

"For those companies and individuals who wish to be long-term survivors in these supercompetitive times, *Control Your Destiny* gives the answers. Vital."

—Lester C. Thurow, author of the bestseller *Head to Head*

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Control Your Destiny *or* Someone Else Will

INCLUDING:

*The Handbook
for Revolutionaries*

**Lessons in Mastering Change—the
Principles Jack Welch Is Using to
Revolutionize General Electric**

**NOEL M. TICHY
STRATFORD SHERMAN**

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OR SOMEONE

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**Lessons in Mastering Change—
from the Principles Jack Welch Is
Using to Revolutionize GE**

Noel M. Tichy and Stratford Sherman



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More Praise for *Control Your Destiny or Someone Else Will*

"The rules for succeeding in business in the nineties have changed radically from those in the eighties. *Control Your Destiny or Someone Else Will* superbly defines those changes and explains how Jack Welch engineered one of the most successful transformations of a corporate culture in American business history. Anyone at any level in business will profit from this account of the renaissance of GE."

—Benjamin M. Rosen, Chairman of the Board,
Compaq Computer Corporation.

"The deal-by-deal commentary of *Control Your Destiny or Someone Else Will* makes fascinating reading for anyone who likes thinking about why corporations like behaving the way they do. . . . There is at least as much to be learned here as from reading Peter Drucker, John Kenneth Galbraith or Michael Porter."

—David Warsh, *Boston Globe*

"*Control Your Destiny or Someone Else Will* is an inspiration. Its possibility-thinking message—that we can face the facts and take responsibility for our own lives—is just what we need in these times of tumultuous change."

—Dr. Robert Schuller, Founding Pastor, Crystal Cathedral Ministries

"It isn't just GE that brings good things to life, it's life that Jack Welch brought to GE. *Control Your Destiny or Someone Else Will* is an utterly fascinating look into a business that the pundits tell us no longer exists: an American company that is healthy, flexible, creative, and run by a brilliant leader. The rough times ahead—the challenges that confront all of us in business—may be less burdensome in light of this extraordinary account of how Jack Welch turned GE around and created an astonishingly strong ecology for growth and viability. *Control Your Destiny or Someone Else Will* is terrific—it's a shot in the arm, and a totally involving read."

—Harvey B. Mackay, author of *Sharkproof*
and *Swim with the Sharks Without Being Eaten Alive*

“Messrs. Tichy and Sherman include a guide to [Welch’s] revelations, the ‘Handbook For Revolutionaries,’ showing how executives can do with other companies what Mr. Welch did for GE.”

—Toronto *Globe & Mail*

“The book explains how companies and individuals can face accelerating change and intensifying competition and win.”

—*Fortune*

“The January 1, 1900, *Wall Street Journal* reported that the top twelve companies of the time were:

American Cotton Oil Company	National Lead
American Steel Company	Pacific Mail
American Sugar Refining	People’s Gas
Continental Tobacco Company	Tennessee Coal and Iron
Federal Steel	U.S. Leather
General Electric	U.S. Rubber

Only General Electric remains. Why? *Control Your Destiny or Someone Else Will* explains. For those who wish to be long-run survivors, the answers are vital.”

—Lester C. Thurow, former dean, Sloan School of Management, Massachusetts Institute of Technology, and author of *Head to Head*

“The volume by academic Tichy and journalist Sherman is the first scholarly attempt to pin down the secret of GE’s success. . . . Tichy and Sherman give a helpful, clear account of all these developments, illustrating their case with interesting case studies of individual businesses which have been turned around.”

—*Financial Times*

“One of America’s astute young change agents meets one of America’s most vibrant CEOs, and the result is a powerful book. Revolution is just the right term for the changes at GE. This is a fascinating story with widely applicable lessons.”

—Rosabeth Moss Kanter, Professor, Harvard Business School, and coauthor, *The Challenge of Organizational Change*

“A third of the increased earnings has come from increased productivity. General Electric now has about the same growth in

efficiency as its overseas competitors. . . . But getting to that point . . . has been a desperate struggle. . . . That struggle is told in a new book about Welch and General Electric—*Control Your Destiny or Someone Else Will*.”

—*Houston Chronicle*

“A remarkable, accurate, and refreshing story of the dramatic change and redirection of one of the world’s most successful companies. Jack Welch’s leadership can serve as a valuable tutorial for business managers who are attempting to drive change.”

—Lawrence A. Bossidy, Chief Executive, AlliedSignal, and
former Vice Chairman, General Electric

“Noel M. Tichy and Stratford Sherman tell a remarkable tale. . . . This book is full of managerial gems such as ‘change before you have to,’ ‘don’t manage—lead,’ and ‘if you don’t have a competitive advantage, don’t compete.’ The authors insist that although Jack Welch is a remarkable leader, anyone can revolutionize a company for the better.”

—*Industry Week*

“Managers discuss cultural change frequently, but seldom achieve it. This has become increasingly clear to me as we struggle to make our company a more dynamic, competitively effective enterprise. *Control Your Destiny or Someone Else Will* explains how General Electric’s strong and unyielding leadership got GE focused on a simple, yet powerful vision. This book—and the ‘Handbook for Revolutionaries’ that accompanies it—is filled with practical tools for change.”

—William L. Weiss, Chairman of the Board, Ameritech

“What Tichy and Sherman supply is an explanation of the strategy and its execution that alternately made Welch the most feared and respected leader in American business. . . . The book serves as a primer on how American companies need to restructure their focus on global economy and just how daunting that task is in the face of a company’s bureaucracy. . . . [It] also serves as description of how a company’s bureaucracy can derail the ideas of leaders. . . .

Finally, the book explains why the massive restructuring of American business must continue despite employee dislocation, to enable the U.S. to be more competitive in global markets that threaten to undermine our core industries."

—*Pittsburgh Post-Gazette*

"More insight per square inch than any business book I've read in years. Everyone should read it."

—Herbert J. Siegel, Chairman of the Board, Chris-Craft Industries

"If Jack Welch didn't write the book on corporate restructuring, it's only because Noel M. Tichy and Stratford Sherman beat him to it. *Control Your Destiny or Someone Else Will* is not only the title of their fascinating book but one of the mottoes of the man who put GE through the wringer a full decade ahead of everyone else. . . . The authors cite Mr. Welch's work at GE as a successful model of how business will adjust to changes in the marketplace. . . . Mr. Welch has redefined the process, shifting power from the managers to the people who do the work."

—*Atlanta Journal-Constitution*

"The authors do a substantial job of presenting the research, which included more than 100 hours of interviews with Welch. Recommended for all business libraries."

—Rebecca A. Smith, Harvard Business School Library, in *Library Journal*

"*Control Your Destiny or Someone Else Will* is a harbinger of the future for managing global corporations. CEOs can use it as sort of a template against which to evaluate their own style. For the rest of us, it offers insight into one of America's most powerful corporations."

—*Toronto Star*

"Tichy and Sherman do a remarkable job conveying the mechanics of changing an organization. . . . The mix of ideology, drama, and practical examples make this book a ground breaker on how to succeed in the global economy. Its themes—empowering workers and then expecting a lot out of them, obliterating bureaucracy, continuous improvement, and more—can be adopted by any busi-

ness that dares to. *Control Your Destiny or Someone Else Will* makes you want to give it a try."

—*Soundview Speed Reviews*

"This book captures the essence of competitiveness, which is vision, leadership, and a hunger to succeed. It contains essential lessons that need to be learned by all of corporate America."

—P. R. Vagelos, M.D., Chairman and Chief Executive Officer, Merck

"Tichy and Sherman focus on the process that is making it possible for Welch, through GE managers and employees, to shape a flexible, responsive set of businesses out of what was once an elephantine bureaucracy. They insist that others could and should emulate this process."

—*Training magazine*

"Noel M. Tichy and Stratford Sherman provide an insider's account of Welch and GE. . . . Welch quickly set down some now-famous ground rules on the businesses in which GE would participate. . . . But GE's revolution went far beyond that, the book points out. Welch's leadership energized the company's workers to accept change and challenge. . . . Welch brought GE's workforce to life."

—*Investor's Business Daily*

"*Control Your Destiny or Someone Else Will* forces you to confront organizational and leadership self-evaluation. It is impossible to read this account of Welch's transformation of GE without simultaneously questioning your own organization's structure and operation. This book is filled with thought-provoking ideas."

—Robert B. Palmer, Chief Executive, Digital Equipment Corporation

"This is a good book for leaders, hopeful leaders-to-be, and the people who will work under their direction."

—*Report on Business magazine*

"Sherman's journalistic discipline and skepticism complement the insider knowledge of Tichy. What the pair created, in cooperation with Welch, is both history and handbook."

—Stamford, Connecticut, *Advocate*

"GE survived a decade of revolutionary changes while earning record profits. The authors include Welch's principles of streamlining GE, which are applicable to any small or large, public or private business, or institution."

—*Mobile (Alabama) Register*

"Because of their personal backgrounds, Tichy and Sherman can offer a unique perspective on GE's organizational transformation—and on Welch's personal transformation. Their unusual vantage points allow them to explain Welch's management ideas and then offer their advice on how to apply them to other organizations."

—*Training and Development* magazine

"The book's great value is the insight it provides on the culture of GE—why it's managed the way it is, and why the managers act as they do. . . . The book has the look and feel of being there."

—*Across the Board* magazine

"Tichy and Sherman's work captures the essence of competing in today's rough and tough global economy. We need to emulate Welch's vision, our personal qualities, and our will to succeed so we can compete in the corporate climate of tomorrow. . . . Most people may not get as far as Welch, but the book clearly spells out the important ingredients for personal and corporate success. It makes for an inspiring read."

—*Connecticut Post*

**To Noel's mother, Ella Tichy,
and
to Gurumayi**

Editor's Note

Although written in the first person singular to reflect coauthor Noel Tichy's experiences at GE, this book is the product of a collaboration. Noel and coauthor Stratford Sherman made equal contributions to this book.

Authors' Note

For better and for worse, this is an inside story.

Our goal was not to investigate GE, but to explain it. Long before we decided to write this book, each of us had thoroughly examined the company and gotten to know Jack Welch, its CEO. Although we observed GE from very different vantage points—Noel as a deeply involved participant, Strat as a skeptical outsider—we both concluded that the ideas underlying GE's dramatic transformation merited book-length discussion.

The experience of writing *Control Your Destiny* has been a humbling reminder to us that our accomplishments are not ours alone. We are deeply indebted to more people than we can name, and offer heartfelt thanks for their kindness.

We are especially grateful to Jack Welch for permitting us to make public this very intimate view of GE. He unfailingly supported our work, even though it frequently made him uncomfortable. And he was generous with his own time: In addition to uncounted meetings with Noel over the years, Welch submitted to some fifty hours of additional interviews with us both. The CEO seemed to favor marathon sessions, two of which began before dusk and ended after 1 A.M. Such intimacy does not always foster respect, but we concluded our reporting with increased regard for Welch and GE.

Noel benefited from access no journalist could match. Even before the research process began, his file cabinets were stuffed with nonpublic GE documents. More important, he had participated in confidential meetings with GEers from Welch on down, establishing personal relationships with a much broader range of company employees than any outsider could reach. To prepare this book, Noel formally interviewed scores

of GE employees, from factory workers, management trainees, and middle managers to leaders of multi-billion-dollar businesses. Although some requested that their names not be published, most appear in the list of sources beginning on page 349. The present and former GEers who gave most generously of their time to help get the story right were Toby D'Ambola, Carol Anderson, Marie Andrews, Jim Baughman, Larry Bossidy, Paolo Fresco, Reg Jones, Don Kane, John Opie, Paul Van Orden, Jack Peiffer, Jim Paynter, Phyllis Piano, Carl Schlemmer, John Trani, and Bill Woodburn.

Joyce Hergenhan, with the energetic assistance of Carla Fischer, responded cheerfully and effectively to our endless requests for information. Joyce's insights greatly enriched the text, and her company enlivened hours of difficult work. Rosanne Badowski was a constant beacon of light, reliably guiding us through Fairfield's rocky waters.

We are also indebted to Doubleday editors Harriet Rubin and Janet Coleman for the vision, perspective, and stamina they brought to this effort.

Noel wishes to thank his research team at the University of Michigan, beginning with Connie Kinnear, who created the original data base and GE Timeline and conducted many interviews. For several years Colin Raymond and John Ahlberg provided first-rate research support. Arathi Krishna made a substantial contribution during the final months. On the administrative side, Esther Sheer, Katrina Samuelson, and Nancy Tanner provided invaluable assistance.

Faculty and colleagues in the field provided insight, ideas, and constructive criticism throughout the process. Noel is especially indebted to Carole Barnett, Kim Cameron, Mary Anne Devanna, Charles Kadushin, Steve Kerr, Art Kleiner, Andy McGill, Len Schlesinger, Patricia Stacey, and Karl E. Weick.

Noel's deepest gratitude goes to his family, who offered much needed emotional support.

To all those mentioned above, Strat adds this thanks. In addition, he is grateful to the many people who helped him: Ruth McGeehee, Walter Isaacson, Mary Johnston, and Dick Armstrong, for getting him started; his colleagues at *Fortune*, especially Marshall Loeb, for offering understanding and so much rope; the creators of XyWrite and Magellan software, for the enabling technology; Sarah Bartlett and Peter Canby, for leading the way; Kurt Andersen and Geoff Colvin, for pithy criticism; David Howell and Omar Daboutie, for advice worldly and otherworldly; everyone at the Wilton Center, for keeping him centered; Laura Landro, for persevering; Jane Duce, for gracing his family; Sidney Ganis, for true friendship; and Chandler and Spencer Sherman, and Meredith Davis, for filling his heart with love. For all this and more, thank God.

NOEL TICHY AND STRAT SHERMAN

21 September 1992

Introduction

We have learned a lot since the first hardcover edition of *Control Your Destiny or Someone Else Will* appeared in January of 1993. The principles explained in this book, which seemed radical just a short time ago, are becoming widely accepted as more people understand the implications of intensifying competition. We have seen these principles applied in an expanding and very diverse group of companies, from computer maker Digital Equipment to Nedlloyd Lines, a container shipping outfit. As authors, we have benefited greatly from opportunities to discuss our ideas with several thousand knowledgeable people, including the readers we encounter in airports and the audiences at our speeches and workshops. This updated paperback edition provides a welcome opportunity to share the new insights we've gained.

We welcome the controversy that our book reliably excites. This is a call to action, not just to corporations, but to individuals; people often respond to that aggressive stance with strong emotions. As a result, many of our dialogues with readers have been characterized by what Jack Welch calls “constructive conflict”—with instructive results.

Wherever we go, the same questions arise. Some people evidently feel threatened by the book’s title. They ask, “How can I control my destiny? *I’m* not a CEO.” The other issues most frequently raised are these:

- I don’t believe the kind of revolutionary change you describe is really necessary—at least not at *my* company, not in *my* life.
- The place where I work is totally different from GE. How can the experience of a \$60 billion company possibly be relevant to me?
- General Electric still has problems. Is this example really worth emulating?
- How can you lionize a man who presided over the elimination of 170,000 jobs?

We may quibble with the way they’re expressed, but these are legitimate questions. They deserve answers.

How can I control my destiny?

Life pushes us all around so much that passivity can easily masquerade as wisdom. Anybody can find someone or something to blame for unfavorable circumstances. You’re in a commodity business. Your stockholders care only about quarterly earnings. Your competitors are invincible. Your boss is a jerk. Your *subordinates* are jerks. Your husband. Your wife. Your kids.

Your mortgage. No time. No money. No support. There's always an excuse.

But CEOs face constraints, too. Welch, for instance, has to satisfy GE's board of directors and its shareholders. He faces resistance from employees. He must submit to the will of the President, Congress, and the regulators and policy makers of every country where GE operates. He has to live with the up-and-down cycles of the markets his company serves as well as the unpredictable, sometimes devastating, fluctuations of the economies of great nations.

No one has absolute control over his or her destiny. The point is to control what you can.

Far from being an idea that pertains only to members of the Business Roundtable, "control your destiny or someone else will" is a philosophy of life basic enough to apply to anyone. Welch learned it as a child from his mother, Grace, a housewife who never graduated from high school.

The meaning is simple: Take responsibility. Whenever something's bothering you, whether it's a competitor stealing your customers or a bad habit you can't shake, you face a clear choice: Either solve the problem yourself or accept a fate that you may not like. Considered from this perspective, the ethic of personal responsibility gains appeal.

When change becomes inevitable, in business as in life, we believe the best policy is to embrace it and make it your own. According to James A. Taylor, CEO of Yankelovich Partners, an opinion-research firm, a growing number of Americans share this point of view. For years his pollsters have observed dwindling public trust in the guidance of institutions, including government, business, religion, the media, and even advertising. But robustly increasing numbers of people agree with the idea "I am in command of my own life."

So let's get one thing straight from the start: When we talk about controlling your destiny, we do mean you. If this feels