

The Jack Welch Leadership Crash Course

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Jack Welch believes great leaders have a "generosity gene" that inspires them to help people grow. Here's the advice he generously shared with us about growing as a leader, making better decisions, and building your best business, over the course of a recent four-hour chat.

The Jack Welch Workout--"CliffsNotes" Version

Exercises to build the foundation

Write out your mission and vision

Your leadership starts with showing people "where you are going, what you dream is, where you are going to be," according to Welch.

Define your values

Values describe "the behaviors that are going to get you there [to your vision]." Write down the five distinctive behaviors that you want people to adopt.

Prune whoever doesn't live the values

Welch follows a now-famous approach in which you classify people into one of four boxes based on whether people deliver results or don't, and on whether people live the values or don't. Get rid of people who do not live your values, even if they perform for you, even though it's tempting to keep them on to get "just one more month of results." By letting these people go, you say: we live our values here.

Exercises to grow

Plan your dream team

Winning in business is "no different than winning in football; the team that fields the best team players wins."

Craft your vision pitch

To get the best people working for you, sell your vision to "create a place where they can hardly wait to break down the door to get in."

Let go of process

"Your job as a leader is to inspire people and pick the best people. Managing processes is for your managers."

Exercises to innovate

Find outside ideas

Innovation is too often framed as developing the next cutting-edge product. But you can generate massive value by simply learning better practices from outside of your company.

Remove NIH

The "worst thing a company can have is NIH: 'not invented here' [syndrome]." NIH builds arrogance; people start believing they know how to do everything right and reject great ideas.

Bet on your best innovation

Too often companies staff new innovations by managers who are underperforming or about to retire. This tells your people innovation is not important. Instead, put your highest-potential leaders behind new innovations.

Listen to your instincts

Listen, learn, then act on your instincts. "Your gut is pretty good. Your instincts are good. Trust them. You don't need more data."

Exercises to motivate

Craft a scary story

Success leads to complacency. "Your job is to create paranoia about what is coming around the corner. You've got scare the bejeezus out of everyone."

Develop a "what's in it for them" pitch

"If you don't spend enough time sharing what's in it for them [they won't change]." You have to say, "If we don't change [this is what will happen]. If we do change, there will be growth, job security ... always show where we are, what the threats are, and where we need to go."

Exercises to maintain

Define your short and long-term goals

"Anyone can manage the short term. You squeeze, squeeze, squeeze, cut, cut, and cut, then get out before it all goes bad." The challenge of a leader, a central job of a leader, is to balance the short term and long term. Suzy Welch suggests, when thinking through decisions, **to think in terms of 10 minutes, 10 months, 10 years.**

Remove "maybes"

CEOs fail when they try to cover all the bases. Instead, say, "Here is where we are going, then allocate resources to run after it and get it." To balance short and long term, you need to give clear guidance. "Your job as a leader is to say yes to this, no to that, and as few 'maybes' as possible."

Rank your people

Pick "the top 20% [of employees]; love, kiss, and hug them; the middle 70%, tell them what they have to do to get in the top 20%; and the last 10%, you get rid of them ... with dignity."

Practice candor

Candor, or telling people what you think, is "What makes real organizations competitive, aggressive, and winning." It creates trust.

Find your generosity gene

The one characteristic great leaders share is that "they love to see people grow." They have the "generosity gene." "The day you are afraid of them being better than you is the day you fail as a leader."

Look in the mirror

If you hire from outside you have failed

If the best person to take over as CEO is an outsider, your company has failed. You send the message, "You are not good enough, you stink, and I have to go outside to shape you guys up."