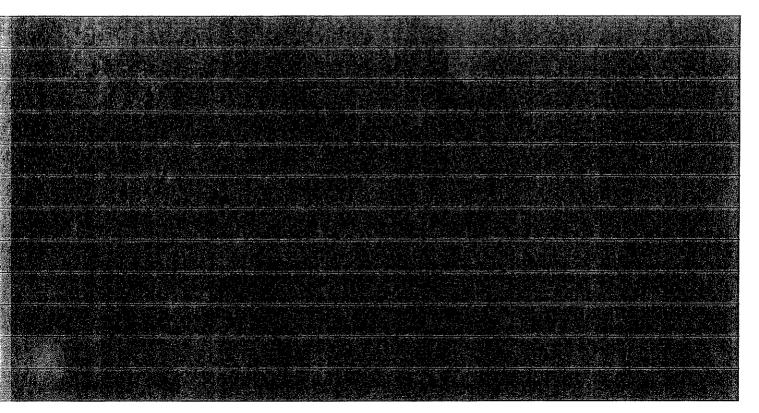
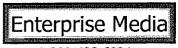
WORLD-CLASS QUALITY:

The Customer Will Decide with Tom Peters

Discussion Guide







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Objectives

The objective of this program, *World-Class Quality: The Customer Will Decide*, is to explore ways that quality—as defined by the customer—is the key to competing successfully in global markets. Through case studies, this program examines the critical elements that fuel the success of four companies that have international reputations for quality and have achieved global success.

Studied together, the videotape and discussion guide will help participants:

- Understand the concepts of world-class quality
- Explore the implications of the concepts for their own work situations
- · Develop specific ideas for improvement

Sample Case-by-Case Agenda

Topic	Running Time (m	inutes
Introduction and	Warm-up exercise	20
Video: Rational ca	se study	15
Discussion	,	10
Video: Trumpf cas	se study	15
Discussion		10
Video: Playmobil/	Pils case study	15
Discussion		10
Video: Hurco case	study	15
Discussion a	nd Group exercise	70
Conclusion	- 	10

Using World-Class Quality in Your Organization

This guide provides materials for a two- to three-hour session that includes conducting a warm-up exercise, viewing the videotape and facilitating a group discussion. (See sample agenda.)

- Warm-Up Exercise is designed to start participants thinking about the ways they judge quality as customers.
- **Video Program** can be viewed uninterrupted, but is more effective to view in four segments, one case study at a time, pausing to discuss each case study and review learning points before continuing.
- Case Studies in the video are summarized in this guide. Following each summary is a short profile of a service organization that is known for delivering world-class quality.
- Discussion Questions follow each case study. These questions
 provide opportunities to challenge your organization's way of doing
 business. For more effective discussion, customize the questions to fit
 your organization and audience.
- **Final Group Exercise** ties together important concepts, clarifies specific organizational needs and opportunities, and identifies areas for improvement.

Preparation Checklist for Discussion Leaders

- Preview tape
- Define group objectives
- Prepare introduction
- What do you expect the group to learn?
- What changes do you expect them to make?
- Develop discussion questions tailored to organization and audience.

Introduction

What does it take to compete globally? The lessons of the world's leading export nations—the U.S. and Germany—are clear. You have to deliver world-class quality as defined by the customer.

Most Americans interested in quality have turned to the Japanese example, studying the lessons of Toyota, Sony or Matsushita. For the last two years, management maverick Tom Peters, author of *Thriving on Chaos* and co-author of *In Search of Excellence* and *A Passion for Excellence*, has been studying Germany, a country where wages are 18% greater than in the U.S. and per capita exports run two-and-a-half times higher than in Japan.

In Japan, giant companies dominate exports. In Germany, Peters found that the *Mittelstand*, or mid-size companies, fuel the export economy. It's the *Mittelstand* that makes the "made in Germany" label a symbol of quality the world over. Germany, despite enviable wages, is even the world leader in textile exports, with a third more overseas sales than Hong Kong.

The *Mittelstand* are mid-size companies with 25 to several thousand employees. But according to Peters, insiders define *Mittelstand* as a state of mind. In his research, Peters has found six common threads that make *Mittelstanders* such powerful global competitors:

- They produce value-added, premier-quality goods. Quality is defined by the end-user customer.
- They *live* for the customer. The customer is a full member of the company team and the final judge of quality.
- They focus on the niche. The niche is a narrow, carefully defined product line and market. At the same time, *Mittelstanders* innovate constantly for their chosen customers.
- They're committed to broad-based education. Education and training includes hands-on technical skills as well as theoretical classes.
- They're globally oriented. They don't wait until they reach a certain size to think about global markets. They think globally from the beginning. (One *Mittelstand* chemical company Peters found has a 50% global market share in its niche—and only 11 employees.)

- They're in business for the long haul. *Mittelstanders* spend aggressively on R&D and the latest equipment.
- They are non-bureaucratic. While Germans tend to be more formal than Americans, *Mittelstanders*, nonetheless, run their businesses with fewer layers, leaner staffs and wide-open communication between levels and functions

Mittelstand may be a German term, but it's by no means an exclusively German phenomenon. Companies around the world are using the same formula for success. In this videotape, Peters visits three outstanding German companies. Then, he returns to the U.S., to Indianapolis, Indiana, where a Mittelstand outlook has furned around one American manufacturer. A brief description of these four companies follows.

- Rational makes high-tech, user-friendly, commercial ovens that
 dominate a global market. Exports account for more than half of the
 company's revenue, research is a priority and customization is routine.
- **Trumpf**, a giant machine tool maker, has the responsiveness of a greyhound. The manufacturer combines a centuries-old tradition of hands-on craftsmanship with up-to-the-minute computer sophistication to generate about \$600 million annual revenue.
- **Playmobil** has succeeded in the tough and fast-moving toy business by steering clear of fads and trends and staying close to the customer. The toymaker, which grossed approximately \$200 million in 1990, spent ten years developing its line of toys before it began production.
- **Hurco Companies** of Indianapolis, Indiana, is another machine tool maker that has made a stunning turnaround in the last five years by adopting the *Mittelstand* attitude. Today, it's growing a strong export business in the toughest market of all—Germany.

While all the companies featured in *World-Class Quality: The Customer Will Decide* are manufacturing firms, the *Mittelstand* is alive and well in the service sector, too. Companies such as Rosenbluth Travel of Philadelphia, Skonie Corporation (a training contractor) of Sausalito, California, and University National Bank and Trust Company of Palo Alto, California, to name only three American *Mittelstanders*, have all built international reputations on world-class service quality that puts customers first.

Warm-Up

Quality: From The Customer's Point of View

Think of one top-quality product or service that heads your personal list of all-time bests. You may think of a car, stereo, home-cleaning service, restaurant, even your accountant. What company delivers top quality service and focuses on your needs as a customer?

Write the name of your favorite product or service in the space below; name the company and briefly describe the product or service. When you've completed this questionnaire, discuss your answers with the group.

Best product/service

1.	What characteristics or features make this product/service the best for you? What specifically makes it top quality?
	- · ·
2.	What else about the product/service or the company reinforces the message of quality? (Packaging? Communications? Other products or services?)
.	How long have you been a customer of the company?
	·.

4.	Have you ever had a bad experience with the company? How was it addressed?
5.	How many employees of the company have you had contact with? What are their jobs?
6.	How would you describe these employees? Think about their attitudes and technical competence.
7.	During the years you have been a customer, has the product or service changed? Why?
8.	As a customer, are you important to the company? How do they let you know?
9.	What would it take to convince you to switch to a competitor?

Rational

As you view the case study on Rational, use this space to take notes on specific examples that demonstrate world-class quality.

Quality • Customers • Niche • Education Global Orientation • Long Haul		
	- 4	
What ideas can we adopt in our organization?	How can we put them to work?	

Rational

Rational Grosskuchentechnik GmbH of tiny Landsberg, Germany, is a global giant. Three hundred employees manufacture just one product, the "combi-steamer," a commercial oven that combines convection and steam heat.

Under the leadership of owner/manager Siegfried Meister, Rational has grown mightily in a short time. In 1977, Rational sold a quality convection oven in an increasingly crowded market. To get the jump on competitors, the company put steam and hot-air cooking together in one oven. Eight years later the product was established. When "combis" were generating just 40% of company revenue, Meister shut down production of the convection oven line. This high-risk move ensured that every employee concentrated on making the "combi" a success. The move paid off. In 1985, Rational's sales were \$13 million. In 1990, sales reached \$100 million.

Several factors have contributed to Rational's phenomenal success:

Customers. Everything about Rational and its oven is focused on the customer: the professional chef. Sales and marketing trainees spend three weeks working directly for customers in hospital, hotel and restaurant kitchens. The company employs eight first class chefs, who demonstrate the company product and act as "lawyers for the customer," presenting the customer's point of view to everyone inside the company. Remember the story of the meat probe. According to chef Josef Meringer, while engineers wanted a thick probe for safety and reliability, the chefs demanded a thin probe that wouldn't mar the appearance of the meat for diners.

Quality. No sloppy welds at Rational, out of sight or not. Rational's incredibly high work standards are hanging on the factory walls in posters that read: *Gut Genug? Der Kunde Entscheidet*. (Good enough? The customer will decide.)

Global orientation. More than 60% of Rational's sales are exports. You can find a combi-steamer on a Norwegian submarine, a Saudi prince's yacht as well as in hospitals and restaurants around the globe.

Niche. Rational is committed to only one product, the combi-steamer, and only one customer, the professional chef. Easy communication across boundaries—chefs talk to engineers, designers to welders, and everybody to customers—enables workers to constantly improve the product. Peter Huebner, head of R&D, says his people are often in the field "just to get tight contact with customers."

The Lessons of Rational

- Focus on the product
- A GIANT in R&D
- · Pervasive global presence
- Customers will pay for value
 The customer is #1
 -Profits will follow
- Customer advocate on staff
- EVERYONE listens to the customer
- Software fanatics
 --Designed for the end user
- "The Magic Blend"
- Software and attention to detail
- Respect for workers is key
- Clear, bold vision
 -Takes guts!

Discussion Questions

,	as you can that demonstrate Rational's focus on customers. For each example, think of one instance of customer focus in your own organization. If you aren't doing as much as Rational, brainstorm as many specific ways as you can for your organization to reach out to customers.
	Do you know what your niche is? Can you define it in ten words or
	less? Rational defines its niche succinctly, "the professional chef." Your niche:
	Can everyone in your organization define the niche? Does everyone feel that you are all working for the same special customer?
,	Do you stick to your niche? Can you give a positive example of how you demonstrate your loyalty to target customers? Can you think of ar instance when you stuck to your niche even when it meant turning

continued

5.	Rational's factory workers would do anything to serve the customer, often without getting an OK from management. Are all employees in your organization as empowered to serve your customers? If not, why not? What can your organization do to empower its employees?
6.	If yours is a manufacturing organization, are your products consistently high quality, both seen and unseen parts? If yours is a service organization, do you provide customers the services they need whether or not it's your job, whether or not the boss will know? In either case, if not, why not? What will your organization do to commit to a high quality way of doing business?

Service organization known for world-class quality.

Quality Plus Service Equals Success for California Plumber

De Mar is a 35-person plumbing/heating/air conditioning service in Clovis, California. In 1985, De Mar grossed \$210,000. Six years later, the annual sales figure was \$3.5 million. According to president Larry Harmon, "In 1985, we were going nowhere fast, but then we shifted our focus to quality and service, rather than worry about the price. We are now the most expensive plumbing company in the area and the most successful."

Here are a few ways that De Mar follows the *Mittelstand* model, delivering world-class quality service to customers:

- Guaranteed same-day service. The top complaint of industry customers is that plumbers don't show up when they say they will. Not at De Mar.
- **Price Guarantee.** De Mar quotes all work to the penny before starting the job. If De Mar underprices the job, they live with it. That takes care of customers' second most frequent complaint.
- 24-hour, 7-day service at no extra charge. Harmon asserts that De Mar more than recoups extra overtime costs with the bigger customer base and strong customer loyalty.
- Training. De Mar spends about 2% of gross revenues on training.
- Pay based on customer satisfaction. De Mar gives service advisors, or repair people, points for customer compliments. The top three point-getters (of 16 service advisors) are paid at a 50% higher rate for the month.
- Recognition. De Mar has several bonus and award programs for outstanding service performers, as selected by peers and top management.

Trumpf

As you view the case study on Trumpf, use this space to take notes on specific examples that demonstrate world-class quality.

	ers • Niche • Education ation • Long Haul
	- <u>-</u> 9
What ideas can we adopt in our organization?	How can we put them to work?
ж	

Trumpf

Trumpf designs, builds and sells customized, computer-controlled machine tools, costing \$400,000 to \$1.3 million each. With 3,000 employees and annual sales of \$600 million, Trumpf is the second largest machine-tool maker in Germany.

Training is fundamental to Trumpf's success. Thanks to a national apprenticeship program, the newest workers on the factory floor have the benefit of a two- to three-year program that gives them solid grounding in traditional hand skills as well as the latest computer technology. Training is by no means limited to apprentices. Trumpf's 250 service engineers, for instance, have some 60 courses available to them. The company also has its own 11 classroom training center where it trains about 2,500 customers a year. CEO Berthold Leibinger himself started as an apprentice. Today, he not only runs Trumpf, he owns 73% of the multinational company.

Globally oriented. Trumpf exports all over the world. It has 19 subsidiaries in ten countries. The U.S. subsidiary serves a growing U.S. market and accounts for most of Trumpf's exports to Asia.

Innovation. According to Leibinger, the most important single factor in the company's success is "our constant dedication to innovation in our products and also in our internal organization and attitude toward new markets." Trumpf customizes every machine to fit customers' needs. Sixty percent of the current sales at Trumpf come from products introduced in the last three years. No wonder Trumpf is perpetually innovating. About 10% of the company's employees work in R&D, that's nearly 100 employees in software engineering activities.

Quality. CEO Leibinger insists that quality depends on the hands-on skills learned in the apprenticeship program. As Ludwig Litzenberger, Trumpf's head of sales and member of the board, told Peters, "Of course I've worked on the shop floor. Everyone has to touch the machine. If you don't, you don't know how the metal behaves." And how the metal behaves is the foundation of quality in machine tools.

The Lessons of Trumpf

- Customers will pay for the best
- Focus
 - -On software...and tangibles
- Focus = Innovation
- Top-drawer software
- Top-drawer hardware
- "The Magic Blend" (Again!)
- Filing! Filing! Filing! --Feel of the metal is priceless!
- Customer and product are inseparable
- Product-oriented management
- Commitment to the long haul

 —Think decades, not quarters
- Americans can make quality products, too
 --And want to!

Discussion Questions

Training is k	ey to	Trumpf's	s success.	At Se	erviceMaster,	training	is a	top
management job.		1						

1.	How important is training in your organization? What signals tell you that training is valued by the organization? How much money is spent on training? Are there company classrooms on site? Do top managers participate in training?
	:
2.	Do managers in your work unit or organization know how to "do the job?" Were they promoted to management from the rank and file? If so, how does their experience influence the quality of product or service? If not, what is the impact?
3.	Is your company committed to lifelong learning? As a new employee, what kind of training could you look forward to? How would classes support your skills training? Grasp of business and economics? Career planning?

continued

 Is your company committed to training your customers, too? Does it deliver an effective training and support package to stand behind the company's top-quality products and services? Does it, like Trumpf a Hurco, bring in customers for training? What opportunities to boost service and profit through customer training is your organization missing? Innovation is also key to Trumpf's success. Does your organization have an "it's always been done this way" attitude or is everything, from forms to communication techniques to complete product lines reevaluated for effectiveness at least every find years? How can your organization begin to address reevaluation procedures? 		
5. Does your organization have an "it's always been done this way" attitude or is everything, from forms to communication techniques to complete product lines reevaluated for effectiveness at least every fi years? How can your organization begin to address reevaluation	deliver an effective tra company's top-quality Hurco, bring in custor service and profit thro	tining and support package to stand behind the products and services? Does it, like Trumpf and mers for training? What opportunities to boost
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	attitude or is everythir complete product line years? How can your	ng, from forms to communication techniques to s reevaluated for effectiveness at least every five
	6	
	'	

Service organization known for world-class quality.

Illinois Cleaning Contractor Builds Success Through Training

ServiceMaster, a Downers Grove, Illinois-based cleaning contractor, provides a full range of services for its niche: hospital laundering, housekeeping and food preparation. The company also maintains customers' equipment and orders medical supplies. ServiceMaster is so service- and customer-oriented that *Fortune* magazine described it as "an all-round handyman." ServiceMaster's first hospital customer, Lutheran General, in Park Ridge, Illinois, is still a client. ServiceMaster also exports its service quality to Japan, where 400 franchisees are active.

Like Trumpf, ServiceMaster has built success on a solid foundation of training. The company's top managers not only take in-house courses, they teach them. Courses include waxing, washing and career building at ServiceMaster. The company is duly proud of its record for reaching even the functionally illiterate with its training. They reap the substantial benefits of very low turnover.

Playmobil/Pils

As you view the case studies on Playmobil and Pils, use this space to take notes on specific examples that demonstrate world-class quality.

Quality • Customers • Niche • Education Global Orientation • Long Haul		
	1	
What ideas can we adopt in our organization?	How can we put them to work?	

Playmobil

Inside the world's classiest retailers, such as Harrod's and F.A.O. Schwarz, a special place is reserved for Playmobil toys. Boasting price tags of \$4 to \$120, these little plastic toys, different from any others stocked, are part of a system that can create a circus, village, train station, construction site, even an Arctic base camp.

According to owner/manager Horst Brandstatter, the fourth generation of his family to own and run the company, there's only one reason Playmobil thrives: "It's a good toy." "The success of Playmobil is the product," he continues. "If you want to make a good product (in our industry), you have to think exclusively about the toy and the child. You can't think about the result, about sales volume."

The toy business is as high pressure and as fashion conscious as the automobile industry. Playmobil company doesn't follow trends or use media tie-ins; its toys don't use batteries or high-tech gizmos. When toy buyers pushed Brandstatter to come up with an Olympic Game theme, he refused because it didn't fit the system. When retailers insisted they wanted to carry only selected parts of the system, Brandstatter turned down their business. "Customers come in with a piece of paper and a number on it, to ask for a special item. If they don't get what they want, they don't buy anything at all."

Some other factors that contribute to Playmobil's worldwide success:

The long haul. Playmobil is a business that thinks about the long term. For instance, the toys aren't the result of market research, but of a tenyear development period during which toymaker Hans Beck observed, played, carved, drew, whittled and learned.

Customers are first. Playmobil listens more to the end-user customers than it does to retailers. Management reads children's letters. The new Playmobil Park, opened in 1990, which attracts 5,000 to 10,000 people each month, allows the company's trained listeners to observe children using the toys.

continued

Product. Product. Product. Quality is uncompromising, from the quality of the concept to the shape of the finished plastic pieces. "A bad quality product cannot be a good product, no matter how well it is designed," says Brandstatter. He adds, "People expect Playmobil to be good. But if their child doesn't know what to do with a toy and casts it aside after a few uses, our image will be destroyed."

Flexibility and good communication. The design of the new Playmobil house (office building) allows designers and moldmakers to talk to each other. Building Playmobil Park at the company headquarters is another way to open communication.

Vision. While there are 80 designers working in the R&D department to absorb the vision, it is designer Hans Beck who still acts as the godfather. He is the keeper of a crystal clear vision of who customers are and what they expect from the toys.

Pils

Pils, the Cadillac of German beers, is brewed according to the oldest pure food law on record, written in 1516. As Tom Peters observes, drinking Pils in a traditional bar is a ceremony of excellence and a lesson in German commercial logic. A glass of beer is poured a little at a time, taking seven minutes to achieve the perfect head. Pils costs 10% more than run-of-the-mill brew, and there's a 20% surcharge to drink Pils in a traditional bar, where it's poured to perfection. When you provide world-class quality, you can charge a little more.

The Lessons of Playmobil

- A clear vision
 - -Driven by the child's imagination
- Customers, even children, will decide
 - -- Not the buyers
- Commitment to the long view
 - -- 10 years to get it right
- Great design is not enough
 - -- Requires massive support investment
 - --Invest in the best technology
- · Shatter functional walls
 - -Easy communication = \$\$\$ payback
- First-class EVERYTHING!
- No compromise
 - -- First-class distribution
- MORE of "The Magic Blend"
 - -- Modern technology & hand craftsmanship
- Global player
 - -The world is its stage

Discussion Questions

1	. What's your vision of your organization's primary product or service? Where does it stand in the market? What does it represent to customers? Employees? Competitors? Remember how clearly Beck and Brandstatter envision Playmobil toys. Is your vision of your product or service as clear?
2	Does your organization have a crystal clear vision of what your customers need and want? How do you know what customers are thinking? Are you satisfied with the information you have? How could you get more or better information? If your vision isn't crystal clear, what do you need to do to clarify it?
3	Do you ask customers for ideas? Do you use the ideas given? Why? Why not? What are the obstacles? How can they be removed?
4.	What kind of quality culture does your organization embody? Is every nook and cranny consistent? Is your packaging, for instance, always as perfect as your product? Do your communications to customers (everything from bids to invoices) live up to the same exacting standards as the product or service? What about communications to employees? Does your orientation package for new employees embody a quality culture? What does it communicate?
5.	Consider this scenario: Your organization's most important customer wants a big order, and wants it fast. You don't have enough time to fill the order using your normal quality standards. What would your organization do? What would you do?

Service organization known for world-class quality.

Alaska Airlines Invests In Good Service

In 1990, the airline industry posted a \$5.12 billion loss. That year, Alaska Airlines recorded a \$17 million profit. What is their secret? Quality service targeted at the full-fare business flyer. Condé Nast *Traveler* magazine has voted the airline the best for three years running. In July 1991, *Consumer Reports* magazine ranked the company Number One at everything from check-in to baggage handling. The regional carrier invests in good service. Alaska Airlines spends twice the U.S. average on inflight meals, which can include fresh salmon in coach. The airline hasn't tried to boost revenue by putting more seats on its planes. Fewer seats means more leg room for each passenger. Service is not just the job of flight attendants, it's also the job of top managers—even the Chief Operating Officer investigates flight delays.

Hurco

As you view the case study on Hurco, use this space to take notes on specific examples that demonstrate world-class quality.

Quality • Customers • Niche • Education Global Orientation • Long Haul			
	*		
What ideas can we adopt in our organization?	How can we put them to work?		

Hurco

Hurco, a machine tool manufacturer, exemplifies a company transformation and a *Mittelstand* success in the U.S.A. Founded in 1968, by the mid-80s, this small company was in serious trouble. When machines were delivered, customers complained that pieces were missing or loose and that the paint was four different shades of blue. Hurco was on the brink of closing, suffering from a common American disease: poor quality and poor service. Today, new standards of quality, new dedication to service and a focus on one market niche has turned the company around. Boasting \$94 million in sales and 600 employees (300 in Indianapolis and 300 worldwide), the company runs a very lean and competitive operation. Most of the hardware for Hurco's machines is out-sourced. In-house, the company develops sophisticated, easy-to-use and self-correcting software controls. These controls give Hurco's customer niche, the small shops, a competitive edge.

The top quality, computer-enhanced machines Hurco sells today are the same price as the questionable 1982 versions. That's largely due to "value engineering," a Hurco term for the cross-departmental teams that pore over every component, testing and improving each detail.

Some factors that have made Hurco's turnaround possible:

Software/Hardware. Hurco's software keeps it ahead, but state-of-the-art hardware means more to customers when the company's machines are one shade of blue and work properly.

Niche. Hurco knows who the customer is: the small shop, often run by one person. The machine tools have to work for that person and his needs. The niche strategy works in Germany, too, where Hurco's market grew about 50% in 1990.

The Lessons Of Hurco

- Get that "Blend" right!
 --Without it, you could be history!
- The workers knew the problems
- The future is in "The Blend" --Soft/Hard balance
- Product + Customer + Long Haul = \$\$\$\$

Discussion Questions

1	Hurco's turnaround has taken them mostly out of the metal-bending business and put them in the software business. Remember what Berthold Leibinger of Trumpf said about the importance of tangible things? He talked about Germany's excellent ability to understand the tangible and physical and America's superiority in software engineering. Where does Hurco stand? What do you think of Hurco's shift to software? Is it an effective competitive strategy?
2.	Does your organization have a "let's just get it out the door" attitude? Discuss the ways this attitude can influence customers' views of the product and the organization. What is its impact on employee morale, on commitment to quality?
3.	Does your organization have the "if it isn't right, it ain'tgoingnowhere" attitude? Why? Why not? If not, can this attitude change? At what expense will it stay the same?

Core Value Discussion Questions

If quality is a core value in your organization, it's more than a slogan or an organizational program—every employee takes it to heart.

1.	Ask yourself if you would recommend that a family member, friend or neighbor work at your organization? Why? Why not? If not, why do you work at this organization?
2.	If it's "just a job" to you, what do you think you're contributing? Are you helping the organization deliver world-class quality? What ways are you willing to change?
3.	Do you and your co-workers feel you have a personal stake in the success or failure of the organization? What can you do to effect change? What will you do? Why?

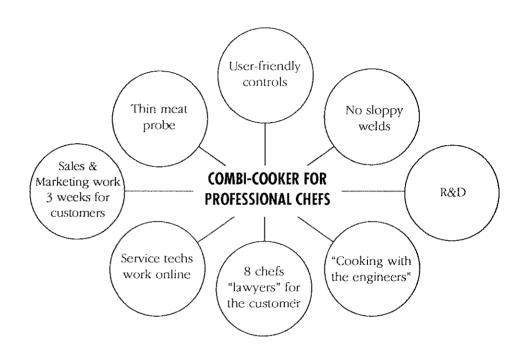
Service organization known for world-class quality.

The City of Phoenix: Model of Efficiency and Service

The city of Phoenix, Arizona is a big operation. In terms of attitude, it's a *Mittelstander*. For 40 years, the city has been a model of efficiency. innovation and quality customer services. An example is the city Personnel Department, which processes and tests applicants for city jobs. In 1990, the department saw 130,000 applicants for 1,500 jobs. As department director Carlos Arauz explains, "Most direct contacts city governments have with citizens are through the courts, the police and the personnel department. With the courts and the police, these contacts are not usually positive. Since we can hire only 1,500 out of 130,000, our contacts are largely negative. So it is critical that we manage these contacts to achieve the best possible outcome for our customers." Arauz and his staff have redesigned the application process and set strict standards for customer service. No phone in the department rings more than three times. A call can be transferred once only. All calls must be returned within 24 hours. As a result, the citizen rating of the department has risen from 68% pleased with the service provided in 1986 to 98% in 1990. Arauz is happy. Part of his pay depends on how citizens rate his department's service.

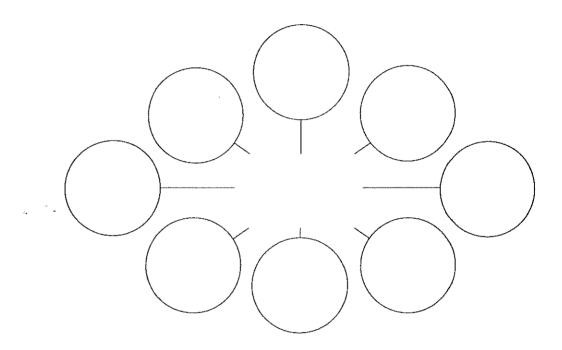
Group Exercise

Rational has designed its product and its company for the customer. Look at the diagram below. Here are eight ways that Rational is totally focused on the customer.



Quality Products and Services For Your Customers

Now, look at the blank diagram. In the center space, write a phrase that describes your product or service and another that describes your customer. In the outer circles, jot down the things that enhance or improve your product or service for your customer.



Ideas and Action Plans

"Plans are just good intentions unless they degenerate	into hard work."—Peter Drucker
	i cici i i i denci
Ideas I want to bring to my work group	
Interesting ideas to follow up	

Choose one specific idea to implement. Write it down. Get started on it within the next 72 hours.

Ways to get started.

- Put it on your calendar
- Make a public commitment
- Ask a colleague to get involved with you

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