

## **The tunnel vision trap [or “the power/benefit of fuzzy vision”?]**

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Many managers believe that the key to successful leadership is articulating a long-term vision, sometimes known as a “mission statement”, “strategic intent” or “corporate purpose”. Despite differences in name, all have one thing in common: they anchor a company to a long-term view of what it should be doing and where it should be going.

Long-term visions, we all know, confer certain advantages. They align an organisation around a shared sense of direction and can energise people to achieve the vision. A stock example from the political world is US President John F. Kennedy’s commitment to send a man to the moon by the end of the 1960s. Kennedy’s vision galvanised the US, united technological and economic groups in a common purpose and ultimately allowed the US to leapfrog the Soviet Union in the space race. Management writers often cite the story as a model of long-term vision for corporate managers.

While such writers have been quick to point out the benefits of long-term visions, they have been less forthcoming on their risks. One is the “tunnel-vision trap”, which occurs when managers fixate on a single vision of the long-term future that distracts them from an emerging situation in the present. This risk is particularly acute in rapidly changing environments, including emerging markets (such as China, India and Brazil), technology intensive industries (for example, medical devices or software) and domains where different industries are converging (such as information technology, entertainment, telecommunications and consumer electronics).

Let us examine some examples of successful companies that have fallen prey to the tunnel-vision trap. If we can show that even the best-run companies can stumble in this way, imagine how great the danger is for lesser firms.

### ***Risk 1: Distract from the present***

Fixing managers’ and employees’ sights on the distant future can distract them from emerging opportunities and threats. The gravitational pull of long-term goals is sometimes so powerful, in fact, that even companies as well run as Microsoft can find it difficult to break their orbit.

Microsoft’s early vision was to have a computer on every desk and in every home running Microsoft software. At its inception, this was a good vision for the company: clear and concise, with a purpose that all employees could understand and directly related to their work.

Later, though, the focus on PCs distracted managers from a trend of huge significance for the company: the explosive growth of the internet. Microsoft did not respond to the emergence of the web until Bill Gates’s famous “Pearl Harbour Day” speech of December 1995, months after Netscape’s flotation had signalled the beginning of the dotcom boom and years after computer experts had recognised the internet’s transforming potential for the IT industry.

In a major restructuring in 1999, Microsoft abandoned its earlier, crystal-clear vision and replaced it with a call for “a world where people can use any computing device to do whatever they want to do, anytime, anywhere.” This vision is so vague and all-encompassing it stood little risk of locking the company into tunnel vision. Equally, it was unlikely to unite employees around a common aim.

***Risk 2: Bet too much, too early.***

The tunnel-vision trap can also lead managers to bet too heavily and too early on their vision. Consider the case of the well-known Samsung Group, one of South Korea’s largest and most successful *chaebol*, or family-run conglomerates. In 1992, Samsung’s chairman, Lee Kun Hee, realised a long-cherished dream of his father, Samsung’s founder, by announcing the group’s entry into the car sector. Mr Lee proclaimed that Samsung Motors would be among the world’s ten largest car manufacturers by 2010.

Mr Lee marshalled Samsung’s corporate resources to achieve this goal. The company borrowed heavily to build a state-of-the-art research and design facility and erected a green-field factory complete with clean-room production technology and cutting-edge robotics. Mr Lee redeployed several of Samsung’s most seasoned executives from other divisions to lead the initiative.

Yet, for anyone who cared to look, profits were elusive even for established incumbents in the car industry, let alone start-ups. Samsung managers, Korean government officials and industry commentators questioned the company’s big bet on cars. Many suggested a joint venture or alliance to test the waters before making a major commitment of resources. But Mr Lee was set on his vision. From the time the first car rolled off the assembly line in 1998, Samsung Auto was suffered operating losses and crushing interest charges. Within a few years, Samsung was forced to divest the car business for a fraction of its initial investment.

***Risk 3: Lull into false sense of security.***

A crystal-clear vision can also lull managers and employees into believing that they live in a predictable world. Employees often crave certainty in a changing industry and demand a clear vision from the top. The consequences of giving them what they want, however, can be disastrous.

Eckhard Pfeiffer learned this lesson the hard way at Compaq Computer. When Mr Pfeiffer took the helm in 1991, he started by articulating a clear vision: by 1996 Compaq should become the number one personal computer maker by market share. This vision seemed outrageous in the early 1990s, when Compaq ranked only fifth in a fiercely competitive industry dominated by IBM.

Yet when Compaq achieved its goal through price cuts, low-end product launches and expansion of distribution channels, employees requested another clear vision. Mr Pfeiffer

gave them what they wanted and declared the goal of being one of the three largest computer makers in the world by the year 2000.

This new vision was crystal clear and progress easily measured by revenues growth. Employees were reassured by the focus on revenue growth through unit production. Unfortunately, the new vision also coincided with dramatic shifts in the competitive environment. Dell Computer's low-cost, direct-sales model pulled ahead, depressing industry prices and Compaq's margins. New appliances such as hand-held devices challenged the PC's hegemony. And large enterprise customers increasingly wanted integrated solutions rather than multiple vendors hawking their wares.

Compaq's main competitor, IBM, responded by shifting from selling products to providing solutions, rapidly expanding the consulting side of its business. The company's incoming CEO Lou Gerstner famously remarked on his arrival in 1993 that the last thing IBM needed was a vision. Instead, Gerstner committed to providing integrated customer solutions, a formula that some employees saw as ambiguous and unclear.

Despite its ambiguity, however, Gerstner's formula was well-suited to the shifting realities of the information technology industry. Compaq, in contrast, stuck to its vision of size through product volume and acquired smaller computer makers Tandem and Digital. These purchases advanced the company towards its stated vision of getting bigger, but size alone did little to help the company respond to shifts in the market. By holding on too tightly to a simple vision in a complex world, Compaq lost its way, the board of directors lost patience and Eckhard Pfeiffer lost his job.

Top executives should take the time to ensure the components of the mission statement are clear and understood by the organisation, but should not agonise over drafting them. Large investments of time, energy or consultants' fees to craft the "perfect" vision statement rarely repay the effort. There are a few quick and simple steps that executives can take to set their vision.

### ***Specify the industry domain***

A long-term vision should define where the company competes. This helps managers and employees to sort opportunities in their domain from those that distract them from their core business. In some emerging or rapidly changing industries the domain may not be immediately evident. But for most companies most of the time, it is obvious: Danone is a food company, Ford is a car maker and so on.

### ***Specify geographic scope***

Setting the company's geographic scope should not be rocket science for most businesses. It is, however, useful to clarify whether a company considers itself local, national, regional or global. Standard Chartered Bank, for example, recently changed its definition of itself as an "emerging markets" bank to "leading the way in Asia, Africa and the Middle East", a helpful move that brought greater clarity to the bank's geographic scope.

### ***Set aspirations***

The third component of a vision is to set a company's level of aspiration. Many companies state this in terms of global leadership (being number one or number two in the market) or excellence. Stating high ambitions obviously beats the alternative—it is scary to imagine the management team that aspires to “global mediocrity”. The problem, of course, is that the vast majority of companies aspire to “leadership” or “excellence” or “being number one or number two”. Yet while it may do little to differentiate a company from rivals, a statement of aspirations is probably better than no statement.

### **Conclusion**

Clear long-term visions have been touted as a powerful tool for improving corporate performance. It is high time that someone pointed out that the emperor has no clothes. To the extent that long-term missions are specific and focused, the risks associated with tunnel vision often outweigh the benefits. When managers sensibly opt instead for a fuzzy vision, they produce documents that do no harm, but also provide little benefit over rivals with identical missions.

So managers should not obsess over visions or delude themselves that getting the precise wording will make much of a difference. They should get it over with and move on to important things, such as setting the right priorities to achieve their vision and executing more effectively and quickly than their rivals. In the end, it is these abilities, rather than any good or bad decisions they make over mission statements, that spell the difference between success and failure.