

Good to Great



The Big Idea

“Good is the enemy of Great” is the opening of one of the most influential books in contemporary management thinking. As an opening it’s pretty arresting – maybe not up there alongside *“A spectre is haunting Europe”* or *“In the beginning was the word”* – but nonetheless powerful. And although originally written about businesses, the thinking behind it also challenges the self-satisfied mentality of those charities that trumpet their worthy mission statements but sometimes ignore their weak results.

The opening is taken from **Good to Great (G₂G)**, one of a series of books by US management guru, Jim Collins. In **G₂G**, Collins goes on to describe how some organisations grow from being merely **good** to genuinely **great**, defining great as “capable of making a significant difference and achieving sustainability.”¹

At The Management Centre (=mc), we’ve been applying the **G₂G** learning to the not-for-profit sector in Europe, Asia and the US for the last three years. Our work acknowledges that for charities the ‘great’ metrics are more difficult. But it can be done, and INGOs and Charities as diverse as the Dian Fossey Gorilla Fund International and the UK Science Museum are using it.

Origins

Jim Collins and his research team spent five years studying the performance of 1,435 companies over 40 years. From this, they identified 11 companies that, according to their criteria, made the leap from ‘good’ to ‘great’. To be identified as such, the company had to generate cumulative stock returns that were at least triple that of the general stock market within 15 years. Once they isolated their 11 ‘great’ companies, which, on average, outperformed the market by 6.9 times, they set about figuring out what happened to achieve that meteoric rise. Of course, they paid particular attention to what differentiated them from companies that did not make the leap.

What they found was that the great move had nothing to do with ambitious change programmes with fancy slogans. It was all about looking at the organisation with brutal honesty to determine how it could become great, operating in a culture of discipline, and staying focused with dogged determination to gradually build up momentum. (Collins contrasts this with the company that lurches from one change programme to the next with each new CEO.) =mc has developed a model to enable nonprofits to share this learning and apply it to their more complex operating environment.

¹ The research-base for the study is a long-term analysis – 25 years – of results in US for-profit companies. From that dataset Collins tracks profitability and sustained growth as his ‘great’ metrics.

How to apply it

For charities taking on the **G₂G** challenge, even assessing the ‘good’ part is difficult – so ‘great’ becomes very hard indeed. But whether you’re good or great, you need to ask if you are *genuinely* addressing poverty, natural disasters, child neglect, or whatever challenge it is that your organisation was formed to tackle. Candidly, you can only assess yourself as ‘great’ if you achieve your mission – if you have indeed reduced global warming, or slowed HIV spread, or guaranteed the nation’s heritage is preserved.

What Collins found was that organisations can make a “conscious choice” to go from good to great through three practical stages. Put simply, they are: *disciplined people, disciplined thought and disciplined action.*

STAGE 1: DISCIPLINED PEOPLE

- **Level 5 Leadership.** **G₂G** organisations have Level 5 leaders. These kinds of leaders are ambitious for the cause, the organisation, the work – but not for themselves. They have a fierce resolve to do whatever it takes to deliver results, while displaying personal humility and professional will. *What does Level 5 leadership mean for current charity leaders and fundraisers – especially the ‘charismatic’ ones? And how do we reconcile this with the growing class of merely competent ‘professional’ leaders?*

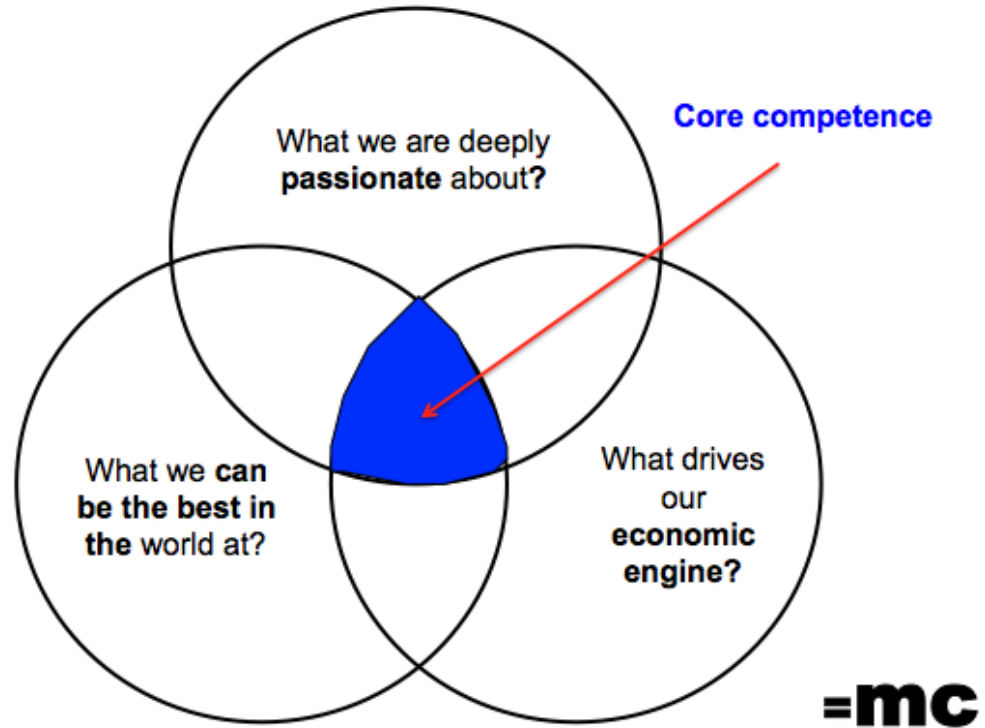
- **First Who ... Then What.** **G₂G** organisations recruit a team capable of creating greatness. This means charity leaders need to make sure they have ‘the right people on the bus’ – in the organisation – and the wrong people ‘off the bus.’ This means taking tough decisions where necessary. They also need to be sure the right people are in the key seats before they work out ‘where to drive the bus’ (the overall direction). These level 5 leaders think first about “who” and then “what.” *In a market where everyone complains about skill shortages how do you get the right people on the bus? And what does this mean for the organisation obsessed with strategy rather than building human capital?*

STAGE 2: DISCIPLINED THOUGHT

- **Confront the Brutal Facts.** **G₂G** organisations are rooted in reality especially the harsh reality of their performance against mission. But this reality check doesn’t stop them having a visionary focus. They believe that they will succeed in the end, regardless of the difficulties. *Does your annual report, like so many others, boast of your successes but ignore the failed programmes, the poor investments, the weak appointments. What’s the harsh truth about your performance against mission and do you acknowledge it?*

- **The Hedgehog Concept.** **G₂G** organisations identify their core competencies and strive to be best in those – even if that simply means being the best local hospice charity in Wiltshire. Greatness comes about by

consistently applying a simple, coherent idea— a “Hedgehog Concept”² to your work. This model involves three intersecting circles: what you can be the best at, what you’re passionate about, and what drives your resource engine. *In the charity sector, people spend a lot of time pursuing the ‘new’ rather than focusing on core competencies... what’s your core and do you play to it?*

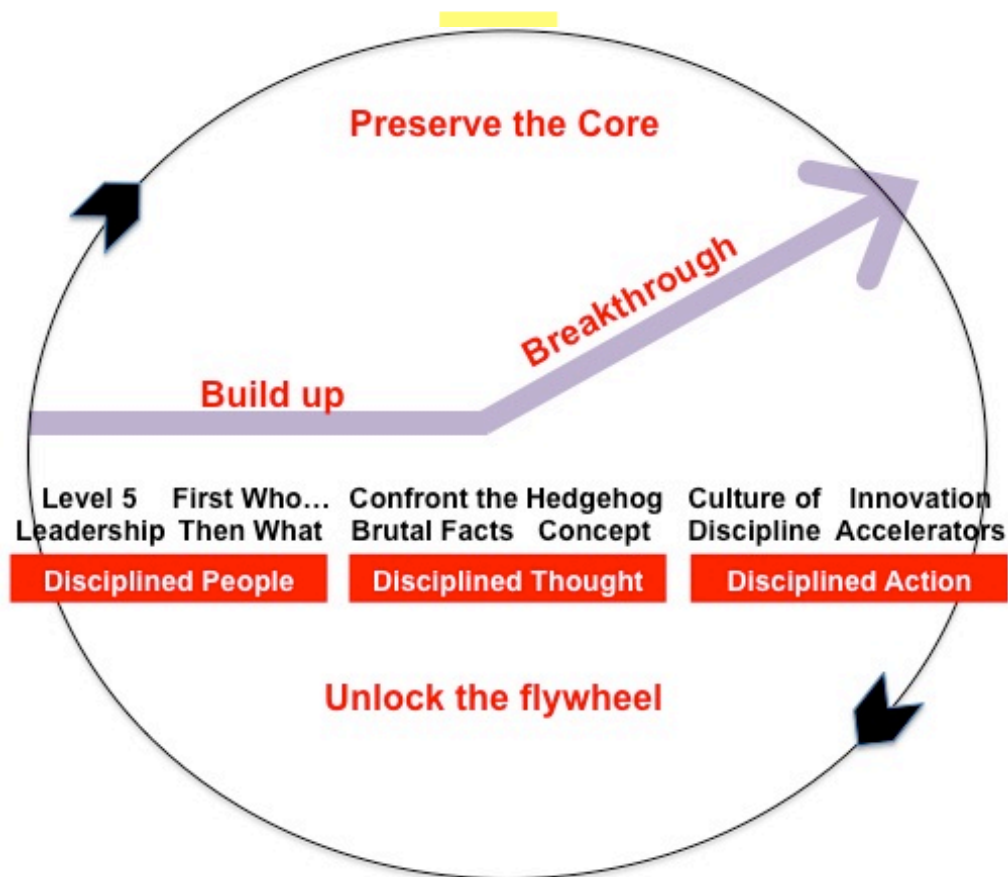


STAGE 3: DISCIPLINED ACTION

- **Culture of Discipline.** G₂G organisations work in a systematic way. Disciplined people who engage in disciplined thought and take disciplined action are the cornerstone of a greatness culture. People operate with freedom in a framework of responsibilities. In a culture of discipline, people do not have “jobs” they have responsibilities. *How do we create that disciplined accountability approach in your organisation? How do you combine discipline with the flexibility that staff and volunteers expect in contemporary organisations?*

- **Innovation Accelerators.** G₂G organisations adopt innovative approaches that help build long-term success. This isn’t about buying a new database or creating a sexy website or iPhone app. It is about adopting new ways to deliver services, building new partnerships, and facing up to the changes in society that demand we work differently. *Are you investing in the future – in techniques and technologies that might transform the way you work? Or are you simply trying to work harder at business as usual?*

² Hedgehog: Collins compares two animals, drawing on an ancient Greek legend: the fox who tries to be good at many things and the hedgehog who practices one core competence.



Collins summarises his approach with two final ideas you might like to consider. One involves what he calls **Clock Building, Not Time Telling**. If you are to become really great we need to build culture and business models not obsess about bean counting. Often you work far too hard at matching funder or short-term priorities – time telling, rather than building genuine capacity – clock building. The other idea, crucial to charities, involves creating **Change within Values**. G₂G organisations are clear on their fundamental beliefs and change *everything but* these. With clear values you can act flexibly to deliver the great result that your beneficiaries demand of you.

Dimensions of Good to Great

	Dimension	Question to ask yourself
Disciplined People	Provide level 5 leadership	Who is seen as leading the organisation – the CEO?, Fundraising Director? Senior Team? Board? Is that a sustainable and suitable management and governance model?
		Are you seen as providing successful and legitimate leadership? Does your leadership gain followership?
	Get the right people on the bus	Do you have the quality of staff you need to deliver on your mission? Can you hold onto them when you have them? Is every member of staff willing and able to contribute to greatness? Or are you carrying dead wood?

Disciplined Thought	Confront the brutal facts	Have you learned from past mistakes that were made? Do you admit them and have a culture of learning?
		Do you have accurate and timely means to report on results? Is that information acted on?
	Identify your hedgehog concept	Do you know what you're outstanding at? What creates passion in supporters and staff – and drives financial results?
		Are you clear about where your opportunities for growth are? Is the economic downturn a real chance or an inevitable slowdown?
Disciplined Action	Create a Culture of Discipline	Are you clear on the results you need from people? Do you have a system for delivering a high performing culture?
		Do you spend ages trying to motivate people? Or do you recruit self-motivated people and then manage the <i>system</i> ?
	Develop Innovation accelerators	Are you putting in place processes and systems to drive success? Do you invest in the future?
		Do you know what changes – partnerships, approaches etc. – will provide a significant difference to results?

Need some other fundraising Big Ideas?

Welcome to another **Big Idea** download from **=mc**. These downloads are designed to share with you some of the classic and contemporary techniques we're using to help *transform* the results of major charities in the UK and internationally. Collect the set!

Even if you don't want or need the Good to Great model, why not let **=mc** help unlock your fundraising potential?

=mc has a team of unrivalled fundraising consultants able to assist with the biggest and smallest campaigns. Between us we share experience in large charity work, international development, arts and culture, disability and the environment.

=mc consultants have worked with many of the world's major charities on their strategy or fundraising. We're proud to be helping or have helped Oxfam, UNICEF, the World Health Organisation, the Federation of Red Cross and Red Crescent Societies, Greenpeace International, WWF, Concern Worldwide and Amnesty International. In the UK, we've worked with Imperial War Museum, Alzheimer's Society, Oxford University, Care, WWF, Science Museum and the National Trust for Scotland.

To find out how we've helped these organisations achieve their big ideas – and how we could help you – call **Angela Cluff**, Director on +44 207 978 1516. Alternatively, you can email us at a.cluff@managementcentre.co.uk or go to our website at managementcentre.co.uk/fundraising. Or even visit our international website at managementcentre.com.