

# Thinking **Big**

Author **Jim Collins** shares his boundless passion for business research, stressing that academic inquiry's reward isn't about answering the big questions — it's about asking them.

by **Tricia Bisoux**

**L**et's say that researcher and author Jim Collins *hadn't* teamed up with his colleague and mentor Jerry Porras to write the bestselling business book *Built to Last: Successful Habits of Visionary Companies*. Let's say he and his research assistants hadn't chronicled the histories of 11 phenomenal companies—and their 11 not-so-successful comparison companies—to produce *Good to Great: Why Some Companies Make the Leap...and Others Don't*. Let's say that Collins' research and books had been unremarkable busts, not perpetual best sellers that propelled him to "guru" status.

What would he be doing today?

Collins laughs at the question, but says he'd be doing exactly the same thing he has always done: rock climbing (his personal passion) and business research (his professional one). "I've had some really good luck," he says. "But to me, research isn't a means to an end—it's an end in itself. It's like Christmas when you open up presents to see what's inside. You get to ask, 'Who would have thought this? How do we make sense of that?'"

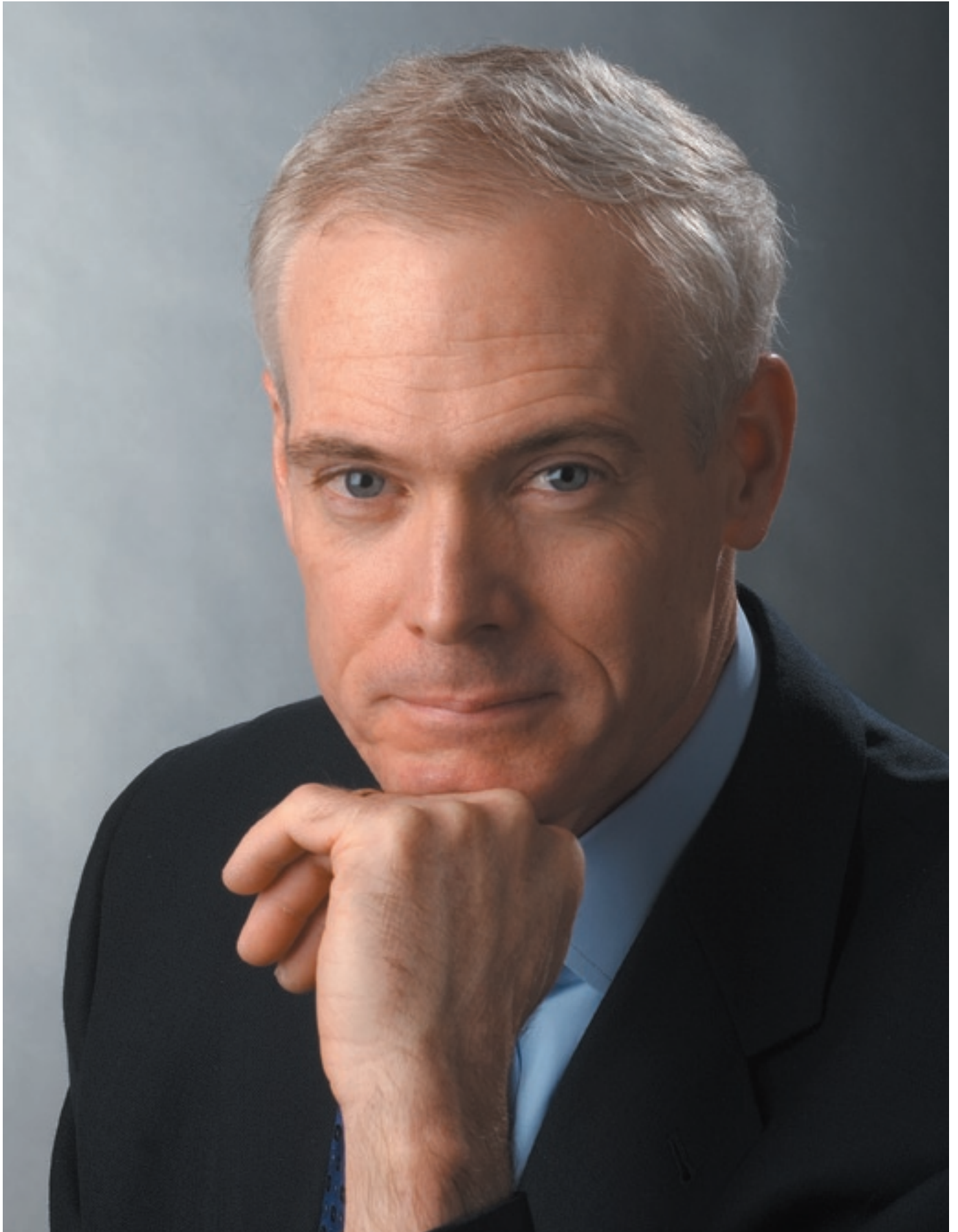
Collins' propensity for asking questions is his hallmark, so much so that he has created a mascot of sorts of the children's book character, Curious George. In fact, in honor of Collins' admiration of George's energy and ingenuity, his research assistants even took the name "Chimps." Images of Curious George are posted in the conference room at Collins' Colorado-based management research lab as inspiration. "Curious George," says Collins, "is absolutely my hero!"

There's little doubt that his passion for asking questions has had an indelible impact on business. His books not only offer a road map for what it takes to succeed, but also have inspired a new business vernacular. For instance, businesspeople who've read *Good to Great* now often work to find their personal "hedgehog" concepts, in which they strive to be like the hedgehog that does "one big thing" very well, rather than the fox that does many things adequately. They now think, "First, who; then, what"—that is, they get the "best people on the bus" before they choose a direction to drive it. They set "big, hairy, audacious goals" (B.H.A.G.s) for themselves and their companies. They embrace the "flywheel" concept, in which small improvements build so much momentum that one success quickly leads to the next.

Finally, Collins' devotees aspire to "Level 5 leadership"—or try to work for companies led by a Level 5 visionary. In Collins' model, Level 1 to Level 4 leaders often rely on intelligence, organizational skills, charisma, or intimidation to move people in a given direction. Level 5 leaders, however, possess humility, personal conviction, self-discipline, and an unrelenting passion that inspires those around them to care about the organization's mission more than their own agendas.

Last year, Collins created a monograph for nonprofits called *Good to Great and the Social Sectors*, and worked with the Darden Graduate School of Business Administration at the University of Virginia in Charlottesville to create *The Good to Great Experience*, an interactive DVD version of the book for the business classroom. "I would love to personally visit hundreds of classrooms and interact directly with students, but my first priority remains research," says Collins. "The beauty of this technology is that it allows me to go from classroom to classroom in an electronic format."

Collins quickly admits that he's no Level 5. But he also now believes that students can learn to apply Level 5 leadership concepts to their own personal and professional lives. He also hopes that business faculty will throw themselves wholeheartedly into business research's "B.H.A.G.s"—whether or not they find definitive answers.



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**You published *Good to Great* in 2001. Have your views on its concepts changed at all since then?**

I now think Level 5 is a lot more “learnable” than I used to believe.

**That’s reassuring! Many think that kind of leadership is incredibly rare, and often inborn.**

I really do think it’s possible to learn. But here’s the challenge: At its core, Level 5 leadership is about having ambition for the cause, for the work, for the organization, for the company, for your students, for whatever you’re engaged in. It requires all of that, plus an almost brutal stoicism to do whatever it takes to succeed. If you have to fire your brother, you fire your brother.

The truth is that Level 5 leadership is painful—not everyone is up to it. I’m not a Level 5 leader myself, but I know that to be a Level 5 requires pain and sacrifice.

**How can business schools help students aspire to Level 5 leadership, even if they don’t attain it?**

There are two things. First, students need to learn what they’re passionate about. When I taught at Stanford, once every quarter I’d walk into class and say, “Pop quiz!” I’d ask my students to take out a blank sheet of paper and write down what they’d do differently if they discovered they only had a short time to live. After they finished, I’d tell them, “Even if you get 90 or 100 years, it’s a blink. Life is short. It’s vital that you get on with doing what you really want with your life.” All students need to ask themselves, “What am I passionate enough about to endure the pain of Level 5 decisions?”

**How can business faculty steer students in that direction?**

I’d have every student do the “three circles” exercise. Faculty should ask students to draw three interlocking circles on a piece of paper. In the first circle, have them answer the question, “What am I really passionate about?” In the second, “What am I genetically encoded for? What am I really good at?” And in the third, “What can I contribute that is of value to society that people will pay me to do?” By discovering where these three circles overlap, students can find their own hedgehogs.

The key is to make them start with the first circle. Too many people start with the money circle and say, “I’m going get a job to make a living and hope to goodness that I’m good at it and love it.” But chances of that happening are pretty slim. Instead, students need to start with the passion

circle, and refine it with the other two. I wish somebody had given me those three circles when I was 22 years old!

**What’s the second thing schools need to do?**

All business students need to learn to choose their mentors well. Young people always ask, “What’s my career choice? What major should I choose? What company should I work for?” But those are the wrong questions. Instead, they need to ask, “With whom do I want to work?” The people they allow to be their mentors will be far more important than the majors they choose, the companies they join, the positions they take, or the salaries they earn.

I advise all students in their 20s to form a “personal board of directors.” This board should include people of the highest integrity, with the values and discerning standards the students aspire to. They can use that personal board as a guidepost, like a superego conscience, to help keep themselves on track and shape their values.

**You refer to students in their 20s. Is it too late for, say, 40-year-old executives to embrace these concepts?**

Not necessarily. But it’s just so difficult to change the mindsets of people who’ve been operating under flawed theories for 20 or 30 years. They still think it takes a charismatic hero or outside savior to lead a company, or that a big acquisition can ignite a leap from good to great. Many still believe that compensation drives performance, or that they need to know where they’re going before they find the best people to take them there. These are the misperceptions that we understand better now that we’ve done the research. But no matter what you teach older students, many retain their engrained habits.

This is why I’m so passionate about reaching young people in the classroom with the DVD I created with Darden. It’s great to reach the current CEOs, but I’d rather reach the future CEOs who are 22 years old today. That’s the way we’re going to have an impact on companies in the future. It’s so much easier to teach students these powerful tools early than it is to try to change 20 years of flawed theory. Then, when these 22-year-olds are running companies, they won’t have to relearn everything.

**You’ve mentioned that following a passion is essential to Level 5 leadership. I know that you’re both a researcher and an avid rock climber. Do you think that it’s important for business students to develop both professional and personal passions—to have a work-life balance?**

Having both has been very helpful to me. I actually have



For me, climbing has been the ultimate classroom.

**Was it difficult to take that leap of faith? After all, the project could have failed.**

It was definitely an entrepreneurial approach to research. At Stanford, my original academic area of interest was entrepreneurship. I taught a course on entrepreneurship, and I'd tell my students, "Hey, you don't have to go to work at IBM to be in the technology business. You can start your own company."

Well, one day a student tossed that back to me and said, "Well, you don't have to be at Stanford to be a professor, do you? You could be an entrepreneurial professor." That really stuck in my head. It was riskier, for sure, but I knew that if it succeeded, I'd have the resources to conduct these massive, multiyear projects that I just so dearly love.

**That's an unusual concept to apply to academia. Do you think it would**

**be valuable for business faculty to adopt a more entrepreneurial approach in their teaching and research?**

I don't know if I would recommend my path to many people! It involves a variable that's way outside of your control, which is luck. I'd love to say, "I knew it would all work out." The truth is, I was really worried. I could have been unlucky, and then we wouldn't be having this conversation.

But there's a less risky way to be an entrepreneurial professor if you choose to use it—it's called tenure! The beauty of tenure is that it's all about freedom. I ended up "self-tenuring," but other faculty can use their tenure as a ticket to entrepreneurial work within the academic environment. They can use it to do the projects they'd do if they were on their own. And even if they aren't tenured, they can become entrepreneurial professors by really following their passions.

**You recently released your supplement of *Good to Great* for the social sector. How do you think those principles translate to the business school?**

We found that there are different realities. Business has an advantage in that money is a definition of success—such as profit and stock returns. Businesses generate profitability, which gives them access to capital, which allows them to grow, which increases their access to capital—and round and round that flywheel goes.

three great passions. Passion No. 1 is my marriage to my wife, Joanne. Passion No. 2 is my work, which I love. Passion No. 3 is climbing. For me, climbing has been the ultimate classroom. When I'm hanging off a cliff in Yosemite or Boulder Canyon, I'm focused on the hold in front of me. I'm not thinking a whole heck of a lot about the Walgreens stock chart.

I've been climbing since I was 13. I'm 48 now, and I actually think I'm learning as much about climbing today as I did when I first started. Some of the most difficult climbs I've done have been in my rock gym at home, where I set difficult problems—it might take me two years to do six moves. You've just got to find something you really love to do, and then do it. It forces you to grow and learn new things.

**You've said that you're a professor at heart, but you left Stanford to open your management lab. Why did you want to leave the academic environment?**

I could have done research in either place, but the types of projects that I like to do are just so massive in scale. For *Good to Great*, the research effort lasted five years, involved 22 research assistants, and required 15,000 man-hours of research. No dean would give me the resources to complete a project like that. It would be very hard to do on a traditional professor's research budget.

LORI ADAMS/RFEEK

**“The best research has to be open-ended. We have to be open-minded about what we’ll find. Maybe it will be relevant, but maybe it won’t. We have to let the data take us where it takes us.”**

In the social sector, money’s only an input, not an output. So, social sector institutions must build a reputation. Then that reputation becomes the proxy that allows the flywheel to turn. When that’s the case, you have to ask, “What *are* our outputs? What is the equivalent of our stock return?” That question is more difficult to answer for an educational institution than for a business.

**How does leading a business school differ from leading a for-profit enterprise?**

There are two types of leadership skill sets: executive and legislative. CEOs are executive leaders who have concentrated power. Sam Walton, for example, could just decide what he wanted to do with Wal-Mart and nobody could stop him. Business school deans, on the other hand, are legislative leaders. Deans can’t just tell the faculty what to do, because they have less than 50 points of power in the system. They have to be more like senators. To be a Level 5 leader in an academic institution, where the power realities are different and much more diffuse, you’d better have strong legislative skills. Too many business leaders step into leadership positions in academia and try to run it like a business—that’s the wrong approach. A business school is an academic institution; it’s not a business.

The whole question of “who” also is different. You have to be very rigorous about tenure decisions—about who gets to stay on the bus—because once somebody has tenure, it’s hard to get them off the bus. Once you’ve made that decision, you’ve got a permanent bus rider. That changes the environment.

**How difficult do you think it is for a business school to go from good to great?**

I don’t think it’s more difficult to take a business school from good to great than a business. Businesses have the advantage of rational capital markets, but they also can more easily go bankrupt. But social sector institutions have the power of their missions to more easily attract talent, the people who are seeking meaning. When you net it all out, I’d say it’s as difficult to build something great in the social sector as in the business sector. It’s just difficult in different ways.

**I read that your next research project will be about how companies succeed or fail in turbulent environments.**

**What made you want to ask that question?**

We’re about four years into that research. I’m conducting the research with Morton Hansen, who was a professor at Harvard and who is now at INSEAD. The question

comes down to this: If you’re at base camp on a mountain at 14,000 feet and a big storm comes in, you can hunker down in your tent and you’re probably going to be fine. But if you wake up at 26,000 feet on Mount Everest, where the storms are bigger, faster, and moving more unpredictably, where the environment is more unforgiving and brutal, you just might die. The reality is that executives in all kinds of fields believe that they’re all moving higher up the mountain, where there are forces out of their control and tremendous changes that can really hurt them.

We didn’t just want to ask the question, “How do you survive?” After all, if that’s your environment and it’s only getting worse, just surviving could be really debilitating. We really wanted to ask the question, “If the world is turbulent, how do you make yourself enduring and great anyway?” We want to know what separates the great from the good at 26,000 feet.

**It sounds like the difference between Southwest Airlines and American Airlines after September 11, 2001.**

Oh, Southwest has had 60 consecutive quarters of profitability. They were the No. 1 performing stock of all publicly traded companies from 1972 to 2002. Think about everything that happened in that time period—deregulation, fuel shocks, interest rate spikes, recessions, and then 9/11. Talk about a 26,000-foot environment! You add that up and see bankruptcy after bankruptcy after bankruptcy. And then you look at Southwest. It outperformed Intel, Wal-Mart, Walgreens, and GE from 1972 to 2002—as an airline!

But here’s the really interesting thing: There was another company based in California with the same model, opportunities, and access to resources called Pacific Southwest Airlines. Southwest’s original business plan was four words: “Copy PSA in Texas.” Southwest went to California, copied the PSA model, brought it to Texas, and began building.

Today, PSA doesn’t exist as a standalone company. They were also in that 26,000-foot environment, with the same model, and yet they died. Why did Southwest survive at 26,000 feet and PSA, which clearly could have—and, in fact, should have—didn’t? That’s the essence of the question.

**Your research has made a significant impact on business, but business school research in general has been the target of criticism lately—many are debating its relevance to business. Do you think business schools are taking the right approach to research?**

I think the real question about business research should

be, “Which comes first, rigor or relevance?” The truth is, research isn’t just about relevance. Rigor *and* relevance is the key combination. The great strength of the academic enterprise is that faculty are steeped in the DNA of rigor—and then they hope for relevance. I say “hope for” because, even in my own research, I didn’t know whether we’d actually find something relevant. I just got lucky that my research intersected with business so well. The best research has to be open-ended. We have to be open-minded about what we’ll find. Maybe it will be relevant, but maybe it won’t. We have to let the data take us where it takes us.

If you were to ask me which I’d prefer, rigor or relevance, I’d go with rigor every time. Then, when you come across something that’s highly relevant, you know it’s solid. Start with relevance, but compromise rigor—and you could end up with something that appears relevant but doesn’t stand the test of time.

I think most professors address questions with rigor. As a result, they produce research that is quite likely to be relevant now and in the future. So, I don’t really accept that criticism that much.

#### **Why do you think you’re so passionate about research?**

I’m really motivated by the process itself—I love the inquiry. I’m just so excited about the important work that I and other business faculty do. I’ve never thought of business schools as just offering BBA or MBA programs. They’re really offering an MLA—a master of life administration. We’re discovering tools for how a capitalist society can be more productive and humane. Business schools may be the most powerful mechanism for shaping the minds of the people who will shape the future. That’s very noble work. Business faculty who love that idea can ask a lot of difficult questions and go through a lot of hard times.

And then, I hope they get lucky! 



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