

Finding Your 'Hedgehog Concept', Jim Collins, 'Good to Great' (extract) – 2001

"The fox knows many things, but the hedgehog knows one big thing."

'Foxes pursue many ends at the same time and see the world in all its complexity. They are "scattered or diffused, moving on many levels," says Berlin, never integrating their thinking into one overall concept or unifying vision. Hedgehogs, on the other hand, simplify a complex world into a single organising idea, a basic principle or concept that unifies and guides everything. It doesn't matter how complex the world is; a hedgehog reduces all challenges and dilemmas to simple – indeed almost simplistic – hedgehog ideas. For a hedgehog, anything that does not somehow relate to the hedgehog idea holds no relevance... they have a piercing insight that allows them to see through complexity and discern underlying patterns. Hedgehogs see what is essential and ignore the rest.' - Jim Collins

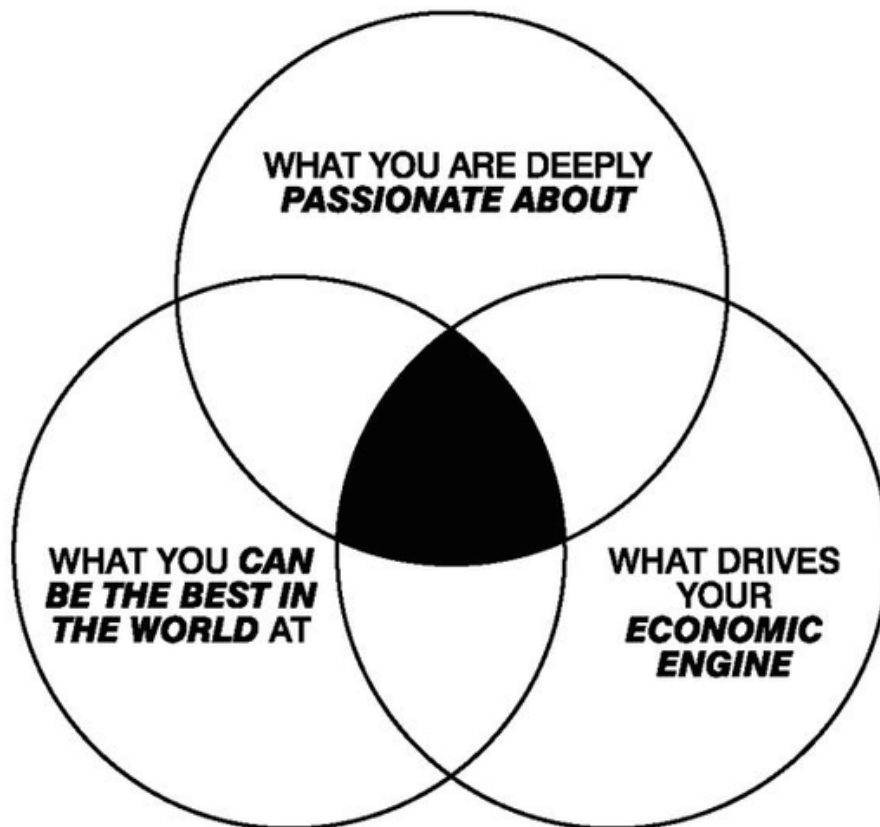
The Three Circles

A Hedgehog Concept is a simple, crystalline concept that flows from deep understanding about the intersection of the following three circles:

1. **What you can be the best in the world at** (and, equally importantly, what you cannot be the best in the world at). This discerning standard goes far beyond core competence. Just because you possess a core competence doesn't necessarily mean you can be the best in the world at it. Conversely, what you can be the best at might not even be something in which you are currently engaged.
2. **What drives your economic engine.** All the good-to-great companies attained piercing insight into how to most effectively generate sustained and robust cash flow and profitability. In particular, they discovered the single denominator – profit per x – that had the greatest impact on their economics. (It would be cash flow per x in the social sector.)
3. **What you are deeply passionate about.** The good-to-great companies focused on those activities that ignited their passion. The idea here is not to stimulate passion but to discover what makes you passionate.

“How do we accelerate the process of getting a Hedgehog Concept?”

“Despite its vital importance (or, rather, because of its vital importance), it would be a terrible mistake to thoughtlessly attempt to jump right to a Hedgehog Concept. You can’t just go off-site for two days, pull out a bunch of flip charts, do breakout discussions, and come up with a deep understanding... getting a Hedgehog Concept is an inherently iterative process, not an event.”



“... One particularly useful mechanism for moving the process along is a device that we came to call ‘The Council’. (see over)

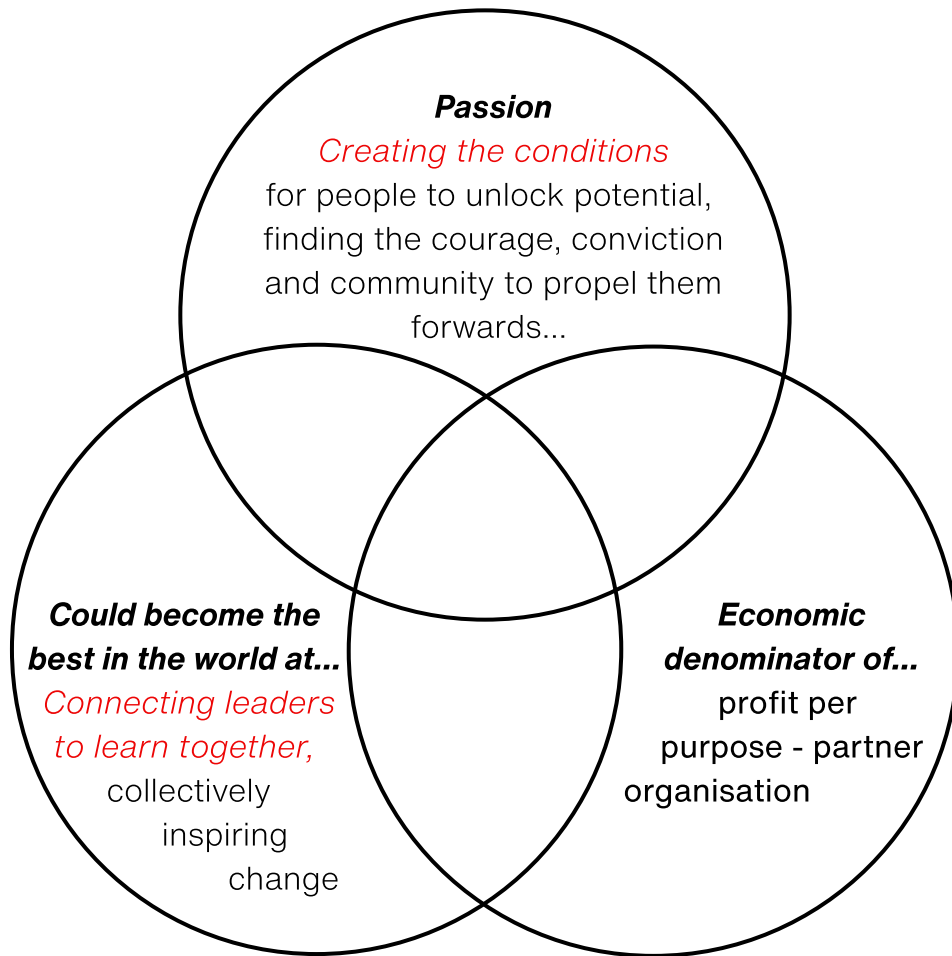
Characteristics of the Council

“If you go through this cycle enough times, guided resolutely by the three circles, you will eventually gain the depth of understanding required for a Hedgehog Concept. It will not happen overnight, but it will eventually happen.”

1. The council exists as a device to gain understanding about important issues facing the organisation.
2. The Council is assembled and used by the leading executive and usually consists of five to twelve people.
3. Each Council member has the ability to argue and debate in search of understanding, not from the egotistic need to win a point or protect a parochial interest.
4. Each Council member retains the respect of every other Council member, without exception.
5. Council members come from a range of perspectives, but each member has deep knowledge about some aspect of the organisation and/or the environment in which it operates.
6. The Council includes key members of the management team but is not limited to members of the management team, nor is every executive automatically a member.
7. The Council is a standing body, not an ad hoc committee assembled for a specific project.
8. The Council meets periodically, as much as once a week or as infrequently as once per quarter.
9. The Council does not seek consensus, recognising that consensus decisions are often at odds with intelligent decisions. The responsibility for the final decision remains with the leading executive.
10. The Council is an informal body, not listed on any formal organisation chart or in any formal documents.
11. The Council can have a range of possible names, usually quite innocuous. In the good to great companies, they had benign names like Long-Range Profit Improvement Committee; Corporate Products Committee; Strategic Thinking Group; and Executive Council.



The Current Iteration of the 'With' Hedgehog Concept:



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