



# The Welch Way

24 LESSONS FROM THE  
WORLD'S GREATEST CEO

THE EMPLOYEE HANDBOOK FOR  
ENHANCING CORPORATE PERFORMANCE

***“A Company that aspires to true greatness  
furnishes its people with big challenges  
which, when met,  
fill people with self-confidence  
that can only come from within  
and only from winning.”***

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***“Bureaucracy hates change...  
is terrified by speed  
and hates simplicity.”***

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# ***The Welch Way***

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## ***24 Lessons from the World's Greatest CEO***

***JEFFREY A. KRAMES***

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ISBN 0-07-140619-0

The material in this eBook also appears in the print version of this title: ISBN 0-07-138750-1

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DOI: 10.1036/0071406190

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## *The Welch Way*

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**I**n 1981, 45-year-old Jack Welch became the eighth and youngest CEO in General Electric's history. From his first moment as chairman, Welch's goal was to make GE "the world's most competitive enterprise." Welch knew that it would take nothing less than a "revolution" to transform that dream into a reality.

History will reveal Welch to be exactly the right leader at exactly the right time. When he took over, corporate America was in trouble. New global competition and poor economic conditions had changed the game, but few CEOs recognized it. The model of business in corporate America in 1980 had not changed in decades. Workers worked, managers managed, and everyone knew their place. Forms and approvals and bureaucracy ruled the day.

Welch's first years at the helm were a constant battle. His self-proclaimed revolution meant waging war on GE's old way of doing things and reinventing the company from top to bottom. In his first decade of leadership, Welch fixed, closed or sold hundreds of businesses, eliminated layers of management, and transformed the company's bureaucratic ways.

Few understood why the maverick CEO had to make such dramatic changes. GE was already considered one of the world's great manufacturers, so why fix something that wasn't broken? But Welch saw a company drowning under the weight of its own structure. He saw

businesses that were not growing quickly enough and a culture that encouraged few new ideas and little innovation.

How Jack Welch performed the largest corporate makeover in history is what this book is about. *The Welch Way* does not focus on the specific growth strategies of Welch's revolution (e.g., stressing service over manufacturing), but instead on the *behavioral* and *cultural* forces behind the strategies.

For example, by "defying tradition" (page 14), Welch was able to eliminate GE's outdated way of looking at the world. In the old GE, only those ideas that originated inside the halls of the company were deemed to be worthwhile (that was called NIH, for "not invented here"). Welch eliminated NIH. He felt it was a "badge of honor" to learn from someone else, and encouraged all employees to soak up the best ideas regardless of their source.

In the old GE, it was the "stripes on one's shoulder" (meaning a person's rank) that was most important. Welch changed that. He felt that the quality of an idea was more important than who came up with it. He urged all employees to voice their ideas, feeling that no one person (including himself) had a monopoly on good ideas.

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***What follows are the leadership secrets employed by GE's eighth chairman in his two-decade journey to change the destiny of one of the world's great corporations.***

# ☐ Manage

## ☐ *Lead*

---

**J**ack Welch is all about leadership, not management. He doesn't even like the word "manage." To him, the word "management" conjures up all of the negative things that people associate with managing, such as "controlling, stifling people, keeping them in the dark."

Welch loved to lead. He loved to create a vision and then get people so passionate about what they were doing that they couldn't wait to execute his plan. That's what a genuine leader is, said Welch. Someone who could express a vision and then get people to carry it out.

And Welch did not think that executives or CEOs had a monopoly on leadership—or good ideas, for that matter. To him, anyone could be a leader, just so long as they contributed, and the most meaningful way for anyone to contribute was to come up with good ideas. Welch once said, "the hero is the person with a new idea." To him, there is simply nothing more important to an organization than expressing ideas and creating a vision.

At GE, he created an enterprise that made new ideas the lifeblood of the organization, the fuel that made the gigantic GE engine run. He said that if the company had to rely on him for all of its good ideas, "the place would sink in an hour."

While many business leaders talk a good game on the subject of leadership, Welch lived it. He created a vision for his company ("world's most competitive enterprise") and spent more than two

decades igniting the organization to make his vision a reality. He had great energy, competitive spirit, and the ability to spark excitement and achieve results, and searched for leaders who had those same qualities.

Here are things you can do to raise your Welch Leadership Quotient:

***Articulate a vision, and spark others to execute it:*** That was the essence of leadership, said Welch. Anyone who could express a vision and then get others passionate about making it happen could be a leader.

***Don't manage every excruciating detail:*** Leaders know that it is their job to see the big picture. Don't get caught up in managing minutiae. Surround yourself with great people and trust them to do their jobs.

***Involve everyone and welcome great ideas from everywhere:*** Since business is all about getting the best ideas from everyone, be sure to leave no one out. It just might be the quietest person on your team who is sitting on the best idea.

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***“What we are looking for...are leaders at every level who can energize, excite and inspire rather than enervate, depress, and control.”***



## Get more formal



## *Get less formal*

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**F**or many years, most companies were run like the army. There were “uniforms” (white shirts, blue suits), strict rules (“punch the clock by nine, never leave before five”), and a rigid chain of command that dictated who was in charge. Generals did not have to speak to the privates, even though it was the privates who did most of the work.

Welch thought that such formality got in the way of achieving great things. He said that the part of the GE story that has yet to be told was the power of GE as “an informal place.” No one called him “Mr. Welch,” it was always “Jack.” He left his tie at home more often than not, held informal meetings, and encouraged everyone to lighten up.

“Boundaryless” (i.e., Welch’s open organization, free of walls) thrives in an informal arena. Without needless rules, titles, and approvals, people are not afraid to voice their ideas, even if they go against conventional company wisdom. Since new ideas are the lifeblood of business, keeping formality and rigidity out of the office was one of the keys to GE’s success.

For example, when Welch found out that managers were not talking or listening to employees, he decided to do something about it. That’s when he created Work-Out™, the process that in essence turned the company upside down, so that the workers told the boss-

es what to do. That was a revolutionary thought in the late 1980's, and forever changed the way people behaved at the company.

But that was Welch. He was the head of a huge corporation. How can the rest of us possibly have that kind of an impact on our company? Here are a few ways to make your workplace more informal:

***Brainstorm with colleagues and bosses:*** Find simple ways to loosen things up (more relaxed dress code, flexible work hours, etc.).

***Hold more informal meetings:*** Lighten up meetings by asking your staff to “run” the meeting, and suggest “a no notes allowed” meeting as well.

***Consider a once-in-a-while informal get together:*** Suggest that whole departments get together for a pizza lunch or an after-work meal with spouses and significant others.

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***“You must realize how important  
it is to maintain the kind of corporate  
informality that encourages a...training  
class to comfortably challenge  
the boss’s pet ideas.”***

☐ Tolerate bureaucracy

☐ ***Blow up bureaucracy***

---

**W**elch has always hated bureaucracy. To him, bureaucracy is the enemy. Bureaucracy means waste, slow decision making, unnecessary approvals, and all the other things that kill a company's competitive spirit. He spent many years battling bureaucracy, trying to rid GE of anything that would make it less competitive.

Welch felt that ridding the company of bureaucracy was everyone's job. He urged all of his employees to "fight it, kick it." That's why "disdaining bureaucracy" became such an important part of GE's shared values (the list of behaviors that were expected of all GE employees).

When a young college student asked Welch what he should do when he encounters bureaucracy in a large corporation, the GE chairman advised him to "get a hand grenade...and blow it up" (he meant that figuratively, of course). He felt that it is everyone's job to at least try to rid the organization of wasteful bureaucracy.

But isn't that easier said than done? Yes, even organizations that do a good job of eliminating this cancerous element can't kill it permanently. That's why Welch called bureaucracy "the Dracula of institutional behavior," because it had a way of rising from the dead every few years.

Anything that you can do to simplify, remove complexity and formality, and make the organization more responsive and agile, will reduce bureaucracy:

***Drop unnecessary work:*** Most organizations have far too many rules, approvals, and forms. Work with colleagues to figure out which of these old ways of doing things can be either eliminated or improved.

***Work with colleagues to streamline decision making:*** If it takes a company a week to make a decision, the process needs to be simplified. If no one can remember why your company does something a certain way, chances are that it is more complicated than it needs to be.

***Make your workplace more informal:*** Send handwritten notes instead of memos (Jack loves handwritten notes, and it is “Jack,” not “Mr. Welch”), keep meetings conversational (rather than formal and rigid), and encourage dialogue up and down the corporate ladder.

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***“The way to harness the power of these people is not to protect them...but to turn them loose, and get the management layers off their backs, the bureaucratic shackles off their feet and the functional barriers out of their way.”***



# ☐ Assume everything is fine

## ☐ *Face reality*

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**J**ack Welch said that business, like life, boils down to one thing: facing reality, and then making the right decisions based on that reality. To him, there was no more fundamental—or important—concept than this one.

The roots of Welch’s “face reality” edict can be traced back to his childhood. Welch’s mother always urged her son Jack “not to kid himself,” to see things as they are, and not as he wished them to be. Welch never forgot that enduring lesson, and it played an invaluable role in his success.

When Welch became CEO, most people thought that GE was in great shape. Although it was voted top company in America, Welch saw a company in trouble: one that had lost much of its market value, and one that was sinking under the weight of its own bureaucracy. Although most thought that he should respect the company and its history, Welch decided to “start a revolution” and reinvent the company from top to bottom.

At the heart of Welch’s revolution is his “face reality” decree. From his very first day as CEO, he made sure always to see things as they truly were. He never fooled himself into thinking that things would just get better on their own. Once he recognized the reality, he launched strategies and initiatives that helped make things better. When he determined that many of GE’s businesses were not doing well, he sold off more than 100 GE businesses, and laid off more than 150,000 workers.

Facing reality often means saying and doing things that are not popular. After all, who wants to hear that business is bad, or that things won't get better? But Welch felt that only by coming to grips with reality would things begin to get better. So the next time a boss or colleague says, things just have to get better if we just stay the course, consider telling that person to face reality. That's how Jack Welch turned an aging bureaucracy into the world's most valuable corporation.

Here are some ways to make sure that you don't "kid yourself," which might help you to see things as they are:

***Look at things with a fresh eye:*** Sometimes people are too close to things to see the truth. To get perspective, look at your situation as an outsider might. Start with a blank piece of paper and jot down the realities of the situation you are assessing. This might help you to see things in a more detached manner.

***Don't fall into the "false scenarios" trap:*** Many people in business just assume things will get better. That could be a trap. Don't make up scenarios based on wishes. You must face the truth. What can we do if things *don't* get better?

***Leave yourself with several options:*** The best time to change is when you want to, not when you have to. In assessing situations, construct several scenarios based on different outcomes. Always have a "plan B" if things do not go as planned.

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***"How do you bring people into the change process? Start with reality...When everybody gets the same facts, they'll generally come to the same conclusion."***

☐ Make things complex

☐ ***Simplify***

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**J**ack Welch did not think business had to be complicated. To him, keeping things simple was one of the keys to business. He said that his goal was to “de-complicate everything we do and make at GE.”

He often said that as long as people had access to the same information, they would almost always come up with the same answer to any problem put before them. “This is not rocket scientist work,” he declared more than once.

Welch felt that simplicity requires “enormous self-confidence.” Welch felt that confidence is one of the other vital ingredients of any learning organization, and that like simplicity, it thrives in an informal arena. Many of his signature programs and initiatives were specifically designed to make GE a simpler organization.

The roots of Welch’s desire for simplicity can be traced back to his early days at the company. When he started, he worked in a small plastics lab, in which he was one of a very small, yet nimble, team. In that setting, simplicity ruled, and bureaucracy was nowhere to be found.

Instead of battling bureaucracy, Welch and his colleagues focused on competing, building businesses, creating new products, and all of the other things that Welch loved about business. Those early days showed him that business could be exciting, yet simple, and did not have to be filled with jargon and complexity. He spent

most of the next four decades instilling that brand of excitement and simplicity back into the “big body” of GE.

Anything that you can do to make your organization simpler would take it one step closer to the Welch ideal:

***Simplify the workplace:*** Most organizations have far too many complicated forms, processes and ways of doing things. Identify those that waste the most amount of time, and work with colleagues to eliminate or streamline them.

***Make meetings simpler:*** When Welch meets with his business leaders, he makes sure to have no complicated minute-by-minute agenda. Instead, he encourages his managers to simply tell him the best ideas they have come up with in the last 90 days.

***Eliminate complicated memos and letters:*** Welch had no use for complicated memos, preferring simple, handwritten notes. He felt that communication should be filled with ideas and simplicity, not complexity and jargon.

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***“You can’t believe how hard it is  
for people to be simple, how much  
they fear being simple...Clear  
tough-minded people are  
the most simple.”***

☐ See change as a threat

☐ ***See change as an opportunity***

---

**T**o Welch, change was simply a part of life, and certainly a part of business. He loved change and said that at his company, change was “in the blood” of its employees. How Welch felt about change, and how he got others at GE to feel about it, made an enormous difference in making the company so successful.

Most people don’t like change. Welch recognized this soon after taking over the company in the early 1980’s. He said that change was happening “at a much faster pace than business was reacting to it.” He knew that a great deal of change would be needed to make the company great. The problem was that most people at GE—and at other companies—did not understand why things had to change. After all, the company seemed to be doing fine.

But Welch was one of the first business leaders to “face reality.” To create the company he envisioned, Welch would have to change just about everything: the company’s focus, its products, its attitudes, behaviors, etc. Almost nothing stayed as it was, and he created a far more flexible, far more competitive organization.

The key to making a better GE was for Welch and the rest of the company to embrace change, rather than fear it. He saw change as an opportunity, not as a threat (that idea was so important to him

that he made it a part of GE's shared values).

In order to help your organization, and yourself, see change as an opportunity. Remember that change is a necessary thread in the fabric of life, and can bring many good things as well. Change does not always have to upset things and make things worse. In business, change is often the spark that ignites a good idea or a new business, or a revolutionary new product.

Here are some things to help you put change to work in your own work life:

***Know that change is here to stay:*** Always know that change is with you and will never leave. If you accept that, and use it, you can gain an edge over those who do not know how to deal with change.

***Expect the least expected, but move quickly to stay a step ahead:*** Not even Welch saw most of the things that would confront GE (e.g., the Internet). Often the difference between success and failure is getting a jump on things while competitors are regrouping.

***Prepare those around you for the inevitable change that will affect their lives:*** Not only do you have to be prepared, so do the people around you. Talk about change in a positive light so people don't fear it. Speak of it as an opportunity, not a threat.

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***“The game is going to change,  
and change drastically.”***

## ☐ Manage by authority

## ☐ *Lead by energizing others*

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**W**hen Welch became CEO, the system of management in place, commonly referred to as “command and control,” was the same system that large corporations had used for years. That system had evolved from the military, which relied on rank and title to determine authority.

When Welch became CEO, GE was full of managers who felt that “command and control” was the best way to run a large company. After all, without all those managers barking orders to workers, how else could a large corporation get things done?

But Welch found a better way. He did not think that the best way to lead was by what he called “the stripes on your shoulder.” He had many words to describe his leadership ideal, including “Boundaryless,” the word he created to describe an open organization free of bureaucracy and anything else that prevented the free flow of ideas, people, decisions, etc.

He felt that genuine leadership came from the quality of one’s vision, and the ability to spark others to extraordinary performance. The best managers do not lead by intimidation (“I am the boss and you will do what I say”), they lead by *inspiring* others to want to per-

form (“here’s my vision for what we can become, and here’s one way you can help make it a reality”).

The Welch style of leadership is particularly important in today’s complex organization. Whether you are a manager or not, chances are that you depend on others to help you perform in your job. The people who help you would be more motivated if they knew the bigger picture (how their efforts help) and that you truly appreciate their efforts.

To spark performance in others, particularly those who do not call you “boss,” adopt the following Welch behaviors:

***Never lead by intimidation:*** Welch had no use for those who barked orders, “the autocrat, the tyrant.” That was the old way to run a business.

***Let others know exactly how their efforts are helping the organization:*** Most everyone wants to help, but they also want to know how their actions are helping the organization achieve its goals.

***Send handwritten thank-you notes to colleagues and customers:*** Welch is a master at sending handwritten notes to thank people. Few take the time, so it almost always has an impact.

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***“We now know where productivity—real and limitless productivity—comes from. It comes from challenged, empowered, excited, rewarded teams of people.”***



## ☐ Respect tradition

## ☐ *Defy tradition*

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**G**eneral Electric is a company rich in history. It had been founded by inventor Thomas Edison a century earlier, and Welch inherited one of the world's most sacred corporate institutions.

Such a company should obviously be respected for its tradition and long-standing reputation for excellence. When Welch took over, few expected a maverick new chief executive to defy a century of history. GE had a certain way of doing things, and there was no need to rock the boat.

But the new CEO did not see it that way. The only way to fulfill his promise of creating the world's most competitive organization was to go *against* tradition. What worked in the past would not necessarily work in the future. Everything was moving at a much faster pace; new global competitors, shifting economic conditions, new technologies. Not changing to meet the new challenges was the riskiest move of all, felt the GE chairman. "Control your destiny, or someone else will," he once declared.

Controlling GE's destiny meant defying most every aspect of the company's history. Before Welch, GE didn't sell off big parts of the company, fire tens of thousands of workers, or insist that bosses listen to workers. Welch did all of those things, and more, all with one goal in mind: to make his company the most competitive enterprise in the world.

But how can someone who does not head up a large company defy tradition? Here are a few ways you can alter the destiny of your organization:

***Hold a “why do we do it that way?” meeting:*** Invite colleagues from different parts of the company to come in and “fix” the company’s silliest practices and procedures (chances are it will be the most popular meeting of the year).

***Invite colleagues from your department to contribute one idea on changing something important at the company.*** Choose the best ideas and send them to your boss with a brief note: “some ideas from the troops on how we can become more competitive,” or something to that effect (be sure to give credit to the author of each idea).

***Don’t be afraid to buck conventional wisdom:*** At GE, employees are encouraged to challenge the bosses with new ideas. If you’re afraid to voice your opinion, you may be working at the wrong company.

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***“Shun the incremental and  
go for the leap.”***

☐ Let hierarchy rule

☐ ***Make intellect rule***

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**A**t most large corporations, it is the managers who rule, and the workers who listen and do what the managers say. Welch feels that's a terrible way to run a business. Why? Because it assumes *only* managers have good ideas. Welch spent many years showing the world that there is a better way to do things.

To Welch, "business is all about capturing intellect." The more people, the more ideas. But to make sure that no worthwhile idea goes unsaid, organizations must encourage people to articulate them.

Welch knew that he didn't have the answers. He also knew that the only way to get them was to get everyone to participate, and make sure there were methods in place to capture and implement the best ideas. This was no small feat in a company as large and as diverse as GE.

To spark the free flow of communication and the exchange of ideas, Welch turned GE into a learning organization in which ideas and intellect rule over tradition and hierarchy. In a learning organization, employees are given access to important information and are expected to scope out new ideas and opportunities and come up with creative solutions to problems.

By devising programs and initiatives that fostered learning, Welch made sure that everyone knew that the company was committed to learning, not just as a fad of the week, but as a way of life. Even the company's values included a statement on "being open to ideas from anywhere."

Welch lived by his own words. For example, when a manager in England mentioned to Welch that he had to “meet with his mentor,” Welch became curious. After learning that all of the top managers in this particular GE business were assigned a “mentor” to teach them how to use the Internet, Welch adopted the same practice on the spot. Within two weeks, all of the top 1,000 managers (including Welch) were assigned a young person to teach them about the Internet.

That’s a learning organization in action. It simply means adopting the best ideas regardless of where they originate. Here are some ideas on how you can help immerse yourself in learning:

***Spend an hour per week learning what competitors are doing:*** Spend time on their websites, or studying their ads and catalogs.

***Offer a reward for the best idea:*** Anyone who comes up with, say, a fresh idea for a new company product, gets lunch and a \$50 gift certificate to their favorite restaurant.

***Work for organizations committed to training and learning:*** Ultimately, it is the organizations that are committed to instilling learning deep into the fabric of the company that will achieve meaningful, long-lasting results. Training should not be an afterthought, but an integral part of the company.

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***“...the desire, and the ability, of an organization to continuously learn from any source, anywhere—and to rapidly convert this learning into action—is its ultimate competitive advantage.”***

☐ Move cautiously

☐ ***Pounce every day***

---

**T**hroughout Jack Welch's career, when asked about his major accomplishments, he responded by saying that he wished he had moved faster.

Speed and "pouncing every day" are important to Welch. He once said, "I've been at this thing for 20 years, just think if I had done it in 10 years, how much better would it have been these last 10 years."

In today's lightning-paced competitive arena, Welch knows that there is often no time for days of deliberation or weeks of considered thought. For example, in the mid-1990's, Welch and his NBC team sprung into action in order to secure the television rights to future Olympic games. Before the other networks realized what was happening, NBC had inked a \$3.5 billion deal to broadcast five of the next six Olympics. Had Welch hesitated, NBC would have likely lost out.

In today's wired world, Welch feels that there is less time than ever. Delay in a digital world often translates into "being cut out of your own market." In order to make sure that no stone is left unturned, Welch urges his employees to "pounce every day."

Pouncing every day means moving faster than competitors to win business, please customers and snap up opportunities. Many of Welch's strategies were designed to free workers, to "remove the shackles from their feet" so that they could move quickly. Before

Welch, GE's many management layers often meant delay, as workers were forced to get permission before making important decisions.

What's the best way to "pounce every day"? Here are some ways to ensure that you live Welch's edict:

***Live urgency:*** Don't waste time. There is simply not a moment to lose. Take advantage of every minute, and know that even a minor delay can mean losing vital business.

***Make decisions faster:*** In today's lightning-paced environment, you don't have time to think about things. Don't "sit" on decisions. Empty that in-basket so that you are free to search out new opportunities.

***Work harder:*** There is no substitute for hard work. When you are ready to go home after a long day of work, stay a few minutes more and get a jump on the next day's work. That last phone call to a key customer just may mean new business.

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***"Don't sit still. Anybody sitting still, you can guarantee they're going to get their legs knocked out from under them."***

## ☐ Put numbers first

## ☐ *Put values first*

---

**M**ost managers spend a great deal of time talking about “the numbers.” Because numbers are the best way to gauge performance, the people who run companies can’t seem to get enough of them.

Most companies spend far too much time on the numbers, and not enough time on the values (those behaviors that are most important to an organization). Does Welch not care about the numbers? Of course he cares. He is always focused on making sure the company does well. He just feels that if a company concentrates on all of the right things, such as living the values, everything else will fall into place.

But surely all managers talk a good game, so does Welch really mean it? He absolutely means it. How do we know? We know because GE has fired employees who do not live the values of the company. Welch has said that the true test of GE will be what it does with those managers who perform well (i.e., make the numbers), but do not subscribe to the company’s values. He has no use for autocratic managers who get performance by intimidating workers.

If a manager does not make the numbers, but lives the values, Welch says give that person another chance. But there should be no second chances for anyone who can’t live up to GE’s code of behavior.

GE’s values are not based on some antiquated ideas about etiquette and proper behavior. Instead, the values, which are revised

every few years, include edicts like pleasing customers, disdaining bureaucracy, having global brains, being open to ideas, etc.

To make sure that values are getting enough attention in your work life, consider the following:

***Don't harp on the numbers:*** Talk numbers less. While there are, of course, times that numbers must be discussed, don't do it all day. Try to focus on the key behaviors and actions that will delight customers and win new business.

***Lead by example:*** Welch always searched for people who “walked the talk,” meaning that they lived up to the company values. Even if you are not a CEO, you can let others around you know what's most important.

***Let values rule:*** Welch let it be known that at his company it's values that rule. Let it be known that values will play a vital role in hiring and promoting at your company. Support and encourage those employees who typify the most important values of the company.

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***“Early in my career...there was way too much focus on the numbers...and a lot less on the softer values of building a team, sharing ideas, exciting others.”***



☐ Manage everything

☐ *Manage less*

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**W**hen Welch took over, GE was a company steeped in bureaucracy, approvals, and all of the other things that he hated about large corporations. He thought all of that wasted activity was killing the competitive spirit of the company.

He urged his managers to manage *less*. He meant that people should make their own decisions. Managers should not try to “micro-manage” every detail. Since business is all about intellect, companies must encourage workers to think for themselves.

By getting everyone to think and contribute, organizations are better prepared to compete in today’s ultra-competitive arena. In those organizations full of “micro-managers,” workers are afraid to make a decision—or a mistake. As a result, those companies do not move as quickly and are not as competitive as organizations that ask people to think and act for themselves.

If managers are managing less, then the rest of the company must do a better job of managing themselves. Welch felt that it was the organization’s responsibility to give workers the tools and training they need to perform their jobs better. By investing in training and making learning a top priority, he better prepared his troops to take ownership of their jobs and responsibilities.

Once employees take responsibility for their own jobs, then managers can do theirs: create a vision and then get their team to act on that vision. Managers and supervisors who manage every detail get

too close to the forest to see the trees. Once that happens, entire teams can get bogged down in minutiae.

Since much of business comes down to facing reality and then acting on that reality, over-managing has the potential to confuse people. By getting caught up in unimportant details, no one can see the true reality that might be staring them in the face.

How can you be sure you're not over-managing? Consider these suggestions:

***Don't get bogged down in meaningless details:*** Never take your eye off the ball. During quiet time, figure out exactly what it is you need to do in order to achieve your goals.

***Manage less:*** If you are managing too much, figure out why. Is it that workers aren't receiving enough training? Or are you a compulsive individual who can't back off? Face reality, and then take corrective action.

***Empower, delegate, get out of the way:*** You can't do everything yourself. The key to leading, says Welch, is developing and nurturing great leaders. You will never know how far people can go unless you give them the opportunity to try.

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***"You can't manage  
self-confidence into people."***

## ☐ Involve key players

## ☐ *Involve everyone*

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**J**ack Welch loves sports. He once said, “sports are everything,” and credits the lessons he learned on the playing field for establishing a foundation for his leadership abilities (Welch is now an avid golfer).

When Welch became CEO, few executives used the language of sports to describe business. But Welch found the language of business too confining, and often turned to sports to describe his passion for leadership. He often urged his managers to “involve everyone in the game,” knowing that businesses need every brain in the company to succeed.

Since business is about ideas and intellect and engaging every mind, Welch did not think that any business could afford to leave any players on the bench. His key cultural initiative, Work-Out, was expressly designed to make sure that every worker had a voice in saying how things should be run.

The Welch way of thinking went against conventional business wisdom.

In the pre-Welch years of the 1960’s and 70’s, some American corporations were operated like exclusive clubs. It was the workers who worked, and the managers who managed. The problem, as Welch saw it, was that the people who did the work had “some striking ideas on how things could be done better,” but no one had bothered to ask them how.

In involving everyone, the GE chief was creating a new brand of organization. No longer would rank and authority make every decision. In Welch’s world, it is the person with the best idea who often

wins. At GE, new ideas are rewarded and celebrated, which encourages others to want to contribute as well.

Welch has always said that GE is a meritocracy, meaning that hiring and promotion decisions are based on ability and achievements. There is no secret to getting ahead at GE. Those who are rewarded are those who live the values, show “guts,” and, in doing so, make the numbers. Welch called those people “A players,” and often said that GE was “an A-plus company.”

Welch achieved the pinnacle of success because he was able to get so many involved in the game. Here are some ideas for doing it the Welch way:

***Participate more:*** Engaging everyone does not start with the person in the next cubicle or office, it starts with you. Tell your boss that you would like to help her achieve her goals, and ask exactly what you can do that would help.

***Make sure everyone feels free to speak out:*** In order to engage every mind, every member of the team must feel comfortable enough to speak out.

***Suggest an informal brainstorming session:*** Some people are intimidated by formal meetings. Suggest a brown bag lunch and tell people to come prepared with at least one idea on how things can be improved in your organization.

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***Business is “all about capturing intellect from every person...the more people you can capture it from, the better the intellect.”***

☐ Stick to your agenda

☐ ***Rewrite your agenda***

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**W**elch has always sought out employees and managers who view change as an opportunity, not as a threat. It would be these people, he thought, who would define GE's future. By embracing change, new ideas, and a better way of doing things, these individuals would create an agile enterprise capable of weathering any storm.

When a manager asked Welch to tell him when he would be able to tell his employees that change is over, the GE chairman responded unflinchingly: "Tell them change is never over." In that brief statement, we see Jack Welch facing reality, and asking his team to do the same.

Embracers of change come to work each and every day ready to rewrite their agenda. Because change is a constant, it is not practical to expect one's agenda to go unchallenged, even for a single day. Things change. Correction: *everything* changes—competitors, markets, the economy, technology, etc. With all of that change going on, it is those individuals who come to work prepared for the unexpected who usually emerge the victors.

When Welch became CEO, many expected him to come up with a grand strategy to guide the company. But Welch had no such plan. He did not think that it made sense to manufacture a detailed, long-term strategy. To explain his position on the subject, the GE chairman quoted the Prussian general and military author von Clausewitz. Although the author of *On War* had been dead almost 150 years, the GE chairman felt that Clausewitz's writings made the point better than Welch could alone.

Clausewitz said, “man could not reduce strategy to a formula. Detailed planning necessarily failed, due to the inevitable frictions encountered.” Welch loved that thinking, which matched his own thoughts on the subject of strategy. Welch agreed that it was useless to articulate some 10 year “all-GE, central strategy” that would be rendered useless when circumstances changed. No one, not even Welch, has a crystal ball, so no one could know how events would play out.

Instead of a detailed strategy, Welch laid out a few clear goals and central ideas to guide the company. He felt that GE should focus on “winning businesses,” businesses that can be one of the two top competitors in each of its markets. These are the businesses that will do the best, particularly in tough times, the GE chairman explained.

Welch was right. By laying out a few clear guideposts for the company, he was laying the foundation for the many initiatives that would make GE the most valuable company in the world.

Here are a few things you can do to help you rewrite your own agenda:

***Do not plan years ahead:*** Whether it is a strategy for your business or career, do not develop a long-term plan and blindly stick to it. Have long-term goals, but be flexible and willing to change them when circumstances change.

***Develop alternative plans and options:*** While there is no crystal ball, it is useful to develop options and alternative plans. This may help you gain an edge when the winds of business change in an unexpected direction.

***Expect the unexpected:*** Remember that even the best laid plans don’t work out. Be prepared for the unexpected. This might just shift the advantage in your direction when your competitor is forced to regroup.

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***“We want to be a company that is constantly renewing itself, shedding the past, adapting to change.”***

# ☐ Take your time

## ☐ *Live speed*

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**O**ne of the worst things about large organizations is that they move too slowly. That was one of Welch's greatest concerns for the huge bureaucracy that GE had become when he took over.

To create a new GE he would have to remove all roadblocks. Anything that slowed the company down was to be removed. Doing away with entire layers of management, making informal a way of life, and empowering employees were all designed to speed decision-making.

For years, Welch said that his goal was to infuse a small company soul "into the big body of GE." He said that smaller companies "knew the penalty for hesitation in the marketplace," and he wanted everyone who made up GE to run it as if they were running "the corner grocery store." (Welch often compared his company to a grocery store. In a grocery store, you know the customers, their names, what they buy, and whether they like your offerings.)

Welch knew that GE could be run like that small grocery store. When he started at GE, he worked in a small lab in the plastics division in which there were no management layers, no bureaucracy, and none of the other things that kill the spirit of large corporations (e.g., turf battles).

He never understood why the rest of GE could not be run like that. His early experiences showed him that business could be exciting and fast and did not have to be about slogging through layers or figuring out 1,000 page reports.

Welch often spoke of speed in conjunction with two other of his signature concepts: simplicity and self-confidence. The GE chairman felt that these three concepts were closely intertwined. By simplifying the organization and instilling confidence, Welch was creating the foundation for an organization that incorporated speed into the fabric of the company.

In his final speech to GE share owners, Welch said that GE was “getting faster by the day.” Here are some things that you can do to build speed into the fabric of your own corner grocery store:

***Don’t “sit” on decisions:*** How many times have you set something aside rather than make a decision? Make it a point to make decisions on the spot.

***Communicate faster:*** Use e-mail rather than faxing or writing. Faster communications are better (although you may want to follow up with handwritten notes if something is really important).

***Incorporate speed into every activity/process:*** Although GE has gotten much faster, Welch feels that history will show the GE of today to be slow when measured by tomorrow’s ever faster pace. Make speed a habit, and challenge your bosses and colleagues to do the same.

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***“Speed is everything. It is the indispensable ingredient in competitiveness.”***



## ☐ Reduce anxiety

## ☐ *Instill confidence*

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**A**fter Welch reinvented the company in his first years as CEO, employee morale was in a tailspin. Many had watched as colleagues lost their jobs, dozens of businesses had been sold, and things seemed to be turned upside down. But Welch knew that he needed a motivated workforce in order to achieve his vision.

In what became known as his “software phase,” Welch went to work rebuilding the confidence of the organization. Along with speed and simplicity, self-confidence was a vital part of the Welch playbook. He said that instilling confidence and spreading it around the organization was “the most important thing I do.”

One of his first confidence-building initiatives was Work-Out. By letting people know that he valued their ideas, and giving them a forum in which to speak out, the GE chairman was instilling confidence deep into the organization.

By stressing simplicity, Welch was also adding confidence to the organization. The GE chairman once declared, “it takes enormous self-confidence to be simple. Bureaucracy is terrified by speed and hates simplicity.”

Welch felt that bureaucracy was the enemy of confidence. It is almost impossible to be confident in an organization in which people do not feel free. Welch felt that it was the responsibility of every leader to create a clear and simple vision. Anything that got in the way of achieving that vision was to be removed. By helping people to achieve their goals, Welch was infusing confidence throughout the company.

One other way that Welch added confidence was through what he called “The GE Operating System.” That was the term he used to describe the process by which the company drives knowledge and learning throughout the company. This includes everything from the company’s key initiatives (such as Work-Out and the quality improvement initiative, Six Sigma), to meetings and training courses.

By elevating ideas over hierarchy, and giving employees and managers the tools they need to make better decisions and perform their jobs better, Welch created a truly confident workforce. Nothing builds confidence like achievement, and it was the achievers of GE who helped build the world’s most competitive corporation. He has said that GE’s core competency is developing people: “In the end, great people make things happen.”

Here are some confidence-building lessons you can implement in your organization:

***Let people know that you value their ideas:*** Everyone wants to know that their ideas are valued (that was the lesson of Work-Out). You can add confidence to your own team simply by asking colleagues to voice their opinion, and showing that you value their judgment.

***Simplify the workplace:*** By removing complexity from the workplace, you can make it easier for people to achieve in their jobs. Ideas include communicating more informally and streamlining the most cumbersome forms and processes.

***Focus on training:*** Take it upon yourself to seek out training. Pursue that master’s degree you have been talking about, or simply enroll in a course at a local college. Education and learning are a life-long endeavor.

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***“Just as surely as speed flows from simplicity,  
simplicity is grounded in self-confidence.”***

## ☐ Set modest goals

## ☐ *Set stretch goals*

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**W**elch's single greatest contribution to the field of leadership is not about shareholder wealth or creating a multi-billion dollar service business (although those were important). His most seminal accomplishment is how he saw people as the ultimate answer to boosting productivity and taking organizations to a higher plane.

Welch felt there was no limit to what people can do. That's what he meant when he said that there is "unlimited juice in the lemon." This may be the single most fundamental truism of the Welch management philosophy, and represented a vast departure from conventional management wisdom.

When he took over, the style of management that was in place had not changed in decades. In what was known as "the scientific method," workers were viewed as cogs in the vast machinery of business. That assembly line mentality was killing corporate America, but few noticed. Since it was assumed that workers were doing all that they could, no one bothered to ask them what they thought.

Welch changed the model. He envisioned an organization in which ideas and intellect ruled over bureaucracy and hierarchy. Welch said that at GE "it's the best idea that wins and that makes all the difference in the way this company works." In such an organization, the only limit on what people contribute is what the organization expects of them.

Welch built his "Stretch" imperative on that foundation. If people have unlimited potential, then it is the responsibility of organizations to help people tap into that unlimited well. The best way to do that, reasoned the GE chairman, is to help people reach for the stars. After

all, how will you truly know what people are capable of unless you challenge them.

Welch called it “stretch,” and stretch became a way of life at the company. No longer would the company set modest goals and then celebrate mediocrity. Instead, the company would ask, “How good can you be?”

Welch hates traditional budgets because they do not challenge people. He called the budgeting process that most organizations endure an “exercise in minimization.” He thought it much better to reach for the unthinkable and come close than simply to make another ho-hum budget.

Here are ways that you can incorporate stretch goals into your own playbook:

***Reach for the unreachable:*** Don’t ever settle for mediocrity. The key to stretch is to reach for more than you think is possible. Don’t sell yourself short by thinking that you’ll fail. It is better to reach for the impossible than to settle for just another lackluster performance.

***Forget decimal points:*** “In a world with a bias for speed, decimal points are a bore,” declared the GE chairman. Discourage decimal point thinking. Instead, become an avid supporter of stretch thinking within your organization (both up and down the organizational chart).

***Don’t punish yourself—or anyone else—for falling short of a stretch goal:*** The whole point of stretch is to ask how good you can be? Punishing for falling short of a stretch goal runs counter to the Welch way. He said that if the company aimed for 15 and made 12, they would celebrate.

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***“...self-confident people know that it is the quality of their effort toward achieving the ‘impossible’ that is the ultimate measure.”***

## ☐ Respect the boundaries

## ☐ *Eliminate the boundaries*

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**I**n order to make sure that people were free to reach for the impossible, Welch knew that he would have to remove anything that got in their way. Most large organizations have all sorts of obstacles that hamper performance, and GE was no exception.

Welch's signature strategy of boundarylessness was specifically designed to remove the boundaries that separated GE workers from ideas, each other and anything else that got in the way of achievement.

When Welch took over he saw boundaries everywhere: vertical boundaries (that separated workers from managers), horizontal boundaries (that separated different functions, such as marketing and manufacturing), external boundaries (customers and suppliers), and geographic boundaries (different countries). Every boundary was a bad one, insisted the GE chairman.

Welch spent many years taking aim at the barriers he thought were killing the company. The cultural initiative, Work-Out, helped to eliminate vertical and horizontal barriers by changing the way people behaved. GE's most enduring growth initiative, globalization, helped to eliminate geographic boundaries, and other key initiatives such as Six Sigma (GE's quality initiative), and the e-Initiative (also called digitization), helped eliminate external boundaries.

By tearing down the boundaries, Welch was creating a more open and trusting environment in which people felt free to express new

ideas. In a boundaryless organization, information and new ideas flow easily. There is nothing to impede the seamless transfer of decisions, ideas, people, etc. Boundaryless behavior helped GE to rid itself of its century-old bad habits.

It was on a foundation of boundarylessness that Welch constructed his learning organization. Once the boundaries were largely eliminated, Welch could use the GE operating system (the manner in which GE converted ideas into action) in order to build the intellect of the company. By creating a culture in which ideas ruled, Welch was demonstrating his commitment to a learning culture, which in turn promoted more boundaryless behavior.

While few of us run large companies, there are things that we can do in order to tear down the boundaries in our own organizations:

***Seek out new ideas from everyone:*** Some of the most destructive barriers that Welch encountered were those that separated GE employees (and managers) from each other. Simply by involving and listening to everyone, you will help remove horizontal and vertical barriers. Make sure to listen to those closest to the work and the customers.

***Be sure to look outside the company for good ideas:*** Don't assume that if the ideas didn't originate at your company then they aren't good ones. Welch said it is everyone's job to learn new ideas from somewhere else.

***Never stop eliminating boundaries:*** Even in his final year at the helm, Welch was still battling bureaucracy. Remember that ridding an organization of boundaries is a way of life and cannot be handled once and forgotten. Continue to involve everyone, learn good ideas from everywhere, and promote other boundaryless behaviors.

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***“Boundaryless behavior evaluates ideas based on their merit, not on the rank of the person who came up with them.”***

## ☐ Lay out a detailed plan

## ☐ *Articulate a vision*

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**W**elch has always said that GE's primary product and core competence is not jet engines or gas turbines, but people. One of the real strengths was his ability to select and nurture the best leaders, and let them run the business.

Welch felt that the best leaders do not provide a step-by-step instruction manual for workers. Ironically, in the early 1950's, GE commissioned a team of management experts to write a lengthy management manifesto that provided answers to many business problems. But Welch had little use for any tool or document that discouraged original thinking. He felt that the best leaders were those who came up with new idea, and articulated a vision that inspired others to act.

In one of his first speeches as CEO, Welch explained that he was not going to lay out an "all-inclusive" grand strategy or step-by-step agenda for the company. Instead, he was going to articulate a vision and a few clear goals for the company. He has always felt that the best leaders are visionaries. They do not get caught up in the minutiae or obsess over every detail, but instead inspire others to execute on that vision.

There are several reasons why it is better to lay out a general vision and not an exact blueprint. First, Welch thought that it was the leader's responsibility to come up with the vision. Once the vision was communicated, it was up to the team to turn that vision into a reality. A leader who spent too much time on the details is likely over-managing. It is much better to give a general direction and empower

the team to figure out the exact route.

Confident teams will always achieve more than those that are tentative. In order to make sure that you have a confident team, allow them to make decisions and think for themselves. Set stretch goals, and if they don't make them, don't punish them for trying. The key is helping people reach for the unreachable, and to celebrate when they come close. That will build confidence into the fabric of the organization, and prepare the team for greater challenges.

How can you be sure that you are a visionary leader who does not micro-manage? Consider the following:

***Write down the vision:*** In order to articulate a vision, you must have one, and know it intimately. Get in the habit of writing down your vision and describing it and the ways that you will communicate it to your team.

***Avoid the minutiae:*** Articulating a vision does not mean coming up with every minute detail. As leader your job is coming up with the vision and making sure that you have the very best people to carry it out.

***Hire and promote those most capable of turning visions into reality:*** As you are interviewing candidates, ask questions about how they might go about attacking a particular thorny problem. Those who think best on their feet may be better equipped for your team. Promote those individuals who have the best record of making things happen.

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***“Leaders—and you take anyone from  
Roosevelt to Churchill to Reagan—inspire  
people with clear versions of how  
things can be done better.”***



☐ Learn good ideas from inside the company

☐ *Get good ideas from everywhere*

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**T**he GE that Welch led in the early 1980's had an ingrained corporate culture. Such an enduring culture has its advantages and drawbacks. One of the negatives was the company's apparent disdain for any idea that did not originate at GE. There was even a name for this: it was called "NIH," or "Not Invented Here." If the idea was not invented at GE, then it was not worth knowing.

That is the wrong way to run a company, felt Welch. One of his great contributions to leadership was elevating ideas in an organization so that nothing was valued more. And Welch said that it is not only acceptable to learn good ideas from outside the walls of GE, it is your job. It is all of our jobs.

He declared it the job of every employee to soak up good ideas from someone else. Six Sigma, the watershed quality program that Welch says "changed the DNA" of GE, was not invented at GE, but pioneered by phone maker Motorola. Welch takes great pride in the fact that he learned the idea from another company.

At the heart of Welch's learning organization is this assumption: "somewhere, someone else has a better idea." This became one of the driving forces of GE in Welch's second decade as CEO.

By stressing this point in everything the company did—from including it in the GE values to declaring it in his annual speech to share owners—Welch was making sure that no one missed this point. At GE, it is the best idea that triumphs, period.

Welch lived by that edict. At Crotonville (GE's famed training center), using management classes challenged the chairman's thinking face-to-face, and if they had the better idea, he did it their way. When a class challenged his long-standing number one, number two strategy (Welch's Darwinian law of business), he revised his thinking on the spot.

Here are some things you can do to make sure that ideas win in your organization:

***Don't think that you or your company have all the answers:*** That's the first order of business in a learning organization. If you think you know it all, then you will stop searching out good ideas.

***Study competitors:*** Welch thought one of the best places to learn good ideas was from competitors. Make it a practice to spend an hour each week studying their websites, product catalogs and anything else that will provide insight into their latest initiatives.

***Make sure everyone around you knows that you are interested in all ideas, regardless of where they come from:*** Let people know that you want to hear from them, and you want them looking everywhere for new ideas. Then celebrate them when someone comes up with a good one. This will ensure a steady infusion of new ideas into your organization.

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***“It is a badge of honor to learn something here,  
no matter where it comes from.”***

## ☐ Outshine others

# ☐ *Spark others to perform*

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**W**hile boosting productivity and getting results were of paramount importance to the GE chief, *how* someone got a team to perform mattered more. In the old days, barking orders at employees was acceptable. After all, how else would you get people to do what you want them to do? But Welch changed the game.

In his company, it was no longer acceptable to get performance by bullying people or grabbing the spotlight. Instead, he looked for managers who he felt had the four E's of leadership:

***Energy.*** Leaders with tremendous personal energy.

***Energize.*** Those who energize teams, and do not intimidate them.

***Edge.*** Someone with a competitive edge and a will to win.

***Execution.*** Those leaders who have a track record of getting results.

The four E's became Welch's way of describing his ideal leader. The GE chief said that he wanted only 'A' players at GE, meaning only those people who lived the GE values and achieved great things. Leaders who had the four E's were 'A' players.

So how did Welch make sure that his managers sparked people to perform? First, he led by example. Welch's mastery of the four E's was always in evidence. He had great energy, sparked others, had

incredible competitive spirit, and had a record of execution that was second to none. This is a key piece of the Welch phenomenon. Had he been lacking in any of the traits he espoused, he would not have commanded such acclaim.

Now that we know that Welch's key was the four E's, how do we get others to rally behind our vision? What's the key to energize? Welch has said that managers who articulate a compelling vision are those who have the best chance of getting people to execute it.

One other important factor is a leader's willingness to implement the best idea, regardless of who comes up with it. If you show your colleagues that you will always take the path of greatest intellect (i.e., implement the best ideas), then people will follow you anywhere. At GE, Welch was fiercely committed to making sure that everyone knew that it was the idea that mattered most, not the "stripes on one's shoulder" (e.g., job title).

Here are things you can do to spark others to perform:

***Never bully or intimidate:*** 'A' leaders are never tyrants or autocrats. They do not shout orders, embarrass their colleagues, or hog the limelight.

***Make sure to use all the intellect:*** One of the keys to performance is getting every worker to perform. Involve everyone in the dialogue, and you will raise the intellect of the organization.

***Make sure everyone knows that the best idea wins:*** You can spark others to come up with new ideas by celebrating them and rewarding those who come up with them. If people know that you will implement the best idea, they will be more motivated to express them.

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***"Giving people self-confidence is by far the most important thing that I can do."***

# ☐ Quality is management's job

## ☐ *Quality is your job*

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**GE** was always known for the exceptional quality of its products. From its refrigerators, ovens and other favorite household appliances, there were few companies better known for a rich product history. Jack Welch always assumed that GE's products were among the finest in the world, which explains why quality was not at the top of his agenda for most of his years as CEO.

But an event in 1995 forever changed the way the GE chairman felt about the quality of GE's products. When Welch read the results of his 1995 employee survey, he found out that employees felt that the quality of GE's products was not what it should be. That's when the GE chairman decided to launch the most ambitious initiative of his career.

Welch was told that the quality program pioneered by cell phone maker Motorola, Six Sigma, could have a profound effect on GE quality. Although skeptical at first, the GE chairman initiated a huge campaign to infuse quality in every corner of the company. Six Sigma was not the soft "banner-waving" program-of-the-week he had feared, but instead a statistically based system for reducing the number of errors or defects that occurred in most product manufacturing.

Welch was told that if he decided to implement Six Sigma, "you will write the book on quality." And Welch did. From that point on Welch made quality the job of every employee. Senior managers'

bonuses were tied to Six Sigma results, and all professional level employees were informed that they had to get Six Sigma training or they would not be considered for a promotion.

Welch said that the future leadership of the company would be based on Six Sigma. When he named the person who would succeed him as CEO, he held true to his word. Jeff Immelt, a 20-year GE veteran, holds a degree in applied mathematics and is a staunch supporter of the quality initiative.

Welch credits the Six Sigma initiative with “changing the fundamental DNA of the company,” meaning that no other program has had a greater impact on the productivity of GE. What can you do to affect the quality of the products and services at your company? Here are a few ideas:

***Take great pride in your work:*** You don’t have to launch a company-wide quality program to make a difference. Every product, service, memo, idea, report, etc. bears a certain level of quality. Make sure to infuse quality into everything you do.

***Seek out quality training:*** Encourage your firm to offer quality training, if it doesn’t already. In addition, you may want to accelerate your learning curve by taking additional coursework elsewhere (e.g., at a local university).

***Never think that quality is someone else’s job:*** The best way to ensure quality is to understand that it’s your job, 24 hours a day and seven days a week.

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***“[Six Sigma] is the most important training thing we’ve ever had. It’s better than going to Harvard Business School.”***

☐ Change will end

☐ *Change never ends*

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**O**ne of the keys to dealing with change is understanding that it is here to stay. Change is not some fad that came around in the 1990's and then went away.

Organizations that build this notion into the psyche of employees will fare better than those that do not, and individuals capable of harnessing the power of change will likely have better careers than those who fear it.

In the first part of Welch's tenure as CEO, he implemented many drastic changes that shook GE to the core. In the midst of it all, one GE manager asked Welch when he could tell his employees that change is over. "Tell them that change is never over," responded the GE chairman in no uncertain terms. Here was Welch, once again, facing reality, and telling a manager to do the same.

Welch did not invent change, nor was he the first manager to understand the importance of dealing with it in a proactive manner. However, there may be no CEO who has ever guided such a large organization through such a complex labyrinth of change for so many years. Time and again, he reinvented the company, and time and again the employees went along with it. Had he not been such an effective leader, or had he not prepared his company for perpetual change, he would have had a far more difficult time getting everyone to go along.

One of the ways that he prepared employees for change was to incorporate the very concept into the values of the organization. "See change as an opportunity, not a threat" has been a vital part of

GE's shared values for years. But that was not enough. Welch and GE enlisted the help of his managers to incorporate change into the fabric of the organization.

"CAP," or "Change Acceleration Program," was implemented by Welch to help drive change throughout the organization. Although he started with senior managers, he also provided other managers with the tools and training they needed to engineer and drive change throughout the company.

You don't have to be a senior manager to help spark others to deal with change. Here are some ideas:

***Face reality and know that change is here for good:*** Unless you accept this notion, and embrace it, it will be impossible for you to spread the word.

***Suggest an informal "change meeting":*** Since change is always here, there are things that you and your company should be doing right now to prepare for the changes (e.g., developing new products, new marketing ideas, etc.). By sitting down and discussing them, you may get a leg up on the competition.

***Think short-term and long-term change:*** One of Welch's strengths was his prescience. To truly stay one step ahead, devise one year and three-year plans based on differing scenarios.

***"The wisdom may lie in changing the institution while it is still winning—reinvigorating a business, in fact, while it's making more money than anyone ever dreamed it could make."***

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☐ Be serious

☐ *Have fun*

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**T**he final chapter of this leadership handbook is about having fun on the job. It could just as easily have been the first chapter. Jack Welch would tell you that no one should have a job they don't enjoy. If you don't wake up energized and excited about tackling a new set of challenges, then you might be in the wrong job.

When he was in college, Welch held a job with a toy company helping to make a product called "Dig." Welch's job was to drill hole after hole in a cork, and place the cork in a bin. That's it. That's all he did, hour after hour. He called it a "mind-numbing" job, and hated every minute of it. Welch spent many years at GE making sure no employee had that sort of a job.

Since his earliest days in the company, he had proof that business could be about passion and winning and creating new things. It did not have to be about slogging through bureaucracy and approvals and all the other things that make work so depressing. He felt it was the company's responsibility to minimize those things, and most of his actions were aimed at removing anything that made people less excited about going to work.

Welch's "Authentic Leadership Model" included several success factors that touched on this aspect of work life. Out of the 13 traits of leadership, three explicitly mention having a sense of humor, having fun, or having infectious enthusiasm. While Welch is serious about business, he did not think that people should take themselves too seriously.

Informality, fun, speed, these were the qualities found in a boundaryless organization. Welch's style and his ideas marked a new era of leadership. While most business leaders thrived on formality, Welch was cut from an entirely different cloth. He revealed the more absurd aspects of business. Business did not have to be about men in starched collars and dark suits fighting over next year's budget.

There was so much more to business and to life, and Welch showed the business world that it was ok to lose the tie and the grim expression. Here are a few things you can do to have more fun at work:

***Make informality a way of life:*** Welch felt that self-confidence thrived in an informal arena. Encourage everyone to loosen up, dress down and make the work place an "ideas laboratory."

***Find a job that challenges you:*** There is a lesson to be learned from Welch and the job he had in college. Seek out jobs and assignments that challenge your mind. You will never find out what you are truly capable of unless you have a job that inspires you.

***Don't stay in the same job forever:*** Welch felt that business, like life, is about learning and growing. He once made fun of himself because he stayed in one job for so long (CEO of GE). To truly have fun, you will need to rewrite your agenda from time to time, and that might mean searching for new challenges that offer intellectual growth.

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***"Leading a big company...means never allowing a company to take itself too seriously, and reminding itself constantly...that yesterday's press clippings often wrap today's fish."***

***“Numbers aren’t the vision; numbers  
are the product.”***

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# Source Notes

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## Opening Quotes:

“A company that aspires to true greatness....”

*Annual Share Owners Meeting, April 25, 2001, Atlanta, Georgia. This quote was excerpted from Jack Welch’s final speech to share owners*

“Bureaucracy hates change, is terrified by speed....”

*A slightly modified version of this was delivered in a Jack Welch speech to the Bay Area Council in San Francisco, California, September 6, 1989*

## Book Notes

“What we are looking for...are leaders at every level who can energize...”

*Jack Welch letter to Share Owners, 1993 GE Annual Report*

“You must realize how important it is to maintain the kind of corporate informality that encourages a...”

*Jack Welch interview with Charlie Rose, viewed March 16, 2001, PBS, New York, copyright Charlirose.com, Executive Producer, Charlie Rose; Director, Mike Jay.*

“The way to harness the power of these people is not to protect them...but to turn them loose, and get the management layers off their backs...”

*Jack Welch speech at the New England Council’s 1992 Private Sector New Englander of the Year Award, Boston, MA, November 11, 1992*

“How do you bring people into the change process? Start with reality...”

*Stratford Sherman, “A Master Class in Radical Change,” Fortune, December 13, 1993*

“You can’t believe how hard it is for people to be simple...”

*“Speed, Simplicity, Self Confidence: An Interview with Jack Welch,” Harvard Business Review, September–October, 1989, p. 112.*

“The game is going to change, and change drastically.”

*Jack Welch, “Roberto Goizueta and Jack Welch: The Wealth Builders,” Fortune Magazine, December 11, 1995*

“We now know where productivity—real and limitless productivity—comes from. It comes from challenged, empowered, excited, rewarded teams of people.”

*Jack Welch speech to the Economic Club of New York, Detroit, May 16, 1994*

“Shun the incremental and go for the leap.”

*Jack Welch, “Shun the Incremental: Go for the Quantum Leap” Hatfield Fellow Lecture at Cornell University, reprinted in Financier, July, 1984*

“...the desire, and the ability, of an organization to continuously learn from any source, anywhere—and to rapidly convert this learning into action—is its ultimate competitive advantage.”

*Jack Welch, in his annual letter to Share Owners, 1996 GE Annual Report*

“Don’t sit still. Anybody sitting still, you can guarantee they’re going to get their legs knocked out from under them.”

*Janet Lowe, in an interview with Jack Welch 7/3/97, Jack Welch Speaks, John Wiley & Sons, copyright by Janet C. Lowe, 1998, p. 141*

“Early in my career...there was way too much focus on the numbers...and a lot less on the softer values of building a team, sharing ideas, exciting others.”

*Jack Welch, in article by Marshall Loeb, Jack Welch Lets Fly on Budgets, Bonuses, and Buddy Boards, Fortune Magazine, May, 1995*

“You can’t manage self confidence into people.”

*Jack Welch in an interview in Monogram, GE internal magazine, Fall, 1989*

Business is “all about capturing intellect from every person...the more people you can capture it from the better the intellect.”

*Jack Welch interview with Charlie Rose, viewed March 16, 2001, PBS, New York, copyright Charlirose.com, Executive Producer, Charlie Rose; Director, Mike Jay.*

“We want to be a company that is constantly renewing itself, shedding the past, adapting to change.”

*Marilyn A. Harris, Zachary Schiller, Russell Mitchell and Christopher Power, Can Jack Welch Reinvent GE?, Business Week, June 30, 1986, p.62. This quote also appeared in Janet Lowe’s Jack Welch Speaks, p 96.*

“Speed is everything. It is the indispensable ingredient in competitiveness.”

*Jack Welch speech, New England Council’s 1992 Private Sector New Englander of the Year Award, Boston, MA, November 11, 1982*

“Just as surely as speed flows from simplicity, simplicity is grounded in self confidence.”

*Jack Welch speech to Share Owners, GE 1991 Annual Meeting, Charlottesville, VA, April 24, 1991*

“...self confident people know that it is the quality of their effort toward achieving the ‘impossible’ that is the ultimate measure.”

*Jack Welch, in his annual letter to Share Owners, 1995 GE Annual Report*

“Boundaryless behavior evaluates ideas based on their merit, not on the rank of the person who came up with them.”

*Jack Welch speech to the Economic Club of New York, Detroit, May 16, 1994*

“Leaders—and you take anyone from Roosevelt to Churchill to Reagan—inspire people with clear versions of how things can be done better. ”

*Bill Lane, ‘Liberating GE’s Energy, GE internal publication, Monogram, Fall, 1989*

“It is a badge of honor to learn something here, no matter where it comes from.”

*The House That Jack Built, The Economist, September 18, 1999*

“Giving people self-confidence is by far the most important thing that I can do.”

*Jack Welch interviewed by John Huey, The Jack and Herb Show, GE CEO Jack Welch and Southwest Airlines CEO Herb Kelleher Interview, Fortune Magazine, January 11, 1999*

“[Six Sigma] is the most important training thing we’ve ever had. It’s better than going to Harvard Business School.”

*Jack Welch as interviewed by Robert Slater, The GE Way Fieldbook, McGraw-Hill, 2000, p.172*

“The wisdom may lie in changing the institution while it is still winning—reinvigorating a business, in fact, while it’s making more money than anyone ever dreamed it could make.”

*Jack Welch, “Shun the Incremental: Go for the Quantum Leap” Hatfield Fellow Lecture at Cornell University, reprinted in Financier, July, 1984*

“Leading a big company...means never allowing a company to take itself too seriously, and reminding itself constantly...that yesterday’s press clippings often wrap today’s fish.”

*Jack Welch, in his Annual Letter to Share Owners, 1999 GE Annual Report*

## **End Quotes**

“Numbers aren’t the vision...”

*Jack Welch interview, Industry Week, May 2, 1994*

“it’s the best idea that wins...”

*Annual Share Owners Meeting, April 25, 2001, Atlanta, Georgia. This quote was excerpted from Jack Welch’s final speech to share owners*

***“...it’s the best idea  
that wins...”***

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# ***Other Titles in the McGraw-Hill Jack Welch Library***

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## ***The Jack Welch Lexicon of Leadership: More than 250 Terms, Concepts, Strategies & Initiatives of the Legendary Leader***

by Jeffrey A. Krames (0-07-138140-6), \$19.95

This indispensable reference has been called “the most concise and complete rendering of Jack Welch’s business initiatives” by *Library Journal*. *Booklist* said of the *Lexicon*: “this alphabetically arranged compendium...imparts the essence of what this experienced CEO knows.” Must reading for Welch enthusiasts and business readers.

## ***Jack Welch and The GE Way: Management Insights and Leadership Secrets of the Legendary Leader***

by Robert Slater (0-07-058104-5), \$24.95

This Welch classic has sold more than 200,000 copies and has been translated into nearly a dozen languages. It provides a detailed analysis of the strategies that made GE the “world’s most competitive corporation.”

## ***The Six Sigma Way: How GE, Motorola & other top Companies are Honing their Performance***

By Peter S. Pande, Robert P. Neuman, and Roland R. Cavanagh  
(0-07-135806-4), \$29.95

This comprehensive book provides an in-depth, step-by-step blueprint for implementing Six Sigma—the sweeping quality initiative—which forever “changed the DNA” of GE.

## ***The GE Way Fieldbook: Jack Welch’s Battle Plan for Corporate Revolution***

by Robert Slater (0-07-135481-6), \$24.95

The widely anticipated sequel and companion book to *Jack Welch and the GE Way*. All the tools and techniques needed to implement the key Welch initiatives—Six Sigma, the learning culture, Work-Out, etc.

## ***Get Better or Get Beaten: 29 Leadership Secrets from GE’s Jack Welch***

by Robert Slater (0-07-137346-2), \$19.95

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