

“To invent, you
need a good
imagination

and a pile of
junk”

- Thomas Edison



**GE
ranked
#3**

Forbes Global 2000



imagination at work

Immelt Becomes
CEO, 9/7/2001

Terrorist Attacks on
World Trade Center,
9/11/2001

Global Financial
Crisis



Minimum \$6.66 (Thursday, March 5, 2009)	Average \$31.37	Maximum \$59.88 (Friday, September 8, 2000)
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ecomagination



healthymagination

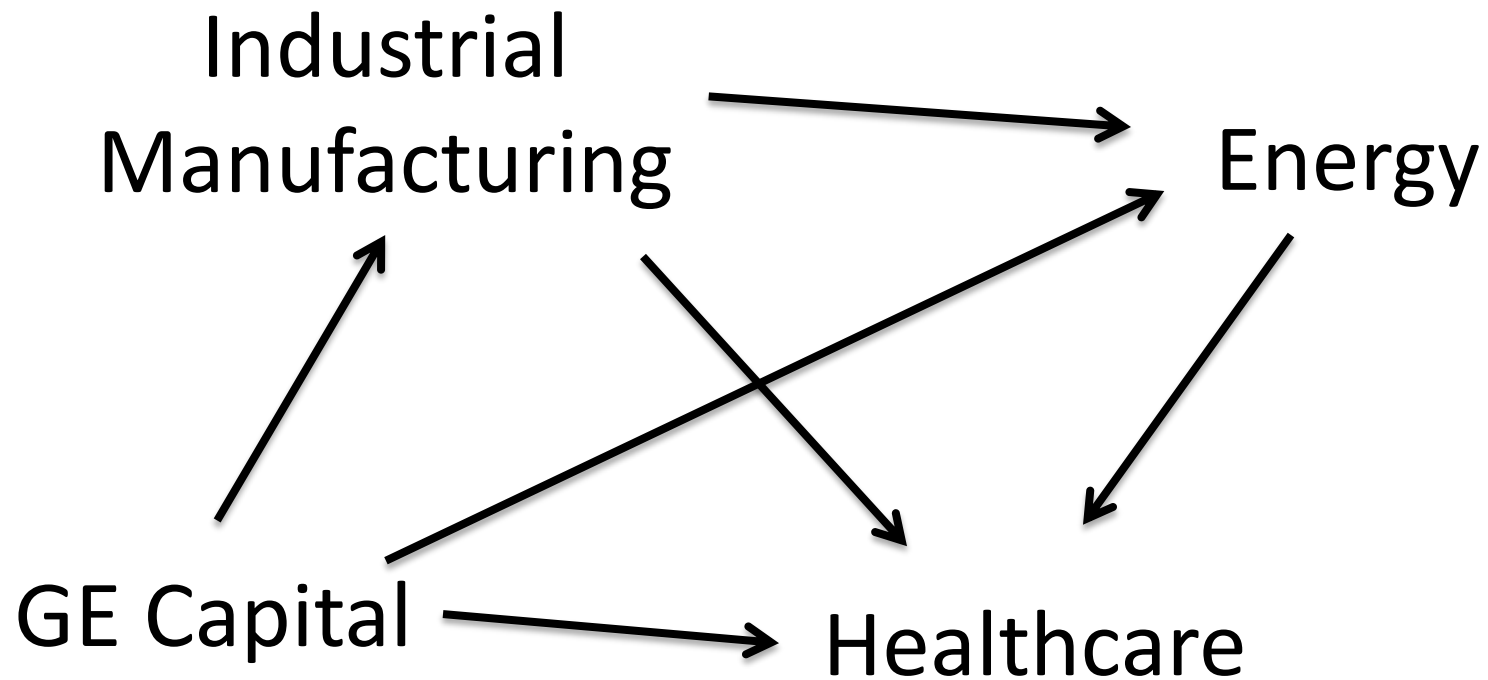
**“Simultaneous
Sustainable & Competitive
Innovation”**
Advantage??
there yet?!
investors and
managers?

Corporate Level Strategy

What is GE?

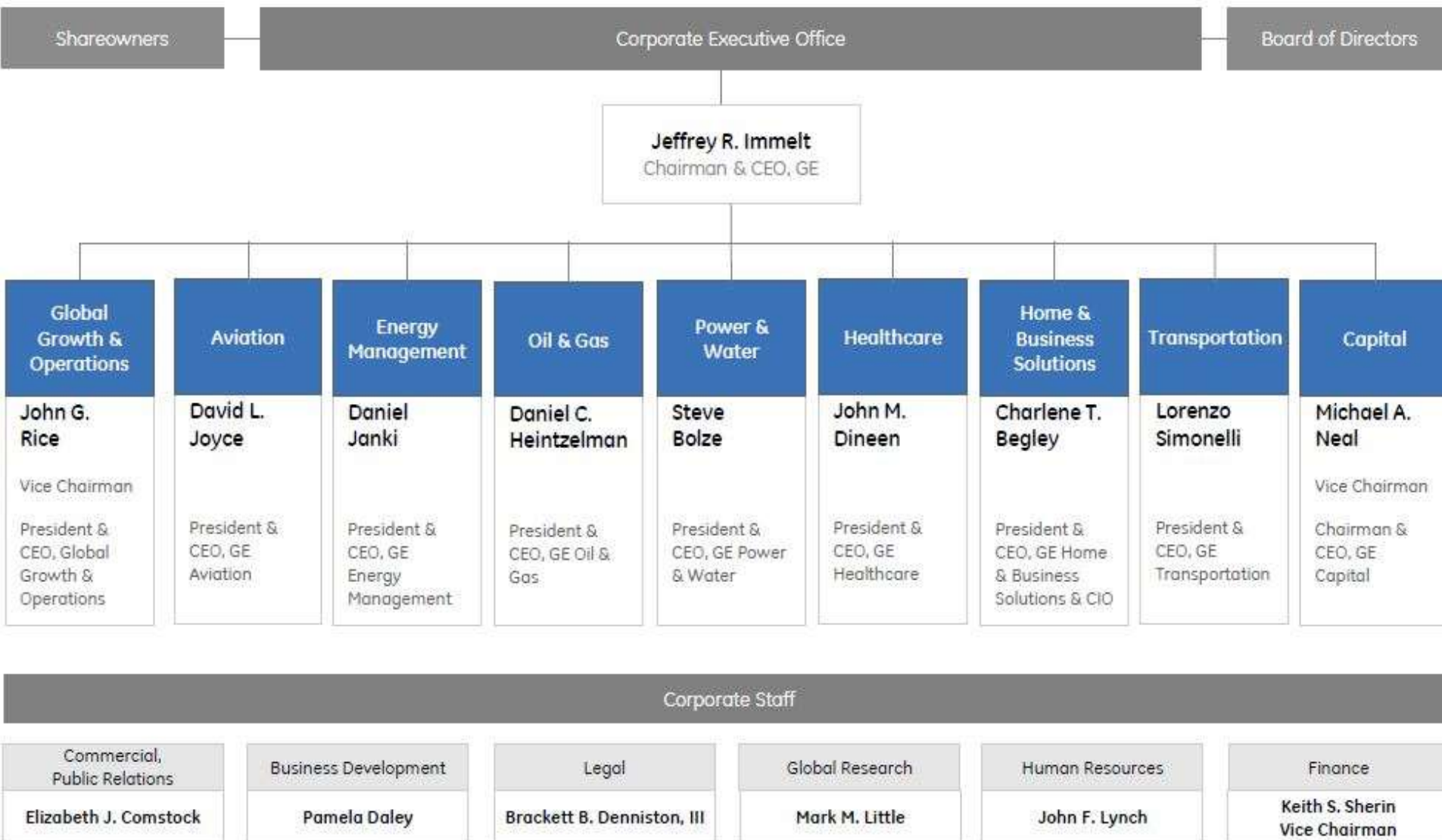
- Conglomerate
- Unrelated Diversification
- Powerhouse

Operations



GE Company Organization Chart

UPDATED OCTOBER 2012





Acquisitions

- Most subsidiaries and businesses.
- Acquired a series of healthcare businesses in order to play “catch up” in the healthcare industry.

Joint Venture

- Most notable – GE and Comcast for NBC Universal (2009).
- GE and Synthesis Energy Systems, Inc. for Small Scale Power Generation Solution (2013) **(Joint Market)**



Business Level Strategies

Product Differentiation

- Product Features
- Product Complexity
- Timing of Introduction
- Location
- Product Customization
- Reputation

Cost Leadership

- Vertical Integration
- Learning Curve
- Scale Economies
- Scope Economies
- Process Innovation



Functional Strategies

- Focus on improving production goals through Six Sigma and Total Quality Management Systems
- Emphasis on accountability
- Blue Ocean Strategy – GE makes the competition irrelevant

Healthymagination

- Combination of a cost leadership strategy and product differentiation strategy
 - 15% lower costs,
 - 15% greater access
 - 15% higher quality



General environment

- **Technological change:**
 - GE is a leader in technological change
 - 2004: Spent \$700 million on clean technology
 - 2005: Launched Ecomagination
- **Cultural trends:** The difference between Chinese and American cultures.

General environment

- Legal and political conditions: President Obama signed the Affordable Care Act into law on March 23, 2010. Its objectives were strikingly similar to those stated by GE's *healthymagination* program.





Industry environment and competition

- The threat of Entry: small due to the vast size of the company.
- The threat of Rivalry: low, but only temporarily.
- The threat of Substitutes: The threat of substitutes in the healthcare industry, like products from Siemens and Phillips, is high.



Industry environment and competition

- The threat of Powerful Suppliers: The bargaining power of suppliers is relatively low for GE's many industries.
- The threat of powerful buyers: Buyer switching costs are high, so the threat of buyers is low.



Resources

- Financials reflect solid Stability
- Operational and Financial diversity
- Some of the best managers in the country
- Intangible Resources

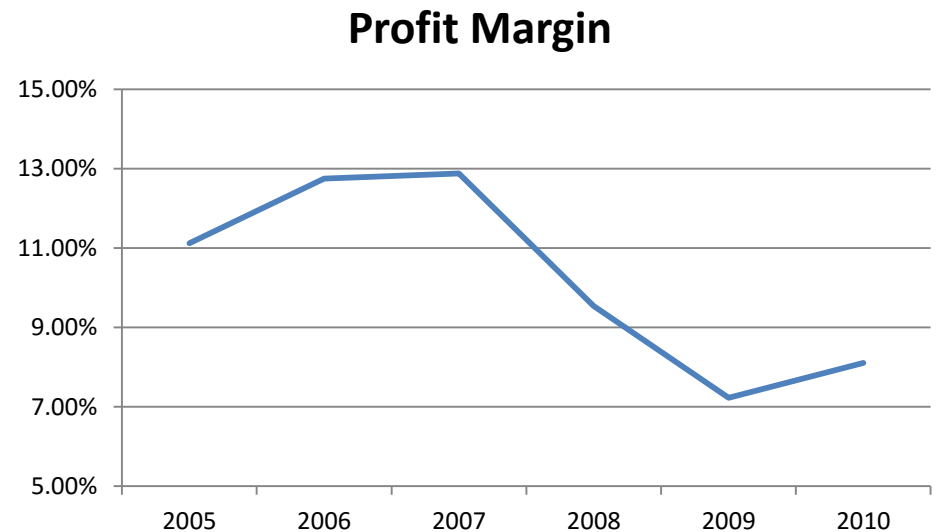


Strengths

- Visionary Projects
- Financial expertise
- Strong management
- International business know-how
- Proven product lines

Weaknesses

- Weak stock price
- Plateau of sales
- Falling profits
- Unhappy investors
- Unfocused “vision”





Competitive advantage

- Product differentiation
 - Innovative new products
 - First mover in new technology
 - High quality products
- Cost leadership
 - Innovative processes
 - Vertical integration



Sustainability of competitive advantage

- GE's proven competitive advantage is sustainable.
- GE's particular strategy of Healthymagination may not be sustainable because of changing political environment. GE should be careful not to overcommit to Healthymagination.

Financial Trends

- 10% decrease in stockholders
- Decrease in stock price
 - Low: \$6.66
 - Average: \$31.37
 - High: \$59.88
- Substantial increase in cash



Ratios

Profitability	Liquidity	Leverage
Net Profit Margin 11.52%	Current Ratio 1.11	Debt-to-Equity 3.31

Market Capitalization



Dividend Yield





Reverse Course

Do Nothing

Stay the Course

Agree with the
Update the
Divest
Government
Seek stakeholder
Train
International
Businesses
"smart" technologies
Businesses

ecomagination ... for a healthier planet

+

healthymagination... for healthier people

=



for a better world ... for generations to come



Amanda Sellers
David Fisher
Jodie Vance
Josh Keck
Mengying Cao
Michael Dannals