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How GE Teaches Teams to Lead Change

by Steven Prokesch

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In October 2007 I attended the four-day program Leadership, Innovation, and Growth (LIG) at General Electric's famed management development center in Crotonville, New York. LIG was the first effort in the center's 51-year history to bring all the senior members of a business's management team together for training. Launched in 2006, the program had a specific purpose: to support CEO Jeffrey R. Immelt's priority of growing GE by focusing more on expanding businesses and creating new ones than on making acquisitions.

As a senior editor at HBR, I was invited to go through LIG with 19 senior managers of GE Power Generation, one of the company's oldest businesses. (It dates back to the days of Thomas Edison.) About a year later I revisited the "turbine heads," as Immelt affectionately calls them, to see how much impact the program had made. The answer was plenty: The business had accelerated its push into emerging markets, launched initiatives to revamp product development, and stepped up efforts to create new businesses. Managers seemed to be genuinely trying to alter their roles and behavior in order to foster growth. Why was LIG so effective in helping to bring about these changes? There were five main reasons:

- Team training accelerated the pace of change by giving managers an opportunity to reach consensus on the barriers to change and how best to attack them.
- Participants were encouraged to consider both the *hard* barriers to change (organizational structure, capabilities, and resources) and the *soft* (how the members of the leadership team individually and collectively behave and spend their time).
- The eternal management challenge of balancing the short term and the long term—or simultaneously managing the present and creating the future—was explicitly addressed.
- Beyond providing new concepts that would make people look at their businesses and themselves differently, the course created a common vocabulary of change—literally words that became part of daily communications inside and across GE's businesses.

• The program was *not* an academic exercise; it was structured so that a team would emerge with the first draft of an action plan for instituting change in its business and would feel obligated to deliver on it.

These principles—which can be applied to the design of any change-management program, not just one concerning growth—are the focus of this article.

The Need for LIG

As I drove to Crotonville to attend Leadership, Innovation, and Growth that October, I wondered why such a program was even necessary. Shortly after becoming CEO, in September 2001, Jeff Immelt had launched an all-out effort to make GE as renowned for innovation and organic growth as it was for operational excellence—the hallmark of his predecessor, Jack Welch. The company seemed to be making superb progress: GE's revenues, exclusive of acquisitions, would increase by 9% in 2007, marking the third consecutive year the company had met or surpassed Immelt's goal of growing organically at two or three times the pace of global GDP. Initiatives such as "ecomagination" (developing solutions to clean water and energy issues) and "imagination breakthroughs" (stretch ideas with the potential to become $1 billion businesses) had lived up to their catchy names; they were already producing billions of dollars in revenues. Rapidly expanding activities in emerging markets would generate $33.4 billion in revenues in 2007, which would help push sales outside the United States to more than half of GE's total for the first time.

Initially I assumed that these successes had resulted from fundamental changes in GE's internal machinery. Substantially higher and much more focused R&D spending had greatly increased the flow of technology from GE's laboratories. Thousands of marketers had been hired to bring more external focus to businesses. The growth imperative had been woven into core processes such as the annual strategic review (renamed "the growth playbook") and the annual HR review, when managers are assessed on their "growth values"—traits that GE had identified as necessary to create new businesses and expand into new markets. (See "Growth as a Process," an interview with Jeff Immelt, HBR June 2006.)

The reality, I learned, was that headquarters was the main force behind GE's successes. Immelt understood that to speed progress, he needed to pass the baton to the teams leading GE's businesses—which is where LIG came in. As he explained in the company's 2007 annual report, the program's aim was "to embed growth into the DNA of our company." By that he meant getting the teams leading the businesses to think about organic growth day in and day out—to be constantly on the lookout for opportunities and to create inspirational strategic visions that would enlist their troops in the cause. He wanted them to weave innovation and growth into every aspect of their businesses. He didn't just want these managers to reexamine their capabilities, processes, metrics, organizational structures, and deployment of resources. He wanted them to reconsider how they individually and collectively led: their behavior, their roles, how they spent their time. In short, the purpose of LIG was to make innovation and growth as much of a religion at GE as Six Sigma had been under Jack Welch.

The Structure

The brainchild of Susan P. Peters, GE's vice president of executive development and chief learning officer, and Daniel S. Henson, then the company's chief marketing officer and now the president of GE Capital Solutions, LIG began in September 2006 and ended in September 2008. (A follow-up program, to be launched in 2009, is in the works.) Altogether 2,500 people in 260 teams went through the program. There were six teams at the session I attended: GE Power Generation, one of the world's largest manufacturers of equipment for producing electricity; GE Healthcare's diagnostic imaging unit; NBC Universal's sales group; and three financial services businesses—GE Money's Nordic and Baltic operation, GE Capital Solutions Europe, and GE Corporate Financial Services Europe.

Before a team went to Crotonville (or sometimes another site in the case of smaller business units), it had done three things: It had updated its three-year strategy, the growth playbook. All its members had undergone a 360 review, and the team's scores on the growth values had been tabulated and analyzed in granular detail. Finally, its success in creating an innovative climate had been

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assessed. (See the exhibit "Attributes of an Innovative Organization.")

The speakers at my session were a blend of external gurus (mostly from leading U.S. business schools) and internal thought leaders or role models who could demonstrate how the concepts had been or were being applied at GE. "We realized that when you're talking about capabilities and culture, you have to connect the dots with the GE folks because it can't be abstract," Henson told me.

Three internal examples were presented. One—the transformation of GE Transportation from a mature, highly cyclical North American locomotive business into a fast-growing, diversified global transportation company—was a dramatic success. But the two others—customer segmentation in GE Oil & Gas, a business that provides equipment and services to the energy industry, and sales management and compensation in GE Capital Solutions—came across as works in progress, which surprised me. When I asked Peters about this, she explained, "Cases used at Crotonville are always works in progress. The LIG sessions are about reality."

After listening to the experts lecture on topics related to strategy, capabilities, and culture, the management teams dispersed to separate rooms. There, in brutally frank and free-flowing conversations, they shared their takeaways and debated the implications for their businesses and the way they led. A large amount of time—about 15 to 20 hours—was set aside for these breakouts.

On day four the course wrapped up with a plenary session at which each team had about 20 minutes to deliver a presentation to Immelt. The presentation had to include a simplified vision of growth for the business and the organizational, cultural, and capability changes that the team members had decided should be made in order to optimize growth. This spirited give-and-take with the CEO was not the end, however. After going back to their businesses, the members of each team had to refine their thoughts into a one- or two-page "commitment" letter to Immelt.

The Value of Team Training

LIG's team-based approach addresses shortcomings inherent in the individual-focused approach used by traditional management education programs. Although GE's annual HR process helps individuals identify growth values in need of improvement and prescribes training, it fails to recognize the fact that the other members of their teams might have differing notions. For example, someone who needs to become more inclusive might be on a team that doesn't highly value a collegial style or isn't interested in sharing information broadly. In that environment the individual might find it difficult to change his or her ways.

The same is true for new ideas or techniques. For example, GE has been teaching its marketing and sales folks customer segmentation methods as part of an effort to make the company more customer focused. But upon returning to their businesses, many of these people have been frustrated in their attempts to implement what they learned, because managers who had not attended that training didn't understand or value the effort.

This explains why the entire afternoon of my day two was devoted to customer segmentation. A lecture by David Reibstein, of the University of Pennsylvania's Wharton School, seemed pretty basic for a company of GE's sophistication. But Stephen R. Bolze, the president of Power Generation, explained to me that it was probably not basic for people in functions such as manufacturing, who don't regularly interact with customers. In their quest for high quality, efficiency, and low costs, those people tend to like standardization and to dislike variety and customization. The lectures and ensuing team discussions helped them understand why strategies that might complicate their operations could be in the best interests of customers and the overall business.

As I listened to the Power Generation managers debate what they could do to optimize growth, I wondered why it took a special program like LIG to generate such conversations. Why didn't the annual update of the growth playbook address the likely impact of constraints on carbon dioxide emissions, or the potential markets for wind turbines in China and biofuels in Latin America, or the possibility of collaboration with Home Depot to sell residential solar panels?

GE executives explained to me that the growth playbook largely focuses on existing businesses and markets over the next three years. Much of the update is highly structured:

Idea in Brief

- Management development programs that focus on teaching and inspiring individuals to apply new approaches have a fundamental flaw: If other members of an individual's team have not taken the course, they may resist efforts to change.
- The antidote to this problem is training intact management teams.
- When managers go through a program together, they emerge with a consensus view of the opportunities and problems and how best to attack them. The result: faster and more effective change.

Managers pull together facts and figures on markets, the competitive landscape, and concrete goals; they spend two days marching through dozens of charts in meetings that are divided into one-hour blocks; and they boil all that down into a report that Immelt and GE's three vice chairmen can easily digest. This process leaves leadership teams no time to reflect on opportunities far off the beaten track or six to eight years in the future—let alone the capabilities, resources, and leadership behaviors required to seize them.

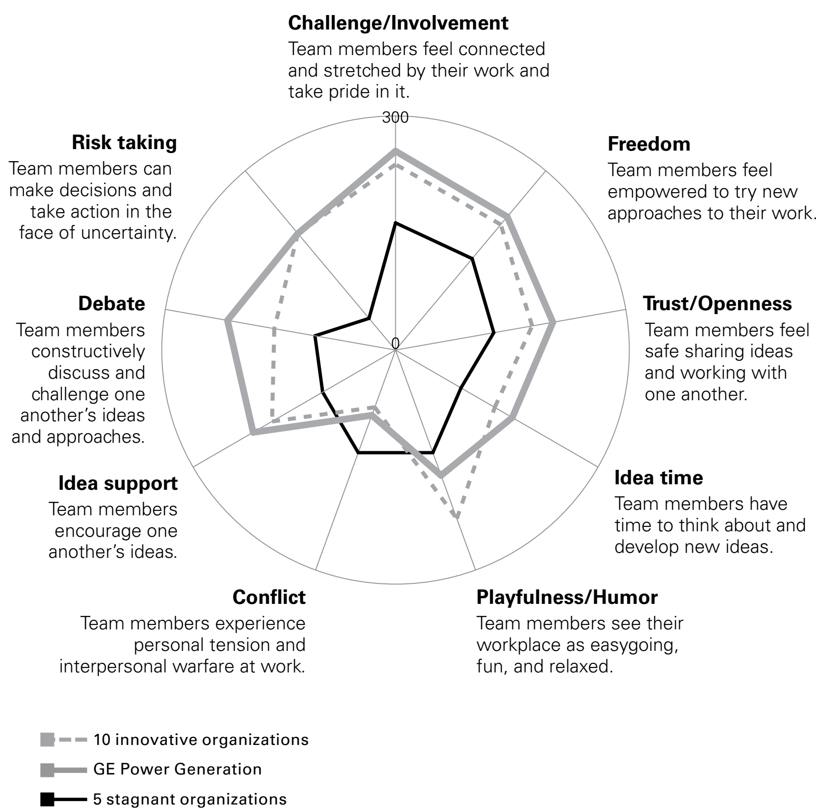
Thus LIG was a radical departure for GE, because it removed intact leadership teams from the exigencies of their businesses and allowed them to discuss the white space in a candid, introspective fashion for four whole days. Henson, who has led five business units other than Capital Solutions during his 21-year career at GE, told me, "As a team goes through the program, its members ask themselves, 'How do we stack up? Are we really as good as we can be? Are we walking the talk? Are we leading this business the way we think it should be led in order to optimize growth?' You can see the bar being reset. You can see the team coalescing around the changes they need to make." That's exactly what happened with the managers of Power Generation.

The Barriers to Change

During the first breakout on the morning of day one, the Power Gen team guessed and then learned their actual team scores

Attributes of an Innovative Organization

Before attending the Leadership, Innovation, and Growth program, the senior managers of a GE business would assess their team's success in creating a climate supportive of creativity. The chart below compares the average score of the Power Generation team with the average scores of 10 innovative and five stagnant organizations. The team members were pleasantly surprised to find themselves largely aligned with the innovative organizations, but their scores sparked a discussion of whether they took enough risks, spent too much time debating issues, and were too serious.



Source: The Creative Problem Solving Group for the 360 review of their growth values. This immediately triggered a reassessment of almost every aspect of their business.

"We're not as good at anticipating major trends as we ought to be."

"Is solar a good place to be?"

"How quickly do we need to be creating a service business in all segments?"

"Renewable energy, clean coal, nuclear—all are going to be policy dependent. Are we good at this?"

"Are we structured right to be a $45 billion business?"

"Is our management DNA too thin? If we spin out product lines as stand-alone businesses, are we going to have the management talent to run them?"

"Engineering is too strong in this organization."

The reassessment continued in this manner throughout the four days. This was astonishing considering that Power Gen—whose products include gas turbines and engines, steam turbines, combined cycle systems, wind turbines, generators, and solar technology—was already a paragon of organic growth. Its annual revenues would hit $13.4 billion in 2007 and were expected to soar to $18 billion in 2008 (at this writing it appears that they will exceed $19 billion). They were forecast to reach $40 billion to $45 billion by 2017, with products and services related to renewable energy accounting for half. And that was exclusive of any acquisitions that might be made.

But the discussion caused the managers to realize that they might achieve even more growth. Consider how their thinking about wind-generated power evolved. In 2002 GE had purchased bankrupt Enron's wind-turbine business at a bargain-basement price. The Power Gen leaders recalled how the business had struggled in the first three years (GE even considered killing it) but since then it had exceeded their wildest dreams. Its annual revenues soared from $800 million at the time it was purchased to $4.7 billion in 2007 (and were expected to reach $6.8 billion in 2008). They acknowledged to one another that they had underestimated the wind business's potential because they'd been looking at it through the traditional lens: growth in demand for electricity and the comparative costs of producing it. But in a carbon-conscious world, they concluded, maybe the old rules don't always apply; maybe limits on carbon emissions and tax incentives for clean, renewable power matter more. This sparked a conversation about GE's ability to understand and influence government policies. The managers agreed that it was deficient and that beefing it up was therefore a priority. And by the way, were they currently making the same mistake with solar and underestimating its potential?

The managers had a similar discussion about emerging markets and diversity.

"The only way to get to $45 billion in 2017 is to get $5 billion in China."

"Everyone is focused on India and China. Why not focus on Latin America?"

"It took us four years to take wind to Chile. What would it require to take wind to China in six months?"

"How many really good senior people do we need in China?"

"Look at the lack of Middle Easterners and Chinese—and women—around this table."

"Cultural diversity has been a problem for 20 years."

Of 25 members of Power Gen's senior management team (six couldn't attend the LIG session), 19 were American, four were European, one was Latin American, and one was Chinese.

Managing the Present and the Future

Another epiphany for the Power Gen leaders was that in order to increase the rate of organic growth, they would have to rethink their individual and collective roles—how and where they spent their time. This message came through loud and clear in several presentations, especially one by John Dineen, who was then the president of Transportation. (He became the head of GE Healthcare in July 2008.) In his talk and a follow-up interview, Dineen said that when the Transportation team had gone through LIG, its members had recognized that with sustained organic growth added to their priorities, the scope of their jobs would be two to three times as broad. "We realized that when we went back to our day jobs," he said, "if we did things the way we always did them, we would continue to get the same results, and if we really wanted to do what we were talking about here, we had to operate differently. So we had to restructure the organization, change roles, look for different talents, and physically spend our time differently."

One big step that Dineen and his lieutenants had taken was to delegate most of the responsibility for the core business to the layer below. They reorganized functions such as sales and engineering and gave local teams more authority so that the leadership could extract itself from the problems of the present and spend more time on opportunities that would create the future. The growth initiatives (along with an initiative to introduce lean manufacturing techniques) made them see that they had to "empower people, encourage them to experiment, and help them to develop new skills," Dineen said. "A lot of our time had to be spent doing that. Clear strategies weren't going to be enough."

His team had also realized that the core had to be in solid shape if it was to be delegated. All this was beginning to sound to me like yet another example of the inherent conflict between the short term and the long term. Au contraire, Dineen said: "To me, that was one of the big ahas. In the early phases people would use the 'or' word: 'You're operationally excellent *or* you're a growth company.' That's not really the way it should work. Operational excellence gives you the time, the money, and the resources to focus on growth. If you're not operationally excellent, you're fighting fires. When the house is on fire, it's hard to talk about building a new patio."

"Growth Values" at GE

General Electric identifies the following leadership traits as necessary for innovating, creating new businesses, and expanding into new markets:

External focus
Defines success through the customer's eyes. Is in tune with industry dynamics. Sees around corners.

Clear thinker
Seeks simple solutions to complex problems. Is decisive and focused. Communicates clear and consistent priorities.

Imagination
Generates new and creative ideas. Is resourceful and open to change. Takes risks on both people and ideas. Displays courage and tenacity.

Inclusiveness
Is a team player. Respects others' ideas and contributions. Creates excitement, drives engagement, builds loyalty and commitment.

Expertise
Has in-depth domain knowledge and credibility built on experience. Continuously develops self. Loves learning.

So the blatant message was that Jeff Immelt's priority of organic growth doesn't conflict with Jack Welch's emphasis on operational excellence. "This is about being ambidextrous," Susan Peters, GE's VP of executive development, told me.

In the next breakout session, the Power Gen managers talked soberly about the state of their core. They quickly agreed that the operations responsible for heavy-duty gas turbines needed to be strengthened. The units that made generators and steam turbines were also candidates, some added. Then the conversation turned to "planting seeds."

A Vocabulary of Change

One would expect any worthwhile management development course to offer frameworks, and LIG certainly had its fair share. But a handful of the frameworks went beyond the typical mission of challenging conventional assumptions, practices, and behaviors. They quickly became part of the everyday language of conversations and reports alike. Clearly, when that happens, the desired change accelerates.

"Planting seeds," a term used by John Dineen to describe making investments that will bear fruit far down the road, has achieved this status. Charts with images of seeds sprouting into flowers have proliferated throughout GE. At the LIG session I attended, Dineen talked about how fortunate he was that his predecessors at Transportation had planted seeds that he could nurture and harvest and about how he, too, was planting seeds.

"Box 1," "Box 2," "Box 3," and "nonlinear shifts" are other terms that have entered the GE lexicon. They came from Vijay Govindarajan, a professor at Dartmouth's Tuck School of Business. Box 1 holds incremental innovation aimed at strengthening the core business—something at which GE already excels. Box 2 innovation involves adjacencies: taking a company's existing technologies to new markets or customers or taking new technologies to its existing markets or customers. And Box 3 innovation exploits nonlinear, or discontinuous, shifts in technologies or markets with radically new products or business models—as Amazon's online bookstore and Tata's $2,500 car for India did. (The Power Gen managers decided that probable nonlinear shifts in their world included a carbon tax, the forced closure

Creating a Growth Culture at GE: An Interview with Jeffrey R. Immelt

In October 2008, as governments scrambled to prevent a global financial meltdown, GE CEO Jeff Immelt sat down with HBR senior editor Steven Prokesch at the company's headquarters in Fairfield, Connecticut, to discuss his progress in making organic growth an integral part of GE's culture.

If there's a deep recession, will it test your managers' commitment to organic growth?

It's easy to talk about growth and innovation when the economy is growing. It's more difficult now. There's no doubt about that. There will be fewer projects, but the projects will still take place, and they're going to have an impact. I think that's how you keep people motivated at a time like this. Every employee of every company is scared right now. So working on stuff that's going to be important for the future is probably particularly critical now.

It's very important both to safeguard the company against dangers and to be on the lookout for the opportunities that tough times create. During the last really volatile and difficult time period, right after 9/11, the commercial aviation industry was hit hard. But our aircraft leasing and jet engine businesses were able to gain market share and to embed themselves with customers. I think this cycle is going to provide an equal amount of opportunity.

Earlier this week we had our top 175 people together. The first day we talked all about operations protection, scenario planning, the economy. The second day we talked about growth. We talked about NBC Universal's Hulu website, a premium version of YouTube; how we're going to build our franchise in the Middle East; and budding health care technologies like digital pathology. And you know, people paid attention. They weren't flipping through their BlackBerrys or checking to see what the Dow was doing. That said, the job is far from finished. A major change-management effort like this is a 10-year process. It takes a decade to build the talent, culture, and tools, and to learn from our mistakes.

What have been the biggest challenges in changing leadership behavior?

Early on it was convincing people, particularly at high levels, that they were going to be in their jobs longer—for four or five years—and therefore actually had to do something to accelerate growth. Today that's become the expectation.

We still struggle with decisiveness, which to me is one of the core traits of a growth culture. To pursue growth, you have to give some clear noes and yeses, and I would say that what we always struggle with—even at high levels in the company—is too many maybes.

I'll give you an example. We were spending $50 million to $100 million a year on digital media and had dozens of websites that we were trying to launch within NBC. We had a meeting where some 15 people from NBC talked about what they were doing. After a couple of hours, I said, "This just isn't working. We're doing too many things poorly instead of doing two or three things really well." And we basically decided to focus on nbc.com, Hulu, and making the Beijing Olympics website the most appealing sports website. We shut everything else down. That allowed us to develop Hulu in a year. It now outpaces all four of the major networks' dot-com sites. That's what I mean by decisiveness.

Do you still have to push as much?

I still have to push, and I think that will always be true. But there are now more people pushing with me. I'd say that two years ago we were a one on a scale of one to 10; now we're about a five.

I gather that you devoted a lot of time to the Leadership, Innovation, and Growth management development program. Why?

When somebody asks me, "At your level of the company, what does a leader do?," I always say, "Drive change and develop other leaders." LIG gave me a way to do both at the same time.

LIG has given me a chance to see many people in a new light. For example, I had been around John Dineen for a long time. I always liked him a lot, thought he was a good executor. Then I saw how he thought through his business, GE Transportation, at LIG and then went back, applied the ideas, got the results, and stuck with it during tough times. I went from thinking he was a good guy to thinking he was a superstar, which is why I promoted him to head GE Healthcare.

I've seen others who weren't readily able to translate the lessons of LIG and make really clear decisions that could move businesses forward. In other words, LIG and its aftermath have shown me how leaders inside GE can participate in the type of company I want to make.

How do you get leadership teams to make investments that they might not be around to harvest—especially in these times?

It's hard. First, you try to lead by example. People see me investing in the water business. It's financially only so-so. You take four steps forward, three back. But they hear me constantly saying, "Don't touch it. Someday this is going to be a really great business."

Second, you build a promote-from-within company. Our top 175 people have been here, on average, 21 years. People here know that it's their job to leave something better for whoever comes next.

of coal plants, the rise of biomass waste and other nontraditional fuels, the soaring demand for new generating capacity in China and other emerging economies, a CAFE standard of at least 40 miles per gallon for cars, and distributed power made by small generators like fuel cells.)

When Power Gen managers talk now about a proposed innovation, they discuss which box it belongs in. And when they update their growth playbook, they're conscious of making sure that each box contains enough projects. "It's critical that we continue to focus on our core while building the capability to innovate in new spaces," Bolze told me. "In today's environment we can't just do one or the other."

An Action Plan

The final LIG session involved the reports to Immelt. Power Gen was the first up of the six business teams. Led by Bolze, its members talked about their biggest takeaways from the program, their 10-year projection of revenues (from $13 billion to $40 billion, with renewables' share going from 30% to 50%), and a vision statement—"Powering the world responsibly"—that they hoped would inspire and galvanize their 10,000 employees by dedicating the business to being more global, lighting up dark places in the world, and being sensitive to the environment.

They committed themselves to strengthening the core (heavy-duty gas and steam turbines). They confessed that they needed to get better at looking around corners to spot nonlinear shifts. They listed the capabilities they needed to build: regulatory expertise, faster product development, creating emerging-markets products "in country for country." They set a goal of coming up with at least 60 serious seed candidates within six months and explained how they were going to ensure that it was reached—with a growth board that met monthly. And they vowed to lighten up a bit and become more playful, a characteristic of innovative companies.

As they spoke, Immelt peppered them with questions and observations. He pushed them to fix steam, get more serious about solar, take on three or four high-risk technologies, pursue the big opportunity in China, and so on.

That was Friday afternoon in Crotonville. On Monday the Power Gen executives briefed their individual staffs on what they had learned and intended to do. A few weeks later Steve Bolze, as required, sent a commitment letter to Immelt, laying out the measures his team would take to increase the pace of organic growth. Such a letter becomes a living compact between Immelt and the team.

Since then Power Gen has acted on its words. The vision statement is ubiquitous. The leadership team in the core thermal business has been beefed up, which included hiring an outsider for the long-struggling steam unit. The regulatory staff and the project teams in emerging markets such as China, Russia, and the Middle East have been expanded enormously. The process for reviewing and approving contracts, which was performed at Power Gen headquarters (in Schenectady, New York) for more than a century, has been delegated to local managers in Europe and China. And all 25 members of the senior staff held an eye-opening three-day meeting in Shanghai with the managers of their Asian operations, which inspired the former to raise their sights and aim to triple annual sales to China in three years, to $2 billion.

A number of major initiatives have been launched to rev up the innovation engine. Product development processes are being overhauled to shorten time to market. New customized offerings are being built for India and China. Investments in developing renewable-energy products have been doubled. A website where any employee can submit ideas for growth has been created. And the growth board, which consists of the entire executive team, now meets once a month to consider proposals and track the progress of the selected seeds. (Fifteen had been planted as of mid-October, including two promising Box 2 ventures in Argentina and Brazil aimed at adapting Power Gen products to burn biofuels.)

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Clearly, LIG has made a big difference at GE. But as even GE corporate executives and business managers admit, it would be foolish to pronounce the job finished—to declare that organic growth has been firmly embedded in the company's DNA. That's hardly surprising. The magnitude of the changes that Immelt is seeking would be huge for any organization, let alone one as diverse and large as GE, with 320,000 employees around the world. The beauty of LIG is that it helped GE's business leaders to see for themselves what they needed to do and to create initial action plans containing a handful of priorities.

Understandably, the going hasn't always been easy. Bolze confesses that getting the growth board up and running was tougher than he had anticipated. Executives found it difficult to discuss proposals that lacked hard numbers and to sanction spending money on efforts with highly uncertain prospects. Power Gen was able to create a process to address these issues. "But that took, oh, a good six months before it started to get a rhythm to it," Bolze told me.

In addition, Bolze and other Power Gen managers say that figuring out how to delegate power to the regions entailed considerable work: They had to make sure the process for global customers remained uniform across regions and decide which contract terms should be standard (warranty requirements and protections against fluctuations in the cost of materials) and which could vary (delivery schedules and project scope).

Then there were the cultural challenges, big and small. One was learning not to delegate power regionally and then, when something doesn't go right, yell at the guy at headquarters who used to have the authority. Another was being sensitive to the fact that senior people recruited from the outside had to learn the GE way for doing everything, from conducting HR reviews to making decisions. "You guys make 10 decisions in an hour that would have taken us a month," one recent hire said.

Still another adjustment was scheduling conference calls so that people in other parts of the world could participate. The practice had been that if a conferencing time fell on the weekend in China, the Chinese managers were told they didn't have to dial in. At the staff meeting in Shanghai, the Power Gen executives discovered that the local managers wanted to participate and felt hurt when they were told they didn't have to. Now there's a rule that such calls can't be scheduled on Friday after 11:00 AM U.S. Eastern time.

"You can't issue an edict that teams should be comfortable delegating decisions to other parts of the world that have been made in the U.S. for more than 100 years," Bolze told me. "It takes time because you have to rewire how the organization works and build local leadership expertise."

Susan Peters says that business teams have varied in their ability to translate LIG's lessons into action. When teams struggle, GE provides extra help. For example, Dartmouth's Govindarajan has worked with GE Healthcare managers in India to install a process for identifying innovation opportunities to pursue.

Even Transportation, the poster child for organic growth, is nowhere close to achieving the goals its leaders established at their LIG session. Interviewed on the eve of his departure to Healthcare, Dineen said, "We're probably 25% to the vision of all the things that we want to do. We're still challenged to look at our organization differently, to set up the right structures, to get the right talent in. People struggle with delegating. And then there's the cultural side, which is making sure we're engaging all of the resources of the business. We're still working hard at that; it doesn't happen overnight."

Just how much GE has changed may soon be revealed. If the financial crisis triggers a deep global recession, the pressure to focus on the core businesses will be enormous. Faced with the need to bolster short-term earnings, will the dedication to growth falter? The current environment will create a big test, Immelt acknowledged—especially since GE is only about halfway through what he sees as a 10-year change process.

At a meeting with the company's top 175 managers in mid-October 2008, Immelt exhorted them to "keep the company safe" and also to keep building the future. In an interview shortly after the meeting he said, "I told them, 'You're going to have to make some tougher choices than you had to make in good times, but we have to keep investing in innovation and growth.'"

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