

BOOK REVIEW

JACK: STRAIGHT FROM THE GUT

By Jack Welch and John Byrne
Warner Books, Inc. 2001, 479 pages

Reviewed by: Prashanth Nagendra Bharadwaj

This is an autobiography of Dr. Jack Welch, one of the most celebrated CEOs and business leaders of the 20th century. As Jack Welch acknowledges, this is neither a management handbook nor a perfect business story. However, it is a personal story written in a straightforward manner by a man with a great memory. The detailed way in which Jack recounts his personal and professional lives provides excellent tips for anyone remotely interested in business and management. Although he spent forty years in one of the world's biggest corporations, his management style offers interesting and useful insights for entrepreneurs and small business managers. The story of his life was a see-saw to a great extent and while reading his book, you go from thinking that he is Machiavellian to realizing that he is one of the most straightforward people; and when you think he is narcissistic, you find out that he is a highly self-effacing individual. He was involved in numerous mergers that resulted in business closures and job losses while he attributes everything he has accomplished to other people.

His recent highly publicized personal problems do not take anything away from his story or his incomparable success in leading GE for two decades. If you have not already read this book, I recommend that you read it. It is better to read the book sequentially since it is written in the form of a story. If you are looking just for serious business tips, I recommend that you skip to Sections IV and V of the book. Chapter 24 (in Section V) especially provides interesting tips for business leaders. I will highlight some aspects of the book that may be of specific interest to small business and entrepreneurship constituents.

"My objective was to put a small-company spirit in a big-company body, to build an organization....that would be more high-spirited, more adaptable, and more agile than companies that are one-fiftieth our size...where people dare to try new things—where people feel assured in knowing that only the limits of their creativity and drive, their own standards of personal excellence, will be the ceiling on how far and how fast they move" declares Jack in the Prologue of the book. This can be an objective for companies of any size including small businesses. Jack was obsessive about getting rid of the "damn" bureaucracy and instilling a "small business" mentality at GE.

Jack has several short stories and episodes from his life to drive home some important lessons. He recounts how his mother, the most influential person in his life, walked into his high school locker room right after he flung his hockey stick in frustration after losing a game. She grabbed him by his uniform and shouted in his face in front of all his friends, "you punk! If you don't know how to lose, you'll never know how to win. If you don't know this, you shouldn't be playing." He attributes many of his basic management beliefs to her lessons—setting stretch goals, competing hard to win, facing reality, motivating people by alternately hugging and kicking them, etc.

In another story, right after he became CEO of GE, he challenged the members of a highly reputed internal management club, Elfun. The club was considered a "right of passage" into management and had thousands of aspiring members who in Jack's words practiced "superficial congeniality" when some one influential showed up at their meetings. It had become an elitist group. In his first speech to the club as the CEO, which the members expected to be a congratulatory speech, he shocked everyone by saying that "I can't find any value to what you're doing. You're a hierarchical social and political club. I'm not going to tell you what you should do or be. It's your job to figure out a role that makes sense for you and GE." Within a month the club self-engineered into a volunteer club getting involved in inner-city schools, building parks, playgrounds and libraries, repairing tape players for the blind to name a few activities.

Jack attributes GE's success to people. He does not have a recipe for identifying and hiring the right kind of talent. He has stories of how one female V.P. impressed him with her immense knowledge of baseball trivia during her job interview and how he hired a mechanic off New Jersey Turnpike who impressed Jack with his gutsy determination. Of course, these individuals had other business skills that made them successful. He was big on passion (with rigor), intensity, energy, "fresh-thinking", 360-degree evaluations, performance, and differentiating employees into A, B, and C players (and letting C players go). GE, under Jack, did not assure lifetime employment for anyone but assured that they will make each employee employable for life. To highlight that, two of the three unsuccessful contenders to succeed him as CEO, were immediately picked up as the CEOs of 3M and Home Depot.

Jack was the evangelist of the term "boundarylessness" and what it stands for. He personally wanted to break through the hierarchy and connect directly with all layers of the organization, without his message being interpreted by layers of bosses. He created several opportunities that promoted openness in the organizations among union workers in the manufacturing floor to individuals in the boardroom. His idea of boundaryless went beyond breaking down the barriers between suppliers, customers and internal departments. It included breaking down the subtle barriers of race, gender and individual ego, the last one being an almost spiritual effort. In one year, he let go of several managers who were autocrats—who forced performance out of people, rather than inspiring it. It is important to note that these were high performing managers who made their numbers. Boundaryless attitude helped many ordinary folks in the organization to achieve extraordinary things.

In one of his annual speeches to the top executives, he said "we can't be talking about reality, candor, globalization, boundaryless, speed, and empowerment and have people who don't embrace these values. Every one of us must walk the talk." This is a great lesson for any manager in any organization. He called major initiatives as game changers and four such initiatives at GE under him were Globalization, Services, Six Sigma, and E-business. These initiatives can be ideal for any small business also. As an example of his Globalization focus, he identified a budding entrepreneur from India as GE's partner in 1989 who went on to become one of the world's richest businessmen and the poster child of India's high-tech revolution of the 1990s. He focused on the Services aspect of GE's business and grew it from

\$8 billion in 1995 to \$19 billion in 2001. He championed the Six Sigma concept that not only minimizes variation in manufacturing processes (and consequently improves product quality) but also enables managers in all functional areas to reduce waste, improve decision making and enhance productivity. For a man who had not used e-mail on his own until 1999, it was commendable that he recognized and pushed e-business as the right tool to reinvent and transform GE in the 21st century.

His effective management style and solid character was apparent during his CEO succession process that spanned almost five years. All the contenders acknowledged it to be highly open and devoid of any politics. He wanted the best person to lead GE into its future and not necessarily his favorite lieutenant to succeed him. He got the entire board into confidence during the process and their unanimous approval of his successor. He flew during Thanksgiving holiday in turbulent weather to Cincinnati and Albany to personally communicate his final decision to both the unsuccessful candidates before others came to know about it. Jack says in the last page of his book that his successor Jeff Immelt's able performance on his first big day as the CEO-elect with company big wigs triggered one of his happiest memories—the birth of his first child 39 years prior to that. That is the mark of a true mentor, a true steward, and a true leader.

For the reader interested in learning about Jack Welch, the CEO, and how he viewed his job, I refer them to Chapter 24 "What This CEO Thing Is All About." There Jack shares the ideas that worked for him that include concepts such as Integrity, People First/Strategy Second, Maximizing Organization's Intellect (creating a learning organization), Informality (not bureaucracy), Passion, Self-confidence (not arrogance), Stretching, Celebrations (to have fun while being productive), Differentiation of people, Aligning Rewards with Measurements, etc. He humbly says at the end that these are things that worked for him, *along with luck*. That reminds me of a Dale Carnegie quote on luck, which I paraphrase—"luck is the meeting place of opportunities passing by and a person's alertness." Jack was indeed lucky!

Even if you are not keen on learning about Jack's management approaches, this book is recommended to any entrepreneur to read as an inspirational story of a kid born into a working-class family of a railroad conductor, a college student who initially found math and physics very hard, a man with speech impediment, who went on to earn a Ph.D. and become one of the most respected CEOs of modern business.