

# Strategy & Change | Action Planning Worksheet

Situation:

From



To

**Insight**

*What assumptions are no longer valid?  
What biases are we most likely to demonstrate?*

**Choice**

*What options are no longer viable?  
What new options does this change create?*

**Risk**

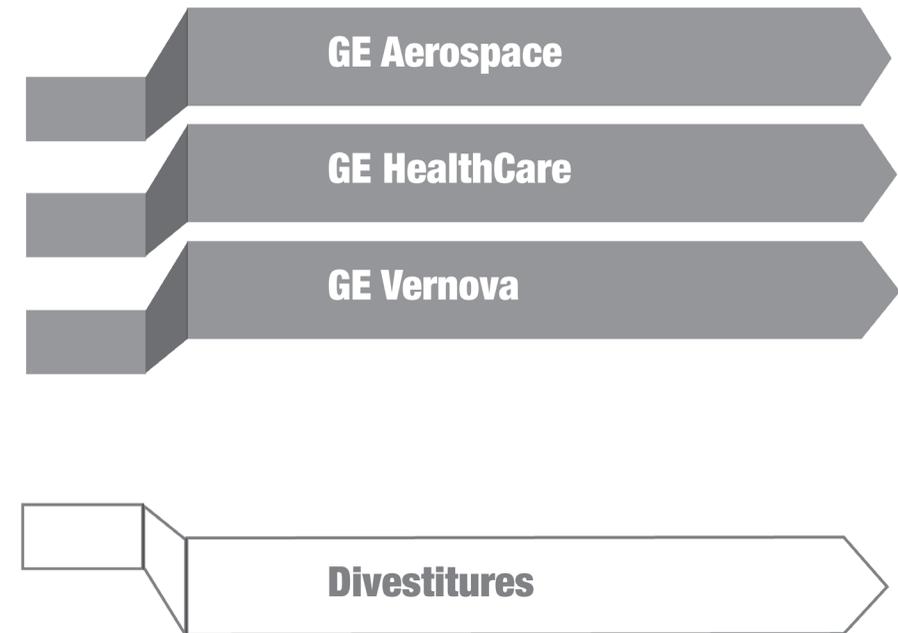
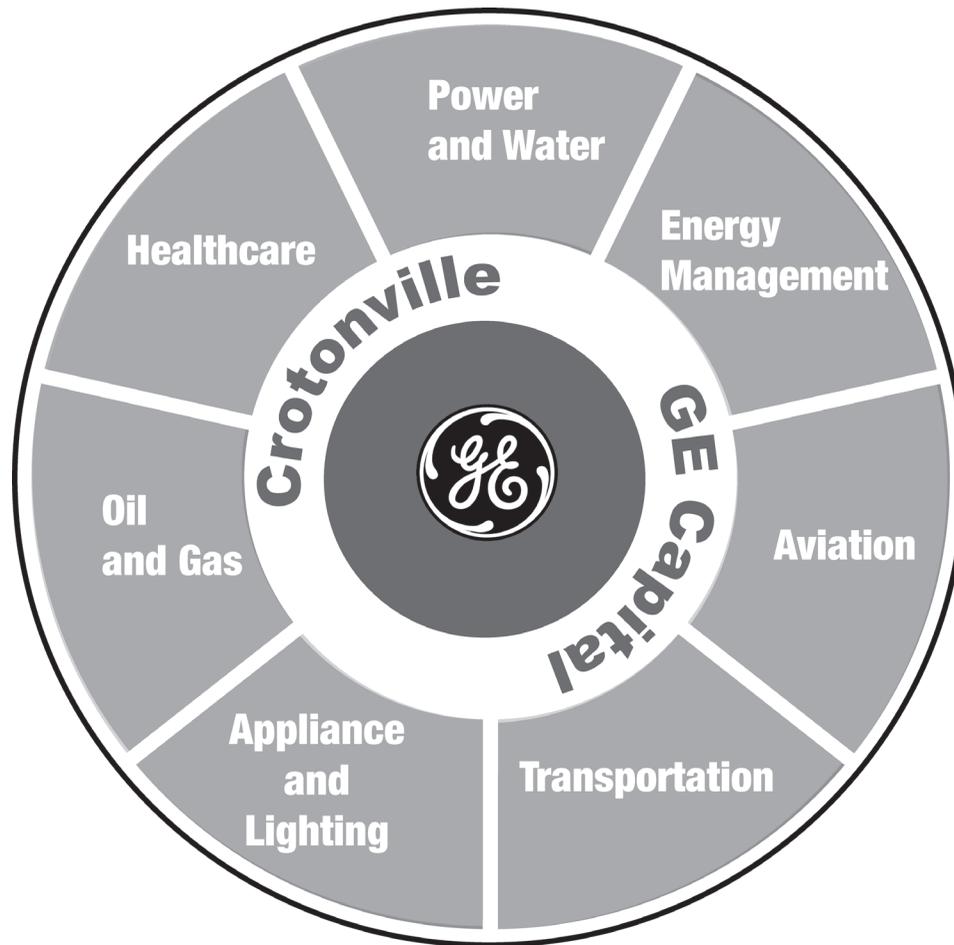
*What are the implications for our risk profile?  
How can we best mitigate new concerns?*

**Opportunities**

**Actions**

# Outcomes: General Electric | A Decade of Disruptive Change

Between 2015 and 2025, General Electric (GE) experienced a profound transformation which impacted the very nature of the company, moving it away from its pioneering roots as a diversified conglomerate to becoming a much more narrowly focused enterprise. This transformation shifted the company's focus, changed its governance structure, and significantly impacted its financial performance.



*Appliances > Heier (2016)*

*Oil and Gas > Baker Hughes (2017)*

*Transportation > Wabtec (2019)*

*Lighting > Savant (2020)*

# Strategy & Change | General Electric in early 2019

## Situation:

Six months into his tenure as CEO, Larry Culp is leading a business whose historical strengths had rapidly eroded in the face of changing customer and shareholder expectations in a rapidly evolving market.

### From

- Strong 'moats' around traditional businesses
- Core competencies of capital allocation and leadership
- Strong track record of increasing shareholder value

### To

- Rapid pace of innovation, shift in growth markets
- Shift towards agile models of business innovation
- Shareholder concerns about business model viability

### Insight

*What assumptions are no longer valid?  
What biases are we most likely to demonstrate?*

**GE brand and operating model no longer viewed as a differentiator; risk of overconfidence bias by legacy management**

### Choice

*What options are no longer viable?  
What new options does this change create?*

**Continued reliance on conglomerate business model is undermined by competitor access to inexpensive capital; potential opportunity to unlock shareholder value through lean operations**

### Risk

*What are the implications for our risk profile?  
How can we best mitigate new concerns?*

**Diversification shifts from a hedge against market volatility to a liability; shift in pace of innovation exposes gaps in process flexibility and executive talent; risk creates opportunity to revisit long held business model assumptions**

### Opportunities

1. Exit lower performing legacy businesses
2. Reinvest in high growth sectors with differentiated capabilities
3. Re-assess ability of operating model to generate incremental performance above competitive benchmarks

### Actions

- Divest manufacturing (appliances, lighting, transportation) and energy (oil/gas) businesses
- Spin off conglomerate businesses into three stand-alone performance units: GE Aerospace, GE Healthcare, GE Vernova