

Greatness...a matter of conscious choice

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Management books take up a lot of shelf space in bookstores these days. Every possible idea seems to be available, touting the latest concepts with exclamation points and “how tos” in the title. One recent book stands out from that lineup in its clarity.

Good to Great, by Jim Collins, represents six years and more than 15,000 hours of research to answer this key question: “Are there companies that defy gravity and convert long-term mediocrity or worse... into long-term superiority?”

The research started by looking at 1,435 companies that made the Fortune 500 between 1965 and 1995. From that starting point, the researchers made four major cuts to find companies that make fundamental leaps in success and sustain them – who went from good to great. At the end of the process, only 11 companies remained. The 11 Good to Great companies all experienced:

- 15-year cumulative stock returns at or below general market
- a Transition point where performance improved notably
- cumulative returns at least 3 times market over next 15 years

These rigorous criteria focused the research on companies like Abbott, Circuit City, Kroger, Nucor and Walgreen’s. This is not Jim Collins’ first plunge into understanding the inner workings of great companies. In 1994 he and co-author Barry Porras wrote “Built to Last,” representing more research about visionary companies that sustain greatness.

In the recent Good to Great study four themes emerge. These companies are built by

leaders driven by a single great idea or higher purpose for the organization, something bigger than themselves. Good to Great companies understand the “genius of the and,” which means they have the mental capacity to manage interdependent extremes, or polarities, on a number of dimensions simultaneously. Instead of choosing A over B, they figure out how to have the best continuously from both A and B.

Good to Great companies also have a strong set of core values or an ideology. Those core values lead to a culture of discipline about who gets hired and who stays, how people think and act. Finally, Good to Great companies manage change well. These companies both “preserve the core and stimulate progress.” That is, they don’t give up their core values or lose sight of their company’s higher purpose while introducing new technologies and new ways of doing things. They keep their focus.

Collins shares his findings about how these 11 companies moved from mediocrity to greatness. There were five key principles discovered in each and every Good to Great company:

LEVEL 5 LEADERSHIP

CEOs were mostly “homegrown,” not some person with celebrity status. These leaders were humble and fanatically driven in their resolve to create a great company.

FIRST WHO, THEN WHAT

More important than vision, more important than strategy, these companies focused on their core values and were relentless in finding the right people for the right jobs across the company. Those who didn’t fit in were asked to leave.

STOCKDALE PARADOX

Named for Admiral James Stockdale, who spent time as a prisoner-of-war, this principle highlights cultures where the truth is

heard and acted upon while holding the belief that you will prevail in the end no matter how hard times may get.

HEDGEHOG CONCEPT

Leaders set their strategies based on three Circles of Success: What you are deeply passionate about; What you can be the best in the world at; What drives your economic engine. This is the recipe for world-class focus.

THE FLYWHEEL

The companies recognized a simple truth: “Tremendous power exists in the fact of continued improvement and the delivery of results.” They used an accumulation of successes to push their “flywheel” and build momentum and energize their people.

Rarely does a week pass without someone mentioning to me how inspired they are by *Good to Great*. From an audio/visual equipment services manager to the top executive of an international communications network, they are all saying the same thing: *Good to Great* is an important and powerful book for our times and there is much to be learned from the common elements of the 11 companies distilled from the research.

Greatness...it turns out to be a matter of conscious choice. The research in Collins’ book can be a template for your organization, whether large or small, private or public, to apply these findings, discover your own path and move from good to great!



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