


Review Questions and Final Exam

Course name:	Good to Great
Course number:	6009N
Number of questions:	Review 60 Final exam 60
Prerequisite:	None
Course level:	Basic
Recommended CPE credit:	12 CPE hours
Recommended study time:	12 hours
Course format:	Interactive self study CPE credit calculated as 100% of total study time (i.e. 50 minute hour)
Reference text:	<div style="display: flex; align-items: flex-start;"> <div style="flex: 1;">  <p style="color: blue; text-align: center;">Click to order from Amazon</p> </div> <div style="flex: 2;"> <p><i>Good to Great</i> by Jim Collins</p> <p>Hardback (286 pages),</p> <p>Publisher: Harper Collins</p> <p>ISBN: 0066620996, (2001)</p> </div> </div>
Subject classification:	Behavioral (FL), Management Advisory Services (NJ/NY/other states).
Course updated:	November 28, 2006
Learning objective:	To examine how management strategy and practice cause some companies to achieve enduring greatness.
Instructions:	<p>This copy of the exam can be used to answer questions while offline.</p> <p>Please note that you will still need to enter your answers online by logging into the course system with your User ID and Password.</p>

1) In the good-to-great research process, the author and his team identified companies that made the leap from good results to great results and sustained those results for at least fifteen years.

True
False

2) All good-to-great selections had to demonstrate the good-to-great pattern independent of its industry.

True
False

3) Direct comparison companies are companies that made a short-term shift from good to great but failed to maintain the trajectory.

True
False

4) The research team began the good-to-great project to test an existing theory.

True
False

5) When the research team stepped into the “black box,” they found no systematic pattern linking specific forms of executive compensation to the process of going from good to great.

True
False

6) The good-to-great companies were typically not in great industries.

True
False

7) The author believes a company should first establish a new vision and strategy, then look for people that can help reach the vision.

True
False

8) Few companies have a culture of discipline.

True
False

9) A Level 5 leader is an individual who blends extreme personal humility with intense personal will.

True
False

10) The absence of Level 5 leadership showed up as a consistent pattern in the comparison companies.

True
False

11) Richard Nixon was one of the few Level 5 presidents in United States history.

True
False

12) Research shows that individuals cannot evolve into a Level 5 leader.

True
False

13) The good-to-great leaders all believed that if you have the wrong people, you won't have a great company.

True
False

14) The "Genius with a Thousand Helpers" model first sets a vision for the direction of the company.

True
False

15) The good-to-great executives received significantly more compensation after the transition than their counterparts at the comparison companies.

True
False

16) The good-to-great companies are rigorous, not ruthless.

True
False

17) According to the author, if your growth rate in revenues consistently outpaces our growth rate in people, you cannot build a great company.

True
False

18) The comparison companies had a penchant for best people on their biggest problems.

True
False

19) Good-to-great management teams are made up of people who tend to agree and minimize the debate on most issues.

True
False

20) One distinctive form of disciplined thought displayed by the good-to-great companies is that they infused the entire transformation process with the brutal facts of reality.

True
False

21) Charisma from a leader is always an asset.

True
False

22) The good-to-great leaders created a culture wherein people had a tremendous opportunity to be heard.

True
False

23) Non-agenda meetings were eliminated by the good-to-great leaders.

True

False

24) The good-to-great companies had more information than the comparison companies.

True

False

25) The Stockdale Paradox describes how good-to-great companies maintained an unwavering faith in the endgame but also stoically accepted the brutal facts of reality.

True

False

26) The Stockdale Paradox refers to the method employed by Admiral Jim Stockdale while a prisoner of war.

True

False

27) Companies that follow the Hedgehog Concept are typically scatted, diffused, and inconsistent.

True

False

28) The Hedgehog Concept originated during a comparison of the strategies of the good-to-great companies and the comparison companies.

True

False

29) “Profit per x” was the single denominator that the good-to-great companies discovered that had the greatest impact on their economics.

True

False

30) The good-to-great companies eliminated passion from the decision making process.

True

False

31) The good-to-great companies understood that focusing solely on what you can potentially do better than any other organization is the only path to greatness.

True
False

32) Each good-to-great company built a fabulous economic engine regardless of the industry.

True
False

33) The author states that you can't motivate people to feel passionate.

True
False

34) The good-to-great companies focused obsessively on growth

True
False

35) A Council is a particularly useful mechanism for moving the Hedgehog Council process along.

True
False

36) The author states the purpose of bureaucracy is to compensate for incompetence and lack of discipline.

True
False

37) One good-to-great philosophy is to never change your plans once you have made them for the year.

True
False

38) The good-to-great companies had strict disciplinarian systems that restricted freedom and limited responsibility.

True
False

39) Disciplined action without self-disciplined people is impossible to sustain.

True
False

40) The unsustainable comparison companies had Level 4 leaders who personally disciplined the organization through sheer force.

True
False

41) The more an organization has the discipline to stay within the three circles of the Hedgehog Concept, the more it will have attractive opportunities for growth.

True
False

42) One of the reasons budgeting exists for good-to-great companies is to decide how much to apportion to each activity.

True
False

43) Technology-induced change began with the dot-com companies.

True
False

44) In every good-to-great company, the author found technological sophistication.

True
False

45) When used right, technology becomes a creator of momentum.

True
False

46) 80% of the good-to-great executives that were interviewed did not mention technology as one of the top five factors in the transition.

True

False

47) Technology cannot turn a good enterprise into a great one.

True

False

48) How a company reacts to technological change is a good indicator of its inner drive for greatness versus mediocrity.

True

False

49) There was always a single defining moment for each good-to-great company.

True

False

50) The good-to-great companies followed the flywheel model no matter how dire the short-term circumstances.

True

False

51) The Flywheel Effect is typical of the comparison companies.

True

False

52) The question of commitment was a key challenge for the good-to-great companies.

True

False

53) Comparison companies frequently tried to jump right to breakthrough via an acquisition or merger.

True

False

54) Confronting the brutal facts to see clearly what steps must be taken to build momentum is a sign that you are on the flywheel.

True
False

55) Jumping right to action without disciplined thought is a sign that you are in the Doom Loop.

True
False

56) The companies identified in Built to Last did not reflect the good-to-great principles.

True
False

57) Bill Hewlett and David Packard exemplify a guiding philosophy which consists of core value and a core purpose.

True
False

58) There are no specific right core values for becoming an enduring great company.

True
False

59) One of the key ideas in Built to Last is to build an organization that can endure through multiple generations of leaders.

True
False

60) The point of Good to Great is that much of what we are doing is at best a waste of energy.

True
False

Exam Name: Good to Great-Final Exam

1) Bill Meehan, the managing director of the San Francisco office of McKinsey & Company, correctly observed that the truly great companies, for the most part,

- a) Went downhill for 5+ years before turning around.
 - b) Have always been great.
 - c) Are located in small communities.
 - d) Used McKinsey & Company for consulting projects.
- 2) Which of the following companies had the best cumulative stock return from December 31, 1975 to January 1, 2000?
- a) Walgreens
 - b) Coca-Cola
 - c) General Electric
 - d) Intel
- 3) The first task in the author's search for good-to-great companies was to find companies with:
- a) Three-year cumulative stock returns at or below the general stock market.
 - b) Five-year cumulative stock returns above the general stock market, followed by five years at or below the general stock market.
 - c) Fifteen-year cumulative stock returns at or below the general stock market, punctuated by a transition point, then cumulative returns at least three times the market over the next fifteen years.
 - d) Low earnings per share and high yields.
- 4) The crucial question in the good-to-great study is "what did the good-to-great companies share in common?"
- True
False
- 5) When the research team stepped into the "black box," they discovered that good-to-great companies:
- a) Focused on managing change, motivating people, and creating alignment.
 - b) All had special, high profile, launch events to signify their transformations.
 - c) Were all in great industries.
 - d) Generally did NOT utilize larger-than-life celebrity leaders from the outside.
- 6) The research team identified that technology-driven change had a significant role in igniting a transformation from good to great.
- True
False
- 7) The author describes the transformation from good to great as a process of buildup followed by breakthrough.
- True

False

8) The Stockdale paradox states:

- a) You must maintain unwavering faith that you can and will prevail in the end, regardless of the difficulties, and at the same time, have the discipline to confront the most brutal facts of your current reality.
- b) If you cannot be the best in the world at your core business, then your core business absolutely cannot form the basis of a great company.
- c) The good-to-great leaders are great leaders, but typically self-effacing, quiet, and reserved.
- d) When you combine a culture of discipline with an ethic of entrepreneurship, you get the magical alchemy of great performance.

9) Using the Level 5 Hierarchy, which of the following best describes a Level I Highly Capable Individual?

- a) Builds enduring greatness through a paradoxical blend of personal humility and professional will.
- b) Organizes people and resources toward the effective and efficient pursuit of predetermined objectives.
- c) Makes productive contributions through talent knowledge, skills, and good work habits.
- d) Catalyzes commitment to and vigorous pursuit of a clear and compelling vision, stimulating higher performance standards.

10) Humble and willful best describe a leader at which level?

- a) Level 1 or 2
- b) Level 3
- c) Level 4
- d) Level 5

11) Level 5 leaders are typically focused on their own personal success rather than the future long-term success of their company.

True
False

12) Level 5 leaders are fanatically driven with an incurable need to produce results.

True
False

13) The “good-to-great” leaders all understood that the first step in taking a company from good to great is to determine the direction.

True
False

14) The “genius with a thousand helpers” model:

- a) Typically run by a level 5 leader.
- b) Exemplified by Walgreen’s corporation.
- c) Typically has an extraordinary individual at the helm, but not an extraordinary management team.
- d) Focused on enlisting a superior executive team as a first step.

15) The author identified a systematic pattern linking executive compensation to the process of going from good to great.

- True
- False

16) In determining the “right people,” the good-to-great companies placed greater weight on:

- a) Specific educational background
- b) Work experience
- c) Specialized knowledge
- d) Character attributes

17) Growth is ultimately limited for any great company by:

- a) Declining market conditions
- b) Increased competition
- c) The ability to get and keep enough of the right people
- d) Changing technology

18) Good-to-great companies match their best people with their biggest:

- a) Problems
- b) Customers
- c) Divisions
- d) Opportunities

19) Good-to-great management teams consist of people who strongly debate issues, but who unify behind decisions.

- True
- False

20) One of the dominant themes of good-to-great companies is that breakthrough results come about by:

- a) Being in the right place at the right time
- b) A series of good decisions, diligently executed and accumulated one on top of another
- c) Completely eliminating bad decisions
- d) Ruthless decision making

21) Charismatic leaders always produce better long-term results than their less charismatic leaders.

True
False

22) Level 5 leadership creates a climate where the truth is heard and the brutal facts are confronted.

True
False

23) Which of the following basic practices will help create a climate where truth is heard?

- a) Lead with questions, not answers.
- b) Discourage debating.
- c) Put blame where blame is due.
- d) Remove all “red flag” mechanisms.

24) Leading from good to great means coming up with answers and motivating everyone to follow your vision.

True
False

25) Every good-to-great company had a management team that along the way that:

- a) Felt like the company would never become a great company.
- b) Was optimistic, rather than realistic.
- c) Faced significant adversity.
- d) Faced very little adversity, if any.

26) If you are able to adopt the dual pattern of the Stockdale Paradox, you will dramatically increase the odds of making a series of good decisions and ultimately discovering a simple concept for making the really big choices.

True
False

27) The concept that the essence of profound insight is simplicity is called:

- a) The Fox and Hound Concept
- b) K.I.S.S.
- c) Simple City Concept
- d) The Hedgehog Concept

28) One of the key reasons that Walgreens was more successful than Eckerd is:

- a) Eckerd did not have a strategy
- b) Eckerd had a bad strategy
- c) Walgreens invested more time in long range planning
- d) Walgreens' strategy was based on a simpler strategy

29) All good-to-great companies focused on those activities that ignited their passion.

True
False

30) Which of the following is NOT one of the three circles of the Hedgehog Concept?

A deep understanding of:

- a) What you are deeply passionate about.
- b) What drives your economic engine.
- c) Marketing.
- d) What you can do best better than anyone in world.

31) The Hedgehog Concept three circles include:

- a) What is the most profitable niche in your industry.
- b) What you can be the best in the world at.
- c) What are the most recent trends in your industry?
- d) What has the lowest cost of production.

32) The good-to-great companies frequently produced spectacular returns in very unspectacular industries.

True
False

33) Focusing on a single economic denominator, rather than multiple denominators, tends to produce better insight in gaining insight into your economic model.

True
False

34) The comparison companies (who did not make it from good-to-great):

- a) Always asked the right questions.
- b) Were usually slow to make decisions.
- c) Were obsessed with mindless pursuit of growth.
- d) Never had charismatic leaders.

35) The characteristics of a council to participate in dialogue and debate guided by the three circles include:

- a) The Council should be limited to key members of the management team.
- b) The Council discourages arguing and disagreements among its members.
- c) The Council is an ad hoc committee assembled for a specific project.
- d) The Council does not seek consensus.

36) George Rathmann, co-founder of Amgen, was able to avoid many of the problems that entrepreneurial success brings by creating:

- a) Chains of command.
- b) A culture of discipline.
- c) Bureaucracy.
- d) A luxury corporate bus that could be used for company retreats.

37) Responsibility accounting involves identifying every item of cost, income, and investment with a single individual responsible for that item.

True
False

38) In building freedom and responsibility within a framework, good-to-great companies:

- a) Built a consistent system with NO constraints.
- b) Hired disciplined people that didn't need to be managed.
- c) Hired former pilots to make decisions about "where to land the company."
- d) Built control systems that mimicked the strict national "air traffic control system."

39) The transition to a culture of discipline begins by trying to discipline people into the right behaviors.

True
False

40) Every unsustained comparison company experienced a spectacular rise under a tyrannical disciplinarian, followed by an equally spectacular decline when the disciplinarian stepped away.

True
False

41) Which of the following is true about good-to-great companies?

- a) They typically launched unrelated businesses.
- b) They had the discipline to discover their Hedgehog Concept, but not the discipline to build consistently with it.
- c) They typically avoided “once-in-a-lifetime” opportunities that didn’t fit within the three circles of the Hedgehog Concept.
- d) They often were involved in unrelated joint ventures.

42) “Stop-doing” lists were utilized by the good-to-great companies.

True
False

43) During a time of rapid and radical technological change, which company effectively followed a “crawl, walk, run” philosophy when it addressed new technology?

- a) Eckerd
- b) A & P Markets
- c) Bethlehem Steel
- d) Walgreens

44) Which of the following is true about technology and good-to-great companies?

- a) Very few became a pioneer in the application of technologies.
- b) Technology drove the Hedgehog Concept.
- c) Technology induced change is a new concept.
- d) Each good-to-great company had technological sophistication.

45) The good-to-great companies all used pioneering technology as soon as it became available to begin their transition.

True
False

46) The good-to-great study found that technological change was the primary cause of the decline of many once-great companies.

True
False

47) Throughout business history, companies who were early technology leaders usually became dominant in their fields, and went on to become great companies.

True
False

48) Research by the author indicated that the use of new technology by good-to-great companies:

- a) Ignited the shift from good-to-great.
- b) Created a culture of discipline.
- c) Was just another example of disciplined action.
- d) Typically allowed leaders to eliminate up to 70% of personnel, thus cutting costs significantly.

49) Good-to-great comes about by a cumulative process—step by step, action by action, and decision by decision.

True
False

50) The good-to-great companies were typically NOT subject to the same short-term pressures from Wall Street as the comparison companies.

True
False

51) The good-to-great companies understood improvement and delivery of results while identifying tangible results related to the business concept will draw interest and enthusiasm to your company. The author calls this concept:

- a) Cycle of Doom
- b) Publicity Pyramid
- c) Data Loop
- d) Flywheel Effect

52)

Which of the following is a part of the Doom Loop?

- a) Flywheel builds momentum.
- b) Accumulation of visible results.

- c) Reaction without understanding.
- d) Executives talk about “doom and gloom” and it becomes self-fulfilling.

53) The key to the higher success rate of the acquisitions of good-to-great companies is that they used acquisitions as an accelerator of flywheel momentum, not a creator of it.

True
False

54) Signs that you’re on the flywheel include:

- a) You jump right into action, without wasting time planning.
- b) You make major acquisitions before the breakthrough.
- c) You implement big programs and radical changes.
- d) You confront the brutal facts to see clearly what steps must be taken to build momentum.

55) Signs that you’re in the Doom Loop include:

- a) You follow a pattern of buildup leading to breakthrough.
- b) You spend a lot of energy trying to align and motivate people, rallying them around new visions.
- c) You make major acquisitions after breakthrough to accelerated momentum.
- d) You let results do most of the talking.

56) The author believes that the companies in his previous book, “Built to Last,” followed the good-great framework during their formative years.

True
False

57) Which of the following was NOT one of the core values of Hewlett Packard in the 1950s?

- a) Respect for the individual.
- b) Technical contribution.
- c) Responsibility to the communities in which the company operates.
- d) The fundamental goal of the company is profit.

58) Enduring companies:

- a) Exist to deliver returns to shareholders.
- b) Focus on profits and cash flow as the “very point of life.”
- c) Preserve their core values while their business strategies endlessly adapt to a changing world.
- d) Change their purpose often to find their “niche.”

59) To remain great over time requires staying squarely within the three circles of the Hedgehog Concept and being willing to change the specific manifestation of what's inside of the three circles.

True
False

60) The author states that the point of the entire book is that you should add these findings to what you are already doing, because it is critical to “do what it takes,” even if you have to work overtime.

True
False