Excerpt from Jim Collin's **Good to Great**

In an excerpt from **Good to Great,** business consultant Jim Collins wants everyone to forget about what they were taught that creates great companies. He says the methods such as change programs, burning platforms, stock options, fear-driven change, acquisitions, technology and revolutions for improving company performances, are just myths. Collins and his research team spent five years studying 1,435 companies that went from average to great. Out of those 1,435 companies, 11 companies met Collin's measurements of exceeding the general stock market at a minimum of 3 times in over 15 years.

In his observations, any company that has made the transition from good to great has used none of these change myths. Jim Collins discovered these companies had no earth-shattering transformations. Instead each one built a long-haul framework with its leaders and employees. The other companies in Collin's study focused on the quick fixes opting to stay with those change myths and never made the shift from good to great.

Collins uses the analogy of a chicken hatching from an egg to describe how change doesn't happen overnight. Companies need time to grow and evolve just like the chicken from its egg. Each development is another step in the process of change. However, the conventional thinkers will be looking for the definitive breakthrough moment when the company successfully transitioned. Jim Collins notes the good-to-great company executives couldn't determine which key event caused the change. They simply base their success on their stock market performances.

According to Jim Collins, companies approach change either through the Flywheel Effect or the Doom Loop. The unsuccessful companies fall into the Doom Loop. The Doom Loop provides no accountability, credibility or authenticity. These companies are constantly changing direction. They never gain momentum only spiraling downward. The ones who are successful will experience the Flywheel Effect. The company is the flywheel with the goal of getting the wheel to gain momentum and move as fast as possible. This momentum takes time but once it gets going, the results prove to be superior. The Flywheel Effect works because everyone wants to be part of a winning team – where real people produce real results. That's when change happens.

Good-to-great company leaders focus on the "who" before the "where." They know they need to get the right people who are motivated and adaptable on their team before they can head out in the right direction. Collins compares business leaders to bus drivers. In order for the company to set out on its journey, it needs the right people coming along with them. Otherwise, it doesn't matter where they are headed. Dave Maxwell, CEO of Fannie Mae, explains companies need A-level people putting in an A-level effort. Once the right people are in place, the company can figure out what to do next. Mediocre people will only produce mediocre results.

Jim Collins continues with his comparisons stating good-to-great leaders are hedgehogs since hedgehogs know one thing versus foxes who know many small things. They use the Hedgehog Concept by simplifying the complex to one organized idea. These leaders are able to ask the deep insightful questions of what needs to be accomplished and understand the cycle of questions, debates and actions. Company leaders will know they have found their Hedgehog Concept when they answer the three important questions representing the necessary intersecting circles demonstrated in **Good to Great**. Once the three circle test is met, the company needs to eliminate anything that doesn't coincide with the Hedgehog Concept. Collins suggests a "stop-doing" list in the same way 'to do" lists are put together. As soon as the distractions are gone and simplicity and diligence take over, the company will be on a clear path to greatness.