

## Book Review

Collins, J.

Good to Great and the Social Sectors: A monograph to accompany Good to Great (why business thinking is not the answer).

Boulder, Colorado: author, 2005.

Reviewed by Raymond A. Lemay

This 35-page self-published monograph goes over the important lessons in Collins' earlier publication, *Good to Great*, and attempts to apply them to the social (human service) sectors. Its beginning premise is that social services should not adopt the business model. "Most businesses – like most of anything else in life – fall somewhere between mediocre and good. Few are great... So, then, why would we want to import the practices of mediocrity into the social sectors?" (p. 1).

The monograph, easily available through Chapters or Amazon, should be read as a concluding chapter to Collins original *Good to Great* book (Collins, 2001), that has been a remarkable best seller. The original book is the result of a very ambitious research project. The twenty-one members of Jim Collins' research team in Bolder Colorado, reviewed a huge amount of financial data and other documentation for 1, 435 companies that appeared in the 1965, 1975, 1985 and 1995 listings of the Fortune 500. The criteria for selecting the good-to-great companies were strict.

"The company shows a pattern of "good" performance punctuated by a transition point, after which it shifts to "great" performance. We define "great" performance as a cumulative total stock return of at least 3 times the general market for the period from the point of transition through fifteen years (T + 15). We define "good" performance as a cumulative total stock return no better than 1.25 times the general stock market for the fifteen years prior to the point of transition. Additionally, the ratio of the cumulative stock return for the fifteen years after the point of transition divided by the ratio of the cumulative stock return for the fifteen years prior to the point of transition must exceed 3" (p. 219).

Moreover, this great performance could not be an industry event but rather had to stand-alone; in other words, the company had to stand out not only from the general market but also relative to its particular industry category. The company also had to be ranked within the Fortune 500 in 1995, and still had to be performing according to the *great* criteria. At the end of this process, only eleven companies fit this metric, which meant less than one percent. Greatness, according to Collins' metric, was a rare event indeed. Collins and his team then analyzed this mountain of data and found 7 factors that best explained the differences between the great and the merely good.

## **1: Culture of discipline**

At the outset, the author suggests that what the social sectors require is most probably similar to what is required in the business sector. In a nutshell, Collins calls this a *rigorous or relentless culture of discipline*, something that could be useful not only for businesses but for social services. Thus, Collins proposes a language of greatness (or we could call a language of excellence); it is something that needs to be developed. This mind set of greatness is proposed as alternative to mindless reliance on standardized processes and bureaucratic controls.

The author then goes on to the important points made in his original *Good to Great* (Collins, 2001) showing how each of these might apply to the social service sector. The author recognizes the important differences between businesses and the social sectors. The most important one concerns the metrics of success; in business, these are essentially financial whereas in the social sectors money is but an input. The outputs, of course, are services, and outcomes (a word not used by the author), or what he calls the benefits accrued to clients rather than stockholders. Another important difference between businesses and social services are diffuse power structures. Social services tend to be, according to the author, less hierarchical and less chain of command oriented.

## **2: Defining great**

In the social services sector, financial results will not be a measure of greatness. *Outputs* are the thing that Collins proposes as the metric of greatness and outputs are about what is delivered directly to clients. The author points to the problem that sometimes outputs are challenging to measure and that some of the measures will be qualitative in nature. The author points out that, in any event, all indicators are flawed whether they are qualitative or quantitative, they can never give you a picture of the whole. The important thing is to select indicators intelligently and then consistently monitor them, “and then tracking your trajectory with rigor” (p. 8). The author concludes this section by stating, “no matter how much you have achieved, *you will always be merely good relative to what you can become*. Greatness is an inherently dynamic process, not an end point” (p. 9).

If there is one thing that I would argue in this section is that the word that should be used is *outcomes* rather than *outputs*. In fact, I suspect that the author conflates these concepts and uses the expression output to include outcomes or as “result”. This little section provides interesting examples of the Cleveland orchestra, the New York Police Department as well as the Stanford athletic department as exemplars of the social sector.

## **3: Level 5 leadership within a diffuse power structure**

The author points out that at the top of the chain of command in social services, very often the CEO simply doesn't have the same power levers that a CEO has in a business. However, Level 5 leadership is not so much about using power as it is about bringing people along. Level 5 leadership is defined as humility combined with fierce resolve. It is even clearer in the social sector that authority does not come from power but rather from genuine leadership. People must

be *willing* to follow. Indeed, in a sense, there might be an argument that Level 5 leadership is particularly relevant for the social service sector. “*True leadership only exists if people follow when they have the freedom not to*. If people follow you because they have no choice, then you are not leading” (p. 13, italics in original).

#### **4: First who – getting the right people on the bus**

Having the right people in the right positions is one of the prime ingredients of greatness. The author describes the American school system as being a good example of where it would be very difficult to systematically get the right people on the bus and the wrong people off. Very simply, you have a very large and unwieldy system where no individual really has the power to do much, particularly when it comes to staff selection and ejection. The complications in the school system (in the U.S.) are long tenure, low salaries, few incentives, strong unions, and size/complexity. Here the author argues for a small is beautiful approach. Very simply, breaking down a school system or even a school into its smaller component systems, like a school department, makes good to great developmental process possible. Thus, it is not a question of transforming the school system or even a complete school but rather aiming to be good to great within one’s department. The author provides an example of how this was done in one school. It is a very illustrative example and it’s worth being read.

Then the author provides the following sobering comments, “the great companies ... focused on getting and hanging on to the right people in the first place – those who are productively neurotic, those who are *self*-motivated and *self*-disciplined, those who wake up every day, compulsively driven to do the best they can because it is simply part of their DNA. In the social sectors, when big incentives (or compensation at all, in the case of volunteers) are simply not possible, the First Who principle becomes even more important. Lack of resources is no excuse for lack of rigor – it makes selectivity all the more vital” (p. 15).

Obviously, rigor and creativity go hand in hand for this issue particularly. A good example that is provided by the author is Wendy Kopp who began the *Teach for America* program. Wendy Kopp had a vision that was to convince the best graduates from the best universities to spend the first two years of their careers “teaching low income kids in the public education system” (p. 15). She got \$26,000 from Mobil Corporation to start her venture and then she went from university to university, colleges like Yale, Harvard, Michigan and the like trying to convince graduates to work for “low pay in tough classrooms” (p. 16). The first thing she did was to tap in to people’s idealistic passions. People in fact do want to do good: “she basically said to all these overachieving college students: “If you’re really good, you might be able to join our cause”” (p. 16). She then set up a very rigorous screening process and made it actually difficult for people to volunteer. “As of 2005, more than 97,000 individuals applied to be part of Teach for America..., and only 14,100 made the cut, while revenues grew to nearly \$40 million in annual support” (p. 16).

The author points out that the social sectors have one compelling advantage over businesses, and it obviously isn’t money but rather that individuals crave for meaning in their lives. Appealing to people’s ideals is indeed powerful and it is something that the author comes back to a number of times in his book.

## 5: Facing the brutal facts

The original *Good to Great* goes on quite a bit about the importance of facing the brutal facts and that this is the only way that one can make the first step towards achieving greatness. For many organizations, one of the brutal facts is that we are not good as we think (Lemay, 2005). On the ground, where it counts, with our clients, a lot of the folks we serve do relatively poorly and we cannot claim that there are thriving. There is only one measure of success and that is to be found in the outcomes of our clients. It is on this point where I think Collins could be a little clearer. His conflation of outputs and outcomes is to my mind problematic. In the social sector, we don't monitor outputs all that well and what we do see in fact is that the people we serve could be doing a lot better. But what we hardly do at all is monitor outcomes: client benefits. Are clients able to lead good lives after they have been served by a program in the social sector? We do need to take stock and ownership of our results. To move to greatness, we need to understand how mediocre we really are to begin with. We do need to take seriously, *on a day-to-day basis*, service screw-ups and less than satisfactory results. We need *on a daily basis* to brutally face, one case at a time, the difficulties that face us; moreover, we do need to set up powerful monitoring mechanisms that allow us to gauge the extent to which we improve those results on a case by case basis and, of course, in the aggregate.

Part of the **fierce resolve** we need to develop in relation to the bad news of our current results is that getting better results, improving service outputs, and achieving greatness, will be a lot of hard work. It will take some time to get the results that we think we should be achieving.

## 6: The hedgehog concept

The author points out that hedgehog concept is best understood by considering three intersecting circles that must be responded to. "1) what you are deeply passionate about, 2) what you can be the best in the world, and 3) what best drives your economic engine" (p. 17).

Collins then goes on to adapt the hedgehog concepts: the economic engine is problematic; in some cases, it's not only about money but rather volunteers and good will. Thus, the author has changed the third circle and has renamed it the *resource engine* and he composes resources of three parts: *time, money and brand*. The author point out that brand is of importance, brand is the thing that people focus on and connect to. Indeed, there is a question of building an emotional connection to people who have trust in the organization and want to give to with either with money, time, or otherwise. Indeed, a good argument could be made that clients need to have confidence in the brand and such confidence enhances the effectiveness of the services provided under the brand name. Certainly in my mind, the whole issue of brand has been not well understood in the social services sector and here the author points out that it is one of the key component parts of the hedgehog concept that we must respond to.

On page 22, the author describes a Homelessness service in South Bend, Indiana, that developed its own distinct hedgehog concept. "They believed the Center could become the best in the world at breaking the cycle of homelessness in Bible towns of the Midwest by challenging homeless people to take responsibility for their own lives. They soon realized that building a

resource engine primarily around government funding would run counter to the Center's Hedgehog Concept.

"Homelessness is a profound disconnectedness from self, family and community," explained Buscareno. "This insight fueled everything we did. We organized our whole organization around connecting people – homeless people, benefactors, volunteers, and staff – to self, family and community. Aggressively pursuing government money does not make any sense with this type of thinking, but aggressively connecting volunteers and local donors on a personal level with homeless people makes absolute sense" (p. 22). The author quotes Peter Drucker who admonished that "the foundation for doing good is doing well" (p. 22).

### **7: Turning the flywheel – building momentum by building the brand**

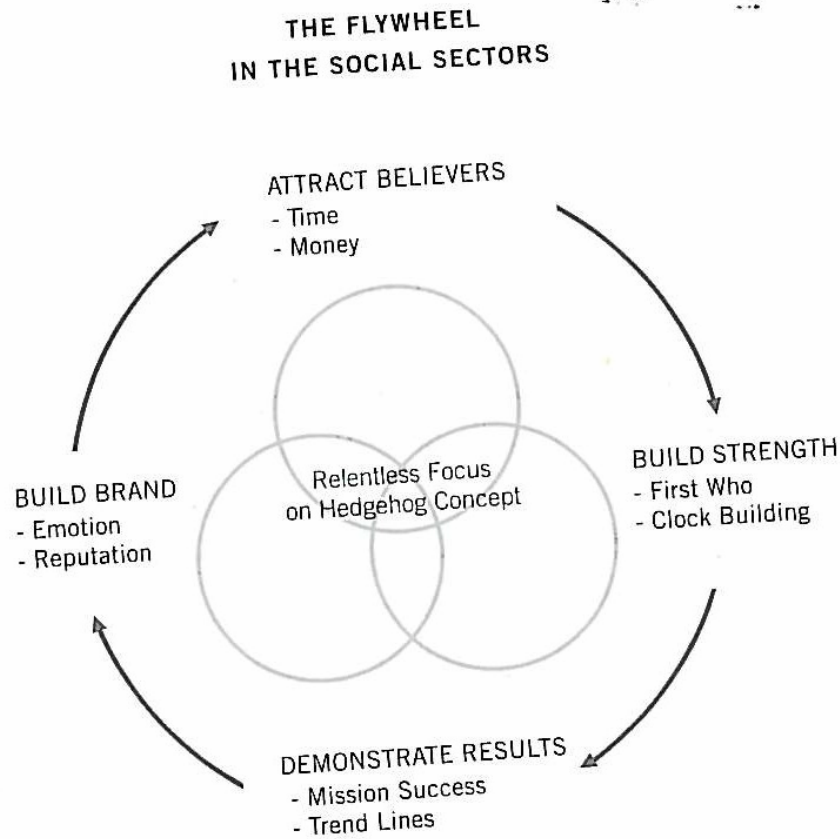
Good to great is best understood as a developmental process. The author points out that an important thing is to build momentum, at the beginning, slowly but surely but ever gathering speed. This is where the issue of brand is the most touched upon, in the business sector flywheel works very well when you have superior financial results, then people will line up to throw money at you and invest in your sector. However, when a social services agency has good financial results, run surpluses for instance, the reaction is usually the contrary: why would anybody give you any more money or new grants? However, people will give you more money if in fact you have a recognized brand that has established itself as a great organization. The author proposes a flywheel figure (next page).

At the end, the author concludes that it takes time to build greatness. It cannot be done overnight, it needs a lot of hard work, a great deal of rigor and, obviously, an obstinate belief that this is important, it needs to be done. The important thing is to embark on the journey, "it might take decades to change the entire systemic context, and you might be retired or dead by the time those changes come..." (p. 30). What the author concludes is that "greatness is not a function of circumstance. Greatness, it turns out, is largely a matter of conscious choice, and discipline" (p. 31).

### **Conclusion**

Jim Collins in his introduction suggests that *the good is the enemy of the great* in that sometimes we become fairly self-satisfied with the fact that good is good enough, thus preventing us from making the effort and the leap to greatness. This is an interesting inversion of Voltaire's aphorism that *the best is the enemy of the good*. Voltaire's point is that very often we put off action because we simply cannot do the best and the best is unavailable. General George Patton had a similar aphorism when he suggested that a good plan today is better than the best plan tomorrow.

The issue, however, is one of being satisfied with anything less than excellence. Collins's point is that one must not be satisfied with good enough, one must strive to be the best. At the end of his book, he makes an impassioned plea for leading a meaningful life and making a significant



contribution. This can probably only happen if one strives for the best. Voltaire's point, as George Patton suggests, is one of action versus inaction. Both of these aphorisms, however, are reconcilable with the notion of developmental progress. To get to great, one will have to pass through good. The key thing to remember is that one is in fact moving towards greatness. Moreover, there are times when action is required and good enough is all that is available. In such circumstances, however, good enough must be recognized for what it is: not great.

It is in fact intriguing in Collins's book which I guess is somewhat in support Patton's law that Level 5 CEOs didn't know at the outset exactly what they were going to do to achieve greatness, but they did begin to move nonetheless. They moved and took action and what they did first was selecting the right people: People undoubtedly who had a passion for greatness, who had the potential for Level 5 leadership, and who would share in the important work of developing a great organization.

This is a good companion booklet to the Good to Great book which I heartily recommend. It demonstrates quite unequivocally that good to great thinking and its component concepts are equally applicable to social services and could serve to revolutionize a program or an organization.

**Sources:**

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**About the Author:**

Raymond Lemay  
Directeur Général / Executive Director  
Services aux enfants et adultes de Prescott-Russell  
Services to Children & Adults  
C.P. / P. O. Box 248  
Plantagenet, ON CANADA  
K0B 1L0  
(613) 673-5148 -poste/ext. 2230

ou/or 1-800-675-6168 -poste/ext. 2230  
FAX (613) 693-0707  
rlemay@seapr.ca