

Collins 101

- [*Built to Last*](#)
- [*Good to Great*](#)
- [*Great by Choice*](#)
- [*How the Mighty Fall*](#)

Collins Stages and Key Concepts

STAGE 1 – Disciplined People

Level 5 Leadership

Level 5 leadership is a concept developed in the book *Good to Great*. Level 5 leaders display a powerful mixture of personal humility and indomitable will. They're incredibly ambitious, but their ambition is first and foremost for the cause, for the organization and its purpose, not themselves. While Level 5 leaders can come in many personality packages, they are often self-effacing, quiet, reserved, and even shy. Every good-to-great transition researched by Collins began with a Level 5 leader who motivated the enterprise more with inspired standards than inspiring personality.

First Who, Then What

First Who, Then What—get the right people on the bus—is a concept developed in the book *Good to Great*. Those who build great organizations make sure they have the right people on the bus and the right people in the key seats before they figure out where to drive the bus. They always think first about who and then about what. When facing chaos and uncertainty, and you cannot possibly predict what's coming around the corner, your best "strategy" is to have a busload of people who can adapt to and perform brilliantly no matter what comes next. Great vision without great people is irrelevant.

STAGE 2 – Disciplined Thought

Genius of the & (AND)

Genius of the AND is a concept developed in the book *Built to Last*. Builders of greatness reject the "Tyranny of the OR" and embrace the "Genius of the AND." They embrace both extremes across a number of dimensions at the same time—purpose AND profit, continuity AND change, freedom AND responsibility, discipline AND creativity, humility AND will, empirical analysis AND decisive action, etc.

Confront the Brutal Facts

Confront the Brutal Facts is a concept, along with its companion concept The Stockdale Paradox, developed in the book *Good to Great*. Productive change begins when you confront the brutal facts. Every good-to-great company embraced what we came to call "The Stockdale Paradox" you must maintain unwavering faith that you can and will prevail in the end, regardless of the difficulties, and at the same time, have the discipline to confront the most brutal facts of your current reality, whatever they might be.

The Stockdale Paradox

The Stockdale Paradox is a concept, along with its companion concept Confront the Brutal Facts, developed in the book *Good to Great*. Productive change begins when you confront the brutal facts. Every good-to-great company embraced what became to be called the "Stockdale Paradox": *You must maintain unwavering faith that you can and will prevail in the end, regardless of the difficulties, and at*

the same time, have the discipline to confront the most brutal facts of your current reality, whatever they might be.

The Hedgehog Concept

The Hedgehog Concept is developed in the book *Good to Great*. A simple, crystalline concept that flows from deep understanding about the intersection of three circles:

- 1) What you are deeply passionate about
- 2) What you can be the best in the world at
- 3) What best drives your economic or resource engine

Transformations from good to great come about by a series of good decisions made consistently with a Hedgehog Concept, supremely well executed, accumulating one upon another, over a long period of time.

STAGE 3 – Disciplined Action

The Flywheel Effect

The Flywheel effect is a concept developed in the book *Good to Great*. No matter how dramatic the end result, good-to-great transformations never happen in one fell swoop. In building a great company or social sector enterprise, there is no single defining action, no grand program, no one killer innovation, no solitary lucky break, no miracle moment. Rather, the process resembles relentlessly pushing a giant, heavy flywheel, turn upon turn, building momentum until a point of breakthrough, and beyond.

The 20 Mile March

The 20 Mile March is a concept developed in the book *Great by Choice*. Enterprises that prevail in turbulence self-impose a rigorous performance mark to hit with great consistency—like hiking across the United States by marching at least 20 miles a day, every day. The march imposes order amidst disorder, discipline amidst chaos, and consistency amidst uncertainty. The 20 Mile March works only if you actually hit your march year after year; if you set a 20 Mile March and then fail to achieve it, you may well get crushed by events.

Fire Bullets, Then Cannonballs

Fire Bullets, Then Cannonballs is a concept developed in the book *Great by Choice*. First, you fire bullets (low-cost, low-risk, low-distraction experiments) to figure out what will work—calibrating your line of sight by taking small shots. Then, once you have empirical validation, you fire a cannonball (concentrating resources into a big bet) on the calibrated line of sight. Calibrated cannonballs correlate with outsized results; uncalibrated cannonballs correlate with disaster. The ability to turn small proven ideas (bullets) into huge hits (cannonballs) counts more than the sheer amount of pure innovation.

STAGE 4 – Building to Last

Productive Paranoia

Productive Paranoia is a concept developed in the book *Great by Choice*. The only mistakes you can learn from are the ones you survive. Leaders who stave off decline and navigate turbulence assume that conditions can unexpectedly change, violently and fast. They obsessively ask, What if? By preparing ahead of time, building reserves, preserving a margin of safety, bounding risk, and honing their disciplines in good times and bad, they handle disruptions from a position of strength and flexibility.

Clock Building, Not Time Telling

Clock Building is a concept developed in the book *Built to Last*. Leading as a charismatic visionary—a “genius with a thousand helpers”—is time telling; shaping a culture that can thrive far beyond any single leader is clock building. Searching for a single great idea on which to build success is time telling; building an organization that can generate many great ideas over a long period of time is clock building. Enduring greatness requires clock building.

Preserve the Core/Stimulate Progress

Preserve the Core/Stimulate Progress is a concept developed in the book *Built to Last*. Enduring great organizations exhibit a dynamic duality. On the one hand, they have a set of timeless core values and purpose that remain constant over time. On the other hand, they have a relentless drive for progress—change, improvement, innovation, and renewal. Great organizations keep clear the difference between their core values (which never change), and operating strategies and cultural practices (which endlessly adapt to a changing world).

ADDITIONAL CONCEPTS

Return on Luck

Return on Luck is a concept developed in the book *Great by Choice*. The research showed that the great companies were not generally luckier than the comparisons—they did not get more good luck, less bad luck, bigger spikes of luck, or better timing of luck. Instead, they got a higher return on luck, making more of their luck than others. The critical question is not, “Will you get luck?” but, “What will you do with the luck that you get?”

BHAG

BHAG is a concept developed in the book *Built to Last*. A BHAG (pronounced “Bee Hag,” short for “Big Hairy Audacious Goal”) is a powerful way to stimulate progress. A BHAG is clear and compelling, needing little explanation; people get it right away. Think of the NASA moon mission of the 1960s. The best BHAGs require both building for the long term AND exuding a relentless sense of urgency: What do we need to do today, with monomaniacal focus, and tomorrow, and the next day, to defy the probabilities and ultimately achieve our BHAG?

Culture of Discipline

Culture of Discipline is a concept developed in the book *Good to Great*. Disciplined people who engage in disciplined thought and who take disciplined action—operating with freedom within a framework of responsibilities—this is the cornerstone of a culture that creates greatness. In a culture of discipline, people do not have jobs; they have responsibilities. When you blend a culture of discipline with an ethic of entrepreneurship, you get a magical alchemy resulting in superior performance.

The SMaC Recipe

SMaC Recipe is a concept developed in the book *Great by Choice*. A SMaC recipe is a set of durable operating practices that creates a replicable, consistent success formula. The word “SMaC” stands for Specific, Methodical, and Consistent. A solid SMaC recipe is the operating code for turning strategic concepts into reality, a set of practices more enduring than mere tactics. It is like the U.S. Constitution, both durable and practical, yet also amendable. Great companies and social enterprises change their SMaC recipe no more than about 20 percent per decade, so a key SMaC question is, “What is the right 20 percent to change?”

Five Stages of Decline

Five Stages of Decline is a concept developed in the book *How the Mighty Fall*. Every institution is vulnerable to decline, no matter how great. We found that great companies often fall in five stages:

- 1) Hubris Born of Success
- 2) Undisciplined Pursuit of More
- 3) Denial of Risk and Peril
- 4) Grasping for Salvation
- 5) Capitulation to Irrelevance or Death.

Institutions can be sick on the inside and yet still look strong on the outside; decline can sneak up on you, and then—seemingly all of a sudden—you're in big trouble.