

GETTING TO GREATNESS

Jim Collins and his research team selected companies that were chugging along, producing unremarkable results, and then from a particular point onwards, for at least a 15 year period, produced results about 4-18 times that of the market! To hit those numbers and sustain them for a such a period, is nothing less than remarkable.

Key Lessons

1. LEVEL 5 LEADERSHIP: All these companies had a 'post-charismatic' leader.

A Level 1 leader is a personal contributor.

A Level 2 leader is a team contributor.

A Level 3 leader is a team leader.

A Level 4 leader is a charismatic (alas, while igniting the organization, except for a few like Welch, they tend to centralize as well).

A Level 5 leader is 'post-charismatic', and has humility (hates trumpets and useless limelight), yet fiercely passionate (about the company, not his own PR campaign).

We sum it up as an utter commitment to two things: culture and results. Humility will then be natural, and the leader will stimulate everyone else's passion too!

Organizational Evaluations:

- Where am I in my leadership style?
- How can I test to see which level best describes my style?
- What behaviours do I need to put in place to be a level 5 leader?

2. FIRST WHO...THEN WHAT:

All these companies had pretty average strategies, easily replicable by others. However, **'Great' companies focused crucially on assembling the right team.** With the line-up in place, they picked a strategy this team could get behind delivering. Moreover, the right team added a lot to what that strategy should be. Most importantly, the right team delivered far better than the often anal strategists in the eventually floundering comparison cases.

Strategies emerge from those who have to implement them.

Leaders need to put their energies into the overall vision, but most critically, into discerning, inspiring and growing the best leadership team imaginable.

Only the right people can help our vision come alive. And the right people will get out there and figure out the right strategies to help us win.

Organizational Evaluations:

- **Do we have the 'right leadership team' (at each level, but starting at the top)?**
- **Are we clear on what the right leadership characteristics / skills are?**
- **Do we have the development mechanisms in place to grow our leaders?**

3. CONFRONT THE BRUTAL FACTS (YET NEVER LOSE FAITH):

These breakthrough companies never 'finessed' the facts. People didn't get hypersensitive when the facts came out. The facts were considered friendly. If a pet project produced nothing, it was canned, not 'rationalized'. If certain brands were the real growth drivers, then that's where the energy and innovation get targeted. Kroger and A&P were both 'old fashioned' grocery stores. Both got 100% of their business that way. When it became clear that Superstores were the way of the future, with bakeries, fresh fruit, Chinese herbs and spices from around the world, pre-cooked meals, numerous check-out lines, ancillary services

Organizational Evaluations:

- **Do we confront the 'brutal facts' about our business?**
- **Do we face crisis situations 'head on'?**

4. HEDGEHOG CONCEPT:

Companies ascending to greatness and then staying there, are **very clear about the one big thing they have to focus on**. That focus is based on the intersection of three considerations.

What are we most passionate about, where can be world class (ideally the best in the world), and **what drives our economic engine** (where do we make the most money, where are the profit pools greatest, and what is the most relevant measure for our area of focus)?

Bad companies shoot in multiple directions, and work at being 'good' in various areas.

Organizational Evaluations:

- **What 'one big thing' should we focus on?**

- **What are we passionate about, where we can be world class?**
- **What drives our economic engine?**

5. A CULTURE OF DISCIPLINE:

Here **this means attention to detail, working processes, appropriate systems, clarity of thought, definition of expectations, the right performance measures with tracking** and more. Such discipline provides the framework for freedom, it also allows everyone's personal experience to have more depth as there is underlying consistency to build on. The disciplines may have to be transcended at times, but that they are there, ensures that we don't have purely private and potentially chaotic moves being taken.

The purpose of discipline is to make the critical things automatic, reflexive. This makes creativity possible. Without this, all creativity goes into putting out fires, or building bridges across easily foreseeable inadequacies. Such creativity produces burnout. With discipline as a platform, then we are able to redefine the horizon and frontier, we can boldly begin to make the ideal, real. Disciplined as well as creative people, innovative but essentially disciplined processes, value-focused and yet coordinated action – with utter addiction to your company's hedgehog -- that's the winning ticket!

Organizational Evaluations:

- **What are our disciplines?**
- **Do we follow these disciplines in an automatic fashion?**
- **Are the disciplines we have providing the platform to 'make our ideal, real'?**
- **Are our disciplines based on our values and focused on what we do best?**

6. TECHNOLOGY AS AN ACCELERATOR:

New technologies, new techniques, come along all the time...often at a blistering pace. Many of them have genuinely added to organizational capabilities. However, these cannot be seen as saviors or panaceas. They have to contribute to the essential Level 5 Leadership, add to the tools of the right talent team, and relentlessly reinforce the company's hedgehog.

We need to select it to accelerate and add to, but not to pose as the value itself.

Organizational Evaluations:

- **Do we have the technology that 'accelerates and adds to' our business?**

7. THE FLYWHEEL AND THE DOOM LOOP:

Bad companies try to make change an 'event'. They do logos for the change, they create endless fanfare, they try and sell the change based on future results, they do rain dances of activity to sedate people's desire to see actual results.

Great companies get the flywheel turning, consistently and passionately. They get 'quick wins', they prioritize and get important breakthroughs first, they fanatically reward what they want to see, they see change as a torch passed on by each generation (not a 3 month 'sprint'), they use technology or new business tools as catalysts to again accelerate and amplify but they also ensure that the steady work continues throughout. There may be a 3 month or 6 month, breakthrough period, but its sustenance requires integrating the steps being taken with the overall working culture of the organization.

We need vision, consequences, credibility and passionate action. Let the results and commitment speak for themselves. Then let the mass meetings serve their real function: to stimulate and celebrate, not to posture as the change itself.

Organizational Evaluations:

- **With the changes we put in place, do we focus and celebrate the short term wins?**
- **Do we prioritize and focus on 'the best'?**
- **What business tools do we use as catalysts to gain momentum?**