

# LeadershipReview

Robert Heller's  
Masterclasses

Jack Welch 1

## Exercising Leadership



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*Leaders set the direction for the people and the organizations they lead, integrating new-style management skills with traditional demands. Assess and build on your leadership qualities, and master the art of running a team and optimizing individual performance to get collective success.*

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## **MANAGING AND LEADING**

The pressures on managers are changing dramatically. Managers today are expected to have mastered all the traditional techniques of management - of implementation, maintenance, and watching the bottom line - but also to have mastered the new-style management skills that make them leaders, people who think for themselves.

### **MANAGEMENT TECHNIQUES**

#### **Old-style management skills**

- Planning
- Organizing
- Implementing
- Measuring

#### **New-style management skills**

- Counselling groups
- Providing resources
- Encouraging ideas
- Thinking for yourself

### USING ALL THE SKILLS

- Mastery of all the old style management skills was crucial to Jack Welch in bringing dramatic change to GE.
- Planned: “Be Number 1 or 2 in your global market or else” is strategic planning at its best - short, sharp and to the point.
- Organized: Welch restructured GE into a dozen businesses with no supervisory layer between him and the business leaders.
- Implemented: Welch put his “big, big ideas”, such as Work Out and Six Sigma, into operation within months.
- Measured: Welch put measures on everything by which he wanted to judge performance.

However, the new-style techniques he now restlessly encourages in his managers are indispensable in a fast-moving business world and are far better suited to developing the full strengths of an organization.

### PERSONAL ATTRIBUTES

New-style ideals, like old-style managing, are only as valuable as the energy with which you pursue them. Welch is a superlative example of how greatly leadership revolves around personal attributes. Excellent ideas, of course, are indispensable, but you will not translate them into excellent action without the qualities that Welch admires in leaders. Test your own attributes. Do you have:

- Enormous energy and passion for the job?
- An ability to excite, energize, and mobilize an organization?
- The understanding that the customer is the arbiter of performance and the source of profit?
- Technical grasp backed by strong financial understanding?
- A desire to achieve better profits through better products, services, and processes?

### DEVELOPING YOUR LEADERSHIP SKILLS

If you do not possess all of the above attributes, do not despair. Some people are natural born leaders, but you can develop any of the live attributes if you have the desire to lead and are willing to work at it.

Write down what you really like about your job. Think up a project that uses these features and try to bring it to life.

#### DEVELOP YOUR LEADERSHIP ABILITIES

Put together a “hot group” to execute the project. Set demanding deadlines, with the group’s agreement, and delegate tasks to members, with clear responsibilities.

Make sure that the project will generate real benefits for customers (internally or externally) and will pay off handsomely.

Ensure that you know as much as anybody, if not more, about the technical and financial aspects of the project.

Plan for its further development to generate still better results.

It is true that you risk failure when you take an initiative like this. But you cannot become an effective leader unless you are prepared sometimes to fail on the way to overall success.

# 1. Leading a team

*Every leader has both a task to complete and a team to lead.  
To live up to the expectations of a Jack Welch, you must not only  
produce your personal best: you must also work as the team  
member who gets top results from the whole team.*

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## **PRACTISING LEADERSHIP**

As team leader, your two prime, linked jobs are to decide what needs to happen and to make it happen. Both jobs operate through six highly practical channels: meetings, communications, delegation, approvals, ideas, and relationships. When operating in any of these channels of leadership, always proceed by using six key steps.

### **THE SIX KEY STEPS**

- Pick the right people.
- Have a clear purpose.
- Put it in writing.
- Work to a strict timetable.
- Plan action.
- Act on the plan.

## **LEADING MEETINGS**

The first channel - meetings - are often led ineffectually. Make sure with every meeting that you follow the six key steps. Ensure that:

- all those present have a reason for being there and a role to play - which they actually do play.
- there is a clear purpose and a written agenda, distributed beforehand with full supporting papers.
- meetings start and finish on time.
- you end up with an action plan, with deadlines and designated responsibilities.
- you set up feedback to ensure that actions are taken - or modified if necessary.

## ACHIEVING POSITIVE RESULTS

Taking the right steps will not of itself make you a successful team leader. The world is full of leaders who run meetings well, communicate effectively, give or withhold approvals rapidly, have plenty of good ideas, and get on well with everybody — but who have failed or are failing. You must get good outcomes.

To get positive results from your team you must behave positively. If your behaviour is negative you will achieve only mediocre results. How positive is your behaviour? Study the two columns below and score yourself separately on each count. For each negative or positive conduct, score 0 for Never, 1 for Sometimes, and 2 for Always.

### NEGATIVE BEHAVIOUR

- Ignoring values
- Being a bureaucrate
- Under-achieving
- Starting slowly
- Changing reluctantly
- Words, not action
- Lacking focus
- Not acting on the facts
- Blaming others
- Mismanaging time

### POSITIVE BEHAVIOUR

- Living the values
- Being an entrepreneur
- Hitting high targets
- Starting decisively
- Embracing change
- Doing what you say
- Concentrating focus
- Managing on the facts
- Forgiving honest error
- Organising yourself

Total each column, then subtract your Negative behaviour total from your Positive total. If your score is below 20, start making improvements to advance towards the highest standards of leadership.

### THE IMPACT OF POSITIVE BEHAVIOUR

When Carl Schlemmer made a huge error of judgement, Welch supported him and Schlemmer went on to turn failure into success.

Schlemmer led the team running GE's locomotive business. In 1979, with Welch's approval, they embarked on a \$300 million investment built around the "Dash 8" model, predicting a doubled market. In fact, by 1986, the market had fallen by three-quarters. Welch forgave this honest error and, instead of giving up, Schlemmer focused the team's energies on drastic restructuring. They cut expenses even faster than the fall in sales. By 1987, profits were almost as high as they were before the fall.

## 2. Picking Winners

*Leaders are ultimately only as good as the people who follow their lead — and who succeed them. Concentrate a great deal of your time and attention on selecting and developing leaders and potential leaders. You and your organization cannot afford to do otherwise.*

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### **OBJECTIVE ASSESSMENTS**

To select potential leaders from your team, make an objective assessment of each candidate's current performance according to specific "hard" and "soft" criteria.

It is not always easy to be objective about people's performance, even on hard, objective measures, such as financial results or market share. Soft, subjective criteria are at least as important but even more difficult to judge. Is it possible to put a number on how open somebody is or how directly people face reality? Welch told his staff: "You're going to have to come up with the best numbers you can, and then we'll argue about them."

### **RATING POTENTIAL LEADERS**

Write down the qualities you want from an appointee to a leadership position, then rate each candidate according to the qualities they have displayed in their current job.

Your criteria might be covered by the following eight questions. Award points for each on a scale of 0 for "not at all" to 5 for "wholly".

- 1 Are they power-oriented?
- 2 Are they fair?
- 3 Do they protect their territory?
- 4 Are they self-confident?
- 5 Are they mean-spirited?
- 6 Are they open?
- 7 Do they believe in keeping up barriers?
- 8 Do they see reality as it really is?

### **ANALYSIS**

Subtract the scores for odd-numbered questions from those for even numbers.

- 15 to 20: an excellent candidate with good leadership abilities.
- 6 to 14: a candidate with potential but probably not yet ready for promotion.
- 0 to 5: a candidate without leadership potential.

### **THOROUGH INVESTIGATION**

If you are unable to rate a candidate, investigate further. Welch teaches that you can never devote too much time to getting the right people in the right positions. That is why he holds exhaustive Session C reviews of all top-echelon managers. To match Welch's thoroughness, subject the members of your own team to the same painstaking analysis of their accomplishments.

### **ACCOMPLISHMENT ANALYSIS**

Produce a full, fair report on people's strengths and weaknesses, including your assessment of their development needs.

Give them the report and discuss its findings.

Get them to appraise themselves - and read and discuss that document, too.

### **DEMANDING HIGH STANDARDS**

As part of your thorough assessment of candidates, you should adhere rigidly to the Can Do, Will Do guide. Welch makes no exceptions on this matter and neither should you.

- Value highly employees who Can Do and Will Do, and reward them with training, promotion, and stock options.
- Train those who Will Do but Can't Do.
- Motivate or fire all those who Can Do but Won't Do.
- Let go those who Can't Do and Won't Do.