the world and in a way that we're passionate about?" Throughout, Walgreens executives embraced the Stockdale Paradox: "We have complete faith that we can prevail in an Internet world as a great company; yet, we must also confront the brutal facts of reality about the Internet." One Walgreens executive told us a fun little story about this remarkable moment in history. An Internet leader made a statement about Walgreens along the lines of, "Oh, Walgreens. They're too old and stodgy for the Internet world. They'll be left behind." The Walgreens people, while irked by this arrogant comment from the Internet elite, never seriously considered a public response. Said one executive, "Let's quietly go about doing what we need to do, and it'll become clear soon enough that they just pulled the tail of the wrong dog."

Then a little faster (walk), Walgreens began to find ways to tie the Internet directly to its sophisticated inventory-and-distribution model and—ultimately—its convenience concept. Fill your prescription on-line, pop into your car and go to your local Walgreens drive-through (in whatever city you happen to be in at the moment), zoom past the window with hardly a moment's pause picking up your bottle of whatever. Or have it shipped to you, if that's more convenient. There was no manic lurching about, no hype, no bravado—just calm, deliberate pursuit of understanding, followed by calm, deliberate steps forward.

Then, finally (run!), Walgreens bet big, launching an Internet site as sophisticated and well designed as most pure dot-coms. Just before writing this chapter, in October 2000, we went on-line to use Walgreens.com. We found it as easy to use and the system of delivery as reliable and well thought out as Amazon.com (the reigning champion of e-commerce at the time). Precisely one year after the *Forbes* article, Walgreens had figured out how to harness the Internet to accelerate momentum, making it just that much more unstoppable. It announced (on its Web site) a significant increase in job openings, to support its sustained growth. From its low point in 1999 at the depths of the dot-com scare, Walgreens' stock price nearly doubled within a year.

And what of drugstore.com? Continuing to accumulate massive losses, it announced a layoff to conserve cash. At its high point, little more than a year earlier, drugstore.com traded at a price twenty-six times higher than at the time of this writing. It had lost nearly *all* of its initial value.[6] While Walgreens went from crawl to walk to run, drugstore.com went from run to walk to crawl.

Perhaps drugstore.com will figure out a sustainable model that works and become a great company. But it will not become great because of snazzy technology, hype, and an irrational stock market. It will only become a great company if it figures out how to apply technology to a coherent concept that reflects understanding of the three circles.

TECHNOLOGY AND THE HEDGEHOG CONCEPT

Now, you might be thinking: "But the Internet frenzy is just a speculative bubble that burst. So what? Everybody knew that the bubble was unsustainable, that it just couldn't last. What does that teach us about good to great?"

To be clear: The point of this chapter has little to do with the specifics of the Internet bubble, per se. Bubbles come and bubbles go. It happened with the railroads. It happened with electricity. It happened with radio. It happened with the personal computer. It happened with the Internet. And it will happen again with unforeseen new technologies.

Yet through all of this change, great companies have adapted and endured. Indeed, most of the truly great companies of the last hundred years—from Wal-Mart to Walgreens, from Procter & Gamble to Kimberly-Clark, from Merck to Abbott—trace their roots back through multiple generations of technology change, be it electricity, the television, or the Internet. They've adapted before and emerged great. The best ones will adapt again.

> Technology-induced change is nothing new. The real question is not, What is the role of technology? Rather, the real question is, How do good-to-great organizations *think differently* about technology?

We could have predicted that Walgreens would eventually figure out the Internet. The company had a history of making huge investments in technology long before other companies in its industry became tech savvy. In the early 1980s, it pioneered a massive network system called Intercom. The idea was simple: By linking all Walgreens stores electronically and sending customer data to a central source, it turned every Wal-