SHAPING AND MANAGING SHARED VALUES

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Every organization has shared values. The values may be grand in scope ("Progress is our most important product") or narrowly focused ("Excellence in underwriting"). They can capture the imagination: "The first Irish multinational." Or they can simply drive: "15 percent period-to-period sales and earnings growth." If they are strong, they can command everyone's attention: "What people really care about around here is quality." If they are weak, they may often be ignored: "It's not the same company since the old man stepped down. Nowadays everyone around here is just more or less doing his own thing."

Tough-minded managers and consultants rarely pay much attention to the value system of an organization. Values are not "hard," like organization structures, policies and procedures, strategies, or budgets. Often they are not even written down. And when someone does try to set them down in a formal statement of corporate philosophy or values, the product often bears an uncomfortable resemblance to the Biblical beatitudes — good and true and broadly constructive, but not all that relevant to Monday morning.

Yet "hard" or not, shared organizational values powerfully influence what people in an organization actually do. They ought therefore to be a matter of concern to managers and consultants alike.

We find compelling support for these assertions in our own professional experience. Excellent performers among the organizations we know seem commonly to (a) have highly focused and widely shared values, and (b) work hard at keeping these shared values intact. This suggests to us that senior managers who aim for outstanding performance can ill afford to neglect the task of shaping and sustaining the values of their organizations.

SHARED VALUES MAKE A DIFFERENCE

Some time ago a number of McKinsey consultants were discussing differences in the basic organizational effectiveness of companies we knew reasonably well. One of us, characterizing one of his favorite high-performance companies, remarked, "They're just turned on, up and down the line." The phrase rang a bell: all of us had at some time seen this phenomenon. Most people in each "turned-on" company, we noted, shared a common belief about the distinctiveness of their organization.

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We ›articularly impressed with the case of Jefferson-Smurfit, "the first ırish multinational," which has grown 200-fold in sales and 100-fold in earnings in the last 11 years. Smurfit's chairman articulates a guiding belief that is deeply imbedded in the minds of the young Irish businessmen who run the company: "For too long we gave our brains away . . . we lost our brightest jewels. Now we are trying to make the country richer, to end poverty and emigration. If chaps like me don't change it, then who will?"

But the range of examples cited was diverse:

- **International Business Machines**: "IBM means service," a succinct statement of the primacy of satisfying the customer.
- **General Electric**: "Progress is our most important product," an implicit faith in the value of tinkering by engineers that dominated the corporate culture for better than half a century.
- **Caterpillar**: "24-hour parts service anywhere in the world," again symbolizing an extraordinary commitment to meeting customers' needs.
- **Leo Burnett**: "Make great ads," commitment to a particular concept of excellence.
- **American Telephone & Telegraph**: "Universal service," an historical orientation toward standardized, highly reliable service to all possible users, now being reshaped into values more relevant to a newly competitive marketplace.
- **Du Pont**: "Better things for better living through chemistry," a belief that product innovation, arising out of chemical engineering, is Du Pont's most distinctive value.
- **Sears, Roebuck**: "Quality at a good price — the mass merchandiser for Middle America."
- **Rouse Company**: "Create the best environment for people," a dominating concern to develop healthy and pleasant residential communities, not just build subdivisions.
- **Continental Bank**: "We'll find a way" (to meet customer needs).
- **Dana Corporation**: "Productivity through people," enlisting the ideas and commitment of employees at every level in support of Dana's strategy of competing largely on cost and dependability rather than product differentiation.
- **Chubb Insurance Company**: "Underwriting excellence," an overriding commitment to top-quality service.
- **Price Waterhouse**: "Strive for technical perfection" in accounting.
- **McKinsey & Company,** our own firm: "professionalism" and "top-management problem solving."

Most of these phrases sound utterly platitudinous ›utsider. Within an organization, however, they take on rich and concrete meaning. More, they often determine what people do.

Take IBM. Years ago one of us, then an IBM salesman, was called out on a customer's problem. Thirty hours later, with the problem apparently fixed, and testing and retesting already under way, he left the customer's premises to catch a few hours' sleep. A minor bug developed in his absence. Despite an otherwise excellent record, he was very nearly fired. "IBM means service" never seemed abstract after that.

Or take Dana Corporation. As a competitor in the long-established auto-parts manufacturing business, it has virtually doubled its productivity over the past 7 years, a period when overall U.S. productivity growth has been slowing. It did not accomplish this record with massive capital investment, with sophisticated industrial engineering studies, or with management-imposed speed-up measures. Instead, it relied on its people, right down to the shop-floor level. Management continually stressed the importance of productivity to company success. It created a multitude of task forces and other special activities; gave its people practical opportunities to generate productivity-improving ideas and then implemented them; and consistently, visibly, and frequently rewarded success. "Productivity through people" is no mere advertising phrase to the employees of Dana Corporation.

Mediocre organizations present a different picture. Although their senior managers often point to values they regard as characteristic of their companies, one finds that these values are less strongly held, and that the sharing is confined to a limited executive group. There is no real sense of everyone pulling together, no clear evidence of managerially established patterns in the flow of decisions and action. Below the executive suite, motivation and identification with the company are relatively low.

SHARED VALUES: THE UNDERLYING THEORY

Reviewing the shared values of outstanding companies that we know well, we come to a simple, central insight: For those who hold them, shared values define the fundamental character of their organization —the attitude that distinguishes it from all others. In this way, they create a special sense of identity for those in the organization, giving meaning to work as something more than simply earning a living. They are a reality in the minds of most people throughout the company. Sometimes managers refer explicitly to one or another of these values in providing guidance to subordinates. They are embodied in company folklore: new people may be told stories about the company's past that underline the importance of these values to the company. People interpret these values in the context of their own jobs. The values really guide behavior.

A: ave already seen, shared values define a company's view of itself in relation to the outside world — notably to customers and competitors. But they do not deal only with an organization's relationship with the outside world. Within an organization, they also govern "the way we do things around here." For example, they indicate what matters are to be attended to most assiduously — current operations in one company, external relations in a second, longer-term strategy in a third. They suggest what kind of information is taken most seriously for decision-making purposes — experienced judgment of "old hands" in one organization, detailed "number-crunching" in another. They define what kind of people are most respected — engineers vs. marketing men vs. financial types. "The way we do things around here" is also part of the distinctive character of an organization.

Other shared values may be less directly linked to the basic concept of the business. For example, some companies are ardently committed to equal opportunity for employment and advancement, while others place little value on it; some seek industry leadership in environmental protection while others consciously defer compliance until the last possible moment. These too are shared values so long as they really do influence behavior in the organization — especially managerial behavior.

Shared values, when strongly held, tend to establish the strategic ground that the company will occupy. This gives a lot of room for initiatives, as IBM, Du Pont, GE, Dana, and others illustrate. But it also sets the bounds of the strategic alternatives that a company is likely to generate, and of those that its people are likely to implement successfully. Deeply held shared values are hard to change. Hence, although they provide a source of clear common understanding in a business, they also constitute a constraint. When a company with strongly held values finds that it has lost marketplace or economic relevance, it generally has great difficulty adjusting successfully. Witness AT&T's current difficulty in adapting to a newly competitive marketplace.

While shared organizational values have obvious economic implications, they are — significantly — rarely if ever financial in character. As a matter of fact, the paramount shared value (sometimes the superordinate goal) in virtually every outstanding organization we have surveyed centers on a key business function such as customer service or product innovation, or an ideal such as "the first Irish multinational," rather than a financially oriented goal, such as growth or profitability. Three explanations suggest themselves. First, it is probably easier for most organizations to identify with qualitative dimensions of excellence than with abstract financial goals. Second, a value that focuses attention on a means to successful performance — e.g., customer service — provides managers with more practical guidance than one concerned only with end results — e.g., a simple dictum to make more money or grow. (There is an intriguing parallel finding from another area: MBO systems focused on completion of a few key actions are apparently more effective than those focused on financials.) Third, it may . financial goals, being totally abstract, are less effective in capturing the imagination of people throughout the organization.

How do shared values actually help to determine organizational performance? In broad terms, they act as an informal control system that tells people what is expected of them. At Dana Corporation, Rene McPherson actually threw out piles of policy manuals when he became CEO, preferring to rely on the guidance of shared values. More specifically, we hypothesize that shared values affect organizational performance in three main ways:

1. *Managers and others throughout the organization give extraordinary attention to whatever matters are stressed in the corporate value system* — and this in turn tends to produce extraordinary results. An oil company we know produces crude and petroleum products much more efficiently than others because efficient operation is what it values and what its managers concentrate on. One of this company's principal competitors values trading and financial management most highly; accordingly, its managers worry less about production operations and concentrate instead on squeezing every cent of potential revenue from their sales.

2. *Down-the-line managers make marginally better decisions, on average, because they are guided by their perception of the shared values.* When a manager at Dana is confronted by a close question — e.g., making a particular investment in increased productivity versus one in new-product development — he is likely to opt for productivity.

3. *People simply work a little harder because they are dedicated to the cause.* "I'm sorry I'm so late getting home, but the customer had a problem and we never leave a customer with a problem."

THE ROLE OF LEADERSHIP

Shared values are not timeless. They do not come into being spontaneously, and though durable they are not immutable; on the contrary, they are perpetually subject to modification or reinforcement. As unfashionable as it may be to say so, the driving force behind their creation and maintenance, and change, seems to be nothing other than top-management leadership. This is clearest in the case of origins.

Creating and Instilling Values

A strong set of shared values seems always to come initially from a forceful leader who is bent on their establishment. Our model for this conclusion is close to home.

vin Bower b :Kinsey & Company into the institution it is
ils mark is on virtually everything that we do. As a lawyer, he to the Firm the concept of professionalism that became the ive stamp of our approach to clients. He articulated most clearly ncept of top-management consulting, and he was the first to ent many elements of our problem-solving approaches — ches that can still be found in Firm training guides. He formalized ts of our style, ranging from nonhierarchical internal structure to d report formats to our conservative dress code.

as above all through remarkable persistence that Marvin Bower mark on McKinsey. In all his own consulting work, in his relations ; colleagues, and in his community service roles, he reflected the that he believed should characterize the Firm. Moreover, far from embarrassed to talk about something as subjective as values, he very possible opportunity in open meetings and private con- ons to relate the values he thought we should share to some concern within the Firm. During his tenure as Managing Director ice, he has made a point of meeting consultants at all levels in o communicate his concepts of outstanding problem solving and sional dedication to client interests. He has written hundreds if not nds of individual memos to individual consultants or teams, g or criticizing their work — always reinforcing at least one of the shared values.

hough long retired in a formal sense, Marvin Bower still addresses ; of new associates in our Introductory Training Program. He still s airplanes to Milwaukee and Cleveland to counsel top managers oblems of transition — and to contribute, by example and tion, to the continuing professional development of the con- s working with each client. He still writes frequent memos to his views. And he still prowls the halls of McKinsey looking for that are out of whack.

rvin Bower is to us the living symbol of how value systems are l and instilled. But stories from other companies support the same Tom Watson, Jr., is legendary for his commitment to the value that should characterize IBM. To symbolize his concern with ner service, he continued to answer a number of customer aints personally as long as he served as CEO. Like stories are told such as General Wood at Sears, Roebuck, Alfred J. Sloan at al Motors, Adolph Ochs at *The New York Times* — and, more ly, of J. Willard Marriott, of Bill Hewlett and David Packard, and of oc at McDonald's. None of these men was content simply to be a ger. None shrank from articulating the values that he believed l guide his organization and insisting on their rightness in the face your own thing" countertendencies. All, unmistakably, were s.

ir success in instilling values, however, appears to have had to . . with charismatic personality. Rather, it derived from obvi. . sincere, sustained personal commitment to the values they sought to implant, coupled with extraordinary persistence in reinforcing those values. None of these men relied on personal magnetism. All *made* themselves into effective leaders.

Sustaining and Modifying Values

Given that shared values stem from a leader's initiative, what keeps them fresh and vital in an organization over long periods of time? Certainly one key is continuing, explicit management attention. Here is Tom Watson, Jr., writing to all IBM managers in 1971:

> My associates, without exception, have told me that I should never write to you about business attire or personal appearance because my comments would be subject to misinterpretation and run the risk of appearing arbitrary. But I have noticed a trend recently which, if not corrected, could eventually affect the performance of this corporation in a negative way, and having been around IBM now for 34 years without having had much success with the indirect approach, I am going to tell you candidly about my concern and ask your help in getting us back on the right track. I think that too many of our people are beginning to exceed the bounds of good common sense in their business attire . . . .

What in the world was the CEO of a multibillion-dollar industrial giant up to with such a communication? As Watson himself explained in a different context, he was reinforcing a set of beliefs — everything from "IBM means service" to conservative dress — that had built the company:

> Undoubtedly the principal reason these beliefs have worked well is that they fit together and support one another. If you hire good people and treat them well, they will try to do a good job. They will stimulate one another by their vigor and example. They will set a fast pace for themselves. Then if they understand what the company is trying to do and know they will share in its success, they will contribute in a major way. The customer will get the superior service he is looking for. The result is profit to employees, customers, and shareholders.

In general, the primary stimulus and example for constant reinforcement of values continues to come from the chief executive. People pay attention to what he says, and even more attention to what he does. They read the patterns of business decisions emanating from the executive floor to figure out what *really* counts with top management. When the chief executive's statements and his actions remain consistent with the established values of the company, people remain oriented to those values. When the pattern of his actions begins to diverge from those valu ɔle become confused, their own focus dissolves, and the drive born of the sense of shared values may simply evaporate.

Other senior managers as well, of course, help to reinforce (or weaken) the shared values of the organization through their words and actions. It could be said, in fact, that the mark of a senior-management team, as opposed to a disparate collection of individuals, is coherent support for common values — despite possible differences over policy and practice.

ORGANIZATIONAL SUPPORTS

More than persistent senior-management attention is needed, however, to sustain a strong set of shared values in a large and complex corporation. In addition, the values must be reflected in several other key features of organizational life. Perhaps the most important of these is the process of assimilation or "socialization" of new employees.

Assimilating New Hires

The first 1 or 2 years on the job are crucial for the instilling of value systems in new employees. In *Japan as Number One*, Ezra Vogel[1] reports that Japanese companies take elaborate steps to develop a tightly shared philosophical framework for their new employees:

> They provide elaborate annual ceremonies for inducting the new employees, who enter as a group shortly after the end of the school year. The official training program can be anywhere from a few weeks to years, and includes not only useful background information but emotional accounts of company history and purposes. For spiritual and disciplinary training, the employees may go on retreats, visit temples, or endure special hardship . . . . Companies commonly have their own uniforms, badges, songs, and mottos. Each company has a special lore about the spirit of a "Matsushita person" or a "Sumitomo person."

All of this, Vogel argues, is what enables them later on to give so much autonomy to their working groups at all levels.

Although the ritualistic elements of the Japanese system would be unlikely to go over well in America, U.S. companies with strongly held and tightly focused value systems work almost as hard to manage the early process of socialization. For example, virtually all of General Electric's engineers start out in "trainee" jobs in line functions. There they learn "the way we do things around here" and begin to understand, through exposure to managers up the line, the traits that lead to success in GE. During the early stages of their careers, they also form strong peer-group bonds, based on engineering competence, th n them and the company in later years. Even the most senior managers continue to socialize with lower-level colleagues in the field with whom they share bonds of mutual respect and friendship dating back to their earliest days in the company.

Other companies use similar approaches to achieve early and thorough assimilation of new managers and technical people. Hewlett-Packard's current CEO, John Young, says, "I don't care if they do come from the Stanford Business School. They've got to get their hands dirty, or we're not interested." (In H-P, that generally means starting in marketing and sales, participating in the introduction of a new product.) These typical first job assignments tell future managers something basic about the shared values of the organization they are joining — and, at the same time, enable them to demonstrate both their own basic competence in a key discipline and their ability to internalize the organization's value system. Without these attributes they are unlikely to last very long. With them, they may in effect be signed on for life. As at GE, the first jobs also help create the peer-group networks that build loyalty — and in so doing — implicitly enforce the company's shared values.

Rewards and Recognition

In outstanding companies, personnel systems typically support the shared values in several ways. Virtually all promotion is from within; this minimizes dilution of the company's value system and enables it to guide communication and behavior throughout the company. Promotions tend to go to those with outstanding achievements of the sorts prized by the company's value system. Fast-track people are often channeled into jobs that make them proselytizers for the value system, and thereby deepen their commitment to it. At IBM, for example, "fast-trackers" become assistants to vice presidents with the sole responsibility of ensuring prompt and full response to customer complaints.

Informal personnel rewards are equally important. It is natural that top managers should more readily lend an ear to people whose behavior is attuned to the corporate value system. These are the people whose accomplishments are most likely to be publicly recognized, and who are most likely to be favored with privileges such as attendance at conventions or personal use of executive facilities. Many companies even structure these informal rewards — providing special titles, on-the-spot bonuses, and various other kinds of recognition. To the outsider such rewards may appear hollow, but those on the inside really aspire to win them.

Company Folklore

People in the organization are consistently trying to interpret why it is the way it is. One of the commonest ways of doing this is by telling stories that capture important aspects of its character.

[1] Ezra Vogel, *Japan As Number One: Lessons for America*, Harvard University Press, Cambridge, 1979

Every General Electric, for example, knows the story of how Thomas E... .. developed the vehicle for simultaneous two-way telegraphic communication. He spent 22 straight nights inventing and testing 23 different duplexes until he found one that worked. Within the GE culture, this story serves to reinforce the understanding that the company's success is based on engineers tinkering away in their laboratories until they finally develop the next useful product. GE has always understood the value of such stories. One of the authors, who grew up in a GE company town, remembers the booklets that the company distributed in order to disseminate the legends of Thomas Edison, Charles Steinmetz, and other great inventors of the company. All of those booklets were about inventors; none was about managers, salesmen, or other kinds of employees. Inventing was what GE was all about: "Progress is our most important product."

In conspicuously value-driven companies, senior management seizes opportunities to create legends that will reinforce shared values. Consider a recent incident in a leading graduate school, where the administration discovered to its embarrassment that a young assistant professor, already under contract, had misrepresented a relevant item in his personal background on applying for the appointment. The administration decided that the offense was too minor to warrant ruining the man's career by a public dismissal, but it would have flown in the face of academic ideals to let it go unpunished. Accordingly, the administration quietly reassigned the young professor from teaching to solo research and banned him from seeing any students for a full academic year. The story spread like wildfire through the academic community, as the administration had intended it should, and bids fair to become legendary. As an example of the conscious creation of value-reinforcing folklore, this is very much in the same vein as the action of Tom Watson of IBM when he fired one of his leading salesmen in that sales-driven company for overselling a customer.

The thesis that folklore makes an important contribution to a company's shared values is supported by recent academic research.[2] A study contrasting two companies found employee commitment higher in the one in which employees could tell a lot of organizational stories.

Structure and Systems

Companies that are guided by strong shared values also tend to reflect these values in the design of their formal organization. The most readily recognizable case is the company oriented to tight control of costs. Generally, its financial vice president and controller will be leading members of the top-management group, and very frequently the divisional controllers will report directly to the corporate controller — rather than to the division head. Almost always, its domi... ...nage-ment systems will be those for budget development a... ...eration control, and even its longer-range planning will be geared to the needs of financial control.

To take a second example, a company with values geared primarily to the external marketplace is likely to have at least one very senior marketing vice president in its top-management structure, and it is likely to rely on some version of product managers or brand managers to handle product marketing. It will surely have rather elaborate systems for gathering and sifting data on customer tastes, response to its products, and initiatives by its competitors.

IMPLICATIONS FOR SENIOR MANAGERS

A fashionable school of thought characterizes decision making and control, rather than leadership, as the essence of the managerial job. Heavily influenced by management science models, this school of thought argues that modern corporations are so enormously complex, and so vulnerable to diverse external and internal forces and pressures that they present only a very limited scope for managerial initiative.

The argument is plausible but our observations fail to support it. By and large, the most successful managers we know are precisely those who strive to make a mark through creating a guiding vision, shaping shared values, and otherwise providing leadership for the people with whom they work. More generally, the companies cited earlier in this article all seem to have dealt more successfully than most with external and internal pressures, precisely because their shared values have provided a sense of common direction.

Risks and Pitfalls

The power of values is that people — at least some people — care about them. This power can be a problem as well as a source of strength. If a manager chooses to build or reinforce the shared values of the group of people he works with, he had better recognize the risks he is assuming:

1. *The risk of obsolescence: What if the environment changes?* One of the most serious risks of a potent system of shared values is that economic circumstances can change while shared values continue to guide behavior in ways no longer helpful to the organization's success. This risk has affected some of the companies we mentioned earlier.

   Consider the case of "The World's Most Experienced Airline." When Pan Am was young and a vast market awaited an introduction to air travel, the airline's slogan and sense of itself served it well. But times have changed. Travelers no longer need persuasion to fly; their only

[2]Alan Wilkins, *Organizational Stories as an Expression of Management Philosophy*, unpublished doctoral dissertation, Stanford University, 1978.

concerns are service and fare. In addition, new competitors — many financed by their governments for reasons of national prestige — have emerged. In this new environment it was only a question of time until Pan Am, still conducting itself as the world's most experienced airline, got into trouble.

Again, consider the Bell System: With a monopoly franchise, a paramount goal of "Universal Service" made sense and worked. (The United States does have the best telephone system in the world, in case you hadn't noticed.) But it also fostered a preoccupation with total system integrity that has inhibited AT&T's ability to identify and meet the needs of particular market segments — a serious limitation now that competitors have been allowed to enter the marketplace. Senior management perceives the threat very clearly and understands what must be done, but the mentality and work practices of down-the-line employees are so strongly tied to the obsolete value system that it will take years for the company to adapt itself fully to the new circumstances.

The consequences of obsolescence are serious enough to give some managers pause in their pursuit of shared values. But they should look at the other side of the coin as well: Would AT&T or Pan Am have been as successful in the past had they lacked such strongly held values? Almost certainly not.

The risk of resistance to change: Barring an environmental upheaval that forces everyone to adapt or perish, can an institution of true believers ever change? Look at Sears, Roebuck. It faced no fundamental transformation in its environment like that in telecommunications, but its management nonetheless saw an opportunity to become an up-scale merchandiser on the department store model. The market was large and growing rapidly, and margins were undoubtedly fatter.

Yet no sooner had Sears set out on this road than it fell flat on its face. Its army of loyal employees, who had cut their eyeteeth on delivering value to Middle American consumers, simply did not know how to run a Macy's-style operation. As a result, performance lagged and the appealing strategy had to be abandoned.

Sears is by no means an isolated example. In a glamour growth company, one of the authors spent 2 years trying to help the CEO in a determined effort to cut out excessive overhead, in the face of increasingly strong cost competition. Overall, fewer than 1,000 overhead positions were eliminated, and many of those were soon added back. Because of the powerful growth mentality that persisted in the company, cost reduction simply would not fly.

The risk of inconsistency: What if managerial behavior contradicts professed values? In one company we know, the CEO speaks frequently and eloquently about the value of serving customers better. But when year-end approaches, he demands financial performance — the customer be hanged. Given the demonstrated primacy of clearly articulated financial objectives, it is no wonder that very few people in the organization buy into the customer service rhetoric.

In a second company, a large bank, top management talks constantly about the need to become more entrepreneurial in response to the changing regulatory and competitive environment. When budget time comes around, however, new ventures are held to the same targets of financial return and cost growth as established divisions. Not surprisingly, evidence of real entrepreneurship is very hard to find.

In order to avoid the risk of contradiction, top management must be convinced that it can adhere faithfully and visibly to the values it intends to promote.

Although there are serious risks in tampering with the shared-value system of an institution, there are also rewards if it is done right. Companies with strong shared values seem universally to be outstanding performers as long as the values are relevant to environmental conditions. Those with the strongest track records, in fact, seem to be just the companies whose operative values are most directly relevant to the performance of key competitive functions. When the environment changes and the objectives of the key functions change, the shared values can get in the way until they are reshaped.

Deciding Priorities

If shared values influence behavior as powerfully as we have asserted, then managers can hardly afford not to be concerned with them. Nowhere do shared values matter more than in the giant corporations that characterize modern economies today. The top managers of these companies are highly dependent upon the the ability of a large number of subordinates to appraise situations correctly and take the actions that will best serve the corporation. There can hardly be a more important job for the top manager than shaping shared values that will guide those down-the-line managers in their day-to-day work.

All the same, it is clear that the task of shaping shared values can't always head the top manager's agenda. When should it get special priority? Our experience suggests at least four situations in which top management should consider the shaping of shared values as something close to its most important mission:

1) ***When the environment is undergoing fundamental change, and the company has always been highly value driven.*** This is the case of AT&T and Pan Am. In both instances, it is absolutely clear that the traditional values will lead to serious decline, if not disaster. These values must be changed. Xerox is in a similar situation.

en the indus *ighly competitive*. Why is Digital Equipment so
cessful as a ...ny? Or Intel? Or McDonald's in another arena?
e answer is that they are serving rapidly growing and highly
fitable markets. Another is that each has a clear vision of its
tainable competitive advantage. But the analysis does not end
re. What each has done, as well, is to convert its corporate vision
basically an intellectual construct that people can understand
into a set of common expectations about everyday behavior that
ople can feel. The case of Dana demonstrates that a strong and appropriate
of shared values can enable a company to achieve extraordinary
ccess even when the market is neither fast growing nor unusually
ofitable.

hen the company is mediocre, or worse. Only a few years ago, when
ank Borman took over as chief executive, Eastern Airlines was on
e ropes financially and beleaguered by its own discontented
nployees. Borman threw himself into the task of rebuilding a sense
shared commitment to the company's welfare, linked to an
erriding orientation toward customer service. Today, Eastern —
e most of the airline industry — is still in a difficult financial position
it it has succeeded in stabilizing its performance and is poised for
upswing.

hen the company is truly on the threshold of becoming a Fortune 0-scale corporate giant. Corporate character, we would hypothe-
e, is forged relatively early; IBM, for example, had total sales of only
out $100 million when Tom Watson, Sr., retired from management.
e shared values of many of today's leading companies in elec-
onics, consumer services, and retailing likewise seem to have taken
ape long before these organizations attained their present size and
mpetitive clout. This is not surprising; strongly held shared values
tend to keep people moving in roughly the same direction even in a
mpany's early days when formal policies and systems have yet to
developed. Later on, however, the process of bureaucratization
gins to take hold. At this point the values are often seriously
reatened and may require conscious support if they are to survive
e transition.

ing a Value-Shaping Program

manager decides to place the value-shaping task high on his list of
ties, how should he pursue it? Today's manager knows how to
ol operations, how to evaluate a capital investment proposal, how to
t fresh executive talent, how to deal with regulatory agencies. But
does he do to shape values?

begin with, he gives it as much attention as he gives any other truly
riority task, which is to say, a lot. He puts shared values at the center
agenda and consciousness, not in the "get to it as soon as possible"

...ority. This is not mere exhortation, it is an empirical conclusion ... m
...ers of men like Marvin Bower, the two Tom Watsons, Alfred S...
an... ...m our own observation of a large number of other chief execu...
who have been effective value shapers in industries as diverse as
oil, electronics, scientific instruments, engineering services, and
government.

Often the first step a top manager takes to shape shared values is to begin talking about them with his closest colleagues. He explores with them the role shared values can play in an excellent company, the state of the company's current values, and the ways in which they need to be reinforced, reinterpreted, or revised. These conversations have two aims: to gain collective commitment to the idea that a strong set of shared values is to be a principal legacy of this particular top team, and to forge a common understanding of the specific values to be pursued.

Soon after taking this first step, value-shaping top managers look for ways to reach down into their organizations to establish the importance of the chosen values. Almost invariably they spend an unusually high proportion of their time "in the field," making contact with as many people as possible in the organization. In addition, many look for relatively structured devices for focusing attention on shared values. For example, the chairman and the president of an engineering service company we know conduct a series of seminars for down-the-line managers — several levels down — on the basics of their business as they see them. They demonstrate the economics underlying the overriding need for cost control — particularly as expressed in high staff utilization and low overhead — and for cultivating continuing business with a relative handful of customers, and describe the implications of these values for everyday management practice and for the tough one-off decisions. Other top managers arrange regular lunches or dinners at which they find occasions to talk with high-potential junior managers about "what made this company great," or "what's going to be distinctive about this company," or create "events" to highlight further the importance of key values. Examples:

- "Kick-off meetings" for managerial programs aimed, perhaps, at serving a new group of customers better, taking excess costs out, or developing more strategically-oriented middle managers.
- Special contests and awards aimed at giving public recognition to those who have done something to serve a key value, and for stimulating others to do likewise.
- Specially appointed ad hoc working groups with responsibility for short-term projects related to key values.

Special management initiatives such as these go a long way toward dramatizing the values that a management team aims at establishing or reinforcing, but they are not enough unless the day-to-day behavior of the value g manager reflects his concern — indeed, very frequently his near ob...ssion — with the importance of key values. People are interested by what a man says he values, but they are only really convinced by what he does. What counts is rarely the single dramatic act (managerial life is seldom like that, nor should it be), but the consistency of pattern of behavior over time.

Down-the-line managers are constantly analyzing the behavior of their superiors, and their peers for that matter, to figure out what they really care about, what they really expect, and what they really will accept. The manager who would shape values turns this reality to his advantage. Particularly in the case of "close calls," when an important value is the "tie-breaker," he consciously explains the decisions that he makes — new hires, investment projects, plan approvals, operating redirections, and all the rest — in terms of their relevance to key values. He develops questioning routines rooted in important values. The questions he asks when a subordinate makes a proposal, gives a presentation, or talks about his work, tell that subordinate — and others listening — what expectations must be met to secure his approval. The value-shaping manager also develops something close to a reward routine; that is, he actively seeks ways to provide frequent and visible praise, or other recognition, for even modest contributions to the service of important values. He seeks to use each contact with another member of the organization — a meeting, a phone call, a chance encounter in the hall, a memorandum in the in-box — to send a message reinforcing a value theme. In fact, he organizes his calendar so that he will be seen to spend a lot of time on matters visibly related to the values he preaches. Even in dealing with outsiders he neglects no opportunity to reinforce the theme. What is said to customers, to investors, or to journalists can often have a powerful impact on people inside the organization. It provides further evidence that management's commitment to the shared values is "for real."

All this is to say that top managers who would shape values must consistently and continuously regard themselves not only as deciders, controllers, or doers, but also as symbolic leaders, sending signals by their behavior. This view of the manager's job flies in the face of much current management mythology, but it is consistent with the realities we have observed: the reality of followers who continuously scrutinize and interpret top-management behavior, and the reality of successful value-shaping leaders.

At first, the senior manager who lays no claim to personal charisma may be unsettled by the suggestions that he should manage his symbolic behavior so as to reinforce important values. On reflection, however, he should be encouraged by the message that mere mortals can be value-shaping leaders. Charisma has little to do with it; it may even be a long-run liability if the source of strength is in the leader's personality rather than the values he espouses. Attention, commitment, persistence, and perhaps a measure of risk taking are required — but no magic.

• • •

Even if the reader accepts our theses that shared value werful influencers of organizational performance, and that determined manager-leaders can shape and reinforce them in important ways, one reservation may remain. Our society today suffers from a pervasive uncertainty about values, a relativism that undermines leadership and commitment alike. Who today really does know what is right? On the philosophical level, we find ourselves without convincing responses. But the everyday business world is quite different. Even if ultimate values are chimerical, particular values do clearly make sense for specific organizations operating in specific circumstances. Choices must be made, and values are an indispensable guide in making them. Moreover, it is equally clear that actual organizations have, in fact, gained great strength from shared values — with emphasis on the "shared." Perhaps because ultimate values seem so elusive, people do respond positively to practical values that give life in the organization some sense of meaning. And that considerably eases the task of value-shaping managers as they strive to "make meaning" for the employees and the organization. Instead of encountering resistance, they can usually expect to meet with respect and support as contributors in some distinctive way to the larger society.

Organizational Vision and Visionary Organizations

James C. Collins Jerry I. Porras

The basic question is, what vision do you aspire to?
—Abraham Maslow[1]

The few truly great companies have known for years—in some cases, for over a hundred years—the importance of having a vision. Recently, a wider range of companies (those who want to attain greatness) have come to believe in the importance of this elusive, yet vitally important, component of corporate success. One factor driving this newfound interest is that an increasing number of companies have become decentralized: they have pushed decisions out of corporate headquarters into divisions, out of divisions into departments, and so on down the line. In many cases, this flattening of organizations appears to have stimulated innovation, accelerated decision making, and increased the sense of responsibility for providing total quality on the part of people at all levels. However this also creates a problem: How can a company decentralize and at the same time have coherent, coordinated effort? How can people in the far reaches of these flatter organizations know where it is heading? The development of a shared organizational vision represents a crucial response to this problem.

The purpose of this article is to present a framework that defines organizational vision, that removes the "fuzziness" surrounding the topic yet at the same time preserves the magic—the spark—that is an essential quality of vision.

The Need For a Framework

If we look at the literature on organizations and strategy, we find numerous terms for "vision" that sometimes are used synonymously, sometimes have partially overlapping meanings, and sometimes are intended to be totally distinct from each other. As one CEO told us: "I've come to believe that we need a vision to guide us, but I can't seem to get my hands on what 'vision' is. I've heard lots of terms like 'mission,' 'purpose,' 'values,' 'strategic intent,' but no-one has given me a satisfactory way of looking at vision that will help me to sort out this morass of words and set a coherent vision for my company. It's really frustrating!"

Most organizations respond to the need for vision by creating something they typically call a "mission statement." While this is a step in the right direction, most mission statements are terribly ineffective as a compelling, guiding force. In fact, most corporate statements we've encountered—be they called mission, vision, purpose, philosophy, credo, or the company way—are of little value. They don't have the intended effect. They don't grab people in the gut and motivate them to work toward a common end. They don't focus attention. They don't galvanize people to put forth their best efforts toward a compelling goal. They don't mean something to people all up and down the organization. In fact, they are usually nothing more than a boring stream of words. Following are some typical examples of statements from actual companies:

> The Corporation is committed to providing innovative engineering solutions to specialized problems where technology and close attention to customer service can differentiate it from commodity of production or job shop operations.

> We provide our customers with retail banking, real estate, finance, and corporate banking products which will meet their credit, investment, security and liquidity needs.

> [The company] is in the business of applying micro-electronics and computer technology in two general areas: computer-related hardware; and computer enhancing services, which include computation, information, education, and finance.[2]

What's wrong with these? They're not compelling, nor are they exciting. They're not clear, crisp, and gut-grabbing. Like many poor guiding statements, they're nothing more than a description—and a bland one at that—of the operations of the company.

Here's one that's better but still substantially misses the mark:

> [We] are the best in the business. We are made a unique company through employee involvement. We promote from within regardless of race, religion, creed, or educational background. Only through Attitude, Pride, and Enthusiasm will both our employees and our company prosper and grow. We not only demand excellence of ourselves, we demand excellence of our employees as well. [Our] explosive growth is due to the partnership between the employees and the company. [We] are committed to rewarding employees who "Make it happen!"

This statement is better because it contains some inspirational words, but it isn't coherent. Like all too many such statements, it's a muddled stew of values, goals, purposes, philosophies, beliefs, and descriptions. A primary reason for the development of ineffective statements like those described above is a lack of clear concepts and useful tools.

Who Should Set the Vision—Who has the responsibility for setting the organization's vision? Is vision setting only for CEOs? We don't think so. Vision setting should take place at all levels of an organization and each group should set its own vision—consistent, of course, with the overall vision of the corporation. And what if there is no overall vision from above that can be latched onto? All the more reason to do it! In fact, one of the benefits of middle managers setting a vision is that it often encourages upper management to initiate the same process. As one manager pointed out: "Thinking about vision at my level forces my peers, those who report to me, and those above me to also think about those things, which is very positive for the entire company." Indeed, we've observed situations where middle management initiated its own vision-setting process and then virtually demanded that the top executives of the company do the same for the entire organization.

Toward a Framework—Our understanding of vision has been enriched both by our research and by working with a variety of organizations. At the time of this article, over seventy-five organizations—big and small, young and old, for-profit and not-for-profit—have influenced the development of our framework. We have paid particular attention to twenty companies identified (in a study we are conducting) as some of the world's most visionary—i.e., organizations that have behaved in visionary ways over long periods of time.

To identify these companies, we asked the Chief Executive Officers of the leading companies in America,[3] since it appeared to us that they would be the most knowledgeable about the type of company we were trying to identify. We wrote to the CEOs of a selected sample of companies asking them to identify five companies they perceived to be the most visionary. Twenty-three percent of the surveyed CEOs responded[4] and from the companies they listed we identified the 20 most frequently mentioned (see Table 1). The framework presented here is based on the evolution of these companies from founding to the present.

The Vision Framework

Vision is an over-arching concept under which a variety of other concepts are subsumed. One of the primary causes of frustration and difficulty for those attempting to set a vision is that many of the words used to describe

Table 1. Visionary Company Sample

Industry	Company
Airplane Manufacturing	Boeing
Automobile Manufacturing	Ford
Conglomerate	3M
Computer/Electronic	Apple Compaq IBM Hewlett-Packard Motorola Sony
Electrical	General Electric
Entertainment	Walt Disney
Financial Services	American Express Citicorp
Food/Hotel	Marriott
Household & Personal Care Consumables	Proctor and Gamble
Pharmaceuticals	Johnson & Johnson Merck
Retail	Nordstrom Wal-Mart
Tobacco/Food	Phillip Morris

the process of providing direction to an organization have been underdefined and confused with each other. Many of the terms commonly considered synonymous are not and, most important, they represent distinct concepts related to each other in significant ways.

At the broadest level, vision consists of two major components—a *Guiding Philosophy* that, in the context of expected future environments, leads to a *Tangible Image*. It is by defining guiding philosophy and tangible image that we begin to see how the commonly used terms are related to each other yet distinct. Figure 1 shows an overview of the framework and its various components.

Guiding Philosophy

The guiding philosophy is where vision begins. It then permeates an organization—its decisions, its policies, its actions—throughout all phases of from developing a mission around its own activities, as Hanson has done. In either case, the company can benefit from developing a mission at the centre. These arguments are still tentative and further work is needed to convert them into more definite conclusions.

Conclusion

Leadership is more than strategy formulation. Successful leaders also instil values in their organisations that generate commitment and simplify the management task. The concept of mission presented in this memorandum shows how purpose, strategy and values need to be linked to standards and behaviours. We believe most companies will benefit from devoting more attention to mission and we have given some advice on how this might best be done.

Purposes Aimed at Stakeholders

It is the central tenet of my faith that the shareholder is king. My aim is to advance the shareholder's interest by increasing earnings per share — Lord Hanson.

We will exercise responsibility in our dealings with all our stakeholders and, in the case of conflict, balance the interest of the employees and shareholders on an equal basis over time — Lex Service.

London International Group's goal is to be in the top 100 United Kingdom public companies, based on market capitalisation — LIG

Purposes Aimed at a Higher Deal

To serve the foundation of happiness, through making man's life affluent with inexpensive and inexhaustible supply of necessities like water inflow, is the duty of the manufacturer — Matsushita.

To discharge the responsibility as leaders in our trade by acting with complete integrity, by carrying out our work to the highest standards and by contributing to the public good and the quality of life — Sainsbury.

To maintain a peaceful society, free of the fear of crime and disorder — Metropolitan Police.

Values

- National Service through Industry
- Fairness
- Harmony and co-operation
- Struggle for betterment
- Courtesy and humility
- Adjustment and assimilation
- Gratitude — Matsushita's seven Spiritual Values
- Respect for the individual
- Excellence in everything
- Dedication to customer service — IBM

Standards and Behaviours

Budgets are personal commitments made by management to their superiors, subordinates, shareholders and their self respect — BBA

Meet what others expect of you. You should discern who expects what of you and try to meet their expectations. Never cling stubbornly to your stand only — Matsushita.

Management by Wandering Around

- To have a well-managed operation it is essential that the managers/supervisors be aware of what is happening in their areas — not just at their immediate level, but also at several levels below that.
- Our people are our most important resource and managers have direct responsibility for their training, their performance, and for their well-being. To do this, managers must get around to find out how their people feel about their jobs and what they feel will make their work more productive and more meaningful — Hewlett Packard

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(7) Statements of mission should have personality — The most highly regarded published statements were those that reflected the personality of the organisation and the leadership. Frequently, they were straight talking, using blunt terms rather than advertising copy. Documents that were written by the communications department and word-smithed by a committee were generally less powerful than a mission written by the chairman over the weekend.

(8) Strategy and values should be formulated together — An essential part of creating a mission is the resonance between strategy and values. So which should come first? The research suggests that the two should be developed in parallel. Some values and some parts of strategy will be clear at the start. Creating a mission involves building around these starting positions to a more complete definition of strategy, values, purpose and behaviours.

(9) Management should focus on the link between behaviours and values — Employees feel a sense of mission when they believe in what they are doing and the way they do it. In our interviews, it was the way people in the company behaved that was most frequently talked about. By helping an employee see the association between the task he/she is doing and some worthy value, the manager is creating meaning for the person. It is this meaning that is at the core of a sense of mission. Even mundane tasks like photocopying can be infused with value. Though the task itself may have little meaning, the way in which it is performed can be infused with values, such as excellence, caring for others or efficiency.

When is Mission not Appropriate?

The implication of our research is that managers will benefit from working on the values and philosophy of their organisations. By going beyond strategy thinking to mission thinking, managers can develop a link between purpose, strategy, values and behaviours that will help to create a sense of mission in their organisations. But there are three circumstances when this work is not appropriate — when strategy is changing or highly uncertain, when the top team is unlikely to be stable, and when there are strong differences between members of the top team.

In the previous section, we pointed out the importance of a consensus among the top team. If there is little chance of this consensus being reached, there is little point in discussing mission until the top team has changed.

We also pointed out the importance of continuity in the top team to ensure that the message is consistent. In companies where senior management change regularly or in cases where the future leaders are not involved in the mission-development process, it is unlikely to be a useful long-term exercise. One exception occurs when a long-standing leader is near retirement. He may want to enshrine the company's mission in documents and corporate symbols as an aid to maintaining consistency after he has retired. We predict that this will only be successful if his successor is intimately involved in the process.

The third situation where mission work is unlikely to be beneficial is when strategy is in flux. Since mission is the fusion of strategy and values, it is hardest to formulate a mission if strategy is changing or uncertain. Management may need to retain flexibility in both strategy and values. The disadvantage of flexibility is the confusion it creates in the organisation. The antidote seems to be for management to hold on to and reinforce one or two values from the past that will not hamper development in the future.

What Is Mission in a Multi-business Company?

Throughout this article we have talked about an organisation as if it were one unit. But most companies are diversified, with headquarters, groups and business units. The issue is whether these multi-business companies should have one mission or multiple missions, and whether our mission research has any messages for how companies should compose their portfolios.

We believe that, in most situations, organisations with a sense of mission are likely to be able to outperform those that do not have one. It follows, therefore, that most business units are likely to benefit from creating a mission. The multi-business issue then becomes a question of how to link different business unit missions and whether and in what form to have a mission at headquarters. The issues are:

- How diversified can a group of companies be before it becomes impossible to have a shared sense of mission?
- Can management style be the focus of a mission for diversified companies?
- Is there benefit in the headquarters having a sense of mission, or can the creation of mission be delegated entirely to the business unit level?

It is apparent from our research that it is possible to create a mission for a whole multi-business company so long as the level of diversity is low. Lex Service is an example. The mission is about service excellence and people care. All the subsidiaries are seeking to overcome their competitors by caring more for their employees and so being able to offer better service. As a result, many of the values and behaviours are the same across the organisation, creating a sense of mission and identity for all. Moreover, Lex has sold subsidiaries that could not fully support the mission. One example was the Transport Division. This subsidiary had a fairly strong mission of its own. But it was not compatible with the corporate mission and the division was ultimately sold.

It is also apparent from the research that diversified companies like Hanson and Tarmac have a sense of mission. For these organisations, the mission is mainly about the activities of headquarters, and the subsidiaries share in the mission so far as the headquarters' values and behaviours are imposed on them. Lord Hanson's words illustrate this.

> We believed from the beginning — and 23 years has not led us to change this view — that the best results flow from three systems which operate simultaneously and continuously. The first is the identification of the man or woman on whose performance the business will succeed or fail — the manager. If you are in very complex or highly technical businesses, it is hard to identify the one person who carries the can for success or failure.
>
> The second is financial discipline. We work hard to get our operating companies to understand the concept that budgets are something you intend to achieve, not something you hope to achieve.
>
> The third is motivation. I believe very firmly in the combination of carrot and stick. We make it crystal clear what the manager's task is, but don't just leave it to him or allow him to get on with it. We require him to do it. This has a dramatic effect on the individual. Possibly for the first time in his career he senses the meaning of personal responsibility.

Hanson's mission is therefore more about the headquarters' strategy and style than it is about the subsidiaries' tasks. Yet it is our judgement that Hanson has a sense of mission equally as strong as Lex Service. Moreover, some of the subsidiaries have their own missions that wide mission for portfolios of businesses with similar strategic intent. On the other, it seems possible to have a corporate mission about the way headquarters manages the subsidiaries, even in a highly diverse company.

To reach any more definite conclusions, it will be necessary to study more multi-business companies, like Hewlett-Packard, or 3M, or Johnson and Johnson, to understand their missions. It will also be useful to look at companies, like Marks & Spencer and Sainsbury's, that are diversifying. How easily will they be able to link their new subsidiaries into the existing sense of mission? To date, both Sainsbury's and Marks & Spencer have been most careful, with their recent US acquisitions, to buy companies with compatible missions.

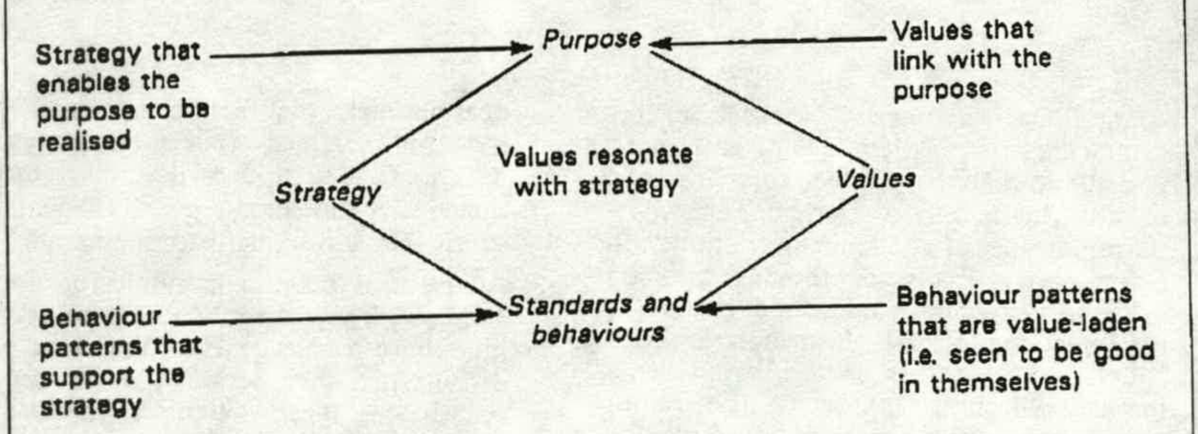
One possible solution to the problem of corporate versus subsidiary missions is to argue that the corporate level mission can be based around management style and that subsidiary missions can dovetail into the corporate mission. This appears to be the situation with companies like Tarmac and Hanson, where the corporate mission is largely about management process, and subsidiaries, like Tarmac's Housing Division, have clear missions of their own that are compatible in value terms with the corporate mission. A further examination of corporate and subsidiary missions will be needed to clarify this point fully.

Another solution to the problem is to argue that the corporate level does not need a mission. If the centre is acting as a holding company, there is no rationale for a top-down mission. We are not in favour of this argument. We are reasonably confident that multi-business companies will perform better if the headquarters has a mission. Except in the case of true holding companies, a parenting style which we believe to be unsatisfactory, we see benefit in a centrally developed mission.

The headquarters is an organisation set up to deliver value to its subsidiary companies. The headquarters that can deliver the most value will ultimately win the fight, because it will be able to pay more for its subsidiaries. Headquarters is, therefore, a performing organisation that develops a strategy for competing with rival headquarters. As an organisation with a strategy, headquarters should, therefore, benefit from developing a sense of mission.

Our current view is that a headquarters

Figure 3.
A Strong Mission Depends on Strong Links between Elements



Organisations with a sense of mission find it easier to work together, to respect each other and to search for the solution that is in the best interests of the organisation rather than individual departments.

Our research has also shown how strong values can help decision making. Frequently, the biggest and most difficult decisions can only be made on judgement calls. A clear value framework, if it is a good one, can improve the judgement calls and help to keep them consistent. It is at the time of these big decisions that an organisation's purpose is tested. By having strong links between both strategy and purpose, and values and purpose, the leadership are more easily able to keep on course. Sainsbury's decision not to follow the other supermarket chains into Green Shield stamps is an example. It was judged by management before the event to be a poor commercial decision but one that was more in tune with the company's values and purpose. In the event, it proved to be a good commercial decision as well.

While strong values make the decisions at the top easier, they also make the daily decisions throughout the organisation easier. Employees and managers throughout the organisation are continually faced with dilemmas and choices. Calculating the commercial impact of these alternatives is difficult and can be misleading. It is, therefore, easier for employees if the organisation has strong values to guide them through the choices. But a sense of mission is not necessarily beneficial. The strategy or the values can be inappropriate or misguided. By cementing the organisation behind a sense of mission, management can make it hard to change course. We have examples of companies devoted to the wrong values and the wrong beliefs. In these cases, like the British motor cycle industry, the sense of mission was self-destructive. Nevertheless, most organisations that have sound strategies are likely to benefit from management time devoted to creating a sense of mission.

How to Create a Sense of Mission

There are two tasks that are needed to create a sense of mission. The first is the intellectual task of defining purpose, developing strategies and values that reinforce each other, and identifying the standards and behaviours that are the expression of the mission. The second task is a communications and management task of making the sense of mission come alive in the organisation.

Approaches and tools for achieving both of these tasks abound, ranging from a "culture audit" as a first step in developing values to a "corporate identity programme" as one of the ways of symbolising the mission. The particular method chosen should be tailored to the personalities of the senior management group and the particular organisation's circumstances.

Companies in our research have followed many different paths. Those with the strongest and most long-standing missions, like Marks & Spencer, have developed their missions gradually, driven by the instincts of a powerful leader or founder. The sense of mission emerged because the leadership ran the business on a few, well-communicated messages that had strategic as well as value connections. A manager in Marks & Spencer commented that: "Marcus Sieff gave many presentations both in the company and outside. But he only ever gave one speech — the importance of good human relations". In recent years, many of these missionary businesses have devoted time to documenting their missions to make them more explicit.

Others, such as Lex Service, have taken a more intellectual approach. The senior management group has worked out a mission statement which it has then used to help it run the business. The statement has usually been developed in consultation with managers at all levels in the company. Frequently, the statement has been published and used as the centrepiece of a major communication or corporate identity programme.

One problem faced by these companies is that they have found it hard to develop a consensus in the top management team. This can lead to long delays in the development of the mission, to the creation of a compromise statement with more political content than philosophy, or to a half-hearted implementation programme. It is apparent that creating a mission is more difficult than developing strategy.

Finally, there are some companies who have taken an operational approach to the problem. They have picked one or two operational issues, developed a consensus around how to tackle them, pushed for the necessary changes, and then encouraged a sense of mission to grow up around this operational theme. The British Airways theme of "Putting People First" was a response to the operational problem of how to deliver better service to the customer. The effect appears to be an organisation with a growing sense of mission.

Out of this diversity of approaches we have managed to distil some rules of thumb or guiding principles:

(I) It takes years not months — Creating a sense of mission is long-term project. One company has been actively working at it for ten years and has still not fully succeeded. On the other hand, if the sense of mission is imposed from above often combined with sweeping management changes, a short period, say less than three years, seems to be reasonable.

(2) True consensus is necessary within the top [illegible] does not mean that the top team needs to have fully defined strategy, values and behaviours. But it does mean that they should have consensus, especially about the values they are trying to communicate.

(3) Action is a better communicator than words — The reason why the top team must have a true belief in the values is because it is their actions that will send out the message. Values are not easily communicated by speeches. They only live in an organisation when managers act them out.

(4) Top team visibility is essential — The values of the organisation are its ethos, its personality. It is much easier for employees to identify with the ethos if they can associate it with a leader or leadership group. It is hard to believe in an organisation if you feel out of touch with the leadership. Colin Marshall of British Airways gave 300 presentations to groups of 100 employees to get his message of "Putting People First" across to 30,000 employees. In other companies, face-to-face meetings are rare. But the leadership are visible through myths and stories told about them, or through communication devices, such as videos or circulating the minutes of board meetings.

(5) Top team continuity — Continuity of leadership is one of the biggest contributors to creating a sense of mission. Not only does it give the leaders time to think through the connections between values and strategies and to identify the pivotal behaviours, but it helps to make the leaders more visible, makes consensus more likely, and it promotes consistency, one of the most important parts of communicating a message.

(6) Efforts to enshrine the mission are best when they come after the event not before — Public statements of mission can generate cynicism and disillusionment when they do not reflect reality. In some cases, the company published a vision of how things ought to be in their organisations. But the visions were too far from reality and there was too little change underway. Instead of acting as an inspiration for employees, the statement caused confusion, making employees

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THE PATH TO VISION AND BEYOND

JAMES R. PUCCINO
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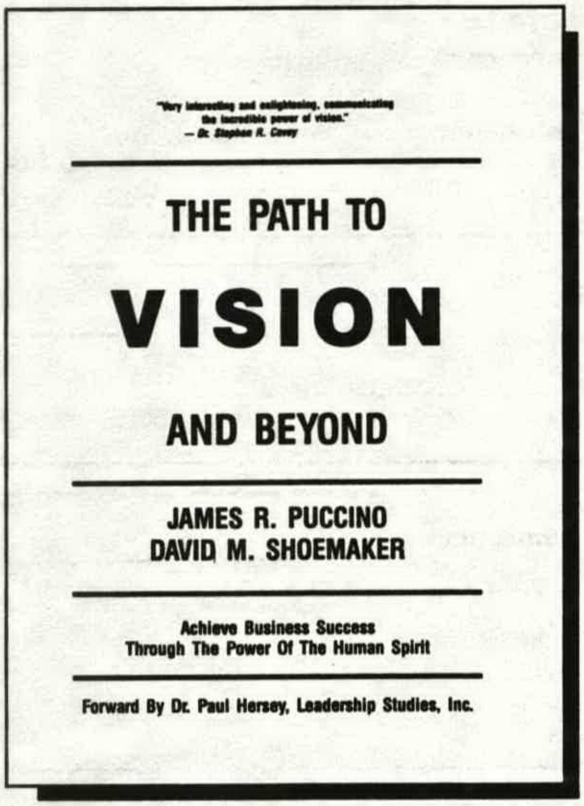

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