

# Optimizing Today, Building Tomorrow, and Delivering Capabilities

## BMA Chicago

Steve Liguori

Executive Director

Global Marketing

GE

September, 2009



imagination at work



# From Bacon to Jet Engines



1980

...



2009

# We are GE

We are a global infrastructure, finance, and media company taking on the world's toughest challenges.

## Infrastructure



- Energy
- Healthcare
- Aviation
- Transportation
- Oil & Gas
- Consumer & Industrial
- Enterprise Solutions

## Finance



- Capital - Commercial
- Capital - Consumer

## Media



- NBC
- Universal
- Cable
- Theme Parks

# GE Around the World



**U.S.**  
**\$85B**

**Europe**  
**\$44B**

**Asia Pacific**  
**\$24B**

**Canada &  
The Americas**  
**\$15B**

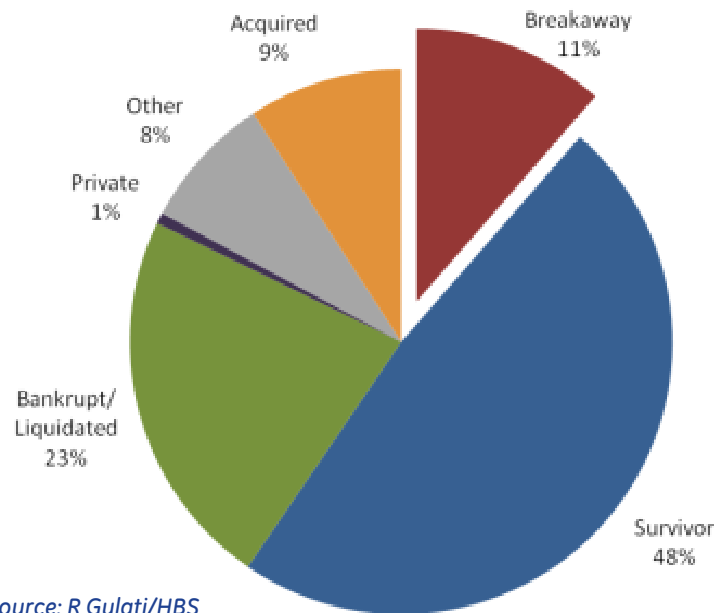
**Middle East,  
Africa & Others**  
**\$10B**

2008 revenues total 183 billion with  
over 300,000 employees. 

<sup>1</sup> Includes U.S. exports to external customers

<sup>2</sup> Includes \$~5B from "Other Global" areas

# Downturns dramatically shift the competitive landscape



Source: R Gulati/HBS

Early 2000s recession

- Downturns double the chances of significant change in industry rankings
- Firms that gain advantage sustain premiums for 3+ years

Not all companies survive recessionary periods, and even fewer prosper

# Economic downturns are necessary reality checks

most companies appeal to common wisdom ...

## **“Streamline operations and chase demand”**

- Cut costs and operate for efficiency
- Focus on the core business
- Stay the course (avoid rash strategy changes)
- Respond to recession-created demand

Source: Ranjay Gulati, HBS

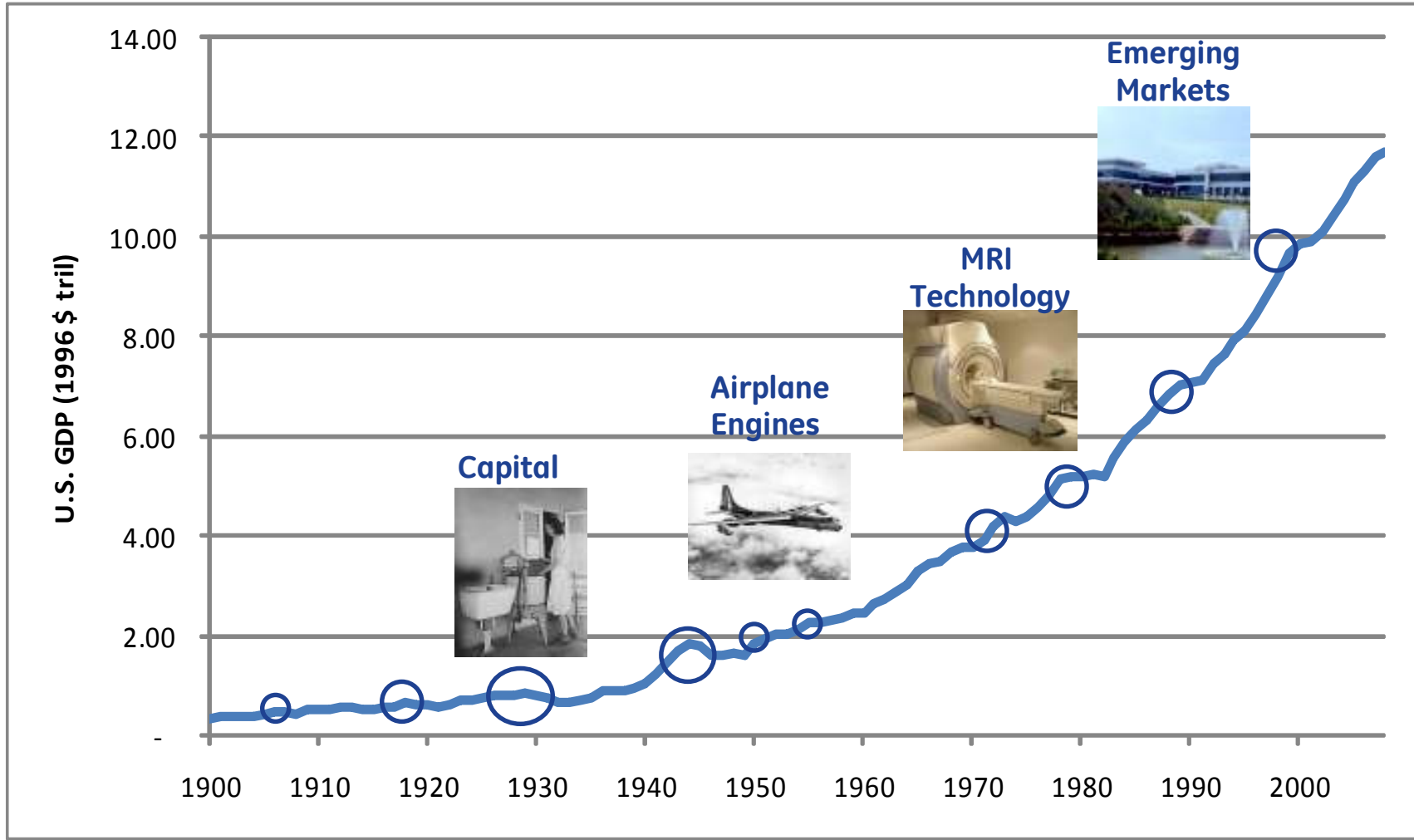


Breakaway companies see turbulent times as opportunities to gain advantage

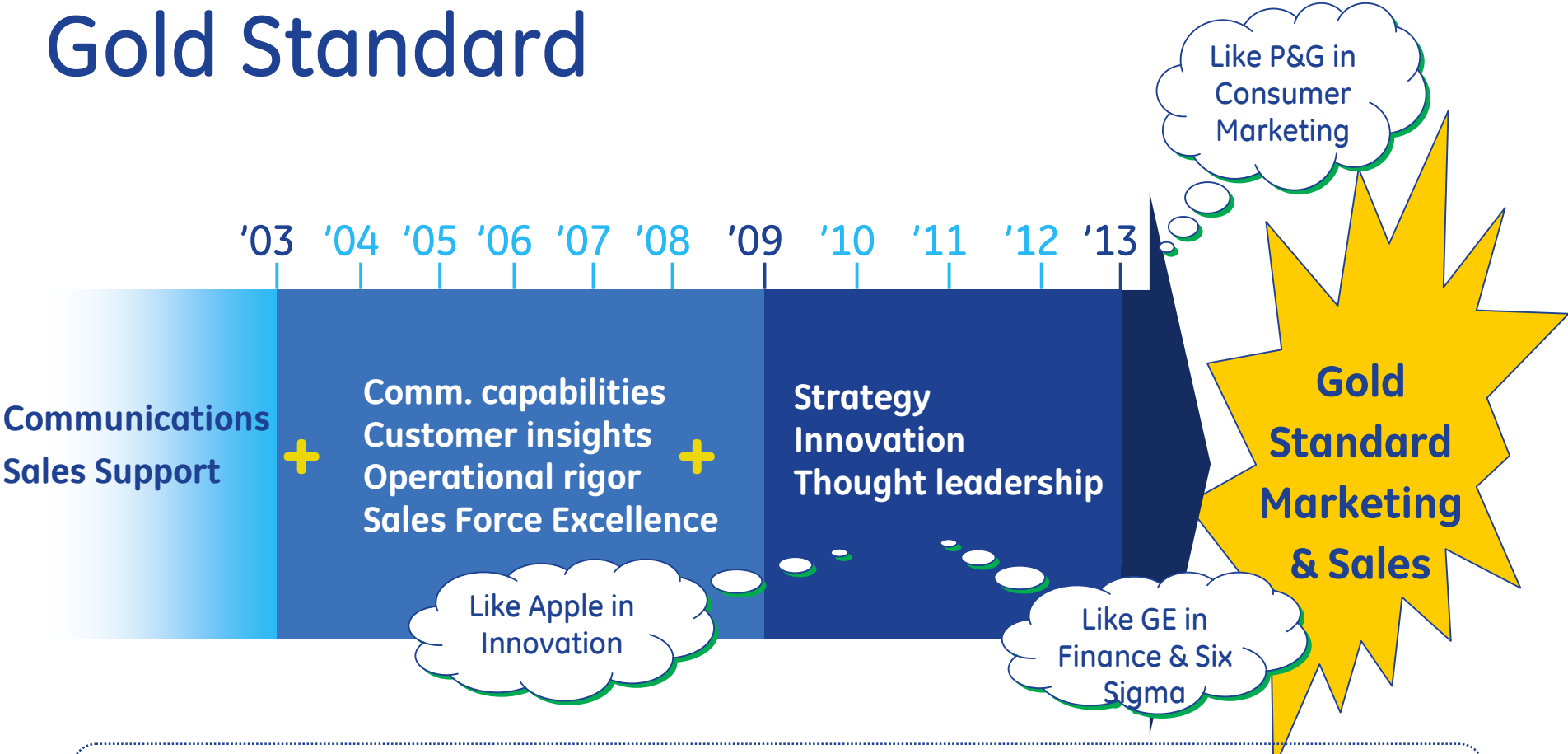
## **“Provide customer solutions”**

- Understand and respond to customer; form stronger bonds during difficult times
- Innovate around customer needs
- Take advantage of strategic acquisitions and alliances
- Invest in business efficiency
- Realign the organizational design to respond to core customer needs

# GE: Historical reaction to downturns

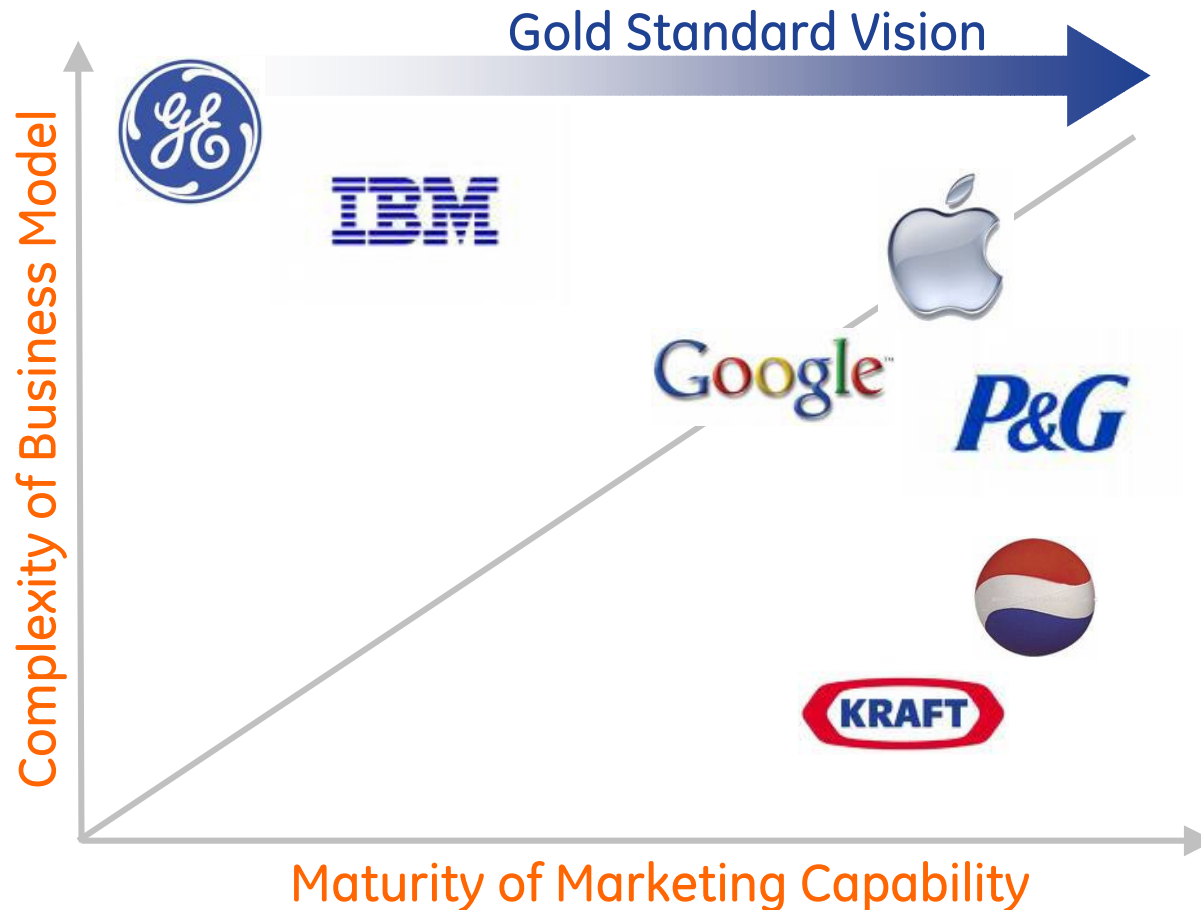


# GE's Marketing Journey to Gold Standard



*“Make B2B marketing a new source of sustainable competitive advantage for GE.”*

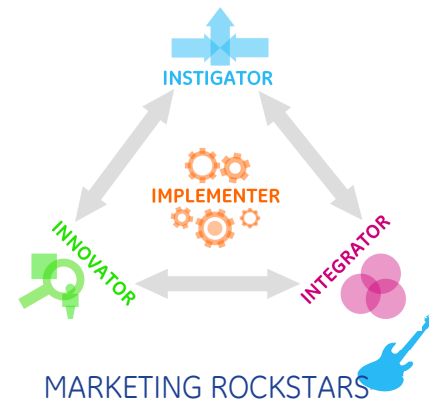
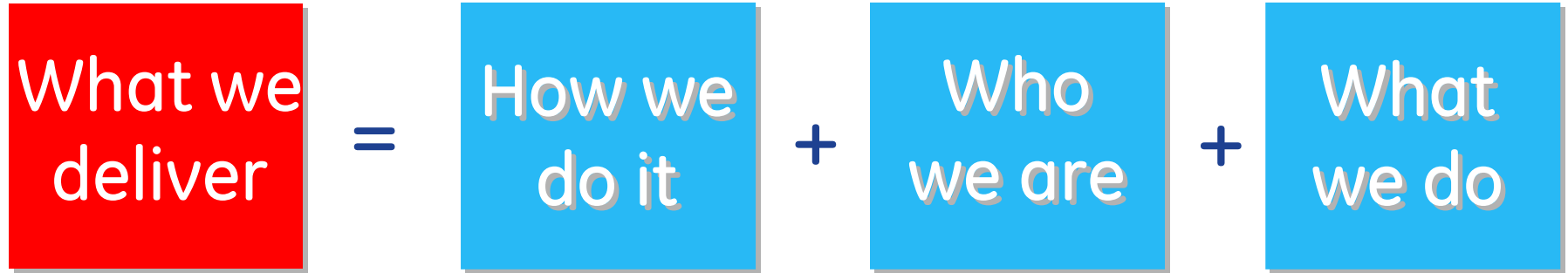
# Why? Simple solutions for a complex world...



From...  
differentiating  
commoditized  
products

To...  
finding simple  
solutions in a  
complex  
world...

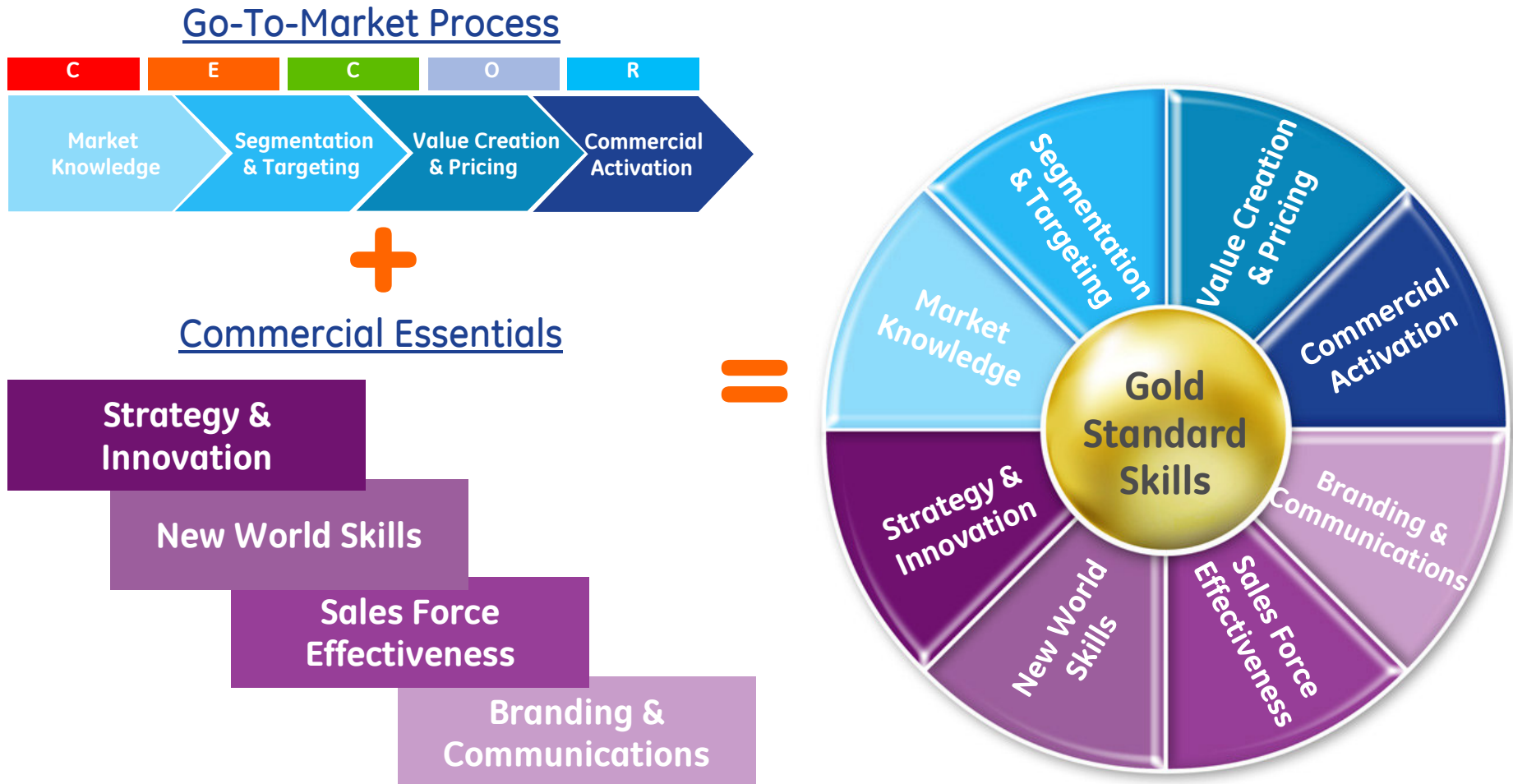
# GE's Gold Standard Equation



*Leverage existing GE process and skills in new direction to build world class B2B marketing.*

*Measure and improve with business scorecards.*

# Gold Standard skill areas



# Gold Standard Fact Book

DRAFT

## Gold Standard Skills

FACT BOOK

**Gold Standard Skills**

Market Knowledge
Segmentation & Targeting
Value Creation & Pricing
Commercial Activation
Branding & Communications
Sales Force Effectiveness
New World Skills
Strategy & Innovation

imagination at work
 Marketing Council, September 2009

Working draft for GE Marketing Council use only

### Market Knowledge

*Drive the use of market intelligence to make critical decisions and set strategic directions*

- Identify external trends and influences
- Analyze market, competitors, and customers
- Collect and manage knowledge and data
- Recommend strategic directions

#### MARKET KNOWLEDGE

##### Identify external trends and influences

**DESCRIPTION:**  
Understand the external global/local influences and major forces (policy, regulatory, economic, social, technological, environmental). Identify trends that will drive business in future and make proactive adjustments in business strategy.

**ABILITY TO:**

- Understand the policy/regulatory environment, including planned or potential laws and regulations affecting the market
- Assess the economic environment and trends and their impact on the marketing, impact of economic and financial issues, which affect worldwide money supply and other key global financial issues
- Understand and adapt to social changes that give rise to new customer needs, technologies, and products
- Adapt to other forces of influence shaping the business, including business associations, customers, and vendors

**OUTPUT:**

- **Red** - Internal research, unexecuted plan
- **Yellow** - 2-3 information sources selected, 2-3 frameworks applied, share analysis
- **Green** - Leverage of info sources, PEST/STELT analysis, 2-3 other frameworks, detailed share analysis and trends
- **Orange** - All frameworks applied, and multiple countries evaluated, sharing business recommendations

**ORGANIZATIONAL MATURITY LEVEL:**

- **Basic:** awareness of potential regulator's impact to product or segment. Ad-hoc monitoring of emerging technologies, no share analysis
- **Intermediate:** Assesses the impact of regulations under consideration, and identifies appropriate action plans, leveraging work of public affairs, Translates technology development objectives and support variables for GE
- **Advanced:** Proactively monitors indicators from PESTEL framework. Clearly articulates the implications associated trends
- **Expert:** Collaborates with relevant departments to communicate implications of technological or regulatory matters. Develop and utilize scenario-based analyses to establish plans to develop contingency plans

#### INTERNAL EXAMPLE:

- GE health care - identified a multi-billion dollar growth opportunity in 3 emerging markets and established health program across business entities to differentiate GE
- GE health care - Understanding external influences such as third countries and guidelines within the electrical cancer market
- GE Capital Food & Bev - Identified new regional, minority market entrants to track key red estate funds, trends and future economic data
- GECS - Aggregates supplier demand forecasts

**EXTERNAL EXAMPLES:**

- Apple - International marketing team collects social and technological information. Site and post collaboration come out as a result
- Amazon in Mexico - Launch of Dictionary resulted in understanding emerging trends in adoption of all other competitors
- Caterpillar (emerging market)
- Global Science - Leveraging knowledge of medical, economic, & social issues in deployment of HIV/AIDS drug development
- Toshiba - Dedicated government relations team that is supporting both current operations as well as new initiatives and identifies government opportunities to support the business growth. Further is one of the focus areas

**TOOLS:**

**Information sources:**

- Primary & Secondary Research
- Internal GE research
- Professional society inputs
- NGOs, Government process, Supplier

**Analysis frameworks:**

- PEST/STELT - Political, economic, social, technological, environmental, legal - Porter's 5 Forces
- SC - Customer, Competitor, Company
- Market Segmentation
- Strategic Positioning Analysis
- Product Life Cycle
- Scenario Planning/Big Game

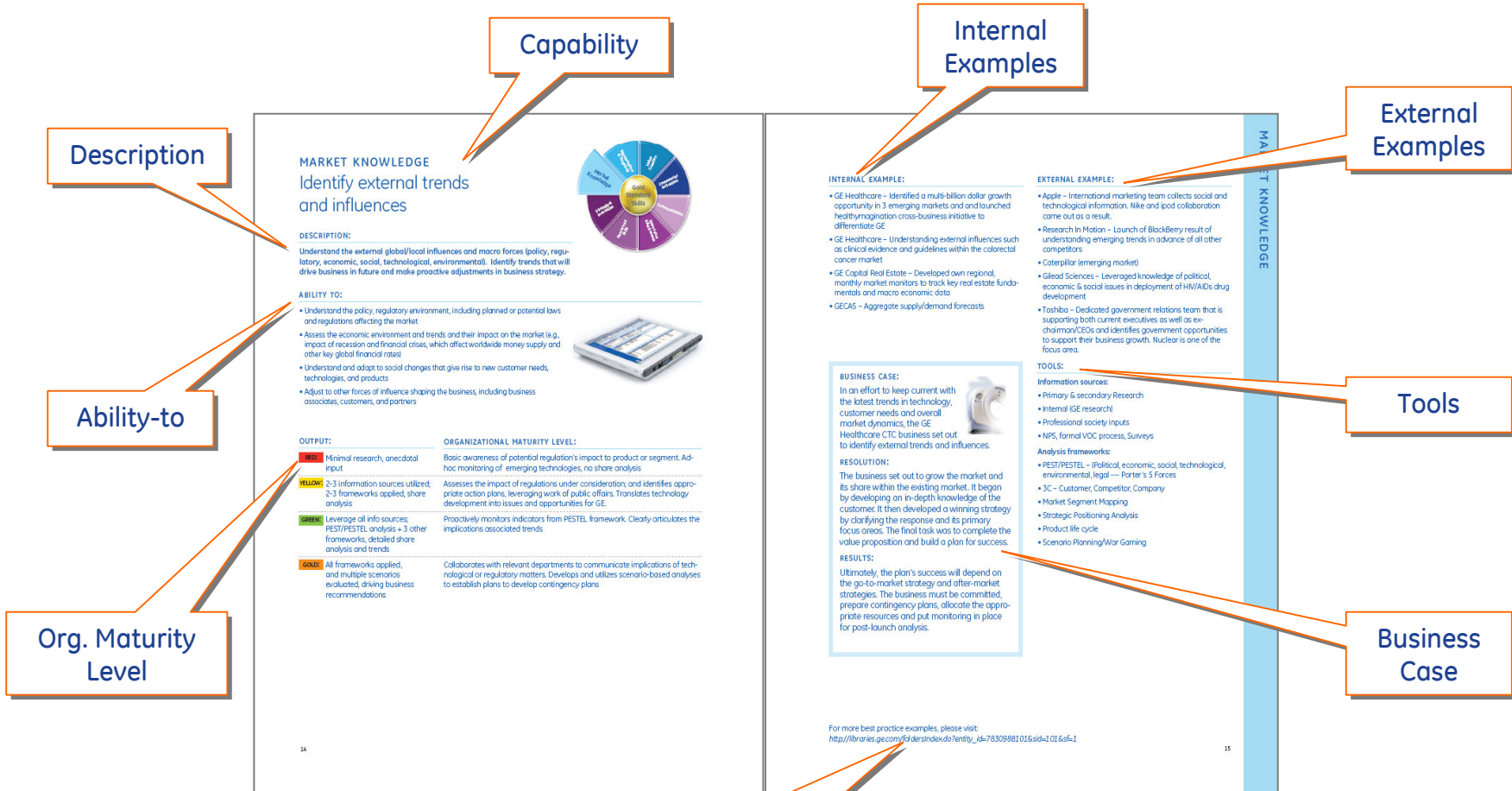
**BUSINESS CASE:**  
In an effort to keep current with the latest trends in technology, customer needs and overall market dynamics, The GE HealthCare TCT business set out to identify external trends and influences.

**RESOLUTION:**  
The business set out to grow the market and its share within the existing market. It began by developing an in-depth knowledge of the customer & then developed a winning strategy by clarifying the response and its primary focus areas. The final task was to complete the value proposition and build a plan for success.

**RESULTS:**  
Utilizing the plan's success will depend on the go-to-market strategy and other market strategies. The business will be connected, prepare contingency plans, allocate the appropriate resources and get marketing in place for post-launch analysis.

For more best practice examples, please visit: <http://www.ge.com/marketing/council/factbook>

# Capability example



# From McKinsey...

*Exhibit 2*

**NEW MARKETERS CHOOSE TO LEAD IN TWO OR THREE SKILLS**



# From ISBM's Framework...

## 2. ISBM Courses/Learning: “Value - Delivery Framework”

1. Build Value Understanding

2. Strategy Formulation

3. Design Customer Value

4. Communicate and Deliver Value

Span the entire  
practice of B-to-B  
Marketing and Sales

5. Life-Cycle Management

- Built on Field Research
- Fact/Diagnosis Driven
- Integrated –  
Marketing and Sales

9

# From Marketing Leadership Council...

## Anatomy of World Class Marketing Organization

**1 Market Assessment**  
We know our finger on the pulse of what drives growth in our market and is our customer's market. We consistently recognize meaningful trends before our competitors do.

Input	1	2	3	4	5
Effectiveness	1	2	3	4	5

**Business-Driven Analysis Tool**

**2 Competitive Positioning**  
We can clearly articulate what differentiates our products/services from those of our competitors, and we effectively communicate these differentiators in all our marketing efforts.

Input	1	2	3	4	5
Effectiveness	1	2	3	4	5

**Building Sustainable Differentiation**

**3 Planning**  
Our marketing plan is created based on a clear understanding of high-impact customer priorities and is highly adaptable to changing market dynamics.

Input	1	2	3	4	5
Effectiveness	1	2	3	4	5

**Annual Customer Plan**

**4 New Product Development**  
We systematically incorporate customer voice into the new product development process; product development resources are never committed without Marketing's early input.

Input	1	2	3	4	5
Effectiveness	1	2	3	4	5

**Innovation Sponsorship Protocols**

**Developing Marketing Strategy/Planning**

**Attribute Grading**

<p><b>Potential Impact</b> If performed to the highest standard, the impact of this attribute on our firm would be the following:</p> <p>5 = Very High 4 = High 3 = Moderate 2 = Low 1 = No Impact</p>	<p><b>Current Effectiveness</b> We do this regularly, systematically, and with continuous improvement.</p> <p>5 = Superior 4 = Strong 3 = Adequate 2 = Marginal 1 = Weak</p>
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**Managing the Marketing Function**

**Defining Brand Strategy/Managing the Brand**

Potential Impact	5 = Very High				
	4 = High	URGENT CHALLENGES			
	3 = Moderate				
	2 = Low				
	1 = No impact				
		1 = Weak	2 = Marginal	3 = Adequate	4 = Strong
		Current Effectiveness			5 = Superior

**Executing the Marketing Plan**

**5 Brand Development**  
We have a clear understanding of our brand's differentiating attributes, which we express in simple-to-explain terms; these attributes are understood throughout our organization and by our customers.

Input	1	2	3	4	5
Effectiveness	1	2	3	4	5

**Investment Screening Protocols**

**6 Brand Leverage and Extension**  
We evaluate opportunities to leverage/extend our brands based not only on their own growth potential, but also on their ability to strengthen the core brand in the long term.

Input	1	2	3	4	5
Effectiveness	1	2	3	4	5

**Brand Leverage Protocols**

**7 Portfolio Management**  
We systematically balance our investments across our portfolio of brands/ product lines/SKUs in order to focus on those with the highest potential for growth. We are not afraid to shed underperforming parts of the portfolio.

Input	1	2	3	4	5
Effectiveness	1	2	3	4	5

**Brand Portfolio Review**

**8 Customer Segmentation**  
Our segmentation methodology/insights tailored to our specific organizational objectives, clearly communicated throughout the company, and actionable by those who benefit most from their use.

Input	1	2	3	4	5
Effectiveness	1	2	3	4	5

**Actionable Segmentation**

**9 Customer Understanding**  
We possess a holistic understanding of our customer's needs, as well as the relative priority of those needs, across the entire purchase and use cycle.

Input	1	2	3	4	5
Effectiveness	1	2	3	4	5

**Voices of the Customer Audit**

**10 Experience Management**  
We understand the most critical elements of the customer experience and track operational metrics for each. We systematically trigger service programs in response to occasional shortfalls.

Input	1	2	3	4	5
Effectiveness	1	2	3	4	5

**Brand Delivery Scorecard**

**11 Customer Problem Resolution**  
We rapidly identify and diagnose root causes of customer problems and then aggressively mobilize resources across multiple functions to take corrective action whenever necessary.

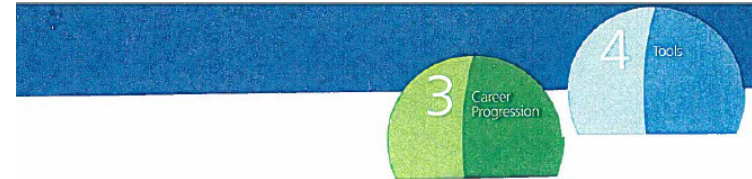
Input	1	2	3	4	5
Effectiveness	1	2	3	4	5

**Customer Experience Council**

# P&G's marketing disciplines for career pathing



Global Marketing Career Pathing



## My Career Options: Marketing Disciplines

### Marketing Expert Path

- Advertising Development Department (ADD)**
- Be a catalyst of business-building decisions and best practices in defining and leveraging our Brands' equity and advertising to consumers across all media. *Includes: Advertising to Consumers across all Media; Development and Multi-media Advertising Production.*
- Corporate Function Marketing**
- This centralized, global organization leads change, manages knowledge, and leverages P&G's scale of experience and depth of expertise to build superior marketing capability. *Includes: Knowledge & Innovation; Marketing Exchange (knowledge communication & training).*
- Corporate Marketing/Marketing Operations**
- Build the business via integrated communication with our consumers, customers and agency partners. *Includes: Direct Marketing; Point-of-Market-Entry Alliances; In-Store Promotion; Multi-Brand/Category Customer Events; Customer Relationship Management; Trends; Technical Marketing.*
- Media & Communications**
- Deliver Brand and Corporate goals by developing and executing best-in-class communication strategies and plans that connect with the target consumer when and where the consumer is receptive, maximizing the return on marketing investment while delivering competitive advantage. *Includes: Communication Planning; Media Buying; Program Development; Media Agency Management.*
- Other Specialty/Cross-Business Unit Marketing Opportunities**
- Provide Marketing leadership and expertise in specialized organizations and roles, which create value for the company, and/or allow us to connect with the marketplace and communities in which we do business. *Includes assignments in: External Relations; Global Business Services; Centers of Expertise; Marketing Capability.*

P&G Global Marketing Career Pathing  
My Career Options 6

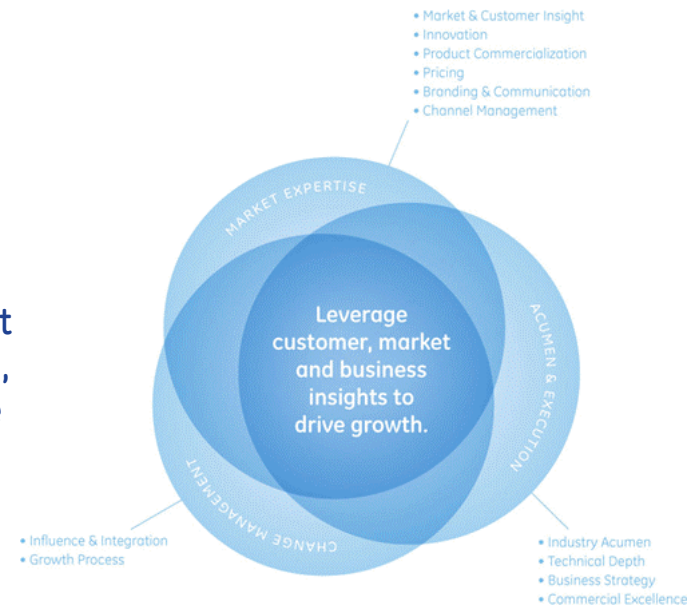


imagination at work

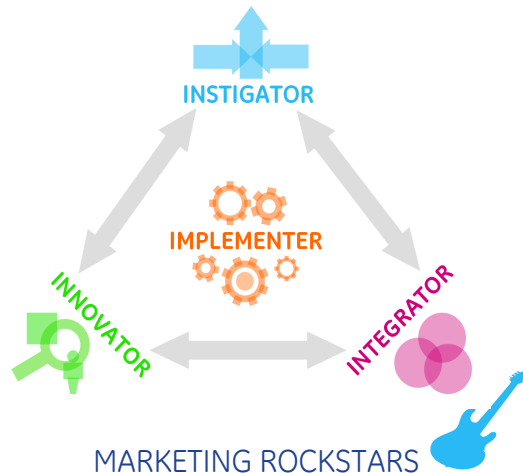
# Best people

## Marketing Capability Guide

The capability guide offers a unified framework for growth and development in marketing at GE. The requirements and expectations identified in the guide represent the work and input of hundreds of GE marketing leaders and subject matter experts, as well as in comparison to external benchmarks. It provides the blueprint to help marketing drive growth for the company.



## Marketing Rock Star Awards



## 4I TRAITS

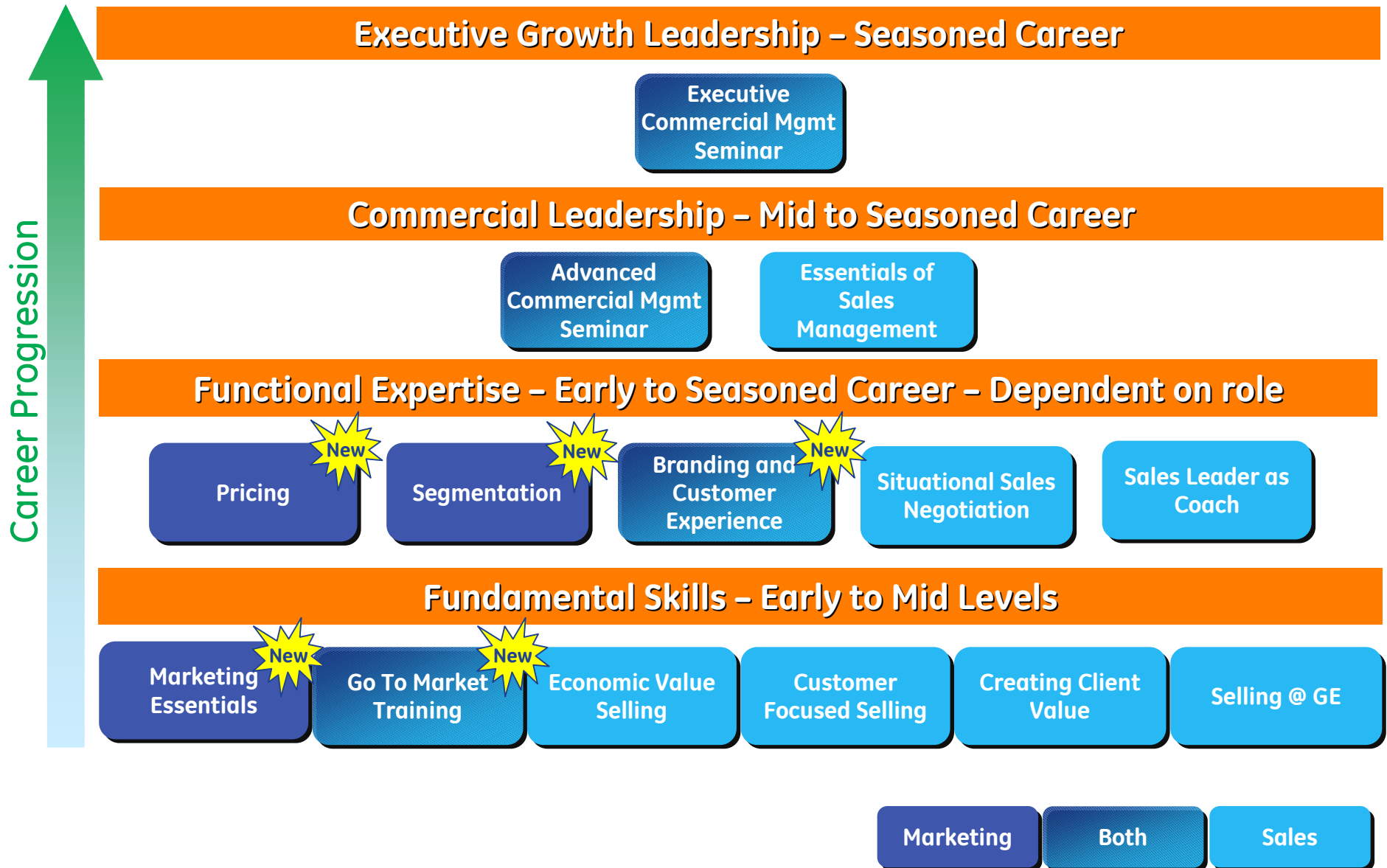
**Instigator:** Incites a “better way” using unique vantage point to see around corners

**Integrator:** Drives customer-centered thinking across functions and silos

**Innovator:** Turning unique insights into something tangible to meet customer needs

**Implementer:** Executing against customer needs to drive profitable growth

# ... and Training



# Balance today and tomorrow

*Optimize for Today*

*Build for the Future*

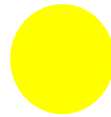
*Enable the Organization*

# Evaluate and measure



## Minimal

Minimal understanding of the expertise within each competency.



## Developing

Disciplines and competencies are well understood and assist in the planning process.



## Leading

Deep understanding of the disciplines and competencies, integrated into development of business direction.



## Gold Standard

Best in class GTM competencies demonstrated in all aspects of business management.

↑  
GE Best in Class 

↑  
Industry Best 

Assess our maturity level for our total marketing capabilities, communications & transformation.

# MarkNet

Stay connected,  
relevant, and informed.



# MarkNet is building on the concepts of



# and our GE affinity groups, to build a community for GE marketers.

GE  
Women's  
Network



Imagination at work



# How MarkNet can be GE's competitive advantage?

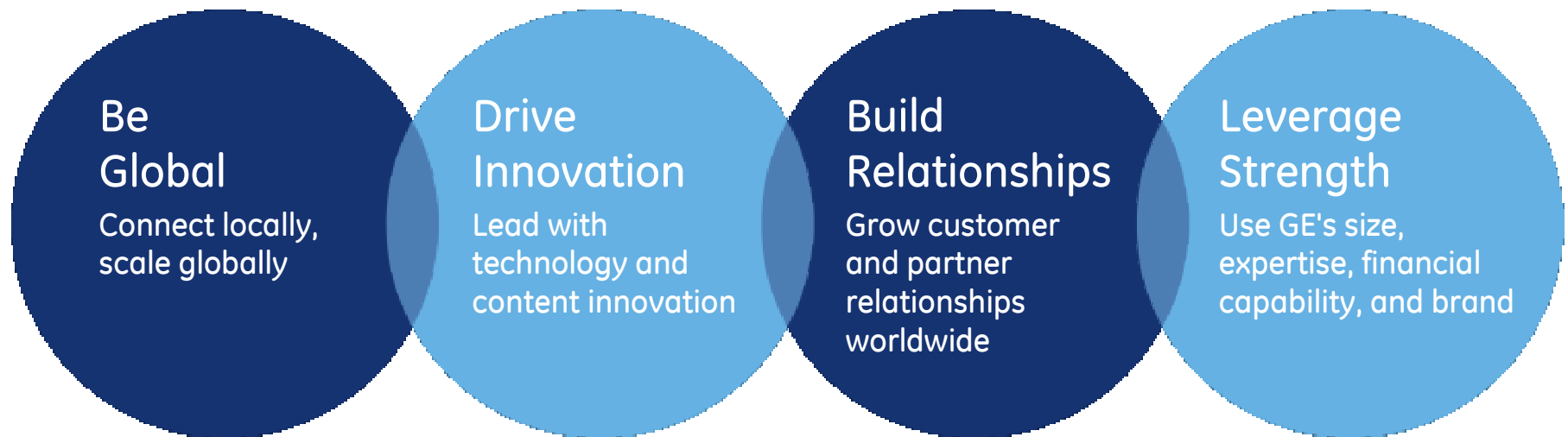


# Established six initial communities



40% GE Marketers joined in first 100 days and the number is still growing!

# Our Strategy



# ecomagination

## ecomagination drives growth.

2008 revenues rose  
21% to \$17 billion.

↗ \$17B

75=9%

75 products now  
represent 9% of GE's  
annual revenue.

# healthymagination overview

## Reduce Cost



Reduce by 15% the cost of many procedures & processes with GE technologies & services

## Increase Access



Increase by 15% people's access to services & technologies essential for health, reaching 100 million people every year

## Improve Quality



Improve quality & efficiency by 15% for customers through simplifying & refining healthcare procedures & standards of care

# Campaign Innovation

Harvard Business Review   
[www.hbr.org](http://www.hbr.org)

*For decades, GE has sold modified Western products to emerging markets. Now, to preempt the emerging giants, it's trying the reverse.*

## How GE Is Disrupting Itself

by Jeffrey R. Immelt, Vijay Govindarajan, and Chris Trimble

### The Idea in Brief

- The model that GE and other industrial manufacturers have followed for decades—developing high-end products at home and adapting them for other markets around the world—won't suffice as growth slows in rich nations.
- To tap opportunities in emerging markets and pioneer value segments in wealthy countries, companies must learn reverse innovation: developing products in countries like China and India and then distributing them globally.
- While multinationals need both approaches, there are deep conflicts between the two. But those conflicts can be overcome.
- If GE doesn't master reverse innovation, the emerging giants could destroy the company.



imagination at work

*BusinessWeek* recently ranked the top twenty-five most innovative companies and leaders and our very own Beth Comstock, senior vice president and chief marketing officer made the list.

According to *BusinessWeek*, her biggest accomplishment in this job: In May, Comstock launched General Electric's (GE) healthymagination initiative, a \$6 billion effort to create 100 products with the overarching goal of measurably reducing costs and increasing access to health care. Projects in the initiative range from health-related content on NBC to loans from GE Capital to physicians who want to invest in electronic medical records.



*Innovation philosophy: "In the early stages of innovation, it's easy to become paralyzed by potential-too many options, uncertainty about business models, etc. Pick a path and get going, but remain nimble with interim milestones and a motto of fail fast, fail small."*

Rank 2009 ▲	Rank 2008	Employer	2009 Brand value (\$millions)	2008 Brand value (\$millions)	Percent change (%)	Country of Ownership
1	1	Coca-Cola	68,734	66,667	0.03	U.S.
2	2	IBM	60,211	59,031	0.02	U.S.
3	3	Microsoft	56,647	59,007	-0.04	U.S.
4	4	GE	47,777	53,086	-0.1	U.S.
5	5	Nokia	34,864	35,942	-0.03	Finland
6	8	McDonald's	32,275	31,049	0.04	U.S.
7	10	Google	31,980	25,590	0.25	U.S.
8	6	Toyota	31,330	34,050	-0.08	Japan
9	7	Intel	30,636	31,261	-0.02	U.S.
10	9	Disney	28,447	29,251	-0.03	U.S.
11	12	Hewlett-Packard	24,096	23,509	0.02	U.S.
12	11	Mercedes-Benz	23,867	25,577	-0.07	Germany
13	14	Gillette	22,841	22,069	0.04	U.S.
14	17	Cisco	22,030	21,306	0.03	U.S.
15	13	BMW	21,671	23,298	-0.07	Germany
16	16	Louis Vuitton	21,120	21,602	-0.02	France
17	18	Marlboro	19,010	21,300	-0.11	U.S.
18	20	Honda	17,803	19,079	-0.07	Japan
19	21	Samsung	17,518	17,689	-0.01	S. Korea
20	24	Apple	15,443	13,724	0.12	U.S.
21	22	H&M	15,375	13,840	0.11	Sweden
22	15	American Express	14,971	21,940	-0.32	U.S.
23	26	Pepsi	13,706	13,249	0.03	U.S.
24	23	Oracle	13,699	13,831	-0.01	U.S.
25	28	Nescafe	13,317	13,055	0.02	Switzerland
26	29	Nike	13,179	12,672	0.04	U.S.
27	31	SAP	12,106	12,228	-0.01	Germany
28	25	Ikea	12,004	10,012	0.1	Sweden

**GE**

**No. 4: General Electric**  
 ...painted itself green with its "ecomagination" crusade. Now it aims to color itself healthy by pushing health-care solutions in underserved markets...



# Summary

- The world is a *complex* place
  - Need a plan to *win now* and to *thrive in the future!*
- No one has all the answers. It's a journey
  - What *model* do you need for your organization to win?
  - How will *you* learn and share?
- Gold Standard is a vision for *better results*
  - The time to lead is *now!*



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