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VISIONARY MANAGEMENT

The purpose of the FUTU research programme Citizenship and Ecomodernization in the Information Society – The Futures Approach – is to study the social and ecological dimensions of the emerging information society. Particularly we aim at assessing social impacts of new informational structures that are impinged on citizens. We also focus on analyzing the ways application of information technology influences the targets and realization of sustainable development. The study programme comprises ten individual research projects organized around different themes.

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ABSTRACT

The study describes a futures-oriented leadership process called visionary management as developed in the Finland Futures Research Centre and experienced successfully with several medium-sized companies in the 1990s. It is regarded as an addition to the advanced management processes aimed at making good business decisions. The aim of the visionary process is to create new business ideas for the company in the form of a vision. The visionary process enriches the strategic management of the company by motivating key persons to work jointly as a creative team for longer-term success. It starts from finding a common understanding of the future business situation, and discovers the resources and options available to the company. It ends up with a vision, a synthesis of the common understanding of success and the will to accomplish it. Tools and approaches applied in this communication process are presented. Inside the company the vision becomes an empowering means for directing the future course of the company, and it is an effective way to communicate the aims of the company and attract external interest and support. The examples in the article represent real cases with the kind permission of the companies involved.

Key words: vision, visionary management, strategic, long-term, business ideas, communication, creative team

1. INTRODUCTION

Over the years, different management doctrines and different management styles have been prioritized. In historical perspective we can observe how management has proceeded from the original accounting and budgeting management to strategic planning in the early 1970s and strategic management in the mid-1970s, to scenarios in the late 1970s and the 1980s, and then the doctrines were enriched with visionary management in the 1990s. The experience of the authors in strategic management consultancy and research extends over three decades. This article describes their recent thoughts and experiences in visionary management in medium-sized companies.

2.   MAKING GOOD DECISIONS

Irrespective of which management doctrine is in focus or which management style is being used, for the manager it is always a question of making good decisions. A modern view of good decision making can be found already in the teachings and thoughts of Aristotle. The first rule for making a good decision is to define the purpose and objectives clearly. Two additional requirements are a thorough understanding of the situation in question and information about the available means and resources. Finally we have to perceive the future environment and combine it with the three kinds of knowledge at hand - about the purpose, situation and resources - by using sound logic. Thus a decision-maker can reach a good decision only by deliberating the three kinds of knowledge and the perception of the environment simultaneously (see Figure 1).

KNOWLEDGE ABOUT
PURPOSE AND OBJECTIVES

SITUATIONAL
KNOWLEDGE

KNOWLEDGE ABOUT
MEANS AND RESOURCES

PERCEPTION AND
SOUND LOGIC

A GOOD DECISION

Figure 1.   An Aristotelian view of good decision making

3. OPPORTUNISTIC, STRATEGIC AND VISIONARY DECISIONS

When studying the characteristics of a good decision we have to recognise that there are three main variants of decisions: opportunistic, strategic and visionary. When an opportunistic decision is made the situation is known with certainty and it is evaluated in the short-term, the resources are fixed and the purpose is to maximize immediate profit and cash flow. In the case of strategic decisions the situation is assumed to be uncertain but still predictable in the time frame of the decision. Beneficial reallocation of resources is a reaction to the predicted changes and the purpose of adaptation is to strive for growth and improved return on investment, i.e. to improve the conditions of opportunistic management. Visionary decisions become appropriate when the situation is assumed to include discontinuities and be unpredictable in the long-term. New skills are needed to reframe and envision the business, and the purposes aimed at are: maintaining excellence of performance and creating novel options, survival in the longer run (See Table 1).

Determinants of decision	*Opportunistic decision*	*Strategic decision*	*Visionary decision*
Situation	known	uncertain but predictable	discontinuous & unpredictable, emergent
Purpose and objectives	maximize profit and cash-flow	adaptation, ROI, growth	excellence of performance, long-term survival, finding new options
Means and resources	fixed	reallocation of available and attainable resources	new skills, reframing of business, envisioning, creating new capabilities
Management by	Control	Reallocation	Visionary renewal

Table 1.   Three kinds of good decisions

4. COMBINING OPPORTUNITY, STRATEGY AND VISION

Opportunistic, strategic and visionary management are related to each other in an intriguing way. Opportunistic behaviour is to always act in the best possible way to the situation at hand. It is also equal to achieving immediate results: getting orders, supplying customers, making money, and creating cash flow. Opportunistic management also can be the best possible strategic and even visionary management in a specific situation, i.e. if the world is static and perfectly known.

However, the world changes and the opportunities are no longer just waiting to be taken advantage of. Therefore strategic management is needed: the managers prepare for changes, they look for new constellations, for better ways to reallocate their resources and position the company in the predictable market. The costs incurred in the reallocation process must be balanced against the profit increase and growth from the more efficient opportunistic behaviour that strategic management facilitates. Thus strategic management decisions are reactive responses, because they are adaptations to the anticipated changes in the business environment.

In contrast to the two previous forms of management, visionary management is always proactive. It strives to define new business areas for the company and it comprises creation of new capabilities, organisation development and acquisition of new know-how and skills. The visionary management ends up with a clear vision to renew strategic options and position the company in the markets for the future. The cost to the company has to be balanced with the improved opportunistic moves in the longer run.

Figure 2 illustrates the three modes of management in relation to each other. The time span of opportunistic management hardly, if ever, surpasses one year, whereas the visionary time span varies from case to case and can never be given beforehand, as it is determined by the rate of change in the environment and the company's intrinsic capability to learn and change.
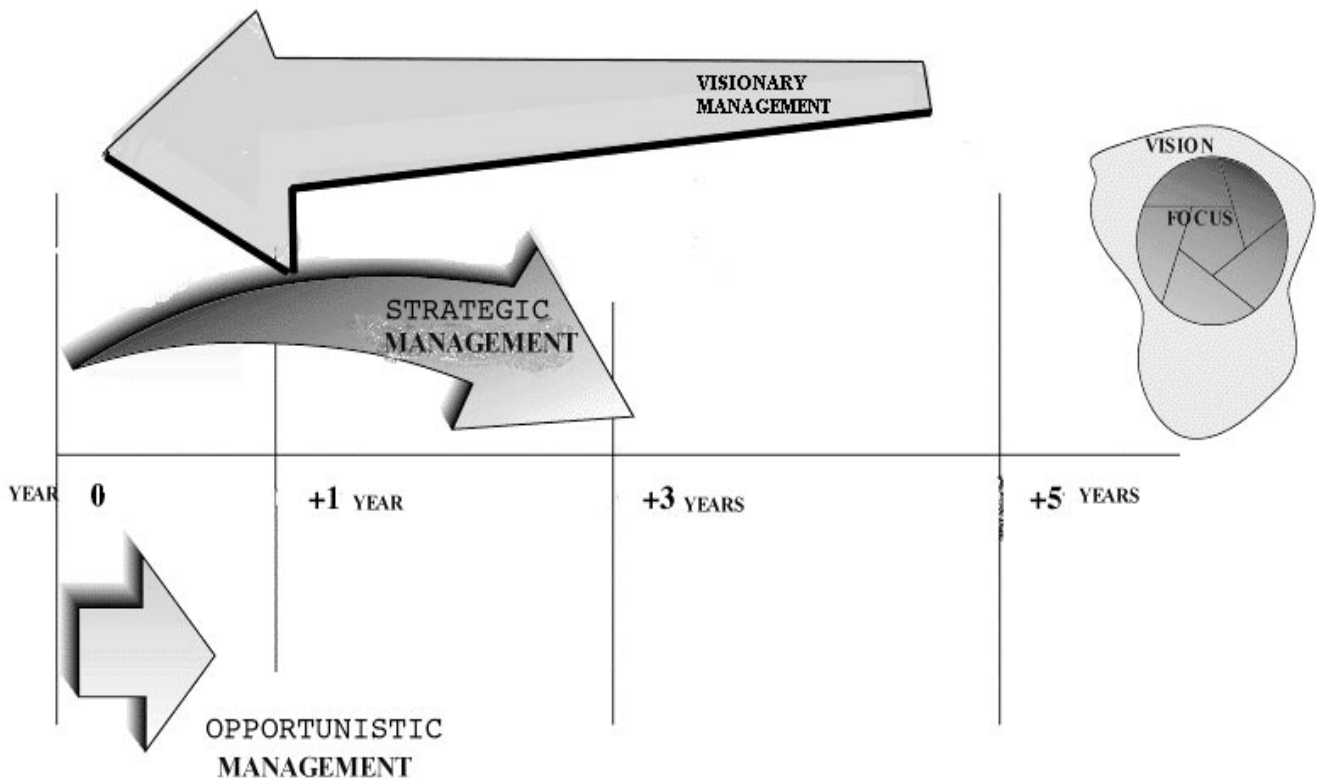
Figure 2.　　　The relation between opportunistic, strategic and visionary management

5.   VISIONARY MANAGEMENT

Visionary management is the leadership's response to the fact that the world and the business environment have become more and more complex. Ever since the 1970s the term turbulent environment has been frequently used. A reaction to the turbulence has been the emergence of scenario approaches. But in the 1990s new means and new concepts of management are needed to cope with the new environment and unpredictable changes. Since the end of the cold war the world is being shaped by many new forces, such as *globalization* - including changes in the natural environment and unprecedented technological development - new kinds of economic and political *integration* on each continent, *regionalization* and *fragmentation*, and increasing *criminalization*. The changes that have occurred have been strong globally as well as locally, with a sectorally and geographically wide scope. Their effects are lasting and moreover they are intertwined in an unknown way.

It has already become a precondition for good decision making to take the increasing uncertainty into account. Managers should take advantage of the fact that at present and in the future these profound changes in themselves offer more new opportunities than ever before. In a predictable world there is no need for visionary management, strategic management will do the same at less cost. The task of visionary management is precisely to get to grips with these new opportunities in future business. In effect, the vision itself is the company's blueprint for an entrepreneurial success story. The benefits of visionary management will always be realized with successful opportunistic decisions.

5.1.   The Vision

The key concept in visionary management is the vision itself. A vision is an entrepreneurial perception which reveals and points to something new and which sees beyond what is already being utilized to what is emerging and becoming invented. A vision is also an empowering tool, which makes people proactive. A vision created by the management team serves as a base for defining the concrete management tasks of strategic nature. The company vision created as a result of teamwork also leads to commitment of the key personnel, and thereby facilitates its own realization.

The end product of the envisioning process is clearly defined and the work must be conducted in a disciplined and organized way. The vision shows the company's future in sufficient detail in order to be relevant when making the most important

entrepreneurial decisions in the company. What the visionary blueprint contains depends on the company, but a good checklist may look as indicated in Table 2.

_____

Company specific I:

1. What are the company's strategic business areas in the future

2. Scale of the company and growth directions envisioned

3. Portfolio of different business ideas selected: "How to make money"

Business idea specific:

4. Product groups, services and technologies

5. Clients and quality segments

6. Marketing channels and networks

7. Core competences, resources and management systems

Company specific II:

8. Company's synergic core competences, resources
    and management systems

9. Company culture, values and leadership

Table 2.   Checklist for a visionary blueprint

The vision speaks the language of the people, the company employees, it is a communication means for the company to tell its own people, its clients and other parties about its prospects, interests, trust in the future and its way of doing business.

5.2.   Communication Creates Field Effect

A vision is created by using all three human faculties: thoughts, emotions and willpower of the members of the envisioning team. It is not a result of outside expert analysis. What each person in the team wants for him/herself in the company has to be disciplined so that the vision also serves as a personal success story. Thoughts are needed for knowing and understanding the world around us, emotions bring commitment to objectives, choices and achievement, and willpower is needed to make it all happen (see Figure 3). When the three faculties are coherently oriented towards success, contributions of the person are enhanced. Company experiences confirm that this happens in visionary teamwork and communication. But this is not the only benefit we get out of a visionary process.

When consulting a company in visionary management the mode of operation is to inspire the team members to communicate openly and extensively during creative sessions so that their communication results in new self-understanding and a shared orientation. What is generated is a synergic field effect, which can be observed in Figure 3. Each of the jointed arrows represents a team member with the three faculties more or less bent in the same direction. The striving in a common direction towards the vision and towards a shared orientation appears as a field effect. At the onset of the visioning sessions the arrows, instead of striving towards a common bend, might go in diverse directions. In the worst case the company's benefit from its management team is minimal. Visionary management stretches the individual arrows in fig.3 and orients them in a common direction defined by the vision.

THOUGHTS
to know and
understand the world
and yourself
(x)

EMOTIONS
to commit yourself
to choose and
achieve
(y)
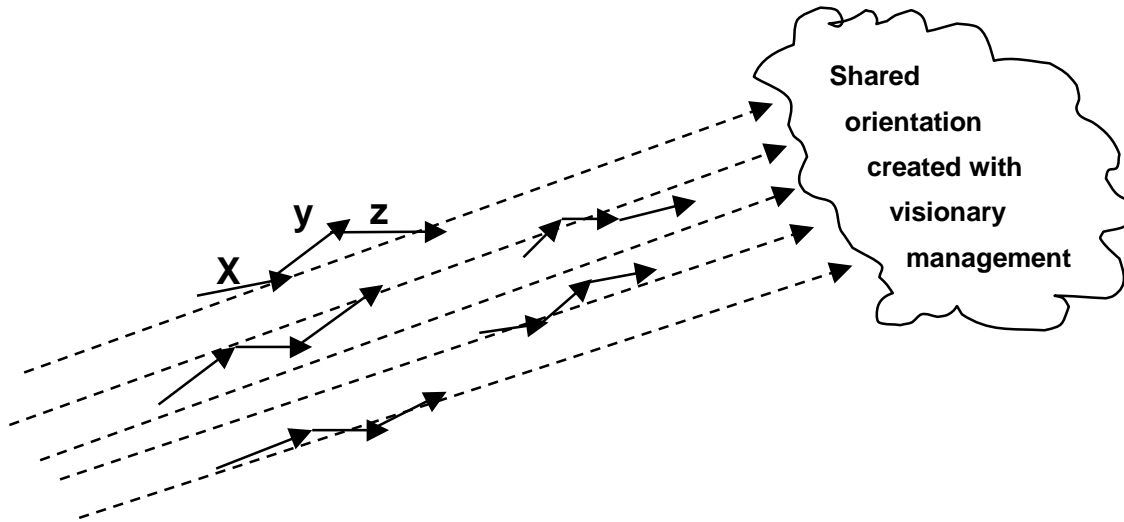
WILLPOWER
to make it happen

(z)

Figure 3.   Communication field effect on each member and the team in visionary management. A three-fraction arrow represents a team member and the dashed arrows the field created by team communication.

According to the experience of the authors with many medium-sized companies, the communication field effect is crucial for the success of the process. To realize visionary management, special communication tools are needed and various team work approaches must be used. The goal of the envisioning process must be clearly defined and the work in the sessions must be conducted in a disciplined and organized way. In this sense the vision of the company is an end product of the team work process, which directs the company into the future.

5.3.   Management by Next Step

What is it all about in visionary management? Having a vision is not enough. First of all we need to focus on the vision. And then we have to reflect the present situation against the focused vision. This enables to make two basic observations. Firstly to realize how the company's present performance differs from the vision. The differences are then adopted as new objectives for the company. Present performance has been possible by means of the company's current core competences, skills and resources. With these it will not be possible to achieve the objectives of the vision. For

this purpose we have to develop new core competences, skills and resources, and this is what is called visionary development. The objectives contained in the vision are on the vertical axis (Figure 4), and the horizontal axis represents the development of skills and resources needed for achieving the objectives.

Visionary development is always an ambitious reframing of the company's business, which cannot be made in one step. Instead the company's visionary development has to be built step by step. When the development tasks have been defined they have to be prioritized and the strategically most important next steps are chosen. This is the interface of strategic management and visionary management, the next steps being part of them both. Figure 4 demonstrates this logic graphically.
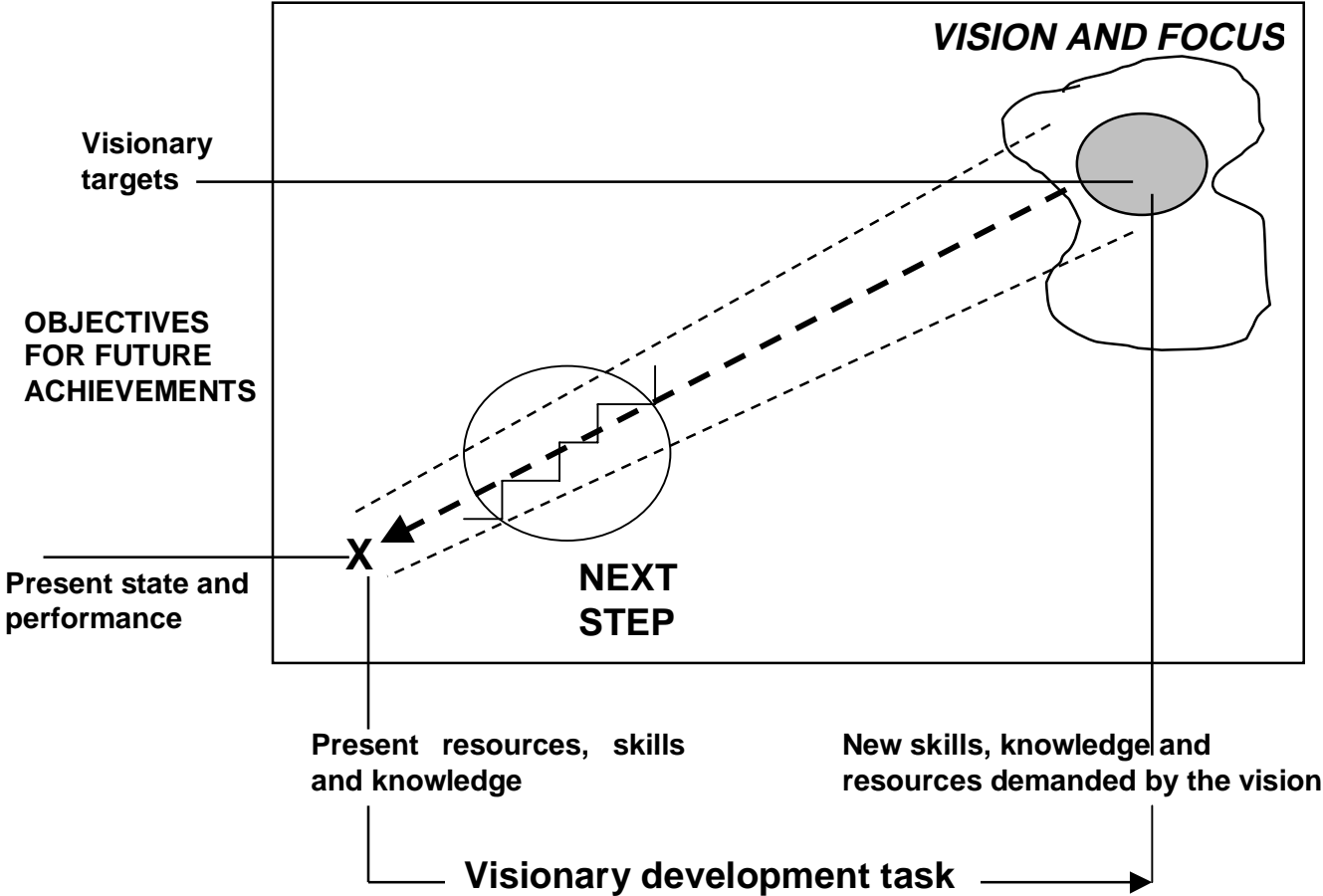
Figure 4.   Visionary development

5.4.   Tools and Approaches

Several tools and approaches are useful to get communication in the team started, maintained and focused on new options:

A. Trend library
The trend library is a document of relevant trends in the business environment. The trends are discussed and appraised from the company's point of view.

B. Business reframing tools
Leading management literature provides us with good tools for reframing the company's business. Examples are Ansoff's product-market matrix, Porter's value chain and his five competitive forces, Ohmae's three C's etc.

C. Appraisal of company
With a questionnaire to the management team members and other employees the company's present strategic position and performance are assessed and then the results are evaluated by the team.

D. Appraisal of the team members' social style
The company can benefit from a diversity of social styles. With a rather simple test we can assess the social style of each member and form a pattern of the styles represented by the team. The differences in style may indicate communication difficulties in the team. Figure 5 illustrates the spread of social styles in a case company.
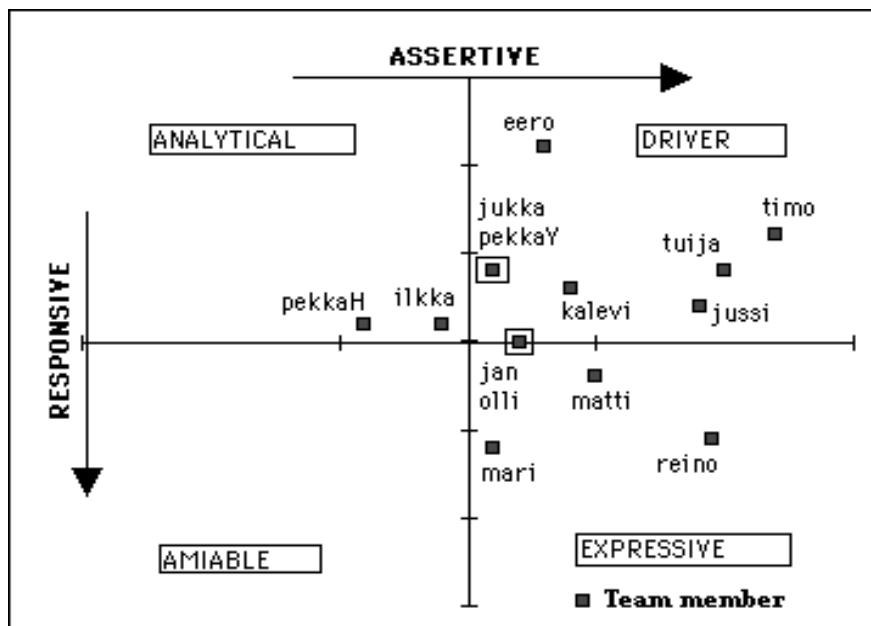

Figure 5.   Social styles in the team of a case company

E. Appraisal of the team's creative problem solving capability

With another simple test, which is adequate enough for the purpose of communication within the team, we can assess each member's specific way of problem solving and creative thinking and discuss the possible lack of problem solving capability in the team. The differences in style may indicate hidden resources. Figure 6 illustrates the results of this kind of appraisal in a case company.
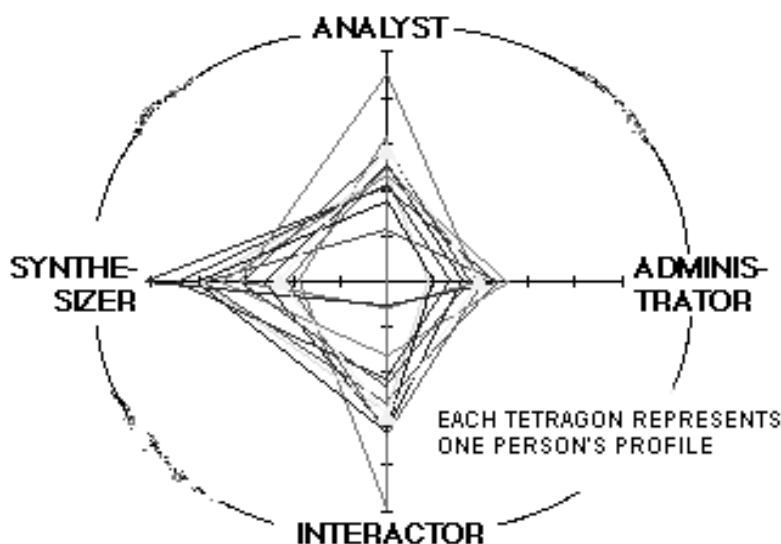

Figure 6.   Creative problem solving profiles of the team members in a case company

F. Visionary workshop

The most crucial part of the visionary working process is a two-day intensive workshop during which the team creates a stockpile of ideas for the vision. The ideas are then integrated by applying Thomas A. Edison's advice, that when there are two good ideas, a better third one can be generated from them. Major opportunities are thus emerging. The merits of each opportunity as an objective for the company are scored. The opportunities are assessed and scored also as a challenge: how demanding are they for the company if used for reframing? The team then chooses the most promising opportunities for further evaluation. The next step-strategy is then decided on by prioritizing. Figure 7 graphically illustrates the assessment of opportunities in a case company.
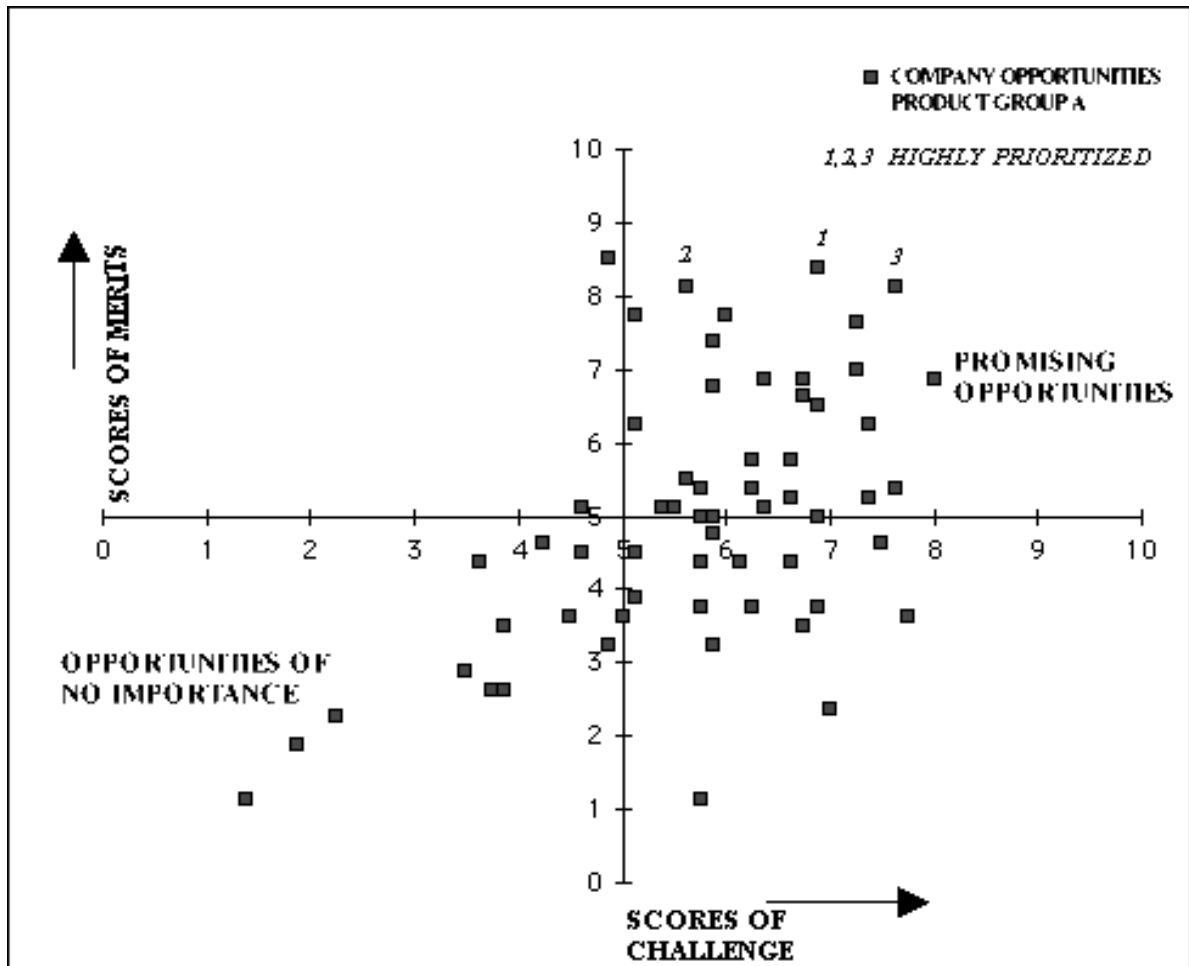
Figure 7.   Assessment of opportunities in a case company

The power of strategic vision is demonstrated through its ability to add value to strategic management, to convey the totality of the needed company reframing, to change the way the company operates and thinks of itself, to energize action throughout the company, to restore the balance between managing and leading, to improve performance, profitability and external and internal trust in the company.

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