

# Entrepreneurial leader – jack welch

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The highly globalized world of today has intense competition. Successful organizations need great leaders as change management is perhaps the most prized quality needed for excellence in business transformation. Entrepreneurial leadership involves instilling people with the confidence to think, behave and act in the interests of the intended purpose of the organization. There is thus a need for a leader who is entrepreneurial. This paper looks at one of the great business leaders of the modern era, Jack Welch, the former CEO of General Electric (GE) as an entrepreneurial leader.

Jack Welch led his company to the biggest makeover in history with ever increasing success levels in the highly competitive markets of the Nineties. The paper explores the entrepreneurial leadership of Welch in the light of other leadership styles. Entrepreneurial Leader – Jack Welch Introduction The art of leadership is as old as mankind. It has been practiced for centuries by people from all walks of life, be they the martial men leading their armies, or the saints and sages, or people in public life. Yet, after so many years of studies and preaching and practice, the question as to what makes a leader has no clear answers.

One way of unraveling this ambiguity is to study the lives of some of our illustrious leaders. In this paper, we will look at one of the great business leaders of the modern era, Jack Welch, the former CEO of General Electric (GE) as an entrepreneurial leader. Leadership Styles Most text books define leadership as the activity of persuading people to cooperate in the achievement of a common objective. However, the definition given by Field Marshall Montgomery, a British hero of World War II is more relevant and succinct.

He called leadership the capacity and will to rally men and women to a common purpose, and the character which inspires confidence. This definition places emphasis on the skills and the determination of the leader to be able to carry the followers to a common cause. Based on a leader's behavior, leadership styles can be categorized as transformational, charismatic, transactional, empowering, or entrepreneurial. Transformational leaders have the ability to recognize the need for change and to create a vision to execute it effectively. They build the commitment of their people by molding their behavior appropriately.

Charismatic leadership is based on the charisma of the leader who can energize his followers with a passion and a determination to achieve the vision, while placing his trust in them. The highly globalized world of today has intense competition. Successful organizations need great leaders as change management is perhaps the most prized quality needed for excellence in business transformation. There is thus a need for a leader who is entrepreneurial. Entrepreneurship can be defined as the art of creating something from nothing. An entrepreneurial leader has an attitude of a self-employed person.

Such leaders have the characteristics of taking initiative and acting to energize their people, demonstrating entrepreneurial creativity and venturing into new areas, and taking responsibility for the failures of their team (Kotelnikov, 2010. ) Entrepreneurial leadership involves instilling people with the confidence to think, behave and act with entrepreneurship in the interests of the intended purpose of the organization (Kotelnikov, 2010. )

Jack Welch – the Corporate Leader Jack Welch spent forty years at GE before retiring in 2001 as the Chairman and Chief Executive.

He was epitomized as a champion of success as he led his company to the biggest makeover in history with ever increasing success levels in the highly competitive markets of the Nineties. By 1998, he had taken GE to the pinnacle with assets worth \$304 billion and revenues of \$89.3 billion. His thinking was based on creative and out-of-the-box solutions to problems and an action-oriented mindset. He wanted to make GE a 'big company with the soul of a small company that could operate with speed and agility' (Tichy, 2002.)

Amongst many others, some of the qualities Welch (2005) defined for a leader are: relentlessly upgrading their teams, using every encounter as an opportunity to evaluate, coach, and build self-confidence; making sure people not only see the vision, they live and breathe it; establishing trust with candor, transparency, and credit; and inspiring risk taking and learning by setting the example. On the other hand, Kramer (2003) lists the following as the twelve lessons from Jack Welch's leadership style:

- Lead and not manage.
- Get less formal: brainstorm with colleagues, hold informal meetings.

- Don't tolerate bureaucracy, blow it up: streamline decision making.
- Face reality and stop assuming: look at things with a fresh eye.
- Simplify things.
- Change is an opportunity, not a threat.
- Lead by energizing others, not managing by authority.
- Defy, not respect tradition: do not be afraid to buck conventional wisdom.
- Don't make hierarchy rule, but intellect: listen to new ideas.
- Pounce everyday, don't move cautiously: live with a sense of

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urgency. • Put values first, not numbers. • Don't try to manage everything, manage less: empower and delegate.

These rules very succinctly characterize Welch's leadership style which transformed an old-line industrial giant into a competitive global growth engine, and reshaped the company through more than 600 acquisitions, with 276, 000 employees scattered in more than 100 countries around the globe. He did this with the sheer force of personality and a passion for winning (Kramer, 2003. ) Taking Initiative and Acting to Energize the People Welch had an intimate understanding of his people as he knew the company well and knew the people even better.

He flattened the multiple layers of management in the company in order to make it less formal and thus promote closeness. Like Lee Iacocca of Chrysler fame, he would often send hand-written notes to his employees; these would act as great motivators for them. A great communicator, Welch realized the need to involve people at all levels and used every opportunity to reinforce this idea. Welch knew by sight the names and responsibilities of at least the top 1, 000 people at GE, an incredible achievement indeed. Demonstrating Entrepreneurial Creativity of Always Searching For New Opportunities

Welch would set sharp performance targets and monitor these regularly. As an example, in 1993 Welch became involved in the details of the tubes that go into GE's X-ray and CAT-scan machines. To fix the problem, Welch reached two levels down into the organization and summoned Marc Onetto, a general manager in Europe and simply asked him to "Fix it. " Welch also demanded, "I want 100, 000 scans out of my tubes! " (Byrne1998. ) In 1995, Welch asked his company to define their business in such a way that they

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have less than 10% market share, and then to direct their creativity and energy to finding new customers (Tichy, 2002.)

**Taking Risks and Venturing Into New Areas** In 1995, Welch launched GE's Six Sigma quality program, which he was convinced could add up to \$5 billion to GE's net earnings. This called for massive investment in training the thousands of employees. In 1997 alone, Six Sigma delivered \$320 million in productivity gains and profits, more than double Welch's original goal of \$150 million (Byrne 1998. ) It is surprising as to how Welch could make intelligent comments about so many of his diverse managers and executives.

This was possible because in an average year, Welch directly met and interacted with several thousand of his GE employees. He had a briefing book that contained every employee's assessment of their strengths and weaknesses, developmental needs, and short- and long-term goals, together with their supervisor's analysis (Byrne 1998. ) Welch had set up what is perhaps the world's largest teaching factory, Crotonville Leadership Development Institute. Nearly 15, 000 middle managers, the black belt teachers of Six Sigma, were assigned to this institute to teach over 300, 000 GE employees (Tichy, 2002.)

**Conclusion** It is difficult to straight-jacket Jack Welch into a single category of a leader. He was not only an entrepreneurial leader but also a transformational leader who transformed his company into a business giant, and a charismatic leader who could mesmerize his people with his skilled communication and passion for winning. Welch certainly will be remembered in history as a business leader of the likes of Alfred P. Sloan and <https://assignbuster.com/entrepreneurial-leader-jack-welch/>

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