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During my first year on the Stanford faculty in 1988, I sought out Professor John Gardner for guidance on how I might become a better teacher. Gardner, former Secretary of Health, Education and Welfare, founder of Common Cause, and author of the classic text *Self-Renewal*, stung me with a comment that changed my life.

"It occurs to me, Jim, that you spend too much time trying to be interesting," he said. "Why don't you invest more time being interested."

I don't know if this monograph will prove interesting to everyone who reads it, but I do know that it results from my growing interest in the social sectors. My interest began for two reasons. First is the surprising reach of our work into the social sectors. I'm generally categorized as a business author, yet a third or more of my readers come from non-business. Second is the sheer joy of learning something new—in this case, about the challenges facing social sector leaders—and puzzling over questions that arise from applying our work to circumstances quite different from business.

I originally intended this text to be a new chapter in future editions of *Good to Great.* But upon reflection, I concluded that it would be inappropriate to force my readers to buy a second copy of the book just to get access to this piece—and so we decided to create this independent monograph. That said, while this monograph can certainly be read as a stand-alone piece, I've written it to go hand-in-hand with the book, and the greatest value will accrue to those who read the two together.

I do not consider myself an expert on the social sectors, but in the spirit of John Gardner, I am a student. Yet I've become a passionate student. I've come to see that it is simply not good enough to focus solely on having a great business sector. If we only have great companies, we will merely have a prosperous society, not a great one. Economic growth and power are the means, not the definition, of a great nation.

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July 24, 2005

GOOD TO GREAT AND THE SOCIAL SECTORS

Why Business Thinking Is Not the Answer

We must reject the idea—well-intentioned, but dead wrong—that the primary path to greatness in the social sectors is to become "more like a business." Most businesses—like most of anything else in life—fall somewhere between mediocre and good. Few are great. When you compare great companies with good ones, many widely practiced business norms turn out to correlate with mediocrity, not greatness. So, then, why would we want to import the practices of mediocrity into the social sectors?

I shared this perspective with a gathering of business CEOs, and offended nearly everyone in the room. A hand shot up from David Weekley, one of the more thoughtful CEOs—a man who built a very successful company and who now spends nearly half his time working with the social sectors. "Do you have evidence to support your point?" he demanded. "In my work with nonprofits, I find that they're in desperate need of greater discipline—disciplined planning, disciplined people, disciplined governance, disciplined allocation of resources."

"What makes you think that's a *business* concept?" I replied. "Most businesses *also* have a desperate need for greater discipline. Mediocre companies rarely display the relentless culture of discipline—disciplined people who engage in disciplined thought and who take disciplined action—that we find in truly great companies. A culture of discipline is not a principle of business; it is a principle of greatness."

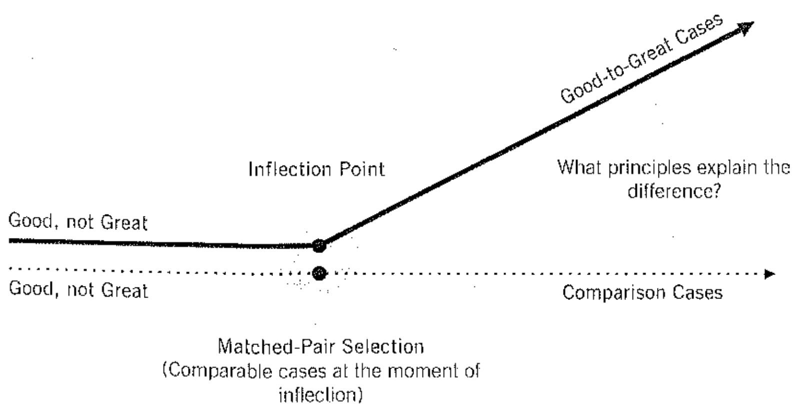
Later, at dinner, we continued our debate, and I asked Weekley: "If you had taken a different path in life and become, say, a church leader,

a university president, a nonprofit leader, a hospital CEO, or a school superintendent, would you have been any less disciplined in your approach? Would you have been less likely to practice enlightened leadership, or put less energy into getting the right people on the bus, or been less demanding of results?" Weekley considered the question for a long moment. "No, I suspect not."

> That's when it dawned on me: we need a new language. The critical distinction is not between business and social, but between great and good. We need to reject the naïve imposition of the "language of business" on the social sectors, and instead jointly embrace a *language of greatness*.

That's what our work is about: building a framework of greatness, articulating timeless principles that explain why some become great and others do not. We derived these principles from a rigorous matched-pair research method, comparing companies that became great with companies that did not. Our work is not fundamentally about business; it is about what separates great from good.

THE GOOD-TO-GREAT MATCHED-PAIR RESEARCH METHOD



Social sector leaders have embraced this distinction—the principles of greatness, as distinct from the practices of business—with remarkable ease. If a nonbusiness reader is just as likely to email me as a business reader, then somewhere between 30% and 50% of those who have read *Good to Great* come from nonbusiness. We've received thousands of calls, letters, emails and invitations from education, healthcare, churches, the arts, social services, cause-driven nonprofits, police, government agencies, and even military units.

Two messages leap out. First, the good-to-great principles do indeed apply to the social sectors, perhaps even better than we expected. Second, particular questions crop up repeatedly from social sector leaders facing realities they perceive to be quite different from the business sector. I've synthesized these questions into five issues that form the framework of this piece:

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

I've based this piece on critical feedback, structured interviews, and laboratory work with more than 100 social sector leaders. While I hope to eventually see the results of matched-pair research that uses nonbusiness entities as the data set, such research studies—done right—require up to a decade to complete. In the meantime, I feel a responsibility to respond to the questions raised by those who seek to apply the good-to-great principles today, and I offer this monograph as a small interim step.

In 1995, officers at the New York City Police Department (NYPD) found an anonymous note posted on the bulletin board. "We're not report takers," the note proclaimed. "We're the police."[1] The note testified to the psychological shift when then Police Commissioner William J. Bratton inverted the focus from inputs to outputs. Prior to Bratton, the NYPD assessed itself primarily on input variables—such as arrests made, reports taken, cases closed, budgets met—rather than on the output variable of reducing crime. Bratton set audacious output goals, such as attaining double-digit annual declines in felony crime rates, and implemented a catalytic mechanism called Compstat (short for "computer comparison statistics").

A 1996 *Time* article describes a police captain sweating at a podium in the command center. He stands before an overhead map with a bunch of red dots, showing a significant increase in robberies in his precinct. In a Socratic grilling session reminiscent of Professor Kingfield in *The Paper Chase*, the questions come relentlessly. "What is the pattern here?" "What are you going to do to take these guys out?"[2] According to *CIO Insight* magazine, 75% of commanders found themselves ejected from their positions for failing to reduce crime in their precincts. "If, week after week at the Compstat meetings, we found precinct commanders not performing to the standards," explained Bratton, "we had to find someone else to do the job."[3]

This distinction between inputs and outputs is fundamental, yet frequently missed. I recently opened the pages of a business magazine that rated charities based in part on the percentage of budget spent on management, overhead and fundraising. It's a well-intentioned idea, but reflects profound confusion between inputs and outputs. Think about it this way: If you rank collegiate athletic departments based on coaching salaries, you'd find that Stanford University has a higher coaching cost structure as a percentage of total expenses than some other Division I schools. Should we therefore rank Stanford as "less great"? Following the logic of the business magazine, that's what we might conclude—and our conclusion would be absurd. Stanford won the National Association of Collegiate Directors of Athletics Cup for best overall performance for 10 consecutive years, beating out all other major schools, while delivering athlete graduation rates above 80%.[4] To say, "Stanford is a less great program because it has a higher salary structure than some other schools" would miss the main point that Stanford Athletics delivered exceptional performance, defined by the bottom-line *outputs* of athletic and academic achievement.

> The confusion between inputs and outputs stems from one of the primary differences between business and the social sectors. In business, money is both an input (a resource for achieving greatness) *and* an output (a measure of greatness). In the social sectors, money is *only* an input, and not a measure of greatness.

A great organization is one that delivers superior performance and makes a distinctive impact over a long period of time. For a business, financial returns are a perfectly legitimate measure of performance. For a social sector organization, however, performance must be assessed relative to mission, not financial returns. In the social sectors, the critical question is not "How much money do we make per dollar of invested capital?" but "How effectively do we deliver on our mission and make a distinctive impact, relative to our resources?"

Now, you might be thinking, "OK, but collegiate sports programs and police departments have one giant advantage: you can measure win records and crime rates. What if your outputs are inherently *not* measurable?" The basic idea is still the same: separate inputs from outputs, and hold yourself accountable for progress in outputs, *even if those outputs defy measurement.*

When Tom Morris became executive director of The Cleveland Orchestra in 1987, the orchestra faced deficits exceeding 10%, a small and stagnant endowment, and a struggling local economy. Prior to taking the position, Morris asked two key board members, "What do you want me to do if I come here?" Their answer: make an already great orchestra even greater, defined by artistic excellence.

GREATNESS AT THE CLEVELAND ORCHESTRA

SUPERIOR PERFORMANCE	- Emotional response of audience; number of standing ovations increased. - Wide technical range: can play any piece with excellence, no matter how difficult—from soothing and familiar classical pieces to difficult and unfamiliar modern pieces. - Increased demand for tickets—even for more complex, imaginative programs—not just in Cleveland, but also when visiting New York and Europe. - Invited (and then reinvited, and reinvited again) to Salzburg Festival—for the first time in 25 years—signifying elite status with the top European orchestras.
DISTINCTIVE IMPACT	- The Cleveland style of programming increasingly copied and becoming more influential. - A key point of civic pride; cab drivers say, "We're really proud of our orchestra." - Severance Hall filled to capacity two nights after 9/11, as a place for the community to grieve together through the transformative power of great music. - Orchestra leaders increasingly sought for leadership roles and perspectives in elite industry groups/gatherings.
LASTING ENDURANCE	- Excellence sustained across generations of conductors—from George Szell through Pierre Boulez, Christoph von Dohnányi, and Franz Welser-Möst. - Supporters donate time and money, investing in the long-term success of the orchestra; endowment tripled. - Strong organization before, during and after Tom Morris's tenure.

Tom Morris could not precisely measure artistic excellence, but that does not change the fact that artistic excellence *is* the primary definition of performance for The Cleveland Orchestra. Nor does it change the extreme discipline with which The Cleveland Orchestra held itself accountable for playing the most challenging classical music with supreme artistic excellence, and doing so even better with each passing year, guided by the BHAG (Big Hairy Audacious Goal) of becoming recognized as one of the three greatest orchestras in the world.

"We asked a simple question," explained Morris. "What do we mean by great results?" Morris and his team tracked a variety of indicators. Are we getting more standing ovations? Are we expanding the range of what we can play with perfection—from clean classical pieces to complex modern pieces? Are we invited to the most prestigious festivals in Europe? Are tickets in greater demand, not just in Cleveland, but when we play in New York? Do people increasingly mimic the Cleveland style of programming? Do composers increasingly seek to have their work debuted at Cleveland? Under Tom Morris, the orchestra tripled its endowment to $120 million (even accounting for the post-dotcom bubble decline in assets) and funded a remodel of Severance Hall into one of the best music halls anywhere. He accomplished this because he understood that endowment, revenues and cost structure were input variables, not the output variables of greatness.[5]

Clear, rigorous thinking is precisely what Cleveland's Tom Morris and New York's Commissioner Bratton brought to their work. They separated inputs from outputs, and had the discipline to hold their organizations accountable for achievement in the outputs. That Bratton had the advantage of quantitative metrics, and Morris did not, is largely beside the point.

> It doesn't really matter whether you can quantify your results. What matters is that you rigorously assemble *evidence*—quantitative or qualitative—to track your progress. If the evidence is primarily qualitative, think like a trial lawyer assembling the combined body of evidence. If the evidence is primarily quantitative, then think of yourself as a laboratory scientist assembling and assessing the data.

To throw our hands up and say, "But we cannot measure performance in the social sectors the way you can in a business" is simply lack of discipline. All indicators are flawed, whether qualitative or

quantitative. Test scores are flawed, mammograms are flawed, crime data are flawed, customer service data are flawed, patient-outcome data are flawed. What matters is not finding the perfect indicator, but settling upon a *consistent and intelligent* method of assessing your output results, and then tracking your trajectory with rigor. What do you mean by great performance? Have you established a baseline? Are you improving? If not, why not? How can you improve even faster toward your audacious goals?

GOOD-TO-GREAT FRAMEWORK—INPUTS AND OUTPUTS OF GREATNESS

INPUTS OF GREATNESS **BY APPLYING THE GOOD-TO-GREAT FRAMEWORK**	**YOU BUILD THE FOUNDATIONS OF**	OUTPUTS OF GREATNESS **A GREAT ORGANIZATION**
STAGE 1: **DISCIPLINED PEOPLE** - Level 5 Leadership - First Who, Then What STAGE 2: **DISCIPLINED THOUGHT** - Confront the Brutal Facts - The Hedgehog Concept STAGE 3: **DISCIPLINED ACTION** - Culture of Discipline - The Flywheel STAGE 4: **BUILDING GREATNESS TO LAST** - Clock Building, not Time Telling - Preserve the Core / Stimulate Progress		**DELIVERS SUPERIOR PERFORMANCE** In business, performance is defined by financial returns and achievement of corporate purpose. In the social sectors, performance is defined by results and efficiency in delivering on the social mission. **MAKES A DISTINCTIVE IMPACT** The organization makes such a unique contribution to the communities it touches and does its work with such unadulterated excellence that if it were to disappear, it would leave a hole that could not be easily filled by any other institution on the planet. **ACHIEVES LASTING ENDURANCE** The organization can deliver exceptional results over a long period of time, beyond any single leader, great idea, market cycle, or well-funded program. When hit with setbacks, it bounces back even stronger than before.

You can think of the entire good-to-great framework as a generic set of input variables that correlate strongly with creating the outputs of greatness. (In the diagram "Good-to-Great Framework—Inputs and Outputs of Greatness" on page 8, I've summarized the idea, showing how disciplined application of the good-to-great principles leads to creating the outputs that define a great organization.) Any journey from good to great requires relentlessly adhering to these input variables, rigorously tracking your trajectory on the output variables, and then driving yourself to even higher levels of performance and impact. No matter how much you have achieved, *you will always be merely good relative to what you can become.* Greatness is an inherently dynamic process, not an end point. The moment you think of yourself as great, your slide toward mediocrity will have already begun.

ISSUE TWO: LEVEL 5 LEADERSHIP—GETTING THINGS DONE WITHIN A DIFFUSE POWER STRUCTURE

When Frances Hesselbein became CEO of the Girl Scouts of the USA, a *New York Times* columnist asked what it felt like to be on top of such a large organization. With patience, like a teacher pausing to impart an important lesson, Hesselbein proceeded to rearrange the lunch table, creating a set of concentric circles radiating outward—plates, cups, saucers—connected by knives, forks and spoons. Hesselbein pointed to a glass in the middle of the table. "I'm here," she said.[6] Hesselbein may have had the title of Chief Executive Officer, but her message was clear: *I'm not on top of anything.*

Facing a complex governance structure composed of hundreds of local Girl Scout councils (each with its own governing board) and a volunteer force of 650,000, Hesselbein simply did not have the full power of decision. Even so, she moved people to confront brutal facts facing girls in modern America, such as teen pregnancy and alcohol use, by creating materials on sensitive issues. Proficiency badges sprouted up in topics like math, technology and computer science, to reinforce the idea that girls are—and should think of themselves as—capable individuals who can take control of their own lives. Hesselbein did not force this change down people's throats, but simply gave the interdependent councils the opportunity to make changes at their own discretion. Most did.[7]

When asked how she got all this done without concentrated executive power, she said, "Oh, you always have power, if you just 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." Whether they answer to a nonprofit board composed of prominent citizens, an elected school board, a governmental oversight mechanism, a set of trustees, a democratic religious congregation, an elected membership association or any number of other species of governance, social sector leaders face a complex and diffuse power map. When you add in tenured faculty, civil service, volunteers, police unions, or any number of other internal factors, most nonbusiness leaders simply do not have the concentrated decision power of a business CEO.

Social sector leaders are not less decisive than business leaders as a general rule; they only appear that way to those who fail to grasp the complex governance and diffuse power structures common to social sectors. Frances Hesselbein was just as decisive as nearly any corporate CEO, but she faced a governance and power structure that rendered executive-style leadership impractical.

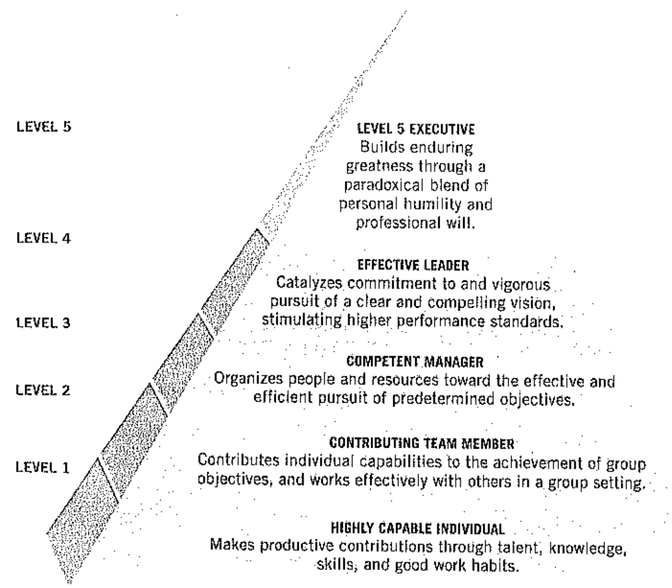
This is why some business executives fail when they move into the social sectors. One corporate CEO turned academic dean tried to lead faculty toward his vision. The more he brought to bear his executive skill, the more the faculty decided they had better things to do than to attend the dean's faculty meetings. After all, what was he going to do? Fire them? They all had tenure. After "one of the most draining experiences in my life," this CEO returned to the business world. He did not understand—until it was too late—what one university president called the reality of tenured faculty: "A thousand points of no."

The complex governance and diffuse power structures common in nonbusiness lead me to hypothesize that there are two types of leadership skill: *executive* and *legislative*. In executive leadership, the individual leader has enough concentrated power to simply make the right decisions. In legislative leadership, on the other hand, no individual leader—not even the nominal chief executive—has enough structural power to make the most important decisions by himself or herself. Legislative leadership relies more upon persuasion, political currency, and shared interests to create the conditions for the right decisions to happen. And it is precisely this legislative dynamic that makes Level 5 leadership particularly important to the social sectors.

Our good-to-great research uncovered that leadership capabilities follow a five-level hierarchy, with Level 5 at the top. Level 5 leaders differ from Level 4 leaders in that they are ambitious first and foremost for the cause, the movement, the mission, the work—*not themselves*—and they have the will to do whatever it takes (*whatever* it takes) to make good on that ambition. (See diagram: "Level 5 Leadership" on page 12.) In the social sectors, the Level 5's compelling combination of personal humility and professional will is a key factor in creating legitimacy and influence. After all, why should those over whom you have no direct power give themselves over to a decision that is primarily about you? As one social sector leader confided, "I've learned that Level 5 leadership requires being clever for the greater good. In the end, it is my responsibility to ensure that the right decisions happen—even if I don't have the sole power to make those decisions, and even if those decisions could not win a popular vote. The only way I can achieve that is if people know that I'm motivated first and always for the greatness of our work, not myself."

Level 5 leadership is not about being "soft" or "nice" or purely "inclusive" or "consensus-building." The whole point of Level 5 is to make sure the *right* decisions happen—no matter how difficult or painful—for the long-term greatness of the institution and the achievement of its mission, independent of consensus or popularity.

LEVEL 5 LEADERSHIP / LEVEL 5 HIERARCHY



The executive versus legislative distinction remains a working hypothesis, awaiting rigorous research. If empirical evidence validates the distinction, it is unlikely to be as simple as "business sector = executive" and "social sectors = legislative." More likely, there will be a spectrum, and the most effective leaders will show a blend of *both* executive and legislative skills. The best leaders of the future—in the social sectors *and* business—will not be purely executive or legislative; they will have a knack for knowing when to play their executive chips, and when not to.

There is an irony in all this. Social sector organizations increasingly look to business for leadership models and talent, yet I suspect we will find more true leadership in the social sectors than the business sector. How can I say that? Because, as James MacGregor Burns taught in his classic 1978 text, *Leadership*, the practice of leadership is not the same as the exercise of power.[8] If I put a loaded gun to your head, I can get you to do things you might not otherwise do, but I've not practiced leadership; I've exercised power. *True leadership only exists if people follow when they have the freedom not to.* If people follow you because they have no choice, then you are not leading. Today's business leaders face highly mobile knowledge workers. They face Sarbanes-Oxley, environmental and consumer groups, and shareholder activists. In short, business executives don't have the same concentration of pure executive power they once enjoyed. Level 5 leadership combined with legislative skill will become even more important to the next generation of business executives, and they would do well to learn from the social sectors. Indeed, perhaps tomorrow's great business leaders will come from the social sectors, not the other way around.

ISSUE THREE: FIRST WHO—GETTING THE RIGHT PEOPLE ON THE BUS, WITHIN SOCIAL SECTOR CONSTRAINTS

In 1976, 25-year-old Roger Briggs began teaching physics at a suburban public high school in Boulder, Colorado. As he settled into daily teaching, a persistent thought pushed to the front of his consciousness, like a pebble inside a shoe: *Our schools could be so much better.*

But what could he do? He wasn't principal. He wasn't superintendent. He wasn't governor. Roger Briggs wanted to remain on the front line of education, shoulder to shoulder with fellow teachers. After becoming department chair, Briggs decided to turn his little arena into a pocket of greatness. "I rejected the idea of being just a member of the 'worker class,' accepting good as good enough. I couldn't change the whole system, but I could change our 14-person science department."

He began the same way all the good-to-great leaders began: First get the right people on the bus. Given the low compensation for teachers and the paucity of incentives, Briggs had to fill faculty seats with people compulsively driven to make whatever they touch the best it can be—not because of what they would "get" for it, but because they simply could not stop themselves from the almost neurotic need to improve. With a teachers' union that protected the mediocre and excellent alike, Briggs

knew it would be more difficult to get the wrong people off the bus, so he focused instead on getting the right people *on* the bus. He began to view the first three years of a teacher's career as an extended interview. He inverted the three-year tenure recommendation from a default of "Yes, you'll likely get tenure, unless you've done something egregious" to a default of "No, you will most likely *not* get tenure, unless you have proven yourself to be an exceptional teacher."

A turning point came when an adequate teacher came up for tenure. "He was a good teacher, but not a great one," explained Briggs. "And I just felt we couldn't accept merely 'good' for our department." Briggs argued against granting tenure, and held firm to his countercultural position. Soon thereafter, a spectacular young teacher became available, and the science department hired her. "Had we tenured the other teacher, we'd have a good person in that seat, whereas now we have a great teacher," explained Briggs. As the culture of discipline tightened, the wrong teachers found themselves to be viruses surrounded by antibodies, and some self-ejected. The science department minibus changed—hire by hire and tenure decision by tenure decision—until a critical mass coalesced into a culture of discipline.[9]

The Roger Briggs story highlights three main points. First, and most important, you can build a pocket of greatness without executive power, in the middle of an organization. If Roger Briggs can lead his minibus from good to great within the constraints of the public school system, you can do it nearly anywhere. Second, you start by focusing on the First Who principle—do whatever you can to get the right people on the bus, the wrong people off the bus, and the right people into the right seats. Tenure poses one set of challenges, volunteers and lack of resources another, but the fact remains: greatness flows first and foremost from having the right people in the key seats, not the other way around. Third, Briggs accomplished all this with the use of early-assessment mechanisms, rigorously employed.

In the social sectors, where getting the wrong people off the bus can be more difficult than in a business, early assessment mechanisms turn out to be more important than hiring mechanisms. There is no perfect interviewing technique, no ideal hiring method; even the best executives make hiring mistakes. You can only know for certain about a person by working with that person.

Business executives can more easily fire people and—equally important—they can use money to buy talent. Most social sector leaders, on the other hand, must rely on people underpaid relative to the private sector or, in the case of volunteers, paid not at all. Yet a finding from our research is instructive: the key variable is not how (or how much) you pay, but *who* you have on the bus. The comparison companies in our research—those that failed to become great—placed greater emphasis on using incentives to "motivate" otherwise unmotivated or undisciplined people. The great companies, in contrast, focused on getting and hanging on to the right people in the first place—those who are productively neurotic, those who are *self*-motivated and *self*-disciplined, those who wake up every day, compulsively driven to do the best they can because it is simply part of their DNA. In the social sectors, when big incentives (or compensation at all, in the case of volunteers) are simply not possible, the First Who principle becomes even more important. Lack of resources is no excuse for lack of rigor—it makes selectivity all the more vital.

In the spring of 1988, Wendy Kopp graduated from Princeton with an elegant idea: why not convince graduates from leading universities to spend the first two years of their careers teaching low-income kids in the public education system? She had no money, no office, no infrastructure, no name, no credibility, no furniture, not even a bed or a dresser in which to store her clothes. In her book, *One Day, All Children . . .*, Kopp tells of moving into a small room in New York City after graduation, plopping her sleeping bag on the floor and pulling

jeans and shirts out of three garbage bags and piling them into neat stacks on the floor. After convincing Mobil Corporation to grant $26,000 of seed capital to found Teach for America, Kopp spent the next 365 days in a juggling act—convincing top-flight people to join her bus with the promise that she would convince donors to fund the bus, while at the same time convincing donors that she would convince top-flight people to join her bus.

One year later, Kopp stood in front of 500 recent-graduates from colleges like Yale, Harvard and Michigan, assembled for training and deployment into America's underserved classrooms. And how did she convince these graduates to work for low pay in tough classrooms? First, by tapping their idealistic passions, and second, by making the process *selective.* "She basically said to all these overachieving college students: 'If you're really good, you might be able to join our cause,'" explained Michael Brown of City Year, who watched with admiration. " 'But first, you have to submit to a rigorous screening and evaluation process. You should prepare yourself for rejection, because it takes a special capability to succeed in these classrooms.' "[10]

Selectivity led to credibility with donors, which increased funding, which made it possible to attract and select even more young people into the program. As of 2005, more than 97,000 individuals applied to be part of Teach for America (yes, *ninety-seven thousand*), and only 14,100 made the cut, while revenues grew to nearly $40 million in annual support.[11]

Wendy Kopp understood three fundamental points. First, the more selective the process, the more attractive a position becomes—even if volunteer or low pay. Second, the social sectors have one compelling advantage: desperate craving for meaning in our lives. Purity of mission—be it about educating young people, connecting people to God, making our cities safe, touching the soul with great art, feeding the hungry, serving the poor, or protecting our freedom—has the power to ignite passion and commitment. Third, *the* number-one resource for a great social sector organization is having enough of the right people willing to commit themselves to mission. The right people can often attract money, but money *by itself* can never attract the right people. Money is a commodity; talent is not. Time and talent can often compensate for lack of money, but money cannot ever compensate for lack of the right people.

ISSUE FOUR: THE HEDGEHOG CONCEPT—RETHINKING THE ECONOMIC ENGINE WITHOUT A PROFIT MOTIVE

The pivot point in *Good to Great* is the Hedgehog Concept. The essence of a Hedgehog Concept is to attain piercing clarity about how to produce the best long-term results, and then exercising the relentless discipline to say, "No thank you" to opportunities that fail the hedgehog test. When we examined the Hedgehog Concepts of the good-to-great companies, we found they reflected deep understanding of three intersecting circles: 1) what you are deeply passionate about, 2) what you can be the best in the world at, and 3) what best drives your economic engine.

Social sector leaders found the Hedgehog Concept helpful, but many rebelled against the third circle, the economic engine. I found this puzzling. Sure, making money is not the point, but you still need to have an economic engine to fulfill your mission.

Then I had a conversation with John Morgan, a pastor with more than 30 years of experience in congregational work, then serving as a minister of a church in Reading, Pennsylvania. "We're a congregation of misfits," said Morgan, "and I found the idea of a unifying Hedgehog Concept to be very helpful. We're passionate about trying to rebuild this community, and we can be the best in our region at creating a generation of transformational leaders that reflects the full diversity of the community. That is our Hedgehog Concept."

And what about the economic engine?

"Oh, we had to change that circle," he said. "It just doesn't make sense in a church."

"How can it not make sense," I pressed. "Don't you need to fund your work?"