



Institute for National Transformation

Lecture 17

THE HEDGEHOG CONCEPT:

The Role of Understanding in National Development



Learning Objectives ...

By the end of the session participants will ...

1. Have a clear grasp/understanding of the Hedgehog concept;
2. Explore key features of identifying process of developing a national hedgehog;
3. Commence/define (identify /explore) their personal individual hedgehogs;



BROAD OVERVIEW THE

GOOD-TO-GREAT FRAMEWORK

Flywheel

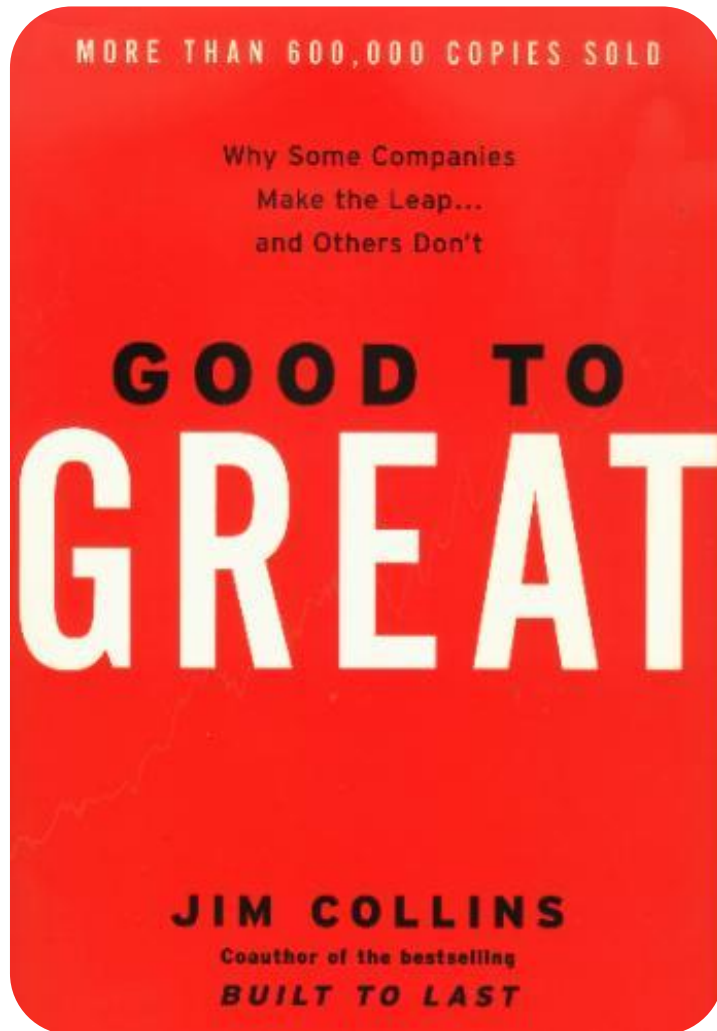
Accent

Breakthrough

Build Up

Level 5 Leadership	First Who.... Then What...	Confront Brutal Facts	Hedgehog Concept	Culture of Discipline	Technology Accelerators
1. Disciplined People		2. Disciplined Thought		3. Disciplined Action	

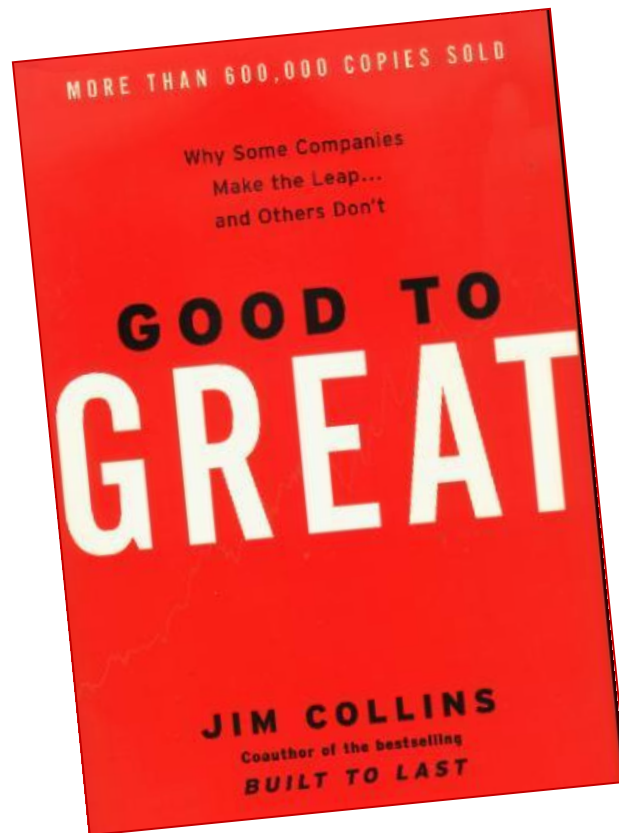
Good To Great – The Project



- Can a good company become a great company?
- And if so, how?
- Or is the disease of “Just being good” incurable?
- Others:
 1. Social Sector Monograph G2G
 2. How the Mighty fall...
 3. Great by choice..



Making the Transition from Good To Great



Opening statement..

... “Good is the
enemy of Great” ...

**Why would he say
that?**



Structure of presentation:

Part 1: The hedgehog concept

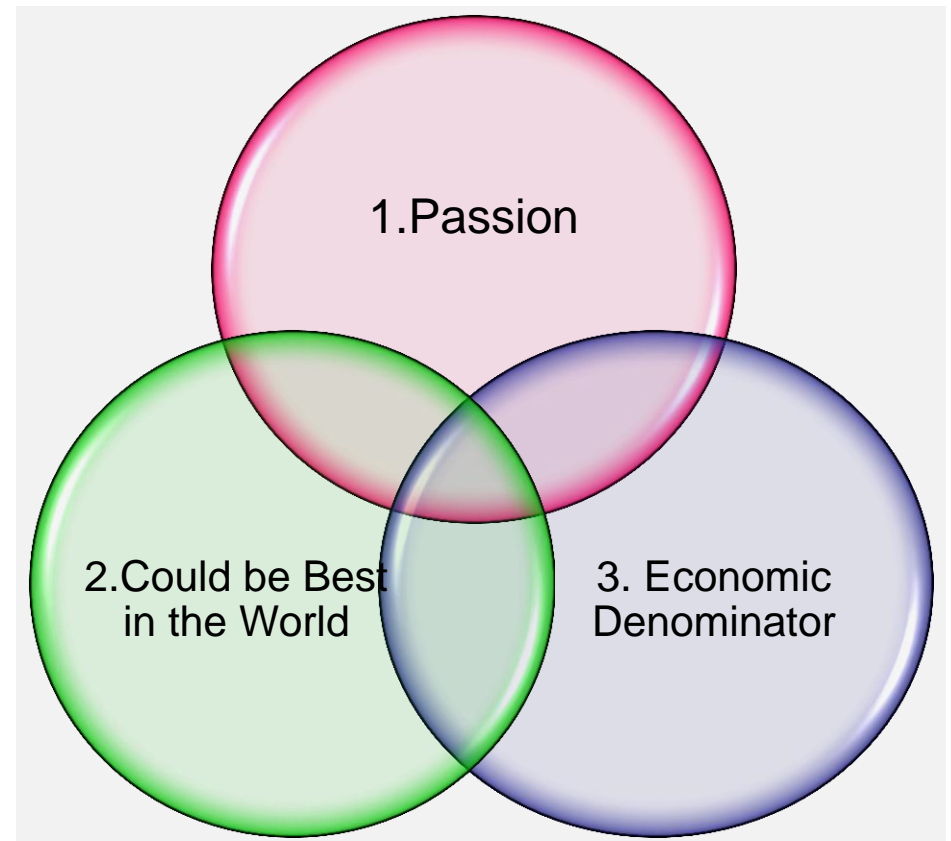
**Part 2: The hedgehog concept in
National Development**

**Part 3: Principles & examples of
Identifying a Hedgehog
(including your own)..**



Introduction

Opening Exercise...





EXERCISE: 6-7 mins

1. Draw a circle on a fresh page (3 in total)..
2. Write things you are ...
 - a) Passionate about
 - b) Good at (could be best in the world)
 - c) Money Makers for you (Economic engine)

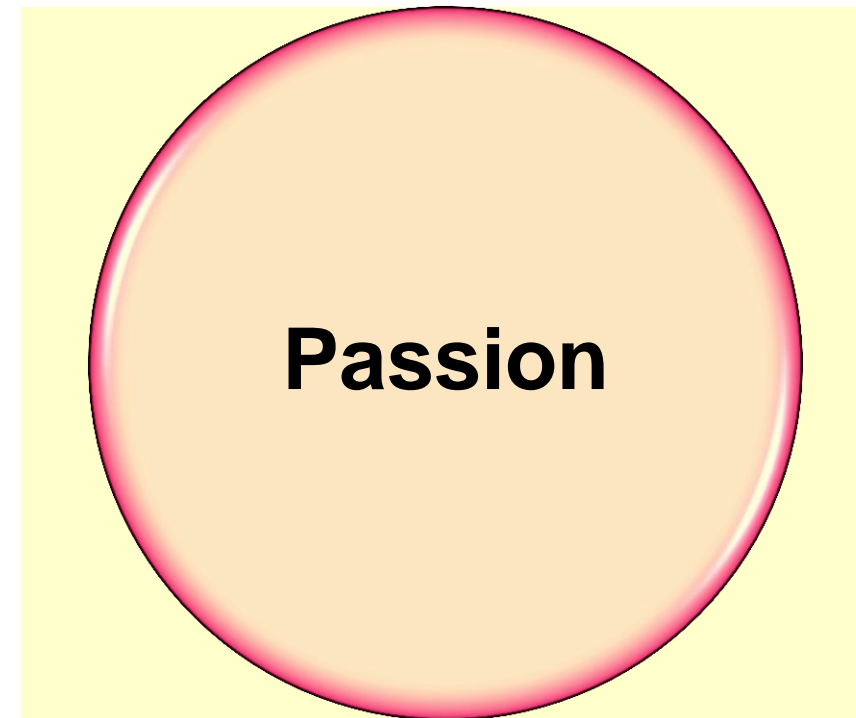
.IDENTIFYING YOUR HEDGEHOG

1. Passion:

- What things are your truly passionate about?
- What do you enjoy doing?
i.e. Could spend hours doing and not mind?
- What do people complement you a lot about?
- What could you keep doing, (even if you were not paid)?

Monroe:

What can you die for? {Purpose =>
Vision => Passion..}





. IDENTIFYING YOUR HEDGEHOG

2. Be Best at:

- What exceptional skills do you have – that you can take advantage of?
- What skills/attributes have people commented/complemented you on after and activity/event? Can you develop these further
- What skills, (niche/unique abilities) can take you before kings? Have you developed it?
- What could you do better than others, given the time and space?
- What strategic skills do you want/need to develop in order to address an existing gap in society/ nation?



**2. Could be
Best in the
World**

. IDENTIFYING YOUR HEDGEHOG

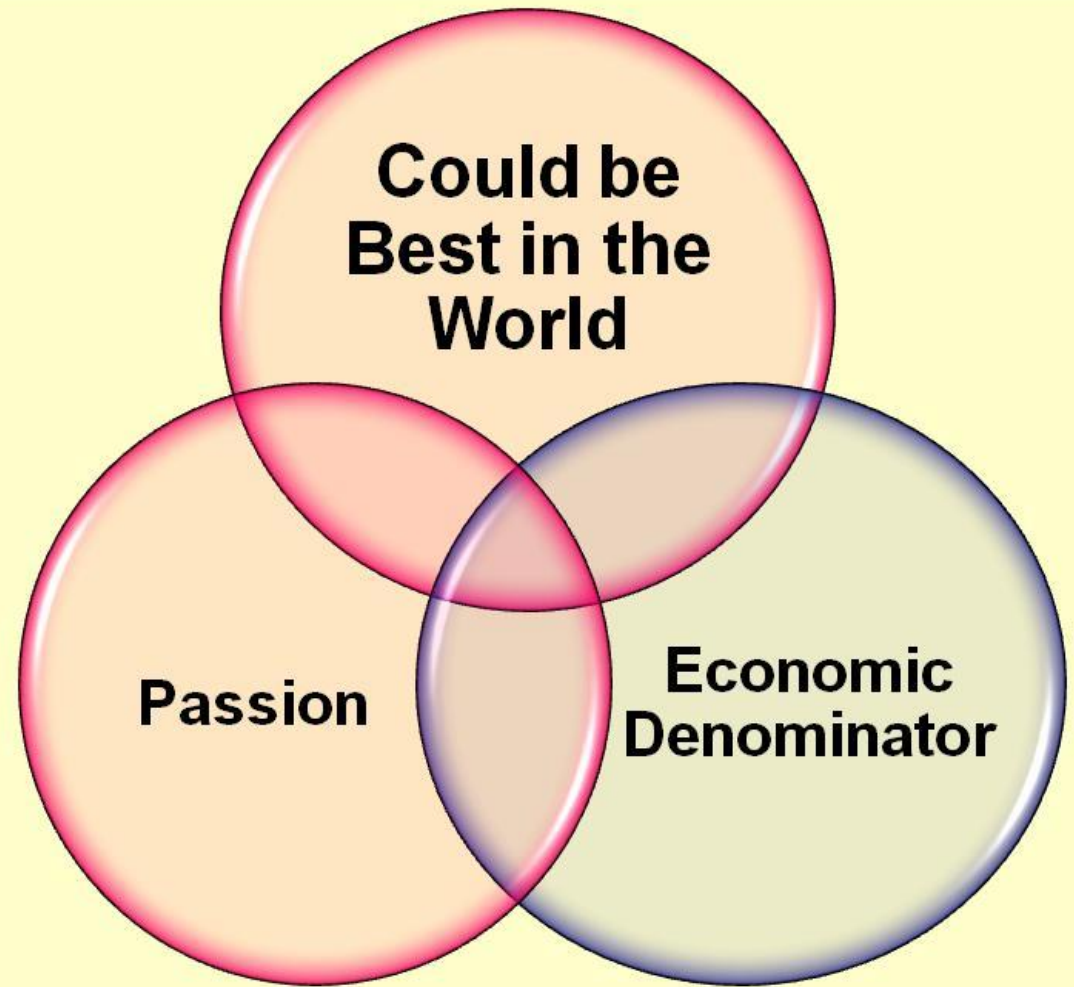
3. Economic Engine “Driver”:

- What is your economic engines?
- In your finances, what serves as a “key driver” (measurement/ indicator) of the flow of resources?
- What other streams of income do you have?
- Should they remain? Which are just “burning time”?
- What would show you that you are making sustained progress in your desired direction?

A large yellow circle with a dark blue outline, containing the text '3. Economic Denominator'. The circle is set against a solid yellow rectangular background.

3. Economic
Denominator

#1: The Hedgehog Concept



A HEDGEHOG



Are you a..
hedgehog or
a fox?

Princeton professor Marvin Bressler said:

“....What separates those who make the biggest impact from all the others who are just smart is that they are hedgehogs”...

Examples:

Darwin and the natural selection;
Einstein and relativity; - are all hedgehog concepts.

FOXES AND HEDGEHOGS



- In his famous essay “The Hedgehog and the Fox”, Isaiah Berlin says people are divided into two basic groups: **foxes** and **hedgehogs** . . . based on the Greek parable.. *“The fox knows many things but the hedgehog knows one big thing”*..



A 'FOX' ... features



- Foxes pursue many ends at the same time and see the world in all its complexity.
- They are scattered or diffused, moving on many levels, never integrating their thinking into one overall concept or unifying vision.

FOXES AND HEDGEHOGS



- “Hedgehogs, on the contrary, simplify a complex world into a single organizing idea, a basic principle or concept that unifies and guides everything.
- No matter how complex the world, hedgehogs reduce all challenges and dilemmas to simple hedgehog ideas.



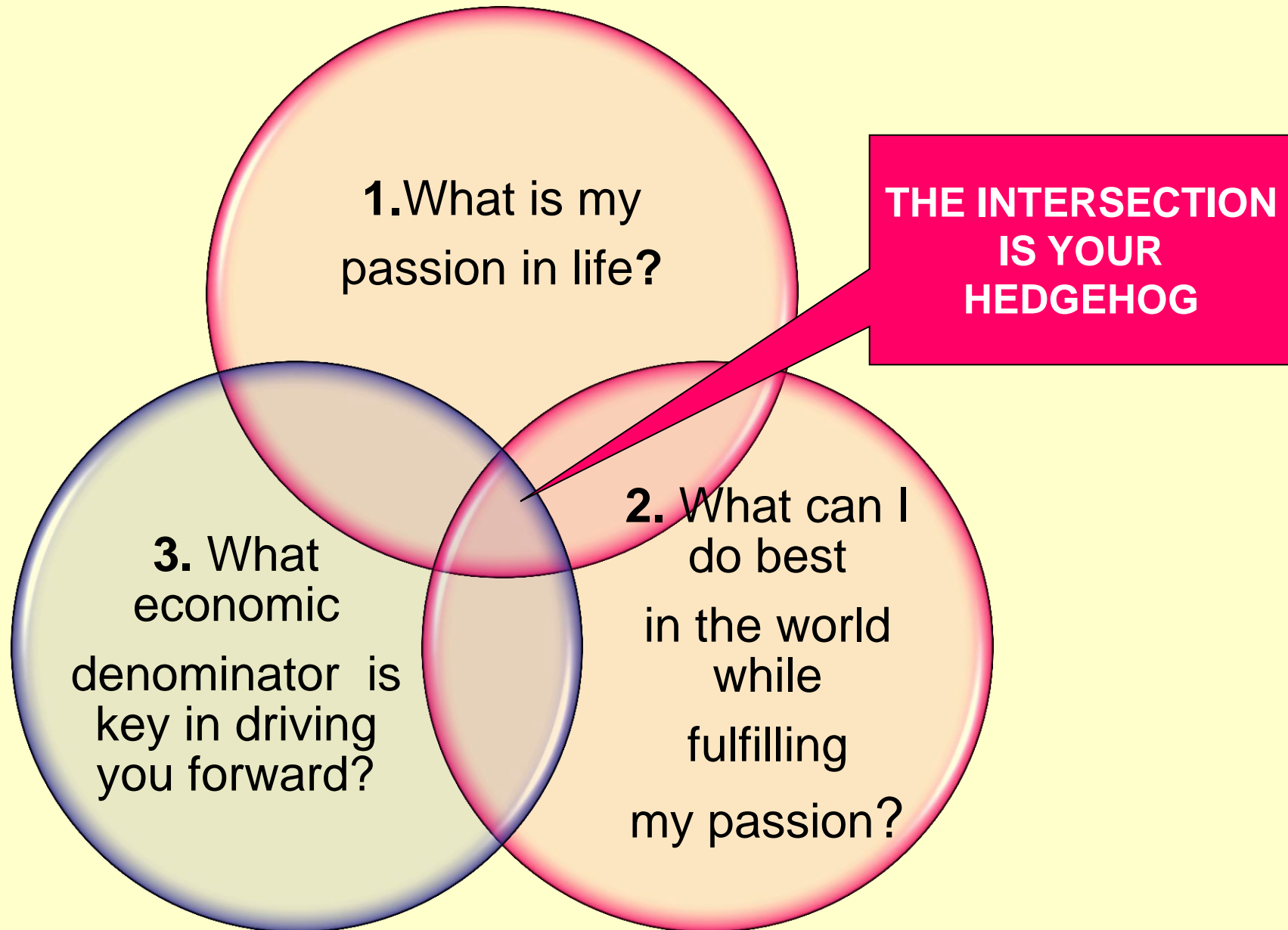
THE HEDGEHOG CONCEPT

Those who built the good – to - great companies were, to one degree or another, hedgehogs.

They used their hedgehog nature to drive toward came to be called a Hedgehog Concept for their companies.

Those who led the comparison companies tended to be foxes, never gaining the clarifying advantage of a Hedgehog concept, being instead scattered, diffused, and inconsistent..

The Three Concentric Circles



1. What is my
passion in life?

**THE INTERSECTION
IS YOUR
HEDGEHOG**

3. What
economic
denominator is
key in driving
you forward?

2. What can I
do best
in the world
while
fulfilling
my passion?



Definition ...

A Hedgehog Concept is a **simple, crystalline concept** that flows from deep understanding about the intersection of the following three circles:

- ⑩ What you are deeply passionate about?
- ⑩ What you can be the best in the world at?
- ⑩ What drives your economic engine?



Hedgehog concept...

The Hedgehog concept is a turning point in the journey from good to great. In most cases, the transition date follows within a few years of the Hedgehog Concept.

It took about four (4) years on average for the good-to-great companies to clarify their Hedgehog Concepts.

Disciplined action, which follows disciplined people and disciplined thought, only makes sense in the context of the Hedgehog Concept.



Foundational Principles

2 points to note

1. UNDERSTANDING - The three circles (Best at, Economic drivers, Passionate about)..

2. IMPLEMENTATION of the Crystalline Concept (consistency,



Hedgehog Principles

1. UNDERSTANDING - the
three circles ... *the process of
getting to them..*



HEDGEHOG CONCEPT

The Hedgehog Concept is not arrived at through a single great event, but rather an **iterative process** of **right people** engaged in vigorous dialogue and debate, infused with the brutal facts and guided by questions formed by the three concentric circles.

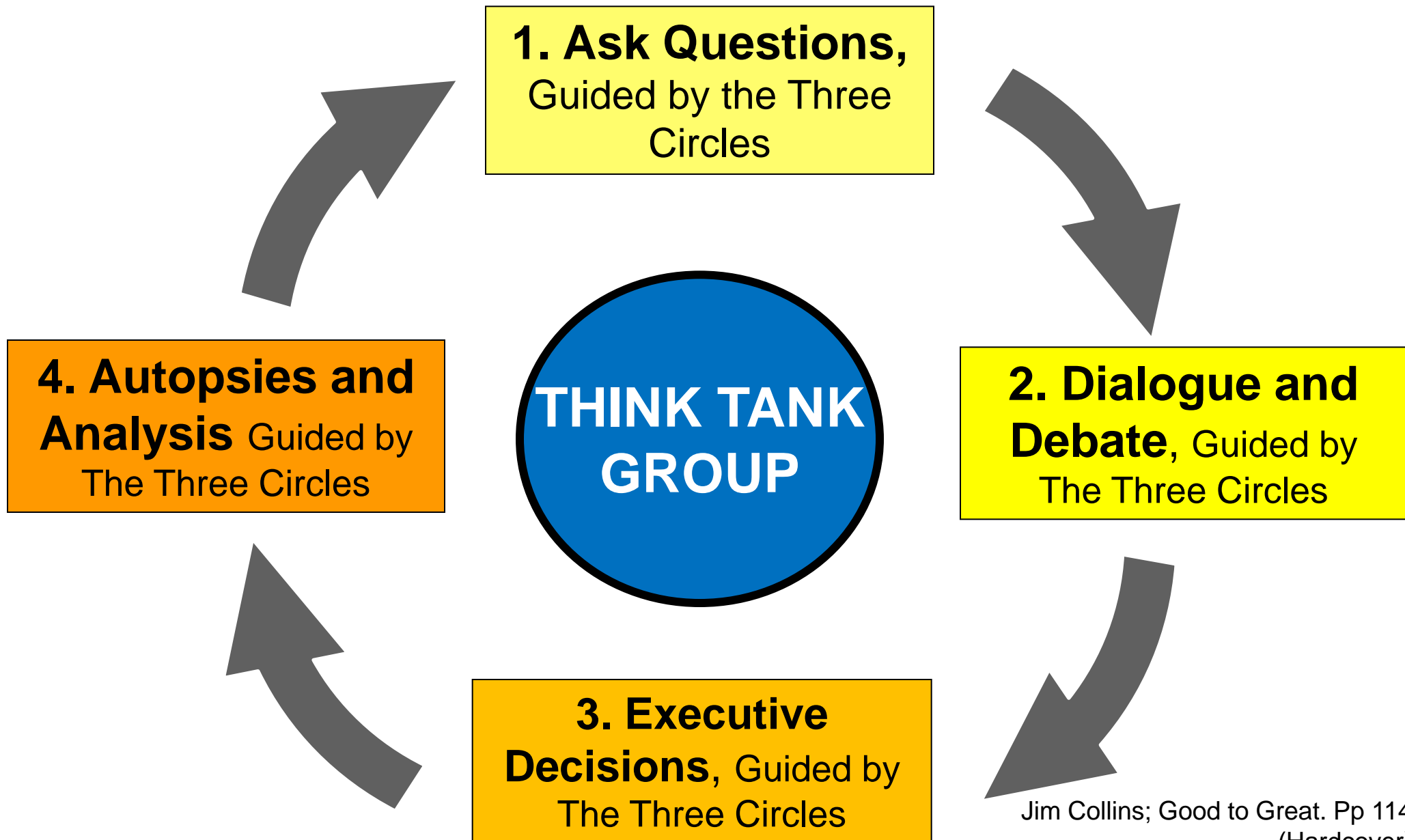
For the companies, it took **some of them 4 years** to go through this process and crystallise their hedgehog;

All three aspects of the hedgehog are key. You cannot sacrifice, **overemphasize** one over the other;

The iterative process.. **A back and forth journey..**



The Iterative Process of Deriving the Hedgehog Concept (Organizations/Nations)





Understanding What You Can (and Cannot) Be Best At

Every-good-to great company eventually gained deep understanding of this principle and painted their futures on allocating resources to those few arenas where they could potentially be best. **The comparison companies rarely attained this understanding.**

Acceleration possible?

Can only be done by going through the cycle a number of times. This breeds understanding.



Understanding Key Drivers in the Economic Engine

- The good-to-great companies frequently produced spectacular returns in very unspectacular industries because they understood and build a fabulous economic metric engine such as shifting from profit per loan or profit per deposit to profit per employee or profit-per-ton.



Understanding Key Drivers in the Economic Engine

PRINCIPLE:

- Pushing for a single denominator economic engine tends to produce better insight than letting oneself off the hook with three or four denominators. It forces deeper understanding of the key drivers in the economic engine leading to more robust and sustainable economics.
- If you do not do this, you remain general and unfocused...
- In Uganda for Example ... Mobile Companies and the **ARU..(average revenue per user)**



Hedgehog Principles

2 points to note

1. **UNDERSTANDING** - The three circles (Best at, Economic drivers, Passionate about)..

2. IMPLEMENTATION of the Cystalline Concept (consistency in focus and execution)



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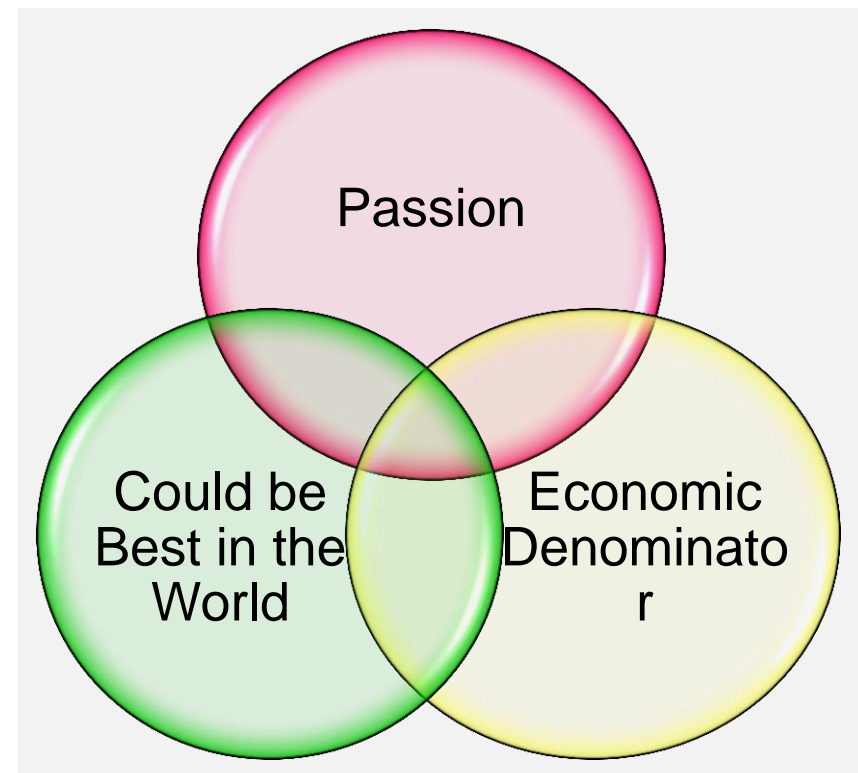
The Triumph of Understanding Over Bravado

Over two-thirds of the comparison companies displayed an obsession with growth without the benefit of a Hedgehog Concept.

Statements such as: “We have been a growth-at-any-price organization,” or “Betting that size equals success,” laden the materials on the comparison organizations.

In contrast, not one of the good-to-great companies focused obsessively on growth. Yet they created sustained, profitable growth far greater than the comparison companies that made growth their mantra.

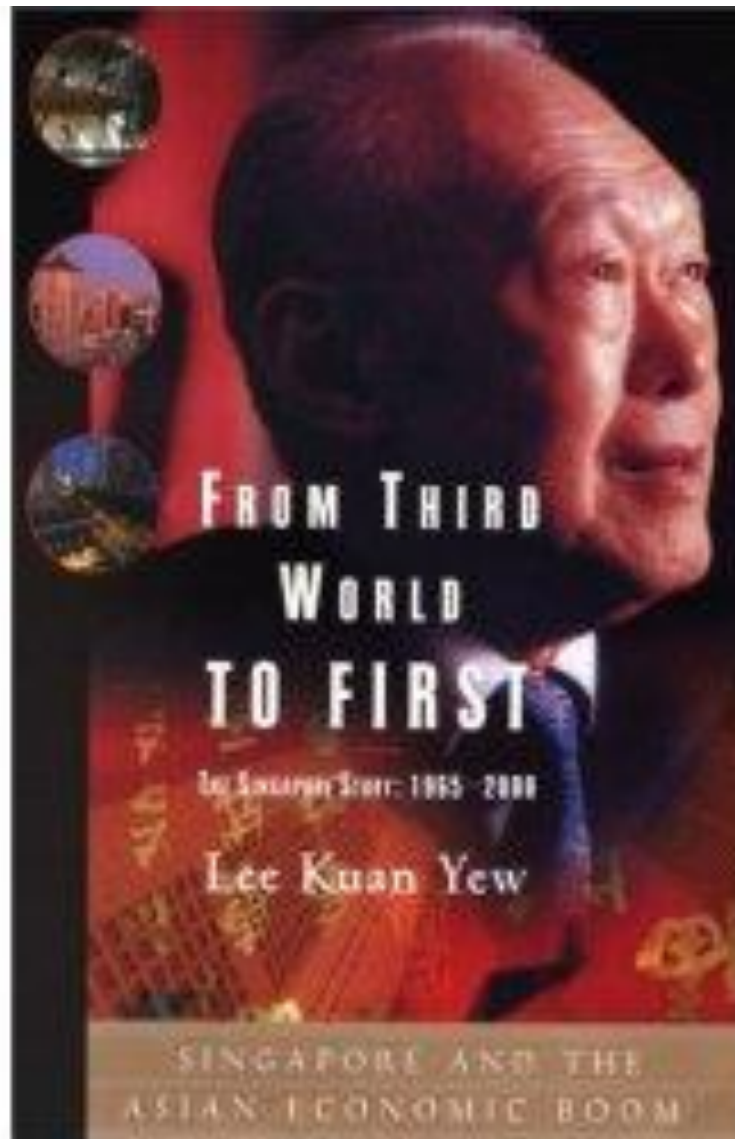
#2: The Hedgehog Concept in National Development





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From Third World To First Story of Singapore from 1965-2000





The Hedgehog Concept

Chapter 4, Page 57 3rd Paragraph

I gradually **crystallized** my thoughts and settled on a two-pronged strategy to overcome our disadvantages. **The first was to leapfrog as Israel had done;**

Chapter 4, Page 58 1st Paragraph

The second part of my strategy was **to create a 1st World Oasis in a Third World Nation.**



The Hedgehog Concept

Chapter 4, Page 58 1st Paragraph

If Singapore could establish First World Standards in public and personal security, health, education, telecommunication, transportation, and services, it would become a base camp for entrepreneurs, engineers, managers, and other professionals who had business to do in the region.

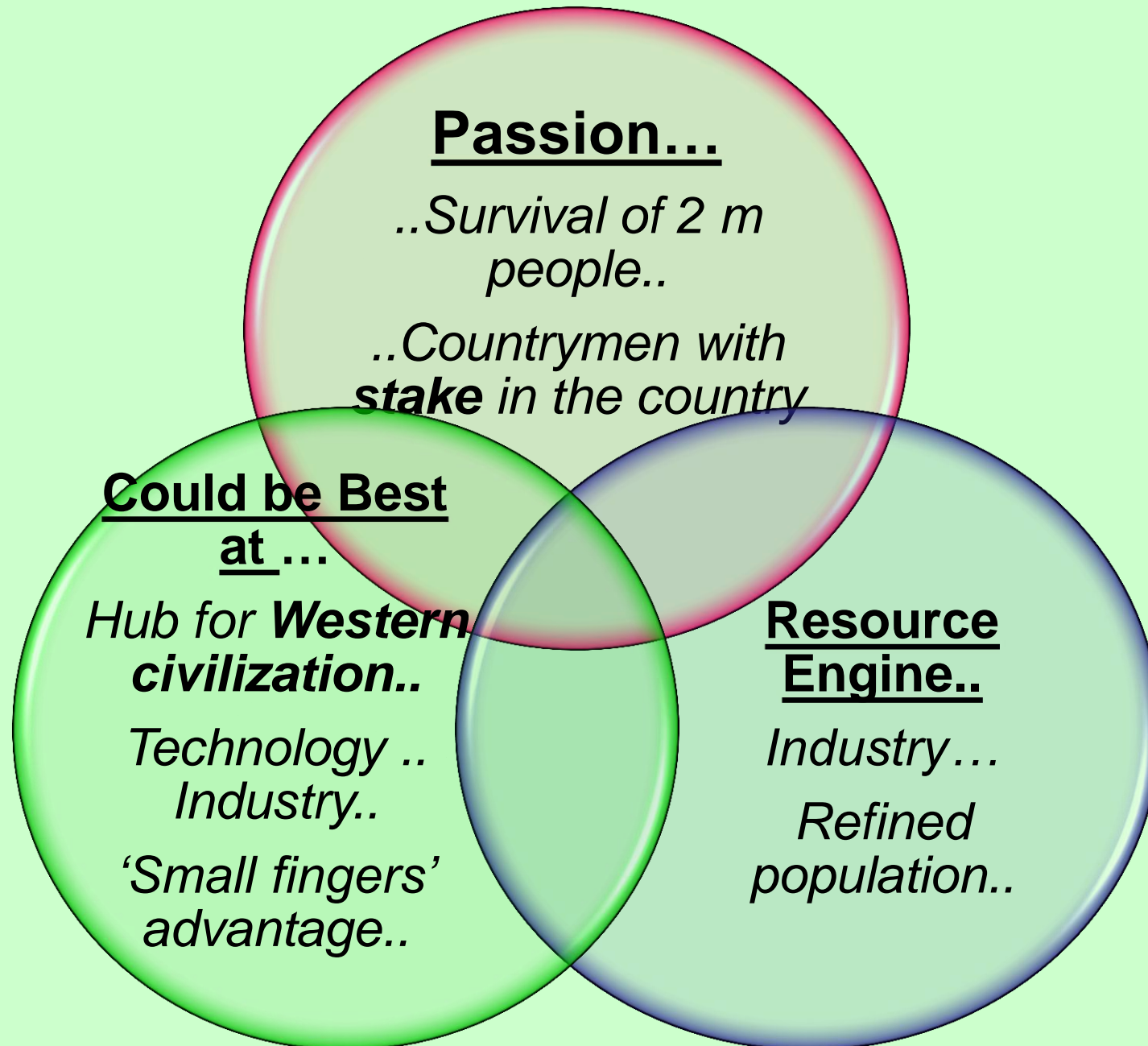


Role of Understanding in NT

Chapter 4, Page 63 2nd Paragraph

By the late 1970s, we had left our old problems of unemployment and lack of investments behind us. *The new problem was how to improve the quality of the new investments and with it the education and skill levels of our workers.* We had found new hinterland in America, Europe and Japan.

The Singapore hedgehog process?...





Crystalline Concept..

1. UN

2. The Crystalline Concept (a conceptual framework, or model)

- consistency,
- point of reference,
- a rudder



Hedgehog Concepts in time

- Examples

Walgreens – Convenient Drug stores Concept (vs Ekard {deal makers})

Ekard CEO...*"I want growth (20 years ceased to exist as an independent company)"..*

Abbot – Making products that make health care more affordable (Hospital nutritional products, diagnostics products)
vs Upjohn

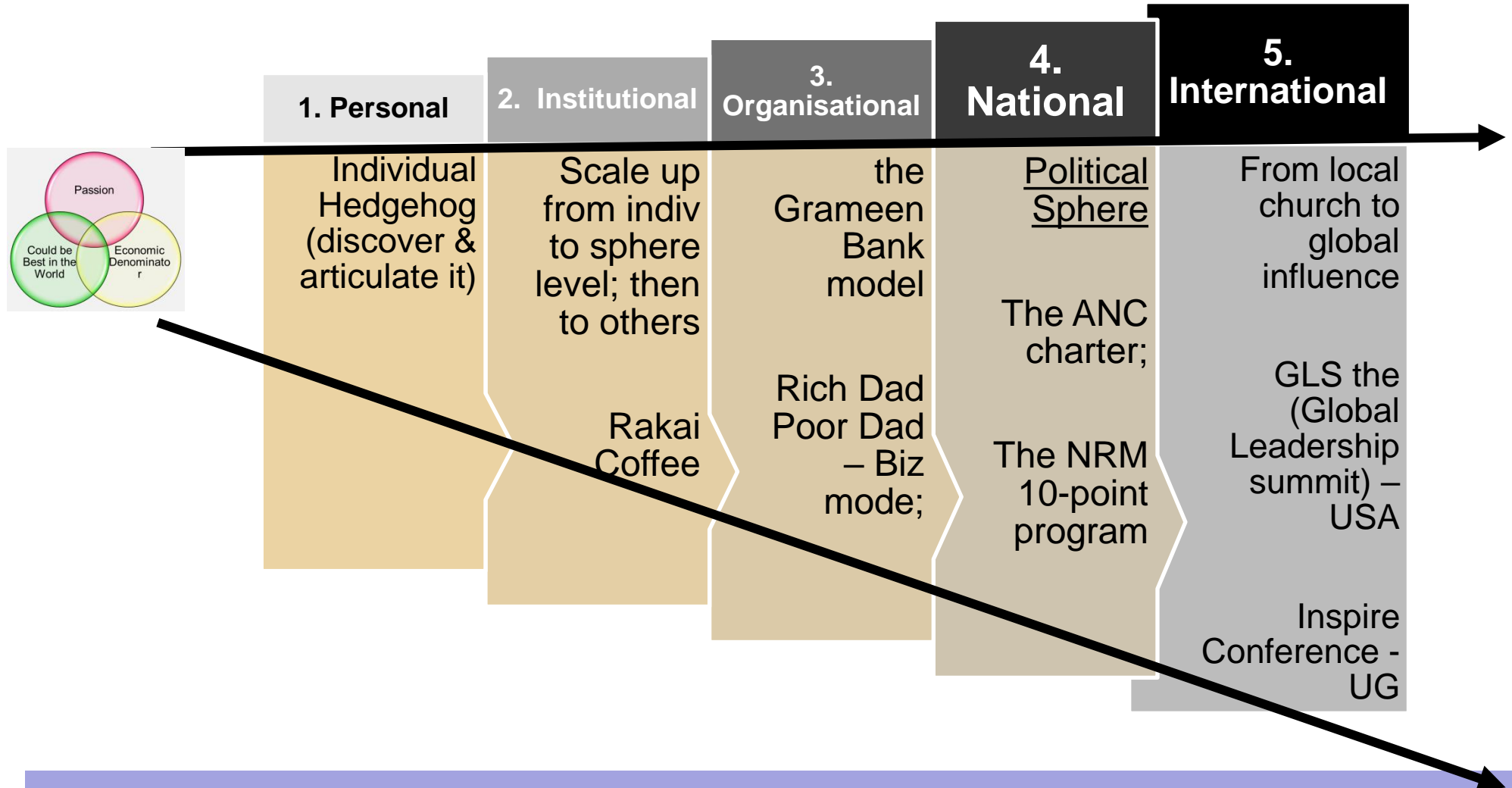
Wells Fargo - Banking as a business, with focus in Western United States

Fannie Mae (National Housing) – realising the American dream through housing. The Passion of seeing people get housing

Remember...Clarifying Hedgehog took about 4 years.

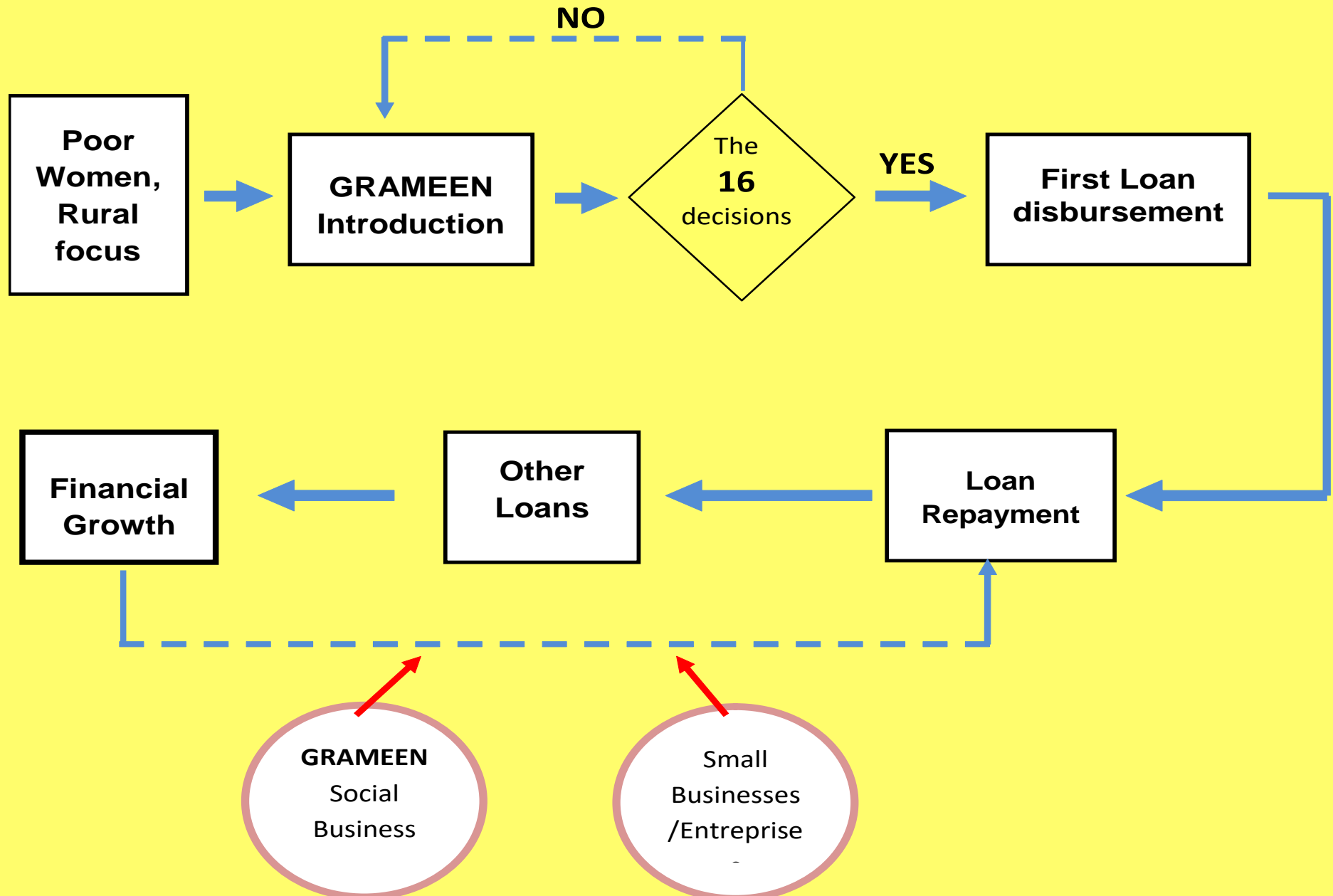
Hedgehog Concepts in time

- Potential influence (scope and Scale)



Consistent application can lead to great scope and scale.

Model.. – The GRAMEEN Conceptual Framework



The 16 Decisions... Grameen 1984

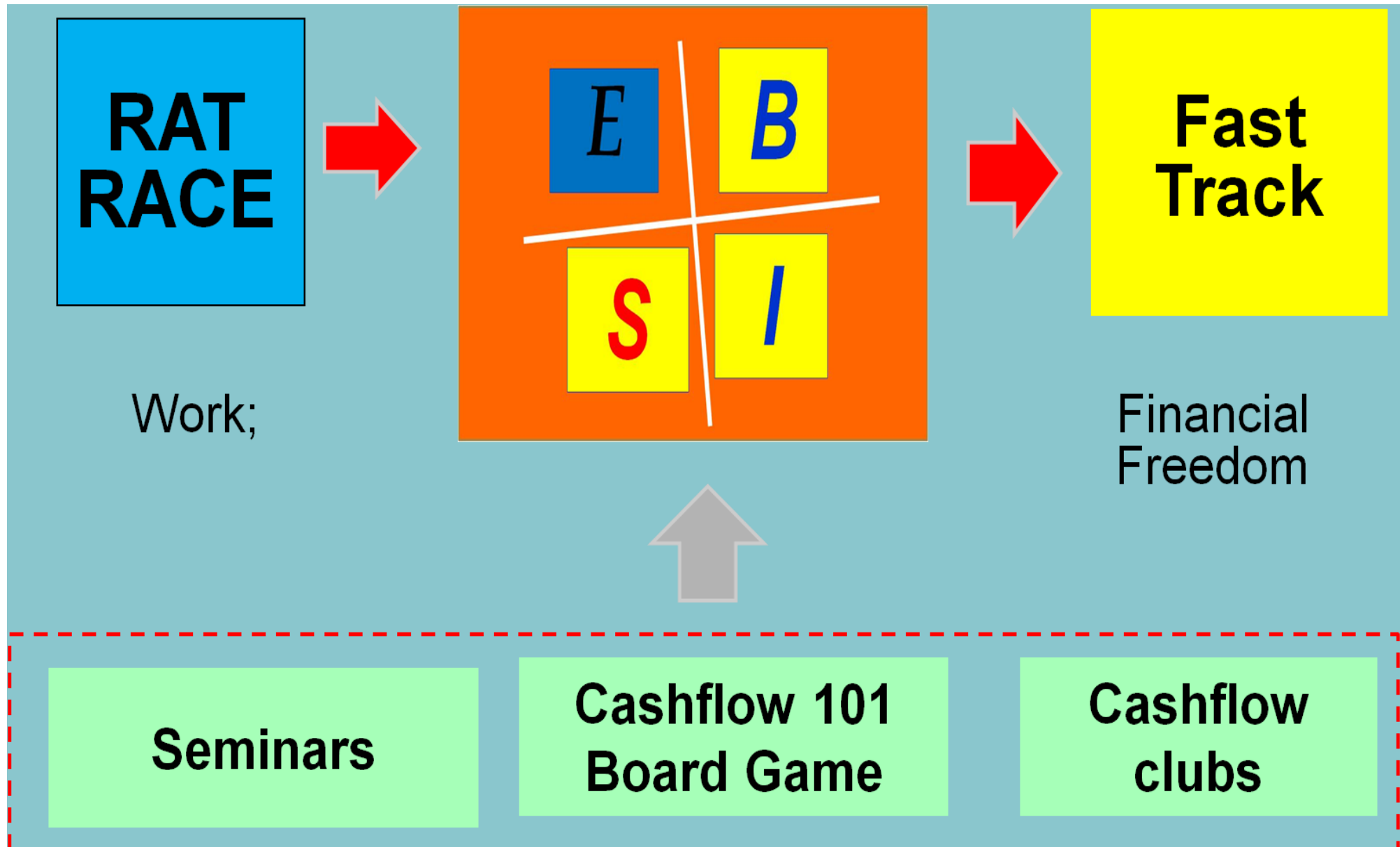
By 1984 they had accumulated into what because to be known as the 16 decisions. They have become an integral part of the Grameen program. *Every new* member of the bank is expected to learn the Sixteen decisions and to pledge to follow them.

The Sixteen Decisions,

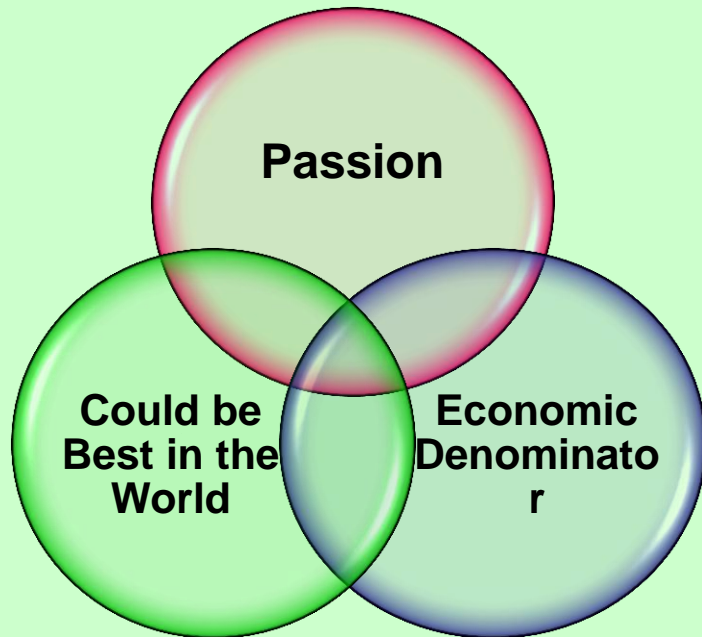
1. The four principles of Grameen Bank – Discipline, Unity, Courage and Hard work – We shall follow and advance in all walks of our lives;
2. We shall bring prosperity to our families;
3. We shall not live in dilapidated houses. We shall repair our houses and work towards constructing new houses as soon as possible.

4. We shall grow vegetables all the year round. We shall eat plenty of them and sell the surplus;
5. During the plantation season, we shall plant as many seedlings as possible;
6. We shall plan to keep our families small. We shall minimize our expenditures. We shall look after our health.
7. We shall educate our children and ensure that they can earn to pay for their education;
8. We shall always keep our children and the environment clean.
9. We shall build and use pit latrines.
10. We shall boil water before drinking or use alum to purify it. We shall use pitcher fibres to remove arsenic.
11. We shall not take any dowry at sons' weddings neither shall we give any dowry in our daughters' weddings. We shall keep the centre free from the curse of dowry. We shall not practice child marriage.
12. We shall not inflict any injustice on anyone; neither shall we allow anyone to do so.
13. For higher income we shall collectively undertake higher investments.
14. We shall always be ready to help each other. If anyone is in difficulty we shall all help.
15. If we come to know of any breach of discipline in any centre, we shall go there and help restore discipline.
16. We shall take part in all social activities collectively.

Cashflow Quardrants... Kiyosaki



HEDGEHOG CONCEPT IN THE SOCIAL SECTOR



2. NGO in Rakai

- Church mobilization
- Coffee growing
- Tree per family/ church
- Child sponsorship model

The Tale of an NGO:

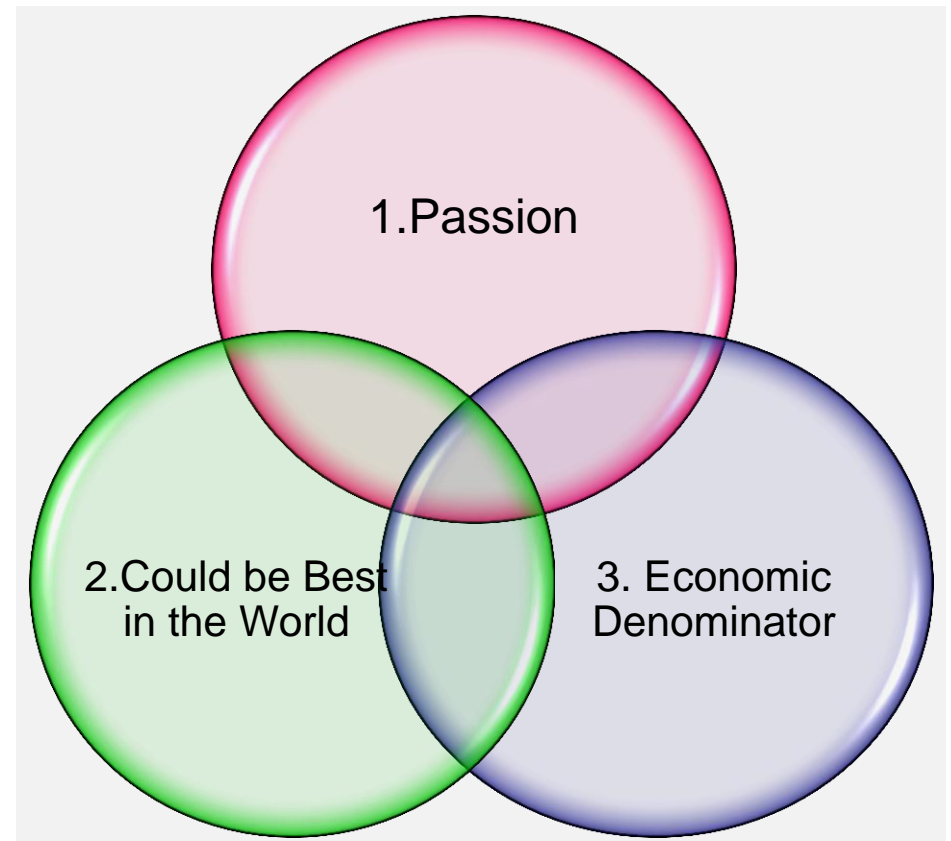
1. RDC, LC 5 visit 18 July 2013. Wondering how they could get such results?
2. SACCO 2016
3. Coffee Factory (2017), Exports to Germany - 2018



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#3. IDENTIFYING UGANDA'S HEDGEHOG



#3. UGANDA - BEST AT

1. Best At..

- What can Uganda be best at?
- What endowments does it have?
- What do its people have?
- Any advantages from its location?
- **What can we NOT be best in the world at?**

Best at....

Food production?
Tourism?
Business Hub?
Friendliness ?
Education system

#3. UGANDA – ECONOMIC DRIVERS

2. Economic Drivers:

- Where could the focus be?
- What economic indicators should we track?

Economic Drivers

% population
access to micro
credit?..

% of pop in
Network
marketing?..

#3. UGANDA - PASSION

3. Passion:

- What are Ugandans naturally passionate about (in the items listed in item 1?)
- What could we do and keep at it? Keep going because of our love for it?

Passion..

Leisure/good
life..?

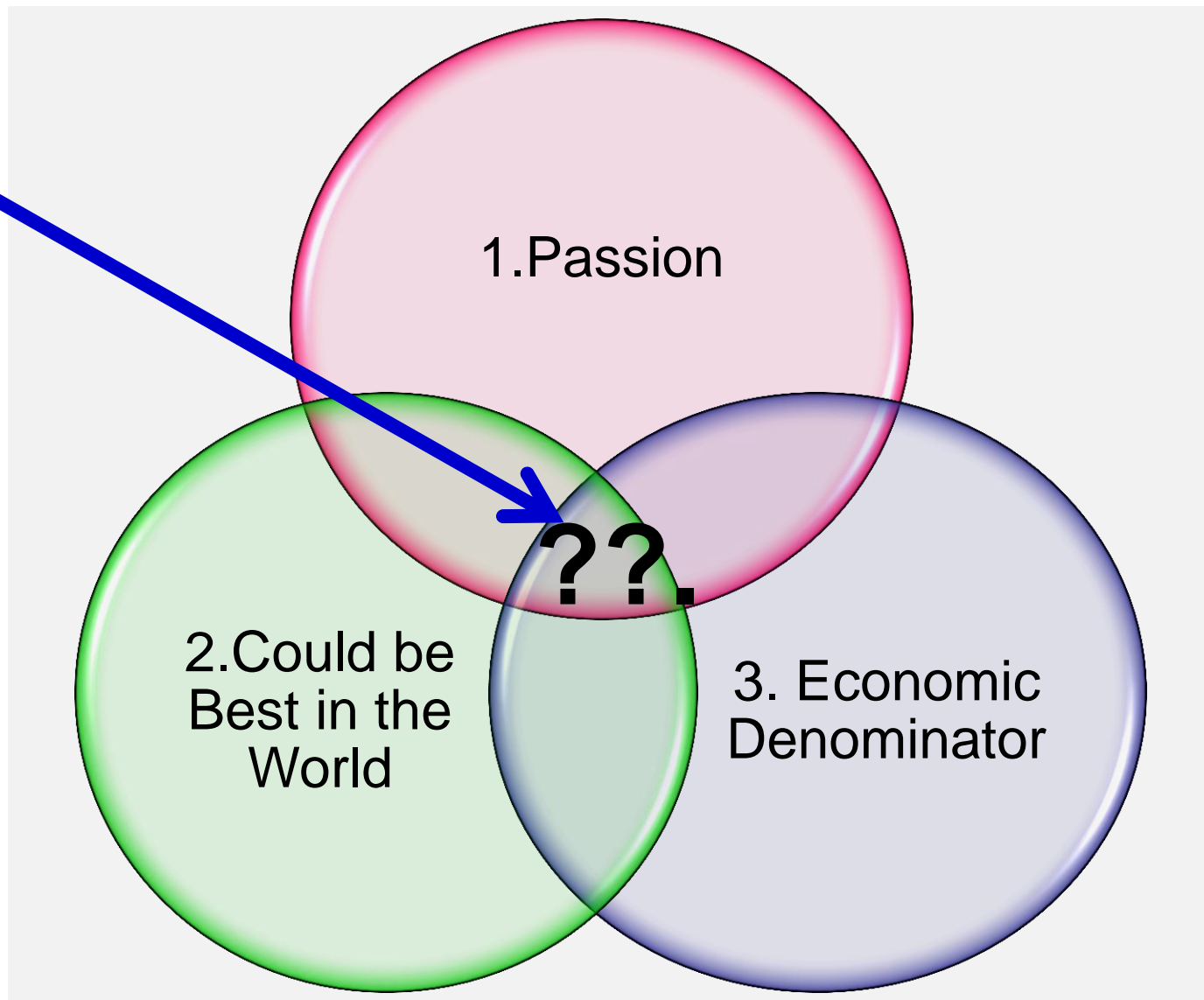
Money for all?

Culture and
tribe?

Work..?

UGANDA.... Hedgehog?

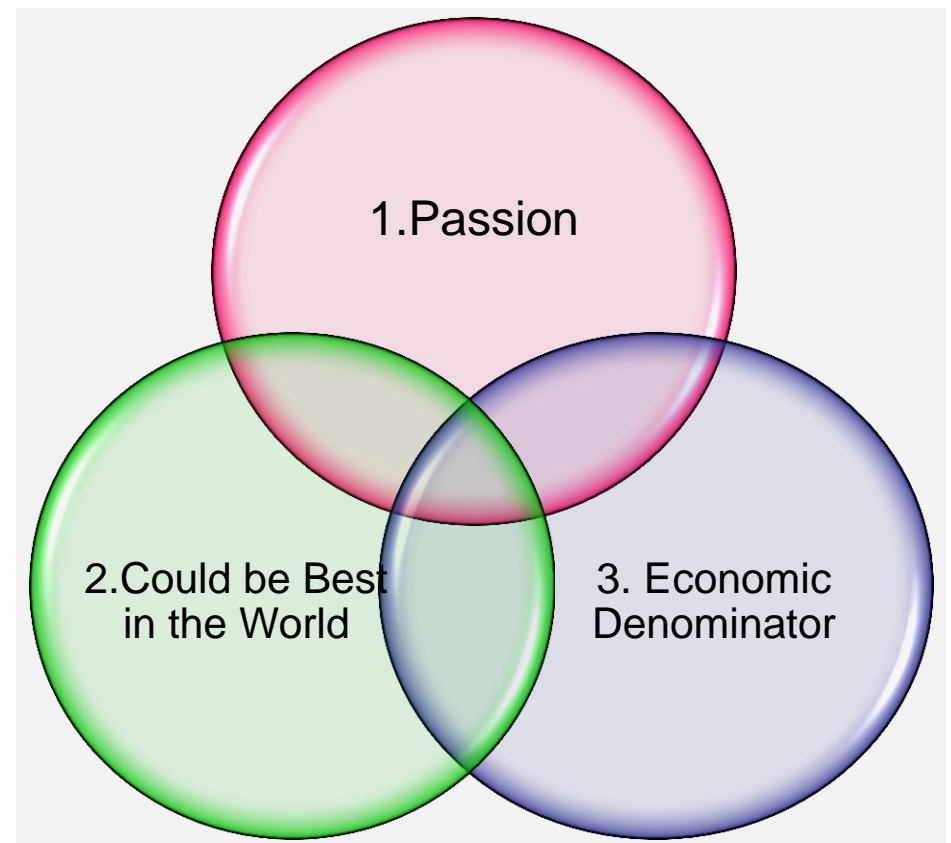
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PERSONAL APPLICATION

CRYSTALIZING YOUR HEDGEHOG





EXERCISE:

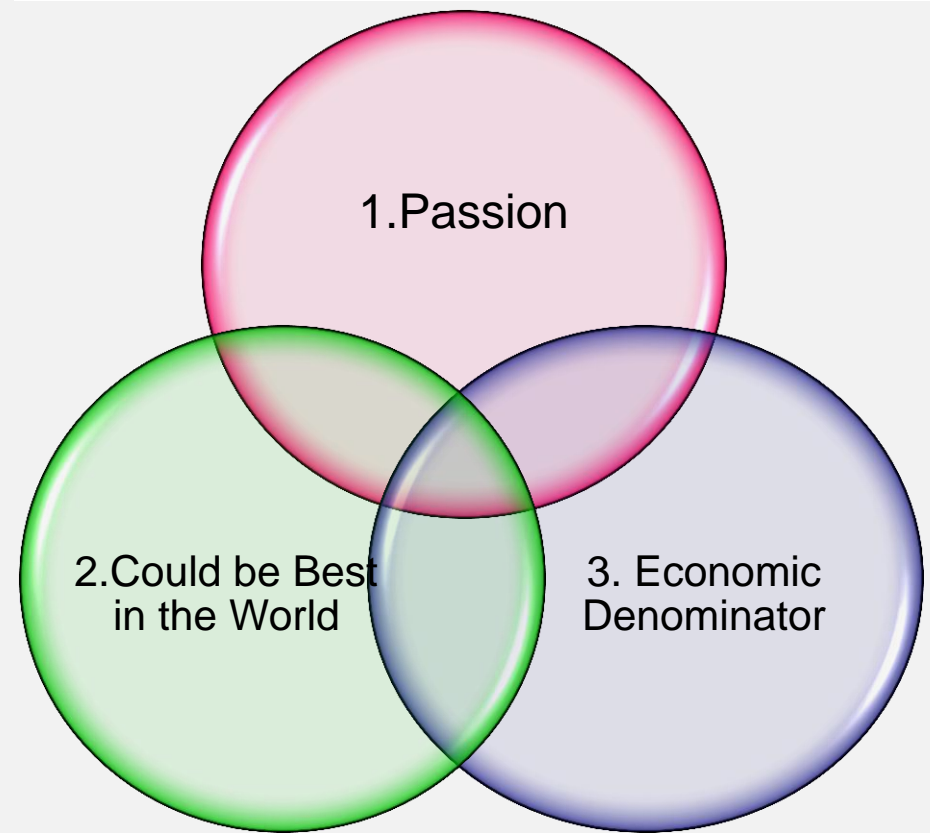
1. Draw a circle on a fresh page..
2. Write things you are ...
 - a) Passionate about
 - b) Good at (could be best in the world)
 - c) Money Makers for you (Economic engine)
3. **Collate the Circle –
intersection of all 3 elements,
...**
4. **what does it say to you?**

PERSONAL HELP

IDENTIFYING YOUR HEDGEHOG

..

Look at the sheets
you drew at the
beginning, and refine
it as need be..





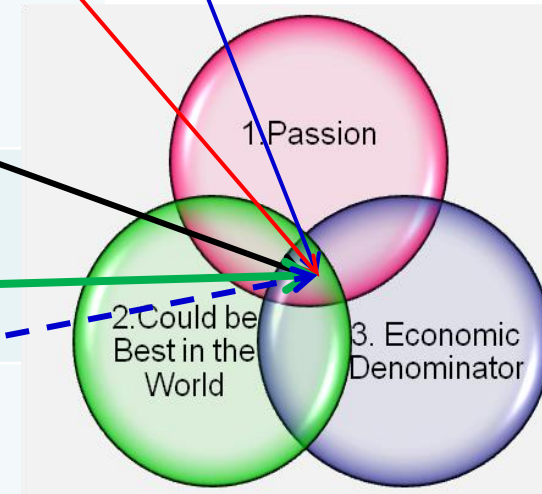
Identifying your hedgehog

- You too could have a hedgehog if your so chose...
- This would differentiate you, keep you focuses and prevent you from drifting..
- It helps to have one... move from **good to great!!**



Understanding your hedgehog

Nelson Mandela	A South Africa for ALL
Napoleon Hill	17 Principles of Success
Sigmund Freud	The Unconscious (Ego, ID and the Self
Albert Einstein	$E=MC^2$
Muhammad Yunus	Micro Credit (<i>remove financial apartheid</i>)
YOU	??





A story

- An excerpt from book...
- Winning the Ironman
 - - Mrs Joanne Collins (Swim, biking and marathon)..
- Pp 115,116
- (pp163, Anybooks)



Conclusion... the 2 principles

1. UNDERSTANDING - *The three circles (Best at, Economic drivers, Passionate about)..*

2. IMPLEMENTATION *of the Crystalline Concept (consistency, Discipline, focus, consistency of execution) – Disciplined people (3rd component of the model)*



Summary...

The Hedgehog concept is a turning point in the journey from good to great. In most cases, the transition date follows within a few years of the Hedgehog Concept.

It took about four (4) years on average for the good-to-great companies to clarify their Hedgehog Concepts.

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Thank you...

NB:

Questions to fill in personal hedgehog are attached.



VIDEO CLIP:

Case Study: A social Business – Girls

Liz Bohannon