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Half is Great the Rest Only Good: A Review of Jim Collins’ Good To Great

Four years ago, in his follow up to Built to Last, [and in what he admits should serve as a prequel] Jim Collins and his research team published Good To Great. Within weeks Business Week called it: “One of the top ten business books of 2001,” and what soon happened [in what was analogous with Dan Brown’s phenomenon The Da Vinci Code] is that the study evolved into one of the top business books of a generation, perhaps the defining management study of the nineties. The question is: Does it deserve everything it is getting? Well, about half of it does.

Urban legend has it that some one in an audience somewhere, back when Collins was on his Built to Last tour—asked the following question: “So, Mr. Collins now that you have shown us how to build a great company into one that lasts, how do we get the company to be great and to the point of being worthy of lasting?” In other words: How does a company [a school, a soccer team, a political party, a beauty parlor, and for that matter a family] move from good to great.” Collins responded by spending the next five years looking at 1500 companies over a thirty year period of time, and slowly distilled his pool down to the final eleven, which were then deemed, by his research team, as “great.” Eleven companies that “defied gravity and converted long-term mediocrity or worse into long-term superiority.”

And what was the bench mark of superiority? Money of course. The great companies had to beat the general stock market by an average of 700% in fifteen years, and be worth double their direct competitors which in some cases were Coca-Cola, Intel, General Electric, and Merck.

What got them that margin? In the end the Collins’ research team concludes that there were six common components in the profile of the “great” companies. Two of these six are fascinatingly provocative and run against the grain of what is thought to be true and this is where Collins strikes gold, since his first two components brake new ground and put forth some serious fuel for leadership debate. Collins himself says: “Some of the key concepts discerned in the study, fly in the face of our modern business culture and will, quite frankly, upset some people.” The two components are:

Level 5 Leaders: Another urban legend is that the research team continuously and consciously avoided looking at leadership as a possible indicator of the enduring success they sought, however it kept coming back and literally “slapping them in the face.” But it is not the type of leadership one would expect. It was a leadership defined by humility and personal will. Thus, the term—destined to become a part of the language of leadership: Level 5. This type of leadership was and is essential, in their opinion, to the achievement of enduring greatness—something built to last longer than the tenure of a leader. Why? The research contends that it is the humility of the Level 5 leaders that breeds the concept of team, encourages companies to confront the brutal facts—often denied by their competitors, and to take risks that more people, than just a company’s leader, is committed to. Also this form of leadership inherently address and plans for “succession” within a company. In fact, ten of the eleven great companies hired CEOs from within during what was to become the period of moving from good to great. These leaders are not the General Pattons or the Lee Iocosas or the Donald
Trumps or the Ted Tunners of the world but the individuals whose names are not in the least iconic if even recognized. They are names perhaps forgotten but names that have left greatness behind; not Headlines.

First Who and Then What: This simple paradigm ran through the great companies like a thread of yarn holding a shawl together. It emerged as an absolute essential. It basically says: Get the best people then figure out what to do with them and where to put them. The counsel of the great leaders was not to begin with the question of: What do we need? And then find someone who can do it. But the reverse. The research emphasizes to “inject a constant stream of talent into the organization.” Ironically, in the book, this is where something funny happens. Collins uses the metaphor of a bus to illustrate his point. To paraphrase him, he states: “First get the passengers on the bus and then figure out which seat is the right seat for them”. I think Collins jumped at this metaphor too prematurely and didn’t really think it through, since not only is it flawed but contradictory to the very concept of Level 5 leadership in that a bus only has one driver and a whole bunch of “passengers,” and I think it is safe to say that this is not what the CEOs of the great companies were implying. The metaphor of the starship enterprise is more inline with what is found in the interviews, in that with a Spock, and a Captain Kirk, and a Scottie, and the Doctor McCoy each “doing their thing” [the thing that only they can do as well as they do] the ship, and its success was always great. However, just imagine if we shifted the staff around and put the doctor in engineering and Scottie in the medical wing…well, needless to say, they would never have made it to where no man had gone before.

The remaining four components are not as original as the two above; however, one of them, the Hedgehog Concept, does build, to a significant degree, on what has come before. In a sort of extension on common sense and current research it supports the practice of creating mission or vision statements. Collins creates a graphic of three intersecting “questioning” circles: What drives your economic engine? What are you the best in the world at? And what are you passionate about? The area where the circles overlap, that shared space in the graphic, he suggests, should be the target for the creation of mission.

The remaining three concepts are really a rehash of the ideology present in the current cannon of leadership research and practice. In fact Publishers Weekly says “many of Collins’s perspectives on running a business are amazingly simple and commonsense.” Collins coins them as follows:

A Culture of Discipline: He suggests that “when you combine a culture of discipline with an ethic of entrepreneurship, you get the magical alchemy of great results.” Most would agree.

Technology Accelerators: To which Collins says, using too many pages to do so, is that good-to-great companies think differently about the role of technology. Basically don’t go techie without a need to do so. No tech for the sake of tech. Already an understanding in the status quo.

The Flywheel and the Doom Loop. Although the phraseology he uses here is theatrical and enticing what he says is really nothing more than the idea that those who launch radical change programs and wrenching restructurings without good or sound reason, or the support of the “team” will almost certainly fail to make the leap from good to great.

In the end, and ironically enough—due to the resistance to “go there”—the best thing about Good To Great and what will allow it its place in the pantheon of books on leadership is what it says about Level
5 Leadership as well as what it tells leaders to do in the process of recruiting, training and placing their employees in the section on First Who and Then What. The study is a snowball right now, it is the book of the moment, and it doesn't look like it is slowing down. Collins has capitalized on this and has some great resources available to anyone interested in taking the finding further than just a summer read. And for them I would suggest Mr. Collin's website at http://www.jimcollins.com/, which provides some good information and applications regarding his findings.

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