

Schreiber Foods listens to the Voice of the Customer

Company had record earnings the first year of its new program

By Mike Dauplaise

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Customer service, customer commitment, and customer satisfaction are corporate catchphrases echoed by almost every organization in the world. Yet, most companies neglect to ask their customers

exactly how they define their meaning.

Green Bay-based dairy manufacturer Schreiber Foods has taken the challenge of defining these phrases to a new level through its Voice of the Customer process. The process calls for Schreiber to work cooperatively with its customers to determine specific requirements that fit the customer's definition of satisfaction — not Schreiber's.

"The objective of the Voice of the Customer process is to clearly understand customer requirements through a detailed needs analysis," said Gunnar Scholer, president and

chief operating officer of Schreiber's Foods Sales division. "Hearing and implementing processes to meet those customer requirements becomes part of our competitive advantage. It demonstrates a higher level of customer commitment than the competition, which translates into bottom-line results."

The Voice of the Customer process helps Schreiber differentiate virtually every aspect of how it conducts business, creating a competitive gap with its competition. Schreiber piloted the process with some of its largest customers two years ago before expanding its scope last year, with further

deployment planned for this year.

Schreiber is a supplier to most of the largest retail, restaurant and foodservice customers in the United States and globally, and ranks as the world's largest private label dairy manufacturer.

Its Voice of the Customer surveys yielded some surprising results to go with the more predictable feedback. That's exactly what Schreiber leaders hoped would happen.

"The responses we received helped us identify where gaps existed between expectations by

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customers and performance by our company," said Scholer. "Most companies believe they know their customers' needs. We were no different."

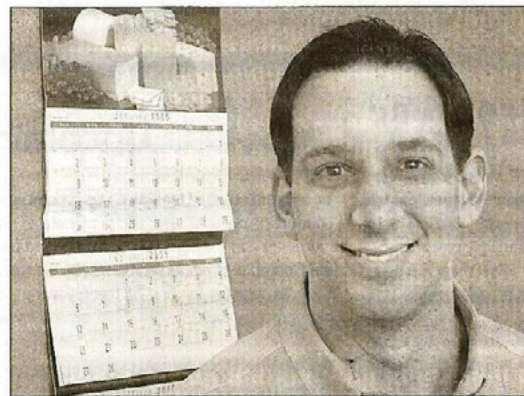
In fact, Schreiber had backed away from what it viewed as unprofitable business with one of its longest-term and largest customers precisely because its services-to-price package did not align with levels required by the customer. Had its Voice of the Customer process been in place at the time, Schreiber may have been able to avert this situation.

"This was an example of how our assumptions didn't correspond to our customer's needs," Scholer said. "Regardless of how strong the relationship is with a customer, you really don't know what they want without going through a discovery process like we now have with the Voice of the Customer process."

Scholer said Schreiber has seen where going through the process has made the difference between being viewed as a customer-centered organization, and one that's perceived as arrogant and self-centered.

The process itself is a combination of qualitative and quantitative analysis. It calls for Schreiber to form teams comprised of employees from throughout the organization to shepherd the process through its cycle.

Those individuals come from departments as diverse as finance, sales, quality control, transportation, marketing, research and development, and senior leadership. The wide variety is important, Scholer said, because it's not unusual for customers to be completely satisfied with one area of Schreiber's service



Mike Haddad, vice president of the distributor sales group for Schreiber Foods, says customers appreciate being asked questions to improve service. The process, Haddad says, strengthens their relationship with the customer. The Business News photo by J.A. Robb

and downright irritated with another.

The quantitative part of the process calls for multiple customer touch points to complete separate audit score sheets covering several key attributes. Some of the common attributes include core values, pricing, service, and quality. Just as the customer deals with many people within Schreiber's organization, Schreiber also interacts with numerous people within the customer's organization.

The customer ranking of each attribute's relative importance is matched with its audit score's performance ranking. Together, the qualitative and quantitative analysis help identify gaps between expectations and performance, and highlight areas that are worthy of extra attention.

Mike Haddad, vice president of Schreiber's distributor sales group, said the fact that Schreiber even asks for such comprehensive feedback pays

off immediately in the form of strengthened partnerships, and elevates the company's standing among the customer's universe of suppliers.

"We received a great deal of feedback from customers that they are very excited about this process," Haddad said. "They feel that the process is very value-added. Several have stated that they would like to use the process themselves to rank other suppliers."

"None of our major customers — most of which are Fortune 500 companies — had ever seen a supplier ask questions like the ones we're asking them as part of this process. The Voice of the Customer process boosts our credibility with customers, and places us as the standard for all suppliers."

After collecting the qualitative and quantitative information, the challenge for Schreiber was to actually do something with the

data. Teams work to develop customer-specific action plans aimed at closing any gaps and meeting the requirements discovered by the data.

"Our challenge is to continuously improve as a result of what we've learned," Haddad said. "It's important that we not just hear what we want to hear."

"We haven't always done a good job of understanding how the customer defines and measures value, and that every customer has different definitions of value. The real value to us is that the Voice of the Customer process opens our eyes to what customers are really saying."

On a somewhat more intangible level, the open dialogue and consistent opportunity to offer feedback that the Voice of the Customer process affords helps Schreiber maintain the competitive gap that it works so hard to create. Obtaining new business is only part of its profitability equation; retaining that business and building incrementally each year is its ultimate goal.

Since Schreiber is privately-held, it doesn't disclose its financials. However, its 2004 fiscal year — the first year in which it utilized the process with select customers company-wide — was a record earnings year.

"Our customers are rapidly evolving to meet the ever-changing needs in the marketplace," Scholer said. "We need to go back and validate where they're going, because it's a moving target. We believe we're headed on the right trail as we continually pursue the Voice of the Customer, and we believe it will grow our market share and widen our competitive advantage for years to come."

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