

Visionary Management: Footstone of Sustained Firm Growth

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ABSTRACT

As an important discipline of the learning organization, vision provides guidance about what core to preserve and what future to stimulate progress toward. It had been proved by the experiences of foreign companies' successful practice that visionary management was an actually new managerial philosophy and tool after the corporation reengineering theory to support sustained firm growth. It should be worthy our stated-owned enterprises and short-life's to learn and practice.

Keywords: vision, visionary management, performance, sustained firm growth

1. INTRODUCTION

Learning organization has been praised as the "Bible of management" and successful mode of future enterprise since Peter Senge (1990) put forward the learning organization theory. The origin of leaning organization theory is the outcome of deep thought for the sustained development in the dynamic and complex environment. As an important discipline of learning organization, vision provides guidance about what core to preserve and what future to stimulate progress toward. Visionary management has been a new organizational mind and management tool after the theory of corporation reengineering. Visionary management companies often achieve superior long-term performance and sustained growth, such as Hewlett-Packard, 3M, Johnson & Johnson, Procter & Gamble, Sony etc al. Hewlett-Packard employee have long known that radical change in operating practices, culture norms, and business strategy does not mean losing the spirit of HP way-the company's core principles. Johnson & Johnson continually questions its structure and revamps its processes while preserving the ideals embodied in its credo.

2. VISION AND ITS ORGANIZATION FUNCTION

2.1 What's the Vision?

Leaning and innovation is the best way to assure organization existence in dynamic and complex environment. Each organization should have five disciplines including building shared vision in order to create learning organization. Vision has become one of the most overused words conjuring up different images for different people. Vision is an image of the desired future. Collins and Porras (1996) argued that a well-conceived vision consisted of two major components: core ideology and envisioned future. Core ideology defines the enduring character of an organization - a consistent identity that transcends product or market life cycles, technological breakthroughs, management fads, and individual leaders. In fact, the most lasting and significant contribution of

those who build visionary companies is the core ideology. It likes the glue that holds an organization together as it grows, decentralizes, diversities, and expands globally. Any effective vision must embody the core ideology of an organization, which in turn includes two distinct parts: core values, a system of guiding principles; and core purpose, the organization's most fundamental reason for existence.

The core values stem not from market requirements but from the founder's inner belief. The key is not what core values an organization has but that it has core values at all. So a company should not change its core values in response to market changes but change markets if necessary to remain true to its core values. Core purpose is the organization's reason for being. An effective purpose reflects people's motivations for doing the company's work. It captures the soul of the organization, and doesn't just describe the organization's output or target customers. It is like a guiding star on the horizon - forever pursued but never reached. The role of core ideology is to guide and inspire, not to differentiate. Two companies can have the same core values or purpose. Core ideology needs to be meaningful and inspirational only to people inside the organization; it need not be exciting to outsiders. A clear ideology attracts to the company people whose personal values are compatible with the company's core values. Conversely, it repels those whose personal values are incompatible.

The envisioned future is what we aspire to become, to achieve, to create something that will require significant change and progress to attain. It consists of two parts: an audacious goal plus vivid descriptions. Visionary companies often use BHAGs (Big, Hairy, and Audacious Goals) as a powerful way to stimulate progress. All companies have goals. But there is a difference between merely having a goal and becoming committed to a BHAG - such as climbing Mount Everest. In addition to vision - level BHAGs, an envisioned future needs a vivid description of what it will be like to achieve your goals.

2.2 Organization Function of Vision

Vision has strong organizational function. Firstly, shared vision could strength organizational cohesion. Vision holds together all organization members who have different background. And it would change the relationship between the employee and organization. Employee's attitude to organization would change radically in a visionary company. They would think that firm isn't "their firm" but "our firm". Resentment to reform and passive obedience to vision would be replaced by active commitment and dedication to firm. Secondly, vision points out right direction for organization just like rudder of a ship, especially when organization encounters disorder or resistance in process of growth. Lastly, vision could inspire endless creativity and enterprising spirit of all members, and change the learning mode from adaptability learning to creativity learning. The essence of innovation is to reshape the world according to a special vision (Ikujiro Nonaka, 1991).

3. A VISIONARY MANAGEMENT MODEL

Visionary management is a key issue for all organizations. It's both a kind of managerial philosophy and a set of guidelines to form the basis for a never-ending journey toward competitive advantage. The visionary management process comprises of a cycle of successive phases, which can be distinguished into personal vision development, organizational vision development, situation analysis, strategy formulation, and planning and implementation (Rampersad, 1997). Figure 1 shows a model representation of visionary management. It begins with the formulation of personal vision, then expanding this vision to develop a common vision and core values of the whole organization. We should balance the personal vision and the organizational vision. The development of the personal and organizational vision does not only take place at the management level, but also at all lower organizational level. Everyone in the organization needs to be actively involved in this top-down and bottom-up visionary management process (Senge, 1990).

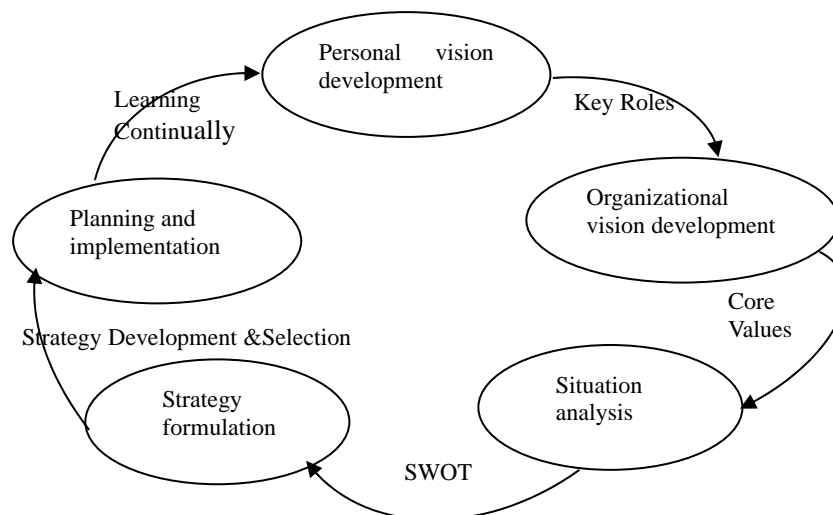


Figure 1 A visionary management model

3.1 Personal Vision Development

Each employee has to formulate his/her own personal vision. Personal vision development acts as key roles in the process of organization vision formation. Personal vision statement is a description of where are you going, which values and principles guide you to reach that point, what you want to help realize in your life, what ideal characteristic you would like to have. The key roles regard the way you fulfill or want to fulfill several roles in your life to realize personal mission. According to Covey (1993), personal vision helps to discover your inner feeling and clarifies what is important to you. You can eventually adapt vision in case your living conditions or thinking patterns change in the course of several years.

3.2 Organizational Vision Development

An effective developed organizational vision gives direction to personal ambitious and creativity, creates a climate through drastic changes, strengthens belief in the future, and releases energy in people. Organizational vision forms an important management instrument that expresses the soul of the firm. It gives direction to firm growth and functions as a compass and road map. The convincing propagation of an active, inspiring, challenging, and fascinating vision usually lead to more effort, satisfaction, and commitment. An organization will be successful if it succeeds to create a sense, a meaning that releases energy in people, raises involvement and puts people in movement. The organizational vision is linked to core values in order to strengthen the one-mindedness of the employees. The core values determine what approach is used to realize the vision. After all, core values in an organization

usually inspire commitment, loyalty, and devotion in all parts of the organization.

3.3 Situation Analysis

Situation analysis is the following step in the visionary management process and regards the evaluation of the strategic position of the organization and document of the organization's objectives. From strategic perspective to analyze the strengths and weaknesses of the organization (internal) and the opportunities and threats from the environment (external) is very useful to strategy formulation. Benchmarking is an important instrument here that is focusing on improving performance with respect to the leading competitor.

3.4 Strategy Formation

Alternative strategies are developed and choices are made, which based on the visible gap between the present and desired situation. Strategy indicates how the objectives can be realized and which choices should be made. It is the answer of SWOT analysis. Strategy should be translated into critical success factors (CSFs) to carry out it effectively. These key factors determine the competitive advantage of the organization because they are strongly related to its core competence. A CSF is that in which the organization must be outstanding to be able to survive, or that which is of decisive importance to the success of the organization. Examples of CSFs are: well-motivated and skilled employees, customer orientation, time to market, efficient dealer's organization, and good customer service etc al. They should be determined through brainstorming with the entire management team.

3.5 Planning and Implementation

In the last phase, the chosen strategies are thus translated into operational plans for the different departments or units within the organization, after which they will be implementation. The actions to be undertaken are worked out in the operational plans for the different business function. The use of project management techniques is usually necessary during the process, as well as creating awareness for change. Continually learning and communication will help to form new personal vision and to be harmony with organization vision.

After this phase the visionary management will start again. Visionary management is not a one-time activity, but a process of continuous improvement. By making visionary management as a part of your daily routine, you will integrate it into all aspects of your work.

4. VISIONARY MANAGEMENT AS THE SUPPORT OF FIRM GROWTH

Visionary management provides ideology and guidance for firm growth, just like the lighthouse of navigation.

Firm performance provides finance guarantee and possibility of growth, just like catalyzer of chemical reaction. We construct a relational model of visionary management and sustained firm growth. In figure 2, visionary management and firm performance act on firm growth through path I and II respectively. There are a strong correlation between visionary management and firm performance (broken line in figure 2), and which had been confirmed by many researches. So visionary management supports sustained firm growth on one hand through path I, on the other hand through path II in virtue of mediating variable performance. Consequently, we hold that visionary management is the footstone of sustained firm growth on the earth. Vision should be matched with firm growth. And the firm growth is changing continually along with internal and external environment, so visionary management is also a dynamically adaptable process.

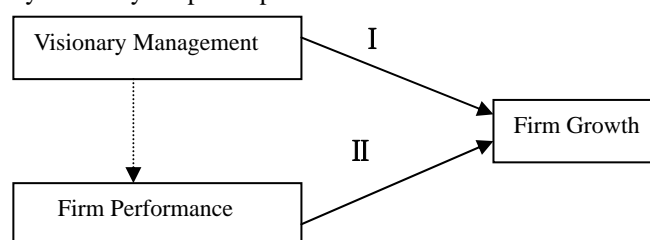


Figure 2 Visionary management and firm growth

Many world companies were pride of having definite and vivid vision, for example Microsoft, Hewlett-Packard, and Sony etc al. Effective management is the radical reason of sustained firm growth. Scholars also proved the relationship between visionary management and sustained firm growth from different aspects. Peter Senge (1990) pointed out that vision was an important factor to steer organization growth. The learning organization couldn't exist without vision. John P. Kotter (1995) carefully observed over 100 companies with different size, nationality and phase by ten years. And he found that some companies' change and transformation were very successful, but others were actually opposite. So he indicated that vision served as a connecting link between the preceding and the following in the process of leader change. Lack of vision and effective visionary management would influence the firm growth and successful transition. A lot of experiences of transitional companies also made clear that transitional endeavor were usually to fail without a solid visionary plan. The conclusion of Cranfield Global Executive Competencies Survey demonstrated that it played an important role for firm growth by forming a meaningful vision and future direction. Collins and Porras (1994) studied companies in their book of "Successful Habits of Visionary Companies" and found that they had outperformed the general stock market by a factor of 12 since 1925. Collins and Porras (1996) observed many company's growth status spending six years and concluded that the match of core values and visionary plan was the source of company life force. These companies holding clear

vision often have higher learning speed and accordingly bring higher firm performance.

5. CONCLUSION

(1) Visionary management as another bran-new managerial philosophy and tool after cooperation reengineering theory, which had been widely used by big companies in developed countries. The concept was just introduced to China companies and rarely practiced. Using foreign successful visionary management experience for reference has positive meaning to promote our firm performance.

(2) Visionary management provides source of power and new management tool for firm growth. It also reins to go forward along right direction. The strength of maintaining status couldn't be broken to buck for firm growth if there is no vision as road map to lead firm development.

(3) Visionary management is especially more meaningful to two kinds companies that are the state-owned companies and short-life companies. Now our state-owned companies are standing at the crossroad of reform and transition. Oversea experience has proved that effective visionary management could advance the probability of successful reform and transition. The relationship between visionary management and

sustained firm growth should cause thinking by large quantity of short-life companies.

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