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WHAT REALLY WORKS BEST IN



VISION CREATION

The answer might surprise you.

by Rameshwari Ramachandra,
Poorani Thanusha, Phat Ho Tan Phan,
and Max-Ferdinand Scheichenost

Upon his promotion, the COO of a Japanese conglomerate realised something was seriously wrong. We asked him what he thought was not working, and it soon became apparent that there was a lack of an effective vision at the firm. As a result of the conversation, the COO gathered the company's leadership team to figure out how to align their teams. Although it wasn't easy, this transformational journey to unite the teams around the creation of a shared vision enabled the company to move forward successfully.

So why are vision statements important, particularly now? As companies recover from the pandemic to reorient and rally themselves to deal with risks from climate change, global conflicts, and technology breakthroughs, they are also encountering increased political, technological, and societal disruptions.¹ This unprecedented situation has clear and profound impacts on workplaces, particularly individuals' relationships with their jobs. About 70 percent of employees shared that their sense of purpose is defined by their work.² At the same time, 55 percent of employees claimed to be less productive and engaged as a result of remote working.³ Unsurprisingly, these conditions contribute to worsening mental health, which impacts work performance and a company's overall strength. Unfortunately, most companies are not prepared to address these emerging issues. Research reveals that whilst most executives say they understand the importance of having a shared company purpose that people can rally around, the majority report that their companies are not operating in a purpose-driven way.⁴

We believe that a business will be best prepared to thrive within a fraught landscape if it is aligned to a clear and actionable vision. In this article, we address what works and doesn't work in visioning along with the attributes of a successful vision statement.

THE MEANING AND IMPORTANCE OF VISION

One can simply Google "company vision" and swap in a few words to make it fit their specific company. Better yet, just ask ChatGPT for some examples and then hang the most impressive-sounding one on the office wall, right? Many of us would have worked for/with organisations that operated this way. Some of them may have even held a half-day planning session followed by a corporate retreat to produce a vision. But such visions are often given little more than lip service at annual meetings and fail to influence on-the-ground operations before being ultimately tossed aside; its impact on daily operations is miniscule, if at all.

What is vision?

“A vision is where the company is going. It’s what the future looks like if goals and intentions are accomplished and laid out to be the driving force of how the company defines success,” said thought leader Jen Croneberger.⁵ According to Mekong Capital⁶, one of the first private equity firms in Vietnam, a company’s vision is also an announcement of its paramount goals or objectives for the future, where the entire workforce directs their collective attention, energy, and resources towards the actions and breakthroughs required to reach them. In other words, the vision resounds in the company’s communications, especially via its senior leaders when they ask questions, listen, and speak.

Whether that future is five, 10, or 30 years from now, the vision is a roadmap for the company when making decisions in accordance with its philosophy and objectives. It must strike a balance between being inspiring and meaningful, and yet be tangible and executable. A successful vision is neither too generic nor overly specific. Without a strong vision, a company can get distracted from its goals and drift into unproductive directions, ultimately losing its way.⁷

So how can we create a bold, aligned, specific, and measurable vision that becomes a roadmap for success?

THE THREE ESSENTIALS FOR CREATING A VISION

As consultants in this area over the past two decades, our view is that it is critical to adhere to three essentials when formulating a vision: a committed sponsor must lead the process of creating and fulfilling a vision; the sponsor and a core team inside the organisation, who have each connected to their own life purpose, must come together to co-create the organisation’s vision; as part of this co-creating process, there must be courage to directly resolve certain key challenges and tough issues, especially among members within this core team, and build new levels of trust and collaboration.

Once the vision is co-created, it can be communicated and shared with the entire company. As part of cascading down the vision, the company must be willing and prepared to (re)organise its existing artefacts, such as its processes, systems, and structures like key performance indicators (KPIs) and incentives, so that the vision is consistently followed.

The right sponsors

While a successful vision requires inputs and alignment from the entire team, a core individual to direct the future of the company must be appointed as the sponsor. With the power to structure the company, determine its decisions, and allocate resources, this sponsor must give life to the vision and put in motion every step of its adoption and implementation.

There must also be reasonable assurances that the sponsor will be committed to the company for the long term. As we have far too often observed, when he or she leaves the company, for whatever reason, or can’t devote enough time to it, the vision is liable to be ignored or abandoned.

Matching life purpose and organisational vision

We have observed that when people connect to who they really are, they can align fully to what their organisation really is, as well as its mission and vision. Once a sponsor and the key stakeholders realise their life purpose, the organisation’s vision emerges as something far bigger than themselves, bigger than their co-workers, and bigger than the organisation itself. And when it is understood as fulfilling a grander mission,

the company will attract the devotion and dedication needed to achieve its goals and objectives.

Seeing how one’s personal purpose aligns with the company’s vision will also allow the key stakeholders to orient themselves around it to establish measurable and actionable plans. Interweaving the two allows the leadership team to effectively address challenges and questions that arise, and any inconsistencies or gaps between where they are and where they want to be in the future. This is the space of creative tension where teams can fully explore and continue to consider taking different actions to realise the vision.⁸

But a sponsor can’t be expected to remain in that role forever. Hence a strong vision is essential for a smooth transition to the next generation that will lead the company to pursue the same goals and objectives, even in difficult times.

A challenge that many family-owned businesses encounter is how to transition from the founders to the next-generation successor(s). Such is the case for VTHM, the largest Vietnamese-owned tile manufacturer with four factories and 2,500 employees in Vietnam (refer to box story).

VTHM’S VISION CO-CREATION EXPERIENCE⁹

In 2020, Vitto Hoan My Group (VTHM) created its Strategic Vision 2025. Developing the five-year vision was an opportunity to cement the company’s transition from its founders to the next generation of leaders. They couldn’t have predicted that the visioning process would also prove instrumental in their ability to navigate the marketplace uncertainties associated with the COVID-19 pandemic and ensuing lockdowns.

In this instance, the process started with the family that owned the business setting out its Nguyen Family Future 2050 as a transgenerational legacy. Thereafter, the commitments and values spelt out in its 30-year plan for the future were incorporated when co-creating VTHM’s five-year Strategic Vision 2025 with its senior managers.

Nguyen Xuan Quang, Vice-Chairman of VTHM Group and one of its next generation successors, explained, “To create the 30-year future, we had to first alter our thinking paradigm from an individual awareness to a systems awareness before speculating about different future scenarios. When we saw that the future we really want is one high in human potential and strong on sustainable societies, our commitment to

the 3Ps—People Development, Planet Renewal, and Progress Sharing—formed the basis of our vision, which was bigger than ourselves, our family, and our businesses. To include those at VTHM in this future and vision, we got our core management team to co-create it with us.”

The co-creation effort became a rallying call for the owner-family and its company staff to also work on issues previously ignored. In the two years that followed its co-creation, their Strategic Vision 2025 enabled the company to invest in long-overdue elements that would support the transition, such as creating a new total rewards system; engaging international technical experts to elevate its production quality to international standards; reorganising two internal companies, Vitto Group and Hoan My, into VTHM; as well as adopting digital business process management and embarking on its ESG (environmental, social, and corporate governance) sustainability self-audit.

VTHM had previously tried to implement some of these measures but was unsuccessful, because people in the company were not on the same page. Chi Cao, a long-time member of the management team, explained, “In 2020, when the founders got the next generation to assume management



In 2022, there were several positive signs that they were headed in the right direction, which was encouraging for the company’s employees and management. While there were still gaps in the current reality vis-à-vis the vision, there was also progress and fulfilment.

of the company, we were worried because we hadn’t worked together and couldn’t imagine how they would lead. But after the core management participated together in the Sustainable Success Programme¹⁰, we chose to go beyond our counter-productive Business-as-Usual ‘surviving’ mental models and co-created the VTHM Strategic Vision 2025. We started to work together to address the gaps between where we were and where we wanted to be. We could see our shared ownership of the future was increasing and we recognised that we were more willing to work on things we had previously avoided. We could also see our next-generation owners working very hard, shoulder-to-shoulder with us.”

Quang concluded, “I could never have imagined how much I would grow and continue to grow, or how satisfying it would be to serve as the sponsor of the transformation of our family and business. The journey was not, and is still not, easy. What gave me the courage to make tough decisions and trade-offs was the 30-year future that we created as a family first. The Nguyen Family Future 2050 gave me the strength to jump out of bed every morning, no matter what difficulties I had to face at work or in life. It was like I had this long runway to take off. It created the space to deal with current issues which seemed so insignificant when put against the future. In the past, those problems seemed to consume all my time and thoughts and appeared impossible to deal with... We are now advancing to a new phase, where we take our 3Ps commitments from the organisation out to our communities, moving towards the transgenerational shared future.”

Building trust to move together

The example of VTHM’s journey towards sustained growth illustrates the importance of a long-term sponsor at the core of the business. But it also reveals the necessity of key internal stakeholders aligning with the vision. Even without the impending transfer of leadership, the management team’s involvement in the visioning process would have been necessary so that they could effectively support its frontline realisation, including cascading it to the entire workforce.

The co-creation process is not easy, however, as it often involves resolving past challenges and issues, especially among different people and departments. Many tough choices and difficult conversations must take place for the company’s key stakeholders to move forward as one. It is more convenient and comfortable to continue with old habits, perspectives, and relationships, but such an approach makes it difficult to accomplish future goals and objectives.

Before its vision co-creation process, different management levels in VTHM had little trust or goodwill towards one another while organisational and operational differences among its four factories and internal organisations fostered conflicts. During the visioning process, these obstructions were brought up and discussed so that they could be resolved. The open communication that resulted in the breaking down of walls (silos) among groups and individuals not only made it possible for the VTHM Strategic Vision 2025 to be created, but also established the environment to successfully implement it.

THE HALLMARKS OF A SUCCESSFUL VISION STATEMENT

We have thus far discussed the conditions needed to produce a successful vision, but not what that vision statement should contain. While the co-creation process can be difficult, we must emphasise that the content of the vision statement itself can become fraught as well. Our analysis of various

vision statements revealed a number of insights on how to avoid producing an ineffective one and instead create a more useful roadmap for success.¹¹

Successful vision statements aim high and present seemingly impossible futures. Vision statements often make claims for levels of prosperity that may appear difficult to achieve. And yet, such lofty goals can rally the workforce to realise them. One could thus reasonably assume that vision statements should be purely aspirational and address people’s emotions or experiences in a vague or abstract way. However, that has proven not to be the case and our research shows that vision statements that are vivid, result-oriented, measurable, and actionable have significantly higher likelihoods of success. In fact, a result-oriented vision statement is 5.4 times more successful compared to a vision statement that lacks a result focus. Studies support this claim with vivid statements being twice as successful as their vague counterparts (refer to Figure 1).

Measurable, actionable results must reflect breakthrough growth and differentiation

Vision statements have numerous purposes including providing clarity and focus when working towards a common goal despite challenges, thereby allowing for prioritising actions and outcomes when making decisions and creating a sense of accountability. To achieve these aims, the vision statement must be measurable. It needs to incorporate explicitly stated quantifiable metrics a company can look towards and assess progress against. It must also be actionable. This means that all employees can identify how their specific jobs align with the company’s goals. This helps motivate them to commit to the goals by an exact, articulated date. Of course, to align with the vision, the workforce must first be able to visualise it. Thus, a vision statement should not necessarily be short, as many assume, but rather long enough to paint a clear picture of what the company will look like when it achieves its goals.

It is more convenient and comfortable to continue with old habits, perspectives, and relationships, but such an approach makes it difficult to accomplish future goals and objectives.

WHAT FEATURES WORK AND DON’T WORK FOR A VISION STATEMENT

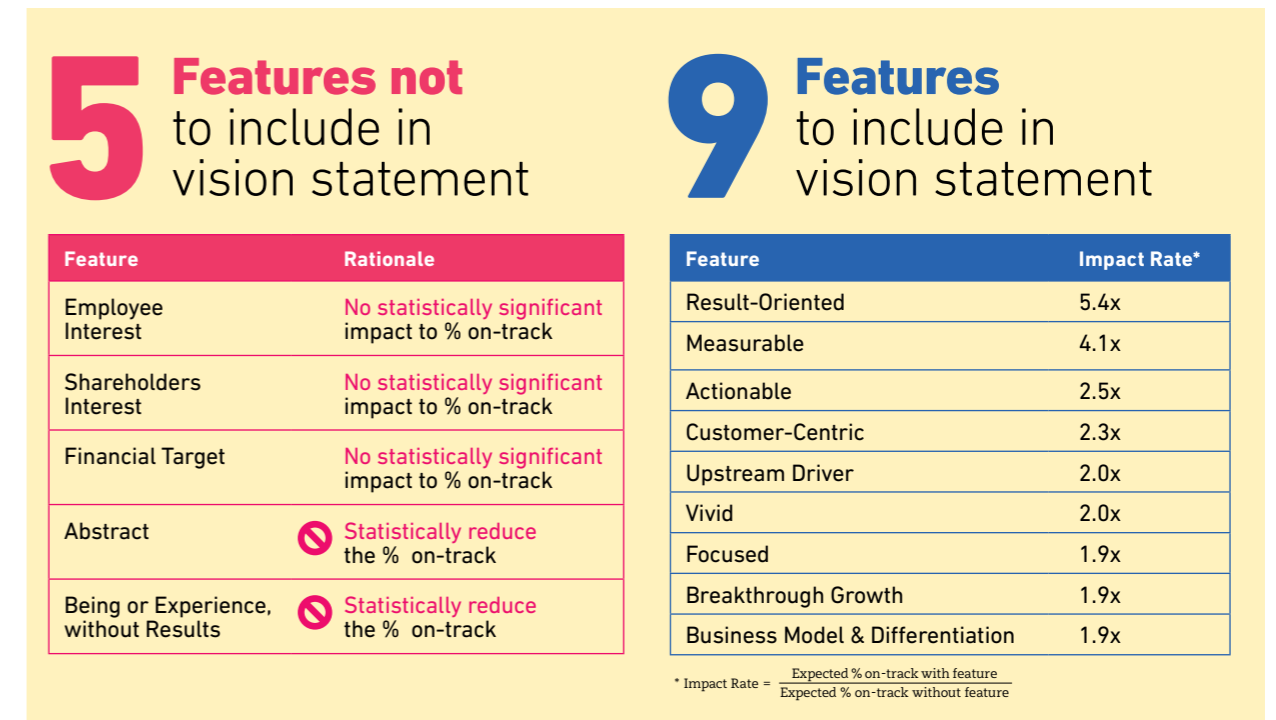


FIGURE 1

Source: Mekong Capital Vision Driven Investing Model

Let’s look at Company Y, a company in Mekong Capital’s portfolio, as an example. In its vision statement, it included “ranking no. 1 in terms of service quality for each shipment and customers’ confidence index for each shipment as measured by on-time delivery at 93.5 percent”. While positioning itself as the best in the industry seems bold, the company backed it up with what being “no. 1” means in measurable terms. The result-oriented element of the vision statement was made actionable via its clear and repeated communication to all members of the company’s workforce, who were able to develop ways to align it with their personal values and aspirations in accordance with a clear understanding of what was expected of them. Company Y thus succeeded in hitting 93 percent of its metrics.

In contrast, a company will have a difficult time staying on track with a vision statement that focuses only on an abstract idea about emotions or experiences without tangible outcomes. For example, a vision statement that aims to “bring happiness through offering a trustworthy working environment” is not result-oriented, actionable, or measurable, and can never be achieved because there is no way to measure it.

You exist for your customers

Until now, we have only discussed a successful vision in the context of the company that co-creates and implements it, but that doesn’t mean it can ignore the company’s customers. In fact, our data shows that companies with customer-centric vision statements are 2.3 times more successful than those with non-customer-centric vision statements (refer to Figure 1).

Placing customers at the centre of a vision and prioritising their experience forces a company to always have them in mind when making decisions, which in turn demonstrates its priorities and helps to build a strong brand reputation and foster customer loyalty. Company Y’s vision references the need to meet “customers’ confidence index for each shipment”, and doing so enabled the company to reach its measurable goals.

A vision statement that includes specific financial targets such as revenue and company valuation may be measurable, but it is not effective as it signals that a company is focusing on the interests of its employees and shareholders, as opposed to its customers. While the vision should certainly drive upstream profits and losses, it is not the paramount endgame to measure success by. Thus, if you see yourself

including statements like “\$100 million revenue in 2025” in your vision statement, you must start over with greater emphasis on what drives performance such as the customer. If you don’t, you will be on track to succeed in just five percent of your aims as our analysis reveals no evidence of a statistical relationship between financial targets and a vision being on track. Similarly, if you describe your company as “an attractive workplace where all members get to share the success of the company”, your on-track percentage falls to zero.

Hence, we believe that a vision statement should aim for breakthrough growth and differentiation because it is result-oriented, measurable, actionable, customer-centric and upstream-driver-emphasised, vivid, and focused. Our data supports this while also revealing the pitfalls of visions that are abstract, lack results, prioritise employee and stakeholder interests, and stress financial targets.

THE ART AND SCIENCE OF VISION CREATION

The difference between visions that work and those that don’t is more than a matter of time spent working on them. There is no magical countdown clock that signals when you’ve dedicated enough hours to the process and it is ready. Creating a transformative vision is a difficult, energy-intensive process that is best understood as both an art and a science.

No instruction manual can teach a sponsor and key stakeholders how to uncover their life’s purposes, so that they can then observe how it naturally aligns with the company’s goals and objectives. It is more akin to listening to the song playing in their head and turning it into an orchestra performance. Similarly, the dialogues and discussions needed to co-create the vision can’t be completed according to formulae and equations. Rather, they require the grace and creativity needed to make works of art.

A vision statement must include a clear and precise purpose that involves addressing the customers’ fundamental concerns.

But a vision statement is a matter of science as well. By underscoring breakthrough results that are measurable and actionable, it demands the type of specificity found in laboratory work. Likewise, a vision statement must include a clear and precise purpose that involves addressing the customers’ fundamental concerns.

We realise we have outlined a difficult task indeed. You must be prepared to work as an artist and a scientist simultaneously to produce magic. That is a lofty goal, but like the best visions, aiming high is the best way to ensure success.¹⁰

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Endnotes

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- ⁴ Harvard Business Review, “The Business Case for Purpose”, 2015.
- ⁵ Jen Croneberger, “Vision, Mission and Purpose: The Difference”, Forbes, March 4, 2020.
- ⁶ Mekong Capital has been the recipient of Private Equity International’s awards for five consecutive years.
- ⁷ Mekong Capital, “Vision Driven Investing—A Reliable Framework for Breakthrough in Investment Performance”, 2022.
- ⁸ Robert Fritz, “The Path of Least Resistance to Become the Creative Force in Your Own Life”, Ballantine Books, April 22, 1989.
- ⁹ The VTHM’s Vision Co-Creation Process was facilitated by Talent Leadership Crucible as part of the family and corporate visioning and consulting initiative.
- ¹⁰ The Sustainable Success Programme was conducted by Talent Leadership Crucible since 2020 to provide a set of tools and practices for VTHM teams to move from a surviving state of performing to a thriving state of performing. VTHM’s 150 middle managers and above have completed this programme and it is now being cascaded down to the next levels.
- ¹¹ The 2022 analysis was completed based on samples of 16 vision statements from Mekong Capital’s investee companies (since 2015), from which 65 key phrases were identified when assessing what does and doesn’t work in vision statements.