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Straight from the Gut

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Title : Jack Straight from the Gut

Authors: Jack Welch with John A Byrne

Welch, Jack. Jack: What I've learned leading a great company and great people (Kindle Location 10). Headline. Kindle Edition.

This book is a guide for managers who aspire to take over the challenges and lead organizations. Jack's experiences quoted will guide the reader to look at the issues and challenges of an organization in a different perspective.

Jack Welch, was the only son of Irish American railroad conductor. As a stutter Jack grew up in north of Boston and today is termed as the brilliant business magician, one of the most celebrated and respected CEO with a mind blowing business record. Jack Welch who joined as a 24 year old junior engineer fresh from PhD program, started as chemical engineer with General Electric in 1960 and then had been the CEO from 1981 to 2001 and John A Byrne, a senior writer of business week magazine.

The book is authored in a very formal style with lots of narrative. This book has 5 sections Viz., Section 1 Early years, Building a Philosophy, Section III Ups and Downs, Section IV Game changers, Section V Looking Back, Looking forward. In the prologue of the book Jack explains how he travelled down his memories of being the successor of Reg Jones during December 1980's while congratulating the new successor Jeff Imlet. Being a CE of an array of business ranging from aircraft engines and power generators to plastics, financial services, medical Jack had all passion and guts to impart new thoughts and influence people with his passion. GE saw the heights of success during his reign.

In section 1 an event of realization in the early years of Jack by his mother is quoted when he loses hockey match for 7th consecutive time as "If you don't know how to lose, you'll never know how to win. If you don't know this, you shouldn't be playing." Was an eye opener to Jack and taught him how to value competition. Many of his basic management beliefs— things like Self Confidence, competing hard to win, facing reality, motivating people by alternately hugging and kicking them, setting stretch goals, and relentlessly following up on people to make sure things get done are influenced by his Irish mother. He quotes how Golf became his life time companion because of his father and other qualities from him the hard-work and good humor. This section also highlights the role of his professor in education, first few odd jobs in understanding business and how he decided on joining GE with his PhD.

Getting out of the pile: The struggling years of Jack where he realized that company pay was not justifying his contribution. Being a chemical engineer with good knowledge, Convincing his bosses and managers about the future of plastic and its applications was quite easy. But when this resulted in only \$1000 raise, Jack decided to quit and spoke to his boss Coplan. But Coplan's Boss Reuben Guttoff called Jack and Jack had more answers on use of plastic than what Guttoff expected. Guttoff further added a raise by other \$2000 to \$1000, with an increase in responsibility

and air cover from the bureaucracy and was successful in persuading Jack to not leave GE. Jack also learnt from Gutoff how differentiation is all about being extreme, rewarding the best and weeding out the ineffective. He quotes as “Rigorous differentiation delivers real stars – and stars build great businesses.” Jack was out of Pile and started his successful career at GE.

Blowing the Roof Off : Jack’s 3 year at GE in Pittsfield at his Pilot office had a huge blast and the explosion blew the roof off. No one was seriously injured but Jack had to explain why the accident occurred to Charlie Reed. Jack was all nervous and lost his confidence was shaken. Reed, one of the highest-ranking GE executive with hands-on experience in chemicals, a chemical engineer who served as Professor at MIT for applied mathematics before joining GE made Jack feel ease when he asked Jack to explain how the plant could be rebuilt. Jack learnt another lesson from this bosses boss “When people make mistakes, the last thing they need is discipline. It’s time for encouragement and confidence building.” Jack was lucky again to be not involved in what he called the “GE Vortex”. He was learning the art of when to hug and when to kick. His interactions and business trips with high level executives gave him more understanding on Global Intellect and tapping the great mind in the world no matter where it was located. One of his best learning was from his visit to India office and his executives opinion which he used as an example to challenge 170 top executives to think research labs were filled with scientists equal or better than those in US and in a lot more disciplines than software. His approach of promoting Halarc employees who developed a revolutionary new light bulb called “Halarc” which failed to be accepted commercially was not appreciated by many. The new plant of 450-acre site for making Lexan – GE’s first engineered plastic was identified by Jack while he was on Sunday drive with his family. Later Jack narrates why he was called ‘neutron Jack’ and was promoted to big league as the youngest General Manager of GE.

Jack Welch’s thought of being “No.1 or No2 ” mattered most to him. People who were arrogant or pompous didn’t last very long. It was all not that easy, and Jack with few of other Corporate Executive council shared a hatred for bureaucracy. He called them GE Careerists and Mainstreamers. Jack was best at storytelling the reality and slowly gained listeners. One night while Dining he Drew the “Vision Thing” over a napkin with 3 circles which got featured on Forbes magazine in a cover story of March 1984 , later this guided his many meets and strategies . His new ideas of investing \$1 million on Gym to bring together all shapes, sizes, layers and functions, \$25 million into guesthouse, conference center with the story of Crotonville. All this in proving GE was on its way to excellence to be a world class company. Spending millions on buildings that made nothing, while closing down uncompetitive factories that produced goods. Fixing the not so well performing company, selling off and reinvesting in other sectors which had future to manage GE businesses, and being a leader got Jack few paradoxes like “Neutron”, “ Tough Boss”, “Immoral”. There were places where Jack didn’t want to be number 1 or 2 like when the *Fortune* Magazine put him on top of list of “The Ten Toughest Bosses in America”.

Revamp: Any organization that thinks it can guarantee job security is going down a dead end. Only satisfied customers can give people job security. Not companies. Bringing the employee

numbers from 411,000 in 1980 to 299,000 in 1985 which resulted in job loss of 1 employee in every 5 businesses for productivity reasons. Resolving and giving the right direction to GE Capital, Legal arena, NBC, Medical Equipment, Semiconductor business, TV Manufacturing, Aerospace, e-business, Six-Sigma and the RCA's strategic win to reach 48 million households with 20 satellite and cable systems. While Jack won many companies through the strategic moves he also had a failure what he calls as merger of 28 years with his Wife Carolyn during 1987 and married again in 1989 Jane Beasley, an attractive attorney who was 17 years younger to Jack. Jack said he badly needed a full time partner. He divorced Jane in 2001 as their lifestyles had substantially diverged. Jack always respected the people in his life and let them make choices what was best for them.

Jack took GE to global by having business in Europe, Mexico , Japan, India and he remarked this *Globalization* as Boundaryless behavior which allowed ideas to come from anywhere. GE's Six Sigma training staff to be "Black Belts", Green Belts" to solve them everyday problems at work, strategies and policies helped GE save \$150 million in their first year alone.

The CEO Thing: Like any other jobs has its own pluses and minuses the CEO feel gave Jack - Over the top. Wild. Fun. Outrageous. Crazy. Passion. Perpetual motion. The give-and-take. Meetings into the night. Incredible friendships. Fine wine. Celebrations. Great golf courses. Big decisions in the real game. Crises and pressure. Lots of swings. A few home runs. The thrill of winning. The pain of losing. At last it was all about identifying Jeff as the New Guy what Jack and his team called secretly as "NG" to be an ideal CEO.

Things that worked for Jack and made GE successful

- Integrity , Social Responsibility , People first-Strategy Second, Informality, Self-Confidence Passion, Celebrations
- Setting a Tone, Maximizing the Organization's intellect, Stretch, Aligning rewards with Measurements
- Differentiation develops Great Organizations, Owning the People, Culture Counts
- Strategy , Competitors, The Field, Market vs Mind-sets, Initiative v/s tactics, Employee Surveys
- Managing Loose Managing Tight, Wallowing - Getting people together, Forget the Zeros

Some of Jack's strong beliefs were:

- Everyone you meet is another interview.
- Needing to be hard in order to be "soft"
- We build great people, who then build great products and services
- Differentiation is good which he proved with his 'Vitality Curve' Top20-Vital70-Bottom10 and Type A-B-C players to evaluate the Talents.

- GE's 4 –E's : Energy, Energize, Edge and Execute
- Integrity first and nothing came before it. It was questioned when one of his aircraft engine staff