BUSINESS & STRATEGY

Good to Great

by Jim Collins

A five-year study of why a few good companies became truly great - and why most never make the leap.

BEST POINTS FROM THE BOOK

01 **Good is the enemy of great.**

Few companies - or people - ever become great because it is just so easy to settle for a good life. Collins's core conclusion: greatness is largely a matter of conscious choice, not circumstance.

02 **Every good-to-great leader was a 'Level 5' leader: extreme personal humility blended with ferocious professional will.**

They look out the window to give credit when things go well - to their people, or even to luck - and look in the mirror to take the blame when things go badly. Their ambition is for the company, never for themselves.

03 **First who, then what: get the right people on the bus, the wrong people off, and the right people in the right seats - before deciding where to drive it.**

People who joined for the people adapt when the direction has to change. Be rigorous, not ruthless, about it: when in doubt, don't hire - keep looking.

04 **Confront the brutal facts of your current reality, while never losing faith that you will prevail in the end.**

Collins calls this the Stockdale Paradox, after Admiral Jim Stockdale, who survived years as a POW in Vietnam. The blind optimists - the ones saying 'we'll be out by Christmas' - were the ones who died of a broken heart.

05 **Find your Hedgehog Concept: one simple focus where three circles overlap - what you can be the best in the world at, what you are deeply passionate about, and what drives your economic engine.**

Knowing what you cannot be the best at matters just as much. Everything outside the circles gets a no, applied with fanatical consistency.

06 **A culture of discipline beats bureaucracy: disciplined people given freedom inside a clear framework need no hierarchy, heavy rules, or tight control.**

Combine that discipline with an ethic of entrepreneurship, Collins says, and you get the magic alchemy of great performance. In these cultures people don't have jobs - they have responsibilities.

07 **Technology is an accelerator of momentum, never its creator - by itself, it is never a root cause of greatness or of decline.**

The great companies shunned fads and bandwagons, then became pioneers in applying the few technologies that fit their Hedgehog Concept.

08 **Breakthrough comes like a flywheel: thousands of small, consistent pushes in one direction until the momentum takes over. No single defining action, no miracle moment.**

From the outside it looks sudden. From the inside it was a long accumulation of well-executed turns, each one building on the last.

09 **Beware the Doom Loop: lurching into dramatic new programs, bold new leaders, and chronic restructuring every time results disappoint.**

The comparison companies skipped the patient buildup and jumped straight at breakthrough. Each reset killed what momentum they had and deepened the cycle of failure.

10 **Keep a 'stop doing' list. The good-to-great companies focused as much on what not to do - and what to stop doing - as on what to do.**

Discipline is mostly subtraction: dropping whatever falls outside the three circles, no matter how attractive the opportunity looks. A great company is more likely to die of indigestion from too much opportunity than starvation from too little.

THE BOOK, IN SHORT

The big idea: becoming great is a choice backed by a pattern, not a mystery. Collins and his research team spent five years screening 1,435 companies and found just 11 that made the leap - fifteen years of stock returns at or below the general market, then at least three times the market for the next fifteen years, 6.9 times on average. They then studied those 11 against comparison companies in the same industries, with the same resources and opportunities, that never made the leap - and the differences were not what anyone expected.

The pattern runs in stages. First, disciplined people: every good-to-great company was led at its transition by a Level 5 leader, a paradoxical blend of personal humility and fierce professional will who set up successors to keep winning after them. And they practiced 'first who, then what' - obsessing over getting the right people in and the wrong people out before deciding on any vision or strategy.

Next, disciplined thought. The great companies built climates where the brutal facts could not be ignored, holding the Stockdale Paradox: unwavering faith they would prevail, paired with total honesty about the present. Out of that clarity came the Hedgehog Concept - one crystalline idea at the overlap of what they could be best in the world at, what they were deeply passionate about, and

what drove their economic engine - followed relentlessly, with everything outside the circles dropped.

Then, disciplined action. A culture of discipline - self-disciplined people acting with freedom inside a framework - made consistency possible without bureaucracy or excessive controls. Technology played only a supporting role: never the driver of the transformation, but carefully chosen and pioneered where it accelerated momentum that already existed.

From the inside, the whole transformation felt like pushing a giant flywheel: a long buildup of small, coherent pushes in one direction, then breakthrough. The comparison companies fell into the Doom Loop instead - dramatic programs, faddish fixes, and new directions that never built momentum. Collins closes on the finding underneath all the others: greatness is not a function of circumstance. It is largely a matter of conscious choice.

DO THIS WEEK

This week, start a 'stop doing' list. Write down everything you regularly spend time on, then circle the one thing that sits outside all three circles - not something you love, not something you could be best at, not something that drives your income - and stop doing it for the next seven days. Then pick one brutal fact you have been avoiding, write it at the top of a clean page, and write the first honest action you will take about it.

By Jim Collins, first published 2001. Read it if you lead a business or team that is good and want the pattern for great.