The Consultant's Calling: Bringing Who You Are to What You Do

REVIEWED BY MARY ANN WOODRUFF

The Consultant's Calling is a warm, wry, engaging treatise on the art of being the person you want to be while thriving as a consultant, contributing to the world, and making friends. It's a tall order, and Geoff Bellman is up to the task.

Bellman is a nationally respected organization development consultant, writer (other books include *Getting Things Done When You Are Not in Charge, Your Signature Path,* and *The Beauty of the Beast*) and speaker. It is hard to imagine anyone more successful than he has been at limiting his paid consulting practice while maintaining a high profile as an expert in doing this work well. He lives, to the core, the message of his book.

The book will appeal to newcomers who want to get off on the right foot in consulting, students whose teachers hope they will be finer and more self-aware in their work, mid-career consultants yearning for a better balance between work and life, and experienced professionals of any stripe who seek to sharpen their focus and keep their creative juices flowing.

The first edition of *The Consultant's Calling,* published in 1990, quickly became a best-seller. Nearly a textbook on consulting skills, it offered easy-to-follow tips on how to be successful and, more significantly, issued a call to authenticity that continues to challenge and intrigue Bellman's readers.

Twelve years' maturity shows in this new and revised edition. Bellman has deepened and tightened his ideas. This new book, shorter than the first, reads like a conversation among trusted colleagues and is written for a wider array of consultants than the OD and HR specialists to which the first edition was directed. Its basic premise is the same: Consulting is a high calling full of zest and meaning, requiring practitioners to bring all of themselves to it, while keeping it in balance with all that they want from life.

I read the book as one of those experienced consultants who's beginning to ask, "is that all there is?" I'm tired. In the last year I've occasionally done work on automatic pilot, helping my clients while counting the hours until I can go home. I believe my clients do not suspect this—yet. I know this is not fair to them or to me. I long to regain the zeal that energized my work for years or to redefine my work so it sings to me. *The Consultant's Calling* gave me the push I needed.

Finding Your Right Work

Socrates said it first: "Know thyself." Bellman might say that right work (which changes over a career) germinates in the soil of rigorous self-knowing. He stimulates such knowing by inserting powerful step-by-step explorations at key points in his book, giving us a chance to dive experientially into the contents.

How Am I Unique?

Bellman starts with this question, and insists we ask this about ourselves as whole persons, not about us as consultants. What are the qualities, traits, ambitions, styles, goals, characteristics that define what is unique about us, he asks? Make a list. Once we have that list, ask some family members and friends the same question, "How am I unique?" If this feels uncomfortable, Bellman reminds us that clients are asking this question all the time when they are deciding whether or not to hire us.

I followed this exploration, made my list, and then asked others for their perspectives. I liked much of what I heard; some things surprised me. I saw patterns that resonated with what I know is the

work I want to do. Some of this work I am ready to do right now, some will require development. Best of all, I identified places to polish and use my natural capacities to do work I would love to do. I can feel the juices flowing.

But the book is about bringing *all* of who we are to what we do.

Searching Your Shadows

Like a wise counselor, and leading by example, Bellman urges his readers to unmask and befriend their shadows. Again he presents a useful exploration to assist. He encourages us to reflect on the past year's work, note what has gone well, what didn't go so well, what was on our mind, and how we felt at the time. He recommends getting acquainted with what makes us uncomfortable, worries us, gives us what my mother used to call the three-in-the-morning jimjams. Once we describe to ourselves what it is we repeatedly worry about, consider what we do to keep clients from knowing about this worry of ours and how much energy we put into keeping it secret. Bellman suggests that we write all of this down and then read our paper twice daily, morning and evening, for at least five days. His objective is simple: to increase our awareness of what we choose to do and the impact of our choices.

Do I really want to know, I asked? I persisted and even got to the point of laughing at the lengths I go to hide my own games and dissembling. Bellman's willingness to share his own shadow helped me face my own dark sides without dropping me into the abyss of self-loathing that can paralyze.

The strength of this book lies in its expression of Bellman's integrity, which inspires us to reach more deeply for our own, to bring ourselves more fully and authentically to light in service of creating meaning in life and work as we define meaning. His many practical

tips—how to define and honor our boundaries around work, how to discuss fees with clients, how to build a client base of friends, what works and doesn't work in building sustainable change in organizations, how to manage our power ethically—are useful too, though other sources exist for such information. While I am critiquing, let me say I miss the bullet format that made the first edition so easy to use as a reference tool. I found the chapter on organizations overlong; a briefer statement of the main points and a reference to the author's *The Beauty of the Beast* would have been sufficient for me. I would rather focus on what is unique about *The Consultant's Calling,* the way it compels us to "get" ourselves, get out of our own way, and get on with what matters to us at whatever stage we are in life and work.

Bellman says that clients hire consultants for contribution, expertise, and perspective; they keep them because of authenticity and friendship. You may purchase this book to drink from the intellectual well of one of the masters, to tap his expertise and perspective—and you will not be disappointed. But you will mark up the lines and turn down the corners of its pages because of the way the genuineness of the man touches your soul. In the end, you will feel you have become his friend—and your own.

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Winning at New Products: Accelerating the Process from Idea to Launch, 3rd Edition

Robert G. Cooper (Perseus Books; Cambridge, MA; 2001; ISBN 0-7382-0463-3) $27.50

REVIEWED BY PRESTON G. SMITH CMC

Robert Cooper is probably the leading authority on effective product development practices, and *Winning at New Products* has been a best-seller in the product development field for years. This edition replaces one published in 1993. Professor Cooper has studied over 2,000 new-product projects in 450 companies, many countries, and countless industries since 1975. His research theme has been consistent throughout: What distinguishes the winners (commercially successful products) from the losers? All of his earlier publications are based on this research, but in this new edition, he starts to share with us his actual consulting experience in applying the research to real companies. If your consulting practice involves new product development, this is the premier reference available on best practices in this field.

Despite its 438 pages, the book is easy to read because of Cooper's lively, irreverent style (for an academic). He describes dysfunctional cross-functional teams as "fake teams," and one section is headed, "Lame Excuses for No Action." Unfortunately, the comprehensive endnotes are done in standard academic style to substantiate the points made, and they provide few leads to alternative viewpoints or other sources of enrichment.

The core of this book, as you might expect, deals with Cooper's voluminous research findings (chapters 2 to 4). I found these bewildering, because he presents so much material that he slices in so many ways to produce apparently conflicting lists of main causes, weaknesses, key factors, critical success factors, and key drivers. As I distill it, his conclusion

is that about two-thirds of new products that enter the development phase are failures, and 46% of the resources devoted to product development in the U.S. result in product failures. This waste occurs, Cooper claims, mainly because activities critical to success are skipped or executed poorly—activities such as preliminary market assessment; detailed market study; prototype testing with the customer; test marketing; preliminary technical assessment; and detailed business analysis.

Cooper's prescription is to install a well-defined, consistently executed development process, which he has coined Stage-Gate™. Such sequential processes are very popular with management, being used today by 68% of firms, by Cooper's estimate. If you would like to install a similar gated process, this book is the place to start. Chapters 5, 6, 7, 9, and 10 describe the stages in detail. As intended, these gated processes bring order to chaos, and many companies find that quality of execution improves, the waste of rework diminishes, and consequently, cycle time will likely shorten.

However, I find that gated processes also have side effects that receive less attention. One is that they play into many managers' command-and-control style, which does not empower the development team or encourage members to think for themselves. Basically, what happens is that the team produces deliverables, which management approves at the gate, whether or not these deliverables are the best way to bring a particular new product to market. The process is an attempt to inspect quality into the product, which is something we are trying to overcome in modern manufacturing.

My other concern with gated processes is that they have inherent speed limitations, because they are sequential and gated. Object-oriented software development, which formerly used a sequential "waterfall" process, is now moving to an intentionally iterative process. In fact, MIT Professor Steven

Eppinger and his colleagues are showing that a natural characteristic of innovation (product-development) processes is iteration, and when we deny the iteration, it appears disruptively late in the process (see *Harvard Business Review,* Jan. 2001, pp. 149–158). Thus, the mantra of do-it-right-the-first-time chanted by Cooper and many others is at odds with innovation.

This edition reflects some additions to and new insights on the Stage-Gate process. One is a new stage, Discovery, added to the front of the process, although unfortunately, many of the diagrams in this edition, including a critical one on the end paper, still omit the new stage. Discovery activities should go a long way toward strengthening what Cooper calls doing the "solid upfront homework" that his studies show to be critical to winning. Another addition is a package of six F's, intended to speed up the process: flexibility, fuzzy gates, fluidity, focus, facilitation, and forever green. However, Cooper warns not to apply these advanced techniques until the basic process is well established.

Chapter 11 is perhaps the most valuable part of this new edition. It provides detailed advice on implementing a gated process in an organization. Implementation consultants will love it, because the author trades in his mortarboard for a consultant's cap and offers hard-hitting advice from his personal experience:

- "For every dollar and every hour you spend designing your new product process, expect to spend ten times that amount on implementation." (p. 323)

- "One serious trap . . . is failure to keep the rest of the organization informed." (p. 326)

- "Getting (senior management) sign-off at this point is absolutely critical; you're wasting your time without it." (p. 329)

- "If people have not had a hand in crafting the process, there's not much

likelihood that they'll willingly adopt it!" (p. 329)

- "My personal observation is that there has never been a successful implementation of a formal new product process without the commitment and dedication of top management." (p. 334)

He also offers excellent advice on documenting the process, naming it, marketing and selling it, and training people in the hard and soft skills involved. In case all of these gems escape you, he closes the chapter with "Ten Ways to Fail!"

All of the above deals with tactical matters, or what product developers call "doing the product right." "Doing the right product" is just as important, and Cooper covers this in Chapter 8: Portfolio Management. His research here shows that the least successful companies rely on financial analysis to assess projects, which is particularly dangerous early in the project, when such models are most likely to be used. Financial models are inappropriate because their input data is subject to large errors and because the models do not reflect the sequence of

the decision-making process; options pricing theory is much more appropriate. For more on portfolio management, see Cooper's 1998 book, *Portfolio Management for New Products.*

In his earlier writings, the portfolio management process was an appendage that didn't seem to fit into the gating process, but Chapter 8 now suggests two ways of marrying the two smoothly: Either let the gate reviews dominate, or let the portfolio reviews dominate. Along these lines, the last chapter of the book covers innovation and technology strategies, but these are not integrated into the other processes covered in the book. Linking all of this into corporate strategy will be one of the "areas for further research" for the fourth edition.

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Critical Consulting: New Perspectives on the Management Advice Industry

Edited by Timothy Clark and Robin Fincham (Blackwell Publishers, Oxford, England; 2002; Hardback ISBN 0–631–21819–X, $69.95; Paperback ISBN 0–631–21820–3, $34.95)

REVIEWED BY FIONA CZERNIAWSKA

This book is a splendid endeavour, taking academic research on the consulting industry out of the dusty journals in which it so often languishes. Timothy Clark is Reader in Management at King's College, University of London, and Robert Fincham is Senior Lecturer at Stirling University in Scotland. Together, they've collated an eclectic range of articles by leading researchers. As the editors point out, academic interest in consulting has been growing in line with the increasing significance of consulting in the economy.

Lately, this interest has focused around consulting "as a type of social discourse the elements of which reflect issues of power and the construction of knowledge" and particularly on the techniques used by leading consultants to win and maintain their guru status. And it's in relation to this that this book is at its most fascinating, analyzing consultancy as a form of rhetoric—as persuasion designed both to establish the consultant in a position of relative power and to convert otherwise ephemeral management ideas into distinct fads.

The book also tries to answer the question of how and why such rhetoric works, as gurus, however persuasive, can be only part of the reason why particular ideas take off in the market. "These ideas resonate with fundamental human drives. At deeper levels of awareness . . . [consultants' rhetoric] reflects profound needs and motives." When our clients listen to us, it's not just because we're being persuasive but also because what we say strikes a chord. This was certainly true if we cast our minds back to the heyday of business process reengineering: How much of its popularity had to do with the intellectual rigor of its methodology, or even the vast improvements in efficiency cited by its evangelists? BPR emerged just at a point when American organizations were feeling most threatened by external (largely Japanese) competition—flatter organizations, the empowerment of workers now responsible for processes in their entirety, and freed from the constraints of a managerial class system. Surely these ideas appealed to American values of liberty and entrepreneurism, as much as to American managers.

But, at the same time, this book also demonstrates some of the weaknesses of academic research on the consulting industry. There's a tendency to be parochial: Some of the articles focus exclusively on the U.K., which sits strangely in the context of an industry that is becoming increasingly global for all but the smallest firms. And priced as it is, we have to wonder how many in the U.K. will buy the book. There's also an issue about timeliness. One of the chapters deals with total quality management, a phrase rarely heard among practicing consultants these days. Granted, TQM-type work still goes on, but largely in other guises (Six Sigma, product design and innovation, and so on). This is a shame, because the examples detract from, and distract from, conclusions that have far broader implications. Finally, there's little concession here for the people to whom some of those broader messages should be most relevant, namely clients and consultants. Would plainer English and more practical examples really dumb-down the message so much? What is it about academics that they won't even modulate their own rhetoric to make their findings more accessible to a wider public?

But as *Critical Consulting* itself makes clear, the issue is one of power. This is a book written by academics, for academics; it's designed to establish academic authority, not appeal to consultants. Of course, this is a fault, not so much with this individual book, but with a whole body of research on the consulting industry currently being carried out in academic institutions by people with little practical experience in commercial consulting. And that's a great shame, for there are stimulating ideas on almost every page of this book, which, if known more widely, could stimulate much-needed debate and self-awareness within the consulting industry. Academics use rhetorical constructs just as much as consultants do, and are as much a part of the

management advice industry. People in glass houses shouldn't throw stones.

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"They've done a computer simulation of your projected performance in five years. You're fired."

Marketing Professional Services: Forward-Thinking Strategies for Boosting Your Business, Your Image, and Your Profits, 2nd Edition

Philip Kotler, Thomas Hayes, and Paul N. Bloom (Prentice-Hall, Paramus, NJ; 2002; ISBN 0-73520179-X) $40

REVIEWED BY DAVID H. MAISTER

The authors of this book spell out their goal clearly in the preface. The book, they write, "carefully explains how marketing concepts can be applied to the problems commonly faced by professional service organizations." They add: "Rather than just writing a 'how-to' book . . . we attempt to give the professional a solid grounding in *usable* marketing principles and theories." The emphasis here, clearly, is to start with marketing concepts and then apply them to the professional services context. This is not surprising, given that all three co-authors are professors of marketing (at Northwestern, Xavier, and UNC Chapel Hill, respectively).

The approach is broad, rather than deep. Among the numerous topics covered are the seven P's of marketing, how to hire a marketing director, how to do a marketing audit, developing marketing information, the elements of a strategic planning process, the Boston Consulting Group growth-share matrix, how to segment consumer markets, organizational buying behavior, the service life-cycle (the S-curve), fee setting, where to locate your office, effective marketing communications (including sales promotions), online services, managing customer relationships, and many, many more subjects.

Even at 416 pages, the breadth of coverage means that no one topic is dealt with in more than a handful of pages. What is presented is concise, clear, and helpful, but will serve as no more than the briefest of introductions to the topics handled. While many references are provided (often to interesting trade press articles), there is not a great deal of guidance on where to turn if the reader wants to dig deeper on any individual subject. For example, on the topic of relationship-building there is no reference to such useful works as Sheth and Sobell's *Clients for Life* or Ross Dawson's *Developing Knowledge-Based Client Relationships.* Guidance to further reading on each of the topics discussed would have greatly enhanced the book's value to the practitioner.

What's new here since Kotler and Bloom's first (1984) edition, apart from gaining an additional co-author and noting that each co-author has a Ph.D.? Actually, the book covers much the same territory; this edition does not represent a major overhaul or rethinking. Added is a chapter on on-line marketing. Surprisingly, the material on personal selling has been reduced to a minimum. The prior edition organized its chapters into three sections: Organizing and Planning for Marketing; Researching and Targeting the Market; and Managing the Marketing Program. That helpful structure has been abandoned here.

The order in which topics are now presented is not explained and leads to some curious placement. For example, suggestions on a job description for a marketing director and on making services accessible (such as choosing office location), appear well before the chapter on building client relationships, which is, curiously, the last chapter before the summary.

The book does not make a significant new contribution. It is a survey text

for the novice. Even though it is written in reader-friendly prose (not formal or academic), it has the feel of a textbook for an advanced undergraduate or business-school course on marketing professional services—perhaps especially an executive-education rather than an MBA course.

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Management Consultancy: What Next?

Fiona Czerniawska (PALGRAVE, London; 2002; ISBN 0–333–97112–4) $32

REVIEWED BY MARSHA LEWIN CMC, FIMC

We consultants are often so busy that we forget to sit back and reflect on where our profession is going as a whole. We need an objective observer (devoid of tabloid sensationalism and pejoratives) to give us that perspective—and Czerniawska does just that. She has done so in prior books and continues to do so in her recent effort, which updates her view of what's in store for consultancies in the dot.bust aftermath of the dot.com era.

She divides the book into two sections—her analysis and prognoses for the profession, and a summary of interviews with each of 18 prominent consultants across the industry. Both parts of the book make good reading, although the first part is repetitive (which does get the message across) and suggests its origin in articles or white papers. If you are thinking about changing your specialty or method of delivery, you'd best read her analysis and the comments of the consultants she's interviewed before doing so.

The bad news about consulting to management is that client demand is shrinking, and one-stop-shopping consultancies are on their way out. (Enron can only be presumed to expedite that trend!) The good news is that despite the bandwagon race to incorporate technology into consulting, and the subsequent recent decline in demand for consulting services, pragmatic consultants need not despair, as the future holds out continued opportunity for those with *practical experience,* not just theory. Niche markets for small consultancies will also continue as larger firms look to partner with experienced consultants rather than to develop all capabilities internally. The traditional consulting model may change, but there's still plenty of consulting opportunity out there for consultants who can fit into these new paradigms. Czerniawska peppers her commentary about this with many clarifying diagrams.

Management Consultancy: What Next? is worth acquiring and reading as a good reality check on the services you and your firm provide, and how they can match up against forecasted market demand. It may just be the prod you need to better fine-tune your own service offerings and marketing plan.

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The 10 Lenses: Your Guide to Living and Working in a Multicultural World

Mark A. Williams (Capital Books, Herndon, VA; 2001; Hardback ISBN 1–892123–75–4, $24.95; Paperback ISBN 1–892123–59–2, $14.95)

REVIEWED BY CURT KAMPMEIER CMC, WITH ANDREA STEIN

This is an important book for all consultants who deal with issues of diversity in the workplace. It presents an innovative, research-based method for turning cultural differences into competitive advantage. The author is an organizational psychologist, diversity expert, and corporate trainer who has worked for 20 years with thousands of people at companies to help them understand and respond to how their views of race, nationality, culture, and ethnicity affect all aspects of their businesses.

He has identified 10 perceptual filters or lenses through which people view race and culture. As employees and managers learn to better understand their own lenses and the lenses of others, they increase the possibility of building bridges, managing conflict, and finding common ground in cross-cultural situations. Using case studies, quizzes, and other diagnostic tools, Williams shows readers how to identify an individual's lenses and the lenses embedded in a company's institutional structure. These lenses influence all areas of business, including strategic planning, product and services development, employee and customer relations, recruiting, training, and conflict resolution. To type the lenses as people, they are:

- *Assimilationists,* who want individuals to submerge their individual and cultural identities in favor of nationalistic and patriotic ideals.

- *Colorblinds,* who see people as individuals and ignore race, color,

ethnicity, and other external cultural factors.

- *Culturalcentrists,* who seek to improve the welfare of their cultural group by accentuating their history and identity.

- *Elitists,* who believe in the superiority of the upper class and embrace the importance of family roots, wealth, and social status.

- *Integrationists,* who support breaking down all barriers between racial groups by merging people of different cultures together in communities and in the workplace.

- *Meritocratists*, who believe in the individualist credo that if you have the ability and work hard enough, you can compete with anyone to make your dreams come true.

- *Multiculturalists,* who celebrate the diversity of cultures and the contributions they make to a nation's character and history.

- *Seclusionists,* who feel strongly that they should protect themselves from racial, cultural, and/or ethnic groups that diminish the character and quality of their own group's experiences.

- *Transcendents,* who focus on the human spirit, people's universal connection, and shared humanity.

- *Victims,* who feel they are still suffering from the generational impact of previous oppression and therefore deserve compensation from society and the dominant culture; and their caretakers who believe social justice can never be attained until we take responsibility for the welfare of these people.

These 10 lenses provide easily recognizable and accessible profiles of people's belief systems that affect how they interact with others. Each of these lenses has weaknesses—attitudes and behaviors that may prevent organizations from creating truly inclusive, tolerant environments. But each lens also has many potential strengths. There are strategies in the book for leveraging those strengths, giving leaders a framework for positive change.

Finally, Williams describes an 11th lens—a perspective that simultaneously embraces the strengths of all the lenses and moves beyond them. The 11th lens balances individuality with interconnection, one truth with multiple truths, and uniqueness with common interests and needs. As our minds expand to hold seemingly contradictory themes, we develop a flexibility and resilience in our thinking, acting, and being. As we move from "either/or" to "both/and" thinking, we develop compassion and appreciation for all people. Therein lie the secret and the power of successful cultural diversity training and management.

Organizations working from the 11th lens are more creative, resilient, and diverse. They are also more competitive and successful, not simply because they are employers of choice, but also because they attract more customers and more investors who seek standard-bearers for the 21st century. These economic benefits are documented in a Gallup survey available at Williams's website, www.thediversitychannel.com.

Good to Great: Why Some Companies Make the Leap . . . and Others Don't

Jim Collins (HarperBusiness, New York; 2001; ISBN 0–06662–099–6) $27.50. Also available on cassette, ISBN 0–69452–607–X, $25.95, and on CD, ISBN 0–69452–608–8, $29.95 (HarperAudio, New York; 2001).

REVIEWED BY CURT KAMPMEIER CMC

This book is a big best-seller that's getting a lot of attention, and rightfully so. It is useful, important, exciting, inspiring, and very appealing. It is also, in some respects, potentially beguiling. I will, therefore, give it more space and thought than most books get in C2M. First I'll summarize the big ideas, and then I'll raise some questions.

The Big Ideas

Jim Collins co-authored the 1994 bestseller *Built to Last: Successful Habits of Visionary Companies.* That book reported his research on what it takes to start and build great and long-lasting companies from the ground up. This new book reports his research on what established companies must do to move from good performance to truly great performance.

How great? The elite companies in this study that made the leap to great performance and sustained it for at least 15 years beat the general stock market by an average of 6.9 times. That's better than twice the results delivered by such high performers as Coca-Cola, Intel, General Electric, and Merck. Collins puts this in perspective by noting that if we had invested a dollar in a mutual fund of the good-to-great (hereafter GTG) companies in 1965, and simultaneously invested a dollar in the overall stock market, our dollar invested in the general market would have been worth $56 by January 2001. Our dollar in the GTG fund would have been worth $471!

Those are remarkable numbers, especially since they came from companies that previously had been quite *un*remarkable—Abbott, Circuit City, Fannie Mae, Gillette, Kimberly-Clark, Kroger, Nucor, Philip Morris, Pitney Bowes, Walgreens, and Wells Fargo. These 11 companies are the GTG companies that provide the stories for this book and Collins's conclusions about how to make a truly great company.

Collins, aided by a research team, found these 11 companies by first studying the performance of 1,435 companies

in the USA that made the Fortune 500 from 1965 to 1995, looking for every company that made a leap from average to genuinely great results, and sustained those results for at least 15 years. The researchers then compared those companies to a carefully selected group of comparison companies that failed to make the leap, or if they did, failed to sustain it.

The detailed description of methodology and the statistics most of us would expect from a former Stanford professor are here, but blissfully appended at the end. Before getting there, Collins gives us the characteristics that differentiate companies that take on the world and win from those that don't, and he illustrates his concepts with stories about those companies. It's compelling reading, and the findings seem to demolish many common assumptions about what makes companies great. The GTG transitions were not made by CEOs brought in from the outside to save the companies, nor new technologies, nor mergers and acquisitions, nor highly touted change initiatives, nor highly paid executives, nor corporate restructuring. Instead, Collins and his team found six steps to be taken, in this order:[1]

■ *Step 1. The Right Leaders.*[2] All the GTG companies had CEOs cut from the same cloth, and very different from the common myths about great leaders. None of the GTG companies had larger-than-life saviors with big personalities who were brought in from the outside to transform the companies. The GTG leaders displayed a workmanlike diligence and were modest and reserved. They were, paradoxically, both humble and strong-willed. They were surely ambitious—but foremost for their companies, not for themselves. They exhibited a fierce resolve to produce sustained results—an enduring enterprise; and they

were committed to doing whatever it took to accomplish that. When they succeeded, they credited others, good luck, and fortunate timing. When they failed, they took full responsibility themselves. They set up their successors for even more success. They were more like Lincoln and Socrates than Patton or Caesar.

■ *Step 2. First Who . . . Then What.* Most believe that the transition to greatness begins with top management setting a new vision, devising new strategies, and then getting people committed and aligned to that. Not so with the managers of the great companies in this study. The managers profiled here first got the right people, got rid of the wrong people, and put the right people in the right jobs. Then they figured out where to go, and how.

They did that because they understood three fundamental truths: First, if you begin with *who* instead of *what,* you can more easily adapt to a changing world. Second, if you have the right people, the problem of how to motivate and manage them largely goes away. Third, if you have the wrong people, it doesn't matter whether you discover the right direction; you still won't have a great company. Great vision without great people is irrelevant.

■ *Step 3. Confront the Brutal Facts, Yet Never Lose Faith.* Breakthrough results come from a series of good decisions, diligently executed and accumulated one after another. No one can make a series

of good decisions without first confronting the facts. The companies that became great had the discipline to confront the most brutal facts of their current reality. And, paradoxically, they also maintained unwavering faith that they could and would prevail in the end, no matter what the difficulties. Every company encountered significant adversity on the way to greatness. What distinguishes great people and companies is not the presence or absence of difficulty, but how they deal with it. Great companies operated from both sides of the paradox—they confronted the facts without ever losing faith, and they never let facts or faith overshadow the other.

■ *Step 4. Know Your Business.*[3] The great companies based their success on a deep understanding of three essential and intersecting ideas: what they could be the best in the world at, what they were deeply passionate about, and what drove the economics of their enterprise. Then they translated that understanding into a simple, crystalline strategy that guided all their efforts.

For example, Walgreens came to understand it could build the most convenient drugstores, with high profit per customer visit. That's it. That's the breakthrough strategy they used to beat Intel, GE, Coca-Cola, and Merck. They took that simple concept and implemented it with single-minded consistency. They knew, as did all the GTG companies, that the essence of profound understanding is simplicity. They developed piercing insight that enabled them to see through complexity and discern underlying patterns. They saw what was essential and ignored the rest. This made for a simple, unglamorous business that knew one big thing and stuck to it.

■ *Step 5. Develop a Culture of Discipline.* All companies have a culture, and some companies have discipline, but few companies have a culture of discipline. The GTG companies all built one. First, they

built a culture around the idea of freedom and responsibility, within a framework. Companies need consistent systems with clear constraints, *and* they also need to give people freedom and responsibility within those systems. The GTG companies hired self-disciplined people who didn't need to be managed, and then managed the system, not the people.

Second, they hired people who would go to extreme lengths to get the job done. Certain words kept coming up to describe these people: *disciplined, rigorous, dogged, determined, diligent, precise, fastidious, systematic, methodical, workmanlike, demanding, consistent, focused, accountable, responsible.* These people did whatever it took—within the system—to become the best at carefully selected activities they were passionate about, paying constant attention to the economics of their business. Then they sought continual improvement from there. It's really just that simple. And it's really just that difficult.

Third, these GTG companies never confused a culture of discipline with tyranny. There are many companies that produce impressive results but don't sustain them. In every such case Collins studied, the spectacular rise occurred under a too strict disciplinarian. When those CEOs left, there was no lasting culture of discipline, and the companies declined as spectacularly as they had risen.

Fourth, the GTG companies adhered almost fanatically to their basic strategy, exercising an incredibly consistent focus on the intersection of their understanding of what they could be the best at, what they had great passion for, and what made superior economic sense in their situation.

Fifth, these companies thought lists of things to *stop doing* were more important than lists of things to do. They systematically abandoned everything that didn't fit their goals and strategy—including seemingly once-in-a-lifetime opportunities.

■ *Step 6. Use Technology to Accelerate Transformation.* The GTG companies used technology not to create momentum but to accelerate it. None of the GTG companies started their transformations with pioneering technologies, but they all became pioneers in the application of carefully selected technologies once they saw a fit with their core ideas and strategy. And deliberate and methodical thinking and experimenting was their style, even when technology was changing rapidly and radically. Their approach was *crawl, then walk, then run*.

■ *The Flywheel Concept.* No matter how dramatic the end result, the GTG transformations never happened in one fell swoop. There were no single defining actions, no dramatic interventions, no wrenching restructurings, no single killer innovations, no solitary lucky breaks, no miracle moments. The process of transformation was always one of buildup followed by breakthrough. The process resembled relentlessly pushing a giant heavy flywheel in one direction, turn upon turn, building momentum up to a point of breakthrough, and beyond. The GTG companies stuck with that methodical work even when faced with dire short-term consequences. In so doing, they finally began to deliver dramatic and continually improving results.

■ *Overall.* Collins says this book is not about the old economy or the new. It is not about the companies used as illustrations, or even about business as such. It is essentially about the timeless principles of how to take an organization and turn it into one that produces sustained great results, using whatever definition of results best applies to that organization. These are universal principles that can be applied to any organization. If Walgreens can do it, any organization can. These findings should give all organizations hope. All organizations should be able to make significant improvement—perhaps even make the leap from good to great—if they conscientiously

apply his findings. So he says. And, for the most part, I wholeheartedly agree. But I do have some reservations.

Questions

The big potential problem, as I see it, is that Collins is so eloquent, his stories are so exciting, and his six-step process is so appealing, that it's tempting to take his program and swallow it whole, to implement it *in toto.* It would be wise, I think, to ask some questions before doing that.

First, are 11 companies too small a sample to support Collins's generalizations? Don't the social sciences say that at least a hundred companies in similar circumstances would be needed? Is it not true that commonalities among 11 successful companies can be *suggestive* but not anywhere close to conclusive? I asked Jim Collins about this, and he responded by saying:

We were also worried about this same issue, so we engaged two professors to help us resolve this question, one statistician and one applied mathematician. They helped us see two key points: (1) we did not "sample," and (2) the comparison process should give us reasonable confidence in the findings. As I wrote in the epilogue, the statistician, Jeffrey T. Luftig at the University of Colorado, looked at our dilemma and concluded that we do *not* have a statistics problem, pointing out that the concept of "statistical significance" applies only when sampling of data is involved. "Look, you didn't *sample* companies," he said. "You did a very purposeful *selection* and found the 11 companies from the *Fortune* 500 that met your criteria. When you put these 11 against the 17 comparison companies, the probabilities that the concepts in your framework appear by random chance are essentially zero." When we asked applied mathematics professor William P. Briggs to examine our research method, he framed the question thus: "What is the probability of finding by chance