



General Electric Co. Know Your Customer's Financial Model

"Ecomagination is GE's commitment to solving some of today's most pressing challenges. We're meeting the needs of business by providing products and services that improve the bottom line for our customers. At the same time, we're helping the world by reducing the effects our products have on the environment. From turbines that harness wind power to purification systems that create fresh water from the sea, GE provides solutions that protect our greatest asset of all – the world."

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General Electric is a \$163 billion manufacturer of commercial and industrial products. GE is also one of the largest financial services companies in the US. Through its six operating divisions (GE Infrastructure, GE Healthcare, GE Commercial Finance, GE Industrial GE Consumer Finance and NBC Universal it is one of the largest companies in the world. They have increased revenues by \$29 billion since 2003 and achieved their eleventh straight quarter of organic growth of 2 to 3 times global GDP.

A few years ago, GE's chief executive, Jeffrey Immelt challenged each GE business group to identify breakthrough ideas for growth. He called them 'Imagination Breakthroughs' – ideas capable of generating at least \$100 million of new revenue within three years. They were looking for ways to show their customer's the value of their integrated solutions in the face of intense competition and an increasing customer value mindset. "GE is: People providing solutions to customers worldwide. There's always something new at GE. But one thing never changes 'Our dedication to our customers'. It starts with a keen understanding of their needs – and a relentless passion for new ideas. Each innovation is focused on increasing shareowner value and on our customers' success."

Aarthun Performance Group helped GE Infrastructure, GE Healthcare and GE Industrial group's customer specific approach to understand their customer's business better. The "Know Your Customer's Financial Model" initiative is currently being used at GE Energy, GE Energy Services, GE Oil & Gas, GE Infrastructure's group, GE Healthcare, GE Aviation, GE Water & Process Control, GE Environmental, and GE Industrial Supply.

- ◆ **Understanding the Customer's Business** – We created a business simulation around the many GE customer's financial cycle to help salespeople understand the big picture of how cash flows through the business, and the key financial metrics customer's in multiple industries track and measure results. We included GE solutions to help them see the impact on the financial performance for the company.
- ◆ **Identification of Integrated Solutions from Multiple GE Companies** – By understanding their customers' business better GE has been able to not only offer solutions that impact their business metrics but they have been able to integrate the power of multiple GE businesses to expand their impact on their customer.
- ◆ **Called at Higher Levels** – One of the most important objectives of the program was to get to higher level executives where GE could position their integrated solutions. They learned to have business discussions with the 'C' suite at their customers and with the heads of key operating units.
- ◆ **Quantifiable Impact** – GE's salespeople learned to quantify the value of their clinical supply chain solutions for the customer through Aarthun Performance Group's profit proposal methodology.

Financial Impact:

- ◆ GE increased sales by over \$29 billion in a three year period.
- ◆ They increased margins by 150 basis points from 11.2% to 12.7%, representing \$5.83 billion in operating profit.
- ◆ Equipped with a 'Know Your Customer's Business Model' selling approach, they have continued to increase revenues, operating profit and margins.



APG Methodology, Processes, and Tools

| Notes in the Field | Opportunity To Create Value | What Is | What Could Be | Calculation/Value |
|--|-----------------------------|---------|---------------|-------------------|
| People, Costs, Time, Capital, Errors, Problems | | | | |
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