


Good to Great and the Social Sectors: A Monograph to Accompany Good to Great

James C. Collins , Jim Collins

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Building upon the concepts introduced in *Good to Great*, Jim Collins answers the most commonly asked questions raised by his readers in the social sectors. Using information gathered from interviews with over 100 social sector leaders, Jim Collins shows that his "Level 5 Leader" and other good-to-great principles can help social sector organizations make the leap to greatness.

Good to Great and the Social Sectors: A Monograph to Accompany Good to Great Details

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Asmik Sargsyan says

Quotes from "Good to Great and the Social Sectors" James C. Collins

- In the social sectors, money is only an input, and not a measure of greatness.
- A great organization is one that delivers superior performance and makes a distinctive impact over a long period of time.
- What if your outputs are inherently not measurable? The basic idea is still the same: separate inputs from outputs, and hold yourself accountable for progress in outputs, even if those outputs defy measurement.
- "But we cannot measure performance in the social sectors the way you can in a business" is simply lack of discipline.
- What matters is not finding the perfect indicator, but settling upon a consistent and intelligent method of assessing your output results, and then tracking your trajectory with rigor.
- In the social sectors, efficiency is defined in delivering on the social mission.
- The organisation should make such a unique contribution to the communities it touches and should do its work with such unadulterated excellence that if it were to disappear, it could not be easily filled by any other institution on the planet.
- The moment you think of yourself as great, your slide toward mediocrity will have already begun.
- The practice of leadership is not the same as the exercise of power.
- In legislative leadership no individual leader has enough structural power to make the most important decisions by himself. Legislative leadership relies more upon persuasion, political currency and shared interests to create the conditions for the right decision to happen.
- If it is too difficult to get the wrong people off the bus, a leader should focus instead on getting the right people on the bus. <...> Hire by hire - until a critical mass coalesced into a culture of discipline.
- True leadership only exists if people follow when they have the freedom not to.
- The great companies focus on getting and hanging on to the right people - those who are productively neurotic, those who are self-motivated and self-disciplined, those who wake up everyday, compulsively driven to do the best they can because it is simply part of their DNA.
- How did she convince these graduates to work for low pay in tough classrooms? First, by tapping their idealistic passions, and second, by making the process selective. Selectivity led to credibility with donors, which increased funding, which made it possible to attract and recruit even more young people.
- People want to feel the excitement of being involved in something that just flat out works. When you can feel the flywheel beginning to build speed - that's when most people line up to throw their shoulders against the wheel and push. People like to support winners.

Becks says

Appreciate the author taking an extra dive into how the business principles would apply to government and nonprofits, and wish more business authors did the same.

Stacie says

To quote a brilliant former colleague, "Jim Collins makes me swoon." I've read and reread this booklet 3 different times, and I pick up something new every time. Its refreshing to look at a different paradigm from someone who gets that the work of non profits is not defined by the financial statement, but by the impact of the work. This is not earth shattering or new by any means, but its a damn good reminder of why we exist and how to start to think so we can go from being mediocre non profits to great. Every non profit manager and board member should read this.

Mark Robison says

A very short book — more like a really long blog post — aimed at people who loved "Good to Great" but are in the social sector and thus do not have profits by which to measure success. Again, he's got a few amazing real-life stories to illustrate the merits of his program for going from good to great, such as with the Cleveland symphony. He admits the topic deserves a full book but says it'll take 10 years to do and so this is a stopgap meant to answer the most common questions he's received from those in nonprofits, government or other parts of the social sector. Worthwhile but not essential. Grade: B+

Heather says

This was a fabulous little monograph that explains the "Good to Great" principles applied in the social sectors. "Our work is not fundamentally about business; it is about what separates great from good." We need to define "great" and measure it and collect evidence in some way, have good leadership and get things done in a diffuse power structure, get the right people on the bus, rethink the economic engine, and build momentum for the brand. A part of this is considering:

1. What are you deeply passionate about?
2. What can you be best in the world at?
3. What drives your resource engine?

A few of my other favorite quotes include:

"Greatness is an inherently dynamic process, not an end point. The moment you think of yourself as great, your slide toward mediocrity will have already begun."

"True leadership only exists if people follow when they have the freedom not to."

"What can you do today to create a pocket of greatness, despite the brutal facts of your environment?"

"Greatness is not a function of circumstance. Greatness, it turns out, is largely a matter of conscious choice and discipline."

Let's go out and be great! :)

Jeff Elliott says

Extensive quotes from the book:

Five questions which form the framework of this piece:

1. Defining "Great"--Getting Thing Done without Business Metrics
2. Level 5 Leadership--Getting Things Done within a Diffuse Power Structure
3. First Who--Getting the Right People on the Bus within Social Sector Constraints
4. The Hedgehog Concept--Rethinking the Economic Engine without a Profit Motive
5. Turning the Flywheel--Building Momentum by Building the Brand

pg. 3

A great organization is one that delivers superior performance and makes a distinctive impact over a long period of time. For a business, financial returns are a perfectly legitimate measure of performance. For a social sector organization, however, performance must be assessed relative to mission, not financial returns. In the social sectors, the critical question is not "How much money do we make per dollar of invested capital?" but "How effectively do we deliver on our mission and make a distinctive impact, relative to our resources?" pg. 5

It doesn't really matter whether you can quantify your results. What matters is that you rigorously assemble evidence--quantitative or qualitative to track your progress. If the evidence is primarily qualitative, think like a trial lawyer assembling the combined body of evidence. If the evidence is primarily quantitative, then think of yourself as a laboratory scientist assembling and assessing the data. pg. 7

In relation to getting things done within a diffuse power structure:

"There is always power...you just have to know where to find it. There is the power of inclusion, and the power of language, and the power of shared interests, and the power of coalition. Power is all around you to draw upon, but it is rarely raw, rarely visible". pg. 10

Legislative leadership relies more upon persuasion, political currency, and shared interests to create the conditions for the right decisions to happen. pg. 11

Level 5 leadership requires being clever for the greater good. In the end, it is my responsibility to ensure that the right decisions happen--even if I don't have the sole power to make those decisions, and even if those decisions could not win a popular vote. The only way I can achieve that is if the people know that I'm motivated first and always for the greatness of our work, not myself." pg. 11

Level 5 leadership is not about being "soft" or "nice" or purely "inclusive" or "consensus-building." The whole point of Level 5 is to make sure the right decisions happen--no matter how difficult or painful--for the long-term greatness of the institution and the achievement of its mission, independent of consensus or popularity. pg. 11

True leadership only exists if people follow when they have the freedom not to. If people follow you because they have no choice, then you are not leading. pg. 13.

In the social sectors, where getting the wrong people off the bus can be more difficult than in a business, early assessment mechanisms turn out to be more important than hiring mechanisms. There is no perfect interviewing technique, no ideal hiring method; even the best executives make hiring mistakes. You can only know for certain about a person by working with that person. pg. 15

Wendy Kopp's three fundamental points in getting the right people on the bus:

-The more selective the process, the more attractive a position becomes--even if volunteer of low pay. Second the social sectors have one compelling advantage: desperate craving for meaning in our lives. Purity of mission...has the power to ignite passion and commitment. Third, the number one resource for a great social sector organization is having enough of the right people willing to commit themselves to mission. The right people can often attract money, but money by itself can never attract the right people. Money is a commodity; talent is not. Time and talent can often compensate for lack of money, but money can never compensate for lack of the right people. pg. 17

"You've got to keep in mind the deep discomfort of talking explicitly about money in some church settings. And second, we rely upon much more than money to keep this place going. How do we get enough resources of all types--not just money to pay the bills, but also time, emotional commitment, hands, hearts, and minds?" pg. 18

The wide variation in economic structures in the social sectors increases the importance of the hedgehog principle--the inherent complexity requires deeper, more penetrating insight and rigorous clarity than in your average business entity. You begin with passion then you refine passion with a rigorous assessment of what you can best contribute to the communities you touch. pg. 20

The critical step in the Hedgehog Concept is to determine how best to connect all three circles, so that they reinforce each other. You must be able to answer the question, "How does focusing on what we can do best tie directly to our resource engine, and how does our resource engine directly reinforce what we do best?" And you must be right. pg. 22

This is the power of the flywheel. Success breeds support and commitment, which breeds even greater success, which breeds more support and commitment--round and around the flywheel goes. People like to support winners! pg. 24

If an institution has a focused Hedgehog Concept and a disciplined organization that delivers exceptional results, the best thing supporters can do is to give resources that enable the institution's leaders to do their work the best way they know how. Get out of their way, and let them build a clock! pg. 25

I'd like to suggest that a key link in the social sectors is brand reputation--built upon tangible results and emotional share of heart--so that potential supporters believe not only in your mission, but in your capacity to deliver on that mission. pg. 25

Social sector leaders pride themselves on "doing good" for the world, but to be of maximum service requires a ferocious focus on doing good only if it fits with your Hedgehog Concept. To do the most good requires saying "no" to pressures to stray, and the discipline to stop doing what does not fit. pg. 27

My thoughts on the book:

While these are inspiring leadership principles, I feel that often they lack a supernatural element of Spirit-led leadership. Does not the Holy Spirit have the power to make good out of our bad decisions, poor leadership examples and failures? Isn't He made strong in our weakness?

The value of this book for leaders in the social sector is a step in the right direction and I understand that it was written from a secular perspective, but for a pastor I would like to take the principles even a step farther into the organization that is spiritual.

Mai Phuong Nguyen says

I am working in both business sector and social sector, and I can confidently say that this book is on point. It's short, well organized, and the concept is inspiring. It gives me new thoughts and ideas and perspectives on my preconceptions of business vs social. It added so much joy to my gloomy monday and inspired me to strive for greatness. Highly recommend this gem.

Lassarina Aoibhell says

I touch on my thoughts on this monograph in my review of Good to Great, but basically I think it does an exceptional job of taking the already strong concepts in its parent book and applying them to the social sector.

From the viewpoint of 2017, I disagree with the inclusion of Bratten's NYPD as an example of "greatness" given disparities in policing behaviors and outcomes, but given the date this book was written and the change in social discourse between now and then, I find it understandable.

Steve Watson says

A simple addendum to Collins' famous Good to Great, summarizing the main points and commenting on how they are relevant to work in the social sectors. Give that my whole career has been in public education and Christian ministry, I both appreciate this book's existence and appreciate Collins' point about the complexity of much social sector leadership. He notes that in the social sectors, it is less common than in business that leaders can lead merely by power and more common that we need to accomplish goals even when we can't command them into being. As a result, we need to work and inspire and persuade them into being. As a result, Collins wonders if great leadership in the business world might more and more come from the social sectors, given the great leadership lessons learned when you have less commanding power.

Lastly, a review of the principles, particularly as relevant in the social sector:

- Clearly defining greatness (trickier and more important when profit isn't available as a measuring stick)
 - Level 5 leaders - skilled, passionate people who give their all for the sake of the cause, not for the sake of themselves
 - Getting the right people on the bus - right people and partners (including volunteers) before right action
 - Confronting the Brutal Facts
 - Hedgehog concept (passion, best at, resources - what you are deeply passionate about, what you can be the best at, what drives resources)
 - Culture of discipline (relentless focus on hedgehog concept)
 - Flywheel (build strength - demonstrate results - build brand - attract believers - build strength, etc.)
-

Greg says

Read this as part of my role on the EPDSC Board. I've heard references to the full book before and haven't had a chance to read it. This definitely piqued my interest in learning more about the concept.

I really appreciated how the author delineated which ideas were based on his research and which were untested hypotheses he plans to study but for now can share anecdotal examples.

There were many good takeaways but one I can apply to my own work is the idea that there simply aren't always metrics worth assessing and that qualitative assessment should be intentionally embraced in those areas to show where your intended outputs are being achieved. I also really like the distinction between inputs and outputs and that a big mistake often made in the social sector is measuring inputs as outputs. I see this all the time in the conduct world where folks want to know if our numbers are going down over time. Although there are certainly things we can do to reduce incidents of underage drinking, for example, on the whole, the important outputs for my work are the learning that happens as a result of a student's interaction in my office.

Muddy Floors says

This book, I read early on in my management career. It was a great starting point to get the 'jest' of leadership and the 'how to get people on your bus.' Short, easy read, less than 50 pages; I would recommend this book to anyone getting into a team environment or embarking on a management role either in a non-profit or a business. The main points can be interchangeable in both avenues.

The biggest takeaway from this book was that progress is key, and quantifying that progress is the best measure to track your results, in whatever capacity that might be. The next biggest point of the book is 'leadership is local.' Being a manager is one thing, but being a leader means, that your team is doing the right thing, following your play, driving results, when you are not around because they believe in the mission and the vision.

To see more books I have reviewed, please visit my site:
muddyfloors.com

Ryan Barretto says

It's an interesting idea to show how the corporate world and the social world are different, and what can be done to make the social sector successful.

I agree about the need for discipline, and some other points mentioned. What I couldn't help but feel was that there was something unnecessary. I'm not able to specify. I'm sharing the book with friends who work in the social sector, and will take their views too.

Ensiform says

A monograph to accompany Collins' Good To Great (which I haven't read). The underlying principle of this "missing chapter" is that we don't need to impose the language of business on the social sector, but develop a language of greatness. He does this by focusing on five issues that he used in the book and tweaking them for a different mission and context.

The first is Defining Great (How do we calibrate success without business metrics?). Instead of money being an output, as it is in the business world, a quantifiable measure of success, in the social sectors money is only an input. Greatness here is measured by results (performance, impact, legacy) and is always an ongoing process. The next point is Level 5 Leadership (Getting things done within a diffuse power structure). Collins makes the point that without a clear hierarchy, or in the face of tenure in the case of colleges, true leadership is even more apparent in the social sectors. In business, CEOs can simply wield power. Here, leaders must inspire by their ambition for the cause. The third issue is "First Who" (Getting the right people on – and off – the bus within social sector constraints). Since the business model of firing and cross-promoting is not always as easy in the social sectors, especially those which rely heavily on volunteers, Collins suggest that leaders must simply create a pocket of greatness. Make this pocket selective, ambitious and meaningful, and the right people will come – and eventually, the mediocre ones will realize they're in the wrong place. The fourth point is his Hedgehog Concept (Rethinking the economic engine without a profit motive). Here, Collins maintains the key concepts of "what you are passionate about" and "what you are best in the world at," but replaces "what drives your economic engine" with "what drives your resource engine" – that is, how you best use the resources of time, money and brand. The last concept is Turning the Flywheel (Building momentum by building the brand, as each move you make builds on previous work and builds the foundation for future increases). As with Max DePree, I was impressed by Collins' clarity of writing and the good solid sense he makes. Certainly, this is information that both educates and inspires.

Tracy says

Quick but effective

I read this book as an assignment in a Leadership class and I'm so glad I did! The title did not capture my attention, but the book was fascinating. I live the concept of Good to Great. Great companies have far more in common with Great social organizations than they do mediocre companies. I truly believe that no matter the organization, developing the qualities of greatness is always possible. It's all in the attitude!

Joe McFadden says

<https://joemcfadden.org/2015/03/28/bo...>

How do social sector organizations 'calibrate success without business metrics,' 'get things done within a diffuse power structure,' 'get the right people on the bus within social sector constraints,' rethink the economic engine without a profit motive,' and 'build momentum by building the brand?' (3)

If we only have great companies, we will merely have a prosperous society, not a great one. Economic growth and power are the means, not the definition, of a great nation. – Author's Note

“We must reject the idea—well-intentioned, but dead wrong—that the primary path to greatness in the social sectors is to become ‘more like a business.’ Most businesses—like most of anything else in life—fall somewhere between mediocre and good. Few are great. ... So, then, why would we want to import the practices of mediocrity into the social sectors?” (1)

A culture of discipline is not a principle of business; it is a principle of greatness. (1)

ISSUE ONE: DEFINING “GREAT”—CALIBRATING SUCCESS WITHOUT BUSINESS METRICS

The confusion between inputs and outputs stems from one of the primary differences between business and the social sectors. In business, money is both an input (a resource for achieving greatness) and an output (a measure of greatness). In the social sectors, money is only an input, and not a measure of greatness.

“For a social sector organization, performance must be assessed relative to mission, not financial returns. The critical question is ‘How effectively do we deliver on our mission and make a distinctive impact, relative to our resources?’ ” (5)

It doesn’t really matter whether you can quantify your results. What matters is that you rigorously assemble evidence—quantitative or qualitative—to track your progress. If the evidence is primarily qualitative, think like a trial lawyer assembling the combined body of evidence. If the evidence is primarily quantitative, then think of yourself as a laboratory scientist assembling and assessing the data. (7)

“To throw up our hands and say, ‘But we cannot measure performance in the social sectors the way you can in a business’ is simply a lack of discipline.” (7)

“What matters is not finding the perfect indicator, but settling upon a consistent and intelligent method of assessing your output results, and then tracking your trajectory with rigor.” (8)

No matter how much you have achieved, you will always be merely good relative to what you can become. Greatness is an inherently dynamic process, not an end point. The moment you think of yourself as great, your slide toward mediocrity will have already begun. (9)

ISSUE TWO: LEVEL 5 LEADERSHIP—GETTING THINGS DONE WITHIN A DIFFUSE POWER STRUCTURE

“There is power of inclusion, and the power of language, and the power of shared interests, and the power of coalition. Power is all around you to draw upon, but it is rarely raw, rarely visible. (10)

Social sector leaders are not less decisive than business leaders as a general rule; they only appear that way to those who fail to grasp the complex governance and diffuse power structures common to social sectors. (10)

There are two types of leadership skill: executive and legislative. “Legislative leadership relies more upon persuasion, political currency, and shared interests to create the conditions for the right decisions to happen. And it is precisely this legislative dynamic that makes Level 5 leadership particularly important to the social sectors.” (11)

I've learned that Level 5 leadership requires being clever for the greater good. In the end, it is my responsibility to ensure that the right decisions happen...I'm motivated first and always for the greatness of our work, not myself." (11)

Level 5 leadership is not about being "soft" or "nice" or purely "inclusive" or "consensus-building." The whole point of Level 5 is to make sure the right decisions happen—no matter how difficult or painful—for the long-term greatness of the institution and the achievement of its mission, independent of consensus or popularity. (11)

"The best leaders of the future—in the social sectors and business—will not be purely executive or legislative; they will have a knack for knowing when to play their executive chips, and when not to. ... I suspect we will find more true leadership in the social sectors than the business sector. How can I say that? Because...the practice of leadership is not the same as the exercise of power." (12)

True leadership only exists if people follow when they have the freedom not to. (13)

ISSUE THREE: FIRST WHO—GETTING THE RIGHT PEOPLE ON THE BUS, WITHIN SOCIAL SECTOR CONSTRAINTS

[Fill your seats] with people compulsively driven to make whatever they touch the best it can be—not because of what they would "get" for it, but because they simply could not stop themselves from the almost neurotic need to improve. (13)

First, and most important, you can build a pocket of greatness without executive power, in the middle of an organization. Second, you start by focusing on the First Who principle—do whatever you can to get the right people on the bus, the wrong people off the bus, and the right people into the right seats. Third, accomplish all this with the use of early-assessment mechanisms, rigorously employed. (14)

In the social sectors, where getting the wrong people off the bus can be more difficult than in a business, early assessment mechanisms turn out to be more important than hiring mechanisms. There is no perfect interviewing technique, no ideal hiring method; even the best executives make hiring mistakes. You can only know for certain about a person by working with that person. (15)

"The comparison companies in our research—those that failed to become great—placed greater emphasis on using incentives to 'motivate' otherwise unmotivated or undisciplined people. The great companies, in contrast, focused on getting and hanging on to the right people in the first place—those who are productively neurotic, those who are self-motivated and self-disciplined, those who wake up every day, compulsively driven to do the best they can because it is simply part of their DNA." (15)

"Lack of resources is no excuse for lack of rigor—it makes selectivity all the more vital." (15)

Three fundamental points:

"First, the more selective the process, the more attractive a position becomes—even if volunteer or low pay. Second, the social sectors have one compelling advantage: desperate craving for meaning in our lives. Purity of mission—be it about educating young people, connecting people to God, making our cities safe, touching the soul with great art, feeding the hungry, serving the poor, or protecting our freedom—has the power to ignite passion and commitment. Third, the number-one resource for a great social sector organization is having enough of the right people willing to commit themselves to mission. The right people can often

attract money, but money by itself can never attract the right people. Money is a commodity; talent is not.”
(17)

ISSUE FOUR: THE HEDGEHOG CONCEPT–RETHINKING THE ECONOMIC ENGINE WITHOUT A PROFIT MOTIVE

The essence of a Hedgehog Concept is to attain 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.

What are you deeply passionate about?

What can you be the best in the world at?

What drives your economic engine?

The third circle of the Hedgehog Concept shifts from being an economic engine to a resource engine. The critical question is not “How much money do we make?” but “How can we develop a sustainable resource engine to deliver superior performance relative to our mission?” (18)

I submit that the resource engine has three basic components: time (how well you attract people willing to contribute their efforts for free, or at rates below what their talents would yield in business), money (sustained cash flow) and brand (how well your organization can cultivate a deep well of emotional goodwill and mind-share of potential supporters).

The foundation for doing good is doing well – Peter Drucker

To which I would add that the foundation for doing well lies in a relentless focus on your Hedgehog Concept.

ISSUE FIVE: TURNING THE FLYWHEEL–BUILDING MOMENTUM BY BUILDING THE BRAND

People want to feel the excitement of being involved in something that just flat out works. When they begin to see tangible results—when they can feel the flywheel beginning to build speed—that’s when most people line up to throw their shoulders against the wheel and push. (24)

This is the power of the flywheel. Success breeds support and commitment, which breeds even greater success, which breeds more support and commitment—round and around the flywheel goes. People like to support winners!

Social sector funding often favors “time telling”—focusing on a specific program or restricted gift, often the brainchild of a charismatic visionary leader. But building a great organization requires a shift to “clock building”—shaping a strong, self-sustaining organization that can prosper beyond any single programmatic idea or visionary leader. Restricted giving misses a fundamental point: to make the greatest impact on society requires first and foremost a great organization, not a single great program. (24-5)

...the best thing supporters can do is to give resources that enable the institution’s leaders to do their work the best way they know how. Get out of their way, and let them build a clock!

The key driver in the flywheel: brand reputation—built upon tangible results and emotional share of heart—so that potential supporters believe not only in your mission, but in your capacity to deliver on that mission!
(25)

Consistency distinguishes the truly great—consistent intensity of effort, consistency with the Hedgehog Concept, consistency with core values, consistency over time. enduring great institutions practice the principle of Preserve the Core and Stimulate Progress, separating core values and fundamental purpose (which should never change) from mere operating practices, cultural norms and business strategies (which endlessly adapt to a changing world). (26)

Remaining true to your core values and focused on your Hedgehog Concept means, above all, rigorous clarity not just about what to do, but equally, what to not do.

Social sector leaders pride themselves on “doing good” for the world, but to be of maximum service requires a ferocious focus on doing good only if it fits with your Hedgehog Concept. To do the most good requires saying “no” to pressures to stray, and the discipline to stop doing what does not fit. (27)

“There is absolutely nothing we could have done to be of better service at that moment than to stick with what we do best, standing firm behind our core values of great music delivered with uncompromising artistic excellence” – Tom Morris

In the social sectors, I’ve encountered an interesting dynamic: people often obsess on systemic constraints. (29)

However, in the meantime, what are you going to do now? This is where the Stockdale Paradox comes into play: You must retain faith that you can prevail to greatness in the end, while retaining the discipline to confront the brutal facts about your current reality. What can you do today to create a pocket of greatness, despite the brutal facts of your environment? (30)

Greatness is not a function of circumstance. Greatness, it turns out, is largely a matter of conscious choice, and discipline.
