Becoming a Customer Focused Organization

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Agenda

- Why Become a Customer Focused Organization?
- Customer Intimacy, Customer Satisfaction, Customer Focused
- First Steps
- Examples
- My Role, Director of Customer Programs
- Conclusion





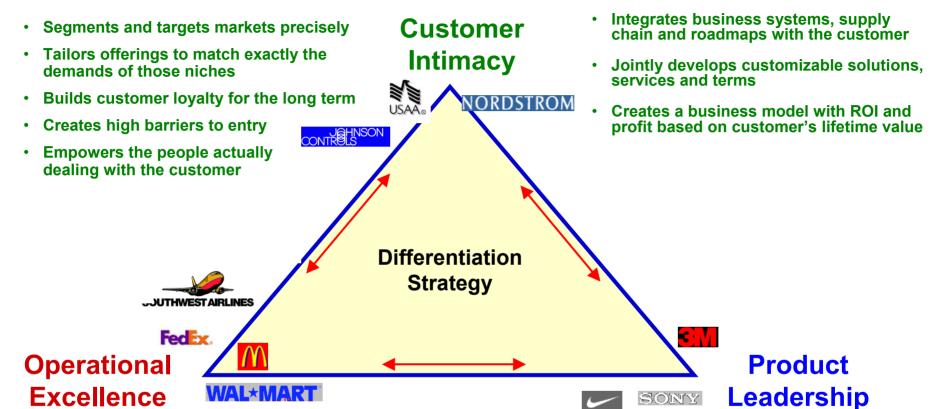
Why Become a Customer Focused Organization?

- But we all know companies that are or have been successful but not customer oriented
- The reason to become customer focused is to achieve a competitive advantage that enables long-term sustained success
- This applies to "organizations" as well as companies





Definition of Customer Intimacy



- Provides customers with reliable products/services at competitive prices
- Leads industry in price and convenience
- Minimizes costs by eliminating production steps
- Optimizes business processes across functional and organizational boundaries

- Offers customers continuos stream leading-edge products/services
- Focuses on speed: innovation, time to market, cycle-time, decision-making
- Relentlessly pursues new solutions
- Encourages entrepreneurship at all levels





Southwest Airlines

- Southwest Airlines does NOT have a customer intimacy strategy
- However customer satisfaction is generally high
- Why?
- Southwest only promises cheap fares
- They deliver on that promise
- They know who their customers are and what they want
- They manage customer expectations very well





Customer Focused Organizations

- Care about customers
- They know who their customers are and what they want
- They send a consistent message about what they will deliver to those customers
 - Do what they say they will do
 - Clearly set expectations
- Continuously evaluate customer satisfaction
- Measure and reward success





First Steps

- Customer Focus starts with Management Commitment
- Identify Customers and Potential Customers consistent with your Strategy
- Understand Customers' Wants and Needs and How You are Going to Meet or Exceed Them
- Categorize Customers and Potential Customers
- Obtain regular customer feedback, and implement a continuous improvement process
- Measure and reward success





Example: Motorola SPS

- About 4 years ago, changed focus from product focus to market and customer focus
- Reorganized Sales into account sales teams
- Reorganized business units into market segments with responsibility for specific customers
- Developed customer strategies and customer support strategies and communicated them to our customers
- Drives Performance Excellence as the standard operational methodology





Fall 1999

- A Key Customer, Customer A is not happy
- Problem Assessment
 - We have a long working relationship with this customer
 - This customer periodically provides us with detailed scorecards
 - We know what the issues are
- Problem Solution
 - Hire a Director of Customer Programs
 - Job Description TBD





March 2000

- My Problem Assessment
 - We now have a better understanding of what the issues are
 - We try to be responsive to the customer, but we're so busy and have so many competing requirements, it doesn't always get the focus it should
 - We are resolving some of the issues, but not communicating the resolution back to the customer, we don't have a closed loop process
 - We have difficulty solving issues that cut across organizational boundaries





Director of Customer Programs







Job Description

- Spend sufficient time with the customer to develop both professional and personal relationships
- Listen to the customer, constantly evaluate their needs, and regularly communicate those needs to SPS and why they are important
- Drive SPS's ability to meet those needs
 - Drive customer focused operational excellence
 - Establish new processes, improve existing processes, and maintain processes as needed
 - Program manage all activities, identifying actions, owners and dates
 - Build relationships with the SPS team that supports Customer A
- Communicate, communicate, communicate





Customer Focused Organizations

- Management spends considerable time with customers and communicates commitment to customers throughout the organization
- They know who their customer are, what their customers want now and in the future, and how they are going to provide that
- Their strategies, plans, and processes are aligned with their customers'
- Customer satisfaction is an important metric, is tracked, improvement goals are set, and success is rewarded







Customer First*

Customer First is clearly 'ingrained' into the fabric of their business

Receive <u>WEEKLY</u> Customer Satisfaction Index (CSI) report cards from their customers

Results of CSI are reviewed weekly with GM's, sales management, customer focus teams

Each customer grade that falls below a threshold level is required to be reviewed at the following week's meeting, clearly identifying:

Nature of the customer issue Root cause analysis on the issue Corrective action plan, person responsible and date

* From Motorola Benchmarking Trip to Solectron after their second Baldrige award





Conclusion

- Customer Focused Organizations have different business strategies
- Customer focused Organizations have easily recognizable attributes
- Organizations become Customer Focused to achieve a competitive advantage that enables long-term sustained success
- Requires a Leader to Drive the Customer Focused Effort



