



Built to Last

Successful Habits of Visionary Companies

Collins and Porras, 1997

Chapter 9

Good Enough Never Is

Mechanisms of Discontent, pps. 186-190

“**COMFORT** is not the objective in a visionary company. Indeed, visionary companies install powerful mechanisms to create *discomfort* - to obliterate complacency - and thereby stimulate change and improvement *before* the external world demands it.”

“Like great artists or inventors, visionary companies thrive in discontent. They understand that contentment leads to complacency, which inevitably leads to decline. The problem, of course, is how to avoid complacency – how to remain self-disciplined once a company has attained success or become number 1 in its field.” How can a company keep alive that “fire that burns within” that impels people to keep pushing, to never be satisfied, and to always search for improvement?”

Procter & Gamble asked these questions in the early twentieth century immediately following their rise to prominence. Richard Deupree, president and chairman of the board knew the company needed something more than good intentions. “He wanted something with teeth in it, something that continually impel progress from within.” He implemented a brand management structure that allowed P & G brands to compete directly with other P & G brands, as recommended by his marketing manager. This structure worked so well that it was eventually copied by “virtually every American consumer product company.”

General Electric institutionalized internal discomfort with a process called “work out.” This process allowed groups of employees to meet to discuss possible improvements and make recommendations. Management was not allowed to participate until the groups were ready to present their proposals. Management had to make on the spot decisions about the proposals in front of all groups. This meant that management could not “run, hide, evade, or procrastinate” when making a decision.

Wal-Mart's owner Sam Walton used a discomfort mechanism called “Beat Yesterday”. This model tracked sale figures daily in comparison to the exact same day of the week in the previous year.

See example below:

Wal-Mart “Beat Yesterday” ledger book



	1984	1985	1986
1 st Monday			
1 st Tuesday			
1 st WEEK			

Nordstrom created an environment where people strive to continually improve. They used sales per hour rankings to measure the success of one employee against another. They also track feedback and link employee compensation and advancement to the trends.

Hewlett-Packard also used an employee ranking system. Managers had to argue the ranking of their employees with managers from other departments. The process went on until all managers agreed on a pooled ranking from top to bottom. This process made it difficult for employees to get a high rating and then rest on their laurels.

The point is that companies should have some sort of discomfort mechanism in place to combat complacency.

Comparison companies did not have the same level of discomfort mechanisms in place as the Great Companies. Collins and Porras found that “some cases companies purposely took the comfortable road, at time milking the company in the short term at the expense of the long-term.”

Guided Discussion

Janet Young called Doc an educational genius. Others point to his visionary leadership. Doc wanted Clovis Unified to be a great school district/company. His belief system required that both results and efforts be monitored. With that in mind let’s look at the questions below.

1. What are the discomfort mechanisms Doc put into place 60 years ago that continue today?
 - a. Answer: Financial audits, Competition model, TGLE’s/PGLE’s, Superintendent principal meetings, Evaluations, SART survey, Title I Summit (Fugman)
2. Do these mechanisms of discomfort cause discomfort in today’s environment? Explain why or why not.
3. What is the discomfort the mechanisms cause?
 - a. Answers: Fear of failure, Fear of being wrong, Fear of disappointing your boss
4. Knowing that mechanisms of discomfort are part of a great company how can we as leaders help our employees see their value?



Clovis Unified School District

Doc Buchanan
Leadership Academy

- a. Answers: CUSD is on a journey of continuous improvement. No one is at risk of losing their job because of failure. Your only risk is failing to try or not learning from your mistakes.