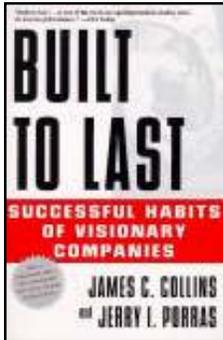# Built to Last – Jim Collins & Jerry Porras

A Book Review by Joey Ng
10/4/2012

'What are some common characteristics that visionary companies seem to share?' This question was the basis of a 6 year research which resulted in this highly influential book. In the research, author Collins and Porras evaluated 18 'visionary companies' against 18 'comparison companies' to distinguish the differences between them. For companies to be considered 'visionary', they have to meet a set of stringent criteria, which includes being at least half a century old and having gone through several generations of CEOs. What really made the book stand out was the quality of the 'comparison companies' which included names like GM, Pfizer, Chase Manhattan and Norton (these companies are very successful in their own rights).

These following are the findings (set as chapters in the book) that differentiate the visionary companies from the comparisons.

Clock Building and not Time Telling

Time Telling is having a great idea or being a charismatic leader. Clock Building is creating a company that will prosper through multiple product life cycles, beyond the term of a single leader or one great idea. Those who build visionary companies tend to be clock builders and their greatest accomplishment is the company itself and what it stands for. To clock builders, the product is the organization. Everything else is a mean to making the organization great, not the other way round.

More Than Profits

The ideologies that guide the visionary companies are more that about making money. No doubt profit is essential to the survival of any corporations but, to them, as long as their core belief is pursued zealously, profit will take care of itself. There is no one common ideology that all the visionary companies share and that is exactly the point. Be it P&G's commitment to product excellence or Disney's 'to bring happiness to millions', the main idea is to have *a* (not the) core ideology that gives everyone a sense of purpose and forms an identity that holds the organization together.

Preserve the Core/Stimulate Progress

If we are only allowed to single out one learning point from this book, this will be the one. To stimulate progress, the visionary companies have to change with time. Everything can and should be changed – systems, product line, market segments, except for one – the core ideology. The ideology works hand in hand with the visionary companies' relentless pursuit for progress, by offering internal alignment to the constant changes, improvement and adaptation of the external strategies.

Big Hairy Audacious Goals (BHAGs)

Setting BHAGs is about pushing the envelope and setting very high standards. Visionary companies are where they are not because they do what everyone else is doing. They cement their position by doing things no one else is doing. BHAGs are at

times vague where reason and prudence might say 'This is unreasonable', but the drive for progress says, 'We believe we can do it nonetheless.' When fully subscribed, BHAGs act as a source of energy that pushes people to willingly move out of their comfort zone to get things done.

Cult-Like Cultures

The visionary companies translate their ideologies into tangible mechanisms such as policy and procedures which in-turn, shapes the organization's culture. Visionary companies are not a great place to work for everyone. Those who share the same ethos as the companies would flourish, while those who do not would find the environment extremely uncomfortable. Standards are high in these companies and they usually do not have room for those who are unwilling or unsuited.

Try a Lot of Stuff and Keep What Works

Visionary companies place experimentation, risk taking and trial & error above detailed strategic planning because progress is evolutionary .Central to being evolutionary is the creation of an environment which encourages people to experiment and learn from mistake. Not all ideas will work so it is important to keep trying.

Home-Grown Management

All leaders will eventually die, but a visionary company can still go on for generation so long as its purpose and values are kept alive by those in leadership positions. What better way to preserve the core then by placing someone who has lived and contributed to it, rather than hiring someone from the outside. To ensure consistency during leadership renewal, clock building companies treat management development as an integral part of its business strategy.

Good Enough Never Is

There's never a 'finish line'. Visionary companies are never satisfied with their results and always seek ways to continuously improve. Instead of comparing themselves to competitors, they ask the question, 'how can we do better tomorrow than we did today', it is this drive to better their own standards that kept them pushing new heights. One of the things they do is the use of 'mechanisms of discontent', where they deliberately put projects, products or teams in uncomfortable situations (for example, internal competition), to counter the threat of complacency.

The End of the Beginning

A clear vision does not make a company visionary. While it is important for a company to clarify its ideology, purpose and vision, the real work begins once these pronouncements are established. The essence of a visionary company comes in the translation of its core ideology into its everyday behavior – policies, management systems, cultures, goals, job design, etc. A visionary company creates an environment that constantly reinforce what it stands for by sending cues and signals of its intents and ambitions.

Building the Vision

Keep what aligns, find new ways to preserve the core and eliminate those that deviates. The last chapter summarizes the essence of a visionary company – preserve the core while stimulating progress at the same time. This balancing act is what kept the visionary companies going for decades. Changes are imperative because the environment we are in is a dynamic one that is constantly evolving. What works today might not work tomorrow, thus, for companies to be considered truly visionary, they need to change before the environment changes them. To preserve the core, management needs to remove any misalignments as quickly as possible before it spreads too far. Alignment promotes consistency and while the opposite impedes progress by creating confusion amongst the people on what the company truly stands for.

Author's Summary

Two features made 'Built to Last' such a great book to read – the 'comparison companies' and the book's main idea.

If we were to examine any of the comparison companies by themselves, we would have found many good management practices to copy, after all, these companies were generating millions of dollars annually at that point in time. However, when put side by side with the so called 'visionary companies', true excellence was distilled. The quality of the comparison companies acted like a strainer with microscopic openings, and this meant that whatever was sieved out (the findings above) must be worthy for anyone to learn from.

'Preserve the Core/Stimulate Progress' – this is the book's main idea. In order to stimulate progress, organizations must constantly innovate and always on the look out for opportunities to better themselves. Everything must be open to change except for what the company truly stands for – the core. The core is more than the company's M & V, values, manifesto, strategic direction, primary customer segment or best selling product. Combined. It is after asking ourselves '*Why*', 5 times to this question '*What is the company here for?*', that we might find the core (each time we have an answer, we ask why again). This idea is timeless. After so many years, (the book was written in 1994), the concept of 'Preserve the Core/ Stimulate Progress' is still as relevant as it was 20 years ago. It is easy to understand and most importantly, ready for application at all level of any organization.

The table below is how I would summarize the book.

Preserve the Core	**Stimulates Progress**
• *Clock Building and not Time Telling* • *More Than Profits* • *Cult-Like Culture* • *Home-Grown Management* • *The End of the Beginning*	• *Big Hairy Audacious Goals (BHAGs)* • *Try a Lot of Stuff and Keep What Works* • *Good Enough Never Is*