Can you please answer this question

In an in-depth interview, we asked Collins about the implications of his research and ideas for the economy, the stock market, and the very nature of executive leadership. The good and large companies you've written about all of them have achieved remarkable results on the stock market over a 15-year period. But today the stock market is down. Does that mean we won't see good, big companies today? Firstly, I would like to correct a great misunderstanding. The stock market is not falling. What does the stock market say compared to 1985? The stock market is not falling. What do you say about 1990? The stock market is not falling. The market was irrationally out of the shack - we didn't have a stock market; we had a speculative casino. The tech bubble was not the new economy: there is a new economy that has been going on for years at a deeper level. But the brutal fact is that the companies that were at the top of the tech bubble had no results. You can't make zero profits and claim to have results. In the case of companies that had great results before the bubble burst, they are now in a period of insorsio, but then? The bottom line on a company like Cisco is that we don't know the answer yet. It could be that these companies are only in a very difficult period from 6 to 12 months. Let me use an analogy. Let's say you have a great basketball dynasty like the UCLA Bruins under John Wooden. This is a team that's going to win 10 NCAA championships in 12 years. They're a team that's gone great. But in 1970 they lost three games. Does that mean we're going to unseal them and say they're not a great team? We need to look at a longer period of time. The same goes for companies that have been caught in the bubble. It was too short a period of time. It takes longer to tell which struggling companies are now simply going through a momentary period and will have the resilience to come back. But for many businesspeople, the current slowdown is a sign of the disappearance of the new economy. This is one of the most wonderful moments in history. Two or three years ago, what was the main complaint we heard? It's so hard to get good people! Whining, whining, whining! Today, we have the greatest opportunity we will have for decades to get a load of boats - not a load of buses, but a load of boats - of great people. And big companies always start with whom, not what. We can finally get to the right side of Packard's Law. Packard's law is like a law of physics for large companies. He says no company can become or stay big if it allows its revenue growth rate to outperform its growth in getting the right people in a sustainable way. It's one of those timeless truths that transcend technology and the economy. Now, instead of trying to capital, we can accumulate people. If I were running a business today, I would have a priority above all others: acquiring as many people as possible. I would postpone everything else if I could afford it -- buildings, new R&D - to fill my bus. Because things are coming back. My flywheel is about to start spinning. And the biggest constraint on growth and the success of my organization is not markets, it's not technology, it's not opportunity, it's not the stock market. If you want to be a big company, the biggest limitation to your ability to grow is the ability to get there and hold on to enough of the right people. This is also a great time to force you to look back. When you were breaking Packard's law, you probably let a lot of the wrong people on the bus. This is a good time to take them off. In fact, it's a little easier to do it now. We can blame him for the circumstances. What else would you do to capitalize on this revaluation period? This is also a great time to ask you some really tough questions. At a time of irrational prosperity, when the market would give you money regardless of whether you delivered or not, many companies had not answered any of the questions in the three circles (What can we be the best in the world for? What is the economic denominator that best drives our economic engine? And what are our main people deeply passionate about?). They had no idea what they could do better than any other company in the world that was sustainable, they had no profit denominator, and the only thing they had a passion for was to turn the company upside down. Now we can no longer live in that fantasy land. We need to take a look at all the things we're doing and put them all to the test in three circles. Anything that fails the test we need to stop doing today. I see a lot of companies that have found themselves with a lot of capital. So they wandered into all kinds of acquisitions or new ventures or new directions, simply because they could. But they didn't necessarily fit into the three circles. Today, the task is to prune away. Those who clarify their three circles come out well. The ones who don't deserve to die. CEOs today find themselves with little time to prove their worth. What advice would you give a CEO in the hot seat? If I were a CEO in the hot seat taking control of a company I wanted to go from good to big, that's what I would do. I'd take that good, great stock table, and put it in front of my directors. I'd say, we're on the left side of this curve. We want to be on the right side of the curve. To the right? If that's what we all want, we know what it takes to get it. You can't continue to be CEO to CEO. If you do, you'll find yourself in the Doom Loop and then end up being one of the comparison companies, not one of the big companies. I don't think all directors are stupid. Most of them are intelligent, but they operate out of ignorance rather for lack of good intentions. We have to hit them in the head with empirical results. Our job is to beat the market in a sustainable way over time. We need to think about the share price for a period of five years. And we have to start doing The things it takes to spin that flywheel. Finally, if I'm the CEO, I want the board to give me the following assurance: However long or short my tenure as CEO may be, whoever you take as my successor must take that flywheel mid-morning and keep pushing in a consistent direction. I could only spin the flywheel at 16 RPM. But my successor has to lead to 100 RPM. His successor must bring it to 500 RPM and his successor to 1,000 RPM. It's not about me as CEO: it's a commitment to a consistent program. We're not going to do a Doom Loop.The CEOs who brought their businesses from good to big were largely anonymous – a long way from the CELEBRITY CEOs we read about. Is this an accident? Or is it cause and effect? I think it's more a matter of cause and effect than of accident. There is something directly related between the absence of celebrities and the presence of good results to greats. Because? First, when you have a celebrity, the company turns into the only genius with 1,000 helpers. It creates the feeling that the whole thing is really about the CEO. And this leads to all kinds of problems - whether the person leaves or if the person turns out not to be a genius, after all. On a deeper level, we found that for leaders to do something great, their ambition must be for the greatness of work and business rather than for themselves. That doesn't mean they don't have an ego. It doesn't mean they don't need themselves at all. It means that at one point of decision after another - at critical times when choice A would favor their ego and Choice B would favor the company and its work - over and over again those leaders choose Choice B. Celebrity CEOs, in those same decision-making points, are more likely to favor themselves and the ego than the company and work. Like anonymous CEOs, most companies that have made the transformation from good to large are not yet state-of-the-way. What does that tell us? The truth is that most people don't work in the most glamorous things in the world. They're doing a real job, which means most of the time they're doing a lot of effort with just a few points of excitement. Some people are putting out baked bread. Some are building retail stores. The real work of the economy is done by people who make cars, who sell real estate, who run grocery stores and banks. One of the great results of this study is that you can be in a large company and do it in steel, in pharmacies, in grocery stores. It's just not true that if you're not in Silicon Valley, you're not cool. It doesn't matter where you are. So no one has the right to complain about their company, their industry or the type of business they're in, ever Did the 11 companies that made the transformation benefit from their anonymity? One of the great advantages these companies had was, nobody cared! Kroger began his transition; Nucor began his transition; nobody expected much. They could underpromotion and and In fact, if I took control of a company and tried to get it from good to great, I would tell my vice president of communications that his job was to make the whole world think that we were constantly on the verge of destiny. In the course of our study, we actually printed transcripts of CEO presentations to analysts by good and large companies and comparison companies. We read them all. And it's amazing. Good and big people always talk about the challenges they're facing, the programs they're building, the things they're worried about. You go to comparison companies, they hypnotize constantly, they sell the future, but they never deliver results. If I'm not a CEO, how do good and big lessons apply to me? Good to great concepts are applicable to any situation, as long as you can choose the people around you. That is the crucial thing. But basically, we really do - we have a lot of discretion about the people in our lives, about the people we decide to leave on our bus, whether it's in our department at work or in our personal life. But the basic message is this: build your flywheel. You can do it. You can start building momentum in something you're responsible for. You can build a big department. You can build a large ecclesiastical community. You can take all the good and big ideas and apply them to your work or life. What did your study of business change in general

teach you? Is it essentially a message to get back to basics? Very rarely do significant changes ever lead to results in a sustainable way. This is one of the really important discoveries in the book. We started with 1,435 companies. And 11 companies did. Let's take a look at this fact for a moment. The thing is, it doesn't happen very often. Why not? Because we don't know what the hell we're doing! And because we don't know what we're doing, we throw into all sorts of things that don't produce results. We end up like a bunch of primitives dancing around the bonfire singing on the moon. What I really feel is that we need a little bit of science to figure out what it really takes to change things. Are you back at basics? No, I can't wait to figure it out. Why do we go back to the basics to say that CEOs need to be ambitious for their companies and not for themselves? Why do we go back to basics to do first who and who is wondering and where and where second question? Since he got back to basics for a company start with a question like, Why have we sucked for 100 years, and what are the brutal facts we face? Why do you go back to basics to say that stop-doing lists are more important than to-do lists? And since he went back to basics to say that technology is just an accelerator and not a creator of anything? I don't think these have returned to basics. Because if they are, we should be able to go back in time and find out that people have used those ideas. People didn't -- that that because there are only 11 out of 1,435. So, no, he didn't go back to basics. I can't wait to figure it out. What is your assessment of the new economy? We've seen a lot of changes, and we've seen a lot of backlash against change. How does this make sense? The huge changes that are taking place around us make the most exciting time in history to be alive. It's really fun. All these changes - changes in technology, globalisation - are brutal facts that must be integrated into whatever decisions we make. The people at Walgreens didn't ignore the internet because they just focused on the basics. They faced the brutal fact of the Internet and then they asked, How does it fit into our three circles, and how can we use it to spin our flywheel faster? Never ignore the changes: you hit them with your head held high like brutal facts, or come to them with a great sense of joy and excitement. This change, this new technology opens up a way for you to prevail, to be even better as a company. All good and large companies have made changes and used them to their advantage, often with great joy. When new pianos arrived, Mozart did not hang up his music. He didn't say: There are these new pianos! The harpsichord is out of the way, so I'm washed up as a composer! He thought, This is so beautiful! I can do it hard with the piano fort! This is really clean! He maintained the discipline of writing great music and, at the same time, embraced with great joy and excitement the invention of pianos. With all the change around us, we have to be just like Mozart. We maintain a great discipline about our music, but at the same time we embrace things that can allow us to make even bigger music. Alan M. Webber (awebber@fastcompany.com) is a founding publisher of the Fast Company. Jim Collins (jimcollins@aol.com) wrote the essay Built to Flip in the March 2000 issue of Fast Company. His new book, Good to Great: Why Some Companies Make the Leap... And others won't, it will be available in October. October.