

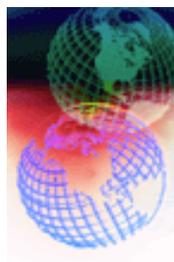
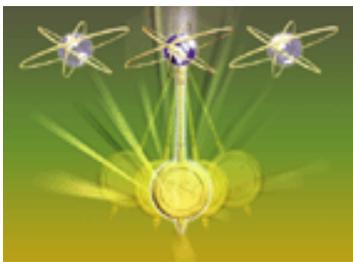
PASCAS WORLDCARE



GOOD

to

GREAT



“Peace And Spirit Creating Alternative Solutions”

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Pascas Foundation is a not for profit organisation

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We offer all contents in love and with the fullness of grace, which is intended to flow to readers who join us upon this fascinating journey throughout this incredible changing era we are all experiencing.

Living Feelings First, *John.*

Feelings first

LIVE FEELINGS FIRST

GOOD is the ENEMY of GREAT:

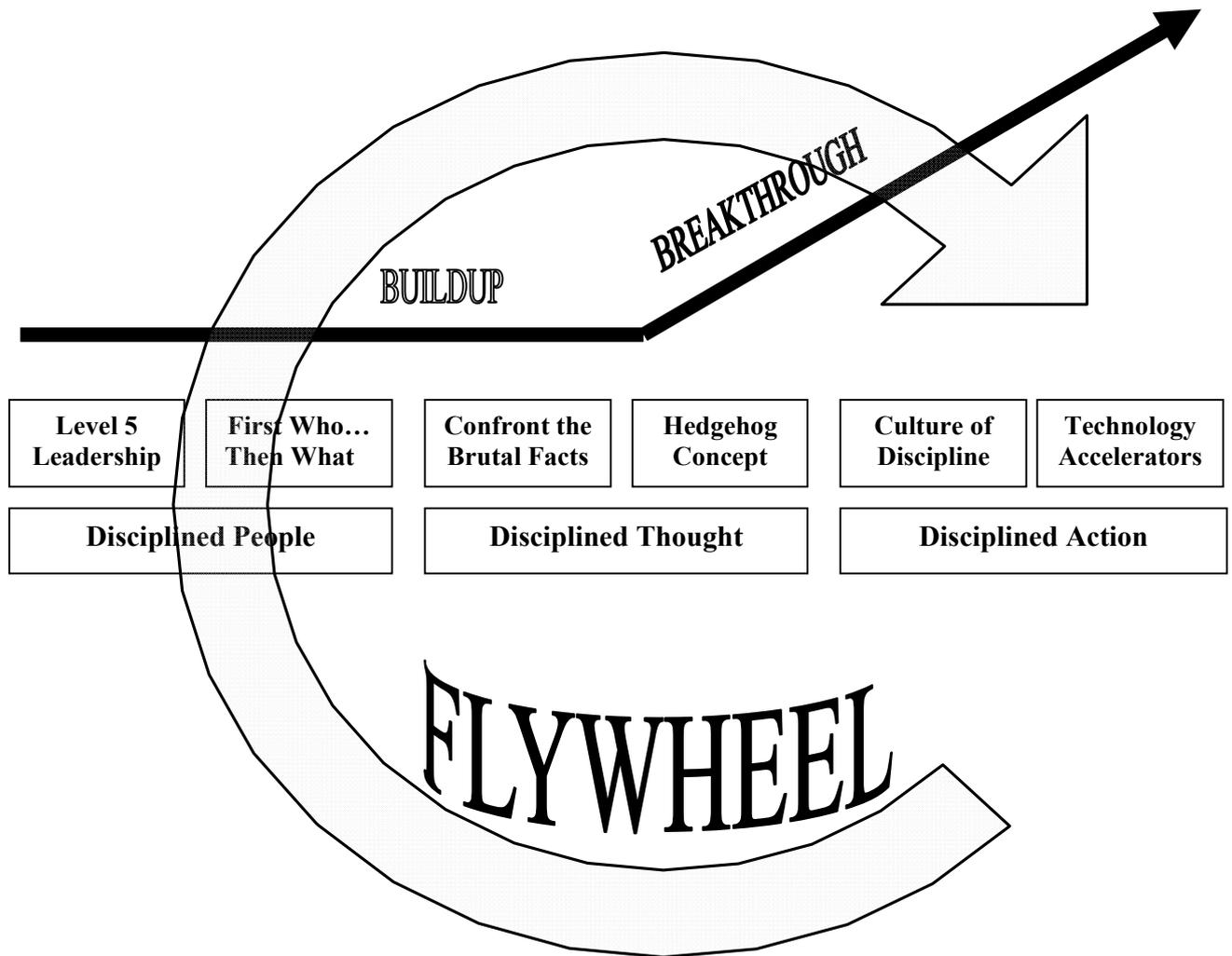
Contra – indications:

- ☺ Ten of eleven good-to-great CEOs came from inside the company, whereas the comparison (less successful companies) tried outside CEOs six times more often.
- ☺ No systematic pattern linking specific forms of executive compensation to the process of going from good to great. The idea that the structure of executive compensation is a key driver in corporate performance is simply not supported.
- ☺ Both sets of companies had well-defined strategies, and there is no evidence that the good-to-great companies spent more time on long-range strategic planning than the comparison companies.
- ☺ The good-to-great companies focused equally on what not to do and what to stop doing.
- ☺ Technology and technology-driven change has virtually nothing to do with igniting a transformation from good to great. Technology can accelerate a transformation, but technology cannot cause a transformation.
- ☺ Mergers and acquisitions play virtually no role in igniting a transformation from good to great; two mediocrities joined together never make one great company.
- ☺ The good-to-great companies pay scant attention to managing change, motivating people, or creating alignment. Under the right conditions, the problems of commitment, alignment, motivation, and change largely melt away.
- ☺ Good-to-great companies have no name, tag line, launch event, or program to signify their transformations. Indeed, some are unaware of the magnitude of the transformation at the time; only later, in retrospect, does it become clear. Yes, they produce a truly revolutionary leap in results, but not by a revolutionary process.
- ☺ Greatness is largely a matter of conscious choice. The industry that they are in does not matter.

The transformation is a process of build-up followed by breakthrough, broken into three broad stages: disciplined people, disciplined thought, and disciplined action.

Within each of these three stages, there are two key concepts, shown in the framework and described below. Wrapping around this entire framework is a concept called the flywheel, which captures the gestalt of the entire process of going from good to great.

These precepts, and those that now follow, fit start-up companies, company divisions and business cells just as well as established companies. They have universal relevance and application.



Level 5 Leadership:

Compared to high-profile leaders with big personalities who make headlines and become celebrities, the good-to-great leaders seem to come from Mars. Self-effacing, quiet, reserved, even shy – these leaders are a paradoxical blend of personal humility and professional will.

First Who ... Then What:

Good-to-great leaders first get the right people on the bus, the wrong people off the bus, and the right people in the right seats – then they figure out where to drive it. The old adage ‘people are your most important asset’ is wrong. People are not your most important assets. The right people are.

Confront the Brutal Facts (Yet Never Lose Faith):

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 (Simplicity within the Three Circles):

To go from good to great requires transcending the curse of competence. Just because something is your core business – just because you’ve been doing it for years – does not necessarily mean you can be the best in the world at it. And if you cannot be the best in the world at your core business, then your core business absolutely cannot form the basis of a great company. It must be replaced with a simple concept that reflects deep understanding of three intersecting circles.

A Culture of Discipline:

When you have disciplined people, you don’t need hierarchy. When you have disciplined thought, you don’t need bureaucracy. When you have disciplined action, you don’t need excess controls. When you combine a culture of discipline with an ethic of entrepreneurship, you get the magical alchemy of great performance.

Technology Accelerators:

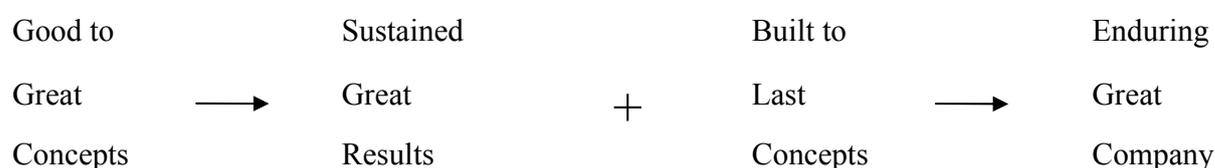
Good-to-great companies never use technology as the primary means of igniting a transformation. Good-to-great companies are pioneers in the application of carefully selected technologies. Technology by itself is never a primary, root cause of either greatness or decline.

The Flywheel and the Doom Loop:

Those who launch revolutions, dramatic change programs, and wrenching restructuring will almost certainly fail to make the leap from good to great. No matter how dramatic the end result, the good-to-great transformations never happen in one foul swoop. 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 in one direction, turn upon turn, building momentum until a point of breakthrough, and beyond.

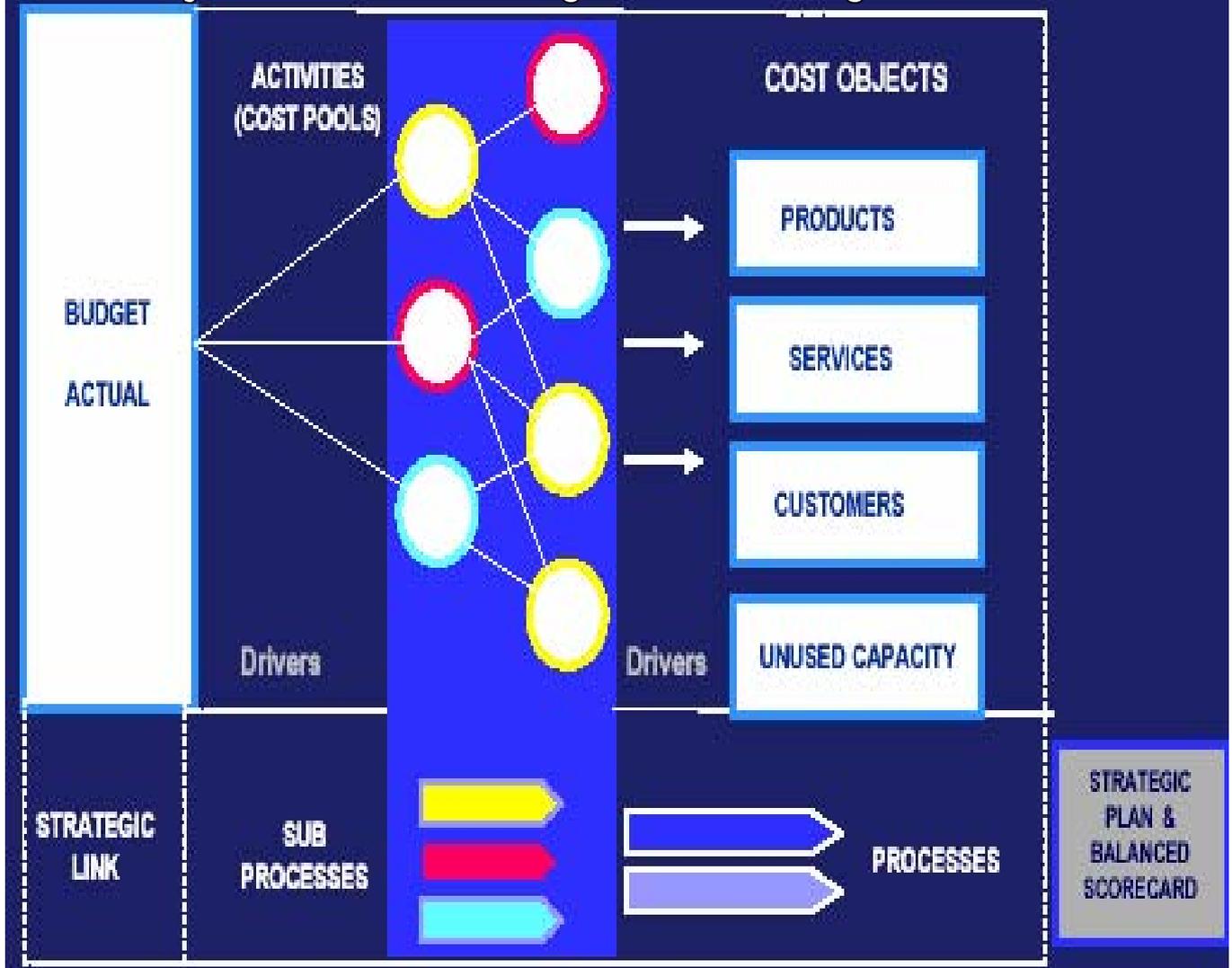
From Good to Great to Built to Last:

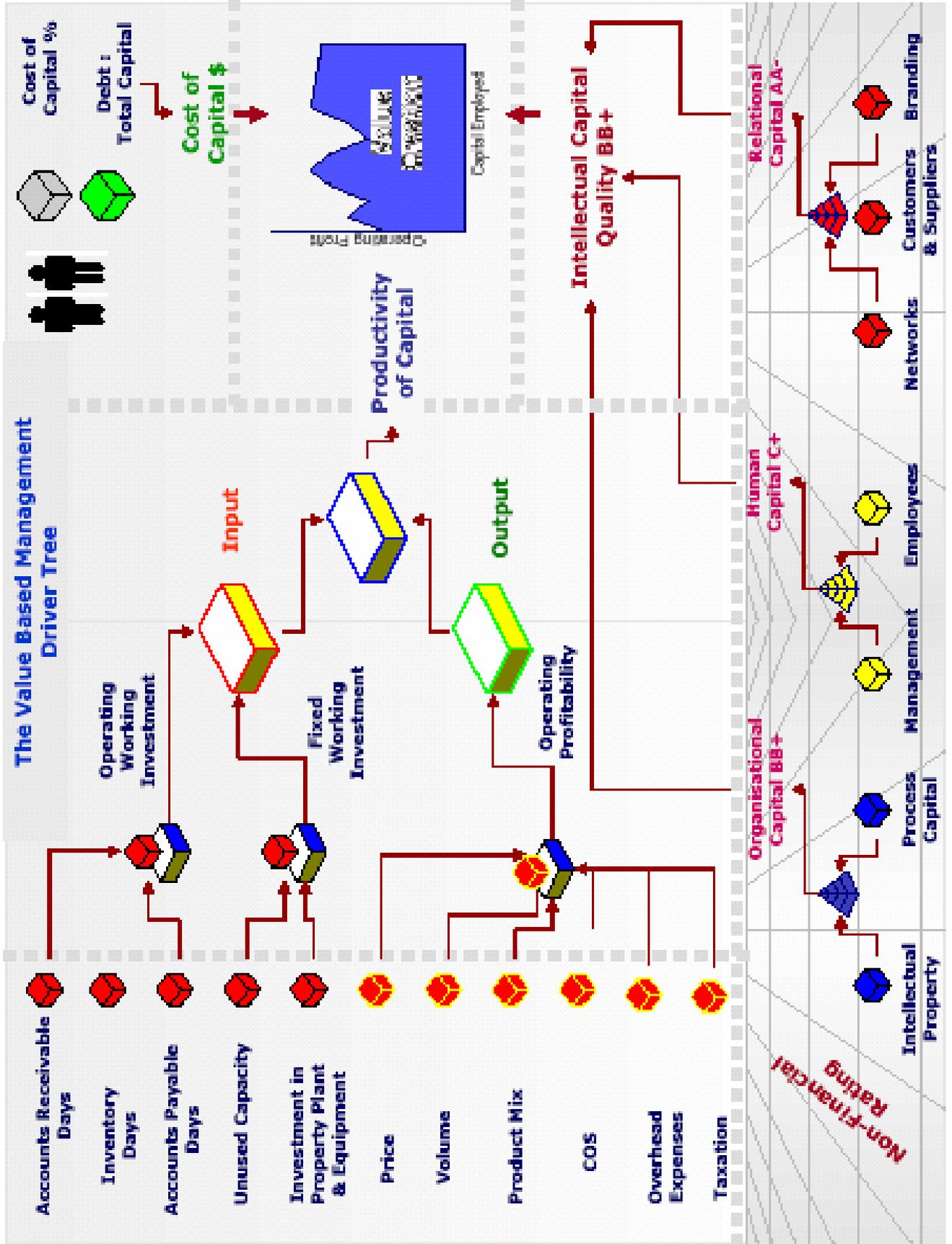
Built to Last is about how you take a company with great results and turn it into an enduring great company of iconic stature. To make that final shift requires core values and a purpose beyond just making money combined with the key dynamic of preserve the core / stimulate progress.

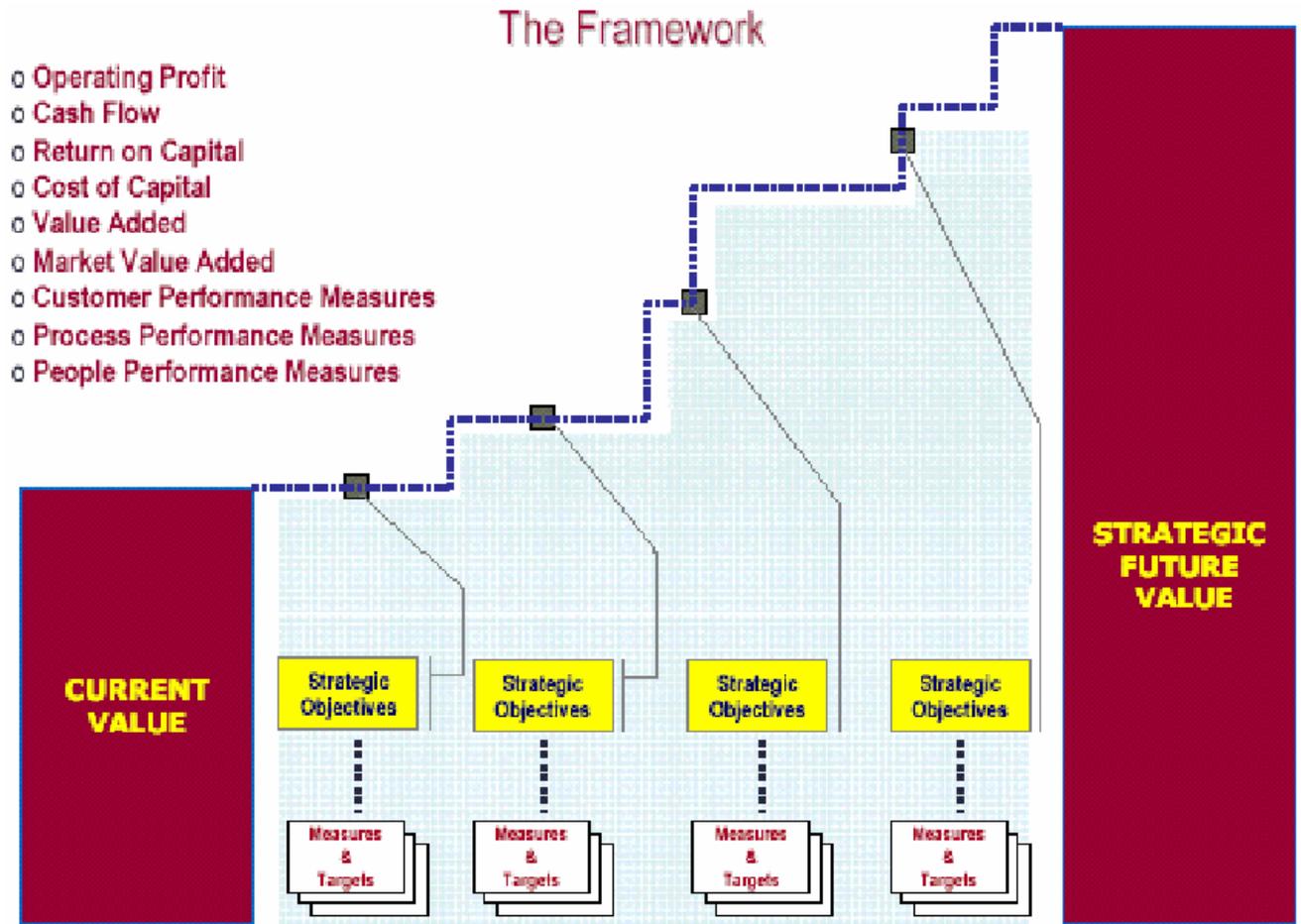


These are timeless principles – that will remain true and relevant no matter how the world changes around us. The truth is, there’s nothing new about being in a new economy. The best leaders have always adhered to certain basic principles, with rigour and discipline.

Activity Based Costing - A Strategic Framework

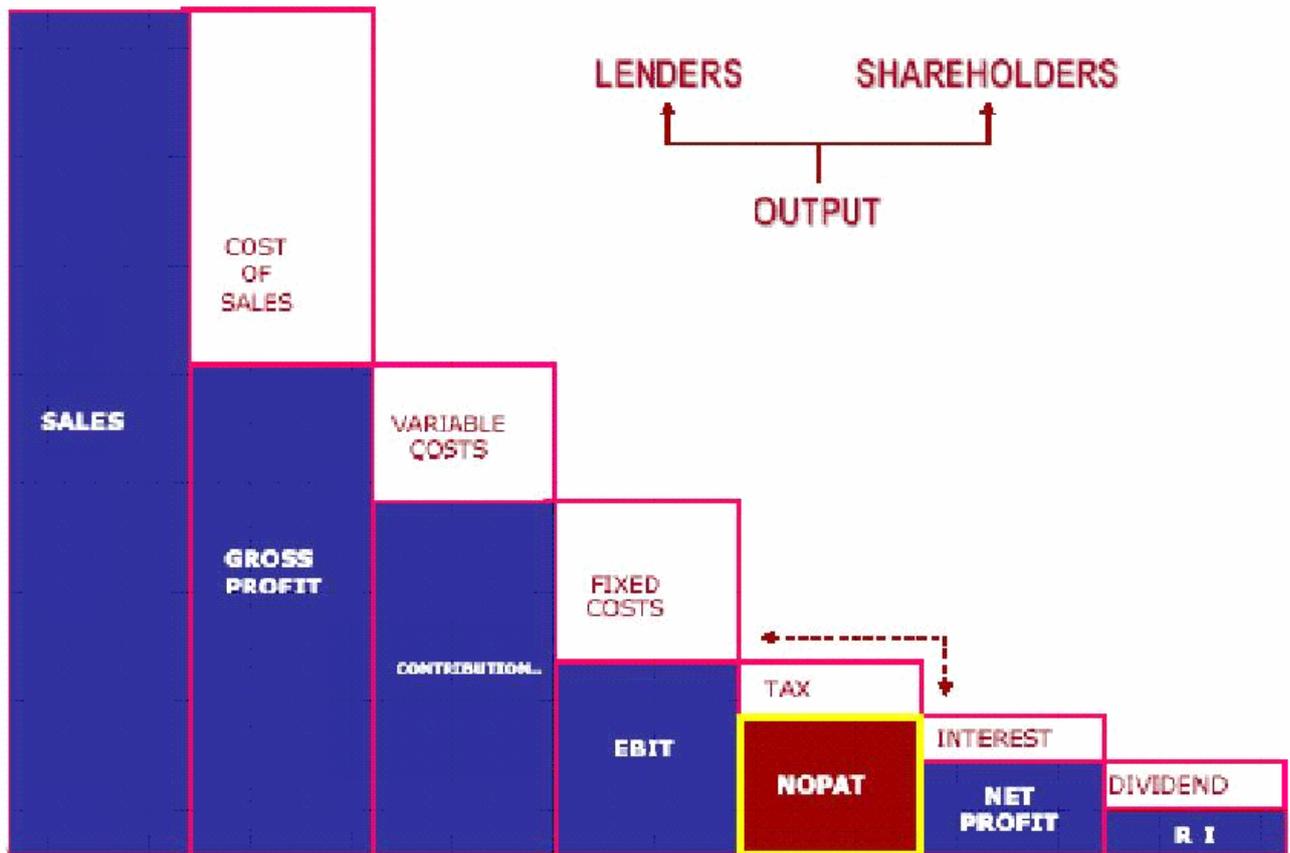






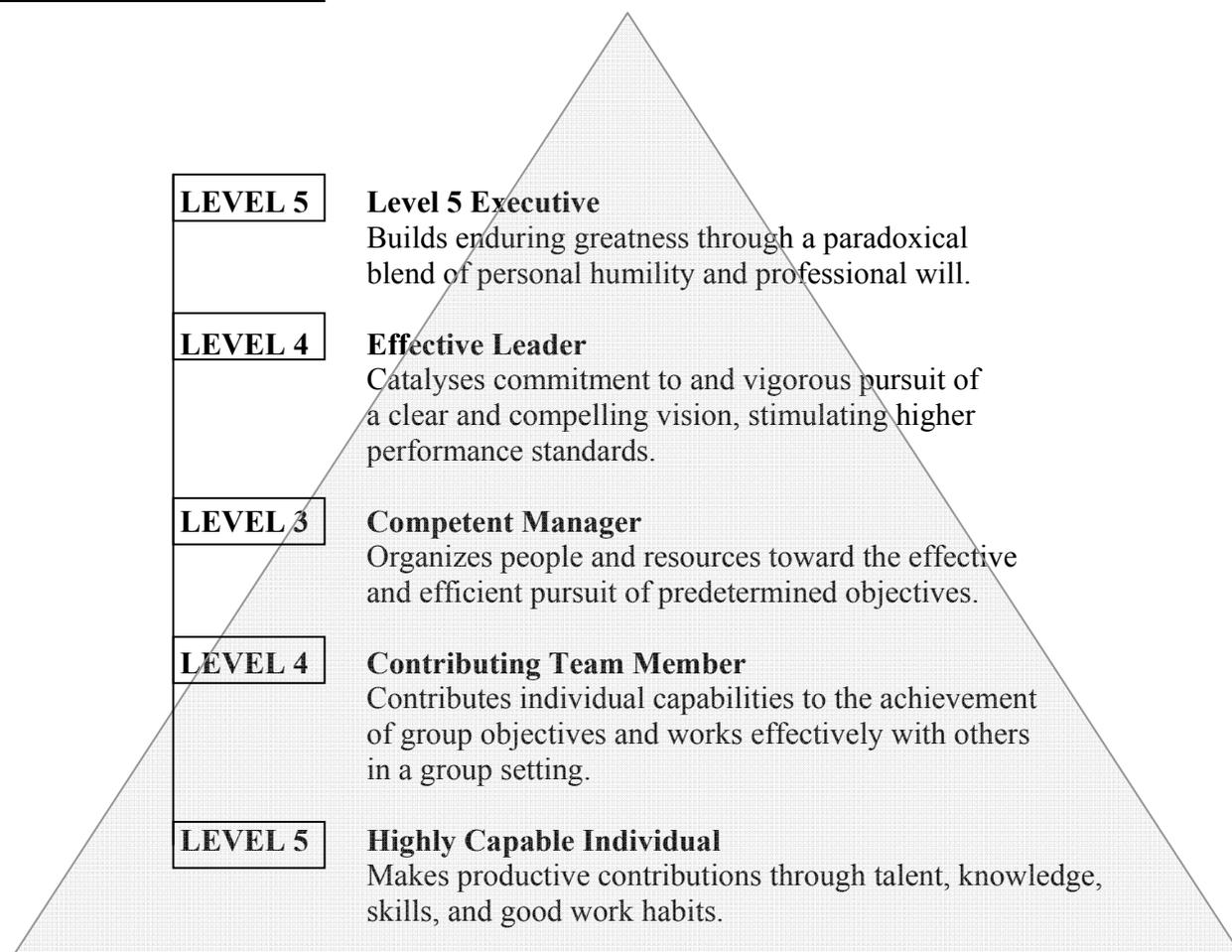
The Balanced Scorecard & Intellectual Capital Rating

Net Operating Profit after tax, before interest



EBIT
NOPAT
RI

Earnings before Interest and Tax
Net Operating Profit after Tax
Return on Investment

LEVEL 5 LEADERSHIP:

Level 5 leaders channel their ego needs away from themselves and into the larger goal of building a great company. It's not that Level 5 leaders have no ego or self-interest. Indeed, they are incredibly ambitious – but their ambition is first and foremost for the institution, not themselves.

The good-to-great executives are all cut from the same cloth.

HUMILITY + WILL = LEVEL 5

Lesser performing comparison company's leaders are concerned more with their own reputation for personal greatness, and often fail to set the company up for success in the next generation. After all, what better testament to your own personal greatness than that the place falls apart after you leave?

Good-to-great leaders never want to become larger-than-life heroes. They never aspire to be put on a pedestal or become unreachable icons. They are seemingly ordinary people quietly producing extraordinary results.

Level 5 leaders are fanatically driven, infected with an incurable need to produce results with inspired standards. They cannot stand mediocrity in any form and are utterly intolerant of anyone that accepts

the idea that good is good enough.

The evidence does not support the idea that you need an outside leader to come in and shake up the place to go from good to great. In fact, going for a high-profile outside change agent is negatively correlated with a sustained transformation from good to great.

Level 5 leaders look out the window to apportion credit to factors outside themselves when things go well (and if they cannot find a specific person or event to give credit to, they credit good luck). At the same time, they look in the mirror to apportion responsibility, never blaming bad luck when things go poorly.

The Two Sides of Level 5 Leadership

Professional Will

Creates superb results, a clear catalyst in the transition from good to great.

Demonstrates an unwavering resolve to do whatever must be done to produce the best long-term results, no matter how difficult.

Sets the standard of building an enduring great company; will settle for nothing less.

Looks in the mirror, not out the window, to apportion responsibility for poor results, never blaming other people, external factors, or bad luck.

Personal Humility

Demonstrates a compelling modesty, shunning public adulation; never boastful.

Acts with quiet, calm determination; relies principally on inspired standards, not inspiring charisma, to motivate.

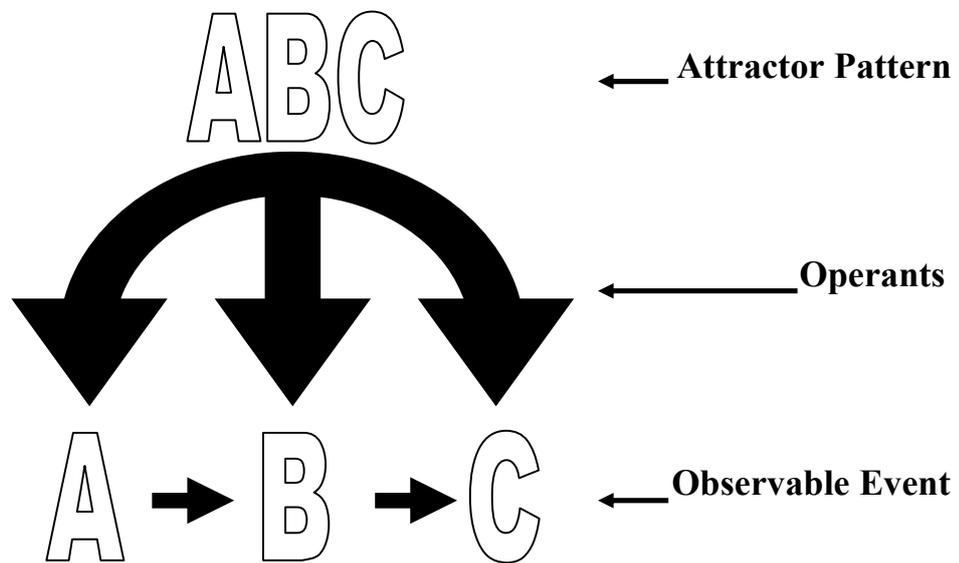
Channels ambition into the company, not the self; sets up successors for even greater success in the next generation.

Looks out the window, not in the mirror, to apportion credit for the success of the company – to other people, external factors, and good luck.

KEY POINTS

- Every good-to-great company has Level 5 leadership during their pivotal transition years.
- ‘Level 5’ refers to a five-level hierarchy of executive capabilities, with Level 5 at the top. Level 5 leaders embody a paradoxical mix of personal humility and professional will. They are ambitious, to be sure, but ambitious first and foremost for the company, not themselves.
- Level 5 leaders set up their successors for even greater success in the next generation, whereas egocentric Level 4 leaders often set up their successors for failure.
- Level 5 leaders display a compelling modesty, are self-effacing and understated. In contrast, non-performing comparison companies have leaders with gargantuan personal egos that contribute to the demise or continued mediocrity of the company.
- Level 5 leaders are fanatically driven, infected with an incurable need to produce sustained results. They are resolved to do whatever it takes to make the company great, no matter how big or hard the decision.
- Level 5 leaders display a workmanlike diligence – more plough horse than show horse.
- Level 5 leaders look out the window to attribute success to factors other than themselves. When things go poorly, however, they look in the mirror and blame themselves, taking full responsibility. The comparison CEOs often do just the opposite – they look in the mirror to take credit for success, but out the window to assign blame for disappointing results.
- One of the most damaging trends in recent history is the tendency (especially by boards of

- directors) to select dazzling, celebrity leaders and to de-select potential Level 5 leaders.
- Potential Level 5 leaders exist all around us, and that many people have the potential to evolve into Level 5.
- Larger-than-life, celebrity leaders who ride in from the outside are negatively correlated with going from good to great. Good-to-great companies most often find their leaders from within inside their company.
- Level 5 leaders attribute much of their success to good luck, rather than personal greatness.



LEVEL of CONSCIOUSNESS

God-view	Life-view	Level	Log	Emotion	Process
Self	Is	Enlightenment	700 – 1,000	Ineffable	Pure Consciousness
		↑			
All-Being	Perfect	Peace	600	Bliss	Illumination
		↑			
One	Complete	Joy	540	Serenity	Transfiguration
		↑			
Loving	Benign	Love	500	Reverence	Revelation
		↑			
Wise	Meaningful	Reason	400	Understanding	Abstraction
		↑			
Merciful	Harmonious	Acceptance	350	Forgiveness	Transcendence
		↑			
Inspiring	Hopeful	Willingness	310	Optimism	Intention
		↑			
Enabling	Satisfactory	Neutrality	250	Trust	Release
		↑			
Permitting	Feasible	Courage	200	Affirmation	Empowerment
		↓			
Indifferent	Demanding	Pride	175	Scorn	Inflation
		↓			
Vengeful	Antagonistic	Anger	150	Hate	Aggression
		↓			
Denying	Disappointing	Desire	125	Craving	Enslavement
		↓			
Punitive	Frightening	Fear	100	Anxiety	Withdrawal
		↓			
Disdainful	Tragic	Grief	75	Regret	Despondency
		↓			
Condemning	Hopeless	Apathy	50	Despair	Abdication
		↓			
Vindictive	Evil	Guilt	30	Blame	Destruction
		↓			
Despising	Miserable	Shame	20	Humiliation	Elimination

Power vs Force by David R Hawkins, MD, PhD – the Hidden Determinants of Human Behaviour
 ISBN: 1-56170-933-6 published Hay House Australia Pty Ltd www.hayhouse.com.au

MAP OF CONSCIOUSNESS

Level	Log
ENLIGHTENMENT	700-1000
PEACE	600
JOY	540
LOVE	500
REASON	400
ACCEPTANCE	350
WILLINGNESS	310
NEUTRALITY	250
COURAGE	200
PRIDE	175
ANGER	150
DESIRE	125
FEAR	100
GRIEF	75
APATHY	50
GUILT	30
SHAME	20

PERSONALITY TRAITS:

Less than two dozen people on planet Earth.

Would not pick up a weapon let alone use it. These people gravitate to the health industry and humanitarian programs.

Debate and implement resolutions without argument and delay.

Debate and implement resolutions in due course.

Debate and implement resolutions with some degree of follow up generally needed.

Management supervision is generally necessary.

Politics become the hope for man's salvation.

Cause no harm to others starts to emerge. Power overrides force.

Illness is developed by those man erroneous emotions that calibrate 200 and lower.

Armies around the world function on pride. Force is now dominant, not power.

Harm of others prevails, self interest prevails.

Totally self reliant, not God reliant.

Fear dominates all motivation.

Suicide is possible and probable.

At these levels, seriously harming others for even trivial events appears to be justifiable.

Poverty, unemployment, illness, etc., this is living hell on Earth.

PEACE and HARMONY or CONFLICT and WAR:

MAP OF CONSCIOUSNESS

Level	Log
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At-onement Transition	1080
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ENLIGHTENMENT	700-1000
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PEACE	600
-------	-----

JOY	540
-----	-----

LOVE	500
------	-----

REASON	400
--------	-----

ACCEPTANCE	350
------------	-----

WILLINGNESS	310
-------------	-----

NEUTRALITY	250
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COURAGE	200
---------	-----

PRIDE	175
-------	-----

ANGER	150
-------	-----

DESIRE	125
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FEAR	100
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GRIEF	75
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APATHY	50
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GUILT	30
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SHAME	20
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Council of Elders
being those at-one with their
Indwelling Spirits.

Feelings!
first



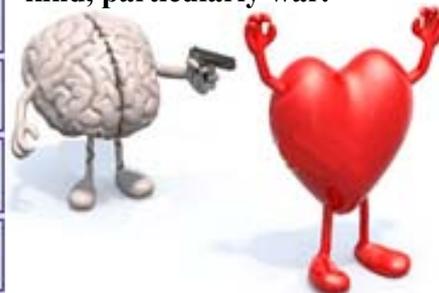
Peace



Humanity that is above 500 on the Map of Consciousness scale is Feelings First orientated.

Conflict does not occur amongst these people. They engage with their soul based truths. Below 500 one is predominantly mind orientated!

Presently, humanity calibrates overall at around 212 and is engaged with their wayward, controlling, addicted minds. Through living feelings first with one's mind subordinated thereto, humanity will universally progress beyond conflict of any kind, particularly war.



Below 500 we have: ↓



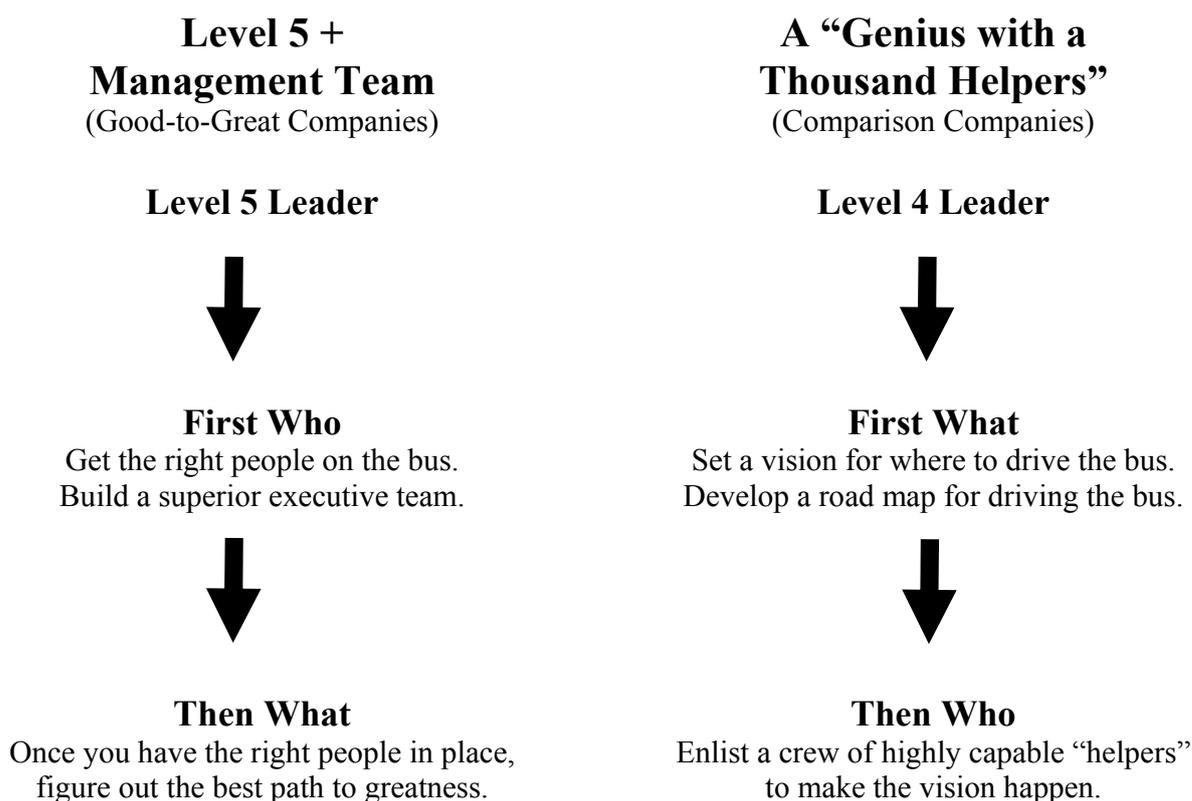
FIRST WHO ... THEN WHAT:

First get the right people on the bus (and the wrong people off the bus) and then figure out where to drive it. “Look, I don’t really know where we should take this bus. But I know this much: If we get the right people on the bus, the right people in the right seats, and the wrong people off the bus, then we’ll figure out how to take it someplace great.”

If people are on the bus because of who else is on the bus, then it’s much easier to change direction. If you have the right people on the bus, the problem of how to motivate and manage people largely goes away. The right people don’t need to be tightly managed or fired up; they will be self-motivated by the inner drive to produce the best results and to be part of creating something great.

The main point is to first get the right people on the bus (and the wrong people off the bus) before you figure out where to drive it. The second key point is the degree of sheer rigour needed in people decisions in order to take a company from good to great.

The primary guidance mechanism for a corporate strategy should lie in the group dialogue and shared insights of the talented executive team.



There is no systematic pattern linking executive compensation to the process of going from good to great. The evidence simply does not support the idea that the specific structure of executive compensation acts as a key lever in taking a company from good to great.

But once you’ve structured something that makes basic sense, executive compensation falls away as a distinguishing variable in moving an organisation from good to great.

If you have the right executives on the bus, they will do everything within their power to build a great company, not because of what they will “get” for it, but because they simply cannot imagine settling for anything less. Their moral code requires building excellence for its own sake, and you’re no more likely to change that with a compensation package than you’re likely to affect whether they breathe.

Yes, compensation and incentives are important, but for very different reasons in good-to-great companies. The purpose of a compensation system should not be to get the right behaviours from the wrong people, but to get the right people on the bus in the first place, and to keep them there.

You can teach farmers how to make steel, but you can’t teach work ethic to people who don’t have it in the first place. The given steel company built its pay system around a high-pressure team-bonus mechanism, where over 50% of a worker’s compensation is tied directly to the productivity of his work team of twenty to forty people.

The steel company system does not aim to turn lazy people into hard workers, but to create an environment where hardworking people thrive and lazy workers either jump or get thrown right off the bus.

The good-to-great companies place greater weight on character attributes than on specific educational background, practical skills, specialised knowledge, or work experience. Not that specific knowledge or skills are unimportant, but they are viewed as traits as more teachable (or at least learnable), whereas dimensions like character, work ethic, basic intelligence, dedication to fulfilling commitments, and values are more ingrained.

We don’t just look at experience. We want to know: Who are they? Why are they? We need to find out who they are by asking them why they made decisions in their life.

Good-to-great companies are not ruthless cultures, they are rigorous cultures.

To be rigorous means consistently applying exacting standards at all times and at all levels, especially in upper management. To be rigorous, not ruthless, means that the best people need not worry about their positions and concentrate fully on their work.

Six out of eleven good-to-great companies recorded zero layoffs for twenty five years and four others reported only one or two layoffs.

In contrast, you will find layoffs being used five times more frequently in comparison companies than in the good-to-great companies. Some of the comparison companies have an almost chronic addiction to layoffs and restructurings.

Endless restructuring and mindless hacking are never part of the good-to-great model.

How to be rigorous:

When in doubt, don’t hire – keep looking.

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.

‘Always Looking for Great People.’

Maintain a discipline in picking the right people.

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

The moment you feel the need to tightly manage someone, you’ve made a hiring mistake. The best people don’t need to be managed. Guided, taught, led – yes. But not tightly managed.

Strong performers are intrinsically motivated by performance, and when they see their efforts impeded by carrying extra weight, they eventually become frustrated.

The good-to-great companies show the following bipolar pattern at the top management level: People either stayed on the bus for a long time or got off the bus in a hurry. In other words, the good-to-great companies do not churn more, they churn better.

Let’s take the time to make rigorous A+ selections right up front. If we get it right, we’ll do everything we can to try to keep them on board for a long time. If we make a mistake, then we’ll confront that fact so that we can get on with our work and they can get on with their lives.

But how do you know when you know? Two key questions can help. First, if it were a decision (rather than a “should this person get off the bus?” decision), would you hire the person again? Second, if the person came to tell you that he or she is leaving to pursue an exciting new opportunity, would you feel terribly disappointed or secretly relieved?

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

The good-to-great companies make a habit of putting their best people on their best opportunities, not their biggest problems. Managing your problems can only make you good, whereas building your opportunities is the only way to become great.

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.

You might be wondering, “What’s the difference between a Level 5 executive team member and just being a good soldier?” A level 5 executive team member does not blindly acquiesce to authority and is a strong leader in his/her own right, so driven and talented that she builds her arena into one of the very best in the world. Yet each team member must also have the ability to meld that strength into doing whatever it takes to make the company great.

Indeed, one of the crucial elements in taking a company from good to great is somewhat paradoxical. You need executives, on the one hand, who argue and debate – sometimes violently – in pursuit of the best answers, yet, on the other hand, who unify fully behind a decision, regardless of parochial interests.

KEY POINTS

- The good-to-great leaders begin the transformation by first getting the right people on the bus (and the wrong people off the bus) and then figure out where to drive it.
- The key point is not just the idea of getting the right people on the team. The key point is that “who” questions come before “what” decisions – before vision, before strategy, before organisation structure, before tactics. First who, then what – as a rigorous discipline, consistently applied.
- The comparison companies frequently follow the “genius with a thousand helpers” model – a genius leader who sets a vision and then enlists a crew of highly capable “helpers” to make the vision happen. This model fails when the genius departs.
- The good-to-great leaders are rigorous, not ruthless, in people decisions. They do not rely on layoffs and restructuring as a primary strategy for improving performance. The comparison companies use layoffs to a much greater extent.
- Three practical disciplines for being rigorous in people decisions:
 - When in doubt, don’t hire – keep looking. (Corollary: A company should limit its growth based on its ability to attract enough of the right people.)
 - When you know you need to make a people change, act. (Corollary: First be sure you don’t simply have someone in the wrong seat.)
 - Put your best people on your biggest opportunities, not your biggest problems. (Corollary: If you sell off your problems, don’t sell off your best people.)
- Good-to-great management teams consist of people who debate vigorously in search of the best answers, yet who unify behind decisions, regardless of parochial interests.
- There is no systematic pattern linking executive compensation to the shift from good to great. The purpose of compensation is not to “motivate” the right behaviours from the wrong people, but to get and keep the right people in the first place.
- The old adage “People are Your most important asset” is wrong. People are not your most important asset. The right people are.
- Whether someone is the “right person” has more to do with character traits and innate capabilities than with specific knowledge, background, or skills.

Feelings first

LIVE FEELINGS FIRST

CONFRONT the BRUTAL FACTS (Yet Never Lose Faith):

Confront the brutal facts of reality head-on and completely change your system in response if need be. Comparison companies will typically stick their heads in the sand.

The good-to-great companies display two distinctive forms of disciplined thought. The first, is that they infuse the entire process with the brutal facts of reality. The second, is that they develop a simple, yet deeply insightful, frame of reference for all decisions.

You start with an honest and diligent effort to determine the truth of the situation, the right decisions often become self-evident. Not always, of course, but often. And even if all decisions do not become self-evident, one thing is certain: You absolutely cannot make a series of good decisions without first confronting the brutal facts.

We must have an itch that what we just accomplished, no matter how great, is never going to be good enough to sustain us.

The moment a leader allows himself to become the primary reality people worry about, rather than reality being the primary reality, you have a recipe for mediocrity, or worse. This is one of the key reasons why less charismatic leaders often produce better long-term results than their more charismatic counterparts.

Indeed, for those of you with a strong, charismatic personality, it is worthwhile to consider the idea that charisma can be as much a liability as an asset. Your strength of personality can sow the seeds of problems, when people filter the brutal facts from you. You can overcome the liabilities of having charisma, but it does require conscious attention.

If you have the right people on the bus, they will be self-motivated.

Yes, leadership is about vision. But leadership is equally about creating a climate where the truth is heard and the brutal facts confronted. There's a huge difference between the opportunity to "have your say" and the opportunity to be heard. The good-to-great leaders understand this distinction, creating a culture wherein people have a tremendous opportunity to be heard and, ultimately, for the truth to be heard.

How do you create a climate where the truth is heard?

1. Lead with questions, not answers.

Use questions for one and only one reason: to gain understanding.

"So, what's on your mind?" "Can you tell me about that?" "Can you help me understand?" "What should we be worried about?" These non-agenda meetings are to become a forum where current realities will tend to bubble to the surface.

Leading from good to great does not mean coming up with the answers and then motivating everyone to follow your messianic vision. It means having the humility to grasp the fact that you do not yet understand enough to have the answers and then to ask the questions that will lead to the best possible

insights.

2. Engage in dialogue and debate, not coercion.

All the good-to-great companies have a penchant for intense dialogue. Phrases like “loud debate”, “heated discussions”, and “healthy conflict” pepper reports. They don’t use discussion as a sham process to let people “have their say” so that they could “buy in” to a predetermined decision. The process is more like a heated scientific debate, with people engaged in a search for the best answers.

3. Conduct autopsies, without blame.

When you conduct autopsies without blame, you go a long way toward creating a climate where the truth is heard. If you have the right people on the bus, you should almost never need to assign blame but need only to search for understanding and learning.

4. Build “red flag” mechanisms.

There is no evidence that the good-to-great companies have more or better information than comparison companies. None! Both sets of companies have virtually identical access to good information. The key, lies not in better information, but in turning information into information that cannot be ignored.

Unwavering Faith Amid the Brutal Facts.

In confronting the brutal facts, the good-to-great companies leave themselves strong and more resilient, not weaker and more dispirited. There is a sense of exhilaration that comes in facing head-on the hard truths and saying, “We will never give up. We will never capitulate. It might take a long time, but we will find a way to prevail.”

The Stockdale Paradox		
Retain faith that you will prevail in the end, regardless of difficulties.	AND at the same time	Confront the most brutal facts of your current reality, whatever they might be.

The good-to-great leaders are able to strip away so much noise and clutter and just focus on the few things that will have the greatest impact. They are able to do so in large part because they operate from both sides of the Stockdale Paradox, never letting one side overshadow the other. If you are able to adopt this duel pattern, you will dramatically increase the odds of making a series of good decisions and ultimately discovering a simple, yet deeply insightful, concept for making the really big choices. And once you have that simple, unifying concept, you will be very close to making a sustained transition to breakthrough results.

KEY POINTS

- All good-to-great companies began the process of finding a path to greatness by confronting the brutal facts of their current reality.
- When you start with an honest and diligent effort to determine the truth of your situation, the right decisions often become self-evident. It is impossible to make good decision without infusing the entire process with an honest confrontation of the brutal facts.

- A primary task in taking a company from good to great is to create a culture wherein people have a tremendous opportunity to be heard and, ultimately, for the truth to be heard.
- Creating a climate where the truth is heard involves four basic practices:
 - Lead with questions, not answers.
 - Engage in dialogue and debate, not coercion.
 - Conduct autopsies, without blame.
 - Build red flag mechanisms that turn information into information that cannot be ignored.
- The good-to-great companies faced just as much adversity as the comparison companies, but responded to that adversity differently. They hit the realities of their situation head-on. As a result, they emerged from adversity even stronger.
- A key psychology for leading from good to great is the Stockdale Paradox: Retain absolute faith that you can and will prevail in the end, regardless of the difficulties, AND at the same time confront the most brutal facts of your current reality, whatever they might be.
- Charisma can be as much a liability as an asset, as the strength of your leadership personality can deter people from bringing you the brutal facts.
- Leadership does not begin just with vision. It begins with getting people to confront the brutal facts and to act on the implications.
- Spending time and energy trying to “motivate” people is a waste of effort. The real question is not, “How do we motivate our people?” If you have the right people, they will be self-motivated. The key is to not de-motivate them. One of the primary ways to de-motivate people is to ignore the brutal facts of reality.

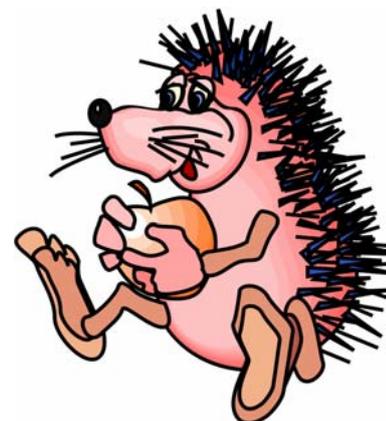
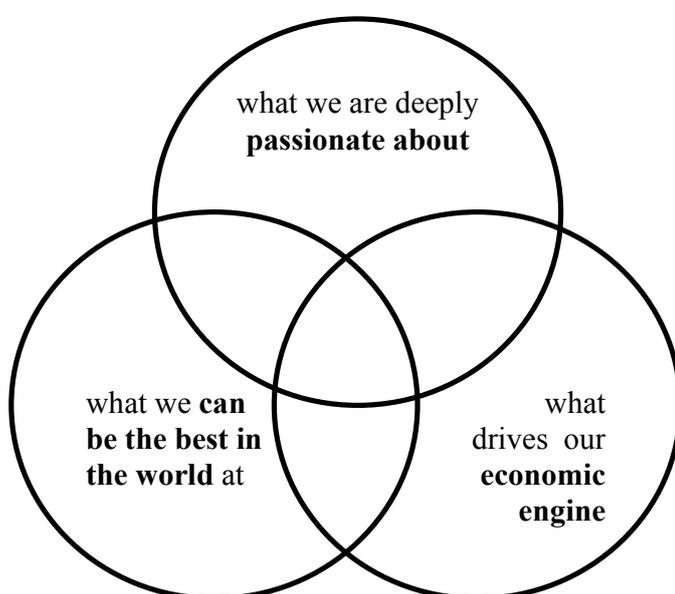
The HEDGEHOG CONCEPT (Simplicity with the Three Circles):

The essential strategic difference between the good-to-great and comparison companies lay in two fundamental distinctions. First, the good-to-great companies founded their strategies on deep understanding along three key dimensions – what is called the three circles. Second, the good-to-great companies translated that understanding into a simple, crystalline concept that guides all efforts – hence the term Hedgehog Concept.



More precisely, a Hedgehog Concept is a simple, crystalline concept that flows from deep understanding about the intersection of the following three circles:

The Company focuses upon



1. What you can be the best in the world at.

This discerning standard goes far beyond core competence. Just because you possess a core competence doesn't necessarily mean you can be the best in the world at it. Conversely, what you can be the best at might not even be something in which you are currently engaged.

2. What drives your economic engine?

All the good-to-great companies attain piercing insight into how to most effectively generate sustained and robust cash flow and profitability. In particular, they discover the single denominator – profit per x – that has the greatest impact on their economics.

3. What you are deeply passionate about.

The good-to-great companies focus on those activities that ignite their passion. The idea here is not to stimulate passion but to discover what makes you passionate.

To have a fully developed Hedgehog Concept, you need all three circles. If you make a lot of money doing things at which you could never be the best, you'll only build a successful company, not a great one. If you become the best at something, you'll never remain on top if you don't have intrinsic passion for what you are doing. Finally, you can be passionate all you want, but if you can't be the best at it or it doesn't make economic sense, then you might have a lot of fun, but you won't produce great results.

What can we potentially do better than any other company, and, equally important, what can we not do better than any other company? And if we can't be the best at it, then why are we doing it at all?

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.

To go from good to great requires transcending the curse of competence. It requires the discipline to say, "Just because we are good at it – just because we're making money and generating growth – doesn't necessarily mean we can become the best at it." The good-to-great companies understand that doing what you are good at will only make you good; focusing solely on what you can potentially do better than any other organisation is the only path to greatness.

Insight into your economic engine – what is your denominator?

Each good-to-great company builds a fabulous economic engine, regardless of the industry. They are able to do this because they attain profound insights into their economics.

One particular provocative form of economic insight that every good-to-great company attains, is the notion of a single "economic denominator". Think about it in terms of the following question: If you could pick one and only one ratio – 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 sustainable impact on your economic engine? This is activity based accounting.

The denominator can be quite subtle, sometimes even unobvious. The key is to use the question of the denominator to gain understanding and insight into your economic model.

Pushing for a single denominator tends to produce better insight than letting yourself off the hook with three or four denominators.

Understanding your passions.

We should only do those things that we can be passionate about.

If you have the right Hedgehog Concept and make decisions relentlessly consistent with it, you will create such momentum that your main problem will not be how to grow, but how not to grow too fast.

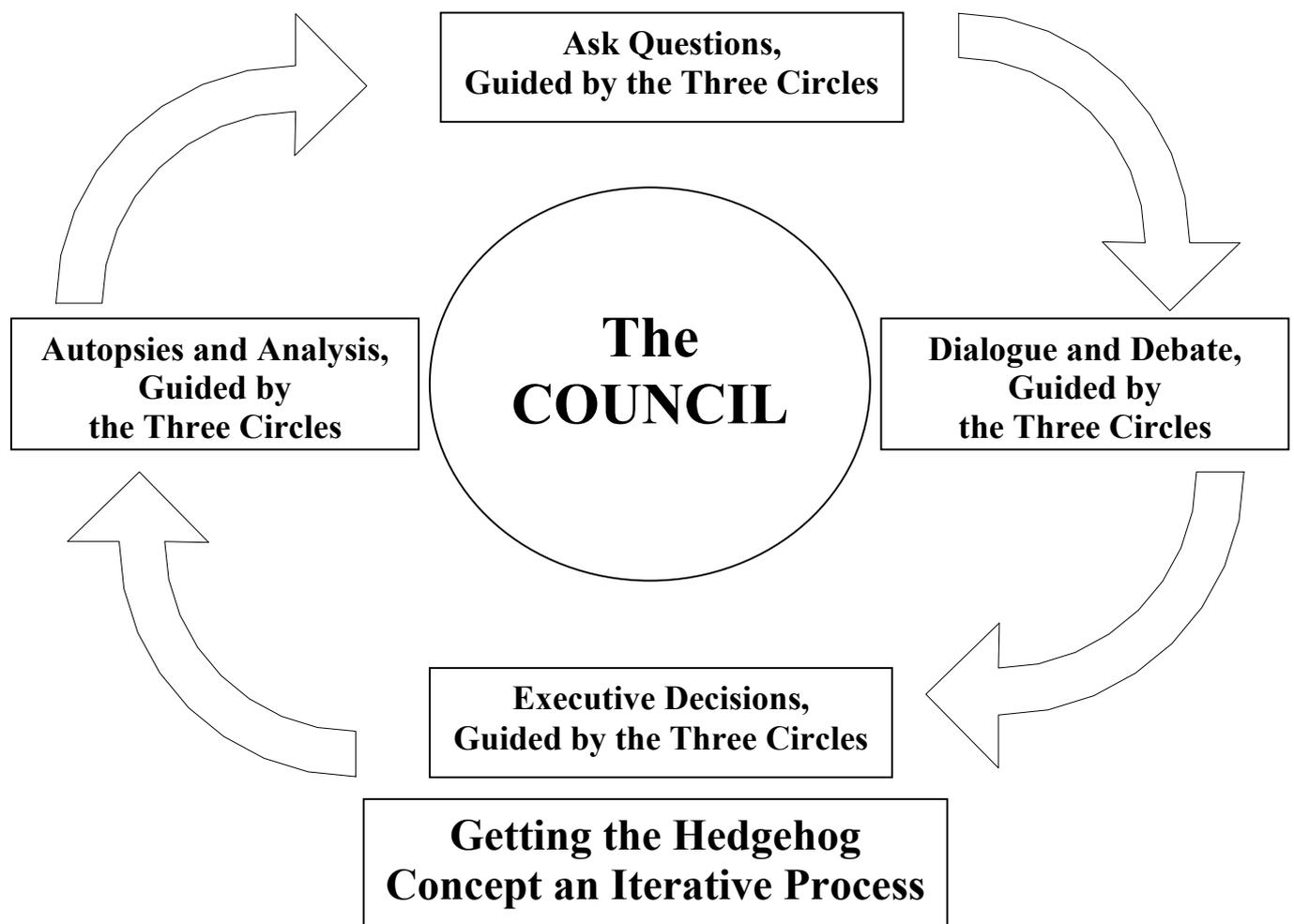
Disciplined action – the third big chunk in the framework after disciplined people and disciplined thought – only makes sense in the context of the Hedgehog Concept.

A Hedgehog Concept simplifies a complex world and makes decisions much easier. While it has crystalline clarity and elegant simplicity once you have it, getting it can be devilishly difficult and takes

time. Recognize that getting a Hedgehog Concept is an inherently iterative process, not an event.

The essence of the process is to get the right people engaged in vigorous dialogue and debate, infused with the brutal facts and guided by questions formed by the three circles. Do we really understand what we can be the best in the world at, as distinct from what we can just be successful at? Do we really understand the drivers in our economic engine, including our economic denominator? Do we really understand what best ignites our passion?

Moving the process along is a device that we call the Council. The Council consists of a group of the right people who participate in dialogue and debate guided by the three circles, iteratively and over time, about vital issues and decisions facing the organisation.



Characteristics of the Council

1. The Council exists as a device to gain understanding about important issues facing the organisation.
2. The Council is assembled and used by the leading executive and usually consists of three to twelve people.

3. Each Council member has the ability to argue and debate in search of understanding, not from the egoistic need to win a point or protect a parochial interest.
4. Each Council member retains the respect of every other Council member, without exception.
5. Council members come from a range of perspectives, but each member has deep knowledge about some aspect of the organisation and/or the environment in which it operates.
6. The Council includes key members of the management team but is not limited to members of the management team, nor is every executive automatically a member.
7. The Council is a standing body, not an ad hoc committee assembled for a specific project.
8. The Council meets periodically, as much as once a week or as infrequently as once per quarter.
9. The Council does not seek consensus, recognizing that consensus decisions are often at odds with intelligent decisions. The responsibility for the final decision remains with the leading executive.
10. The Council is an informal body, not listed on any formal organisation chart or in any formal documents.
11. The Council can have a range of possible names, usually quite innocuous. In the good-to-great companies, they have benign names like Long-Range Profit Improvement Committee, Corporate Products Committee, Strategic Thinking Group, and Executive Council.

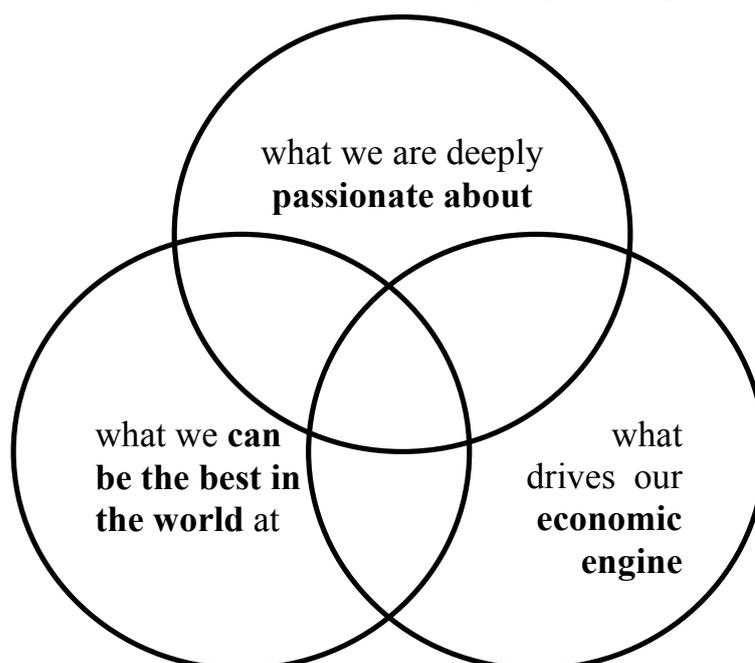


When you get your Hedgehog Concept right, it has the quiet ping of truth, like a single, clear, perfectly struck note hanging in the air in the hushed silence of a full auditorium at the end of a quiet movement of a Mozart piano concerto.

KEY POINTS

- To go from good to great requires a deep understanding of three intersecting circles translated into a simple, crystalline concept (the Hedgehog Concept).

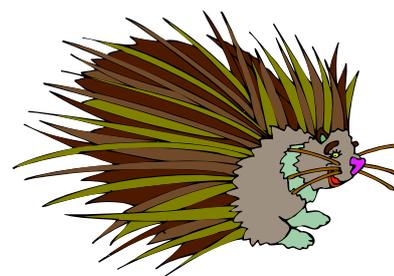
Three Circles of the Hedgehog Concept



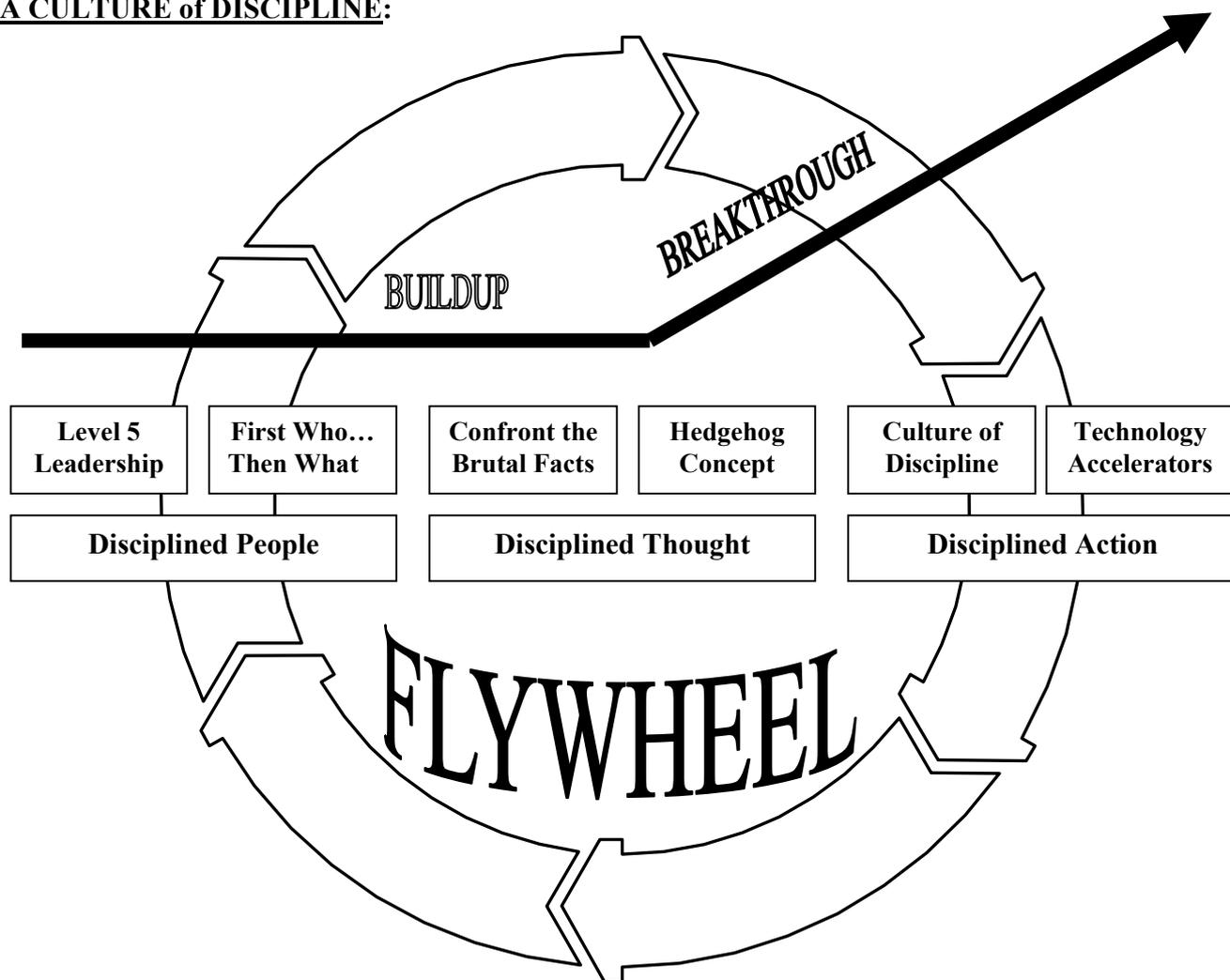
- The key is to understand what your organisation can be the best in the world at, and equally important what it cannot be the best at – not what it “wants” to be the best at. The Hedgehog Concept is not a goal, strategy, or intention; it is an understanding.
- If you cannot be the best in the world at your core business, then your core business cannot form the basis of your Hedgehog Concept.
- The “best in the world” understanding is a much more severe standard than a core competence. You might have a competence but not necessarily have the capacity to be truly the best in the world at that competence. Conversely, there may be activities at which you could become the best in the world, but at which you have no current competence.
- To get insight into the drivers of your economic engine, search for the one denominator (profit per X, or in the social sector, cash flow per X) that has the single greatest impact.
- Good-to-great companies set their goals and strategies based on understanding; comparison companies set their goals and strategies based on bravado.
- Getting the Hedgehog Concept is an iterative process. The Council can be a useful device.

UNEXPECTED FINDINGS

- The good-to-great companies are more like hedgehogs – simple, dowdy creatures that know “one big thing” and stick to it. The comparison companies are more like foxes – crafty, cunning creatures that know many things yet lack consistency.
- It takes four years on average for the good-to-great companies to get a Hedgehog Concept.
- Strategy per se does not separate the good-to-great companies from the comparison companies. Both sets have strategies, and there is no evidence that the good-to-great companies spend more time on strategic planning than the comparison companies.
- You absolutely do not need to be in a great industry to produce sustained great results. No matter how bad the industry, every good-to-great company figures out how to produce truly superior economic returns.



A CULTURE of DISCIPLINE:



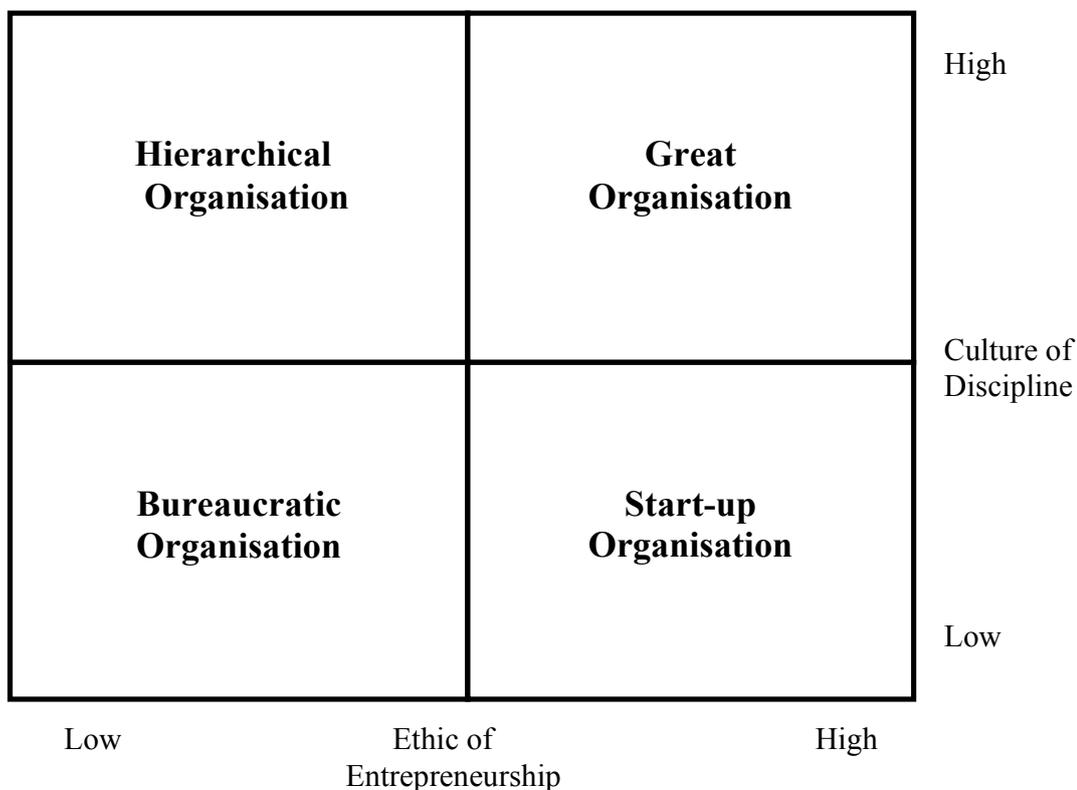
Few successful start-ups become great companies, in large part because they respond to growth and success in the wrong way. Entrepreneurial success is fuelled by creativity, imagination, bold moves into uncharted waters, and visionary zeal. As a company grows and becomes more complex, it begins to trip over its own success – too many new people, too many new customers, too many new orders, too many new products. What was once great fun becomes an unwieldy ball of disorganised stuff. Lack of planning, lack of accounting, lack of systems, and lack of hiring constraints create friction. Problems surface – with customers, with cash flow, with schedules.

The professional managers finally rein in the mess. They create order out of chaos, but they also kill the entrepreneurial spirit. The exciting start-up transforms into just another company, with nothing special to recommend it. The cancer of mediocrity begins to grow in earnest.

The purpose of bureaucracy is to compensate for incompetence and lack of discipline – a problem that largely goes away when you have the right people in the first place.

Avoid bureaucracy and hierarchy and instead create a culture of discipline. When you put these two complementary forces together – a culture of discipline with an ethic of entrepreneurship – you get a magical alchemy of superior performance and sustained results.

The Good-to-Great Matrix of Creative Discipline



Activity based costing and accounting avoids the opportunity of hiding behind traditional accounting allocations, slopping funds about to cover up ineffective management, and having no opportunities for finger-pointing.

Individuals have to commit fully to the system and are held rigorously accountable for their objectives. They have freedom, but freedom within a framework.

We recognise that planning is priceless, but plans are useless.

Management must have the discipline to say no to opportunities that fail the three circles test. Management must encourage wide-ranging innovation within its division, whilst simultaneously maintaining fanatical adherence to the Hedgehog Concepts adopted.

Build a culture full of people who take disciplined action within the three circles, fanatically consistent with the Hedgehog Concept.

More precisely, this means the following:

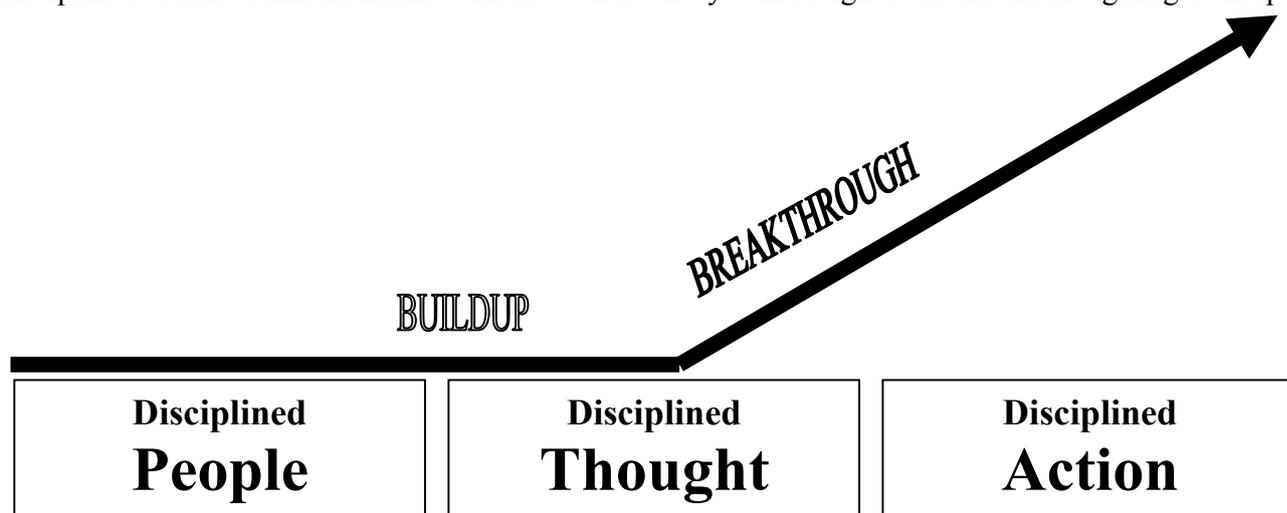
1. Build a culture around the idea of freedom and responsibility, within a framework.
2. Fill that culture with self-disciplined people who are willing to go to extreme lengths to fulfil their responsibilities. They will “rinse their cottage cheese”.
3. Don’t confuse a culture of discipline with a tyrannical disciplinarian.
4. Adhere with great consistency to the Hedgehog Concept, exercising an almost religious focus on

the intersection of the three circles. Equally important, create a “stop doing list” and systematically unplug anything extraneous.

The good-to-great companies build a consistent system with clear constraints, but they also give people freedom and responsibility within the framework of that system. Hire self-disciplined people who don't need to be managed, manage the system, not the people.

Creating a culture of discipline. It all starts with disciplined people. The transition begins not by trying to discipline the wrong people into the right behaviours, but by getting self-disciplined people on the bus in the first place. Next we have disciplined thought. You need the discipline to confront the brutal facts of reality, while retaining resolute faith that you can and will create a path to greatness. Most importantly, you need the discipline to persist in the search for understanding until you get your Hedgehog Concept. Finally, we have disciplined action. This order is important. Disciplined action without self-disciplined people is impossible to sustain, and disciplined action without disciplined thought is a recipe for disaster.

The point is to first get self-disciplined people who engage in very rigorous thinking, who then take disciplined action within the framework of a consistent system designed around the Hedgehog Concept.



“RINSING YOUR COTTAGE CHEESE”

Disciplined, rigorous, dogged, determined, diligent, precise, fastidious, systematic, methodical, workmanlike, demanding, consistent, focused, accountable, and responsible, that is what you need to be.

People in the good-to-great companies become somewhat extreme in the fulfilment of their responsibilities, bordering in some cases on fanaticism.

Everyone would like to be the best, but most organisations lack the discipline to figure out with egoless clarity what they can be the best at and the will to do whatever it takes to turn that potential into reality. They lack the discipline to rinse their cottage cheese.

Whereas the good-to-great companies have Level 5 leaders who build an enduring culture of discipline, the unsustained comparisons have Level 4 leaders who personally discipline the organisation through

sheer force.

“Anything that does not fit with our Hedgehog Concept, we will not do. We will not launch unrelated businesses. We will not make unrelated acquisitions. We will not do unrelated joint ventures. If it doesn’t fit, we don’t do it. Period.”

The more an organisation has the discipline to stay within its three circles, the more it will have attractive opportunities for growth. Indeed, a great company is much more likely to die of indigestion from too much opportunity than starvation from too little. The challenge becomes not opportunity creation, but opportunity selection.

It takes discipline to say “No thank you” to big opportunities. The fact that something is a “once-in-a-lifetime opportunity” is irrelevant if it doesn’t fit within the three circles.

This notion of fanatical consistency relative to the Hedgehog Concept doesn’t just concern the portfolio of strategic activities. It can relate to the entire way you manage and build your organisation.

Executive may not receive better benefits than frontline workers. In fact, executives may have fewer perks. For example, all workers (but not executives) may be eligible to receive \$2,000 per year for each child for up to four years of post-high school education – even if the worker has nine children.

Your status and authority comes from your leadership capabilities, not your position – so all hard hats are the same colour, no differentiation for rank. If you don’t like it – if you really feel you need that class distinction – well, then, this is not the right place for you.

“Being right” just isn’t that hard if you have all the pieces in place. If you have Level 5 leaders who get the right people on the bus, if you confront the brutal facts of reality, if you create a climate where the truth is heard, if you have a Council and work within the three circles, if you frame all decisions in the context of a crystalline Hedgehog Concept, if you act from understanding, not bravado – if you do all these things, then you are likely to be right on the big decisions. The real question is, once you know the right thing, do you have the discipline to do the right thing and, equally important, to stop doing the wrong things?

KEY POINTS

- Sustained great results depend upon building a culture full of self-disciplined people who take disciplined action, fanatically consistent with the three circles.
- Bureaucratic cultures arise to compensate for incompetence and lack of discipline, which arise from having the wrong people on the bus in the first place. If you get the right people on the bus, and the wrong people off, you don’t need stultifying bureaucracy.
- A culture of discipline involves a duality. On the one hand, it requires people who adhere to a consistent system; yet, on the other hand, it gives people freedom and responsibility within the framework of that system.
- A culture of discipline is not just about action. It is about getting disciplined people who engage in disciplined thought and who then take disciplined action.
- The good-to-great companies appear boring and pedestrian looking in from the outside, but upon closer inspection, they’re full of people who display extreme diligence and a stunning intensity (they “rinse their cottage cheese”).

- Do not confuse a culture of discipline with a tyrant who disciplines – they are very different concepts, one highly functional, the other highly dysfunctional. Saviour CEOs who personally discipline through sheer force of personality usually fail to produce sustained results.
- The single most important form of discipline for sustained results is fanatical adherence to the Hedgehog Concept and the willingness to shun opportunities that fall outside the three circles.

UNEXPECTED FINDINGS

- The more an organisation has the discipline to stay within its three circles, with almost religious consistency, the more it will have opportunities for growth.
- The fact that something is a “once-in-a-lifetime opportunity” is irrelevant, unless it fits within the three circles. A great company will have many once-in-a-lifetime opportunities.
- The purpose of budgeting in a good-to-great company is not to decide how much each activity gets, but to decide which arenas best fit with the Hedgehog Concept and should be fully funded and which should not be funded at all.
- “Stop doing” lists are more important than “to do” lists.

TECHNOLOGY ACCELERATORS:

“We’re a crawl, walk, run company.”

Technology-induced change is nothing new. The real question is not, What is the role of technology? Rather, the real question is, How do good-to-great organisations think differently about technology?

The pioneering application of technology usually comes late in the transition from good-to-great and never at the start.

When used right, technology becomes an accelerator of momentum, not a creator of it. The good-to-great companies never begin their transitions with pioneering technology, for the simple reason that you cannot make good use of technology until you know which technologies are relevant. And which are those? Those – and only those – that link directly to the three intersecting circles of the Hedgehog Concept.

Does the technology fit directly with your Hedgehog Concept? If yes, then you need to become a pioneer in the application of that technology. If no, then ask, do you need this technology at all? If yes, then all you need is parity. (You don’t necessarily need the world’s most advanced phone system to be a great company.) If no, then the technology is irrelevant, and you can ignore it.

The primary factors for success is the consistency of the company, and the ability to project its philosophies throughout the whole organisation, enabled by lack of layers and bureaucracy.

Technology by itself is never a primary cause of either greatness or decline.

No technology, no matter how amazing – not computers, not telecommunications, not robotics, not the Internet – can by itself ignite a shift from good to great. No technology can make you Level 5. No technology can instil the discipline to confront brutal facts of reality, nor can it instil unwavering faith. No technology can supplant the need for deep understanding of the three circles and the translation of that understanding into a simple Hedgehog Concept. No technology can create a culture of discipline. No technology can instil the simple inner belief that leaving unrealised potential on the table – letting something remain good when it can become great – is a secular sin.

KEY POINTS

- Good-to-great organisations think differently about technology and technological change than mediocre ones.
- Good-to-great organisations avoid technology fads and bandwagons, yet they become pioneers in the application of carefully selected technologies.
- The key question about any technology is, Does the technology fit directly with our Hedgehog Concept? If yes, then you need to become a pioneer in the application of that technology. If no, then you can settle for parity or ignore it entirely.
- The good-to-great companies use technology as an accelerator of momentum, not a creator of it. None of the good-to-great companies begin their transformations with pioneering technology, yet they all become pioneers in the application of technology once they grasp how it fits with their three circles and after they hit breakthrough.
- You can have taken the exact same leading-edge technologies pioneered at the good-to-great

companies and hand them to their direct comparison for free, and the comparisons still will fail to produce anywhere near the same results.

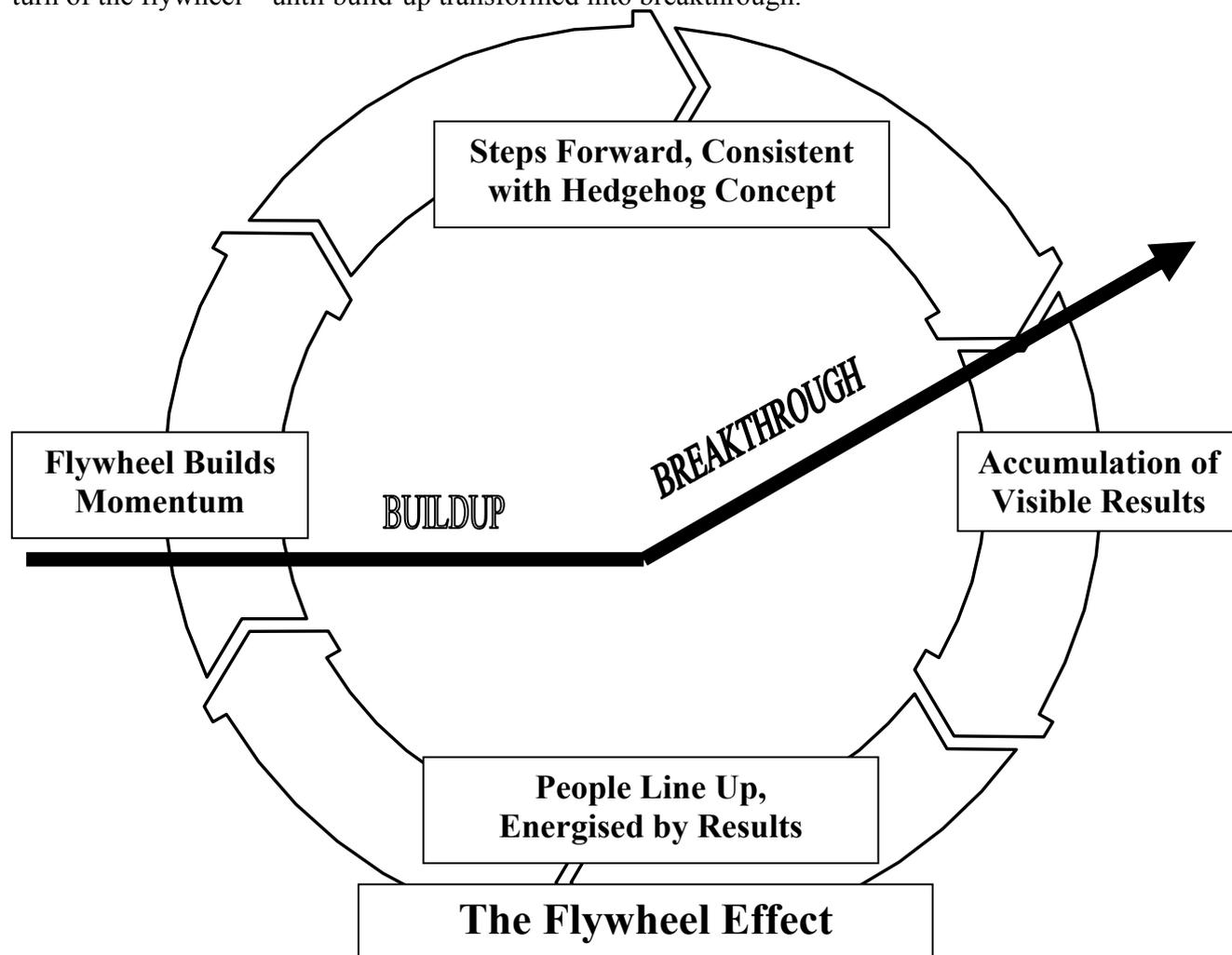
- How a company reacts to technological change is a good indicator of its inner drive for greatness versus mediocrity. Great companies respond with thoughtfulness and creativity, driven by a compulsion to turn unrealised potential into results; mediocre companies react and lurch about, motivated by fear of being left behind.

UNEXPECTED FINDINGS

- The idea that technological change is the principal cause in the decline of once-great companies (or the perpetual mediocrity of others) is not supported by the evidence. Certainly, a company can't remain a laggard and hope to be great, but technology by itself is never a primary root cause of either greatness or decline.
- Across 84 interviews with good-to-great executives, fully 80% didn't even mention technology as one of the top five factors in the transformation. This is true even in companies famous for their pioneering application of technology.
- "Crawl, walk, run" can be a very effective approach, even during times of rapid and radical technological change.

The FLYWHEEL and the DOOM LOOP:

Every good-to-great transformation followed the same basic pattern – accumulating momentum, turn by turn of the flywheel – until build-up transformed into breakthrough.



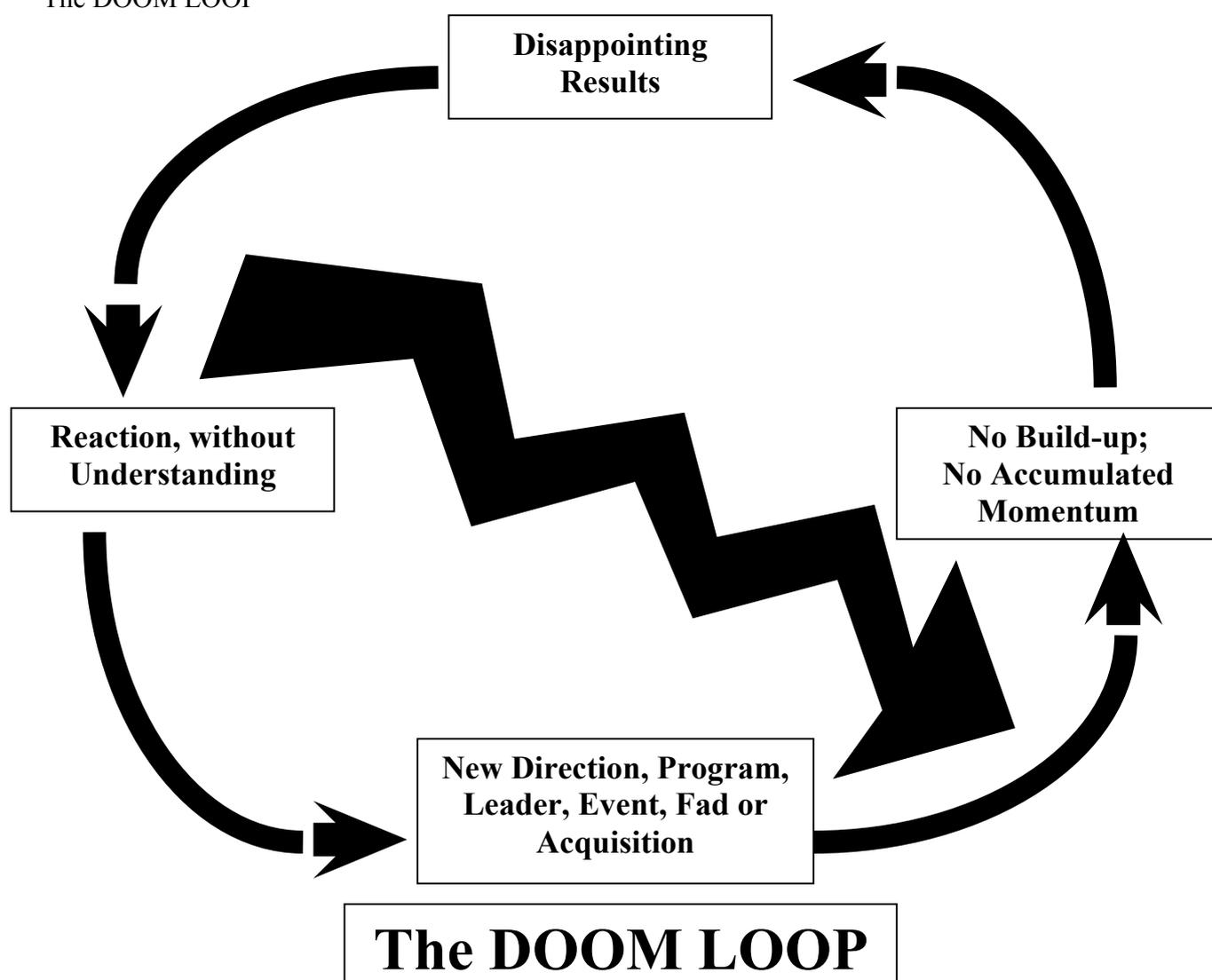
Clearly, the good-to-great companies do get incredible commitment and alignment – they artfully manage change – but never really spend much time thinking about it. It is utterly transparent to them. We learn that under the right conditions, the problems of commitment, alignment, motivation, and change just melt away. They largely take care of themselves.

“We present what we were doing in such a way that people see our accomplishments. We try to bring our plans to successful conclusions, step by step, so that the mass of people will gain confidence from the successes, not just the words.” This Leader understands that the way to get people lined up behind a bold new vision is to turn the flywheel consistent with that vision – from two turns to four, then four to eight, then eight to sixteen – and then to say, “See what we’re doing, and how well it is working?”

When you let the flywheel do the talking, you don’t need to fervently communicate your goals. People can just extrapolate from the momentum of the flywheel for themselves: “Hey, if we just keep doing this, look at where we can go!” As people decide among themselves to turn the fact of potential into the fact of results, the goal almost sets itself.

Stop and think about it for a minute. What do the right people want more than almost anything else? They want to be part of a winning team. They want to contribute to producing visible, tangible results. They want to feel the excitement of being involved in something that just flat-out works. When the right people see a simple plan born of confronting the brutal facts – a plan developed from understanding, not bravado – they are likely to say, “That’ll work. Count me in.” When they see the monolithic unity of the executive team behind the simple plan and the selfless, dedicated qualities of Level 5 leadership, they’ll drop their cynicism. When people begin to feel the magic of momentum – when they begin to see tangible results, when they feel the flywheel beginning to build speed – that’s when the bulk of people line up to throw their shoulders against the wheel and push.

The DOOM LOOP



The drive for mergers and acquisitions comes less from sound reasoning and more from the fact that doing deals is much more exciting way to spend your day than doing actual work.

Why do the good-to-great companies have a substantially higher success rate with acquisitions, especially major acquisitions? The key to their success is that their big acquisitions generally take place

after development of the Hedgehog Concept and after the flywheel has built significant momentum. They use acquisitions as an accelerator of flywheel momentum, not a creator of it.

What can we do better than any other company in the world, that fits our economic denominator and that we have passion for? Doom Loop companies never learn the simple truth that, while you can buy your way to growth, you absolutely cannot buy your way to greatness. Two mediocrities joined together never make one great company.

HOW TO TELL IF YOU'RE ON THE FLYWHEEL or in the DOOM LOOP

Signs that you're on the Flywheel (Good-to-great Companies)

Signs that you're in the Doom Loop (Comparison Companies)

Follow a pattern of build-up leading to breakthrough.

Skip build-up and jump right to breakthrough.

Reach breakthrough by an accumulation of steps, one after the other, turn by turn of the flywheel; feels like an organic evolutionary process.

Implement big programs, radical change efforts, dramatic revolutions; chronic restructuring – always looking for a miracle moment or new saviour.

Confront the brutal facts to see clearly what steps must be taken to build momentum.

Embrace fads and engage in management hoopla, rather than confront the brutal facts.

Attain consistency with a clear Hedgehog Concept, resolutely staying within the three circles.

Demonstrate chronic inconsistency – lurching back and forth and straying far outside the three circles.

Follow the pattern of disciplined people (“first who”), disciplined thought, disciplined action.

Jump right to action, without disciplined thought and without first getting the right people on the bus.

Harness appropriate technologies to your Hedgehog Concept, to accelerate momentum.

Run about like Chicken Little in reaction to technology change, fearful of being left behind.

Make major acquisitions after breakthrough (if at all) to accelerate momentum.

Make major acquisitions before breakthrough, in a doomed attempt to create momentum.

Spend little energy trying to motivate or align people; the momentum of the flywheel is infectious.

Spend a lot of energy trying to align and motivate people, rallying them around new visions.

Let results do most of the talking.

Sell the future, to compensate for lack of results.

Maintain consistency over time; each generation builds on the work of previous generations; the flywheel continues to build momentum.

Demonstrate inconsistency over time; each new leader brings a radical new path; the flywheel grinds to a halt, and the doom loop begins anew.

It all starts with Level 5 leaders, who naturally gravitate toward the flywheel model. They're less interested in flashy programs that make it look like they are Leading! with a capital L. They're more interested in the quiet, deliberate process of pushing on the flywheel to produce Results! with a capital R.

Getting the right people on the bus, the wrong people off the bus, and the right people in the right seats – these are all crucial steps in the early stages of build-up, very important pushes on the flywheel.

Next, when you attain deep understanding about the three circles of your Hedgehog Concept and begin to push in a direction consistent with that understanding, you hit breakthrough momentum and accelerate with key accelerators, chief among them pioneering the application of technology tied directly back to your three circles. Ultimately, to reach break-through means having the discipline to make a series of good decisions consistent with your Hedgehog Concept – disciplined action, following from disciplined people who exercise disciplined thought. That's it. That's the essence of the breakthrough process.

In short, if you diligently and successfully apply each concept in the framework, and you continue to push in a consistent direction on the flywheel, accumulating momentum step by step and turn by turn, you will eventually reach breakthrough. It might not happen today, or tomorrow, or next week. It might not even happen next year. But it will happen.

And when it does, you will face an entirely new set of challenges: how to accelerate momentum in response to ever-rising expectations, and how to ensure that the flywheel continues to turn long into the future. In short, your challenge will no longer be how to go from good to great, but how to go from great to enduring great.

KEY POINTS

- Good-to-great transformations often look like dramatic, revolutionary events to those observing from the outside, but they feel like organic, cumulative processes to people on the inside. The confusion of end outcomes (dramatic results) with process (organic and cumulative) skews our perception of what really works over the long haul.
- No matter how dramatic the end result, the good-to-great transformation never happens in one fell swoop. There is no single defining action, no grand program, no one killer innovation, no solitary lucky break, and no miracle moment.
- Sustainable transformations follow a predictable pattern of build-up and breakthrough. Like pushing on a giant, heavy flywheel, it takes a lot of effort to get the thing moving at all, but with persistent pushing in a consistent direction over a long period of time, the flywheel builds momentum, eventually hitting a point of breakthrough.
- The comparison companies follow a different patten, the doom loop. Rather than accumulating momentum – turn by turn of the flywheel – they try to skip build-up and jump immediately to breakthrough. Then, with disappointing results, they lurch back and forth, failing to maintain a consistent direction.
- The comparison companies frequently try to create a breakthrough with large, misguided acquisitions. The good-to-great companies, in contrast, principally use large acquisitions after breakthrough, to accelerate momentum in an already fast-spinning flywheel.

UNEXPECTED RESULTS

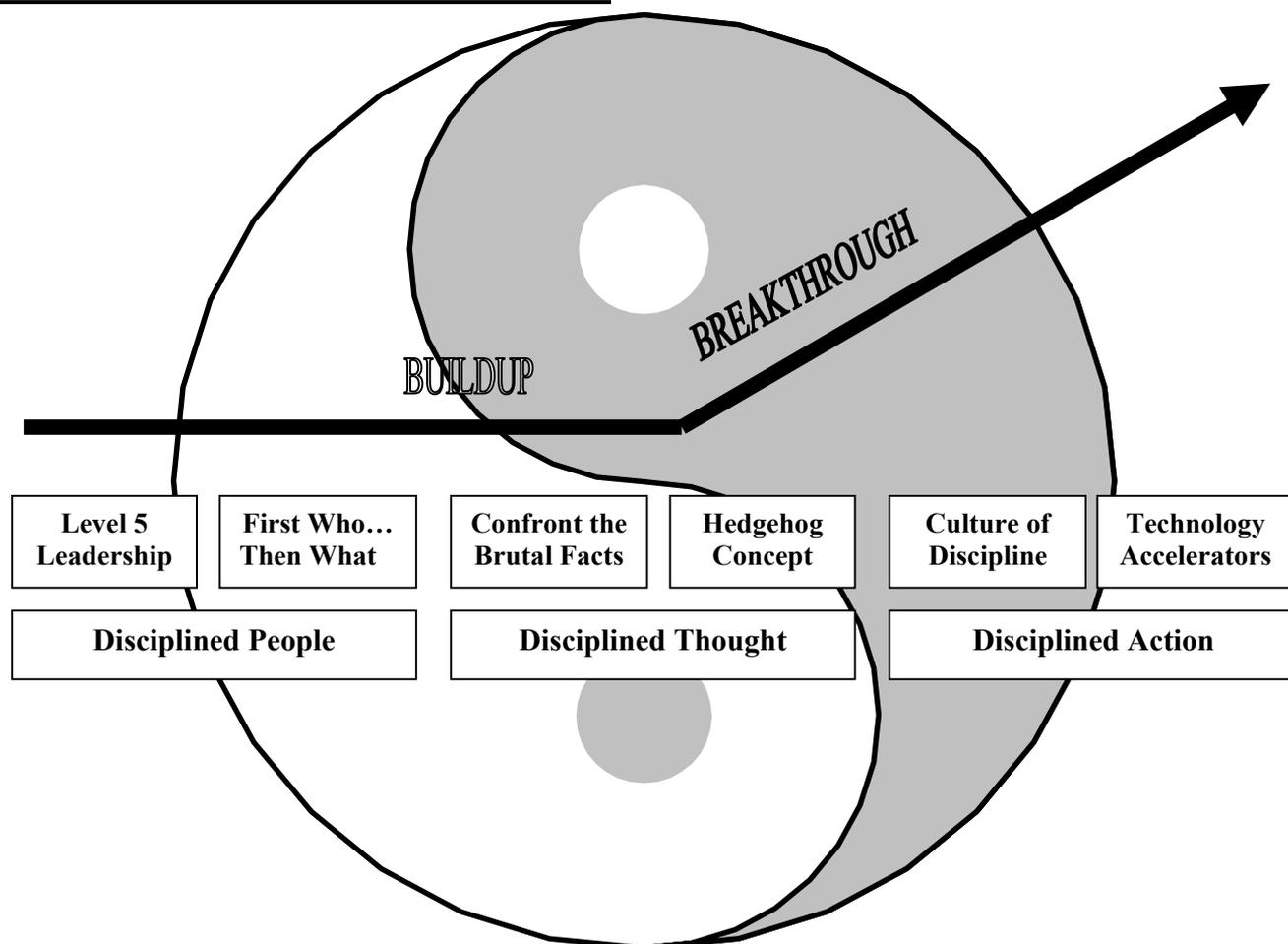
- Those inside the good-to-great companies are often unaware of the magnitude of their transformation at the time; only later, in retrospect, does it become clear. They have no name, tag line, launch event, or program to signify what they are doing at the time.
- The good-to-great leaders spend essentially no energy trying to “create alignment”, “motivate the troops”, or “manage change”. Under the right conditions, the problems of commitment, alignment, motivation, and change largely take care of themselves. Alignment principally follows from results and momentum, not the other way around.
- The short-term pressures of the Stock Exchange are not inconsistent with following this model. The flywheel effect is not in conflict with these pressures. Indeed, it is the key to managing them.

**Feelings First Spirituality, The New Way
Unlock your Truth through your Feelings**

Feelings *first*

LIVE FEELINGS FIRST

From GOOD TO GREAT to BUILT TO LAST:



Applying the Good to Great findings to create sustained great results, as a start-up or an established organisation, and then apply the findings of Built to Last to go from great results to an enduring great company:

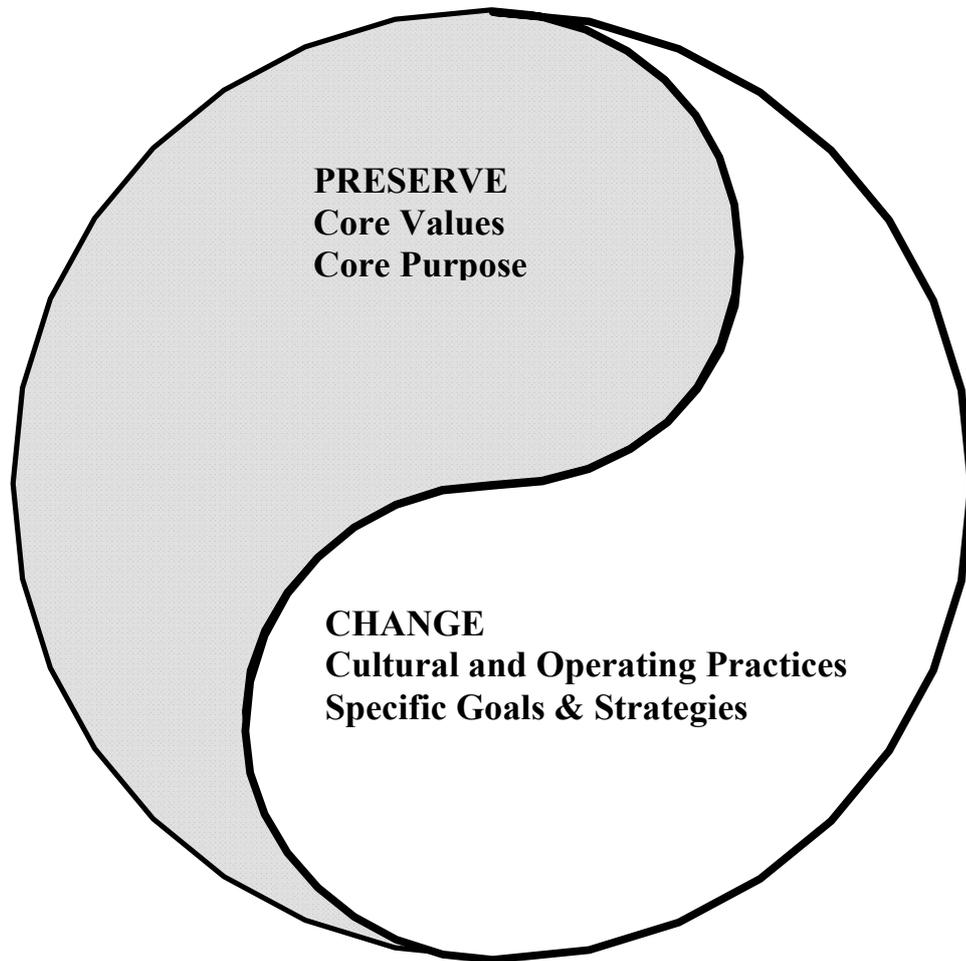
Established		Good to		Sustained		Built to		Enduring
Company	+	Great	→	Great	+	Last	→	Great
Or Start-up		Concepts		Results		Concepts		Company

No company can grow revenues consistently faster than its ability to get enough of the right people to implement that growth and still become a great company.

Enduring great companies don't exist merely to deliver returns to shareholders. Indeed, in a truly great company, profits and cash flow become like blood and water to a healthy body: they are absolutely essential for life, but they are not the very point of life.

“We try to remember that medicine is for the patient ... It is not for the profits. The profits follow, and if we have remembered that, they have never failed to appear. The better we have remembered it, the

larger they have been.”



1. **CLOCK BUILDING, NOT TIME TELLING.** Build an organisation that can endure and adapt through multiple generations of leaders and multiple product life cycles; the exact opposite of being built around a single great leader or a single great idea.
2. **GENIUS of AND.** Embrace both extremes on a number of dimensions at the same time. Instead of choosing A or B, figure out how to have A **AND** B – purpose **AND** profit, continuity **AND** change, freedom **AND** responsibility, etc.
3. **CORE IDEOLOGY.** Instil core values (essential and enduring tenets) and core purpose (fundamental reason for being beyond just making money) as principles to guide decisions and inspire people throughout the organisation over a long period of time.
4. **PRESERVE THE CORE / STIMULATE PROGRESS.** Preserve the core ideology as an anchor point while stimulating change, improvement, innovation, and renewal in everything else. Change practices and strategies while holding core values and purpose fixed. Set and achieve BHAGs (Big Hairy Audacious Goal) consistent with the core ideology.

**FROM GOOD TO GREAT TO BUILT TO LAST:
CONCEPTUAL LINKS**

**CONCEPTS in
GOOD to GREAT**

**RELATIONSHIP to CONCEPTS in
BUILT to LAST**

Level 5 Leadership

Clock Building, Not Time Telling: Level 5 leaders build a company that can tick along without them, rather than feeding their egos by becoming indispensable.

Genius of AND: Personal humility AND professional will.

Core Ideology: Level 5 leaders are ambitious for the company and what it stands for; they have a sense of purpose beyond their own success.

Preserve the Core / Stimulate Progress: Level 5 leaders are relentless in stimulating progress toward tangible results and achievement, even if it means firing their brothers.

First Who ... Then What

Clock Building, Not Time Telling: Practicing “first who” is clock building, practicing “first what” (setting strategy first) is time telling.

Genius of AND: Get the right people on the bus AND the wrong people off the bus.

Core Ideology: Practising “first who” means selecting people more on their fit with the core values and purpose than on their skills and knowledge.

Preserve the Core / Stimulate Progress: Practising “first who” means a bias for promoting from within, which reinforces the core value.

**Confront the Brutal Facts
(*Stockdale Paradox*)**

Clock Building, Not Time Telling: Creating a climate where the truth is heard is clock building, especially if you create red flag mechanisms.

Genius of AND: Confront the brutal facts of your current reality AND retain unwavering faith that you will prevail in the end – the Stockdale Paradox.

Core Ideology: Confronting the brutal facts clarifies the values an organisation truly holds as core versus those that it would like to hold as core.

Preserve the Core / Stimulate Progress: Brutal facts clarify what must be done to stimulate progress.

Hedgehog Concept (The Three Circles)



Clock Building, Not Time Telling: The Council mechanism is consummate clock building.

Genius of AND: Deep understanding AND incredible simplicity.

Core Ideology: The “what you are passionate about” circle overlaps nicely with core values and purpose. Only those values about which you are passionate that you would never, under any conditions, give them up qualify as truly core.

Preserve the Core / Stimulate Progress: Good BHAGs flow from understanding; bad BHAGs flow from bravado. Great BHAGs sit right in the middle of the three circles.

Culture of Discipline

Clock Building, Not Time Telling: Operating through sheer force of personality as a disciplinarian is time telling; building an enduring culture of discipline is clock building.

Genius of AND: Freedom AND responsibility.

Core Ideology: A culture of discipline ejects those who do not share the values and standards of an organisation.

Preserve the Core / Stimulate Progress: When you have a discipline, you can give people more freedom to experiment and find their own best path to results.

Technology Accelerators

Clock Building, Not Time Telling: Technology accelerators are a key part of the clock.

Genius of AND: Shun technology fads AND pioneer the application of technology.

Core Ideology: In a great company, technology is subservient to core values, not the other way around.

Preserve the Core / Stimulate Progress: The right technologies accelerate momentum in the flywheel, toward the achievement of BHAGs.

Flywheel, Not Doom Loop

Clock Building, Not Time Telling: The flywheel effect creates the sustained building of momentum, and does not depend on the presence of a charismatic visionary to motivate people.

Genius of AND: Evolutionary, incremental process AND revolutionary, dramatic results.

Core Ideology: The doom loop makes it almost impossible to instil

core values and purpose, as people chronically wonder, “Who are we? What do we stand for?”

Preserve the Core / Stimulate Progress: The smooth consistency of the flywheel and the cumulative building of momentum to a point of breakthrough create the perfect conditions for instilling core values while stimulating change and progress.

Bad BHAGs (**Big Hairy Audacious Goals**), it turns out, are set with bravado; good BHAGs are set with understanding. Indeed, when you combine quiet understanding of the three circles with the audacity of a BHAG, you get a powerful almost magical mix.

Three Circles of the Hedgehog Concept



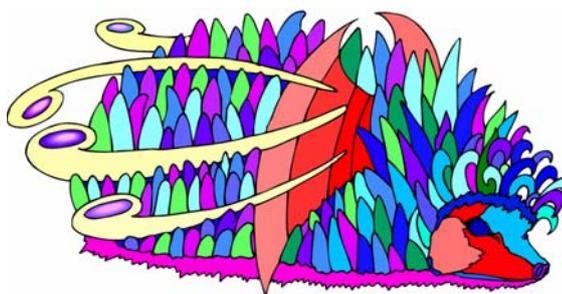
To remain great over time requires, on the one hand, staying squarely within the three circles while on the other hand, being willing to change the specific manifestation of what's inside the three circles at any given moment.

To create an enduring great company requires all the key concepts from both Good to Great and Built to Last, tied together and applied consistently over time. Furthermore, **if you ever stop doing any one of the key ideas, your organisation will inevitably slide backward toward mediocrity.** It is much easier to become great than to remain great. Ultimately, the consistent application of both sets of principals, one building upon the other, gives the best chance for creating greatness that lasts.

Turning good into great takes energy, but the building of momentum adds more energy back into the pool than it takes out. Conversely, perpetuating mediocrity is an inherently depressing process and drains much more energy out of the pool than it puts in.

Indeed, the real question is not “Why greatness?” but “What work makes you feel compelled to try to create greatness?” If you have to ask the question, “Why should we try to make it great? Isn’t success enough?” then you’re probably engaged in the wrong line of work.

When all these pieces come together, not only does your work move toward greatness, but so does your life. For, in the end, it is impossible to have a great life unless it is a meaningful life. And it is very difficult to have a meaningful life without meaningful work. Perhaps, then, you might gain that rare tranquillity that comes from knowing that you’ve had a hand in creating something of intrinsic excellence that makes a contribution. Indeed, you might even gain that deepest of all satisfactions: knowing that your short time here on this Earth has been well spent, and that it mattered.



GOOD to GREAT, written by Jim Collins, published by Random House Business Books, ISBN 0-7126-7609-0, www.randomhouse.co.uk. Twenty researchers contributed 15,000 hours to develop and assemble this material. Jim Collins is also the co-author of **BUILT to LAST**.

By living true to ourselves, true to our feelings, we are living true to God. It’s that simple.

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Live true to your feelings, and you ARE living true, not only to your own soul, but also true to God’s soul. So doing your Healing by honouring all your feelings, IS living the will of God. And being fully Healed, IS living even more truly the Will of your Mother and Father.

Golden Rule: that one must always honour another’s will as one honours one’s own.



ALWAYS BE TRUE TO YOUR FEELINGS