Built to Last

Title: ***Built to Last: Successful Habits of Visionary Companies***

Author: James Collins & Jerry Porras

Copyright Date: 2002

Book Description:

Drawing upon a six-year research project at the Stanford University Graduate School of Business, James C. Collins and Jerry I. Porras took eighteen truly exceptional and long-lasting companies and studied each in direct comparison to one of its top competitors. They examined the companies from their very beginnings to the present day—as start-ups, as midsize companies, and as large corporations. Throughout, the authors asked: "What makes the truly exceptional companies different from the comparison companies and what were the common practices these enduringly great companies followed throughout their history?"Filled with hundreds of specific examples and organized into a coherent framework of practical concepts that can be applied by managers and entrepreneurs at all levels, Built to Last provides a master blueprint for building organizations that will prosper long into the 21st century and beyond.

Book Quotes:

Only those who "fit" extremely well with the core ideology and demanding standards of a visionary company will find it a great place to work. If you go to work at a visionary company, you will either fit and flourish—probably couldn't be happier—or you will likely be expunged like a virus. It's binary. There's no middle ground. It's almost cult-like. Visionary companies are so clear about what they stand for and what they're trying to achieve that they simply don't have room for those unwilling or unable to fit their exacting standards. (9)

Having a great idea or being a charismatic visionary leader is "time telling"; building a company that can prosper far beyond the presence of any single leader and through multiple product life cycles is "clock building." (23)

- The visionary companies more thoroughly indoctrinate employees into a core ideology than the comparison companies, creating culture so strong that they are almost cult-like around the ideology.
- The visionary companies more carefully nurture and select senior management based on fit with a core ideology than the comparison companies.
- The visionary companies attain more consistent alignment with a core ideology—in such aspects as goals, strategy, tactics, and organization design—than the comparison companies. (71)

Visionary companies tend to have only a few core values, usually between three and six. (74)

Similarly, Thomas J. Watson, Jr., embedded a huge caveat in his booklet *A Business and Its Beliefs:* If an organization is to meet the challenges of a changing world, *it must be prepared to change everything about*

itself except [its basic] beliefs as it moves through corporate life…The only sacred cow in an organization should be its basic philosophy of doing business. [emphasis ours] (81)

It is absolutely essential to not confuse core ideology with culture, strategy, tactics, operations, policies, or other noncore practices. Over time, cultural norms must change; strategy must change; product lines must change; goals must change; competencies must change; administrative policies must change; organization structure must change; reward systems must change. Ultimately, the only thing a company should not change over time is its core ideology—that is, if it wants to be a visionary company. This brings us to the central concept of this book: The underlying dynamic of "Preserve the core and stimulate progress"—that's the essence of a visionary company. (82)

Indeed, the drive for progress is never satisfied with the status quo, *even when the status quo is working well.* Like a persistent and incurable itch, the drive for progress in a highly visionary company can never be satisfied under *any* conditions, even if the company succeeds enormously: "We can always do better; we can always go further; we can always find new possibilities." As Henry Ford said, "You have got to keep doing and going." (84)

The builders of visionary companies seek alignment in strategies, in tactics, in organization systems, in structure, in incentive systems, in building layout, in job design—in *everything.* (87)

If you are involved in building and managing an organization, the single most important point to take away from this book is the critical importance of creating tangible mechanisms aligned to preserve the core and stimulate progress. This is the essence of clock building. (89)

In the chapters that follow, we will describe the specific methods of preserving the core and stimulating progress that distinguished the visionary companies from the comparison companies, capped by a concluding chapter on alignment. They fall into five categories:

1. *Big Hairy Audacious Goals* (BHAGs): Commitment to challenging, audacious—and often risky—goals and projects toward which a visionary company channels its efforts (stimulates progress).
2. *Cult-like Cultures:* Great places to work only for those who buy in to the core ideology; those who don't fit with the ideology are ejected like a virus (preserves the core).
3. *Try a Lot of Stuff and Keep What Works:* High levels of action and experimentation—often unplanned and undirected—that produce new and unexpected paths of progress and enables visionary companies to mimic that biological evolution of species (stimulates progress).
4. *Home-grown Management:* Promotion from within, bringing to senior levels only those who've spent significant time steeped in the core ideology of the company (preserves the core).
5. *Good Enough Never Is:* A continual process of relentless self-improvement with the aim of doing better and better, forever into the future (stimulates progress). (89-90)

A BHAG engages people—it reaches out and grabs them in the gut. It is tangible, energizing, highly focused. People "get it" right away; it takes little or no explanation. (94)

A BHAG should be so clear and compelling that it requires little or no explanation. Remember, a BHAG is a *goal*–like climbing a mountain or going to moon–not a "statement." If it doesn't get people's juices going, then it's just not a BHAG. (111)

In short, it is not the quality of leadership that most separates the visionary companies from the comparison companies. It is the *continuity* of quality leadership that matters—continuity that preserves the core. (173)

Our research findings clearly support the concept of continuous improvement, but not as a program or management fad. In a visionary company, it is an institutionalized habit—a disciplined way of life—ingrained into the fabric of the organization and reinforced by tangible mechanisms that create discontent with the status quo. (188)

Comfort is not the objective in a visionary company. Indeed, visionary companies install powerful mechanisms to create *dis*comfort—to obliterate complacency—and thereby stimulate change and improvement *before* the external world demands it. (187)

Keep in mind that the only sacred cow in a visionary company is its core ideology. Anything else can be changed or eliminated. (218)

1. Be a clock builder—an architect—not a time teller.
2. Embrace the "Genius of the AND."
3. Preserve the core/stimulate progress.
4. Seek consistent alignment. (217)

If the circumstances changed and *penalized* us for holding this core value, would we still keep it?" If you can't honestly answer yes, then it's not *core* and *should be dropped.* (223)

Instead the task is to find people who already have a predisposition to share your core values and purpose, attract and retain these people, and let those who aren't disposed to share your core values go elsewhere. (230)

Note: should you wish to find any quote in its original context, the page number is provided after each entry.