MGMT 5-5000
Strategic Management – Harvard Extension School
Group Project – Strategy Plan General Electric (GE)

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Wellness: Is this GE´s Next Big Step?

Executive Summary

General Electric (GE), an American multinational conglomerate headquartered in Boston, MA that has enjoyed a privileged position amid the Global Fortune 500 list for decades, has been performing below expectations in recent years. Moreover, accusations alluding to accounting fraud, pension debt, and organizational challenges bring about further uncertainties for the future of the company. For all these reasons, GE needs to demonstrate to the market and investors that it can go back to profit and attractiveness.

GE is composed of eight *Business Segments,* operating in more than 130 countries. We found out early in our research that it was impractical to develop a strategy for the whole group. Instead, we needed to identify and focus on one Segment with enough potential to demonstrate to the rest of the Group that it is possible to generate higher margins if they emphasize on GE's core competencies such as innovation and integration (Mergers & Acquisitions). By utilizing the GE-McKinsey Matrix tool, we selected *GE Healthcare* to lead this charge, given its industrial attractiveness, competitive strength, and enormous growth potential. However, a strategy for GE Healthcare will face three critical issues:

1. *Brand perception* - With the lack of breakthrough products and competitive advantage of its current offer, there is an urgent need to reposition GE Healthcare with innovative solutions.
2. *Poor cross-business strategic fit* - GE Healthcare medical imaging devices do not consider patient behaviors, which is critical as healthcare moves towards preventive care.
3. *Healthcare is vulnerable to economic recessions* - GE Healthcare needs to introduce new products and complementary offers that are resilient in the face of upcoming recessions.

With the main challenges identified, and with GE Healthcare as our Segment of choice, we conducted a series of external and internal analyses that led us to conclude that this Segment needs to move beyond conventional imaging technologies and tap into a new industry: Wellness.

Our 3-year strategy shows how, by tapping into the $4.2 trillion Wellness business, GE Healthcare could move its Profit Margin above 20%, providing a more significant contribution to the Conglomerate, while paving the way for other segments to follow. Also, taking advantage of GE´s highly developed Mergers and Acquisitions capabilities, the authors propose that it would be appropriate for GE to "buy" capability in the Wellness market, as opposed to developing organically. Consequently, acquiring

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a critical player in the industry e.g., Cerner Corporation or similar, deserves serious consideration.

This paper recommends merging both organizations under a single platform/ecosystem, which we call "**GEnius.**" Genius will give the new organization a unique opportunity to provide client institutions with both imaging machinery (what is happening in a patient's body) and behavioral data altogether, increasing diagnosis accuracy.

For additional information, please contact the authors of this paper.