

## GOOD TO GREAT – JIM COLLINS

*The title refers to turning good companies into great companies, but the principles are meant to be timeless, how to get from good to great in any sphere, thus also in the social sector. "Greatness... is largely a matter of conscious choice, and discipline."*

### **1. Level 5 leadership (best leadership style of 5 possible styles)**

The best leaders in the study were not charismatic, but quiet, reserved, humble (not egocentric), yet at the same time also determined and ambitious to further the company and not themselves (professional will) to get sustained results. The author refers to them as "more plough horse than show horse". They tend to take responsibility for failures and give credit to the team for success. Level 5 leaders groom their successors for even greater success (and do not try to become indispensable themselves).

Social sector: Reaching consensus without having the final say (opposite of executive leadership) through persuasion, political clout or influence and shared interests as well as the character of the leader (doing things for the greater good or realising the mission).

### **2. First who, then what**

First get the wrong people off the team, then appoint the *right people in the right positions*. The right people refers to people with good character and capabilities, more than those having specific knowledge, background or skills. And only then tackle the "what to do" (vision, strategy, tactics, organisational structure). Three strategies were followed:

- "When in doubt – don't hire – keep looking."
- Act decisively when someone is in the wrong position or needs to be fired.
- The best people should be working on the biggest opportunities, not handle the biggest problems.

Vigorous debate was encouraged, but in the end loyalty towards the final decision was expected of all.

Social sector: Getting the right people refers to people with idealism, mission centeredness, meaningfulness of the cause (e.g. feeding the hungry, connecting people to God) as that inspires commitment.

### **3. Confront the brutal facts (the Stockdale paradox)**

Confront the “brutal facts” about the difficulties of your current situation, and at the same time keep believing that the company will pull through.

Social sector – same as above.

### **4. The Hedgehog Concept**

There is a difference between doing things well and being the best at what you do. Focus on the following core principles (3 circles):

- “What you are deeply passionate about” (what inspires you to do the work for its own sake).
- “What you can be *the best in the world at*” (your strengths) – this is more than core competence and encompasses the things you are already passionate about. Also keep in mind what you *cannot be the best at*, and only focus on and put your energy into those things that you can do better than anyone else. The great companies not only focused on what to do, but equally on what to stop doing. *“If you cannot be the best in the world at your core business, then your core business cannot form the basis of your Hedgehog Concept.”*
- “What drives your economic engine” (what brings in the money/makes economic sense for the company/profit/cash flow/measure of greatness).

Social sector the last question moves from economic factors to **“What drives your resource engine?”** The most important question is: *“How can we develop a sustainable resource engine to deliver superior performance relative to our mission?”*

- Some of the resource drivers are: time (volunteers/ emotional commitment), money (sustained cash flow), brand (the ability to harness emotional goodwill of potential supporters and benefactors).
- The focus of the 3 circles must reinforce and complement each other.
- Greatness is not measured in terms of money, but as sustainable results (qualitative and quantitative) such as efficiency in achieving the social mission, or unique contribution.
- “What you are deeply passionate about” in the social sector means understanding the core values/purpose/mission of the organisation and focusing *only* on that.

## **5. A culture of discipline**

When a company has disciplined workers (right people in the right places), who take action in a disciplined way, hierarchy and control are unnecessary. Four things are important:

- adhering to the system
- enjoying freedom and responsibility within the system
- diligently following the hedgehog principle – ignoring opportunities that fall outside of this principle (includes “once – in- a- lifetime opportunities!”)
- only funding that which falls within the hedgehog arena

Social sector: Donor expectations can sometimes lead to undisciplined decisions.

## **6. Technology as accelerator**

Technology is not used as the cure-all to start a transformation process. However, carefully select technology to aid and accelerate transformation. The use of technology must complement the Hedgehog Concept.

Social sector: same as above.

## **7. The flywheel and the doom loop**

There is no magic formula or action or program that can accelerate transformation (and yield lasting results) and propel a company to go from good to great. It is a process (such as pushing a giant flywheel turn upon turn) building momentum until a breakthrough is achieved. The key motivator is the relation between financial success and capital resources. Superior financial results attract investors!

In the social sector: A focus on this principle builds results (mission success), which draws resources and commitment, which in turn builds a strong organisation as it builds the brand (reputation). Results attract investors and possibly more volunteers. A great organisation (and not a single great programme) will have the greatest impact on society. The key motivator is brand reputation (your capacity to deliver mission results).

## **8. The 4 Basic stages to build a great organisation:**

### **1. Disciplined people**

- a. Level 5 leadership
- b. First who then what

### **2. Disciplined thinking**

- a. Confront the brutal facts (Stockdale paradox)
- b. Hedgehog concept

### **3. Disciplined action**

- a. Culture of discipline (jobs versus responsibilities)
- b. Flywheel (progress one step at a time to build momentum till breakthrough – no magic formula or programme)

### **4. Building greatness to last**

- a. Clock building, not time telling (charismatic leadership versus a focus on rather building a great and sustainable organisation).
- b. Preserve the core and stimulate progress (timeless core values, as well as a “relentless drive for change and progress”).