

University of Connecticut Graduate School Commencement

May 11, 2013

"Leadership Lessons"

President Herbst, thank you for that introduction and your leadership here at the University of Connecticut. Thank you to the Board of Trustees, the administration and faculty for your hospitality, and welcome to the family and friends.

I must confess, it is fun to receive an honorary doctorate degree because you don't have to do much to earn one. After all, you have achieved academic excellence ... worked your butts off ... and shelled out a ton of money to receive a graduate degree. Me? I showed up at noon, and I'm out of here by 4PM. Voila!

Actually, I had to do one thing: agree that UConn has the best women's basketball team on the planet. And here I am, Dr. Immelt

You should cut me some slack, however. Despite my lack of hard work, it might be handy to have the CEO of GE as your commencement speaker. I know, at first, it sounds kind of boring. After all, some of your friends might get Oprah, or President Obama or Bono. But look at the bright side: it was easier to get your family a ticket.

Also, at GE we hire thousands of graduates every year. That might get a little of your attention. And I can sell you a jet engine or a locomotive at cost. If you buy two or more, I'll throw in a dishwasher.

And, if all that's not enough I am the only person here today that has been played by Alec Baldwin on TV.

It was on the NBC TV show 30 Rock. It's not that GE minds being parodied. It's good to be able to laugh at yourself once in a while.

But every time I am invited to an event like this I hear the same thing.

Jeff Immelt is our commencement speaker. I only wish we got the real Jack Donaghy.

It's okay. I'm used to it.

I even thought of sending you off today with lessons from Jack Donaghy's life.

It's the hair that makes the man.

Conquer the microwave oven division, conquer the world.

30 Rock gave me a lot more advice, most of which would get me in trouble.

So instead, to all of you who earned the degrees you will receive today -- the University of Connecticut Graduate School, Class of 2013 -- let me say first and foremost: congratulations. Yours is a great accomplishment. And it is a great privilege for me to join your celebration and to play a small part in your very big day.

Not surprisingly, GE shares several "bonds" with you and this university.

First, both GE's and UConn's history dates back to the late 1800s.

Among our employees, we already count about 600 UConn grads. We have had two Vice Chairmen that were your fellow alumni, as well as multiple senior executives. More than 200 of our people hold advanced degrees from U Conn. And beyond alumni, our connections to this institution are important.

One of which I'm particularly proud is GE's support of the UConn Technology Park. When the park opens in full, it will be a place that brings together the two things that any campus, company, or country needs to be competitive. Technology and talent.

So I applaud you for that. And I hope some of today's graduates return to campus and to Connecticut to use those labs and facilities... to turn great ideas into great outcomes.

Today, I want to focus on the real-life lessons that enable a company like GE, or an institution like U Conn, to be successful.

Thomas Edison said that he looked at what the world needed and then proceeded to invent it. He was always on the lookout... the lookout for what was next... the lookout for the next innovation, the next big wave of productivity... ways in which we could make ourselves better and the ways in which we could make the world better.

That spirit still drives us. We consider constant learning a cultural cornerstone. Being on the lookout for ways to make the world work better and our belief that we can do that defines not just our founding but also our future.

But what does it mean for you?

I know you are a diverse group, by academic discipline and degree.

But I hope all of you stand united in eagerness to make your contribution. To take what you've learned here, and to be on the lookout for ways to apply it.

I want to talk about why that's true. I want to discuss the world we live and work in... why as UConn graduates with advanced degrees, your contributions will be critical. Specifically, I think are five words that can shape your ability to contribute to the century in which we live.

Change. Learn. Risk. Persist. Lead.

I'll start by providing some context -- what I see as I travel around the United States and the world.

First, the United States is still recovering from a deep recession that was a long time in coming. We had built an economy with too much leverage and too little innovation.

There are signs of recovery. But that recovery, as you know, is slow. And there are still great challenges.

We can't just shut our eyes and pretend that we're in a different time. Instead, we have to fix our economy and restore systems of competitiveness, and often we have to do that in the face of uncertainty caused by a lack of leadership.

On the other side, there is economic growth in the emerging markets. There is renewed growth in China, and that has a positive rebound effect in the resource-rich regions, like Latin America and the Middle East. So if you're a business like GE, growth exists. But you have to chase it.

To all of that, we can add the opportunity of the future. Our population is increasing -- almost 8 ½ billion people by 2030. More than 1 billion consumers will join the middle class in the emerging markets in the next few years. By some estimates, by the end of this century, our urban population will almost double. That's another 3 billion people living in cities.

So, let's put it all together and think about the world you will be entering ... volatile, uncertain, global, complicated and slow growth.

Now, I don't mention all of this to discourage you. On the contrary, I want to challenge you. I want to summon your determination. Be optimistic; believe in better. The world awaits your leadership.

I believe that success in the 21st century will come to those that that can get in front of the trends, move quickly, innovate, and work together to deliver results.

So let's focus on the five words I mentioned; providing lessons for companies, but also lessons that have meaning for each of us as individuals.

First, accept and lead change.

Businesses can't wait for the economy to stabilize. We can't wait for a time when there is more certainty. It used to be that you only had to manage momentum. Today, you have to create your own future. And that means change.

To give you an example, just a few years ago, I never thought GE would be a software company. That was the domain of startups and “cool companies;” not 19th century companies like GE. Today, we see analytics and software as an imperative. We are investing heavily in what refer to as the Industrial Internet.

Over the last two decades, the Internet has transformed media, communications and advertising. We’re taking those lessons and tools and applying them to the global industrial system. With software, analytics and low-cost sensing, we can connect big iron and big data to create brilliant machines. Think cleaner and more efficient jet engines, power plants, and hospital systems.

The idea is that if we can predict and prevent outages, and help maximize the performance of our industrial machines, we can help our customers and the world become more productive; we can help build resilience in an uncertain environment. We’ll come out stronger.

Here we are – a 130 year old company – who can lead data service and software. We are hiring the next generation of leaders to help us. But the “old dogs” – people like me – really are learning new tricks.

So innovate in your lifetime, regardless of your profession. You must choose change.

To change, you need to learn.

Earlier, I mentioned Thomas Edison. Somebody once asked Edison about a failure. He famously replied: “I have not failed. I’ve just found 10,000 ways that won’t work.”

That perspective remains a great lesson in constant learning. While I wouldn’t recommend making a habit out of failure, we can never allow ourselves to become paralyzed by the fear of not reaching our intended outcome. If anything, perfection only tells us our goals aren’t bold enough.

So, be humbled by what you don’t know.

In 1989, I led GE's Appliance Service business. We had a catastrophic failure of our refrigerators and had to replace over three million compressors – one of the major components in the appliance that keep things cold. To understand what went wrong and to learn from this error, I knew I had personally, had to learn how to fix compressors. I had to get my hands dirty.

So I did. I went into people's homes to fix the refrigerators. And let me tell you, there's no better way to learn from failure or to be humbled than for a math major to sit on someone's kitchen floor while the ice cream melts.

Every failure teaches you something. Every failure should motivate us to learn more. Every failure only brings you that much closer to truth. To invention. To success. To an outcome that matters.

I have learned not to accept things at face value. I want to touch things, meet people, visit new places around the world. See things through my own eyes. You have to be humble and curious. Today you earned a degree from a world-class institution. But your learning is just beginning.

Learning is powerful because it builds confidence. If you are confident, you will take risks. The best leaders I have ever met are risk takers.

In 1997, I was leading the health care division. We wanted to build a business in China, and our sales were close to zero.

So I spent three weeks in China and visited two hundred hospitals in twenty five cities with the local team. At the end, we designed a product line and a distribution process. Today, because a lot of people do a lot of hard work, GE has a two billion dollar health care business in China that can satisfy every segment of the population.

It's not just our health care business. Over the last decade, our global revenues have more than tripled. Today, GE is the country's second largest exporter behind Boeing. I can tell you firsthand -- it's a big risk starting businesses around the world. You have to overcome both

the cultural and trust challenges that often exist abroad and the resistance and fear at home.

I understand the fear, especially at a time when unemployment remains higher than any of us would like. But we can't close our eyes and pretend the rest of the world doesn't exist or can't compete. And we can't afford to say: "it's too risky; I'm afraid to fail."

Our next horizon is Africa, and I spend a lot of time there. We will do about five billion dollars of business in Sub-Saharan Africa. They have wealth from natural resources, and need everything that GE sells. At the same time, it is a very volatile place. Is it risky? You bet! But the upside is huge.

In your lifetime, you will learn that sitting still is failure. We must move forward ... we must drive change. So be comfortable with risk.

If you are a person who accepts the leadership challenge of risk and change you must be resilient.

When you take a risk, you might not succeed. Get up, dust yourself off and keep going. American Manufacturing is a great example.

For too long, our country bought into a notion that said we could more or less abandon manufacturing and become a services only economy, and we could do that without second-thought or any consequences.

We looked at global costs and saw that materials were inexpensive. The largest piece in the cost structure was labor. Companies, and their workers, had terrible relationships. If we drove down those costs, the rest, we hoped, would take care of itself.

We learned an important lesson: manufacturing – our ability and willingness to make things -- is critical to our competitiveness.

Today, materials are the biggest cost concern. In this environment, manufacturing, owning your own supply chain, is a huge competitive advantage. That's what we've seen with our appliance business. We are in the process of bringing 1000 jobs back to the U.S. from Mexico and China to make appliances. We are creating new manufacturing lines for the first time in decades. There, and at other GE businesses, we are innovating new technology and techniques, like 3D printing, to renew American manufacturing.

More importantly, we are seeing confidence and competitiveness in much of our workforce. American workers are flexible, and most of them love to compete. In many of our sites, we have self-directed and empowered teams. In the places where we work and compete together, Americans can beat anyone in the world. As a result, we have added 16 new manufacturing sites and added 9,000 workers in America since 2010.

Many of you will find new careers in manufacturing, something we could not take for granted in the past. But it was because of resilience and persistence and determination, not government policy. At GE, we make the best jet engines in the world. The new generations are 25% more fuel efficient than the ones they replace. They are made with innovative new materials and work processes. And we make them here in the U.S.

The U.S. is a resilient country and we have been through a lot. But our companies have used this time to get better. American business is more competitive today than any time in our history.

But getting better takes leadership.

Today, in the era of 24-hour news and random blogging, it is easy to blame everyone for everything. But leadership is not about blame, it is about optimism and creating the way forward. In tough times, people don't want someone who will tell them, "hey, you're right.

We're doomed. Might as well give up." Instead, they want leadership. Someone who can draw a play in the dirt and say, "let's go do it." Someone willing to make a bold decision even and especially in the face of uncertainty.

And that's what I want to leave you with. No matter what you do, there will be opportunities for you to make a difference to the world and to each other. To lead.

But to seize those opportunities, understand that leadership is not a chore; it's a choice. It's an honor. It's about bringing people together and getting the job done.

Leadership is about not shying away from tough problems. There are plenty of critics out there. But there is nothing like being in the arena. Competing. Winning. Making a lasting contribution. Doing something that matters.

I am not here today because I have had a perfect career. Rather, my life has been about self-reflection, self-renewal, learning from failure, and a powerful optimism that the future will be better than the past. You know what ... I have been criticized by the best of them.

I have learned from my failures. But none have shaken my curiosity, my desire to take risks, or my will to try again. I have changed over my lifetime, but never lost sight of the type of person I want to be.

I have never feared action or hard work. And I play on a great team who always put the company first. We learn lessons together, and always want to get better.

I will give you three words to capture an optimistic and ethical framework for yourself. First, authenticity. Be true to yourself. People relate to leaders that are comfortable in their own skin. Second, transparency. It is no longer enough to just tell the truth. You must be open in spirit and conduct. Lastly, unity. The divisiveness of our recent past must end. People want to unite behind a mission.

I often say that GE is “We” company and not a “Me” company. Our success is built on our culture, and our culture is one where we enjoy working with each other and seeing our colleagues succeed.

Make your work about more than your own success. For me, the most satisfying accomplishment is to help others gain confidence and learn to compete for themselves. Put another way, while you strive to be better, make those around you better, too. That’s leadership.

I began by mentioning that both GE and UConn have a long and rich history and that we must always be on the lookout for ways to be better.

I actually went back learned that the UConn student newspaper started this month back in 1896. The name of the paper back then – *The Lookout*.

I read an article from that year; the author noted that we are all willing to accept opportunity when it brings honor or fame. But then he asked: Are we always as willing... to accept and bear the responsibility which every opportunity brings?”

What is that responsibility? I suppose we could look around and accept challenges as insurmountable. Or we can use them to inspire action. To narrow the gap between the weak and the strong. To see the word “lookout” not as a warning but as an invitation to make a difference on something that matters.

Be on the lookout for the opportunity to change. To learn. To take risk. To persist. And to lead. Always strive to be better... that way, I know, you will make the world better.

Congratulations.