

Premise – The key characteristics that differentiate Great Companies (\*) are:

- **Disciplined People** - Level 5 Leadership & First Who ... Then What;
- **Disciplined Thought** – Confront the Brutal Facts & The Hedgehog Concept;
- **Disciplined Actions** – A Culture of Discipline & Technology Accelerators;

The 11 Companies that form the basis of the findings had an average cumulative stock return 6.9 times the general market in the fifteen years following their transition.

The author believes that almost any organisation can substantially improve its stature and performance, perhaps even become great, if it conscientiously applies the framework of ideas uncovered.

Please forward this summary to friends / colleagues for their private educational purposes. If you wish to stop receiving future summaries then simply press unsubscribe in the covering email or email me at [wietp@quest-worldwide.com.au](mailto:wietp@quest-worldwide.com.au).

Obviously, I still recommend that you purchase and read it plus other seminal books I've summarised, including ...

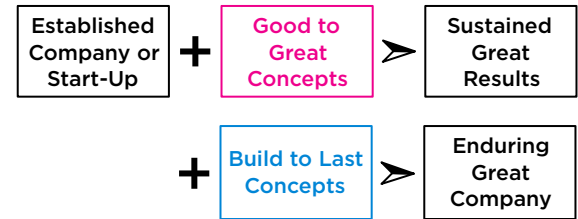
Happy reading,

**Wiet Pruijm** Quest Worldwide



## Good to Great Build to Last

Jim Collins sees G2G as a prequel to B2L...

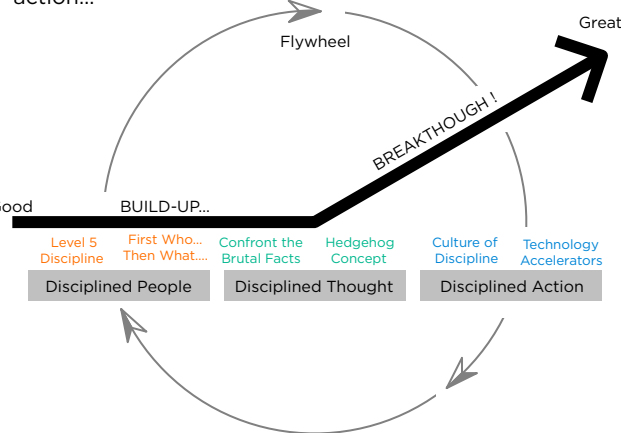


Enduring great companies don't just exist merely to deliver returns to shareholders.

Indeed, in a truly great company, profits & cash become like blood & water to a healthy body: They are absolutely essential for life, but they are not the very point of life.

## Transformation Process

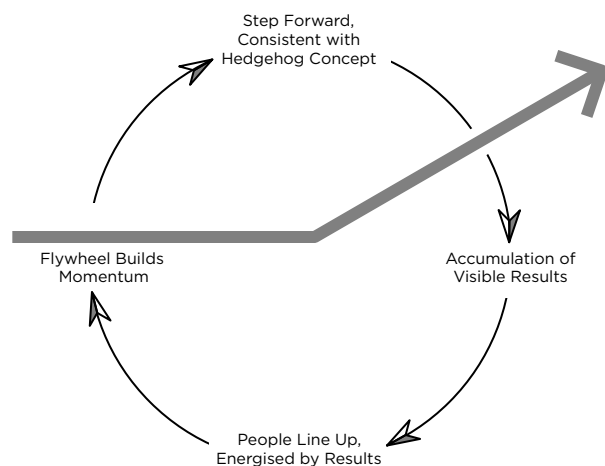
Transformation is a process of build-up followed by breakthrough, broken into three broad stages: disciplined people, disciplined thought, and disciplined action...



Wrapping around this entire framework is a concept called the flywheel, which captures the gestalt of the entire process of going from Good to Great.

## The Flywheel Effect

Let results do most of the talking...



## Disciplined People

### Level 5 Leadership

= Personal Humility + Professional Will

- Level 5** **Level 5 Executive** - Builds enduring greatness through a paradoxical blend of personal humility & professional will
- Level 4** **Effective Leader** - Catalyses commitment to & vigorous pursuit of a clear & compelling vision, stimulating higher performance standards
- Level 3** **Competent Manager** - Organises people & resources toward the effective & efficient pursuit of pre-determined objectives
- Level 2** **Contributing Team Member** - Contributed individual capabilities to the achievement of group objectives & works effectively with others in a group setting
- Level 1** **Highly Capable Individual** - Makes productive contributions through talent, knowledge, skills, and good work habits.

A level 5 Executive's ambition is first and foremost for their institution not themselves...

### First Who... Then What...

Get the right people on the bus (and the wrong people off) in the right seat and then figure out where to drive it...

The right people don't need to be tightly managed or fired up; they will be self-motivated by the inner drive to produce the best results and to be part of creating something great.

In people decisions:

- When in doubt don't hire – keep looking
- When you know you need to make a change – Act
- Put your best people on your biggest opportunities, not your biggest problem

Good to Great teams consist of people who debate vigorously in search of the best answers, yet who unify behind decisions, regardless of parochial interests.

Whether someone is the right person has more to do with character traits and innate capabilities (including self motivation) than with specific knowledge, background or skills.

## Disciplined Thought

### Confront the Brutal Facts

(Yet never lose faith...)

Good to Great leaders create a climate where the truth is heard and the brutal facts are confronted:

- Lead with questions, not answers
- Engage in dialogue and debate not coercion
- Conduct autopsies without blame
- Build Red-Flag (every-one must stop and listen) mechanisms
- Turn information into information that cannot be ignored

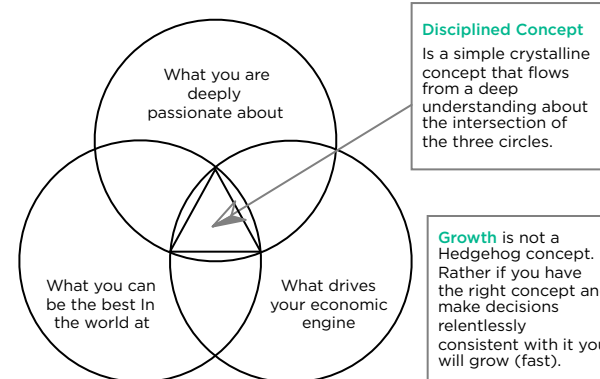
#### The Stockdale Paradox

Retain faith that you will prevail in the end, regardless of the difficulties AND at the same time Confront the brutal facts of your current reality, whatever they might be.

Leadership does not start with vision. It begins with getting people to confront the brutal facts and to act on the implications.

## The Hedgehog Concept

Simplicity within the three circles...



Hedgehogs simplify a complex world into a single organising idea, a basic principle or concept that unifies & guides all. They are not simpletons. They have a piercing insight that allows them to see through complexity & discern underlying patterns. They see what is essential and ignore the rest.

## Disciplined Action

### A Culture of Discipline

Build a culture full of people who take disciplined action within the three circles, fanatically consistent with the Hedgehog Concept...

Whereas the good-to-great companies had level 5 leaders who built an enduring culture of discipline, the unstained comparisons had level 4 leaders who personally disciplined the organisation through sheer force.

#### Start a "Stop Doing" List

The good-to-great companies at their best followed a simple mantra: "Anything that does not fit with our Hedgehog concept, we will not do. We will not launch unrelated acquisitions. We will not do unrelated joint ventures. If it doesn't fit, we don't do it. Period."

The single most important form of discipline for sustained results is fanatical adherence to the Hedgehog Concept and the willingness to shun opportunities that fall outside the three circles.

### Technology Accelerators

Great companies pioneer the application of carefully selected technologies that are 100% consistent with a deep understanding of the three intersecting circles of the Hedgehog Concept...

When used right technology becomes an accelerator of momentum, not a creator of it. The good-to-great companies never began their transitions with pioneering Technology, simply for the reason that you cannot make good use of technology until you know which technologies are relevant.

#### "Crawl. Walk. Run."

Can be a very effective approach, even during times of rapid and radical technological change...

Great companies respond with thoughtfulness and creativity to technological change, driven by a compulsion to turn unrealised potential into results; mediocre companies react and lurch about, motivated by fear of being left behind.