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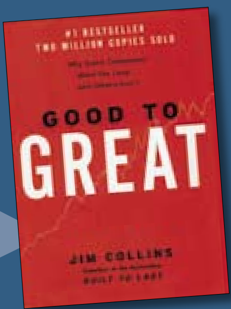
Leveraging travel and commuting time

Critical review of:

GOOD TO GREAT

"Why Some Companies Make the Leap … and Others Don't"



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Leadership & Strategy

English version

Introduction

When the Synthesix team put together its first list of outstanding management books, likely candidates for a Synthesix critical review, "Good to Great" immediately stood out as a uniquely qualified piece of work.

Synthesix criteria for selecting books are Quality, Innovation and Relevance to a European business environment. Good to Great gets top marks on each of these attributes:

- In terms of quality, Good to Great is the result of a rigorous 5-year research effort involving more than 20 researchers. Recognised in the US as one of the best business books ever written, it has already sold more than 2 million copies.
- With regard to innovation, the results from the research are surprising, sometimes counter-intuitive and occasionally even provocative.
- Finally, we believe that the insights from Good to Great are broadly applicable to any business setting.

In Good to Great, Jim Collins and his research team aimed at answering an apparently simple question: How can an average company transform itself into a great one, and start producing extraordinary results?

1. Key findings

Jim Collins and his team studied 11 companies which succeeded in transforming themselves from mediocre players into exceptional performers, subsequently delivering outstanding results over more than 15 years.

4 elements clearly distinguished these "Good to Great" companies from their peers:

- The first one relates to the personality of their leaders. The Good to Great leaders appeared surprisingly humble and modest. They, however, all exhibited an incredible level of ambition, not for themselves, but for their company. And they showed an unwavering resolve to do whatever it would take to pursue this ambition.
- The second element refers to the rigour of the people management process within the Good to Great companies. Their leaders made sure to bring the right people on board, to put them in the right place, and to get the wrong people off. They assembled their management team not so much to implement their vision, but first and foremost to develop the strategy: "First who, then what".
- Third, the Good to Great management teams built winning strategies by courageously facing the brutal reality. They elaborated simple but distinctive concepts that reflected the company's strengths and passions. This strategy was crystallised through a unique performance indicator.
- And finally, the Good to Great companies developed a culture of disciplined execution, focused on the strict implementation of the defined strategy. This culture combined individual freedom and personal accountability.

2. From "Built to Last" to "Good to Great"

2.1 Jim Collins, student of enduring great companies

Jim Collins describes himself as a student and teacher of enduring great companies. He began his career on the faculty of the prestigious Stanford University's Graduate School of Business, in California. Later he founded his own management research laboratory in Colorado.

In 1994, Jim Collins published with co-author Jerry I. Porras: « Built to Last – Successful habits of visionary companies ». With over 3.5 million copies sold worldwide and translated into 16 foreign languages, "Built to Last" spent nearly 5 years on Business Week's best-seller list.

"Built to Last" was the result of a 6-year research project. The authors studied eighteen companies they identified as 'visionary', such as American Express, Procter & Gamble and 3M. They defined a 'visionary' company as one that is a leader in its industry, is widely admired, made an impact on the world and successfully developed through multiple generations of CEOs and product life cycles.

Amongst a rich set of findings, what stood out was that these visionary companies had always been great. They all had been created by extraordinary men, such as Bill Hewlett and David Packard, who from the start managed to instil an unusually strong and enduring culture of performance and renewal.

Therefore, "Built to Last", although a great book, did not appear all that relevant to the majority of managers who happen to work in average companies, organisations that were not endowed from the start with this culture of performance and renewal. "Built to Last" raised the fundamental question of whether an average company can truly transform itself into greatness, or is it doomed to remain average for its entire life. This is the question that Good to Great seeks to answer.

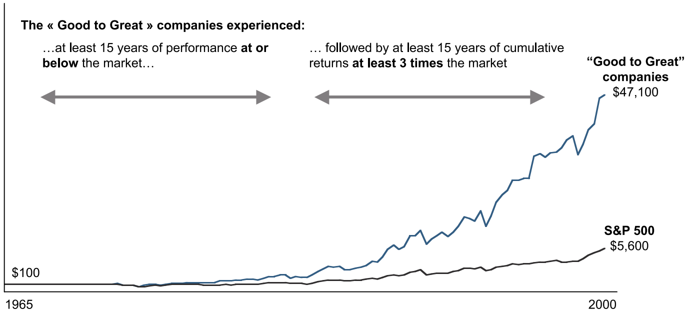
2.2 An ambitious research programme

To answer this question, Jim Collins and his team embarked on a huge research project.

In a first step, they sought to identify companies that objectively succeeded in transforming themselves from mediocrity into greatness. They selected 11 companies that met stringent financial performance criteria. Specifically:

- Each of these companies had first known a long period of mediocrity, delivering at least 15 years of cumulative stock returns at or below the general stock market.
- This extended period of average performance was interrupted by a transition point following which the company generated cumulative returns at least 3 times the market over a period of at least 15 years as well. This performance must have been clearly independent of the company's sector of activity.

To illustrate the outstanding performance of the Good to Great companies, imagine that you had made an investment of $100 in a basket of stocks of these companies in 1965. By 2000, this investment would have been worth an astonishing $47,100. A similar investment in the general stock market would have been worth $5,600, or 8.4 times less.



« Good to Great » companies	Sector of activity	Stock performance ratio*	Direct comparison companies
Abbott	Pharmaceuticals	4.0	Upjohn
Circuit City	Retail (consumer electronics)	18.5	Silo
Fannie Mae	Financial services (Mortgages)	7.6	Great Western
Gillette	Consumer goods (Personal care)	7.4	Warner-Lambert
Kimberly-Clark	Consumer goods (Paper products)	3.4	Scott Paper
Kroger	Retail (Grocery)	4.2	A&P
Nucor	Steel	5.2	Bethlehem Steel
Philip Morris	Consumer goods (Tobacco)	7.1	R.J. Reynolds
Pitney Bowes	Office equipment	7.2	Addressograph
Walgreens	Retail (Drugstores)	7.3	Eckerd
Wells Fargo	Financial services	4.0	Bank of America

In a second step, the author and his team looked for relevant comparison companies. This is because Jim Collins was not searching so much for what the Good to Great companies were doing, but rather for what they were doing differently than other comparable companies.

In a third step, the team analysed the performance of these companies in depth, through financial analysis, countless interviews of company executives and detailed press searches. Collins and his team identified several elements that clearly distinguished the Good to Great companies from the comparison groups.

3. Detailed findings

3.1 Level 5 leadership

One of the most unexpected findings from Collins' research relates to the personality of the leaders of the Good to Great companies. Each company seems to have been led at the time of the transition by a modest, humble, self-effacing individual. 10 out of 11 Good to Great CEOs originated from the company itself. In striking contrast to the CEOs of the failed comparisons, they did not speak much about themselves. They almost never appeared in the media. When questioned about their successes, they usually pointed to luck or to the quality of the people surrounding them. Conversely, they tended to take personal responsibility for the failures their companies had experienced.

*Ratio of cumulative stock returns to the general stock market over the 15 years following their transition point

Far from being meek or soft, these leaders exhibited an incredible level of ambition, not for themselves, but first and foremost for their company. And they showed an awesome determination to do whatever it would take to pursue this ambition and to lead their company to greatness.

Collins coined the term "Level 5 leadership" to describe this rare combination of personal humility and professional will.

Darwin Smith, the self-effacing but strong-willed CEO of Kimberly-Clark

In 1971, Darwin Smith, formerly an in-house lawyer, became the CEO of Kimberly-Clark, a mediocre paper company whose stock performance had lagged the market over the previous 20 years.

The perfect illustration of the level 5 leadership concept, Darwin Smith was a seemingly ordinary man. He appeared shy and mild-mannered, dressed in cheap suits and enjoyed the company of plumbers and electricians. He was personally surprised to be appointed CEO, a feeling further reinforced when a Board Member reminded him that he lacked some of the qualifications required for the position.

Behind an appearance of softness, however, Darwin Smith was a formidably determined individual. Two months after his CEO appointment he was diagnosed with nose and throat cancer. His doctor predicted he had less than a year to live. Smith immediately informed his Board, but insisted he had no intention of dying anytime soon. Over the next few months, he fully maintained his demanding work schedule, while commuting every weekend from Wisconsin to Texas to undergo radiation therapy. He went on to live another 25 years, most of them as CEO of Kimberly-Clark.

Darwin Smith set extremely high ambitions for Kimberly-Clark. He had resolved to turn the company into a leading consumer paper-products player, and he brought a ferocious determination to bear on the achievement of this ambition.

Quite rapidly, Smith and his team decided they had to sell off the historic foundation of the company, its coated paper mills. They had come to the conclusion that this business was doomed to remain mediocre, and that they would be much better off investing the proceeds from a divestment into their more promising consumer goods business.

This decision was extremely painful and sharply criticised from all sides. Despite massive resistance, Smith never faltered. Subsequently, released from the burden of the old plants, the company blossomed.

Kimberly-Clark actually delivered cumulative stock returns 4.1 times the general market over the next 20 years. With brands like Kleenex and Huggies, it became a world leader in the consumer goods area, handily beating rival firms such as Procter & Gamble or Scott Paper.

This interesting finding contrasts with common corporate practice. The media entertain us with the idea that charismatic, larger-than-life personalities brought in from the outside will be most effective in turning around troubled companies. Collins' research tends to show the opposite. Most unsustained comparison companies brought in star-CEOs,

such as Lee Iacocca at Chrysler. These impressive leaders certainly produced spectacular business results initially, but failed to sustain them in the long run.

The ultimate star-CEO : Lee Iacocca at Chrysler

One of the most celebrated business leaders in history, Lee Iacocca engineered an impressive turnaround of the almost bankrupt auto-maker Chrysler. In his first year on the job, Iacocca brought enormous discipline to the chaotic company, changing the management structure, tightening financial controls, putting in place strict quality control processes and rationalising operations, on top of conducting massive lay-offs. Over the next 6 years, Chrysler delivered spectacular financial results, beating the general stock market by a factor of 10.

At that moment, however, Lee Iacocca began to divert his attention away, writing a best-selling autobiography, appearing on talk shows and enjoying a star-like lifestyle. Amongst others, he led a renovation of the Statue of Liberty, joined a congressional commission, and even started bottling his own olive oil and wine on a newly-acquired Italian property. He also led Chrysler into a stream of unfocused operations such as the acquisition of the Gulfstream jet company or an ill-designed joint venture with Maserati.

Chrysler performance fell back, down to the point where it faced another possible bankruptcy. Ultimately, over Iacocca's entire tenure, Chrysler delivered returns 31% lower than the general market. Although impressive at first, his positive impact had proven short-lived.

3.2 A rigorous approach to building the team

One of the greatest strengths of the Good to Great CEOs was their ability to build strong teams. Overall, the Good to Great companies stood out from the comparison companies by the rigour of their people management practices.

3.2.1 The right person in the right place

Each of the Good to Great leaders considered that putting the right person in the right place was his most important role. Alan Wurtzel, CEO of electronics retailer Circuit City, claimed to have dedicated 80% of his time to this task.

These leaders also showed their resolve in building the right team by getting rid of managers that did not fit in the organisation. When David Maxwell became CEO of Fannie Mae, his first act was to interview all the officers. Following this assessment, 14 out of 26 Fannie Mae executives left the company.

Importantly, this effort of putting the right people in the right place was not limited to the executive floor. The Good to Great companies excelled at building talented organisations at all hierarchical levels.

Nucor's farmer work ethics

Nucor operated primarily on the idea that you can teach farmers how to make steel, but you can't teach a farmer´s work ethic to people who don't have it in the first place. Nucor therefore located its steel mills in rural areas, places full of real farmers who go to bed early, rise at dawn and get right to work. It ejected people who did not share this work ethic, generating as much as 50% employee turnover in the first year of a plant, followed by very low turnover as the right people settled in for the long term.

To attract and retain the best workers, Nucor paid the highest salary in the steel industry. But its pay system was built around an aggressive bonus mechanism, with over half of a worker's pay directly tied to the productivity of his team. As a result, Nucor team members would usually show up for work 30 minutes early to prepare their tools and be ready to run without any downtime. And they would do all they could to chase free riders out of their team.

The Nucor system did not strive to turn lazy people into hard workers, but rather to create an environment where hardworking people would thrive and lazy people would leave.

Armed with this philosophy, Nucor posted 34 consecutive years of profit in the steel industry. Over the same period, leading US player Bethlehem Steel lost money 12 times and its cumulative profitability proved to be negative.

3.2.2 First who, then what

Interestingly, in the Good to Great companies, the management team was systematically assembled not to implement the CEO's vision, but first and foremost to define the future direction of the company: "First who, then what".

Wells Fargo's winning team

In the early 70s, Richard "Dick" Cooley, CEO of the US-based financial services company Wells Fargo, foresaw that his industry was about to undergo major regulatory changes. Rather than trying to map out a strategy for change, he started recruiting high-profile candidates, assembling the best team in the whole industry according to investor Warren Buffet.

Cooley hired outstanding people wherever and whenever he found them, often without any specific job in mind. He used to say: "That's how you build the future. If I am not smart enough to see the changes that are coming, they will. And they'll be flexible enough to deal with them."

Cooley's approach proved right. Nobody could have precisely foreseen the changes brought about by the banking deregulation. Yet when these changes happened, no bank handled them better than Wells Fargo.

3.2.3 A rigorous approach

The Good to Great companies addressed people management issues with greater rigour than the comparison companies. They consistently applied a set of 3 core principles at all times and at all levels:

a. Recruit exclusively the « right » people, without compromise

In case of a doubt about a candidate, no hiring. The company keeps looking for the right person, even if the situation is difficult. In determining the "right" people, the Good to Great companies placed the emphasis on engrained character attributes: values, work ethic or dedication to fulfilling commitments, more than on educational background, practical skills or work experience.

Circuit City no-compromise approach

From all Good to Great companies, electronics retailer Circuit City delivered by far the most staggering financial performance. From 1982 until 2000, the company delivered cumulative stock returns an amazing 22 times the general market.

When asked to name the top 5 factors that explained this amazing performance, one of its key executives replied: "One would be people. Two would be people. Three would be people. Four would be people. And five would be people. A huge part of our transition can be attributed to our discipline in picking the right people."

The executive went on to describe a conversation with CEO Alan Wurtzel: "Alan, I'm really wearing down trying to find the exact right person to fill this position. At what point do I compromise?" Without hesitation, Wurtzel answered: "You don't compromise. We find another way to get through until we find the right people."

b. When a change is needed, act whitout delay

Letting the wrong people stay is unfair to all the right people, as they inevitably need to compensate for the shortcomings of the wrong people. Furthermore, this can drive your best people away. And it can make your own life miserable.

Importantly, this does not mean that the Good to Great companies were ruthless places to work. The Good to Great leaders tended not to rush to judgement, often investing substantial time in determining whether a person was on the wrong seat or in the wrong company altogether. But when they had come to the realisation that someone needed to leave, they would act without delay.

c. Assign the best people to the greatest opportunities

Not the largest activities, nor the biggest problems, but the greatest opportunities. Managing your biggest problems can only make you good.

Becoming great requires that you tackle the greatest opportunities.

George Weissman's side track

In 1960, cigarette maker Philip Morris derived 99% of its revenues from the USA. Joe Cullman, its CEO, identified international markets as the largest long-term growth opportunity for the company. Unsure of the right strategy to follow, he pulled out his number one executive, George Weissman, from the domestic business to head the tiny international department.

A lot of people including Weissman initially wondered what he had done wrong to be so obviously side-tracked. In retrospect, however, this decision proved a stroke of genius. Weissman was the perfect executive to guide the international development with aggressiveness and passion. 20 years later, Philip Morris was undisputed global market leader and Marlboro the best-selling cigarette in the world.

3.3 A simple, distinctive strategy

Outstanding results are most often the consequence of a series of good decisions which are diligently implemented and reinforce one another. Obviously, the Good to Great companies made mistakes. But on the whole, they made significantly more good decisions than bad ones. And most importantly, on the really important calls, they proved remarkably right in their choices.

3.3.1 Facing the brutal facts of reality

The first step in making good decisions is to fully understand the reality of your position, as painful as it may be. The Good to Great companies created environments that allowed the brutal facts of reality to emerge, and where the truths, no matter how uncomfortable, could be raised, heard and discussed.

To start with, the Good to Great leaders tended to lead with questions rather than answers. They appeared on a permanent quest to gain understanding, casually asking managers or employees questions like: "So, what's on your mind?" or "What should we be worried about?"

By contrast, in the comparison companies, CEOs often led with such force or instilled such fear that people worried more about him, what he thought or what he would do, than about the real situation of their company, its possible threats or its problems.

Kroger's courage to face the brutal reality

In the 1950's, A&P and Kroger were two grocery chains in the US. A&P, undisputed market leader, was at one point the 2nd largest US corporation behind General Motors and counted close to 17,000 stores. Kroger was much smaller, with about 5,000 stores.

Around 1960, both companies began experimenting with new store concepts. By 1970, the management team of Kroger had come to a dramatic conclusion: their business model was not adequate to meet the new business realities. Traditional grocery stores were doomed to disappear and to be replaced by supermarkets, larger stores with a broader assortment, lower prices and a parking lot.

Logically and despite the harshness of this move, Kroger decided to replace, adapt or close every single one of its 5000 stores in order to focus on its new superstore concept. Over the next 30 years, Kroger spent on average twice its annual profit in capital expenditures to finance this transformation.

By contrast, A&P continued to operate the grocery stores without meaningful adaptation. Still, A&P created a separate brand, "The Golden Key", to experiment with the supermarket concept. In the "Golden Key", store managers had more freedom, opened new departments and offered a wide range of non-A&P products. The Golden Key experiment generated high customer satisfaction ratings and began to offer clear explanations for the loss of market share of the core grocery business. In a rare case of business myopia, A&P closed The Golden Key and embarked on a radical price-cutting strategy, in an attempt to stop the decline of the grocery stores.

By 1999, when Kroger became the number one grocery chain in America, A&P still had over 50% of its stores in the original 1950's format. From 1973 until 1998, Kroger delivered cumulative stock returns 10 times higher than the general market, and about 80 times higher than A&P, whose business collapsed into irrelevance.

3.3.2 A hedgehog concept

The Good to Great companies adopted surprisingly simple strategies. For instance, Walgreens has the following strategy: "To operate the best, most convenient drugstores with high profit per customer visit". Armed with this simple concept, Walgreens generated returns over 15 times the general market from 1975 until 2000.

Collins refers to these strategies as "hedgehog concepts", alluding to the animal's simple but highly effective defence mechanism. Collins notes that hedgehog concepts have 3 critical ingredients:

a. A reflection of the company's unique strengths

The first ingredient of a hedgehog concept is an acknowledgment of what the company can be the best at. The point here is not to set an objective to become the best in a specific area. Rather, the aim is to recognise unique competences of the corporation that can be leveraged to become truly distinctive in one field. And, obviously, it is also critical to recognise areas where you cannot compete for a leading position. If you can't be the best at something, why do it?

Abbott's unique competences

At the end of the 1960s, the management team of Abbott realised that they could not aspire anymore to becoming one of the best pharmaceutical companies in the world. In the past two decades, Abbott had not invested sufficiently in its research and development capabilities, a key success factor in this industry, to keep up with the market leaders.

However, Abbott had developed specific competences in two particular fields: diagnostic tools, and nutrition products aimed at patients who had just undergone surgery. These two domains had one thing in common: they could contribute to significantly decreasing the costs associated with specific pathologies, by allowing earlier detection, and by reducing the time patients spent in the hospital.

Abbott subsequently decided to focus exclusively on creating products that make health care more cost-effective. With this clear strategy, Abbott delivered cumulative returns 4 times over the market in the next 15 years.

b. A recognition of the company's passions

The second ingredient of a hedgehog concept is the recognition of what you are deeply passionate about. The Good to Great companies focused on those activities that ignited their passion. Here again, the point is not to try to get excited about what you do, but rather to recognise what naturally drives the people around you.

c. A unique performance indicator

Finally, the Good to Great companies all translated their concept into a unique economic indicator. This indicator emphasised the economic engine of the company's success.

Walgreens decided to focus on offering the most convenient drugstores. Walgreens' management team subsequently realised that its lead performance indicator - profit per store - was not appropriately supporting their concept. This indicator potentially encouraged managers to make decisions which ran contrary to the strategy, such as reducing the number of stores or selecting cheaper locations, both moves leading to improved profit per store, but reduced convenience for Walgreens customers.

Walgreens therefore adopted a new performance indicator: profit generated by each client visit. This indicator encouraged anyone in the organisation to make choices that would increase the convenience and attractiveness of Walgreens stores to customers, for instance by adopting more convenient (and possibly more expensive) locations, or by multiplying the offer of value-added services.

3.4 Disciplined execution of the strategy

The final element distinguishing the Good to Great companies from their less successful counterparts was their ability to develop a culture of execution, built on personal autonomy and accountability and focused on the strict implementation of their hedgehog concept.

3.4.1 Autonomy and accountability

In the Good to Great companies, each individual appears clearly committed to a set of precise objectives, while enjoying large degrees of freedom on how to attain them.

Abbott's culture of innovation

In its transition phase, Abbott brought on board highly entrepreneurial leaders and gave them great autonomy to determine the best path for achieving their objectives.

This freedom, however, contrasted with the extreme rigour of Abbott's budgeting process. Ahead of its time, Abbott introduced in the late 1960's a system of "Responsibility Accounting", where every item of income, expense or investment was clearly identified with a single individual responsible for that item. In this system, Abbott executives were held rigorously accountable for their objectives. You could change all plans during the course of the year, but you could never change the objectives. They had freedom within a clear framework of accountability.

Leveraging this combination of freedom and rigour, Abbott managed to establish financial discipline without impairing its creativity. Not only did Abbott enjoy one of the lowest cost positions in the industry, it also became a formidable innovation machine, with almost 65% of revenues originating from products that were less than 4 years old.

3.4.2 A strict adherence to the hedgehog concept

But the Good to Great companies also distinguished themselves by their focus, their strict adherence to their hedgehog concept. They implemented this concept with fierce determination throughout the company.

The Good to Great companies also developed a striking ability to say no. They realised that they were much more at risk of tackling too many opportunities than of not finding enough ideas to grow. Therefore, they became champions of the "stop doing" lists. Kimberly-Clark decided to sell its paper mills. Kroger closed or replaced every single one of its 5,000 grocery stores. Walgreens exited a profitable food-service business.

The Good to Great companies adopted the same disciplined process for evaluating new technologies. They all became pioneers in the application of new technologies that fit within their hedgehog concept. Nucor became widely known for its pioneering of the mini-mill steel manufacturing technology, which allowed them not only to produce steel at a low cost, but also to easily locate plants in rural areas. Through this focused approach, the selected technologies became accelerators of the company's success. But Collins also indicates that Good to Great companies purposely ignored new technologies that did not support their hedgehog concept.

3.5 Other insights

The spectacular inflexion point in the performance of the Good to Great companies can mistakenly give the idea that their transition happened overnight. Nothing could be further away from the truth. The Good to Great transformations were slow, almost imperceptible.

In this long quest to transition from mediocrity into greatness, the management team of the Good to Great companies, even when faced with bleak prospects and seemingly insurmountable challenges, never lost faith in their ability to get their company to prevail in the long run. This ability to recognise the brutal reality of their situation and simultaneously to maintain an unwavering faith in their long-term ability to win is also a distinctive trait of Good to Great companies.

4. Critics of "Good to Great"

4.1 What we liked

Overall, we find Good to Great to be an extremely rich and insightful piece of work.

Clearly, the quality of the underlying research confers a strong credibility to the findings of the book. Furthermore, the carefully crafted examples nicely support these findings and make them lively. They also provide for an entertaining read.

In terms of content, we appreciated Jim Collins' focus on the critical importance of the people factor in the success of a company. We found that the richest elements of the book relate to the attitudes of the leaders and to the importance of building a strong team. The author stresses the courage and patience required to do this. He insists on the need to place organisational ambitions ahead of one's own in order to succeed, something few successful executives like to hear.

Far from the usual fads and buzzes, Collins' thoughts on strategy development are also very interesting. He shows the importance of anchoring this process in a deep understanding of reality. And he emphasises the need to recognise the company's strengths and its passions in order to define the right development path.

In a world on a permanent quest for silver bullets, Jim Collins is not afraid of reminding us that there is no shortcut to enduring success. The route to greatness is a long and difficult one, which requires commitment and perseverance, especially from the leaders.

Overall, Collins' insights appear to us as applicable to a broad range of organisational situations, and, as such, should prove useful to any manager. It is one of those rare books that can provide insightful thoughts as much to junior managers as to senior executives.

Importantly, the credibility of Collins' arguments lies in his in-depth comparative analysis of 11 companies over the period of their transformation from good to great. Quite recently, some of these companies have unfortunately met with difficulties.

Most striking is the demise of Fannie Mae. Since 2004, this subsidised mortgage lender has been under investigation for a streak of accounting irregularities including a massive $ 9 billion in overstated profits. As a consequence, Fannie Mae's CEO and CFO were forced to resign while the US Congress is considering adaptations to Fannie Mae's legal framework of operation. The suspicious accounting period starts in 1999, the 15th year in Fannie Mae's outstanding performance period studied by Collins.

For their part, Circuit City and Kroger both faced some financial difficulties several years after their Good to Great period, while Gillette, still in healthy financial condition, lost its independence as a result of its acquisition by consumer products giant Procter & Gamble.

To some, these difficulties cast doubts upon Collins' findings. We disagree with this point of view. Collins findings are based on the analysis of management processes that led to outstanding performance over a period of more than 15 years. We think that this period is long enough to validate the findings, regardless of what happens afterwards.

Furthermore it illustrates two of Collins' findings : Success depends first and foremost on the people factor. The wrong man in the wrong position can have dire consequences. And great performance is not easy to attain, and even less to sustain. It does not appear surprising to us that some form of complacency might develop in a few of these companies after such a long period of truly extraordinary performance.

4.2 What we did not like

Although Good to Great is a fantastic book, it contains a few elements that we did not like.

First, we obviously regret that Jim Collins and his team limited their search for great companies to the USA. This limitation stems from their exploitation of financial information from the US stock markets. Clearly, relying on this unique source of information removed any issue of data reliability and comparability. It also slightly reduced the attractiveness of the concepts to non-US readers.

Secondly, we found that Collins tends to overuse metaphors and analogies. The author repeatedly seeks to encapsulate insights with flashy expressions such as « Hedgehog concept », « Level 5 leadership », « Stockdale paradox » or « Rinsing your cottage cheese ». This approach somewhat undermines the author and might irritate the reader at times, as much as the abuse of superlatives.

Also, on several occasions Jim Collins illustrates concepts with examples unrelated to the Good to Great companies, such as referring to President Lincoln, Winston Churchill, or Collins' own wife. These unrelated illustrations rarely enlighten the reader.

Finally, Jim Collins tone may appear sometimes professorial and simplistic. The author's tendency to unify all findings in a supposedly single route to success lacks nuance and somewhat weakens his conclusions. In particular, Collins' attempt to draw logical links with his previous bestseller "Built to Last" appeared more self-serving than insightful.

5. Putting Good to Great to work for you

The following thoughts, phrased in the form of questions, are intended to help you put the insights from Good to Great into practice. Some of these questions might seem obvious to you, but we believe they are not. We actually urge you to take some time to reflect on each of these questions and their implications, and to repeat this thinking process a few times.

5.1 Level 5 leadership

If you find yourself in a position of leadership in a major corporation today, it is likely that you exhibit a healthy level of assertiveness and personal ambition, duly recognised and appreciated in your environment. Recommending that you shut down these personal characteristics and transform yourself into a humble and soft-spoken individual most probably would not lead you very far.

Therefore, even though we clearly believe in Collins' idea of Level 5 leadership, we do think that this is the most difficult finding to put to work in contemporary business situations. Here are a few questions you may want to think about in order to practice Level 5 leadership without jeopardising your credibility as a modern business leader :

1. Are you placing your company's ambitions ahead of your own ?
2. If not, why ? Are these ambitions not aligned ?
3. What would success mean for your company in the long run ? Is this success definition bold and attractive enough ?
4. Do you fundamentally believe in the ability of your company to achieve this ambition ?
5. Are you determined to do whatever you can to make this ambition come true ?

If you feel uncomfortable with several of these questions, you may want to ask yourself whether you are in the right place. Exercising leadership requires clear alignment between a person and his or her company. We urge you to actively seek for such an alignment.

5.2 Building the right team

1. When is the last time you seriously took time to think about your team composition and structure ?
2. Do you have the right people on board ?
3. Is everyone in the right place ? What changes could you make ? What prevents you from making them ?
4. Did you get the wrong people to leave ? Is anyone currently in the wrong place ?
   a. Would you hire this person again ? If he or she came to you to announce his/her voluntary departure, would you be unhappy, or secretly relieved ?
   b. What prevents you from acting ? Have you considered the possible harm that inaction may cause to the rest of the team ?
5. Are you leveraging your team as a think tank ? Do you collectively develop the strategy for your organisational entity ?

6. Are you sufficiently rigorous in your recruiting efforts?
7. Are you assigning your best resources to the greatest opportunities rather than to the biggest issues?

5.3 Defining the right strategy

1. Do you have a clear strategy for your business entity?
2. Are you sufficiently in contact with reality? Are you confident that data fed back to you by your team is not being filtered?
3. Are you leading more with questions than with answers?
4. What is your company's greatest strength? Its unique competences? What can you truly be the best at?
5. What intrinsically motivates your company? What are people passionate about?
6. Does your strategy reflect these two elements: strengths and passion?
7. How many performance indicators do you follow? Are objectives set for each indicator? Are some of these inherently contradictory?
8. What is the single most important driver of your profitability? Are you defining targets for this driver? Could you translate it into a unique performance indicator?

5.4 Building a culture of execution

1. How much autonomy do you and your team have in achieving your objectives?
2. Is everyone truly accountable for its results?
3. Is your company entirely focused on the strict achievement of its business strategy?
4. Do you have a stop doing list, a list of the activities you will not do anymore? Have you seriously considered stopping some lines of activity that are out of your core business?
5. Are your company's investments in new technologies narrowly supporting your strategy?

Good to Great Reading guide

Overall, Good to Great is nicely written. The combination of business insights, detailed examples and personal thoughts makes for an interesting, entertaining and even inspiring read.

We strongly recommend the reading of chapters 2, 3, 4 and 5. Dedicated to the central role of the human factor in the success of any company and to the process of developing a winning strategy, they clearly incorporate the richest insights from the book.

If you have the time or a specific interest in one these topics, chapters 6, 7 and 8, dedicated respectively to creating a disciplined culture of execution, to the smart use of new technologies and to the overall process of corporate transformation, contain a significant number of interesting concepts and examples. The contrasted profiles of Nucor vs Bethlehem Steel in chapter 6 is particularly enlightening.

Unless you are passionate about Jim Collins work or hate not starting a book at the beginning, we recommend that you skip altogether the introduction as well as chapters 1, dedicated to the research effort, and 9, which unconvincingly tries to build bridges with "Built to Last".

Additional readings

If you liked *"Good to Great"*, you will surely appreciate the following titles as well:

- *"**Built to Last** – Successful habits of visionary companies"* by Jim Collins and Jerry I. Porras (HarperCollins)
- *"**First break all the rules** – What the world's greatest managers do differently"* by Marcus Buckingham and Curt Coffman (Simon & Schuster)
- *"**Execution** – The discipline of getting things done"* by Larry Bossidy, Ram Charan and Charles Burck (Crown Business)
- *"**Leading change**"* by John P. Kotter (Harvard Business School Press)

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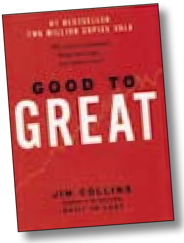
Leveraging travel and commuting time



Critical review of:

GOOD TO GREAT

"Why Some Companies Make the Leap … and Others Don't"

Author: Jim Collins

Publisher: HarperBusiness, 2001

Jim Collins and his team studied 11 companies which succeeded in transforming themselves from mediocre players into exceptional performers, subsequently delivering outstanding results over more than 15 years.
They identified several elements that clearly distinguished these "Good to Great" companies from their peers.

In this Critical Review by Synthesix, you will find:

- An introduction to the author and his research effort
- A presentation of the most interesting and innovative insights from "Good to Great"
- Our point of view on this book: What to think of it
- A reading guide
- Several keys to put the "Good to Great" concepts to work for you in your business environment

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