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Summary of Good to Great: What can we learn from Jim Collins' Book?

I've read 'Good to Great' and its follow up 'Great By Choice' countless times, most recently over Christmas. It's good to go back to the source – particularly as some of the theories are often re-interpreted or given a certain spin by others. You have to be careful you don't lose the original detail and definition – like photocopying an image over and over until it gets faded. I was struck again by his key themes because I think they're so relevant to the journey our clients are on. Or want to be on.

If there was any criticism of 'Good to Great' when it first came out, it was that this longitudinal study of what made companies 'great' focused on larger organizations. In response, Collins went away and wrote 'Great by Choice' looking at smaller businesses who, as they'd [scaled up](#), decided to be excellent. What's fascinating is he concluded there was little difference when he compared and contrasted the larger companies with the smaller. All the good to great companies shared the same characteristics.

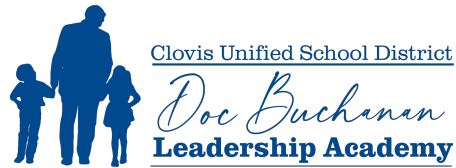
So what were these characteristics? And what are the main lessons from 'Good to Great'?

1. Good to Great companies have 'Level 5 Leadership'

In 'Good to Great', Jim Collins describes how he debated with his research team on the nature of [leadership](#) in good to great companies. There was something about their CEOs that was different. Eventually, they settled on the characteristics of humility and a drive to do the right thing for the good of the company, not themselves. Collins defined the different levels, with [Level 5 leadership at the peak](#).

From my experience, Collins was bang on target. Of the CEOs I coach, the ones who are most successful share a complete lack of arrogance. They're humble people – understanding that they don't know everything. And, without fail, they're driven to do the right thing by their employees, shareholders and customers.

Only this morning, I was chatting to a client who demonstrated Level 5 leadership. Yes – his business model was proving successful and growth was rapid. But for him, a greater reward lay in the opportunity to change more lives. He saw his business as a vehicle to do this for his employees and customers. When I think about my time as MD of Peer 1, it was the same. The numbers were great. We [scaled](#) from zero to £30 million in five years. But my satisfaction came from the profound changes we made to the lives of the people who came to work with us. Where this got them to. Our business was a slingshot for so many people, propelling them to



bigger, better, greater things. Gives me goosebumps just thinking about it! I'm so proud of this personal impact.

2. Get the right people on the bus

For me, this is the most important of all the lessons from 'Good To Great'. If you don't take anything else away, this is the one thing to always remember. Nothing is more important to a business than the talent it employs – what Jim Collins calls, 'getting the right people on the bus'.

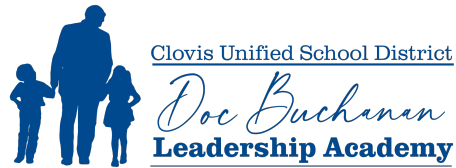
I talk about this a hell of a lot in my [coaching](#). But when I re-read 'Good to Great' at Christmas, I realised I need to do it even more. In fact, I need to be almost maniacal about [finding the right people](#). Maybe I've not been hard enough with some of my clients. I know from experience how difficult it is to do the work necessary to achieve an [Executive team of A-Players](#). When I look back at my Rackspace and Peer 1 days, we certainly had some of the right people on the bus. But we never got close to the magic target of 80 – 90% A-Players. And that's despite the rigorous recruitment systems we introduced (at Rackspace, we joked that it was harder to get a job with us than get into Oxford. Great to see they still use this analogy in the US saying it's harder to get into Harvard).

So this year, I'll focus on this even more. We'll use Patrick Lencioni's Working Genius tool along with [Gallup Strengths](#) – the aim is to give Executive teams and business leaders the vocabulary to have difficult conversations and [hold each other accountable](#). We'll work on [trust](#) and productive conflict. People need to learn this stuff through experience. That's where the [value of OKRs](#) comes in. I help clients to build a cultural and behavioural framework then use OKRs to create performance measurement. It's where these two things intersect you find your A-Players.

In 'Good to Great', Jim Collins points out that you need the right people on the bus before you work out where you want it to go. So it's fundamental. I've worked with clients who've said they want to make this transition but found it too difficult. They weren't ready to replace colleagues or move them to other roles. But if you don't do this, you'll end up with the wrong culture. Your B-Players will be setting the behavioural standards and you'll build your business around them. You need A-Players to set the tone.

3. To be great, companies need to confront the brutal facts

Jim Collins describes the experience of James Stockdale – the highest-ranked American prisoner-of-war in the Vietnam War – in 'Good to Great', calling it 'the Stockdale Paradox'.



Stockdale was locked up for a long, long time – over eight years. In this time, many of his fellow prisoners gave up the will to live. They were the optimists. The ones who were saying, we'll be out by Christmas or Easter or their next birthday and eventually ran out of hope. In contrast, Stockdale lived day to day, accepting the brutal reality of his situation. But he never lost faith that he would make it out alive and it would become the defining event of his life.

[There are obvious parallels with the reality of COVID 19 and the impact of the pandemic.](#) We all need to confront the brutal facts. Right back at the beginning, our client Etch UK restructured their business and went on the offensive, finding new opportunities. In contrast, similar businesses took the furlough and closed down for months. They're still nowhere near back to where they were.

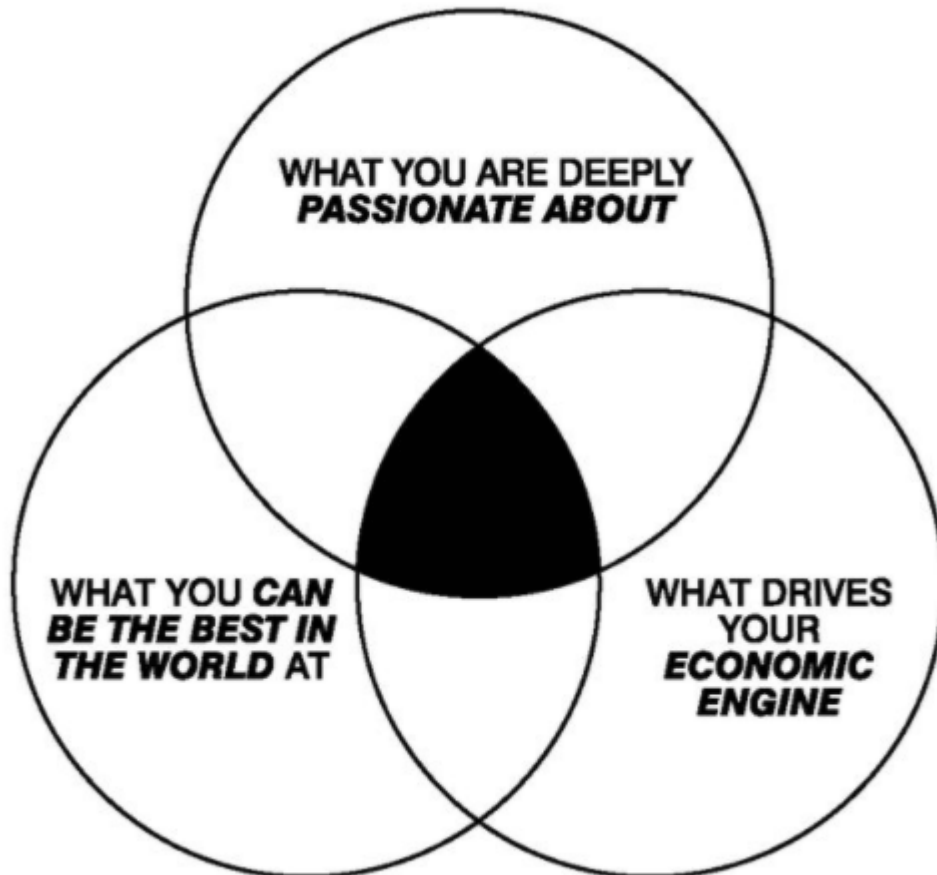
Despite the circumstances you're going through, if you have [a clear BHAG](#), you can hold fast to that mission. Trust that you will reach your destination but accept whatever life throws at you. So often, organisations are in denial about what's going on around them. With hindsight, I can see that most of my time at Peer 1, we were in denial about the impact of Cloud on our business, or more specifically AWS. Perhaps we'd have been in a different place if we'd confronted this.

4. The Hedgehog Concept



Clovis Unified School District

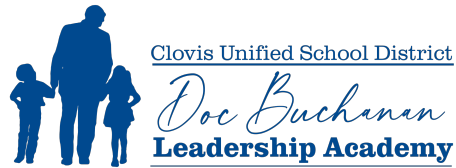
Doc Buchanan
Leadership Academy



What lights your fire? What could your business be the best in the world at? And what makes you money – [your profit per x](#)? These are the three circles of the ‘Hedgehog Concept’. According to Jim Collins, where they intersect is where you’ll find your BHAG or mission. Going through this process forces you to think, [who is my customer and what’s their problem](#)? And it forces you to define your sandbox. Powerful stuff!

All good in theory, but when I ask clients what they could be best in the world at, I’m often met with blank faces. Even worse, laughter! Often, they’re selling lots of stuff to lots of different customers. Finding one to focus on is hard. Discussion can go round and round. Similarly, when I ask them what they’re passionate about, a common response is, ‘Er – nothing’ (massive face-palm!) Brings me back to having the right people on the bus. If your team finds it hard to be passionate or care enough about something, they may not be the right people. This is important. [They need to evangelise your mission.](#)

When teams get the Hedgehog Concept right it’s transformational. Take our client, Excelsior Multi Academy Trust. Their BHAG is to be world-famous for innovation in education. This transformed the way they wrote job ads, which transformed the volume of CVs they received,



which transformed the quality of teachers they're hiring. They're starting to have an impact on the wider educational arena in Birmingham. What an absolute joy for me as their coach. It's inspirational to witness people taking the framework I offer and using it with such impact.

5. Good to Great companies have a culture of discipline

Rinsing out the cottage cheese is the expression Jim Collins uses to describe the importance of a culture of discipline in 'Good to Great'. Strange use of words until you understand he's referring to athlete David Scott. During the stretch when Scott won six Ironman triathlons, he would rinse his cottage cheese to get rid of any excess fat. Whether this helped or not, this small action showed Scott's disciplined thought, disciplined action, focus and commitment to be the best

It smacks of obsession with marginal gains – the 1% that will make all the difference to performance. A constant drive to be the best. Making steady consistent progress towards a goal. This can only come from [a culture of discipline](#) and a constant, almost restless curiosity.

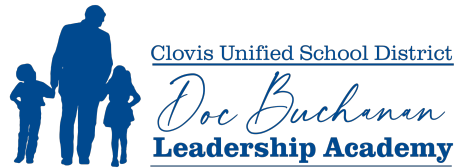
It makes me twitch when I discuss business books with a prospective client and they tell me they don't read. I just don't know where to go next. This demonstrates a lack of determination or discipline to me. [There is always time to read and improve your knowledge](#). Where would I be without Jim Collins, Verne Harnish, Patrick Lencioni? Who would have given me the framework on which I've built success for my teams? Going back to Level 5 leadership, there's definitely a link between humility and reading. More successful CEOs will have the discipline to read at least 12 books a year. It's why we run [our book club here at Foundry Farm](#).

6. Technology accelerators move companies from Good to Great

According to Jim Collins, good to great companies think differently about technology. They avoid fads – instead they focus solely on technology that can accelerate momentum in the Hedgehog Concept.

In an older piece of research, McKinsey found that 17 – 20% of companies that do IT projects well go on to invest in more IT. But the opposite is also true – if there's a track record of failure, it puts companies off further IT investment leading to divergence over time. Digital transformation is difficult, no question. But it's not impossible. If your business is failing at IT, you need to change your people, or suppliers or the tools that you're using. But don't stop investing. You can bet one or more of your competitors will be using technology well.

7. Good to Great companies build a flywheel of momentum



Transformation doesn't happen in one fell swoop. There's no single big action, or killer innovation, or miracle moment. Instead, as Jim Collins describes in 'Good to Great', it's more like relentlessly pushing a giant, heavy flywheel. Turn by slow turn, [you gradually build momentum](#) until, at last, it starts to spin by itself.

I often discuss this idea with new clients and suggest we look for flywheels in their business. This sums up what I do for a living. Uncovering the flywheel of their business model. Yes – they have a plan containing their numeric hopes and dreams. But to get there, they need a model that begins to spin for itself. Vision, core customer, culture, innovation – once properly calibrated, everything interlinks to build the momentum you need for growth.