



réalités

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TASK FORCE WILL EXAMINE NEW WAYS TO UNITE GEIS

GE Information Services surveyed ten of its key international clients recently and received a mixed message.

GEIS was given high marks by customers for providing the worldwide network, products and capabilities they needed. On the other hand, GEIS was rated no better than average in the area of teamwork and ongoing client support. This points out the tremendous importance of unifying GEIS' worldwide work force into one team.

"We have the opportunity to permanently distance ourselves from the competition on a worldwide basis," said Jim McNerney, GEIS president. "But we're not taking advantage of that opportunity like we should. We're still lagging somewhat in

our efforts to become one team, and I'm determined to quicken the pace."

McNerney recently created a task force to develop ten new ideas that will serve as catalysts in unifying GEIS employees on a worldwide basis. Final recommendations of the task force will be presented to the GEIS staff later this year.

Chairing this team is Giuliano Venturi, recently appointed vice president of European Sales & Services. Venturi will work with seven other key business leaders to develop ideas that will be implemented over a 12-month period. Other members of the task force are John Sidgmore, Charles Fodor, D.J. Crane, Bob Simmons, Mary Howard, Jack Mulford, Dan Miller, Paul Zoukis and Haskell Mayo.



Giuliano Venturi

"Serving clients on a worldwide basis is something we can potentially do better than anyone else in our industry — including in-house," said Venturi. "We have made some progress, but we need more of it. And faster.

"We talk about worldwide client management, but we don't always practice it — and our clients don't always see it," he said. "Worldwide client service is universally accepted as a central value for our business, yet it still eludes us to a large degree. There is still too much 'we' and 'them' that we must overcome."

Although McNerney likes many of the programs already in place — client surveys, the homogenization of relations programs, a continuing emphasis on globally focused communication — he is looking for injection of new ideas from his task force.

"I fully expect the task force to aggressively pursue new operating routines that will quickly make a difference to our clients — and to us," he said.

"Global Energy" video tape illustrates the importance of teamwork. . .

See story on Page 2.



ROUND TABLE

with Jim McNerney

McNerney discusses the issues

Jim McNerney places a high value on communication — especially when it involves frank dialogue with the people most responsible for GE Information Services' success.

GEIS employees.

"Every other week I like to sit down with employees like yourselves and listen to your ideas and concerns," said the GEIS president during one of his recent round table meetings. "I hope these

WORK-OUT: A MENTAL EXERCISE



"In an organization of GE's size, one has to organize to beat bureaucracy. Hence, the first step in what (Jack) Welch views as a long-term effort, a brand new program called Work-Out. It is an elaborate, systematic attempt to wring unnecessary work out of the system."

—Fortune, 3/27/89

During the 1980s, GE's overall employment has shrunk by more than 100,000 people.

However, it is now clear that by facing reality and taking the difficult actions necessary to be a competitive global enterprise, GE has become a much stronger company — one capable of controlling its own destiny.

GE has gone through an incredible transformation during this past decade. Traditional ways of thinking, organizing, and doing business continue to undergo dramatic change.

"Before Jack Welch took over in 1981, GE had never been better than 10th in U.S. market value — and that spans a period of more than 100 years," said Jim McNerney. "Today, GE is third in U.S. market value, trailing only IBM and Exxon. Jack's ideas have worked, and we're now dealing from a position of real strength. In today's global environment, that's an absolute necessity."

Although workers have

gone away during the '80s, work hasn't. In fact, some would argue the amount of individual work has grown over the years.

According to Welch, that has to change.

To reduce the bureaucracy that often leads to unproductive

"This campaign brings out the full force of Welch's moral fervor. He regards bureaucracy as evil because it destroys productivity by distracting full attention from useful work. It makes people look inward, at the organization, rather than outward, to the customer and the competition."

—Fortune

tasks, Welch is asking each GE business leader to join with groups of employees and come

up with lists of work that can be eliminated. This ongoing process will, appropriately, be called "Work-Out."

Work-Out is scheduled to be introduced at GEIS this summer. McNerney says the program will begin in Rockville and gradually spread to each of GEIS' worldwide operations.


"The approach will be to use a skip-level environment and get together to identify work that can be done away with," he said. "Those employees chosen to participate should consider it a real honor because they will be making recommendations that will affect the entire business."

McNerney added that he's "a big believer in employee involvement" as a way to manage the business.

In a recent round table with employees, McNerney asked employees how they felt about the Work-Out concept. The reaction was overwhelmingly positive.

"For too long now we've been like the shoemaker's children," said one round table attendee. "Our business is making our clients more productive, but we rarely spend time doing it for ourselves. I think (Work-Out) is a great idea."

For a copy of the article, "Inside the Mind of Jack Welch," which appeared in the March 27, 1989 issue of Fortune magazine, write to GEIS Communications (MC07E in Rockville).

réalités will provide more details about Work-Out as its implementation at GEIS draws nearer. 

GLOBAL ENERGY: THE POWER OF ONE

It is now understood that for GEIS to reach its full potential as a business, it has to eliminate all fragmentation and meld into a single global enterprise.

On those occasions when GEIS has pooled its resources, the results have been outstanding for the client.

"When we come together to serve a client, we create a *global energy* that is unsurpassed in our industry," said Jim McNerney, GEIS president. "I'm convinced that no other company can match our capacity for action and performance when we unite as a single business."

To demonstrate this point, a video tape appropriately titled "Global Energy" has captured the testimonials of GEIS business leaders recently honored at Markmakers.

The tape illustrates what it takes to win as a global team: international cooperation, placing the clients' interests above those of GEIS, understanding the clients' business needs, and using GEIS' worldwide resources to meet those needs.

"Acting as one team on behalf of our clients could well be our most critical competitive advantage," said McNerney. "And more importantly, it's what our clients demand."

INDUSTRY BRIEFS

Continued from Page 5

but Rulmyr is confident GEIS can prosper in such a market. "We have a very attractive business, and more and more companies are trying to become just like us. The way for us to win," he said, "is to focus on what we do well, and then do it better than everyone else."

Rulmyr added that the formation of Mito BV is consistent with the PTTs' intention of expanding beyond their role as carriers and becoming high value-added services providers.

The objective of Mito BV will be to appear to customers as a single, homogeneous pan-European service — one that's capable of offering customers the optimum solution to their telecommunications needs.

The forming of Mito BV is controversial in the sense that most of the PTTs are state-owned and hold dominant positions in their markets. The joint operation would compete directly with private companies like GEIS that operate trans-European data networks for their multinational clients, but only after first establishing a basic network of messaging services.

Top-line productivity a key issue for IBM and the services industry

The Gartner Group, a team of U.S.-based analysts, has gone on record as saying that IBM will not be able to improve its U.S. sales productivity any time soon.

However, according to a recent Wall Street Journal article, this problem is not unique to IBM. The fact of the matter is, U.S. productivity (output per man-hour) has dropped approximately 66 percent since 1973, and no one seems to know why. What makes this decline all the more puzzling is that an explosion of computer technology has invaded nearly every facet of the workplace during the last decade. This incorporation of technology, it would seem, should have made stark improvements in work productivity.

The Journal quotes Nobel-laureate economist Robert Shaw as saying, "The cynical explanation is that all that computer capacity and word processing is producing information that nobody needs."

Perhaps Shaw is right, but the coming of age of the baby-boomers and the increasing number of women entering the workplace have raised the percentage of Americans working

to an all-time high of 66 percent — this compared to just 60 percent in the 1950s.

"But now," reports the Journal, "the work force has absorbed that population bulge and companies are finding it increasingly difficult to find and keep workers. That steps up the pressure to . . . raise worker productivity."

The performance among U.S. manufacturers has improved somewhat in recent years as companies strive to meet foreign competition. But in the services area, where four-fifths of all Americans are employed, productivity remains stagnant.


Reportedly, IBM's U.S. revenue has declined 13 percent since 1985, while its U.S. employee population decreased by just 8 percent.

The decline in IBM's U.S. revenue — in a generally healthy market — reveals just how significant the shifts in revenue are toward the more competitive, lower-price end of the market. Traditional mainframe business is being swamped by the growth of micros and minis, and there is an increasing shift toward decentralized power, analysts say.

However, speaking at the company's annual meeting in Pittsburgh on April 24, IBM Chairman John F. Akers assured stockholders that the company made steady progress in 1988 and is targeting future growth in key areas. One of those areas is information services.

Akers said IBM is well positioned in the growing information processing industry thanks to the company's increasing investments in research and development, an improving product line, greater efficiency, and its closer partnership with customers.

Reporting on the overall outlook for IBM, Akers said the company will continue to be very competitive in the information industry, which IBM estimates will grow two to three times faster than real worldwide economic growth.

"The winners in the services industry will be those businesses that address the issue of top-line productivity — that's why it's one of our key objectives for 1989," said Jack Mulford, GEIS' vice president of Human Resources. "Other businesses are facing the same challenge we are in this area. We will need to meet or exceed our productivity targets to improve our worldwide competitiveness." 

THE NUMBERS

Quality results: Good, but not perfect

GEIS was ahead of its 4.85 (on a scale of 5.0) services quality target during the first quarter of 1989, checking in with a total grade of 4.89.

Of the four areas measured, only Mark 3000 scored below the 4.85 target, registering a 4.62. Mark 3000 missed its goal due to operating system problems in Fiscal Weeks 3 and 10, and major hardware problems during FW-8. Although the operating system problems were relatively short in duration, major impacts were experienced by several Mark 3000 clients during FW-3 and -10.

The hardware problems in FW-8 were much more significant, resulting in difficulties for the entire Mark 3000 client base. The failure was caused by a recently upgraded processor that malfunctioned and produced an extended period of unavailability on February 22.

Mark III (4.89), Communications (4.90), and Marketing (4.96) were all well ahead of the 4.85 target.

Availability for Communications during the first quarter was 99.89, which was right on target. Mark III checked in above its goal of 99.96 with a near flawless 99.99, while Mark 3000's availability was 99.69 — well below its goal of 99.92.


Financial results

GEIS achieved solid gains in operating results during first quarter 1989. Sales were 3% above Operating Plan and 6% higher than the same period last year.

Sales improvement over operating plan reflected a sizeable increase in North American revenue, driven largely by higher GTE, Apple and Chemical Bank sales. Europe/ASPAC volume was slightly higher, reflecting slower Fiat erosion in Italy and continued sales gains in Japan, Hong Kong and Australia. Unfavorable exchange rates reduced sales revenue somewhat during the first quarter.

Net income for the first quarter was 25% better than plan, and 26% ahead of 1988's total. Additional volume and improved productivity more than offset additional Division reserves and accruals, unfavorable exchange, and inflation recovery shortfall versus last year.

First quarter funds generation was far below the '89 Operating Plan target, and significantly less than last year's first quarter total. This large miss was due primarily to higher foreign tax payments, lower trade payables, higher FSO assessed investment, and a multi-million dollar challenge put into the Plan (offset in part by improved receivable collections).

Industry team staffing is nearing completion, and P&Ls have been established for U.S. managers. Jim McNerney, Giuliano Venturi and John Sidgmore reviewed the initial plans for these during their U.S. tour in late April. 

GEIS achieved solid gains in operating results . . .

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Welcome to reality, or as our French associates would say it, *réalités*. This newsletter will be published once a month for all employees of GE Information Services.

It is the intent of this newsletter to keep employees updated about GEIS, its key business objectives for 1989, quality performance and financial results.

A regular feature of *réalités* will be reports from president Jim McNerney's round table meetings with employees. In addition, news about the information services industry and its key players will also be featured.

This publication supplements Spectrum, a business feature magazine that provides an in-depth treatment of selected topics and issues. Like Spectrum, *réalités* should be treated as a proprietary document. Please dispose of it properly.

We hope you find this new publication of value, and benefit from the information provided.

—Michael J. Kachel, Manager
Employee Communication & Community Relations

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meetings are as valuable to you as they are to me.”

A number of different topics were discussed during the 90-minute session, including Work-Out, a task elimination program featured in a recent Fortune magazine interview with GE chairman Jack Welch.

“We spent all those years delayering,” said McNerney, “but we didn’t take enough of the work out. Jack (Welch) likes to use the analogy of living in the same house for a hundred years and not cleaning out the attic.”

The Work-Out concept (see separate story, Page two) was greeted enthusiastically by those attending the meeting. It’s scheduled to be introduced at GEIS during the summer of 1989.

Looking further into the future, one employee asked McNerney where he saw GEIS five years from now.

“I see good prospects for this business,” he said. “We can become an \$800 million business by then, but we’ll have to address some key technical issues first. In addition, our industry focus approach has to succeed.”

“There’s a very clear path to growth for this business. But if we don’t embrace new technology or establish strong industry positions, we won’t be travelling down that path fast enough. I’m convinced industry focus will drive our business to even greater results.”

Banking and Financial Services, a key strategic area for GEIS, was discussed in depth. McNerney said he and his staff are still in the process of finding the right mix of people, products and organization to attack the marketplace with.

“We’re about a third of the way into our plan,” he said. “There’s still a lot of blocking and tackling we have to do to make it work. I’m

impatient in that regard, but I’m comfortable with where we’re at. We’re moving at the right pace.”

When the issue of improving the quality of client services — one of the key business objectives for 1989 — was raised, McNerney told the group he has asked Giuliano Venturi and Matt Mulligan to begin working on a worldwide client services plan.

Potpourri

Other topics discussed by McNerney included:

- EDI. “It’s a very promising business — it’s the one thing everyone in the world wants. But we have to learn how to deliver EDI profitably. . . we have to be selective and go after those jobs that will provide large opportunities and big profits.”
- GENie. “You know it’s going to be a big game. But when? It’s different from EDI because you need to spend a lot more money on advertising to be competitive. We have to figure out how big we can become and what it will cost to get us there.”
- The 10 Key Objectives. Employees told McNerney they felt the goals for ’89 are the right ones for the business to be targeting at this time.
- The president ended the meeting by saying, “It has not been an easy go for this business since ’82. I want to express my respect, admiration and appreciation for the good work all of you have done. Please pass that on to your co-workers as well.”

ROUND TABLE

Continued from Page 1

INDUSTRY BRIEFS

European telecoms stand united

Many of Europe’s telecommunications administrations will reportedly meld their operations to form a joint company called Mitos BV. The company, comprised of 22 PTIs, will offer data communications services across the European Community.

This multiple alliance is yet another indication of the increased competitiveness that can

be expected as businesses around the world gear up for 1992.

“We’re witnessing a flood of new companies positioning themselves in Europe because they now see a unified market of 325 million customers — the largest single potential market in the world,” said Jim Rulmyr, GEIS’ vice president of Business Development. “What you have to remember is, although we wel-

come free competition as something positive for GEIS, it also means we’re going to have to fight a lot harder to win and keep clients. Where Europe is concerned, there’s going to be a lot more people trying to eat out of the same piece of pie.”

This clearly represents a growing competitive challenge,

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