Remembering an Imagined DDI

When Jack Welch Was Deputy Director for Intelligence

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Washington, DC, September 2017: The following are the remarks of former DDI Jack Welch’s executive assistant, who recently served as a panelist at a joint CSI-DI conference celebrating the 65th anniversary of the Directorate of Intelligence.

Jack Welch became Deputy Director for Intelligence (DDI) after long service at General Electric. For me, a longtime student of management theory—especially Welch’s—his arrival offered much promise. Amazingly, his arrival also led to the seeming fulfillment of an old dream of mine, service as the DDI’s executive assistant. So forgive me, if I can’t help but look back on his four years as DDI with fondness.

Welch had come on board at the DCI’s request and because he felt it was his patriotic duty. He came at a time in which global challenges and the pace of technological change in the military and policy communities had created a climate in which many were asking how we should adapt.

Welch did find a steep learning curve on his arrival, but he wasn’t one to sit idly by waiting for others to teach him. Quite the contrary, he had many ideas and wanted to leave a profound mark on the organization. Welch said he realized that business and government practices did not always mix well, but he nevertheless went about trying to implement as many ideas as he could. He proved to be a demanding and impatient taskmaster, leading some analysts to remember him as somewhat disruptive. Today, however, almost all analysts would agree that Welch fundamentally changed the way they did their work in the DI. In short, Jack Welch was a very successful DDI.

Embracing Change and Promoting Excellence

Welch once told me he wanted the DI to harness the power of change. When I asked him why he was so eager to embrace change, he replied, “The mind-set
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aggressively. Welch felt the DI should be a “boundaryless organization,” as was GE, and that the DI should make sure ideas were exchanged at every one of its levels and parts. He told me, “I want to create an open space where ideas flow freely, independent of rank or function. The operative assumption today is that someone, somewhere, has a better idea. And an organization that is not searching for the best idea isn’t open to ideas from anywhere and will find itself left behind, its survival at stake.” He was confident that the “boundaryless” culture would eventually change the DI from having each office hoarding its best people to sharing its best.

The problem with government, Welch thought, was that there was no competition and, therefore, there was never a real urgency to change and improve. However, he said the CIA has a crucial mission, so there should always be a feeling of urgency to change, adapt, and get better. After all, he argued, our nation’s security depends on it. Welch often quoted his business maxim that every division at GE had to be “number one, number two” or get out of that specific business. He was fond of yelling across the table at meetings, “Change, before it’s too late!”

The “Boundaryless” Organization

Welch pushed to create an organization in which analysts would search for new ideas—either inside or outside the Agency—and implement the best ones aggressively. Welch felt the DI should be a “boundaryless organization,” as was GE, and that the DI should make sure ideas were exchanged at every one of its levels and parts. He told me, “I want to create an open space where ideas flow freely, independent of rank or function. The operative assumption today is that someone, somewhere, has a better idea. And an organization that is not searching for the best idea isn’t open to ideas from anywhere and will find itself left behind, its survival at stake.” He was confident that the “boundaryless” culture would eventually change the DI from having each office hoarding its best people to sharing its best.

For example, I remember during a regular idea-sharing meeting, an analyst suggested there should be a ‘Google’ for intelligence customers. Quickly, more and more analysts joined the discussion and tweaked the idea further. Soon, there were other meetings on the topic. As you know, this eventually revolutionized the way customers interact with DI analysts and took existing Web-based applications to new levels of innovation and utility. Instead of first tasking DI analysts, customers would just log-on a secure system and search for the latest products, including charts and graphs, on any topic he wanted to know more about. Although many managers felt that policymakers were just too busy to “play with the computer,” we found the opposite to be true; most customers were already accustomed to using ‘Google,’ ‘Yahoo!,’ and other internet search engines and quickly took up the tools to query the DI. For adopting the initiative, the DI received an “Excellence in Reinventing Government” award from the White House.

As part of his “boundaryless organization” initiative, Welch began having quarterly offsite meetings with his top DI managers for free-flowing exchanges of ideas. As he did at GE, Welch created a Corporate Executive Council (CEC) in the DI. The council included the top layers of DI management. By design, CEC sessions had neither formal agendas nor structure. Instead, a DI manager might distribute a short heads-up memo on possible discussion topics. CEC sessions were meant to foster learning by analyzing problems faced by one area in the DI and to pick up innovative and successful ideas from other sections. During CEC meetings Welch would emphasize: “Involve everyone and turn your employees into owners. Otherwise, they won’t feel empowered to contribute to the overall effort.” Welch insisted that for any initiative to work there had to be a passionate, all-consuming commitment from the top and that the DI had to put its best people on each initiative. He
He said the day was coming when DI managers could get ‘quick market intelligence’—and thus be better able to anticipate policymakers’ needs.

E-Business & Connectivity

After the success of the “CIA ‘Google,’” Welch sought out ways to better leverage existing technology for use in the DI. As he did at GE, he insisted on greater customer support, simplicity, and connectivity. During a senior DI meeting, Welch remarked, “E-business changed GE to its core. We in the DI must always actively seek to adapt our business model to the internet. Whatever products we come up with, we must think how we can make them Web-enabled. We must manage in Internet time, using the latest cutting-edge technologies available.”

One instant hit with policymakers was the “CIA Connect to the World” Web site. This was just a simple Web site with a world map through which customers could double click on particular spots and be hyperlinked to information on that country or region. For example, a customer could double click on China and find an interface to unclassified and classified data, digital videos, a summary of the latest and most important events inside that country, pertinent open source articles, CIA World Map data, etc.

Along with its ease of use, other great features of the “CIA Connect to the World” Web site included access to live analysts, chat rooms, and instant messaging. For example, a policymaker would send an instant message on a particular question he was interested in. A DI officer would either answer the question, point the official to another analyst or Web site or offer to do some research and promise to get back to the customer right away. The service representative would be in contact with other DI analysts capable of answering the question or questions. The Web site also permitted Internet conference calls with policymakers. As a result of “CIA Connect to the World,” DI received numerous public and private sector awards.

Six Sigma & Quality

Welch insisted that quality be a top priority in the DI. At another of his senior-level meetings, he chanted, “Quality is the next act of productivity. Out of quality, you eliminate reworking.” To do this, he introduced the “DI Six Sigma Program.” During a DI-wide audio/video conference, Welch said, “We want to change the competitive landscape by being not just better than our competitors but by taking quality to a whole new level. We want to make our quality so special, so valuable to our customers, so important to their success, that...”
As one of his first DI Six Sigma projects, Welch focused on reconstructing the DI product review process.

Plastics as a good example. GE Plastics produced 'Lexan' polycarbonate, which had very high purity standards, but it didn’t meet Sony’s requirements for new high-density CD-ROMs and music CDs. As a result, two Asian suppliers were getting Sony’s business. A Black Belt Six Sigma team solved the problems and designed a change in the production process to give ‘Lexan’ the color and static qualities Sony demanded. By going from a 3.8 Sigma level to a 5.7 Sigma level, GE took all of Sony’s business away from the Asian competitors.

Within a year of the introduction of Six Sigma, the DI was working on more than 200 projects, a number that grew steadily in the years that followed. About 10 percent of DI managers became “Black Belt” trained during the first two years. That number grew to 30 percent by the time Welch left. Welch said that the DI would no longer consider anyone for a management position who had not finished at least Green Belt training (i.e., a ten-day training course).
Training Managers & Building Expertise

Although Welch initially focused on improving the quality of DI products and processes, he didn’t take long to begin focusing on the people who produce the products. Welch said that no other issue came close to the passion he has for making “people” the core competency of the DI. He said that the DI should build great people, who would then build great products and services. I remember Welch absolutely loved attending meetings involving personnel issues. I don’t know anyone who loved spending 8 to 10 hours of heated discussion just so he could come away with a better sense of the talent in the DI.

In particular, Welch felt that training managers to be more effective was of utmost importance. He was surprised that managers in the public sector tended to be subject matter experts who seldom trained in management skills, unlike managers in the private sector, who spend years studying how to become effective managers.

Welch brought in many outside experts (particularly from GE) to CIA University (CIAU) and created the Executive Development Course for managers with the highest potential, the Business Management Course for mid-level managers, and the Management Development Course for fast-trackers early in their DI careers. As he did at Crotonville—the GE management development center near Ossining, New York—Welch taught once or twice a month at CIAU for up to four hours at a time. He once commented that although he did this to teach, he often learned as much as he offered. He envisioned having many of his top leaders teach there as well.

At the same time, Welch made a sincere effort to increase subject matter expertise in the DI, because he felt that improvements in the quality of his analysts would directly translate into higher quality product lines. For example, Welch decreed that DI analysts must frequently travel to the country they’re analyzing, and he successfully obtained a significant line budget increase to meet this requirement. Welch also suggested that analysts not be promoted to GS-13 or GS-14 without first having served a tour in the country or region they analyze and learned to speak an appropriate foreign language at a working level. For military analysts, of course, this requirement translated into service at a regional military command or overseas military post. Welch successfully negotiated with the Directorate of Operations, the State Department, the Department of Defense, and other agencies to greatly expand his analysts’ rotational assignment opportunities.

Welch also increased creative efforts to improve subject matter expertise. He astronomically expanded the number of fellowships available in the DI to university professors and other research specialists. He felt that analysis would be greatly enhanced by outside experts sitting alongside analysts. Welch also encouraged his analysts to develop closer relationships with experts in other government agencies and in the private sector and to frequently visit them. Furthermore, Welch suggested that the DI outsource many of its studies to the private sector to get differences in opinion.

Downsizing the “Neutron Jack” Way

Arguably, Welch’s most controversial move was the downsizing of the DI. At GE he was fond of saying: “Downsize before it’s too late.” He hated bureaucracies and felt that the Agency should operate like a network of small businesses. He felt that even in good times, all organizations should regularly review expenses and the number of its personnel. For example, Welch told me he downsized GE during one of its most healthy stages, earning him the nickname “Neutron Jack” (the guy who removed the people, but left the buildings standing). He hated this nickname, and it hurt, but he said he hated bureaucracy and waste even more.
At GE, Welch insisted that all businesses be number one or number two, or “fix, sell, or close.” He added he learned over the years that there were glaring exceptions to this rule, but he wanted the DI to follow the spirit of this principle. He said that good businesses have to be sorted out from the bad ones. During one of his frequent roundtable lunch discussions with DI analysts, Welch ruffled quite a few feathers when he said the DI has the tendency to overanalyze an issue or to take on too many “nice to know, but not critical” issues. For example, he said that a significant number of DI products have very few customers. He exclaimed, “We shouldn’t be bothering our very busy policymakers with obscure or hypothetical subjects on a country whose location most of us don’t even know.” Unless a specific DI issue met a certain threshold of policymaker interest, he said that the manager responsible for it should “fix” it or “close” the office down. He said there were too many other more important issues to which DI analysts could be surge.

When Welch began downsizing and closing offices and accounts, some DI managers complained, “You’ll kill morale and you’ll never be able to mobilize on this issue if it ever gets really hot.” Other DI managers complained, “You’ve already cut all the fat out. Now you’re into bone and you’ll ruin the organization if we cut more.” Welch said that both arguments were weak. He responded to his critics, “I’ve never seen a business ruined because it reduced costs too much, too fast. When good times come again, I’ve always seen business teams mobilize quickly and take advantage of the situation.” Welch felt it was wrong that the system in place in the public sector rewarded managers for being “empire builders” and not for downsizing, for expanding services and not for cutting costs. He said he would continue to downsize, even if it risked congressional budget cuts in the near term. Welch had his own ideas for expanding in other areas, but he insisted that before he could do that he needed to make the directorate as lean and efficient as he could.

An idea Welch was forced to abandon was his introduction of the concept of “managing by differentiation.” “Winning teams come from differentiation, rewarding the best and removing the weakest, always fighting to raise the bar,” he argued. Welch felt the DI should spend the next few years building a performance culture, and, when ready, begin systematically and frequently removing the bottom 10 percent of analysts and managers. He stressed, “Lifetime employment is a failed strategy. I shouldn’t have agonized as long as I did at GE on so many people who weren’t going to cut it.” However, Welch stood down after unhappy HR managers reminded him that government employees enjoy many civil protections and that the CIA could not risk large numbers of disgruntled employees because of counterintelligence concerns. One fuming HR manager even told him to his face, “I can’t agree with you that lack of job protection is a good thing—in government or in business. For example, people complain that Generation Xers have no loyalty. I think what is really going on is that Generation Xers can’t be completely loyal because they feel that their employers won’t be loyal to them during an economic downturn.”
Final Thoughts

Welch had a profound impact on the DI. He encouraged change to improve the way the DI did its business. He was passionate about creating the free flow of ideas in his “boundaryless organization.” He instituted creative products our customers raved about, and he leveraged exciting, cutting-edge technology to increase the connectivity of DI customers and analysts to each other and to their products. He greatly enhanced quality and awareness of approaches to improving quality using the Six Sigma program. He reengineered the DI review process, promoted better training for managers, and pushed to increase the subject matter expertise of his analysts.

For all his success in the DI, Welch became increasingly frustrated that some of his ideas couldn’t be readily implemented. He encountered a lot of opposition in trying to downsize the DI, reduce management levels, and introduce “management by differentiation.” His zeal to create a better organization sometimes caused him to forget that government and business methods did not always mix well. Overall, I think Welch will be fondly remembered as a great DDI because he was an agent of many successful and creative initiatives.¹
