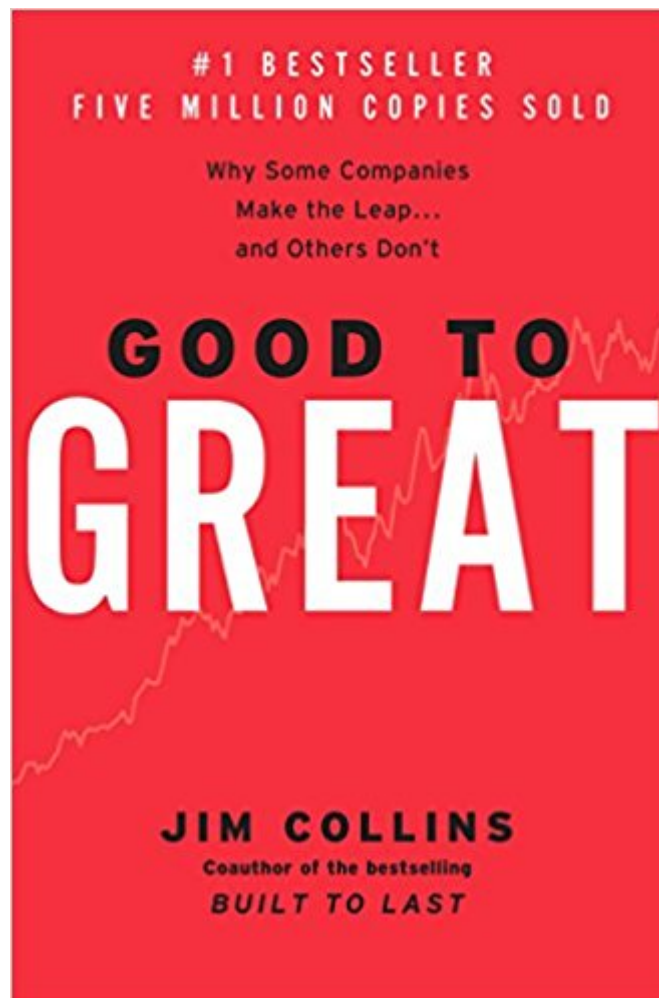




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# Good To Great: Why Some Companies Make The Leap And Others Don't



## Synopsis

**The Challenge:** Built to Last, the defining management study of the nineties, showed how great companies triumph over time and how long-term sustained performance can be engineered into the DNA of an enterprise from the very beginning. But what about the company that is not born with great DNA? How can good companies, mediocre companies, even bad companies achieve enduring greatness? **The Study:** For years, this question preyed on the mind of Jim Collins. Are there companies that defy gravity and convert long-term mediocrity or worse into long-term superiority? And if so, what are the universal distinguishing characteristics that cause a company to go from good to great? **The Standards:** Using tough benchmarks, Collins and his research team identified a set of elite companies that made the leap to great results and sustained those results for at least fifteen years. How great? After the leap, the good-to-great companies generated cumulative stock returns that beat the general stock market by an average of seven times in fifteen years, better than twice the results delivered by a composite index of the world's greatest companies, including Coca-Cola, Intel, General Electric, and Merck. **The Comparisons:** The research team contrasted the good-to-great companies with a carefully selected set of comparison companies that failed to make the leap from good to great. What was different? Why did one set of companies become truly great performers while the other set remained only good? Over five years, the team analyzed the histories of all twenty-eight companies in the study. After sifting through mountains of data and thousands of pages of interviews, Collins and his crew discovered the key determinants of greatness -- why some companies make the leap and others don't. **The Findings:** The findings of the Good to Great study will surprise many readers and shed light on virtually every area of management strategy and practice. The findings include: **Level 5 Leaders:** The research team was shocked to discover the type of leadership required to achieve greatness. **The Hedgehog Concept:** (Simplicity within the Three Circles): To go from good to great requires transcending the curse of competence. **A Culture of Discipline:** When you combine a culture of discipline with an ethic of entrepreneurship, you get the magical alchemy of great results. **Technology Accelerators:** Good-to-great companies think differently about the role of technology. **The Flywheel and the Doom Loop:** Those who launch radical change programs and wrenching restructurings will almost certainly fail to make the leap. • Some of the key concepts discerned in the study,â • comments Jim Collins, "fly in the face of our modern business culture and will, quite frankly, upset some people.â • Perhaps, but who can afford to ignore these findings?

## Book Information

Hardcover: 400 pages

Publisher: HarperBusiness; 1st edition (October 16, 2001)

Language: English

ISBN-10: 0066620996

ISBN-13: 978-0066620992

Product Dimensions: 6.1 x 1 x 9.2 inches

Shipping Weight: 1 pounds (View shipping rates and policies)

Average Customer Review: 4.5 out of 5 stars 2,210 customer reviews

Best Sellers Rank: #283 in Books (See Top 100 in Books) #1 in Books > Business & Money > Processes & Infrastructure > Strategic Planning #2 in Books > Business & Money > Biography & History > Company Profiles #2 in Books > Business & Money > Management & Leadership > Systems & Planning

## Customer Reviews

Five years ago, Jim Collins asked the question, "Can a good company become a great company and if so, how?" In *Good to Great* Collins, the author of *Built to Last*, concludes that it is possible, but finds there are no silver bullets. Collins and his team of researchers began their quest by sorting through a list of 1,435 companies, looking for those that made substantial improvements in their performance over time. They finally settled on 11--including Fannie Mae, Gillette, Walgreens, and Wells Fargo--and discovered common traits that challenged many of the conventional notions of corporate success. Making the transition from good to great doesn't require a high-profile CEO, the latest technology, innovative change management, or even a fine-tuned business strategy. At the heart of those rare and truly great companies was a corporate culture that rigorously found and promoted disciplined people to think and act in a disciplined manner. Peppered with dozens of stories and examples from the great and not so great, the book offers a well-reasoned road map to excellence that any organization would do well to consider. Like *Built to Last*, *Good to Great* is one of those books that managers and CEOs will be reading and rereading for years to come. --Harry C. Edwards

In what Collins terms a prequel to the bestseller *Built to Last* he wrote with Jerry Porras, this worthwhile effort explores the way good organizations can be turned into ones that produce great, sustained results. To find the keys to greatness, Collins's 21-person research team (at his management research firm) read and coded 6,000 articles, generated more than 2,000 pages of

interview transcripts and created 384 megabytes of computer data in a five-year project. That Collins is able to distill the findings into a cogent, well-argued and instructive guide is a testament to his writing skills. After establishing a definition of a good-to-great transition that involves a 10-year fallow period followed by 15 years of increased profits, Collins's crew combed through every company that has made the Fortune 500 (approximately 1,400) and found 11 that met their criteria, including Walgreens, Kimberly Clark and Circuit City. At the heart of the findings about these companies' stellar successes is what Collins calls the Hedgehog Concept, a product or service that leads a company to outshine all worldwide competitors, that drives a company's economic engine and that a company is passionate about. While the companies that achieved greatness were all in different industries, each engaged in versions of Collins's strategies. While some of the overall findings are counterintuitive (e.g., the most effective leaders are humble and strong-willed rather than outgoing), many of Collins's perspectives on running a business are amazingly simple and commonsense. This is not to suggest, however, that executives at all levels wouldn't benefit from reading this book; after all, only 11 companies managed to figure out how to change their B grade to an A on their own. Copyright 2001 Cahnners Business Information, Inc.

Below are a few of Collins' finding he shared with us in his Good to Great.™ A Hedgehog Concept is not a goal to be the best, as strategy to be the best, an intention to be the best, a plan to be the best. It is an understanding of what you can be the best at.™ 1. What you can be the best in the world at 2. What drives your economic engine 3. What you are deeply passionate about And concept of technology accelerator:™ The good-to-great companies used technology as an accelerator of momentum, not a creator of it. None of the good-to-great companies began their transformations with pioneering technology, yet they all became pioneers in the application of technology once they grasped how it fit with their three circles and after they hit breakthrough.™ The most fascinating concept, however, is a concept, which is cornerstone of any greatness and is depicted as the right people on the bus, the wrong people off the bus.™ If we can explain and understand what™ before why™, it puts the company and leaders on the right track to greatness:™ Stop and think about it for a minute. What do the right people want more than almost anything else? They want to be part of a winning team. They want to contribute to producing visible, tangible results.™ Continue reading at [www.alwayskeepgrowing.com](http://www.alwayskeepgrowing.com)

This book serves many audiences well. This book is perfect for the new executive in an established,

successful company that is looking for a path ahead. It is fantastic for the rising manager developing his or her leadership and management style, and the book is a great read for the casual, business aficionado. The book is very well written and full of great common sense approaches to leading a business. One of the keys is the "hedgehog" concept. Companies should focus on one central concept and be the best at it rather than diluting their time, talent, treasure, and passion amongst a variety of areas. One of the other central points is that businesses are most successful when they focus on the intersection of three sets: things that their employees love to do, things that are valued by their customers, and things that their employees do very well. It is genius! Another critical point that the book makes is that good companies do not become great companies overnight. It takes time, like a flywheel building up momentum. And, the list of great concepts in the book goes on and on. I cannot recommend this book enough. If you are a manager or just interested in strategic leadership, you need to read this book now. In service, Rich

I had to go back on almost every page and re-read at least one paragraph. The concepts are great and if you are a business person by all means read it. For personal use, there are a few things to highlight and move on, but not enough. I am glad I finished it, but would only recommend to certain people.

Good to Great by Jim Collins is in a category of its own in terms of what it has to offer already-established business owners. With many books out on the market today, various and random points outline what one should do in order to make more money, establish a company, or get out of debt. Jim Collins, however, makes it a point to create a specific process with categories or rules and regulations, the purpose of which is to make it easy for one to see the progress right in front of eyes rather than guessing where they might be. To start, a helpful feature on the first page of every chapter is a graphic giving a visual of where the current discussion is. The main categories mentioned consist of disciplined people, action and thought, with a buildup and breakthrough phase occurring in the middle of disciplined thought. The author puts great emphasis on starting the good to great process at a slow crawl first, in order to get the so-called "flywheel" moving. As this flywheel turns faster and faster (buildup stage), it is natural for the individual following the correct steps to see the fruits of their labor, whatever that may be; increased profits, more customers, etc (breakthrough phase). Collins makes it a point that even at this stage, the previous steps outlined cannot be ignored. If they are, the flywheel that was turning so effortlessly will grind to a halt. Simply put, there is no progression without remembering what you did to get there in the first

place! One of the most helpful pieces of Good to Great deals with the approach known as The hedgehog Concept. After achieving buildup to greatness within your business, the breakthrough result is had by mastering this concept. It consists of making sure your company follows three important points: Doing only what you are deeply passionate about, doing only what you can be best in the world at and doing what will drive your economic engine. Having your company follow these three mantras will help the good to great mechanism immensely. To serve as an example, Collins mentions Abbott laboratories, where, along with level 5 leadership, a complete change in product base was achieved from pharmaceuticals to hospital nutritional products due to the realization that they could no longer be the best at what they manufactured previously. Overall, Good to Great was a very inspirational read. The examples and statistical nature of the book is especially great for those with a background in such fields. If you're looking to help propel your business to new heights, I would definitely recommend this book.

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