

The program leadership innovation and growth

[Technology](#), [Innovation](#)



The program Leadership, Innovation and Growth has been designed by the management at General Electric in order to facilitate team training in leading change. The strategic focus under the leadership of CEO Immelt has been the growth strategy through expanding businesses and creating new ones rather than through acquisitions.

The business of GE that participated in the program was Power Generation, one of the company's oldest businesses. So far GE's successes had been spurred by the headquarters.

But now Immelt wanted to pass on the responsibility to the teams in the individual businesses. In order to facilitate this delegation of responsibility, the LIG program had been designed. The program facilitated team training to lead change and therefore to embed growth into the DNA of the company. The purpose of the program was to make innovation and growth a religion at GE.

The program underscores the value of team training. Under the previous CEO Jack Welch, the strategic focus had been to maximize operational excellence. Now the new CEO Immelt wanted to combine innovation and organic growth with operational excellence to synergistic effects.

This meant redesigning the organizational structure. Thus the business issue was the process of managing change. However the focus of traditional training programs had been individual training.

Therefore when the employee returned to work on the new initiatives, he faced resistance from the rest of the team who had not been trained. The LIG program addressed this problem by focusing on team training so that the

participating managers can reach consensus on the growth opportunities and the strategies to be implemented in capitalizing upon them.

The industry in which GE Power Generation operates is characterized by a fast pace of change. As a result, the business must be able to manage change continuously. The business has been growing at a fast rate throughout the world. However it emerged from the program that the business did not possess enough management capital to bring about the regulatory changes. This meant that the managers would have to rethink the strategies of developing human capital.

The business was growing at a fast rate in emerging markets such as India, China and the Middle East and therefore the critical success factor was to expand the regulatory expertise accordingly. In addition, maintaining the momentum of the company's growth meant speeding up the product development process. The management needed to reach a consensus in how to implement these strategies in these areas.

The management needed to figure out how to delegate authority to the different regions. For example, the natural response to new product development has been to maximize the extent of standardization. Variety and customization have always been disliked. However the challenge in front of the management was to develop products in country for country. Thus the product development process had to be redesigned in terms of delegating more authority to the regional managers.

This involved cultural reorientation so that when the regional delegation did not go right, the blame did not fall on headquarters. The management also

had to make sure that the process for global customers remained uniform across the regions and that there was a consensus on which contract terms should remain the same and which should be varied. These issues caused the need for the LIG program to be launched.

The recommendations that have emerged from the program have been categorized into five areas. The first is the area of team training. This form of training enabled the managers to reach a consensus on what were potentially the barriers to change and how best to attack them. The second area was to consider both the hard barriers and the soft barriers to change. The hard barriers were defined as the existing organizational structure, capabilities and resources.

The soft barriers were defined as the interactions between the members of the leadership teams individually and collectively. The management needed to address both barriers in order to manage change effectively. For example, GE Power Generation pursued the growth strategy of developing products in country for country. The barrier to implementing the strategy was the lacking in regulatory strength.