

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?

- To Make **\$\$\$\$\$\$\$\$**
- 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

- Segments and targets markets precisely
- Tailors offerings to match exactly the demands of those niches
- Builds customer loyalty for the long term
- Creates high barriers to entry
- Empowers the people actually dealing with the customer

- Integrates business systems, supply chain and roadmaps with the customer
- Jointly develops customizable solutions, services and terms
- Creates a business model with ROI and profit based on customer's lifetime value



- 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 continuous 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**
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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 WEEKLY 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**