

Book Review

Jack Welch and the 4E's of Leadership

Author : Jeffrey A. Krames

Publisher : Tata McGraw-Hill, 2005

"Jack Welch and the 4 E's of Leadership" by Jeffrey Krames is one of the few leadership books that can be immediately put to use. While there have been scores of books narrating the virtues of Jack Welch's business methods, little has been written about Jack Welch's 4E Leadership model. The author has a lucid, to-the-point writing style and the book's clear organization and layout makes the "4E's" a must read.

The whole book is divided into two parts. The first part talks about the history and evolution of "4E model of leadership" during the period of Welch's chairmanship in GE. In the second part, the author talks about five eminent personalities, '4E All-Stars' the five 'graduates' of the Welch leadership school, their actions and strategies.

Evolution of the 4E Model

The vision of 4E Leader was not arrived all of a sudden. Rather, there had been several different leadership models over the period of time, each model a refinement over the previous one. One such model's components are *head*, *heart* and *guts*.

'Head' refers to a person's intelligence and competence. 'Heart' refers to the 'soft' skills of empathy and understanding. 'Guts' means self confidence, the courage to make tough decisions.

In the early 1990s, Welch penned a system of four types of executives. They were, as narrated by the author are:

Type I: Leaders deliver on commitments (financial or otherwise) and share the values of the company.

Type II: Leaders miss financial goals and do not subscribe to the values of the company.

Type III: Leaders miss 'short term' commitments (revenue goals) but live the values of the company.

Type IV: Leaders deliver on commitments but don't share the values of the organization.

Later Welch simplified the 'four types' system into a system of A, B and C:

Type A: Leaders live the values and make the numbers. These are the leaders whom Welch and his team strived hardest to retain.

Type B: Leaders live the values but do not always make the numbers. Welch felt that such people should be given another chance to succeed.

Type C: Leaders do not live the values but may make the numbers. Even though these types of managers are successful but Welch argued that such men should be terminated.

To Welch, the A's were GE's 'best and brightest,' the B's were the ones who received the most intensive training, and (with very few exceptions) C's were strongly advised to seek new career opportunities elsewhere.

The 4Es of Leadership

The model of 4Es was the most authentic tool of Welch's business methods.

Here are some brief excerpts:

'The first E is positive energy'—Those who are positive start the day with enthusiasm and

usually end it that way too, rarely seeming to tire in the middle. They don't complain about working hard; they love to work. They love to play. People with positive energy just enjoy life.

'The second E is the ability to energize others'— Positive energy is the ability to get other people geared up. People who energize can inspire their team to take on the impossible — and enjoy the doing it. In fact, people would arm wrestle for the chance to work with them.

'The third E is edge, the courage'— The courage to make tough yes-or-no decisions. [Those with edge] know when to stop assessing and make a tough call, even without complete information.

"The fourth E is to execute" — The ability to get the job done.... It turns out you can have positive energy, energize everyone around you, make hard calls, and still not get over the finish line. Being able to execute is a special and distinct skill. It means a person knows how to put decisions into action and push them forward to completion, through resistance, chaos, or unexpected obstacles.

The book offers practical 'how to' exercises, including 'to do' lists for 4E leaders and 4E leadership self-assessments. The exercises are incisive and easy to do. In chapter 2 'The 4E Leader Energizes', one such 'to do list' is as under :

- Create a systematic method for learning and implementing Best Practices
- Bring informality to the workplace
- Identify the next big , new thing
- Celebrate the Best Ideas
- Set bigger goals
- Beef up the incentive plan

In Part II, he shifts his attention to 'Leadership Lessons' from five of GE's '4E All-Stars':

Jeff Immelt (Chairman & CEO, GE)

Was the immediate successor of Jack Welch. He truly believed that only innovation and improved technology will make a company compete and grow. The author tells us about how Jeff Immelt reinvented the house that Jack built.

James McNerney (Chairman & CEO, 3M)

He was one of the other two executives who did not get Welch's job. The author tells us James success story at 3M and how James built on the Welch Playbook. James McNerney believed that leadership quality and development of individuals should not be overlooked.

Larry Bossidy (former Chairman & CEO, Honeywell)

It's inspiring to know how Larry strode his path from a middle level manager to the Vice Chairman at GE.

His business philosophy is all about Execution.

Robert Nardelli (CEO, Home Depot)

His strategies were 'Enhance the core', 'Extend the business' and 'Extend the market'. He enjoyed a sterling reputation and was known for his best financial performances as a manager in GE's history.

Vivek Paul (CEO, Wipro Technologies)

Learning about Paul and his bold strategic moves makes us feel proud of being Indians. Despite his relatively low profile, Paul initiated a revolutionary application of six Sigma design called "four - slice CT".

The author has devoted separate chapters for each of these personalities, talking about their success stories, their business strategies and their action plans.

These chapters serve as a guide for the managers to learn the business tactics of some of the successful executives and implement them in their own organizations.

Krames offers valuable exercise- scenarios, complete with sample meeting agendas. The author makes an important point about books as learning tools in organization. They are easy to use, inexpensive and easily distributed.

Conclusion

Often, we wonder why there can't be a single, time tested and universal system of leadership that results in sure success? But the truth is that there is no such formula. Welch and Krames would be among the first to point out that there is no one 'formula' which guarantees business success. However, the one which has proven so successful at GE affirms values and suggests core concepts, strategies, and tactics which—if properly understood and then effectively applied, can substantially assist the achievement of such success.

Reviewed by:

Shailaja K Sajjan

She is a Student of MBA at PESIT, Bangalore.

She can be reached at

gautami_123@rediffmail.com