

Good To Great Jim Collins

Key Concepts:

- Good is the enemy of Great
- **Level 5 Leaders** - channel their ego needs away from themselves and into the larger goal of building a great company. They have ambition, but their ambition is first and foremost for the institution, not themselves.
- Rarely found articles that focused on the good-to-great CEOs
- 10 of 11 good-to-great CEOs came from inside the company, three of them by family inheritance. The comparison companies turned to outsiders with 6 times greater frequency - yet they failed to produce sustained great results.
- Level 5 Leaders look out the window to apportion credit to factors outside themselves when things go well (and if they cannot find a specific person or event, they credit good luck). At the same time they look in the mirror to apportion responsibility, never blaming bad luck when things go poorly.
- Every good to great co. had Level 5 Leaders during the pivotal transition years.
- Level 5 leaders - compellingly modest, fanatically driven, workmanlike diligence
- **First Who - then What**
- **get the right people on the bus and the wrong people off the bus before you figure out where to drive it**
- found no systematic pattern linking executive compensation to the process of going from good to great
- The ultimate throttle on growth for any great company is their ability to get and keep enough of the right people.
- you need executives that argue and debate, sometimes violently- in pursuit of the best answers, yet, on the other hand, who unify behind a decision
- **3 key people rules: 1) when in doubt, don't hire, keep looking, 2) when you know you need to make a people change, act., first be sure you don't simply have someone in the wrong seat, 3) put your best people on your biggest opportunities, not your biggest problems**
- **Confront the Brutal Facts (Yet Never Lose Face)**
- Good to Great Companies continually refined the path to greatness w/ the brutal facts of reality
- Leadership is about vision, but it is equally about creating a climate where the truth is heard and the brutal facts confronted.
- Conduct autopsies without blame - creates a climate where the truth is heard.
- No evidence that the good to great companies had more or better information than the comparison companies.
- **Stockdale Paradox** - retain faith that you will prevail in the end, regardless of the difficulties and at the same time confront the most brutal facts of your current reality
- create a climate where the truth is heard: 1) **lead with questions, not answers**, 2) engage in dialogue and debate, not coercion, 3) conduct autopsies, without blame, 4) build red flag mechanisms that turn information into information that cannot be ignored
- If you have the right people you don't have to worry about motivation, they will be self-motivated
- The **Hedgehog Concept** -

- essential strategic difference between good to great and comparison companies: 1) good to great companies founded their strategies on deep understanding along the 3 circles, 2) good to great companies translated that understanding into a simple, crystalline concept that guided all their efforts (hedgehog concept)
- **3 circles: 1) what you are deeply passionate about, 2) what you can be best in the world at, 3) what drives your economic engine**
- Hedgehog is not a goal to be the best; it is an understanding of what you can be the best at
- Just because something is your core business doesn't mean that you can be the best in the world at it.
- You do not need to be in a great industry to become a great company.
- need to attain profound insights into your economics
- Economic denominator - can be quite subtle (i.e., Walgreens – increase profit per customer)
- Good to great cos. - don't say, let's get passionate about what we do, they say, we should only do those things that we can get passionate about
- The council - use it to find hedgehog concept
- Good to great companies built a consistent system with clear constraints, but also gave people freedom and responsibility within the framework of that system.
- They hired self-disciplined people who didn't need to be managed.
- "anything that doesn't fit with our hedgehog concept, we will not do"
- The challenge becomes not oppty creation but oppty selection
- **start a "stop doing list"**
- Technology - the real question is not, what is the role of technology, it should be, how do good to great companies think differently about technology
- When used right, technology becomes an accelerator of momentum, not a creator of it
- **Technology by itself is never a primary cause of either greatness or decline**
- Good to great avoid tech fads
- Key question - does technology fit directly w/ your hedgehog concept
- Good to great companies had no name for their transformations, some weren't even aware that a major transformation was under way until they were well into it.
- **Flywheel - builds momentum, eventually hitting a point of breakthrough**
- Comparison companies - doom loop - they tried to skip buildup and jump immediately to breakthrough
- Good to great companies spent no energy trying to create alignment, motivate the troops, or manage change -enduring great companies don't exist merely to deliver returns to shareholders. Indeed, in a truly great company, profits and cash flow become like blood and water to a healthy body: they are absolutely essential for life, but they are not the very point of life.
- Enduring great companies preserve their core values and purpose while their business strategies and operating practices endlessly adapt to a changing world. This is the magical combination of preserve the core and stimulate progress
- Much of what we're doing is at best a waste of energy
- **The real question is not, "why greatness?" But "What work makes you feel compelled to try to create greatness?" If you have to ask the question, "Why should we try to make it great? Isn't success enough?" Then you're probably engaged in the wrong line of work.**