**Good to Great**

**Jim Collins**

Why Some Companies Make the Leap . . . and Other's Don't

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p 5     "It is about *the question* - Can a good company become a great company and, if so, how?"

p 6     A company had to demonstrate the good-to-great pattern *independent of its industry*; if the whole industry showed the same patter, we dropped the company.

p 17     **Level 5 Leadership**

* "You can accomplish anything in life, provided that you do not mind who gets the credit." - Harry S. Truman

p 21     "...a Level 5 leader-an individual who blends extreme personal humility with intense professional will."

* no ego or self interest
* ambitious, but first and foremost for the institution, not themselves

p 28     "They were seemingly ordinary people quietly producing extra-ordinary results."

* I want to strive for this!

p 39     Level 5 leaders display a workmanlike diligence-more plow horse than show horse.

* "Level 5 leaders look out the window to attribute success to factors other than themselves. When things go poorly, they look in the mirror and blame themselves, taking full responsibility.

p 41     **First Who...Then What**

* *first* get the right people on the bus, *then* figured out where to drive it

p 42     You can more easily adapt to a changing world

* problem of how to motivate and manage people largely goes away
* hired outstanding people whenever and wherever they found them

p 49   **"It's Who You Pay, Not How You Pay Them"**

p 52     "Rigorous, Not Ruthless"

* constantly applying exacting standards at all time and at all levels
* did not rely on layoffs and restructuring for improving performance

p 63     3 Practical Disciplines for being rigorous in people decisions

1. When in doubt, don't hire - keep looking.
2. When you know you need to make a people change, act.
3. Put your best people on your biggest opportunities, not your biggest problems.

p 64     People are not your most important asset, the *right* people are.

p 65     **Confront The Brutal Facts**

p 71     "...good-to-great companies continually refined the *path* to greatness with the brutal facts of reality."

p 73     "...for those with a strong, charismatic personality, it is worthwhile to consider the idea that charisma can be as much a liability as an asset.  Your strength of personality can sow the seeds of problems, when people filter the brutal facts from you.  You *can* overcome the liabilities of having charisma, but it does require conscious attention."

p 74     Lead with questions, not answers.

p 75     Engage in dialogue and debate, no coercion.

p 77     Conduct autopsies, without blame.

p 78     Build "red flag" mechanisms that turn information into information that cannot be ignored.

p 80     Unwavering Faith Amid The Brutal Facts

p 82     "hardiness" research by the International Committee for the Study of Victimization

* "These studies looked at people who had suffered serious adversity - cancer patients, prisoners of war, accident victims, and so forth - and survived.  They found that people fell generally into three categories: those who were permanently dispirited by the event, those who got their life back to normal, and those who used the experience as a defining event that made them stronger."

p 86     The Stockdale Paradox

* Retain faith that you will prevail in the end, regardless of the difficulties
	+ AND at the same time
* Confront the most brutal facts of your current reality, whatever they might be.

p 90     **The Hedgehog Concept**

p 95     What can you be the best in the world at (and, equally important, what you cannot be the best in the world at).

* What drives your economic engine.

p 96     What you are deeply passionate about.

p 114     It took about four years on average for the good-to-great companies to clarify their Hedgehog Concepts.

* Hedgehog Concept simplifies a complex world and makes decisions much easier

p 115 Characteristics of the Council

* exists as device to gain understanding about issues facing the organization
* assembled and used by the leading executives and usually consists of five to twelve people
* each member has ability to argue and debate in search of understanding
* member retains the respect of every other Council member, without exception
* members come from a range of perspectives
* Council includes key members of the management team but is not limited to, nor is every executive automatically a member
* Council is a standing body, not an ad hoc committee assembled for specific projects
* meets periodically
* Council doesn't seek consensus, recognizing that consensus decisions are often at odds with intelligent decisions. The responsibility for the final decision remains with the leading executive.
* an informal body, not listed on any formal organization chart or in any formal documents
* range of possible name, usually quite innocuous (Strategic Thinking Group, Executive Council)

p 118     Key is to understand what your organization can be the best in the world at, and equally important what is cannot be the best at - not what it "wants" to be the best at. The Hedgehog Concept is not a goal, strategy, or intention; is is an understanding.

     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

p 121 **A Culture of Discipline**

p 143     A culture of discipline involves duality. On the one hand, it requires people who adhere to a consistent system: yet, on the other hand, it gives people freedom and responsibility within the framework of that system.

* good-to-great companies appear boring, but upon a closer look, they're full of people who display extreme diligence and a stunning intensity
* single most important form of discipline for sustained results is fanatical adherence to the Hedgehog Concept and the willingness to shun opportunities that fall outside the three circles.
* the more discipline to stay with its three circles, the more it will have opportunities for growth
* "Stop doing" lists are more important than "to do" list

p 144 **Technology Accelerators**

p 148     Walgreens used technology as a tool to accelerate momentum after hitting breakthrough

p 152     Technology as an Accelerator, Not a Creator, of Momentum

p 162     avoid technology fads, yet pioneer the application of carefully selected technologies

* "Great companies respond with thoughtfulness and creativity, driven be a compulsion to turn unrealized potential into results; mediocre companies react and lurch about, motivated by fear of being left behind."

p 164     **They Flywheel and the Doom Loop**

p 180     "...their big acquisitions generally took place after development of the Hedgehog Concept and after the flywheel had built significant momentum. They used acquisitions as an accelerator of flywheel momentum, not a creator of it.

p 183     **Signs That You're on the Flywheel**

* follow a pattern of buildup leading to breakthrough
* reach breakthrough by an accumulation of steps, one after the other; feels like an organic process
* confront the brutal facts to see clearly what steps must be taken to build momentum
* attain consistency with a clear Hedgehog Concept, resolutely staying within the three circles
* follow the pattern of disciplined people ("first who"), disciplined thought, disciplined action
* Harness appropriate technologies to your Hedgehog Concept, to accelerate momentum
* Make major acquisitions after breakthrough (if at all) to accelerate momentum
* spend little energy trying to motivate or align people; the momentum f the flywheel is infectious

p 186     "Sustainable transformation follows a predictable pattern of buildup and breakthrough.

* comparison companies followed a different pattern - they tried to skip buildup and jump immediately to breakthrough.

p 188 From Good to Great To Built To Last

p 195     "Enduring companies preserve their core values and purpose while their business strategies and operating practices endlessly adapt to a changing world. This is the magical combination of "pre-serve the core and stimulate progress."

p 196     Preserve - Core Values, Core Purpose

             Change - Cultural and Operating Practices, Specific Goals and Strategies