"Well, there are two problems. First, we face a cultural problem of talking about money in a religious setting, coming from a tradition that says love of money is the root of all evil."

"But money is also the root of paying the light and phone bills," I said.

"True," said Morgan, "but you've got to keep in mind the deep discomfort of talking explicitly about money in some church settings. And second, we rely upon much more than money to keep this place going. How do we get enough resources of *all* types—not just money to pay the bills, but also time, emotional commitment, hands, hearts, and minds?"[12]

Morgan put his finger on a fundamental difference between the business and social sectors. The third circle of the Hedgehog Concept shifts from being an economic engine to a *resource* engine. The critical question is not "How much money do we make?" but "How can we develop a sustainable resource engine to deliver superior performance relative to our mission?"

In looking across a range of social sector organizations, I submit that the resource engine has three basic components: time, money and brand. "Time"—the subject of the previous section—refers to how well you attract people willing to contribute their efforts for free, or at rates below what their talents would yield in business (First Who!). "Money"—the subject of this section—refers to sustained cash flow. "Brand"—the subject of the next section—refers to how well your organization can cultivate a deep well of emotional goodwill and mind-share of potential supporters. (See diagram: "The Hedgehog Concept in the Social Sectors" on page 19.)

In *Good to Great*, we uncovered the idea of the "economic denominator." If you could pick only one ratio—profit per x—to systematically increase over time, what "x" would have the most significant impact on your economic engine? This economic ratio ties perfectly to the economic core in all businesses, namely the profit mechanism, translated into return on invested capital.

THE HEDGEHOG CONCEPT IN THE SOCIAL SECTORS

Circle 1: **Passion** - Understanding what your organization stands for (its core values) and why it exists (its mission or core purpose).

Circle 2: **Best at** - Understanding what your organization can uniquely contribute to the people it touches, better than any other organization on the planet.

Circle 3: **Resource Engine** - Understanding what best drives your resource engine, broken into three parts: time, money, and brand.

What you are deeply *passionate about*

What you *can be best in the world* at

What drives your *resource engine*

The same idea does not translate to the social sectors. For one thing, as Tom Tierney of The Bridgespan Group aptly observed, the social sectors do not have rational capital markets that channel resources to those who deliver the best results. For another, there is no one underlying economic driver—the analogy to profit per "x"—that applies across all social sector organizations. The whole purpose of the social sectors is to meet social objectives, human needs and national priorities that *cannot* be priced at a profit.

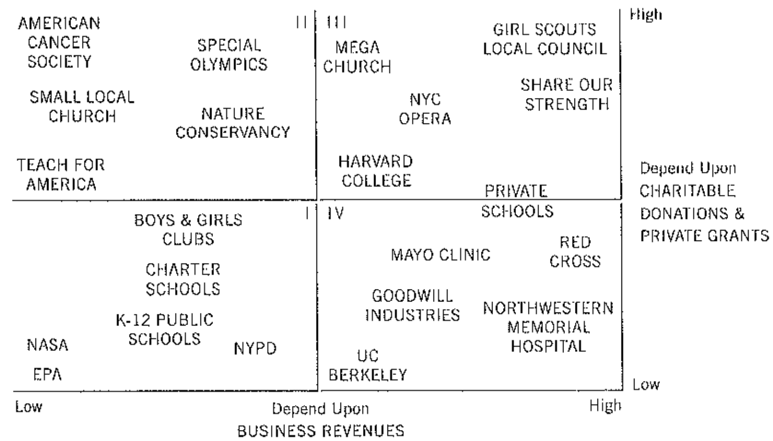
We examined the economic components of 44 non-business organizations, across a range of arenas. Using budget statements, annual reports, financial statements, and IRS Form 990s, Michael Lane on my research team collated the information into sources of funds,

expense categories, restricted versus unrestricted assets, and executive compensation. While our analysis was limited in scope and modest in ambition, we nonetheless found the data illuminating.

If you place social sector entities in a two-by-two matrix, with one axis representing charitable donations and private grants and the other axis representing business revenue (fee for service, contracts, products, etc.), we find social sector organizations spread widely across all four quadrants. (See "Economic Engine in the Social Sectors: 4 Quadrants" on page 21.) Even institutions in the same "industry" can fall into different economic quadrants. Girl Scouts councils, for instance, derive substantial cash flow from selling Girl Scout Cookies®, and almost none from government support[13]; the Boys & Girls Clubs of America, in contrast, derives more than half its revenue from government support. Furthermore, each economic quadrant demands its own unique skills. Those that rely on government funding must employ political skill and cultivate public support; NASA, for instance, must convince Congress that it merits a budget that would place it high on the list of *Fortune* 500 corporations. Those that rely on charitable donations, on the other hand, must develop fundraising mechanisms and build emotional connection—"helping to cure cancer will make you feel good"—whereas those that rely heavily on business revenues, such as hospitals, more closely resemble the economic dynamics of a business corporation.

Yet the wide variation in economic structures in the social sectors increases the importance of the hedgehog principle—the inherent complexity requires deeper, more penetrating insight and rigorous clarity than in your average business entity. You begin with passion, then you refine passion with a rigorous assessment of what you can best contribute to the communities you touch. Then you create a way to tie your resource engine directly to the other two circles.

ECONOMIC ENGINE IN THE SOCIAL SECTORS: 4 QUADRANTS



Quadrant I: This is the heavily government-funded quadrant. Organizations such as NASA, the United States Marine Corps, K-12 public education, charter schools, police departments, and other government-funded agencies fall into this quadrant. The quadrant also includes nonprofits that rely substantially on direct government support to augment their other revenue sources, such as the Boys & Girls Clubs. The resource engine in this quadrant depends heavily on political skill and maintaining public support.

Quadrant II: This quadrant relies heavily upon charitable support by private individuals. Many cause-driven nonprofits fall into this category—such as the American Cancer Society, the Special Olympics, and Habitat for Humanity—as do many religious institutions, community foundations, and local charities. The resource engine in this quadrant depends heavily on personal relationships and excellent fundraising.

Quadrant III: This hybrid quadrant consists of those that blend charitable donations with business revenues. Performing arts organizations gravitate toward this quadrant, along with organizations that have created a unique business revenue stream to augment the economic component of the resource engine, such as local Girl Scouts councils with their cookie businesses and Share Our Strength with its corporate sponsorship business. This quadrant requires both business acumen *and* fundraising skill.

Quadrant IV: This quadrant captures those that rely heavily on a business revenue stream. Organizations that fund themselves primarily through products, services, tuition, contracts and so forth populate this quadrant. Many nonprofit hospitals fall into this quadrant as do many higher education institutions. It also includes a surprising number of traditional nonprofits, such as the Red Cross with its $2 billion biomedical services business (principally blood products) and Goodwill Industries with its thrift stores. The resource engine in this quadrant most closely resembles that of a for-profit business.

The critical step in the Hedgehog Concept is to determine how best to connect all three circles, so that they reinforce each other. You must be able to answer the question, "How does focusing on what we can do best tie directly to our resource engine, and how does our resource engine directly reinforce what we can do best?" And you must be right.

When Drew Buscareno became executive director of the Center for the Homeless in South Bend, Indiana, he and his team developed a distinct Hedgehog Concept. They believed the Center could become the best in the world at breaking the cycle of homelessness in Bible-towns of the Midwest by challenging homeless people to take responsibility for their own lives. They soon realized that building a resource engine primarily around government funding would run counter to the Center's Hedgehog Concept.

"Homelessness is a profound disconnectedness from self, family and community," explained Buscareno. "This insight fueled everything we did. We organized our whole organization around connecting people—homeless people, benefactors, volunteers, and staff—to self, family and community. Aggressively pursuing government money does not make any sense with this type of thinking, but aggressively connecting volunteers and local donors on a personal level with homeless people makes absolute sense."

The Center built its economic engine around individuals who give five or ten thousand dollars a year consistently, and who personally connect to the Center's mission. As of 2004, less than 10% of the Center's resource engine came from government—not because government funding was unavailable, but because such funding largely did not fit with the other two circles of the Center's Hedgehog Concept.[14]

As Peter Drucker admonished, the foundation for doing good is doing well. To which I would add that the foundation for doing well lies in a relentless focus on your Hedgehog Concept. The old adage "no cash flow, no mission" is true, but only as part of a larger truth. A great social sector organization must have the discipline to say, "No thank you" to resources that drive it away from the middle of its three circles. Those who have the discipline to attract and channel resources directed solely at their Hedgehog Concept, *and to reject resources that drive them away from the center of their three circles*, will be of greater service to the world.

ISSUE FIVE: **TURNING THE FLYWHEEL—BUILDING MOMENTUM BY BUILDING THE BRAND**

In building a great institution, there is no single defining action, no grand program, no one killer innovation, no solitary lucky break, no miracle moment. Rather, our research showed that it feels like turning a giant, heavy flywheel. Pushing with great effort—days, weeks and months of work, with almost imperceptible progress—you finally get the flywheel to inch forward. But you don't stop. You keep pushing, and with persistent effort, you eventually get the flywheel to complete one entire turn. You don't stop. You keep pushing, in an intelligent and consistent direction, and the flywheel moves a bit faster. You keep pushing, and you get two turns ... then four ... then eight ... the flywheel builds momentum ... sixteen ... you keep pushing ... thirty two ... it builds more momentum ... a hundred ... moving faster with each turn ... a thousand ... ten thousand ... a hundred thousand. Then, at some point—breakthrough! Each turn builds upon previous work, compounding your investment of effort. The flywheel flies forward with almost unstoppable momentum. This is how you build greatness.

By focusing on your Hedgehog Concept, you build results. Those results, in turn, attract resources and commitment, which you use to build a strong organization. That strong organization then delivers even better results, which attracts greater resources and commitment, which

builds a stronger organization, which enables even better results. People want to feel the excitement of being involved in something that just flat out works. When they begin to see tangible results—when they can *feel* the flywheel beginning to build speed—that's when most people line up to throw their shoulders against the wheel and push.

> This is the power of the flywheel. Success breeds support and commitment, which breeds even greater success, which breeds more support and commitment—round *and* around the flywheel goes. People like to support winners!

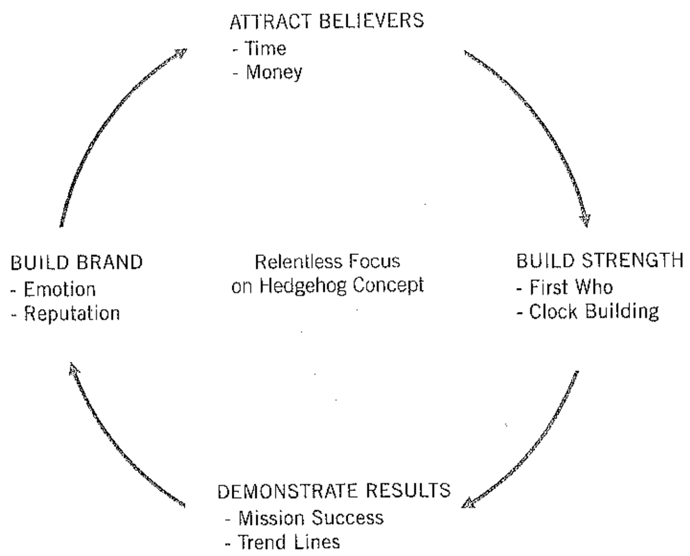
In the business sector, the flywheel works exceptionally well. Deliver superior financial results, and the world will line up, eager to give you capital. In the social sectors, by contrast, there is no guaranteed relationship between exceptional results and sustained access to resources. In fact, the exact *opposite* can happen. As Clara Miller shows in her superb article, "Hidden in Plain Sight" (*Nonprofit Quarterly*, Spring 2003), nonprofit funding tends to favor programmatic funding, not building great organizations: "If you have a surplus, why should I give you a grant?" Small nonprofits face a valley of the shadow of death in making the shift from programmatic funding to sustained, unrestricted funding, and many fail along the way.

I find it puzzling how people who clearly understand the idea of investing in great companies run by the right people often fail to carry the same logic over to the social sectors. In place of the "fair-price exchange" of the free-market model, those who fund the social sectors can bring an assumption of "fair exchange" that is highly dysfunctional: if we give you money, we are entitled to tell you how to use that money, since it was a gift (or public funding), not a fair-price exchange. Put another way, social sector funding often favors "time telling"—focusing on a specific program or restricted gift, often the brainchild of a charismatic visionary leader. But building a great organization requires a shift to "clock building"—shaping a strong, self-sustaining organization that can prosper beyond any single programmatic idea or visionary leader. Restricted giving misses a fundamental point: to make the greatest impact on society requires first and foremost a great organization, not a single great program. If an institution has a focused Hedgehog Concept and a disciplined organization that delivers exceptional results, the best thing supporters can do is to give resources that enable the institution's leaders *to do their work the best way they know how*. Get out of their way, and let them build a clock!

Yet despite the differences between business and social sector economics, those who lead institutions from good to great must harness the flywheel effect. Whereas in business, the key driver in the flywheel is the link between financial success and capital resources, I'd like to suggest that a key link in the social sectors is brand reputation—built upon tangible results and emotional share of heart—so that potential supporters believe not only in your mission, but in your capacity to deliver on that mission.

Does Harvard truly deliver a better education and do better academic work than other universities? Perhaps, but the emotional pull of Harvard overcomes any doubt when it comes to raising funds. Despite having an endowment in excess of $20 billion, donations continue to flow.[15] As one Harvard graduate put it, "I give money to Harvard every year, and sometimes I feel like I'm bringing sand to the beach." Does the Red Cross truly do the best job of disaster relief? Perhaps, but the brand reputation of the Red Cross gives people an easy answer to the question, "How can I help?" when a disaster hits. Is the American Cancer Society the best mechanism for conquering cancer, or the Nature Conservancy the most effective at protecting the environment? Perhaps, but their brand reputations give people an easy way to support a cause they care about. The same applies to government-funded entities. NYPD has a brand. The United States Marine Corps has a brand. NASA has a brand. Anyone seeking to cut funding must contend with the brand.

THE FLYWHEEL
IN THE SOCIAL SECTORS



In future research, we hope to test and gain deeper insight into the role of brand reputation in social sector organizations. (In the meantime, I recommend David Aaker's classic book, *Managing Brand Equity*.) But whatever this research might yield, I remain confident the flywheel effect will hold. Consistency distinguishes the truly great—consistent intensity of effort, consistency with the Hedgehog Concept, consistency with core values, consistency over time. Enduring great institutions practice the principle of Preserve the Core and Stimulate Progress, separating core values and fundamental purpose (which should never change) from mere operating practices, cultural norms and business strategies (which endlessly adapt to a changing world). Remaining true to your core values and focused on your Hedgehog Concept means, above all, rigorous clarity not just about what to do, but equally, what to *not* do.

> Social sector leaders pride themselves on "doing good" for the world, but to be of maximum service requires a ferocious focus on doing good *only* if it fits with your Hedgehog Concept. To do the most good requires saying "no" to pressures to stray, and the discipline to stop doing what does not fit.

On Tuesday, September 11, 2001, the Cleveland Orchestra prepared for Thursday's concert, rehearsing Mahler's Fifth Symphony. As the magnitude of the terrorist attacks became clear, orchestra members put down their instruments and stopped rehearsal for the day. The next morning, Tom Morris and music director Christoph von Dohnányi debated what to do about Thursday's concert. They could cancel, just like nearly every other public event in America that week. Or they could go ahead with a concert, but if so, what should the orchestra play? Already, Morris had sensed mounting pressure from members of the community to abandon the classical repertoire in favor of a purely American program for the entire evening.

Morris and Dohnányi concluded that, perhaps more than any other week in history, people needed the orchestra to do the one thing it does supremely well: play the most powerful orchestral music ever created by the human race. They decided to go ahead with Mahler's Fifth—a piece inspired by the extreme emotions of death, love and life. Mahler's Fifth begins with a desolate funeral march announced by solo trumpet, joined by cataclysmic onslaughts from the full orchestra, and ends 65 minutes later with a cathartic celebration of birth and renewal. It's almost as if Mahler had written the piece *after* 9/11, not 100 years before, to console the soul of a nation shot right through the heart.

As Severance Hall filled on the evening of September 13th—every seat taken—people received a slip of paper with the simple message, "Tonight's concert will begin with a moment of silence." At precisely 8 p.m., Christoph von Dohnányi, tall and regal with a striking mane of white hair, strode onto stage, dressed in his conservative black tails. He turned to face the audience and began a moment of silence. Only it

wasn't just a moment. Dohnányi carried the silence long past a minute, perhaps two, right to the point where five seconds more would have been five seconds too long. Then, he looked up. He turned to the orchestra, and waited a moment for everyone to sit down. The conductor raised his baton, paused, and then with the flick of his wrist shattered the silence with the opening trumpet salvo of Mahler 5.

"There is absolutely nothing we could have done to be of better service at that moment than to stick with what we do best, standing firm behind our core values of great music delivered with uncompromising artistic excellence," reflected Tom Morris.[16] It didn't matter that some patrons might want a rousing sing-along, or that others felt the orchestra should not play at all. It didn't matter that some might choose not to donate in the coming year, or that the media might criticize. What mattered is that the orchestra remained true to its core values and Hedgehog Concept, doing for the people of Cleveland *only* what it could do better than any other organization in the world.

BUILD A POCKET OF GREATNESS

Do you know which company attained the number-one spot in terms of return to investors on a dollar-for-dollar basis, of all U.S. publicly traded companies from 1972 to 2002? It's not GE. Not Intel. Not even Wal-Mart. Who came out number one? According to a 30-year analysis in *Money Magazine*, the winner is Southwest Airlines.[17]

Think about that for a minute. You cannot imagine a worse industry than airlines over this 30-year period: fuel shocks, deregulation, brutal competition, labor strife, 9/11, huge fixed costs, bankruptcy after bankruptcy after bankruptcy. And yet, according to *Money Magazine* calculations, a $10,000 investment in Southwest in 1972 would have returned more than $10 *million* by 2002. Meanwhile, United fell into bankruptcy, American limped along, and the airline industry remained one of the worst imaginable. Not only that, airlines that had the same model as Southwest got killed along the way. Airline executives have habitually blamed industry circumstances, ignoring the fact that the number-one best-performing investment in the universe of American public companies over a 30-year period is—just like them—an airline.

Now, consider a question: What if the people at Southwest had said, "Hey, we can't do anything great until we fix the systemic constraints facing the airline industry."?

I've conducted a large number of Socratic teaching sessions in the social sectors, and I've encountered an interesting dynamic: people often obsess on systemic constraints.

At a gathering of nonprofit healthcare leaders, I innocently asked, "What needs to happen for you to build great hospitals?"

"The Medicare system is broken, and it needs to be fixed," said one.

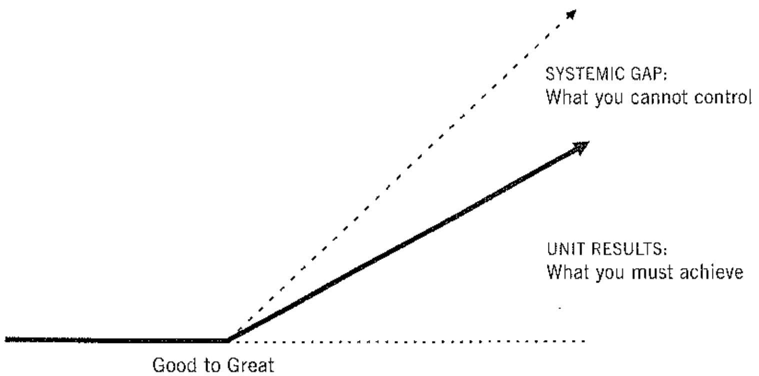
"Those who pay—insurers, the government, companies—are not the consumers, and this produces a fundamental problem," said another. "Everyone believes they are entitled to world-class healthcare, but no one wants to pay for it. And 40 million people have no insurance."

The group poured out a litany of constraints. "Doctors are both competitors and partners." "Fear of lawsuits." "The specter of healthcare reform."

I put them in discussion groups, with the assignment to come up with at least one healthcare organization that made a leap to sustained and superior results. The groups dutifully went to work, and most came up with at least one solid example. Next, I said: "Now go back into your groups, and for each of your positive cases, try to identify an organization that faced comparable circumstances—location, demographics, size, and so forth—but that did *not* make the leap." The groups went to work, and for the most part identified candidates. "So," I asked, "how do we explain the fact that some healthcare organizations made a breakthrough, while others facing similar (if not identical) systemic constraints did not?"

What would have happened if Roger Briggs in his science department, Tom Morris at the Cleveland Orchestra, William Bratton at the NYPD, Wendy Kopp of Teach for America, or Frances Hesselbein at the

Girl Scouts had all given up hope, thrown up their hands, and waited for the system to get fixed? It might take decades to change the entire systemic context, and you might be retired or dead by the time those changes come. In the meantime, what are you going to do *now*? This is where the Stockdale Paradox comes into play: You must retain faith that you can prevail to greatness in the end, while retaining the discipline to confront the brutal facts of your current reality. What can you do *today* to create a pocket of greatness, despite the brutal facts of your environment?



In the two summary tables that come at the end of this piece on pages 32-35, I've summarized the differences between the business and social sectors through the lens of the good-to-great framework. Both business leaders and social sector leaders face difficulties and constraints, but on net, I conclude that the relative advantages and disadvantages more or less cancel each other out. Great business corporations share more in common with great social sector organizations than they share with mediocre businesses. And the same holds in reverse. Again, the key question is not business versus social, but great versus good.

I do not mean to discount the systemic factors facing the social sectors. They are significant, and they must be addressed. Still, the fact remains, we can find pockets of greatness in nearly every difficult environment—whether it be the airline industry, education, healthcare, social ventures, or government-funded agencies. Every institution has its unique set of irrational and difficult constraints, yet some make a leap while others *facing the same environmental challenges* do not. This is perhaps the single most important point in all of *Good to Great*. Greatness is not a function of circumstance. Greatness, it turns out, is largely a matter of conscious choice, and discipline.

SUMMARY DIFFERENCES BETWEEN BUSINESS AND SOCIAL SECTORS THROUGH THE GOOD-TO-GREAT FRAMEWORK

GOOD-TO-GREAT CONCEPT	BUSINESS SECTOR	SOCIAL SECTORS
Defining and Measuring "Great"	Widely agreed-upon financial metrics of performance. Money is both an input (a means to success) and an output (a measure of success).	Fewer widely agreed-upon metrics of performance. Money is only an input, not an output. Performance relative to mission, not financial returns, is the primary definition of success.
Level 5 Leadership	Governance structure and hierarchy relatively clear and straightforward. Concentrated and clear executive power. Can often substitute the use of power for the practice of leadership.	Governance structures often have more components and inherent ambiguity. More diffuse and less clear executive power. True leadership more prevalent, when defined as getting people to follow when they have the freedom not to.
First Who—Get the Right People on the Bus	Harder to tap the idealistic passions of people and to secure their full creative commitment for reasons beyond money. Often have substantial resources to attract and retain talent. Can more easily get the wrong people off the bus for poor performance.	One giant advantage: can more easily tap idealistic passions of people who seek nobility of service and meaning beyond money. Yet often lack the resources to acquire and retain talent. Tenure systems and volunteer dynamics can complicate getting the wrong people off the bus.
Confront the Brutal Facts—Living the Stockdale Paradox	Competitive market pressures force failing businesses to confront the brutal facts. Deep faith that the capitalist system basically works, and that the best performers will prevail in the end.	Often a culture of "niceness" that inhibits candor about the brutal facts. Systemic constraints can erode faith in the ability to prevail in the end—"Until we fix the system, we can't become great."

GOOD-TO-GREAT CONCEPT	BUSINESS SECTOR	SOCIAL SECTORS
Hedgehog Concept—Getting Your Three Circles Right	Economic engine tied directly to the profit mechanism; need only deliver to society items that can be priced at a profit. All businesses have the same fundamental economic driver: return on invested capital, connected to an underlying profit ratio—profit per "x."	Exist to meet social and human needs that cannot be priced at a profit. Third circle in Hedgehog Concept shifts from an economic engine to a *resource* engine composed of time, money and brand. Economic drivers vary across the social sectors; there is no one economic ratio.
Culture of Discipline	The profit mechanism makes it easier to say "no" or to stop doing that which does not fit the Hedgehog Concept. Pressures for growth, executive greed and short-term financial pressures can drive toward undisciplined behavior.	The desire to "do good" and the personal desires of donors and funders can drive to undisciplined decisions. Yet face less pressure for growth-for-growth's-sake, and generally less executive greed that might drive undisciplined decisions.
Flywheel, not Doom Loop	Efficient capital markets that connect to the profit mechanism. Results attract capital resources, which—in turn—enable results, which—in turn—create resources, which fuel greater results. . . round and around the flywheel goes.	No efficient capital markets to channel resources systematically to those who deliver the best results. Even so, the flywheel effect can still be harnessed by those who demonstrate success and build a brand. People like to support winners.
Clock Building, not Time Telling	The profit-driven economic engine makes it possible to create a sustained machine independent of any single leader or funding source.	Funding often favors "time telling" tied to specific projects or a charismatic leader, rather than to building a sustainable organization.
Preserve the Core / Stimulate Progress	Competitive pressures stimulate change and progress, yet make it harder to preserve core values. Easy-to-measure business metrics and trend lines to assess success and stimulate progress.	Passion for mission and core values a significant advantage, but can also make it harder to change traditions and sacred practices. Fewer easy-to-measure metrics to assess success and stimulate progress.

GOOD-TO-GREAT FRAMEWORK—CONCEPT SUMMARY

Our research shows that building a great organization proceeds in four basic stages; each stage consists of two fundamental principles*:

STAGE 1: DISCIPLINED PEOPLE

Level 5 Leadership. Level 5 leaders are ambitious first and foremost for the cause, the organization, the work—not themselves—and they have the fierce resolve to do whatever it takes to make good on that ambition. A Level 5 leader displays a paradoxical blend of personal humility and professional will.

First Who ... Then What. Those who build great organizations make sure they have the right people on the bus, the wrong people off the bus, and the right people in the key seats *before* they figure out where to drive the bus. They always think *first* about "who" and *then* about what.

STAGE 2: DISCIPLINED THOUGHT

Confront the Brutal Facts—The Stockdale Paradox. Retain unwavering faith that you can and will prevail in the end, regardless of the difficulties, *and at the same time* have the discipline to confront the most brutal facts of your current reality, whatever they might be.

The Hedgehog Concept. Greatness comes about by a series of good decisions consistent with a simple, coherent concept—a Hedgehog Concept. The Hedgehog Concept is an operating model that reflects understanding of three intersecting circles: what you can be the best in the world at, what you are deeply passionate about, and what best drives your economic or resource engine.

STAGE 3: DISCIPLINED ACTION

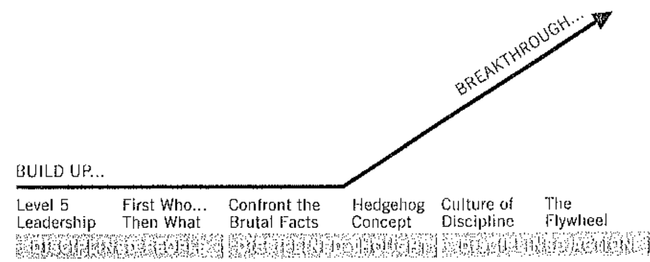
Culture of Discipline. Disciplined people who engage in disciplined thought and who take disciplined action—operating with freedom within a framework of responsibilities—this is the cornerstone of a culture that creates greatness. In a culture of discipline, people do not have jobs; they have *responsibilities.*

The Flywheel. In building greatness, there is no single defining action, no grand program, no one killer innovation, no solitary lucky break, no miracle moment. Rather, the process resembles relentlessly pushing a giant, heavy flywheel in one direction, turn upon turn, building momentum until a point of breakthrough, and beyond.

STAGE 4: BUILDING GREATNESS TO LAST

Clock Building, Not Time Telling. Truly great organizations prosper through multiple generations of leaders, the exact opposite of being built around a single great leader, great idea or specific program. Leaders in great organizations build catalytic mechanisms to stimulate progress, and do not depend upon having a charismatic personality to get things done; indeed, many had a "charisma bypass."

Preserve the Core and Stimulate Progress. Enduring great organizations are characterized by a fundamental duality. On the one hand, they have a set of timeless core values and a core reason for being that remain constant over long periods of time. On the other hand, they have a relentless drive for change and progress—a creative compulsion that often manifests in BHAGs (Big Hairy Audacious Goals). Great organizations keep clear the difference between their core values (which never change) and operating strategies and cultural practices (which endlessly adapt to a changing world).



*The principles in Stages 1-3 derive from the research for the book *Good to Great,* by Jim Collins; the principles in Stage 4 derive from the book *Built to Last,* by Jim Collins and Jerry I. Porras.

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13 The Girl Scout Cookies® business operates at the level of Local Girl Scouts councils, and is not accounted for in the national organization form 990.

14 Author correspondence with Drew Buscareno.

15 According to the *Harvard University Gazette*, September 15, 2004, "Harvard University's endowment earned a 21.1% return during the year ending June 30, 2004, bringing the endowment's overall value to $22.6 billion."

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ABOUT THE AUTHOR

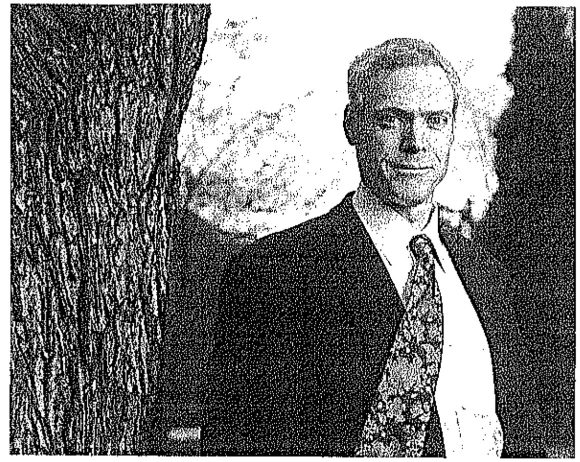

Photo by Ray Ng

Jim Collins has authored or co-authored four books, including *Built to Last* and *Good to Great*. Driven by a relentless curiosity, Jim began his research and teaching career on the faculty of Stanford's Graduate School of Business, where he received the Distinguished Teaching Award. In 1996, he returned to his hometown of Boulder, Colorado, to found his management laboratory, where he conducts research and works with leaders in the corporate and social sectors.

More about Jim and his works can be found at his e-teaching site, where he has assembled articles, audio clips, a recommended reading list, discussion guide, tools, and other information. The site is designed to be a place for students to study and learn. www.jimcollins.com

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