In his last top-seller Built To Last, James Collins elucidate how large companies maintain their top performance and remain as great. A great many companies are great, however. Here comes the critical question: How do companies achieve greatness rather than remain good? What is it that renders them great compared to their rivals which cannot transcend mediocrity?

James Collins and his research team carried out research of three groups of public US companies to find answers to these questions in a five-year project.

One group is good-to-great companies. After having never been better than the average stock market for 15 years, these companies made a transition and managed to make a growing profit that is three times the general stock market at a minimum over the following 15 years.

The second group is direct comparison companies. They either stayed mediocre or shrank despite having the same opportunities before them just as the ones the good-to-great companies had.

The last group is unsustained comparison companies. These companies made a temporary transition from good-to-great, yet they went into operating at much lower a level than the average stock market.

As they were working on their research, Collins and his team analyzed more than 6,000 articles on the media and 2,000-page-long executive interviews. They wanted to uncover how good-to-great companies succeeded so that their research can guide other companies to enter the good-to-great club.

Chapter 1 - A similar Hedgehog concept shows a lucid understanding.

Now think that a sly fox wants to hunt down a hedgehog. The fox devises lots of surprise attack plans and canny ways of gobbling down the hedgehog. In each of his trials, the hedgehog forms a spiky impenetrable ball. This is how the hedgehog triumphs over the fox, by sticking to the same basic strategy every time.

Good-to-great companies created a Hedgehog concept to themselves by asking three pivotal questions:

What can we be the best in the world?

What can we be passionate about?

What is the key economic indicator we should concentrate on?

After spending approximately 4 years in repeating their process and discussion, good-to-great companies invented finally a plain Hedgehog concept for themselves. Once the Hedgehog had been found, they made their decisions in accordance with it and then success came along. For example, the drugstore chain Walgreens aimed to become the best and most suitable drugstore while making a nice profit per consumer. By unwaveringly pushing towards this Hedgehog concept, they were able to perform 7 times better than the general stock market.

Their rival, Eckard Pharmacy, was devoid of any Hedgehog concept. Growing intermittently in fallacious directions, the company no longer exists independently today.

Chapter 2 - Marginal additions on the right path bring success.

Looking back in time, good-to-great companies appear to have undergone a sharp and substantial metamorphosis. They did not realize that they were in the middle of a transformation back then. Their metamorphosis involved no clear slogan, launch event, or change program.

Their success, instead, lied in making small marginal additions to the path of their Hedgehog concept. Like pushing a flywheel**,** the outcome of these betterments became a motive for people to push more and more until they got enough speed to make a quantum leap.

The steel manufacturer Nucor, for example, performed 5 times better than the general stock market. After having faced the peril of bankruptcy in 1965, the company realized there was a way of making steel better and producing it for a reduced cost by utilizing mini-mills that render steel production less costly and more flexible. They built them one after another as their clients increased more and more.

In 1975, Nucor CEO Ken Iverson understood that by continuously pushing in the same direction, Nucor could become the most commercially-successful steel manufacturer in the US one day. They endured for more than two decades but ultimately met their aims.

Comparison companies preferred turning the luck on their side by trying to transform with hurried acquisitions and substantial transformations to endeavoring to gain steadily speed in one direction. When these attempts failed, they were disheartened and had to try one more time for a change, thus hindering the flywheel from gaining speed.

Chapter 3 - Thinking of new technology as a booster in the process of reaching our aims, rather than as an aim on its own

For good-to-great companies, new technology boosted the speed as they were continuing to go in the same direction. For them, technology was an instrument for reaching the end, not vice versa.

Comparison companies perceived new technologies as dangerous and fretted about missing the technology craze, struggling to embrace them with no comprehensive plan.

On the contrary, good-to-great companies meticulously deliberated if the particular technology would boost them up in their direction or not. If it does so, then companies became the trailblazers of that technology; if not, they disregarded it or just equaled their industrial speed in adoption.

The major drugstore chain Walgreen makes a perfect example of how new technologies can be utilized in the best way.

At the dawn of the rise of e-commerce, the online drugstore company Drugstore.com was founded in the middle of intensive market publicity. For Walgreens, there was huge pressure on their shoulders to venture into the new technology since Walgreen's share value decreased by 40% simply because of the perception that they would not be as fast in embracing the online business.

Instead of giving up, they thought about the probable effect of an online presence in their original strategy: rendering the drugstore experience more suitable and increasing financial gains per consumer even more.

After one year, they founded Walgreens.com. Through this website, they furthered their original strategy by writing online prescriptions, for example. In a year, Drugstore.com lost almost their entire original value, whereas Walgreens.com made a comeback and nearly made twice as much the stock market in the same duration.

Chapter 4 - Level 5 leadership is what led the changes in companies from good to great

In the course of transformation, all of the good-to-great companies had a level 5 leader leading them.

Apart from being great people, executives, bosses, and team players, they are resolutely determined to make their company better. They are also modest people. For them, results matter to an extreme degree and they aim their companies to operate well upon their leaving.

Not bearing any sign of egocentrism, they are humble and underemphasized. They also take the credit for a company's success but understate their roles; yet, in case of a failure, they act swiftly to bear the weight of responsibility for it.

Let's consider Darwin Smith as an example. He carried Kimberly Klark to the level of being one of the major actors in paper consumer goods on Earth. He declined to be regarded as a hero or a famous personality. He would take a vacation to his farm in Wisconson, put his farm clothes on and work. He often loved the companionship of plumbers and electricians.

On the contrary, two of every three comparison company CEO were so much ego-driven that they did more harm than good for their companies' long-term achievements. We see it most obviously after seeing that there is an absence of succession planning.

An example of that would be Stanley Gault. This extremely autocratic and accomplished CEO ran Rubbermaid. The management team with whom he entrusted the company lacked exhibiting serious thinking, which resulted in Rubbermaid's downfall from being Fortune Magazine's most commended company to its acquisition by a rival firm.

Chapter 5 - The essence of greatness is the right people in the right place

The priority must belong to the question ''who'', rather than to ''what''. Making the correct choices in employing new people and eliminating the wrong ones before deciding on the direction is a start for change from good to great.

The correct people will one way or another figure out a way towards success. After Dick Cooley became Wells Fargo's CEO, he came to the conclusion that vital changes resulting from the impending deregulation in the banking industry were impossible for him to comprehend.

However, he thought that by employing the most successful and smartest people, they could manage to carry the day. Indeed, he turned out to be right. Seeing the rapid flourishing of Wells Fargo, Warren Buffet addressed the managers of the company as ''the best management team in the business.''

Good-to-great companies' focus was more directed at employing people with decent characteristics than professional skills, the reason of which was that they could upskill and instruct the right people they found.

Companies had no difficulty in encouraging the right people they employed. By concentrating on who they paid rather than how they paid, they managed to form a business environment in which diligent workers increased and the lazy ones disappeared. As for the top management, people had two choices: leave the company without delay or remain in the long run.

Chapter 6 - In the path towards success, you will face unpleasant facts but you should never lose your faith

Good-to-great companies continuously followed the so-called Stockdale paradox which is called so when the Vietnamese caught a US admiral during the war in Vietnam.

Since he occupied an important position in the US Army, he was held at the notorious prison of Hanoi Hilton, where Stockdale was exposed to continuous torture and was not sure of whether he would rejoin his family ever again. Yet, he constantly believed that he would one or another come together with his family.

He did not vainly hope he would return to his home by Christmas as the other detainees nor he was shattered when their expectations did not come true. He attributed his survival to how he did not lose his faith as he faced the facts of dire circumstances.

By the same token, good-to-great companies faced the ruthless facts of reality; nevertheless, they did not lose faith that they would in some way succeed.

Be it fierce rivalry or fundamental regulatory transformations, good-to-great companies solved tackled the problems before them right away rather than procrastinating and were still able to maintain high morale. For instance, after Procter & Gamble's (P&G) invasion of the market for paper-based products, two big actors in the market responded to it quite differently.

The leading company in the paper-based products, Scott Paper, thought it was over for them as they believed they wouldn't be able to match up to P&G. They sought to differentiate and work in categories in which P&G did not operate.

Simultaneously, Kimberly-Clark enjoyed the chance of rivaling with the best. In an executive meeting of the company, a moment of silence was held for P&G.

Twenty years later, Kimberly-Clark literally purchased Scott Paper and outran P&G in six categories out of eight.

Chapter 7 - The creation of an atmosphere where the harsh realities can be straightforwardly voiced is a must for leaders

A good and charismatic leader is nothing but a burden if his subordinates cannot dare to explain to him the nasty facts. Whenever a managerial meeting occurs, a leader must act as if a Socratic moderator and ask questions to disclose the honest judgments of others without

presenting immediate answers. In order to obtain the best results, leaders should prompt others to discuss fervently in the meetings.

One example would be Pitney Bowes. They were a postage meter producer close to losing their monopoly position. They turned themselves into a big document solution provider and performed six times better than the general stock market. They managed to achieve it since the Pitney Bowes management used most of its time in debating about fretting issues instead of boasting with their achievements.

In the case of errors, what should be done is to inspect them attentively to realize what was the problem and no one should be blamed as it would dishearten employees from revealing what actually happened.

Red flag mechanisms to point out issues at crucial business signals can compel leaders to pay heed to the grim realities.

Good-to-great companies did not differ from the comparison companies with regard to the information they had but they only faced the harsh facts and handled them more frankly.

Chapter 8 - Clinging to the Hedgehog concept requires a tradition of spartan self-discipline

The former triathlete Dave Scott would bike 75 miles, run 17 miles and swim 12 miles each day. In spite of his exhausting routine, he never abandoned his self-discipline of washing his everyday cottage cheese meal before consuming it to keep his fat consumption as low as possible.

Good-to-great companies were full of people of the same degree of industriousness and robustness as Dave Scott, laboring for the plain strategy, the Hedgehog concept, that their company was pursuing.

Wells Fargo, for example, was a bank which saw that operating efficiency would be a significant factor in the deregulated banking environment. They suspended manager salaries, put corporate jets on sale and changed the executive dining room with a cheap college-dorm caterer. The CEO rebuked his employees who delivered their reports in showy and extortionate binders. Perhaps, all these precautions were not needed yet it shows they were ready to make more efforts to join the club of great companies.

A tradition of discipline is different from the discipline of a single tyrant. Tyrannical CEOs were at times able to create a volatile air of greatness for their companies, but the companies fell apart shortly after the leave of the tyrant.

Consider the CEO of Rubbermaid Stanley Gault, who did not conceal his being ‘’a sincere tyrant’’ and anticipated his managers to work as many hours as he did, which is 80 hours per

week. Upon his leaving, Rubbermaid's value decreased by 59 percent in the span of a few years because of the lack of a lasting tradition of discipline.

Good to Great: Why Some Companies Make the Leap... and Others Don't by James C. Collins Book Review

Companies can jump from mediocrity to greatness by following a straightforward strategic concept with the right leaders and people who work collectively in a culture of strict self-discipline.

What were the reasons behind the identification and study of good-to-great companies?

- Good-to-great companies can demonstrate to others how to make the same jump.

In what way is strategic management different at good-to-great companies in comparison with mediocre ones?

- Figuring out a Hedgehog concept shows a straight path to pursue.
- Many marginal additions in the right direction bring success.
- New technology should be viewed as an accelerator for an aim rather than as an aim itself

What is the difference between good-to-great companies and mediocre ones in terms of people and culture?

- Level 5 leaders lead successful changes from good to great.
- The right people in the right places are the very essence of greatness.
- Facing the harsh realities while retaining your faith is a requirement for success.
- Leaders must allow for an atmosphere in which the harsh realities are voiced freely.
- A tradition of strict self-discipline is required to stick to the Hedgehog concept.

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