

# Becoming And Staying Great

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Kodak and Nortel were first-class technology companies. Kodak filed for bankruptcy protection and is expected to re-emerge as a much smaller company in September 2013. Nortel is history. In 2011, RIM was still a star but Apple had become a significant competitor. Investors were treating RIM with caution compared with Apple. Both companies' shares were trading in the \$10 - 20 range in the early 2000s. By 2007, both companies' shares were close to \$200. By April 2011, RIM's shares are trading around \$50 and Apple's shares are trading around \$300. Much has happened since then.

Jim Collins, a student of companies, presents the scenario of "moving up" in his book [Good To Great](#) and the scenario of "falling down" in his book [How The Mighty Fall](#). It is interesting to compare the two scenarios.

The contributors to becoming great	The contributors to the downward spiral
<p><b>Stage 1: Disciplined people</b></p> <ul style="list-style-type: none"> <li>• Level 5 leadership – the paradoxical blend of personal humility and will to succeed</li> <li>• Getting the right people in the key positions</li> </ul> <p><b>Stage 2: Disciplined thought</b></p> <ul style="list-style-type: none"> <li>• Confront the brutal facts, regardless of how painful</li> <li>• Focus on what you can be best at, are deeply passionate about and what drives your economic engine</li> </ul> <p><b>Stage 3: Disciplined action</b></p> <ul style="list-style-type: none"> <li>• Have people who engage in disciplined thought and action, within a framework of responsibility</li> <li>• Continuously building momentum, no miracle moments or products</li> </ul> <p><b>Stage 4: Building greatness to last</b></p> <ul style="list-style-type: none"> <li>• Stimulate progress, not dependent on a single great leader, a great idea or a great product</li> <li>• Have core values and reasons for being, BUT have a relentless drive for change and progress</li> </ul>	<p><b>Stage 1: Wrapped up in success</b></p> <ul style="list-style-type: none"> <li>• People become arrogant and regard success as an entitlement</li> <li>• The rhetoric of success replaces understanding and insight</li> </ul> <p><b>Stage 2: Undisciplined pursuit of more</b></p> <ul style="list-style-type: none"> <li>• Preoccupied with more scale, more growth, more acclaim</li> <li>• Unable to fill key seats with the right people who challenge current success</li> </ul> <p><b>Stage 3: Denial of risk and peril</b></p> <ul style="list-style-type: none"> <li>• Warning signs are explained away by results that are still strong (despite some set-backs)</li> <li>• Top management begins to blame external factors and take out-sized risks</li> </ul> <p><b>Stage 4: Grasping for salvation</b></p> <ul style="list-style-type: none"> <li>• Look for charismatic visionary leaders</li> <li>• Apply untested strategies</li> <li>• Hope for a blockbuster product</li> <li>• Pursue game-changing acquisitions</li> </ul> <p><b>Stage 5: Capitulation to irrelevance or death</b></p> <ul style="list-style-type: none"> <li>• Accumulated setbacks start to erode financial strength</li> <li>• Individual spirit erodes</li> </ul>

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The contributors to success are displaced by their opposites. For example, during Stages 1 – 3 of the downward spiral:

- Humility is displaced with arrogance
- Being aware of threats and opportunities is displaced with being comfortable with current success
- Addressing brutal facts and disciplined thought are displaced with ignoring or explaining away the brutal facts
- Passion for being great is displaced with being comfortable with the status quo
- Focusing on what is best for the overall objective is displaced with self interest

Jim Collins provides several examples of companies that recovered in his book [How The Mighty Fall](#). The key is to identify symptoms of "losing the edge" as soon as possible and then act on the findings. It is highly likely that there are persons within and outside a company who sense that not all is well. The challenge is therefore to make it safe for them to be candid and express their concerns, and then listen to them. This is difficult because when things are still going well, concerns can be construed as complaining and being negative. The concerns need to be addressed with a discerning mindset that is open to new possibilities.

The role of the Board and top management team is to:

- Ask questions concerning, and listen for, evidence of looming threats and a downward spiral
- Be vigilant in ensuring that the contributors (see above table) to being great are being, and continue to be, applied

With regard to RIM (now Blackberry), there are many stories within and outside Blackberry as to what happened and is happening. It appears that Blackberry is now in Stage 4 (Grasping for salvation) of a downward spiral. It would be great if its Strategy Committee can do magic and "pull a rabbit from its sleeve".

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