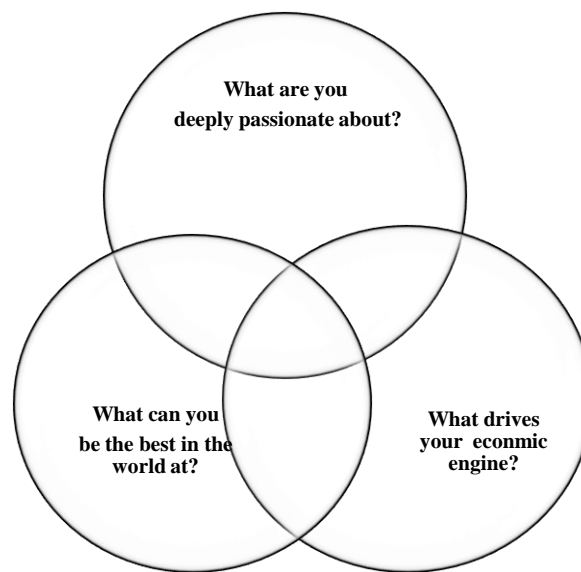


HEDGEHOG CONCEPT

(SIMPLICITY WITHIN THE THREE CIRCLES)

KEY POINTS

- To go from good to great requires a deep understanding of three intersecting circles translated into a simple concept (the Hedgehog Concept):



THREE CIRCLES OF THE HEDGEHOG CONCEPT

- The key is to understand what your organization can be the best in the world at, and equally important what it cannot be the best at — not what it “wants” to be the best at. The Hedgehog Concept is not a goal, strategy, or intention; it is an understanding.
- If you cannot be the best in the world at your core business, then your core business cannot form the basis of your Hedgehog Concept.
- The “best in the world” understanding is a much more severe standard than a core competence. You might have a competence but not necessarily have the capacity to be truly the best in the world at that competence. Conversely, there may be activities at which you could become the best in the world, but at which you have no current competence.
- To get insight into the drivers of your economic engine, search for the one denominator (profit per x or, in the social sector, cash flow per x) that has the single greatest impact.
- Good-to-great companies set their goals and strategies based on understanding; comparison companies set their goals and strategies based on bravado.
- Getting the Hedgehog Concept is a repetitive process. The Council can be a useful device.

UNEXPECTED FINDINGS

- The good-to-great companies are more like hedgehogs—simple, dowdy creatures that know “one big thing” and stick to it. The comparison companies are more like foxes—crafty, cunning creatures that know many things yet lack consistency.
- It took four years on average for the good-to-great companies to get a Hedgehog Concept.
- Strategy per se did not separate the good-to-great companies from the comparison companies. Both sets had strategies, and there is no evidence that the good-to-great companies spent more time on strategic planning than the comparison companies.
- You absolutely do not need to be in a great industry to produce sustained great results. No matter how bad the industry, every good-to-great company figured out how to produce truly superior economic returns.

Note: The Hedgehog Concept was developed in the book, “Good To Great” by Jim Collins.

Further information can be accessed on www.jimcollins.com