

# JACK WELCH AND THE GE WAY

Management Insights and Leadership  
Secrets From the Legendary CEO

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**MAIN IDEA**

Jack Welch, is America's most successful CEO, running the most valuable company in the United States, General Electric. For all that, his business philosophy is quite straight-forward:

- Business is simple.
- Don't make it overly complicated.
- Face reality.
- Don't be afraid of change.
- Fight bureaucracy.
- Use the brains of your workers.
- Discover who has the best ideas and put those ideas into practice.

And, always keep learning -- from your staff, from your competitors and from your customers. Do that on a consistent basis and you'll be able to successfully position your company to take advantage of the great opportunities that will open in the future.

1. Act Like a Leader, Not a Manager . . . . . Page 2

"Find great ideas, exaggerate them, and spread them like hell around the business with the speed of light."

Conventionally, business managers thought their prime role was to supervise their employees. Jack Welch, by contrast, thinks business leaders rather than business managers are required. A business leader is someone who inspires co-workers with a vision of how to improve.

2. Building the Market-Leading Company . . . . . Page 3

"What can I do to make one of my businesses dominant in its market?"

GE has built an open and informal business atmosphere of market leading companies. GE's core competence is its culture which views GE as a series of business laboratories that share ideas, financial resources and managers in a boundaryless organization. GE employees learn from each other -- and from others who are strong in their own markets.

3. Forging the Boundaryless Organization . . . . . Page 4

"We had to get rid of anything that was getting in the way of being informal, of being fast, of being boundaryless."

To survive in a competitive world, large companies have to:

- Get lean
- Get agile
- Start thinking like a small company

4. Harnessing Your People for Competitive Advantage . . . . . Page 5

"My whole job is people. I can't design an engine. I have to bet on people."

To get GE employees to increase productivity, Jack Welch encouraged them to focus on:

- Speed
- Simplicity
- Self-confidence

He also took the boss element out of the company, encouraged employees to speak freely about any and all issues, to stretch to exceed targets and to involve everyone in the business of the company.

5. Push Service and Globalization for Double-Digit Growth . . . . . Page 6

"The opportunity for growth in product services is unlimited."

Two key drivers of GE's revenue growth in the recent past and into the foreseeable near-term future are service businesses and globalization. The service component of GE's operational base has historically been quite low, but is steadily rising over the past decade and is expected to continue to rise in the future. Similarly, GE is also finding an increasing number of its strongest competitors are non-American companies as it starts to exploit business opportunities in overseas markets.

6. Drive Quality Throughout the Organization . . . . . Page 7

"You've got to be passionate lunatics about the quality issue."

In the late 1990s, a focus on quality is driving GE with intensity. In fact, Jack Welch has made delivering quality the job of every GE employee.

7. Jack Welch's Vision for the Millennium . . . . . Page 8

"People always overestimate how complex business is. This isn't rocket science."

Looking ahead, GE doesn't plan on either standing still or on continuing to celebrate a glorious history. Jack Welch believes the company's rate of growth will accelerate, and that there are no practical limits to that growth.

