

Built to Last: Successful Habits of Visionary Companies

- Having a great idea or being a charismatic visionary leader is “time telling”; building a company that can prosper far beyond the presence of any single leader and through multiple product life cycles is “clock building.” In the first pillar of our findings—and the subject of this chapter—we

Their greatest creation is the company itself and what it stands for.

Luck favors the persistent. This simple truth is a fundamental cornerstone of successful company builders. The builders of visionary companies were highly persistent, living to the motto: Never, never, never give up. But what to persist with? Their answer: The company. Be prepared to kill, revise, or evolve an idea (GE moved away from its original DC system and embraced the AC system), but never give up on the company.

Instead of being oppressed by the “Tyranny of the OR,” highly visionary companies liberate themselves with the “Genius of the AND”—the ability to embrace both extremes of a number of dimensions at the same time. Instead of choosing between A OR B, they figure out a way to have both A AND B.

But as F. Scott Fitzgerald pointed out, “The test of a first-rate intelligence is the ability to hold two opposed ideas in the mind at the same time, and still retain the ability to function.”¹ This is exactly what the visionary companies are able to do.

Like the fundamental ideals of a great nation, church, school, or any other enduring institution, core ideology in a visionary company is a set of basic precepts that plant a fixed stake in the ground: “This is who we are; this is what we stand for; this is what we’re all about.”

Visionary companies tend to have only a few core values, usually between three and six.

When articulating and codifying core ideology, the key step is to capture what is authentically believed, not what other companies set as their values or what the outside world thinks the ideology should be.

It's not what they believed as much as how deeply they believed it (and how consistently their organizations lived it). Again, the key word is authenticity.

a visionary company thereby becomes its own harshest critic. As such, the drive for progress pushes from within for continual change and forward movement in everything that is not part of the core ideology.

INTENTIONS are all fine and good, but it is the translation of those intentions into concrete items—mechanisms with teeth—that can make the difference between becoming a visionary company or forever remaining a wannabe.

IF you are involved in building and managing an organization, the single most important point to take away from this book is the critical importance of creating tangible mechanisms aligned to preserve the core and stimulate progress. This is the essence of clock

A Clear—and Compelling—Goal Like the moon mission, a true BHAG is clear and compelling and serves as a unifying focal point of effort—often creating immense team spirit. It has a clear finish line, so the organization can know when it has achieved the goal; people like to shoot for finish lines.

The point is that GE's goal was clear, compelling, and more likely to stimulate progress, like the moon mission.

We did, however, find some common themes, and in particular we found four common characteristics of cults that the visionary companies display to a greater degree than the comparison companies.⁴³ • Fervently held ideology (discussed earlier in our chapter on core ideology) • Indoctrination • Tightness of fit • Elitism

Don't bother just to be better than your contemporaries or predecessors. Try to be better than yourself. WILLIAM FAULKNER

For these companies, the critical question is "How can we do better tomorrow than we did today?" They institutionalize this question as way of life—a habit of mind and action. Visionary companies, we learned, attain their extraordinary position not so much because of superior insight or special "secrets" of success,

but largely because of the simple fact that they are so terribly demanding of themselves.

Discipline is the greatest thing in the world. Where there is no discipline, there is no character. And without character, there is no progress. . . . Adversity gives us opportunities to grow. And we usually get what we work for. If we have problems and overcome them, we grow tall in character, and the qualities that bring success.

Our research findings clearly support the concept of continuous improvement, but not as a program or management fad. In a visionary company, it is an institutionalized habit—a disciplined way of life—ingrained into the fabric of the organization and reinforced by tangible mechanisms that create discontent with the status quo.

The point is that it should have some sort of discomfort mechanisms in place to combat the disease of complacency—a disease that inevitably begins to infect all successful organizations.

but there was a big difference between rhetoric and reality. At Merck, there is no difference.

Most people give up because everyone has told them what they can't do,