

Wisconsin Technology Network

wistechnology.com

[Back to article](#)

Growth through the eyes of GE's Immelt

By Tony DiRomualdo • 07/13/06



GE is a world-class company and object of emulation for many. It is also a unique organization. The company is a true conglomerate, but one that is more than an investment portfolio. It operates in a diverse set of businesses ranging from aircraft engines and massive power-generating turbines to financial services and broadcasting. It is huge - \$150 billion in revenues. GE is knowledge intensive in all its businesses and global in its markets and operational scope.

The company is a crucible of management talent and a producer of CEOs that rivals universities. GE is a true innovator in management practices going back to the 1950's when it pioneered the use of strategic planning. Given all of these characteristics – its size, diversity, knowledge- intensiveness, global scale etc., one might argue that GE is America's most advanced corporation.

Ecomagination and Organic Growth

Now GE is embarking on a new challenge – producing organic (internally-generated) growth. CEO Jeff Immelt, who succeeded America's toughest CEO act to follow Jack Welch, is now trying to build an innovation engine that is equal to GE's vaunted productivity process.

What even a premier company like GE has discovered is that productivity leadership is merely a table stake in today's game of global business. More is needed. The best companies are also able to generate organic growth. So GE has set an aspirational goal of growing 2-3 times the growth rate of world GDP through organic growth. To achieve this, GE is attempting to break new ground. As Immelt recently told his senior managers, "The business book that can help you hasn't been written yet".

Led by its CEO, the company engaged in a tough self- examination of its strategies, thinking, ways of operating, and management practices to assess whether they could enable growth. It recognized it needed to change some its focus and upgrade some key capabilities if it was to become a consistent generator of organic growth. As a result, GE has set out to create a

process for making experimentation and collaboration as engrained in the company psyche as productivity and fiscal accountability.

GE's Growth Approach

The company's new growth "process" is actually a set of different focus areas each with its own special initiatives and practices. The approach is not generic – rather there is a unique, GE-specific spin to each of these six areas of focus:

Great Technology emphasizes GE's long focus on product leadership through its pursuit of the best products, services and content. According to Immelt, "The thing is you can be Six Sigma. You can do great delivery. You can be great in China. You can do everything else well, but if you don't have a good product, you are not going to sell much". Immelt went on to note, "We fund (product) leadership". It's no accident that companies with leading products are willing to invest the resources and patience needed to ensure that they come to fruition.

The Customer domain focuses on using GE's process expertise to satisfy its customers and drive their growth. It is employing a "Net-Promoter Score" which adapts a metric developed by Professor Fred Reichheld of the Harvard Business School. It uses a simple measurement – the percentage of customers who say they would recommend GE to other companies minus those who wouldn't. Also used is "At the Customer, For the Customer" which blends GE's own internal ways of working and expertise into its customer offerings – bringing its best practices, management tools, and training programs to help customers solve their own problems.

Innovation emphasizes systematically generating new ideas and developing the capabilities needed to make them real. One practice used is "Customer Dreaming Sessions" that involve assembling a group of the most influential and creative people in an industry to envision its future and provoke interchange to inspire new plans.

Another practice employed is "Imagination Breakthroughs". These focus top management's attention and resources on promising ideas for new revenue streams emanating from anywhere in the organization. Ideas that make the cut get Immelt's blessing and don't have to go through the normal budget and approval process. These are longer-term big potential projects and dedicated program managers are assigned to each of them.

Globalization focuses on developing market- specific products within the region/country in which they will be sold. This is especially important to developing countries where new products need to be inexpensive. Success requires products designed from scratch in and for the local market, not stripped down versions of those sold in the developed world.

Commercial Excellence puts emphasis on what the company acknowledges has been a weakness. The goal is to develop world-class sales and marketing talent and to demonstrate the value of "one GE" (putting a single integrated to the market).

Lastly, Growth Leaders emphasizes developing leadership traits that drive innovation and growth. GE bench marked companies with exemplary track records of organic growth such as Toyota and Dell to find out the key traits of their leaders and culture that enable and drive growth. It identified five key characteristics that have now been incorporated into training and development management programs for the top 5000 people in the company: external focus; imagination and creativity; decisive, clear thinking; inclusiveness; and deep domain expertise.

A rating system is used – green for strong, yellow for satisfactory and red for needs improvement - to evaluate all their leaders on these traits. The goal is not to pick out winners and losers but to get everyone working on improving their weakest trait. Even Immelt himself is working on a red trait (decisive, clear thinking).

Of this he says, "One of the things I've learned from experience is that you can run a productivity company and not give a lot of straight 'yes' or 'no' answers. You can make your base costs by cutting everybody by 10% and you can do okay for a long time that way. But you can't drive a growth company by cutting everyone by 10%. You have to make higher level moves and take clear, decisive decisions."

Now there's a rarity – a CEO that admits to needing to improve his/her decision making ability.

GE's approach to leadership development has also shifted to allow executives to stay in positions long enough to gain the domain knowledge needed to see through growth initiatives. As Immelt puts it, "The focus of organic growth is going to require people to stay in jobs longer. You can't plant a tree and see it grow in a year. This is very counter-cultural in our organization where building a career has always meant packing your bags every 18 months. Going forward, you will have more jobs that last five years." He added, "The places where we have churned people, we've failed."

If you want to achieve growth the old fashioned way then take heed - continuity counts.

Getting Personal

In the end, Immelt believes it's his responsibility to help the organization forge a deep connection to GE's organic growth goals. He says, "Achieving this kind of growth depends on making it the personal mission of everyone here. If we want, we can cloak ourselves in the myth of the professional manager and hide any problem in the process flowchart. But if I want people to take more risks, solve bigger problems, and grow the business in a way that's never been done before, I have to make it personal."

Making it personal - when you boil it down to its essence, this is one of the most important differentiators of great leadership. While there is no guarantee Immelt will succeed in this pursuit, organizational leaders everywhere would be wise to emulate him.

Is your company pursuing a strategy to produce organic growth? If so, what is it doing to enable employees to fulfill this mission? Please e-mail Tony DiRomualdo at tdiromualdo@yahoo.com to share your experiences and perspectives.

Tony DiRomualdo is a researcher, author, consultant and founder of Next Generation Workplace. His work focuses on how changes in workforce trends and demographics, global business dynamics, talent management practices and information technology-enabled tools and capabilities are transforming the workplace. He helps individual leaders and teams to create Next Generation Workplaces.