

1-1-2007

Book Review of: Jim Collins - Good to Great, Harper Business

Mohammad Ahsan Siddique

Follow this and additional works at: <https://ir.iba.edu.pk/businessreview>



Part of the Arts and Humanities Commons



This work is licensed under a [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/).

Recommended Citation

Siddique, M. A. (2007). Book Review of: Jim Collins - Good to Great, Harper Business. *Business Review*, 2(1), 203-206. Retrieved from <https://doi.org/10.54784/1990-6587.1124>

This article is brought to you by *iRepository* for open access under the [Creative Commons Attribution 4.0 License](https://creativecommons.org/licenses/by/4.0/) and is available at <https://ir.iba.edu.pk/businessreview/vol2/iss1/17>. For more information, please contact irepository@iba.edu.pk.

BOOK REVIEW

Jim Collins

Good to Great

Harper Business

**An Imprint of Harper Collins Publisher Inc., New York,
NY 10022**

ppx 300, Model Questions, Appendix, Notes, Index

“Why Some Companies Make the Leap... and Other’s Don’t?”

Ever so often you come across some reading material which lives with you for a long time, long after you have finished reading it. It gives you specific lessons and takeaways, perhaps about life itself. For me, *Good to Great* is one such book. I first read this book not by choice, but because it was required reading for my MBA program. I am glad that the professor made us read it.

Good is the Enemy of great. This statement is the theme of this book and needs elaboration. Jim Collins is of the view that all too often we get the job done, without striving for quality. We do not dot the “I”s nor cross the tees, with the premise that even without it the job is good enough. And it is. But it is not great; it is not something that would impart it a lasting high quality.

It then leads the discussion to a fundamental question: Is Greatness Necessary? The answer is a resounding yes. The book articulates a definition of greatness in the context of corporate culture where it is measured based on a parameter relevant to all stakeholders and financial performance. In this regard, by way of the Data Set, the book analyses 11 great companies. These companies were selected after using different logical tests. Significant among the tests was the fact that a comparison company in the same sector was also selected to eliminate the effect of certain favorable circumstances for a particular industry at a given time. The key, however, was a financial return below the average stock market return for the given companies, then a turning point, followed by a consistent above average performance by the same companies. Thus some consistent high performers were eliminated since they did not have a prior poor performance, and a turning point to high performance, which were needed to show as to why the superior performance was achieved.

LEVEL 5 LEADERSHIP: SUPER STAR CEOS

The discussion of this topic is the most enlightening component of the *Good to Great*. Who is the level 5 leader in Jim Collins gradation of leadership? What is the definition of a super star? A flamboyant personality? Extrovert, star power on any of the different types of media? If the answer to any of the above questions is yes, then the CEO stands eliminated from the distinction of being a Level 5 Leader. Based on Jim Collins very refreshing observations and, contrary to what we would like to believe, the most effective CEOs are quite ordinary looking in their demeanor, yet they have some

remarkable qualities. They are not the people who seek the limelight. They are ordinary people, and are content to remain so. Yet they have the inner strength of character that does make them quite extraordinary. The two main traits for this are humility and a fierce resolve to achieve something. "Level 5 leadership is Humility + Will".

Level 5 leaders put the company first and their personal benefit second. They want to achieve something not solely for their personal gain, but for the company as a whole. Thus if the size of the pie increases, so does the corresponding piece belonging to the CEO. What is not acceptable is to let the pie remain of the same size, and claim a bigger piece for oneself.

As a natural corollary, level 5 leadership is rooted in the creative will, transcending "I, myself". It is motivated by the quest for *Succession Plans* and the desire to develop strong leaders to follow. Level 5 leaders are confident in their abilities and are not afraid of being toppled over. Yet they realize, as per Shakespeare, that the world is a stage where we perform our part and leave. But the organization would survive and out live us; it would be there even after we are gone. Thus a system needs to be developed where succession is a seamless process, and there is no clash of interest. This can be developed only by people, who think beyond their own person and for the benefit of the organization.

The most effective CEO is guided by the *First Who, Then What*. Therefore, CEOs should first find the right people, then, and only then, should the decision be made as to where they are to be utilized. At first reading this does not make sense. As a CEO, shouldn't I first know what I want to do, and then look for the right candidate for the job? You wouldn't hire a marketing person to teach finance at a business school. Would you?

Now analyze Jim Collins' view. He feels that a good and able person shall be a good resource no matter what the job. Looking for the right person for a job is short sighted since a job description does and should change with the passage of time. Thus a right person for the job today might be the wrong person for the same job five years later. However, a right person shall remain the right person even after 5 years no matter what changes occur in science and technology, or the economy, or the market.

Thus the point is, a marketing guru should be hired if he is available. Whether he teaches graduate school, or first year undergrads, or is assigned a pure research project or some special project needing his brand of skills.

I can give personal examples on this one. I have worked in a multidisciplinary engineering firm. I have seen electrical engineers make a success of a civil engineering project by asking the right questions and having good project management skills. I have seen civil engineers sink a civil engineering project by not doing the same. First who then what is equally relevant in engineering.

Face the Reality and Have Hope. This chapter outlines the beginning of the recovery process. The key message here is to face the difficult situation that an organization finds itself in and have open discussions. The idea is not necessarily to reach a consensus, but to hear and listen to what people have to say. Companies that have the attitude of this is right, because I, the CEO, said so are on a perilous path to decline.

The complement of this self destructive and arrogant “I know all” attitude is to have an open mind, willing to learn and ready to seek. Above all, it means to believe and to know that things will improve, even though we might not know exactly when. We must therefore exercise caution against setting deadlines for things that are not within our control. For example, we can set deadlines for doing something, like we shall build this, or get rid of that. But we should not set a deadline that we shall be profitable by this date. That is something we do not know, much as we would like to believe otherwise.

To be rational and to understand the logic of our situation, let us keep in mind the Venn Diagram. To understand the choices we make and the process involved in taking fundamental and decisive steps, we must answer three simple questions.

- What are we as a company really passionate about, i.e. what is it that we do or should really care about?
- What can we be the best at?
- What shall fuel our economic engine, i.e., is there a financial return on what we do?

The author firmly believes that the intersection of these three questions is the key to success.

In the *Good to Great*, a great deal hinges upon the concept of Discipline. A subtle distinction is drawn when it comes to discipline. There are discipline enforcers, and there are discipline builders. Discipline enforcers are like traffic policemen. They make you follow the rules and penalize you if you do not. But here the obvious short coming is that as soon as the policeman is not there, bad habits return.

Good to Great companies emphasize the importance of building discipline. For individuals and organizations that build discipline as a matter of routine, discipline is not an effort but a part of life. For them it is a matter of habit and a secret of their success. Easier said than done. Not really. Read the book to see how.

The book was written right at the time of internet boom and bust. Thus the author could be an arm chair critic after the fact. That is true to some extent, but it is not the whole truth. Jim Collins has given concrete examples from the internet era. But, in retrospect, he has also used examples from before that time to show how *technology* should be used as a tool for business development and not vice versa.

Jim Collins introduces the concept of *Flywheel* in discussing the transition from Good to Great. To those of us for whom physics was not a favorite subject (and I do not blame anyone, I did not like it either) I suggest they consider the example of pushing a car. The first few centimeters are the most difficult, but as we keep on pushing, the car starts to gain momentum and gradually it becomes easier to do so. That is what the Flywheel concept is all about.

Change is difficult to accept but harder still is the temptation to deny change. But if we start with small steps, and keep at it, fairly soon we realize that we have gone through some big changes and that we have moved significantly towards our goal. Big thunderbolts seldom get the desired results, small integral steps do.

The question of Relevance in a Rapidly Changing World is the most difficult question one can ask. Certain principles of natural and normative sciences, management, and administration tend to have an enduring character. A fundamental principle, if established correctly, assumes an independence from the incremental development and changes that take place in science and technology.

The principles presented in this book although empirical, are still timeless in the sense that they do not derive their relevance from technological development. Rather, they are derived from the interpretations of human nature, the individual and collective strengths and weaknesses of human beings. Human character does not change over time. It has remained the same, and should remain the same for the next 1,000 years. Thus the reader can accept or reject the theories presented in this book, without any serious misgivings. Although it is an individual choice there is no question of their becoming obsolete or irrelevant.

The book ends with an exclamation, conjoined with a pause. When all is said and done, if one feels like saying: But all this was so ordinary: – Pause – Yes and No. If, at the end of it all, it seems that all this was so ordinary – (Pause) – Yes and No. I'll explain by an example from the academic setting. We have all heard that to be a straight 'A' student, the individual has to keep up with the class, the teacher, and allocate regular time for studies. The A students do make some choices, they do and do not do certain things. They exercise discipline. In the end, they turn out to be a sustained Great Entity. What they did was fairly ordinary, yet at the same time extraordinary and different. And it showed in the results.

That is the beauty and the secret of Good to Great.

Mohammad Ahsan Siddique