

Good to Great

Why Some Companies Make the Leap
and Others Don't
(Collins)

Study Guide

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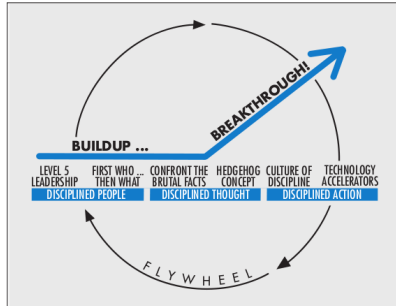
Good to Great: Why Some Companies Make the Leap and Others Don't
Jim Collins

The thesis of the book is that greatness is largely a matter of choice.

This guide contains key points from the book along with discussion questions.

Good is the Enemy of Great

The Process



Going from good to great is a process of build up followed by breakthrough. There are three broad stages.

1. Disciplined People
2. Disciplined Thought
3. Disciplined Action

Level 5 Leadership

The type of leaders required for going from good to great are level 5 leaders. They are a blend of personal humility and professional skill.

They are fanatically driven to produce results with a focus on what is best for the organization rather than themselves. They set up their successors for success [clock building, not time telling].

They are self-effacing and understated. They are plow horses more than show horses.

Discussion:

- ✓ Which leaders in your organization demonstrate behaviors that appear to be consistent with Level 5 leadership? Describe their behaviors.

First Who, Then What

Get the Right People on the Bus

Before developing a vision, goals, and strategy, level 5 leaders get the **right** people on the bus. The right people will be self-motivated by the inner drive to produce the best results.

When selecting people, focus on character qualities, work ethic, intelligence, dedication, and values. To uncover those attributes, ask them questions about why they made key decisions in their lives.

Be Rigorous

1. When in doubt, don't hire. Keep looking.
2. When you know you need to make a people change, act. Consider first whether the person may simply be in the wrong seat on the bus. If

a person is wrong for the organization, the person must leave the bus.

3. Put your best people on your biggest opportunities, not your biggest problems. Building your opportunities is the only way to become great.

The **right** people are your most important asset.

Discussion:

- ✓ How can you tell if someone is the right person on the bus?
- ✓ How can you tell if someone is the right person in the wrong seat?
- ✓ How can you tell if you are on the right bus and in the right seat?

Confront the Brutal Facts

Facts are Better Than Dreams

Breakthrough results come about by a series of good decisions, diligently executed and accumulated one on top of another.

Create an environment where everyone hears the truth and confronts the facts.

1. Lead with questions, not answers. Ask questions to gain understanding, not to put people on the spot.
2. Engage in dialogue and debate, not coercion. Serve as a mediator in the search for the best answers.
3. Conduct autopsies without blame.
4. Establish red-flag mechanisms so anyone can alert you to a problem.

Stockdale Paradox

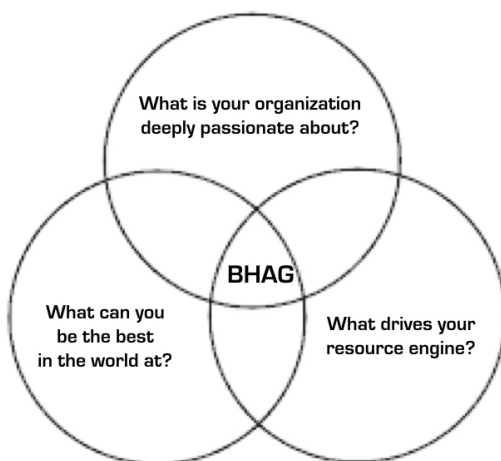
In times of crisis, good to great companies, respond with the psychological duality of the Stockdale Paradox. They accept the brutal facts of reality while maintaining an unwavering faith in the endgame and a commitment to prevail.

Discussion:

- ✓ Which half of the Stockdale Paradox is most challenging for you, unwavering faith or facing the brutal facts? Why?
- ✓ What red flag mechanisms are in place at your organization? When have you seen the red flag in action?

The Hedgehog Concept

Hedgehogs focus on one idea or principle that unifies and guides everything. Focusing solely on what you can potentially do better than any other organization is the only path to greatness.



Forming your Hedgehog Concept is a process. Guided by the three circles:

- ✓ Ask questions.
- ✓ Dialogue and debate.
- ✓ Make decisions.
- ✓ Do analysis.

It may take years to get clear on your Hedgehog Concept.

Discussion:

- ✓ What can we be the best in the world at?
- ✓ What drives our organization's resource engine?
- ✓ What are we deeply passionate about?

A Culture of Discipline

Rather than use bureaucracy and build hierarchy, create a culture of discipline.

1. Fill your organization with self-disciplined people who go to extreme lengths to fulfill their responsibilities. Allow freedom within a framework.
2. Engage in disciplined thought. Adhere to your Hedgehog Concept. Create a stop doing list of those things that are not in the intersection of the three circles.
3. Take disciplined action.

Discussion:

- ✓ Which of our volunteers and staff members demonstrate a great deal of self discipline?
- ✓ In your role, are you clear about the framework within which you may exercise freedom?
- ✓ What, if anything, do you think our organization should put on its stop doing list?

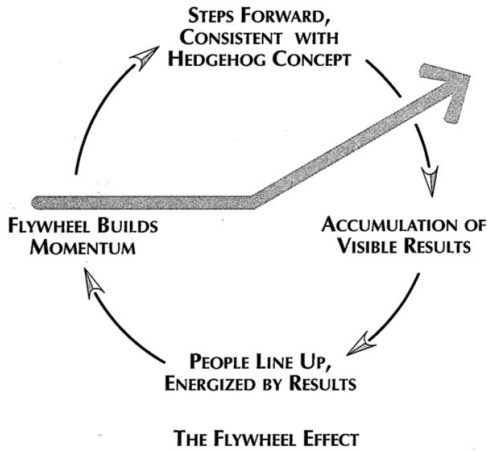
Technology Accelerators

Until you hit breakthrough, it is not helpful to adopt the latest technology. Your technology should tie directly to your Hedgehog Concept. You cannot make good use of technology until you know which technologies are relevant. If you find a technology that fits with your Hedgehog Concept, then pursue it.

Discussion:

- ✓ What criteria does your organization use for deciding whether to introduce a technology into the its environment?

The Flywheel and the Doom Loop



Good to great comes about by a cumulative process. People want to be part of a winning team. They don't need hoopla. They need to see that the organization is making progress. The key is consistency over time which begins to build momentum.

Discussion:

- ✓ How do you know when to keep pushing the flywheel and when to change directions?
- ✓ How will you recognize when you have left the flywheel and become stuck in the doom loop?

From Good to Great to Built to Last



Once you have sustained results, the question becomes how to ensure that your organization is built to last.

The key is to preserve your core values and core purpose while stimulating progress with changes in operating practices and strategies.



You will need the motivation of big hairy audacious goals (BHAGs); however, unless these are perfectly aligned with your Hedgehog Concept, they will not work.

Discussion:

- ✓ What is our Hedgehog Concept?
- ✓ What is our BHAG and how well aligned is it with our Hedgehog Concept?
- ✓ What practices and strategies do we have that are dysfunctional and should be open for change?

