

# [Leadership style of jack welch assignment](https://assignbuster.com/leadership-style-of-jack-welch-assignment/)

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“ If leadership is an art, then surely Welch has proved himself a master painter. ” – Business Week, May 28, 1998. “ The two greatest corporate leaders of this century are Alfred Sloan of General Motors and jack Welch of GE. And Welch would be the greater of the two because he set a new, contemporary paradigm for the corporation that is the model of the 21st Century. – Noel Tichy, Professor of Management, University of Michigan, and a longtime GE observer. Introduction | On September 6, 2001, John Francis Welch Jr. (Jack Welch), Chairman and |[pic][pic][pic][pic][pic][pic] | | Chief Executive Officer of General Electric Co. (GE), 1 retired after | | | spending 41 years with GE.

During the period, he made GE the most | | | valuable company in the world. Analysts felt that, with his innovative, | | | breakthrough leadership style as CEO, Jack Welch transformed GE into a | | | highly productive and efficient company.

During Jack Welch’s two decades| | | as CEO, GE had grown from a US$13 billion manufacturer of light bulbs | | | and appliances in 1981, into a US$480 billion industrial conglomerate by| | | 2000.

Analysts felt that Jack Welch had become a ‘ deal-making’ machine, | | | supervising 993 acquisitions worth US$13 billion and selling 408 | | | businesses for a total of about US$10. 6 billion. | | Jack Welch was infact described as ‘ the most important and influential business leaders of the 20th Century’ by some Wall Street analysts and academics alike. [pic][pic][pic] | Management experts felt that Jack Welch’s reputation as a leader could | | | be attributed to four key qualities: he was an intuitive strategist; he | | | was willing to change the rules if necessary; he was highly competitive;| | | and he was a great communicator… | | The Making of a CEO | | | Jack Welch graduated in chemistry from the University of Massachusetts | | | and in 1959 got a Ph.

D in chemical engineering from the University of | | | Illinois. In 1960, he started his career at GE as a Junior Engineer… | The Making of a CEO Contd… | However, in 1961, Jack Welch decided to quit the US$10, 500 job as he was|[pic][pic][pic][pic][pic][pic] | | unhappy with the company’s bureaucracy.

He was offended that he was | | | given a raise of only US$1000, the same amount given to all his | | | colleagues. He had even accepted a job offer from International Minerals| | | and Chemicals in Skokie, Ill. However, Reuben Gutoff, an executive at GE| | | convinced Jack Welch to stay back.

Reuben Gutoff promised that he would | | | prevent him from getting entangled in GE red tape and would create a | | | small-company environment with big-company resources for him. This theme| | | of ‘ small-company environment’ with ‘ big-company resources’ came to | | | dominate Jack Welch’s own thinking as the leader of GE. | Jack Welch quickly rose to become the head of the plastics division in 1968. He became a group executive for the US$1. 5 billion components and materials group in 1973. This included plastics and GE Medical Systems. |[pic][pic][pic] | In 1981, Jack Welch became GE’s youngest CEO ever (Refer Exhibits I & | | | II).

His predecessor, Reg Jones said, “ We need entrepreneurs who are | | | willing to take well-considered business risks – and at the same time | | | know how to work in harmony with a larger business entity…The | | | intellectual requirements are light-years beyond the requirements of | | | less complex organizations. | | | The Welch Era at GE: 1981-2001 | | | During the first five years as CEO, Jack Welch emphasized that GE should| | | be No. 1 or No. 2 in all businesses or get out of them. | He disposed off the businesses with low-growth prospects, like TVs and toaster ovens.

He expanded the financial-service provider GE Capital into a powerhouse. He also entered the broadcasting industry with the acquisition of RCA Corp. , the owner of NBC TV network… Jack Welch’s Leadership Style | Analysts felt that Jack Welch’s profound grasp on GE stemmed from |[pic][pic][pic][pic][pic][pic] | | knowing the company and those who worked for it. More than half of his | | | time was devoted to “ people issues”.

Most importantly, he had created | | | something unique at a big company – Informality. The hierarchy that Jack| | | Welch inherited with 29 layers of management was completely changed | | | during his tenure. Everyone, from secretaries, to chauffeurs to factory | | | workers, called him ‘ Jack’.

Everyone could expect – at one time or | | | another – to see him. Analysts felt that Jack Welch gave employees a | | | sense that he knew them. Commenting on the informality at GE, Jack Welch| | | said, “ The story about GE that hasn’t been told is the value of an | | | informal place.

I think it’s a big thought… | | Jack Welch – The Strategist Analysts felt that Jack Welch was focused and analytical. He restructured GE’s portfolio from 350 businesses during 1980s down to two-dozen core activities by late 1990s. During his initial years as CEO, he either expanded internally or made acquisitions to position all GE’s businesses as either number one or number two in their fields.

The planned acquisition of Honeywell, Inc. , which didn’t materialize, was expected to redefine GE for the years to come… |[pic][pic][pic] | Jack Welch – The Leadership Guru | | | After stepping down as the CEO, Jack Welch became an advisor to William | | | Harrison, CEO, JP Morgan Chase.

He also entered into an agreement to | | | become a leadership guru to several other clients. He was also named the| | | special partner at New York investment firm, Clayton, Dubilier & Rice. | | Jack Welch also authored his autobiography, “ Jack: Straight from the | | | Gut’, which was at the top of the best-sellers list in 2001. Analysts | | | felt that Jack Welch’s influence did not end at GE. Many executives who | | | had worked under Jack Welch went on to head more than a dozen U. S. | | | companies… |