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Mystery Solved

Figuring out what your customers really want

In the last issue of “Building Blocks,” we examined three basic questions you should ask when determining if your company is a world-class manufacturer:

- What do your customers want?
- How should you deliver what they want?
- How well do you perform in the marketplace?

For those of you just starting in the operations management field, you might think these questions are too basic. Maybe you believe leaders at world-class companies are well aware of the customer’s perspective. The truth is, professionals at world-class organizations are constantly listening to the voice of the customer (VOC).

The VOC process is an analytical method used to continuously solicit feedback from customers in order to

Ford used to have it all—innovative leadership, starting with Henry Ford and continuing with Robert McNamara and the whiz kids of the 1950s. For many years, firm leaders understood and delivered what people wanted. The original Thunderbird and Mustang are legendary examples of Ford’s ability to delight customers. Similarly, the F150 truck line set the standard for a reliable work vehicle.

After years of stellar performance, how did Ford lose its way? Simply stated—it lost touch with its customers. As soon as this happens, any company will spiral into decline. At Ford, this really affected its vehicles—specifically, the much chuckled-about Edsel and Pinto, the latter of which was rushed into production in the 1970s with disastrous results. Then came other problem cars—the Mercury brand in the 1980s and 1990s and the premature demise of the once-popular Taurus.

According to a June 2007 *Newsweek* article, Ford became a “balkanized mess,” where, on its 30 engineering platforms worldwide, no two vehicles share even simple things like springs or hood hinges.


Another way to fully understand Ford’s decline is to follow the money. For example, according to The Harbour Report’s 2006 productivity study, Toyota made \$1,266 per vehicle before taxes, while Honda made \$1,368 and Nissan made \$1,575. In contrast, Ford lost \$5,234 per vehicle, totaling \$12.7 billion for the company.

The good news

While the business is certainly facing an uncertain future, company decision makers at Ford finally have recognized

that strategic change requires effective leadership. Thus, they are implementing the tough changes necessary to regain the organization’s standing and give customers what they want. For example, eight months ago, Ford’s chairman made a radical move by bringing in an industry outsider, Alan Mullally, who previously led the successful turnaround at Boeing.

In addition, Mullally and other Ford leaders are aiming to stop the decline by addressing structural and cultural obstacles. They are trying to change a culture of complacency with one that is focused on customer needs. For example, one of the first questions that Mullally asked his management team was “What are the customers telling us?” A recent article in *Business Week* reports the answer to this question consisted of excuses and justifications about why customers were not buying Ford products. Mullally responded by taking a third step—re-establishing Ford’s VOC process.

Ford’s customer satisfaction rankings in the 2007 J.D. Powers Survey show promising signs that the company is well on its way to regaining customer loyalty and confidence. Of course, only time will tell; but at least Mullally started out asking the right basic question: “What do our customers want?” 

Strategic change requires effective leadership.

provide the best products and services. It is designed to be proactive and innovative in order to capture ever-changing requirements, which can be both clearly stated and implicit. The process is conducted in a variety of ways, including interviews, surveys, focus groups, customer specifications, warranty data, or reviewing complaints.

Getting in touch

Considering how many different communications channels are available, why is it so difficult for business leaders to determine what people want? To find out, let’s examine a company that once was world class, but stopped listening to its customers.

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