



Overview of Key Concepts

Good to Great and
the Social Sectors

by
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The “Good to Great” Formula

Four Key Stages

1. Cultivate disciplined people
2. Engage in disciplined thought
3. Take disciplined action
4. Make the leap to greatness endure over time

Stage 1:

Cultivate disciplined people

- Select disciplined people who demonstrate personal humility and professional will
 - Get the right people “on the bus”
 - Do not allow people to stay “on the bus” if they do not have the right traits.

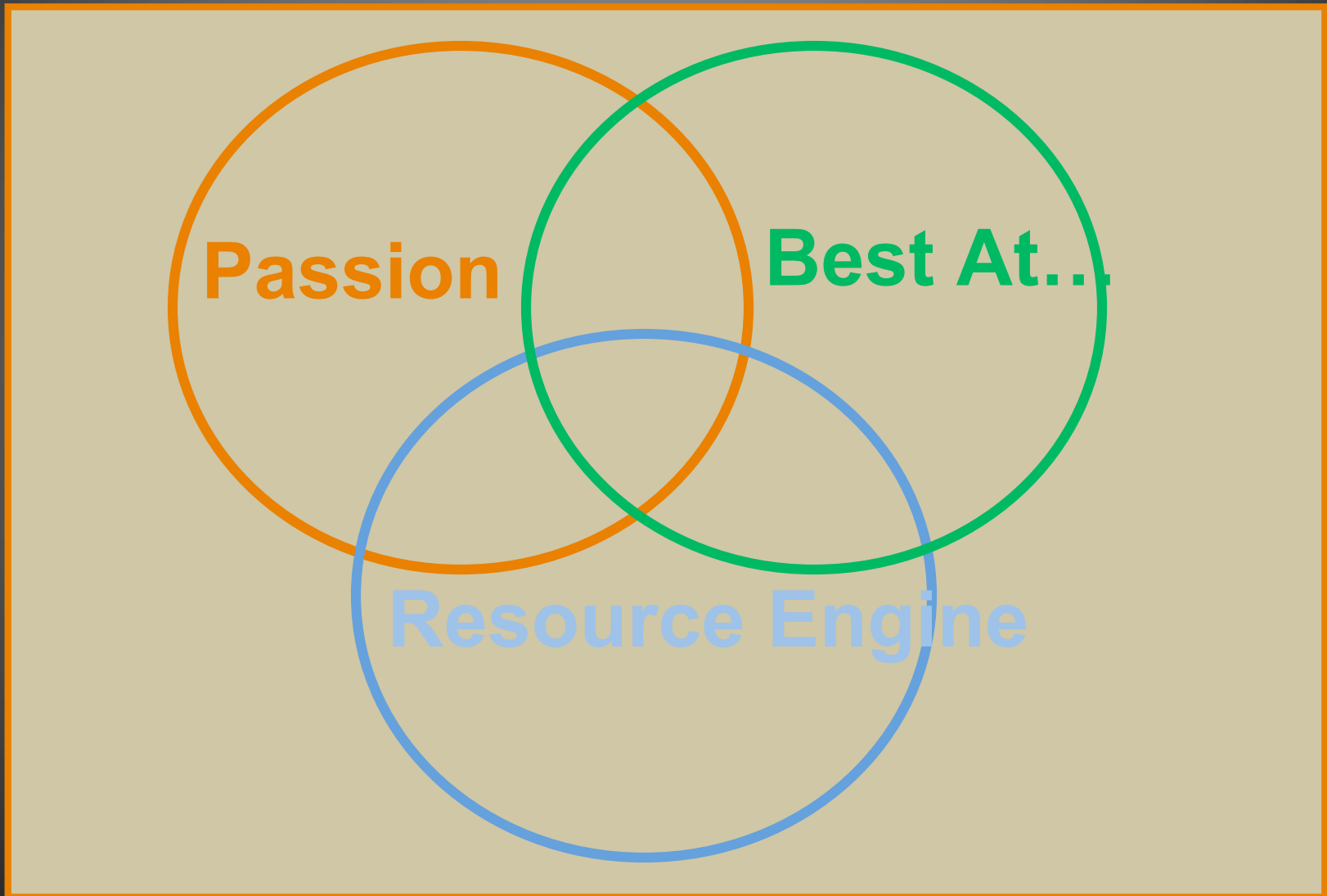
Stage 2: Engage in disciplined thought

- Face the brutal facts about your business
- Have the faith to believe you will survive and thrive
- **Answer three pivotal questions:**
 1. What am I deeply passionate about?
 2. What can I be the best in the world at?
 3. What best drives my economic or resource engine?

Stage 3: Take disciplined action

- **Doggedly stick to the hedgehog elements**
- **Don't give up—the flywheel will spin!**

Hedgehog Concept



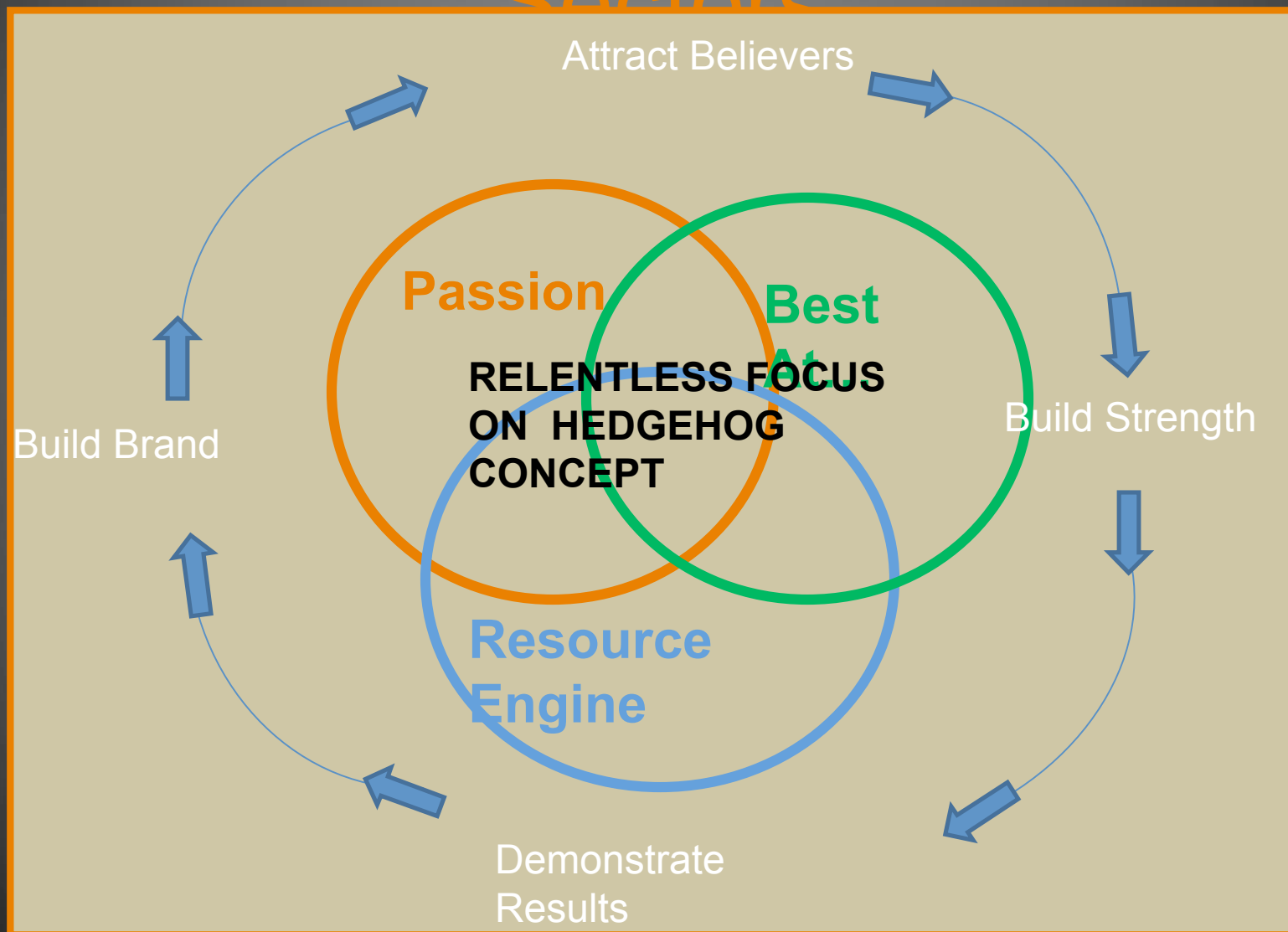
3 Aspects of Hedgehog Concepts

- **Passion** —what your organization stands for and why it exists
- **Best at...** —What your organization can uniquely contribute to the people it touches—better than any other organization on the planet
- **Resource engine** —Understanding what best drives your resource engine
 - Time
 - Money
 - Brand

Flywheel Effect

- Power and success that builds slowly at first and then with increasing momentum over time.
- Requires single-minded devotion to the “hedgehog concept.”

Flywheel Effect in the Social Sectors



Flywheel Effect in the Social Sectors

Power of the Flywheel

- Success breeds support and commitment, which breeds even greater success, which breeds more support and commitment—round and around the flywheel goes.
- People like to support winners!

Stage 4: Build greatness to last

- Longevity of great organizations is related to the successful transfer of power to exceptional leaders over time.
- These leaders rely less on charismatic personalities and more on strategies to stimulate organizational progress.
- Lasting organizations are based on consistent core values yet relentlessly assess themselves to adapt to an ever-changing world.

5 Key Differences Between Business and Nonprofit Sector

- “Great” had to be calibrated without using business metrics.
- Excellent leaders had to be cultivated within the diffuse power structures of nonprofits.
- The right people had to be recruited and the wrong people let go within the particular constraints of the nonprofit world.
- The “hedgehog concept” had to be rethought without a profit motive.
- A new concept of the “flywheel” had to be developed by building the brand.

Along the Road to Greatness

- Measuring greatness
- Getting things done
- Getting the right people
- Making the economic engine work
- Turning the flywheel and building momentum

Measuring Greatness

Business Sector

- Uses money as input (means) and output
- Financial returns measure greatness
- Asks, “How much did we make?”

Nonprofit Sector

- Uses money as input only
- Financial returns not a measure of greatness
- Asks three questions:
 - “How well do we deliver on the mission?”
 - “Do we make a distinct impact with our resources?”
 - What’s the qualitative evidence that we are successful?

Getting Things Done

Business Sector

- Uses mostly executive leadership
- CEO employs concentrated power to make the right decisions.

Nonprofit Sector

- Uses mostly legislative leadership
- CEO employs persuasion, political currency, and shared interests.

Getting the Right People

Business Sector

- Can pay for talented employees
- The right people share corporate vision and passion

Nonprofit Sector

- Cannot pay high salaries; unpaid board
- Sometimes hard to get the wrong people “off the bus”; careful selection is essential.
- The right people volunteer to add meaning to their lives and because of their belief in the mission.

Making the economic engine work

Business Sector

- Single component to measure success: Profit

Nonprofit Sector

- Multiple components to measure success:
 - **Human capital**—Do we have enough time?
 - **Financial capital**—can we pay the bills and break even?
 - **Brand capital**—Are

Turning the flywheel & building momentum

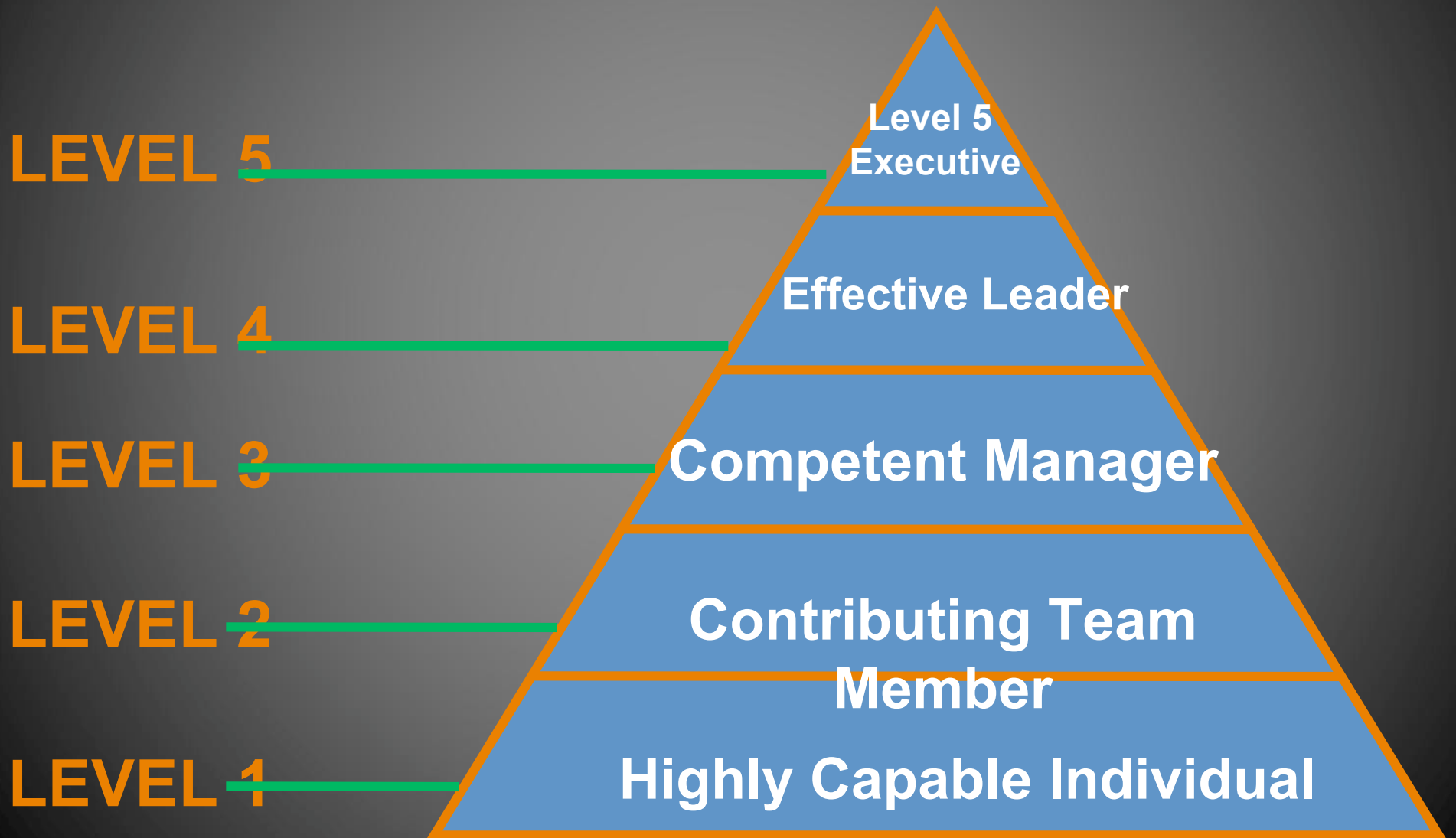
Business Sector

- Success breeds success.
- With discipline, the slow turning of the flywheel yields financial success over time.

Nonprofit Sector

- Success building on brand reputation.
- Success comes when you deliver tangible results and people grow committed to your mission.

Levels of Leaders



Level 5 Leader

- The rare extraordinary executive who transforms a good company or organization into a great one through personal humility and professional will.

Good to Great Diagnostic Tool

<http://www.goodtogreat.com/pdf/Diagnostic%20Tool.pdf>

Good to Great Lecture Hall

- Audio presentations by Jim Collins regarding concepts presented in Good to Great—with a special section devoted to Social Sectors
- <http://www.goodtogreat.com/hall/index.html>