

Good to Great by Jim Collins | Book Summary by Paul Minors

INTRODUCTION

Who is this book for?

This book is perfect for anyone running or working in a company. It will highlight what it is that makes a company good and will show you ways to make it even better. The author, Jim Collins has put together a list of companies that went from “good to great” and compares this to what he considers to be ‘mediocre’ companies. This helps to identify what separates the elite from the rest. Whether you own a business or work for someone this book is full of helpful insights that will help you change the way you and others around you work.

About the author

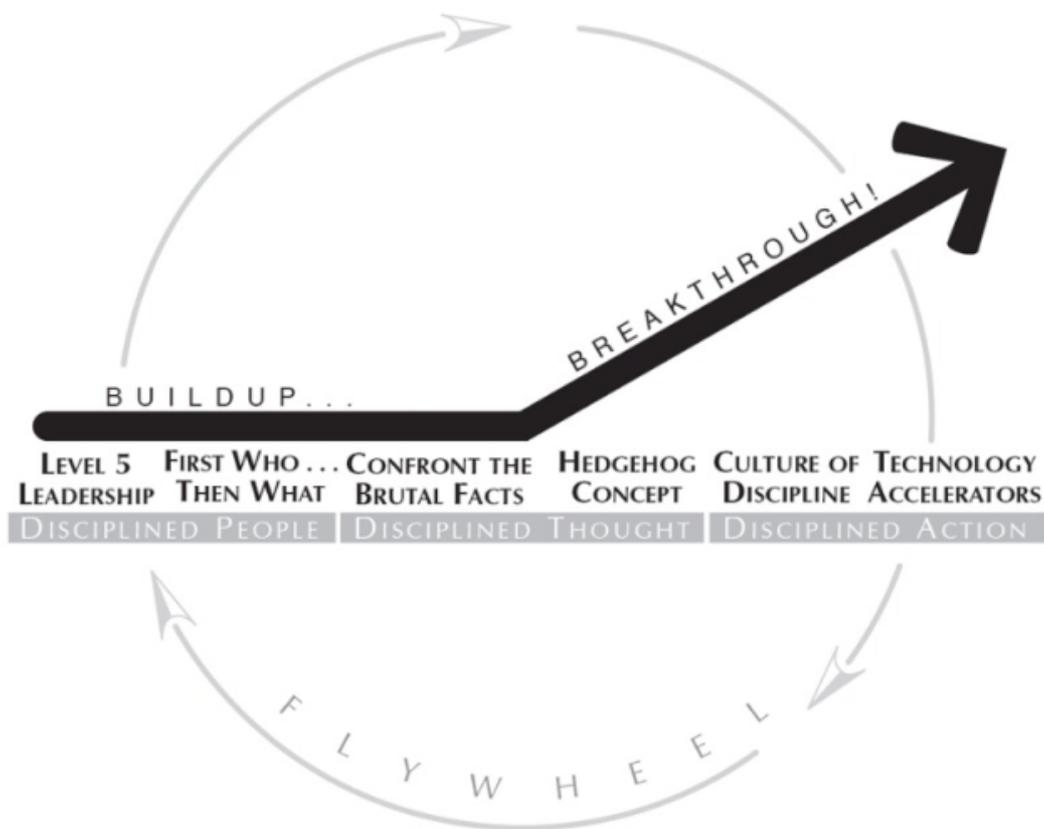
Jim Collins, author of Built to Last considers himself both a student and teacher of leadership. He has performed endless hours of research into companies and leaders aiming to understand exactly what separates the best from the rest. With 6 books under his belt he has sold more than 10 million copies worldwide, this book, Good to Great became a #1 bestseller.

In this summary

Collins outlines a model for turning a good, average or even a mediocre company into a great one. The book includes a useful model which brings the theory together in an actionable way. This summary will outline Collin’s 3 key aspects for a Great company; disciplined people, disciplined thought & discipline action.

BOOK SUMMARY

1. DISCIPLINED PEOPLE



Leaders

Despite what you may think, Collins explains that not all leaders behind the 'great' companies are well-known or high-profile. In fact, Collins has outlined a characteristics most commonly found amongst the successful leaders.

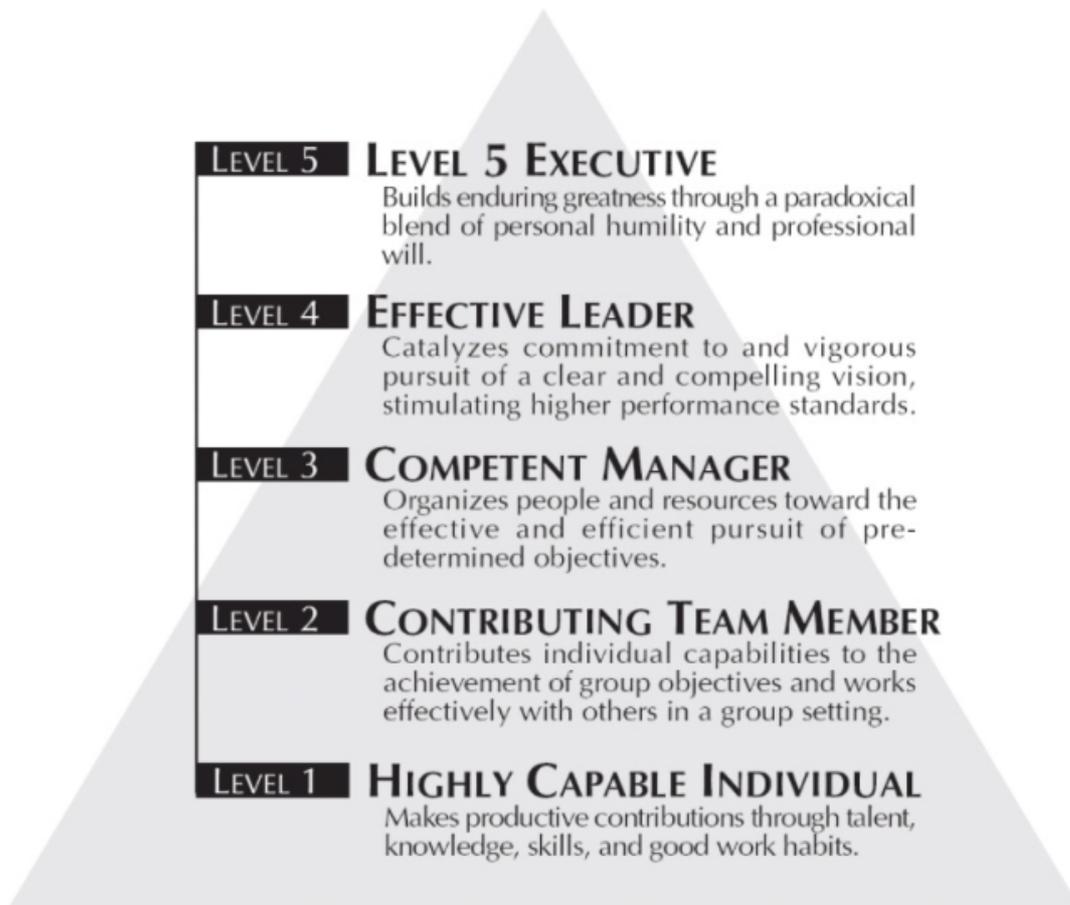
- Are modest and humble
- Set others up for the successes and the wins, focus on other peoples successes more than their own
- Have unwavering resolve

- Care more about the company than their own profile
- Their ambition remains within the company and it's goals, not about their own personal progression.
- They have what Collins describes as a "ferocious resolve, an almost stoic determination to do whatever needs to be done to make the company great."

Collins calls these people the "Level 5 Leaders":

"An individual who blends extreme personal humility with intense professional will."

These "Level 5 Leaders" are the first ones to give credit to someone else, they acknowledge the team and the work they put in, always. And when things go wrong, they accept responsibility, they never use 'bad luck' as an excuse.



Who & what?

Collins explains that the very first point of call when getting a 'great' company going, is focusing on having the right people on board. Rather than having a vision, then getting people to work towards said vision. Ensure that the people you have on board are complimentary and reflect the companies motives. Then together, you can define the vision. Collins explains it well with a bus metaphor;

"Look, I don't really know where we should take this bus. But I know this much: If we get the right people on the bus, the right people in the right seats, and the wrong people off the bus, then we'll figure out how to take it someplace great."

Collins identifies the reason this way is easier, is because it's a lot easier to motivate the right people, less management will be involved. You will find that the right people enjoy work, they work together seamlessly and work doesn't feel as 'hard'.

"If you focus on the who first, it's easier to change direction later because these people are on the bus because of who else is on the bus. If you focus on the what, then people focus on the direction the bus is going and it becomes harder to change direction later."

Here are a few of Collin's top tips for hiring;

- Look for a good character over good skills and education. You can't teach character but you can provide education and training.
- If you have ANY doubts, don't hire the person. Follow your instincts on this.
- If you find that you have the wrong set of people, act fast and change this. Do it sooner rather than later.
- The people that do the best work, have them working where the opportunities are rather than where the problems are. Use them for development and progression rather than damage control. This is where they are the most beneficial.

"Good-to-great management teams consist of people who debate vigorously in search of the best answers, yet who unify behind decisions, regardless of parochial interests."

2. DISCIPLINED THOUGHT

Be realistic but never lose hope

Collins emphasises the importance of being 'brutally honest' when facing a tough situation. You have to accept reality in order to truly be able to tackle these challenges. Living in an alternate world where bad things don't happen isn't actually going to do you any good long time. When being realistic, the solution will more often than not present itself as obvious and logical.

Here are some of Collin's tips for dealing with tough situations

- Remember, as a leader, engage your workers with questions instead of answers.
- Use debate and conversation as the first tools, never coercion.
- Remember that everyone is entitled to not only having their say, but also being heard. Make sure you truly listen and engage with everyone's opinions.
- Never place blame, you can de-construct a problem without shoving someone under the bus.
- Build 'red flag' mechanisms.
- Don't give people false hope, this only demotivates them. As long as your people are 'right' for the job, they will be motivated to solve the problems.

"On the one hand, leaders stoically accepted the brutal facts of reality. On the other hand, they maintained an unwavering faith in the endgame, and a commitment to prevail as a great company despite the brutal facts. We came to call this duality the Stockdale Paradox."

The Hedgehog Paradox

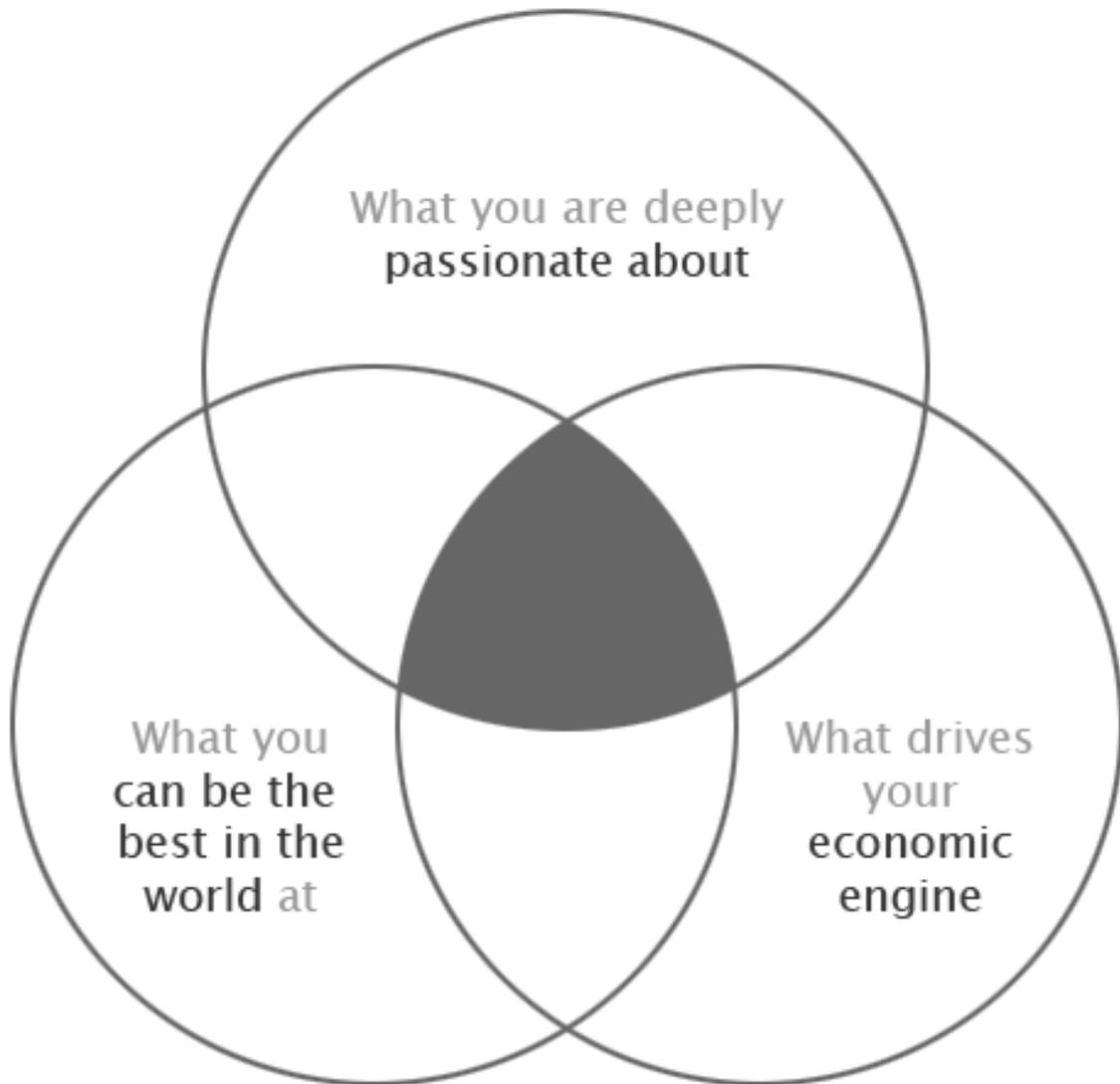
The hedgehog concept is a model for defining your company's strategy in the simplest of terms. Why hedgehog? Well because hedgehogs as a species actively simplify the complex world into a single idea/principle/concept. By doing this they

create a basic outlook on the world rather than having a multi-faceted and confusing perception. In short, Collins explains that hedgehogs see only the essential and ignore the non-essential.

"For example; Walgreens - Simply be the best, most convenient drugstores, with high profit per customer visit. That's it. That's the breakthrough strategy that Walgreens used to beat Intel, GE, Coca-Cola, and Merck."

Collins explains that great companies base their strategies on what Collins considers to be a deep understanding of the three key dimensions. Collins has come to describe these as the 'three circles.' Great companies take this understanding and outline a clear and simple concept that is easy to digest and adopt. This single concept can guide their efforts. Alas, the hedgehog concept.

The three circles



Jim encourages you to ask yourself the following three questions;

1. "What can you be the best in the world at?"
2. "What drives your economic engine?"
3. "What are you passionate about?"

If you can find the intercepting link between these three questions, you'll have the answer.

Collins outlines a few key things to think about when asking these questions:

- You have to have a real understanding of the business and what you can potentially be the best at. And you have to stick to it.
- You may not be the best at the beginning, but have the ability to see the potential in your business, that you will be the best eventually. And understand how to get there.
- Follow your passion and you'll never have to work a day in your life.

DISCIPLINED ACTION

Create a culture

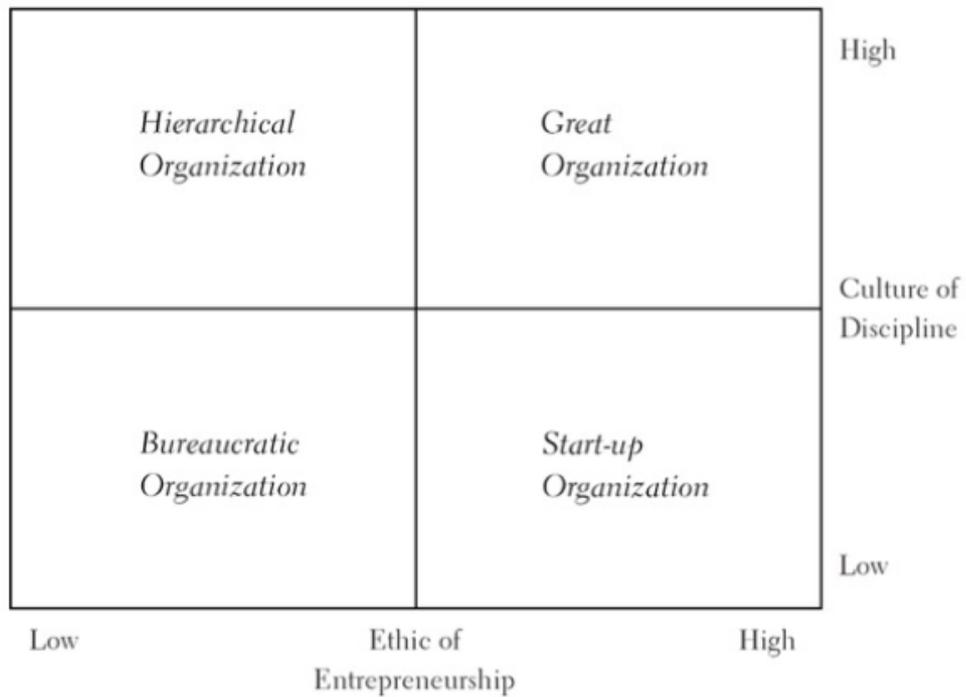
Jim believes that you need to pursue a culture where disciplined people are consistently taking disciplined action. The end goal is the hedgehog concept; a single unifying strategy or concept. If you have the right people on board, then creating this culture should be easy, embrace freedom and provide responsibility.

Here's a summary of some of Jim's tips for creating a good culture;

- Avoid bureaucracy and hierarchy
- Allow freedom and responsibility, this will inspire a culture that is creative and hard working
- Ensure that your people are self-disciplined, they also need to be passionate and willing to work extra hard when required.
- Focus in on the hedgehog concept, the intersection of the 3 meeting points is key.
- Have a 'stop doing list' to ensure you and others stop wasting time on unnecessary things
- If something doesn't fit into your created culture, then don't do it, don't embark on collaborations unless you are working in the same direction for the same reasons. Don't do unrelated work.

"The good-to-great companies built a consistent system with clear constraints, but they also gave people freedom and responsibility within the framework of that system. They hired self-disciplined people who didn't need to be managed, and then managed the system, not the people."

The Good-to-Great Matrix of Creative Discipline



Technology Accelerators

Living in today's world, we are used to technological advances and more often than not jump on board as soon as new developments are released. However, Jim points out that the Good to Great companies don't pursue new technologies unless they fit in with their hedgehog concept. That is, if the new technology is unrelated or will provide no new opportunities then they will not spend time on it.

"Technology is used by good to great companies as an accelerator, not a creator of growth. They avoid jumping on technology bandwagons and only pursue technology consistent with their hedgehog concept."

Jim's Fly Wheel & Doom Loop

It's important to note that these companies don't suddenly change from being good to great overnight. You're not going to wake up one morning with a revolutionary great company. Jim describes the process as something that progresses overtime; the momentum is gradual, similar to a spinning flywheel.

"There is no defining "ah-ha" moment which illustrates their dramatic transformation. Instead, momentum and growth is built up slowly overtime, like a spinning flywheel."

Why a spinning flywheel?

- Well as Jim points out, at the beginning when you begin pushing a flywheel, the momentum is slow and hard. But with each push, the speed increases and it get's easier and easier. Although no extra strength is actually required, the effect is larger with each spin.
- And this is how Jim describes what the transformation of companies from good to great is like. It never happens on that first push, and there's usually not a single defining moment when it all changed. It's the continuous 'pushing' of the 'fly wheel' that builds up enough momentum to take any company from good to great.

"The good-to-great companies had no name for their transformations. There was no launch event, no tag line, no programmatic feel whatsoever. Some executives said that they weren't even aware that a major transformation was under way until they were well into it. It was often more obvious to them after the fact than at the time."

What about the doom loop?

This is what Jim uses to describe companies who are after a quick change, they push to hard initially on the 'fly wheel' and when there is no defining moment of change are left disappointed and back where they began. And changing the direction of the fly wheel is just as dangerous, new leaders are particularly bad at doing this, wanting

to make their mark they change direction before enough momentum has had time to build up. This can have disastrous effects.

CONCLUSION

Key Takeaways

- It all begins with good leaders. They need to be humble and modest and care more about the companies growth than their personal growth.
- As a leader, engage your workers with questions instead of answers.
- You need to have the right people in the right positions. This is key.
- Look for a good character over good skills and education. You can't teach character but you can provide education and training.
- If you have ANY doubts, don't hire the person. Follow your instincts on this.
- Be brutally honest in tough situations. Don't shy away from the reality.
- Don't give people false hope, this only demotivates them.
- The hedgehog paradox essentially means simplifying the business into one unifying concept. Find the intercepting link between what you can be the best at, what drives your economic engine and where are your passions?
- Create a workplace culture that avoids bureaucracy and hierarchy
- Allow freedom and responsibility, this will inspire a culture that is creative and hard working
- Ensure that your people are self-disciplined, they also need to be passionate and willing to work extra hard when required.
- Remain focused and only work on 'relevant' work. Don't take on any fluff.

Further Reading

If you're a leader and enjoyed Jim Collin's take on leadership, it's worth checking out [Leaders Eat Last](#) by Simon Sinek. This book is ideal for anyone who leads, whether it

be a small team, an entire organisation, a community or a family. As a leader it's important to create a culture that leaves everyone happy and fulfilled, and this is exactly what Simon describes. Simon emphasises that when an environment is built on trust, teams will work together, have each others backs, survive and thrive.

Check out Jim Collins other best-seller; [Built to Last](#). A close examination of 'visionary companies' where he identifies what it takes and what habits you need to make a company visionary. A great guide to building a successful business or organisation that will prosper over a long period of time.

[Execution: The Discipline of Getting Things Done](#) by Larry Bossidy is another similar read. A 3-part examination of what it takes for companies to succeed through strategy, process, leadership and ultimately; execution. What sets the successful companies apart from those that fail.

[Guidelines](#) is my eBook that summarises the main lessons from 33 of the best-selling self-help books in one place. It is the ultimate book summary; Available as a 80-page ebook and 115-minute audio book. Guidelines lists 31 rules (or guidelines) that you should follow to improve your productivity, become a better leader, do better in business, improve your health, succeed in life and become a happier person.

Action Steps

- Ask yourself the following three questions;
 1. "What can you be the best in the world at?"
 2. "What drives your economic engine?"
 3. "What are you passionate about?"
- To figure out what your hedgehog paradox is, answer the questions and find the intercepting link.
- Check out Jim Collins [website](#) for some handy hints and great resources
- Download the full book from [Amazon](#).

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