BHAGOALS - Corporate Vision

Expert knowledge means success

Contents

Introduction

Why are some companies and the people in them, able to successfully cope with change while others seem to make the whole process hard work and fail miserably at the task. According to Collins and Porras[1], "companies that enjoy enduring success, have core values and a core purpose that remain fixed while their business strategies and practices endlessly adapt to a changing world".

The reason that companies such as Hewlett Packard, 3M, Johnson & Johnson, Procter and Gamble, Merck, Sony, Motorola and Nordstrom became elite institutions able to renew themselves and achieve superior long-term performance, is in no small part due to the dynamic of preserving the core whilst stimulating progress. Three examples are:

- Employees at Hewlett Packard know all about change – they have long known that radical change in operating practices, cultural norms and business strategies doesn't mean losing the spirit of the HP Way - the company's core principles. The Hewlett Packard's core ideology, which has guided the company since it started in a garage more half a century ago, includes "a deep respect for the individual, a dedication to affordable quality and reliability, a commitment to community responsibility" and a view that the company exists "to make technical contributions for the advancement and welfare of humanity".

- Johnson & Johnson continually questions its structure and revamps its processes whilst preserving the ideals embodied in its credo.

- Whilst it surprised the outside business world at the time, 3M sold off several of its large mature businesses in 1996 to refocus on its enduring core purpose – which the people in the company knew very well – that of "solving unsolved problems innovatively".

The difference between what should never change and what should be open for change, between what is genuinely sacred and what is not sacred, is really understood by truly great companies.

Why?

The rare ability to manage continuity and change - requiring a consciously practised discipline - is closely linked to the ability to develop a vision.

There are two parts to a well-conceived vision:

- **Core ideology** - what the organisation really stands for and why it exists. It is unchanging and it complements rather than competes with the envisioned future.

- **The envisioned future** - what the company aspires to become, to achieve, to create – to achieve which, significant change and progress over time will be required.

Figure: The enduring character and identity of an organisation – its Core Ideology
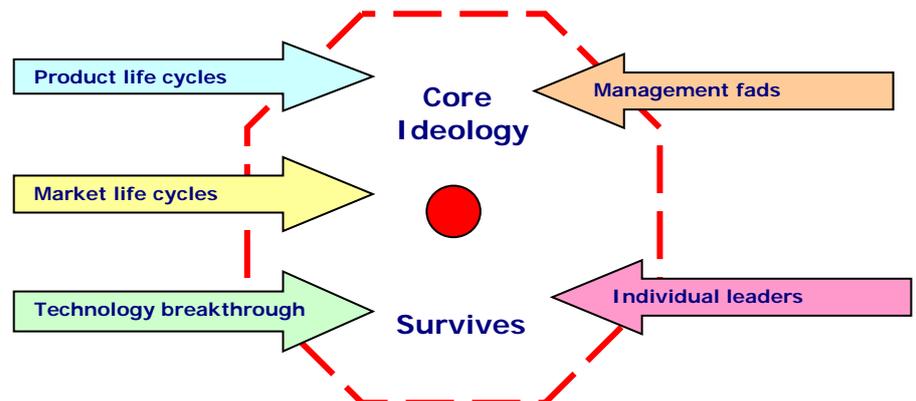
Vision – Seeing where you're going

Vision provides guidance about what core to preserve and what future to stimulate progress towards. But vision has become one of the most overused and least understood words in the language - it conjures up different images for different people: of deeply held value, outstanding achievement, societal bonds, exhilarating goals, motivating forces or *raisons d'être*.

Core Ideology

This is the enduring character and identity of an organisation - it will survive product or market life cycles, technological breakthroughs, management fads and even individual leaders. In fact, the most lasting and significant contribution of those who build visionary companies is the core ideology they leave behind.

Visionary leaders understand all too well that it's more important to know who you are than where you are going for where you are going will change as the environment around you changes. Leaders will die, products will become obsolete, markets will change, new technologies will emerge and management fads will come and go, but the core ideology of a great company remains firm and undiminished as a source of guidance and inspiration.   It can be thought of as the glue that holds an organisation together as it grows, decentralises, diversifies, downsizes or expands globally and develops work place diversity.

Core Values

Core values are the essential and enduring tenets of an organisation. A small set of timeless guiding principals, core values require no external justification; they have intrinsic value and importance to those inside the organisation. Once again, we can look at the example at Hewlett Packard where respect for the individual was first and foremost a deeply rooted personal value inside the company.

A Company need not have as its core value "customer service" (Sony doesn't) or respect for the individual (Disney doesn't) or quality (Wal-Mart stores doesn't) or market focus (Hewlett Packard doesn't) or teamwork (Nordstrom doesn't).

Companies tend to have only a few core values - usually between three and five. In fact only a few values can be truly core - that is so fundamental and deeply held that they will change seldom, if ever.

To identify the core values in your organisation, push with relentless honesty to define what values are truly central. Any more than five or six values, the chances are that you are confusing core values (which don't change) with operating practices, business strategies or cultural norms (which ought to be open to change). Core value must stand the test of time.

Core Purpose

Core purpose, which is the second part of core ideology, is the organisation's reason for being. An effective purpose reflects people's idealistic motivations for doing the work of the company. It doesn't just describe the organisation's output or target customers - it captures the soul of the organisation. This is best illustrated in a speech given by David Packard to Hewlett Packard employees in 1960 - his speech gets at the deeper reasons for his organisation's existence beyond just making money. This is what he said:

"I want to discuss why a company exists in the first place. In other words, why are we here? I think many people assume, wrongly, that a company exists simply to make money. While this is a important result of a company's existence, we have to go deeper and find the real reasons for our being. As we investigate this, we inevitable come to the conclusion that a group of people get together and exist as an institution that we call a company so they are able to accomplish something collectively that they could not accomplish separately – they make a contribution to society, a phrase which sounds trite but is fundamental. You can look around (in the general business world) and see people who are interested in money and nothing else, but the underlying drivers come largely from a desire to do something else: to make a product, to give a service - generally to do something which is of value."
David Packard

Purpose (which ought to last for at least 100 years) shouldn't be confused with specific goals or business strategies that will change many times over in a period of 100 years. Whereas you might achieve a goal or complete a strategy, it just isn't possible to fulfil a purpose - it's like a guiding star on the horizon: forever pursued but never quite reached. Yet, although purpose itself doesn't change, it can inspire change. The very fact that purpose can never be fully realised means that an organisation can never stop stimulating change and progress.

One powerful method to get at core purpose is to ask the five whys. Start with a descriptive statement "we make x products" or "we delivery x services" and then ask "why is that important?" and ask it five times. After a few whys you'll find that you're getting down to the fundamental purpose of the organisation. The five whys can help companies in any industry to frame their work in a more meaningful way.

Discovering Core Ideology

You don't create or set core ideology - rather, you discover it. You do not deduce it by looking at the external environment. Rather, you understand it by looking inside. Ideology has to be authentic. It can't be faked. Discovering core ideology is not an intellectual exercise so don't bother with asking a question like "what core values should we hold?" - Ask instead "what core values do we truly and passionately hold?"

You need to be clear that the role of core ideology is to guide and to inspire but not to differentiate. Two companies can have the same core values or purpose. Many companies could have the purpose to make technical contributions but few live it as passionately as Hewlett Packard does.

Core ideology needs to be meaningful and inspirational only to people inside the organisation - it needn't be exciting to outsiders. The reason for this is that it is the people inside the organisation who need to commit to the organisational ideology over the long term. Having a core ideology that is well articulated will attract to the company people whose personal values are compatible with the company's core values. Conversely it will repel those whose personal values are incompatible. You can't impose new core

values or purpose on people and core values and purpose are things that people cannot buy into. Instead, you need to find people who are predisposed to share your core values and purpose. When you found them you must retain them and at the same time let those who do not share your core values go somewhere else.

Envisioned Future

The second primary component of the vision framework is an envisioned future. It consists of two parts. The first is a ten to 30 year audacious goal plus vivid descriptions of what it will be like to achieve the goal. Visionary companies often use bold missions (or what could be called BHAGs (big, hairy audacious goals) as a powerful way to stimulate progress. All companies have goals but there is a difference between merely having a goal and becoming committed to huge daunting challenge. A true BHAG is clear and compelling and serves as a unifying focal point of effort and acts as a catalyst for team spirit. It has a clear finishing line so the organisation can know when it has achieved the goal.

A BHAG engages people - it reached out and grabs them. It's tangible, energising and highly focused. People get it right away because it takes little or no explanation. A good example of this is NASA's 1960s moon mission - it didn't need a committee of draftsmen to spend endless hours turning the goal into a verbose impossible-to-remember mission statement. The goal itself was easy to grasp.

Vivid Description

In addition to vision level of BHAGS, an envisioned future needs what is called "Vivid Description" - that is a vibrant, engaging and specific description of what it will be like to achieve the BHAG. It can be thought of as translating the vision from words into pictures, from creating an image that people can carry around in their heads. Henry Ford did it when he said:

"I will build a motor car for the great multitude... it will be so low in price that no man making a good salary will be unable to own one and enjoy with his family the blessing of hours of pleasure in God's great open spaces... when I'm through everybody will be able to afford one, and everyone will have one. The horse will have disappeared from our highways, the automobile will be taken for granted and we will give a large number of men employment at good wages".
Henry Ford

Conclusion

Many executives thrash about with mission statements and visions statements. Unfortunately, most of these turn out to be a muddled casserole of values, goals, purposes, philosophies, beliefs, aspirations, norms, strategies, practices and descriptions. They usually are boring, confusing, structurally unsound stream of words that evoke the response *"true, but who cares?"* Building a visionary company requires 1% vision and 99% alignment. When you have supreme alignment, a visitor could drop in from outer space and know your vision from the operations and activities of the company without ever reading it on paper or meeting a single senior executive. Creating alignment may be your most important work but your first step will always be to recast your vision or mission into an effective context for building a visionary company.

Further Information

This publication is for general interest - it is always essential to take advice on specific issues.

We believe that the facts are correct as at the date of publication, but there may be certain errors and omissions for which we cannot be responsible.

Reference:

[1] See: "Building your Company's Vision", by James C Collins and Jerry I Porras, in Harvard Business Review, September/October 1996, pp 65-77.