

GE HEALTHCARE LIFE SUPPORT SOLUTIONS (B): A VISION-LED INTEGRATION

Research Associate Lily Zhang prepared this case under the supervision of Professors Dan Denison and Katherine Xin as a basis for class discussion rather than to illustrate either effective or ineffective handling of a business situation.

Lehtonen's management team already had a full complement of GE veterans. Many of the team members identified strongly with GE values, which proved to be very helpful in the next stage of the integration: Injecting a strong sense of vision, mission and strategy into the organization and reshaping the mindset of all employees.

The management team was also experienced in managing requirements that came from headquarters. Zhang Yukun, global sourcing manager, noted:

A lot of requirements come from EHS (environment, health and safety), HR, finance and other functions. GE culture is very aggressive. You must close lots of things within a very short period of time.

Lehtonen formulated a vision and mission for LSS iPerformance and, together with his management team, worked out a strategy map, linking the long-term goals of LSS iPerformance with its operational activities and short-term imperatives (*refer to Exhibit 1*). Together they created sub-maps for key functions, such as sales and marketing, operations, and engineering. Then action plans were set out for implementation of the strategic maps.

The next step was to promote the ideas throughout the company. They convened monthly town hall meetings that involved all 180 employees. At every monthly and quarterly staff meeting and other management events, Lehtonen and his management team reiterated the vision, the mission, GE values and refined the strategy maps.

Lehtonen also utilized some "special tools." On both sides of his office door, he put up Chinese poetic couplets, with the upper couplet translated as "Pressure is Motivation," lower couplet translated as "Hard Work is Happiness" and the couplet rhyming as "Serve the Patient."

The couplets caught everyone's attention, and for Chinese employees it was interesting and unique to see the traditional couplets outside the office door of a foreign general manager. And, since Lehtonen's office was located near the entrance to the office area, every employee passed his door everyday as they came in and out.

Among GE's five growth traits for leaders,¹ the top priority was external focus, which meant customer and quality were at the top of the list. This was a tremendous difference from the sales-oriented Zymed culture. To reshape the mindsets of all employees, especially of the engineers who designed the products and had the main responsibility for quality, Lehtonen sent groups of them to hospital operating rooms to see with their own eyes how their products helped doctors save patients' lives. Kevin Meng, a mechanical engineer, said with emotion:

When I was in the operating room, the idea occurred to me that if the machine didn't work, we could harm people. On the other hand, when the operations are successful, I feel proud of my job because I help save people's lives.

Lehtonen used examples to show employees what kind of behaviors were desired and promoted. He and his management team presented various awards at all kinds of occasions. For example, they gave an award to a cross-functional team, which included people from sourcing, engineering and operations, for solving in only seven days a quality problem that would normally take one or two months, and ensuring shipment of products to customers on time. Lehtonen and his management team sent a clear signal that the award was to promote: 1) customer and quality priority; 2) cross-function cooperation; 3) willingness to work hard; and 4) an attitude of making the impossible possible.

Lehtonen also introduced the Denison Organizational Culture Survey in 2007. The 60-item survey looked at four aspects of an organization's culture – involvement, consistency, adaptability and mission – and 12 related management practices that research had linked to bottom-line performance measures. GE used the survey in late 2007 and early 2009 to track its progress toward creating a high-performance culture with strong overall business performance (*refer to **Exhibit 2** for the results from 2007 and 2009*).

The 2007 results showed that the team had achieved a lot in creating a clear vision and mission for the whole organization. But it also showed that this was not enough. There were many people issues. Capability development as a whole was one of the lowest measures. In LSS iPerformance, employees could also be grouped into four quite different categories: those from DO, those from other parts of GE, those from the old Zymed and those newly hired from outside. Generally speaking, the first two groups of employees were more accustomed to the GE processes and systems that LSS iPerformance was introducing. They were proactive at work, clearly knowing what to do when problems occurred and willing to challenge their supervisors. Moving from DO to LSS iPerformance

¹ The five growth traits are: External focus, clear thinker, inclusiveness, expertise and imagination.

seemed to some like a step down. Those from the old Zymed were not so used to the processes and systems. They were more sales-oriented, resourceful and entrepreneurial, but were also more accustomed to waiting for instructions from their supervisors. The newcomers were often disoriented and a bit confused within such a complicated situation.

The 2009 Denison Organizational Culture Survey results show that important progress had been made, especially in the area of customer focus. But the scores in capability development had actually dropped a bit. This underscored the growing awareness that the biggest challenge for Lehtonen and his management team would be implementing their integration plans and realizing the growth potential.

Exhibit 1
Strategy Map of LSS iPerformance

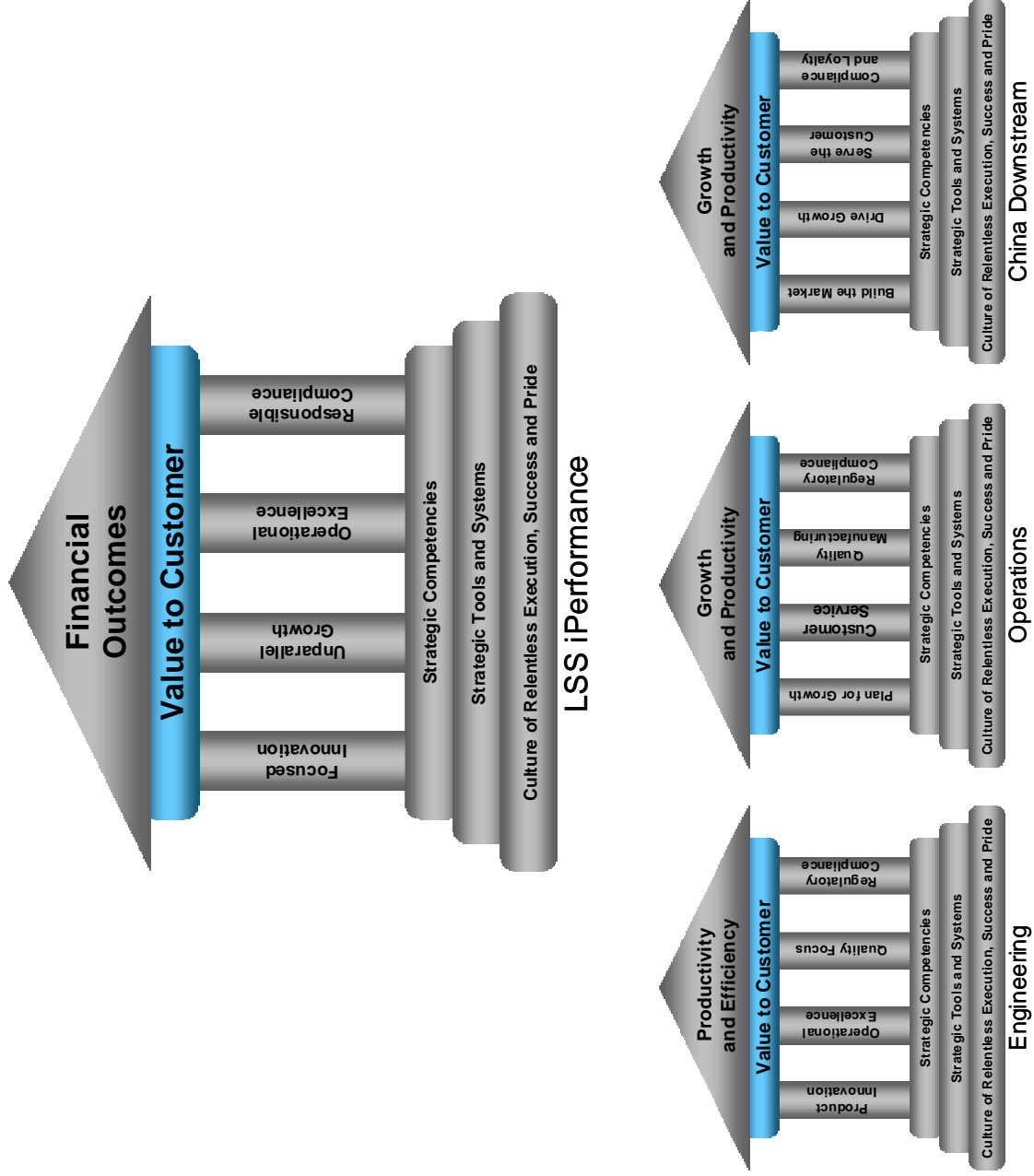
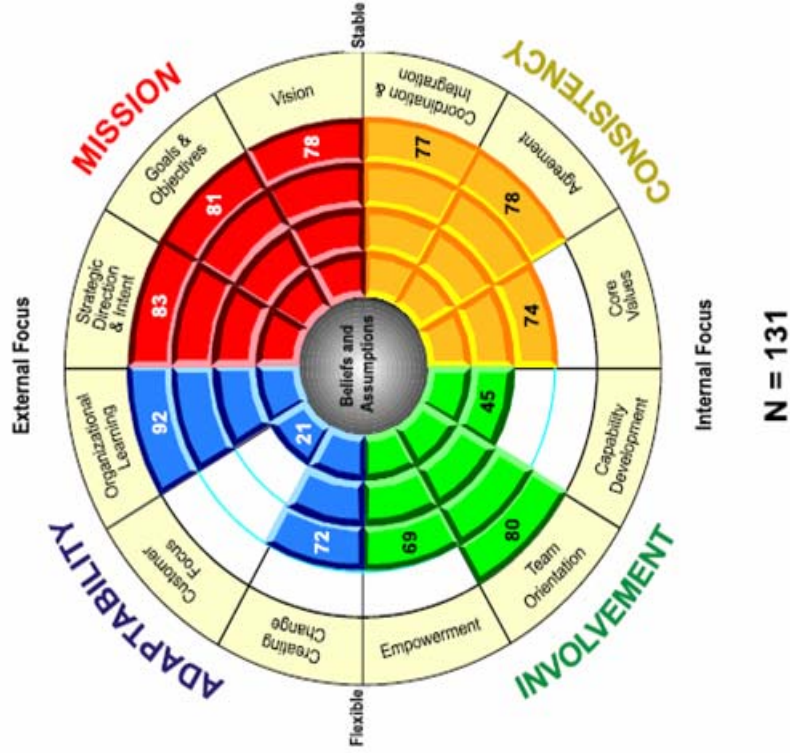


Exhibit 2
Denison Organizational Culture Survey 2009 vs. 2007

GE Healthcare LSS iPerformance (2007)



GE Healthcare LSS iPerformance (2009)

