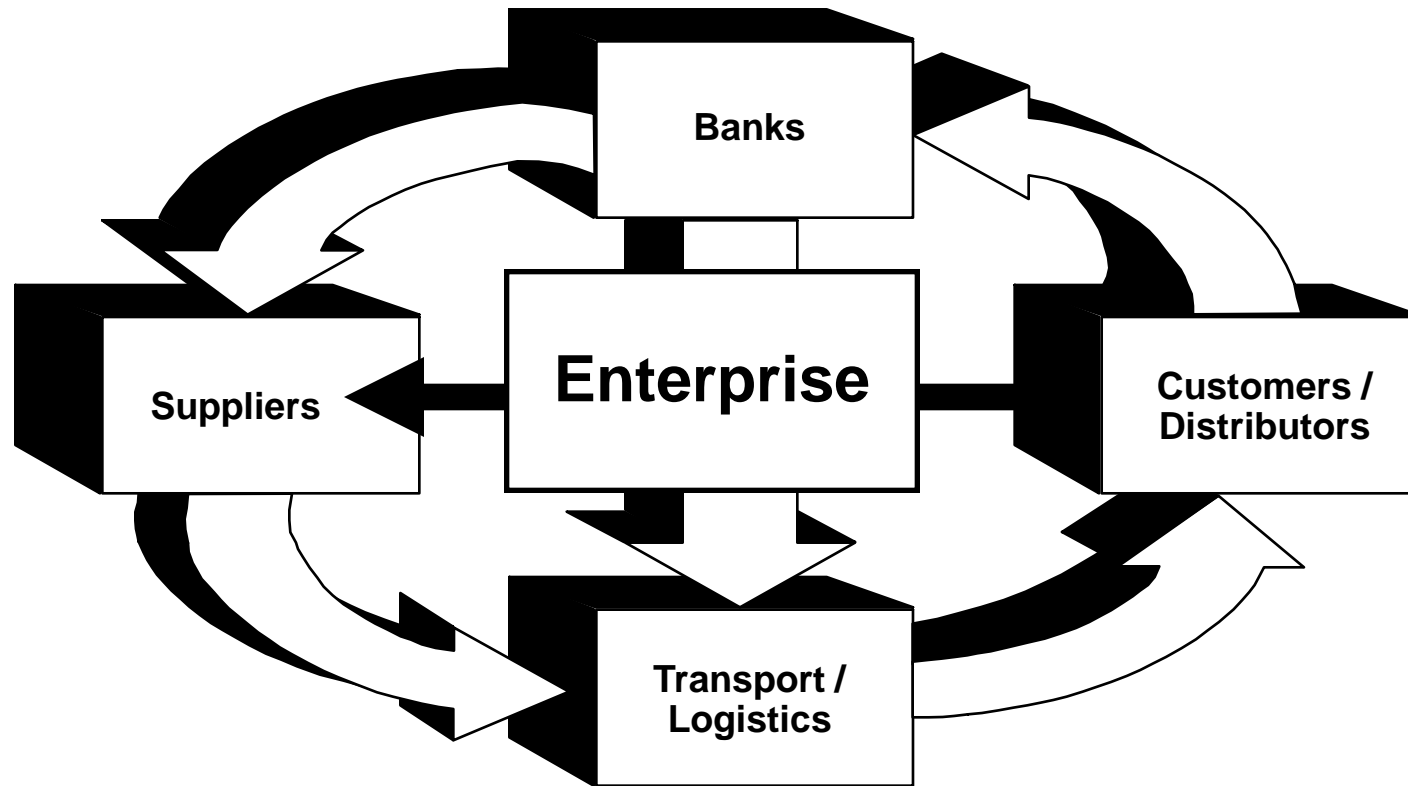


The Decisive Impact Of Information Technology On Transformation Processes

*Giuliano Venturi
Vice President and General Manager
European Sales and Services*

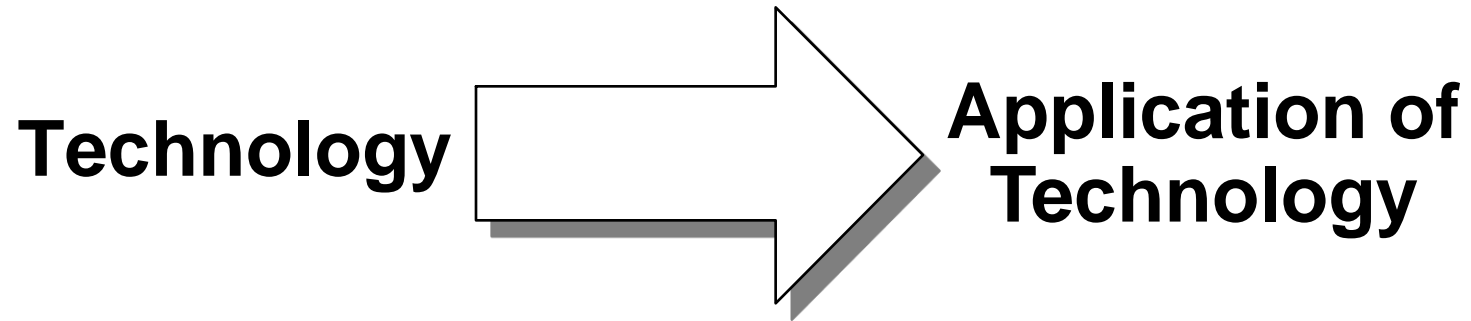
What Is Electronic Commerce



Electronic Commerce Value

- **Knight-Ridder — Success resulted in spun-off subsidiary**
- **SCAC — Avoid delays, speed deliveries, monitor the progress of shipments**

Information Management Evolution



Information Management Changing the Business Environment

- **Benetton — Order cycle shortened from 10 days to several hours, lower inventory, quality control.**
- **PSA Peugeot Citroën— Inventory turnover reduced from eight days to five, suppliers reduced by 60%**
- **Federal Express — Productivity gain of 17,000%**

Information Management Changes In Business

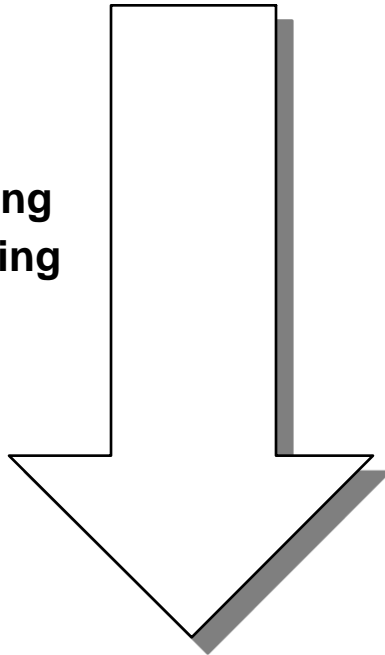
- **Measure impact of effectiveness and efficiency**
- **CIO is key member of senior management**
- **CIO must have solid business background**
- **Look outward for process improvements**

Become A More Responsive Organization

From...

- Directing
- Controlling
- Decision Making
- Change Initiating
- Turf

Top Down

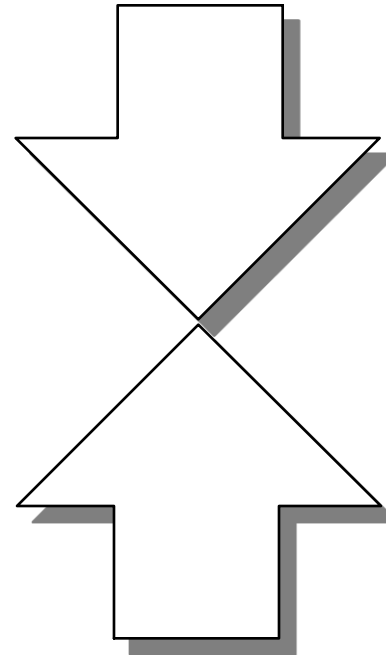


...To

- Guiding
- Leading
- Communicating Vision
- Developing Strategy

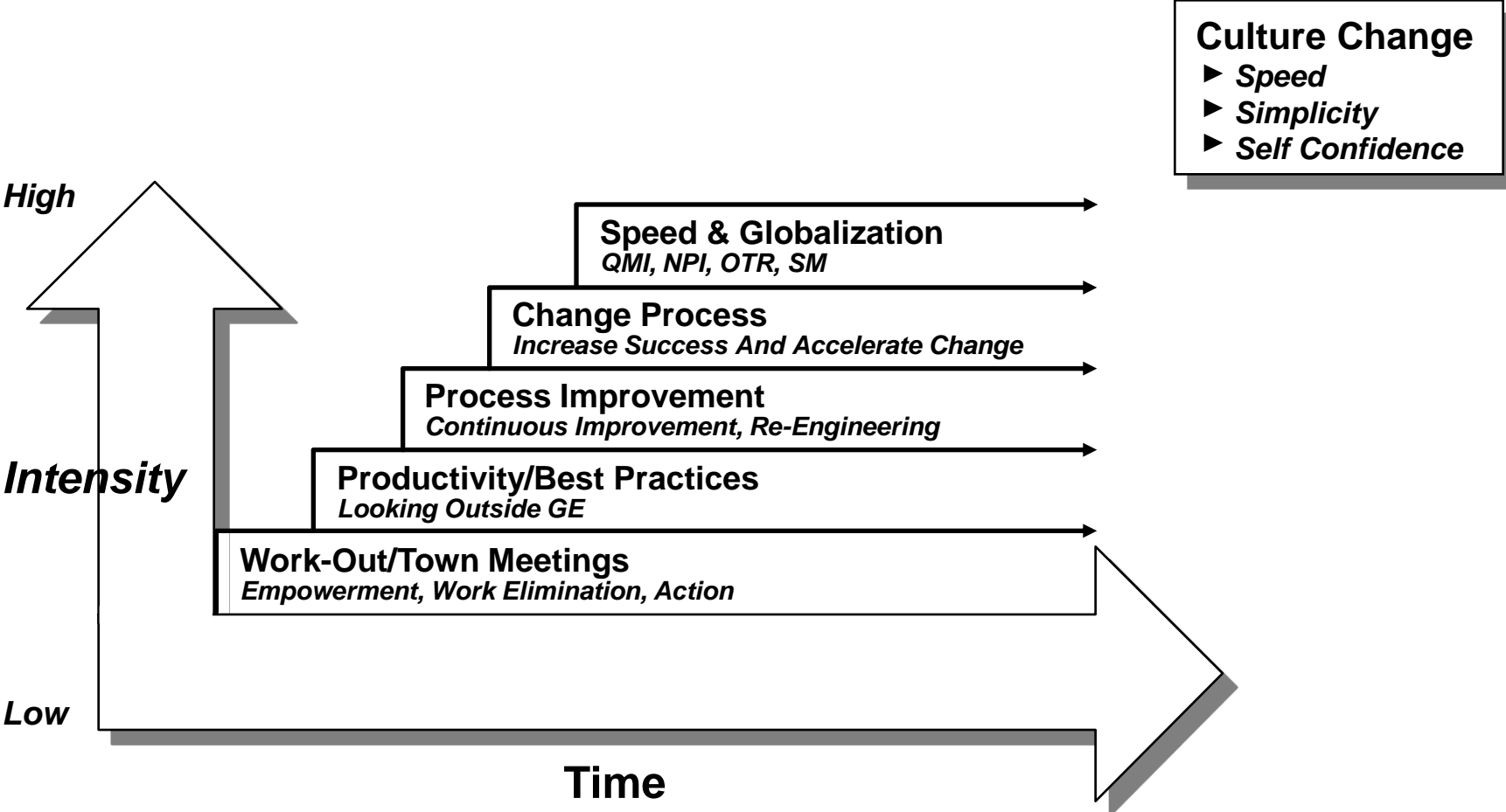
- Group Decision Making
- Scientific Problem Solving
- Change Initiating
- Cross-Functional Teams

Top Down



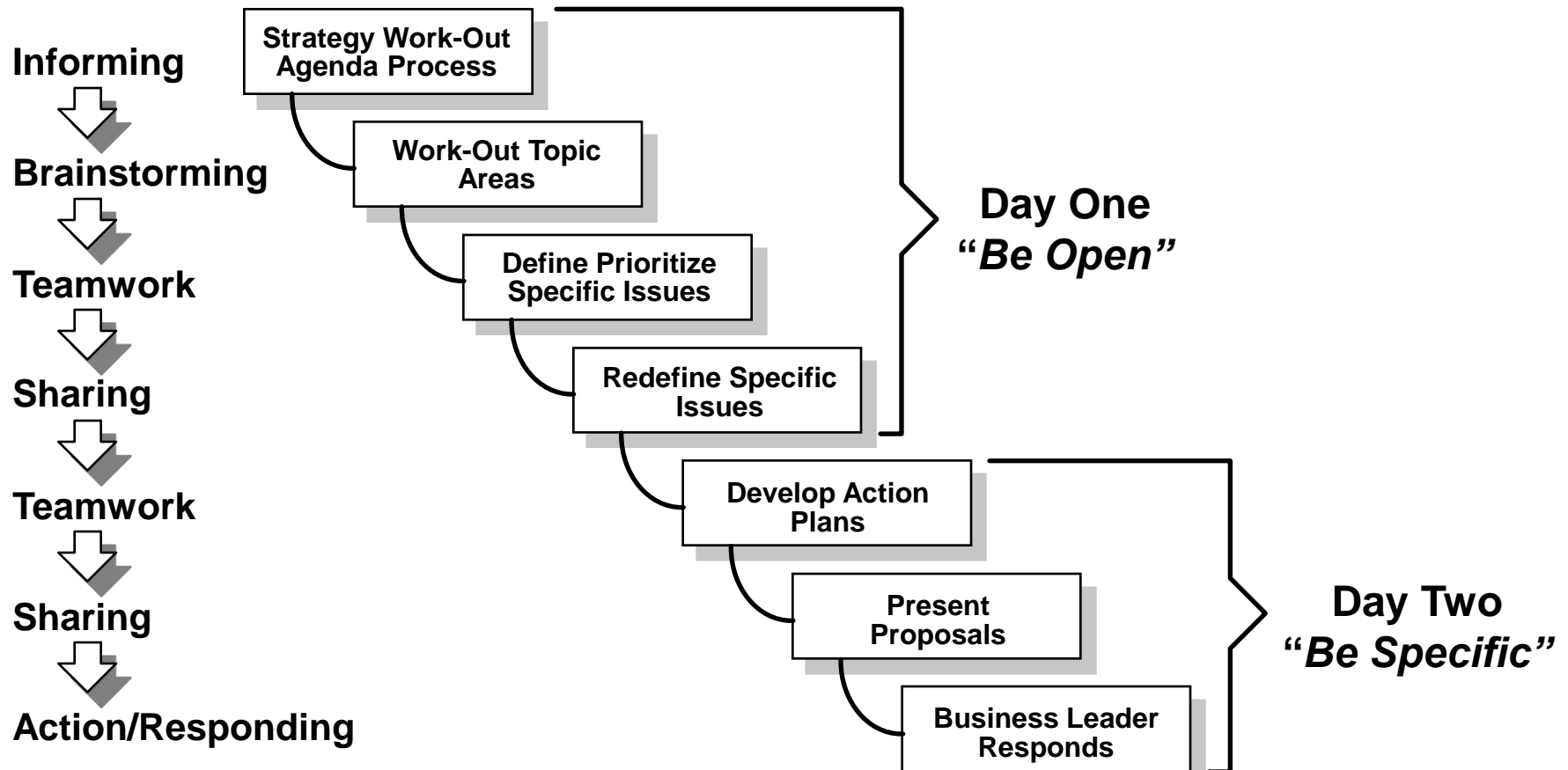
Bottom Up

Stages of GE's Culture Change



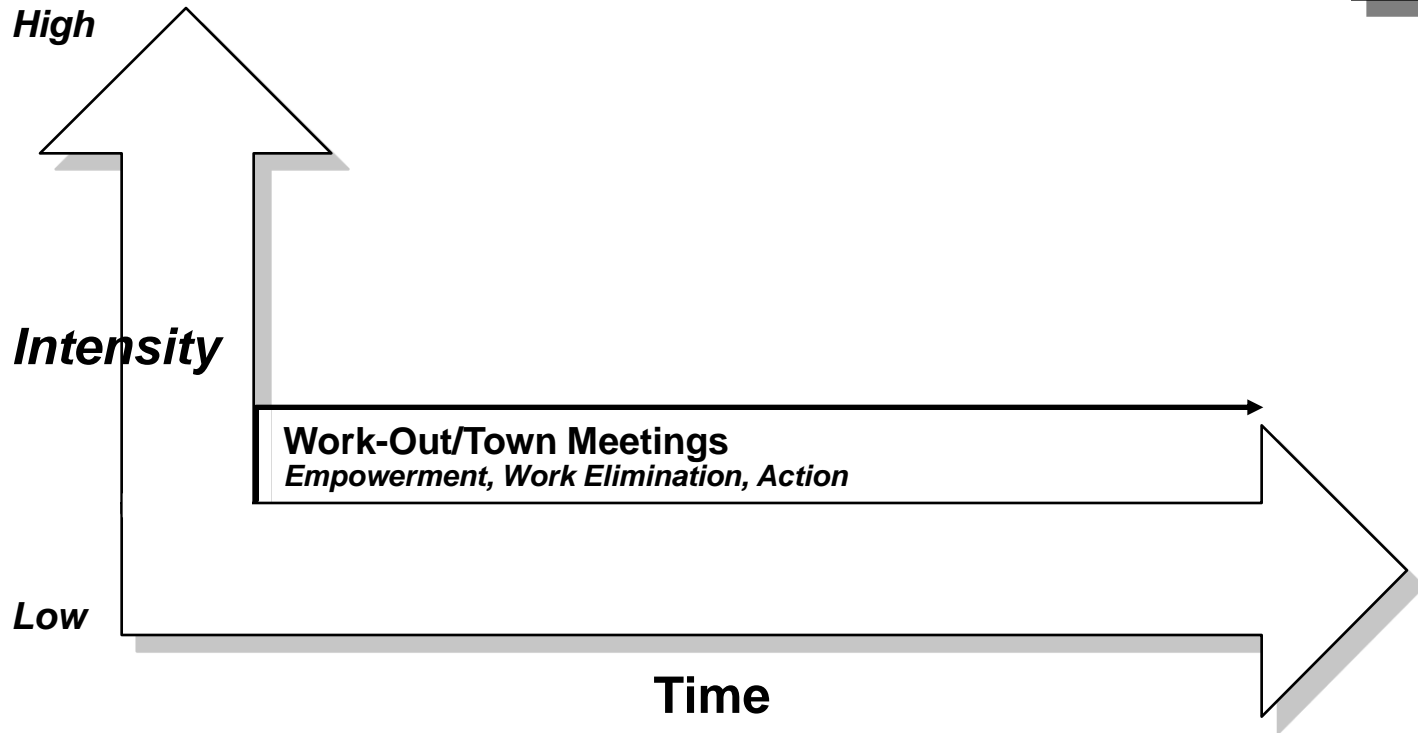
Typical Structure

Work-Out Session



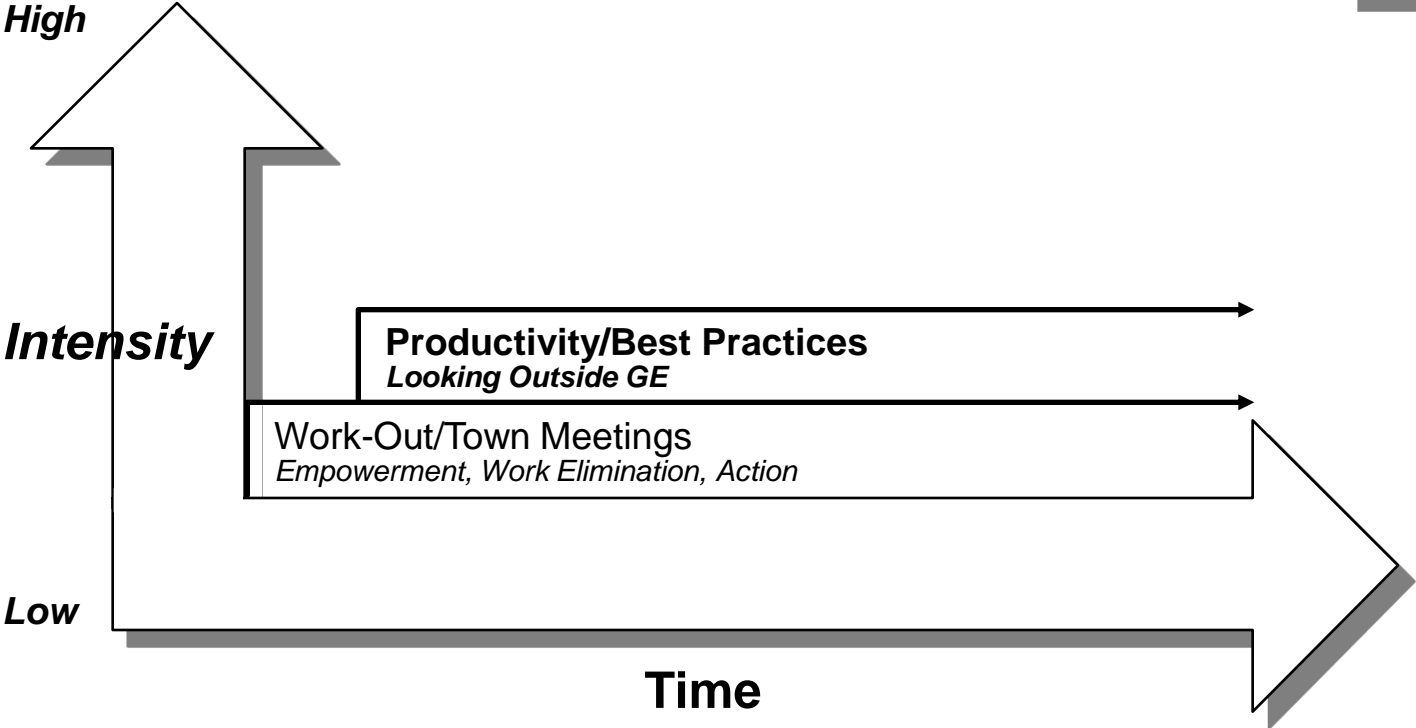
Stages of GE's Culture Change

- Culture Change**
- ▶ *Speed*
 - ▶ *Simplicity*
 - ▶ *Self Confidence*



Stages of GE's Culture Change

- Culture Change**
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Services Best Practices

**Commitment to
Customer Satisfaction**

Process Orientation

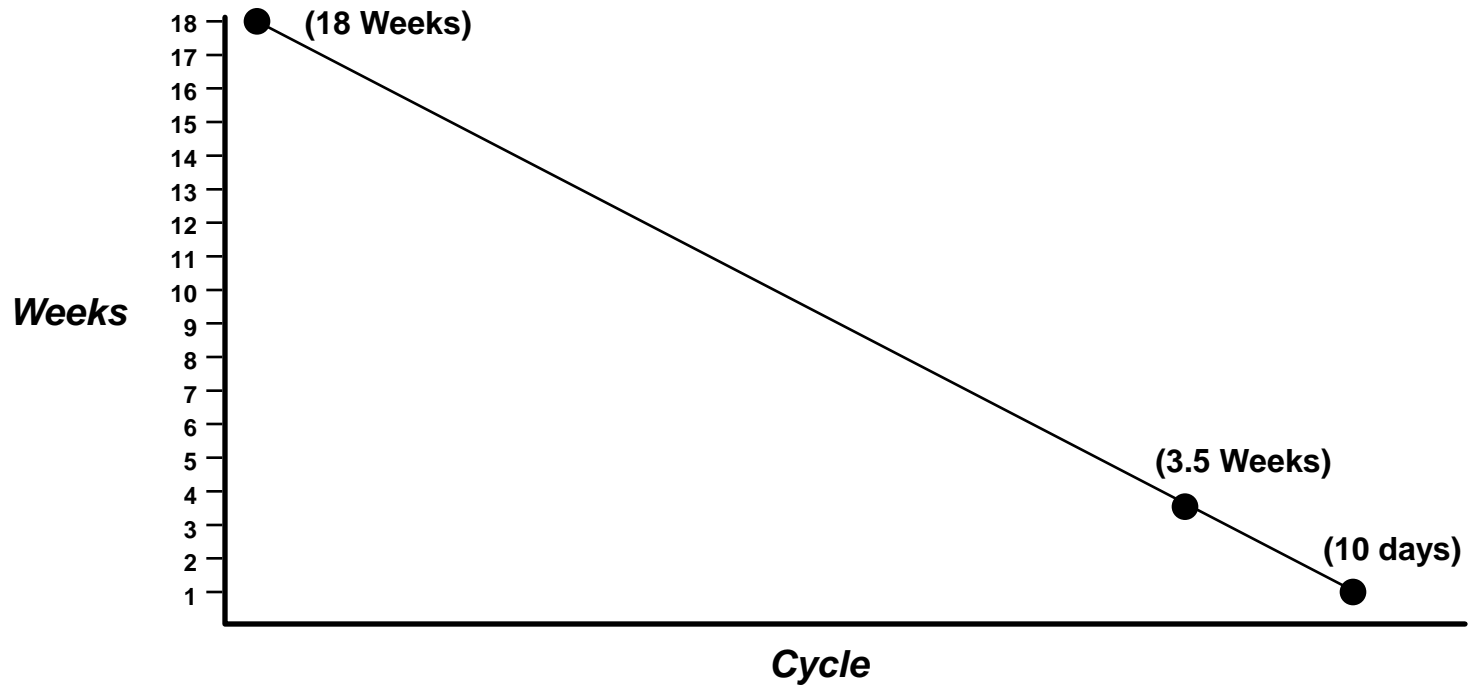
Empower People

**Integrating External
Constituencies**

Leveraging Technology

Specific Results

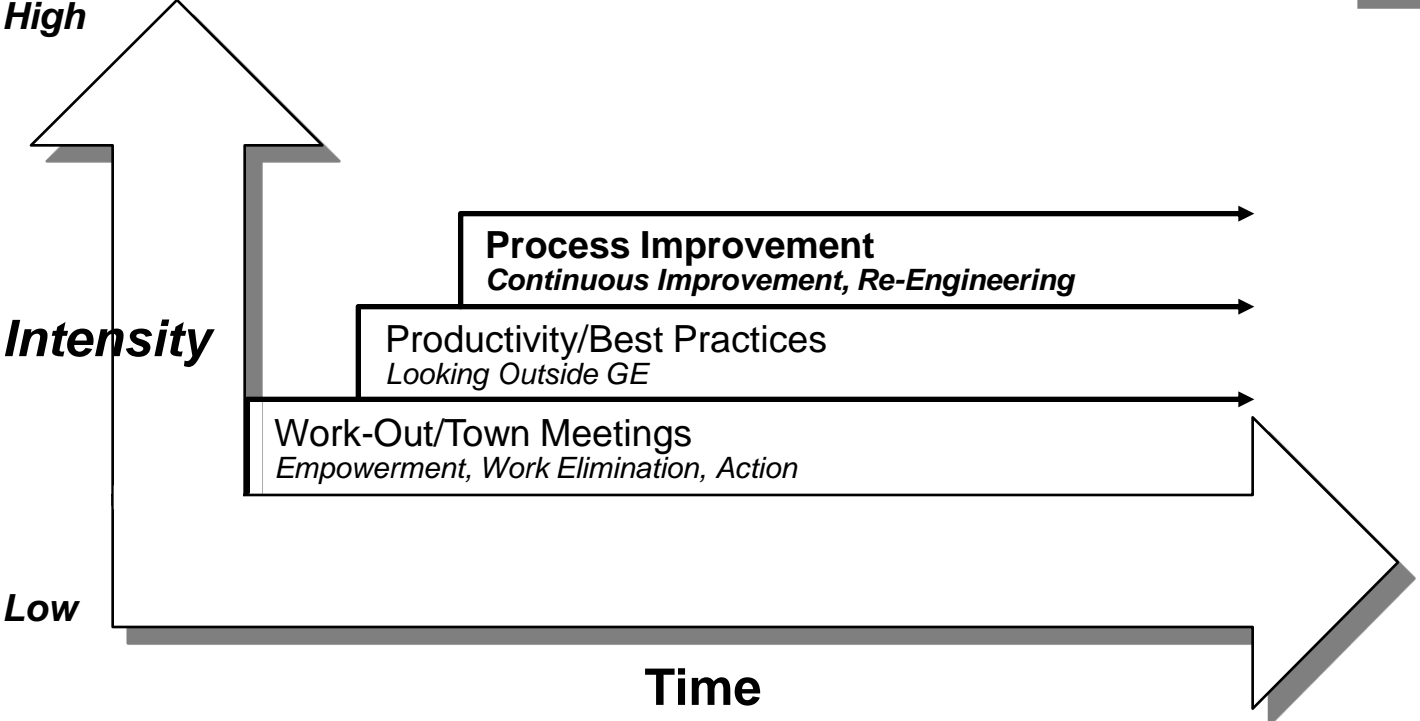
■ GE Appliances



Inventory Reduced 50%

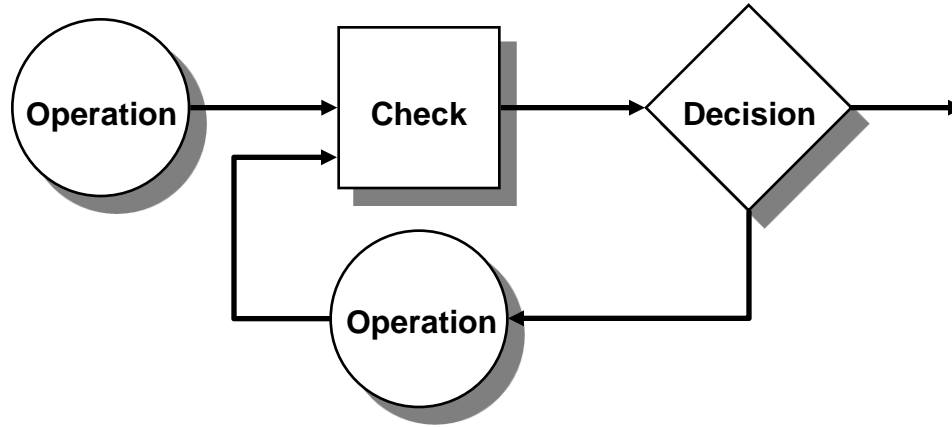
Stages of GE's Culture Change

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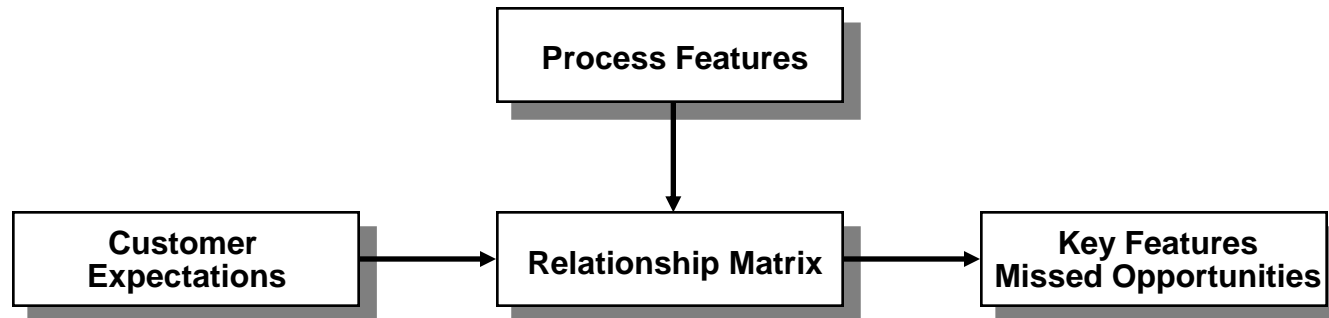


Process Tools

Processes Mapping

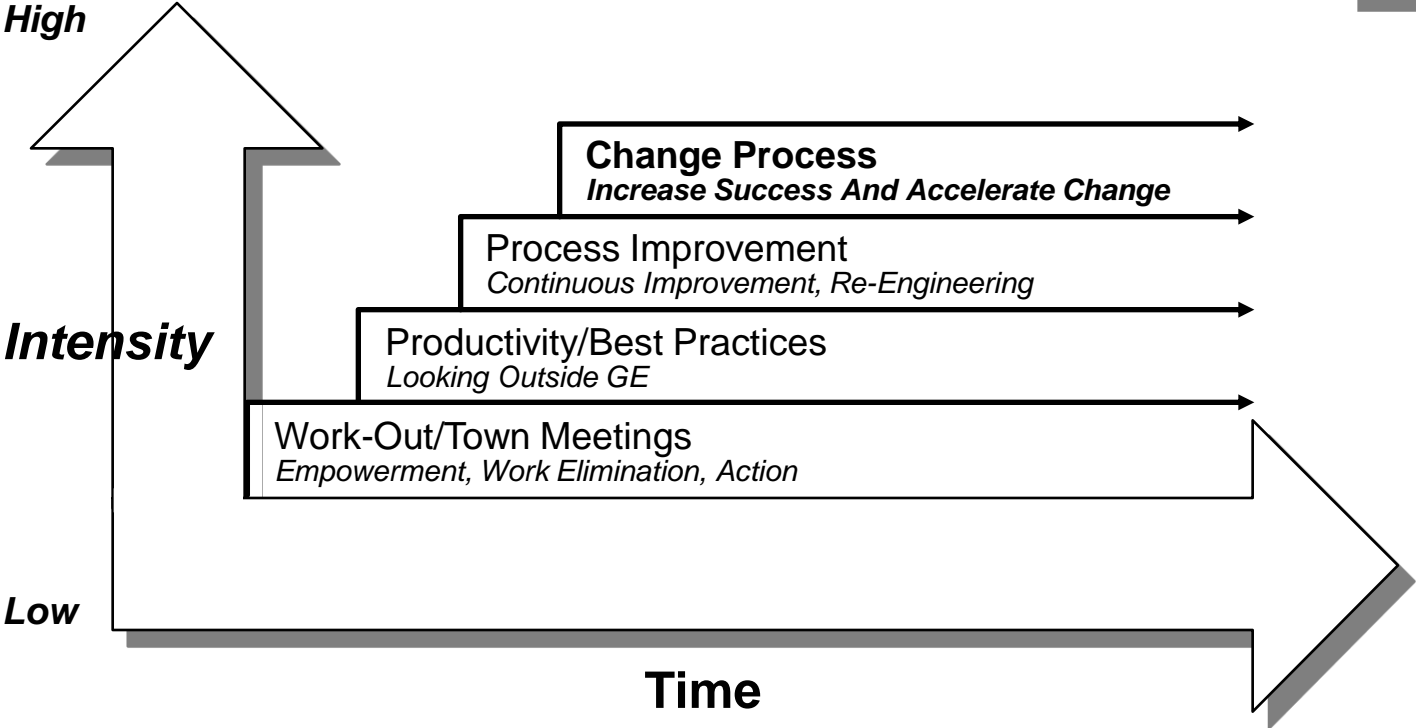


Customer Needs Mapping



Stages of GE's Culture Change

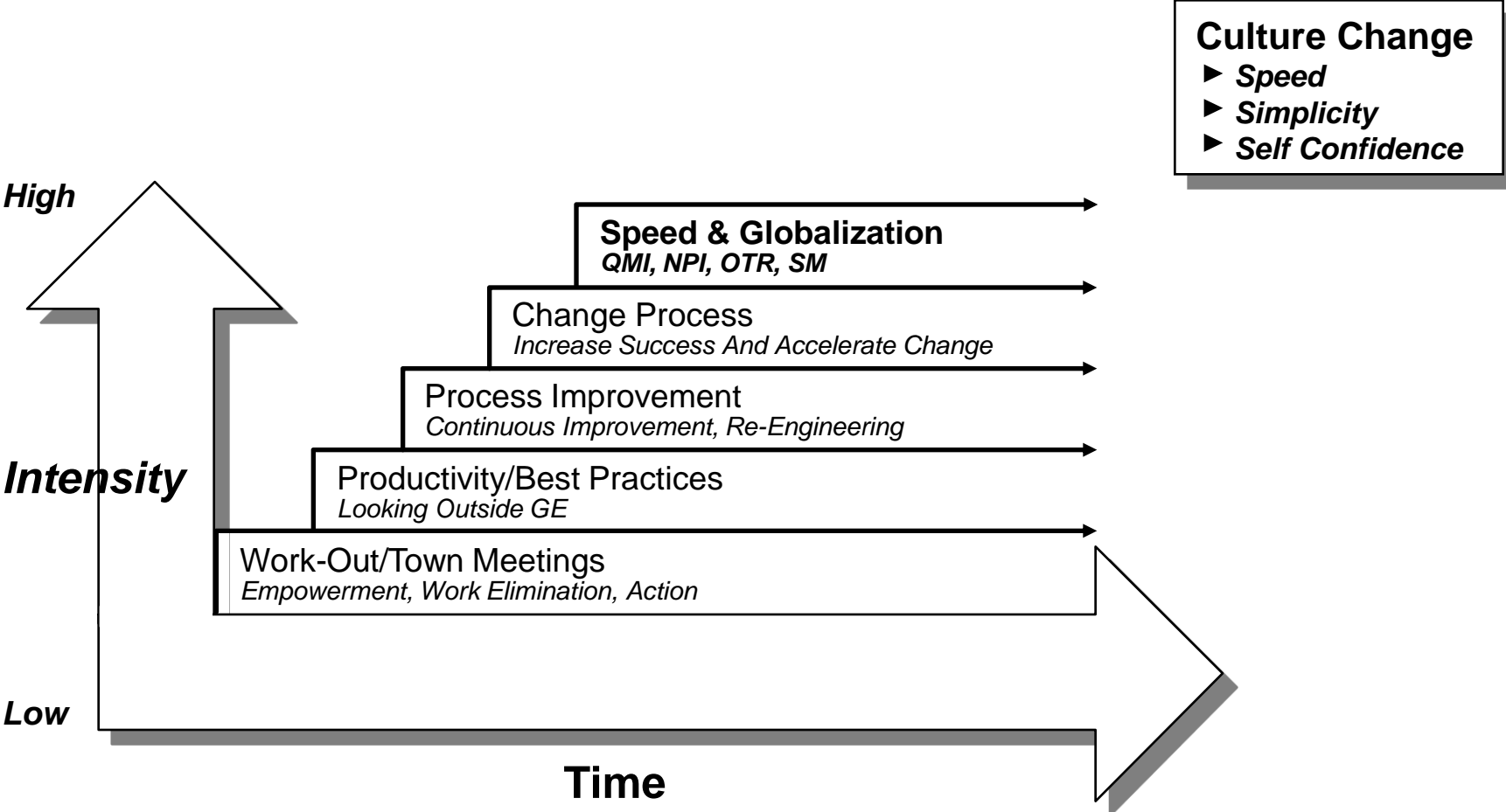
- Culture Change**
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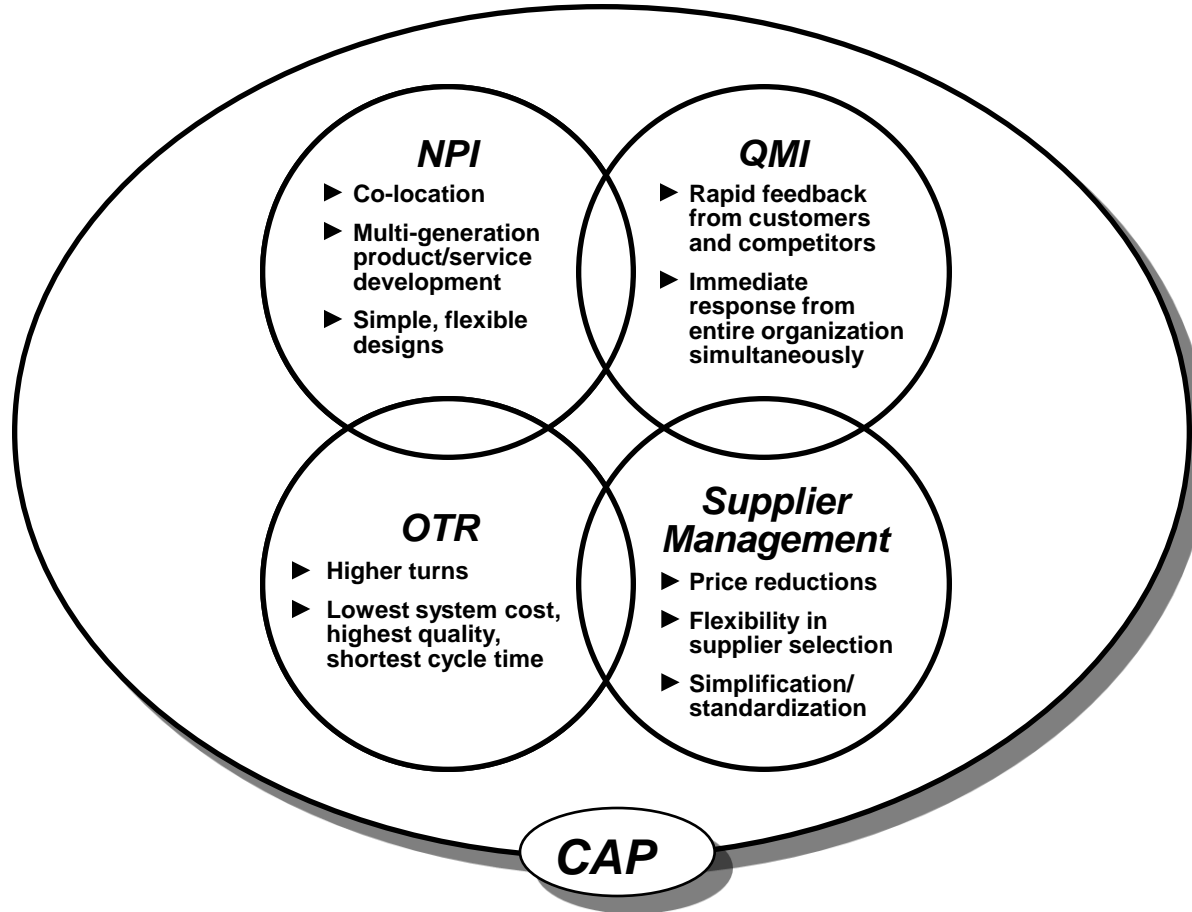
Change Acceleration Process



Stages of GE's Culture Change



Key Strategic Best Practices



Critical Success Factors

- **Total and continuous commitment — starting at the top**
- **A shared belief that change is critical**
- **Clear goals and buy-in**
- **Coalitions/networks of champions for change**
- **A culture and organization that supports change**
- **A process to monitor progress and share results**
- **Effective use of tools to leverage change**

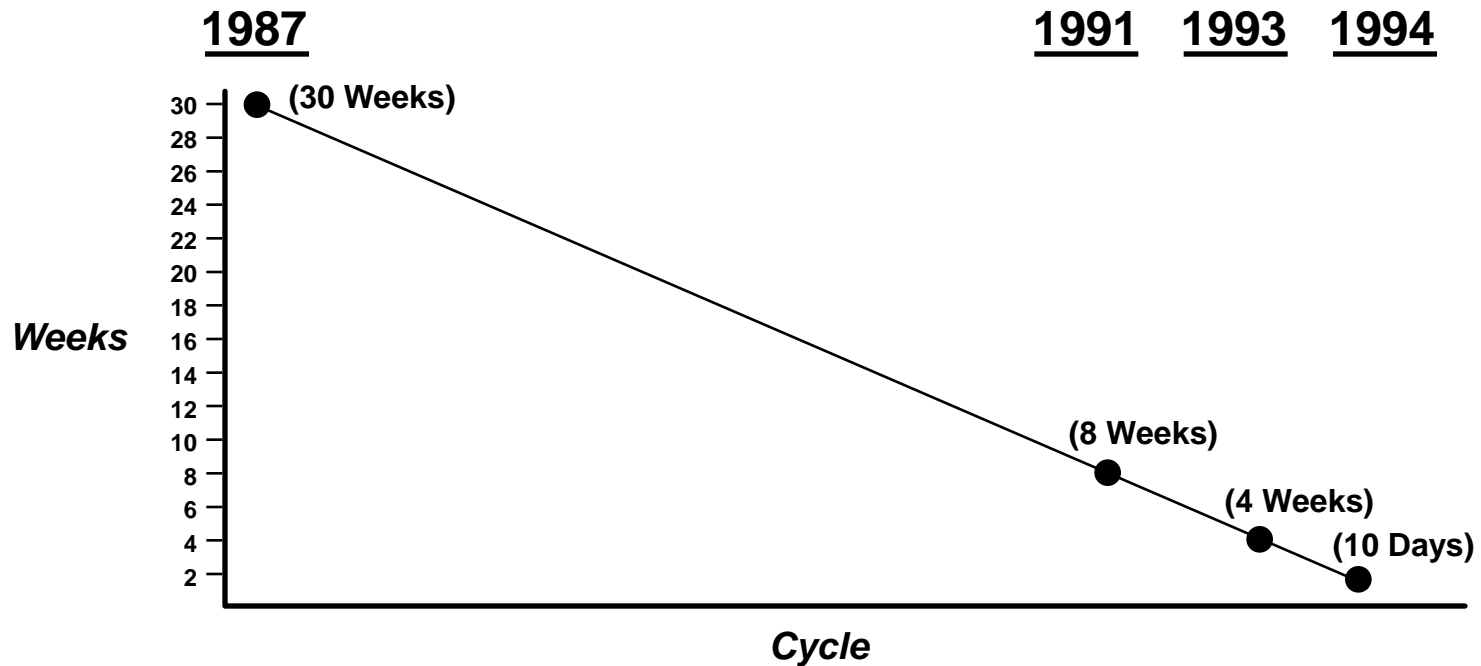
Communicate — Communicate — Communicate

General Results

- **Process improvements**
- **Employee empowerment — excited workforce**
- **Insight from those closest to customer**
- **Problem solving through teamwork**
- **Speed of decisions**
- **Culture change**

Specific Results

■ GE Aircraft Engines



Hardware Product Cycles Down 20%

GE Industrial And Power Systems

■ Purchase order placement and acknowledgment

Yesterday (1990)

10 Step Manual Process

- ▶ **Cycle: 15-30 days**
- ▶ **Cost: \$100/purchase order**
- ▶ **\$ Sourced: \$1.2 billion**
- ▶ **Staff: 270**

Today

99% EDI, 65% Automatic

- ▶ **Cycle: 2-3 days**
- ▶ **Cost: \$5/purchase order**
- ▶ **\$ Sourced: \$1.8 billion**
- ▶ **Staff: 200**

GE Industrial And Power Systems: Looking Ahead

■ Additional processes/systems

- ▶ Mass mail distribution (policy changes, newsletters)**
- ▶ Quality information exchange (supplier deviation requests)**
- ▶ Electronic supplier management system (integrate all current and future supplier communication needs)**

Results Across The Business

■ **Motor-ring assembly**

- ▶ Reduced cycle time from 4 to 2 weeks
- ▶ Reduced process steps from 95 to 25

■ **Airfoil repair**

- ▶ Reduced repair cycle from 58 to 14 days

■ **Procurement**

- ▶ Reduced MR cycle time from 10 to 3 days

■ **Inventory management**

- ▶ Eliminated a large warehouse

■ **Job posting**

- ▶ Reduced personnel request process time from 6.5 to 4 weeks

1992

- Consolidated revenues
- Earnings
- Total cost productivity — 4.5%
- Cash flow

