How the Mighty Fall and Why Some Companies Never Give In
by Jim Collins

New York: HarperCollins, 2009. 222 pages.

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Jim Collins is the co-author (with Jerry Porras) of *Built to Last* (1994) and author of *Good to Great* (2001), two of the best-selling management books of the past fifteen years, and deservedly so. Both books were based on massive studies of high performing companies and their chief competitors in an attempt to identify the factors that made (and kept) them great. Collins promises a major new book on "what it takes to endure and prevail when the world around you spins out of control" (*How the Mighty Fall*, p. xiii).

However, Collins decided to explore why some of the great companies lauded in his two earlier books have fallen. Two prominent examples are Circuit City and Fannie Mae, both praised as Good to Great companies by Collins in 2001. Circuit City is bankrupt and dead. Fannie Mae (see my Benchmark Ethics from last month, June 2009) went from "Good to Great to Garbage." Many others on the list have had very rocky rides since starring in Collins's two books. What gives?

Collins partially succeeds in arguing "Why the fall of previously great companies does not negate prior research" (p. 4). But he only gets a C- on his explanation because one of the characteristics he highlights is "*enduring* greatness" . . . "built to *last.*" Why didn't they endure? Why didn't they last? Obviously, Collins is missing something. But that doesn't mean his work is without value. I still find his insights extremely helpful – even if, like everything, they are flawed and incomplete. As I have often written and said, the critical flaw in Collins's thinking concerns his ambivalence about the content of a corporate mission and core values. He is spot on in showing how critical is this core ideology – but wrong to say it doesn't matter what the content of that ideology is. My argument is that the content must tap into the core, positive traits of what it means to be human (both individually and in community) --- creating good (useful and beautiful) things and fixing/healing/helping broken and bad things, to put it crudely and simply.

And of course, I agree with Collins that even the best organized and led organizations can get knocked down by market forces, political change, climate change, and other factors.

Collins takes a look at the damage strewn about in today's economy and identifies five stages of decline in the fall of the mighty: (1) hubris born of success (arrogance, entitlement), (2) undisciplined pursuit of more (overreaching, obsessed with growth), (3) denial of risk and peril (blaming, refusal to face facts), (4) grasping for salvation (panic, desperation, silver bullets and star CEO recruits), (5) capitulation to irrelevance or death. Collins closes with some hope stories: Anne Mulcahy's Xerox turnaround, Winston Churchill's rebirth as a leader, Lord Shackleton's amazing journey, IBM's recovery under Lou Gerstner, similar recoveries at Nucor and Nordstrom. These are some of the best pages in the book. Appendix 3 discusses Fannie Mae's fall through the five stages.

There is absolutely nothing original or startling about Collins's description of the five stages of failure. Every philosopher, theologian, and social analyst worth anything in human history could have (and usually has) written this analysis: first you get arrogant, then you overreach (especially for personal fame and gain), then you live in denial and surround yourself with sycophants and "yes-men," then you see the grim reaper looming ahead and lurch around grabbing for salvation and magic cures, then you die. But the fact that it is classic wisdom doesn't mean everybody knows it. They don't. So we can only welcome Collins's new book and hope it gets a wide reading.