

# BUSINESS INSIDER

## GE runs an intense 5-year program to develop executives, and only 2% finish it



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Nestled in the quiet town of Fairfield, Connecticut, is an unassuming General Electric building hidden behind a security gate and rolling hills. Inside, a group of carefully chosen specialists work tirelessly toward becoming the company's next presidents, vice presidents, CFOs, and CEOs.

They are part of a program that GE started in 1910 to train the next generation of corporate leaders.

The five-year training program immerses entry-level GE workers in real-world audit, technology, and operations jobs.

It is officially known as the corporate audit staff (CAS) — but internally it is called the Green Beret program. About 200 to 300 hopefuls enter the program each year, but only 2% complete the process to land an executive-level position.

"It's a great training ground of young leaders," GE CEO Jeffrey Immelt said at the company's Minds + Machines event, noting that the program consists of mostly mid-20s professionals from manufacturing, finance, and all parts of the company.

"They go on audits and write their own apps — they design their own systems," Immelt said. It "makes me happy I'm getting older because I'm not sure I could compete with these guys in the world today."

### **The application process and pilot program**

The program starts with an application process that Khozema Shipchandler, vice president of audit staff, calls "vigorous." Candidates have "already gone through a very tough selection process to get into entry-level programs at GE," he says. "We only take about one in two of the folks that want to come on."



*General Electric*

The General Electric building in Connecticut.

Once candidates have passed the initial round, they are put through a four-week pilot program to assess their leadership skills and their ability to think critically. The employees are sent to a remote location where they work in an unfamiliar audit, project, or IT role alongside veteran managers and executives.

The four-week program is meant to test a candidate's ability to work outside their comfort level. Shipchandler explains: "It's a different geography. It will be a different business. It will generally be a different discipline. We are just trying to see how they react."

"Increasingly," he adds, "what we are really looking for now is whether they have a desire to learn and to apply technology and rigorous analytics."

## **A 2-year commitment with a ton of assessment**

Applicants who have proved their ability to lead and think critically are asked to make a two-year commitment to the program. During that time they are shipped off on four-month assignments at various GE businesses located all over the world.

While some jobs focus on balance sheets and general audit duties, others immerse CAS members in IT development or various high-level projects at GE.

According to Shipchandler, participants in the program are given feedback on a daily basis, and they are encouraged to give feedback to their managers and even GE clients. Candidates are also given formal appraisals six times a year. During each four-month assignment employees receive "mid-term" appraisals and a final appraisal at the end.

Candidates are assessed for technical and leadership criteria, "but we try to stay away from the numbers and it's more of a free-form discussion with the manager," Shipchandler says. "Out of that comes a score and some text that we use."

## **Only a fraction of audit staff members complete the program**

While hundreds of individuals will enter the Green Beret program every year, very few actually complete the entire five-year experience.

Half of the accepted candidates will move into an audit-manager role after the third year, while 20% will accept a senior audit-manager position after four years, and 2% will earn an executive audit-manager-level job in the fifth year.



*General Electric*  
Khozema Shipchandler, vice president of GE's corporate audit staff.

According to Shipchandler, in a recent round 12 senior audit managers were evaluated, and only one of those members was chosen for the executive audit-manager position.

## **The fast track to manager and executive levels**

What might be most impressive about the program is the number of high-level executives who have participated in the corporate audit staff journey.

An amazing 80% of GE's top CFOs were CAS program members. Those CFOs are responsible for

GE's seven industrial segments, its global growth organization, and GE Capital. GE CFO Jeff Bornstein also completed the program.

While earning a CFO or other high-level role is a bonus of the program, failure to complete the full five years isn't the end of an employee's career at GE. Even candidates who fail to be selected to move through the entire five-year process can be placed in positions of authority.

"At the end of two years, it's up or out," Shipchandler says. "They matriculate from the program into one of the businesses." CAS members typically receive at least two job offers, which is unlike any other part of GE, and that makes the recruiting very straightforward.

## 100-hour weeks

The program's participants on average will spend 100 to 120 hours a week working on their assignments. Shipchandler acknowledges that the lifestyle of a corporate audit staff member is "intense," but that is at least part of the draw for young and hungry GE employees.

"It's a fully immersive thing you have to commit yourself to," he says. "There are some promotional aspects. But also you get to travel the world. You get to work on the toughest challenges that GE has to offer, which are dictated by our chairman and our CFO. You get very high-level senior exposure at an unbelievably young age, which none of your peers do, and the stakes are high. They know whatever they are working on will make a difference or not."

He adds: "Imagine you are a 24- or 25-year-old kid who gets to make real impacts on a job that a senior vice president is sponsoring. That's pretty cool."

Current CAS member Kailey Stockenbojer recently moved into an audit-manager role after two years in the program. "There is a lot of client engagement," she said. "I would spend time with clients across multiple different functions. If I was in audit, it tended to be controllership. If I was on a project, it tended to be everything from commercial to supply-chain projects.

"I spent most of my day meeting with people, asking questions, learning, and gathering information," she said. "I would use that information to analyze and come to some conclusions on what I have learned and the data I have obtained, and then bring those conclusions back to the clients and then repeat the entire process again."

## Collaboration over ruthless competition

While most participants will not be selected to complete the program, Shipchandler is quick to mention that GE favors a collaborative approach versus a highly competitive atmosphere.

He says "many companies are cutthroat in how they treat employees in these type of programs" but GE instead focuses on team-building and leadership.

Because members who move further into the program are not competing directly for the same jobs, there is more of an incentive to take part in collaborative efforts so you impress your bosses and make sure your entire team succeeds.

If 50 people make it to the third year of the program, that's 50 people who move into more senior-level roles. Members of the Green Beret program are scooped up quickly by eager



General Electric

Members of the CAS program.

executives who want them to join their teams, and that extends across the entire CAS program from year one to year five.

## **Networking is baked into the program**

One of the most interesting aspects of the program may be the ability for very young employees to build a robust and helpful network of senior-level executives and managers.

The program is based around young employees working with senior-level managers, mid-level executives, and other top performers at GE.

"There is an immediate network effect because we have thousands of alums throughout the GE network who have experienced the program," Shipchandler says. "Once you leave, that's the real power and beauty of it. You can leverage sales, IT, and various other experiences of people throughout the entirety of GE."

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