GOOD TO GREAT: WHY SOME COMPANIES MAKE THE LEAP•••AND OTHERS DON'T

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Few books have captured the attention of the business comrnunity in recent years that compare with those written by Jim Collins. In 1997, he co-authored *Built to Last,* which chronicled the reasons why some companies are able to sustain their existence over a long period of tirne. After the book was published, Collins was surprised to be challc-nged by a collc-ague who found it to be an interesting book, but not one that addressc-d the- world in which most companies actually work since the cornpanies selected for analysis had always becn great (1). Collins realized that a more basic question remained to be answered, "What was it that helped a compa- ny move from just being good to becoming great"?

Collins takes u p this question in *Good to Great.* The methodology his twenty-rnernber research team pursued was to review the average cumulative stock returns of the companies appearing on the Fortune 500 in the years 1965 to 1995, searching for those that were able to outperform substantially the general market for at least a fifteen-year period of time. The eleven companies eventually selected were then benchmarked against comparable competitors who failed to ou tperform the market d uring a sirnilar period. Through in-depth financial analysis, extensive interviews and a thorough review of published materials, several years were spent constructing an empirical theory frorn the ground u p as to why the eleven companies chosen had been able to move from being good to becorning great. The theo1y consists of six concepts that are rooted in three fundamental disciplines. The disciplines include: disciplined people, disciplined thought, and disciplined action.

The first concept, which is related to disciplined people, addresses what Collins calls Level 5 Leadership. He notes that rnuch of today's literature about leadership promotes characteristics like vision, charisma and being driven as key elements for an organization achieving success. Surprisingly, Collins

discovered a different slant on leadership in those companies that moved from being good to becoming great, one that consisted of chief executives having a combination of both humility and will. These persons were usually self-effacing, giving credit to others when things went well, but accepting personal responsibility when things went wrong. At the same time, they were fearless and willful in doggedly pursuing what they felt or knew to be right.

The second concept, also related to disciplined people, relates to the ability of good to great companies to recruit the right people. The book drives the point home time and again that good to great companies ':*first* got the right people on the bus and *then* figured out where to drive it (40. The contrast is made between companies with this type of leadership and those built around a genius who hired a thousand helpers. While the latter often showed significant periods of growth, this was not sustained once the genius was gone. Interestingly, no correlation was found between compensation strategies used and companies being able to hire and keep the right people.

The third concept, which is related to disciplined thought, deals with the ability of good to great companies to confront the brutal facts. They were able at the highest levels of management to clear away the biases of experience and vested interest and to reflect critically on the reality that confronted them. While necessary decisions were often quite painful, these companies were brutal in pursuing a direction that helped their business thrive, rather than just be successful. In seeking to become great, it is essential to develop a culture that allows for open dialogue and debate, without creating winners and losers.

The fourth concept, also related to disciplined thought, is built around the hedgehog concept. The contrast is made between the fox with its endless strategies for evasion and attack, and the hedgehog who does one thing well, to curl up in a ball and lie still. Good to great companies find the one thing they do well and maximize this. Finding this one thing involves three interwoven circles that relate the following questions: What can you be best at?, What are you deeply passionate about?, and What drives your economic engine? (96). The critical point is not to have a goal to be best, but rather to discover what it is that you can be best at.

The fifth concept, which is related to disciplined action, concerns the development of a culture of discipline. This requ ires the ability to allow for freedom within a framework of shared responsibility. Having the right people in place insures that they are already rnotivated, so rules, regulations and close supervision become unnecessa1y. Energy is focused instead on allowing for creativity and innovation to improve results. Critical for this to work is being able to stop doing that which is not contributing to the main thing, sornething few organizations master.

The sixth concept, also related to disciplined action, addresses technology accelerators. While many today would place technological changes high on the list of varia bles that affect the ability of a cornpany to be great, Collins found this to be a dependent rather than independent variable. Having the right technology can accelerate capacity for moving from good to great, but it does not create or guaranty it.

When all are in place, these six concepts rooted in the three disciplines represent for Collins a flywheel that can create and sustain momentum for a company to move from being just good, to becoming great. Collins book is compelling. It reads well, is full of vivid examples and sustains an argument grou nded in disciplined research. Its strength lies in the simplicity with which it makes sense of the complex reality of organizational life within contempora1y corporations. Its primaiy contribution lies in the development of a theory that can be tested within the day-to-day life of cornpanies.

There are a few questions, however, that one n light ask about this book and its provocative the01y. First, is the benchrnark of average cumulative stock returns above market average sustained over a 15 year period a sufficient indicator for build ing such a global theory regarding organizational greatness? While it allows for comparison, perhaps other indicators rnight be used to enrich the analysis, especially if they were found to correlate positively with the findings presented. Second, how well do these findings from business corporations correlate with other types of organizations such as nonprofit and quasi-public ones? It was not Collins purpose to address this, but his conclusions do invite some application of his research methodology to other organizational sectors, although different benchmarks for defining greatness would need to be used.

Collins book stands as a unique contribution within the fields of leadership and organizational development. Any person interested in thinking more clearly about how to help an organization become great would be served by read ing this volume. While the theo1y and insights may not be directly applicable to eve ly type of organization, they do offer helpful perspective on understanding the dynamics of how at least some companies moved from just being good to becoming great.

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