

CUSTOMER-DRIVEN TRANSFORMATION

CHANGING WHAT COUNTS, NOT WHAT COSTS!

Companies transform themselves, for better or worse, all the time. A tremendous amount of time and effort, not to mention money, is spent trying to change. But how do they determine WHAT to change? And what do these changes bring?

Unless your changes are customer-driven, you may be changing the wrong things, for the wrong reasons.

“Customer-Driven” Transformation (CDT) is a methodology that guides business decisions by aligning the outcome of work processes with the expectations of your customers. Gordian’s Customer-Driven Transformation methodology focuses your transformations. Our techniques help enterprises continually adjust productive resources to correlate with customer demands (and vice-versa) in a cost and time-effective manner. Seems like common sense, but how is it done?

CDT methodologies and techniques are based on the following axioms:

- ◆ Work processes use resources to produce outcomes.
- ◆ Customers have expectations.
- ◆ Expectations, outcomes and processes are variable and dynamic.
- ◆ Only when outcomes continuously meet or exceed expectations are companies successful.

CDT works to continuously align the three key success factors: processes, outcomes and expectations. Expectations are surveyed and quantified, outcomes are inventoried and costed, and processes are evaluated and optimized so that companies produce what is expected efficiently and effectively.

Customer-Driven Transformation therefore implies two related efforts: coherence and correspondence. Doing things right, and doing the right things. Being efficient and being effective. The coherence of processes and outcomes is defined as efficiency. The correspondence of outcomes with the expectations of the market is defined as effectiveness.

The Dual Challenge

Coherence is inwardly focused (how do we change?) while correspondence is outwardly focused (how are the customers and the market changing?)

The real challenge lies at the intersection of coherence and correspondence; where they overlap—in their correlation. Customer-Driven Transformation stands at those points of intersection. It seeks to align what we make or provide with what cus-

tomers want. It takes into consideration processes, outcomes and expectations, making sure they work together, and not at cross purposes.

How Does CDT Work?

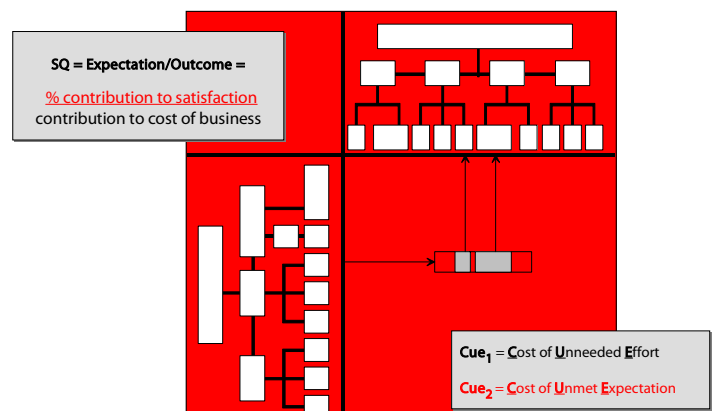
Customer-Driven Transformation, by definition, relies on knowledge of a company's outcomes (goods, services), how they are produced (processes and resources) and what customers demand (expectations). Each is rated according to its contribution to the success of the company.

- ◆ Processes are judged on their ability to bring about outcomes.
- ◆ Outcomes are rated on their ability to meet expectations.
- ◆ Expectations are measured as to their impact on customer purchase decisions.

A two-dimensional analysis is created to include all the outcomes produced by the company or operation; and the needs of prospective customers. Expectations are mapped against outcomes, with processes representing the conversion of one to the other. This analysis measures the planned, incremental and perceived values of each good, service or item produced to determine a satisfaction quotient (SQ) for everything currently done by the company.

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Customer-Driven Transformation (CDT)



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For example, the SQ of a particular outcome (say having a health spa in a hotel) is measured as:

$$SQ = \text{Expectation/Outcome} = \frac{\% \text{ contribution to satisfaction}}{\% \text{ contribution to cost of business}}$$

Variances are highlighted by their respective CUE value:

$$\text{Cue1} = \text{C}_{\text{ost}} \text{ of } \text{U}_{\text{nnecessary}} \text{ E}_{\text{ffort}}$$

$$\text{Cue2} = \text{C}_{\text{ost}} \text{ of } \text{U}_{\text{nmet}} \text{ E}_{\text{xpectation}}$$

Customer expectations are based on detailed survey data, purchase histories, and market analysis. The analysis allows management to judge the relative value of each component and focus change efforts accordingly. On the outcome side, attention is given to processes and events that convert expectations into outcomes. Expectations, images, and signals are analyzed to determine how best to convert outcomes into expectations.

The junctions among 1) processes and outcomes, and 2) outcomes and expectations yield valuable information regarding 1) efficiency and coherence and 2) effectiveness and correspondence. Applying Gordian's CDT methodology to your enterprise enables your executive team to discover unnecessary outcomes and unmet expectations.

Gordian's Customer-Driven Transformation methodology correlates the work companies perform with the products of that work and the needs of the market. It looks inward, from the customer's perspective. It lets management focus effort and resources in a comprehen-

Important Contrasts between Transformations

CUSTOMER-DRIVEN TRANSFORMATION	FAD or FICTION-BASED TRANSFORMATION
customer-driven	company or competitor-driven
measurable	unmeasurable
objective	subjective
actionable	suggestive
dynamic	static
focused	unfocused
outside-in	inside-out
stimulates champions	provokes guardians
comprehensive	hit-or-miss
connects strategy to operations	assumes strategic-operational link
supports decisions	complicates or confuses decisions
flexible	rigid
results oriented	process oriented
founded on knowledge	founded on faith

sive, logical fashion for the benefit of customers and the company that serves them. It's flexible, organized and dynamic. Gordian provides you with the blueprint for value-added change efforts by letting your executive management choose changes that count rather than those that cost. Our methodology organizes and structures massive amounts of customer information for your competitive advantage.

Gordian's Customer-Driven Transformation methodology is driven by facts, rather than fad or fiction!

www.gordiantransformationpartners.com

SOLVING YOUR COMPLEX BUSINESS PROBLEMS

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STRATEGY, TRANSFORMATIONS
 & PERFORMANCE TURNAROUNDS

ABOUT GORDIAN

Gordian Transformation Partners is a boutique management consulting firm that integrates traditional management consulting disciplines with high-impact leadership practices and breakthrough thinking tools for mid-market clients. The result is a powerful consulting process that enables CXO's to solve their toughest business challenges with speed, efficiency, and economy.

Gordian is headquartered in Atlanta, GA. We draw on the knowledge and experience of its consultants, whose skills span the initial generation of ideas and insights all the way through to detailed implementation. Gordian's consultants have led transformation and turnaround initiatives for over 500 Global 1000 and mid-market companies

across 6 continents.

Gordian's consulting expertise addresses every area of your enterprise, from developing a transformation strategy to make your organization more customer-focused, to optimizing your supply chain investment, with the tools and expertise to help you reach your objectives.

Gordian draws on the knowledge and expertise of our consultants, whose skills span a wider range of capability than many other major consulting firms. The disciplines of Gordian's consulting specialists are underpinned by deep change management experience - managing risk, mobilizing staff and integrating initiatives to deliver sustainable change quickly.

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