

Building Your Company's Vision

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An Overview

The 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. Examples include Hewlett-Packard, 3M, Johnson & Johnson, Proctor & Gamble, Merck, Sony, Motorola, and Nordstrom.

Truly great companies understand the difference between what should never change and what should be open to change, between what is genuinely sacred and what is not. This rare ability to manage continuity and change is closely linked to the ability to develop a vision.

A well-conceived vision consists of two major components: core ideology and envisioned future. The core ideology is unchanging while the envisioned future is what we aspire to become, to achieve, to create.

The core ideology consists of the core values and core purpose. Core values are the essential and enduring tenants of an organization, a small set of timeless guiding principles that require no external justification. To identify the core values of your own organization, push with relentless honesty to define what values are truly central. If you articulate more than five or six, chances are you are confusing core values (which do not change) with operating practice, business strategies, or cultural norms (which should be open to change). Upon evaluation, if circumstances changed and penalized us for holding a core value, would we still keep it? If we can't honestly answer yes, then the value is not core and should be dropped from consideration.

The core purpose is the organization's reason for being -- not to be confused with a goal or strategy. It is the idealistic motivation for doing the company's work. (This can only be reached by asking "why".)

Core ideology needs to be meaningful and inspirational only to people inside the organization; it need not be exciting to others. It is the people within the corporation who need to commit to the organizational ideology over the long term. Core ideology can also play a role in determining who is inside the organization and who is not. You cannot impose new core values or purposes on people; they have to be predisposed to share your core values and purpose, or let them go elsewhere.

Core competencies should be well-aligned with a company's core ideology and are often rooted in it; but they are not the same thing. Core competence is a strategic concept that defines your organization's capabilities -- what you are particularly good at-- whereas core ideology captures what you stand for and why you exist.

The envisioned future consists of two parts: a 10 to 30 year audacious goal plus vivid descriptions of what it will be like to achieve the goal.

A company must have a BHAG (pronounced Bee-hag), a “big, hairy audacious goal” — a clear and compelling unifying focal point of effort and a catalyst for team spirit. It has a finish line, so organization can know when it has achieved the goal. A BHAG should not be a sure bet — it will have perhaps only a 50% to 70% probability of success — but the organization must believe that it can reach the goal anyway.

Vivid descriptions are vibrant, engaging and specific descriptions of what it will be like to achieve the BHAG. Think of it as translating the vision from words to pictures.

A direct link to the fundamental dynamic of visionary companies: preserve the core and stimulate progress. Building a visionary organization is 1% vision and 99% alignment.

Core Values

Merck

- ◆ corporate social responsibility
- ◆ unequivocal excellence in all aspects of the company
- ◆ science-based innovation
- ◆ honesty and integrity
- ◆ profit, but profit from work that benefits humanity

Nordstrom

- ◆ service to the customer above all else
- ◆ hard work and individual productivity
- ◆ never being satisfied
- ◆ excellence in reputation; being part of something special

Philip Morris

- ◆ the right to freedom of choice
- ◆ winning -- beating others in a good fight
- ◆ encouraging individual initiative
- ◆ opportunity based on merit; no one is entitled to anything
- ◆ hard work and continuous self-improvement

Sony

- ◆ elevation of the Japanese culture and national status
- ◆ being a pioneer -- not following others; doing the impossible
- ◆ encouraging individual ability and creativity

Walt Disney

- ◆ no cynicism
- ◆ nurturing and promulgation of “wholesome American values”
- ◆ creativity; dreams; and imagination
- ◆ fanatical attention to consistency and detail
- ◆ preservation and control of the Disney magic

Core Purposes

3M: to solve unsolved problems innovatively.

Cargill: to improve the standard of living around the world.

Fannie Mae: to strengthen the social fabric by continually democratizing home ownership.

Hewlett-Packard: to make technical contributions for the advancement and welfare of humanity.

Lost Arrow Corporation: to be a role model and tool for social change.

Pacific Theaters: to provide a place for people to flourish and to enhance the community.

Mary Kay Cosmetics: to give unlimited opportunity to women.

McKinsey & Company: to help leading corporations and government be more successful.

Merck: to preserve and improve human life.

Nike: to experience the emotion of competition; winning; and crushing competitors.

Sony: to experience the joy of advancing and applying technology for the benefit of the public.

Telecare Corporations: to help people with mental impairments realize their full potential.

Wal-Mart: to give ordinary folk the chance to buy the same things as rich people.

Walt Disney: to make people happy.

Big, Hairy Audacious Goals

Wal-Mart (1990): become a \$125 billion company by the year 2000.

Ford (1900): democratize the automobile.

Sony (1950): become the company most known for changing the worldwide poor-quality image of Japanese products.

City Bank (1915): become the most powerful, the most serviceable, the most far-reaching world financial institution that has ever been.

Boeing (1950): become the dominant player in commercial aircraft and bring the world into the jet age.

Philip Morris (1950): to knock off RJR as the number one tobacco company in the world.

Nike (1960): crush Adidas.

Honda (1970): we will destroy Yamaha!