



JACK WELCH'S LEADERSHIP APPROACH & GE'S WAY

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This article has been written to share with you those striking points in the magnificent book called “Jack Welch and General Electric’s Way”, which explains the leadership secrets of the legendary leader of General Electric, Jack Welch.

The book begins in August 1997 with two men playing golf on a sunny summer day. Two middle-aged men: a tall one with gray hair and slightly fat belly, and a shorter one who looks at least 10 years older than the first one. These two men who at first glance look like two ordinary people are two of the most powerful men in the world. The older one is John Francis Welch Jr., the tall one is the forty-second President of the United States, William Jefferson Clinton. Two days later, The New York Times publishes a photograph of a smiling, relaxed Welch and Clinton on a golf field.

Welch is smiling because of many reasons. However, more important than this, he is someone saying, “at the point where we are today I absolutely don’t feel relaxed” in an interview in December 1997 although he has got plenty of things to brag about.

He is the president of the company that with its 198.09 billion dollars has the first place in the Top 100 Companies List by Business Week. Coca Cola takes the second place with 169 billion dollars followed by Royal Dutch/Shell with 151 billion and Bill Gate’s Microsoft with 148 billion.

Turned 62 on 19 November 1997 and close to 65 today, Jack Welch announced he would be leaving his duty as both the President and the CEO of General Electric by the year 2000. However, about a week ago (November 2000) he declared he would stay for a while more upon the acquisition of Hannover, a fairly large American company, and he is still the highly energetic CEO of GE despite the open heart operation he has gone through in 1995.

There are lots to say about Welch and GE. Yet in this issue I would like to introduce you the management approach and the leadership secrets of the leader of such a big company.

According to Welch, leaders of large organizations need to possess high doses of energy. I guess this rule should be one of the basic leadership qualities all managers in today’s organizations must have. However, what is even more important to Welch is that the leaders of organizations should know how to make use of this energy in order to bring others into action. Running from meeting to meeting like a football coach, Welch conveys the following messages as well as lots of other messages mostly original to himself:

- Running a business is a simple thing.
- Don't make it too complicated.
- Face the truths.
- Don't fear change.
- Fight bureaucracy.
- Benefit from your employees' brains.
- Find out who has got the best ideas and implement them.

The book also mentions today's latest management secret that fascinates Welch: find out where the best ideas are and implement them. Continue learning. Don't be too arrogant to think you know everything and you are the sole owner of truth.

I guess many managers and politicians might even find merely these sentences above enough to explain why today so many organizations incur losses or struggle with plenty of problems in Turkey, should they read those over and over again every day.

An his management style he has adopted in recent years, Jack Welsh defines himself as some one who is carried away with creating, extending and establishing what he calls as the learning culture at GE.

Jack Welch has quite a lot of ideas on how an organization should work and most of these ideas make great sense. Yet he, almost begging, permanently calls upon his employees to take part in GE's activities.

In the following parts of the article I am going to continue to discuss real striking sayings and relevant explanations that are described as 'Welchism' in the book.

COMMUNICATE, RE-COMMUNICATE

All around the world it is possible to find GE employees. To convey his message Welch confronts GE employees in Paris, Tokyo, Hudson, Cleveland and other phases. However, most of the time he runs these meetings to learn as well and implants the following idea:

Ask -> Search-> Snatch

When you consider our mostly too inaccessible, charismatic, smart type of managers I guess one should not be too surprised about why Welch is so successful.

ACT LIKE A LEADER, NOT LIKE A MANAGER

Find out the great ideas, make them greater and start spreading it throughout the organization right then at the speed of light. Welch does not like this “management” concept itself. Therefore he usually prefers the word leadership like in that saying above in bold. When we look at the reason behind this preference it becomes nearly impossible not to acknowledge him to be right; because he assumes the understanding that suggests the less you manage the more successful your company. To him, most managers manage too much. Such managers only help to generate bureaucratic laziness and the disease that kills large companies.

Since it has become a term describing a person that “monitors rather than facilitates, complicates rather than simplifies, and dominates rather than accelerates” Welch wants to completely throw away the term manager.

According to Welch;

“They associate management with knowing too much and looking smarter than others. They do not inspire people. I don’t like all those qualities associated with “management”: monitoring, suppressing people, leaving them in dark, wasting their time with trifles and reports. Squeezing their throats. You cannot possibly implant self – confidence in people this way.”

That is why Welch prefers the term leader. To him, leaders are those who inspire people with their clear visions about how to do things well.

Jack Welch defines his own role as such: “my job is to place the best people for the best opportunities and to properly distribute the monies to the right places. That’s all. Communicate your ideas, distribute the resources and get out of the way”.

Welch does not say a thing like managers should never actually manage. According to the author of the book, what he really wants to say is this:

Don’t attempt to manage too much; you`ll fail. Manage with a vision and make sure your employees are working with that same vision as well. That’s it. After all, running a business is really not that complicated a job. So, be a leader, not a manager. And don’t forget to get out of the way.

Jack Welch says that to actualize its vision an organization needs to raise managers who will be sharing the same vision.

Welch defines four types of GE manager and states that the only way for you to last at GE is to get on board, be a team player and adapt yourself to company values and culture

He describes the first type as one who complies with the financial or other commitments and shares GE values. Welch likes this type of managers and assures those are the ones to stay around.

The second type neither fulfills his commitments nor shares GE values. Such people are not Welch's type of leaders.

The third type may miss the commitments but does share the values. Although many leaders in organizations would find such a person hardly acceptable, Welch does not see this type that unforgivable. He is more interested in those who are attached to company values rather than those who are attached to company values rather than those who achieve the figures.

The fourth type complies with the commitments but does not approve GE values. These sorts of people are those the President is most suspicious about.

By the end of the 1990's, rather than these four types of managers, Welch discusses those managers who could be successful at GE And who could not. Though there was no absolute definition the destiny of each and every type was almost certain: you would keep and reward A, raise B with the hope of progress and dismiss C. What he said in 1997 in an activity meeting where 500 top managers of the company took part is quite striking:

Most of you are trying to make Bs out of Cs with all your might. That is torture, like the one with the wheel in old times. Put Cs in B or C companies and they might as well succeed... We are an A+ company. We only want A class players. We can get anyone we wish. If any of you comes up to you with less than the best be ashamed of him/her. Do care about your best people. Reward them. Promote them. Pay them well. Give them an option for a certain amount of shares and don't waste this time trying to make Bs out of Cs. Eliminate them right from the start. That is a contribution."

Welch gives the following advice for junior managers to become future leaders:

"The biggest advice I give to people is that you cannot do all this by yourself. You will sure be better off with the brightest people in your team. If you do this you can catch the world by its tail.. It is totally wrong to assume you could not as easily identify people in an organization as you could on a basketball or hockey field. If the guy can't skate you cannot possible keep him on the left wing. If he can't make a shot he won't work as a striker. He won't be in the team. This isn't any different in the

business team you would be forming, either... Always win the best people. If you didn't you are the one who is responsible for this."

During this speech the following question was directed to him: OK, so if GE has such tough entry conditions, how come those who could only be C type of managers did join GE?

His answer was once again striking:

"What happens is nothing but bureaucracy. Some real bright people join us, too. And they then decide on this: Like the financial opportunities here. I like the retirement plan. I like the atmosphere. And without your notice they stay here. They have been staying there for twenty years without your notice. They have obtained a success record and a certifiable past; yet, they are not good enough to play where the world has come to.

They had started out with the right identity and the right potential. This potential might have been left undeveloped due to many reasons some of which could be fairly valid... There are plenty of areas of interest surrounding them, all of these are extremely good ones but these areas of interests sometimes won't make them As in this company."

Be simple, consistent and implant your message in minds Welch says the only way to change people's opinions is consistency. To him, observing means at the same time emphasizing several issues and repeating them over and over again. These key issues echo at GE without ever ending.

The key issues in the first days of Welch's period were the following:

- Number one, number two.
- Correct, close down or sell out.
- Speed, simplicity and self-confidence.

By the end of the 1990's the key issues were different. However, Welch and GE are still trying to achieve these with persistence just like in the past:

- Being unlimited
- Finding solutions
- Exaggerating
- Quality
- Service

- Learning culture

Key words and issues come from everywhere; from Jack Welch's Annual Letter to Shareholders, his speeches at GE Board of Members, his conversations with financial analysts. Yet these words do not carry anywhere else the importance they do on a small, wallet size card GE employees nowadays carry with themselves.

Before the cards had been given out to the staff GE came to an agreement over the very values to be adopted by its employees. Countless hours were spent on this. Not only carrying the card with oneself but also appreciating the values became a badge of honor. As Welch points out:

"There is nobody not to carry the guide of values with him/herself either in their wallets or in their pockets. These values mean everything and we live them. And even though they might lead to dramatic results we send away those people who don't possess these values."

These are the GE values written on that wallet-size card:

GE leaders ... Always and in unshakable integrity

- Possess a passion for perfection and hate bureaucracy
- Are open to ideas coming from any direction ... and dedicated to finding solutions
- Live quality ... and force cost and speed for the sake of competitive advantage
- Have the self-confidence to embrace everyone and do not act from a distance
- Create a clear and simple vision based on reality ... and communicate this to all of the employees
- They have an enormous energy and the power to transmit this to other people
- Exaggerate ... put aggressive targets ... encourage progress ... understand responsibility and commitment
- They see transformation as an opportunity ... not as a threat
- Possess global brains ... and form various global teams.

According to Welch, a leader in an organization should not only create a vision but also make sure that the employees at each and every level of the organization also live with that vision.

In this article we have brought together Jack Welch's understanding of management and the relevant ideas. The rest of the book continues to discuss other GE strategies for success. Jack Welch's

understanding of management can of course be argued, perhaps criticized at some points. However more than this, I would like to underline that there are plenty of messages and lessons to get.

Those who wish to buy the book may get it from Literature Publishing under the name “Jack Welch and General Electric`s Way”.

I personally believe that it would be quite useful for all business owners, leaders and those managers and candidates who are interested in self – development.