



Good to Great

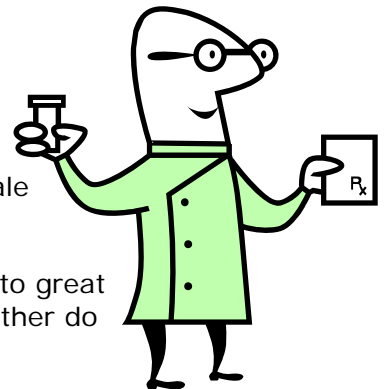
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This time I thought I would share with you some interesting ideas from Jim Collins. He is the author of the book: Good to Great. I highly recommend it to those managers struggling with organizational change issues.

Organizational change is not easy and many of us have unrealistic expectations. Good change, sustainable and positive change, takes time. Although many managers are looking for the 'quick fix', the truth about change is ... for it to be effective, there is no quick fix.

Now let's look at some ideas from Jim Collins about corporate change.

Mr. Collins suggests that most of us should forget much of what we have become to believe about managing organizational change. He suggests that most operating prescriptions for creating large-scale corporate change are nothing but myths.



Instead, he suggests many companies that make the change from good to great have no name for their transformation -- and absolutely no program. Neither do they "motivate" people -- their people are self-motivated.

Mr. Collins and his research team completed a five-year project to determine what it takes to change a good company into a great one. They investigated more than 1,400 established companies to find extreme cases that made a leap from average results to great results.

How great? The 11 good-to-great companies identified in his study averaged returns of more than twice the performance rate of General Electric under the legendary Jack Welch. That great!

The surprising good-to-great list included companies as Abbott Laboratories, Fannie Mae, Kimberly-Clark Corp., Nucor Corp., and Wells Fargo. One such surprise, the Kroger Co. -- a grocery chain -- bumped along as a totally average performer for 80 years and then somehow broke free of its mediocrity over the next 15 years.

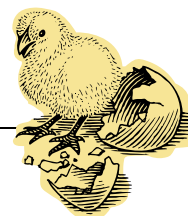
In each of these remarkable, good-to-great corporate transformations, they found the same thing: **There was no miracle moment. Instead, a down-to-earth, practical, committed-to-excellence process kept each company, its leaders, and its people on track over the long term.** In each case, it was the triumph of steadfast discipline over the quick fix.

How Change Doesn't Happen

Picture an egg. Day after day, it sits there. No one pays attention to it. No one notices it. Nothing seems to be happening. From the outside there is no noticeable change. Then one day, the shell cracks and out jumps a chicken.

From the outside, it looks like an overnight sensation -- as if the egg had suddenly and radically changed itself into a chicken.

Now picture the egg from the chicken's point of view.





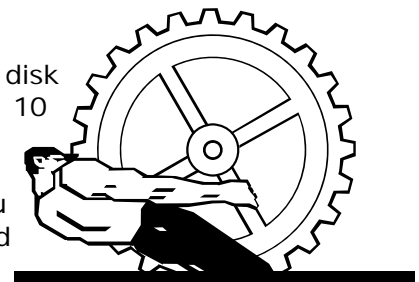
While the outside world was ignoring this seemingly sleeping egg, the chicken within was evolving, growing, developing -- changing. From the chicken's point of view, the moment of breakthrough, of cracking the egg, was simply one more step in a long chain of steps that had led up to that moment. Granted, it was a big step -- but it was hardly the radical transformation that it looked like from the outside.

Perhaps it is a silly comparison, but then our conventional way of looking at change is no less silly. Everyone looks for the "miracle moment" when "change happens." But ask the good-to-great executives when change happened. They cannot pinpoint a single key event that demonstrates their successful transition.

Take Walgreens. For more than 40 years, Walgreens was no more than an average company, tracking the general market. Then in 1975 (out of the blue!) Walgreens began to climb. And climb. And climb. It just kept climbing. From December 31, 1975 to January 1, 2000, one dollar invested in Walgreens beat one dollar invested in Intel by nearly 2 times, General Electric by nearly 5 times, and Coca-Cola by nearly 8 times. It beat the general stock market by more than 15 times.

How Change Does Happen

Now picture a huge, heavy flywheel. It's a massive, metal disk mounted horizontally on an axle. It's about 100 feet in diameter, 10 feet thick, and it weighs about 25 tons. That flywheel is your company. Your job is to get that flywheel to turn as fast as possible. Right now, the flywheel is idle. To get it moving, you make a tremendous effort. You push with all of your might, and finally, you get the flywheel to inch forward.



After two or three days of sustained effort, you get the flywheel to complete one entire turn. You keep pushing, and the flywheel begins to move a bit faster. It takes a lot of work, but at last the flywheel makes a second rotation. You keep pushing steadily. With each turn, it moves faster, and then -- at some point, you can't say exactly when -- you break through. The momentum of the heavy wheel kicks in your favor. It spins faster and faster, with its own weight propelling it. You aren't pushing any harder, but the flywheel is accelerating, its momentum building, its speed increasing.

This is the Flywheel Effect. It's what it feels like when you're inside a company that makes the transition from good to great. **You need to bring your plans to successful conclusions step by step, so that the majority of your team will gain confidence from the successes.**

Why do most over-rated change programs ultimately fail? Because they lack accountability, they fail to achieve credibility, and they have no authenticity.

Why does the Flywheel Effect work? Because more than anything else, real people in real companies want to be part of a winning team. They want to contribute to producing real results. They want to feel the excitement and the satisfaction of being part of something that works.

When people begin to feel the magic of momentum -- when they begin to see tangible results and can feel the flywheel start to build speed -- that's when they line up, throw their shoulders to the wheel, and push.



And that's how change really happens.

We keep looking for change in the wrong places, asking the wrong questions, and making the wrong assumptions. But the truth is that there is no miracle pill, no magic beans, and no quick fix.

So ... **stop looking for magic and miracles and get back to basics** – good management and solid leadership. Plan for change over the long term and keep a steady effort.

Question: What came first, the chicken or the egg?

Answer: The Flywheel.



I hope that you have found some of this information to be useful and look forward to seeing you next time. Good business to you.

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