



LEVEL 5 LEADERSHIP

*(Summary of a research article by Jim Collins
published in Harvard Business Review, January 2001)*

Jim Collins, has recently published a new book entitled, 'Good to Great: Why some companies Make the Leap... And Others Don't' (HarperBusiness, 2001). The book was the result of a five-year research project, which set out to answer one key question: can a good company become a great company and if so, how?

To carry out his research, Collins first had to identify the 'good-to-great' companies together with companies who in comparison had maintained their 'good' status, but hadn't made the all-important transition to 'great'. He began by looking at 1435 Fortune 500 companies from 1965 to 1995. He analysed their financial performance, searching for a specific pattern: cumulative stock returns at or below the general stock market for 15 years, punctuated by a transition point, then cumulative returns at least 3 times the market over the next 15 years. Only eleven companies out of the 1435 actually met these 'good-to-great' criteria.

A number of qualitative and quantitative factors were evaluated in a search for differentiating patterns and trends. However, what Collins calls 'Level 5 Leadership' was one of the most important findings that distinguished the good companies from the great companies, and as the research did not set out to look for differences in leadership styles, these findings were truly unexpected.

Interestingly, the empirical data confirming these findings presented a contradiction to conventional wisdom about what makes a good leader. The essential nature of Level 5 leadership as described by Collins, is 'an individual who blends extreme personal humility with intense professional will'. This is contrary to the popular belief that a company requires a big, larger-than-life personality to transform it into a great company. Very significantly, during his research, Collins noted that Level 5 leaders who had achieved great success for their companies, displayed great personal humility by tending not to talk about themselves, but rather about their teams and the company itself. In comparison, strong, egocentric leaders tended to achieve short-term success, but the absence of level 5 leadership qualities meant that the company quickly reverted to mediocrity, making success virtually impossible to sustain.

The other important aspect of level 5 leadership is having an intense professional will. This might be a passion for standards or an unwavering resolve. It is characterised by a person having absolute faith in achieving their stated objectives. Finally, another interesting finding which highlighted good-to-great companies, was the importance of making 'who' decisions before 'what' decisions. That is, getting the right people in place before deciding on the vision and the strategy to achieve business objectives.

Tailored executive coaching can help develop Level 5 leadership skills.