

1. How difficult a challenge did Welch face in 1981? How effectively did he take charge?

In 1981 General Electric offered Jack Welch the position of CEO, given the fact that General Electric is an extraordinarily big company, naturally, this comes with major challenges. Jack Welch was among the youngest CEO of big companies at that time, and the challenges he had to solve as CEO of General Electric were by no means easy. One such challenge that is discussed in this case is the fact that the previous CEO had made major reorganization of General Electric's organizational structure; this posed an immediate challenge to Jack Welch since he had to take control of the company after these major changes. Another major challenge was that of restoring competitiveness in global markets, this came with enormous risks, primarily because Welch had very little time to restore these competitive capabilities or risk GE's territory being taken by other foreign companies of great size. In addition to solving the last two challenges, on top of them being intrinsically hard enough to solve on their own, there were forecasts predicting a recession was about to take place, and it eventually took place about one year after GE hired Jack Welch as CEO in 1982.

Jack Welch was able to solve these challenges with resilience and great effectiveness. To solve the problem of lack of control in the company after his predecessor restructured the majority of the company, he proposed a new way of thinking, this proposed that maintaining the status quo was not going to lead GE to any improvement and that GE had to "become better than the best" in addition to this new proposition Welch put forward, he also set forth a series of changes which ended up restructuring GE radically during the next five years, in a way Jack Welch finished off restructuring the GE after his predecessor started, this allowed Jack Welch to take control of the company and solve the first challenge, becoming as resilient and as effective as possible also in some way set grounds to solving the pending challenge of the economic recession that was going to start taking place in 1982. In order to solve the challenge of global market competitiveness Jack Welch also implemented an impressive strategy labeled "Fix, Sell, Close", he stated that GE had to eliminate all the businesses that were in some way creating waste for the company, in these terms, the strategy "Fix, Sell, Close" stated that if a business could be fixed and optimized enough to become the first or second in its competing category then GE would keep it, if however the business could be fixed but not to the point of which it becomes the first or second in its competing category then GE would proceed to sell it or even to close it if the business was too hard to sell.

In some way Jack Welch is thinking in terms of Lean and Kaizen, by eliminating waste and implementing continuous improvement, and in some way, he is also thinking in terms of the Pareto principle of keeping the 20% that produces 80% of benefits. Finally the implemented solutions Jack Welch put forth allowed GE to become about the most effective Company in its time and this allowed for GE to see very big revenues in spite of the recession taking place in 1982 GE's revenues increased by about 2 billion dollars between the years 1982 and 1985. The fact that Jack Welch instituted and correctly implemented reasonable and effective solutions allowed GE to become the industry leader it is today, this also allowed them to become competitive in global markets as well, eventually GE thanks to the solutions implemented by Jack Welch took GE from a hardly competitive state to a highly competitive and effective one.

2. How does such a large, complex diversified conglomerate defy the critics and continue to grow so profitably? Have Welch's various initiatives added value? If so, how?

Jack Welch answered this question asked by critics in GE's 1995 Annual Report, the primary objective for GE is to grow and this results in more profits and cash. GE has been able to climb and climb with agility by motivating the "nurture and continuously upgrade" mentality on to their employees and especially to management, as you can see this is very similar to Kaizen and for GE it has delivered marvelous results. Welch also emphasized the fact that GE is already one of the most diversified businesses in the world spinning multiple product segments and territories.

But this alone doesn't explain how GE continues to grow, Welch also mentioned their focus on globalization and how to expand it by asking employees to "globalize their intellect of the company", allowing GE to become even more recognized in global markets and to become industry leaders in their field, aside from focusing on globalization Welch mentioned the focus on driving the service business which was a very small portion of the company until Welch drove its potential and was able to make it grow until services made up about 60% of the company's profits. In addition to mentioning their focus on globalization and services, Welch implemented a Six Sigma process, this at first posed a very large cost to the company, in GE's case approximately \$500 million dollars to train employees and to make vital changes to adapt the company to have a six sigma process, this ultimately allowed GE to have excellent revenues (about \$ 1.5 billion) and to become even more effective and thus competitive in their business.

3. What is your evaluation of Welch's approach to leading change? How important is he to GE's success? What implications for his replacement?

I think Jack Welch is indisputably one of the best CEOs of his time, in spite of all the major challenges he faced he was able to overcome them with resilience, he was able to change GE's way of work and optimize its potential to the extent of making GE from a relatively good company to the industry leader it is today. Jack Welch was also able of leading organizational change and motivating his team to become better than the best. His unquestionable passion and commitment for his ultimate goal of making GE better and better than the best is by all means some of his prime achievements. While implementing all of these changes and facing resistance by his subordinates, he was able to implement about the most efficient process in the world, otherwise known as a Lean Six Sigma process, and restored GE to be not only effective but highly profitable.

Jack Welch continuously added value to the company by his great ideas and motivating messages and strategies, and because of this he's basically the key to GE's success during the span of time he was CEO of the company, and in some way made his own way of running things that instituted radical change and gave forth very large profits for GE and its stakeholders. The implications for his replacement thus are very demanding, GE would need to find someone with a genius mind as Jack Welch's and in addition someone with the motivational capabilities Welch had, in some way the new replacement would have to not be afraid of change and know how to take challenges head on and with an effective and resilient attitude.

4. Is Welch creating/adding value in the early 1980s? If so, how? Can Welch be adding value to this highly diverse portfolio? Is GE's internal organization a more efficient resource allocator than the market?

In principle one could say with reasonable confidence that Welch had been both adding and creating value since he was first hired as CEO in 1981, where he faced the three major challenges described on question one, he solved lots of previously unsolved problems GE had had for a long time, first by taking control of GE after his predecessor implemented radical restructuring of the company, second by the restoring of competitiveness in global markets by implementing his genius strategy "Fix, Sell, Close", and last but by no means least, implementing all this during a recession. I think anyone who can not only survive a recession but actually is able to earn and increase by 2 billion dollars a company's profits on top of the fact that the economy was in a recession is not only a very good CEO but a great leader as well. On top of this Welch managed to diversify the business and added more product segments to diversify even more the existing portfolio.

GE's internal organization is more efficient in terms of resource allocation than the market, competitors did not have as robust internal organization structure as GE and thus GE's internal organization structure really did beat the market in resource allocation, in addition we have to consider the fact that Welch was very influenced by Lean, Kaizen and Six Sigma methodologies and frameworks and this allowed problems and inefficiencies to be spotted early on, also since six sigma allowed for statistical analysis of the efficiency of the business' core functions GE's managers could make educated judgement as to what resource to allocate and were, as well as discontinuing the use of ineffective methods by determining waste and the systematic elimination of waste in virtually all of GE's activities.

5. As we follow Welch's continuing initiatives—Six Sigma, A Players, and e- business—what patterns do you see in his approach to implementing change over his 20-year tenure?

Welch's implemented changes were typically accompanied by slogans, such as his strategy of "Fix, Sell, Close" of "nurture and continuously upgrade". Above all Welch's approach always had a core element of agile, lean, and six sigma methodologies and thus had to necessarily be driven by data and statistics. His emphasis on effectiveness and efficiency, eliminating waste and becoming industry leaders certainly had to be motivated by data and this means he was thinking in Lean Six Sigma terms, eliminating waste and measuring constantly to find impediments and inefficiency throughout the company and instituting coherent, reasonable and feasible solutions to those problems.

The pattern I see is the one of data and quantifiable judgements being made by Welch, he was a leader that didn't fix problems based on intuition but rather by statistical analysis and data and proposing accurate and problem solving solutions based on that data and statistics. In some respect he is a hybrid between a data scientist, a statistician and a business leader, which means he is insanely competent and for the most part impressively accurate in his proposed solutions to problems.