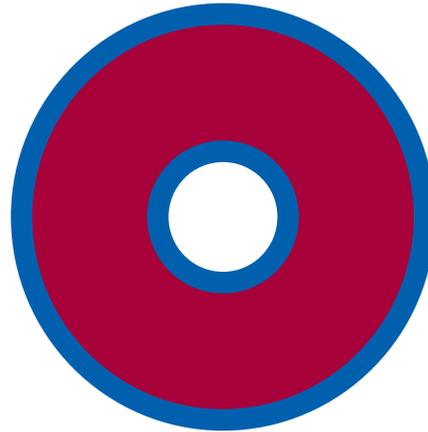


# GREATness

WHAT TO FOCUS ON TO TRANSFORM YOUR ORGANISATION

Derived from : Jim Collins, *Good to Great*

BOOK  
RAPPER



# GREATness

## WHAT TO FOCUS ON TO TRANSFORM YOUR ORGANISATION

### THE BOOK

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

### THE BIG IDEA

The key to transforming a good organisation into a great one is consistency over time. There are no shortcuts. Define your core activity and repeatedly achieve the goals you set.

### SPEED RAP

The three key disciplines to transforming your organisation are: ① Your people. You need the right type of leader and the right people on your team. ② Your attention. You need to focus on your core business, repeatedly and consistently. ③ Your action. You need a culture of discipline and the careful choice of technology to accelerate your momentum.

### YOUR CHALLENGE

Be great. You're either up for it or you're not. Look inside and decide. Then follow the steps in this RAP, turn your flywheel and work at it. Focus and transform your organisation.

# Contents : Greatness

**Book Rapper** Issues are not direct summaries of the books we review. We take what we consider to be the most important ideas from the book. We then re-package these key ideas so you can easily digest them in about 30 minutes. We also make it clear how you can take decisive action to benefit from these insights. In some parts we follow the book closely and in others we add our own models and interpretations. Given the **Book Rapper** Issue is much smaller than the book we may not cover each chapter. If you want more details than what's in this issue, we say '*buy the book*'.

**BR Review** : Good to Great

**Context** : Sexy Success

**RAP1** : Three Important Elements

**RAP2** : Level 5 Leadership

**RAP3** : The Right People

**RAP4** : Confront the Facts

**RAP5** : The Hedgehog Circles

**RAP6** : A Culture of Discipline

**RAP7** : Flywheels and Doom Loops

**RAP8** : Built to Last

**More...**

**Action** : Steps to Greatness



**BOOK  
RAPPER**

## THE BOOK RAPPER?

*Geoff McDonald* is a former architect who no longer designs buildings. Instead, as the *Ideas Architect*, he helps individuals and organisations to design, build and sell their ideas.

[GeoffMcDonald.com/blog](http://GeoffMcDonald.com/blog)

[@BookRapper](https://twitter.com/BookRapper)

## MORE FROM BOOK RAPPER

Book Rapper provides on-the-job learning for business leaders through book summaries of leading business books.

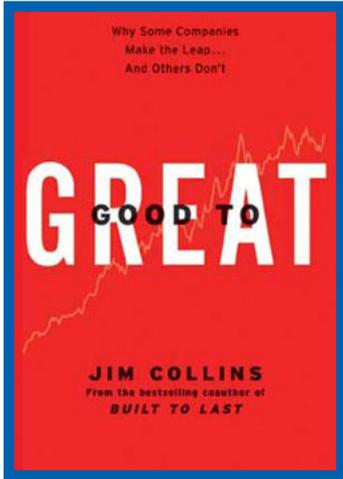
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Or, share your branded copies with your clients and colleagues to position yourself as a leader in your market.

More...

# BR Review : Good to Great

**Good to Great : Why Some Companies Make the Leap... and Others Don't**  
**Jim Collins (and a team of 21 researchers)**  
Random House, London, 2001.



## PRÉCIS

- Based on an extensive five year research project, this book follows the path of 11 companies that went from average performance to great - beating the market by 300% over a 15 year period. Over three million copies of this book have been sold worldwide.

## FEATURES

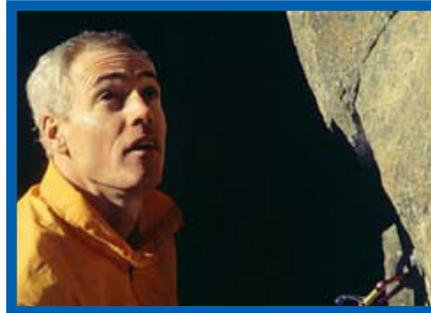
- Seven simple principles shared in a way that you can apply them.
- Rigorous description of the process undertaken. And, an inside view at the discussions had along the way.

## BENEFITS

- Well designed book that makes it easy to digest the major points.
- The key distinctions are simple and powerful. No excuses for not implementing them!

## WHO IT'S FOR

- The ideas in this book can be applied to any business - large, small, new or old.
- It's for business leaders willing to leave their egos at the door. And, are prepared to do what it takes consistently and over time.



## JIM COLLINS

- Former academic at Stanford University's Graduate School of Business.
- Runs his own Management Lab from his home city, Boulder, Colorado.
- Author of several highly rated business books including: *Built to Last*, *Great by Choice* and *How the Mighty Fall*.
- Married to Joanne Ernst, 1985 World Ironman Champion.
- Rock Climber extraordinaire.
- Author on Wikipedia : James C. Collins
- Author's Website: [JimCollins.com](http://JimCollins.com)



## BOOK RAPPER SAYS...

A masterclass in book design and authoring. Extensive research beautifully distilled into 7 key principles complete with visual models, case studies, stories, chapter summaries and highlighted key points. A classic!

# BR Context : Sexy Success

We put *Good to Great* in the context of other success strategies and business philosophies...

## BILL GATES

In Malcolm Gladwell's book *Outliers*, he tells the story of Bill Gates. Most people know that he dropped out of Harvard, went onto found Microsoft and became the richest man in the world. It's a sexy story of sweet success - skipping the slog of more study and being rewarded with all the riches you could imagine. This version of Bill Gates' path is a little light on the details and ultimately, a little misleading.

## HOLLYWOOD HEROES

It's a Hollywood tale that relies on the view that you shouldn't spoil a good story by telling the truth. And, in particular, if we only have 90 minutes to make a compelling movie then we'd better leave out the dull and boring bits. This tendency to time-warp transformation clouds over the day to day reality of how people succeed. It over emphasizes key turning points at the expense of what happens before and after. A more complete story about Gates exposes this myth of success...

## BEFORE HARVARD

What most people don't know is what Gates did BEFORE he went to Harvard.\*

As the son of wealthy parents, Gates was able to attend an elite private school in Seattle. As fortune would have it, the mothers club decided the school needed a computer. Today this sounds normal. But, back in 1968, many colleges didn't even have computers, let alone high schools. Bill became hooked on computer programming. He programmed during the day, throughout the weekend and he even snuck out of his bedroom window to program at night. He was doing 20 to 30 hours a week of programming whilst still in high school. By the time he arrived at college he had more programming experience than most of the people who were teaching him.

## 10,000 HOURS

One of the key ideas that Gladwell presents is the concept of "10,000 hours". To be world class at anything takes about 10,000 hours of preparation and practice. That's three hours everyday for ten years. And, there are no shortcuts. There is no evidence to suggest that talented people are able to do it in less

time. Gates had clocked up his 10,000 hours of practice in high school. And, therefore, he was probably one of the few people in the world at that time that didn't need to go to Harvard!

## DISCIPLINE AND FOCUS

Jim Collin's book *Good to Great* tells a similar story from the point of view of the organisation. His path to greatness is one of discipline and focus. He suggests the keys to success are to have a focussed leader without an ego. One who works solely for the good of the organisation. He suggests a focus on getting the right people on the bus - those who are prepared to work diligently and to forward the common objective. He suggests a key point of focus toward what you can be great at. And, to use this as a defining framework for decisions.

Finally, he suggests you simply spin your flywheel. In other words, produce the results you said you would. Then, gain momentum from this success to produce your next set of results. And, so on... Little wins breed famous victories.

Equally, Collins points to the lack of evidence that suggests you need a charismatic leader, a growing market or a unique technological advantage.

## ONE MILLION HOURS

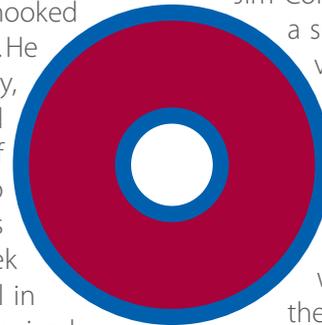
None of this is necessary because his message is simple: stay focussed, work hard and produce the results you said you would.

And, if we re-calculate the 10,000 hours principle... If it takes an individual 10,000 hours to become world class. Then, perhaps it takes 100 people to each produce 10,000 hours of focussed effort and practice to create a great organisation. That's one million hours.

And, this is not turning up for work time. It's not serving customers either. This is one million hours building the systems, the culture and the organisation.

The pathway to success and greatness is within this classic book. It's not sexy and it is relatively simple. The real challenge is sticking to your game plan. And, that's why so few people and so few organisations are great.

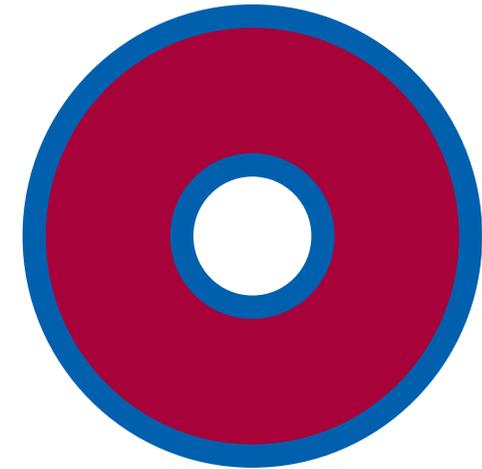
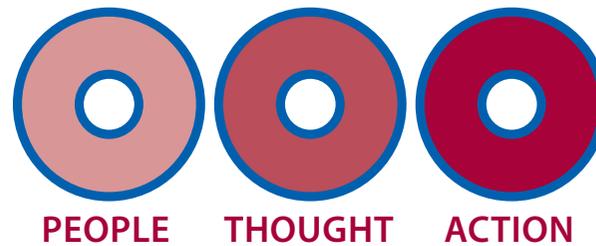
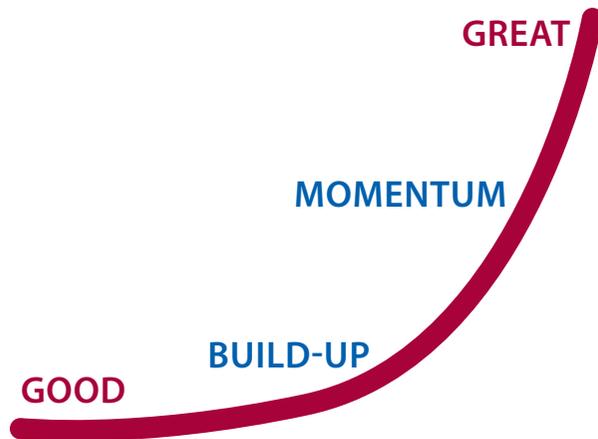
Whilst success may be sexy, getting there is less so.



\* Excerpt from our earlier *Book Rapper* issue *Anti-Self-Help* and derived from Gladwell's *Outliers* and Geoff Colvin's *Talent is Overrated*.

# RAP1 : Three Important Elements

PROFIT : Here's an overview of the three high-level elements that underpin the Good to Great framework.



## Pathway

The pathway from Good to Great involves a steady build-up of putting the elements in this RAP together to form an integrated system. As you spin your flywheel, create momentum and stick to your game plan, greatness will emerge. The goal is not to drive progress in dramatic shifts. Instead, it's to be the tortoise... slow and steady wins the race. It's not sexy from the outside and it will be stimulating for those inside of the organisation.

## Three Disciplines

There are three key disciplines to master. The first is people. Your leader needs a mix of personal humility and professional ambition. Plus you need to hire the right people to your team. Second, you need to focus your thinking to define your sweetspot - what you're passionate about and can be the best in the world at. Then, you need focussed action to follow your plan and use technology to accelerate progress.

## The Flywheel

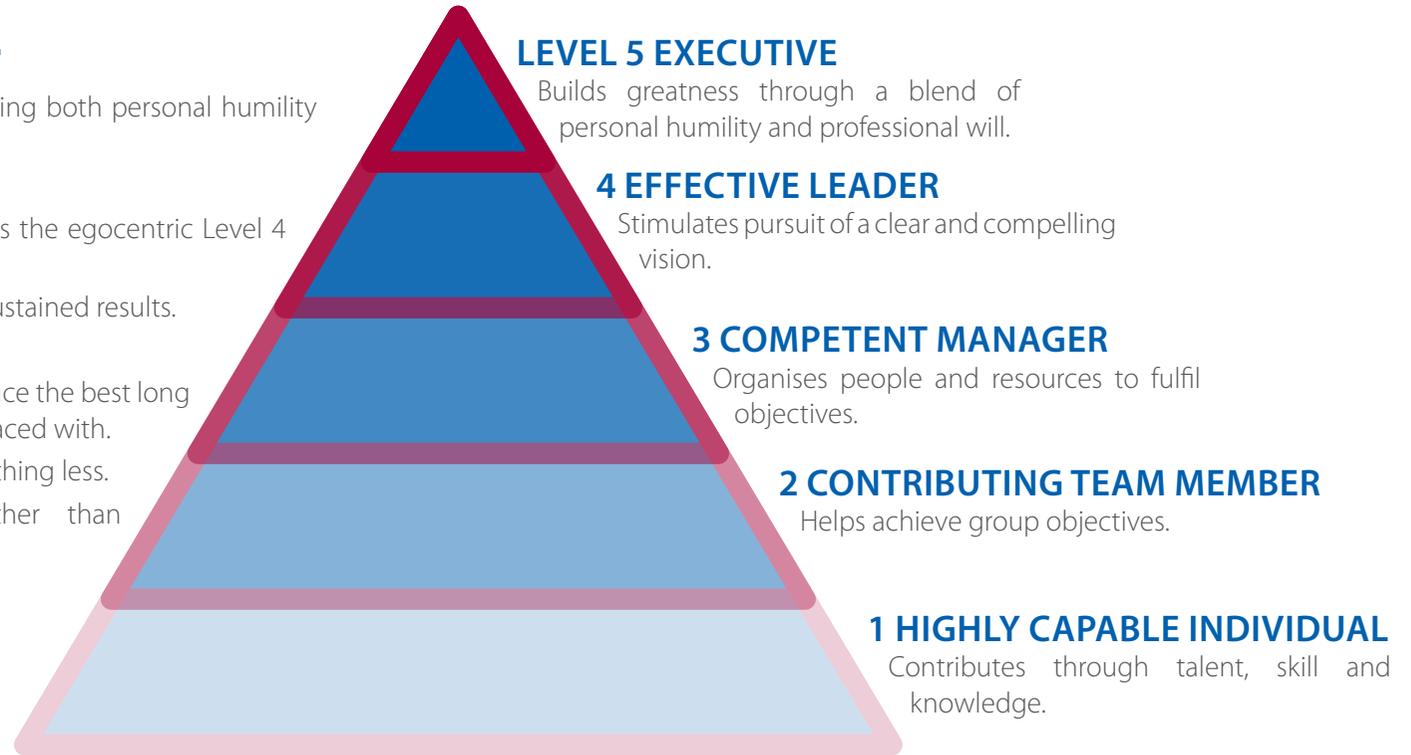
A flywheel is like pushing a small snowball down a hill. As it rolls it picks up speed and grows in size. Consistent, focussed action is directed at spinning your flywheel. As you attain desired results your momentum will increase and progress towards greatness will be boosted.

# RAP2 : Level 5 Leadership

**PROFIT :** All great companies need great leadership. And, whilst the business press typically celebrates the charismatic leader, the Good to Great research uncovered that a different leadership style was required. Here we explore that style: Level 5 Leadership - a mix of personal humility and professional will.

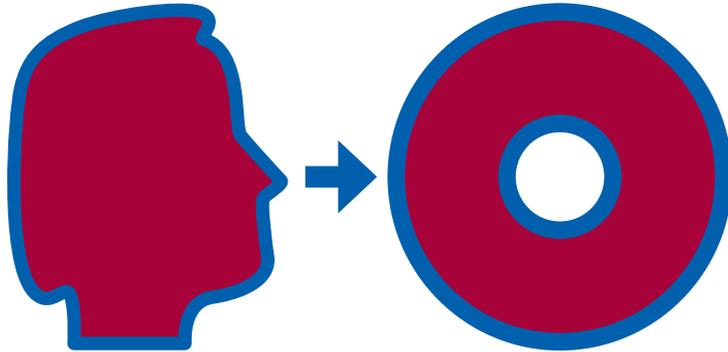
## Qualities of a Level 5 Leader

- Embody a paradoxical blend of qualities showing both personal humility and professional ambition.
- Are modest, self-effacing and understated.
- Set up the next generation of leaders. Whereas the egocentric Level 4 leaders in the comparison companies did not.
- Are fanatically driven with a need to produce sustained results.
- Are more workman than showman.
- Demonstrate a resolve and a resilience to produce the best long term results, no matter what challenge they are faced with.
- Set the standard for greatness and settle for nothing less.
- Typically attribute success to factors other than themselves.
- Take responsibility for poor results.
- Act with a calm and quiet determination.
- Shun public attention and adoration.
- Channel their personal ambition into forwarding the goals of the organisation.



# RAP3 : The Right People

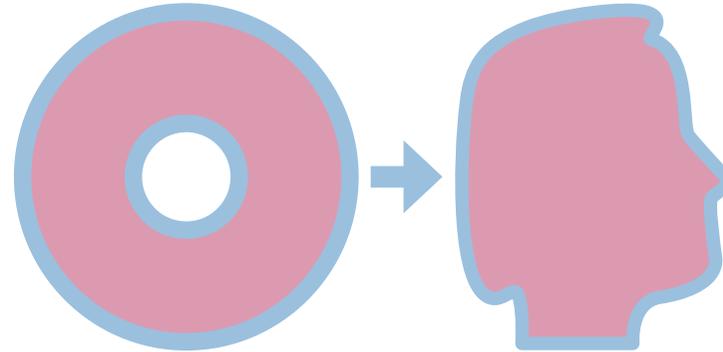
**PROFIT :** Typically, to build an organisation you set the vision of where you want to go then build a team around that. The Good to Great research showed the opposite was a better approach - gather the right team then work out where to go. Here, we explore the benefits of this approach...



## First Who, Then What

Get the right team on the bus, particularly your executive team. Ensure they're sitting in the right seats. And, get the wrong people off the bus. Then work out the best path to greatness.

- When in doubt, don't hire. Keep looking until you find the right people. Be rigorous about your people selection.
- Put your best people to work on your best opportunities.
- Expect your team to debate issues AND to follow diligently when the direction is set.
- The right people don't need additional motivation or extra compensation.
- The right people are the ones with the right character traits and innate capabilities. Skills and knowledge can be learnt.
- Create the right culture and working conditions for the right people to thrive.



## First What, Then Who

Set a vision for where you want to drive the bus. Then enlist a crew of helpers to make the vision happen. This approach is the 'genius with a thousand helpers' - the model used by the comparison companies. Unfortunately, this model fails when the genius departs.

# RAP4 : Confront the Facts

**PROFIT** : One of the keys to transforming an organisation is to make a series of good decisions. To do this you need a consistent process that deals with the facts of the situation. Here we consider creating a climate of truth and the paradox of needing to maintain your faith.

## The Stockdale Paradox

Admiral Jim Stockdale was a US military officer who survived the infamous 'Hanoi Hilton' as a prisoner of war in Vietnam. He was imprisoned for eight years and tortured more than 20 times. He was held captive in dreadful conditions with no promise of ever being released.

In his book, *In Love and War*, he describes how he always retained his faith that one day he would be let out and that he would see his family again.

In contrast, the optimists who thought they'd get out by this Christmas, or Easter, or Thanksgiving or next Christmas mostly gave up and didn't make it out alive.

This paradox reveals an inner strength and resilience that was displayed in the Good to Great companies.



Retain absolute faith that you can and will prevail in the end, regardless of your situation and how long it may take. AND, at the same time confront the facts of the situation you're facing.

## A Climate of Truth

Here's four basic practices to create a culture of speaking the truth and facing the facts.

- 1 Lead with questions, not answer.
- 2 Engage in discussion, dialogue and debate. Avoid manipulation and coercion.
- 3 Review mistakes & disasters without blame.
- 4 Build red flag mechanisms to ensure the right information is passed on.

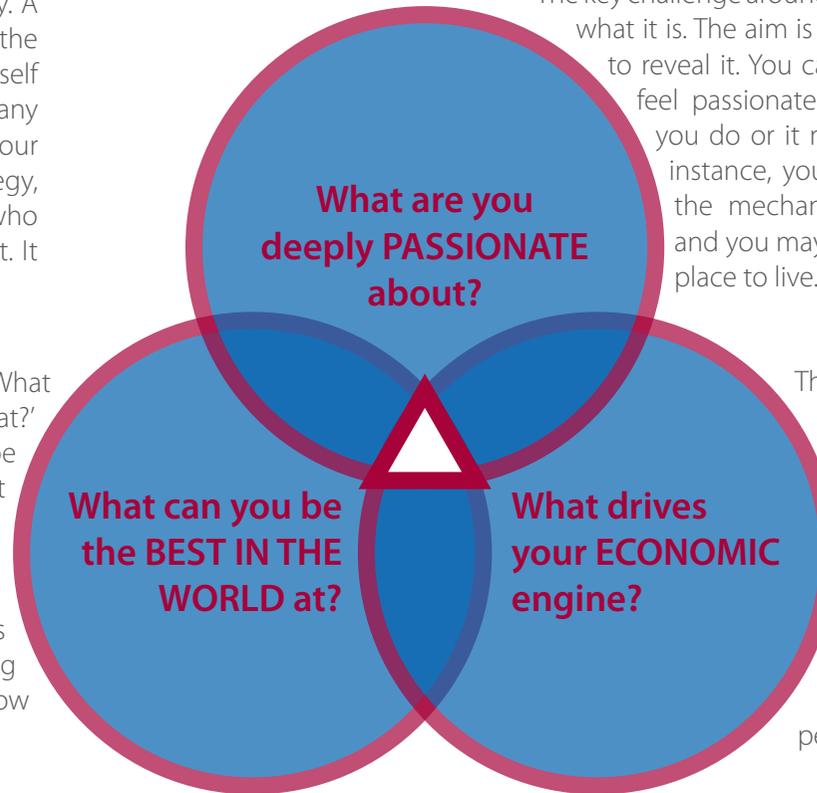
# RAP5 : The Hedgehog Circles

**PROFIT :** Great organisations have a consistent focus over time. They don't dabble in different things. They have a clear set of guiding principles that shape and unify everything they do. Here we explore the three elements you'll need to guide your organisation to greatness.

## The Hedgehog and the Fox

Hedgehogs know one big thing whereas foxes know many. A fox will pursue multiple ways to secure its prey. Whereas, the hedgehog adopts one and only one strategy to defend itself - it stops, curls into a ball and lets its spiky quills see off any predators. The Hedgehog Concept is the key to sourcing your point of business focus. It's *not* about having a goal, a strategy, an intention or wishful thinking. It's an understanding of who you are. It's like an athlete doing a sports identification test. It says with these in-built qualities you could be great at...

The specific question here is 'What CAN you be best in the world at?' rather than what you WANT to be best at. If you cannot be the best in that area of business then this is not your core business. This may mean you currently have little or no competence in this domain. When you start saying 'I was born to do this' you'll know you're on the right track.



The key challenge around your deep passion is to discover what it is. The aim is not to stimulate it or force it; it's to reveal it. You can't make yourself or your team feel passionate. Your passion may be a thing you do or it may be a cause you pursue. For instance, you may not be passionate about the mechanics of processing home loans and you may love helping people buy a new place to live.

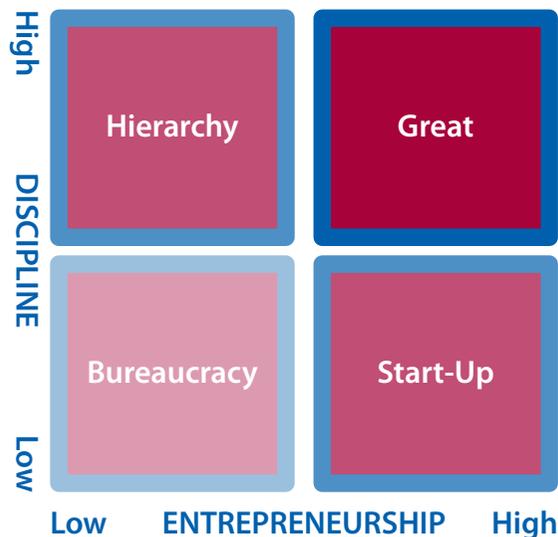
The driver of your economic engine will be the single denominator that has the biggest impact on your effort. For instance, profit per X, cash flow per X. Can you see the level of focus this brings? Once you have identified your economic drivers start designing your business system to deliver this result more easily. Examples: Profit per employee, per product, per customer, per kilo of raw material, per hour...

### Accelerate with Technology

The Hedgehog circles can be used as a guiding principle for many things. Notably, it should guide your purchase of technology. If the technology does not fit your sweet spot don't invest in it. And, only invest in technology after you've achieved some build-up of results. Use technology to add momentum not to create it.

# RAP6 : A Culture of Discipline

**PROFIT :** To create an organisational focus, start by defining your Hedgehog Circles. Then, you need to create a culture that adheres to this as a guiding force. It's need to promote consistency whilst also giving individuals freedom and responsibility. Here's how to create your culture of discipline...



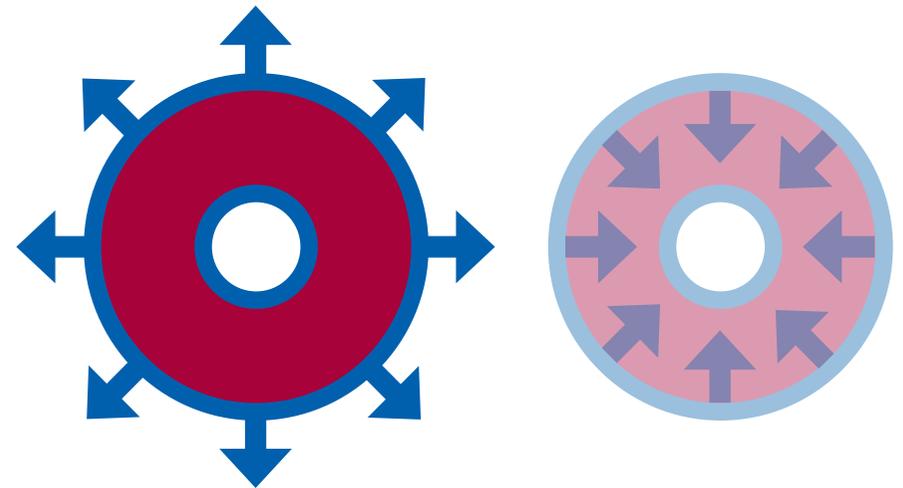
## What Got You Here

Many organisations fail to become great because they thwart the creativity and innovation that allowed them to grow in the first place. They start as a flurry of activity, grow dramatically and then strangle this spirit by trying to maintain control and order.

Instead, what's needed is a creative duality of both high discipline and high entrepreneurship. To build a culture of freedom and responsibility requires an overall framework and principles to operate within. Then you fill it with the right people - self-disciplined individuals that will do what it takes to fulfil their responsibilities. Manage the system not the people.

## Stop Doing List

Promoting the right activities is crucial. And, only as good as the ones you stop doing. Remember, what got you here may not get you to where you're going.



## Outward Discipline

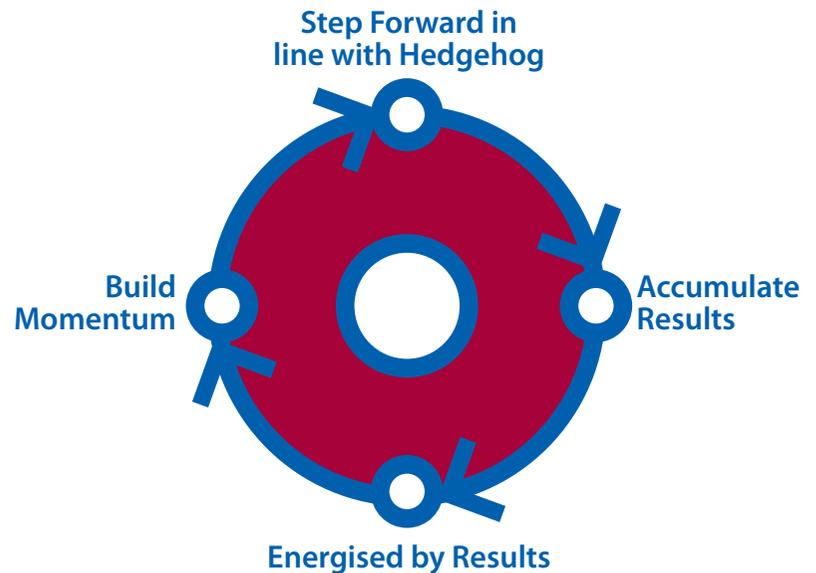
Ideally, this is people within the organisation imposing their own form of discipline. This might be doing what they said they would or calling each other to account. When done well the organisation expands as a result.

## Inward Discipline

Typically this looks like the boss as a tyrant. They impose discipline on the organisation usually by their position and authority rather than as a leader. This approach can stymie the growth of the entire organisation.

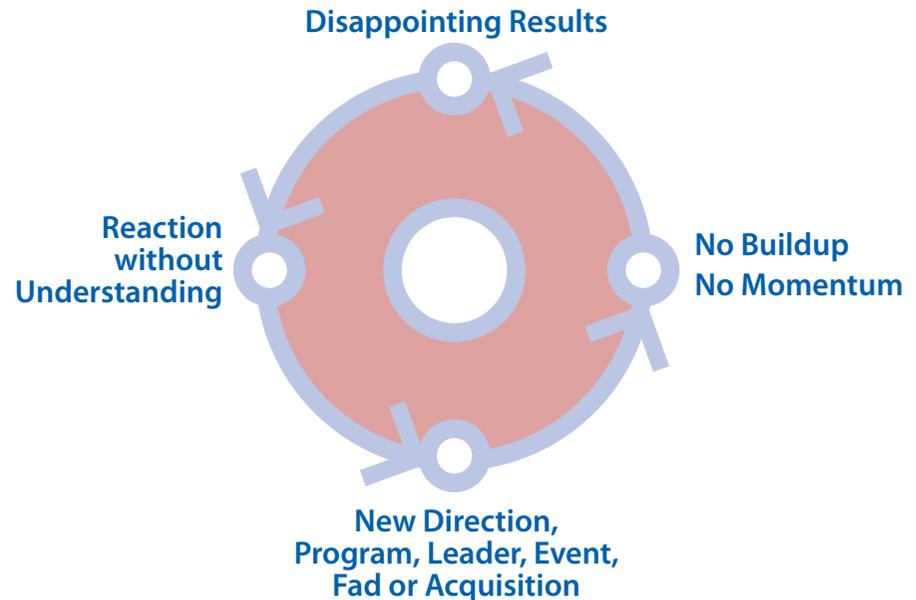
# RAP7 : Flywheels and Doom Loops

**PROFIT** : The one key element to transforming any organisation is consistency over time through multiple generations and iterations. It's sticking to a guiding principle and building that. Each individual piece builds a bigger and more powerful integrated system. Here we look at the simple principle of consistency and constancy in the form of a flywheel.



## Forwards - The Flywheel Effect

A flywheel is a store of energy and a symbol of momentum. This is the key to breakthrough and transformation. You'll know the flywheel is working for you when you see a steady buildup of results and performance. Then one day it will pop! Breakthrough! Like evolution, enough repeated cycles will turn a single-celled idea into a great organisation.



## Backwards - The Doom Loop

You'll know you're in the doom loop when you skip the buildup and attempt to make a breakthrough in a single step. Typically, this is through a new program, radical change, chronic restructuring and a wild acquisition. You'll probably be swapping leaders, jumping on fads, stepping outside your hedgehog, reacting to market changes, jumping on the latest technology because it's new and spending a lot of time trying to motivate your people. Not good and definitely not great.

# RAP8 : Built to Last

**PROFIT :** Prior to writing *Good to Great*, Collins teamed up with Jerry Porras to write *Built to Last*. This book explored the question: What does it take to build an enduring company from scratch? Here we consider the connections between these two classic texts.

## PRESERVE THE CORE

The central concept of *Built to Last* was the focus on discovering your core values and your reason for existing.

Profit is not the purpose of any business. Like breathing, profit is essential and not the reason for living.

Your purpose ultimately will reflect some social good. For pharmaceutical company *Merck*, the goal is to provide medicine for the patient. If they do this profits will naturally follow.

It doesn't seem to matter which core values an organisation chooses. What does matter is that they are built into the essence of your business and preserved over time. They act as a guiding philosophy to assist decision making and maintain focus.

Thus preserve the core: your purpose and values.



## STIMULATE PROGRESS

One of the key ways to start your flywheel spinning is to tackle a BHAG - a Big Hairy Audacious Goal.

It's a mountain to climb that provides a clear and compelling focus for your effort. Like the goal of putting a man on the moon, it captures ones attention and inspires action.

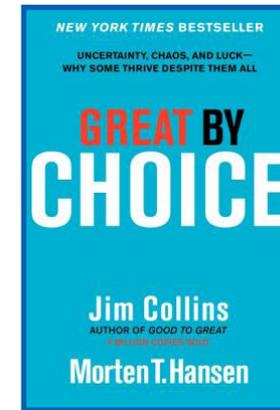
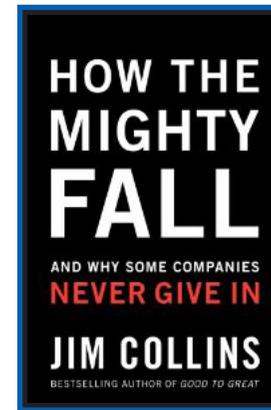
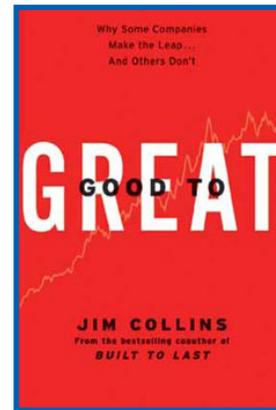
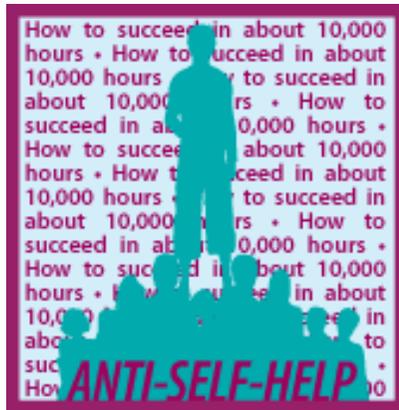
And, it sits in the sweet spot of your Hedgehog circles.

## PRESERVE AND STIMULATE

Enduring great companies do both: they preserve their core values and purpose AND they stimulate growth by interpreting this in new ways. For instance, *Disney's* purpose is to *bring happiness to millions* - primarily children. And, they have achieved this through producing cartoons, TV shows and theme parks. Consistent internal philosophy with different external expressions.

# More...

**PROFIT :** Want more? Here's an additional Book Rapper issue to consider. Want more than this? We suggest you buy the book! Or buy one of Jim Collin's other classic books...



## OTHER BOOK RAPPER ISSUES

### Anti-Self-Help

As mentioned in our Context piece, this issue presents a similar philosophy for success for individuals.

Derived from both: Malcolm Gladwell's *Outliers* and Geoff Colvin's *Talent is Overrated*.

## BUY THE BOOK

Buy *Good to Great* on Amazon

## AND OTHERS BY JIM COLLINS...

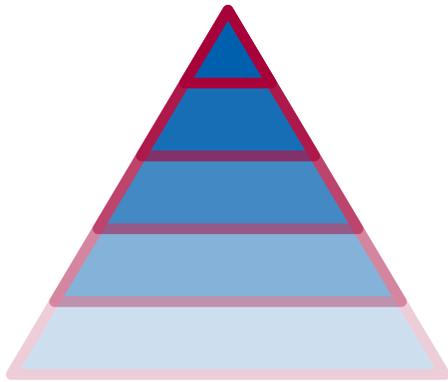
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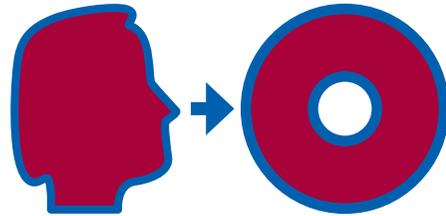
# Action : Steps to Greatness

**PROFIT :** Here's the order and steps to take to implement the distinctions you've just read. Remember, the value is not in one idea, it's in the integration of all of them. Answer these questions to start transforming your organisation. Remember, these are not five-minute tick a box questions. They will require considerable thought, debate and revision.



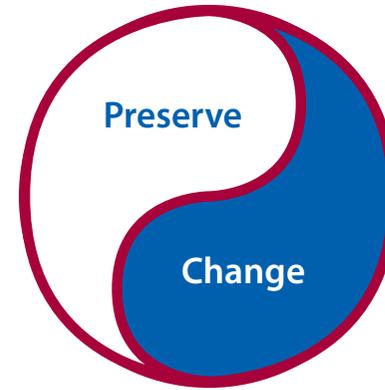
## ① LEVEL 5 LEADERSHIP

- Do you have the right leader?
- Are they operating from Level 5?
- What can you do to shift this?



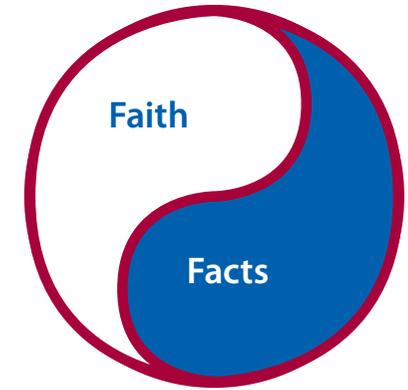
## ② THE RIGHT PEOPLE

- Who are the right people for your organisation?
- Do you have the right people on the bus?
- Are the right people sitting in the right seats?
- Who should not be on the bus?



## ③ DEFINE YOUR CORE

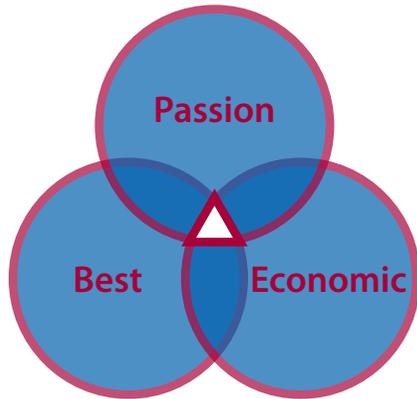
- What is your purpose for existing beyond money?
- What are your core values?



## ④ FACE THE FACTS

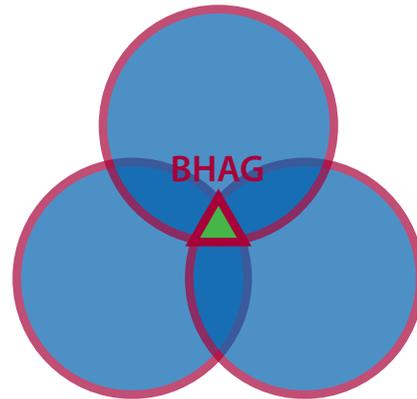
- What are the important facts?
- What is the best way to respond to these facts?

# Action : Steps to Greatness, continued...



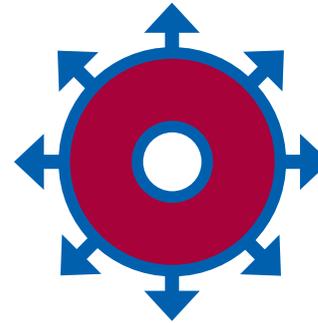
## ⑤ HEDGEHOG CIRCLES

- What are you passionate about?
- What can you be the best in the world at?
- What is your economic denominator?



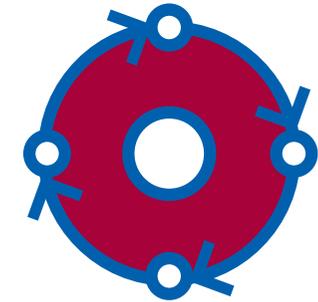
## ⑥ BHAG

- What is your one Big, Hairy, Audacious Goal?
- Does this BHAG fit inside and forward your Hedgehog Circles?



## ⑦ CULTURE OF DISCIPLINE

- Is your current culture bureaucratic, hierarchical, startup or great?
- What actions can you take to increase discipline?
- What actions can you take to promote entrepreneurship?
- What are you going to stop doing?



## ⑧ SPIN YOUR FLYWHEEL

- What action will you take to boost results?
- What action will you take to keep the momentum going?
- Are your actions consistent with your Hedgehog circles?
- How can you gain more energy from your results?