GE’s new CEO overhauls top ranks

Move comes as turnaround quest gains steam

**Dallas:** General Electric Co’s new boss is giving the company a management makeover as he seeks to reverse its steep stock plunge—the biggest of the year on the Dow Jones Industrial Average.

Chief financial officer Jeffrey Bornstein is leaving, adding to an exodus of top executives that began shortly after chief executive officer John Flannery won the top job more than three months ago.

Two other long-time company veterans and GE vice chairs, Beth Comstock and John Rice, are retiring from GE.

Flannery is tightening his grip on Boston-based GE as he seeks to cut US$22bn in costs by the end of next year amid pressure from activist shareholder 3D Fund Management.

He is also expected to outline his plans next month for a potential overhaul of the company’s portfolio, which includes jet engines, gas turbines, locomotives and ultrasound machines.

“This is part of maybe a transformational move that people are hoping for at GE,” said Todd Loverenberg, a fund manager at Highmark Capital Management, which owns GE shares. “The patience level of investors is obviously waning a little bit and I think he feels compelled to move and show tangible results.”

GE fell less than 1% to US$24.28 after the close of regular trading in New York. The shares have fluctuated 23% this year, putting them on track for their worst performance in a calendar year since 2008.

Bornstein, who has led efforts to accelerate new growth and helped spearhead digital innovation, will leave at the same time.

So will Rice, a 39-year GE veteran whose most recent role was to lead the company’s Global Growth Organisation.

“When you get rid of people that are that high profile this early in your CEO tenure, that’s a statement,” said Scott Davis, an analyst at Jefferies Research.

“He’s holding people accountable. Bornstein had a tough time making his cash flow numbers.”

In addition, “both the vice chairs were in roles that probably didn’t need to exist,” Davis said.

GE named Jamie Miller, who joined the company in 2008 and currently heads GE Transportation, to take over as CFO effective Nov 1. Miller, 49, has also served as GE’s chief information officer and chief accounting officer.

At GE Transportation, which manufactures locomotives, she has been contending with slowing sales as railroads seek to cut costs.

The management shakeup evokes the last time GE got a new CEO, when the race to succeed Jack Welch prompted the exit of a generation of executives who went on to lead Boeing Co, Home Depot Inc and Honeywell International Inc.

Jeff Immelt, who won that contest and took over in 2001, left GE this week after handing the chairman’s role to Flannery, 56.

In naming Flannery in June, Immelt said the transition was being handled “in a different way” allowing praise from analysts who said the company’s goal was to avoid the disruption of high-profile departures.

But executives started leaving days after Flannery was named, with the exit of Steve Bolze, the head of the power division.

Bolze went on to join Blackstone Group. “There probably is some risk associated with just the amount of experience obviously that these individuals have across the board,” said Jeff Windau, an analyst at Edward Jones.

Flannery is already sending signals that he’s serious about paring expenses. GE is unloading its corporate jet fleet and scaling back on leases of company cars.

He is likely to provide additional details on cutting costs next month.

At the end of last year, Bornstein, 51, and Comstock, 57, had accumulated retirement benefits worth US$20.1m and US$16.9m, respectively, under two separate pension plans, according to a regulatory filing.

GE requires executives hired before 2005 to reach age 60 before they can get pension benefits or receive payouts of outstanding equity awards.

The company has not disclosed whether the two will be able to collect any payouts following their departures.

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‘Game of Thrones’ bobble-head maker

Funko files for US IPO

**New York:** Funko Inc, which makes branded toys and accessories including bobble-heads of characters from “Game of Thrones” and “Star Wars”, filed for a US initial public offering.

Everett, Washington-based Funko filed on Friday with an initial offering size of US$100m, a placeholder that is used to calculate fees and is likely to change. The company plans to use the proceeds to repay debt and for general corporate purposes.

Funko has licensing agreements with companies including Walt Disney Co. and Marvel Entertainment LLC, allowing it to sell cups, keychains, lanyards and T-shirts based on popular characters such as Captain America, Darth Vader and Iron Man.

Acorn Investments acquired a majority stake in Funko from Fundamental Capital in 2015 and has grown the company through acquisitions, including branded fashion accessories company Loungefly in May.

Funko posted net income of US$26.9m on net sales of US$427.7m in 2016.

Goldman Sachs Group Inc, JPMorgan Chase & Co and Bank of America Corp are leading the offering.

Funko plans to list shares on the Nasdaq Global Select Market under the symbol FUNKO. — Bloomberg