division sales manager. In the golf and turf group, he was the first and only African American business manager, as well as the first and only African American director of sales and

marketing worldwide. In 1997, Edwards negotiated a 14-year, \$70 million contract between John Deere and the PGA. He was recognized by Golf Inc. magazine as one of the industry's "21 Most Dynamic Movers and Shakers."

Edwards' lawsuit also challenges John Deere to maintain diversity on its board, to increase diversity in upper and middle management, and to improve the number of black-owned dealerships and agencies.