



KF Andersen Leadership Academy  
NEXT GENERATION LEADERSHIP \* SINCE 1986

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# A CALL FOR TRANSFORMATION

*Ride the megatrends of disruption. Scan your company's economic-profit performance, and uncover whether you beat the market or not. Then drill into the timeless strategic discussion of why you make money.*

Hannah and John still in the meeting room. "Hannah, please tell me more about GE. How brutal was the disruption in the 1980s and what did Jack Welch do to win over the tide?"

"We don't need to go back in time, we can just watch what is going on right now, just as we sit here and talk." Hannah opened up her I-phone, went into the American stock exchange NYSE switched the phone to the PPP screen and showed this chart:



<https://www.nyse.com/index>

She continued. "Take a close look at this. Jack Welch got his CEO-job in 1981. That was right after the second oil crisis 1979, which turned, supply and demand entirely upside down. Many companies faced devastating overcapacity."

"Jack Welch made people face the brutal reality, without any sugar coating and made clear the necessity for drastic changes. These changes went on for ten years. The mantra was "Either fix the unprofitable businesses, sell or close them" and so he did."

"After that followed ten years of literally limitless growth. The new mantra was "Growing the business by growing people: customers, managers and employees, suppliers and shareholders." The share price went into the sky. Jack Welch retired in 2001."

"He wrote a couple of books, that became the Bible for a new Business Religion and the source of a huge business mistake. The majority of the readers became "believers" convinced that this was the ultimate right way to lead a company, being a great leader."

"Readers did not understand, that Jack Welch is not a "believer" he is a "seeker". What he did was to make the business processes fluent, flexible and adaptable, individual performance limitless and business achievements borderless."

"What characterizes Jack Welch's leadership trait, is his ability to align the business towards reality, month by month, twenty years in a row. That is him in a nutshell. But his successors and everyone else got it wrong." See the chart after 2001.

"But Hannah" interrupted John, "at my MBA everyone ended up being believers of "Jack's Way of Leadership." All of us wanted to be like him. I see your point. The interpreters got it wrong."

"Exactly, people in bunches got blinkers and a tunnel view. But I promise you Jack Welch is not like that. He always took the steepest path, and still do. While all his followers took the shortcut over simplifying everything."

"Oil Crisis, Financial Crisis or disruption is all the same sourdough. If we do not continually align our business towards reality, seeking opportunities, we will run an 80% risk to end where GE is right now, at the cliff next to the abyss." Hannah finished up.