

A Brief Synopsis of

Good to Great

by Jim Collins

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Kalev Leetaru

The notion of sudden corporate change might well be written off as fantastical rhetoric in the image of corporate ethics or controlled-market economy. Nevertheless, there is a small minority of companies in modern Corporate America that have managed to take stagnant or negative growth and turn it around into extraordinary positive growth. The evolution of each of these companies from “good to great” was never based on a single “magic moment of truth”, but rather a long transitional period of constant change, as the company built up momentum towards its eventual success. While many companies have enjoyed short-lived bursts of growth facilitated by visionary CEOs, this special complement of companies are unique in that their growth continued long after the driving force of change left.

In his book, Good to Great, Jim Collins identifies eleven companies that each had average or sub-average returns for fifteen years, followed by a period of transition and subsequent gains of at least three times the market trend for the next fifteen years. Collins attempts to isolate and document several key management philosophies that he believes to be fundamental to effecting such exceptional accomplishments.

The most critical factor in taking a company from “good to great” is to have a Level 5 leader at the helm. This individual is able to skillfully integrate the other critical “greatness factors” and weave a cohesive tapestry of success. The ideal Level 5 leader unites the traditional opposites of quiet humility and insatiable drive with a strong deference to the greater good of the company in lieu of personal gain. Such a leader is able to inspire everyone in the company to achieve his or her own personal level of “greatness”. Overwhelmingly the best Level 5 leaders have emerged from within the company core, ascending reluctantly to the throne, as opposed to the starry-eyed

inaugurations often marking the ascendancy of lesser leaders. These humble leaders spent their early years with the company toiling alongside the working class, so that when they became CEO, they had a far greater understanding of the company's core competencies.

The first job of a Level 5 leader is to place his "bus" in order before departure. Rather than picking a destination and attempting to juggle personnel and seating arrangements on the route to that destination, a company on the path to greatness picks the right people and seats first. By comparison, a company with a single visionary leader who restructures the company to follow his lead is setting the stage for disaster when he leaves and the vision goes with him. Truly "great" project teams encourage open communication and debate, but close ranks behind a single determination.

Once the bus is ready for departure, the brutal reality of the harsh journey ahead must be confronted. The corporate culture of "don't ask don't tell" and scapegoating must be transformed into an environment that encourages reporting problems and their causatives, without fear of retribution. The Stockdale Paradox might be suggested as the apothegm of the company marching towards success, postulating as it does that the duality of simultaneously maintaining a positive outlook on the eventual conclusion while acknowledging the graveness of the present situation will ultimately lead to triumph.

Once the passengers on the bus have taken stock of the bus' condition and the road ahead, the best path forth must be decided. The Hedgehog Concept maintains that the unification of a company's deep-rooted interests, its economic drive, and its core competencies yield the course of greatest success. On average, the eleven "good to

great” companies took nearly four years to complete this amalgamation. Focusing on more than one more area leads to fragmentation and gradual dilution of resources, while a great company will focus all of its resources on its Hedgehog Concept and ignore *anything else*. This requires a culture of rigid discipline, but with the right people, the application of this discipline does not need to be a stifling bureaucracy, it merely needs to gently correct course to ensure that the vision of the company does not waver. The rigid discipline of a great company also ensures that it is not sucked into technology fads. Rapid adoption of technology was never the primary factor in any of the eleven subject companies’ ascents to greatness. Rather, when it fit into that company’s Hedgehog Concept, it became an enabler, making the road a little less bumpy.

After finishing this book, I was left quite unimpressed by Jim Collins’ synthesis of corporate trends and his corresponding analysis of factors leading to sudden significant growth in otherwise stagnant companies. An entrepreneur from an early age, I founded my first company at age thirteen and sold it off three years later, pioneering two industries in the process. In my decade of corporate and academic experience, I would have to say the “insights” of Collins’ book are nothing more than common business sense. Every manager who has led a large-scale project is acutely aware of the importance of choosing the right project personnel going into the project. The most successful managers often maintain a private short list of go-to individuals that have demonstrated performance again and again. However, successful leaders don’t itemize the qualities they look for in successful candidates or the specific steps they use to set the direction of the project, rather they often go by simple intuition. This ability to innately discern the best personnel for a given project or best direction to take on a project is

something that is present in all Level 5 leaders, and indeed defines what it means to be a Level 5 leader.

Introspection of one's leadership skills or management processes can make a "good" manager "better", but never "great". While Collins might argue otherwise, a decade of experience working with individuals at all levels of Corporate and Academic America has taught me that one cannot truly learn the skills and dedication to be a Level 5 leader. The inner drive, quiet humility, and instinctual ability to choose the best path at each fork in the road form the very essence of the Level 5 persona. These personality traits are life-long accompaniments, shining as a beacon upon the avenue of success, not temporary assistants that can be summoned from reading a book or built up through practice.