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RESEARCH ARTICLE

Re-theorizing Jim Collins's culture of discipline in *Good to Great*

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Jim Collins's empirical study *Good to Great: Why Some Companies Make the Leap ... and Others Don't* (Harper Business, New York, 2001) has made a worldwide impact on management and leadership practice and research. His concept of "culture of discipline" is central to his ideas for achieving enduring, sustainable organizations, whether in the business or nonprofit sectors. In this essay the culture of discipline is re-theorized in the context of Mary Douglas's grid-group analysis to provide a home within a broader theory which will locate the culture of discipline in relation to alternative cultures. The framework is illustrated with applications in a study of small, high-technology firms in peripheral areas of the UK, leading to the recognition of an organizational form missing from most of the management literature and furthering the exploration of a model of humble and collaborative leadership as an alternative to the model of charismatic or heroic leadership growing out of American management culture.

Keywords: Jim Collins; culture of discipline; level-5 leadership; grid-group analysis; *Good to Great*; egalitarian leadership

Introduction

Since 2001 a new vocabulary has begun to permeate business management circles. Phrases like "getting the right people on the bus," facing "the brutal facts," pursuing the corporate "hedgehog," cultivating "level-5 leadership" or activating "the flywheel rather than the doom loop" all indicate the influence of Jim Collins and his best-selling management guide, *From Good to Great: Why Some Companies Make the Leap ... and Others Don't* (2001). Collins's writing is peppered with pungent and memorable metaphors, such as "rinsing your cottage cheese" or creating a "stop-doing list." Published in 35 languages, *Good to Great* has had the most pervasive impact on business practitioners' conceptual frameworks since Peter Drucker (Cohen 2008, Drucker 1985, 1997). Collins's ideas are popular not only in the business sector, but also in the nonprofit or social sector (Collins 2005), including churches, universities, and charities. The search for "good-to-great" principles has had a great influence on nonprofit organizational design globally (Mirabella *et al.* 2007). One study asserts that school administrators in the United States are more likely to be familiar with the CEO model presented by Collins than they are with recent research on educational leadership (Smith 2008). Collins's empirical rather than ideological emphasis on "sustainable" organizations – a concern of increasing interest in a variety of management sectors – is now influencing educational management research (Glatter and Kydd 2003, Davies 2007).

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Supplementing the book is an extensive website (<http://www.jimcollins.com/>), giving the key concepts, new articles, diagnostic tools, and various audio and video clips. Collins is one of the current business gurus in most demand as a speaker (WSJ 5/5/2008 B1). Unlike many of the recent management gurus, such as former General Electric executive Jack Welch, who draw on consulting and management experience, Collins bases *Good to Great* on comparative empirical research on 11 “great” large American firms that have maintained their momentum for at least 15 years, along with a comparison group of “good” firms. The matched-pair research procedure, carried out by a large research team over a five-year period, is explained in detail in an extensive methodological appendix. The main chapters present “the timeless principles of Good to Great” which Collins considers essential for creating “enduring organizations of *any* type” (Collins 2001, p. 15).

The goal of this essay is to examine Collins’s processual model of good-to-great organizational development with special attention to the role of the “culture of discipline,” which is the subject of his sixth chapter. Collins seems somewhat uncomfortable with the concept of culture, with the result that the concept does both too much and too little work in his theory. “We almost didn’t include this chapter [chapter 6] in the book,” he writes (Collins 2001, p. 129). In particular, he struggles to distinguish between organizations with CEO-imposed discipline, which are rarely sustainable and often decline when the CEO steps down, and organizations infused with a “culture of discipline” which can become great and enduring organizations (Collins 2001, pp. 129–131). I will re-theorize the culture of discipline using the grid–group and “culture theory” frameworks developed by Mary Douglas (1982) and associates (Wildavsky 1989, Thompson *et al.* 1990). This will help to reveal some of the inadequacies of current theories of organizational or corporate culture, a topic which has been increasingly important in management theory since the 1980s (Alvesson 1993, Deal and Kennedy 1982, Frost, *et al.* 1991, Hofstede 1991, Martin 1992, 2002, Ouchi 1981, Ouchi and Wilkins 1985, Caulkins 2004, Peters and Waterman 1982, Schein 1985). In addition, I will illustrate the usefulness of the modified processual theory with case studies from my research on small, high-technology firms in peripheral regions of the UK. An outcome of these considerations will be the identification of two kinds of “entrepreneurial” cultures that previously were conflated in Collins’s framework. First, then, what is Collins’s framework?

Good-to-great as a process

According to Collins (2001, p. 190), *Good to Great* is actually a “prequel” to *Built to Last: Successful Habits of Visionary Companies*, an earlier research-based book by Collins and Porras (1994), initiated while both were at Stanford University. While the two books were separate research projects, Collins sees them as mutually reinforcing, enriching the cumulative interpretation.

Collins sees the good-to-great transition as a preparatory “build-up” stage leading to a “breakthrough,” with an upward trajectory represented by positive economic outcomes for a firm or, for a nonprofit organization, reaching and achieving other important goals.

It all starts with assembling *disciplined people*, which leads to *disciplined thought*, and *disciplined action*.

Disciplined people

Within the stage of disciplined people are two components, first, *level-5 leaders*, who are “ambitious first and foremost for the causes, the organization, the work – not

themselves – and they have the fierce resolve to do whatever it takes to make good on that ambition” (Collins 2005, p. 34).¹ When level-5 leaders retire, they leave an organization that runs well without them. Such leaders may be low on charisma but high on determination. In fact, Collins distrusts the charisma of the level-4 leader who is self-aggrandizing. Often the charismatic leader “instilled such fear” that employees worried less about the external realities confronting the organization than they did about what the leader would say, do, or think (Collins 2001, p. 72). Second, and somewhat counter-intuitively, is Collins’s insistence that the organization must assemble the right team of people before deciding on a business strategy. As Collins puts it, the priorities are “first who, then what.”

Disciplined thought

After “getting the right people on the bus,” then the organization enters the “disciplined thought” stage, which has two parts. First the organization must “confront the Brutal Facts” and make a realistic assessment of the challenges facing the organization and second, they must create a “hedgehog”² concept that combines the intersection of three circles: what the organization can do best, what it has a passion for, and what can be its economic or resource engine. Effectively, this process means finding a market niche where the organization can be better than any of the competition. The organization should stick fanatically to its hedgehog concept and should not, fox-like, chase other random opportunities that arise.

Disciplined action

In keeping with the previous two sections, Collins’s concept of disciplined action has two components: disciplined culture and technological accelerators. Developing a culture of discipline, emphasizing “freedom within a framework,” provides the habitual practice of great organizations in their relentless pursuit of their hedgehog. The organization must find the right technology or technologies to help accelerate their organizational momentum. Collins (2001, p. 162) notes that “technology by itself is never a primary root cause of either greatness or decline.” If the other components of the good-to-great process are not in place, new technology will not be of much help. For the social sector organizations, technology plays an even less important role (Collins 2005, pp. 32–33), while building “flywheel” momentum and building the organizational brand assumes a greater role (Collins 2005, p. 23). Within the business sector, however, the culture of discipline and the technological accelerator are important mechanisms for producing the business momentum that powers the organization to greatness.

What is the culture of discipline?

The processual model of good-to-great has clear stages and a set of actions that must be accomplished in each stage. Collins, however, is somewhat ambivalent about the role of culture in his model. On one hand he makes it a centerpiece of the book and the model.

In a sense, much of this book is about creating a culture of discipline. It all starts with disciplined *people*. The transition begins not by trying to discipline the wrong people into the right behaviors, but by getting *self-disciplined* people on the bus in the first place. Next we have disciplined *thought*. You need the discipline to confront the brutal facts of reality, while retaining resolute faith that you can and will create a path to greatness. Most

importantly, you need the discipline to persist in the search for understanding until you get your hedgehog concept. Finally, we have *disciplined action*, the subject of this chapter. This order is important. The comparison companies often tried to jump right to disciplined action, but disciplined action without self-disciplined people is impossible to sustain, and disciplined action without disciplined thought is a recipe for disaster (Collins 2001, p. 128).

At times it seems as though everything is part of the culture of discipline. Collins does not provide a formal definition or references to the corporate or organizational culture literature (e.g. Ouchi and Wilkins 1985, Frost *et al.* 1991, Martin 1992, 2002). He appears to identify the culture of discipline as a conscious set of practices – and mental models for practices – that are habitually and fanatically embraced, not just passively followed, by the members of an organization. The locus of control is within the collective. Since they are “the right people,” all or most of the members of the collective are committed to this high consensus culture of “freedom (and responsibility) within a framework” (Collins 2005, pp. 124–125). So long as people are committed to the framework – the culture – then the organization works well. Contrasting with the culture of discipline, Collins (2005, p. 142) asserts, are hierarchy and bureaucratic cultures, which are useful only “to compensate for incompetence and lack of discipline, which arise from having the wrong people on the bus in the first place.” For Collins, the Weberian rule-based, procedure-driven bureaucracy (Weber 1947) is the wrong organizational form and the wrong kind of discipline for sustainable greatness. Disciplined people, thought, and action appear to be almost entirely about culture: as a mental model which the right people prefer (disciplined people); as a set of knowledge and analytic practices (disciplined thought); and as a set of models for action (disciplined action).

Distinguishing between discipline and the culture of discipline

On the other hand, as mentioned earlier, Collins admits that the chapter on the culture of discipline almost did not get written because of the potential confusion between discipline as a managerial style and discipline as a culture. Commenting on the dictatorial style of management of one CEO, Collins (2005, p. 131) notes that the company “rose dramatically under the tyranny of this singularly disciplined leader but then just as dramatically declined when he departed.” Collins’s research team found that tyrannical leaders did not create sustainable organizations and ultimately the firms declined in effectiveness. The sustainable firms have a culture of discipline that is distinctly more egalitarian and less hierarchical than cultures at less successful firms.

One potential case study presented itself in May of 2008, when Hewlett-Packard acquired Electronic Data Systems Corporation, with the EDS’s CEO, Ronald Rittenmeyer, staying on to manage EDS. The *Wall Street Journal* (Carlton 2008) speculates about the potential frictions between the cultures of the two firms:

The 60-year-old Mr. Rittenmeyer will have to deal with a potential culture clash between his gritty style at EDS and that of H-P. Mr. Rittenmeyer is an unusually aggressive manager known to fire underlings who don’t toe the line. H-P’s culture, by contrast, is considered more of a consensus-building style – even though it has become more hierarchical in recent years.

More information would be required to determine whether Mr Rittenmeyer was merely getting the wrong people off the bus, whether he was showing tyrannical tendencies, or striving to develop a culture of discipline. In another case study, we can point to the experience of Robert Noyce, co-founder of Intel Corporation, as an employee who escaped from a tyrannical boss at Fairchild Semiconductor Corporation to set up a new firm, Intel, based on egalitarian and entrepreneurial principles (L. Berlin 2005). The managerial style

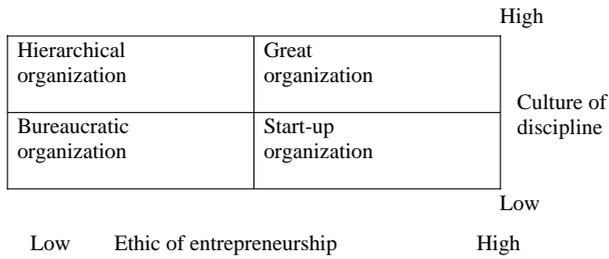


Figure 1. The good-to-great matrix of creative discipline.

of William Shockley, the dictatorial leader of Fairchild, contrasted strongly with Noyce’s egalitarian disdain of hierarchy (L. Berlin 2005, pp. 128–129). Intel Corporation eventually became more hierarchical, but Noyce was personally nostalgic about the earlier, more egalitarian organization (Robert Noyce, personal communication, May 1983).

Collins sums up this relationship between discipline and hierarchy with the following diagram that maps two dimensions, the Ethic of Entrepreneurship and the Culture of Discipline (Collins 2005, p. 122). The first of those dimensions is not well explained in the text but we can infer that Collin, like Schumpeter (McCraw 2007), associates entrepreneurship with innovation and creativity. The two dimensions, then, represent two cultures, one focused on creativity and innovation, and the other on discipline (Figure 1).

Collins illustrates this diagram with a narrative of the development of Amgen, a biotechnology firm, which went from a “struggling entrepreneurial enterprise” in 1980 to a company with over 6400 employees in this decade (Collins 2005, p. 121). The process begins in the lower-right quadrant with a start-up firm that is high on entrepreneurship but relatively low on discipline. As it grows, the lack of planning and systems creates problems, which are usually addressed by bringing in executives with considerable management experience. “What was once an egalitarian environment gets replaced with a hierarchy,” Collins (2005, p. 121) notes, and the managers “create order out of chaos, but they also kill the entrepreneurial spirit.” In this process, the firm moves from the lower-right to the upper-left quadrant and, if it enters the “entrepreneurial death spiral,” sinks into the lower-left quadrant and becomes a bureaucratic organization, low on entrepreneurship and low on discipline. A successful start-up like Amgen, however, could move into the “great company” quadrant, preserving its entrepreneurship while developing a culture of discipline. Collins (2001, p. 190) claims that the good-to-great principles are equally valid for new entrepreneurial firms as for well-established ones.

This is a persuasive scenario, well known to those who have studied entrepreneurial small firms (e.g. Caulkins 1992). However, we can accommodate these same insights and help to illuminate the culture of discipline by re-conceptualizing the framework using the “grid–group” and culture theory perspectives made popular by Mary Douglas, Aaron Wildavsky, and their associates (Douglas and Ney 1998, Douglas and Wildavsky 1982, Thompson *et al.* 1990).

Grid–group and culture theory

Mary Douglas (Douglas 1970, Douglas and Isherwood 1979) initiated a program of classifying cultural biases that more recently has matured into an interdisciplinary framework for a variety of inquiries such as policy analysis (Douglas and Wildavsky 1982, Schwarz and Thompson, 1990), political science (Thompson *et al.* 1999), entrepreneurship

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and regional development (Caulkins and Weiner 1999, Caulkins and Peters 2002), cross-cultural comparisons (Caulkins 1999), work relations (Mars 1982), and organizational relations (Douglas and Ney 1998, Caulkins and Weiner 1998), among other fields.

Douglas contends that there are four stable forms of organization that can be characterized as different quadrants formed by the two dimensions of grid, or structure, and group, or incorporation. Grid or structure can range from low to high constraint or restriction by rules. Group or incorporation can range from individualism, or low social network connectedness, at one extreme, to a highly connected group or enclave with marked group boundaries at the other extreme.

“For each form of stable organization,” write Douglas and Ney (1998, p. 92), “there would be a range of values and theories about the world adapted to it.” Each of the four forms of organization has a distinctive cultural bias, a distinctive set of practices, assumptions, and paradigms for action that shape the identities and personhood of those who are in those organizations.

Wildavsky explains that the key to the cultural framework is the answer to two questions: “who am I?” and “How should I behave?”

The question of identity may be answered by saying that individuals belong to a strong group, a collective, that makes decisions binding on all members or that their ties to others are weak in that their choices bind only themselves. The question of action is answered by responding that the individual is subject to many or few prescriptions, a free spirit or one that is tightly constrained. The strength or weakness of group boundaries are numerous or few, varied or singular, prescriptions binding or freeing individuals (Wildavsky 1989, p. 64).

The four stable organizational structures are represented by the quadrants, but transitional types occur as organizations are transformed from one type of organization to another, by moving diagonally, horizontally, or vertically from one quadrant to another. One important principle of the grid–group framework is that the four types of organizations need each other in order to form a dynamic system (Thompson *et al.* 1990, pp. 83–99). This plurality of organizational types within the society is also mirrored by a plurality of forms of personhood within the organization, but social interaction within the organization over time tends to reward behavior that conforms to the dominant cultural bias of the organization. While some individuals in each organization may have different cultural biases, stable organizations tend to have a dominant focus. Selective recruitment of new members of the organization with different cultural biases can propel the organization toward a different quadrant. Since the dimensions of grid and group are scalar rather than dichotomous, there can be a very large number of combinations of unique positions within the quadrants. Two organizations within the “hierarchical” quadrant, for example, could differ from each other according to the strength of the group dimension, with one organization closer to the individualist quadrant (Figure 2).

The competitive individualistic quadrant is the typical environment for innovation, novelty, creativity and early stage entrepreneurship. The more the individual is expected to create his own role, and the more his transacting with others is entirely up to himself, the better advised he is to corner a little resource, to specialize, or at least to offer an improved version of what everyone else can do. Hence we recognize in low-grid conditions the tendency to cultivate idiosyncrasy – and this fits well with the general tolerance of deviance (Douglas 1982, p. 240).

- *Quadrant A.* In this quadrant, the individual is embedded in a market environment, where individuals shape social networks for purposes of rational exchange. Organizationally, this is the quadrant for early start-up organizations which are assembling ideas that may coalesce into a business. Joseph Schumpeter’s

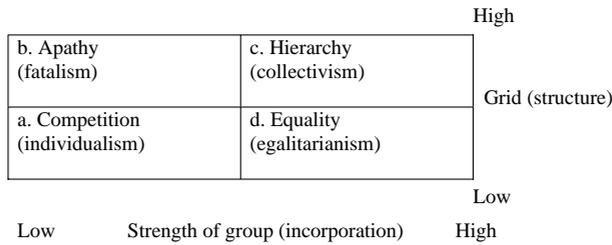


Figure 2. Grid–group: four stable organizational structures.

entrepreneurs engaged in creative destruction of old institutions usually begin in this sector (Schumpeter 1947).

- *Quadrant B.* In contrast, the apathy quadrant is the home of individuals who have little control over their own destiny and are without support networks. Unlike the individualists, the apathetic are highly constrained by rules and prescriptions. This is the quadrant of the disenfranchised and powerless. Organizationally, it could be represented by the one-person consulting firm with few but powerful and demanding clients. The consultant, often someone who was “down-sized” from a large firm, may now be trying to fashion a career with few resources.
- *Quadrant C.* The hierarchy is a familiar organizational form, exemplified by corporations and other organizations with multiple levels of supervision and an extensive repertory of established rules and procedures. Classically, the entrepreneurial organization, born in quadrant A, migrates into quadrant C if it survives the adolescent transition into a professionally managed firm with a growing number of employees, more customers, more sales, and greater profit. This is exactly the process that Collins has described in tracking a firm from the startup company to the hierarchical company that forges order out of chaos, but at the cost of a diminished entrepreneurial spirit.
- *Quadrant D.* At various times during the years of development of the grid–group framework, this quadrant has been given a variety of labels: such as “sectarian,” indicating a quasi-religious fanatical belief in shared principles and practices; “communitarian,” indicating a social solidarity and dedication to a cause; “egalitarian,” indicating a strong moral commitment to equality within group boundaries; and “enclavist,” again suggesting a “them/us” dichotomy between members of the group and the world outside. Egalitarian organizations, in short, have a strong sense of identity.

As Douglas and Ney (1998, p. 92) assert, Western social science has had an impoverished and homogenized paradigm of personhood, focused on rational economic man as the norm, when four different models of organizational culture and personhood are evident. In particular, the egalitarian model has been missing from most discussions of organizational forms. Successful start-up firms, for example, can move rapidly from quadrant A to quadrant D once they bring together an entrepreneurial team (Stewart 1989) with the “right people on the bus.” Many of the indigenous small (50 employees or fewer) high-technology firms thriving in peripheral regions of the UK were egalitarian or enclavist (Caulkins 1992, 1995, 1997, 2003a, 2003b, Caulkins and Weiner 1998, 1999).³

These enclave cultures are “inherently factional and prone to splitting” (Douglas and Ney 1998, p. 118). In non-Western contexts, such organizations are often obsessed with

purity, pollution, and witchcraft beliefs (Douglas 1992, pp. 55–82). Within the industrial context, those concerns translate into a fanatical concern for high-quality products and the danger of infection (or pollution) from other firms that might be conducting business in an inferior way. One of the Scottish firms that I studied was determined not to hire employees that had worked for another firm, preferring to hire graduates right out of university before their work habits could be contaminated by another firm (Caulkins 1997).

Enclave firms tend to emphasize mutual loyalty. Distrust can lead to factionalism and perhaps the early departure of some employees because they fail to embrace the vision of the firm. The Scottish firm mentioned previously, like most enclave organizations, carefully protected the boundaries of the firm. While they had constant and voluminous communication with other scientists and businesses globally, they also relentlessly refused to take on new ideas unless and until those ideas had been thoroughly modified to fit with the company mission. This illustrates the point that these egalitarian organizations, with few rule-based constraints, are almost as open to innovation and novelty as quadrant A. The major difference is that egalitarians rigorously reject new ideas that do not fit with the ideology, purposes, and goals of the organization.

Because many of these egalitarian firms in the peripheries of the UK were focused on high-quality production within their core competences, rather than on seizing every opportunity to expand the business, they tended to be misunderstood and undervalued by development agencies. These agencies prefer to assist firms that grow rapidly and make a quick transition between quadrants A (individualistic) and C (hierarchical). The metric for success of development agencies, net increase in jobs in the region, leads them to prefer to assist firms that promise to expand their workforce swiftly. The egalitarian firms were focused on sustainable growth, rather than rapid growth. As a consequence, UK development agencies during the last part of the twentieth century tended to prefer inward investment from Pacific Rim corporations, and the construction of branch manufacturing plants. This relative neglect of the small indigenous egalitarian firms by the development agencies served to increase the “them/us” dichotomy between the firm and the business environment.

Business schools in peripheral areas of the UK were not much help in interpreting the egalitarian organizations to the development agencies since, according to normative business school theories, egalitarian organizations, if they were noticed at all, were simply considered to be defective versions of “normal” businesses that should progress up the diagonal from quadrant A to quadrant C, if they were successful. After the rapid boom and bust of branch plants in peripheral regions, UK development agencies began to appreciate the sustainability of the small egalitarian firms as part of a region’s portfolio of businesses (Caulkins 2003a). Subsequently, one development agency, Scottish Enterprise, began to celebrate indigenous entrepreneurs as “local heroes,” echoing the successful film *Local Hero* (1983) by Scottish director Bill Forsyth.

In some cases the sense of loyalty to the region, whether Scotland, Wales, or northeast England, contributed to the sense of unique identity and solidarity of these egalitarian firms. In many cases the status of owner/manager of the firm is not marked by any symbols of power or authority. Some managers consciously lampoon the expectations of hierarchical businesses: one pointed to a rusty Mini as the “executive limousine.” Another Glasgow manager made a point of carrying out janitorial duties by sweeping out the business office every Friday after work, indicating that he took responsibility for the mundane as well as the strategic aspects of the organization as a whole (Caulkins 1995).

Typically, quadrant-D egalitarian persons and organizations are contemptuous of both quadrants A and C, the competitive individualists who thrive with few social supports and

minimal constraints, and the hierarchists, each of whom have a well-defined role in a stratified organization, with well-defined procedures for carrying out well-defined tasks. For the egalitarians the former are too self-centred and self-serving, while the latter are too tied-up with perks, positions, and procedures. Neither A nor C, an egalitarian might argue, is capable of focusing diligently on the mission while preserving the potential for innovative approaches possible in an environment of the freedom from constraint.

In short, the D quadrant looks very like the culture of discipline, one of the signal characteristics of the “great” organization. Collins’s diagram using the “spirit of entrepreneurship” and “culture of discipline” is more adequately interpreted in grid–group terms. Entrepreneurship or innovation is simply a low-grid opportunity that is compatible with either or both quadrants A, individualism, and D, egalitarianism. “Culture of discipline” – the version that Collins calls “freedom within a framework” – is found in quadrant D. This is the environment of the fanatically focused, entrepreneurial egalitarians who are concerned to surround themselves with individuals – the right people – who share their convictions and vision for a hedgehog that is a pure, “crystalline idea” to use Collins’s metaphor. How are Collins’s “hierarchy” and “bureaucracy” distinguished? They are actually different positions on the same dimension, with bureaucracy a more extreme version of hierarchy. Bureaucracy, in the Weberian sense, is simply hierarchy on steroids. Rules and procedures are multiplied, employees become hyper-specialized, and there is no longer freedom within a framework because almost all actions are hedged by rules and procedures (Weber 1947). Conceptually, then, bureaucracy is in quadrant C, high up-grid from hierarchy. Combining the two diagrams, we have Figure 3.

The typical trajectory for a start-up firm would be, still, from quadrant A to quadrant C. If the firm becomes more and more hierarchical over time, it moves up-grid to bureaucracy. Procedure and rules become increasingly burdensome and erode the earlier freedom to innovate. New firms that get “the right people on the bus” might move into the D quadrant, where the organization develops a culture of discipline, probably moving up-grid slightly, but not enough to shatter the practice of “freedom within a framework.”

Are egalitarians disciplined?

While this may be a plausible re-theorizing of Collins’s framework, can we do more to test the proposition that the culture of discipline is really a characteristic tendency of the egalitarian quadrant in grid–group analysis? Collins very conveniently provides a set of diagnostic tools on his website (<http://www.jimcollins.com/>), consisting of questions that can be posed about the operation of any organization to see if it is on the right trajectory to greatness. He contends that the culture of discipline has four components: (A) focus on

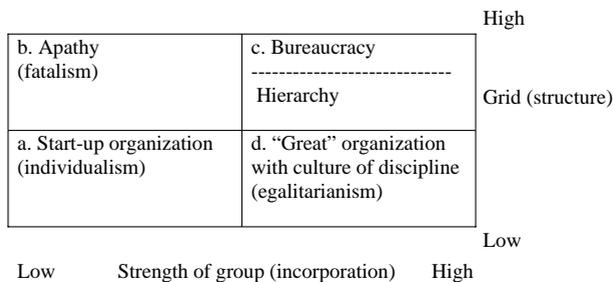


Figure 3. Grid–group and Collins’s framework.

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your hedgehog, (B) build a system of freedom and responsibility within a framework, (C) manage the system, not the people, and (D) practice extreme commitment. Collins provides a diagnostic exercise for each of these four components. I propose to test the proposition about the equivalence of the culture of discipline and the egalitarian quadrant by reviewing all of these diagnostic questions (below) to see if, first, they fit well with the theoretical descriptions of egalitarian culture and, second, whether they mesh with the basic ethnography of the UK egalitarian high-technology firms in my earlier studies (Caulkins 1992, 1995, 1997, 2003a, 2003b, Caulkins and Weiner, 1998, 1999).

Culture of Discipline, Part 1:

A. Focus on your Hedgehog⁴

1. We have the discipline to say “No thank you” to big opportunities that do not fit within our Hedgehog Concept.
2. A “once-in-a-lifetime opportunity” is irrelevant if it is the wrong opportunity.
3. We never lurch after growth for growth’s sake; we grow consistently within our Hedgehog, period.
4. We are willing to jettison our core competencies and largest lines of business if we cannot be the best in the world at them.
5. We make excellent use of “Stop Doing” lists.

Commentary: Grid–group theory argues that egalitarians are focused on issues of maximizing quality and avoiding compromise. Often described as fanatical or sectarian, they are mission-driven. Ethnographically, in approximately one-third of the interviews that I carried out with egalitarian firms I was told, proudly, that the firm had rejected a lucrative deal because it “wasn’t right” for the firm and its mission. Is this mission the same as a hedgehog? It certainly seems to closely approximate one, consisting of core competencies, passion, and economic potential. Second, a larger number of egalitarian firms were determined not to grow too fast, a determination that put them out of favor with the development agencies for a time. While every one of the 60 firm managers spoke with pride about their products, no-one claimed to be the “best in the world,” although some did make national or regional claims: “the best in Scotland” or “the best north of the M65.” This may be partly British sociolinguistic reticence, but it might also relate to the stage of development of the firms. Most had been in business for less than 10 years. Finally, while finding approximations of idiosyncratically-stated “stop doing” lists from interviews with owner managers of egalitarian firms is difficult, several interviews yielded comments about part of the learning curve of management in these firms that concerned learning to focus and ignore issues that were not central to the mission.

Culture of Discipline, Part 2:

B. Build a system of freedom and responsibility within a framework.

1. A cornerstone of our culture is the idea of freedom and responsibility within a framework: so long as people stay within the wide bounds of the framework, they have an immense amount of freedom to innovate, achieve and contribute.
2. People in our system understand that they do not have “jobs” – they have responsibilities – and they grasp the distinction between just doing assigned tasks and taking full responsibility for the results of their efforts.
3. We can answer the question for each significant activity, “Who is the one person responsible?”
4. Our culture is a productive blend of dualities, such as: freedom and responsibility, discipline and entrepreneurship, rigor and creativity, financial control and innovative spirit, focused Hedgehog and adaptable. We see no contradictions in cultural duality; we exemplify the “Genius of the And” [see Collins 2001, p. 198, embracing both extremes of a dimension at the same time, such as freedom and responsibility].

Commentary: Theoretically, the idea of “freedom within wide boundaries” aptly describes the egalitarian quadrant, because the low-grid environment is the natural home of innovation and entrepreneurship. Unlike the A, or individualistic quadrant, however, egalitarian organizations cultivate distinct social boundaries with a core of shared beliefs, which provides the framework for the freedom within the organization.

Ethnographically, one of the key features of the egalitarian firms in peripheral UK was the degree of freedom that employees seemed to be accorded. Managers were proud that their employees were engaged in the business and not simply going through the motions. Employees who departed from the companies were most often described as not fitting the firm or as considering employment only a job. Responsibility, rather than deference to authority, was a frequent theme as egalitarians discussed the operation of their firms. One software firm in Scotland promoted a “safe” email system in which any employee could make suggestions or critique any part of the operation without fear of retaliation. At this firm, no-one clocked in or out of the office; managing their responsibility was the measure of their performance, not the number of hours on the job. This same firm emphasized open communication so that different divisions of the firm had a good understanding of how other divisions prioritized operations, which enabled the firm to synchronize their collective efforts without resort to detailed logistical planning.

Culture of Discipline, Part 3:

C. Manage the system, not the people.

1. We do not spend a lot of time motivating our people; we recruit self-motivated people, and provide an environment that does not de-motivate them.
2. We do not spend a lot of time disciplining our people; we recruit self-disciplined people, and then manage the system, not the people.
3. We avoid bureaucracy that imposes unnecessary rules on self-motivated and self-disciplined people; if we have the right people, they don't need a lot of rules.

Commentary: Theoretically, grid–group analysis argues that one of the signal features of the egalitarian quadrant is a sense of responsibility to other members of the group for carrying out duties assigned to them. Indeed, without the sense of responsibility that is seen almost as a moral duty, the system would fragment. Since there is minimal hierarchy, nothing drives the business except for a shared vision (or hedgehog) and shared motivation.

Ethnographically, owner–managers of the peripheral UK high technology firms reported taking a great deal of care in selecting their employees. Often new employees are friends or relatives of current employees. Unlike in the frenetic labor market in Silicon Valley during the 1990s, employees in the peripheral parts of the UK did not opportunistically change firms often, a typical career strategy in quadrant A, individualistic organizations. Many of the UK managers were pleased that they had little turnover of employees, once they had the firm tuned to the mission.

Culture of Discipline, Part 4:

D. Practice extreme commitment.

1. In our culture, people go to extremes to fulfill their commitments and deliver results, bordering at times on fanaticism.
2. Words like “disciplined,” “rigorous,” “dogged,” “determined,” “diligent,” “precise,” “systematic,” “methodical,” “workmanlike,” “demanding,” “consistent,” “focused,” “accountable,” and “responsible” describe us well.
3. We are equally disciplined in good times as in bad times. We never allow prosperity to make us complacent.

Commentary: Theoretically, grid–group analysis suggests that egalitarians (or sectarians) organize around firm principles, fanatically pursued. Given those fundamental principles, changes in the level of commitment occur only when the organization is pushed toward another quadrant, possibly to the increased individualism of quadrant A, through acquisition by an entrepreneur with a very different vision, or to the hierarchy of quadrant C, through acquisition by a more “traditional” hierarchical firm. A hostile takeover might propel the employees into quadrant B, the environment of apathy and fatalism.

Ethnographically, we find extreme commitment in many of the UK small firms. Almost all of the owner–managers had worked for hierarchical national and multinational corporations earlier in their careers and had departed, either by choice or by chance, with a passion for creating a business that would be better at meeting the needs of the market than their recent employer. That required passionate commitment. In one Glasgow instrument manufacturing firm, three key employees were divorced or separated from their spouses because the focus of their lives was at the firm. In some of the more successful firms, the owner–manager and spouse were both involved in the daily activities of the firm. Egalitarian firms demand a great deal of their employees.

Discussion: competitive advantage of grid–group

While we have not “tested” Jim Collins’s inductively-conceived processual model of how organizations can move to a new level of excellence, we claim to have subjected the key concept of culture of discipline to type of meta-analysis that reveals a close fit between Collins’s concept and that of an organizational type that has been ignored by most organizational theories, but is rescued from obscurity and misunderstanding by grid–group analysis.

What do we gain by transforming the culture of discipline into a region within the D quadrant of the grid–group diagram? First, we gain the clarity of locating the phenomenon within a more comprehensive and widely applied theoretical framework. Second, we have a means of theoretically critiquing the culture of discipline and signaling a warning about potential problems, about which Collins has little to say.

Let us take these issues in turn. While most busy practitioners will want to take their Collins neat, without the dilution of grid–group analysis, those who have the luxury of devoting more time to the analysis of management theory will benefit from using a theoretical framework that has already proved its utility in a variety of fields, from risk analysis (Douglas 1992, Douglas and Wildavsky 1982) to policy studies (Schwarz and Thompson 1990). The advantage is that grid–group analysis not only enlightens us about the conditions of the culture of discipline, but it also gives a clear view of the surrounding theoretical landscape, including the environment for individualistic entrepreneurs, for hierarchical organizations, and for their transformation into bureaucracies. This encourages more potentially useful theorizing, and a firmer grasp of the issues confronting managers in search of excellence for their organizations.

Second, the grid–group framework allows us to think seriously about the potential problems of a culture of discipline, and how to avoid the cult of personality. Collins inadequately theorizes the culture of organizations with tyrannical leaders. All organizations develop cultures, of course, so it is important to be able to recognize the “strong” culture of an organization driven by the founder or CEO (Caulkins 2003b) which develops into a “cult” or culture of personality. Along with Collins (2001, p. 89), other theorists have raised concern about the effectiveness of charismatic leaders in the corporate world

(Conger 1989, 1990). Leadership research has begun to accept a more group-centered model of the “humble” leaders (Morris *et al.* 2005, Poulin *et al.* 2007).

There is a distinct shift in thinking, away from extolling the charismatic–inspirational, or as they are often described, “heroic” models of leadership, and even a growing antipathy towards such models. Various reasons are behind this movement, including a concern for the potentially lethal “dark side” of charismatic leadership (Alimo-Metcalfe and Alban-Metcalfe 2005)

Mary Douglas and her associates raised many questions about the potential problems of the organizations at the extreme right side of high-group, low-grid which she referred to as “the enclave” (Douglas and Ney 1998, pp. 145–150). They note potential problems: “First, exclusivity; second, greed for control over the lives of members; from this derives hostility to outsiders, which leads to intolerance and refusal to negotiate, conspiracy, expulsions, and violence and the rest of sectarian behavior” (Douglas and Ney 1998, p. 146). All of these cultural tendencies can evolve as the organization drifts further and further toward the “high-group” end of the continuum. In times of stress, the charismatic leader can emerge in this quadrant, creating a potentially dangerous situation, pushing the organization further toward the cult-like, exclusionary enclave.

Warning against the danger of being sucked into such corporate cults, Arnott (2000, p. 8) notes that all-consuming cults have the following characteristics, which are almost identical to those described by Douglas and Ney above: they demand devotion, they require charismatic leadership, and they separate employees from the wider community. One example that Arnott cites (2000, p. 10) is Electronic Data Systems of Dallas, which “is well known for its rigid, hard-driving, quasi-military culture,” which, under “the tight rein of founder Ross Perot,” prohibited facial hair and the wearing of casual shoes by employees. Under successive CEOs, as we saw earlier, the same cultural rules continued, with the result that EDS subsequently tried to break out of the restrictive culture. “EDS,” writes Arnott (2000, p. 10), quoting an EDS vice-president, was “trying to move from ‘a cult of personality’ to a culture where the emphasis is on teams arriving at collective decisions.” Apparently EDS failed to make such a transition since, as we have seen, the cult of personality seemed to have been in place at the time of the 2008 acquisition of EDS by Hewlett-Packard.

In detailed and persuasive case study, Tourish and Vatcha (2005) reveal the extreme degree to which Enron Corporation was pushed by self-aggrandizing “charismatic” leaders Kenneth Lay and Jeffrey Skilling as they manipulated the organization to eliminate any internal dissent. “Ultimately,” Tourish and Vatcha note (2005, p. 470), “cults thrive on internal aggression,” and Enron kept employees fearful of the management and diverted attention from the self-promoting and self-interested behavior of the leaders, who amassed wealth for themselves and abused the employees. In short, when the imperial CEO and CFO impose rules, rituals, and indoctrination that promote the interests and privileges of the top management, rather than the interests of the organization, then the cult of personality is driving the organization up-grid toward a more rule-based form of management that is no longer egalitarian.

As described earlier, EDS developed a culture of personality, based on a strong level-4 leader who enforced his will on others. In contrast, a culture of discipline is led by a level-5 leader who is personally humble, probably not charismatic, but very ambitious for the organization. EDS’s culture seems to have been based on coercive power and, as Collins notes, “true leadership only exists if people follow when they have the freedom not to” (Collins 2005, p. 13).

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Notes

1. Wherever possible, I will quote from the more recent book, *Good to Great and the Social Sectors*, since this version of the framework encompasses a wider range of organizational types, not just major American corporations.
2. Collins adopts this terminology from Isaiah Berlin: "The fox knows many things but the hedgehog knows one big thing" (Berlin 1993, Collins 2001, p. 90).
3. The project, dealing with the management strategies of small high-technology firms in three peripheral areas of the UK, occurred before the publication of Collins's *Good to Great* and is re-analyzed here to illuminate Collins's ideas with a different data set. The field research, totalling 18 months, was carried out between 1985 and 1996 and consisted of interviews with regional development agencies, business incubators administrators, and business advisors, as well lengthy interviews with owner/managers of 61 small software and hardware firms in mid-Wales (10 firms), Northeast England (21 firms) and Scotland (30 firms). In mid-Wales and northeast England (counties Durham and Cleveland) I interviewed the entire population of high-technology firms with fewer than 50 employees, while in Scotland I interviewed a 50% random sample of the high-technology firms in the Scottish Development Agency (Scottish Enterprise) database in 1987. In each case I used an interview checklist to obtain a narrative of the founding of the firm, a description of their strategic plan, how it had changed, the leadership style, and the culture of the firm in the ethnographic present. These narratives can be compared with Collins's process description (disciplined persons, disciplined thought, and disciplined action). The owners/managers' versions of Collins's "hedgehog" often emerged in the interviews. I found that at least half of the firms were best described as having "egalitarian" or "enclavist" culture in Mary Douglas's terms, rather than the stereotypical "individualistic" culture of business start-ups (Caulkins 1999). The analysis here is an attempt to explore the fit between the empirical data from my high-technology studies and the culture concepts of Mary Douglas and Jim Collins. Since the study has been incorporated into a number of other publications, we will concentrate only on the parts of the study relevant to Collins's concept of "the culture of discipline."
4. All the diagnostic questions can be found at <http://www.jimcollins.com/>.

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