



BOOK REVIEW

By Koushik Dutta

GOOD TO GREAT

By Jim Collins

Random House

Good is the enemy of great. Jim Collins and his team of twenty researchers spent five years generating 2000 pages of interview transcripts, studying 6000 articles, and creating 384 megabytes of computer data in order to search for factors which help some organizations transition from mediocre or average performance to great performance. Collins index of performance was stock market returns, and he and his team focused on American companies generating cumulative stock returns that beat the general stock market by an average of seven times in fifteen years.

When the book was published in 2001, it became a best seller selling more than 4 million copies. It is worth our while to revisit the basic tenets of the book.

The research describes seven characteristics of organizations which went from “good to great”.

1. Level 5 Leadership

Level 5 leaders channel their ego needs away from themselves and into the larger goal of building a great company. They setup their successors for even greater success in the next generation, and display a compelling modesty, are self-effacing and understated. However, they are fanatically driven, infected with an incurable need to produce sustained results.

2. First Who ... Then What

Leaders who take their organizations from good to great first get the right people on the bus (and the wrong people off the bus) before they figure out where to drive it. A crucial element in the people decision is somewhat paradoxical. You need executives who argue and debate in pursuit of the best answers, yet, on the other hand, who unify fully behind a decision, regardless of parochial interests.

3. Confront the Brutal Facts (Yet Never Lose Faith)

The good to great companies continually refine the path to greatness with the brutal facts of reality. While leadership is about vision, it is equally about creating a climate where the truth is heard and the brutal facts confronted.

4. The Hedgehog Concept

The good to great companies have a deep understanding of three key dimensions – what you can be the best in the world at, what drives your economic engine, and what you are deeply passionate about.

5. A Culture of Discipline

The good to great companies build a consistent system with clear constraints, but they also give people freedom and responsibility within the framework of that system. They hire self-disciplined people who don't need to be managed, and then manage the system, not the people.

6. Technology Accelerators

The good to great companies never begin their transitions with pioneering technology, for the simple reason that you cannot make good use of technology until you know which technologies are relevant.

7. The Flywheel and the Doom Loop

The good to great companies have no name for their transformations. There is no launch event, no tag line, no programmatic feel whatsoever. Yet they have the patience and discipline to continuously achieve results.

The book reminds me of another best seller – “In Search of Excellence” by Tom Peters and Robert H. Waterman which was published in 1982, the result of a research into the best practices of high performing companies. With both the books, a major criticism has been that many of the companies which had been held up as examples are now faring poorly in the marketplace, and some have faded away. However, what appears to be significant to me is the fact that with both the books the path to excellence lies through focusing on the right people, and creating the environment for them to thrive and succeed. Perhaps this is the key lesson which should guide organizations on their quest for competitiveness and success.

