Realizing the Power of Strategic Vision

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This article defines the concept of strategic vision, seeing ‘vision’ as a coherent and powerful statement of what the business should aim to become. It must be realistic about the market, competitive, economic, and regulatory conditions and reflect the values and aspirations of management, employees, and stakeholders. In uncertain and difficult times visioning is vital to establish direction.

Prologue

It was the second day of a two-day workshop I was leading. The day was hot, and the participants’ intellectual and energy levels were low. The CEO leaned back in his chair and asked, ‘Do we really have to go through all this vision stuff?’ ‘Why can’t we go to the Board’, he asked, with exasperation and genuine perplexity, ‘with what we’ve already done?’

‘Because what we have’, I said, ‘doesn’t yet hang together. Because it doesn’t have the power to reshape the company and energize its strategy. Because what we have would be difficult to sell to the financial community.’ My response was, admittedly, impromptu and emotional. Given more time and a cooler day, I might have marshalled my arguments somewhat differently.

This episode, more than any other single experience, crystallized in my mind the notion that corporations are, typically, overmanaged and underled. For nothing more clearly sets the leader apart from the manager than a belief in—and the use of—the strategic power of vision. And my own appreciation of this power has led me on a decade-long crusade to define vision more precisely; to lay out a process for its development; and to persuade others to incorporate its power into their own strategic thinking and action.

Coming to Grips with ‘Vision’

What, then, is this thing called ‘vision’ in which I set such store? Most assuredly, it is not ‘something seen in a dream, ecstasy, trance, or the like’, as Webster’s Dictionary would have it. Yet this is the popular perception: most executives equate visionary with impractical. Even those who admit the need for leadership and acknowledge the role of vision appear to believe that vision is a largely ‘soft’ and indefinable term, and that existing examples are idiosyncratic. Clearly, I have in mind something ‘harder’, more substantive, and easier to replicate.

Webster’s has another definition that comes closer to what I have in mind: vision, the dictionary says, is ‘the ability to perceive something not actually visible, as through mental acuteness or keen foresight’. In corporate terms, I define strategic vision as:

‘A coherent and powerful statement of what the business can and should be (ten) years hence’ (the time horizon varies, of course, with the nature of the business).

I have deliberately kept the definition succinct and (I hope) jargon-free. Each term in this definition is important:

☆ Vision must be coherent, integrating goals, strategies, and action plans into a complete and recognizable picture of the future company in its entirety.

☆ It must be powerful, to generate commitment and motivate performance.

☆ My definition emphasizes what the business can be, because a vision must be realistic about the market, competitive, economic, and regulatory conditions the company is likely to encounter.

☆ And, finally, strategic vision must clarify what the business should be, because it should reflect
the values and aspirations of management, employees, and other stakeholders.

In sum, vision is part rational (the product of analysis) and part emotional (the product of imagination, hunches, and values): it embraces the ying and the yang of corporate strategy and performance.

Vision, thus defined, embraces—but goes beyond—strategic concept and driving force: ideas such as 7-Eleven stores concept of convenience, Jan Carlzon’s characterization of SAS as the businessm an’s airline, Koji Kobayashi’s emphasis on ‘C&C’—the link between computer and communication—as the key element in his vision for NEC. Such ideas are, of course, central to strategy, but (for me) lack the completeness of a fully developed strategic vision.

In an effort to convey the breadth of my definition, in 1984 I described strategic vision to an Australian planner as a ‘preview of the annual report of 1990’. Six months later, he sent me his draft of what might be the managing director’s 1990 report to shareholders, detailing the mix of businesses, financial results, diversification moves, company restructuring efforts, and the state of union relations—all in the context of reviewing six years of change.

Though one need not take my future-annual-report analogy quite so literally as my Australian friend did, I do urge CEOs and companies to move toward that level of detail. I strongly believe that, if a vision is to inspire and motivate, it should convey to the listener or reader a good feel for the size, shape, style and texture of the future company—and how it might get that way. One of the clearest and best-known examples of such a vision is the one Jack Welch articulated as he restructured and revitalized General Electric during the 1980s.

**Box A: Welch’s Vision for General Electric**

**Key Elements**

From the day that Dr John F. Welch, Jr, took over as General Electric’s (GE’s) CEO from Reginald H. Jones, he articulated, strongly, clearly and constantly, a vision for the company that stressed two elements: a restructured portfolio and a revitalized culture. He has consistently implemented these two elements in tandem, although, for the first 6 or 7 years, portfolio restructuring was the first priority. Only in the past 2 or 3 years has revitalizing the culture become the dominant theme.

The vision of a ‘restructured portfolio’ embraces a basic concept and a central image. The basic concept is that GE will be only in those businesses in which it is (or can be) number one or number two in the global market (or, in the service businesses, has a substantial position) and that are of a scale and potential appropriate to a $50bn enterprise.

The central image is of three interlocking circles: one represents the remaining GE core or ‘heritage’ businesses (for instance, lighting, major appliances, and turbines); another, high-technology products (such as medical sys-

tems, aircraft engines, plastics); and the third, high-growth services (such as financial and information services, the National Broadcasting Corporation). The three circles are interrelated, with the core businesses requiring advanced process technology and strong service offerings, high technology needing a link to services, and services relying on the latest technologies to be competitive.

The vision of a ‘revitalized culture’ focuses on achieving excellence and entrepreneurship, leanness and agility, and a boundaryless company. It envisages paring away bureaucracy, moving faster, demanding (and making possible) the very best from everyone. The aim, as Welch is fond of saying, is to combine the sensitivity, the leanness, the simplicity, and the agility of a small company with the strength, resources, and reach of a big company.

The twin elements of restructured portfolio and revitalized culture share the common thread of ‘global competitiveness’. Simply, if GE is to be a world-class competitor, then competitiveness—and all that it takes—must be engrained in the corporate culture.

**The Rationale**

Some part of the rationale for this vision reflects Welch’s character and management style. But the larger part stems from changing conditions in the business environment. Of the many imperatives that these changes forced on U.S. companies, Welch has emphasized three:

- With the spread and intensification of global competition, success and profitability go only to the global leaders (to Welch, the number one and two companies in the world). But not even GE can be preeminent in everything, so selection and focus in the business portfolio are essential.
- Throughout the value chain and across virtually all companies (many of which are not, on the surface, high-tech), technology is increasingly becoming the key source of competitive advantage.
- More than ever before, speed and flexibility drive competition today. The only way to deal with accelerating change successfully, Welch maintains, is to change faster than the world around you. And this task, in itself, entails a significant shift in corporate thinking and organization.

**Results**

*Portfolio restructuring:* Two-thirds of GE’s revenue now comes from high-growth technology and services rather than from the old core manufacturing (and resources) businesses that dominated in 1980. This shift has required massive and prolonged upheaval, including major acquisitions (such as RCA, Borg Warner Chemicals, Roper, Kidder Peabody) and divestitures (such as Utah International, Housewares, Family Financial Services). This restructuring occurred mainly in the first 6 or 7 years of Welch’s leadership and now seems to have settled down to the consolidation of 14 key businesses, all of which are leaders in their markets. Welch’s current willingness to use money to buy back GE shares confirms this interpretation.

*Corporate revitalization:* GE has seen major organizational changes in recent years, including reduction and redéfinition of staff functions and the reduction of nine management layers to as few as four. However, the larger culture shift of which Welch has dreamed is only now under way. Welch speaks of ‘Work-Out’, his plan to achieve the goals of speed, simplicity and self-confidence in the organization, as a decade-long crusade rather than a programme. The strategic emphasis is now clearly on the cultural element in his vision: the need for ‘soft values for a hard decade’, and the goal of ‘empowering’ peak performance at every level throughout the organization.

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Realizing the Power of Strategic Vision
Why Bother?

Given the urgency of present problems and the uncertainty of future ones, I am not surprised that busy executives might wonder why they should bother to articulate a vision. The CEO in the Prologue episode is by no means unique in his questioning attitude. Visioning, after all, takes time; it supplements, rather than supplants, the traditional elements of strategic management (see below); and it is seen, at best, as an uncertain exercise.

Vision, I would argue, is needed precisely because we live in uncertain times. In a more stable, predictable era, corporate direction is likely to be more continuous; a 'momentum' strategy and incremental change may be acceptable. It is the uncertainty and volatility of the current business environment that make for discontinuity in corporate direction, and demand radical—and rapid—rather than incremental change in strategies and actions.

Some will argue, I know, that the degree of uncertainty is such that the best we can do is to 'be flexible and ready to respond rapidly to the unexpected'. But, critical though it may be as an organizational characteristic, flexibility is not a strategy: it establishes no goals, sets no direction. And, as the saying goes, 'If you don't know where you're going, it doesn't matter how you get there!'

Vision, on the other hand, clearly establishes both a direction and a destination. It is the star we can steer by as we sail the turbulent and uncharted waters of the future.

Vision is needed, too, as the capstone and integrating mechanism for the elements of strategic planning — mission and philosophy (see Box B), goals and objectives, strategy and action plans, organization structure and culture. It sums up all these elements into a complete picture of the future company, and helps to check the coherence and internal consistency of its component parts. With a strategic vision in place, we can see the total picture and ask: Does that truly represent what we want to become? Is it complete? realistic? achievable? Do strategy, organization, and culture fit together? It forces us to see the future business as a piece, rather than piecemeal.

Finally, vision is needed as a force for empowering and implementation. Make no mistake: it is not my contention that vision alone accomplishes anything. Experience has taught us that strategy implementation is a complex and, at times, frustrating problem for which no single solution is possible. However, vision is linked to the dynamic power of leadership and, as I shall argue later, plays a key role in implementation. At a minimum, it serves to focus action throughout the organization. Hopefully, too, the vision is also, in some sense, 'inspiring', generating enthusiasm and commitment for the tasks ahead.*

Key Elements of Vision

A careful analysis of Welch’s vision for GE (see Box A) shows that it is carefully crafted from at least six key elements which fit together to form a harmonious whole.

☆ It describes the future focus of the company: the portfolio of businesses toward which GE would evolve.

☆ It establishes a critical goal and defines a key criterion for success: each business should aim to be number one or two in its market (a goal that Siemens of Germany, and Electrolux of Sweden, and other companies have since adopted).

☆ The vision emphasizes the strategic importance of technology and service as the prime sources of competitive advantage in every business (not just in high-tech or service-oriented businesses).

☆ Welch sought to discourage the notion of 'conglomerateness' by emphasizing 'integrated

*We must recognize, however, that not every vision can be inspiring—not, that is, if it is realistic. Not every company can enjoy the exciting and dynamic possibilities of a General Electric. In some cases, the vision may even be limiting, in the sense, that is, of focusing the corporation on its core competences and most achievable markets and sources of competitive advantage.
diversity' and demonstrating the interdependence of the three business arenas that were to form the future focus of the company.

☆ The vision defines the management roles and structure of the company, envisioning a flatter organization in which the strategic business units report directly to Welch and his vice chairmen.*

☆ Finally, vision portrays a revitalized culture: a lean and agile organization and a ‘boundaryless’ company.†

Particularly significant is the fact that Welch's vision discusses not only content (the business concept) but also form (management structure and organization) and style (corporate culture).

A look at another impressive example—Jan Carlzon's for Scandinavian Airlines System—reveals a similar pattern:

☆ Business concept: SAS will be the 'businessman's airline', integrating travel services for the busy executive.

☆ Organization: The company will rely heavily on joint ventures to build a global network of routes (a particularly important strategy for an airline that started as just a regional player).

☆ Style: The corporate culture will ‘empower’ employees at every level to respond to customers' needs and problems. (In his book, Moments of Truth, Carlzon spells out this part of his vision, noting that an airline's image and reputation are the product of thousands of 'moments of truth' each day when travellers encounter SAS employees.)

In my model (see Figure 1), I tend to emphasize six interlocking elements, in an effort to ensure the completeness and coherence of vision.

Business scope
The range and mix of businesses that the company chooses to pursue. This step calls for more than cataloguing lines of business. It sharpens the strategic focus of the company, and identifies target areas for both diversification and divestiture. It also calls for some tough strategic decisions, as it did for Jack Welch when he chose to divest GE of the resource businesses of Utah International, not because they were unprofitable, but simply because they did not fit into Welch's strategic vision. That is the key: this element of vision should cut some things out, as well as cutting other things in. It is, in the best sense, discriminating, as the former Foremost-McKesson was in choosing to focus on value-added distribution services to druggists, even though this required divesting a 'heritage' business and changing the corporate name—to McKesson Corporation.

Business Scale
The desired future size of the company. Growth per se is not necessarily a good objective, but it is normally an indicator of vitality. And certainly scale is an important dimension of the vision, if for no

Figure 1. Key elements of strategic vision
other reason that an intent to, say, double in size or remain at roughly the same scale significantly affects other elements of the vision (strategy, portfolio selection, organization, management systems, etc.).

**Product and Market Focus**
A further sharpening of scope (strategic focus) through the identification of specific product lines and market niches. The pharmaceutical company that decides, for instance, to limit its scope to ethical prescription drugs must go one step further and chose which therapeutic categories (cancer, anti-infective, cardiovascular, etc.) and which segments of the medical community (doctors, hospital chains, health maintenance organizations, nursing homes, etc.) it will focus on.

**Competitive Focus**
Probably nothing determines the future character of a company more than its answer to the question: On what basis do we intend to compete? Will the organization gain its primary competitive edge through technology (as GE does) or distribution (as McKesson does) or convenience (as 7-Eleven does) or service (as SAS does)? Whatever the answer, the implementation of vision must go beyond words to influence every action and decision, and become—in the term used by Benjamin Tregoe and John Zimmerman, in their book *Top Management Strategy*—the 'driving force' of the company.

**Image and Relationships**
Here the overlap with statements of corporate 'philosophy' is perhaps greatest. However, the goal should be to transcend philosophical platitudes, and specify the vital dynamics necessary to implement the vision. Jan Carlzon's insistence on empowering SAS employees to make critical operating decisions is not simply 'good employee relations': it is a prerequisite for ensuring the service strategy of a successful 'businessman's airline'.

**Organization and Culture**
The structure, management systems and operating culture of the company: all these are key to successful implementation of the vision. For example, Campbell Soup Company reorganized by region to match the regional thrust of its marketing strategy. And, not surprisingly, 'revitalization' of the GE structure and culture became the second main thrust of Jack Welch's vision.

**Guidelines for Formulating a Vision**
Developing a strategic vision does not do away with accepted planning steps. Nor is it a panacea or a 'stand-alone' methodology. It is rather an integral part of strategic management (which I define simply as 'managing the business to achieve its strategic vision'), and adds value to this process by integrating the products of strategic planning into a coherent and meaningful whole.

The main danger in attempting to describe a 'process' (useful though this may be) for developing a strategic vision is that it inevitably appears to emphasize rational analysis and sequential thinking, seemingly ignoring or downplaying the roles of intuition and inspiration. Yet most of us would say that a truly visionary statement has a large element of such 'softer' thinking. Indeed, both qualities are necessary. The need for a rational process of thought, formal or informal, goes hand in hand with the need for imagination.

With this caveat in mind, then, let me enumerate a few guidelines that help to define a process for strategic visioning:

1. **The development process is typically iterative**
The sometimes hazy outlines of a vision may emerge from, or even precede, the early analysis of the future business environment. This largely conceptual image can then inspire the exploration of strategic options. It takes on greater substance and details as executives establish objectives, goals, and strategies. Finally, it becomes the capstone of strategic thinking, embodying the organization's goals and aspirations and serving as the central driver of action. A vision gains clarity and strength from tentative formulation, reflection and analysis, testing, revisiting, and revising. Far better, therefore, to introduce it earlier in the project and work on it in tandem with other strategic analyses, allowing time for it to evolve toward completion.

2. **The process can be outlined as a series of eight key steps**
These eight key steps are described in greater detail in Box C and illustrated in Figure 2:

   - ☆ Analyse the company's future environment.
   - ☆ Analyse the company's resources and capabilities.
   - ☆ Clarify management values.
   - ☆ Develop (or revise) a mission statement.
   - ☆ Identify strategic objectives and goals.
   - ☆ Generate and select strategic options.
   - ☆ Develop the vision statement.
   - ☆ Conduct 'sanity checks'.

3. **Although we normally think of visioning as a singularly individual exercise, a well-designed collective visioning process can work**
Each approach has its pros and cons.

Intuitively, we can see that a charismatic leader is most likely to arrive at and articulate a personal vision of where he or she wants to lead the company. This approach has the advantage of simplicity, at least in the formative stage, and promotes forcefulness and consistency, given that only one person drives the process.
executive thinking toward alternative possible futures, and so increases their openness to alternative possible strategies.)

7. Develop the vision statement: As indicated in the main text, the vision usually emerges in a series of stages rather than springing full-blown from the executive mind at one point in time. What is intended here is the description of the final product. A simple, though mechanistic, approach is to progress through the six key elements of strategic vision—business scope, scale of activities, product and market focus, competitive focus, image and relationships, organization and culture—as they are desired to be 5 or 10 years hence, completing each in turn and then harmonizing the whole.

8. Conduct 'sanity checks': A final sanity check is absolutely critical. To ensure that the final vision statement is well grounded in reality and practicality, its designers must, as critically and objectively as possible, test it against the standards set by the earlier detailed analyses of future markets, competition, resources, capabilities, and so on.

Individual visioning does, however, present problems. Seldom can a single mind supply all the necessary insights. Truly penetrating insights most frequently come from the interplay—indeed, the friction (in a benign sense)—between different perspectives. But, even if this were not the case, the leader needs to build understanding, consensus, and commitment from the first day, starting with the senior management team. An individual vision may not begin with a cadre of collegial support. Indeed, colleagues are the first people the visionary must persuade, and, if they do not come around, the danger of backlash and undermining is high.

The arguments against collective visioning are generally mirror images of those I just cited. Diversity of experience and perspectives improves the chances of achieving a complete and rounded vision. The danger of backlash diminishes, and the communication process starts with a cadre of committed supporters, each prepared to carry the torch to the broader corporate audience. This process can also foster the teamwork that is critical in today's complex environment, and may be particularly useful when a new management team is forming. The key pitfall is one that awaits any form of consensus building: consensus often emerges only from compromise, and compromise may so weaken the final product that it ceases to be 'visionary'.

Over the years, I have consulted on 'collective visioning' projects with executives from diverse industries. In nearly every case, the strategic vision was not sole focus of the project. Rather, it was a key element—in many cases, the capstone—in a larger strategic study. Typically, this collective approach has involved the whole senior management team in a series of executive workshops, with extensive intervening staff support. These factors probably helped to ground the vision better in strategic thinking and to gain it broader and more forthcoming support, because it was less likely to be perceived as a blue-sky exercise.
This collective process does, as I say, work. It works in the fundamental and important sense of developing dynamic and usable 'product'. It provides a framework (not a straitjacket) within which differing perspectives and values, different types of thinking (analytical, creative), can be integrated and accommodated. And the pace allows time for reflection and second thoughts, without losing the momentum needed to keep the project alive.

4. Considerable value can be added by the judicious use of diverse contributions, including those of informed outsiders
Visioning is, necessarily, a values-laden, at times emotional, process. External knowledge concerning markets, competitors and technology—and 'outsider’ views of the company itself—can provide new perspectives that challenge or confirm, review and supplement those of the corporate insiders.

5. Finally, and most importantly, the CEO must be the driving force behind any vision
Probably the most successful efforts originate in the mind of one individual who then hones the vision as he or she builds consensus in the senior management team before 'going public'. Certainly, the choice of approach must reflect the management style of the CEO and the organizational culture of the company.

Characteristics of a Successful Vision
Having a detailed strategic vision does not, of course, guarantee success. Nor does the lack of vision guarantee failure. A sound strategic vision is, however, one more weapon in the competitive arsenal of the 1990s—one that could add enough thrust and cutting edge to allow a company that is merely muddling through to transform itself into a vigorous competitor.

Analysing the visions of Welch, Carlzon, Kobayashi, and others, and drawing on my own experiences in the field lead me to conclude that there are five characteristics that successful visions share: clarity, coherence, communications power, consistency, and flexibility.
Clarity
A clear vision is in part a simple one. Often, complex analyses and execution lie behind seemingly simple statements of vision. But to generate understanding, support, and commitment, the vision statement itself should be clear—and relatively simple—emphasizing basic principles and driving forces.

Clarity helps guide strategy, and derives its power as much from what the vision statement cuts out (as in the McKesson example) as from what it includes. It does not aim for all-embracing, motherhood-type concepts, or to be all things to all people. It imposes a clear sense of direction, priorities, and strategy.

Coherence
A successful vision ‘makes sense.’ It both internally consistent and consistent with market and competitive conditions.

This coherence is vital if the vision is to stand up to critical analysis. A coherent vision helps a company endure through changes in ‘the real world’ and helps persuade employees to carry it out.

Communications power
If a vision is to shape the corporate future and drive strategy, then the CEO and other executives must communicate it broadly, consistently and continuously, until it becomes an integral part of the corporate culture. And the vision itself must have ‘communications power’—forcefulness and communicability. GE’s Welch, for example, has taken every public and corporate opportunity—in speeches, writings, management meetings, and interviews—to drive home his message. And, even after a dozen or more years, Jan Carlzon still underscores the theme of ‘the businessman’s airline’ and its meaning for SAS’s culture and daily action.

Only through communication can the vision become a shared vision—one that infuses action throughout the organization—though much more than communication is necessary to make the sharing complete.

Consistency
If actions speak louder than words, then corporate decisions and actions must be—and people must perceive them to be—consistent with the vision statement. A good ‘visionary’ knows this intuitively: the intent must always be to practice the statement in every corporate decision, large and small (Carlzon’s ‘moments of truth’).

Welch has always been alert and sensitive to hints or charges of inconsistency, nowhere more than in the trade of the merged GE/RCA consumer electronics business for Thomson’s medical diagnostics business. He met head on the charges of ‘opportunism’ and ‘dumping’, noting (accurately) that the move exactly coincided with the portfolio restructuring foreshadowed in his vision.

Flexibility
A vision must remain flexible and open. A flexible vision may seem to be an oxymoron, because a vision calls for defined direction and goal seeking, whereas flexibility implies a more opportunistic approach to strategy. However, in times of uncertainty and rapid change, inflexible adherence to a strategic plan is a prescription for disaster.

To succeed in the real world, the corporate planning culture (and the strategies it yields) must be open to new signals of change, alert to the possible need for changes in tactics and approach, and flexible enough even to consider redefining the vision. Flexibility, in this sense, does not mean abandoning the vision: it simply recognizes the need to tune the vision continually to the requirements of an ever-changing business environment.

Pitfalls and Pratfalls
With so complex and, in some cases, controversial a process at issue, it is scarcely surprising that the path to success is boobytrapped and full of pitfalls. Enumerating all of them might be seen as too discouraging of the effort, but the principal traps to avoid, in my experience, are the following:

☆ Executive impatience,
☆ Failure of imagination,
☆ Failure to build consensus,
☆ Failure to solve short-term problems,
☆ ‘Obsolescence through success’,
☆ Lack of flexibility,
☆ Failure to implement.

Executive Impatience
As the episode cited in the Prologue suggests, it can be all too easy for progress toward a strategic vision to be interrupted, or aborted entirely, by executive impatience. This impatience is caused, probably in equal parts, by discomfort with the ‘softness’ of such a values-laden exercise, a propensity to move quickly from strategy to action, and doubts about how much value vision adds to the usual strategic planning exercise. Each of these attitudinal barriers to progress has a rational foundation (certainly, in the executive’s mind); and each has to be anticipated and dealt with, equally rationally, both before and during the visioning process. In the course of this article I have tried to marshal the arguments that can be deployed against this impatience. And it is vitally important that this impatience should be truly replaced by understanding and enthusiasm (not simply suppressed), for the whole point of a strategic
vision is that it should carry the imprimatur, commitment, and enthusiasm of the executive team.

**Failure of Imagination**

One great challenge, in any aspect of strategic thinking, is to rise above the obvious, the humdrum, the conventional. Yet here lies perhaps the greatest pitfall for visioning. Most of us are so grounded in day-to-day activities and 'the ways things are' that we have difficulty in seeing the future—or our company—differently. Such a failure of imagination relegates the vision to a statement of the obvious, and the strategy to 'running with the pack'.

How to stimulate this imaginative creativity is a topic for another article. For the moment, let me just cite the value I have found in scenario planning, for the corporation.

**Failure to Build Consensus**

This was one of several traps into which Richard J. Ferris's vision for Allegis Corporation fell. As head of United Airlines, Ferris conceived of diversifying the airline and making it the centrepiece of a full-service travel company. In pursuit of that vision, he acquired the Hertz rental car company and the Westin and Hilton International hotel chains. Certainly, the basic concept was not at fault; even some of Ferris's harshest critics conceded that trends in the travel industry made his plan a logical one. And SAS has successfully integrated the airline, hotels, and a package-vacation subsidiary (Vingresor) into a single corporate entity.

One lesson to be derived from Ferris's failure is that, as in politics, corporate visioning requires a 'safe majority' of management and stakeholder support to stand a chance of success. And building such support—especially if the vision is primarily a personal one—calls for patience, not haste; persuasion, not dictate; and, above all, communication. Ferris had earlier created too many enemies—among security analysts, the pilots' union, and senior management of the acquired companies—to be able to build such a consensus.

**Failure to Solve Short-term Problems**

A further pitfall for Ferris's grand vision was that it ignored (or seemed to ignore) the immediate problems of poor financial performance. Shareholders in general, and large institutional investors in particular, were profoundly dissatisfied with earnings lower than 1 per cent of revenue, and they were impatient with solutions that would not come for 3 or 4 years. The company quickly became the target of takeover-and-breakup rumours, and when Coniston Partners, a Wall Street investment group, and the pilots' union proposed breaking up the company and selling off the parts to turn a quick profit, investors were receptive.

One lesson of this episode is that long-term visioning can succeed if, and only if, management has taken care of short-term problems and successfully communicated this fact to stakeholders. This is simply an acknowledgement of priorities; and visioning is, after all, itself partly a matter of sorting out priorities.

**Obsolescence through Success**

The SAS story points to another unexpected pitfall: the pitfall of success. When Jan Carlzon took over SAS in 1981, the company was in financial crisis. By the power of his vision and leadership, he united the company behind a single, logical goal that everyone could understand and back: 'We must become profitable, not by buying and selling aircraft, but by being a service-oriented company that earns its money by being number one at service.' He succeeded against the odds and ahead of schedule. The next year (1982) saw immediate profitability, and by 1984, the company had achieved all its initial goals. Almost at once the absence of new goals produced negative reactions. Management ended up on the defensive, and 1984 became for Carlzon, as he confesses, 'a year of agony'.

The lesson was that once a company reaches its goal, it may become a prisoner of success. As one of Carlzon's colleagues noted, it's tougher to win the peace than to win the war. In retrospect, Carlzon realized that SAS should have set a long-term goal in 1980, with immediate profitability as a short-term subgoal. The larger goal was necessary to focus effort and unleash new energy.

**Lack of Flexibility**

Flexibility was noted above as one of the characteristics of a successful vision. Inflexibility—a drive to pursue the vision at all costs, regardless of unforeseen changes in the business environment—is, therefore, clearly a trap to be avoided. The details of the vision must be continuously 'fine-tuned' (in some cases, changed more radically) to ensure that the vision remains realistic and grounded in reality.

Carlzon had the flexibility to renew his vision when the European airline industry faced the prospect of deregulation: preparing for freer competition was the core of the new strategy, with the goal of surviving, and indeed prospering, in a free market. The new vision aims for efficiency built on the old foundation of unwavering quality and service and the concept of the businessman's airline. It envisages:

- Boosting efficiency at least 25 per cent;
- Building a system of communications, information, and reservations that will give the company a firm grip on its entire market;
Developing a more competitive system of routes, flight frequencies, and departure times (in part, adopting the U.S. ‘hub-and-spoke’ system).

Failure to Implement
The ultimate pitfall is, of course—as it is with any strategic plan—a failure to produce results. As I argue in the next section, the main power of strategic vision lies in its ability to drive strategy. However, imaginative ideas and inspiring words will not, alone, drive anything. Clearly, they have to be brought to life through executive leadership and communication, translated into manageable action plans, and enforced through measurement and reward systems. The literature on strategy implementation is replete with prescriptions on how to deal with these measures; and this is not the place to summarise, or add to, this advice.

Realizing the Power of Strategic Vision
However, taking my cue from this last pitfall, I continually stress the powerful role that vision plays in strategy implementation. As the encapsulated and (hopefully) inspiring image of ‘what we want to be (and can be)’ vision aids implementation by:

- Focusing corporate thought and action on the agreed-upon strategy, helping ensure that everyone marches to the same drummer. At this point, the supposedly ‘soft’ elements of vision mesh with the ‘hard’ elements of operations (production, logistics, finance, sales, etc.).
- Providing both the readiness and the ‘aim’—as in ‘ready, aim, fire’—for both strategic and operational decisions, helping ensure consistency throughout the decision-making process. This factor is most important in tactical decisions, when, as many managers point out, little or no time is available for taking careful, analytical aim. But if managers have internalized a well-communicated vision, ‘aim’ is ever present to guide decision-making.

Developing a vision helps executives improve their effectiveness by increasing employees’ understanding of strategic objectives and motivating their performance in conformity with these objectives. Although developing a vision incurs a cost in executive time, it requires marginal extra effort and is a cost well worth incurring. For perhaps 5 to 10 per cent extra effort—in addition to the time executives would normally spend developing strategy—integrating this work into a coherent strategic vision increases the effectiveness of the effort as much as 50 per cent, and probably doubles the chances that employees will follow the established direction and priorities in implementation.

By dramatically contrasting a picture of the company of the future with the present, strategic vision helps convey the totality of the internal changes the organization must make and the reasons for them. Of course, this is not the only way to win an understanding of change, but it is a valuable by-product of visioning, particularly because it treats the corporation, and the effects of change, as a whole, avoiding the pitfalls of the usual piecemeal analyses.

The payoff for strategic vision is more than a reputation for business statesmanship. Vision translates directly into improved customer satisfaction, sustained competitive advantage, greater employee commitment, and increased shareholder value. We need only look at Fortune’s list of ‘America’s Most Admired Corporations’ for corroborating evidence. What is necessary to win—and keep—such a reputation? Certainly, consistently high profitability is one key to success; the link between reputation and shareholder value is strong. And, more often than not, a strong visionary leader heads the corporation: Roy Vagelos of Merck, Stanley Gault of Rubbermaid and now of Goodyear, the late Sam Walton of Wal-Mart, Hamish Maxwell of Philip Morris, Welch of GE. One can make a similar list of business leaders in other nations—Akio Morita of Sony, Percy Barnevik of ABB Asea Brown Boveri, Soichico Honda of Honda Motors, Carlzon of SAS—who have leveraged vision to business success.

As Welch and Carlzon have shown, strategic vision can empower employees to act differently, change the way the corporation operates and relates to its stakeholders and help the company move consistently toward a long-term goal. This achievement is corporate renewal in a most profound and continuing sense.

The historian Arnold Toynbee interpreted human history as a series of challenges and responses. In the corporate world, strategic vision both provides the challenge and indicates the needed response. The lesson is never to let the vision lapse: always renew, always challenge, always empower.

Epilogue
Ten years ago, when I began my crusade, I started with a deep conviction about the power of strategic vision. That remains, and has deepened. What I have learned, however, is that an activity that comes naturally to the born leader can be defined, laid out, learned, and practiced by others. While this lacks the natural spontaneity of the intuitive visionary, it brings with it the added values of executive teambuilding, shared purpose and commitment. Beyond this, my hope remains that the ‘natural’ process can be reversed: that, while leadership leads naturally to vision, the act of collective visioning may evoke and encourage new leaders. The need for business
leadership and corporate vision has never been greater: anything that increases the supply of those qualities must be encouraged.

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**Selected Reading**


