

AJH notes on Built to Last

Built to Last: Successful Habits of Visionary Companies, the management book by Jim Collins and Jerry Porras(1994)

- Study of 19 visionary companies (average 100y old)
- What makes the truly exceptional ones different from others
- A focus on timeless management principles not one off products or charismatic managers

Four key traits

1. **Preserve a core ideology**
2. **BHAG (Big Hairy Audacious Goals)**
3. **Trying new things**
4. **Constant innovation in new products and services**

How visionary companies should operate

1. Best of the best – ‘visionary companies’ should be the premier player in their industry
2. Clock Building not Time Telling – Building a company that outlasts products or leaders – not just a great idea/or a visionary leader
3. A) Not profit maximisation (must be prepared to change anything except core ideology)
- 3 B) Embrace ‘and’ not ‘or’ i.e. you can have great products and low prices; not you can either have X or Y. “*The genius of the And vs the Tyranny of the Or*”
- 4 Preserve the Core/Stimulate Progress – Preserve core ideology even if product/approach changes
- 5 Big Hairy Audacious Goals – Taking risks and pursuing ambitious goals e.g. BOEING into commercial 747; Kennedy Space Project
- 6 Cult Like Culture – Co. should be demanding of employees to follow culture by:
 - i. Fervently held ideology
 - ii. Indoctrination (management enforces it)
 - iii. Tightness of fit (of those it hires)
 - iv. Elitism (proud of being part of it)
- 7 Try a lot of stuff and keep what works. These are ahead of planning (e.g. JNJ baby powder, Viagra both discovered almost by accident)
- 8 Home Grown Management – Promote from within; only 4% of CEO’s in visionary company come from outside
- 9 ‘Good Enough - Never Is’ – A visionary Co. is never satisfied with the results. How can we do things tomorrow better than we did them today.
- 10 The end of the beginning. Paying attention to details. As a new practice, consistent with goals
- 11 Building the vision. Strive for self-improvement always; Always an eye on the long term; Investing in new technologies
 - Key is = ‘Who You Are’ – ‘not where you are going’ (as where you are going will change)
 - The actual ideology is less important than a deep and consistent belief in it
 - “*Theeee* most important part of the book is chapter four!” Collins declares today(in 2004!), stretching his words for unmistakable emphasis. “Preserve the core! And! Stimulate progress!”

The key traits of visionary companies were notably NOT what some might expect. They were:

- Not a company with a great idea
- Not one with a charismatic leader – or CEO from outside
- Not one seeking to maximise profits
- Not just focused on beating competition