Hangaroo 2 answers

In an in-depth interview, we asked Collins about the impact of his research and ideas on the economy, the stock market and the nature of executive management. The good-to-great companies that you wrote all achieved remarkable stock market results in 15 years. But today the stock market is down. Does that mean we don't see any head-to-head companies today? First of all, I want to correct a lot of misconceptions. The stock market is not down. How the stock market was in 1985? The stock market is not down. What does it look like compared to 1990? The stock market is not down. The market was irrationally whacked out - we didn't have a stock market; We had a speculative casino. The tech bubble was not a new economy - there is a new economy that has been going on for years at a deeper level. But the brutal fact is that the companies that were at the top of the tech bubble had no results. You can not earn zero profits and claim that you have results. For companies that had excellent results before the bubble burst, they're down now, but then what? A company like Cisco is the bottom line, we don't know the answer yet. Perhaps these companies will be very difficult over a 6-12 month period. Let me use the analogy. Let's say you have a big basketball dynasty like the UCLA Bruins under John Wooden. This is a team that wins 10 NCAA championships in 12 years. They're a team that went from good to great. But in the 1970s, When The New York Times first 1970, the Does that mean we're going to wear them off and say they're not a good team? We need to review the long term. The same applies to companies that were caught in the bubble. It was too short a time frame. It takes more time to tell which companies that are struggling now are just going through a momentary period and have the stamina to come back. But for many business people, the current slowdown is a sign of the new economy's deceleration. This is one of the most wonderful times in history. Two or three years ago, what was the big complaint we heard? It's so hard to get good people! Whining, whining, whining! Today, we have the greatest chance that we will have for decades a snag boatload - not a busload, but a boatload - with great people. And big companies always start with who, not what. We're finally getting to the right side of the Packard law. Packard's law is like the law of physics for big companies. He says no company can get or stay big if it allows its growth rate of earnings to exceed its growth to get the right people in a sustainable way. It's one of those timeless truths that transcends technology and economics. Instead of raising capital, we can raise people. If I had a company today, I would have one priority above all else: to acquire as many of the best people as I could. I'd pass on everything else if I could afford it - buildings, new R&D - To fill my bus. Because things are coming back. My is spinning. And one of the biggest limits to growth and success in my organization are not markets, no technology, no possibility, no stock market. If you want to be a big company, one of the biggest limitations of your ability to grow is the ability to get and hang enough on the right people. It's also a great time to force yourself to look back. If you broke packard's law, you probably let a lot of the wrong people be on the bus. Now's a good time to get them. Actually, it's easier to do it now. We can blame the circumstances. What else would you do to take advantage of this revaluation period? It's also a great time to ask yourself some really difficult questions. At a time of irrational prosperity, where the market would give you money, whether you delivered or not, many companies did not answer any questions in three circles (What can we be the best in the world? What is the economic denominator that best drives our economic engine? And what are our core people deeply passionate about?). They had no idea what they could do better than any other company in the world that was sustainable, they had no profit denominator, and the only thing they had a passion for was flipping the company. Now we can't live in this fantasy country anymore. We have to look at all the things we do and put them all in the three-round test. All the things that fail the test we need to finish the road - today. I see a lot of companies that found themselves in a lot of capital. So they wandered into all sorts of acquisitions or new ventures or new directions, just because they could. But they didn't necessarily fit in three laps. Today, the task is for them to prune away. Those who explain their three circles come out very well. Those who don't deserve to die. CEOs today find themselves in little time to prove their worth. What advice would you give the CEO in a hot seat? If I was a CEO in a hot seat who would take over a company I wanted to move from good to the good, I'd do it. I'd take that good-to-good stock card and put it in front of my directors. I'd say, We're on the left side of this curve. We want to be on the right side of the curve. Better? If that's what we all want, we know what it takes to get it. You can't continue to ambush the CEO ceo. When you do this, you find yourself in the Doom Loop – and then we end up one of the comparison companies, not one of the big companies. I don't think all directors are stupid. Most of them are intelligent, but they act out of ignorance, not out of good intentions. We're going to have to hit them in the head with empirical results. Our task is to win the market in a sustainable way over time. We need to think about the share price in five years. And we have to start doing it. the things you need to get that fort-swivel. Finally, when I'm CEO, I want to board me the following endorsement: No matter the long or short my tenure as CEO may be, whoever you pick as my successor must pick up that is in the center and keep pushing in a consistent direction. I can only rotate the gear on 16 remote control or indil. But my successor has to take it to 100 remote control or indikson. His successor needs to take it to 500 remote control and controlrams and his successor 1,000 remotely, and that's not about me being ceo - it's about dedication to a consistent program. We're not going to make Doom Loop.The CEOs who took their companies from good to great were largely anonymous - far from the celebrity CEOs we read. Is this an accident? Or is it reason and effect? I believe it's more cause and effect than an accident. There is something directly related to the lack of fame and the presence of good-to-great results. Why? First, if you are a celebrity, the company becomes one genius with 1,000 helpers. It creates a feeling that the whole thing is really about the CEO. And it leads to all sorts of problems - when a person goes away or when a person turns out to be not a genius after all. On a deeper level, we found that for managers to do something big, their ambitions need to be bigger work and company, not themselves. That doesn't mean they don't have an ego. That doesn't mean they don't have any self-needs. This means that at the decision point after the decision point - critical turning points, if Choice A were to favor their ego and option B would be in favor of the company and its work - time and again these executives choose Choice B. Celebrity CEOs, in those same decision points, are more likely to favor themselves and ego over the company and work. Like anonymous CEOs, most of the companies that made the transformation from good to great are unconsing. What does that tell us? The truth is, most people don't work in the most glamorous world. They do a real job - which means that most of the time they do a heck of a lot of drudgery with just a few points of excitement. Some people put out pastries. Some are retail stores in the building. The real work of the economy is done by people who make cars, who sell real estate, who run grocery stores and banks. So one of the great conclusions of this study is that you can be a big company and do it in steel, pharmacies, grocery stores. It's not that if you're not in Silicon Valley, you're not cool. It doesn't matter where you are. So no one has the right to whine about your company, their industry or what kind of business they have - never again. Did the 11 companies that undert-20s of the transformation benefit from their anonymity? One of the great advantages that these companies had was, nobody cared! Kroger began the transition; Nucor began the transition; Nobody expected much. They may underpromise and In fact, if I took over the company and tried to make it great, I would tell my vice president of communications that his job was to make the whole world think we were constantly on the brink of doom. During the study, we actually printed out transcripts of CEO presentations by good-to-great companies and comparison companies. We read them all. And it's striking. Head-to-great people always talk about the challenges they face, the programs they build, the things they're worried about. You go to comparison companies, they are constantly hyping themselves, they are selling for the future - but they never deliver results. If I'm not ceo, how do head-to-great lessons apply to me? Good-to-great concepts are applicable in any situation - as long as you can choose the people around you. That's the deciding thing. But basically we really do - we have a lot of discretion over the people in our lives, the people we decide to let on our bus, whether it's our department at work or in our personal lives. But the main message is this: Build your. You can do it. You can start gaining momentum into something you have a responsibility for. You can build a great department. You can build a great church community. You can take all the head-to-good ideas and implement them in your work or your life. What did your study teach you about changing your business in general? Is this the essence of the message to go back to basics? Very rarely do significant changes ever lead to results in a sustainable way. This is one of the book's very important conclusions. We started 1,435 companies. And 11 companies did it. Let's take a look at that fact for a second. The fact is, it doesn't happen very often. Why not? Because we don't know what the hell we're doing! And because we don't know what we're doing, we run all sorts of things that don't yield results. We end up like a bunch of primiitites dancing around a campfire singing on the moon. I feel strongly that we need science to understand what it takes to change things. Is it back to basics? No, it's for understanding. Why is it back to the basics to say that CEOs need to be ambitious for their companies, not for themselves? Why is it back to the basics to do, who and people question first and what and where to question the second? Since when is it back to the basics of the company to start a question like, Why have we been sucked for 100 years, and what are the brutal facts that we have to stand by? Why are back to basics to say that stop-doing lists are more important than to-do lists? And since when has there been a return to the basics to say that technology is only an accelerator and not the creator of anything? I don't think these concepts are back to basics. Because if they are, we should be able to go back in time and find that people used these ideas. People didn't do what why there are only 11 out of 1435. So no, it's not back to basics. It's about understanding. What is your assessment of the new economy? We have seen a lot of change and we have seen many setbacks against change. How do you understand all this? The huge changes that are happening around us make the most exciting time in history live. It's a lot of fun. All these changes - changes in technology, globalisation - these are brutal facts that must be integrated into whatever decisions we make. The people of Walgreens did not ignore the Internet because they were focused only on the basics. They responded to a brutal fact on the Internet and asked: How does it fit into our three circles, and how can we use it to spin our flywheel faster? You never ignore the changes - you hit them head-on like brutal facts, or you come to them with a great sense of glee and excitement. This change, this new technology opens the way for you to govern to be even better than the company. All head-to-great companies took the changes and used them to their advantage, often with great glee. When the new pianos came, Mozart didn't hang his music. He didn't say, There's these new pianos! The harpsichord is out of the way, so I've washed as a composer! He thought it was so cool! I can do it out loud with the piano forte! It's really clean! He kept the discipline of writing great music and at the same time embraced the great glee and excitement of the invention of pianos. With all this change around us, we have to be just like Mozart. We maintain a great deal of discipline in our music, but at the same time we embrace things that allow us to make even more music. Alan M. Webber (awebber@fastcompany.com) is the founding editor of Fast Company. Jim Collins (jimcollins@aol.com) wrote an essay Built by Flip in the March 2000 issue of Fast Company. His new book, Good to Great: Why Some Companies Are Making the Leap... And the others, no, will be available in October. October.