

Practice #3



“VOICE OF THE CUSTOMER” AUDIT

Profiled Company



FY2003 Sales: \$132.89 billion
Headquarters: Fairfield, Connecticut

General Electric produces aircraft engines, locomotives, and other transportation equipment, appliances (kitchen and laundry equipment), lighting, electric distribution and control equipment, generators and turbines, nuclear reactors, medical imaging equipment, and plastics. Its financial arm, which includes separate commercial finance, consumer finance, equipment management, and insurance units, accounts for nearly half of the company's sales, making GE one of the largest financial services companies in the United States.

Guiding Principles

- VOC implementations must be orchestrated at the enterprise level; business unit- or function-led implementations are likely to capture insufficient data, and may even harm enterprise outcomes
- Ensure that efforts to gather information about the customer target multiple constituencies, reflecting their widely divergent agendas
- Restrict VOC methodologies to the use of simple and standardized tools to avoid becoming encumbered by excessively complex analyses
- A dedicated effort to manage customer expectations away from unfeasible requests must form part of every VOC implementation

Practice Overview

Developing methodologies for capturing the “Voice of the Customer” has proved vexing for companies across every industry. The three challenges that are arguably most critical to resolve include those outlined at the top of the facing page:

- ❖ First, VOC may mean different things to different people within your organization. Lack of rigor around processes and definitions can hamper you before you get started.
- ❖ Moving to the right, VOC can fail if it fails to consider how the customer sees the relationship or prioritizes specific elements of the value proposition.
- ❖ And far right, VOC can result in highly inflated customer expectations. This is perhaps the worst outcome: that service providers can do everything at little or no cost.

The bottom of the page outlines the four components of GE’s VOC process that address these issues:

1. *In-Person Customer-Needs Diagnosis*—GE administers a simple but effective survey tool to probe and determine customer priorities
2. *Customer Requirement Prioritization*—The output from the Needs Diagnosis are entered into a standard tool to understand the relative importance of customer priorities across key processes
3. *Customer-Focused Blueprint*—Customer teams develop a customer blueprint that communicates action plans to both customers and to internal staff
4. *Client Advisory Boards*—GE convenes groups of customers periodically to discuss customer requests that are not economically feasible

Each of these components is described in detail on the following pages, beginning first with the context for Voice of the Customer initiatives at GE.



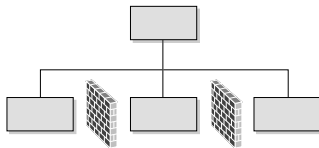
Practice Overview

LOUD AND CLEAR

GE has addressed the perennial challenges of Voice of the Customer (VOC) initiatives...

Obstacles to VOC Success
Operations Management Roundtable

Undisciplined or Uncoordinated Approach



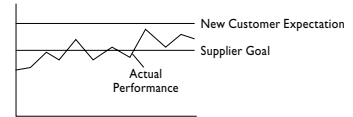
The lack of a coherent approach across the enterprise may cripple efforts to gain insight into customer needs

Unspoken Customer Needs



Customer needs assessment is insufficient because of poor coverage of key subject areas during customer interviews

Unrealistic Customer Expectations

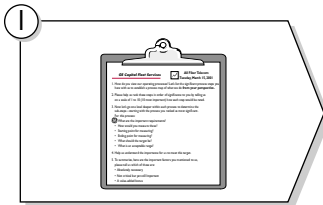


VOC exercises may unrealistically heighten customer expectations of future improvements

...by means of a disciplined and focused process

Components of Voice of the Customer Audit
General Electric

1 In-Person Customer-Needs Diagnosis



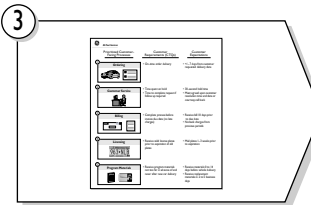
In-depth interviews with multiple contacts at key customers ensure the effective capture of critical information

2 Customer Requirement Prioritization

Process	Ordering	Billing	Services	Remediation	Customer Service
Customer Requirement - VOC	1	2	3	4	5
Customer Requirement - VOC	2	3	4	5	6
Customer Requirement - VOC	3	4	5	6	7
Customer Requirement - VOC	4	5	6	7	8
Customer Requirement - VOC	5	6	7	8	9
Customer Requirement - VOC	6	7	8	9	10
Customer Requirement - VOC	7	8	9	10	11
Customer Requirement - VOC	8	9	10	11	12
Customer Requirement - VOC	9	10	11	12	13
Customer Requirement - VOC	10	11	12	13	14
Customer Requirement - VOC	11	12	13	14	15
Customer Requirement - VOC	12	13	14	15	16
Customer Requirement - VOC	13	14	15	16	17
Customer Requirement - VOC	14	15	16	17	18
Customer Requirement - VOC	15	16	17	18	19
Customer Requirement - VOC	16	17	18	19	20
Customer Requirement - VOC	17	18	19	20	21
Customer Requirement - VOC	18	19	20	21	22
Customer Requirement - VOC	19	20	21	22	23
Customer Requirement - VOC	20	21	22	23	24
Customer Requirement - VOC	21	22	23	24	25
Customer Requirement - VOC	22	23	24	25	26
Customer Requirement - VOC	23	24	25	26	27
Customer Requirement - VOC	24	25	26	27	28
Customer Requirement - VOC	25	26	27	28	29
Customer Requirement - VOC	26	27	28	29	30
Customer Requirement - VOC	27	28	29	30	31
Customer Requirement - VOC	28	29	30	31	32
Customer Requirement - VOC	29	30	31	32	33
Customer Requirement - VOC	30	31	32	33	34
Customer Requirement - VOC	31	32	33	34	35
Customer Requirement - VOC	32	33	34	35	36
Customer Requirement - VOC	33	34	35	36	37
Customer Requirement - VOC	34	35	36	37	38
Customer Requirement - VOC	35	36	37	38	39
Customer Requirement - VOC	36	37	38	39	40
Customer Requirement - VOC	37	38	39	40	41
Customer Requirement - VOC	38	39	40	41	42
Customer Requirement - VOC	39	40	41	42	43
Customer Requirement - VOC	40	41	42	43	44
Customer Requirement - VOC	41	42	43	44	45
Customer Requirement - VOC	42	43	44	45	46
Customer Requirement - VOC	43	44	45	46	47
Customer Requirement - VOC	44	45	46	47	48
Customer Requirement - VOC	45	46	47	48	49
Customer Requirement - VOC	46	47	48	49	50
Customer Requirement - VOC	47	48	49	50	51
Customer Requirement - VOC	48	49	50	51	52
Customer Requirement - VOC	49	50	51	52	53
Customer Requirement - VOC	50	51	52	53	54
Customer Requirement - VOC	51	52	53	54	55
Customer Requirement - VOC	52	53	54	55	56
Customer Requirement - VOC	53	54	55	56	57
Customer Requirement - VOC	54	55	56	57	58
Customer Requirement - VOC	55	56	57	58	59
Customer Requirement - VOC	56	57	58	59	60
Customer Requirement - VOC	57	58	59	60	61
Customer Requirement - VOC	58	59	60	61	62
Customer Requirement - VOC	59	60	61	62	63
Customer Requirement - VOC	60	61	62	63	64
Customer Requirement - VOC	61	62	63	64	65
Customer Requirement - VOC	62	63	64	65	66
Customer Requirement - VOC	63	64	65	66	67
Customer Requirement - VOC	64	65	66	67	68
Customer Requirement - VOC	65	66	67	68	69
Customer Requirement - VOC	66	67	68	69	70
Customer Requirement - VOC	67	68	69	70	71
Customer Requirement - VOC	68	69	70	71	72
Customer Requirement - VOC	69	70	71	72	73
Customer Requirement - VOC	70	71	72	73	74
Customer Requirement - VOC	71	72	73	74	75
Customer Requirement - VOC	72	73	74	75	76
Customer Requirement - VOC	73	74	75	76	77
Customer Requirement - VOC	74	75	76	77	78
Customer Requirement - VOC	75	76	77	78	79
Customer Requirement - VOC	76	77	78	79	80
Customer Requirement - VOC	77	78	79	80	81
Customer Requirement - VOC	78	79	80	81	82
Customer Requirement - VOC	79	80	81	82	83
Customer Requirement - VOC	80	81	82	83	84
Customer Requirement - VOC	81	82	83	84	85
Customer Requirement - VOC	82	83	84	85	86
Customer Requirement - VOC	83	84	85	86	87
Customer Requirement - VOC	84	85	86	87	88
Customer Requirement - VOC	85	86	87	88	89
Customer Requirement - VOC	86	87	88	89	90
Customer Requirement - VOC	87	88	89	90	91
Customer Requirement - VOC	88	89	90	91	92
Customer Requirement - VOC	89	90	91	92	93
Customer Requirement - VOC	90	91	92	93	94
Customer Requirement - VOC	91	92	93	94	95
Customer Requirement - VOC	92	93	94	95	96
Customer Requirement - VOC	93	94	95	96	97
Customer Requirement - VOC	94	95	96	97	98
Customer Requirement - VOC	95	96	97	98	99
Customer Requirement - VOC	96	97	98	99	100

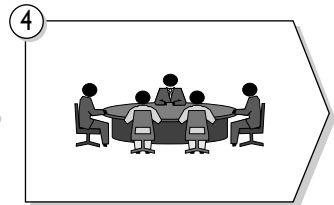
A prioritization matrix ensures that key features of VOC interviews are analyzed and customer priorities are recognized

3 Customer-Focused Blueprint



Customer requirements and expectations are outlined in order to better focus GE's efforts and keep the customer informed

4 Client Advisory Boards



GE meets with groups of customers to develop alternative approaches to requests that are not economically feasible



The Customer Comes First

Across industries and geographies, it is well recognized that one company has set the standard focusing on customer priorities—General Electric. GE has a long-standing history of placing the customer first. GE’s intense customer focus is driven by its belief that making customers more successful will ultimately deliver improved financial returns for GE.

Starting Point: The “Voice of the Customer”

GE’s customer-centric strategy owes much of its success to the use of a standardized process that ensures employees are always engaged in those activities of greatest importance to the customer. At the heart of this process is an initiative based on customer learning, called Voice of the Customer (VOC). The goals of GE’s VOC process are to determine systematically how customers view GE and what is most important to them, to determine customer expectations and measure the company’s performance against those areas, and then to translate this knowledge into meaningful improvements for both the customers and GE. VOC is an integral part of Six Sigma and is front and center in driving GE’s performance improvement projects.

GE is a company with a long heritage of customer-centricity. As you can see in the quote box on the upper left of the facing page, Jack Welch always said that the most important projects start with the customer.

The specific purposes of its VOC activities are listed inside the loop on the middle of the page.

- Understanding how the customer views GE’s products, services, and processes
- Understanding which of GE’s processes are *most important* to the customer
- Understanding what the *customer* looks at to measure *our* performance, as GE
- And finally, understanding what the performance target should be for meeting the customer needs

At the end of the day, as the quote at the bottom suggests, VOC is about figuring out what is most important to the customer, and then translating that into results through Six Sigma improvements.

The next page shows how GE collects and uses Voice of the Customer data to drive investment decisions and then to ensure that customers are always focused on those activities of greatest value to the customer.



CUSTOMERS AT THE HEART OF GE PRACTICE

Consistent with a continuing customer-centric heritage and culture...

CUSTOMER FIRST



“The best projects begin not *inside* the business but *outside* it; focused upon answering the questions: How can we make our customers more competitive? What is critical to our customers’ success? One thing we have discovered with certainty is that anything we do that makes our customer more successful inevitably results in a financial return for us.”

Jack Welch
Former Chairman and CEO, GE
Address to GE Annual Meeting
April 23, 1997

“TO THE CUSTOMER, FOR THE CUSTOMER”



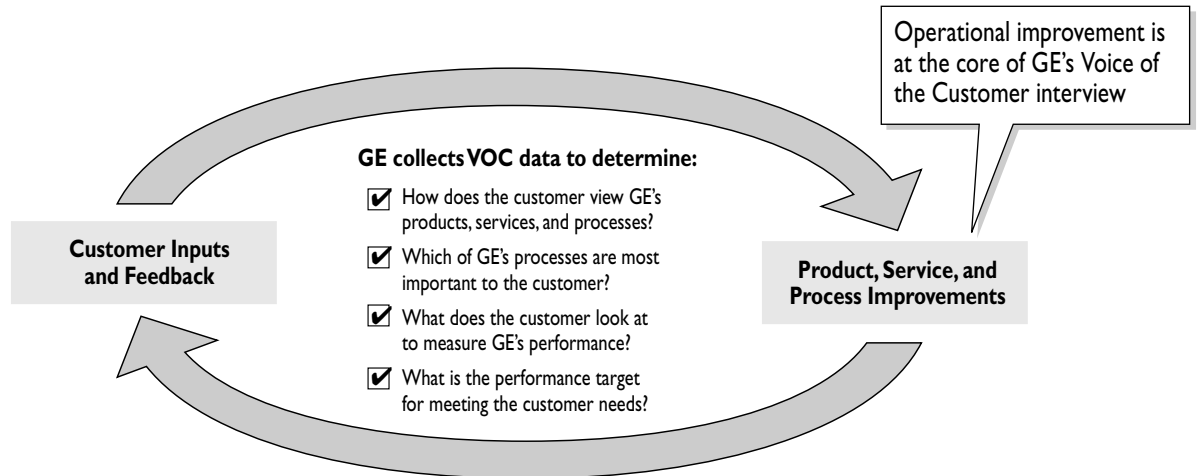
“I’m putting my imprint on Jack’s four initiatives [Six Sigma, Globalization, Product Services, Digitization]—linking them on the front end with more customer-centricity. To me, that means three things: reputable processes or things like deliveries on time, your proposition makes your customer more money, and sales force capacity.”

Jeff Immelt
Chairman and CEO, GE
Interview with *BusinessWeek*
September 5, 2001

...Voice of the Customer practices are central to GE strategy and operations

Voice of the Customer: Continuous Feedback Loop

GE (Illustrative)



VOC IN ACTION

“VOC is about viewing our processes from our customers’ perspectives, to identify what matters most to our customers. This knowledge is then translated into actionable plans and results through Six Sigma.”

Chris Matthews
GE Fleet Services



Component #1: In-Person Customer-Needs Diagnosis

The example we use comes from GE Fleet Services, one of GE’s important services-oriented businesses. GE Fleet Services buys, manages, and resells vehicles for its customers.

The facing page shows an example of a real questionnaire GE uses when interviewing customers. The questionnaire is designed to answer four questions, highlighted in the call-out boxes down the right.

1. How does the customer view GE’s processes?

While GE may organize around functions (customer service, sales, supply chain) the customer thinks of GE in terms of how he or she interacts with GE: “I place an order with you, I get my cars delivered, I receive a bill,” and so on. We’re all probably at fault for the behavior that makes this step so important—thinking about our business in terms of our products and processes, not the way our customer thinks about us. The goal of the interviewer, then, is to develop a process map from the customer’s point of view and to understand in detail how customers perceive working with GE.

2. Which processes are most important to the customer?

Stated another way: “What does GE *have to get right* in the customer’s mind—is it the ordering process, delivery, billing?”

3. What defines quality for the customer?

GE calls these customers’ “Critical to Quality” measures. So, for example, a customer might say, “When I’m ordering a vehicle with you, success for GE means that my order is confirmed within four hours of my entry.” Four-hour confirmation—that’s a customer “Critical to Quality” or CTQ.

4. Which requirements are most important?

With Question #5, GE asks customers to go back over the requirements that they have mentioned and forces them to assign them a rating: “absolutely necessary,” “not critical, but still important,” or “a value-added bonus.” The interviewer then forces the customer to make trade-offs, which then provides GE with the ability to make its own trade-offs in deciding what to fund.

Of course, VOC cannot simply be a listening exercise. GE’s link of VOC to operational processes is shown on the next page.



Component #1: In-Person Customer-Needs Diagnosis

OBTAINING DIRECT FEEDBACK

GE Develops and Administers Detailed Surveys to Probe and Determine Customer Priorities

Excerpt from GE Interview Guide

GE (Illustrative)

GE Capital Fleet Services All Fiber Telecom
Tuesday, March 15, 2001

- How do you view our operating processes? Let's list the significant process steps you have with us to establish a process map of what we do **from your perspective**.
- Please help us rank these steps in order of significance to you by telling us on a scale of 1 to 10 (10 most important) how each step would be rated.
- Now let's go one level deeper within each process to determine the sub-steps—starting with the process you ranked as most significant.
For this process:
 - What are the important requirements?
 - How would you measure these?
 - Starting point for measuring?
 - Ending point for measuring?
 - What should the target be?
 - What is an acceptable range?
- Help us understand the importance for us to meet this target.
- To summarize, here are the important factors you mentioned to us, please tell us which of these are:
 - Absolutely necessary
 - Not critical but yet still important
 - A value-added bonus

Through its questioning of multiple individuals at each customer account...

...GE identifies the customer's view of GE processes...

...determines which processes are most important to the customer...

...and gets the customer to articulate "what defines success" for GE in the form of "critical to quality" (CTQ) characteristics

OUTPUTS OF CUSTOMER INTERVIEWS

- GE captures prioritized requirements for each customer
- GE better understands how its processes fit into its customers' work flow
- Interviewer listens for “quick wins” and passes them to appropriate individual for immediate action
- Individual inputs feed cross-customer process and requirements prioritization



The facing page duplicates the template that GE uses to capture the output from each customer interview. A standardized capture of every interview ensures that GE can compare customer feedback within one customer and across customers to look for commonalities. First, top left, we see the processes in the order of importance to the customer. In this case, the most important thing for GE to “get right,” according to the customer, is the vehicle ordering process.

Triaging Customer Requirements

Next, top right, we see the customer priorities within each process, broken into three categories, each of which reflects the output from the previous forced trade-off exercise:

1. “*Must Haves*”—Customer requirements that GE Fleet Services must “get right” in order for the customer to continue to work with the company; they provide no additional satisfaction to the customer, but are simply expected. In the absence of these things, they will lose the customer.
2. “*One-Dimensional*”—Customer satisfaction is directly correlated with GE’s ability to deliver against these requirements. If GE doesn’t deliver, customers will be dissatisfied; if GE increasingly delivers, customer satisfaction will improve accordingly. In other words, the better GE is, the happier the customer will be.
3. “*Delighters*”—These customer requirements are important to the customer but are not articulated as critical. In other words, delivering against these areas will drive customer satisfaction, but failing to deliver will not reduce satisfaction—there is only an upside to GE getting these requirements right.

The template also leaves room at the bottom for GE to capture customer feedback in the customer’s own words.

Of course, GE doesn’t stop there. They also translate the qualitative feedback into a quantitative prioritization tool.



STANDARDIZING DATA CAPTURE

Key Elements of Each Interview Are Captured in a Standard Template

Individual Customer Interview Summary

GE (Illustrative)

Customer: Take Two Pharmaceuticals
Interviewee, Title: Bob Smith, Fleet Manager

<p style="text-align: center;">Prioritized Process Steps</p> <div style="text-align: center;"> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Customer Service #2</div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="border: 1px solid black; padding: 5px; text-align: center;">Ordering #1</div> <div style="border: 1px solid black; padding: 5px; text-align: center;">Billing #3</div> <div style="border: 1px solid black; padding: 5px; text-align: center;">Services #4</div> <div style="border: 1px solid black; padding: 5px; text-align: center;">Remarketing #5</div> </div> </div>	<p style="text-align: center;">Customer Requirements Prioritization Tool</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Delighters</p> <ul style="list-style-type: none"> Used vehicle pick-up less than 7 days </div> <div style="width: 45%;"> <p>One-Dimensional</p> <ul style="list-style-type: none"> 10 percent downtime due to maintenance </div> </div> <div style="text-align: center; margin: 10px 0;"> </div> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Must Haves</p> <ul style="list-style-type: none"> 48-hour order confirmation </div> </div>
<p>Customer's View of GE Operating Processes</p> <ul style="list-style-type: none"> Customer service not about response time but more about ease of process—"GE should save me time" Must save me hours required to manage my fleet 	<p>Customer Insights</p> <ul style="list-style-type: none"> Good customer service without streamlined process not satisfactory Customer willing to partner to improve processes

In documenting the interview, the primary goal is to capture the customer's view of GE and its customer-facing processes—in the customer's own words

Interviewers document the process and relative priority of process steps from the customer's point of view...

...and then categorize customer requirements as follows:

- "One-Dimensional," which can either dissatisfy or satisfy based on performance
- "Delighters," which have only an upside
- "Must Haves," which only hurt satisfaction if not delivered against

NEVER ASSUME

"Even with input from senior business leaders, with long-term experience in this market, we still never assume we know what is 'Critical-to-Quality' for our customers. You have to hear it in their voice. What you learn will often surprise you and is always of great value."

Rahul Shah,
VOC Master Black Belt



Component #2: Customer Requirement Prioritization

Even if a company skips this step, taking the more qualitative approach shown on the previous page, they will be more advanced than most companies in collecting and using customer information. The quantitative process shown on this page, however, simplifies analysis of all the interviews and makes decision making easier.

To orient you to the chart on the facing page, note across the very top (in the gray shaded bars) the major processes that the customer mentioned—ordering, billing, and so on.

The row underneath (with sideways text) lists the customer requirements within each process. For example, within ordering—customers articulated that they want GE to meet its estimated delivery date, to provide timely order confirmation and to give timely status updates on orders.

The first row of numbers in the chart, labeled “importance level,” indicates the importance of that requirement to the customers. The calculation is simply an average ranking across customers, so 10 is the most important and 1 is the least important.

The rest of the numbers indicate, for each customer, how frequently was “Meet your estimated delivery time” indicated as an important CTQ, or critical requirement. The specific scale provides a relative ranking: the higher the number, the more often interviewees within the customer said “This specific process step is critical.”

In the gray row at the bottom of the chart, GE now has a quantitative ranking of which “CTQs” are the most significant across the customer base. Here, the number one ranking goes to “Meet estimated delivery date.”

The outcome is that GE can effectively say, “If we only work on one thing this year, it will be meeting our estimated delivery date. That’s what our customers are telling us is most important to them.” Being able to say “Let’s only work on what’s critical,” and to have such a good understanding of what *is* critical, gives GE a huge advantage in retaining its customers.

The next page shows how GE converts this information into an action plan.



Component #2: Customer Requirement Prioritization

PRIORITIZING REQUIREMENTS ACROSS THE CUSTOMER PORTFOLIO

**GE Employs a Standard Tool to Understand Relative
Customer Priorities Across Key Processes**

Process Prioritization Matrix

GE (Illustrative)

Individual rows allow GE to understand customer priorities for each account

GE tracks the number of times interviewees within a customer mention a certain requirement, identifying competing or divergent opinions within individual customers

Process →	Ordering			Billing	Services				Remarketing	Customer Services		
Customer Requirements (TQs) →	Meet Estimated Delivery Date	Timely Order Confirmation	Timely Status Update		Tag Before Exp. Date	Timely Fuel Card Delivery	Vehicle Maintenance	Account Servicing		Hold Time	Knowledge and Consistent Answer	Response Time
Importance Level	6.9			3.0	3.3	1.0	2.7	3.0	1.0	5.2		
Customer	Frequency of Mention Scores											
#1	9	3	3	NA	1	1	9	1	3	1	3	
#2	9	3		3	1	3	1	1		9	1	1
#3	9	9		3			3	1		1	1	
#20	9	9		3			3	1		1	1	
Total	435	228	28	81	76	6	5	46	18	2	161	52
Priority	1	2		4	5						3	

Totals (customer scores multiplied by the columns' importance levels) are used to identify the most important processes across the entire customer base

Processes are ranked by total score; top five are selected for improvement

Source: GE Fleet Services; Marketing Leadership Council research; Operations Management Roundtable research.



Component #3: Customer-Focused Blueprint

Translating Learning into Action

Once GE Fleet Services prioritizes which customer-facing processes and customer requirements to focus on, it then translates customer expectations for each CTQ into quantifiable metrics. These inputs are summarized in an easy-to-read Voice of the Customer blueprint used to communicate both with customers and the firm.

- ❖ First, down the left, the five processes or interactions that the customers deem most important to GE’s performance
- ❖ Second, down the middle, the specific customer requirements, such as on-time order delivery
- ❖ And third, down the right hand column, the specific customer expectations for each requirement

Telling Customers: “We listened, and this is what we are doing”

The VOC blueprint is used externally to make customers aware that GE has heard their requirements, is responding with improvement projects and has made “quantifiable” progress against their expectations. By communicating before improving, GE satisfies customers twice—once when they realize they’ve been heard, and then again when they experience the improvement GE delivers. This ongoing dialogue with customers ensures the company “gets paid” for listening. This is a critical insight: Voice of the Customer cannot simply be a listening exercise. Customers will punish you if they do not see that you “get it,” and again, if they do not see you act on what they have told you.

Telling Ourselves: “Based on customer feedback, we can now all align around what we have to deliver”

The VOC blueprint is also used internally to focus the organization on improving aspects of the service experience important to customers. These priorities are communicated on an ongoing basis to all functions within GE Fleet Services so that the entire organization understands not only what the customer priorities are and how success is defined, but also how their role supports the five prioritized processes (ordering, customer service, billing, licensing and program materials).

One of the hazards of VOC is that occasionally customers are going to ask for things that aren’t economically feasible. The next page shows you GE’s solution for that.






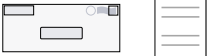


Component #3: Customer-Focused Blueprint

“GETTING PAID” TWICE

Voice of the Customer Blueprint Communicates Plans to Customers and Staff

Voice of the Customer Blueprint

GE (Illustrative)

 GE Fleet Services Prioritized Customer-Facing Processes	Customer Requirements (CTQs)	Customer Expectations
① Ordering 	<ul style="list-style-type: none"> On-time order delivery 	<ul style="list-style-type: none"> +/- 7 days from customer requested delivery date
② Customer Service 	<ul style="list-style-type: none"> Time spent on hold Time to complete request if follow-up required 	<ul style="list-style-type: none"> 30-second hold-time Meet agreed-upon customer resolution time and date or courtesy call back
③ Billing 	<ul style="list-style-type: none"> Complete process before invoice due date (no late charges) 	<ul style="list-style-type: none"> Receive bill 10 days prior to due date No back charges from previous periods
④ Licensing 	<ul style="list-style-type: none"> Receive valid license plates prior to expiration of old plates 	<ul style="list-style-type: none"> Mail plates 1–3 weeks prior to expiration
⑤ Program Materials 	<ul style="list-style-type: none"> Receive program materials not too far in advance of and never after new car delivery 	<ul style="list-style-type: none"> Receive materials 0 to 14 days before vehicle delivery Receive replacement materials in 2 to 5 business days

- Used internally to focus entire organization on improving processes important to customers
- Used externally to let customers know that GE not only listens but also takes action on what is important

— WE HEAR YOU LOUD AND CLEAR —

“Once we determine the most important processes from our customers’ point of view, we can focus our improvement efforts on areas that matter most to our customers. Equally important, however, is to report back to all our customers that we’ve heard them and are taking action.”

Gina Seppi
GE Fleet Services



Component #4: Client Advisory Boards

To manage customer expectations, GE has formed a Client Advisory Board (CAB). GE uses these sessions to focus specifically on recent improvements in the business model, to gain additional VOC data, and to seek the Board’s advice on requests that are not feasible.

The CAB is composed of a group of 20 key customers by teleconference every other month and holds two full-day, in-person meetings annually in order to solicit feedback and report out on the progress GE is making against customer priorities. The discussion is led by the CEO of GE Fleet Services and often involves other senior leadership as appropriate. For example, when issues relating to Web-reporting tools are on the jointly developed CAB agenda, the company’s CIO participates in the session.

Managing Customer Expectations

Setting realistic customer expectations is a critical part of the discussion. GE Fleet Services often uses a CAB meeting to share a particularly difficult customer issue with the customer panel. The group then discusses potential solutions that are either more feasible from a process perspective or that require the sharing of additional costs.

As you can see on the bottom of the facing page, this can take one of three forms—GE can either show how the request is unprofitable, can use the request as leverage to get something in return, or can consider raising prices to cover associated costs.

With this input in hand, GE Fleet Services can address the broader customer base with a solution that customers will more readily accept, given the fact that the idea was developed collaboratively.



Component #4: Client Advisory Boards

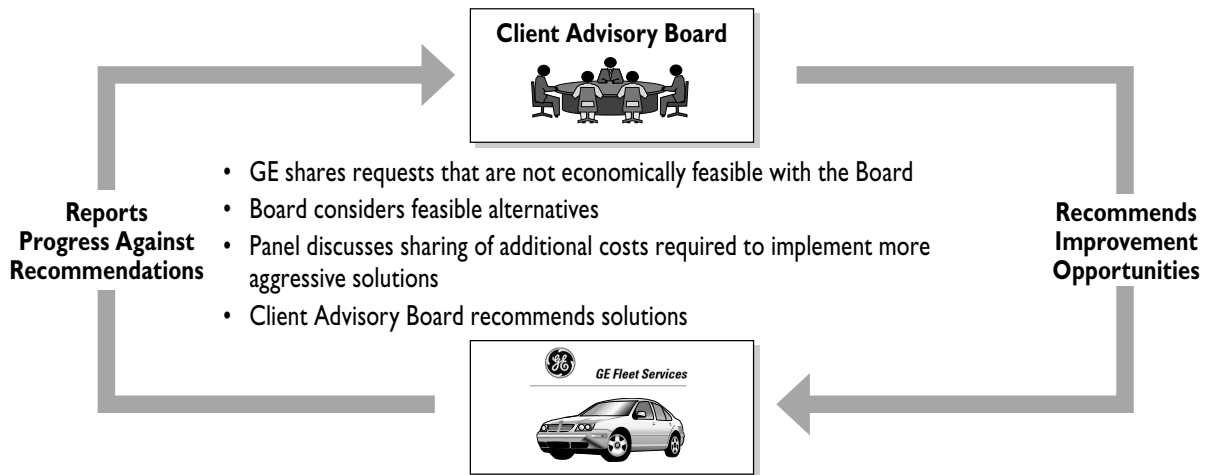
SEEKING ALTERNATIVES

GE convenes groups of customers to discuss customer requests that are not economically feasible for GE...

Client Advisory Board

GE (Illustrative)

- Board consists of 20 customers
 - Converse bimonthly by teleconference
 - Convene semiannually in-person
- Meetings chaired by senior management



Source: GE Fleet Services.

...and generates scalable solutions perceived as equitable by each side

<u>Order Delivery</u> Roundtable (Illustrative)			
Customer Expectation	Company	Client Advisory Board	
	Option #1 Justify Saying “No”	“Guaranteeing three-day delivery would triple our delivery costs and make us unprofitable.”	“I understand, we’ll accept the current seven-day guarantee.”
	Option #2 Consider Practical Alternatives	“To cost-effectively meet your delivery demand, we need to plan against your needs.”	“Okay—so can you guarantee delivery within three days if we give you increased visibility into our requirements?”
	Option #3 Discuss Shared Expenses	“Meeting your expectations would increase expenses—we would have to raise our prices.”	“We’d be willing to pay 10 percent more if you could guarantee precise delivery.”

Source: Marketing Leadership Council research; Operations Management Roundtable research.



