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BUSINESS COACH BRAD SUGARS

The company that Jack built

JACK WELCH, the former CEO of General Electric, used to get rid of the bottom 20 per cent of his employees each year. While some see this as a harsh way to handle business, Welch had both strategic and practical reasons for following this mandate.

First, he realised this type of ‘pruning’ was necessary for GE’s success. So he made it part of the overall company plan. He knew that in order for GE to be the best, he had to have the best people on the job for him – and enough room to replace those who didn’t work out.

Second, Jack believed in a company culture that rewarded performance. As others have pointed out, a lot of Jack’s ‘firings’ were mutual. Some employees simply didn’t like his aggressive style, his penchant for numbers and details, his vision for the company, or his standard of accountability for every department. Sometimes, company culture clashes with an employee’s value system. Sometimes the employee is constantly at odds with the overall culture and ultimate mission of the company.

Despite the wishes of some government and union types, owners need to free-up unproductive workers with people who can actually do the job – sometimes so the company can survive. So let’s say you’ve decided to raise company standards. You’ve developed a clear mission, you’ve established the rules of a positive company culture and you’ve got a new attitude toward your customers and suppliers.

But some of your team aren’t with the program. Some never will be. What do you do?

The best thing to do is stay the course. If you’ve ever segmented your customers into As, Bs, Cs and Ds, you could also apply the same rationale to your employees. Some may not be up to your standards, but others will be attracted to a

company that knows what it wants and where it is going.

Setting the standard

For those of you who haven’t set standards, you need to. Take a cue from Jack. Not only will you benefit long-term, you will also allow others to achieve success in their own right.

1. Establish your own Vision, Mission and Culture for your company – Jack was a big believer in a culture based on innovation, efficiency and continuous improvement. He also believed in rewarding results, from awarding employee bonuses based on innovation to allowing staff to participate in stock option compensation. Does your company have incentives or reward employee performance?

2. Develop strong leadership – Without strong direction, your business will be like a ship without a rudder. This doesn’t mean you need to be an autocrat or a dictator. Just the opposite. I’m talking more in terms of ‘quality’ here. Passion and the ability to take total responsibility are important keys.

3. Have a common goal – Both you and your team need to know what the goal of the business is. When Jack ran GE, he had 12 businesses under the GE umbrella. All had their own goals and objectives – but each operated under the overall GE Vision and Mission. That helped all team members to see the ‘big picture’, one they could be part of and adapt to their specific situations.

4. Set the rules of the game – Team members need to know what they can and can’t do. Everyone must know what game your company is playing, as well as the rules of the game. It’s up to you to create the rules and the playing field. If you don’t, your team will be without direction, and will set their own guidelines for you.

5. Have an action plan – All your team members need a position description that

spells out their duties in clear and unambiguous terms. This helps define responsibilities and also helps limit jurisdictional disputes about what a person should or shouldn’t be doing. Ideally, all of this is done in a systemised way, one that can be written down, replicated and repeated. Do this by department and you’ll have an operations manual for your entire business.

6. Support risk taking – You must be willing to take risks. If not, your team will lag and not want to push boundaries. If you don’t push your team to take business risks, your company will push conservatively towards its goals. Know that risks and rewards are two sides of the same coin – and make sure your team knows that, too.

7. 100 per cent involvement and inclusion – Practice the art of inclusion. Ask your team for their opinions and listen. The key is to make sure everyone is involved and everyone gives their all to their respective jobs. In Jack’s view, “every person counts.” Every person does. And you really want them to count in moving the whole team toward the company’s objectives.

And let’s not forget that Jack Welch increased GE turnover six-fold from the time he started to the time he left. He couldn’t have done it with people who didn’t buy into his vision for the company – and he had a pretty big vision for GE. Nor could he have done it with employees who underperformed and resisted change. Can you? ●

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