


LEADERSHIP TRAINING PROGRAM

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This tutorial will focus on the following four leadership concepts.

Based on GOOD to GREAT
By Jim Collins

- Level 5 Leadership
- First Who...Then What
- The Hedgehog Concept
- The Flywheel and the Doom Loop

Level 5 Leadership

Level 5 Leadership

Ask yourself this question:

What types of leaders does it take to move any organization or group from GOOD to GREAT?

Then ponder these thoughts:

- “The exercise of power and the exercise of leadership are two very different things.” – Jim Collins
- “You can accomplish anything in life, provided that you do not mind who gets the credit.” -Harry Truman
- “Self-effacing, quiet, reserved, even shy – these leaders are a paradoxical blend of personal humility and professional will.” – Jill Collins

Level 5 Leadership

Study this leadership pyramid.
What level would you place yourself at as a leader?



Level 5 Leadership

Level 5 leadership is a duality model of leadership

$$\text{HUMILITY} + \text{WILL} = \text{LEVEL 5}$$

Study these leadership characteristics. Do you possess any of these leadership qualities?

- modest
- humble
- placid persona
- compelling modesty
- quiet
- reserved
- shy
- mild mannered
- self-effacing
- understated
- attribute success to factors other than themselves
- take full responsibility when things go poorly
- willful
- fearless
- inner intensity
- dedication to making anything he touched the best it could possibly be –couldn't imagine doing it any other way
- ferocious resolve
- stoic determination to do whatever needs to be done to make the company great
- fanatically driven
- incurable need to produce results
- could not stand mediocrity in any form
- utterly intolerant of anyone who would accept the idea that good is good enough
- personal style of sheer workmanlike diligence

Level 5 Leadership

Study these Biblical passages on HUMILITY and WILL.

HUMILITY

- 2 Corinthians 3:5 - Not that we are competent in ourselves to claim anything for ourselves, but our competence comes from God.
- James 3:13 - Who is wise and understanding among you? Let them show it by their good life, by deeds done in the humility that comes from wisdom.
- Philippians 2:3 - Do nothing out of selfish ambition or vain conceit. Rather, in humility value others above yourselves, not looking to your own interests but each of you to the interests of the others.

WILL

- 1 Corinthians 9:24 - Do you not know that in a race all the runners run, but only one gets the prize? Run in such a way as to get the prize.
- James 1:4 - Let perseverance finish its work so that you may be mature and complete, not lacking anything.
- Philippians 3:12-14 - Not that I have already obtained all this, or have already arrived at my goal, but I press on to take hold of that for which Christ Jesus took hold of me. Brothers and sisters, I do not consider myself yet to have taken hold of it. But one thing I do: Forgetting what is behind and straining toward what is ahead, I press on toward the goal to win the prize for which God has called me heavenward in Christ Jesus.

Level 5 Leadership

Consider the leadership qualities of Christ and how you might use these in your own leadership development. Here are some further thoughts taken from the book *The Case for Servant Leadership* by Kent M. Keith.

- “The most effective leaders do not seek power, wealth or fame, instead they seek to make a difference in the lives of people” (Keith, 2008, p.67). Jesus ministry was never about seeking power or fame for Himself. He knew He was sent by the Father to save lost humanity from their sin, and He accomplished the ultimate act of service in laying down His own life for the sake of others.
- “If you have meaning you don’t have to have the glory” (Keith , 2008, p.58). Jesus loved people, He helped people, He treated them right and He knew He was a part of a larger plan, the plan of redemption that God had designed. Servant-leaders live in this place of personal meaning and therefore don’t need to seek any glory for themselves.

Level 5 Leadership

Do you want to become a Level 5 leader?

- Even if you are not currently a level 5 leader, many have the potential to evolve to Level 5.
- “And under the right circumstances – self-reflection, conscious personal development, a mentor, a great teacher, loving parents, a significant life experience, a Level 5 boss, or any number of other factors – they begin to develop” (Collins, 2001, p.37).

Take responsibility for who you can become and consider how you might begin to take action!

- Develop humility
- Develop discipline
- Become a learner
- Surround yourself with the right people
- Ask for help and feedback
- Lead with passion
- Take responsibility for failures

Level 5 Leadership Additional Resources

Can you answer the following questions?

Explore the resources for further understanding and growth.

- Can Level 5 leadership be learned?
http://www.jimcollins.com/media_topics/level-5.html#audio=45
- How can people become level 5 leaders?
http://www.jimcollins.com/media_topics/level-5.html#audio=48
- Do I have to be at the top of my organization to be effective in leadership or practice Level 5 leadership?
http://www.jimcollins.com/media_topics/level-5.html#audio=13
- How does the concept of Level 5 leadership line up with Christian teachings?
<http://www.hillconsultinggroup.org/assets/pdfs/articles/jesus-level5.pdf>
- What happens around Level 5 leaders?
http://www.jimcollins.com/media_topics/level-5.html#audio=25

Level 5 Leadership Additional Resources

Here are some additional resources to explore.

Website: <http://www.jimcollins.com/index.html>

Books

- Collins, J. (2001). *Good to great*. New York: HarperCollins Publishers, Inc.
- Hybels, B. (2002) *Courageous leadership*. Grand Rapids, MI: Zondervan.
- Keith, K.M. (2008). *The case for servant leadership*. Westfield, IN: The Greenleaf Center for Servant Leadership

Articles

- *The 10 Greatest CEO's of All Time*. Fortune
What these extraordinary leaders can teach today's troubled executives.
http://www.jimcollins.com/article_topics/articles/10-greatest.html
- *Level 5 Leadership*. Harvard Business Review
<http://jakehuber.files.wordpress.com/2013/01/7-level-5-leadership-the-triumph-of-humility-and-fierce-resolve.pdf>



First Who...Then What



Click and read: Gideon's story: Judges 7:1-8

- In this story, Gideon was asked by God to cut down the size of Israeli troops twice. Why do you think God asked Gideon to do this?
- What insights can you get about leadership from this story?

7 Early in the morning, Jerub-Baal (that is, Gideon) and all his men camped at the spring of Harod. The camp of Midian was north of them in the valley near the hill of Moreh. ² The LORD said to Gideon, “You have too many men. I cannot deliver Midian into their hands, or Israel would boast against me, ‘My own strength has saved me.’ ³ Now announce to the army, ‘Anyone who trembles with fear may turn back and leave Mount Gilead.’” So twenty-two thousand men left, while ten thousand remained.

⁴ But the LORD said to Gideon, “There are still too many men. Take them down to the water, and I will thin them out for you there. If I say, ‘This one shall go with you,’ he shall go; but if I say, ‘This one shall not go with you,’ he shall not go.”

⁵ So Gideon took the men down to the water. There the LORD told him, “Separate those who lap the water with their tongues as a dog laps from those who kneel down to drink.” ⁶ Three hundred of them drank from cupped hands, lapping like dogs. All the rest got down on their knees to drink.

⁷ The LORD said to Gideon, “With the three hundred men that lapped I will save you and give the Midianites into your hands. Let all the others go home.” ⁸ So Gideon sent the rest of the Israelites home but kept the three hundred, who took over the provisions and trumpets of the others.



Back



“Get the right people in the right seats, and the wrong people off the bus”


The three simple truths:

1. You can more easily adapt to a changing world.
2. The problem of how to motivate and manage people largely goes away.
3. If you have the wrong people, even with the right direction, you still won't have a great company.



1. You can more easily adapt to a changing world.

- Read the following case study
- [Click and read: Case study: Wells Fargo](#)
- What do you learn from the Wells Fargo case?
- If you were a leader in a situation with potential unpredictable changes, what would you react?



Wells Fargo began its fifteen-year stint of spectacular performance in 1983, but the foundation for the shift dates back to the early 1970s, when then-CEO Dick Cooley began building one of the most talented management teams in the industry. Cooley foresaw that the banking industry would eventually undergo wrenching change, but he did not pretend to know what form that change would take. So instead of mapping out a strategy for change, he and chairman Ernie Arbuckle focused on “injecting an endless stream of talent” directly into the veins of the company. They hired outstanding people whenever and wherever they found them, often without any specific job in mind. “That’s how we build the future,” he said. “If I’m not smart enough to see the changes that are coming, they will. And they’ll be flexible enough to deal with them.”

Cooley’s approach proved prescient. No one could predict all the changes that would be wrought by banking deregulation. Yet when the changes came, no bank handled those challenges better than Wells Fargo. At a time when its sector of the banking industry fell 59% percent behind the general stock market, Wells Fargo outperformed the market by over three times. (Collins, 2001, p. 42)




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- 
- Watch the video:

http://www.jimcollins.com/media_topics/first-who.html#audio=78

- What is the best preparation for what you cannot predict?
- Come up with one example or counter-example, either in your life or from others; and think about how the truth can affect the situation.



2. The problem of how to motivate and manage people largely goes away.

- **Watch the video:**

http://www.jimcollins.com/media_topics/first-who.html#audio=96

- **Listen to the audio:**


http://www.jimcollins.com/media_topics/first-who.html#audio=71

- **Recall your own experience about motivating or being motivated. Do you agree with what you have learned from the video and the audio?**



3. If you have the wrong people, even with the right direction, you still won't have a great company.

- [Click and read: Case comparison: Jack Eckerd and Cork Walgreen Part 1](#)
- How did the two companies differ in building their executive structure?
- What consequences can you predict from the two different executive structures?



Jack Eckerd, blessed with monumental personal energy and a genetic gift for market insight and shrewd deal making, acquired his way from two little stores in Wilmington, Delaware, to a drugstore empire of over a thousand stores spread across the southeastern United States. By the late 970s, Eckerd's revenues equaled Walgreens'. Whereas Jack Eckerd had a genius for picking the right stores to buy, Cork Walgreen had a genius for picking the right people to hire. Whereas Jack Eckerd had a gift for seeing which stores should go in what locations, Cork Walgreen had a gift for seeing what people should go in what seats. Whereas Jack Eckerd had no executive team, but instead a bunch of capable helpers assembled to assist the great genius, Cork Walgreen built the best executive team in the industry. (Collins, 2001, p.46-47)




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- Click and read: Case comparison: Jack Eckerd and Cork Walgreen Part 2



- If you are given a chance to teach the case, what are you going to make a conclusion and tell your audience?



Later Jack Eckerd left to pursue his passion for politics, running for senator and joining the Ford administration in Washington. Without his guiding genius, Eckerd's company began a long decline, eventually being acquired by J. C. Penny. Whereas Jack Eckerd failed utterly at the single most important decision facing any executive—the selection of a successor—Cork Walgreen developed multiple outstanding candidates and selected a superstar successor, who may prove to be even better than Cork himself. Whereas the primary guidance mechanism for Eckerd Corporation's strategy lay inside Jack Eckerd's head, the primary guidance mechanism for Walgreens' corporate strategy lay in the group dialogue and shared insights of the talented executive team. (Collins, 2001, p.46-47)



Back

“First who, then what”

- “‘Who’ questions come before ‘what’ questions – before vision, before strategy, before tactics, before organizational structure, before technology.” (Collins, 2001, p.45)
- “I don’t know where we should take this company, but I do know that if I start with the right people, ask them the right questions, and engage them in vigorous debate, we will find a way to make this company great.” (by Dick Cooley and David Maxwell; Collins, 2001, p.45)
- “In determining ‘the right people,’ the good-to-great companies placed greater weight on character attributes than on specific educational background, practical skills, specialized knowledge, or work experience. Not that specific knowledge or skills are unimportant, but they viewed these traits as more teachable (or at least learnable), whereas they believed dimensions like character, work ethic, basic intelligence, dedication to fulfilling commitments, and values are more ingrained.” (Collins, 2001, p.51)
- Are you a leader who starts with the right people? What is your way to start?
- What are your criteria for choosing people? Do you get any insights from the reading?

- 
- Listen to the audio:

http://www.jimcollins.com/media_topics/first-who.html#audio=21

- What are the five key things according to the audio?
- What points have you already put into use? What points challenge you to try?
- Do you have any worries or concerns if you use the concept “first who, then what” in your workplace?



Three Practical Disciplines on Being Rigorous

- While reading each discipline on the following pages:
- Make your own “to-do” and “stop-doing” lists according to the three disciplines.
- In you follow this practical principle, what changes could you bring to your workplace as a leader?

Practical Discipline #1:

When in doubt, don't hire – keep looking

- Packard's Law: “No company can grow revenues consistently faster than its ability to get through of the right people to implement that growth and still become a great company.”
- “Those who build great companies understand that the ultimate throttle on growth for any great company is not markets, or technology, or competition, or products. It is one thing above all others: the ability to get and keep enough of the right people.”

(Collins, 2001, p. 54)

Practical Discipline #2:

When you know you need to make a people change, act.

- “Letting the wrong people hang around is unfair to all the right people...waiting too long before acting is equally unfair to the people who need to get off the bus.”
- “The good-to-great leaders, however, would not rush to judgment. Often, they invested substantial effort in determining whether they had someone in the wrong seat before concluding that they had the wrong person on the bus entirely.”
- “instead of firing honest and able people who are not performing well, it is important to try to move them once or even two or three times to other positions they might blossom.”

(Collins, 2001, pp. 56-57)

Practical Discipline #3:

Put your best people on your biggest opportunities,
not your biggest problem.

- “There is an important corollary to this discipline: When you decide to sell off your problems, don’t sell off your best people. This is one of those little secrets of change. If you create a place where the best people always have a seat on the bus, they’re more likely to support changes in direction.”

(Collins, 2001, p.59)



First Who...Then What Additional Resources

- More videos and audios for the concept “First who, then what”:

http://www.jimcollins.com/media_topics/first-who.html

- For how to choose the right people:

Mannoia, Kevin (2006), *The Integrity Factor: A Journey in Leadership Formation*. Regent College Publishing

Picture these two animals...



The Hedgehog



The Fox

There is an ancient Greek parable about two animals. The fox, a crafty creature, strategizes all sorts of ways to catch the hedgehog. The clever animal patiently waits to sneak attack its prey, the hedgehog. The fox is sure-footed and cunning. On the other hand, the hedgehog, a spiny little critter with over 5,000 quills, waddles along without a worry in the world. It knows that at the first sign of danger it can roll up in a prickly ball and ward off the ole fox, always winning the attack.






The fox, it turns out, is scattered and sees the world with all its complexities, moving along on many levels but never quite unifying its thinking into an overall





The hedgehog, quite differently, simplifies the world's complexity into one big concept or a basic principle that guides everything. Anything that does not relate to the hedgehog unifying concept or is not essential is ignored (Collins, 2001, p. 91).



Scan your life...

Which animal are you,
a hedgehog or a fox?

Hedgehog Concept



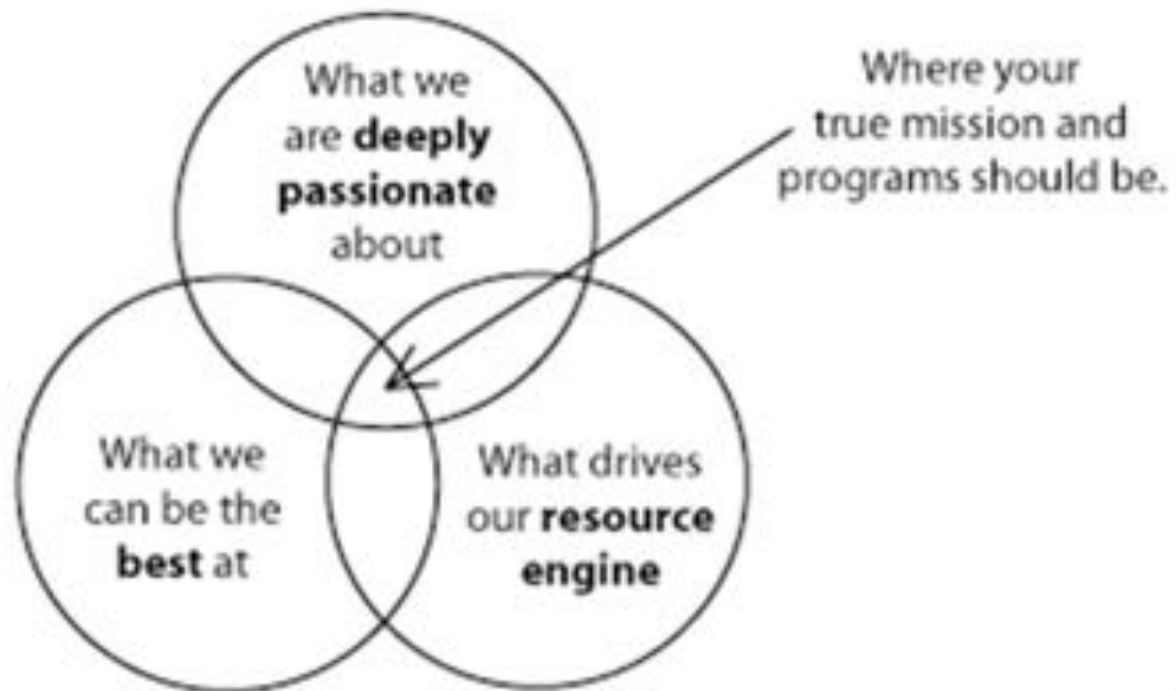
Jim Collins, in his book, *Good to Great Why some Companies Make the Leap...and Others Don't* (2001) suggests that all good-to-great leaders are hedgehogs. They know how to simplify a complex world into one unifying concept that organizes and guides their actions. Hedgehogs are not simpletons, but have the ability to take complex ideas and boil them down into a simple organizing idea that reflects penetrating insight and deep understanding. This hedgehog nature is called the Hedgehog Concept.

Consider the Three Circles of the Hedgehog Concept
How does this relate to you as a leader? How would this concept help your organization go from good to great?

The Hedgehog Concept

The essence of the Hedgehog Concept is to help an organization obtain **piercing clarity** about how to produce the best long-term results, and then exercising the relentless discipline to say "No, thank you" to opportunities that fail the hedgehog test.

Jim Collins,
Good to Great



Understand What You Can (And Cannot) Be The Best At

- A Hedgehog Concept is not a goal to be the best, a strategy to be the best, an intention to be the best, a plan to be the best. It is an *understanding* of what you can be *the best at*. *The distinction is absolutely crucial. (Collins, p. 98).*
- It is also an understanding of what you CANNOT be the best at and not being distracted by those things.
- Good-to-great companies remained relentlessly focused on the few things that they could do better than anyone else.
- Examples of good-to-great companies statements about what they came to understand they *could become* the best in the world at:

Wells Fargo could become the best at running a bank like a business, with a focus on the western United States.

Walgreens could become the best at convenient drugstores.

Kimberly-Clark could become the best in the world at paper-based consumer products. (Collins, pp. 101-103)

Insight Into Your Economic Engine— What is Your Denominator?

- All the good-to-great companies discovered a key economic denominator that has the single greatest impact and built its system according to that understanding.
- They answered this question:
If you could pick one and only one ration—profit per x (or, in the social sector, cash flow per x)—to systematically increase over time, what x would have the greatest and most sustained impact on your economic engine?
- Examples of good-to-great companies statements about insight into their economic denominator:
Wells Fargo made a shift from profit per loan to profit per employee which reflected understanding of the brutal fact of deregulation. Banking is a commodity.
Walgreens made a shift from profit per store to profit per customer visit which reflected a symbiotic relationship between convenient (and expensive) store sites and sustainable economics.
Kimberly-Clark made a shift from profit per fixed asset (the mills) to profit per consumer brand; this would be less cyclical and more profitable in good times and bad. (Collins, pp. 106-107)



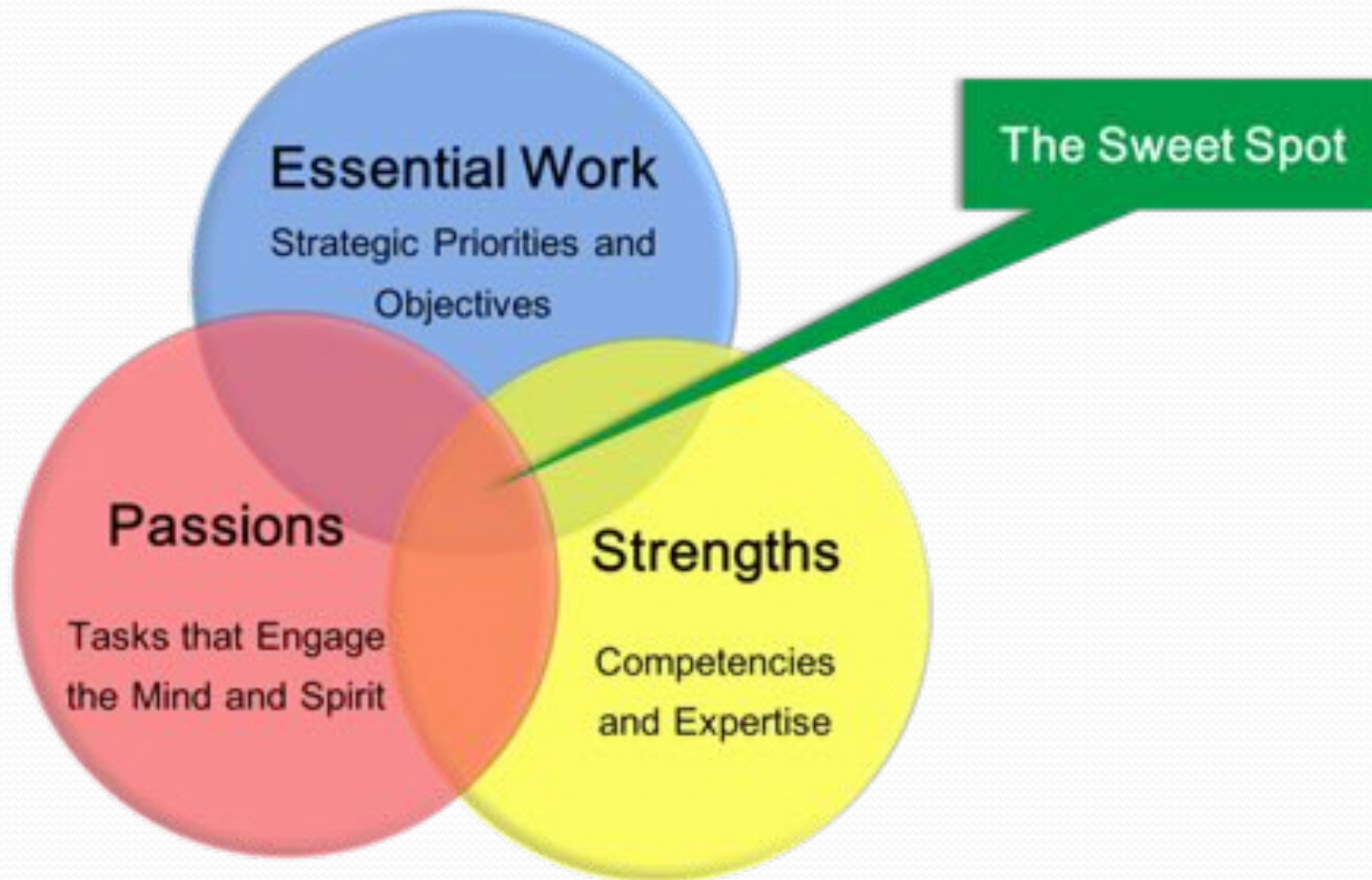
Understanding Your Passion

- You cannot manufacture passion or “motivate” people to feel passionate. You can only *discover* what ignites your passion and the passions of those around you. (Collins, p. 109)
- Good-to-great companies feel passionate about what they are doing and the passion was deep and genuine. They only did those things that they could get passionate about.
- The passion may be focused on what the company stands for, as well.

How does an organization come to the understanding about what they can be the **best** at?

- ❖ It will take time. The good-to-great companies took about four years to clarify their Hedgehog Concept.
- ❖ It is worth the effort. “The Hedgehog Concept is a turning point in the journey from good to great” (Collins, p. 112).
- ❖ Ask the right questions. The Hedgehog Concept is a repetitious process where the right people engage in honest dialogue and debate guided by the three circles.
- ❖ Develop a Council of the right people to go through a cycle of understanding whereby they ask the right questions, engage in vigorous conversation, make decisions, analyze the results, learn from them and begin this cycle of understanding again until the answers to the three circles are crystal clear and elegantly simplistic.

If you were sitting at the intersection of these three circles, what would it look like? How would it drive your life choices?



Reflect on the following:

- Think about the unique roles and responsibilities God has entrusted to you. What does He have for you to do that no one else can do? Consider the following scripture:


“His [God’s] divine power has given us everything we need for a godly life through our knowledge of him who called us by his own glory and goodness.”
2 Peter 1:3 New International Version (NIV)

- Are you in your job only because you are getting paid to do it?

“Calling is the truth that God calls us to himself so decisively that everything we are, everything we do, and everything we have is invested with a special devotion, dynamism, and direction lived out as a response to his summons and service”
(Os Guinness, *The Call*, 2003, p. 29).

- Are you doing work that you are passionate about and that you love doing?

“The place God calls you to is the place where your deep gladness and the world’s deep hunger meet” (Frederick Buechner, *Wishful Thinking*, p. 95).



Take a few minutes to journal a dialogue with your job, as if your job was a person. What questions would you ask your job? What questions would your job ask you? For example, your job might ask you “Do you like the work that you are doing?”

Hedgehog Concept Additional Resources

Website <http://www.jimcollins.com/index.html>

Books

- Collins, J. (2001). *Good to great*. New York: HarperCollins Publishers, Inc.
- Buckingham, M. (2007). *Go put your strengths to work: 6 powerful steps to achieve outstanding performance*. New York: Free Press
- Buckingham, M. & Clifton, D. (2001). *Now, discover your strengths*. New York: Free Press
- Guinness, O. (2003). *The call*. Nashville, Tennessee: Thomas Nelson.

Articles

- *Good to Great by Jim Collins (October 2001)*. Fast Company
http://www.jimcollins.com/article_topics/articles/good-to-great.html
- *Jim Collins' Hedgehog Concept: Do One Thing and Do It Well* by Stephanie Smith. Success. <http://www.success.com/article/jim-collins-hedgehog-concept>. (Retrieved January 8, 2014).
- Articles by topic http://www.jimcollins.com/article_topics/articles-leadership.html

Media Resources

- The journey to finding a personal hedgehog
http://www.jimcollins.com/media_topics/hedgehog-concept.html#audio=84
- Your Personal Hedgehog - Who vs. What
http://www.jimcollins.com/media_topics/hedgehog-concept.html#audio=85
- Discovering what energizes you
- Marcus Buckingham - Trombone Player Wanted
<http://www.youtube.com/watch?v=ZNt7wCS2Yh8>
- Diagnostic Tool pp 10-11 <http://www.jimcollins.com/tools/diagnostic-tool.pdf>

The Flywheel and the Doom Loop

- What is a flywheel?
 - It is a large, heavy wheel within a machine that helps the machine create and sustain momentum.





Introduction

- It is important for companies hoping to move from good to great to recognize that change is not instantaneous
- Change comes from slowly and oftentimes with great difficulty, like pushing a flywheel
- Sometimes the results can seem instantaneous to an outsider, but to an insider the journey was long
- Beware the doom loop, a cyclical series of events that carries the company away from desired results

THE FLYWHEEL

IN THE SOCIAL SECTORS





Implementation

- Exercise:
 - Think of two companies that you have observed in your life: one that followed the flywheel principle and one that fell into the Doom Loop. What caused the difference between the two?
 - Write down ideas that you believe would have saved the organization caught in the Doom Loop.



Integration

- Imagine you are a leader in a company in need of change, what steps would you do to start pushing the flywheel?
- Now imagine you are a leader at a company caught in the Doom Loop, what steps would you take to help get the organization out?
- How can the flywheel and Doom Loop concept apply to your daily life?

The Flywheel and the Doom Loop Additional Resources

Here are some additional resources to explore.

Books

- *Leading Change* by John Kotter. Boston, Mass.: Harvard Business School, 1996
- *Deep Change* by Robert Quinn. San Francisco, CA: Jossey-Bass, 1996.

Online Sources

- http://www.jimcollins.com/media_topics/flywheel.html#audio=93
- http://www.jimcollins.com/media_topics/flywheel.html#audio=49

Quiz Yourself - How well you have grasped these leadership concepts?

1. Describe the 5 leadership levels described by Jim Collins.
2. What are the two main components in the duality model of Level 5 leadership?
3. What are some things you can do to become a Level 5 leader?
4. What are the advantages for “getting the right people in the right seats?”
5. Use your own words to illustrate the three practical disciplines of making a rigorous company.
6. Using the Hedgehog Concept, describe three characteristics of a good-to-great leader.
7. Identify the three circles of the Hedgehog Concept.
8. If a company implements the Hedgehog Concept, what changes might you expect to find?
9. Where does the focus of the organization need to be in order for the flywheel to turn effectively?
10. Why does change appear instantaneous to a person outside of the organization?

**Congratulations on completing
your**

**LEADERSHIP TRAINING
PROGRAM**

**and striving to become a better
leader!**

KEEP LEARNING!!