BUSINESS & STRATEGY

Built to Last

by Jim Collins and Jerry I. Porras

A six-year study of companies that endure for generations, and the habits that set them apart.

BEST POINTS FROM THE BOOK

01 **Build a clock. Don't be a time teller.**

A leader with all the answers dies and takes the answers along. Visionary companies build organizations that keep ticking through many generations of leaders.

02 **Preserve the core. Stimulate progress.**

Core values and purpose almost never change - and there is no 'correct' set, only ones genuinely held. Everything else - goals, products, strategies - must change relentlessly.

03 **Profit is like oxygen: you need it to live, but it is not why you live.**

Every visionary company held a core ideology - values and a purpose beyond money. The authors call it pragmatic idealism, and these firms were highly profitable anyway.

04 **Refuse the Tyranny of the OR. Demand the Genius of the AND.**

Enduring companies insist on both at once: stability AND change, low cost AND high quality, purpose AND profit. Either/or thinking is the trap.

05 **You don't need a great idea to start. You need to build a great company.**

Most visionary companies began with no specific idea, a slow start, or an outright flop - Sony's first product was a rice cooker that failed. The founders' real creation was the organization itself.

06 **Set Big Hairy Audacious Goals - BHAGs.**

A BHAG is a clear, scary, long-range goal that unites people and forces bold action - like Boeing betting the company on the 707 jet. Timid goals create no momentum.

07 **Build a cult-like culture around the core.**

Visionary companies indoctrinate people into their ideology, demand tight fit, and breed a sense of elitism. They are great places to work only for those who buy in - the rest get ejected like a virus.

08 **Try a lot of stuff, and keep what works.**

Visionary firms progress like evolution - branch and prune. Many experiments, fast burial of failures, heavy bets on winners. 3M's 15-percent rule built an empire on this.

09 **Grow your own leaders from inside.**

Across 1,700 years of combined history, the visionary companies brought in an outside CEO only four times - they were six times more likely than rivals to promote insiders. Continuity of leadership preserves the core.

10 **Good enough never is.**

Visionary companies compete mainly against themselves, asking daily how to do better tomorrow than today. They install mechanisms of discomfort so success never breeds complacency.

11 **A vision statement changes nothing. Alignment changes everything.**

The book's capstone: translate the core ideology into hiring, pay, strategy, and a thousand daily details until every signal agrees. The essence of clock building is alignment.

THE BOOK, IN SHORT

Collins and Porras, researchers at Stanford's Graduate School of Business, spent six years comparing 18 visionary companies - Disney, Boeing, Hewlett-Packard, 3M, Merck - against close rivals that were good but not great. The visionary firms, founded on average in 1897, had outperformed the general stock market fifteen-fold since 1926. The authors dug through a century of records to find what makes a company endure for generations instead of fading after one leader or one hot product.

Their most famous answer is 'clock building, not time telling.' A time teller is a brilliant leader with all the answers. A clock builder creates an organization that keeps ticking after they are gone. The visionary companies built clocks: cultures, systems, and values that outlive any single person.

Inside those companies they found a pattern they call 'preserve the core and stimulate progress.' The core ideology - a handful of core values plus a purpose beyond making money - almost never changes, and there is no single correct set of values: what matters is that the beliefs are authentic and deeply held. Everything outside the core must change: goals, products, and strategies. They also refused what the book calls the Tyranny of the OR, insisting instead on the Genius of the AND: discipline and freedom, tradition and change, together.

The study names concrete mechanisms that preserve the core while driving progress: set Big Hairy Audacious Goals that scare and unite people; build cult-like cultures that eject anyone who does not fit the ideology; experiment with lots of tries and keep what works; promote leaders from inside so continuity protects the culture; and never accept 'good enough.' Underneath it all sits a core ideology that puts purpose ahead of profit - while still demanding profit to survive.

The capstone is alignment: a vision statement on a wall does nothing unless hiring, pay, strategy, and daily details all send the same signal. The book's final chapter turns this into a framework - vision equals a discovered core ideology plus an envisioned future built on a BHAG and a vivid description of achieving it. And the warning: there is no single magic trait, no required charismatic

founder, and no need for a great opening idea. Visionary companies are built by doing many of these things, together, for a very long time.

DO THIS WEEK

This week, discover your core: write down three to five values and one purpose sentence for your work - ones you would keep even if they cost you money. Then list one practice outside that core that should change, and start changing it. Finish by drafting one BHAG: a clear, scary goal ten years out that would still excite you.

By Jim Collins and Jerry I. Porras, first published 1994. Read it if you are building a company or team that you want to outlast you.