

Great by Choice: Uncertainty Chaos and Luck - Why Some Thrive Despite Them All

By Jim Collins

Why do some companies thrive in uncertainty, even chaos, and others do not? Based on nine years of research, buttressed by rigorous analysis and infused with engaging stories, Jim Collins, and co-author Morten Hansen, a management professor at the University of California, Berkeley, enumerate the principles for building a great enterprise in unpredictable, tumultuous, and fast-moving times. This book is classic Collins: contrarian, data-driven, and uplifting.

'Great by Choice' is a sequel to Jim Collins's best-selling "Good to Great" (2001), which identified seven characteristics that enabled companies to become great over an extended period of time. This new book tackles the question of how to steer a company to lasting success in an environment characterized by change, uncertainty and even chaos.

For their study, the authors chose some major companies that rose to greatness – beating their industry indexes by a minimum of ten times over 15 years in environments characterised by big forces and rapid shifts that leaders could not predict or control. Messrs. Collins and Hansen call them "10Xers" for providing shareholder returns at least 10 times greater than their industry. The authors compared those companies including Intel, Microsoft and Southwest Airlines - to similar, but less successful, "control" companies: AMD, Apple and PSA. It is an indication of the volatile nature of today's business success that, using 2002 numbers, Microsoft came out as a "10Xer" while Apple was its less successful "control" company, a ranking now reversed.

The results were full of provocative surprises such as:

- The best leaders were not the most "visionary" or the biggest risk-takers: Instead, they were more empirical and disciplined, relying on evidence over gut instinct. The **10Xers** did not generally make bolder moves than their less successful comparators: both groups made big bets and when needed took dramatic action. The 10Xers, however had a much deeper empirical foundation for their decisions and actions, which gave them well-founded confidence and bounded their risk.
- **20 Mile March** The book's organizing metaphor is built around the story of Roald Amundsen and Robert Falcon Scott. Two men who set out separately, in October 1911 to become the first explorers to reach the South Pole. Amundsen won the race by setting ambitious goals for each day's progress but also by being careful not to overshoot on good days or undershoot on bad ones. A disciplined approach shared by the 10Xers. Scott, by contrast, overreached on the good days and fell apart on the bad, mirroring the control companies in "Great by Choice."
- Amgen's early days illustrate the **Fire Bullets, Then Cannonballs** finding. First, you fire the bullets to find out what will work. Then once you have empirical confidence based on the bullets, you concentrate your resources and fire the cannon ball.

- **Zoom out and zoom in** captures an essential manifestation or productive paranoia, a dual lens capability. 10Xers' leaders remain hyper vigilant about changes in their environment and obsessively focus on their objectives. They adjust to changing conditions and then push for perfect execution of plans and objectives.
- **SMaC** stands for Specific, Methodical and Consistent. The more uncertain, fast changing, and unforgiving your environment the more SMaC you need to be. It is the recipe that supports the 10Xers. It is a set of durable operating practices that create a replicable and consistent success formula.

Which brings us back to Apple. Messrs. Collins and Hansen had no way of knowing in 2002, that Apple would become one of the most stunning turnaround stories in business history. The late Steve Jobs accomplished that turnaround they write was "not iTunes, not the iPhone, not the iPad"—i.e., not an act of innovative brilliance. Instead, "he increased discipline. That's right, discipline, for without discipline there'd be no chance to do creative work."

And finally the authors found that the great companies and leaders were not luckier than the comparators but they did get a higher **Return on Luck**. Resilience, not luck is the signature of greatness without which Amundsen could not have succeeded.

Jim Collins famous for the best seller *Good to Great* began his career on the faculty of Stanford Business School. He now operates a management laboratory in Boulder, Colorado where he conducts his research and teaches.

Morten T. Hansen is a management professor at University of California, Berkeley and at INSEAD. Formerly a professor at Harvard Business School and a manager with Boston Consulting Group, he is also author of *Collaboration*.

"Mr. Collins delivers two seductive messages: that great management is attainable by mere mortals and that its practitioners can build great institutions. It's just what us mortals want to hear" – Wall Street Journal

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