Good to Great

INTRODUCTION

BRIEF BIOGRAPHY OF JIM COLLINS

Jim Collins was born in 1958 and earned his bachelor's and MBA degrees from Stanford University. He began his teaching career at the Stanford University Graduate School of Business and later went on to found an independent management research laboratory in Boulder, Colorado. In addition to his writing and research, Collins now works as a consultant for both businesses and the social sector. In addition to *Good to Great*, Collins has published four other book-length works of nonfiction and one shorter monograph about applying his good-to-great concepts to the social sector. He is an avid rock climber and is married to triathlete Joanne Ernst.

HISTORICAL CONTEXT

Good to Great was researched and written during the height of the dot-com bubble in the late 1990s, but it was published in 2001, after that bubble had burst. With readers searching for alternatives to the stereotype of the visionary business leader, Collins's simple lessons in humble management were especially welcome at the time of the book's publication. Accordingly, it became a bestseller with a variety of audiences beyond the business sector. Some of the good-to-great companies have faced significant setbacks since the book's publication, most notably Fannie Mae and Circuit City. These real-world changes offer an additional perspective on the good-to-great concepts and how companies might fail if they stop consistently applying those principles.

RELATED LITERARY WORKS

Good to Great is directly related to Jim Collins's other books, with the author himself stating that he views it as a prequel to his 1994 book *Built to Last*. It is also closely linked to *How the Mighty Fall*, the author's 2009 book about the decline of once-great companies. Additionally, *Good to Great* is one in broad genre of countless books that claim to reveal the secrets of successful companies. A few of the most notable comparisons include Patty McCord's 2018 release *Powerful*, which focuses on building effective company cultures of the kind Collins describes, and Nassim Nicholas Taleb's 2010 release *Black Swan*, which focuses on the hidden impact of improbable events like the ones that often shape companies.

KEY FACTS

- **Full Title:** Good to Great
- **When Written:** Late 1990s
- **Where Written:** Likely at the author's research laboratory in Boulder, Colorado
- **When Published:** 2001
- **Literary Period:** Contemporary
- **Genre:** Business, Management, Self-Help
- **Climax:** The unifying metaphor of the flywheel
- **Point of View:** First-person, in the voice of author Jim Collins

EXTRA CREDIT

Always on time. According to a profile in *The New York Times*, author Jim Collins carries three stopwatches at all times and logs all of his activities into a spreadsheet.

Lessons from Ancient Greece. Collins's teaching and research methods are based on the iterative dialogue of the classical Socratic method, which also informs some of the good-to-great practices the book describes.

PLOT SUMMARY

Jim Collins states that while his previous book, *Built to Last*, explained how great companies stay great, it did not delve in the ways that good companies become great ones. That process of transformation is the subject of *Good to Great*.

Collins and his research team selected eleven corporations that went from showing average or below average performance on the stock market to showing extraordinarily good returns and sustaining those returns for at least fifteen years. Additionally, the team selected eleven direct comparison companies to study from the same industries as the good-to-great companies, as well as six unsustained comparison companies. The direct comparison companies did not show a change from good to great, while the unsustained comparisons did show that change but could not continue their gains over time.

Collins and his team set a goal of figuring out what went into these companies' remarkable transformations, in order to outline a set of universal good-to-great principles that any organization or even individual might use. They eventually uncovered the seven principles that make up the book's core concepts.

The first of the seven principles is the concept of the Level 5 Leader. Over the course of their research, Collins and his team found that every good-to-great company was led at the time of its transformation by a very particular kind of CEO, which they term Level 5 Leaders. In contrast to the stereotype of a brilliant, charismatic leader, Level 5 Leaders are universally humble and devoted to serving the company's success over their own. However, these leaders are not meek or unassertive; on the contrary, they fight forcefully for their companies' well-being while maintaining their personal modesty. The balance between these two characteristics, which may seem initially contradictory, forms the essential trait of Level 5 Leaders. Collins gives several examples of the kinds of behavior, both humble and assertive, that led the research team to characterize the good-to-great CEOs as Level 5 Leaders.

Next, Collins turns his attention to the hiring and employment strategies of good-to-great companies. Contrary to popular wisdom that emphasizes strategic planning above all else, the good-to-great companies almost always focused their attention on hiring the right people *before* deciding what direction the company should take. Collins uses the metaphor of a bus for this process and gives examples of the ways that good-to-great companies prioritized getting the right people on the bus, even when dire circumstances prompted them to take action. With the right people in place, the companies' CEOs did not need to lead through tyranny; rather, they were able to delegate and share responsibility.

Having the right people on the bus also helped these companies make savvy strategic decisions, since they had a variety of intelligent perspectives to draw from in setting a direction. Throughout this chapter, Collins emphasizes that a person is "the right person" when their motivations align with the company's, and that "right" does not refer to any objective definition of what talents or background employees should have.

Collins next explores the idea that good-to-great companies must confront the brutal facts of their situations without losing hope that they will eventually prevail. Collins calls this form of duality the Stockdale Paradox, after a U.S. Admiral in the Vietnam War who told Collins that his key to surviving a prisoner of war camp was maintaining a balance of hope for the future with realism about the present. While the comparison companies were often in denial about their challenges, the good-to-great companies confronted challenges head-on and made plans based on real facts rather than wishful thinking. At the same time, they remained steadfast in their belief that they could succeed.

The other concept based on good-to-great companies' strategic planning is one of the book's motivating symbols: the **Hedgehog Concept**. Collins demonstrates how each of the good-to-great companies used one simple, precise concept to drive all of its planning and action. These concepts are termed Hedgehog Concepts after a story about a simple hedgehog who defeats a clever fox by using one focused strategy consistently, while the fox exhausts itself with intricate maneuvers that ultimately fail. Collins lists each of the good-to-great companies' Hedgehog Concepts and shows how the comparison companies did not have similarly focused strategies. Additionally, Collins notes that the research suggests that good-to-great companies engaged in careful, long-term consideration of three specific areas: identifying what the company can do better than anyone else in the world; finding out what exactly drives the company's economic engine; and clarifying what the company and its leadership are deeply passionate about. For those looking to develop their own Hedgehog Concepts, Collins recommends robust debate around those three areas of understanding, which he terms "the three circles."

The next section of the book focuses on disciplined action and how it builds on the resources of disciplined people and disciplined thought discussed in previous chapters. The first key concept based on disciplined action is the idea of an overall culture of discipline, which Collins notes existed in some way at every good-to-great company. These cultures were not ruthless—that is, they did not rely on tyrannical leadership or baseless punishment of employees. Rather, they were formed through the duality of combining rigorous structures with freedom for individuals. Within such cultures, expectations are clear and standards are high, but employees decide how they personally can best meet those standards. Additionally, cultures of discipline as defined here are focused on fanatical adherence to the company's Hedgehog Concept, which must drive everything the company does.

Finally, Collins identifies the savvy use of technology as a particularly important case of disciplined action. Though new technology can be exciting and tempting, Collins's research shows that good-to-great companies pursued technological advances only when doing so made sense as a way to advance their Hedgehog Concepts. Many of them became technological leaders, but they did not do so for the sake of technology in and of itself. In contrast, the comparison companies often pursued technological progress without applying it wisely to the unique circumstances of their companies. Collins notes that while technology can be a powerful accelerator of a company's existing momentum, it cannot create greatness on its own. Many of the executives of good-to-great companies deemphasized technology in describing their own success, demonstrating that technology is truly a tool rather than a strategy.

Collins moves on to the seventh and final good-to-great concept, which unifies the previous six and shows how they can work together to create remarkable transformation. Collins use the symbol of an enormous, heavy **flywheel** as a symbol for this idea. The flywheel turns slowly and only gains momentum by moving steadily in the same direction for a long time. Moving it requires simple motions repeated over and over again, but once it starts to gain momentum, its own weight becomes an asset, powering it forward until the entire thing reaches a point of breakthrough and starts spinning on its own. Collins uses the image of the flywheel to show how all of the components of the good-to-great companies worked together to build energy toward transformative breakthrough. Crucially, none of the components can work on their own; they only function as part of the flywheel process. In contrast, Collins notes that comparison companies often seemed to be caught in a "doom loop," in which irrational decisions compound over time to prevent success.

In the final chapter, Collins connects the good-to-great concepts to those discussed in his previous book, *Built to Last*. In that earlier work, Collins conducted different research to show how great companies sustain their greatness over time, and he states that he now views *Good to Great* as a kind of prequel to *Built to Last*. The earlier book shows some of the same good-to-great patterns, and the new book also clarifies some of the first one's mysteries. Collins states that in order for a company to transition to greatness and maintain it over time, it must apply all of the concepts from both books, consistently and without exception.

Collins ends by noting how the good-to-great concepts show up even in organizations with little in common with corporations, using the example of a champion track team. Collins tells his readers that working toward greatness in any arena can be a key to leading a meaningful life and encourages them to find at least one area in which they might try our the good-to-great concepts themselves.

CHARACTERS

MAJOR CHARACTERS

Jim Collins – Jim Collins is the book's author, as well as its first-person narrator. He led the research team that developed and carried out the book's central study on the patterns potentially driving the success of good-to-great companies, and he intersperses personal reflections and occasional anecdotes from his own life within the book's chapters. A former Stanford Business School professor, Collins also breaks down the common characteristics of good-to-great company leaders throughout the book. His previous book, *Built to Last*, discusses how companies sustain greatness over time, and Collins states that he eventually came to view *Good to Great* as a kind of prequel to that earlier work—that is, it explores how companies may become great in the first place. Collins consistently demonstrates a democratic idea of success by emphasizing that the good-to-great transformation is both comprehensible and attainable, the result of sustained effort rather than merely a series of lucky breaks.

Jim Stockdale – Jim Stockdale served as an Admiral in the U.S. military during the Vietnam War. He spent eight years imprisoned in a notorious prisoner-of-war camp, during which time he bravely led his troops in withstanding torture while also planning for an eventual release. Stockdale was beloved by his troops and was invaluable to the military. Stockdale tells Collins that the secret to his success was believing that he would someday be free, while not shying aware from the brutal realities of his situation. Collins uses this duality, which he calls the Stockdale Paradox, as a term for the simultaneous hope and realism that good-to-great companies exhibit.

Darwin E. Smith – Darwin E. Smith was the CEO of paper company Kimberly-Clark during its good-to-great transformation. Collins uses Smith as an example of a quintessential Level 5 Leader; he is humble and modest while also making bold leadership moves, most notably in selling all of his company's paper mills. He also received little attention from the business media, another common characteristic of Level 5 Leaders.

Colman Mockler – Another quintessential Level 5 Leader, Colman Mockler was the CEO of Gillette during its good-to-great transformation. He was known for prioritizing his company's success over his own financial gain and for placing trust in his carefully selected executives. Upon seeing his own image celebrated on the cover of *Forbes* magazine, Mockler died of a heart attack almost immediately.

Alan Wurtzel – Alan Wurtzel was a Level 5 Leader who took Circuit City through its good-to-great transformation. Collins particularly emphasizes that Wurtzel viewed his company's successes as luck while also taking full responsibility for its setbacks. This tipped the research team off to the "window and mirror" pattern they observed around good-to-great companies' understanding of luck. His specific dialogue-based leadership style also aligns closely with the "three circles" of developing **Hedgehog Concepts**.

Ken Iverson – Ken Iverson was another Level 5 Leader and the CEO of Nucor during its transition from good to great. He was known for being especially modest and humble and for leading debates in order to refine his company's **Hedgehog Concept**. Nucor also became a notably egalitarian and worker-friendly company under Iverson.

David Maxwell – David Maxwell was the Level 5 Leader who led Fannie Mae through its period of good-to-great transformation. Maxwell's decision to focus on hiring decisions even as his company lost enormous amounts of money daily is Collins's most forceful example of the need to find the right people *before* deciding on a strategy.

Lee Iacocca – Lee Iacocca is the book's primary example of a leader of an unsustained comparison company who, notably, did *not* show traits of a Level 5 Leader. Iacocca led Chrysler through a period of remarkable growth and was widely admired for his charisma and vision, but Collins notes that he seemed to put his own ego above the company's success and eventually became distracted by other, more glamorous ventures. Iacocca did not effectively prepare a successor and, after his departure as CEO, Chrysler failed to sustain the gains it had enjoyed under his leadership.

MINOR CHARACTERS

Cork Walgreen – Charles "Cork" Walgreen was another Level 5 Leader, who led his family company Walgreens into an era of greatness. Collins focuses especially on Walgreen's skill in selecting the right people for his leadership teams, and on his savvy decision to focus on a clear, precise **Hedgehog Concept**.

TERMS

Good-to-great – **Jim Collins** and his research team use the term "good-to-great" to describe the eleven companies selected for their study. In order to qualify, each company had to display average or below-average stock market returns for fifteen years and then undergo a remarkable transition, followed by fifteen years of cumulative returns at least three times higher than average. The team selected long time periods to ensure that a company's success had outlasted the tenure of a single good leader, and it also required that the good-to-great companies show a transition pattern independent of their industries. That is, if an entire industry showed a pattern of remarkable growth, then companies from that industry were disqualified from the study. Finally, Collins acknowledges that stock returns are just one of many possible measures of greatness, but notes that his team agreed on this measure because it is objective and based on detailed, readily available data.

Direct Comparison – In addition to the eleven good-to-great companies, the study also included eleven direct comparison companies. These companies were drawn from the same industries as each of the good-to-great companies and each one was paired with a specific good-to-great company. However, the direct comparison companies did *not* transition to showing high returns, despite starting from similar circumstances as the good-to-great companies did. **Collins** includes these comparison companies in order to examine why some companies become great and others don't, even when they have similar resources and opportunities.

Unsustained Comparison – Finally, the study also included six unsustained comparison companies. These companies would have met the criteria to be defined as good-to-great, except that they were not able to sustain their stock market gains over the necessary fifteen-year period. These companies come from a variety of industries.

Level 5 Leader – **Collins** and his research team coin the term Level 5 Leader to describe the unique qualities that CEOs of good-to-great companies tend to have. In contrast to the stereotype of the charismatic, revolutionary leader, Level 5 Leaders are humble, self-effacing, and unwilling to take personal credit for their companies' success. They are ambitious, but they channel this ambition toward their companies rather than their own egos. Additionally, Level 5 Leaders are relentless and energetic in pursuing their goals. Far from being meek, they often make bold, forceful choices in leading their companies, but those choices are always based on their beliefs about what is best for the company as a whole. Level 5 Leaders also set their executives and successors up for success, rather than trying to consolidate power within themselves. The unique combination of humility and drive is the defining duality of Level 5 Leaders.

Stockdale Paradox – This term is named after **Jim Stockdale**, a United States admiral who led his troops during their imprisonment in a notorious prisoner-of-war camp during the Vietnam War. When **Collins** meets Stockdale, Stockdale tells him that the secret of his leadership success was balancing belief in a happy ending for his story with an unflinching acceptance of his current, very challenging reality. Collins and his team realize that a version of this paradoxical mindset existed within each of the good-to-great companies, which managed to combine hope for future success with a commitment to facing brutal facts head on.

THEMES

In LitCharts literature guides, each theme gets its own color-coded icon. These icons make it easy to track where the themes occur most prominently throughout the work. If you don't have a color printer, you can still use the icons to track themes in black and white.

THE POSSIBILITY OF TRANSFORMATION

While Jim Collins's study of how good companies become great ones focuses specifically on large corporations that fit the "good-to-great" model, he makes it clear from the start that the principles discussed throughout the book are intended to apply beyond the business world. Collins and his research team focus on companies because their stock value offers a clear measure of success and because information about this success over time is readily available. However, the guiding ideas Collins and his team glean from their research are also designed to be useful to individuals and other organizations—such as schools, churches, arts organizations, and community groups—that want to gain lasting greatness of their own. This broad view creates a sense throughout the book that transformation is possible for anyone and everyone, not just for companies or for organizations that share certain qualities. Collins puts forth the egalitarian perspective that remarkable improvement is within reach of any person or group, so long as they are willing to follow the principles he outlines.

Collins emphasizes that he and his research team repeatedly found that simple processes and disciplined effort were more important to companies' success than complicated strategies, brilliant ideas, or flashy marketing. Because the author's findings are so concrete, they reinforce the idea that success can be straightforward and comprehensible rather than mysterious and unattainable. Collins's core concept of business strategy, which he calls the **Hedgehog Concept**, focuses on the idea that picking one clearly defined goal and pursuing it consistently is much more effective than trying to diversify or meet many goals simultaneously. Even its name, which refers to a folktale about the superiority of the simple hedgehog—which has just one very effective defense mechanism (spines) over the cleverer fox—reinforces the idea that greatness is available to any organization, no matter how simple.

In each chapter, Collins provides a list of concrete takeaways and ideas for applying them to other contexts. This authorial choice links the book's concepts to readers' lived experiences, and again encourages them to think of themselves as powerful actors who can make real change for themselves and their organizations. Additionally, Collins repeatedly emphasizes that the book's principles are based strictly on empirical evidence, the details of which are meticulously outlined in the book's appendices. By showing readers exactly how he and his team discovered their good-to-great concepts, Collins demystifies these concepts and invites readers to view transformation as a rational, logical process based on data that anyone can access.

The book's findings also de-emphasize the role of nebulous concepts such as luck, charisma, and timing. Readers may not be able to make themselves lucky or charismatic, but according to Collins, that's no problem; none of those factors is necessary to transition from goodness to greatness. By making a direct comparison between each good-to-great company to a less successful competitor in the same industry, Collins's research also effectively controls for the possibility that successful companies only come from successful industries. Rather, the research demonstrates that successful companies can come from average or even poorly performing industries. This fact reinforces the theme that good individual choices can overpower bad circumstances, no matter the situation. In the chapter discussing effective leadership, Collins notes that great leaders (which he terms Level 5 Leaders) attribute positive outcomes to luck, while less successful leaders blame negative outcomes on luck. By drawing this comparison, Collins shows that luck is not an absolute phenomenon, but rather a subjective idea that can be used in more and less effective ways. Essentially, Collins suggests that readers have the opportunity to choose whether or not they are lucky.

Technology in particular is often viewed as an incomprehensible, almost magical force that allows certain individuals and organizations to succeed more than others. However, even the book's discussion of technological progress reinforces the theme that transformation is possible for anyone. Collins emphasizes that while new technology can be powerful, successful companies do not develop or use technology for its own sake. Rather, they view technology as a tool for achieving their unique goals and apply it only when doing so makes sense for their overall visions. By casting technology as a tool to be managed rather than an overwhelming advantage, Collins again places greatness back within the reach of ordinary readers. Additionally, Collins notes that "when used right, technology becomes an *accelerator* of momentum, not a creator of it." In other words, technology is only truly helpful to companies that are already achieving success in other, less glamorous ways. Here and throughout, Collins returns to the idea that the simple steps outlined in his book are the most reliable ways to gain sustained success, thus empowering readers to believe in and pursue meaningful transformation in their own lives.

THE IMPORTANCE OF THE RIGHT PEOPLE

The idea that people are an important component of any company or organization is nothing new. However, Jim Collins goes beyond this commonplace wisdom to claim that having the *right* people in the right roles within a company is an essential foundation without which the company cannot truly succeed. According to Collins's model, people are the essence of sustainable greatness, rather than just one component of it. However, Collins's idea of the "right" people rests on the understanding that each individual is unique and will be better suited to some roles and environments than others. Throughout, the book subverts the idea that certain people are inherently better than others; rather, it points out certain positive qualities that most individuals can cultivate and emphasizes the importance of the right fit between an individual and a company.

Although Collins specifically instructed his research team to avoid the common cliché that leadership determines greatness, the team nonetheless found clear empirical evidence for the importance of a certain kind of leader. Having an excellent leader does prove to be a common characteristic of companies that achieve sustained greatness. Collins and his team found that each of the good-to-great companies they studied was led during its period of transformation by what Collins calls a Level 5 Leader—a designation that notably does not fit the stereotypical mold of the charismatic, revolutionary leader. Rather, Level 5 Leaders blend "extreme personal humility with intense professional will."

Though Collins does not claim to understand how these individuals develop these qualities, he emphasizes that many people likely have the potential to become Level 5 leaders. For Collins, the "rightness" of these leaders is both crucial and attainable. Additionally, a key characteristic of Level 5 Leaders is an ability to foster success in subsequent generations. By definition, the rightness of these leaders is closely linked to the rightness of the employees they hire and train. Again, Collins shows that "the right people" has as much to do with teamwork and long-term development as it does with innate individual excellence.

Collins also argues that finding the right people is essential for all roles within an organization, not just the leadership. In this case, rightness rests largely on each individual's passion for the job and eagerness to be part of the company's overall effort. According to this model, certain individuals are "right" for certain companies and not right for others. Again, this version of rightness puts value on relationships and company culture, rather than personal greatness. Collins notes that great companies take on the burden of finding the right employees by having rigorous hiring practices and knowing when to let go of people who aren't a good fit. Though he acknowledges that this may seem ruthless, he contends that it is actually an essentially compassionate approach because it lets employees who aren't a good fit move on quickly to more appropriate opportunities.

According to Collins, prioritizing rightness pays off for everyone, not just for the company. Additionally, Collins notes that having employees who are excited about and invested in their work allows companies to do away with unnecessary bureaucracies and achieve success without tyrannical oversight. In essence, the right people are simply the ones who are motivated to help the company succeed, and finding them means that the company won't have to waste resources trying to motivate anyone. Again, Collins indicates that anyone can be the right person by finding a job in which they feel genuinely motivated to succeed.

Finally, Collins emphasizes that finding and keeping the right people should happen before a company takes action. In other words, even if a company doesn't know exactly what it needs to get done, it can still define its core mission and find people who are eager to join that mission. This unusual finding privileges people over action, again subverting conventional business wisdom that elevates decisive action over careful attention to human resources. For example, Collins notes that the good-to-great company Wells Fargo prioritized methodical hiring decisions during a period of immense and unpredictable change in its industry, rather than trying to strategize an approach to the changes themselves. In contrast, direct comparison company Bank of America—which was in the same industry but did not find sustained greatness—prioritized having one strong leader to plan out a response to the change. Even though doing so may have seemed risky at the time, Wells Fargo's decision to prioritize people over plans led to long-term success. Going off of many examples like Wells Fargo's, Collins shows again that rightness is closely related to a company's overall strategy and does not depend on any one definition of individual excellence. For Collins, rightness is about companies and individuals figuring out what motivates them and partnering with each other on the basis of those motivations.

FOCUS AND CONSISTENCY

In keeping with Jim Collins's emphasis on simple, comprehensible keys to success, the idea of narrow focus and consistent application of that focus comes up throughout the book. For Collins, these straightforward concepts are not limiting or small-minded; rather, they are the necessary foundational structures that allow for the complexities of true greatness to blossom. According to Collins's model of greatness, small ideas and actions are necessary for big success.

The idea of the **Hedgehog Concept** is perhaps the clearest summation of Collins's emphasis on focus and consistency. Much as a hedgehog has just one simple, consistently applied way of defending itself that allows it to survive nearly any attack, companies with clear, focused Hedgehog Concepts stick to one guiding principle that they can carry out better than anyone else. Whereas conventional wisdom often values diversification and expansion for its own sake, Collins finds that good-to-great companies often turned down opportunities for expansion and even eliminated aspects of their core businesses once they found that those aspects did not fit their Hedgehog Concept. Collins offers example after example of companies that became more successful only after developing more focused goals.

In addition to defining their Hedgehog Concepts clearly, the good-to-great companies distinguished themselves by adhering to those ideas with immense consistency. For example, one unsustained comparison, the toy company Hasbro, achieved greatness with a focused Hedgehog Concept but did not stick to that concept over time. Without long-term consistency, Hasbro could not remain a great company. Through examples like these, Collins illustrates the point that change, action, and bravado are only useful when they are based on a foundation of focus and consistency.

Similarly, the "culture of discipline" that Collins and his team identify as a key factor in sustained greatness does not depend on grand gestures or elaborate restructurings for their own sake. Rather, it depends on simple, clearly directed actions on the parts of everyone involved, from CEOs to factory workers. Collins argues that clear focus leads to attention to detail, and that the cumulative effect of these many small, seemingly boring actions is what leads to success on a grand scale. Equally important is the idea that this discipline must come from every member of a team, not just the leadership. Otherwise, the company runs the risk of being motivated by tyranny rather than teamwork, in which individuals make decisions based on fear of retribution rather than understanding of their purpose. According to Collins, tyrannical leadership serves to distract from focused action rather than promote it. Again, the dramatic influence of dynamic leader is unimportant compared to simplicity and single-mindedness.

Finally, Collins indicates that remaining focused and consistent at every level of a company can ultimately lead to a large-scale sense of momentum that transcends the small acts that created it. He terms this coherent system of effort and momentum "**the flywheel**," using the analogy of a gigantic wheel that requires years of small pushes to get moving but, once moving, remains powered by its own enormous weight. The image of the flywheel provides a concrete model for the crucial relationship between small-scale, repeated actions and large-scale success. Collins emphasizes that the many years of building up energy within the flywheel will likely seem unremarkable or even boring. This process, he notes, rarely gets media attention or industry acclaim. However, it is nonetheless the mechanism by which companies can eventually achieve great, attention-getting breakthroughs. In order to reach the breakthrough point, companies must embrace the value of purposeful repetition that may seem dull from the outside. Again, for Collins, thinking small and thinking big are two equally important sides of the same coin.

DUALITY AND CONTRADICTION

The idea of duality emerges as a key foundation of Jim Collins's findings. In nearly every aspect of successful companies, Collins reveals two essential truths that coexist with each other, rather than one overarching truth. Furthermore, these pairs of truths usually seem to be in opposition, which presents companies with the challenge of balancing them effectively. While having to face seemingly contradictory demands might seem like a setback for an organization or company seeking greatness, Collins instead suggests that the chance to bring together opposing qualities and ideas is actually an invaluable opportunity for growth.

The defining characteristic of Level 5 Leaders is, somewhat paradoxically, that they lack a single defining characteristic. Rather, they distinguish themselves by balancing two seemingly opposing traits: humility and extreme persistence. While Level 5 Leaders' humility may make them seem weak, Collins demonstrates that in fact they are often forceful and decisive. Either side of this humble/forceful combination might be an asset on its own, but it is the unique combination of the two qualities that Collins sees as the reason for these leaders' impressive results. Furthermore, the Level 5 Leaders also surround themselves with capable executives who all contribute to making decisions. Collins finds that robust dialogue and even arguments within a passionate leadership team (which he terms The Council) is a key feature of good-to-great companies. Essentially, Level 5 Leaders derive their strength in part from relinquishing their power to others, but again, Collins sees this seeming contradiction as an asset rather than a liability.

Duality also defines the roles of all the employees within good-to-great companies, as Collins describes in his discussion of cultures of discipline. In these companies, discipline is not about strict rules and total compliance. Rather, it is about balancing two equally important values: clearly defined systems and employees' ability to work creatively within those systems. While leadership teams manage the systems that employees use to complete their work, Collins suggests that companies function best when no one needs to manage the employees themselves. Again, this principle seems like it might lead to chaos and low productivity, but Collins's data indicates that employees who have freedom to make decisions within a clear framework actually accomplish *more* than those who are micromanaged.

Collins also sees this system of freedom within structure as a means of ensuring more equitable sharing of the company's fortunes, both positive and negative. This means that employees carry more responsibility for any failures, but they also have the joy and empowerment of taking real credit for successes. By including everyone in the process of accepting the bad along with the good, companies can create a greater sense of purpose and cohesion among employees.

Collins's data further indicates that companies that face difficult truths directly rather than avoiding them have superior long-term outcomes. However, those companies must also manage to avoid giving in to despair, regardless of how bad circumstances might seem. According to Collins, hopeless realism is unhelpful, but so is unrealistic hope. Only by holding onto realism and hope simultaneously can companies overcome adverse circumstances.

Collins calls this balancing act the Stockdale Paradox, after a prisoner of war during the Vietnam War who achieved extraordinary outcomes within dismal circumstances. Stockdale reveals to Collins that the key to his success was believing that things would someday get better, while also acknowledging that the present situation remained dire. Collins finds examples of this balance between faith in the future and understanding of the present throughout his analysis of companies facing difficult times. The Stockdale Paradox is perhaps Collins's most vivid illustration of the need for successful companies to tolerate and even embrace seemingly impossible dualities. Believing in two opposing truths simultaneously may seem irrational, but doing so is nonetheless a crucial component of many of the successes that Collins illustrates. By viewing these impossible situations as opportunities, Collins suggests, companies use even the worst of circumstances as ways to improve their fortunes.

SYMBOLS

Symbols appear in **teal text** throughout the Summary and

Analysis sections of this LitChart.

HEDGEHOG CONCEPT

Jim Collins draws on an essay by writer Isaiah Berlin to use the hedgehog as a symbol for success through simplicity. In Berlin's essay, a fox uses countless clever strategies to try to catch a hedgehog, but because the hedgehog has one simple, straightforward defense—its spines—that it can use in any situation, it defeats the fox every time. Even though foxes are cleverer and more glamorous than hedgehogs, the simplicity and focus of the latter win out. Collins uses this story as the foundation for Hedgehog Concepts, which is the name he gives to the clear, precise mission statements that good-to-great companies use to guide their actions. To be effective, Hedgehog Concepts must be based on deep understanding of the company, and Collins specifies three areas of questioning that, together, lead to successful Hedgehog Concepts: what can the company do better than anyone else; what is the company's core economic driver; and what is the company (and its leadership) deeply passionate about? The good-to-great companies all worked through Collins's "three circles" to arrive at deep understanding that they could translate into effective Hedgehog Concepts.

THE FLYWHEEL

Collins uses the idea of an enormous, heavy metal wheel—the flywheel—to explain how good-to-great companies bring together all the different concepts discussed in the book and eventually make their transitions into greatness. The essence of the flywheel metaphor is that greatness comes from consistent, small pushes over time, all of which move the company in the same direction. The flywheel turns slowly at first, but its momentum builds steadily until it reaches the point when it is powered forward through the force of its own weight in motion. There is no one big push that makes the flywheel go fast; similarly, there is no one moment or dramatic transition during which companies go from good to great. Rather, Collins argues, the flywheel shows that consistent, repeated effort in which everyone is working toward the same simple goal is the key to becoming great.

QUOTES

Note: all page numbers for the quotes below refer to the Harper Collins edition of *Good to Great* published in 2011.

Chapter 1 Quotes

> The best answer I can give is that it was an iterative process of looping back and forth, developing ideas and testing them against the data, revising the ideas, building a framework, seeing it break under the weight of evidence, and rebuilding it yet again. That process was repeated over and over, until everything hung together in a coherent framework of concepts.

Related Characters: Jim Collins (speaker)

Related Themes:

Related Symbols:

Page Number: 11

Explanation and Analysis

After detailing his research team's methods of selecting companies and gathering data, Collins explains how they moved from "chaos to concept" in building the good-to-great frameworks. The process of dialogue and debate described here mirrors the "three circles" that Collins describes later, in his discussion of creating effective Hedgehog Concepts. By showing how his own team used a version of the commitment to consistency and rigorous focus that the good-to-great companies rely on, Collins gives his readers one especially compelling example of the ways in which different kinds of organizations can use the book's principles in their own pursuits.

> That good is the enemy of great is not just a business problem. It is a *human* problem. If we have cracked the code on the question of good to great, we should have something of value to any type of organization. Good schools might become great schools. Good newspapers might become great newspapers. Good churches might become great churches. Good government agencies might become great agencies. And good companies might become great companies. So, I invite you to join me on an intellectual adventure to discover what it takes to turn good into great.

Related Characters: Jim Collins (speaker)

Related Themes:

Page Number: 16

Explanation and Analysis

After providing an overview of the key concepts to be discussed in the coming chapters, Collins expands his discussion to include organizations of all kinds, rather than just large corporations like the ones in the good-to-great study. Here, Collins provides an especially notable example of his belief that the good-to-great concepts might be effective for anyone trying to achieve greatness; success is not just for the lucky or talented. For Collins, identity is always transformable, if one only has the right tools to make progress.

By inviting the reader along as his equal in the last sentence of this quote, Collins also indirectly reiterates his faith in the competence of his readers. He seems to say that readers do not need to be told what to do so much as given tools to discover their own greatest assets and ideas. Here, Collins strikes the egalitarian tone that recurs throughout the book.

Chapter 2 Quotes

The business media called the move stupid and Wall Street analysts downgraded the stock. Smith never wavered. Twenty-five years later, Kimberly-Clark owned Scott Paper outright and beat Procter & Gamble in six of eight product categories. In retirement, Smith reflected on his exceptional performance, saying simply, "I never stopped trying to become qualified for the job."

Related Characters: Jim Collins (speaker), Darwin E. Smith

Related Themes:

Page Number: 20

Explanation and Analysis

Collins describes CEO Darwin E. Smith's bold move to sell Kimberly-Clark's paper mills and enter the consumer paper business, even when the company's entire history and previous core business had been based on its mills. Smith was mocked for his decision, but because it was based on a keen understanding of the company's situation and carried out fearlessly, it became a success story.

Smith's humility and boldness as described here provides a quintessential profile of the core qualities of a Level 5 Leader. Additionally, his modest analysis of his own success highlights the idea that anyone can work toward greatness through a combination of humility and persistent effort.

Level 5 leaders are a study in duality: modest and willful, humble and fearless. To quickly grasp this concept, think of United States president Abraham Lincoln (one of the few Level 5 presidents in United States history), who never let his ego get in the way of his primary ambition for the larger cause of an enduring great nation. Yet those who mistook Mr. Lincoln's personal modesty, shy nature, and awkward manner as signs of weakness found themselves terribly mistaken, to the scale of 250,000 Confederate and 360,000 Union lives, including Lincoln's own. While it might be a bit of a stretch to compare the good-to-great CEOs to Abraham Lincoln, they did display the same duality.

Related Characters: Jim Collins (speaker)

Related Themes:

Page Number: 22-23

Explanation and Analysis

As an introduction to the two core traits of Level 5 Leaders, Collins describes how Abraham Lincoln displayed these same traits. While some might have thought Lincoln weak because of his humility, that that humility actually coexisted with an immense personal strength and commitment to greatness—in this case, for the entire United States of America.

From the start, Collins makes it clear that neither characteristic is the thing that makes Level 5 Leaders great; rather, it is the unique, almost paradoxical *combination* of the two that allows these somewhat ordinary people to achieve extraordinary results. Here as in so many other places throughout the book, the idea of two simultaneous truths is crucial for grasping the good-to-great concepts.

Level 5 Leaders look out the window to apportion credit to factors outside themselves when things go well (and if they cannot find a specific person or event to give credit to, they credit good luck). At the same time, they look in the mirror to apportion responsibility, never blaming bad luck when things go poorly.

Related Characters: Jim Collins (speaker)

Related Themes:

Page Number: 35

Explanation and Analysis

Here, Collins summarize the tendency of Level 5 Leaders to be self-effacing, always turning their attention away from their own egos and toward the bigger picture of their companies' success. The balance between these leaders' undeniable success and their own relatively neutral perceptions of themselves is another form of the duality that crops up throughout the book.

Additionally, Collins makes it clear here that for Level 5 Leaders, there's really no such thing as luck; luck is just a mental framework for assigning responsibility for various events. For readers, the takeaway is that it doesn't matter if you lack special luck; it's still possible to achieve greatness by making your own luck.

Chapter 3 Quotes

❝❝ Maxwell made it absolutely clear that there would only be seats for A players who were going to put forth an A+ effort, and if you weren't up for it, you had better get off the bus, and get off now. One executive who had just uprooted his life and career to join Fannie Mae came to Maxwell and said, "I listened to you very carefully, and I don't want to do this." He left and went back to where he came from. In all, fourteen of twenty-six executives left the company, replaced by some of the best, smartest, and hardest-working executives in the entire world of finance.

Related Characters: Jim Collins (speaker), David Maxwell

Related Themes:

Page Number: 45

Explanation and Analysis

Collins describes how CEO David Maxwell successfully led Fannie Mae through its good-to-great transition in part by focusing closely on hiring and keeping the right people, even while the company was in dire financial straits. By prioritizing the right people over even strategic planning, Maxwell's example shows just how important it is for companies to find the right employees.

Additionally, this particular anecdote about the executive who chose to leave the company shows that "rightness" does not depend on innate talent, but rather on the match between the company and the individual. The person described here was qualified for the job and had to option of staying, but chose to leave because the job simply wasn't a good fit. Through stories like these, Collins suggests that greatness comes in part through the humble process of knowing oneself well and acting accordingly.

❝❝ If you have the right executives on the bus, they will do everything in their power to build a great company, not because of what they will "get" for it, but because they simply cannot imagine settling for anything less. Their moral code requires excellence for its own sake, and you're no more likely to change that with a compensation package than you're likely to affect whether they breathe. The good-to-great companies understood a simple truth: The right people will do the right things and deliver the best results they're capable of, regardless of the incentive system.

Related Characters: Jim Collins (speaker)

Related Themes:

Page Number: 50

Explanation and Analysis

Although executive compensation strategies are sometimes cited as a key factor in companies' success, Collins's research shows that was actually a negligible factor in the differences between good-to-great companies and comparison companies. Beyond simply offering decent compensation, the good-to-great companies did not do anything in particular to offer their employees financial or material incentives.

This finding suggests again that the "right" people are simply the ones who are committed to doing their best and supporting the company's mission. In turn, this implication makes greatness more accessible for everyone, since individuals may be inspired to seek out opportunities where they will be self-motivated and companies will know that they need not have outstanding compensation in order to motivate outstanding work. Additionally, this emphasis on "building excellence for its own sake" also ties into the book's larger theme of pursuing a focused, consistent vision of success that does not get distorted by external ideas of what excellence should be.

❝❝ Members of the good-to-great teams tended to become and remain friends for life. In many cases, they are still in close contact with each other years or decades after working together. It was striking to hear them talk about the transition era, for no matter how dark the days or how big the tasks, these people had fun! They enjoyed each other's company and actually looked forward to meetings. A number of the executives characterized their years on the good-to-great teams as the high point of their lives. Their experiences went beyond just mutual respect (which they certainly had), to lasting comradeship.

Related Characters: Jim Collins (speaker)

Related Themes:

Page Number: 62

Explanation and Analysis

Collins describes the unusually close bonds between colleagues at good-to-great companies as one effect of having the right people in place. This point is preceded by a discussion of the ways in which having the right people can also give executives more time to enjoy their lives outside of work.

Showing off the fun, enjoyable side of life in a good-to-great company not only underscores the importance of the right people, but it also shows a new kind of duality in which hard work and high spirits go hand in hand. Greatness, Collins indicates, is about more than just grueling effort; those efforts can be highly rewarding even through they're difficult. Additionally, showing the good-to-great executives as friends and comrades highlights their humanity, again showing readers that leaders of great companies are just people like anyone else.

Chapter 4 Quotes

A&P then began a pattern of lurching from one strategy to another, always looking for a single-stroke solution to its problems. It held pep rallies, launched programs, grabbed fads, fired CEOs, hired CEOs, and fired them yet again. It launched what one industry observer called a "scorched earth policy," a radical price-cutting strategy to build market share, but never dealt with the basic fact that customers wanted not lower prices, but *different stores*.

Related Characters: Jim Collins (speaker)

Related Themes:

Related Symbols:

Page Number: 68

Explanation and Analysis

Here, Collins illustrates how Kroger bested A&P in the grocery business by pursuing one simple, savvy strategy, while A&P—described here—failed to face the brutal facts of its situation and instead tried a variety of strategies to avoid them. This example and in particular the simplicity of A&P's error (that is, ignoring the reality that customers wanted different stores) shows how important consistency and focus are in company strategy. Though Collins does not say so explicitly, this moment foreshadows the idea of Hedgehog Concepts, on which the next chapter focuses.

Additionally, the example of A&P shows what it looks like when a company does not embrace the notion of duality. While Kroger achieved success by maintaining hope *and* a realistic understanding of the present, A&P threw itself into energetic action without seeking understanding to balance it.

The moment a leader allows himself to become the primary reality people worry about, rather then reality being the primary reality, you have a recipe for mediocrity, or worse. This is one of the key reasons why less charismatic leaders often produce better long-term results than their more charismatic counterparts.

Related Characters: Jim Collins

Related Themes:

Page Number: 72

Explanation and Analysis

Collins uses a number of examples in this chapter to demonstrate that charisma, which we usually think of as a positive thing, can actually be a liability because it keeps leaders from being told the brutal facts and so prevents them from making decisions according to those facts. This reversal of conventional wisdom adds new depth to the idea that people without flashy assets are nonetheless capable of leading their organizations through transformations. This idea also expands Collins's notion of the "right people," showing that the people who are right for a role, even a very powerful one like CEO, aren't necessarily the ones one would expect based on typical stereotypes of leadership.

I asked, "Who didn't make it out?"

"Oh, that's easy," he said. "The optimists."

"The optimists? I don't understand," I said, now completely confused, given what he'd said a hundred meters earlier.

"The optimists. Oh, they were the ones who said, 'We're going to be out by Christmas.' And Christmas would come, and Christmas would go. Then they'd say, 'We're going to be out by Easter.' And Easter would come, and Easter would go. And then Thanksgiving, and then it would be Christmas again. And they died of a broken heart."

Related Characters: Jim Stockdale, Jim Collins (speaker)

Related Themes:

Page Number: 85

Explanation and Analysis

While walking with Jim Stockdale and discussing Stockdale's experiences in the prisoner-of-war camp, Collins wonders about the contrast between Stockdale's belief in the happiness of his own future and his statement that the optimists did not make it out of the camp. Here, Stockdale explains that unrealistic optimism is ultimately unhelpful, while faith tempered with realism can be a key to success.

This commitment to balancing these two seemingly opposite goals simultaneously is what Collins terms the Stockdale Paradox. The Stockdale Paradox is one of the book's most pointed examples of the power of duality to promote success. Additionally, Stockdale's reflections on the fate of optimists again demonstrates that the right people might not actually be the ones who have traditionally positive traits, such as optimism.

Chapter 5 Quotes

❝❞ Putting aside their egos, the Wells Fargo team pulled the plug on the vast majority of its international operations, accepting the truth that it could not be better than Citicorp in global banking. Wells Fargo then turned its attention to what it *could* be the best in the world at: running a bank like a business, with a focus on the western United States. That's it. That was the essence of the Hedgehog Concept that turned Wells Fargo from a mediocre Citicorp wanna-be to one of the best-performing banks in the world.

Related Characters: Jim Collins (speaker)

Related Themes:

Related Symbols:

Page Number: 97

Explanation and Analysis

Alongside the examples of other good-to-great companies like Walgreens and Abbott Laboratories, Collins explains how, for Wells Fargo, figuring out what the company could *not* be the best at was a key step toward clarifying an effective Hedgehog Concept. With examples like these, Collins shows how something that outwardly seems like a failure—being unable to compete with Citicorp—was actually an invaluable asset. By showing how the good-to-great companies turned failure into success by making smart decisions and remaining focused, Collins suggests that anyone may be able to do that same, no matter how bad their starting circumstances.

❝❞ It may seem odd to talk about something as soft and fuzzy as "passion" as an integral part of a strategic framework. But throughout the good-to-great companies, passion became a key part of the Hedgehog Concept. You can't manufacture passion or "motivate" people to feel passionate. You can only *discover* what ignites your passion and the passions of those around you.

Related Characters: Jim Collins (speaker)

Related Themes:

Related Symbols:

Page Number: 109

Explanation and Analysis

Collins notes that passion for the company's mission or the thing that it stands for is an essential aspect of creating an effective Hedgehog Concept. He acknowledges that passion sounds insubstantial, but maintains that it is nonetheless crucial. By elevating simple human emotions within a discussion of business strategy, Collins again shows how greatness comes from commonplace honesty and commitment rather than special gifts that only some people possess.

Additionally, Collins uses this opportunity to return to the idea of the "right people." Here, he further clarifies that "right" does not mean inherently superior; a person is right for a company when the individual's passions align with the company's.

❝❞ Does every organization have a Hedgehog Concept to discover? What if you wake up, look around with brutal honesty, and conclude: "We're not the best at anything, and we never have been." Therein lies one of the most exciting aspects of the entire study. In the majority of cases, the good-to-great companies were not the best in the world at anything and showed no prospects of becoming so. Infused with the Stockdale Paradox ... every good-to-great company, no matter how awful at the start of the process, prevailed in its search for a Hedgehog Concept.

Related Characters: Jim Collins (speaker)

Related Themes:

Related Symbols:

Page Number: 116

Explanation and Analysis

After describing how to use a Council of designated individuals to debate and refine Hedgehog Concepts, Collins notes that this process seems to work even when the companies were not remarkably good at anything before beginning their transformations. Showing how excellence can come from mediocrity brings up a new aspect of the duality that crops up throughout the book: an unremarkable circumstance can serve as the foundation for future growth, even while it produces mediocre results in the meantime.

Furthermore, this quote emphasizes that having preexisting talents or assets is not a necessity for achieving greatness. Collins shows here that greatness is not mysterious; rather, it is comprehensible and achievable for anyone willing to use the good-to-great strategies.

Chapter 6 Quotes

This creative duality ran through every aspect of Abbott during the transition era, woven into the very fabric of the corporate culture. On the one hand, Abbott recruited entrepreneurial leaders and gave them the freedom to determine the best path to achieving their objectives. On the other hand, individuals had to commit fully to the Abbott system and were held rigorously accountable for their objectives. They had freedom, but within a framework.

Related Characters: Jim Collins (speaker)

Related Themes:

Page Number: 123

Explanation and Analysis

Collins describes the transition to greatness of Abbott Laboratories, which used a rigorous accountability system to demonstrate exactly what every employee was responsible for producing. However, the company did not dictate how employees meet those goals; specific actions were up to the individual. Abbott's success using this model demonstrates vividly how the right people and systems of focused action depend heavily on one another; neither can be effective without the other.

This anecdote also introduces another key duality, in this case the balance between freedom and structure. Disciplined workplaces may seem restrictive, but Collins shows here that they can actually be liberating when freedom and structure are viewed as complementary values.

I realize that it's a bizarre analogy. But in a sense, the good-to-great companies became like David Scott. Much of the answer to the question of "good to great" lies in the discipline to do whatever it takes to become the best within carefully selected arenas and then to seek continual improvement from there. It's really just that simple. And it's really just that difficult.

Related Characters: Jim Collins (speaker)

Related Themes:

Related Symbols:

Page Number: 128

Explanation and Analysis

Collins makes this point after describing the habits of David Scott, an elite athlete who rinsed his cottage cheese every day to ensure that no extra calories would stand in the way of his success in competition. Collins notes that version of this kind of fanaticism showed up at each good-to-great company and uses examples like this one to show how focused, consistent Hedgehog Concepts can translate into focused, consistent actions by employees.

Again, it's clear that neither factor—the employees nor the focused action—could function without the other. The good-to-great companies all found people who were already willing to "rinse their cottage cheese" and matched them with clear Hedgehog Concepts to which they could apply that fanatical action.

Inequality still runs rampant in most business corporations. I'm referring now to the hierarchical inequality which legitimizes and institutionalizes the principle of "We" vs. "They." … The people at the top of the corporate hierarchy grant themselves privilege after privilege, flaunt those privileges before the men and women who do the real work, then wonder why employees are unmoved by management's invocations to cut costs and boost profitability … When I think of the millions of dollars spent by people at the top of the management hierarchy on efforts to motivate people who are continually put down *by* that hierarchy, I can only shake my head in wonder.

Related Characters: Ken Iverson (speaker), Jim Collins

Related Themes:

Related Symbols:

Page Number: 136

Explanation and Analysis

Here, Collins quotes from a book by Ken Iverson, CEO of Nucor during its transformation era. Notably, a major component of Nucor's Hedgehog Concept was empowering its workers and minimizing corporate hierarchies. This example shows how truly conscientious and focused action can have effects far beyond the company's bottom line; here, Nucor's approach led to improved lives for workers and a chance to undo a form of oppression. Through this example, Collins demonstrates that focus and consistency don't just help companies make money—they can also help companies accomplish their broader goals and extend the opportunity for transformation to others.

Chapter 7 Quotes

Walgreens didn't adopt all of this advanced technology just for the sake of advanced technology or in fearful reaction to falling behind. No, it used technology as a tool to accelerate momentum after hitting breakthrough, and tied technology directly to its Hedgehog Concept of convenient drugstores increasing profit per customer visit.

Related Characters: Jim Collins (speaker)

Related Themes:

Related Symbols:

Page Number: 148

Explanation and Analysis

Collins explains how Walgreens outdid technologically-driven competitors during the internet boom by slowly, methodically figuring out how new technology could support its Hedgehog Concept, rather than by letting new technology redefine its Hedgehog Concept. As in the previous chapter, Collins shows here that the rigorous thinking behind Hedgehog Concepts must also manifest in consistent, purposeful action if that Concept is to be truly effective.

Additionally, the note that Walgreens did not rely on fear brings Collins's argument back to the human note of real, challenging emotions. Collins suggests that greatness does not mean never experiencing fear, but rather responding to it rationally and methodically. Again, the path to greatness is human and achievable rather than superhuman and mysterious.

Indeed, the big point of this chapter is not about technology per se. No technology, no matter how amazing—not computers, not telecommunications, not robotics, not the Internet—can by itself ignite a shift from good to great.

Related Characters: Jim Collins (speaker)

Related Themes:

Page Number: 161

Explanation and Analysis

At the conclusion of this chapter, Collins zooms out to show how technology can never alter the core concepts of good-to-great transitions. In other words, it cannot create any of the other necessities for greatness, like Level 5 Leaders or Hedgehog Concepts; it can only support them. Technology is so alluring and tempting that it forms a kind of special case, but in essence it is the same as any other tool or strategy, and can only be useful when it aligns with the company's larger good-to-great practices.

This point underscores the key role of the right people, valuing human effort and connection over anything else. This focus on humanity again calls back to the vast possibility for transformation: it's the effort of the person striving for greatness that makes the difference, not the tolls and resources that that person possesses.

Chapter 8 Quotes

But the good-to-great executives simply could not pinpoint a single key event or moment in time that exemplified the transition. Frequently, they chafed against the whole idea of allocating points and prioritizing factors. In every good-to-great company, at least one of the interviewees gave an unprompted admonishment, saying something along the lines of, "Look, you can't dissect this thing into a series of nice little boxes and factors, or identify the moment of 'Aha!' or the 'one big thing.' It was a whole bunch of interlocking pieces that built one upon another."

Related Characters: Jim Collins (speaker)

Related Themes:

Related Symbols:

Page Number: 168

Explanation and Analysis

Collins relates how he and his research team repeatedly asked the executives of good-to-great companies to identify the key turning points and breakthroughs in their companies' transitions, only to find that none of the executives could point to such a "miracle moment." Where Collins wanted to pick apart the companies' successes, the executives insisted that the process felt coherent and organic rather than sudden and revolutionary.

These examples show how the flywheel plays out in real life and the way that consistent thought and action can make strategic planning and even major breakthroughs feel simple and inevitable. Additionally, the language about interlocking pieces, all of which rely equally on each other, expands the idea of duality to suggest that true greatness depends on many simultaneous truths rather than a single magical right way.

Although it may have looked like a single-stroke breakthrough to those peering in from the outside, it was anything but that to the people experiencing the transformation from within. Rather, it was a quiet, deliberate process of figuring out what needed to be done to create the best future results and then simply taking those steps, one after the other, turn by turn of the flywheel. After pushing on that flywheel in a consistent direction over an extended period of time, they'd inevitably hit a point of breakthrough.

Related Characters: Jim Collins (speaker)

Related Themes:

Related Symbols:

Page Number: 169

Explanation and Analysis

Here, Collins contrasts the lived experiences of the people within good-to-great transformations from the external perceptions of those same transformations. Often, media coverage of good-to-great companies focuses only the companies' breakthroughs, rather than looking into the buildup of momentum that led to the breakthroughs. Collins notes that this outside interpretation is misleading, because it characterizes the transformations as miraculous when they're actually simple and gradual.

By demystifying the moment at which companies become great and showing that, in essence, no such moment exists, Collins encourages readers to view their own simple, consistent efforts as steps toward greatness. The process may not be glamorous, but it is effective, and Collins suggests that readers should not be put off by thinking that they don't understand the would-be magic behind great transformations.

Consider Kroger. How do you get a company of over 50,000 people—cashiers, baggers, shelf stockers, produce washers, and so forth—to embrace a radical new strategy that will eventually change virtually every aspect of how the company builds and runs grocery stores? The answer is that *you don't*. Not in one big event or program, anyway.

Related Characters: Jim Collins (speaker)

Related Themes:

Related Symbols:

Page Number: 177

Explanation and Analysis

Collins uses the example of Kroger's success with the flywheel process to show how the momentum it builds can largely replace the need to motivate workers and get them to feel personally aligned with corporate strategy. Although the cumulative amount of human effort required to pull off Kroger's good-to-great transition was enormous, Collins shows that this effort can come easily when a company operates in a coherent, focused way.

This example also draws a connection between the flywheel and the idea of the right people. Previous chapters have suggested that the right people are really just those who are personally aligned with their company's goals, and the flywheel, as used by Kroger, demonstrates a way that company can create the conditions under which that alignment is likely to occur.

Chapter 9 Quotes

The point of this story is that these ideas work. When you apply them in any situation, they make your life and your experience better, while improving results. And along the way, you just might make what you're building great. So, I ask again: If it's no harder (given these ideas), the results better, and the process so much more fun—well, *why wouldn't you go for greatness?*

Related Characters: Jim Collins (speaker)

Related Themes:

Page Number: 207-208

Explanation and Analysis

In answer to the question of why organizations and individuals should try for greatness, Collins responds in part that essentially, greatness is no more difficult than goodness when one has the right tools to use in working toward transformation. As before, Collins emphasizes that those who achieve greatness are not exceptional in some mysterious ways; they are simply using tools more wisely.

This point also underscores the idea of duality that runs through the book. Becoming great requires working hard, but it also requires an acceptance of the idea that your goal is achievable. Collins notes that greatness is not easy, but neither is it impossibly difficult. The need to accept those dual realities simultaneously is, Collins suggests, a key aspect of transformation.

Perhaps your quest to be part of building something great will not fall in your business life. But find it somewhere. If not in corporate life, then perhaps in making your church great. If not there, then perhaps a nonprofit, or a community organization, or a class you teach. Get involved in something that you care so much about that you want to make it the greatest it can possibly be, not because of what you will get, but just because it can be done.

Related Characters: Jim Collins (speaker)

Related Themes:

Page Number: 210

Explanation and Analysis

Finally, Collins notes that the other compelling reason to strive for greatness is simply because it is a satisfying and attainable way to lead a meaningful life. He expands the concept of greatness outward to include all kinds of organizations and emphasizes that any one of them can become great, given consistent application of the good-to-great concepts.

This final point underscores the possibility of transformation in any arena and clarifies exactly what it means to be "the right person" for an organization. By applying this idea to such a wide variety of organizations, Collins suggests that everyone is the right person for at least one context. This last instance of the book's egalitarian message reinforces the idea that greatness exists within everyone, even those who don't think they have any special talents or assets.

SUMMARY AND ANALYSIS

The color-coded icons under each analysis entry make it easy to track where the themes occur most prominently throughout the work. Each icon corresponds to one of the themes explained in the Themes section of this LitChart.

CHAPTER 1

Author Jim Collins begins by stating that good is the enemy of great. His previous book, *Built to Last*, highlighted how great companies stay great over time, but colleagues pointed out to him that most great companies had always been that way. With this new book, Collins decided to explore how companies that are merely good can become ones that are truly great.

From the start, Collins indicates that transformation is the book's key idea. His confidence in undertaking this study is the first indication that Collins believes transformation is comprehensible and attainable.

Collins goes on to describe how he and his research team selected the good-to-great companies that they studied for this book. To be in included, the companies had to go from showing good results to great results and continuing showing great results for at least fifteen years. The study also included other companies that either did not make the leap from good to great or could not sustain their great results over time. In many cases, the good-to-great companies had not been particularly remarkable before their sudden improvement. Collins emphasizes that though the book describes specific companies and their results, it is really about the transition to greatness rather than these individual companies.

Here, Collins emphasizes that the specific companies and even the business world as a whole are not really the book's focus. Rather, the good-to-great companies serve as proxies for the concept of transformation more generally. Collins's description of the rigorous research process also foreshadows the idea of focused, consistent effort that will become important later.

After assembling a research team, Collins looked for companies that showed fifteen years of average or below-average performance in the stock market, followed by a clear transition and then sustained above-average performance for at least fifteen years. For their purposes, they defined "above-average" as showing stock returns at least three times the market. Collins and his team chose fifteen years in order to rule out both short-term lucky breaks and the influence of exceptional CEOs.

Collins's note about trying to de-emphasize the influence of CEOs shows that the need to have the right people in a company (discussed later on) really does come from the empirical evidence, in that Collins did not search for this conclusion and yet found it anyway.

The researchers eventually settled on eleven good-to-great example companies. Each company selected had shown the good-to-great trend without being in an overall great industry. Additionally, Collins and his team decided to use only the stock market results pattern as their standard for inclusion, since they could not determine any other legitimate objective standard of success.

Describing the use of stock market results as shorthand for success, Collins makes it clear that other forms of greatness are just as important as financial success. The team only uses financial data for practical reasons, not because they don't value other forms of greatness.

Then, the team selected a group of comparison companies. One group, the "direct comparison companies," includes companies that were in the same industry as the good-to-great companies but did not transition into great results. The second group, the "unsustained comparison companies," did make the jump from good to great but did not maintain their improved results over time.

The presence of the direct comparison companies, which had resources and opportunities similar to the good-to-great companies, underscores the idea that greatness comes from active choices rather than lucky circumstances.

Finally, team carried out their research through a deep analysis of all twenty-eight companies. Through interviews, data analyses, reviews of relevant media, and other forms of data, they sought to find out what was inside the "black box" of the good-to-great transition. The full details of the researchers' analyses are included in the book's appendices.

Again, the methods of Collins and his team serve as a core example of consistent, focused effort as a way to accomplish an enormous task.

In analyzing their data, Collins and his team developed the concepts detailed in the book directly from the data. They also found that several factors they had expected to be influential were actually not significant. Some of the factors that did not, surprisingly, affect good-to-great transitions include charismatic leaders, executive compensation, advanced technology, and long-term strategic planning. Additionally, none of the good-to-great companies had major launches or tag lines to announce the transformations that eventually led them to greatness.

Here again we see that many of the factors that are commonly associated with greatness, such as charisma and dramatic events, did not turn out to be important in good-to-great transformations. This reiterates the point that greatness is available to everyone, not just those who have certain innate gifts.

Collins then introduces a framework of concepts that he and his research team developed in order to express their complex findings. At the broad level, they conceptualize the process of transitioning from good to great as "buildup followed by breakthrough," all of which depends on the key features of disciplined people, disciplined thought, and disciplined action. The more detailed principles behind this process are outlined in the coming chapters. Collins urges readers to view the concepts as universal and applicable to any company, regardless of economic or social change. He notes that the good-to-great principles may apply just as much to other organizations or even individuals as they do to corporations, and challenges his readers to evaluate and consider each principle carefully.

Again, transformation as Collins describes it is fact-based and accessible to anyone. Here more than anywhere else, he explicitly states that even though the book is about companies, its principles can apply to any kind of organization or even an individual. This section sets up the egalitarian, optimistic framework on which the book rests.

CHAPTER 2

Collins opens with an anecdote about Darwin E. Smith, a former CEO of the paper company Kimberly-Clark. Despite being mild-mannered and lacking experience, Smith led the company through a marked transformation to greatness. Collins notes that although Smith was quiet and humble, he was also fiercely focused and ambitious. When he first became CEO, Smith decided to sell off the paper mills that had been Kimberly-Clark's core business and focus instead on dominating the consumer paper products industry. Even though the business media mocked Smith, his bold move was successful.

With this example, Collins introduces the dual characteristics of Level 5 Leaders and underscores the importance of having the right person leading a company. Kimberly-Clark's success going from an unremarkable company to a great one also highlights the idea that any organization can transform.

Collins characterizes Smith as an example of a Level 5 Leader. Level 5 Leaders "blend extreme personal humility with intense professional will," and though they may be ambitious, their ambition is channeled toward their companies rather than their own egos. Collins notes that although he and his team were initially wary of ascribing importance to leaders, they eventually had to accept that every one of the eleven good-to-great companies was led by a Level 5 Leader at the time of their remarkable transitions.

The research team's reluctance to place so much importance on leadership shows just how compelling and undeniable this finding ultimately is. Even though Collins didn't want to perpetuate stereotypes about CEO-driven companies, the research clearly confirms this unique aspect of the book's "right people" theme.

Collins notes that Level 5 Leaders are always characterized by not one, but two defining traits: modesty and fearlessness. He gives the example of Colman Mockler, the CEO of Gillette who led the company through several attempted takeovers and into a new era in which the company became a technological leader. In doing so, Mockler prioritized the company's long-term success over his own short-term gains.

Level 5 Leadership is the book's first clear example of the importance of duality. Level 5 Leaders are not just humble or just fearless; they must be both in order to be uniquely effective.

Additionally, Level 5 Leaders are often devoted to ensuring that the company thrives after they are no longer its leader. For example, David Maxwell, the former CEO of Fannie Mae, requested that part of his retirement package be donated to a fund for low-income housing because he worried that public opinion of the large payments would damage the company's reputation. Leaders of good-to-great companies usually set their successors up for success, while comparison companies usually did the opposite.

The note about Level 5 Leaders setting their successors up for success hints at the next chapter's focus on having the right people at all levels of a company and at all times, not just during the tenures of certain remarkable CEOs.

Collins notes that in interviews for the book's study, Level 5 Leaders rarely talked about themselves, instead commending others for their companies' success. Those who knew these leaders also describe them as modest and self-effacing. In contrast, the research team found that the leaders of the comparison companies were often egotistical and focused on advancing their own reputations over those of their companies.

Popular wisdom often holds that charismatic go-getters achieve the best results, but the study actually shows that having a strong sense of personal ego can be bad, as shown in the comparison company leaders. Through revealing this truth, Collins returns to the idea that anyone might be able to work toward a transition to greatness, even without exceptional personal attributes.

In conclusion, Collins reiterates that Level 5 Leaders are not just humble. Rather, they balance their humility with a relentless drive to accomplish what needs to be done for their companies' success. They pursue their goals with rigor and strive for excellence, but they do not look for personal glory. Additionally, they view their good fortune as luck while accepting responsibility for bad fortune; that is, they rarely view bad luck as the cause of failure. Collins notes that although it is not clear how one becomes a Level 5 Leader, he suspects that many seemingly ordinary people have the potential to grow into this role and recommends that readers follow the steps outlined in the rest of the book in order to see if they can become Level 5 Leaders.

Collins reiterates the inherent duality of Level 5 Leaders and, by de-emphasizing the role of luck in their success, again suggests that fortunate circumstances are not necessary for greatness; anyone can pursue greatness regardless of situation. Describing the relentless focus of these leaders, Collins also hints at the themes of focus and consistent effort that he develops further in the coming chapters.

CHAPTER 3

Collins notes that he expected the study to show that good-to-great companies first set a new vision to guide their transformation, then found people to support that vision. However, the study actually revealed the opposite: good-to-great companies found the right people *before* deciding what to do with them. He refers to this pattern as "getting the right people on the bus" before deciding where the bus is going.

Here, Collins introduces the idea that the right people are not just important to a company; rather, they are the very foundation on which greatness is built.

The example of Wells Fargo illustrates this point. Former CEO Dick Cooley foresaw in the 1970s that the banking industry would likely go through major changes in the coming decades, but because he could not know what these changes would look like, he focused on hiring a talented team that would be able to weather any change. When banking deregulations arrived soon thereafter, Wells Fargo did indeed show much better returns than any other company in its sector. In contrast, its competitor Bank of America focused on hiring strong leaders and weak executives, and the company subsequently struggled while Wells Fargo succeeded.

This specific example reiterates just how far successful companies sometimes go in prioritizing wise hiring decisions over everything else. This section also reinforces the idea that a person can be "right" without being an exceptional leader; the good-to-great idea of the right people has more to do with building strong teams than with finding one-of-a-kind individuals.

Collins emphasizes that the point of the chapter is not just the importance of having the right people, but rather the importance of getting them *first*, before making other strategic plans. He notes that many of the comparison companies focused on hiring "genius" leaders who helped the companies succeed but did not prepare them to keep succeeding without the individual genius. This pattern shows up especially in the unsustained comparisons, which often did well under one exceptional leader but could not sustain those successes over time.

Here, Collins deemphasizes the value of "genius," again hinting to readers that anyone can achieve greatness without possessing outsize inherent gifts. Again, rightness has to with effective matchmaking between individuals and organizations; anyone can be "right" in the right context. This matching process is so important that it takes precedence even over strategic planning, something that's usually considered essential to a company's success.

Additionally, Collins reports that patterns of executive compensation were not clearly linked with the transitions from good to great, even though conventional business wisdom often emphasizes the importance of payment structures. Collins concludes that "it's who you pay, not how you pay them."

This note makes greatness even more attainable, indicating that companies need not offer complicated or especially high compensation in order to become great. They just need to be committed to finding the right people, who will push the company toward success regardless of the specifics of their pay.

Finally, Collins notes that even though good-to-great companies are generally demanding workplaces, their processes of finding and keeping the right people can always be characterized as rigorous rather than ruthless. That is, good-to-great companies were relentless in laying off employees who weren't good fits, but this rigor actually led to better outcomes for everyone, since those employees didn't waste time in a place where they wouldn't succeed in the long run. However, Collins also notes that good-to-great companies didn't fire people as a primary strategy; they did so only when it was necessary for the success of the company.

Here, Collins clarifies that focusing on individuals' "rightness" does not mean judging them harshly as individuals. Instead, it means paying close attention to the long-term best interests of both the individual and the company and making sure that they align. This rigorous approach also echoes the theme relentless of focus and discipline that Collins develops further in the coming chapters.

Collins sums up this rigorous approach as three "practical disciplines": don't settle for hiring the wrong people; don't wait to make changes in personnel; assign the best people to the biggest opportunities in the company, rather than the biggest problems. Additionally, he suggests that following these disciplines to staff the right people is also the key to allowing top-level executives to have great companies *and* great lives. With the right people in place, the good-to-great data indicate, CEOs are freed up to work reasonable hours, tend to their families and personal lives, and enjoy long-term camaraderie with their colleagues.

The link between finding the right people and being able to combine good companies with good lives adds a new perspective to Collins's definitions of greatness. This perspective opens up the accessibility of greatness even more: it's not just for people prepared to sacrifice their lives to the cause. The enviable work-life balance described here is also a form of duality, and though it may seem paradoxical, Collins shows how good-to-great principles can help these two seemingly opposite realities—a great company and a great personal life—coexist.

CHAPTER 4

Collins opens with an anecdote about two grocery store chains, A&P and Kroger. While A&P was once the more successful company by far, the middle of the twentieth century brought new patterns and consumer pressure to retail businesses, and Kroger adapted much more readily to this new reality. Collins notes that Kroger's success was due in part to its willingness to confront difficult facts without hesitation, and that its story is an example of a broader trend among the good-to-great companies.

Here, Collins introduces one essential aspect of the good-to-great companies' dual nature. Kroger's ability to combine uncomfortable facts with an energetic response exemplifies the way that these companies successfully balance hope and realism throughout the book.

Kroger's rise to greatness is "remarkably simple and straightforward": the company gathered data about what customers wanted—better, more comprehensive stores—and acted on that information by revamping their entire business model. Collins points out that this transformation illustrates the idea that "facts are better than dreams" when it comes to planning strategic changes. In every case, good-to-great companies based their transitions on the facts of their industries' reality, which were often brutal.

By highlighting how truly dire some of the situations the good-to-great companies found themselves in were, Collins reiterates that bad luck and difficult realities are no barrier to greatness. This point relates back to the theme of the eternal possibility of transformation; even individuals and organizations facing dark futures can still become great.

Collins gives another example through the case of Pitney Bowes and Addressograph, two office automation companies that were once comparably successful. In the 1970s, the CEO of Addressograph became committed to a single strategic plan and refused to change course even when data showed that his plan wasn't working. In contrast, the CEO of Pitney Bowes focused hard of facing difficult truths that might get in the way of their success and deciding how to take action accordingly. Though the CEO of Addressograph was charismatic and committed to his vision, Collins suggests that this kind of charisma can actually be a liability because it shields people from facing the brutal facts.

The CEO of Addressograph provides another example of an individual who seemed exceptional but who could not, when it came down to it, achieve greatness. By flipping the usual idea of charisma on its head and calling it a burden rather than an asset, Collins again opens the door to greatness for ordinary individuals. This anecdote also reinforces the crucial need for companies to have the right people in leadership positions.

The ability to face facts comes from a corporate environment in which everyone is comfortable telling the truth and executives work hard to hear that truth. Turning to strategies for creating that kind of culture, Collins notes that one trend among good-to-great companies is leadership focused on questions rather than answers. For example, CEO Alan Wurtzel of Circuit City was known for admitting that he didn't know the best strategy for his company and relentlessly questioning board members and executives in order to find out how best to proceed. Collins links this kind of questioning and debate to the Socratic style of learning, with understanding (rather than manipulation or intimidation) as its ultimate goal.

Again, Collins redefines something that is usually construed as positive—in this case, having the right answers—as something negative. Just as it's okay not to be charismatic, it's okay to be unsure of how to proceed. With this idea, Collins again shows how people can achieve greatness just through the book's concepts, even without any extraordinary pre-existing knowledge. The idea of a leader who refuses to make decisions alone also introduces a new form of duality to the narrative: a leader who doesn't exactly lead yet is still crucial to the company.

Additionally, the good-to-great companies illustrate the importance of relying on debate and dialogue, rather than coercion, to buy into one corporate mindset. Like Alan Wurtzel, CEO Ken Iverson of Nucor was known for fostering heated debate around every important company decision. Finally, Collins notes that good-to-great companies show a trend of conducting thorough autopsies of failed initiatives, without focusing on blame and punishment for those responsible. For these companies, failure is always a learning opportunity. Collins also points out that these companies tend to build in various kinds of "red flag" mechanisms to help employees bring up worrisome facts.

Here, failure is a learning opportunity; again, a seeming obstacle becomes an asset and greatness remains within reach, even for those dealing with difficult circumstances. These examples also provide a new perspective on the idea of the "right people," showing that rightness can—and often does—come from a willingness to debate rather than from certainty or expertise.

In addition to facing the brutal facts, the good-to-great companies also showed the ability to keep believing that they would succeed, even when the outlook was bleak. Collins gives the example of Kimberly-Clark and its CEO Darwin Smith, who used the idea of competing against Proctor & Gamble, a powerful rival, as a way to motivate employees toward success. Over and over, the research team's interviews showed that executives facing hard truths succeeded in part by having faith that their companies would eventually prevail.

In addition to further developing the key duality of hope and realism, this section also gives an example of difficulty as a motivator rather than a deterrent. Again, "bad" things might not always be drawbacks, which means that transformation always remains possible.

To explain the psychological duality that the management teams of good-to-great companies showed, Collins describes a framework that he calls the Stockdale Paradox. The Paradox refers to Jim Stockdale, a US military officer in a prisoner-of-war camp during the Vietnam War. Stockdale led his fellow prisoners through an eight-year ordeal, doing everything he could to help them stay strong and to thwart the enemies' attempts to use the prisoners for propaganda. When Collins asked Stockdale how he thrived under these extreme circumstances, Stockdale replied that he "never lost faith in the end of the story." However, Stockdale also noted that he did not give in to false hope, never telling himself or others that rescue would arrive implausibly soon. From that story, Collins derives the Stockdale Paradox: retain faith in future success but confront the brutal facts of the present.

The Stockdale Paradox is one of the book's most explicit discussions of good-to-great companies' duality. The example of Stockdale's own life is a particularly dramatic one, but its extremity makes it an especially good illustration of Collins's point: anyone, in any situation, can strive to preserve hope and realism simultaneously. These ideas may oppose each other at times and seem paradoxical, but seeking duality in one's outlook remains important in spite of—or even because of—these inherent contradictions.

CHAPTER 5

Collins relates a parable by the writer Isaiah Berlin about a hedgehog and a fox, in which the cunning fox tries countless clever schemes to catch the hedgehog. In contrast, the hedgehog has only one tool—his spines—and he uses it over and over again to thwart the fox. Berlin uses this story to divide people into two groups: foxes who pursue many strategies simultaneously and view the world as complex, and hedgehogs who have just one, simple view of the world and simplify all challenges to fit that view.

The humble hedgehog's triumph over the flashy fox is another example of the way that even regular people can achieve greatness through savvy strategy. This parable also introduces the author's core metaphor for the outsize power of simple, consistent tactics.

Collins goes on to state that the people who led good-to-great companies were all hedgehogs in one way or another, who developed clear, concise "**Hedgehog Concepts**" to guide their decisions. He gives the example of Walgreens CEO Cork Walgreen, who viewed the mission of his company in one concise statement: create "the best, most convenient drugstores with high profit per customer visit." In contrast, the comparison company, Eckerd's, never found a comparable unifying concept and struggled where Walgreens succeeded.

Here, Collins demonstrates that true Hedgehog Concepts are so simple that anyone can understand them. Rather than involving complex calculations of jargon-heavy strategies, the guiding principles of the good-to-great companies are intuitive and straightforward. These specific examples underscore just how clearly focused successful plans should be.

Along with his research team, Collins found that the **Hedgehog Concepts** used to guide good-to-great companies were generally developed based on understanding of three key dimensions of a company. Collins calls these dimensions the "three circles" The first of the three circles requires understanding what the company can (and cannot) be the best in the world at. Collins emphasizes that this dimension is not about making a goal or a strategy to be the best, but rather about understanding what a company has a genuine capacity for succeeding at.

The three circles that Collins uses to illuminate the creation of Hedgehog Concepts emphasize a realistic, humble view of the present. The first circle's focus on finding out what a company's true strengths are again suggests that everyone has potential strengths; greatness is just a matter of taking a hard look at what those strengths are or could be. Again, realism balances with well-informed hope regarding future successes.

Collins gives the example of Abbott Laboratories, which accepted that it could not be the best overall pharmaceutical company and instead focused on being the best at making cost-effective health-care products. In contrast, Abbott's direct comparison company, Upjohn, tried against the odds to be the best overall pharmaceutical company and never found the specific, focused **Hedgehog Concept** that might have helped it succeed. Collins points out that a company's core business might not be the same as its Hedgehog Concept, and that it takes wise leadership to know the difference and change core businesses when necessary. Again, a company does not need to be *good* at one or more things; it needs to be the *best* at one thing and be willing to focus only on that thing.

By again turning something that seems outwardly bad—not being the best at something—into an asset, Collins provides a new example that greatness has more to do with perspective and choices than with resources and innate talent. The dramatic example of Abbott's triumph over Upjohn also highlights the power of focused, consistent Hedgehog Concepts and the need to have people on board who are a good match for those concepts.

The second of the three circles is the idea that a company must find out what its keys economic engine is and build around that understanding. Collins does not go into detail about all of these economic insights, but he does point out that each good-to-great company successfully found one crucial "economic denominator"; that is, one ratio (profit per store, for example) that was most economically important to the company. For example, Walgreens based its transformation in part on the ratio of increasing profit per customer visit rather than per store. Comparison companies did not usually use these key denominators.

The good-to-great companies' reliance on specificity even in such a complex area as economic planning reinforces the point that disciplined focus is necessary in all *areas of business management, not just those areas for which it seems a natural fit.*

The final of the three circles is the need for companies and their leaders to understand their passions and use them to drive strategy and the development of the **Hedgehog Concept**. Collins notes that even at tobacco company Philip Morris, executives described working for the company as a profoundly exciting and meaningful experience. Rather than trying to be passionate about their activities after choosing the activities, good-to-great companies consistently decided what to do based on what they could be passionate about. That passion might have to do with what the company actually does or, alternatively, what the company stands for.

By including such a malleable, human quality as passion as one of the three circles, Collins emphasizes how important it is to remember that everyone in any organization is, first and foremost, a person. This perspective clarifies why it's necessary to get the right people before making strategic decisions; after all, passion is so personal that only some people—the right people, according to Collins—will feel a passion that genuinely matches that of the company. Allowing for the importance of passion also bolsters Collins's ideas about the possibility of transformation, since most readers will be able to identify at least one passion that could drive them to greatness.

Overall, Collins characterizes the use of the three circles and the development of the **Hedgehog Concept** as a way to move past bravado and into understanding. Rather than relying on this process, the comparison companies often fixated on grand gestures and growth above all else, ignoring the crucial questions that come up in the three circles. Though Hedgehog Concepts do lead to growth, the desire to grow is not itself a Hedgehog Concept.

Again, Collins elevates ideas that might usually seem small-minded or limited, privileging simplicity and humility over bravado. By using data to illuminate the emptiness of grand gestures, Collins makes a compelling case for consistent, unremarkable effort. Because this kind of simple effort is available to everyone, discussing it here also helps support the notion that transitions into greatness are always possible.

Collins also emphasizes that **Hedgehog Concepts** can only be created through sustained debate, with most good-to-great companies taking at least four years to clarify theirs. He also brings up the idea of what he calls "the Council," which is a group of people devoted to working through the three circles in order to find the Hedgehog Concept. The Council might take different forms in different companies, but it generally consists of a standing body that meets regularly to debate the three questions. The research team found some version of the Council at each of the good-to-great companies. Collins also emphasizes that even companies that weren't especially good to start with eventually came to embrace effective Hedgehog Concepts through this process.

The Council provides a specific example of the foundational value of finding people who are a good match for the company before *deciding exactly what the company's next moves should be. Furthermore, this image of making decisions through a body whose entire purpose is argument offers another example of duality's value; Collins suggests that consensus can exist only in balance with conflict.*

Collins concludes with an anecdote about his wife, an accomplished athlete who realized one day that she had the potential to win the demanding Ironman race. By combining passion with an understanding of her genuine strengths, she found her **Hedgehog Concept** and planned all of her next steps around that one simple idea. Collins suggests that a similar process can be helpful for all companies, organizations, and individuals seeking greatness.

Ending his discussion with an example of an individual's use of consistent focus, Collins shows that these ideas are not just for corporations or even organizations. Rather, they are useable techniques available to all individuals who are interested in working toward greatness.

CHAPTER 6

Collins begins with the story of George Rathmann, cofounder of the biotechnology company Amgen. Even though Amgen grew quickly and achieved fast success, Rathmann avoided creating the bureaucratic hierarchies that often stifle start-ups and focused instead on creating what Collins calls "a culture of discipline." Rathmann stated in an interview with the research team that he learned this approach working at good-to-great company Abbott Laboratories, where objectives were clearly measured and rigorously worked toward.

Bringing in an anecdote from a company outside the study, Collins sets the stage for a new angle on the previously discussed idea of consistency and focus. Where before that idea applied mainly to planning and strategy, here Collins brings it to bear on the idea of workplace culture and individual effort.

Collins goes into more detail about Abbott, describing its system of carefully holding individual employees accountable for "every item of cost, income, and investment." However, that rigorous system was used to encourage employees to work creatively, by giving them clear markers of success and free rein to decide how to achieve that success. Collins points out that this duality—structure on the one hand, freedom on the other—was apparent in every aspect of Abbott's operation during its transformation from good to great.

Abbott provides a clear example of how the theme of disciplined focus can play out at the level of the worker, reinforcing the ways in which greatness depends on consistency at every level. Here Collins also introduces another of the book's key dualities, that of the necessary coexistence of systemic structure and individual freedom.

Collins spells out the crucial components of this kind of culture of discipline using four key points. The first is that companies must create a framework that gives employees freedom *and* responsibility in their work. That is, employees should know what is expected of them and where the boundaries of their systems lie, but they should be able to make important decisions within those systems. Each of the good-to-great companies had such a system, which relied on having the right people onboard to operate successfully. For example, Circuit City achieved success by replicating a clear structure in every store and then giving managers significant discretion within that structure.

This section draws a clear link between the themes of duality and the right people. For the dual ethos described here to work, a company must have employees who genuinely buy into it. At the same time, employees who are truly motivated to succeed will require some version of this in order to feel effective at work. The way the two concepts balance against each other hints at the flywheel, the unifying symbol discussed later.

Collins emphasizes that the research points consistently to the need to have self-disciplined people within these systems, rather than spending energy trying to impose discipline externally. These people are the second crucial component of a culture of discipline. He notes that people in good-to-great companies "became somewhat extreme in the fulfillment of their responsibilities." Collins calls this diligence the "rinsing your cottage cheese factor," after an athlete who washed his cottage cheese to remove every last unnecessary calorie from his diet.

Here, Collins delves more explicitly into ideas about how focus and consistency play out at the level of the individual. Again, the good-to-great concepts rely on one another for success; the right people will thrive in a disciplined culture, while a disciplined culture can only exist with the right people.

While cultures of discipline were crucial to the good-to-great companies, Collins and his team also found that unsustained comparison companies showed immense discipline. However, discipline in the unsustained comparisons turned out to correlate with the tenures of forceful, abrasive leaders who imposed discipline tyrannically. Once those leaders were gone, the discipline also vanished. Collins uses this information to argue that cultures of discipline should not be confused with tyrants, and that avoiding tyranny is the third crucial component of a true culture of discipline. Chrysler CEO Lee Iacocca is a particularly striking example of a disciplinarian whose company declined after he became distracted by egoistic side pursuits.

The examples of Iacocca and others like him provide a new dimension to Collins's ideas about the right people. Here again, "right" turns out not to correlate with conventionally admirable qualities like forceful leadership. Instead, the responsibility for creating "rightness" goes largely into the hands of the workers, showing how the idea of rightness should be an empowering concept rather than an oppressive one.

Finally, Collins notes that "fanatical adherence to the **Hedgehog Concept**" is the last of the four crucial components of the culture of discipline. In this case, the discipline applies mostly to the executive team and its ability to let the Hedgehog Concept guide all decisions, without getting distracted by other opportunities. Comparison companies, in contrast, often launched ventures and acquisitions that had little to do with their core concepts. Collins notes that good-to-great companies consistently turned down even "once-in-a-lifetime opportunities" when those opportunities did not match the company's Hedgehog Concept.

In addition to underscoring the crucial need to remain consistent in action as in thought, this point connects the chapter back to the idea of the possibility of transformation. Collins shows that even incredible opportunities can be liabilities when they don't make sense for a given company. This suggests that even if a company or an individual never receives a "once-in-a-lifetime" offer, they can still work toward greatness through focused effort.

The example of the company Nucor illustrates this idea of adhering to the **Hedgehog Concept** especially clearly. In Nucor's case, adherence meant sticking closely to the idea of managing its company without class distinctions and worker oppression. CEO Ken Iverson told Collins and his team that the company's success relied on its ability to use that concept in every decision it made, from sharing profits with workers to eliminating unnecessary luxuries for executives. In contrast, Nucor's direct comparison company, Bethlehem, used a management model focused on maintaining and even strengthening class distinctions.

The example of Nucor in particular shows how Hedgehog Concepts do not necessarily require a company to put its own needs above everyone else's. Here, taking care of workers is a core component of success and it coexists harmoniously with the company's larger success.

In conclusion, Collins recommends the use of what he calls "stop doing lists" as a method to achieve the four components of a culture of discipline. Many good-to-great CEOs, including Darwin Smith of Kimberly-Clark, paid scrupulous attention to cutting out tasks and activities that were not directly related to their companies' **Hedgehog Concepts**. In particular, Collins notes that budgeting under this system means funding some activities fully and others not at all, rather than emphasizing some over others. Discipline, Collins argues, is as much about *not* doing unhelpful things as it is about *doing* helpful things.

Collins hints here at a conclusion that he develops further in the last chapter: sometimes, being great is actually easier than being simply good, because it cuts out unnecessary effort. This surprising conclusion brings greatness even more within reach of average people, since Collins shows that it does not require extraordinary devotion of time or effort.

CHAPTER 7

Collins relates the story of drugstore.com, an early internet pharmacy that gained a high market valuation as soon as it went public in 1999, despite having little concrete evidence that it would provide returns to its investors. Because its technology was so new and exciting, the conventional wisdom of the time held that the company was destined for success. Pressure mounted on Walgreens to dive into internet business with the same speed, but Walgreens instead proceeded slowly and methodically, introducing web features deliberately over time. While Walgreens's stock steadily climbed, drugstore.com lost most of its initial market value.

Extending the importance of Hedgehog Concepts to the exciting field of technology, Collins makes the case that focus and consistency are still necessary even—and especially—when broad changes in the world create new opportunities. The good-to-great concepts, he argues, apply regardless of context. He also begins to hint at another aspect of the idea that anyone is able to work toward transformation, since greatness is not reserved for those on the cutting edge of technology.

The contrast between Walgreens and drugstore.com illustrates the core idea of this chapter: good-to-great companies show that technology is only an asset when it is applied methodically in service of the company's **Hedgehog Concept**. Collins points out that this principle applies not just to the internet, but to any new technology; such innovations are never valuable just for their own sake. Walgreens, for example, showed similarly wise adoptions of other new technologies in the past. Good-to-great companies are technologically sophisticated, but in unique and careful ways that tie closely to their Hedgehog Concepts.

Collins reiterates his point that Hedgehog Concepts must extend to the use of technology, just as they determine all the other actions a company takes. This discussion also suggests a new form of duality, in that Collins presents technology as neither good nor bad. Rather, it can have positive and negative aspects simultaneously, and great companies know how to balance those opposing facets.

Collins lists the ways that each good-to-great company embraced new technology methodically, from Kroger's early adoption of bar code scanners to Gillette's devotion to excellence in manufacturing razors. In each case, technology accelerates the company's momentum but, crucially, does not create that momentum in the first place. The good-to-great companies began their transformations by developing sound **Hedgehog Concepts** to create momentum, and only then did they use technology to support those efforts.

Here Collins foreshadows the symbol of the flywheel, which creates momentum over time rather than through one dramatic change, like adoption of a new technology.

Good-to-great companies often became pioneers in the use of technology, when that technology tied closely to their **Hedgehog Concepts**. In contrast, comparison companies did not usually become pioneers in technology. Those who did were unsustained comparisons, which shows, as Collins writes, that "technology alone cannot create sustained great results." Collins notes that this data-based conclusion is at odds with media coverage of technology and business, which often suggests that technology-driven change is more important than anything else.

By showing how the unsustained comparison companies used new technology but nonetheless failed, Collins frames technology as a tool rather than a necessary precondition for success. This point offers a new piece of evidence for the idea that anyone can work toward greatness; tech savvy is not necessary to build momentum.

Additionally, most of the good-to-great executives the researchers interviewed did not emphasize technology as a key to their success, even though it was usually important in their companies' transformations. Instead, they emphasized factors like company culture and consistency of purpose. Again, technology supported their positive changes but did not cause them. Collins also points out that technology (or its absence) was never single-handedly responsible for the failure of a comparison company. Instead, it was short-sighted reliance on technology as a replacement for strategy that often accelerated these failures.

The perspective of the Level 5 Leaders on technology highlights the way that technology should serve more as a tool than as a guiding principle. These anecdotes also link technology to the idea of the right people, suggesting that part of being "right" for a given company is a willingness not to chase technological advances at the expense of focused strategy.

Collins notes that some members of his research team were against including a chapter on technology, because it seemed like a subset of the idea of disciplined action already covered in other chapters. However, the team ultimately decided to include the chapter because of the way technology use illuminates the good-to-great companies' devotion to achieving excellence for its own sake. In contrast, the comparison companies were more worried about avoiding being left behind; their use of technology was motivated by fear rather than creativity. Over and over, Collins and his team noted how good-to-great companies respond to change slowly, carefully, and with attention to their **Hedgehog Concepts**, while comparison companies acted frantically and fearfully.

Bringing in very human emotions like fear and the desire not to be left out, Collins connects this discussion again to the idea that greatness is based on an essentially human foundation that anyone might access. Readers might not be able to make themselves tech pioneers overnight, but they can manage their emotions and attempt to act out of strategy rather than fear. Again, the possibility of greatness remains achievable without special assets.

CHAPTER 8

Collins begins by introducing the symbol of the **flywheel**, a heavy metal disk that must be pushed slowly and steadily, over and over, before it eventually builds up the momentum to race forward under the force of its own weight. Though the results are remarkable, it's impossible to say which small push was the one that caused the momentum; rather, the combination of all the little actions is the key factor. Collins states that this process of "buildup and breakthrough" appears in the transformations of each of the good-to-great companies.

The flywheel is a coherent symbol that encapsulates many of the good-to-great themes within one unified model. The flywheel's gradual momentum captures the need for consistent, focused effort, while the simplicity of its motion highlights the power of any person's methodical contribution. It also offers a kind of duality, in which the weight that makes the flywheel difficult to move also gives it momentum at the point of breakthrough.

Even though the good-to-great transformations all occurred through the gradual effort of the **flywheel** model, serious media coverage of the companies' success usually did not begin until the flywheel was already moving fast. Collins notes that public perception of companies' transitions to greatness is skewed accordingly; these changes seem dramatic and fast from the outside, when actually they occur through gradual, mundane effort. For example, Circuit City was described in the media as an overnight success, when it fact its transition had been underway for over a decade.

This note about the disparity between inside experiences of turning the flywheel and outside perceptions of its momentum highlights the mundanity within every seemingly remarkable achievement. Here Collins suggests that readers would do well to ignore stories of miraculous transformations; the research shows that miracles are not necessary for greatness to occur.

Collins describes how he and his team tried repeatedly to find "the one big thing" that defined good-to-great companies' moments of breakthrough. However, their interviews always indicated that progress was incremental and cumulative, without a single moment or event that indicated breakthrough. Accordingly, good-to-great executives never had names, taglines, or launch events for their transformations. These changes simply happened through consistent effort, without fanfare. Even when the companies' short-term circumstances were dire, they became great by focusing on the long-term picture and acting accordingly.

The flywheel serves here as a way to connect the theme of consistent focus with the theme of duality. Even under dire circumstances, the good-to-great companies persisted in turning their heavy flywheels, enacting a form of the Stockdale Paradox and showing how hope and realism can coexist in the real world.

The slow buildup of momentum and the small, tangible results that it creates often lead to what Collins calls "the **flywheel** effect." Feeling the increasing momentum leads to excitement and enthusiasm from both internal employees and outside investors. With the flywheel in motion and the right people in place, motivation and commitment occur naturally, without being forced by management. Instead of setting grand goals, the good-to-great companies created enthusiasm using the steady gains of the flywheel.

The flywheel also shows how consistent focus connects to the idea of the right people. Because the momentum of the flywheel will naturally excite and motivate employees, Collins suggests that for companies without this kind of building momentum, there may be no right people for a given company. Again, rightness depends on the match between the company's passion and the individual's passion, which suggests that rightness is not any innate quality that some people have and others lack.

In contrast, Collins and his team found a pattern at the comparison companies that they term the doom loop. These companies often tried to use new programs to motivate employees and jump straight to the breakthrough phase, only to change course when the breakthrough didn't occur. This lack of consistency prevented these companies from building up the slow momentum that the **flywheel** requires. At the same time, they frequently brought on new leaders or acquisitions that usually hindered momentum rather than increasing it. Collins notes that a major contrast between the two sets of companies is that good-to-great companies made acquisitions *after* defining **Hedgehog Concepts** and creating momentum with the flywheel, while comparison companies tried (unsuccessfully) to use acquisitions to *create* momentum.

The doom loops of the comparison companies demonstrate the impossibility of achieving greatness without focus in both thought and action. Again, big ideas and big moves do not equal big success; the comparison companies show that starting small and remaining consistent is much more effective. This section also builds on the idea that the right people don't need to be motivated externally, while the wrong people will remain unmotivated no matter how hard the company tries to change them.

Collins zooms out on the idea of the **flywheel** to suggest that this model brings together the two key concepts of consistency and coherence. The flywheel shows that each of the good-to-great characteristics that Collins identifies throughout the book must work together in a coherent whole, wherein the total is more than the sum of the parts. Through consistently applying each of the components in concert with each other, momentum builds and change occurs. Collins argues that by bringing together consistency and coherence with discipline over time, breakthrough can and will occur for any company or organization.

In addition to highlighting how importance consistency is, this broad view of the flywheel also expands on the idea of duality that Collins develops throughout. For the entire good-to-great system to work, all of the components—more than just two, in this case—must exist at once and balance each other out. As in the previous discussions of duality, there is no single right answer for achieving greatness; instead, it depends on the interaction of many simultaneous right answers.

CHAPTER 9

Collins turns his attention to bringing the good-to-great concepts together with the ideas outlined in his previous book, *Built to Last*, which examined companies' long-term greatness. He notes that he and the research team decided to conduct the good-to-great research as if the previous book did not exist, in order to avoid biasing the results.

By deciding not to consider his previous book in this research, Collins provides one more example of the need for a precisely focused idea as a precondition for success.

However, looking back after completing the two studies, Collins points out several significant relationships between them. He states that *Good to Great* turned out to be a kind of prequel to *Built to Last*, in that it shows how to first achieve the greatness that the companies in the earlier book sustain. One key connection is that the early leaders of the companies studied in *Built to Last* seemed to follow good-to-great principles when building the companies. For example, Collins describes how Walk-Mart (one of the Built to Last companies) clearly developed a **Hedgehog Concept** in order to create momentum through a **flywheel** process. Similarly, Hewlett Packard and other *Built to Last* companies often had consummate Level 5 Leaders at the times of their success.

By showing how the good-to-great concepts ultimately do connect to a separate body of research, Collins furthers his claim that the concepts are applicable in a wide range of circumstances and are accessible to everyone. The notion that consistency over time can lead to sustained greatness also backs up the idea that focused planning is crucial in all phases of company growth.

Collins also points to the idea of "core ideology" as a notable link between the two studies. Most of the *Built to Last* companies had a sense of purpose and mission outside the goal of making money. These values varied widely from company to company, but simply the fact of having them seems to be crucial nonetheless. Collins relates these deep ideologies to the good-to-great concept of passion as one of the three circles that create effective **Hedgehog Concepts**.

Again, Collins shows that the Built to Last companies also had consistent Hedgehog Concepts, even though that term was not used in that study. Furthermore, because the idea of passion and deep meaning is a key theme of both books, this section furthers the idea that human investment and commitment are the most important factors in greatness, above external factors like luck, resources, and talent.

Collins goes on to recap the core concepts of *Built to Last* and lists how they line up with each of the good-to-great concepts. He also focuses in more detail on the connection between **Hedgehog Concepts** and the *Built to Last* concept of the BHAG: Big Hairy Audacious Goal. The previous book was not able to explain why some BHAGs are better than others. However, Collins draws on the good-to-great concepts to conclude that understanding based on the three circles are the key foundation of good BHAGs, while bad BHAGs are based on bravado rather than insight. He gives the example of Boeing's entry into commercial aircraft production as an example of creating a good BHAG based on deep understanding. While the manifestation of the three circles of understanding might change over time, the company's reliance on them does not.

Here, Collins finds further evidence of the importance of Hedgehog Concepts across contexts. The idea of focus and consistency within the three circles fills in a gap in the previous research, suggesting that this powerful idea might have broad applicability in solving a range of problems in different fields.

Collins concludes with the statement that creating "an enduring great company requires *all* the key concepts from both studies." In other words, building and sustaining greatness requires consistent application of every principle, without any lapses. Collins notes that ultimately, achieving greatness is easier than maintaining it.

Consistency over time is the final aspect of focus that Collins brings into his discussion. The need to continue using the concepts continuously provides further evidence that they are not magic; rather, they are tools that have to be put into use in order to be helpful.

Finally, Collins uses an anecdote about a school track team to illustrate the overall purpose of greatness as it might apply to any organization. He notes that "it is no harder to build something great than to build something good," and that much of what simply good organizations do is a waste of time and energy. Even the track team manages to improve performance through the simple use of a clear **Hedgehog Concept** that helps everyone be more focused and engaged. In this case and others, Collins argues, a commitment to greatness relieves burdens rather than adding to them. Additionally, Collins points out that focusing on greatness will lead individuals to pursue work that motivates them to be great, whereas focusing on just being "good enough" keeps people engaged in work they don't really care about. "When all these pieces come together," Collins notes, "not only does your work move toward greatness, but so does your life."

By ending with a story about much different setting than the corporations discussed throughout the book, Collins emphasizes again that anyone and any organization can use good-to-great concepts, and that greatness can show up anywhere as long as the concepts are applied consistently. The team's simultaneous systemic rigor and self-motivation gives a final example of powerful duality, while the enthusiasm of everyone involves shows, once again, that being the right person depends mostly having values and passions that match those of the organization.

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