

BUILT TO LAST: SUCCESSFUL HABITS OF VISIONARY COMPANIES

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INTRODUCTION & RESEARCH

A landmark 6-year Stanford research study examining **18 visionary companies** (avg. founding date 1897) compared against carefully matched comparison companies. Collins & Porras asked: **What makes truly great companies endure and succeed across multiple generations?** The study analyzed companies from their very beginnings through all phases of development, sourcing nearly 100 books and 3,000+ documents. Key finding: \$1 invested in visionary companies in 1926 grew to **\$6,356** by 1990 vs. \$955 for comparison companies and \$415 for the general market.

CORE THESIS: CLOCK BUILDING, NOT TIME TELLING

Visionary companies are built by **clock builders**, not time tellers. Having a great idea or being a charismatic leader is "time telling." Building a company that prospers far beyond any single leader or product cycle is "clock building."

- **The company itself is the ultimate creation** — not a specific product or market insight
- HP started with no great idea; Sony founded before deciding on products; Wal-Mart grew incrementally for 20 years
- Charismatic leadership is NOT required — 3M's McKnight, Boeing's Allen were quiet, humble leaders
- Think like the U.S. Founding Fathers: build a **Constitution**, not a kingdom dependent on one king

"Walt Disney's greatest creation was not Fantasia or Disneyland — it was the Walt Disney Company." — Richard Schickel

CORE IDEOLOGY: VALUES + PURPOSE

Core Values (3-6 essential tenets)

- Never compromised for financial gain — endure for 100+ years regardless of environment
- **No "right" set** — Merck & Philip Morris have radically different values yet both are visionary; authenticity & consistency matter more than content

Core Purpose (beyond making money)

- Merck: "Preserve & improve human life" — gave away Mectizan to cure river blindness
- Disney: "Bring happiness to millions" • Sony: "Joy of technological innovation"
- Boeing: "Pushing the envelope of aviation" • HP: "Technical contribution to humanity"

The Profit Paradox

- "Profit is like oxygen — not the point of life, but without it, there is no life"
- Visionary companies are **more profitable** than purely profit-driven comparison companies

PRESERVE THE CORE / STIMULATE PROGRESS

THE central concept of the book. Like yin and yang — core ideology stays rock-solid while everything else changes. A visionary company carefully preserves its core ideology yet all specific manifestations must be open for change.

- **What never changes:** Core values & purpose (HP Way, J&J Credo, Merck's mission)
- **What must always change:** Strategy, structure, culture, products, practices, tactics
- **IBM's failure:** Confused blue suits & mainframes (practices) with core values
- Must translate into **tangible mechanisms with teeth** — not just intentions

BHAGS & EVOLUTIONARY PROGRESS

Big Hairy Audacious Goals

- Clear, compelling goals that grab people "in the gut" — 10-30 years to complete, 50-70% chance of success
- Boeing bet ¼ of net worth on the 707; Ford aimed to "democratize the automobile"
- Citicorp set goal to become world's most pervasive financial institution while still small

Try a Lot of Stuff & Keep What Works

- Mimics biological evolution — variation, selection, retention
- 3M Post-it Notes from a "failed" adhesive; J&J Band-Aid invented by an employee
- What looks like brilliant foresight was often: "Let's just try a lot of stuff"

CULTURE & MANAGEMENT

Cult-Like Cultures (Preserves the Core)

- Binary: you either fit and flourish, or you're ejected like a virus — no middle ground
- Four traits: fervent ideology, indoctrination, tightness of fit, elitism
- Disney "Traditions" seminars, P&G socialization, Nordstrom's hero/villain culture

Home-Grown Management

- In 1,700 combined years, only **4 outside CEO hires** (in just 2 companies)
- 6x more likely to promote from within than comparison companies
- GE's systematic leadership pipeline produced Jack Welch from within

Good Enough Never Is

- Focus on **beating themselves**, not competitors — relentless self-improvement as daily discipline
- Motorola Six Sigma, 3M's "25% of revenue from products launched in last 5 years"

THE GENIUS OF THE AND

Visionary companies reject the "**Tyranny of the OR**" and embrace paradox — pursuing BOTH extremes simultaneously (not balance, but both to the maximum):

- Purpose beyond profit **AND** pragmatic pursuit of profit
- Fixed core ideology **AND** vigorous change & movement
- Conservative around the core **AND** bold, risky BHAGs
- Tight cult-like culture **AND** individual autonomy
- Home-grown managers **AND** fundamental, revolutionary change
- Philosophical/visionary **AND** superb daily execution

12 SHATTERED MYTHS

1. Need a great idea to start → Often started with NO idea
2. Need charismatic visionary leader → Can be detrimental
3. Exist to maximize profits → Guided by ideology beyond profits
4. Share "correct" core values → No "right" set; authenticity matters
5. Only constant is change → Core ideology stays fixed
6. Play it safe → Set bold BHAGs, take huge risks
7. Great for everyone → Only for those who fit
8. Best moves by brilliant strategy → Often by accident
9. Hire outside for change → Home-grown management (6x)
10. Beat the competition → Beat themselves
11. Can't have both → Embrace Genius of the AND
12. Vision statements suffice → Thousands of concrete actions

APPLICATIONS

- **Articulate your core ideology** — discover what you authentically believe, don't mimic others
- **Distinguish core from non-core** — preserve values, change everything else
- **Build tangible mechanisms** — translate intentions into concrete practices "with teeth"
- **Create alignment** — goals, strategy, structure, hiring, rewards must reinforce the core
- **Develop leaders from within** who embody the core ideology
- Applies to organizations of all sizes, nonprofits, and even personal life

KEY TAKEAWAY

The signature of a truly great company is not a single brilliant leader, idea, or strategy — it is an **enduring institution** built on timeless core values and purpose, combined with a relentless drive for progress. **Preserve the core. Stimulate progress.** Build the clock, don't just tell the time. The builders of visionary companies are architects of organizations that can prosper far beyond any individual — creating something that endures.