How good companies become great companies?

1400 companies are examined for 14 years

1. ompanies found

Abbott, Circuit City, Fannie Mae, Gillette, Kimberly-Clark, Kroger, Nucor, Philip Morris, Pitney Bowes, Walgreens, Wells Fargo

Good is enemy of great

How they become great and is it repeatable?

Disciplined People

1 – Level 5 Leadership

2 – First who, then what

Disciplined Thought

1-Confront the brutal facts

2-Hedgehog concept

Disciplined Action

1-Culture of discipline

2-Technology Accelarator

Level 5 Leadership

level 1 highly capable individual skills, good work habits

level 2 contributing team member skills + knowledge used for team

level 3 capable of organizing their teams to objective

level 4 effective leaders. Capable of creating high performance teams

level 5 Executive: will + humility ( super ambitious for the organization) modest personally, fanatically driven. Sustaniable is the keyword 1- paradox 2- driven 3-build successors 4- share praise/ take blame 5- normal people

First Who, then What

Benefits : Easier to change direction, Team is self-motivating(saves energy), gives the organization potential to be great

Key Principles: when in doubt don’t hire keep looking

When you know you need to make changes in personnel do it immediately

(1 + 2 = Hire Slow, Fire Fast)

Put your best people on biggest opportunities – Exploiting opportunities makes the organizations great

Confront the brutal facts

Level 5 + right people = company performance before ego

To make good decisions need to confront facts

Practices: Lead w questions not with answers (Leaders assume they don’t know the facts try to figure by questioning)

Engage in dialogue debate, not coercion

Conduct autopsies without blame. Use them to learn (even in great things will go wrong. Benefits more resilient, people will become more courageous.

Hedgehog Concepts

Fox vs hedgehog

Fox sees the world with its complexity can pursue many goals at the same time

Hedgehog is simple only able to curl into a ball into protect themselves. One goal achieve it. Find your hedgehog and stick to it!

Culture of discipline

Having disciplined people eliminates the need for hierarchy (discipline of thought)

Having disciplined action eliminates the need for bureaucracy

1. Build a culture of freedom and responsibility but within a framework(Ex: Pilot is guided by airtrafic control but eventually responsible for passengers safety and success of flight
2. Build a strong culture not a dictatorship
3. Create a stop doing list

Technology Accelarator

They view tech in light of their hedgehog concept

They become pioneers of tech aligned to their hedgehog

They use tech in unique ways (related to hedgehog)

They maintain a balanced view of tech. – how tech used is far more important than adopting new newest technology

Flywheel and doomloop