EXECUTIVE LEADERSHIP

Assessment & Performance
Development Strategies
Case History:
GE Jack Welch Center for Leadership Development

Prepared for:
Seminar in Organizational Behavior
Columbus State University
October 26, 2009

Prepared by:
Theresa Bradley
James Methu
Mike Reaves
### Executive Leadership: Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abstract</td>
<td>1</td>
</tr>
<tr>
<td>Introduction</td>
<td>2</td>
</tr>
<tr>
<td>Leadership Assessment</td>
<td>3-6</td>
</tr>
<tr>
<td>Hallmarks of Excellence® in Leadership</td>
<td>3-5</td>
</tr>
<tr>
<td>360 Degree Leadership Navigator® for Corporate Leaders</td>
<td>5-6</td>
</tr>
<tr>
<td>Leadership Development Strategies</td>
<td>7-13</td>
</tr>
<tr>
<td>Leadership Case History: GE Jack Welch Leadership Development Center</td>
<td>14-22</td>
</tr>
<tr>
<td>Managerial Implications and Recommendations</td>
<td>23-24</td>
</tr>
<tr>
<td>Review of Recent Research</td>
<td>25-29</td>
</tr>
<tr>
<td>Conclusion</td>
<td>30</td>
</tr>
<tr>
<td>Bibliography</td>
<td>31-32</td>
</tr>
<tr>
<td>Sample Test Report Hallmarks of Excellence® in Leadership Appendix A</td>
<td></td>
</tr>
<tr>
<td>Sample Test Report 360 Navigator® for Corporate Leaders Appendix B</td>
<td></td>
</tr>
</tbody>
</table>
**Executive Leadership: Abstract**

This paper concerns the real-world importance of leadership for the success or failure of organizations, particularly businesses; and the importance of psychological assessment and identification of leaders, the business strategies utilized by great companies to develop its identified leaders, and the implementation of leadership development programs by one of the world’s greatest companies, General Electric (GE), which spends $1Billion per year at its Jack Welch Leadership Development Center.

Leadership is a complex term with many meanings depending upon the age and time; many theories for both human and animal behavior; and in many different settings, such as: business, education, government/political, and religious/theological. We intend to focus exclusively on Executive Leadership in business, including the personality traits, whether inherent in the individual (Trait Theory) or obtained by education, training and development.

Defining leadership is a challenging task as the research literature is robust with definitions. The best description of leadership is defined as the “process of social influence in which one person can enlist the aid and support of others in the accomplishment of a common task”. (M. Chemers, 2002). A definition more inclusive of followers comes from Alan Keith of Genentech who said: "Leadership is ultimately about creating a way for people to contribute to making something extraordinary happen.” (J. Kouzes & B. Posner, 2007) “Leadership is a solution to the problem of collective effort – the problem of bringing people together and combining their efforts to promote success and survival.” (B. Kaiser & R. Craig, 2008). The research reveals that there are critical personality traits of high performance business leaders, such as: vision, values, integrity, wisdom, courage, trust, and communication abilities. Further, business “best practices” reveal that inherent leadership personality traits can be developed when business management is committed to continuous education and development of its identified “high performance” business leaders. Thus, “best practices” generally results in business success.
Executive Leadership: Introduction

We intend to explore and provide answers to the following questions: What do the personality traits of great leaders look like? What leadership models are most effective? What are the core leadership development strategies utilized at GE to meet the challenges of shaping a great company? Do both anecdotal and empirical research support leadership models for best business practices that equates with business success?

First, we intend to briefly introduce and analyze two major and respected assessment instruments that analyze patterns of competencies, personal qualities, critical thinking skills, and emotional intelligence personality characteristics for identifying potential high performance executive leaders.

Second, we intend to provide three business scenarios where business executives are selected by senior management as having “high leadership potential” and provide a brief description of the leadership development process and strategies in place in business and the US military.

Third, we intend to present a case history of General Electric’s (GE) Jack Welch Leadership Development Center that spends more than any other company in the world on developing its company’s growth leaders.

In conclusion, we provide the reader with managerial strategies and business implications for effective leadership development programs. At the heart of the matter in business, the proverbial business “bottom-line,” is that a business leader must produce results. Further, we provide support for our position set forth in this Executive Leadership study with current anecdotal and empirical research from several of the most respected business books, organizational psychology and business peer review journals.
Executive Leadership: Assessment

Hallmarks of Excellence in Leadership (See Appendix A Sample Report)

The first and one of the most respected executive leadership assessment tools is the Hallmarks of Excellence in Leadership. (Copyright of Chorus, Inc., 2009). The Hallmarks® development team has identified nine leadership competencies, called Hallmarks®, which precisely describe competencies of highly effective executive leaders. The individual Hallmarks® have been developed from psychology testing instruments that measure competency-based leadership skills: personal qualities, critical thinking, emotional intelligence factors and contrasts the test results to performance attributes (the “DNA”) of proven high performance leaders. The test takes 2-hours and generates a fully detailed 60-page report of the test takers’ personality traits compared to those personality traits of proven executive leaders. These leadership competencies, common to all extraordinary leaders, fall into three areas: Mastering Your Core; Forging the Path; Ensuring Execution, for example:

1. **Mastering Your Core:** Superior leadership can only be built on a solid foundation. Unwavering personal values and integrity, emotional maturity, and a commitment to continuous learning and personal growth are non-negotiable pre-requisites.

2. **Forging the Path:** Great Leaders don’t make people follow them. They inspire people to accomplish great things by clearly seeing where the organization needs to go and
communicating a plan for getting there while providing a vision of what could be that is irresistibly compelling.

3. **Ensuring Execution**: The toughest yet most important job of a leader is to simply “get it done”. Not “delegating and demanding accountability” nor “just doing it yourself”, but continuous engagement to ensure that the path is being followed to results. (Chorus, Inc., 2009)

According to Hallmarks® assessment parameters, great executive leaders shape, nurture, and exemplify competencies and personality qualities that are deemed absolutely essential at a high level of leadership excellence. Essential personality traits of great executive leaders are:

- **Values/Integrity** – Effective leaders build trust among stakeholders and the community at large. They speak and live with honesty, courage, and grace.
- **Emotional Maturity** – Effective leaders are able to discern transition effectively in cross-situational environments. Understands and manages personal emotions. Respects the feelings and attitudes of others.
- **Continuous Learning** – Committed to constant personal development of technical and functional expertise. Assumes responsibility for identifying areas for personal growth. Ability to discern best practices and readily shares knowledge and skills with others.
- **Strategic Mindset** – Conceptualizes like a business owner/partner vs. an employee. Well-developed global view of life. Understands the times and issues and is equipped to develop and deploy strategic action.
- **Effective Communication** – Articulates ideas and influences people through clear, coherent written and oral communications.
- **Extraordinary Results** – Ability to align and mobilize the company’s processes, resources, and people to achieve measurable, bottom-line results.
- **Energetic Team Building** – Selects talented people. Creates and models an empowering environment. Promotes diversity (cultural, race, gender and age) to realize business success.
- **Customer/Quality Orientation** – Listens to customers. Dedicated to achieving superior service and personal excellence. (Chorus, Inc., 2009)

Leadership is serious business. It means making sacrifices, being misunderstood and criticized, and taking risks amidst uncertainty. Yet, leadership is rewarding. It means providing
a vision of a future goal and a victory in reaching that vision that others did not think possible. And, it means the satisfaction of making a difference even if others did not know that you were the leader.

The Hallmarks® psychological assessment regimen is designed to focus on one’s leadership strengths in comparison to the leadership competencies of extraordinary leaders. Yet, assessment and identification of persons with high leadership traits is just the beginning. The journey takes action best described by Max DePree, “Leadership is much more than an art, a belief, a condition of the heart, than a set of things to do. The visible signs of leadership are expressed ultimately in its practice.” (M. DePree, 2009)

**360 Degree Leadership Navigator® for Corporate Leaders (See Appendix B Sample Report)**

3D Group’s 360° Leadership Navigator® is a managerial 360° feedback instrument that measures the leadership skills that are most relevant in today’s organizations. (3D Group, Inc., 2009). Questions are clear, behaviorally-based, and easily understood. The participant, peers, boss, and direct reports complete ratings on a 5-point scale. And, raters also have the opportunity to provide open-ended written comments.

The 360° Leadership Navigator® may be utilized for individual as well as group feedback. The assessment can be used for both self-guided development planning and feedback sessions with a supervisor. In addition, results may be easily integrated into performance management systems. The 360° Leadership Navigator® for Corporate Leaders provides for in-depth feedback on executive leadership workplace behavior based on eight competencies: (3D Group, Inc., 2009)
• **Business Focus** – Understanding an organization’s business, markets, and strategy.
• **Develops Talent** – Coaching, mentoring, providing feedback, and developing direct reports and colleagues.
• **Inclusiveness** – Valuing diversity, considering the opinions of others, and fostering an inclusive work environment.
• **Acts with Integrity** – Behaving in an ethical manner, not playing favorites.
• **Results Orientation** – Delegating and scheduling work, following up, being proactive, and ensuring completion of relevant tasks and projects.
• **Customer Focus** – ensuring responsiveness and service to internal and/or external customers and partners.
• **Team Leadership** - Ensuring his or her team has clear expectations, proper resources, and is working well together.
• **Communication Skills** – Speaking clearly, sharing information, listening attentively, and using appropriate language for a situation.

The 360 Navigator® is an effective assessment instrument due to its objective measurements of the test taker, combined with feedback from peers, direct reports, and senior management. There are literally thousands of leadership assessment instruments developed by psychologists and test developers that purport to measure critical personality traits and objective capacities of leadership, but we believe that Hallmarks of Excellence and 360 Navigator provide the best assessment of leadership personality traits.

In both assessments, the critical personality traits of high performance business leaders that standout are: **vision, values, integrity, wisdom, courage, trust, and communication abilities**. An ideal leader in the business world is one who moves his/her organization forward in a positive profit-making direction. Given the right conditions, combined with adequate capital and extensive training, the result is favorable not only to the particular business organization, but also to society at large as we show in following sections, Leadership Development and Case History: GE Leadership Development Center.
Executive Leadership: Development

Transformational and Transactional Leadership Strategies

Leadership development among established ‘best practices’ companies such as Johnson & Johnson, IBM, Dow Chemical, and General Electric tends to have several aspects in common. Chief among these are a predisposition to grow leaders from within, establish a strong succession planning process (frequently described as “bench strength”), emphasis on leadership experiences in conjunction with educational opportunities, and above all, deep and unwavering support for a leadership development process by upper management. Additionally, these organizations typically have a strong, well defined and centralized method for developing leaders. This is important, given the global nature of their operations.

Much of the leadership development efforts of these organizations tend to focus on transformational leadership, especially in preparing leaders for higher level responsibilities. Transformational leaders are frequently agents of change, whereas, transactional leaders normally work within the existing structure. Similarly, a transformational leader “focuses more on missions and strategies for achieving” whereas; a transactional leader “focuses on tactical issues. Furthermore, transformational leaders “take on the responsibility for revitalizing, refocusing and advancing organizations.” (M. Brennan, M. Moon, et al, 2005). It seems obvious that these companies, all well known for their development of excellent leaders, would strive to
cultivate leadership behaviors that resulted in change agents focused on the strategic interests of the organization.

The strategies employed by these ‘best practices’ companies all enjoy strong support of upper management and CEO’s. As mentioned earlier, this is a vital component of a successful leadership development process. Support must start from the top, and for these companies, it permeates the organization. Indeed, Sam Palmisano, CEO of IBM, relates “One key to our success over the past decade has been that we established leadership development as a top priority. Every manager and every executive at IBM is accountable for identifying and developing leaders.” He goes on to describe the effort as “one of the cornerstones of our core values.” (J. Conger & D. Reedy, 2003). Similarly, Jeff Immelt, CEO of General Electric, which is widely recognized for its efforts in developing the best leaders, relates “building strong leaders is a strategic imperative” that is a critical aspect of the company’s future. (D. Magee, 2009).

Commensurate with these principles, these companies view leadership development as an ongoing process rather than a quick fix solution. Leadership development has historically been characterized in many organizations as a singular training event, where participants go back to their jobs with enthusiasm and energy, only to lose much of the benefit of the training when a full system is not in place to support and direct efforts. (J. Conger & R. Fulmer, 2003). Many companies do engage in more on-going leadership development efforts, but these are often disjointed efforts with no coherent plan and a lack of clearly defined objectives for development of leaders or succession requirements.
Searching for a silver bullet or quick fix, many organizations fall victim to what Conger and Ready characterize as the “productization” of leadership development. (J. Conger & D. Ready, 2003). These efforts tend to focus on leadership development as a product rather than a process, suggesting again that the effort is comparatively short-lived and finite in its reach. That is certainly not to say that many of the huge number of books and other materials meant to show the way for better leaders do not contain helpful insight, but true leadership development runs much deeper within highly successful leader builders like GE, Johnson & Johnson and IBM.

It is also common for many companies to cut leadership development drastically during tough economic times. This would, of course, create a question among participants about the company’s commitment to true leadership development, and a related lack of strategic vision. Not so with the likes of GE. Their much vaunted one billion dollar annual budget for leadership development is a true indication of their commitment to continuing leadership development. The importance of maintaining the commitment through good times and bad is a shared one within the company, and a logical argument can be made that this tenacious commitment continues to produce leaders who are better prepared and can help show the way out of tough times.

Another tenet shared by the most successful leadership development processes is a centralized focus of efforts. Historically, global companies with far flung operations have relied on national or regional management teams to implement leadership initiatives. Johnson & Johnson was a good example of this view. The company did not have a centralized leadership development function until the 1990’s. After realizing that the company was losing common vision with decentralization of efforts, Johnson & Johnson senior executives determined it was
time for a cultural change. The result was their Frameworks for Leadership process. A further motivator was the realization that leadership “bench strength” is an important component of growth. Ralph S. Larsen, former CEO of Johnson & Johnson states “As you look at our growth projections over time, we’re going to need more and more leaders. Leadership is the biggest single constraint to growth at J&J, and it is the most critical business issue we face.” (Fulmer, 2001).

There are seven important principles of leadership development recognized in the J & J Frameworks for Leadership process. (R. Fulmer, 2001). These are:

- Leadership development is a key business strategy.
- Leadership excellence is a definable set of standards.
- People are responsible for their own development.
- J&J’s executives are accountable for developing leaders.
- Leaders are developed primarily on the job.
- People are an asset to the corporation; leadership is a collaborative, corporation-wide process.
- Human Resources is vital to the success of leadership development.

The Frameworks process consists of three separate programs. These are the Leadership Challenge for newer managers, where basic management development training (referred to as “blocking and tackling” basics) is offered. The intermediate Executive Development Program is aimed at developing the “bench strength” of advanced managers, and focuses on issue-specific content and “skills of leadership, teamwork, and change.” (R. Fulmer, 2001).

Finally, Executive Conference III is focused on high-level managers and board members, where the training ties together Johnson & Johnson’s Credo values with leadership standards and principles. (R. Fulmer, 2001)
Development and continuous improvement of these processes is the responsibility of J&J’s Center for Executive Development. The programs concentrate on competencies unique to J&J, and while Frameworks represents a significant investment in “time, money, and energy”, the rewards of successful leaders to fulfill succession plans and strategic needs into the future far outweigh the costs.

Varied and pertinent internal job experiences are recognized by the most successful organizations as a vital component of leadership development. In fact, the IBM Leadership Framework focuses more on experience than formalized educational courses. (J. Conger & D. Ready, 2003). Valuable job experience gained in diverse or situational assignments are sometimes used to tie aspects of training programs together and prepare the leader for the next level. Companies recognize the value of experience when developing leaders and many of them describe the process as growing leaders and putting them in a position to succeed. This is another important tenet that these world class organizations share. IBM echoes GE’s belief in long-term investments in employees, in spite of tough times. This commitment is essential to the concept of growing leaders, since it is necessarily a relatively long term prospect.

A timely example of the value of experience is apparent in the potential leadership void resulting from large numbers of baby boomers leaving the workforce over the next ten years or so. Effective succession planning is important to fill this void. When asked to rank the expertise lost by retiring baby boomers, executives cited institutional vision, followed by content knowledge, external personal networks, internal personal networks, skills and historical context.
This loss of talent and experience serves as yet another motivator for sound leadership development to assure that the talent pool is effectively replenished.

Effective and ongoing succession planning is an important part of leadership development. The goal here is to have a roughly equal number of people to the number of opportunities to avoid delays in candidates reaching their potential. Long waiting periods for opportunities typically have a negative effect on job satisfaction and retention rates. Systematic assessment of talent allows an organization to keep the talent pipeline full and results in a more accurate understanding of “bench strength”. Eli Lilly uses a group Development Review where a potential leader is evaluated by a group (the candidate is not present) that includes current and past supervisors. This group discusses the next steps for the employee’s advancement, and provides feedback for inclusion in the development plan. (J. Conger & R. Fulmer, 2003)

Like other cited organizations, Eli Lilly gives high potential leaders stretch assignments to gain needed experience to develop them as leaders, but they normally minimize the risk to the organization by teaming the candidate with a team that is already relatively strong.

Another important aspect of leadership development is measurement of results. Different organizations use various methods to measure the effectiveness of their leadership development methods, with varying results. For example, instead of evaluating easily measured parameters like number of hours trained or number of people participating in training programs, IBM chooses to ask more nebulous, but meaningful questions, such as “Do we have the right leaders ready to take on key jobs when they arise?” and “Do our people understand—and are they capable of executing—our vision and strategy?” (J. Conger & D. Ready, 2003).
At General Electric, Jeff Immelt, CEO since 2000, encourages benchmarking of the leadership development program against other successful companies like Toyota and Dell. Even though their development of leaders is recognized as world class, GE seems to embrace the notion that they do not have the market cornered on great ideas for developing leaders. GE also places considerable importance on leaders promoted from within, and holds experience gained along the way equally important. (D. Magee, 2009). Dow Chemical measures an insightful statistic to evaluate success of their succession planning. They consider an internal hire rate for leadership positions of 75-80% as successful, and any outside hire for a critical leadership position as a failure.
Executive Leadership: Case History

General Electric (GE) Jack Welch Leadership Training Center

Today’s environment is peppered with uncertainty and so is tomorrow’s. In today’s organization some CEO’s and top managers are more frightened than ever before. It seems that they could gain from the General Electric Leadership Center. When our group took a look at General Electric we saw greatness at work.

Some say that change is the driving force pushing GE ahead. “If this is the case then learning is the fuel that makes GE go.” (D. Magee, 2009). Since the company’s earliest beginnings, learning has been a central practice inside this organization. GE promoted leaders from within as far back as the early 1900’s on the belief that “shared knowledge gained along the way made them far more valuable to the company than hiring someone without such an advantage.” (D. Magee, 2009).

Fifty years later the company opened their leadership training center in Crotonville, New York to make students of their employees. During the 1990’s Jack Welch, also known at GE as “Neutron Jack,” (R. Slater, 1999) talked nonstop about GE’s learning culture and how it was created. In his two decade career, from 1980 to 2000, he is credited with drastically increasing the educational program at GE’s Leadership Development Center in Crotonville and pushing
employees to share knowledge with each other like never done before. Welch hand-picked Jeff Immelt in 2000 as his successor CEO.

John Rice, currently President and CEO of General Electric Power Systems, strongly believes that Immelt’s never ending hunger for information and his passion for dissecting information helped the executive rise through GE’s ranks, landing at the top spot as Chairman and CEO.

“As a college student, Immelt was inquisitive – always searching for information from classmates, teachers, and even coaches about their driving forces.” (D. Magee, 2009). Immelt preferred classes with shared dialogue and not just straight lectures. Immelt gravitated toward friends open to the possibility of changing the world. “This young GE employee began working for the company at about the same time that Welch became CEO.” (D. Magee, 2009). As Welch pushed managers and executives to develop what was called best practice ideas and share them with the group so others in the company could benefit from what was working, it was Immelt who was known to be among the most eager to participate.

One example came in 1997, when Immelt was the head of GE Medical Systems during a meeting, he brought up the fact that his business did not do as well with customer service tracking process as did another sector GE Transportation. “Later, Immelt asked if he could find out how everything worked over at GE Transportation; and, not soon after, GE medical was performing at a higher business performance level.” (D. Magee, 2009). If Immelt felt the division he was running was inferior, he did not tell the group that he felt the division he was running
was inferior in its customer service tracking then no one would have known. Immelt was quoted saying that the philosophy was “We’re never as good as we can be.” (D. Magee, 2009).

Welch spoke about learning being a part of the culture at GE; however in reality, it is more a matter of leadership pushing the principle as an initiative from top to bottom inside the company. The culture of this company is about performance and change; and it just so happens that learning seems to be the best place to get there. “Learning is the driving force of the GE culture.” In 2000, Welch’s hand-picked CEO, Immelt, picked up where Welch left off, which makes GE one of the most respected companies in the world. (D. Magee, 2009).

At GE learning at GE occurs in three ways (D. Magee, 2009):

1. Formally - in the classroom setting at the leadership center and elsewhere;
2. Semi-formally - reliance upon benchmarking and applicable projects; and planned sessions with instruction and give and take;
3. Informally - shared information among employees of the best practices and customer interaction.

According to Immelt, “every time we sit down to assess our people on leadership and decide who we want to promote; we carefully look at their ability to learn quickly. We believe that this is a core aspect of success in today’s environment. We see it as a constant theme of good leaders. Almost every great CEO whom I have met is focused on continual learning.” (D. Magee, 2009).

Immelt says that he is a learner and he firmly believes that most good leaders that he likes are kind of the same way. “They are curious. It is a constant process of learning and then
declaration. But you have to declare. You have to say OK, based on that, here is what we are doing, get in line.” According to Immelt, “Everybody has to get in line.” (D. Magee, 2009).

When Immelt addresses young company leaders, he shares his personal checklist as a teaching tool of things leaders do. The list includes (D. Magee, 2009):

- Take personal responsibility.
- Simplify constantly.
- Understand breadth, depth, and context.
- Focus on alignment and time management.
- Learn constantly, and learn how to teach.
- Stay true to your own personal style.
- Manage by setting boundaries, but allow freedom in the middle.
- Be disciplined and detailed.
- Leave a few things unsaid.
- Put people first.

Similarly all of the courses at the Jack Welch Leadership Center apply this methodology. In fact, the GE Leadership Center has sixteen levels of courses, including the three for executives.

At GE the basic leadership training takes 2-years, but it is a continual on-going process throughout one’s GE career. The first executive level courses are the manager development course which is held eight times per year. The students attending this session undergo training focused on the basics of good business. There is competition against one another solving simulated problems through the computer. In the following courses, participants work on real world problems and present their findings to Immelt who actually hand-selects the problem they tackle.

According to Immelt, “The leadership center exists for everyone employed by GE and thousands come to the center each year.” (D. Magee, 2009). Immelt has changed the standard for
them slightly, by making benchmarking a big part of what everyone does. This way employees learn through self exploration and not a lecture. “Information and lessons learned can be directly applied to objectives and that is why GE benchmarks hundreds of companies every year.” (D. Magee, 2009).

Other seasoned GE top executives teach at the leadership center as a part of GE’s role model strategy. The logic is that they have the most experience and knowledge to share with company employees, and they contribute to the performance culture by example.

Regular meetings with the corporate executive council is a less formal but well established way the GE creates a learning environment, corporate executive council is a forum of senior leaders that Immelt gets together with four times a year. The member leadership team that consists of forty or so members is led in different sessions by Immelt himself. For example, he may stand at a board taking the group through an update on the growth as a process or he may be explaining how the company can better implement its eco-imagination plan. There is also the possibility of bringing in others inside the company for give and take discussions on interests pertinent to all. (D. Magee, 2009).

Sessions typically last from 8 AM to 6 PM and the setting is relaxed with executives typically dressed in relaxed clothing such as sweaters or sports jackets. “Members can refer to Immelt as Jeff and a green light is given for frank talk.” (D. Magee, 2009). Immelt says that “the meetings with the corporate executive council are some of his favorite company sessions, when the executive group brings in an expert and minds in the group to get to work asking questions and learning deeply”. (D. Magee, 2009).
Immelt remembers when they would bring in a professor to talk and he would take several pages of notes. He was noted saying that “one came in and discussed Parker Hannifin’s metrics. We were not doing any of this and I said man, you are a stud.” (D. Magee, 2009). Parker Hannifin is the leading manufacturer of motion and control technologies and is widely recognized for their innovative technology practices and after their discussion Immelt arranged for a group of employees to go to a company tour of Parker Hannifin. The importance was to see and learn for themselves, and the study added to GE’s development processes.

Immelt’s reaction was typical considering that experts brought to the leadership center were world leaders in their field. Among Immelt’s favorite learning practices are those with customers and others who do not work at GE. Immelt encourages employees and anyone in business to broaden their skills by connecting with the smartest people you can outside your company. (D. Magee, 2009)

GE does not teach its people to be the best in medical imaging or jet engine design but instead it teaches people how to be leaders. GE teaches employees how to perform, problem solve and drive change regardless of the circumstances or the business model.

While Immelt is the current guiding force for GE and their direction, it was his mentor, Jack Welch, who truly shaped the company during his 20 years as CEO. Leadership became a primary focal point of the company after Welch implemented it during his CEO tenure and addressed everything involving leadership.
In Robert Slater’s book, “Jack Welch and the GE Way,” Welch talks about managing like leaders and not managers. “Too many managers are afraid to change and too many managers believe that standing around being still is the best business strategy. This is probably because it is the easiest and safest, but Welch says it is nonsense to fear change.” (R. Slater, 1999)

According to Slater, “Welch is the tomorrow focused and driven leader - he loves change. He finds change exciting, imaginative and daring. Welch argues that change keeps everyone alert and on their toes. Change is a big part of the reality in business because the business environment is always changing. Change comes in the form of new competitors to even new products and any business that ignores these facts is destined to collapse.” (R. Slater, 1999).

Since Jack Welch does not fear change at GE the company was being constantly reinvented. From Welch’s restructuring initiative of the early 1980’s, to the companywide quality initiative of the mid to late 1990s, Welch never stopped rearranging the GE leadership development agenda. The goal may be the same, never ending growth; however the tools and methods are constantly evolving. (R. Slater, 1999).

Welch encouraged colleagues to never stop thinking about the need for change. “Start each day as if it were your first day on the job, he would tell his managers. Reexamining and constantly rewriting the agenda helps managers not fall back on easy habits.” (R. Slater, 1999) Jack Welch said that “weak managers are the killers of business; they are the job killers.” (R. Slater, 1999). This is why Welch insisted that employees stop managing and start leading.
For a long time, the conventional wisdom in American business was that managers should do little else but keep a close eye on what their subordinates were doing. “Monitor, supervise and control was the notion.” (R. Slater, 1999). Managers’ jobs were only to shoot memos to one another, not to inspire. Not to have direct contact with the men and women who actually produced the company’s products. However Jack Welch despised these bureaucrats. He regarded them as relics of the past and Welch hated the past.

The best way that Welch found to manage a company like GE was to do as little managing as possible. Welch disliked the very notion of management. In his view, most managers over manage. Those who over manage help create the bureaucratic sloth and sluggishness that kills companies. From the very moment that Welch took over as the head of GE he regarded the place as a dinosaur because managers did too much controlling and monitoring. He decided that its leaders had to change their management styles. (R. Slater, 1999).

If he was going to successfully get GE to compete in an increasingly complex and competitive environment, he would have to significantly alter the way managers did their jobs. Welch wanted to discard the term manager because it has come to mean someone who “controls rather than facilitates, complicates rather than simplifies, acts more like a governor rather than an accelerator.” (R. Slater, 1999).

Some managers, Welch said, muddle business decisions with pointless complexity and detail. “They equate managing with sophistication, with sounding smarter than everyone else. They inspire no one. I dislike the traits that have come to be associated with managing,
controlling, stifling people, keeping them in the dark, wasting their time on trivia and reports. "Breathing down their necks, you cannot manage self confidence into people." (R. Slater, 1999).

If it were up to Jack Welch, no one at GE would be called a manager. As an alternative, Welch preferred the term “leader.” According to Welch, leaders are people who inspire with clear vision of how things can be done better. The whole point is that manager’s muddle and leaders inspire. (R. Slater, 1999).

In GE, we see how the role of leader is played and this gives us an example of how leadership drives big businesses. GE has been able to remain at the forefront through learning and innovation. The result is excellent leadership. Everything from Jack Welch and his ideas for the company, all the way up to his protégé Jeff Immelt, shows that management may actually be a dated term.

At the GE Leadership Center, and the eagerness to want to rub elbows with the best in the business world, is just a couple of ways that GE shows their eagerness for learning and leadership. Neither Welch nor Immelt believe in sitting still. Their innovative, breakthrough leadership strategies have transformed GE into a highly productive, labor efficient juggernaut. The idea of acting like a leader, and not a manager, as well as using the brains of every worker, helps shape the mission of GE, and it shows with consistent $100Billion profits each year!

GE definitely has great ideas of what works in the business environment. The GE Leadership Development Center provides unparalleled opportunities for GE’s identified “high performance leaders” to learn how to make leadership visions a reality.
Executive Leadership: Managerial Implications & Recommendations

In its most successful scenario, leadership development is a process of psychological personality assessment with a major focus on identifying a core set of personality traits, whether inherent in the person (Trait Theory) or developed in a person with rigorous education. The predominant theme of “best practices” companies, such as Johnson & Johnson, IBM, or GE, is to commit with a top-down approach to a never-ending goal of developing a company’s future leaders.

The process can be summarized in terms of three major points. First, high-performance leaders should be identified with the most respected psychological assessment instruments. Second, leadership development with the company’s senior management as mentors and leadership trainers should be a never-ending process. And, the company should be committed to expending a major portion of its budget and great periods of time with its own proprietary leadership training strategies that include an opportunity for its leadership training participants to feel free to deliver their creative ideas for the company’s growth and its future business directions, and to impart new visions and new strategies, such as the eco-imagination program at GE.

Without a leadership program, a company likely will stagnant in its growth and panic when a CEO retires. Hence, we believe that it is imperative that a company define the methods for its leadership personality assessment with highly respected psychological testing instruments,
define in terms of the company’s commitment of money and time spent and focused on its leadership development strategies, and define the company’s criteria for its studies, education, and training in an effective leadership program implemented by its senior management, who serve as role-models and teachers, as well as outside experts who are instrumental in driving a company-wide leadership performance program.

This paper illustrates how the world’s most profitable and highly respected companies incorporate leadership development strategies and training programs to ensure that an effective leadership team, across all of its major business organizations, is always in the process of assessment, development, improvement, performance, monitoring, learning, and growing to ensure optimal company performance using a broad range of metrics: firm-level productivity, profitability, sales growth, and survival in the highly competitive global business environment.

Leadership development is not only symbolic expression of a company’s values, motives, and worldview, it is a mandatory process for successful companies, such as GE, IBM, Johnson & Johnson, and others. At these companies, the company’s leaders communicate their vision, values and strategies, and their followers engage in leadership role modeling by interpreting and executing the vision and values implicit in the behavior and decisions of its leader in their own behavior with the end result a win/win situation for all – growth, profitability, survival and benefits to society as a whole.
Executive Leadership: Review of Recent Research

Upon review of current research, much of the efforts in leadership development in ‘best practices’ companies tend to focus on transformational leadership, especially in higher level positions. Specific empirical examples include data from Johnson & Johnson (Frameworks for Leadership), Dow Chemical and Ely Lilly (Developing Your Leadership Pipeline), and IBM (Why Leadership Development Efforts Fail). Conger and Ready based their research for “Why Leadership Efforts Fail” on findings from research initiatives and interviews with executives at IBM.

Further research review provides evidence that leaders do indeed affect the performance of business organizations – for better or for worse. In a recent study published in the American Psychologist, the respected psychology researchers Robert Kaiser and Robert Hogan, concluded that it is critically important to distinguish and utilize appropriate and highly respected leadership assessment instruments to identify persons with leadership personality traits. (R. Kaiser & R. Hogan, 2009).

Primarily, they distinguish two unique perspectives on the individual leader – perceived leadership effectiveness versus emergent leadership effectiveness. They assert that how leaders are perceived becomes a “cult of personality” romantic attachment to persons as opposed to pragmatic leadership measures of proven individual leaders’ actual performance. For example, they report that Presidential political campaigns tend to be decided on the basis of self-
presentation skill and charm more than talent for leadership, e.g. “the cult of personality” perception.

These researchers state that “sometimes the public gets lucky – Ulysses Grant and Dwight Eisenhower, the two greatest leaders in American military history, were charismatically challenged but were steady, competent presidents. On the other hand, John Kennedy and William Clinton, two of the most charismatic presidents ever, had less impressive records in office. Moreover, their personal needs for attention and admiration (cult of personality) often caused distractions from more pressing needs facing the country. (R. Kaiser & R. Hogan, 2009).

In his book, Good to Great, American Management Expert Jim Collins states that Leadership is not about "Hey, look at me." Collins studied a number of U.S. companies that had improved their results significantly and sustained those gains for at least 15 years. He found the best CEOs turned out not to be overhyped celebrities such as Ted Turner or Donald Trump, but unassuming, workaday business leaders most people have never heard of. "A paradoxical blend of personal humility and professional will, writes Collins, more like Lincoln and Socrates than Patton and Caesar."(J. Collins, 2001).

Identifying the psychological traits of women who rise to CEO leadership positions is the stated goal of “How Remarkable Women Lead” by McKinsey consultants Joanna Barsh and Susie Cranston. (J. Barsh & S. Cranston, 2009). The authors interviewed Avon Chairman & CEO Andrea Jung, Time Inc. Chairman and CEO Ann Moore, French Finance Minister Christine Lagarde, and Xerox Chairman Anne Mulcahy, among many others. They identified Five Elements that used together can allow women, at any stage of one’s career, to have a more
meaningful and successful business leadership life, which they define as “Centered Leadership” (J. Barsh & S. Cranston, 2009):

- **Meaning** – the sense of meaning is what inspire leaders, guides their career, sustains their optimism, generates positive emotions, and enables them to lead in creative and profound ways.

- **Managing Energy** – to succeed long term and to accommodate family and community responsibilities, leaders learn to manage their energy reserve, and to tap into flow.

- **Positive Framing** – to sustain themselves on the path to leadership and to function as leaders, people must view situations clearly, avoiding downward spirals in order to move ahead and create solutions.

- **Connecting** – Nobody does it alone. Leaders make meaningful connections to develop sponsorship and followership, colleagues and supporters with warmth and humanity.

- **Engaging** – Successful leaders take ownership for opportunities along with risks. They have a voice and they use it. They’re also adaptive and collaborative.

GE is one of the world’s most successful companies, operating in 100 countries around the world with 290,000 employees. GE has been on the Fortune 500 list from the date of the original index in 1896 to date. In his research article, “Evolution of Leadership Development at GE,” Robert Waters (2009) concludes that at GE the education and training of its professional employees, allocation of resources of $1Billion per year, and their evaluation have been a key factor in GE’s long term success. Initially its training in the 1920’s was directed to electrical engineering only. In the mid 1950’s the training changed to an emphasis on leadership and management in the areas of engineering, manufacturing, finance, marketing, legal – all integrated into a sophisticated Human Resources development system, frequently described by the Harvard Business School as “GE’s Talent Machine: The Making of a CEO.” (Bartlett and McLean 2004).
In the 1980s, Welch, introduced three of the highest levels of training courses referred to as: Management Development, Business Manager, and Executive Development, which has generated a pool of leadership talent that serves as the pipeline for its leaders to operate GE’s disparate businesses under the GE umbrella. (Waters, 2009). Welch developed the company leadership development mission with six fundamental practices, aka the “Jack Welch People Management System” (Waters, 2009).

- Elevate HR to a position of power and primacy in the organization and make sure HR people have the special qualities to help managers build leaders and careers.
- Use a rigorous, non-bureaucratic evaluation system, monitored for integrity with the same intensity as Sarbanes-Oxley Act compliance.
- Create effective mechanisms, i.e. money, recognition, and training, to motivate and retain.
- Face straight into charged relationships-with unions, stars, sliders, and disrupters.
- Fight gravity, and instead of taking the middle 70% for granted, treat them like the heart and soul of the organization.
- Design the organizational chart to be as flat as possible.

What contributes to GE’s consistent business success? According to Susan Peters, Vice-President of Human Resources at GE Appliances, “the human resource professional at GE is truly a value-added business partner who is a fully participating member of the business decision-making team.” (Stockman, 1999). In addition to mastery of the fundamental HR functions such as compensation, labor law, and recruiting, Peters explains that

\[\text{We expect our HR Team to also have a keen understanding of the business success factors such as profit margin, customer satisfaction and quality. Without either the fundamental HR knowledge or the business understanding, we will not effectively drive a human resource agenda that supports the achievement of our business goals.}\]

According to James Stockman, GE has developed a three-pronged approach to build its Human Resources Team in a two-year HR training program. These selected employees, who
successful complete the program, eventually serve as the operations leaders at GE to develop its high quality employees. The strategy for leadership development consists of (1) a position within human resources in areas such as recruitment, compensation, labor relations, staffing, or other key HR functions; then (2) program members have a choice of either a cross-functional role outside of HR or a rotation on GE’s Corporate Audit Staff, and a cross-functional assignment in GE’s Six Sigma Quality Improvement arena; and (3) for the final eight-month assignment, program members perform an additional human resource role with a different focus from their initial HR assignment. Obviously, this three-pronged program produces excellent human resources talent as they are assigned the duty to train the next generation of GE’s leaders, and, likely its CEO. (J. Stockman, 1999).

It is clear that GE clearly recognizes the importance of having a quality HR organization to help drive its business agenda. The three pronged approach that GE takes to build and develop its HR team produces the type of diverse, high quality human resource organization that is needed to effectively operate in today’s intensely competitive business environment. Stockman attributes this to GE’s success in generating revenues in excess of $100 Billion Dollars per year consistently for many years, making its market value the highest in the world. (J. Stockman, 1999).

Empirical evidence supporting business leadership development training and business excellence is remarkably scarce. However, one study examined the relationship between business excellence and organizational performance utilizing the Leadership Excellence instrument (Kanji, 2002) as a measure of business excellence in both private and public organizations. (J.Oakland and S. Tanner, 2008, p.733-749.) The research team utilized a six-step approach for multi variate analysis with simple and multiple regression analysis used to compute the results.
One of the key questions investigated was whether business excellence, as measured by the Leadership Excellence construct, was correlated to higher levels of performance. The results clearly demonstrated that there is a positive relationship between leadership excellence and business performance in both the public and private business sectors. (J. Oakland and S. Tanner, p.744-746)

In conclusion, there is significant anecdotal research on leadership but few empirical research studies. However, the combined research presented demonstrates the importance of assessment of the psychological traits of leaders and the internal “mental road map” to leadership, combined with significant organization development training, and the extensive human resources practices of some of the world’s major corporations, particularly GE, has a major impact upon business success.

Thus, we believe that it is important to emphasize that the research literature about companies suggests that leadership personality traits are best identified with respected psychological assessment and leadership is best developed by strong business strategic development programs. Finally, leadership of a group or organization or business is best implemented by a strong commitment to ongoing and continual learning, education, and development of leaders allowing them to grow, to contribute, and to inspire with vision and direction guided by good judgment – all leadership skills developed by persons identified as “high performance leaders,” like natural athletes who prepare nearly their entire life for the Olympics – with the end result of business success and success for society as a whole.
Executive Leadership: Bibliography


Executive Leadership: Appendix A

Sample Test Report – Hallmarks of Excellence® in Leadership

Copyright Chorus, Inc.

Note to Professor: Due to the fact that the full Sample Report is 71 pages, we have included in this appendix the most pertinent and relevant sections for illustrative purposes for this paper.

We can, however, submit the full 71 page report by electronic methods, if requested.
Executive Leadership: Appendix B

Sample Test Report - 360 Degree Leadership Navigator® for Corporate Leaders, Copyright 3D Group, Inc.