

The Flywheel Effect

An excerpt from *Good to Great* by Jim Collins



Picture a huge, heavy flywheel—a massive metal disk mounted horizontally on an axle, about 30 feet in diameter, 2 feet thick, and weighing about 5,000 pounds. Now imagine that your task is to get the flywheel rotating on the axle as fast and long as possible.

Pushing with great effort, you get the flywheel to inch forward, moving almost imperceptibly at first. You keep pushing and, after two or three hours of persistent effort, you get the flywheel to complete one entire turn.

You keep pushing, and the flywheel begins to move a bit faster, and with continued great effort, you move it around a second rotation. You keep pushing in a consistent direction. Three turns... four... five... six... the flywheel builds up speed... seven... eight... you keep pushing... nine... ten... it builds momentum... eleven... twelve... moving faster with each turn... twenty... thirty... fifty... a hundred.

Then, at some point—breakthrough! The momentum of the thing kicks in in your favor, hurling the flywheel forward, turn after turn . . . whoosh! . . . its own heavy weight working for you. You're pushing no harder than during the first rotation, but the flywheel goes faster and faster. Each turn of the flywheel builds upon work done earlier, compounding your investment of effort. A thousand times faster, then ten thousand, then a hundred thousand. The huge heavy disk flies forward, with almost unstoppable momentum.

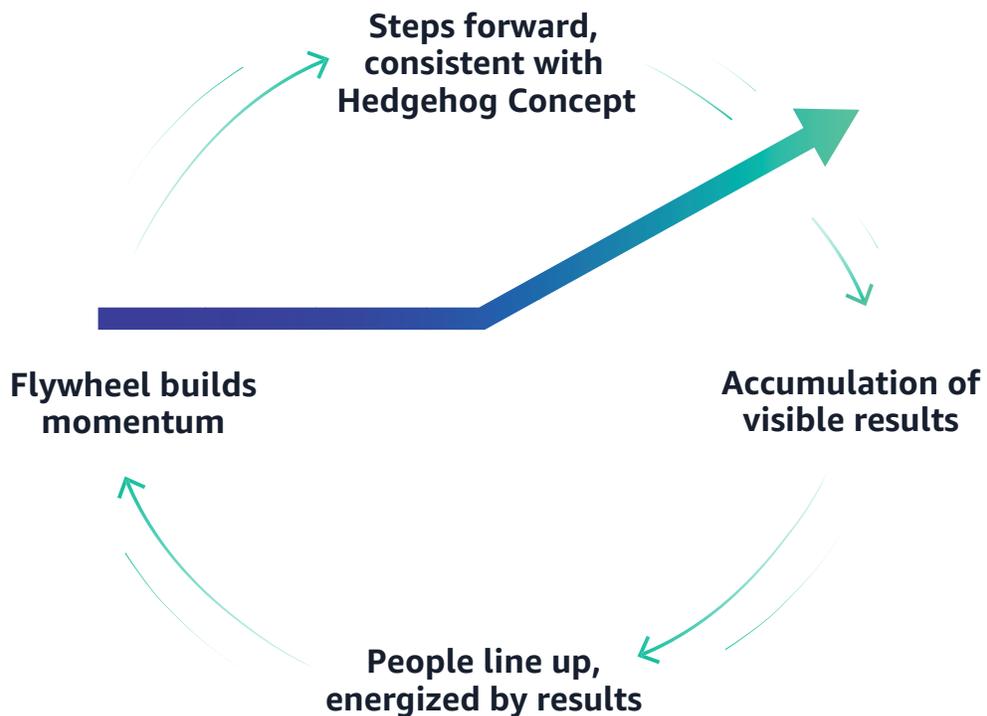
Now suppose someone came along and asked, "What was the one big push that caused this thing to go so fast?"

You wouldn't be able to answer; it's just a nonsensical question. Was it the first push? The second? The fifth? The hundredth? No! It was all of them added together in an overall accumulation of effort applied in a consistent direction. Some pushes may have been bigger than others, but any single heave—no matter how large—reflects a small fraction of the entire cumulative effect upon the flywheel.

The flywheel image captures the overall feel of what it was like inside the companies as they went from good to great. No matter how dramatic the end result, the good-to-great transformations never happened in one fell swoop. There was no single defining action, no grand program, no one killer innovation, no solitary lucky break, no wrenching revolution. Good to great comes about by a cumulative process—step by step, action by action, decision by decision, turn by turn of the flywheel—that adds up to sustained and spectacular results.

The “Flywheel Effect”

The good-to-great companies understood a simple truth: Tremendous power exists in the fact of continued improvement and the delivery of results. Point to tangible accomplishments—however incremental at first—and show how these steps fit into the context of an overall concept that will work. When you do this in such a way that people see and feel the buildup of momentum, they will line up with enthusiasm. We came to call this the flywheel effect, and it applies not only to outside investors but also to internal constituent groups.



Let me share a story from the research. At a pivotal point in the study, members of the research team nearly revolted. Throwing their interview notes on the table, they asked, “Do we have to keep asking that stupid question?”

“What stupid question?” I asked.

“The one about commitment, alignment, and how they managed change.”

“That’s not a stupid question,” I replied. “It’s one of the most important.”

“Well,” said one team member, “a lot of the executives who made the transition—well, they think it’s a stupid question. Some don’t even understand the question!”

“Yes, we need to keep asking it,” I said. “We need to be consistent across the interviews. And, besides, it’s even more interesting that they don’t understand the question. So, keep probing. We’ve got to understand how they overcame resistance to change and got people lined up.”

I fully expected to find that getting everyone lined up—“creating alignment,” to use the jargon—would be one of the top challenges faced by executives working to turn good into great. After all, nearly every executive who’d visited the laboratory had asked this question in one form or another. “How do we get the boat turned?” “How do we get people committed to the new vision?” “How do we motivate people to line up?” “How do we get people to embrace change?”

To my great surprise, we did not find the question of alignment to be a key challenge faced by the good-to-great leaders.

Clearly, the good-to-great companies did get incredible commitment and alignment—they artfully managed change—but they never really spent much time thinking about it. It was utterly transparent to them. We learned that under the right conditions, the problems of commitment, alignment, motivation, and change just melt away. They largely take care of themselves.

Consider Kroger. How do you get a company of over 50,000 people—cashiers, baggers, shelf stockers, produce washers, and so forth—to embrace a radical new strategy that will eventually change virtually every aspect of how the company builds and runs grocery stores? The answer is that you don't. Not in one big event or program, anyway.

Jim Herring, the Level 5 leader who initiated the transformation of Kroger, told us that he avoided any attempts at hoopla and motivation. Instead, he and his team began turning the flywheel, creating tangible evidence that their plans made sense. "We presented what we were doing in such a way that people saw our accomplishments," said Herring. "We tried to bring our plans to successful conclusion step by step, so that the mass of people would gain confidence from the successes, not just the words."²⁵ Herring understood that the way to get people lined up behind a bold new vision is to turn the flywheel consistent with that vision—from two turns to four, then four to eight, then eight to sixteen—and then to say, "See what we're doing, and how well it is working? Extrapolate from that, and that's where we're going."

The good-to-great companies tended not to publicly proclaim big goals at the outset. Rather, they began to spin the flywheel—understanding to action, step after step, turn after turn. After the flywheel built up momentum, they'd look up and say, "Hey, if we just keep pushing on this thing, there's no reason we can't accomplish X."

For example, Nucor began turning the flywheel in 1965, at first just trying to avoid bankruptcy, then later building its first steel mills because it could not find a reliable supplier. Nucor people discovered that they had a knack for making steel better and cheaper than anyone else, so they built two, and then three, additional mini-mills. They gained customers, then more customers, then more customers—whoosh!—the flywheel built momentum, turn by turn, month by month, year by year. Then, around 1975, it dawned on the Nucor people that if they just kept pushing on the flywheel, they could become the number one, most profitable steel company in America. Explained Marvin Pohlman: "I remember talking with Ken Iverson in 1975, and he said, 'Marv, I think we can become the number one

When you let the flywheel do the talking, you don't need to fervently communicate your goals. People can just extrapolate from the momentum of the flywheel for themselves: "Hey, if we just keep doing this, look at where we can go!" As people decide among themselves to turn the fact of potential into the fact of results, the goal almost sets itself.

steel company in the U.S.' 1975! And I said to him, 'Now, Ken, when are you going to be number one?' 'I don't know,' he said. 'But if we just keep doing what we're doing, there's no reason why we can't become number one.'²⁶ It took over two decades, but Nucor kept pushing the flywheel, eventually generating greater profits than any other steel company on the Fortune 1000 list.²⁷

Stop and think about it for a minute. What do the right people want more than almost anything else? They want to be part of a winning team. They want to contribute to producing visible, tangible results. They want to feel the excitement of being involved in something that just flat-out works. When the right people see a simple plan born of confronting the brutal facts—a plan developed from understanding, not bravado—they are likely to say, "That'll work. Count me in." When they see the monolithic unity of the executive team behind the simple plan and the selfless, dedicated qualities of Level 5 leadership, they'll drop their cynicism. When people begin to feel the magic of momentum—when they begin to see tangible results, when they can feel the flywheel beginning to build speed—that's when the bulk of people line up to throw their shoulders against the wheel and push.

Want to read more from Jim Collins?

[Purchase *Turning the Flywheel: A Monograph to Accompany Good to Great* for more insight into the original flywheel concept.](#)

²⁵ Research Interview #6-C, pages 16–17.

²⁶ Research Interview #7-F, page 11.

²⁷ Fortune 1000 rankings, from Fortune.com Web site, February 9, 2001.