

From Good to Great

Jim Collins

Thursday, 2:15-3:30 pm

Two books – classics in leadership literature

Build to Last

Good to Great

Useful across many fields and disciplines.

Jim is a spiritual seeker.

I'm reading the OT and NT and letting the text speak to me.

He is an endlessly curious person.

Delighted to be here.

Also, intimidated.

6-7 years ago that I came here.

Given sermons to seekers but never had a sermon from one. We've never had one from one.

I don't have to do anything I don't really want to do.

1 in 25 invitations I accept. The 1 that I come to there is a reason.

30,000 vectors in the conference.

I'm here to challenge you.

As how noble your work is, you can do better.

Given the importance of your work it is not acceptable to settle for good.

Good is the enemy of great.

Very few things ever become great.

We have good government but not great.

We have good schools but not great.

The sad truth is that many people will have to get to the end of their lives and have to accept the truth that they did not have a great life but settled for a good life.

How good might become great.

A style of leadership to make that happen.

I love data.

Doing research now that can't be backed up with a CD.

Apple – in the right place and the right time.

How do you know you aren't feeding us entrapmental cynicism?

How would you separate the variable in spite of the invariable?

Look at companies that have been successful over decades.

Built to Last

What was different over the long course of history.
After this book I struggled about what to do next.
Don't just do something to fill the void.

Why don't you wait until the question picks you.
One night, I was given a gift, another gifted student.

If I look closely, good is good and great is great but the two shall never meet.
This is interesting but it is depressing.

Research project of 5 years.
The task of looking at those that go from good to great.
Look at those companies that bump along and then go up.
Compare those that bump along and continue to bump along.
Looking for principles that you can rely on today and into the future.

1. Right people on the bus. Wrong people off the bus. The right people in the right seats.
2. There is no single push. But push upon push.

What I would really like to do is to focus on the principle that has to do with leadership and fits with the theme of this summit. I am a recovering leadership skeptic. At the beginning of the research project I said, we will not have a leadership answer in this project.

We go round in circles by saying that it is leadership!
That is intellectually sloppy.

The wonderful thing about our team is that they are loyal to the truth, not to me.

Jim, today is the day we've decided to tell you, you are wrong.
Leadership is the crucial variable in companies that have gone from good to great.

Eckhart Drug vs Walgreens.

Here's what we've discovered:
Our read is that all the good to great leaders were cut from the same cloth and different than the leaders of good companies. The issue is not leaders but the type of leaders.

Leadership is a Hierarchy
Level 1 Highly capable individual
Contributing Team Member = level 2
Competent Manager = level 3
Effective Leader = level 4

Executive = level 5

What is a level 5 leader?

Darwin Smith – officer training school.

“You will never be an effective leader.” He had had a charisma bypass.
Named the CEO.

The 10 greatest CEOs of all time. This man is number 5

“I was just trying to become qualified for the job.”

He tried to keep the issue from being him.

You can't do a story about me.

Your leadership style = 4 minutes then one word – eccentric

Genuine humility.

But not weakness! He was willful. Cancer should be dead in 1 year.

He beat the cancer.

Lived 25 more years.

If you have a cancer in your arm you have to have the guts to cut off your own arm.

KC – most of its years in the forest crops business.

Side business – Kleenex.

If you have a cancer in your arm you must have the guts to cut it off.

25 years later, #1 in paper products business.

On the one side = a genuine personal humility

On the other = a strong will to do what is best for the mission.

The central question about level 5 leadership = what is the truth about your ambition first and foremost? And they have the will to make good on that ambition.

Level 5 – *Personal History* – Katherine Graham.

Husband Philip committed suicide.

Assumed responsibility for the Washington Post.

Are you going to sell the Post now?

If you have the will...

Watergate, years later. Katherine Graham backed Woodward and Bernstein.

When it came time to take credit, she did not take credit.

The key idea for level 5 leadership is to become comfortable with the window and the mirror. Trying to pin the blame for success on others. When it came to blame for failure, they stand and look on the mirror and take responsibility.

What is your relationship with the window and the mirror?

One of the steps in becoming a level 5 leader.

Other steps. Can you become a level 5 leader?
I hope people can become level 5 leaders.

Lou Gersner of IBM.

“Something happened along the way that I did not expect.”

Making it successful, I fell in love with IBM.

Level 5 leadership is somewhat contextual.

I don't think you can become level 5 leader in every circumstance.

Do you care enough to endure level 5 leadership in your role. If not, find another role!

A process of a series of decisions.

Walking down the path.

Faced with a choice about you...your comfort, your

Upjohn

If you do not have what it takes you will not be on the bus.

What would the level 5 do?

It is very concrete – everything is pulling you to the right. And just once, one thing is pulling you to the left.

Concrete tool: challenge each of you to journal and note the level 5 choice points and keep a track record. Get your win / lose ratio up and get to better than 35%.

Where is harder for you? Humility or will?

What is your dark side?

More difficult to be humble?

More difficult to have the will?

The need to overcome the curse of charisma.

You can overcome it and still become the leader of a great company.

Leadership charisma is a leadership liability.

You can compensate for its presence.

If you lead your church and it declines in your absence then you have failed.

Suggestions:

1. Hope – Sam Walton was charismatic and still built a great company.

Sam understood the liabilities of his charisma.

He set in place a goal that was BHAG – far beyond him.

He set in place a great successor.

He built a mechanism that were the catalytic mechanism that keep it going.

Teaching sight – building catalytic mechanisms.- go to his web site.
Build mechanisms that will keep ticking if you were to die tomorrow

The data gave it to us.

Another piece of good news.
I was pessimistic about level 5 leaders.
We live in a level 4 culture.
Our culture rejects level 5 leaders.

Level 5 is everywhere in our society. It just doesn't happen to be at the top.
Level 5 is the mortar that holds society together.

Level 5 is a hard journey.
Is it a brutal fact that you have to sacrifice your family in order to be a level 5 leader?
50/50 ½ o the level 5 leaders trashed everything. But, good news, ½ o them didn't.

Coleman Mackler – Galette.
In the middle the crises he made his family a high priority.

One of the 11 CEOs that took his company from good to great.
It is a choice.

Last point – story behind it.
Level 5 win/lose journal.
Increasingly your % of questions vs statements ratio.

Story about his wife in the Ironman.
A few days later I asked her what happened at mile 3 – I realized the race was slipping away so I gave up the need to win and all I wanted was to know that I did my best, only I would really know.

That lesson, is in the end, the deepest issue of level 5 leadership.
The only that you can guarentee is your integrity. And only that you will know. And if in that quiet sense you know and you like what you see you have attained level 5 leadership.