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Jim Collins. Good to Great: Why Some Companies Make the Leap...and Others Don't.

New York: Harper Collins, 2001.

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Jim Collins has written a compelling book. It is compelling in purpose, scope, and in the way he translates research findings into simple, understandable management lessons. There is something to learn in every chapter.

Collins assembled a research team of 20 graduate students to answer the question: “Why are some organizations able to make the jump from good to great—sustained greatness?” The book answers that question in readable language with some surprising findings. Each chapter is built around one of the elements that contribute to sustained greatness. The framework is logical and understandable, and Collins entices the reader in the end when he writes, “I believe that it is no harder to build something great than to build something good. It might be statistically more *rare* to reach greatness, but it does not require more suffering than perpetuating mediocrity” (p. 205). Further, “Those who strive to turn good into great find the process no more painful or exhausting than those who settle for just letting things wallow along in mind-numbing mediocrity” (p. 208).

What is greatness? Collins’ team searched for companies that enjoyed financial success (return on stock investment) three times greater than the average company and sustained it over at least a 15-year period. He chose 15 years because he wanted the time

period to transcend the tenure of a particular CEO. Once he identified each company, he found a comparison company that had not made the leap, a counter-part in the same business. The total study set consisted of 28 companies—11 good to great, 11 comparisons, and six companies that took the leap but could not sustain it. In all, these companies appeared no different to the outside observer until the leap.

The findings are summarized in a chart in the first chapter. For the good to great companies—like Circuit City, Fannie Mae, Kroger, and Walgreens--there is a build-up period and then the breakthrough. The build-up usually takes a long time, and contrary to what we read elsewhere, there appears to be no single event, magical moment, or key decision that marks the difference between build-up and breakthrough.

The build-up and breakthrough years are marked by three broad stages: a stage called disciplined people, then disciplined thought, then disciplined action. For the most part, it appears that these stages come chronologically. Each stage is divided into two key concepts with each of the concepts then constituting a chapter in the book.

Chapter two introduces the idea of Level 5 leadership. Collins tells the story about how he wanted to avoid the trap of saying that leadership was the key concept in going from good to great. But after analyzing the data, his research team would not let Collins stick to his guns. While they acknowledge the importance of leadership, their finding contradicts the popular image of the transforming leader who brings vision, purpose, and a larger than life, inspiring personality to an organization. Instead, in every single case of success, the leadership was the same. The leaders were modest to a fault—even attributing success to luck. They never boast; and in articles about their companies, they are rarely featured prominently. Their ambition first and foremost is for the

organization, not for themselves. But with their modesty come the will, an inner intensity and drive to make whatever the leader touches the best it could possibly be.

In chapter 3 we learn that while each of these good to great companies had a clear sense of purpose, it did not originate with the level 5 leaders. Level 5 leaders are committed to hiring the right people. Then, together they figure out where the company should go. The right people are those separated from others by “character attributes” rather than specific knowledge, skills, abilities, and competencies. People in these teams come to know, respect, and admire each other. In many cases, they become close friends, and working towards excellence is fun!

Even if one is not taken with the thrust of the book, throughout book there are numerous interesting findings. For example, Collins talks frequently about discipline. When it comes to hiring the right people, he shares three practical findings:

- When in doubt, don't hire—keep looking (p. 54).
- When you know you need to make a people change, act (p. 56).
- Put your best people on your greatest opportunities, not your biggest problems (p. 58).

I can imagine a very interesting conversation at work about the last finding. The important point here is that Collins is not giving advice derived from personal experience or anecdotal evidence. This is what he and his team saw in good to great companies.

Chapters 4 and 5 contain the work on disciplined thought, and here is the core of the framework. Good to great companies were brutally honest with themselves. They do not let their personal investment in ideas or past practice get in the way of reality. They

create what Collins calls, “a climate of truth.” But, at the same time, they have an unwavering faith that they can succeed.

But what do they succeed at. I think Chapter 5 is the crux of the book. He says that sometimes it takes years of build-up before the right people find three circles intersecting to form the “hedgehog concept.” They find a profoundly simple expression of mission that grows out of the convergence of what the company can be the best at (not what it would like to be the best at), what the people are passionate about (including their values), and what drives their economic engine (which I took to mean the key measure of economic well-being). When these circles intersect, the key idea emerges. In a chart, the hedgehog concept is described for each of the good to great companies. These simple ideas that grow out of complex situations have organizing, unifying power; they guide everything, including which opportunities should be pursued and which should be declined. In another interesting finding, the presence or absence of corporate strategy does not separate the good to great companies from their comparison companies. Effective strategy emerges from continual dialogue about issues within the three circles. The strategies work for those companies who find the intersection; they fail when not grounded in brutal truth and dialogue engaged in by the right people around crucial questions.

In chapter 6 he begins the discussion of disciplined action. His point here is that good to great companies are fanatical in their adherence to their hedgehog concept. And then, in chapter 7, he reports that in good to great companies technology is an accelerator of change, but it is not the driver. The driver is the hedgehog concept.

In chapter 8, Collins reports that good to great companies success is a cumulative process. Just like there are no flashy level 5 leaders, there are no seminal events that mark the breakthrough. In fact, what happens is that little successes associated with the company's hedgehog concept start to accumulate. He uses the metaphor of the flywheel. The little accomplishments start to gain momentum and then one builds on the other with the hedgehog concept always holding things together.

Collins has learned many lessons from these companies. His book is compelling because of its simplicity. The research team accumulated 10 person-years of work to produce the book. One can imagine the enormous amount of information they had to sift through. The appendices themselves are 50 pages in length. And yet, there are no pretenses here. The book is easy and interesting to read.

Now to the downside. Collins says his work applies to all organizations, including schools and government agencies. Unfortunately, there are no schools or government agencies in the study sample. And, if it were not for legislatures and accountability to elected officials, interest groups, separation of powers, etc., there would be a lot more for public employees to learn from this book. Good to great companies are built over a long period of time. The leadership is stable; the purpose is clear; those who are responsible for the results in large measure determine the mission and strategy. They hire the right people because they can afford competitive salaries.

I am conflicted in my own reaction. On the one hand, I know the book has limited applicability to the public sector because the environment is so different from that of the companies he has studied. On the other hand, I learned a lot. As chair of an academic department at the university, I know the legislature controls the budget and can

make decisions that can strongly influence what happens in our parent academic unit, but I also know that there is nothing—absolutely nothing—in the environment that holds me back from asking the question: “What is it that the Department of Public Administration at Kansas University can do better than any other department in the country?” And, I have seen how our answer to that question has fruitfully grounded our faculty discussions about new programs.

There are books where the pieces are only useful if the main thesis is accepted. That is not the case here. Any reader can act “as if” there is no difference between public and private organizations, and in so doing can find this book extraordinarily useful. I highly recommend it.