In the final installment of our two-part interview, General Electric chairman and CEO Jeff Immelt explains what’s driving the company’s evolution, how he leads, and why he’s different from Jack Welch.

Jeff Immelt formally took the helm of General Electric in September 2001. There’s no question the world has changed dramatically in the 14 years since, but what about the company? In this interview with McKinsey’s Rik Kirkland, Immelt explains how the industrial giant has evolved: selling major lines of business, investing in data and analytics, and becoming, in Immelt’s words, only as broad as it is deep. At the same time, he reveals how he has changed as a leader and why he believes the command-and-control style of his predecessor, Jack Welch, wouldn’t work today. An edited transcript of Immelt’s comments follows.

We were 70 percent inside the United States when I became CEO. Today, we’re just massively more global, and we have to be strong in these industries. We have to be able to get 30 or 40 percent market share in China in our healthcare business. I would contend it’s hard to be focused on getting 40 percent market share in your healthcare business and still worry about a media enterprise in the United States at the same time. Those two tasks were maybe this far apart in the 1980s [holds fingers apart] and are this far apart in the 2010s [holds arms far apart]. This notion of being only as broad as you are deep is the way you have to think about how you run a company today.

Evolving a corporate giant

If you look at some of the things we’ve done over the past, let’s say, five or ten years, what we try to do is reflect on both where we think markets are going and also on what we think our core competency is. And my assessment of the world is that we’re really in this period of slow growth and volatility. There’s just not a lot of tailwind; you have to make your own tailwind, and, as a result, depth matters. In other words, if you look back on the ‘90s, it wasn’t that anybody
did anything wrong, but you had so much tailwind you could be broader than you were deep. What we’ve tried to do is narrow our focus as a company, to be only those things that have significant core competency.

So that’s led us into being a global infrastructure leader. We think we’re playing to the company’s strengths, and, at the same time, we’re playing to those things that the world needs—that have some robustness and some buoyancy. That’s led us to be more global. It’s led us to be more technical. It’s led us to exit media, shrink financial services, and be in those things that can play in what we call the GE Store: technology, globalization, and those things that we think are core to the company.

We’re a narrower company—we’re still huge—but we’re a narrower company, and we’re a deeper company. And we’re playing into this global infrastructure need, which maybe doesn’t have a robust tailwind every day, but, over the long term, I think we’re playing into those things that the world needs.

The GE Store

Globalization is uniquely a big-company game. In other words, when I go to China, when a new GE team goes to China, they have 20,000 people who are GE employees in China. We have 100,000 in Europe. So you never travel alone. It’s a “one company” strategy, and, so we’re very clear, we call all of that the GE Store. The store of capability. Now, I think NBC is a good business, was a great business. The people who ran it are great. But they never shopped at the store. They never wanted to be in the store. They never brought much to the store. Basically, we have the portfolio that fits the store. And that’s how we think about the horizontal capability for the company.

Leadership with less control

You never go through a process of leading anything, particularly in the time period we’ve been in, without learning a lot and changing a little bit. And what I’ve now seen in terms of the job itself, I would say the CEO of a company like GE has to be all about change. It has to be all about picking what’s next, getting the company focused, making the company accountable. I think that was true then, and it’s true today. I would say that’s critical.

The most important thing that happens with tenure is you just become more humble. I’m a better risk manager, a better learner, a better questioner. There’s just no way you can ever enter the job with enough humility. You never lose your sense of optimism, you’re just more reflective on everything that happens.
The world’s just so doggone different today than it was 10, 15, or 20 years ago. I would say no matter what you’re running, you control fewer things. And so you need to be more resilient. Jack was a great CEO, but he really controlled his world. It was a centralized kind of command-and-control company. Those days are over. I’m in the risk-management business. Governments are more active. The world is more difficult. You’re not in the control business today, you’re in the risk-reward business.

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