Built To Last
by James Collins & Jerry Porras

What has enabled some corporations to last so long, while other competitors in the same markets either struggle to get by, or fade away after a short period of time? This is the major question that Mr's Collins and Porras try to answer. They took a look at 18 well known, well established and healthy companies ('visionaries'), and compared them to a counterpart in their specific area of business. They analyzed all the information they could get their hands on, compiled it, and looked at it to try to find patterns both between the visionary companies and their counterparts, as well as among the visionary companies themselves. The result of all of this is a set of guidelines and principles that all companies, large or growing, can use to keep themselves growing, strong, and ahead of the competition.

These are outlined below:

• Be a Clock Builder, not a Timekeeper - All the successful corporations focused on building the organization and company so it would run 'as smooth as a clock.' The visionary companies didn't simply follow others in their fields (watching the clock), but tended to lead the way.

• Your Company must have a set of 'Core Values' - Each of the visionary companies had established a set of core values in its infancy that still survive today. If it ever came upon hard times, the values would still be retained. They would only be modified in the most extreme cases.

• Preserve Your 'Core Ideology' - While the core values stay the same, the core ideology can be modified. The ideology of a company is the stimulus that keeps the company evolving over time. This change usually takes place slowly, one piece at a time, but is fast enough to keep ahead of the competition. Without this constant evolution of products, the company will eventually be left behind and disappear.

• BHAG (Big Hairy Audacious Goals) - In addition to the day-to-day ideology changes listed above, you occasionally need to paradigm shift in your product or service environment. These monumental changes are called 'BHAG,' and are considered clear-cut, compelling, cutting edge goals the company sets to progress forward. Examples of these given in the book are Boeing's BHAG's of building the first commercial jetliner in the U.S. in 1952 (the 707), and the first truly 'Jumbo Jet' in 1965, and the mission to put a man on the moon in the 1960's.

• Have a 'Cult-Like" Culture - This must pervade the company, invading it like a disease. Everyone in the company must be committed to following the path of the leader (similar to a cult leader). They must commit to the same core ideology, must be indoctrinated into the company culture, must develop a tight fit with others in the company, and must think of themselves as the 'elite' in their field. Without a good cohesive staff, the company will be fragmented, non-innovative, and probably won't survive. The best example given was that of Nordstroms department stores, who have the most fanatical, loyal sales persons. Other examples given were Disney with their 'cast members' in the theme parks, and IBM with its early devotion to office machinery.

• Don't be Afraid to Evolve: Try New Things and Use What Works. - All companies have to do this. As the company grows, tastes, preferences, and technology change. The visionary companies keep abreast on upcoming changes, anticipate them, or make them themselves, or else the company's products will become obsolete. You try different things and see how they work, quickly getting rid of the things that don't work. Two good examples given in the test are 3M (evolved from a mining company to a sandpaper company, to an adhesives based products company) and Marriott (from a small chain of restaurants to an airline commissary service to a full service hospitality corporation).

• Look Inside for your Top Management - The study found it is extremely difficult to bring in persons from the outside who can effectively manage a company. Instead, the company should have management development processes and succession plans in place to insure smooth transitions and direction as the company ages. A good example of this is GE, where current CEO Jack Welch started with the company and worked up to CEO. And with GE's management development processes, his retirement should not create a succession problem.

• Constantly Innovate- Without this, the company's products/services become obsolete and lead to a decline. You must constantly keep ahead of the pack, innovating your products to try and keep ahead of the competition. And this involves an investment in innovation that can't be eliminated. The of the examples given in the text is Boeing. They have consistently created innovative airliners, while McDonnell Douglas had simple tried to keep pace. And in the end Boeing Swallowed up McDonnell Douglas.

• Make the Core Ideology/Values a Reality - It is not enough to simple craft vision and mission statements, they must be put in place so that all persons/divisions of the company known what they are and work together toward those vales and ideals. In other words, get everything aligned on the same plain. One example of how this focus was achieved was in Hewlett-Packard. Both Hewlett and Packard initially avoided any outside corporate debt so it's entrepreneurial discipline would not be compromised by the need to maximize profits.
In addition to the things Collins and Porras found that made the visionary company, they also found a few things that these companies did NOT possess.

• No Strong Dynamic Leader Necessary. - Many of the companies did not have a well known 'figurehead' in the CEO/COO position. Most top executives were too busy 'building the clock' and innovating to do extensive PR work that would promote themselves.

• No 'Great Idea' Needed to Start a Company. - Many of the companies' founders did not start the company with a set idea. The best example given in the test is Hewlett-Packard. Both of these friends did not have an idea for what their product would be before starting their business. They tried making a few interesting products until they developed a piece of military hardware that caused their business to start growing.

The above summary has been provided to you compliments of The Vance Caesar Group - Premier Leadership Coaching.