

Good to Great and the Social Sectors: Jim Collins on Leadership

In January 2007, best-selling author Jim Collins addressed a packed auditorium at the official launch of Bridgestar in New York to discuss the insights that inspired his monograph “Good to Great and the Social Sectors,” and what he has learned and observed since its publication in 2006. The session, which marked the official launch of Bridgestar in New York, brought together a diverse audience of senior nonprofit leaders, board members, and others interested in the sector and its challenges.

In introducing Collins, Tom Tierney, Chairman and Co-Founder of The Bridgespan Group, noted that it took Collins longer to write the 36-page monograph than it did for him to write *Good to Great: Why Some Companies Make the Leap...and Others Don't*, the best-selling book on which the monograph is based. Collins explained that the writing process was lengthy because it took time for him to grasp fully how the social sectors differ from the for-profit sector and how concepts of greatness from business can and cannot be applied to nonprofits.

Collins stressed the importance of having a strong nonprofit sector, saying, “if we only have great business corporations, and I do believe it’s important that we do, we will merely have a prosperous nation, a prosperous society. We will not have a great one. To truly have a great nation and a great society, we have to have great schools, great police departments, great healthcare.” But, he noted, simply being nonprofit does not make an organization great.

“Greatness,” Collins explained, “is not a function of circumstances. It is a function, first and foremost, of conscious choice and discipline...It doesn’t matter if you’re a hospital, school district, church, professional sports team, or squadron of fighter jets: everyone has constraints, difficulties, irrationalities, and yet some still do better than others in those same circumstances.”

In his speech, Collins touched on all five issues that form the framework of his monograph:

1. Defining “Great”—Calibrating Success 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

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However, Collins focused most of his attention on the importance of leadership in “good to great” organizations. He said one factor that makes a big difference between a great organization and a merely good one is people. Collins gave the example of mountain climber Jim Logan. While planning his successful 1978 climb up the Emperor Face of Mt. Robson in the Canadian Rockies—a feat that has not been replicated by anyone in the nearly three decades since—Logan realized there was no way to know what terrain or weather he would encounter above a certain elevation. Given those unknowns, Logan’s strategy was to focus not on a specific path to the top, but on choosing a partner. He knew that legendary climber Mugs Stump could adapt to whatever the mountain would throw at them, and that, as a team, they could deal with any unforeseen circumstances.

Collins argued, “If you can’t predict the ‘whats’ the world will throw at you, then you should pick the ‘who.’”

The “Who”

Collins described “The Leadership Deficit” [a Bridgespan Group white paper, published in March 2006 that estimated the need for 640,000 new nonprofit leaders over the next decade] as an “utterly terrifying document” and suggested the audience “read it and be scared.” He described the huge infusion of charitable dollars coming into the sector, combined with the estimated nonprofit leadership deficit, as the equivalent of “funding a climbing expedition but without enough climbers and losing some of your most experienced guides along the way.”

The question for the social sector, he offered, is how to get “enough of the right leaders to be in the right seats to address issues in the social sector. The fundamental answer has to begin with ‘who.’”

The need to find the right leaders in the nonprofit sector is amplified by two factors, said Collins: “1) The relatively rare traits for leaders needed in any sector; and 2) The wider, more complicated set of leadership skills needed for leaders in the social sector.” Collins noted that the signature quality of a Level 5 leader—Collins’s term for the kind of person who is capable of turning a good organization into a great one—is humility. As defined in *Good to Great: Why Some Companies Make the Leap...And Others Don’t*, a Level 5 executive “builds enduring greatness through a paradoxical blend of personal humility and professional will.” Humility, Collins explained, is “an absolute, obsessive, burning ambition—for the cause, for the company, for the work, for the third-grade kids—combined with a ferocious will to make good on the cause: these kids will read, it’s not about me, it’s about the kids. It is that combination of humility, defined as burning ambition, transferred into the cause, with the brutal, stoic will that marks the 5.”

Collins described Judi Peach, an elementary school principal in Yuma, Arizona, as someone who exemplifies Level 5 leadership. Peach established a simple goal for her under-funded school with a

predominantly poor Latino student body: by the end of third grade, every single child will read. “She began a process, took responsibility, became a mini-Winston Churchill standing on her island of an under-funded school, and created a pocket of greatness, and kids read by the end of grade three. Comparison schools in Arizona with almost identical circumstances have not achieved this; the answer cannot be circumstances.”

Legislative leadership in the social sectors

Collins suggested that Level 5 leadership may be even more important outside the business sector, because power is more widely distributed in social sector organizations. As a result, social sector leaders are more likely to have to influence people over whom they don’t have direct power in order to achieve results, rather than merely making an executive decision and expecting others to follow. In the social sectors, multiple constituencies, such as boards of directors, staff, volunteers, and the community, all have power to help drive change or to prevent it from happening. To be effective, Collins said, social sector leaders need both executive skills, the exercise of direct power, and legislative skills, the ability to influence people through motivation and persuasion—the latter being more nuanced and more difficult to learn.

By way of example, Collins pointed to Frances Hesselbein. When she took over as CEO of Girl Scouts of the USA, she faced a complex governance structure comprising hundreds of local Girl Scout councils and over 650,000 volunteers. Collins contrasted that diffuse power structure with a business like Wal-Mart, where the bulk of the decision-making power was concentrated in the office of founder Sam Walton. Nevertheless, Collins noted, Hesselbein was able to accomplish a great deal. Collins quoted Hesselbein’s philosophy as: “Oh, you always have power, if you 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.”

Implications for the Social Sectors

In the end, said Collins, the social sectors will need to find the phenomenal number of leaders called for in “The Leadership Deficit” and to ensure that those leaders have the necessary executive and legislative skills. The challenge for the future, he said, will be developing and raising up Level 5 leaders with legislative skills from within social sector organizations and identifying and recruiting leaders with these special skills from outside the social sectors. Having the right leaders in the right seats at organizations throughout the social sectors can be the difference between a good and a great society.

Bridgestar (www.bridgestar.org), an initiative of the Bridgespan Group, provides a nonprofit management job board, content, and tools designed to help nonprofit organizations build strong leadership teams and individuals pursue career paths as nonprofit leaders.