

Compare the  
principal strategic and  
organizational  
changes



Continuity and Change in Strategy, Style, and Culture at GE. Compare the principal strategic and organizational changes introduced by Welch with those by Immelt at GE. Under Welch's management GE was using a strategy that is known as "Number one Number two". According to Welch's strategic point of view, this has a meaning like "Fix it, sell it, or closed it". He stressed that GE must be one of the top two players in each market segment where it was working. If this did not happen, GE must sell it or at least close it down. Welch enforced on getting other business that would add to GE's portfolio. Immelt has completely different visions that have been obliged due to events that have effects on the market. After September 11, 2001 tragedy and the Enron and Tyco International corporate scandals the investor's market was in mess. One witty decision how to improve investor's faith was to reorganize GE's portfolio and strategy of business. Keeping this thought, Immelt resolved to improve GE's orientation by finding research centers in such countries as India, China, and Germany. He was sure that global investigation will keep GE closer to the market requirements. Besides, an outside communication strategy has been accomplished because it has been recognized to be significant to meet with employees or investors for making the right decisions at uncertain times. Another proposition by Immelt was to concentrate more on marketing than on production. Treating the customers in the most suitable way was the new aim of GE. To make so new marketing rates has been studied to train marketing heads just as studying from other successful firms of how to carry out global strategies or to improve care of the clients. Another step undertaken by Immelt is to identify creative potential and the importance of innovations. The business leaders must offer three innovative design ideas every year which are estimated by the <https://assignbuster.com/compare-the-principal-strategic-and-organizational-changes/>

Commercial Council. If possible, these ideas may be performed by GE. By 2007 the company has got more than 200 projects, first 80 projects will generate 25 billion dollars in incomes. Immelt has the opposite administrative vision compared to Welch. Both Immelt and Welch foster managers to follow programs that have goals to improve management skills and get them corporate with the strategy and aims of the company Immelt demands also a two way communication between employees and overseers, but he prefers a quite interchange of opinions more than a confrontational access that Welch was implementing. Both Immelt and Welch knew all employees well. But Welch, as it seems, even in spite of the fact he was very tough and apprehensive, was loved at all levels. Employees felt themselves as a part of a family. At the same time, Immelt is regarded to be friendlier and more people oriented. The organization under Immelt grows the strong client focused culture, instead of the product focused culture which was created by Welch. New ideas are entered in by employing managers from the external business world and a variety within the limits of employees is noticed more favorably by management. GE employees now recommend thinking up new ideas through “fuses of idea” meeting sessions, a kind of group brainstorming. The result is a more accidental and friendly environment of work where employees are put forward to improve position of the company in the market. It seems that Immelt is capable to create a more joint workplace that is put forward by the aim to serve the client, instead of very aggressive environment where employees are put forward to surpass others if they wish to survive or recognized. There are tools that can be carried out to stimulate strategic entrepreneurship. For instance, we have testified how a virtual valid box of ideas was successful so why not stimulate <https://assignbuster.com/compare-the-principal-strategic-and-organizational-changes/>

even the further business by creating the international Study Groups, which study new innovative forms to serve the market and clients. We all know, how global are markets now and consequently, creating Study Groups concerning different cultures, we are able to concentrate on much more international and global audience. Any level of employees may be a part of these groups, whose main stint is innovation. These groups should work on very specific stints such as the new environmental goals. To my mind, Immelt must look deeply at M&A, not only based on the company's financial fulfillments but he should explore those purchases further that will help GE benefit competitive advantage in aspects that would meet stakeholders hopes. For instance, since going green became the new company's strategic view, Immelt should develop a plan of making GE the leading company in this segment. There is knowledge and a possibility to make it, but it is necessary to address it properly and regularly. Similar to Welch's boundless strategies of the organization which call for closer coordination of various units within the supply chain and diversity of geography and products. Immelt still supposes that the future increase lies in international markets, and a varied management is needed to maintain possibilities. Welch was a late reception parent of transformation to the digital form, namely using the Internet for internal processes and service of the clients. Immelt symbolizes a younger generation that is more used to technology. He understands technology as major driver of GE's future, and focused on increase the speed of diffusion. Immelt inherited creation of joint actions through a group of high growth and high profitability businesses. He has continued to look for possibilities of purchasing with high potential versatile to develop a portfolio,

to increase value of the shareholder and risk of reduction, keeping the center, only looking for the associated firms.

Why has the strategy, structure, and systems created by Welch been successful in delivering shareholder value and insulating GE from the fashion for breakup to which most other conglomerates succumbed? Not in the same way as any other conglomerates, Welch's GE is corporation of firms in the associated fields of features connected by the action. Firms, type of financial services, closely contact others, and prosper on a parameter each other. The majority of firms divide similarities, for instance, an advance technology (GE Medical Systems). Those that do not are quickly deprived. Other companies are usually concentrated on financial results, but GE prospers on its own employees. It has always been praised for its well-developed system of assessment and progress. Welch has added contact of heavy incentive system on the basis of a parameter, namely, options for the action to allow employees to take the responsibility of management of their own business, freedom from bureaucracy, increases and falling together with GE. All employees work to an overall aim which once again creates joint actions for proceeding GE's success.

To what extent should other large, diversified corporations imitate the management systems and leadership style developed by Welch at GE? This depends on the corporation. Some of them, like P&G, while big and varied, does not have the same cycle of life of a product and cost structure as GE. Certain companies are also not as technology intense as most of GE's firms are. That is why they should not follow GE's enterprise style of management. The bureaucracy can work better as it adds more control over an

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environment and possesses smaller quantity of randomness in operations. GE's system needs to be imitated the majority of other corporations. The flat, dexterous and enterprise control system represents the current tendency of corporate structures, as is discussed in the previous cases. GE's success is the main example of how such a system can work irrespective of how big the size of a firm is. The proved theories should always be carried out in processes. On the other hand, leadership style cannot be imitated. A lot of management theories mean that leadership is not feature of behavior, but the situation specific. It is possible to imitate Welch's intimidating style but if not carried out with success, results can be changeable. Immelt has proven himself to be as wealthy as a leader with friendlier point of view. If any style work conforms to a situation then it would be more effective to a fine performance than adaptation to a new style of leadership.

Are there alternative corporate strategies that Immelt should consider? In particular, should Immelt consider breaking up GE, or should he initiate a new drive for growth through acquisition? GE should not consider breakup, because its group of businesses have proven to be beneficial, growing and advantageous. New systems should always be developed and performed. Working systems should be hold as they persisting to add merit to the company and shareholders. Firms those are oriented on consumer, apparently, not so favorable as business-to-business (B2B) fractions. Though devices and firms of illumination only return cost of capital, Immelt does not wish to deprive with them in particular. Consumer segments contained of firms, which give the products higher flexibility of require, lower prices and margins. Business fractions are the full contrast. IBM's divestiture of its

consumer PC divisions to Lenovo has proven this. GE should reproduce this strategy: operating with the best, most beneficial market performers. GE should represent more transparency between its clients and shareholders. Financial reports can be more often, more detailed to the shareholders and experts. Additional “insider information”, such as strategic planning should be revealed to the audience. Client relations can be strengthened also by intensifying marketing, particularly enlarging current subject matter of “ecomagination” which will be added to the to GE’s brand appeal.