



NORTHWESTERN
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Case Study – HBR on Change



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Case Study 4 – Building Your Company’s Vision

The article on Building Your Company’s Vision was very thought provoking and aligns well with the Northouse text concerning “Leadership Ethics”. I whole heartedly applaud the statement found toward the opening of the article when it says, “Truly great companies understand the difference between what should never change and what should be open for change, between what is genuinely sacred and what is not”. This great quotes taken from the article, establishes the premise for the paper as the authors postulate that vision is made up of two things: core ideology; and envisioned future.

Core Ideology

The authors offer a great analogy in comparing the two components of vision to be the Yin (Core Ideology) and Yang (Envisioned Future). The yin, “defines what we stand for and why we exist”. Yin is “unchanging and complements yang”. Core ideology itself further breaks down to encompass our core values and purpose. It “provides the glue that holds an organization together through time...Leaders die, products become obsolete, markets change, new technologies emerge, and management fads come and go, but core ideology in a great company endures as a source of guidance and inspiration”. The article also offered that, “you discover core ideology by looking inside. It has to be authentic. You can’t fake it”. The authors help us seek to find it.

Core Values

Core values are not unique to the organization. They are central to each and every contributor serving in any capacity of the organization. Collectively they add up together to define what the company stands for. The values the organization holds sacred should guide it in everything it does. As I have considered my employment history, I have been the most comfortable when I have felt my individual core values have aligned with that of the organization I worked for. When they don’t, the individual feels conflicted.

The authors of the article suggest that companies should only have a few core values. The guiding advice is between three and five. These few founded tenants should be “so fundamental and deeply held that they will change seldom, if ever.” When seeking to define these core values, if a organization defines more than five, this is generally a good sign that the company is “confusing core values (which do not change) with operating practices, business strategies, or cultural norms (which should be open to change).” The main principle considered should be the element of time.

In articulating how to choose your core values, I really liked the applied example that was given in the article. The article recounted an experience that a high-tech firm had in finding their core values. They considered quality as one of their three to five core values it would found itself on. The CEO guided the exercise and played devils advocate when he asked of its Leadership, “Suppose in ten years quality doesn’t make a hoot of difference in our markets. Suppose the only thing that matters is sheer speed and horsepower but not quality. Would we still want to put quality on our list of core values?” Quality was more of a strategy and so they dug deeper find a true core value. This helps put perspective on how we find these values and question what they mean to us over time and across change.

Core Purpose

Core Purpose is the “organization’s reason for being...it captures the soul of the organization”. It considering the factor of time again, the author offers that purpose should last 100 years or more. They say, “you might achieve a goal or complete a strategy, you cannot fulfill a purpose; it is like a guiding star on the horizon—forever pursued but never reached.” Having a purpose like this then inspires and guides our change. The companies I have worked for have encouraged us to think about maximizing our shareholders wealth as our purpose. The great companies do not mention this at all. The authors say about this, that “maximizing shareholder wealth is the standard off-the-shelf purpose for those organizations that have not yet identified their true core purpose. It is a substitute—and a weak one at

that.” The “Random Corporate Serial Killer” game is a probing game which was offered by the authors to help an organization find its true purpose. Essentially if the company was to be sold tomorrow and all employees offered gainful employment to maintain their status quo, would they willingly change knowing that all would remain constant except for their current company’s existence. When we present these type of quandaries, it makes us think deeper and more meaningfully about why we are where we are within a given organization. The article explained why companies are formed in the first place and used many great companies as examples. With purpose, organizations are able to attract new talent and retain existing talent whose values align to theirs and in concert drive to the purpose set forth. The article quoted Peter Drucker, he said, “the best and most dedicated people are ultimately volunteers, for they have the opportunity to do something else with their lives. Confronted with an increasingly mobile society, cynicism about corporate life, and an expanding entrepreneurial segment of the economy, companies more than ever need to have a clear understanding of their purpose in order to make work meaningful and there by attract, motivate, and retain outstanding people.”

Envisioned Future

Envisioning future involves stretching our vision by considering goals that can keep us anxiously engaged over a “10-to-30 year” period with “vivid descriptions of what it will be like to achieve the goal”. One tool that can be used is BHAGs which are bold missions. True BHAGs are “clear and compelling, serves as unifying focal point of effort, and acts as a catalyst for team spirit. It has a clear finish line, so the organization can know when it has achieved the goal.” BHAGs should engage people and stretch them. They should “require extraordinary effort and perhaps a little luck”.

Summary

The principles covered can easily overlap in thinking of them, but the authors clearly point out that it is a mistake if they do. Some key things I took away are;

- Core purpose is the reason why an organization exists;
- Core purpose can never be achieved;
- Purpose is not about maximizing shareholder wealth;
- BHAGs can be achieved only between 10-to-30 years ;
- BHAG is more than a goal;
- Once you've achieved a BHAG, you define the next and then pursue it;