

RETHINKING VISION AND LEADERSHIP

USING VISIONS TO DRIVE STRATEGIES CAN
OFTEN BE DANGEROUS...

BY **IDRIS MOOTEE**



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Visionary leadership and vision-driven organizations are the stuff of legends and literature in the business world. But what is this thing called “vision”? How does it relate to organizational performance? Organizations are disappearing rapidly, with one-third of Fortune 500 companies disappearing during the last ten years. Should companies be spending their time visioning their futures?

Much business literature suggests the need for an organization to have a vision which is an articulation of an end-state for their organizations – often in the form of a corporate vision statement followed by mission and values statements. Many believe this is vital. Experience from the field suggests that any visioning exercise is tricky and often executives are neither satisfied with the outcome, nor the visioning exercise or process. This article argues that vision is not only limited in use for today's dynamic business landscape, it is sometimes harmful when executives begin to confuse vision with strategy. Many businesses today are operating in times of unprecedented competitive pressure and discontinuous change. Complacency is fatal. Using visions to drive strategies can often be dangerous.

Vision is commonly defined as a statement of ambition that outlines success and establishes the ground rules by which it will be achieved for a particular organization; the articulation of management's intent regarding the future of an organization, expressed in often highly aspirational terms. While the process is frequently found to be quite effective in its ability to generate consensus and commitment among the management team, it has little relevancy to how a company chooses to compete in a marketplace and most importantly how to differentiate itself. In fact, it offers little or no help in assisting a company to rationalize how to build market power or influence, and drive for industry innovation and leadership.

Corporate retreats often focus on vision – answering questions such as who we are, what we do and what do we want to be. From that is crafted strategy, and a roadmap to get there. How simple and straightforward. Many management consultants are overly

eager to help companies write their mission statement, claiming that their powerful formula can produce a professional mission statement modeled after successful companies, and transferable into individual action.

When people hear about vision, they often think of it as strategy. While the value of having some form of statement of purpose is obvious, it should never be mistaken as strategy. Strategy is not only about vision. Marvin Bower, the long time managing director of McKinsey and Company, summarizes fourteen processes for which a business management system can be fashioned. Characterized as strategy, they include setting objectives, developing competitive strategy, establishing goals, designing organization structures and setting standards etc. Surprisingly, the word vision is never mentioned.

A phrase I often hear from senior executives after off-site retreats is “We spent weeks and weeks on planning and all we end up with is a vision statement.” The first thing people ask when they go back to their office is, “what am I suppose to do next?” Consider these excerpts from three different company executives after attending strategy planning workshops. One is a software development company, the second a well-established fast-moving consumer goods company, and the third a large mutual fund company.

“The big question is how big is the potential value created by this application and what we need to do to capture the potential value. The issue is where do we start, rather than where do we end on our ultimate vision. For the first two hours I thought we were doing just great. A week looking back, it was no more than a feel-good exercise. We have not even touched on anything that can help us in taking the next step.”

“We spent three days with the senior management team talking about our business as part of our annual strategic planning exercise. The consultant spent the first half of the last day asking questions about the problem we faced in our industry. Then he started talking about how the company sees itself and what are the major qualities the company brings to the marketplace. Then the

next exercise was asking us to describe the seminal moments of the company, followed by asking the group to use Hollywood figures to describe the company. He said the exercise was to help us brand our company and thus decide what we are and where we want to go. For a moment I thought it was rather entertaining and on second thoughts, I wish we'd done it in a different setting – the company Christmas party.”

“Our industry is facing serious threats from both regulatory authorities and competition. We came out of this three-day session with the new CEO and the take-away is a new vision statement, another articulation of our brand and what it means, and possibly a new logo and tag line. I can't believe this. We have not even touched on how we reinvent our selves to deal with the new realities and gain back the trust from our investors. Yet this was the third time in 12 months we went back and looked at our vision and what our brand means. Now I realize that having a vision is really different from having a strategy.”

My cross-industry experience has been that companies can make significantly greater progress by a series of incremental commitments rather than through top-down strategic visions. To achieve strategic goals companies should put less energy and attention on visioning but more effort on market learning. Strategic market learning is the heart of the planning process. The most effective strategies of major corporations tend to emerge step-by-step from an iterative process in which the organization probes the future, and experiments with differentiation among competing companies.

As Charles Handy, a business writer and management philosopher puts it, “We've got to live with chaos and uncertainty, to try to be comfortable with it and not to look for certainty where we won't get it.” In many instances, vision is way to create some certainty, as it is only based on what has already been incorporated into your sense making. You can only certainly know about yesterday while you are trying to envision tomorrow or the future. By calling the desired outcome “vision” you deify it and thus preclude changes in it. This makes perfect sense if the world is predictable, and that we can see what changes are coming and where

value will migrate. The reality is, business is not linear. The dependence on predictability makes vision both limited and potentially damaging and misleading. Having locked in an outcome, strategic planners try to work backwards from it and not focus on the potential interactions that could happen along the way. The vision simply restricts the possibility and may interfere with your ability to adapt with changes. In fact, vision may become the major suppressing force of innovation. New opportunities may go unexplored.

The popularity of visions has been around for a while as it touches upon issues of leadership, motivation, empowerment, strategic change and corporate transformation. Business literature suggests that vision should include goal setting, team orientation and a futuristic end state. It may define a pathway to success for the future of an organization. Many consultants have elevated vision to the status of “sacred concept,” and company founders to the status of “gurus” and “gods.” How often do the words “visionary companies” appear in business literature and how often do they refer to successful companies? It is further suggested that all leaders must have strong vision and should be able to state them and translate them into some form of organization culture and values. While no one would disagree that any leader needs to be visionary, I would argue it is more vital for that individual to possess the ability to meaningfully steer the company through continuous market learning and adaptation. A strong vision does not equate a strong strategic position. Simply put, a vision statement can be framed and hung on the wall, where a strategic position needs to be continuously managed.



I believe the problem comes back to a lack of understanding of what strategy is and the myth of how to go about creating it. In many situations where there is a lack of serious guidance about how to craft a strategy, executives are left with popular advice and consultants on vision. These sources rely on the assumptions that the world is stable and changes are foreseeable, industry boundaries are either definable or already clearly defined, and outcomes are more important than the processes.

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VISION

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technology, and the marketplace interactions between individuals with different motives and objectives, and constraining or controlling forces of various sets of environments. Business unit managers anticipate and respond to product market forces in the context of job definition and career stakes, while at the same time, working for the realization of their personal beliefs and visions. Senior corporate managers attempt to guide the actions of middle managers to reflect their strategic intents and attain the purposes of their corporations, while dealing with constraints imposed by the firm's environment and external constituents. Their actions define the organization context in which middle or business unit managers identify opportunities and solve problems in the product market and respective channels, but their knowledge of the market depends to a significant degree on what those middle-level managers report.

Strategy making should not be vision-driven and the outcome is not a vision statement. Strategy making is an iterated process of market learning, opportunity discoveries and resource allocation. The skills required are maintaining balance between understanding and exploration of tomorrow's growth opportunities, managing existing business for volume growth, repetitive operation tasks, and maximum efficiencies in a deeply conservative and tightly controlled fashion.

Whether a company is looking to enter a new market or simply sustaining leadership in their own market space, those mandates can still be interpreted as a mandate to market learning. This is done with a sharp eye on the industry dynamic context. Here are some of questions that senior managers need to be asking to facilitate continuous market learning:

- What is the company's primary business focus now (primary revenue sources)?
- How much of resources are focused on areas that have the potential to build market power and influence and drive for industry innovation and leadership?

- How much are focused on inevitable follower positions?
- Where has the company growth come from in the past three years, and what is the plan for the next three years? Where have recent plans fallen short or exceeded expectations?
- What are the competitive arenas (innovation, customer relationships or scale economics)?
- Are unconventional competitors making incursions at the fringe of our business?
- What is the most tightly defined profitable core of our business, and is it gaining or losing strength?
- What defines the boundaries of the business that we are competing for, and where are those boundaries going to shift in the future?
- Are there new competitors currently at the fringe of our business that pose potential longer-term threats to the core?
- What is the company point of view on the future of the industry? As a team, have we achieved consensus?
- What are the different scenarios of our industry futures? How do they affect us?
- Should major new growth initiatives be pursued inside, next to, or outside the core?
- Is industry turbulence changing the fundamental source of future competitive advantage? How? Through new models? New segments? New competitors?
- Are organizational enablers and inhibitors to growth in the right balance for the needed change?

Idris Mootee is a business strategist, author and consultant. He is the Principal of Strategy Architects Inc., a Toronto-based strategy consultancy and has a long history of advising an extensive number of CEOs in a variety of industries. He has written three books: *Escape Velocity*, *High Intensity Marketing* and *60-Minute Brand Strategist* and frequently gives executive briefings, guest lectures and speeches on emerging management issues. He holds master degrees in business administration and management science. ■