The great gatsby book questions and answers

In an in-depth interview, we asked Collins about the implications of his research and ideas on the economy, the stock market, and the very nature of executive leadership. The good for large companies that you wrote about all achieved remarkable stock market results over a 15-year period. But today the stock market is down. Does this mean that we won't see any good for big business today? First of all, I would like to correct a major misunderstanding. The stock market is not down. What does the stock market look like compared to 1985? The stock market is not down. What does that look like compared to 1990? The stock market is not down. The market was irrationally out of whack - we didn't have a stock market; we had a speculative casino. The tech bubble wasn't the new economy - there's a new economy that's been going for years on a deeper level. But the brutal fact is that the companies that were at the top of the tech bubble didn't have results. You can't make zero profits and claim that you have results. In the case of companies that had good results before the bubble burst, they are in a down period now, but so what? The bottom line of a company like Cisco is we don't know the answer yet. It could be that these companies are just in a very difficult 6- to 12-month period. 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 are a team that went from good to good. But in 1970, they lost three games. Does that mean we're going to write them off and say they're not a good team? We need to look over a longer period of time. The same goes for companies that got caught up in the bubble. It was too short a period of time. It's going to take longer to tell which companies are in trouble now is 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 downfall of the new economy. This is one of the most wonderful times in history. Two or three years ago, what was the big complaint we heard? It's so hard to get good people! Whining, whining, whining! Today we've been given the biggest opportunity that we'll have in decades to grab a boatload - not a busload, but a boatload - of great people. And big companies always start with who, not what. We can finally get to the right side of Packard's law. Packard's law is like a physics law for big business. It says no business can stay or remain large if it allows its growth rate in revenue to exceed its growth in getting the right people in a sustainable way. It is one of those timeless truths that transcends technology and economics. Now, instead of trying to accumulate capital, we can accumulate people. If I ran a today, I would have priority over all others: acquiring as many of the best people as I could. I would put off everything else if I could afford it - buildings, new projects, R&D - to fill my bus. Because things are coming back. My flywheel starts turning. And the single biggest limitation on growth and success in my organization is not markets, is not technology, is not option, is not the stock market. If you want to be a big company, the single biggest limitation on your ability to grow is the ability to get and hang on to enough of the right people. This is also a good time to force yourself to look back. When you broke Packard's law, you probably let a lot of the wrong people on the bus. It's a good time to get them off. Actually, it's a little easier to do it now. We can blame the circumstances. What else would you do to take advantage of this period of reassessment? This is also a good time to ask yourself some really tough questions. In an era of irrational prosperity, when the market would give you money, whether you delivered or not, a lot of companies hadn't answered any of the questions in the three circles (What can we be the best in the world at? What is the economic denominator that drives our economic engine best? And what are our core 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 mentions, and the only thing they had passion for was to turn the business around. Now we can no longer live in that fantasy land. We have to take a hard look at all the things we do and put them all to three-circle testing. Any thing that doesn't test, we have to stop doing - today. I see lots of companies that found themselves with lots 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 for them to prune away. Those who clarify their three circles will come out of this just fine. Those who don't deserve to die. CEOs today find themselves with little time to prove their worth. What advice would you give to a CEO in the hot room? If I were a CEO on the hot seat taking over a company that I wanted to move from good to great, here's what I would do. I would take the good-to-store stock chart and I would 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. Right? If that's what we all want, we know what it takes to get it. You can't keep sniffing from CEO to CEO. If you do, you will find yourself in doom loop - and then we will end up as one of the comparison companies, not one of the big companies. I don't think every director is stupid. Most of the are intelligent, but they operate out of ignorance rather than a lack of good intentions. We have to hit them in the head with the empirical results. Our job is to beat the market in a sustainable way over time. We need to think about the share price over a five-year period. And we have to start doing all the things it's going to take to get that flywheel turning. Finally, if I'm the CEO, I want the board to give me the following assurance: No matter how long or short my tenure as CEO may be, whoever you choose as my successor needs to pick up that flywheel in midrating and to keep pushing in a consistent direction. I can only get the flywheel turning on 16 RPMs. But my successor has to take it to 100 RPMs. His successor will take it to 500 RPMs, and his successor to 1,000 RPMs. It's not about me as CEO - it's about a commitment to a consistent program. We won't be doing a Doom Loop.The CEOs who took their companies from good to great were largely anonymous - far from the celebrity CEOs we read about. Is it an accident? Or is it cause and effect? I think it's more a matter of cause and effect than an accident. There is something directly linked between the absence of celebrity and the presence of good to good results. Why? First, when you have a celebrity, the company turns into the one genius with 1,000 helpers. It creates a sense that it's all really about the CEO. And that leads to all sorts of problems - if the person walks away, or if the person turns out not to be a genius after all. On a deeper level, we found that for managers to do something great, their ambition must be for the greatness of the work and the company rather than for themselves. That doesn't mean they don't have an ego. That doesn't mean they don't have any self-needs. This means that by decision point after decision point – at the critical times when Choice A would favor their ego and Choice B would favor the company and its work – again and again these executives choose Choice B. Celebrity CEOs, at the same decision points, are more likely to favor themselves and ego over company and work. Like the anonymous CEOs, most of the companies that made the transformation from good to great are unheralded. What does that tell us? The truth is that most people don't work in the most glamorous things in the world. They do real work – which means that most of the time they do a heck of a lot of wear with only a few points of excitement. Some people put out baked bread. Some are building retail stores. The real work of the economy is done by people who make cars, selling real estate running grocery stores and banks. So one of the great results of this study is that you can be in a big business and do it in steel, in merchants, in grocery stores. It is simply not the case that if you are not in Valley, you're not cool. It doesn't matter where you are. So no one has the right to whine about their business, their industry, or the kind of business they're in - ever again. Were the 11 companies that made the transformation benefited from their anonymity? One of the great advantages that these companies had was, no one cared! Kroger started his transition; Nucor started its transition; no one expected much. They could be underpromise and over-divided. In fact, if I took over a business and try to make it go 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 edge of doom. During our study, we actually printed out transcripts of the CEO presentations to analysts of the good to large companies and comparison companies. We read all of these. And that's striking. Good people always talk about the challenges they face, the programs they build, the things they're worried about. You go to comparison companies, they're constantly hyping themselves, they're selling the future - but they're never delivering results. If I'm not CEO, how do the good ones apply to big lessons for me? The good to good concepts apply to any situation – as long as you can choose the people around you. That is what matters. But basically, we really do – we have a lot of estimates of the people in our lives, the people we decide to leave on our bus, whether it's in our department at work or in our personal lives. But the basic message is this: Build your own flywheel. You can do it. You can start building momentum into something that you're responsible for. You can build a big department. You can build a great church community. You can take every one of the good to good ideas and apply them to your own work or your own life. What has your study taught you about changes in business in general? Is it essentially a message to go back to basics? Very rarely do significant changes ever lead to results in a sustainable way. That's one of the really important results of the book. We started with 1,435 companies. And 11 companies did it. Let's look at that fact for a moment. The fact is that it doesn't happen very often. Why not? Because we don't know what the heck we're doing! And because we don't know what we're doing, we launch into all sorts of things that don't yield results. We end up like a bunch of primitive dances around the campfire chanting on the moon. What I feel strongly is that we need some science to understand what it really takes to change things. Is it back to basics? No, it's forward to understanding. Why is it back to the basics of saying that CEOs should be for their companies and not for themselves? Why is it back to basics to do it, who and and people question first and what and where does the question second? Since when is it back to basics for a company to begin with a question like, Why have we sucked in 100 years and what are the brutal facts that we have to confront? Why is it back to basics to say that stop-doing lists are more important than to-do lists? And since when has it been back to basics to say that technology is only an accelerator and not a creator of something? I don't think these concepts are back to basics. Because if they are, we should be able to go back in time and discover that people were using these ideas. People didn't - which is why there are only 11 out of 1,435. So no, it's not back to basics. It's a treasight. What is your assessment of the new economy? We've seen a lot of change and we've seen a lot of backlash against the change. How do you make sense of it all? The enormous changes taking place around us make it the most exciting time in history to be alive. It's really fun. All these changes - changes in technology, globalisation - they are brutal facts that must be integrated into whatever decisions we make. People at Walgreens didn't ignore the internet because they were focused only on basics. They confronted the brutal fact of the internet and then asked, How does it fit into our three circles and how can we use it to turn our flywheel faster? You never ignore changes - you hit them directly as brutal facts, or you 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 business. All the good ones to big business took changes and used them to their advantage, often with great pleasure. When new pianos came, Mozart didn't put on it. 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, It's so cool! I can make it loud with piano forte! That's really nice! He kept discipline writing good music and at the same time embraced with great pleasure and excitement the invention of pianos. With all the changes around us, we have to be like Mozart. We have a great discipline around our music, but at the same time we embrace things that can allow us to make even more music. Alan M. Webber (awebber@fastcompany.com) is a Fast Company founding editor. 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 Leap... And others don't, will be available in October. October.