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**THE GUIDES**

**Numerous companies have their own universities. Yet none of them is as legendary as Crotonville, General Electric’s campus – and the embodiment of the US talent pool.**

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Where does humor rank at work in the first place? Some 50 pairs of eyes are feeling around, looking for the ceiling, wandering across tables. Michele Dunn, a woman in a black dress with a yellow belt, who loves to laugh often and loudly, is roaming among the tables. “And?”

“Actually, my job isn’t funny at all,” says Dave, who is sitting at one of the tables. “I mean, it’s okay, but it’s not that we have much to laugh about.”

“We used to have a colleague”, another man says, “who had a hole in his T-shirt and actually put a patch on it, a green mushroom. Some day one of us got the idea to print T-shirts with green mushrooms on them, and then we all put these shirts on. That was fun. The colleague himself was laughing, too.”

“This is important,” Michele Dunn says. “To laugh in a group. Emotions are contagious.” She pulls out a box. “I have brought something today.” Small cans are being passed across the rows. Soap bubble cans. It does not take a minute for the approximately 50 adults to fill the room with bubbles and laughter.

Why does a company with more than 300,000 employees fly its managers all around the globe – and lets them be children again for a moment? “First and foremost, we are emotional beings,” Dunn says. “Only then comes reason. We have to feel that again.” Opening oneself up before delving deeper.

The room she stands in is part of the birthplace of managers at General Electric, one of the biggest, most successful and oldest companies in the world – with one of the world’s biggest and most successful management schools, and the oldest one of them all.

The official name of the campus, which is situated at the Hudson River a one-hour drive north of New York, is John F. Welch Leadership Development Center, but hardly anybody calls it that. It is simply known as Crotonville.

There are many circumscriptions of what this site is and what it wants to be: epicenter, core, nucleus, cultural incubator. All of these terms are probably somehow appropriate. “Crotonville is an idea and an ideal”, Raghu Krishnamoorthy, Chief Learning Officer at GE and head of Crotonville, points out (see interview on page 80).

“Crotonville is the brain which keeps GE’s engine running,” Joe Mastrangelo, head of the Power Conversion division, explains.

One could also say: Crotonville is the heart ventricle of the 123-year-old US giant General Electric. A campus, founded in 1956, through which archrival of Siemens gets thousands of managers every year – and whereto the company invites customers. Those coming to the campus have been selected to discuss leadership for one week, to think about their career and to network. Consequently, Crotonville has become the embodiment of a talent pool: legendary Jack Welch, CEO from 1981 to 2001, also took part in lessons here. In turn, his successor Jeff Immelt listened to what Welch said. Some managers who took lessons here have become CEOs of other companies: Dave Cote, who has been heading conglomerate Honeywell since 2002. Joe Hogan, former head of ABB and CEO of dental company Align Technology. Jim McNerney, who was head of Boeing until the end of June.

"At the core, it is about self-experience," says Rich Rischling, lecturer for the so-called Experienced Leaders. "Leadership is like a journey. Those who come here will change." Journey is a word which is frequently used here. Those who become students for one week again in Crotonville, philosophize about management, simulate crises in fictitious companies in business games and address minor and major questions: how do I employ the right people? Or: what does leadership actually mean? "A job has to make sense,” says Rischling, "and this sensible connection is often missing in complex companies. However, you can find it right here in Crotonville.”

LIKE A COLLEGE MOVIE

It is an early summer day, the air is still hazy in the morning, but it will be hot today as soon as the sun bathes the campus in a bright light. The meticulously cut grass looks like it has been cut using a ruler, the paths paved with red paving stones, the winding driveway, the blooming bushes, the copper beeches and the benches which were donated by former graduates, the New England style "White House" with its white pillars, the red brick chimney and large windows and finally, behind a rock right in the middle, not unlike a church, the main building. Nobody is particularly happy about its shape, though. Some of them jokingly call it "Jack's Cathedral," as Jack Welch, who has significantly developed the city of Crotonville, had the house built in the 1980s.

Perhaps it turned out a bit sacral. However, the rest consists of 24 idyllic and remote hectares. A green refuge behind a gate, like the scenery of a college movie with seminar centers, accommodations with 248 rooms, a park with a running track, on which the first ones go running at 6 am in the morning, restaurants, cafés, gyms, basketball and volleyball courts.

However, this is not only about comfort and good food, which every second person praises in every third sentence. People delve into this world and forget about their daily life. Employees on benches, in one of the many coffee corners and seminar rooms, sitting or strolling around, discussing things, seeming busy but relaxed. Thus, entirely independent of GE, this place embodies the idea usually hiding behind catchphrases: the idea of life-long learning.

The sun is shining on campus, Peter Cavanaugh has decided to give his class outside. He leads the class outside. A whiff of “Dead Poets’ Society”. Cavanaugh, an open-minded guy wearing chinos and a polo shirt, once worked in the GE factories himself. Now, he is a lecturer, who joined the Global Learning Team in 2007.

He is leaning against the banister not far from the heliport on which Jeff Immelt is landing when he visits the campus. This happens several times a month. Two dozen people are sitting on stone steps, some are standing in the shade of a tree. The class is called LDC, which stands for “Leadership Development Course”. At the moment, they are talking about “Career Navigation”. Cavanaugh talks about his own career. “I used to be an engineer. At some point, I realized that the designers had the real power. So I retrained in design engineering. Then I realized at some point that it was the product managers who make the decisions. So I moved to marketing.”

What he says sounds easy, of course, though certainly a bit simplified, pointed, even if all these phases are indeed part of his career. However, this lightness is part of his message: life continues, there are new paths. “Leverage your skills,” he says. Continue to develop interests. “This also applies to the colleagues at GE Capital,” he says. “Is there anyone here from Capital?” Three hands are being raised. GE is currently working on spinning off the financial unit; the employees are here even though they do not know where they will be next year. “It is great that you are here nevertheless,” says Cavanaugh. He does not lecture, the students are to ask questions. How did he plan his career? “Most career changes do not start with a conversation with your supervisor, but with a conversation in your head that starts at some point,” he explains. Listening to him, it soon becomes obvious what he means: reflection and self-awareness. “We do not give direct instructions, our teaching is about interaction and development,” Cavanaugh adds.

Obviously, GE is not the only company to operate a corporate university. There are about 4,000 of them worldwide. Disney, Boeing, Nestlé, and Deloitte – all of them have their own educational institutions. McDonald’s university was founded as early as 1961, and is in fact called Hamburger University. In Germany, where the boom started in the 1990s, companies such as Telekom, Lufthansa and Siemens founded corporate universities. However, many of these institutes are loosely organized and work as virtual facility, or in collaboration with business schools. Some attempts did not work out or were mere promises, other universities such as those by E.ON and EnBW fell victim to austerity plans.

Crotonville is an exception, since it is the oldest corporate university – and because it is operated with such passionate endurance. GE invests USD1bn each year in staff training worldwide. Apart from Crotonville, there are four more centers: in Munich, Shanghai, Bangalore and Abu Dhabi.

The idea can be traced back to the beginning of the 20th century, when GE bought an island at Lake Ontario as a retreat for managers.

It was after World War II that Ralph Cordiner, the company’s CEO at the time, bought a small management institute close to New York, located picturesquely at the Hudson River. He had an ambitious goal: “General Electric is to become the best managed company in the world.” GE was growing fast at that time, and Cordiner thought he did not have enough employees to conquer the world. The first class in 1956 took 13 weeks, which is an incredibly long time today, when employees are usually there for only one week.

RECONSTRUCTING FOR RECONSTRUCTION

Since then, GE has maintained and tuned Crotonville like a machine, the campus has grown as fast as the company. Many of the buildings have their own symbolism here: the large kitchen where it has been known to happen for managers to cook with clients. The new expanded barn which is used for experiments, or arts and crafts.

Or Café 56 in the "White House", the oldest building on the grounds: "It used to be a bar where Jack Welch himself played cards," says Cavanaugh during a tour across the campus. "We turned it into a café as a sign of change: we wanted it to be possible to meet there during the whole day, not only at nights. Furthermore, GE now also operates in regions where many employees do not drink any alcohol."

The reconstruction of the campus was part of a USD100m program which GE invested over the last years under the slogan "Reimagining Crotonville.” The teaching program was revised, the campus was expanded: behind the main building, a bridge is leading to an area with further training rooms, a patio with an outdoor fireplace and a restaurant. The restructuring seems to have been understood in an architectural way as well.

For after the financial crisis, GE reflected on itself a lot under Immelt. The old "growth values" were to be revised. For this reason, GE managers swarmed out around the globe, getting a good look at dozens of organizations on how to maintain management. Among these organizations and companies were Toyota, the Boston Celtics basketball team and even the Central University of the Communist Party in China.

GE's core idea was its own industrial roots and the facilitation of structures that are getting more and more complex. "GE needs to change its way of thinking," says Janice Semper, responsible for Executive Development. "Crotonville is the epicenter from where this change is being orchestrated."

Joe Mastrangelo, head of the Power Conversion division based in Paris, says that senior executives also “have to continuously reinvent themselves”. Mastrangelo is what GE calls a “Leader in Residence”: a top executive who lives on the campus for a week. For someone who has just been concerned with one of the largest acquisitions in the history of GE, this is an astonishing timeout. “But Alstom is not the topic at hand. Of course, there are questions,” Mastrangelo says. “But for the most part, we talk about career paths. They ask me: how did you plan this?” However, it is not always possible to plan one’s career. “I tell them: all of this has gradually unfolded.” Mastrangelo’s day planner includes a succession of talks, always in small groups. In the evening, he meets with clients. Currently, a delegation from Saudi Arabia is on site. “Any transformation comes with a degree of uncertainty,” he says. “Nowadays, we are much more global and, at the same time, much more local. This is what we are discussing.”

And how do employees feel about this? Those who are here have a sense of being the chosen ones. Cindy Stadelmann, a German employee working for the Power & Water division in Dubai, still remembers her “wow” when she learnt that she was allowed to participate. “It was like a bonus,” she says. Courses are also offered in the Middle East, but Crotonville is something different. She is sitting at one of the tables in Café 56 – a bright, high room – and is drinking a cappuccino.

“I thought that Crotonville was like a university, but it is more like a resort,” she says. “Here, I can closely analyze the problems that occur at the workplace and reflect on my team.” In the past, managers had to organize, delegate and execute, Cindy believes. “Now, we have to be much more creative, and we have to inspire others. Here, I can learn how to read my employees.”

For a company that has been driven towards maximum performance over several years, that has been known for its “rank and yank” personnel policy, that has been mercilessly sorting out underperforming employees, and that had former managers in the late nineties saying, “We do not go to work, we go to war” – for a company of this type, all of this may appear somewhat esoteric.

And indeed, those delving into life on the campus will also find strange things. Fifty people putting their chairs in front of the window, closing their eyes and meditating. The yoga session in the morning. The massage services from 7 pm. The large amount of coffee corners offering fruit, cereal bars, nuts and tea. Is this, one may wonder, a spa hotel or still the GE high-performance machine?

At the end of the day, however, the company does all this to survive the next century as a global giant. This excellence is also good for its Ebit. And maybe this is indeed the core of the “GE Way,” which has been explored in numerous essays and books: a culture invoking fear and awe with its efficiency, its relentlessness of the pursuit, its performance obsession and pressure.

It is also a culture intent on constantly rediscovering and redefining itself. “Blow it up,” Jack Welch once told his successor. Welch, dubbed “Neutron Jack,” had largely turned GE into a grand company with equally grand sentences such as, “fix it, sell it, close it.” Jeff Immelt, who succeeded Welch in 2001, said early on what he thought about the legacy: “Leadership is a one-act play in business and you’re really supposed to do what’s right in the era you live in.”

The rediscovery of the industrial sector, reflected by the Alstom acquisition, selling off the inflated financial unit, which put GE at risk, the fight for the millennials, who prefer to take up positions at Apple or Google – all of this indirectly manifests itself in Crotonville. “This is not about the most recent management theory,” explains lecturer Rich Rischling. “It is about the ability to lead, to think and to learn.”

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01 GE employees blow bubbles – as a symbol for the importance of emotional intelligence

02 The New England style building, the so-called White House, was turned into a café – as a central meeting point

03 Relaxing, networking: students in discussions on the patio of the “Leadership Exchange” center

“Often, change does not start with a conversation with your supervisor, but in your head.” Peter Cavanaugh, Global Learning & Operations Leader

01 In good weather, some classes go outside spontaneously

02 Peter Cavanaugh has been a lecturer in Crotonville since 2007. Before that, he was an engineer and an employee in GE’s sales department

03 Joe Mastrangelo heads the Power Conversion division. He was “Leader in Residence” this summer – he took one week off in Crotonville

**Caption:** The main building of the GE campus in Crotonville is located behind a rock, and was built in the 1980s under Jack Welch, the CEO at the time. Due to its somewhat sacral architecture, some jokingly call it “Jack’s Cathedral.”

**Caption:** Capital has been granted an exclusive look behind the scenes