Becoming a Customer Focused Organization

April M. Schweighart
Director of Customer Programs
Semiconductor Products Sector
Motorola

June 5, 2001
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

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

Operational Excellence

- 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

Differentiation Strategy

Product Leadership

- 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

- Offers customers continuous stream of 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

Sales
Manufacturing
Business Group
Process Technology Labs
Design Technology Labs
Across Organizations

Customer A

Motorola
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 **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