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StratBlog Post by Bill Berry :: June 8, 2005

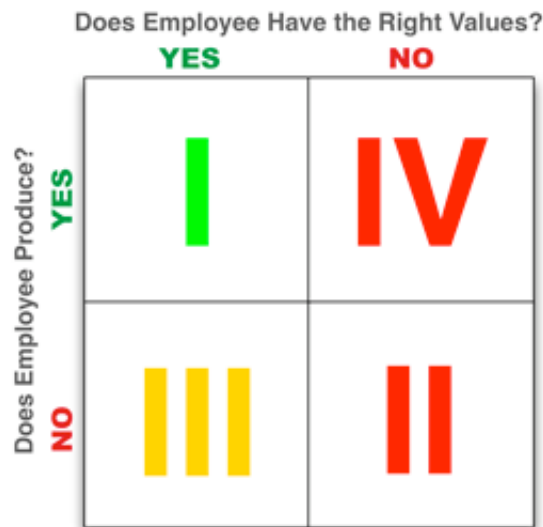
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A few years ago, I happened upon a Jack Welch interview on C-Span while flipping channels. Jack was asked, “How do you evaluate people at GE?” Note that this was before publication of his autobiography ([Jack, Straight From The Gut](#)). Before I knew much more about him than his role as CEO of one of the world’s largest companies. I also knew of his reputation as a leader, but none of the details.

Jack explained that he always asks two questions about each person:

1. “**Do they make their numbers?**” (Do they produce?)
2. “**Do they share GE values?**”

The answer to each question is either yes or no. That definitely caught my attention. Could it be so simple? I boiled his thinking down to the following chart:



The folks in **Quadrant I** produce and share GE’s values. Jack explained that they were golden. You want as many people like that as possible. Very easy to deal with.

The people in **Quadrant II** were **also easy to deal with**. They don’t produce and they don’t share the values. “You get rid of them!”

Quadrant III people are more problematic. They aren’t producing but they share the values. They belong in the company since they support its values, but they need help producing. He said you give these folks second and third chances. You reassign them to jobs they can produce in. You try to keep them. Maybe you can’t ultimately, but you try.

Quadrant IV was a bit of a surprise for me. These people produce the numbers, which is the lifeblood of any company. But they don’t share its values. Jack said that these people were the hardest to deal with because, as a CEO, you want their production. So you may be tempted to keep them. But Jack said these people are cancers who will destroy your company from the inside. So production or not, they have to go.

How do you use Jack’s approach and turn values into action? What are your company’s values? How do you know what they are? How do you know when an employee has or doesn’t have the values?

The values question is important and I’ve come across interesting discussions about that. A recent post by Tom Foster on his excellent [Management Skills Blog](#) provides a good discussion of [how to interview for values](#). His example suggest you do it by converting values into behaviors, and asking the right questions.

Of course, there’s a lot more water in the values well...

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