

# Good To Great The Concepts

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Transportation Team Meeting, Nov. 2007

GOOD TO GREAT. Copyright 2001 by Jim Collins. HarperCollins Publishers Inc.



**tyco** / Healthcare / **Mallinckrodt**



# The Study

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Three times the market over fifteen years

Sustained great results *preceded* by a  
sustained period of average results

Only eleven 'made the cut' (+7 comparison co.s)

**“Good is the enemy of great”**



# The Companies

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## Good-to-great

1. Abbott
2. Circuit City
3. Fannie Mae
4. Gillette
5. Kimberly Clark
6. Kroger
7. Nucor

8. Philip Morris
9. Pitney Bowes
10. Walgreens
11. Wells Fargo

## Unsustained Comparisons

1. Burroughs
2. Chrysler
3. Harris
4. Hasbro
5. Rubbermaid
6. Teledyne
7. Median

# Disciplined

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Three Major Categories:

People (2)

Thought (2)

Action (3)



# The Basics

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1. Level 5 Leadership
2. First Who Then What
3. Confront Brutal Facts but have Faith
4. Hedgehog Concept
5. Culture of Discipline
6. Technology Accelerators
7. Flywheel and Doomloop



# Level 5 Leadership

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1. Highly Capable Individual
2. Contributing Team Member
3. Competent Manager
4. Effective Leader

## 5. Level 5 Executives

“channel their ego needs away from themselves and into the larger goal of building a great company”

HUMILITY + WILL = LEVEL 5 (“more like Lincoln than Patton”)



# First Who Then What

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Right People in the Right Positions

(wrong people off the bus)

then figure out where to go



# Confront Brutal Facts but have Faith

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Stockdale Paradox: "maintain unwavering faith that you can and will prevail regardless of the difficulties and *at the same time* confront the most brutal facts of your current reality"

Admiral Jim Stockdale, highest ranking US Officer POW in Vietnam. Tortured >20x from '65 – '73.  
"I never lost faith...that I would prevail in the end"





# Hedgehog Concept

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“The fox knows many things, but the hedgehog knows one big thing.” Isaiah Berlin

“The fox is a cunning creature, able to devise a myriad of complex strategies for sneak attacks.. the little hedgehog sensing danger.. becomes a sphere of sharp spikes.. (and) always wins”

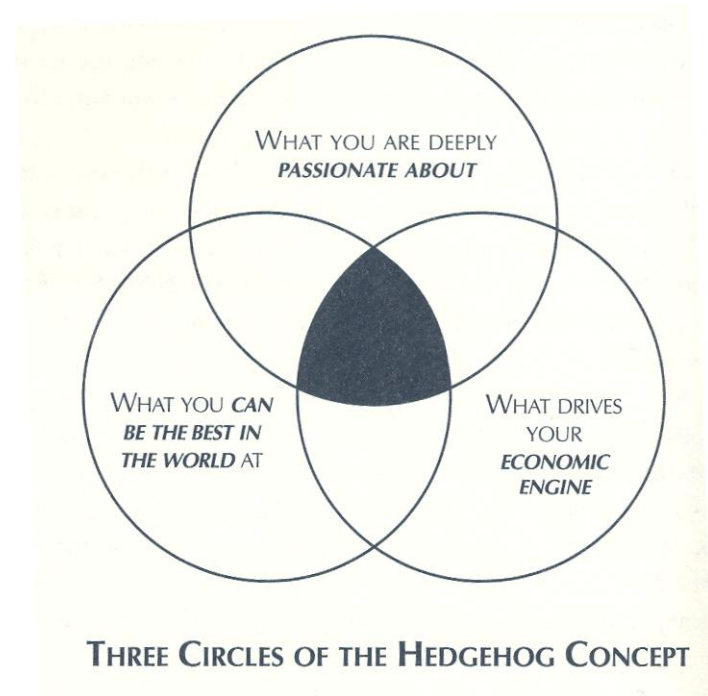


# Hedgehog Concept

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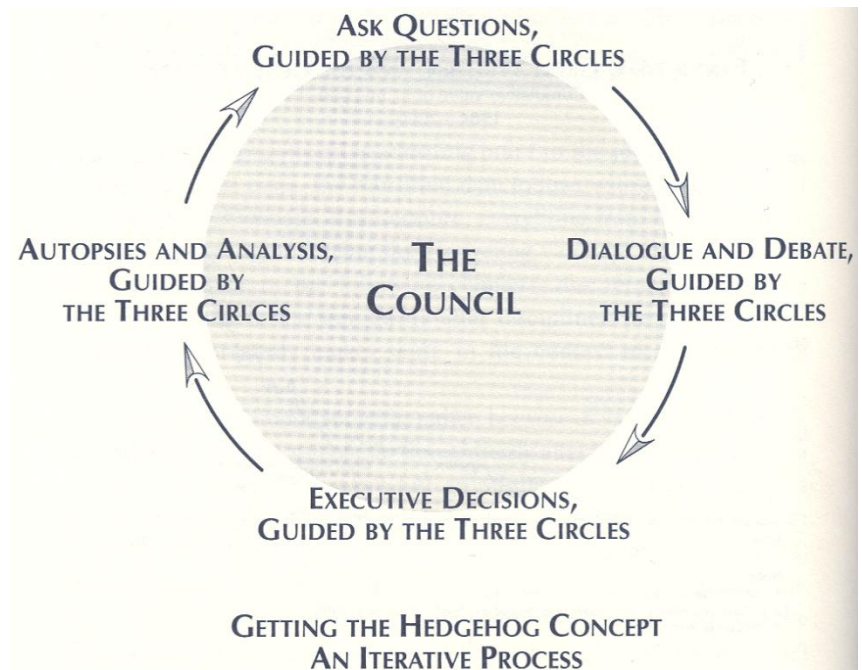
The intersection of three circles:

1. What are you deeply **passionate about**?
2. What **can you do the best in the world**?
3. What drives your **economic engine**?



# The Council

1. A device to gain understanding.
2. Assembled by the leading executive (5 – 12 staff).
3. Argue and debate for understanding, not ego.
4. Respect without exception.
5. Range of perspectives each with deep understanding.
6. Key members of Management but not limited to Management.
7. Standing body, not a project specific ad hoc committee.
8. Frequency from weekly to quarterly.
9. Does not seek consensus – final decision rests with the senior executive.
10. Informal – does not exist on any formal org chart or documents.
11. Innocuous name e.g. Strategic Thinking Group.



# Culture of Discipline

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“All companies have a culture, some companies have discipline, but few have a *culture of discipline*.”

When you have disciplined...

people - you don't need hierarchy

thought - you don't need bureaucracy

action – you don't need excessive controls.

“When you combine a culture of discipline with an ethic of entrepreneurship, you get the magical alchemy of great performance.”



# Technology Accelerators

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Technology is the never the primary driver for transformation

Good-to-great companies think differently about the role of technology

They pioneer *carefully selected* applications



# The Flywheel or Doomloop

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## No Miracle Moment

“Rather, the process resembled relentlessly pushing a giant heavy flywheel in one direction, turn upon turn, building momentum until a point of breakthrough and beyond”



# The Flywheel

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- A mechanical battery - simply a mass rotating about an axis.
- Store energy mechanically in the form of kinetic energy.
- One of the oldest and most common mechanical devices in existence.
- Store energy very efficiently and have the potential for very high specific power compared with batteries.
- Very high output potential and relatively long life.



# UP or Down?

