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## THE 1995 PROGRAM: AN EXCITING CONFERENCE IN VANCOUVER

*by David Cooperrider*

The OD Division program for 1995 promises to be exciting and substantial, with the greatest number of symposia and paper sessions ever submitted and accepted by the Division. Here are some of the highlights.

As you may recall the theme of this years Academy of Management Conference is The Transformation of Work and Organizations for the 21st Century. Tying this theme to our own field, this year's distinguished speaker, Robert T. Golembiewski from the University of Georgia, will speak about "An Alpha, Beta and Gamma Look at OD's Past, Present, and Future". Bob G's important talk will start at 4:10 P.M. on Monday, August 7 and will be followed by the Division Business Meeting-- then capped off with OD social hour!

Extending the conference theme to questions of research and inquiry in the field, there are a number of outstanding paper sessions and symposia. For example, one symposia chaired by Meryl Reis Louis visits the dilemmas and opportunities of conducting research from a dual insider/outsider perspective and revisits the meaning and significance of collaborative forms of action research. Another, chaired by William Torbert, looks at "Transforming Self, Work, and Scientific Inquiry". A poster paper by Richard Nielsen explores "double loop dialogue methods"-- all stress the importance of a relational paradigm of knowing where knowledge is an active agent of change and inquiry

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itself is viewed as intervention for the better in human systems.

There are obviously some "big story" themes brewing as it relates to change management now and into the new century-- questions around OD and environmental sustainability; gender relations and women in leadership, reengineering, etc. A symposium chaired by David Boje on "Reengineering: The Big Story and Postmodern Challenges" is a good example of major change management concerns. Another symposia, chaired by Susan Ashford and Jane Dutton is titled "Speaking Up (Voice) Or Opting Out (Exit): Initiatives For Change On Behalf Of Women In Organizations". The potential for radical change, proposes another symposium, is tied up with the world's ecological crises and the immense creativity that will be called for by "the green organizational transformations". All of these sessions promise to be provocative and relevant to major issues for society and the field.

There are also a number of drawing cards that should bring many in the Division together in both intellectual and social ways. I have already mentioned the distinguished speaker session which is followed by the OD business meeting and social. Another session, which promises to be an exciting innovation, is a showcase symposium and party where "Jazz Improvisation As A Metaphor for Organizing in the 21st Century" is explored intellectually as well as experientially in an evening of jazz music, revelry, and camaraderie. The event from 5:00-9:30 on Tuesday evening is literally a hybrid of showcase and party with people like Frank Barrett, Mary Jo Hatch, Karl Weick, Bill Pasmore and others leading the way.

We encourage you to attend as much of the OD program as you can, not only the illustrative sessions listed here, but many other fine sessions as well. For example, this year's OD&C Best Paper Award is being given to Benjamin M. Lichtenstein , a doctoral student at Boston College. His paper on "Evolution or Transformation? A Critique and Alternative To Punctuated Equilibtrium" will be presented on Monday. There are also exciting pre and post conference sessions like Peter Sorenson's meeting on search conferences and other large group methodologies; the doctoral consortium lead by Dick Woodman; and the empowering work and action research session led by Rupert Chisholm and others. For those interested in taking part in a roundtable exploration of OD masters level education for the next century, you will not want to miss the post conference meeting on this topic being coordinated by Glenn Varney.

Finally I wish to thank the following for their very helpful assistance in reviewing papers for the 1995 OD&C Program:

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Achilles Armenakis, Auburn University; Jean Bartunek, Boston College; David A. Bednar; James L. Bowditch, St. Joseph's University; Donald D. Bowen' Tony Buono, Bentley College; Gervase Bushe; Cliff Cheng; Allan H. Church, W. Warner Burke Associates Inc.; Susan G. Cohen, University of Southern California; Tom G. Cummings; Joel DeLuca, Wharton; Elizabeth Doherty; Evelyn T. Dravecky; Helen Fine, Bridgewater State College; Ron Fry, Case Western Reserve University; Robert T. Golembiewski, University of Georgia; Mary Ann Hazen, University of Detroit Mercy; Jose G. Vargas Hernandez, Universidad de Colina; Craig Lundberg, Cornell University; Newton Marguiles, University of California; Fred Massarik, University of California; Michael McCuddy, Valpraiso University; Michael McMahan, University of Southern California; Luke Novelli, Center for Creative Leadership; Shelley Robbins, University of Wisconsin-Madison; Peter J. Robertson, University of Southern California; Rami Shani, California Polytechnic University; Robert P. Steel, Air Force Institute of Technology; Dan J. Syvantek, University of Akron; Ram V. Tenkasi, Center for Effective Organizations; Mary L. Tucker, Colorado State University; Glenn H. Varney; Frances A. Viggiani, Alfred University; Janine Waclawski, W. Warner Burke Associates Inc; R.C. Wade, Georgia State University; Don Warwick, University of Colorado at Colorado Springs; Richard Woodman, Texas A&M University.

## PAY AS AN ORGANIZATION DEVELOPMENT ISSUE

*by Gerald E. Ledford, Jr.*

The field of organization development and change is increasingly rich and diverse. There is no shortage of interesting new work on either "big picture" topics such as organizational transformation or new intervention methods. Yet, our field still has blind spots. In this column, I wish to focus on an intervention that, in my opinion, has not received its due in our field. That is the topic of pay system change.

It is safe to say that pay systems are not a major topic of organization development and change research. For example, the ODC Division sponsored 60 papers, symposium presentations, posters, and preconference sessions in the 1994 Academy of Management Annual Meeting. Not one presentation focused on pay. The premier outlet for theory development in our field, the Woodman and Pasmore Research in Organizational Change and Development series, has devoted only slightly more attention to pay issues. The first seven volumes included 55 entries. Two were concerned with pay. One was a review of the gainsharing literature by Lawler (1988). The other was an essay on case study meta-analysis that used the gainsharing literature to illustrate the method (Bullock & Tubbs, 1987).

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The low level of attention given to pay systems is hardly commensurate with the importance of pay systems in organizations. Decades of research in psychology, personnel and human resources, sociology, industrial relations, and economics testify to the importance of compensation and its effects on employee behavior. This is not to say that pay is the only type of reward that matters. Intrinsic rewards arising from work design as well other extrinsic rewards, such as promotion and recognition, also matter. Nevertheless, money matters, and it matters a lot to most people. Any reader who doubts this should think about how much time he or she devotes to voluntary organizations compared to those that provide compensation for his or her efforts. Money is important enough that anyone who attempts to ignore it may well be considered naive or worse by managers and employees.

Why has pay been overlooked in our field? The answer has an ideological component and a technical component.

First, many in our field hold a strong ideological belief that pay is not (or perhaps, should not be) important to employees. This belief has deep roots. Leaders in our field always have been concerned with topics such as personal growth and transformation that are by nature numinous, not material. (I have always been struck by the number of current and former members of the clergy in ODC.) To some, the topic of compensation is a banal intrusion on higher concerns.

Moreover, only ideology can explain the enduring popularity of Herzberg's (1966) claim that, "Money is only a satisfier, not a motivator." The irony is thick in meetings where an OD consultant, who often is the best-paid person in the room, repeats that mantra to managers, who are the best-paid people in the organization; the managers nod gravely. Does anyone have trouble seeing why managers would like to believe that money does not matter to employees? Of course, this belief never leads to a reduction in the ever increasing expense of managerial incentives.

In Herzberg's day, hyperbole about the value of pay was a useful antidote to simple operant conditioning views of motivation. It helped call attention to the importance of intrinsic motivation and job design. However, Herzberg's own data are inconsistent with the assertion that money does not motivate. (I invite the reader to examine his book.) Nevertheless, the mantra is repeatedly faithfully by generations of scholars and managers. The most recent champion is Alfie Kohn (1993), who offers a provocative but thoroughly misleading review of the reward system literature.

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Another obstacle to compensation system research is the specialized technical knowledge of this area. Compensation is by far the most rigorous and quantitative of the human resource disciplines. Many of its techniques and terminology are strange to ODC researchers. Researchers may feel unsettled when compensation analysts begin talking about "compa-ratios," "mid-points," and "range spreads."

This problem is surmountable. It is useful to remember that sometimes compensation staffers are turning the tables on academics. They may use obscure jargon so that others will imagine their expertise to be greater than it is. However, knowledge of basic compensation practice is not hard to obtain. ODC researchers need familiarity with compensation practices, not the ability to perform as a compensation analyst. Standard compensation textbooks provide all the background many researchers would need. Also, even advanced compensation analysis uses standard regression techniques that are well within the skills of most researchers.

This is a particularly important time for ODC researchers to begin paying more attention to pay issues. Pay systems are beginning to change rapidly. The direction of this change involves aligning pay systems to business strategy and other elements of organization design. This mode of thinking comes easily to ODC researchers and practitioners. Thus, dozens of prominent companies are trying to marry compensation and OD.

From the 1950's until recently, compensation systems were perhaps the most stable element in the design of most organizations. Compensation practices were highly institutionalized, and thus looked very much the same in different companies and even in different industries. Pay system designers usually did not think much about how pay innovations might better support organizational needs. The main tasks of compensation design were: (1) to make sure that the pay system looked like that used in other firms, and (2) to insure that pay costs were not out of line with those of labor market competitors. Compensation specialists developed ever more complex and cumbersome tools to refine the comparison of jobs in their firm to the market.

This picture is beginning to change rapidly. The familiar forces of global competition, technological change, downsizing, delayering, and new strategic initiatives are having a major impact on compensation practice. Managers are asking, for example, how can employees be incented to obtain the skills needed to remain abreast of new technologies? How can pay systems help organizations manage work teams, business units, and business processes rather than functional specialties and individual jobs? What do careers look like when many rungs on the

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hierarchical ladder have been removed by delayering, and how can organizations reward sustained good performance without offering promotions?

Firms are discovering that the rate of change in their organization is so great that traditional tools of compensation design, such as job evaluation, are becoming obsolete. Organizations are searching for more nimble compensation designs and design tools that are adaptive to a changing business environment (Ledford, in press). Organizations also are discovering that there are better alternatives for meeting organizational needs than the traditional mix of job-based pay, fixed benefit costs that are completely unrelated to performance, and individual "merit" pay. Studies of the Fortune 1000 in 1987, 1990, and 1993 show a clear pattern of greater use of many innovative pay practices in large firms (Lawler, Mohrman, & Ledford, in press). For example, the percentage of firms using skill-based pay has increased 50 percent since 1987, and now six out of ten use skill-based pay with at least some employees. There are also notable increases in the use of gainsharing, team bonuses, flexible benefits, and other practices.

The time is ripe for ODC researchers to turn their attention to pay systems. There are innumerable interesting research questions that we can investigate in this arena. These include the effectiveness of specific pay interventions, the nature of effective pay design processes, the impact on employees of changing a highly institutionalized area of practice, the changing role of the compensation function, and the fit between specific pay practices and different types of organization designs. I particularly would like to appeal to younger scholars whose research agenda is not yet fixed. The pay arena has all the characteristics of an important area for future research. All work organizations have pay systems, nearly all consider pay system issues to be important, pay systems are changing rapidly, and pay is under researched in our field.

I welcome reactions to this article. My e-mail address is: GLedford%ceo@usc.edu.

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**NEWS ABOUT MEMBERS**

Michael A. Diamond, Ph.D. (University of Missouri--Columbia) has been awarded the 1994 Harry Levinson Award for Excellence in Consulting Psychology from the American Psychological Association's Div. 13 (Consulting Psychology).

William M. Carson, CMC, has accepted an invitation from the Baltimore County Adult Education Program to present a competence-based course for the training of internal and external management consultants.

**ODC DIVISION RECEIVES TWO ACADEMY INNOVATION AWARDS**
*by Gerald E. Ledford, Jr.*

The Academy has granted the ODC Division two innovation awards, each of which brings $100 to the division's coffers.

The first award was for the ODC Member Bibliography, published in the Summer 1994 issue of the ODC Newsletter. Eric Goodman, a doctoral student at the University of Colorado, used the ABI Inform database to compile a relatively comprehensive bibliography of professional articles published by ODC members between July 1991 and December 1993. Thanks for your efforts, Eric! The listing gave all of us a useful snapshot of the research that is being done by ODC Division members.

The second award was for the addition of a Corporate Executive Representative to the ODC Executive Board. Mo Cayer of GE Capital was appointed as the new two-year position in 1994. Increasing our relevance to the world of practice is an Academy-wide concern. For example, this was the theme of Donald Hambrick's Presidential Address in 1993. It is a special concern to the ODC Division, which has more practitioner members than any other division.

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Including a practitioner on the Executive Board makes it possible to address these concerns more effectively.

## VISIONARY COMPANIES: WHY DO THEY ENDURE?

*by Jerry I. Porras and James C. Collins*

What is a visionary organization, and what makes it successful over long periods of time? We explored this question in a research project begun in 1988, a point in time in which the concept of visionary organizations had yet to be fully developed. Previously, the focus of management thinking had been on charismatic visionary leadership and any visionary behavior by an organization was attributed to the visionary leader.

We began to wonder how an organization like 3M could be explained using the charismatic visionary leader model, since it seemed that for 3M, neither its current or past CEOs fit this model. 3M's chief executive officers over the years have been highly competent and effective managers but from all reports were not the "larger than life" type of leader commonly associated with the concept of charismatic visionaries. This observation led us to two conclusions. First, our focus should be on the organization and its characteristics, rather than the leader. Second, the type of leadership to be found in 3M-like organizations must be different than the one prescribed by the charismatic visionary leadership model.

Method

A survey of 700 CEOs drawn from the two Fortune 500 lists (50% sample stratified by industry and size) plus the two Inc. Magazine lists of public and private companies (100 CEOs randomly selected from each of these lists) provided the companies we studied. Each CEO was asked to nominate the five companies he/she thought most visionary (using whatever definition of visionary company they personally held). The CEO response rate was approximately 23% and was representative of the entire sample. Companies were rank ordered according to frequency of nomination with the top 20 selected for study. This list was reduced to 18 when we concluded that longevity was a key explanatory factor, thereby eliminating both Compaq (8 years old at the time our research began) and Apple (12 years old). The remaining companies were all 45 years old or older (company founding dates ranged from 1945 back to 1812) fitting the criteria for longevity.

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The age issue also drove our next methodological decision, which was to study the nominated organizations from their founding date forward rather than over a more recent period, say the last 5 or 10 years. We wanted to know the principles that guided these organizations and their designs over decades and ultimately over their entire history. We believed that this method had the potential to yield principles that would be more fundamental.

Finally, we selected a comparison group of companies by matching each visionary company with a company founded in approximately the same time period, in the same industry, often a chief competitor of the visionary company, rarely mentioned in the CEO survey as highly visionary, and still alive in 1990.

Since we wished to study these companies over their entire history, our search for information had to be extremely comprehensive. Sources of data included company archival material (provided by the company), published books (over 100 of them, each focused primarily on one company), published and unpublished cases, and magazine and newspaper articles going back to the founding era of each company. A conservative estimate of the number of pages was accomplished using the variables proposed in Porras (1987). Reference?

## Findings

After our initial analysis of the data, we derived the following general descriptions of a visionary company: Visionary companies are organizations widely admired by their peers, with a history of having made a significant impact on the environments in which they operate, and having been highly successful through multiple cycles of leadership, multiple product cycles and multiple industry cycles.

Visionary companies are highly respected, well-known and, over the long term, economically very successful. We explored their economic success by creating three mythical stock portfolios and exploring the performance of each. These were: a) the market as a whole, b) the set of comparison companies, and c) the set of visionary companies. We invested one dollar in each portfolio beginning in 1926 and by reinvesting dividends and properly accounting for stock splits, swaps, etc., we tracked the investments until 1990. A dollar in the market grows to $415, while a dollar in the comparison company portfolio grows to $955 (more than two times the market performance). A dollar in the visionary company portfolio grows to $6355 (over 15 times better than the market and 6.5 times better than the comparison companies).

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Our primary findings can be clustered in two categories: (1) Characteristics of the founding leader or the leader during key formative years of the company, and (2) characteristics of the companies themselves. The findings reported in both of these categories obtained in a preponderance of the visionary companies and not in the comparison companies.

Leader Characteristics. Leaders of visionary companies tended to focus on building the capabilities of their companies to behave in visionary ways rather than on playing a central role in the development of great ideas, strategies, marketing approaches, and so on. We call these leaders "organizational visionaries." In contrast, leaders of comparison companies focused mainly on developing the great product or service, devising innovative marketing and promotions approaches, creating comprehensive strategies, or, in general, being key initiators of activities that already determined the company's success. As a result, the performance of the comparison organizations was heavily predicated on their leaders being the center of decision activity for the organization. We call this type of leader a "product or service visionary."

We came to use a metaphor to describe these two types of visionary leaders; "Organizational visionaries are clock-builders" and product/'services visionaries are "time tellers". Clock builders built an "organizational clock," so that the time could be told without their having to be there. Time-tellers, on the other hand, were the only ones who knew how to tell the time, so that whenever anyone needed to "know the time" they were dependent on the time teller to provide it.

We found that throughout the history of the visionary and comparison companies, the former tended to be led by clock-builders, while the latter by time-tellers. All the comparison companies were founded on a successful product idea, while, with only three exceptions, the visionary companies were not founded on a successful product idea. For example, Hewlett Packard's first products were an automatic urinal flusher, a bowling foul line indicator, a shock machine for weight reduction and a clock-drive for a telescope. In contrast, Texas Instruments, H-P's comparison, had a very successful first product, a seismographic sensing device used in oil exploration. Hewlett and Packard built a great company that then created great products. Texas Instrument built their company around the great product they started with.

George Westinghouse was a great inventor holding patents for hundreds of products and founding his company on

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the principle of alternating current electricity. Charles Coffin, founder of General Electric, developed the first industrial research laboratory to invent the great products that made GE successful, even though his company originally had been based on the direct current principle, which initially was a failure. Coffin built a clock; Westinghouse told the time.

Core Ideology and a Drive for Progress. Our analysis of the entire history of the two sets of companies indicated that they possessed two key dimensions - a core ideology (core values plus enduring purpose) and a powerful almost primal drive for progress (change, adaptation, innovation, experimentation). These two dimensions play themselves out in the organization in terms of two sets of processes, the first serves to preserve the core while the second results in stimulating progress. These processes are enacted through a variety of concrete organizational mechanisms. Although both sets of companies possessed many mechanisms in common, we identified six that provided discrimination between the two sets. Visionary companies preserved their core by a) having a purpose beyond maximization of profits, b) creating cult-like cultures, and c) growing their management (especially the CEO and the top-most executives) from within the company. They stimulate progress doing one or more of the following: a) creating and achieving audacious goals, b) promoting purposeful evolution, and c) engaging in continual self-improvement.

Preserve the Core. The core values and enduring purpose were much more well understood (often codified, e.g. Hewlett-Packard Way, Johnson & Johnson Credo, Sony Pioneer Spirit, 3M Manifesto) in the visionary companies than in the comparisons. Core values are those very most fundamental values the organization will continue to hold and behave consistently with even if punished by the environment. Johnson & Johnson's first core value in their credo is, "Our first responsibility is to our customers." Their response to the Tylenol tampering incident demonstrates their commitment to the core value. It included removing the product from all the shelves in America, redesigning the bottle's sealing system, and informing the public through a massive information effort that involved approximately 2500 people. All these efforts were estimated to have cost the company $100 million--a pretty significant cost for living a core value. Contrast this to Bristol-Meyers, Squibb who had a somewhat similar event occur with Excedrin a few weeks later. Although the Bristol-Meyers pledge (created in 1987) appears to emphasize a similar core value of commitment to customers, the organization did not behave consistently with it when the "chips were down." This means that this value is not truly a core value of the organization.

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Visionary companies preserve and protect their core ideology. As a result, it rarely changes. We found evidence of consistent core values for periods of over 100 years in some cases, and of consistent purpose for over 60 years. Visionary companies tend to think of their purpose as accomplishing an end beyond maximization of profit or shareholder wealth. In seventeen out of eighteen companies, the visionary companies were more ideological driven and less product-maximization driven that the comparison companies. They don't lose sight of their true purpose by letting profit maximization dominate their decision making. Rather, they see profit as a consequence instead of a cause. Disney's purpose is to bring happiness to millions; Merck's is to preserve and improve human life; Marriott's is to make people away from home feel they are among friends and really valued; Hewlett-Packard's is to make a technical contribution, Johnson and Johnson's is to alleviate pain and disease. These companies believe in the words of George Merck II, CEO of Merck when he said in 1950, "We try never to forget that medicine is for the people. It's not for the profits. The profits follow, and if we remembered that, they have never failed to appear. The better we have remembered it, the larger they have been."

There should be no question that visionary companies are interested in profits, but they believe that if they serve their purpose well, profits will follow, not the other way around.

Core ideology is also preserved by creating strong, cult-like cultures, cultures so tight that if a person doesn't fit, over the longer run, they are "ejected like a virus." Cults are characterized by strong ideologies, extensive indoctrination processes, tightness of fit between the system and the individual, and a sense of elitism among members. Visionary companies hold similar characteristics and do so to a much greater extent than the comparison companies. Disneyland teaches new employees how to frame their job (a role in the show) what language to use (guests rather than tourists, costumes rather than uniforms, on-stage versus off-stage, casting rather than personnel), and generally define the specific behaviors desired from their cast members. Nordstrom has a one page employee manual that gives substantial autonomy within the context of providing outstanding customer service. smile contests, most Nordstrom-like contests, phantom shoppers, sales per hour feedback all result in tight social control of employees and highly consistent behavior.

Core ideology is also preserved in visionary companies by practicing a policy of growing their management from within the corporation. Rarely have visionary companies gone outside the company for a CEO. As of our data collection cut-off date (1992) only two visionary companies had gone outside--Disney when it hired Michael Eisner

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and Phillip Morris early in the 1900s when it went outside three times for CEOs. In contrast, thirteen comparison companies have brought in outside CEOs at least once in their history. Looked at another way, of the 113 visionary company CEOs for which we have data, only 3.5% came from outside. Of the 140 comparison company CEOs, 22.1% were outsiders.

In order to preserve the core ideology, a CEO must really have that ideology buried deep in their psyche, put there through countless experiences in which the ideology comes into play and guides behavior. Outsides don't have that fundamental understanding and as a consequence, wind up changing it as they make difficult decisions.

Stimulate Progress. Change and adaptation are fundamental for survival. The comparison companies were much more adept at stimulating progress than they were at knowing and protecting their core ideology. Perhaps this is why they have survived and performed quite well over the decades. The factors that preserve the core and stimulate progress.

Visionary companies stimulate progress in three ways that are not commonly used by the comparisons. First they set audacious, stretching major goals that coalesce and motivate the organization. Goals that challenge the organization, that aren't easily achievable, excite the imagination, provide substantial innovation and change. We have come to call these "Big Hairy Audacious Goals" to capture their magnitude and impact. BHAGs can range from "bet the company" types of goals (Boeing bet the company on the 707 and 747. Had they failed the company probably wouldn't have survived. IBM bet the company on the 360 computer series: A $5 billion investment that, had it gone sour, may have sunk the company) to ones that just are quite audacious. (In 1991 Wal-Mart set the goal of being a $125 billion company by the year 2000. At the time they set this goal, they were a $30 billion company, and only GM had attained the $125 billion level.)

Purposeful evolution is a second prominent approach to stimulating change used by visionary companies. Just as biological species evolve through variation and selection processes, so do visionary companies "try a lot of stuff and keep what works." By creating policies and strategies that promote experimentation and innovation, then keeping the experiments that are both successful and consistent with the core ideology, a visionary company evolves and adapts. 3M requires technical employees to dedicate 15% of their work time to dreaming up new ideas. It requires divisions to generate 30% of annual sales from products or services introduced in the previous four years. It provides

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"Genisis Grants" which are internal venture capital funds of up to $50,000 for researchers to develop prototypes and do market tests.

Visionary companies also stimulate progress by continuous self-improvement. In contrast to the more recent management "fad" of self-improvement, visionary companies have been practicing this concept since their early founding periods which for some means all the way back to the early 1900s. Johnson and Johnson created their product management structure as a way to keep themselves number one. They believed that if they competed against the best (themselves) they would always be number one. Motorola cuts off mature product lines while they are still profitable forcing itself to fill the gap with new products, and have been doing so since they were in the radio business in the late 1920s. David Packard preached continuous improvement beginning in the 1950s.

Never being satisfied and constantly striving for improvement has also played itself out in the ways visionary companies invest for the long term. By analyzing financial statements for the two sets of companies, going all the way back to 1925, we found that for these companies for which data existed that:

a) Visionary companies consistently invested more heavily in new property, plant, and equipment as a percentage of annual sales, than did the comparisons (13 out of 15 cases).

b) Visionary companies plow back a greater percentage of each year's earnings into the company, paying out less in cash dividends to share holders (12 of 15 cases with one case being indistinguishable).

c) Visionary companies invest more heavily in R&D as a percentage of sales (8 of 8 cases).

d) Broadly, visionary companies invest more aggressively in human capital via extensive recruiting, training, and professional development, as well as in technical know-how, new technologies and innovative industry practices.

The mechanisms described above differentiate visionary companies from their comparisons. As such, they provide a picture of the key dimensions of highly successful companies.

One final result remains to be described. Visionary companies were more consistently aligned than the comparisons. The mechanisms described above as well as many other dimensions of the organization's

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architecture were highly aligned to deliver consistent messages about desired behavior. Clearly, they are not perfectly aligned systems, but more aligned than their comparisons and, therefore, generating more "organized" behavior from their employees.

In summary, visionary companies possess characteristics that differentiate them from their early competitors. The differences they exhibit appear to have led to significantly different levels of performance over very long time periods. Certainly, more lessons are left to be learned from these companies, but we believe that the results of our study have provided a useful platform for increasing our understanding of what it takes for a company to be truly visionary.

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