



[Episode 14](#): Alex Dimitrief, general counsel for GE, on divesting, investing, and innovating

Transcript

Mike Kearney:

There are a lot of companies that I really admire. And at the top of that list is General Electric. If you've ever met somebody that works for GE, they're just special. And they're special because they are great at getting things done. They focus on impact. They are great innovators. Look at all of the different innovations that GE has come out with over the last 125 years that they've been in business. And what's incredible is the breadth of industries that they've operated in.

But if you've been watching GE, they've transformed their business pretty significantly over the last few years. They've bought and sold businesses. And then they've also transformed other businesses. GE Capital is a fraction of what it used to be. We're going to be getting into that today. And then what's really exciting is the investment, the startup in many respects, that they have within GE called GE Digital, where they're really bringing together the industrial parts of their business with technology.

It's unbelievable what they're able to do with businesses that have been around for hundreds of years by providing insights that were never there as a result of bringing the Internet of Things and analytics into the game.

Alex Dimitrief:

Imagine a world where you're on a plane powered by GE aircraft engines and those aircraft engines are talking with the mother ship the entire time during the flight. So if you're flying on Delta Airlines or United Airlines, American Airlines or one of our other customers, those engines are talking with home base and saying "Hey, when I land, I may need this part, this part, this part." And the airline is able to have those parts there waiting for the plane.

Mike Kearney:

Welcome to Resilient. My name is Mike Kearney. I lead Deloitte's Strategic Risk Practice, but in this capacity I am the host of the [Resilient](#) podcast, where I have this unbelievable opportunity to sit down with leaders, CEOs, senior executives,

board members, and others and hear their first-hand accounts of crisis, risk, and disruption—but also just on leadership. And today is going to be no different. I'm really excited about this one. We are sitting down with the general counsel at GE, Alex Dimitrief.

And we're sitting in their brand new offices—not what I expected—in Seaport, a part of Boston. And I say not what I expected because I rolled in there—and like any good consultant—in a suit. And what I found very quickly is it's a very, very casual atmosphere. It's lofty. It's almost like a startup. They have stand-up desks. It's surrounded in brick. All open spaces. They even have free food.

It's really, really cool. And I am looking forward to this conversation because we're going to be talking to Alex about several topics, including his time as a fellow in the Reagan administration. I'm pretty excited to hear his thoughts on that. We're also going to get to spend some time talking about how he was involved in helping lead through the GE Capital story, where they essentially started to liquidate GE Capital so that they could be under less regulations so that they could focus their business on GE Digital, which is going to be another topic that we're going to focus on.

And then, you know, one of the things I've loved about this podcast is getting the insights from some of these leaders on leadership. So we're going to hear about that from Alex as well. So without further ado, from the brand new offices in Seaport, Boston, our interview with Alex.

Mike Kearney:

Hey, Alex. Obviously I did some research and I want to start with a fun fact about you. I read that you were a fellow in the Reagan administration. And I also read that I think you were the youngest fellow at that time. Maybe that's been eclipsed now. Is that true?

Alex Dimitrief:

No, it is. I think at the time I was 27, and at that point I was the youngest ever White House fellow. It was an unbelievable year and a half. I worked for Mitch Daniels, who's since gone onto great things. One of the best bosses I've ever had right from the start. I worked with a lot of people who went on to become quite significant figures in Republican circles—Hailey Barber, Andy Card. A lot of really terrific people and I learned a lot, but it was quite a way to start my career.

Mike Kearney:

So did you get to interact with the President?

Alex Dimitrief:

I did. I did and Mitch was really good about that. I got to see the President on occasion. I got to go to some staff meetings—I'd say generally once a month or something like that. I got to sit in the back of the room and I was involved in some meetings—and it was pretty heavy stuff. Something I'll always remember.

President Reagan was a remarkable man, and he was so much smarter than people gave him credit for. He just had a presence. He had a way with people.

He was an incredibly good listener and I think the results that he had really spoke for themselves.

Mike Kearney: Any anecdotes or stories, that when you look back on that time and your interaction with the President, that you'd like to share?

Alex Dimitrief: I think that the one memory that I'll always have is when I got to introduce my dad to President Reagan. President Reagan knew that I was a first generation American and we had a ceremony where the White House fellows got our official certificates. And I'll never forget that when I came up, President Reagan looked at my dad and he said, "This is an instance of what's possible in this country. Where someone like Alex's dad can come to the United States without knowing a word of English and 27 years later have his son go to the best schools in the country and work for the President of the United States." And my dad was just grinning from ear to ear as you'd suspect, but I couldn't believe that the President remembered that.

Mike Kearney: That's what I was going to ask you. How did he even know?

Alex Dimitrief: Because Mitch had introduced me and told the President about my story. And President Reagan was singularly committed to immigration and that's probably—

Mike Kearney: People forget that. Yeah.

Alex Dimitrief: —that's the biggest difference between President Reagan and all the President Reagan wannabes and the Republican Party right now, is that he firmly believed in immigration. He believed that it was a sign of strength of the United States that the rest of the world wanted a chance to come here and participate in the American dream. And that was really the "shining city on the hill" notion that he captured in so many of his speeches.

And so I just think my story resonated with President Reagan as yet another example of the types of things that people like my parents could do. So the story was really less about me and more about my mom and dad and the kind of possibility that happened in the country where someone like me could grow up in the type of family I did and get to the job that I had right out of law school when I was 27. And that's the moment that really, really resonates with me.

And what's remarkable about that exchange was it would be difficult for anybody in the room to figure out whether my dad was more excited about meeting President Reagan or if President Reagan was more excited about meeting my dad. And I don't know that there are many people that you can say that about—

Mike Kearney: Absolutely.

Alex Dimitrief: —who have such credibility on issues like that. So I just have these memories of President Reagan as this just special person with a big heart who really had the best interest of the country in mind and made some difficult decisions when he had to.

Mike Kearney: So let's talk about your back story. Where did you grow up?

Alex Dimitrief: I grew up in Urbana, Illinois. Big Ten town. My mom and dad didn't work for the university, but my dad ended up getting a job there at an engineering firm called Clark Dietz. He was a civil engineer. And so he moved there in 1960 when I was a little bit over a year, year and a half old, with my mom because my mom worked as a night nurse in Champagne, Illinois at Mercy Hospital. My dad worked at Clark Dietz and so we grew up in a Big Ten town. And that's a great place to grow up.

I have great memories of Champagne-Urbana. The University of Illinois being right there is a tremendous asset for the city in terms of just the sports and the culture that's available. My mom took me to the Krannert Center for the Performing Arts since I was like eight years old to see plays.

Mike Kearney: Wow.

Alex Dimitrief: And so it was a great place to grow up; downstate Illinois at its best.

Mike Kearney: So I read that you're an avid St. Louis Cardinals fan.

Alex Dimitrief: Well, that's one of the great parts of growing up in central Illinois, right? So you're halfway between Chicago and St. Louis.

Mike Kearney: So you don't have to pick the Cubs or the White Sox? You're okay picking the Cardinals?

Alex Dimitrief: Oh, those are fighting words, Mike. I mean, I think the Cardinals and Cubs are the real rivalry downstate.

Mike Kearney: Right.

Alex Dimitrief: And so the younger portions of your audience listening to this probably won't remember what I'm talking about, but there used to be a time when there wasn't the MLB package on Direct TV, that you couldn't access any game anywhere you wanted from anywhere in the world.

Mike Kearney: Right.

Alex Dimitrief: And games were on networks. And back when I was in my formative years, games were only on Saturdays and Sundays.

Mike Kearney: Game of the week.

Alex Dimitrief: And you had the game of the week.

Mike Kearney: Yep.

Alex Dimitrief: And so when you grew up in Urbana, Illinois, you had to choose between the Cubs games on channel 3 or the Cardinals games on channel 15. And I was playing little league at the time and choosing between a team that had Bob Gibson and Lou Brock and Curt Flood and Orlando Cepeda and the Cubs, who were as bad then as they have been until this year. It was a pretty easy choice.

My mom and dad were Cubs fans, though. My mom and dad, God bless them, they owed me a lot of money and I never collected on it. They never did live to see the Cubs go to the World Series. I have to admit that, as a diehard Cardinals fan, I'm really scared about what's going to happen this year. The jinx may finally be over. The Cubs seem to have a remarkable team this year with a lot of talent and they don't seem to be burdened by some of the great expectations that have weighed down other Cubs teams that have had a chance. But we'll see.

Mike Kearney: So you almost need to thank me in some ways because I'm a huge Oakland A's fan and I think we gave you some key ingredients to the success that you had in the 90's and early 2000's with McGuire and La Russa and—

Alex Dimitrief: And Eckersley and some of the other players.

Mike Kearney: And Eckersley. Geez.

Alex Dimitrief: You know it's funny. I have in my office two bleachers seats from Busch Stadium, the old Busch Stadium—

Mike Kearney: Yep.

Alex Dimitrief: —that my team gave me when I left the litigation job at GE to go to another job, and it was a great present because they were trying to get me something that really went to who I was.

Mike Kearney: Connected to you, yeah.

Alex Dimitrief: It was the perfect present. And my wife Jill was at the party where I got the chairs and she told me, "Those are going to look really great in your office." And she never even let me take them out of the car when we were at home. So they made the move to Boston with us here, and I'll show them to you when we're done, but they made the trip and it's a great memory for me.

Mike Kearney: So I read you wanted to be a politician. Why didn't you go down that path?

Alex Dimitrief:

You know, and I still to this day remain interested possibly in the potential for government service. I did the White House fellowship as we discussed right out of the box, and I fully anticipated that I was going to go back and forth between government and private practice. I think I never realized how much I was going to enjoy private practice and how much I was going to get committed to that.

But when I think about politics, I think about a Saturday afternoon when I was with my Congressman, Ed Madigan, who I worked for when I was in college. And we were helping Chuck Percy run for reelection in the Senate in Illinois. So this would have been the mid 1970's, probably Percy's last election campaign and the one he lost.

Ed had always been approached by a number of people to run for the Senate in Illinois, and he always resisted those overtures. And I remember being at Percy's campaign office and Ed Madigan, who was a great congressman, great leader, saying to me, "This is why I won't run for the Senate. I don't want to have to spend hours and hours every day on the phone begging people for money like Chuck is right now." And that was back when Senate races cost \$1 million—and that was considered a lot of money.

Today it's just nuts. I mean, today politicians have to start running for reelection the second they get elected. It's all about how much money you can raise. It's about all these fundraisers. It's about constantly reaching out. And I think that the process has lost sight of how it was supposed to work. And it's become so dominated by who can raise the most money—and I just don't like that. If I'm going to raise money I'd rather raise money for the Ronald McDonald House in New York or a charitable cause.

Mike Kearney:

Something that makes an impact. Yeah.

Alex Dimitrief:

Yeah. You know, politicians make an impact, but it shouldn't be based on how much money you can raise. It should be based on the strength of your ideas, and money should facilitate the formation and communication of those ideas, but it's really become who's got the best fundraising machine in a lot of ways. So I guess you could say I'm a little disillusioned about that.

But I will say that as I watched this year's election cycle, and I watched the continued degradation of talent that's involved in government and politics, there is part of me that says that people who have the right mindset and who have a conviction about listening to people and having an exchange of ideas rather than shouting matches on cable TV do need to get back into the system.

So if at some point the right opportunity arises later when I'm done at GE and I have a chance to contribute to government in some way, I'd still be interested in that because I believe in this country. I believe in the process. I believe it's important for people to participate and contribute. So I'm just waiting for the right chance and we'll see what happens.

Mike Kearney: Fantastic. You got into law then. What brought you into law? How did you get interested in it?

Alex Dimitrief: Well it's kind of a long story. I'll give you the—

Mike Kearney: The short version?

Alex Dimitrief: —the Reader's Digest version of it. My passion had always been computers and math. That was my natural—

Mike Kearney: Really?

Alex Dimitrief: Yeah. That was my natural strength and so that's what I liked in high school. I wrote a computer game on a computer system—speaking of Urbana, Illinois—at the University of Illinois with the Play-Doh computer system. It was called Word War and I wrote it with a really great professor at the education college at Illinois. And it was a game where two students were on separate computer screens would have an odd number of misspelled words put on their screen and the first person to spell the majority of words correctly won that game. So it was a very competitive thing and kids would have leagues and everything. I think I still get a royalty check from that like once a year. It's a couple of bucks.

Mike Kearney: It pays for your lattes every year?

Alex Dimitrief: I didn't have a very good lawyer negotiate that deal for me. But you know, the point is that was my true passion and that's what I really enjoyed doing. And I kept taking computer science in college. And I remember a conversation with my dad, who had a very, you know, Russian, Eastern European approach, and he said, “This is a great hobby you have and I like the fact that you like tinkering on computers, but you know, you need a real job.

“You need something where you can support your family and you need to go where you can make some money,” he said. So you need to figure out a real job. And so I figured law is good. I mean, I like debate. I like speech. I like the idea of advocacy in a variety of forms. It's also something that might lend itself to politics so I said, “I'll do law.” My dad approved because that was a serious profession, a serious endeavor, and I kept dabbling in computer science through college. But eventually I gave it up. And of course the irony is that now I look back and I might have been Serge Brin or somebody at Google if I had followed my passion. It turned out okay—

Mike Kearney: Did you ever give your dad a hard time about that like look dad, look at—

Alex Dimitrief: I didn't really need to. I mean when it came out, there was one time when my dad said, “Wow, these guys in the computer science business, they're really doing something.” And the irony of that comment wasn't lost on him because he remembered the conversation of how he steered me.

Mike Kearney: Right.

Alex Dimitrief: Nobody's going to throw me any pity parties. Things turned out great. I love my career. I couldn't be happier where I am and I have the kind of job right now where I can't wait to get to work in the morning. But it does remind me, when college students or law school students ask me for career advice, what I always say to them is follow your passions. You know, don't do what you think people expect of you. Do what really makes you tick.

And if you follow your passions, things will work out okay. Things happen for a reason. I'm not a fatalist, but I do believe that people often settle to do something because they believe it's the right or proper thing to do. So rather than pursue a passion that would have you write or do something that you're really intrigued by, you feel this pressure to go work for Goldman Sachs or for Morgan Stanley or for Kirkland and Ellis. Or, you know, to go to law school and business school when you'd really rather go to grad school. And I just hate to see people settle the way that I think so many people do.

Mike Kearney: You know, it's funny that you say that. I have a son that's a junior now and I'm giving him that exact same advice. And my learning was—I have a sister who was an artist, and she was fantastic and still to this day is fantastic. And she went and got her art degree. And my dad was an old San Francisco cop, Irish decent, and it wasn't the practical thing to do. So they steered her out of it.

And she didn't figure out that all this stuff that she was doing for 15 years was not aligned with what her purpose was. So she ended up quitting her job, getting her teaching credentials. She's now an art teacher and shows art all the time. So it gets back to she missed 15 years of her life because she needed to do the practical thing. So I couldn't agree with you more.

Alex Dimitrief: And see my three kids, who I couldn't be more proud of, none of them even thought about doing law because it wasn't their passion. And I completely support that. And they're all three doing incredibly different things. My son just started business school last week. My daughter is a casting agent in Chicago, with a great up and coming firm there, Claire Simon Casting. And my daughter is finishing up her nursing degree at Michigan.

All three of them have followed their passion and they have jobs where, you know, in their 20s they're excited about going to work and they're excited about what they're doing. And that's really got to be what it's about. You know, there's no set path and I think that unfortunately, in today's world, people will have these preconceived notions of what success is supposed to look like and they follow that path that's expected of them even if they aren't happy about it. What a waste, you know.

Mike Kearney: Right.

Alex Dimitrief:

And I think—you know, I'm now at an age, 57, where I feel like I've learned a few things along the way and I look at people who I can tell enjoy what they're doing and people who don't. And it's a shame when you see people doing work out of a sense of obligation rather than a sense of commitment and passion.

You know, I come to work at GE and I'm excited every day because I look at what we're doing, the changes that GE is making around the world, and the things that our law and policy team here is enabling and I think it's a noble endeavor. And I can't wait to get to work every morning. I wish everybody else felt the way I do right now.

Mike Kearney:

So you came to GE I think in 2007, is that right?

Alex Dimitrief:

Yeah.

Mike Kearney:

Kirkland and Ellis—you left that organization.

Alex Dimitrief:

Worked 21 years at Kirkland and Ellis. Tough to leave. Great law firm. Taught me how to be a lawyer. I met some of the most spectacular talent you could ever meet in my 21 years there. I have mentors who taught me lessons about how to be a good lawyer. I had colleagues who taught me important lessons about how to succeed and collaborate within an institution of challenged people.

I had clients who taught me a lot of lessons—the easy way and the hard way. I wouldn't trade that experience for anything. It was great and I think 20 years at the law firm was about the right period of time, and it really equipped me to come to GE and make a contribution almost from day one.

Mike Kearney:

What drew you to GE? Was there something in particular?

Alex Dimitrief:

You know, I think there's a magic to GE—and I say this not having been drinking the Kool Aid at GE since I came right out of college. I came to it from having been at another great institution. But I look at GE, and it's really two or three things that I think really set GE apart. First is just the excellence of the enterprise.

When you look at what GE does in every single business, it strives to be the very best in all the businesses that it has. And I can't think of another company that has pulled together so many different strands of businesses, all which have a link right now of high technology and big data. And so there's a theme.

We call it the GE story that ties these different businesses together. But each business, in its own right, is a world class business that is out there doing some incredible things and challenging incredible parts of the world, you know. So to be part of a company that is as invested in Africa and South Asia as it is in the United States is a unique opportunity, and something that I really wanted to be a part of. I just think whatever the tag line is you want to use for GE about “we

bring good things to life” or we're “imagination at work,” I mean I really believe that GE is a special place.

The second thing is the people. There is just, there is a quality of excellence and a commitment to excellence and a commitment to collaboration here that, again, I think sets GE apart. And it was very evident to me from the very first time I interviewed here, and within a month after I started working here, you know there is an ethos here about supporting each other. And it's a competitive place. It's a place where we all want to be the best, but we don't compete against each other. We compete against our competitors, try to help our customers—and that's a unique culture.

And then the third aspect was an overriding commitment to integrity and, I have to say that I was very impressed that people wanted me to come to GE because they were looking for a lawyer who could stand up for integrity and really make a difference. They weren't looking for, you know, a shrinking violet. They were looking for somebody like me, who would step up in situations and advocate for doing the right thing. And I have to say, having been at GE almost 10 years now, I have never been in a meeting where anybody advocated not doing the right thing. And to me, that commitment to integrity again is the third thing that really sets GE apart, and which drew me to GE.

Mike Kearney:

Let's pivot to one of the main topics I wanted to chat about—and that is GE Capital's journey to being a SIFI and then coming back with a non-designation as SIFI-an. And let's just start with a bit of context. So there's the financial crisis in 2008. The credit markets freeze and then, in some respects, GE Capital is in a crisis of its own. Can you maybe share the back story for some of our listeners that may not have all the details on what GE Capital went through?

Alex Dimitrief:

Well GE Capital had become a very large, stand-alone lending and leasing business. And it was also in the banking business and it was in the private retail credit card business in the United States, and also had a number of consumer banks outside of the United States. And so Capital had become a huge portion of GE. Some years, it was over 50 percent of its profits. I think one year, before the financial crisis, it may have even hit 60 percent. And it was a spectacular business with incredibly talented people.

And then the financial crisis hit. And you know the financial services business is one of those businesses where everything is great until it isn't. And then I think some weaknesses in the model appeared during the financial crisis. You know, we were way too reliant on wholesale funding. We were way too reliant on the commercial paper market.

And so those, the weaknesses of the model, really caused investors to be concerned about whether GE Capital ought to be a part of GE and whether they really wanted to invest in a business that may be a little bit, you know, not complimentary enough to the industrial strength that GE had on the other side. So we started looking at GE Capital in the wake of the crisis and saying, “If we're

going to stay in the financial services business, we need to make some investments to make it more bank-like.”

And so up until then, in many ways, GE Capital had been a rotation within GE and the same managers who are on the industrial side went to Capital and vice versa. The corporate audit staff, it was a rotation at GE Capital. It was a rotation for the GE Compliance team, but it wasn't viewed as a distinct, special area. And I think the lesson of the financial services, or the financial crisis, was that GE Capital really did require more domain expertise.

And it's not that GE hadn't run Capital well before that. I mean, when you look back at the record, Capital is one of the only businesses that never lost money. The criticism that our investors had of GE Capital was it didn't make nearly as much money during the financial crisis as it had before or after, which is a nice place to be. But it still was a weak spot in the portfolio in terms of when people looked at its fit within GE.

So the plan after the financial crisis was to make it more bank-like. And so we made investments in the risk team. We made an investment in our enterprise risk management capabilities. We brought in a lot of domain expertise. And it was a great business. I think that when you look at the history of GE Capital, it had some industry-leading products. It had some industry-leading processes. And we were on a path to continue to do good things at GE.

But the board and the senior management at GE—at some point, when you looked at the requirements and the rightfully high expectations that regulators had of financial services institutions who had been designated as SIFI's—we were a sub-optimal SIFI. We did not have the balance sheet of JP Morgan. We did not have the commitment to financial services of Wells Fargo and other companies, where we could afford to be a sub-optimal SIFI and not have the scale to support the type of infrastructure and everything that would be needed from enterprise risk management standpoint otherwise.

And so we made the decision, and in a relatively short period of time, that we ought to focus on our digital, industrial businesses and exit most of our businesses at GE Capital. So that's the decision we announced in early 2015. That was what we called Project Hubble. And it started an unbelievable process and a whirlwind of sales and regulatory meetings and approvals that culminated with our de-SIFI in mid-2016. And I just couldn't be prouder of the team—both the regulatory and legal team at GE Capital and the business team—for everything that had to happen for that to all fall in place in record time.

Mike Kearney:

So Alex, there may be some people out there that hear this acronym, SIFI. So it's just technically an important financial institution.

Alex Dimitrief:

I'm sorry. I've been living with SIFI and the new term we coined, de-SIFI, for so long that I just take it as a given.

Mike Kearney:

Right.

Alex Dimitrief:

A systemically important financial institution is an institution that is designated as such by the Financial Stability Oversight Counsel, which is a collection of nine federal agencies that was instituted under the Dodd-Frank post-crisis legislation to ensure the stability of the US financial system going forward. And the standard is basically a loose one. It's in the judgment of the FSOC. A SIFI is an institution at which financial distress could jeopardize the stability of the financial system of the United States.

And there are several tests for how that goes, but it really is, it's really a question of do people who have loans with you depend on you for continued liquidity? If you had to do a fire sale of your assets, would you cause a ripple effect throughout the economy and cause weakness that way? So it really comes down to, are you a significant enough player where distress at your institution would cause you to potentially put the whole entire financial system under distress?

So it's kind of a mixed bag because, on the one hand, being designated a SIFI would impose all sorts of heightened regulatory standards and expectations, capital requirements, stress test requirements. There's a whole series of requirements that the Federal Reserve and the other company impose on SIFI's. On the other hand, if you're in the financial services business you hate to be told that you're not that significant, that you aren't a big player in the industry.

So people have always, I think in financial services, had mixed feelings about being a SIFI because, on the one hand, it's a badge of honor because you made it. You're significant and your continued success is important to the future success of the US economy. On the other hand, there are a lot of regulatory expectations and expenses that come with it.

Mike Kearney:

Well I think that's an important point. How did it change, or how does it change, how you manage the business on a day-to-day basis? My guess is, with this type of regulation that GE Capital had never seen, it changed a lot of business processes where management was spending the time—even strategy I would imagine.

Alex Dimitrief:

Well I think there's a—I mean, first of all let me just from the outset say that people who complain about regulation might not have learned all the lessons that they should have learned during the financial crisis. So I will say right from the beginning that I respect what the Federal Reserve and other regulators are trying to do to ensure stability in the system going forward.

And I think they have a big and important job and that they have been charged with making sure that we don't have anything happen again like what happened in 2008 and 2009. And that's a hard job. So we have big expectations of our regulators and, therefore, they rightfully have high expectations of the participants in the financial services industry.

So with that said, when your entire perspective is to prevent another financial crisis, there is an enormous bias towards holding more capital, instituting more processes, having more oversight, having a stronger risk team, having more processes, having more reviews. And I think that the big change at GE Capital was that we became as focused on process as we did on results, and that's really not the GE ethos. I mean, we have our share of processes; don't get me wrong.

Mike Kearney:

Right.

Alex Dimitrief:

Simplification is a big thing for us. We're more focused on the result and the outcome and all of a sudden with the institution of the heightened Dodd-Frank regulatory requirements, there was as much focus on the minutes of a meeting as well as what happened during that meeting. There was much more focus on who was at the meeting as opposed to what the outcome of the meeting was.

There were a lot of intermediate steps that were required. I almost liken it, and again not to be pejorative about what the regulators are requiring, but I almost likened it to grade-school, high-school algebra, where teachers are saying show your work. So all of a sudden, there was as much of an emphasis at GE Capital on showing your work as there was on doing your work, and that was incredibly frustrating for people—and I think that was a big change. But again, from top to bottom at GE Capital, people respected where the regulators were coming from and we understood why they were charged with the mission that they were charged with. But it was a big change, no question about it.

Mike Kearney:

So you just talked about a few minutes ago that you're very proud of the team and you were able to execute as an organization unbelievably quickly. I think faster than most people thought. How were you able to do that?

Alex Dimitrief:

It's amazing what happens when you have a clarity of mission and a sense of urgency and you empower a team to execute. So I think that we were able to do this because the board and the management of GE gave us a very clear direction of the outcome, which was to exit the business in a way that was as fair to all of our stakeholders as possible. This meant a combination of getting value for GE from the dispositions of the businesses and finding landing places for the employees of those businesses, and making sure that the customers of our businesses were transitioned well and that their operations were able to continue without a blip. And getting the decertification as a SIFI.

And so with those missions, you know, they turned us loose. And we had a team that was headed up by Keith Sharon, who supported the team and gave us guidance from the beginning. Aris Kokedjian, who was the head of our in-house investment banking team in charge of the dispositions. Aris put together a team of world-class specialists that were our in-house team, as well as being complimented by bankers and lawyers who had a mission to get this done.

And we were turned loose. So we had a minimal process. We focused on results. We had weekly meetings. We were in constant touch, but I think the reason we were able to succeed is we were a pretty a small team and we held each other accountable. But we were also there for each other and we didn't let the task overwhelm us. You know, we just took it in bite-sized chunks. I hope it gets studied in business school someday because I look back at it as a rather remarkable achievement and it's really kind of two-fold.

So there was the disposition process itself, which was enormous, right? I mean, you look at the scale of the sales, how quickly they happened. We started out with, I think, the second largest transaction in the history of the real estate industry.

Mike Kearney: I read a story, and I don't know if this—well, you never know what you read if it's fully true—but there was a sale to Blackstone and Wells Fargo, and I think it was put together, the deal, I think it was within like two or three or four weeks—

Alex Dimitrief: Yeah.

Mike Kearney: —which is amazing because these are properties all over the world.

Alex Dimitrief: Right. So an incredible credit to our team at the real estate business. Real credit to the bankers who put that together and real credit to Hogan Lovells who came in and helped us and helped facilitate the type of due diligence that would ordinarily take place over months in a matter of weeks.

You know, being able to announce the real estate transaction right from the outset as part of the announcement of our decision to exit financial services really gave the entire exercise an enormous amount of credibility, and I think was a real key to the success because there was no question about our resolve. You know, when we were able to announce that sale on day one at the same time that we announced the rest, I think it sent a signal to the market that we're ready to do this. And we did it quickly.

So there was the whole business disposition side, but there was also the regulatory side and, again, I couldn't be more proud of the team because it wasn't just the de-SIFI. It was all the approvals that we needed to reorganize ourselves in a way to be able to execute the transaction, give regulators comfort that their financial systems were not going to be jeopardized as we had this wholesale change of ownership of our businesses.

And so that involved a lot of meetings here in the United States. It involved a great number of meetings in Europe with the PRA and the ACPR and other regulators within Europe. So we had all these things going at once that I think really just speak incredibly well of the team. Again, I couldn't be prouder of them.

Mike Kearney: So what has it allowed you to do now that you're not regulated like you were in the past? What implications has that had on your business?

Alex Dimitrief: You know, I think for the most part, what it does is that our exit from the financial services business has allowed us to focus on being the digital industrial company of the world. So it's really brought a really focused sense of purpose to the industrial side of GE and there's a commitment to being the science and technology company. And GE Capital just didn't fit within that model anymore.

And so I think it's really—it's not so much what we don't have to do anymore, it's what having all our resources committed to the digital industrial has allowed us to do. The board has a sharp focus now. GE has a sharp focus now and in the financial services business, the businesses that we've retained—basically our aircraft financing business, GECAS, our energy financing business, EFS is headed up by David Nason, and our industrial finance business— they're really about complementing GE's industrial businesses and providing financing involving the sale of GE equipment.

So we've got a more unified sense of purpose. I mean GE Capital had kind of been off there on the side as a stand-alone lending and leasing business, and that's a tough business to bring within the GE store. And the parts of the capital business that we retained really do fit in the GE store because it's all about GE equipment. So it's really more giving us a good focus going forward.

Mike Kearney: I want to dive into GE Digital, but are there any final lessons learned—when you look back over the divestiture of many of the businesses within GE Capital, the process you went through—are there like one or two things that you take away that may even go beyond those transactions that you would share with other executives? Because in many respects, you just went through a major strategic change and were able to execute in very short order. Any key lessons that you'd want to share?

Alex Dimitrief: I think that the most important one is transparency. And when I think about the importance of transparency, I think about three main audiences. And no one of these three is more important than the others. And the three would be your internal employees, regulators, and investors.

Mike Kearney: Yep.

Alex Dimitrief: I think that when I look back at what the true success was here, it was the ability of GE—for Jeff Immelt and Keith Sherin and Jeff Bornstein—to be able to articulate a clear vision of what we were doing and why and what our path was to investors from the very beginning so that they could understand our plan. Now, I have to say, there are a lot of investors I think who didn't know if we could do it in the time frame that we had articulated. But to be able to just have a sense of mission and articulate it for investors the way we did was huge and hugely important.

Transparency with the regulators—again, to come in and say we've thought this through. Here's our plan. Here's what we're doing. Here's how we're doing it and why. And being just completely transparent in terms of timing, issues, strengths, weaknesses of the plan; I think it was important to have them accept what we were doing.

And then with our employees; I have to say that I've never been prouder to be a part of a team than I was at GE Capital. These are men and women who were the best at what they were doing, who came to the office in April of 2015 with no idea what was ahead for them and essentially were told that GE was going to dismantle and break up this business and sell it. And everyone knew that that meant that the great majority of people weren't going to have jobs at GE Capital anymore.

They picked themselves up, dusted themselves off, and came back in. And out of a sense of commitment to each other, made this happen and tried to have the sales happen in the best way they could to provide the softest landing they could for as many people as possible. And the reason all that happened was because people were transparent.

I mean Keith came in, did an all-employee call on day number one, and explained what we were doing and why—that it wasn't a reflection on what they'd done, but it was a reflection of a change in priorities for GE Capital. And we didn't sugar coat it. We didn't understate it. We didn't pretend that it wasn't a seismic shift. We didn't pretend that it wasn't going to affect people's lives. And I think people gave the leadership team credit for that transparency.

So when I look back and I say, “Why did this go so well compared to other dispositions?” where you hear about a lot of fractures and dissention within an organization. I think that's because we put all our cards out on the table day number one and people really gave Keith and the rest of the leadership team credit for it. I can't tell you how proud I am to have been part of something that I think was done so right.

Mike Kearney:

Let's move to GE Digital—and this is an area of the business that I find fascinating—which is really almost a convergence of your industrial business with technology. And you guys are making obviously a big bet on this. It's a big part of your strategy. And what I found fascinating —I'd love maybe for you to give an example or two of what this means. So somebody that may not be as familiar with GE's current business model, what does it mean when you say, you know, convergence of your industrial business with technology? And I know there are examples in rail, in the airline space. Maybe if you could just give an example to the audience.

Alex Dimitrief:

Sure. So it's really a marriage of analytical capability with industrial capability. And we've built up a team out of San Ramon. Our GE Digital business headed up by Bill Ruh where they brought in a world of talent from, I guess you would call it, the tech industry.

Mike Kearney:

I lived in San Ramon for eight years, so yeah.

Alex Dimitrief:

San Ramon. And you know, I have to say, every time I'm there I kind of feel the vibe. And you know it's a creative, energizing place and I love our digital team. But we've built up a software team. We've built up an analytics team. We built up a technology team that has built our platform Predix, which is a platform that we're going to have our apps run on. It's basically GE's cloud, where we're going to have all of our data reside and where all our platforms are going to be mounted and our apps are going to be mounted.

And so what we're doing is, we're blending an ability in analytics with our experience in the hardware and services businesses to allow our customers to improve their productivity and rethink the way they work based on data analytics. And so the best examples I can come up with really come up in our services business, which has always been a strength for GE.

Imagine a world where you're on a plane powered by GE aircraft engines and those aircraft engines are talking with the mother ship the entire time during the flight. So, if you're flying on Delta Airlines or United Airlines, American Airlines or one of our other customers—Emirates —those engines are talking with home base and saying, “Hey, when I land, I may need this part, this part, this part.”

And the airline is able to have those parts there waiting for the plane because we have a digital twin of the engine that we've been analyzing that doesn't just predict based on averages when maintenance is required or repairs are required, but looking at this particular engine and what this particular engine has been going through, what's required. And that's just a small example. But when you think about the power of one percent productivity savings for all of our customers in terms of optimal maintenance of their equipment, the potential for this to revolutionize how our customers do business is astounding.

And so it's really more about asset performance management, which we think is really going to be our killer app to start off the digital industrial. But it's about being able to keep track of your machines, but also having your machines talk to each other. And GE's uniquely positioned to do this.

You know, there are other great companies out there that are going to be competitors in this field; IBM, Accenture, other companies that have built great traditions on analyzing other people's data. We believe we can match, not exceed, IBM and Accenture in the analytics part. Here's the part that we have that they don't have: We actually designed and built the damn machines.

Mike Kearney:

Yeah.

Alex Dimitrief:

So if you're an airline, if you're a railroad, who would you rather have interpreting your data?

Mike Kearney: Right.

Alex Dimitrief: You know, somebody who is learning it along with you and charging you a learning curve in many respects for figuring out as much as you know about your equipment. Or, do you want the company that actually designed and manufactured the machines and knows them inside and out? There is nobody who knows aircraft engines better than the folks at GE Aviation.

And marrying their industrial know-how with the data analytics that we're building out at San Ramon and spreading out through all the businesses I think is going to be an unbelievable and unique combination. I actually think that the digital-industrial transformation is going to be Jeff Immelt's legacy as the CEO of GE. And that's saying something, because he has quite a bit of parts that could go to that legacy, but this is the big one. This is our future.

Mike Kearney: This is the big one. So I think I read that there was a decision to build the business versus—you could have partnered or bought.

Alex Dimitrief: We're doing both.

Mike Kearney: You're doing both?

Alex Dimitrief: We're doing both. So we have brought in an enormous amount of talent, but we also have a great number of partners, you know, and I can actually get it for you, but we're partnering with Intel.

Mike Kearney: Okay.

Alex Dimitrief: We're partnering with Microsoft. You know, we are partnering with a lot of other companies that are joining us in Predix, joining us in providing cloud services to our customers, joining us in providing Predix as a platform. And we actually take the decision of those companies, who might otherwise have wanted to compete against us, to be partners with us as a validation that we're onto something really great.

They want to be part of it. So we're both developing the abilities organically, but we're also bringing in great partners to help us devise apps. It's an open platform, so we're working with a lot of partners who are very excited about partnering with GE in this area too.

Mike Kearney: What are the implications of the open platform? Because that's something I talked to somebody about in advance of this. That's an interesting decision that you guys made as well.

Alex Dimitrief: I think because we really want Predix to be the platform of choice for industrial companies. So we want them to be able to develop their own apps, as well as use GE apps. And we want Predix to be the machine that drives it all. We want

Predix to be the iOS or the Windows of the industrial world and we're excited about that. And we think that by opening up our platform and hosting opening foundries here in Boston and elsewhere in the world, we think we can make Predix the operating platform of choice for industrial companies. And we'd like to house as much as we can on Predix.

Mike Kearney: Interesting. Would you consider GE Digital to be almost a startup in GE in some respects?

Alex Dimitrief: Oh, for sure. I think that the team that has come with GE Digital does have more of a high-tech approach towards things and I think we're maintaining that culture. So it's a bit of a startup, although it's been here for a couple of years.

Mike Kearney: Right.

Alex Dimitrief: But they do have an approach towards things. They do have Bill and his team—Bill came over from Cisco. You wouldn't call Cisco a startup, but Cisco's one of those companies that's managed to maintain the creativity that you have in Silicon Valley. So I do think GE Digital does bring that aspect to GE and it's something that we want to be sure to preserve.

Mike Kearney: Well that's the reason that I asked. It's fascinating. They're a 125-year-old company with a startup inside of it. How do you make that work? I mean, there is obviously talent challenges—or maybe opportunities—but cultural challenges or opportunities. It's a major part of your strategy. How have you guys found it to work?

Alex Dimitrief: So, I think that the reason that it's working so well, and why I'm so excited about it, is because those of us on the industrial side of GE appreciate the need for moving quickly in this area. You know, as you look around the world around you, we're moving at warp speed. We're connected in a way that we've never been connected before. In order to keep up with our customers and provide them the services that they need, we understand that we have to simplify our processes. We have to speed up our processes. We've got to operate in a 24-hour world.

You know, we don't have the luxury of hitting the pause button and figuring things out. So I think that the simplicity and the—simplicity is not a fair word. I think because that makes it sound easy when it's not. I mean sometimes being simple is the hardest thing to do.

Mike Kearney: It's the hardest thing to do. Yeah.

Alex Dimitrief: The clarity of mission—I think the sense of purpose of the GE Digital team brings to their work is actually inspiring us to see if we can change and be simpler on the industrial side of GE as well. So I think it's been a welcome complement to our culture, and I think that to GE's credit, I think that a lot of people in the industrial business are saying are there things we can do to speed up what we

do, revisit our processes, and actually build our own digital thread. And, take advantage of a lot of the things that we want to build for customers and do it ourselves at GE and be a showcase for our customers to show them that we are the digital industrial.

Mike Kearney: It's fascinating. It's almost operate a startup really well within a large company, but then learn about what works well within that startup, and then bring it back to the broader organization.

Alex Dimitrief: Yes. I think that one of the things that we see at GE is that startups really are onto something in terms of how they evaluate things, how quickly they move. So we have a whole movement within GE—we call it fast works—where we're trying to encourage teams to take more of a startup mentality towards new products, new technologies, and fail efficiently. You know, make the investment, test it. See if it's something that we want to develop and not have a three-year, four-year product development plan. But you know, make the investment up front and fail wisely.

Mike Kearney: Yeah.

Alex Dimitrief: You know, if it's something that's not going to work, figure that out within months, not years. And it's that whole startup mentality of being willing to take chances, being willing to invest responsibly, prudently, but move quickly and be more efficient.

Mike Kearney: And I don't know if this comment was in the context of GE Digital. It was definitely in an article, and I think it may have been from Jeff Immelt, where he talked about how you're even looking at strategy. And once again, it may not have even been within GE Digital. It may be with the broader organization. But, as looking at strategy as not this episodic once a year, once every two year activity, but almost a continuous process. Does that resonate? Is that something you guys are also looking at?

Alex Dimitrief: Sure. I mean again, I think it's consistent with this whole idea of fast works, which is you have to be able to fail fast. You have to be able to pivot and you have to be able to go to what's working and, rather than committing yourselves irreversibly to a strategy and hoping that it works five years from now, you have to be willing to try different things. Now, certain times that's not going to work. You know, when you develop an aircraft engine, for example—

Mike Kearney: Sure.

Alex Dimitrief: —that's a year-long enterprise and you have to be able to commit, see something through—through the life cycle that's required for the development of a jet engine. Because, given the performance parameters and requirements for a jet engine, it takes some time. We aren't talking about cutting short the processes that need to happen for our equipment to be safe and reliable and effective. But, in the development stage and in terms of the strategy stage, you

can be much more nimble. So Jeff is really trying to get the businesses to think fast, fail fast, pivot fast in terms of the review processes that we have.

But it also goes to performance management. And there's been a big splash about how the HR team at GE has abandoned the annual review process in favor of something that we call performance development at GE. Which is an online tool where we're encouraged now to give constant feedback to people. The idea is that it not be a once-a-year exercise. You know, make it less formal.

Make it more periodic, you know, so when something is fresh in your mind, when somebody has done a good job on something, give them positive feedback. When somebody hasn't done a good job on something give them the constructive feedback so that they can change now. I've always found the annual review process to inhibit performance development in a company like GE because you almost save up the feedback for that once-a-year session, rather than give it to people when it's fresh and when they can act on it and it's fresh in your mind.

So again, when you look at it with hindsight you say, "Oh, my God, why didn't we do this five years ago?" because it just makes so much sense. But, you know now, that's the kind of thinking that you have to do at a place like GE I think.

Mike Kearney:

Alex, let's move to something—you said you were a student of—when we talked in advance of the podcast. You talked about your interest in crisis. And one of the things that we've seen, this is an area that a practice that I lead within Deloitte, we're seeing what we call novel crisis increase.

And it's probably because of that very volatile world that we live in that you talked about. But it just seems like—and we could look at the papers this week—there's a very big company that is all over the papers about the crisis that they're responding to right now. Why do you think that is? Why do you think crises are on the uptick?

Alex Dimitrief:

I think it's probably because of the immediacy of news coverage and the availability of 24-hour coverage and Internet coverage that just instantaneously disseminates information in a way that didn't happen before. So I imagine businesses have always confronted crises like they have in the past, but with today's coverage, it gets publicized more dramatically than it ever has before.

And I think that the added dimension that Wells Fargo or VW or GM—or any of the other companies that have recently faced crises have had to reckon with perhaps is new as compared to five or six years ago. It's just an expectation for people to get immediate answers and immediate resolutions. And it's no longer acceptable for a company to say, "Hey, I need a month to figure out what happened here." You know, it's not acceptable to say, "Oh, we have a big investigation we have to do here about what happened with our blowout preventer. We'll get back to you when we have the information."

People want to know the answers now. So there's an expectation of immediacy, of accuracy, of lightening quick judgments that I think has put these crises in a different dimension than they were before. But I think it's really something more about how they have been covered. I mean, businesses have always confronted pivotal moments in their history. I'm just not sure they confronted them as openly with as many people watching as they had before, which is why I think you have this overriding sense of crises, because there's an expectation of responding, assessing, and then forming and communicating immediately. And every day that goes by when a company is not able to explain its practices, is a day that they lose their credibility—which is why the term crisis has become so important I think.

Mike Kearney:

The answer to that question is very interesting because what's popping in my mind is you don't know, as an organization, what crisis is around the corner most of the times. Because if you did, you would prepare for it. And so what it almost insinuates, the comment that you made, is that you almost need to be prepared for what you're going to say, even though you don't know what the crisis is in advance of the crisis because you can't make it up when it hits.

Alex Dimitrief:

I guess I'd say two things. I think first of all, you do have to have a healthy risk culture. You have to have a culture where people are comfortable challenging what you're doing, raising constructive challenges to your processes, and you have to have people who think about what can go wrong and what you have to do as a company to responsibly address it.

So when you have an aggressive sales target, you owe it to yourself to think about what type of behavior your employees might engage in if they pursue those targets in the wrong way. If you're going into a tough market, you owe it to yourself to think about what can go wrong in those markets. If you're doing business in parts of the world that are known for corruption and improper payments being made to government officials, you're kidding yourselves if you don't think that you owe it to your stakeholders to do your homework when you go in.

So there's preparation. I mean, don't get me wrong. There's a lot that can go into avoiding the types of crises that we're seeing a lot of businesses do, and I think some companies do it better than others. And it's really an investment in culture of the sort that allows people to plan and not always assume that everything is going to go great and think about what happens when it doesn't. So that's part number one.

But there is an enormous communications component to this, which is you need—in a world of today's expectations—to understand what our stakeholders expect and why, and you need to have a world-class communications team that can instill the discipline in you to say what you're ready to say, but not over commit. Not say things that you're going to regret because you didn't have complete information. So it's both. It's a substance and also being ready for the process that arises.

Mike Kearney: One of the things that we often times see is that crisis, and you alluded to this, is usually the result of a smaller incident. And that incident begins to grow and grow and grow and then it becomes a crisis. And one of my observations is, often times organizations or CEOs or executive teams are slow to call it or slow to realize that it's something that could potentially be much bigger. And if you look at some of the large-scale crises over the last few years, it was just that. It was something that they potentially could have dealt with quickly, but it then became something bigger. Any thoughts on that? Or do you even agree with that assertion?

Alex Dimitrief: No, I think I agree with it. I mean, I think maybe when you look—everything is—hindsight is always 20-20.

Mike Kearney: Yeah.

Alex Dimitrief: So whenever you look at something, you could always think about something that somebody could have done earlier. Or something could have been done differently to keep something from happening the way that it did.

Mike Kearney: Yeah.

Alex Dimitrief: When I look at the recent crises in corporate America, I look at a failure of open reporting as being probably the most common thread that I see tying all these together.

Mike Kearney: Goes back to your transparency in some regards, yeah?

Alex Dimitrief: It does, it goes to transparency. But when I was talking about transparency before, I was talking about transparency of leadership with stakeholders and with employees. Open reporting is really reverse transparency. It's transparency of the team up to senior management.

Mike Kearney: Okay.

Alex Dimitrief: And it's really about senior management creating an environment where employees feel that it's valued for them to raise their concerns without fear of retaliation. And not only not fear of retaliation, but that they are—it's valued when they raise problems they have. So when you look at quality issues, chances are there are some employees who thought that something wasn't quite right. Did they have channels to elevate those concerns so that managers could hear them and act on them?

When people see sales practices that have gone awry, it's not like they're happening in a vacuum. There's probably people who say, "Boy, you know, we're probably crossing the line here." Is there a channel for them to raise their hand and say, "Boy, I think somebody needs to look at this and ask whether we're doing the right thing?" If you see an extraordinary number of accidents

involving a particular type of vehicle, is somebody encouraged to raise his or her hand and say, "I think the engineers need to look at this or I think we have an issue here," and act before it gets out of control?

So when I look back at crises and I look back at the independent investigations that have been done of those crises, a common theme seems to be that the employees at those institutions didn't feel that it was important for them to raise their concerns, that they were welcome to raise those concerns, or that management wanted to hear those concerns. They just kind of wanted people to go do their jobs and do what they were told and not ask hard questions.

And I think, again, if you look back at most of the major failures of corporations over the last couple of years, it really reduces to that lack of an open reporting environment where people were comfortable raising whatever concerns they had.

Mike Kearney:

And you just hit something I think is unbelievably important. It's not only that I've got the reporting channel or a way to communicate it up, but that I feel that I'm not going to be implicated or it's not going to impact my career or it's not going to impact me somehow adversely in the future by communicating. In some respects, you should be applauded because of it, right?

Alex Dimitrief:

You know, so you hit upon an area that I think is probably one of the most important things that our compliance team does, which is make sure that we have an atmosphere of open reporting at GE where people understand that we're counting on people to raise their concerns. You know, my view at GE, there is no early warning system in the world that is as competent as our 300,000 plus employees. They have a knack for when something isn't right and it would be a crying shame if they didn't feel as though they had the power to raise those concerns and a right to have them acted upon.

You know, as a senior executive, I owe it to our teams to hear what they have to say and address concerns that they raise. And I think that the most important thing is for our employees to err on the side of raising issues. Even if it turns out not to be anything, the fact that they cared enough to raise their concern and have it addressed says a lot about them and says a lot about GE.

Look, we're not perfect. We have our share of mistakes. I can't say that our open reporting culture is as good in every single facility that we have around the world as it is in others, but we're certainly trying. And it's a big emphasis and a big focus for us. It's all about the execution. When I think as people listen to this podcast, the one thing I want them to bear in mind is that the constitution of the Soviet Union made it sound like the greatest place that could have ever been and it wasn't executed very well.

And I think that when you look at ethics codes and you look at Ombuds channels, it's what people do with the information that's generated by those channels that counts. My first day at work at GE, Phil Ameen, who was our

controller at the time, came down and gave me a copy of Enron's employee code of ethics.

Mike Kearney: It was the best code of ethics ever put together.

Alex Dimitrief: Yeah. And I'm telling you it was a beautiful doctrine.

Mike Kearney: Right.

Alex Dimitrief: Great graphics, said all the right things, but we know that there wasn't a culture there that matched the words. So you can have the tools. You can have the Ombuds channel, but it's more than just making the channel available. You have to make sure the damn thing is being used. You have to make sure the people are raising concerns the way they should. You have to make sure the managers are encouraging people to raise their concerns.

We measure our managers based on the number of open reporting concerns they have in their businesses. And when there is a downturn, we're challenging the managers and saying if your employees have concerns and if they aren't raising them, that doesn't mean there aren't concerns. That means they're not talking about them. So we actually expect trends to continue. And people kind of shake their heads when they hear me say that an uptick at 10 percent in open reporting concerns is a great sign of a company's culture.

You know, the immediate answer that you jump to is, "Boy, the fewer concerns the better you're running." Not at all. You know, the healthy, open reporting volume shows that employees trust the system, that they value it, and that they believe they're being listened to and that they ought to raise those concerns. To me it's the best sign of a healthy culture there is.

Mike Kearney: I was going to ask you a question and you just nailed it. It's probably the best example I've ever heard. It's one thing to say that we've got these open reporting channels and even the CEO and other senior executives can say this is something we value. I was going to ask you the question, what's one pragmatic thing that you've done? And the fact that you measure the number of reports and that you challenge if they go down is probably one of the best examples of something that is practical and something that people can execute on in order to bring that to life. I love that.

Alex Dimitrief: So we do that at the business level, but our board of directors looks at the trends as well, and it's a regular report that we make to the board because they like to keep their finger on the pulse of our reporting culture—and I think it's critical. And then the other practice we use at GE that I'd encourage other companies to think about, is we teach our open reporting and we actually have case studies where we have our CEOs, during their town halls, talk about the types of things that have come up in the open reporting channels and the steps we've taken to address them.

There's no better way to reassure employees that you're taking their concerns seriously than teaching incidents where a concern has been open and we've taken steps to address it, what we did and why. And sometimes that includes discipline of managers who were behaving inappropriately. And there's no better way to buy credibility for your open reporting system than through very detailed and, again, transparent and credible case studies. Show your employees that when they raise concerns it really matters and we do take actions based on them.

Mike Kearney:

Let's move into just some final questions on leadership—and maybe a potpourri of other things. So you said that you're the son of Russian immigrants. I'd be curious if there's any values or anything that they left with you that has impacted who you are today or your leadership style. And the notion of immigrants—it's actually ironically becoming a theme of some of the great leaders we've spoken to on this podcast is you know, their early upbringing, kind of how their parents raised them and even their parents' backgrounds. But is there anything that you reflect upon with your parents that they left you that has impacted who you are today, your leadership style?

Alex Dimitrief:

I am who I am because of my parents. I look back at what my mom and dad did in their lives, and I look at how they came to the United States without knowing a single word of English, and I just think about the bravery they demonstrated on every front. Can you just imagine how hard it is to do things like go to the grocery store when you're not really quite sure how to ask for what you want and for that to be your life?

There was a really revealing episode with my daughter, Jen, when I was coming back with her and one of my nieces from a trip that we'd taken to Argentina. And we were at the airport and she said, "Oh, my God. I can't wait to get back to JFK because I'm so exhausted being some place where people don't speak English. It's exhausting." And I said, "Hey, that was grandpa and grandma's life."

You know, when you think about just how resolute they had to be. And I look back on that and I wasn't as appreciative at the time as I should have been. Again, hindsight is always 20-20, but they did it for me, you know. And I think that that sense of sacrifice and that sense of working hard to be able to go to a country where your future is decided by your merits and how hard you work and what you do, that really drove my mom and dad to come to the United States. And it's something I'll always be grateful for and the opportunities that they made available for me. So sure it's a part of my character.

I think that when I look at how it's affected my personal professional development, you know, it really goes to the question of diversity. And what I always say to people, they can't see me on the podcast, but I'm a middle-aged white guy. I grew up in downstate Illinois as a white guy and I benefitted as a white man in all the ways that white men do.

So you know, people look at me and I don't scream diversity. But people who really know me know that I was shaped very dramatically by what my mom and dad endured. So just to dwell on their history a little bit, my mom and dad spoke five languages very fluently—

Mike Kearney: Wow.

Alex Dimitrief: —and English was their last. They always said that it was the easiest to crib together to get rudimentary English, but the hardest to master because of all the idioms—and it doesn't have rules like most other languages do. So they spoke Russian with a heavy accent their entire lives—English with a heavy Russian accent their entire lives. So I grew up watching my dad go to gas stations or my mom and dad go to gas stations and grocery stores and restaurants and parent-teacher conferences and they were treated like idiots, by people who probably didn't even speak English as well as they did, because my mom and dad were different.

Mike Kearney: Right.

Alex Dimitrief: And that shaped my character because I saw my mom and dad struggle and I knew how smart they were. I mean, there were times when I wished my mom and dad were like other parents. And I look back at some of those moments and it's a painful memory for me because I don't think I did them justice. But I just think back on what they did and how hard it was for them and it's given me a respect that has come in so handy for me as a manager at GE.

You know, we are an international company. And I have to say that the most amazing thing about GE, among all the amazing women and men who are at GE, is their ability to speak in English and address tough, technical concepts in English when it's their second, third, or fourth language. I have a respect for that that most Americans don't have because of who my mom and dad were. So you never see me finishing people's sentences for them.

I always try to put people at ease because I know how nervous they are about getting up to speak about technical concepts in front of an American audience. And so my own story has been affected by that because I'm much more patient and I think I'm a much better manager of an international team because of my mom and dad's background than I would have been otherwise.

But my mom and dad's background has also opened my eyes to diversity more generally because, if that's my story and that's something that I bring as a middle-aged white male in terms of my unique background and my diversity and my life's experiences that helped me be a better international manager, all of our team has diverse characteristics that they bring. And our differences really make us stronger. So all the different life experiences that we have by virtue of who we are make us a richer team.

You know, there are things that people of color have to endure in the United States that helped shape their character. And if you give those differences a chance to thrive in an environment like GE, we are such a better company than we would be without those differences. I think that my mom and dad's background and their difference from people, differences from people around them, may have made me appreciate diversity much more than I would have otherwise and I'll always be grateful to them for that.

Mike Kearney:

Whenever you answer a question there's like five new ones that come up. But there's two things that just are jumping at the top of my mind I'd love to get your reaction to—and this is actually a theme that we began to hear and I think it goes hand in hand with diversity—and that's empathy. And I think it's actually when people talk to me about what's the one thing that you tried to do when you're working with clients or people or whatever. And I always say—I don't even know if it's a real quote, but I like it—it's you never know the devil that somebody's dealing with.

And so to try to really get in somebody's, you know, underneath the covers and understand the life that they've led, the challenges, the opportunities, everything that goes around them is one of those super powers in some respects. Because if you can understand what makes somebody tick and their background, it allows you to be so much more effective with them. Do you agree with that or—

Alex Dimitrief:

No, I agree completely and the way I put it is that it's important to be a good listener. I mean really listen, not just sit there.

Mike Kearney:

It's not hear; it's listen.

Alex Dimitrief:

Give somebody your undivided attention, hear them through, hear what they have to say, and react and interact with whoever has made a presentation in a way that really brings home to them that you've been listening. You know, the best example that I can think of at GE is John Krenicki, who was my boss when I was the general counsel of energy. John was not—he was a pretty quiet guy, relatively speaking.

And so we'd go into review sessions and we'd sit there for an hour. He was very respectful and he would let people get through their presentations and, unlike everybody else sneaking peaks at their iPhones and doing other things, John gave people his undivided attention. And then at the conclusion of a one-hour presentation, he'd say hey guys here's the three questions or here's the three things I'd love for you to follow up on.

And every time he did that my reaction was, “why can't I do that?” It just shows that he was giving people his undivided attention, but really heard them and really understood what they were trying to say. And I mean people were ready to go out and put their heads through brick walls for him after he demonstrated

how good of a listener he was and how much he got and valued what they were saying.

And to me, whether you call it empathy, whether you call it listening, but that is such an important trait of leadership in today's world for people to really feel as though you get them—but that you want to get them. That you're not bringing your preconceived notions to something, but you have an open mind and you're really part of a collaborative process. To me, that's going to make or break a lot of leaders in the years ahead.

Mike Kearney:

I totally agree with you. The other thing I wanted to raise is, I think what makes people so interesting and the diversity really come alive is their story. One of the things I often times—especially when I was at our Deloitte University last week and I was with a bunch of our first year consultants—I said we hired you because every one of you is unique and you have something to add. And don't feel like you need to be a certain type of consultant or individual. Let your story come out.

And actually one of the things I think is so powerful, and that's why I love these podcasts is hearing peoples' stories, it's what makes them who they are. And I'd love to just hear your thoughts on that meaning, especially with younger kids coming into the work world about sharing their stories. Because I always think that there's a feeling that they have to act and operate and be a certain way.

Alex Dimitrief:

Well, yeah. You know, so it's almost like people come into things with the preconceived notion of success or what success is supposed to look like. And they try to reshape their story to fit that mold that they're trying to fit within, rather than what really happened. And it's a shame because it shows when it happens, too. I can sniff that out in a second.

Mike Kearney:

In a second. Yep.

Alex Dimitrief:

You know, so to me I think really being able to tell your story and talk about what's happened in your life and what really motivates you—I mean if you want the key to success to a job interview, that's what it is. You know, who is that one teacher? What's that one thing that happened with your parents? What's that one thing that happened in a team or a match or an activity that you were doing that helped shape your character? And be true and be real to what happened. I think that's the most important part.

What amazes me when I'm at GE, as I travel around the world and I meet with the teams, is the different stories people have when they come. And I always try to ask. And not only do I do that, but whenever we have an employee that comes in and presents to the board, Jeff is always very deliberate about saying, "Stop and say tell the board a little bit about your background before you dive into the topic," because it's such a source of strength to GE the different places, different experiences, different schools, different life stories that people have.

When you hear the breadth of them at GE, you realize how that's part of our success. So it's not lost on the board or Jeff—that understanding that about somebody is a critical part of understanding where they're coming from. And again, it's a sign of strength of the company.

Mike Kearney: It's also a Jedi move in some ways. Because if an employee is coming to the board, they're probably a little nervous and it probably disarms them when Jeff says, “Hey, tell us about yourself.” Everybody is usually comfortable talking about themselves. That's a good one. Yeah.

Alex Dimitrief: You know, I suspect that's right. And I suspect that coming to present to a board of directors is always a pretty nerve-wracking experience. But I will say, and I'm not just saying this because it's our board. Our board is so invested in GE and they are so supportive of GE. They ask all the right questions and they constructively challenge us. Don't get me wrong—I mean there is an independent oversight there where they hold us to our best and highest standards.

But they're pretty quick to put people at ease because they're really interested in the facts. They're really interested in understanding the substance of issues. I mean, I couldn't have imagined going through what we went through with GE Capital without a board that was 100 percent supportive and ready to be there with us.

Mike Kearney: There is a quote—and hopefully I got this right—that I read that you had said, which I think goes in line with all of this. And I think it was in the context of what makes a great attorney and you had said integrity and authenticity are keys to being a great attorney. Can you maybe just hit on the authenticity? Because I think that's the whole theme that we're really starting to talk about.

Alex Dimitrief: You know, I think again it's people know what your background is. They know what your strengths are. They know what your weaknesses are. And not pretending to be somebody who you aren't I think is the way to buy credibility with your team. So I think that there are certain things I think I do well. There are certain things I think I can improve on and I'm very transparent with my team.

And I think that, again, I don't try to be the Hollywood version of what a general counsel at GE should be like. I'm myself and I'm different than my two predecessors, both of whom were great general counsel. I have different strengths than they did. I operate very differently than they did and I would hope that my team, whenever they meet with me, they would walk away saying, “Well, I just got the real Alex Dimitrief.” And I think that that's really important to having integrity and getting the most out of your team And for the team to get the most out of you. So to me, it's kind of what you see is what you get. And don't try to be something that you aren't.

Mike Kearney:

Last question. We titled this podcast Resilient, and when we created it, it was very focused on leaders who are resilient in times of crisis, change, and disruption—whatever it may be. What do you think are the characteristics of a great, resilient leader?

Alex Dimitrief:

I think it's being willing to own up to and learn from mistakes and do so visibly. We have a series of GE beliefs, and the one that really resonates with me more than anything else is “learn and adapt.” And I think that it really goes to the notion that a mistake is a terrible thing to waste because we all make them all of the time.

And I'm right at the top of the list—I mean, I make 20 a day. And the question is, are you willing to own up to them—and with the benefit of hindsight—learn from them? And also teach your teams that it's okay to make mistakes as long as they're honest mistakes? It's what you do when you find out about them that differentiates the good companies and great companies from bad ones. And I think that the resilience of being able to learn and adapt from a mistake is an important thing.

I look at my own personal career development—and I'm a big guy. I'm 6'4". I'm loud by nature. Very few people have ever told me I need a microphone, and I've learned the hard way that sometimes that can be a disadvantage if you're not careful. Because however good my intentions are, I think there's probably people at times who, early in my career, thought I was trying to bully them or trying to intimidate them when I wasn't. But it's a fair conclusion to reach.

I learned the hard way from some interactions that didn't go well that I need to be careful. That's a tiny example of the kind of change and owning up to mistakes that I've made that have made me a better leader, a better lawyer, a better general counsel than I would have been other times.

And I can give you dozens of more substantive examples where I've made a mistake in judgment and, rather than just say well, you know what, maybe nobody will notice it, I can go on and they'll keep thinking I'm perfect. What I do with my team is say, “Hey, you know, on this one particular deal I stood by this clause with this customer at the risk of creating a transaction. With hindsight I think that was a mistake. I should have gone to this alternative or that alternative much earlier.”

And that does two things, right? People hear that and they say, “Wow, Dimitrief made that mistake and he's still the general counsel at GE, so you know it really is okay for me to take some responsible chances and try out some things even if they don't turn out perfectly.” But the second thing they say is, “And he's willing to own up when he's made mistakes. So I trust this guy.”

And I think, again, that transparency is an important part. And to me, that's the ultimate part of resiliency, right? Are you willing to own up to and learn from your mistakes and teach them and make the institution a better place because

of them? I honestly believe that every institution, including GE, always makes mistakes.

Mike Kearney: Absolutely.

Alex Dimitrief: It's what you do with those mistakes that differentiate you.

Mike Kearney: Are there any leaders—and this literally is the last question. Are there any, not even leaders, who you've come in contact with in your life that you think embodies what it is to be a resilient leader? Is there anybody that just jumps out at the top of your mind?

Alex Dimitrief: Well, so I'll start really close to home. I think about Jeff Immelt. And you know, I think that in a lot of ways, all you need to know about Jeff Immelt is that his first day as CEO of GE was September 10, 2001. So I say, my God, the day before September 11th and so Jeff was the CEO of a business that may have been more affected by September 11th than any other business. And to have just been able to weather that crisis, but then subsequently go through the financial crisis and wholesale changes that have happened. And the way that we've reinvented GE under his watch is really something that's incredible, right?

And so I look at Jeff and I look at how he's not scared to change. He's not scared to take us out of plastics, which would have been unimaginable for many generations of GE employees. Take us out of NBC, take us out of appliances, which has been GE's big brand for all these years. He adapts to the changing environment and I think we're a much stronger company because of his leadership. And, you know, so I don't say that just because he's my boss. I say that because I really admire what he's done and I see the different incoming that he gets every single day. I only see a part of what he sees, and his ability to just weather so many storms over the course of his tenure is something I just admire.

And again, I think that for him to transform GE as he has to the digital industrial powerhouse that we're going to be is going to be his legacy. And it's a real testament to his resiliency under challenges that I think would have had a lot of lesser CEOs leave the company. He's just really been a huge role model for all of us. And the second one—so I go from my current boss to my first boss—and I go to Mitch Daniels. And I look at what Mitch has done over the course of his career.

And I think that when people look at Mitch, who ought to run for president—and who I think people wish had run for president before now—they look at what he's done as, you know, head of strategy for Eli Lilly. They look at what he did at Hudson Institute. They look at what he did when he came back and he was the OMB director for the second Bush administration, and then was governor of Indiana, and now is chancellor of Purdue. I think that what everybody says is that guy is so honest. And he is so refreshing because he just doesn't—

Mike Kearney: There's no pretense to him. Yeah.

Alex Dimitrief: He doesn't manufacture things. He says what's on his mind and he's able to communicate it in such a compelling way. And so when you're in crises, when you're confronting the kind of crisis in higher education that we are, when you're confronting the types of problems that we are in our cities today and you have all these issues, that's who you want. You want someone like Mitch with that credibility, you know, with that ability to articulate incredibly complicated concepts in ways that resonate with people.

So I look at those two bookends and I say I started out with Mitch as my boss, I'm ending up with Jeff as my boss, and I'm a pretty lucky guy because I've just had role models from start to finish and I've learned a lot from them. And I consider myself to have been exposed to the best.

Mike Kearney: That is awesome. We're going to end it there. Alex, first of all—I don't think everybody understands. Alex is a busy guy. He is the general counsel of one of the largest companies in the world, so for you to have given us almost two hours of your time—I want to acknowledge you for that because I think there's a lot of advice and lessons learned that you've given that hopefully everybody will benefit from. So thank you very much.

Alex Dimitrief: Well, it's been a real pleasure. And I've got to say, I can't believe we've been doing this—it feels like it's been about ten minutes so hopefully that's how people will feel when they're listening to the podcast too.

Mike Kearney: Thank you.

Alex Dimitrief: Thanks.

Mike Kearney: What an incredible day for me. I had the opportunity to sit down with Alex and it was a great conversation. I really hope you enjoyed it. And I do want to thank everybody for listening to the [Resilient](#) podcast, which is produced by our friends at Rivet Radio. And as I think you know, you can hear us by going to Deloitte.com or to your favorite pod catcher. Just type it in, "Resilient."

And if you're enjoying this podcast, share it with your friends. What's interesting feedback that I've got is that these go beyond just conversations with just people in the business world. In fact, my sister who has absolutely nothing to do with the business world, she's a teacher and an artist, has said that she actually really enjoys them because she learns about the people and learns about leadership principles and all of the things that make up these great leaders. So even if you're not in the business world, there may be some value to this podcast.

I'd also just ask you to check out some of our previous episodes. We've got some great conversations with the former CEOs of places like Krispy Kreme or Harley Davidson or even our own CEO of Deloitte, Barry Salzberg. Some great conversations that you can listen to. And also I've been getting great interaction on social media, so hit me up on LinkedIn or Twitter with any recommendations about folks you think we should invite onto the podcasts in the future or if you have any feedback on the podcast itself.

My profile is under Michael Kearney. My last name is spelled K-E-A-R-N-E-Y. And remember, as I always like to say at the end of these podcasts, leaders who embrace risk improve performance and are more prepared to lead confidently in the volatile world we live in.

This document contains general information only and Deloitte Advisory is not, by means of this document, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This document is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte Advisory shall not be responsible for any loss sustained by any person who relies on this document.

As used in this document, "Deloitte Advisory" means Deloitte & Touche LLP, which provides audit and enterprise risk services; Deloitte Financial Advisory Services LLP, which provides forensic, dispute, and other consulting services, and its affiliate, Deloitte Transactions and Business Analytics LLP, which provides a wide range of advisory and analytics services. Deloitte Transactions and Business Analytics LLP is not a certified public accounting firm. These entities are separate subsidiaries of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.

Copyright © 2016 Deloitte Development LLC. All rights reserved