

The golden circle: why some companies are more innovative and successful than others

Simon Sinek, September 2009

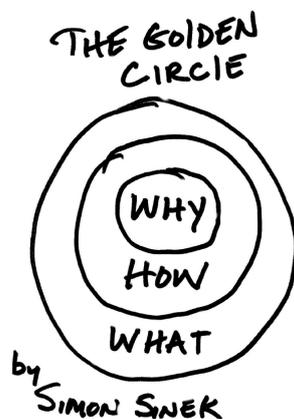
You can inspire people to action and entrepreneurship if you change the fundamentals of how you communicate.

If you look at the figure below, the golden circle, you will see three elements:

The why = your purpose, the reason for your existence as a company. Making money is never a why, it is always a result.

The how = how do you deliver your products or services, what are your unique selling points? E.g. we deliver quickly, our products are high quality, we don't make mistakes, we offer a positive experience etc.

The what = the specific products and services you deliver, e.g. a car, a phone, advice etc.



The main message here is that companies and people mostly communicate and act from the outside in, for example:

Why: ???

How: they are durable, well-designed, have large memory capacity.

What: we sell phones.

Simon Sinek states that successful companies and leaders communicate from the inside out, for example, Apple Inc.:

Why: in everything we do we believe in challenging the status quo, we believe in thinking differently.

How: we do that by making beautifully designed, easy to use computers and phones.

What: here, have a look at them.

People don't buy what you do, they buy why you do it; that's why a lot of people feel comfortable buying not just a computer from Apple but also a phone, an iPod, an iPad and so on.

This is because they buy into the why.

However, if you were to ask someone if they wanted to buy an MP3 player from Dell, they would answer: "why should I buy an MP3 player from a computer company?"

Still, a lot of people are doing precisely this every day, but they are buying an iPod from Apple.

These principles play a role at company level but also on the level of each department, team and person:

what is your why? Are you communicating from the inside out? It is easier to engage people in the why, in a purpose that is important.

Also, consider here how the golden circle's link with the management funnel.

The problem = the why! Do you remember that we previously said that a problem or a vision should always be stated using shocking facts? That is because shocking facts often state a clear why, a strong reason to act. However, a solution (if the why is not clear) is often any one of a number of solutions promoted in the company; it is the what: what should we do.

Also, here we have stated that people often start communication by proposing and defending the what or the solution, often without clarifying the why! Once people buy into the why they will find solutions. You just need to make sure that the parameters of the how (criteria) are clear so that a clear playing field is defined.

Watch: TED talk by Simon Sinek on the golden circle:

https://www.ted.com/talks/simon_sinek_how_great_leaders_inspire_action

