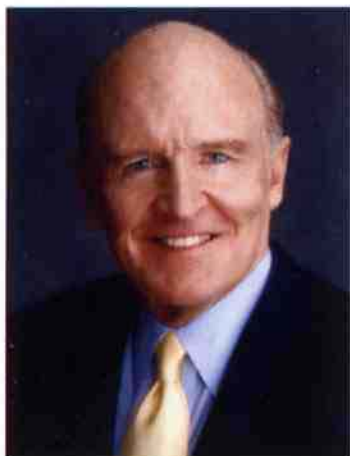


Editor's note: This department will feature Six Sigma related content excerpted from the annual reports and other communications produced by a variety of the world's most successful companies.



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Chairman and CEO
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PUBLISHED FEBRUARY 2001

FEATURED COMPANY:

General Electric

TO OUR CUSTOMERS, SHARE OWNERS AND EMPLOYEES

2000 was a memorable year for GE: It was a year of record-breaking business performance; a year that saw the proposal to acquire and integrate the businesses of Honeywell; and a year that began the transition to a new leadership team.

Revenues rose 16% to \$129.9 billion—a record. Net income rose 19% to a record \$12.7 billion, with 15 of GE's top 20 businesses posting double-digit earnings increases. Earnings per share increased 19%. Cash generated from our operations was a record \$15.4 billion—up 31%, or \$3.6 billion from 1999. Ongoing operating margin—a key metric of business performance—rose to nearly 19%—this from a Company that struggled for 111 years to reach 10%. In 2000, GE continued its share repurchase program, raised the dividend 17% and split the stock 3 for 1.

We write this in a year of transition to a new team, and we would like to use this occasion to reflect on what GE is today: why it works, the values and beliefs it is built upon and how they will serve to take us to the even better days that we know lie ahead for our Company.

First, and most importantly, GE is a growth company, creating, in 2000 alone, the equivalent of an \$18 billion, multi-business "company" with earnings of \$2 billion. In 2000 the Company not only posted its highest revenues ever, but grew

them at one of the highest rates in its history.

Second, through the rigorous pursuit of four big Company-wide initiatives—Globalization, Services, Six Sigma Quality and Digitization—we've changed not only where we work and what we sell, but how we work, think and touch our customers.

Six Sigma has turned the Company's focus from inside to outside, changed the way we think and train our future leaders and moved us toward becoming a truly customer-focused organization.

The Customer

Bureaucracies love to focus inward. It's not that they dislike customers; they just don't find them as interesting as themselves. Today we have a Company doing its very best to fix its face on customers by focusing Six Sigma on their needs.

Key to this focus is a concept called "span," which is a measurement of operational reliability for meeting a customer request. It is the time window around the Customer Requested Delivery Date in which delivery will happen. High span shows poor capability to hit a specific date; low span reflects great capability; and zero span is always the objective.

With span, the measurement is based on the day the customer

(cont. on p. 55)