Subject: Management

Title: Good To Great   Author: Jim Collins

Summary:
The author analyzed 28 companies to determine how mediocre companies turned themselves into great companies. He attempts to establish the characteristics of companies able to make this conversion through a study. He believes that under the right conditions, the problems of commitment, alignment, motivation, and change largely melt away. Ultimately he relates that greatness is a matter of conscious choice.

Top take away points –

- **Level 5 leaders**. These leaders are described as self-effacing, reserved folks that are a paradoxical blend of personal humility and professional will. They have the ability to hire the right people, put those people in the right positions within the organization, and don't hesitate to fire those employees that aren't a good fit. They set their successors up for success. They are driven by the achievement of results, hold themselves accountable for failures, and credit others or outside forces for successes. These leaders are almost never brought into the organization from the outside.
- **First who…then what.** Pick your people first and then decide what they will do. Don't hire unless you are sure they are the right person. If you feel you need to tightly manage someone you've made a mistake that should be corrected right away. Put your best people on opportunities rather than challenges.
- **Confront the brutal facts.** Ask your employees questions, don't tell them answers. Engage them in dialogue and debate. Seek to find out the cause of problems rather than placing blame. Develop information that indicates potential problems.
- **Hedgehog concept.** Simplify complex concepts down to a basic principle or concept that unifies and guides the organization. Find the intersecting area for what you can be best at, what drives your economic engine, and what you are passionate about for your most influential denominator (profit per x, social sector, or cash flow per x).
- **Culture of discipline.** Employees that are self-disciplined eliminate the need for hierarchies, bureaucracies, or excessive controls. Build a culture full of self-disciplined people who take disciplined action in your hedgehog concept.
- **Technology accelerators.** These are the pioneers in carefully selected technologies. Technology should be an accelerator for momentum not a creator of momentum. The technology must fit with your hedgehog concept.
- **The flywheel and the doom loop.** There wasn't a pinnacle moment or event in the conversion from good to great in the companies in the study rather it was a process of relentless determination. The author

likens this process to pushing a heavy flywheel. The mediocre companies followed a pattern he calls the doom loop where they tried to immediately jump to breakthrough.

- **From good to great to built to last.** The central built to last concept from the author's last book of discovering your core values and purpose beyond just making money combined with the dynamic of preserving the core/stimulating progress should lead to enduring great companies. The point is that you must have core values that are known throughout your organization that are explicitly built into the organization and preserved. The BHAG (big hairy audacious goals) from the built to last concept represent the overlapping areas from the hedgehog concept in this book.

Review:

What's good-

The book provides some nice case studies and examples. While it downplays the importance of strategic planning it becomes obvious as you read the book that the key points presented by the author are key elements of a well developed and implemented strategic plan. He also does a nice job of demonstrating the importance of hiring right and developing your people. It's an enjoyable read and the case studies are interesting.

What's might not be so good-

Realize that the companies used in Mr. Collins' study are really big hitters: Abbott, Circuit City, Fannie Mae, Gillette, Kimberly-Clark, Kroger, Nucor, Phillip Morris, Pitney Bowes, Walgreens, and Wells Fargo. The author downplays the importance and value of their strategic plans, yet strategic planning is an on-going process utilized by all of the companies in the study and as you look at the key points you realize that they are part of the strategic planning process. Strategic planning is a critical element to becoming great. Without a good strategic plan, an organizational will suffer the negative symptoms of misalignment: inefficiencies, lack of focus, unproductive teams, conflict, turf wars, politics, etc.

Second, the sheer size and structure of these companies makes them very different from the small to mid-size companies of most readers. For most readers this isn't an apples-to-apples study. And then there is the study itself, I recommend that you look at the study very closely and make sure you truly understand how it was put together, how the questions were formulated and asked, and most importantly of all: how the data was interpreted. If we presume that there are no flaws in the data collection or the formulation of the study itself we still should always be aware of the fact that the interpretation of the data is always subject to scrutiny. Remember what your professor probably told you from your science or statistics classes- graphs don't lie people do. Just make sure you are an informed reader and then formulate your own opinions.