



## The Hedgehog Concept

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### What is the Hedgehog Concept?

Simply, it is a tool by which you can get clarity on what you do and what you don't do as a business.

Based on the essay by Isaiah Berlin, "The Hedgehog and the Fox" it describes how the world is divided into two types. The fox knows many things. The fox is a very cunning creature, able to devise a myriad of complex strategies to sneak attack upon hedgehog. The hedgehog knows one big thing, rolling up into a perfect little ball thus becoming a sphere of sharp spikes, pointing outward in all directions. The hedgehog always wins despite the different tactics the fox uses.

This model was developed by Jim Collins in his book, "Good to Great". Like hedgehogs these 'good to great' companies know "one big thing" and stick to it. They found their strategies on a deep understanding of three key dimensions. These include:

1. ***What are you passionate about?***

Great companies focus on activities that ignite their passion.

2. ***What can you be the best in the world at?***

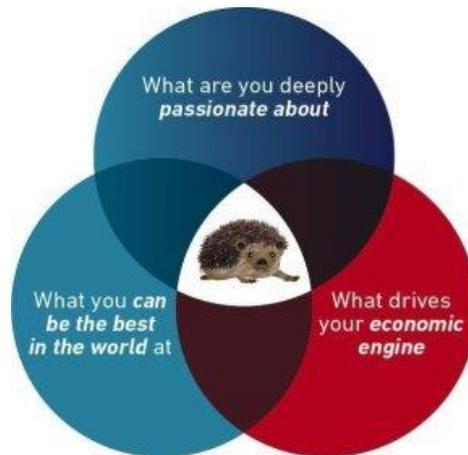
This is about being clear both about what you can be the best in the world at, and what you *cannot* be the best in the world at. You need to know both. This goes beyond your core competence – just because you have it does not mean that you are the best at it.

3. ***What drives your economic engine?***

Great companies are clear on how they will generate good cash-flow and profit. Their strategy is predicated on this.



**Fig. 1 The Hedgehog Concept**



### **Two Out of Three Isn't Enough**

You need to meet all three criteria to hit the 'sweet spot', where all three areas intersect. If you only have two, then it is not enough as shown below.

By being clear on these three dimensions, and what they mean to you, you are able to produce the best long-term results and to be relentless in saying "No" to opportunities that fail the hedgehog test, and only accepting that which meets all three criteria.

Good-to-great companies set their goals and strategies based on understanding the hedgehog concept, they focus on the essential and ignore the rest.

So what is your Hedgehog Concept? Get clear on it and share it here!