



Preface from...

BEYOND ENTREPRENEURSHIP

Turning Your Business into an Enduring Great Company

by James C. Collins and William C. Lazier

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When we first met Jim Gentes he was sleeping with his inventory.

Launching a new company out of his cramped, stuffy one bedroom apartment in San Jose, he had turned his bedroom into a warehouse for finished goods. His garage, packed tight with parts and equipment, was staffed with four youths working frantically in 100-degree heat to build bicycle helmets. When Gentes needed more space, he gave a helmet to a neighbor in exchange for use of his neighbor's garage, thus expanding from a single-garage to a double-garage start-up.

Fortunately, his neighbors never complained about the daily visits of huge UPS semi-trucks pulling into the tiny driveway to deliver helmet shells and pick up new shipments.

"Headquarters" was the kitchen table, covered with papers, bicycle helmet prototypes, books, and computer printouts from a Macintosh computer that was titled at a cockeyed angle in the corner. Sitting at that table, surrounded by cycling posters, Gentes, an intense man in his late twenties, told us that he expected to be out of this apartment and into his own building soon, and on his way to being a successful company.

Then he pointed to a stack of books on entrepreneurship and small business management.

"They've been helpful for getting me off the ground," he said. "But they don't tell me what I really want to know."

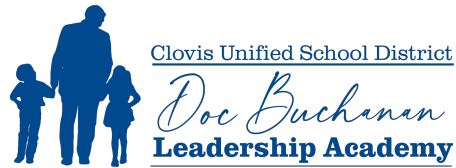
"What's that?" we asked.

Gentes looked out the window and waited for 30 or 40 seconds. Then he turned and told us, "I want Giro to be a great company."

And the idea for this book was born.

This book is about how to turn an existing enterprise into an enduring great company. We've written it for people like Jim Gentes—people who want their company to be something special, worthy of admiration and pride. Our focus is on helping them build an extraordinary organization, one that sustains high performance, plays a leadership role in shaping its industry, rises to the status of role model, and remains great for generations. If you're the leader of an enterprise that you want to turn into a great company, this book is for you.

This is *not* a book about how to start a business. We assume that you are (or plan to become) a key contributor to the further development of an existing, operating enterprise—one you started, bought, inherited, or joined.



Although many of the lessons in this book apply to any size company, we've written it primarily for leaders of small to mid-sized enterprises (which could include small enterprises within larger organizations). Why? The foundation of greatness is usually laid while the company is still small and malleable enough to be hand-crafted into an entity that fully embodies the values of its leaders.

IBM is a great because of things Tom Watson did long before IBM became the monolith that it is today. NIKE is great because of things Phil Knight did when NIKE was a scrappy David taking on Goliaths. 3M is great because William McKnight bent the company to his values decades ago. L.L. Bean is great because of Leon Bean's actions when his tiny company operated out of a single building in Freeport, Maine. Patagonia is a candidate for greatness because of the indelible imprint left by Kristine McDivitt during the formative stages of the feisty, renegade company.

If you're the leader of a small to mid-sized enterprise, it's up to you to be the architect of greatness. This book is about being such an architect.

Although we have concentrated on for-profit companies, managers of non-profit organizations will also find much of the material in this book useful. The principles of building a great company generally apply to *any* organization that seeks enduring greatness.

What Is a Great Company?

We define a great company as one that meets the following four criteria:

1. **Performance.** A great company generates enough cash flow (through highly profitable operations) to be self-sustaining; it also has a solid track record of meeting other objectives set by its leaders and owners. Although it has ups and downs—and perhaps even some dire times—a great company always recovers and eventually regains high performance.
2. **Impact.** A great company plays a significant leadership role in shaping its industry. It isn't necessarily the biggest company; it can influence by innovation as well as size.
3. **Reputation.** A great company is admired and respected by people outside its walls, often being used as a role model.
4. **Longevity.** A great company has staying power, remaining healthy for decades. The greatest companies are self-renewing institutions whose greatness endures for generations of management, transcending the presence of the individuals who originally shaped the company. When you think of enduring greatness, think of building a company that remains great for 100 years.

A company need not be perfect to be great. No company is perfect; all have their warts. A great company, like a great athlete, trips up now and then, briefly tarnishing its reputation. But a great company is also resilient, and bounces back from its difficult periods—just like a great athlete bounces back from a slump or an injury.



The Shape of This Book:

How to Make Your Company Great

Each chapter covers an essential element of attaining corporate greatness, presenting a framework of ideas and methods, supported by specific, vivid examples.

We begin Chapter 1 with *leadership style*. It's impossible to build a great company without an effective leadership style. It all starts with you.

In Chapter 2, we move to the function of effective corporate leadership: catalyzing a *vision*. Every great company has at its foundation a compelling vision. What *is* vision, *why* is it so important, and *how* do you set one? We answer these questions and present a useful framework for setting corporate vision.

In Chapter 3, we de-mystify the topic of *strategy*. Once the vision is clear, you need to make good decisions and have a road map for making the vision happen.

In Chapter 4, we move to an exciting and integral part of greatness: *innovation*. How do you stimulate creativity and keep your company innovative as it evolves? We present a framework and a plethora of specific suggestions and examples.

Finally, we finish in Chapter 5 with the importance of *tactical excellence*: how to translate vision and strategy into tactics and, most important, how to create an environment that produces consistent tactical excellence.

By the way, Jim Gentes no longer sleeps with his inventory. Giro has grown over a hundred fold since that meeting at his "headquarters" in 1986, and is well on its way to becoming an enduring, great company. To all of you who share Gentes' dream of corporate greatness, we wish you a similar fate.