

BOOK REVIEW

HOW THE MIGHTY FALL: AND WHY SOME COMPANIES NEVER GIVE IN

By JIM COLLINS

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Reviewed by Erich Baumgartner

Just as enduring great companies are not the result of an accident, catastrophic failure of formerly great companies is to a large extent self-inflicted, says Good-to-Great guru Jim Collins. Researched before the onset of the financial crisis of 2007/2008 but published at the height of the gloom, *How the Mighty Fall* details a framework of corporate decline in five consecutive stages:

Stage 1: Hubris born of success

Stage 2: Undisciplined pursuit of more

Stage 3: Denial of risk and peril

Stage 4: Grasping for salvation

Stage 5: Capitulation to irrelevance or death

Strangely, this sequence of decline often starts unnoticed at the very height of success. Reading the story of Bank of America's almost collapse in the 1980s and similar stories of other companies felt strangely familiar as I read the book during a time that brought the international financial system to its knees. It is easy to get angry and start the blaming game until we realize that what may in retrospect be diagnosed as hubris is often celebrated by us and the media as the obvious markers of bold vision and great leadership.

In fact, Jim Collins shares a personal story of his wife's brush with cancer as a bone-rattling reminder that disease in the early stages, in organizations as well as in personal life, may not be easy to detect amid the signs of "obvious" health. Yet despite this difficulty, Collins sug-

gests that Stage 1 and 2 conditions are detectable because they are largely man-made and not determined by outside contextual factors. This is perhaps the most hopeful aspect of this book which suggests that Stage 5 is not an inevitable fate. This insight may very well be crucial also for leaders of Christian organizations.

One aspect that comes through rather strongly is the role of leaders in the five stages of demise. Stages 1 through 3 are often linked to a failure of clear-sighted leadership, leading eventually to frantic interventions in Stage 4. This last stage is marked by the search for a “leader-as-savior,” a craving for the silver bullet, “lurching about from program to program, goal to goal, strategy to strategy, in a pattern of chronic inconsistency,” all of which may lead to an initial upswing but is eventually followed by more disappointments, confusion and deadly cynicism (p. 100). Despite of the life-threatening condition of Stage 4, Collins’ research shows that even mortally wounded companies have a chance of survival if they are willing to pay the price.

While the book recounts the turnaround of several companies that survived their fall and are today strong performers, e.g., Nordstrom, Xerox, Nucor, and IBM, it may be fair to ask if any of Collins’ insights can be helpful to Christian organizations beset by decline and failure. Those who are looking for a checklist of to-dos for how to get out of the pit will be disappointed. The book describes specific conditions in each stage that may also apply to Christian organizations, but it is not a cookbook with recipes for reversing organizational decline.

In fact, what makes the stories of turnaround so remarkable is that they often chronicle a return to what Collins calls “sound management practices and rigorous strategic thinking” (p. 117). I fear that these words could be misunderstood by Stage 4 leaders pinned into the cycle of grasping-for-salvation (Stage 4), leading them to misuse such words as an excuse for venturing into another short-sighted burst of savior activity. Sound management practices may have to acknowledge that the solutions of yesterday’s problems no longer work, and rigorous strategic thinking may mean to sort out the distinction between what is the core of our mission and what is just method or tactics. In other words, sound leadership may mean a willingness to reinvent our approaches to ministry while staying true to our mission. Too many once-vibrant but now declining Christian congregations and organizations have given in to irrelevance (Stage 5), even though they still have

an address and are listed in some Christian handbook. But they no longer impact their communities with Christ-filled ministry. In fact, they have settled for a place in the darkness of demise. To those Christian leaders Collins appeals one more time:

The path out of darkness begins with those exasperatingly persistent individuals who are constitutionally incapable of capitulation. It's one thing to suffer a staggering defeat—as will likely happen to every enduring business and social enterprise at some point in its history—and entirely another to give up on the values and aspirations that make the protracted struggle worthwhile. Failure is not so much a physical state as a state of mind; success is falling down, and getting up one more time, without end.
(p. 123)

This book should be read by every Christian leader, whether struggling with a declining church or organization or enjoying the dazzling fruits of success, because every Christian organization is vulnerable to some forces of decline. By understanding the stages of decline, leaders may be able to detect early signs of patterns that need to be changed and initiate steps to remedy situations before they have become prisons from which escape will be difficult.