

Get Ready for a “Reset”

Jeffrey Immelt Addresses Canadian Club of Toronto

Throughout his GE career, Chairman and CEO Jeffrey Immelt has seen his share of economic cycles. What makes this downturn different? “If you think it’s only a cycle, you’re wrong – this is a permanent reset.”

That was his message during a talk to the Canadian Club of Toronto on Tuesday, Feb. 10th. Immelt was in Canada Feb. 9-10, visiting Montreal, Ottawa and Toronto.

The scale of the current crisis – a financial system grinding to a halt, massive deflation in equities and properties, rising unemployment, and plummeting consumer confidence – has left people in a “dark mood,” said Immelt. Yet there’s reason for optimism, he told the luncheon audience at the Canadian Club.

The capital markets are starting to work again, and governments are also working “hard, fast and diligently” to stimulate the economy. “It’s choppy now, but around the edges things are starting to get better,” Immelt said.

Still, he said, “we’ll come out of this in a different world.” Smart businesses need to not only manage the cycle but the reset.

While 2008 was a challenge, Immelt noted that GE’s revenues were nevertheless up 6%, and it was the company’s third-best earnings year ever. Among the keys to success going forward:

- Forget quarterly meetings – 2009’s volatile environment demands action *today*, with a renewed speed, focus, intensity and decisiveness.
- Don’t blink. Focus on what you fundamentally believe in, which in GE’s case means 1) emerging markets and globalization (“China and India won’t stop trying to get hundreds of millions of people into the middle class,” Immelt said); 2) investing in technology and innovation, in areas like clean energy, health care and infrastructure (“Double down through a cycle, and you always win”); and 3) “swarming our customers with as many innovative ideas as we can.”
- Align yourself with areas where governments will be making investments.
- At the core, be safe, which means taking steps to strengthen the balance sheet (good cash flow, low leverage, and a conservative outlook).

Immelt had encouraging words about GE’s prospects in Canada. With the natural resources and high-tech manufacturing bases, “The future of Canada, we still believe, is bright.”

And he had a message to all GE employees. Succeeding during a strong economy is one thing. But times like these are when people really shine. “This is why you were trained,” Immelt declared, “so you can be a great GE leader in 2009.”