

جامعة ميدأوشن

كلية الإدارة

قسم / تخصص ماجستير ادارة الأعمال



عنوان البحث: أهمية الرؤية والاستراتيجية للمنظمات

**Importance of vision and strategy in
organizations.**

إعداد الطالب / خالد حامد البشري

العام الدراسي:

2024

Importance of Vision and Strategy in Organizations

Introduction

Vision and strategy are two key elements of organizational success. Vision refers to the desired

future state of the organization, where it wants to be in the long term, what it wants to achieve, and how it wants to be perceived. Strategy refers to the plan of action to achieve that vision, how the organization will use its resources, capabilities, and opportunities to create value and competitive advantage. Vision and strategy are interrelated and mutually reinforcing, as they provide direction, motivation, and alignment for the organization and its stakeholders.

The importance of vision and strategy in organizations has been widely recognized and researched by scholars and practitioners from various disciplines, such as management, leadership, organizational behavior, and strategic management. The literature on vision and strategy has explored various aspects, such as the definition, characteristics, development, implementation, communication, and evaluation of vision and strategy, as well as the benefits, challenges, and best practices associated with them. The literature has also provided various frameworks, models, and tools to help organizations create and execute their vision and strategy effectively and efficiently.

This document summarizes the main findings of research on the importance of vision and strategy in organizations. It covers the following topics:

- The benefits of having a clear and compelling vision and strategy for organizational performance, employee engagement, and stakeholder loyalty
- The challenges and barriers to developing and implementing vision and strategy, such as lack of leadership, resistance to change, and complexity and ambiguity
- The best practices and recommendations for creating and communicating vision and strategy, such as involving and engaging stakeholders, making the vision and strategy simple and memorable, aligning them with the organizational values and culture, communicating them frequently and consistently, and monitoring and evaluating their progress and impact

The document is intended to provide a concise and comprehensive overview of the research findings on the importance of vision and strategy in organizations, and to offer some practical implications and suggestions for organizations that want to improve their vision and strategy processes and outcomes. The document is based on a review and analysis of relevant and credible sources, such as academic journals, books, reports, and articles. The document is organized as follows: the first section presents the benefits of having a clear and compelling vision and strategy, the second section discusses the challenges and barriers to developing and implementing vision and strategy, the third section outlines the best practices and

recommendations for creating and communicating vision and strategy, and the final section concludes the document and provides some limitations and directions for future research.

The Benefits of Having a Clear and Compelling Vision and Strategy

Research has shown that having a clear and compelling vision and strategy can bring various benefits to organizations, such as:

- Enhancing organizational performance and competitiveness, by setting clear goals, priorities, and measures of success, and by enabling faster and better decision making and resource allocation. A clear and compelling vision and strategy can help the organization focus on its core competencies, differentiate itself from its competitors, and respond to the changing market and customer needs. According to a study by Collins and Porras (1996), organizations that have a clear vision and a coherent strategy outperform their peers in terms of profitability, growth, and shareholder value.
- Increasing employee engagement and satisfaction, by providing a sense of purpose, direction, and meaning, and by fostering a culture of trust, collaboration, and innovation. A clear and compelling vision and strategy can help the employees understand the organization's mission and vision, their role and contribution, and the expected outcomes and rewards. It can also help the employees feel valued, empowered, and motivated to work towards the common goals and vision. According to a survey by Gallup (2017), employees who are engaged and aligned with the organization's vision and strategy are more productive, loyal, and satisfied than those who are not.
- Building stakeholder loyalty and support, by creating a positive and distinctive image and reputation, and by aligning the interests and expectations of customers, investors, partners, and society. A clear and compelling vision and strategy can help the

organization communicate its value proposition, its social and environmental responsibility, and its commitment to excellence and quality. It can also help the organization build trust, credibility, and loyalty among its stakeholders, and enhance its brand equity and goodwill. According to a report by Edelman (2018), organizations that have a clear and compelling vision and strategy are more likely to earn the trust and support of their stakeholders, and to attract and retain customers, investors, and partners.

In this section, we will elaborate on each of these benefits, and provide some examples and evidence from the literature.

Enhancing Organizational Performance and Competitiveness

One of the main benefits of having a clear and compelling vision and strategy is that it can enhance the organizational performance and competitiveness, by setting clear goals, priorities, and measures of success, and by enabling faster and better decision making and resource allocation. A clear and compelling vision and strategy can help the organization achieve the following outcomes:

- Focus on its core competencies, by identifying and leveraging its strengths, capabilities, and resources, and by avoiding distractions and diversions from its main objectives and activities. A clear and compelling vision and strategy can help the organization concentrate on what it does best, and what makes it unique and valuable in the market. For example, Apple's vision and strategy is to create innovative and user-friendly products and services that enhance the lives of its customers, and to do so by focusing on its core competencies of design, technology, and marketing. Apple's vision and strategy has helped it achieve a dominant position in the global market for personal computers, smartphones, tablets, and other devices.
- Differentiate itself from its competitors, by creating and delivering superior value and quality to its customers, and by establishing and maintaining a competitive advantage in the market. A clear and compelling vision and strategy can help the organization create a distinctive and memorable identity and image, and to offer products and services that meet or exceed the customer needs and expectations. For example, Southwest Airlines' vision and strategy is to provide low-cost, high-quality, and convenient air travel to its customers, and to do so by focusing on its competitive advantages of operational efficiency, customer service, and employee satisfaction. Southwest Airlines' vision and strategy has helped it achieve a leading position in the US domestic airline industry, and to consistently outperform its rivals in terms of profitability, customer loyalty, and employee retention.
- Respond to the changing market and customer needs, by anticipating and adapting to the external opportunities and threats, and by innovating and improving its products and services. A clear and compelling vision and strategy can help the organization be proactive and agile in the dynamic and uncertain environment, and to continuously create and capture value in the market. For example, Amazon's vision and strategy is to be the most customer-centric company in the world, and to do so by offering a wide range of products and services, and by constantly enhancing its technology, logistics, and customer experience. Amazon's vision and strategy has helped it achieve a dominant position in the global e-commerce market, and to expand into new and diverse sectors, such as cloud computing, digital media, and artificial intelligence.

Several studies have empirically demonstrated the positive relationship between having a clear and compelling vision and strategy and enhancing the organizational performance and competitiveness. For instance, Collins and Porras (1996) conducted a longitudinal study of 18

visionary companies and 18 comparison companies, and found that the visionary companies outperformed the comparison companies by a factor of 15 in terms of stock returns, and by a factor of 6 in terms of cumulative profits over a period of 64 years. The authors attributed the superior performance of the visionary companies to their ability to create and execute a clear and compelling vision and strategy, and to preserve their core ideology and values while adapting to the changing environment and opportunities. Similarly, Kaplan and Norton (1996) developed and tested a balanced scorecard approach to measure and manage the vision and strategy of organizations, and found that the organizations that used the balanced scorecard approach achieved higher levels of alignment, learning, and innovation, and improved their financial, customer, internal, and learning and growth outcomes.

Increasing Employee Engagement and Satisfaction

Another benefit of having a clear and compelling vision and strategy is that it can increase the employee engagement and satisfaction, by providing a sense of purpose, direction, and meaning, and by fostering a culture of trust, collaboration, and innovation. A clear and compelling vision and strategy can help the organization achieve the following outcomes:

- Provide a sense of purpose, direction, and meaning, by articulating and communicating the organization's mission and vision, and by linking the employee's role and contribution to the organization's goals and values. A clear and compelling vision and strategy can help the employees understand and appreciate the organization's purpose and vision, and how their work matters and makes a difference. For example, Google's vision and

strategy is to organize the world's information and make it universally accessible and useful, and to do so by pursuing innovation and excellence in its products and services. Google's vision and strategy has helped it create a sense of purpose, direction, and meaning for its employees, and to inspire and motivate them to work towards the organization's vision and values.

- Foster a culture of trust, collaboration, and innovation, by creating and maintaining a positive and supportive work environment, and by encouraging and rewarding the employee's participation, cooperation, and creativity. A clear and compelling vision and strategy can help the organization create a culture that supports and reinforces the vision and strategy, and that empowers and enables the employees to work together and to innovate and improve. For example, Netflix's vision and strategy is to provide the best entertainment experience to its customers, and to do so by offering a diverse and original content, and by leveraging its technology and data. Netflix's vision and strategy has helped it foster a culture of trust, collaboration, and innovation, and to create a high-performance and high-freedom work environment for its employees, where they are given autonomy, responsibility, and feedback.

Several studies have empirically demonstrated the positive relationship between having a clear and compelling vision and strategy and increasing the employee engagement and satisfaction. For instance, Gallup (2017) conducted a global survey of 155 countries and found that only 15 percent of employees are engaged at work, meaning that they are committed to and enthusiastic about their work and organization. The survey also found that the main factor that influences the employee engagement is the alignment and connection between the employee and the organization's vision and strategy, and that the employees who are engaged and aligned with the organization's vision and strategy are more productive, loyal, and satisfied than those who are not. Similarly, Denison and Mishra (1995) developed and tested a model of organizational culture and effectiveness, and found that the organizations that have a clear and compelling vision and strategy, and that align their vision and strategy with their values and culture, are more likely to achieve higher levels of performance, quality, and customer satisfaction, and to have more engaged and satisfied employees.

Building Stakeholder

Loyalty and Support

A third benefit of having a clear and compelling vision and strategy is that it can build the stakeholder loyalty and support, by creating a positive and distinctive image and reputation, and by aligning the interests and expectations of customers, investors, partners, and society. A clear and compelling vision and strategy can help the organization achieve the following outcomes:

- Create a positive and distinctive image and reputation, by communicating and demonstrating the organization's value proposition, its social and environmental responsibility, and its commitment to excellence and quality. A clear and compelling vision and strategy can help the organization create a distinctive and memorable identity and image, and to enhance its brand equity and goodwill. For example, Starbucks' vision and strategy is to inspire and nurture the human spirit, one person, one cup, and one neighborhood at a time, and to do so by offering high-quality coffee and beverages, and by being a responsible and ethical company. Starbucks' vision and strategy has helped it create a positive and distinctive image and reputation, and to become one of the most recognized and respected brands in the world.
- Align the interests and expectations of customers, investors, partners, and society, by creating and delivering value and quality to its stakeholders, and by balancing the economic, social, and environmental impacts of its activities. A clear and compelling vision and strategy can help the organization create and maintain a trust-based and mutually beneficial relationship with its stakeholders, and to satisfy and exceed their needs and expectations. For example, Unilever's vision and strategy is to make sustainable living commonplace, and to do so by offering products and services that improve the health and well-being of its customers, and by reducing its environmental footprint and enhancing its social impact. Unilever's vision and strategy has helped it align the interests and expectations of its stakeholders, and to become one of the most successful and sustainable companies in the world.

Several studies have empirically demonstrated the positive relationship between having a clear and compelling vision and strategy and building the stakeholder loyalty and support. For instance, Edelman (2018) conducted a global survey of 33,000 respondents and found that trust

is the most important factor that influences the stakeholder's loyalty and support for an organization, and that the main factor that influences the trust is the alignment and connection between the stakeholder and the organization's vision and strategy. The survey also found that the organizations that have a clear and compelling vision and strategy, and that communicate and demonstrate their vision and strategy effectively and consistently, are more likely to earn the trust and support of their stakeholders, and to attract and retain customers, investors, and partners. Similarly, Heskett et al. (1997) developed and tested a service profit chain model, and found that the organizations that have a clear and compelling vision and strategy, and that align their vision and strategy with their service delivery and customer satisfaction, are more likely to create a strong and positive organizational culture, and to enhance the loyalty and retention of their customers and employees.

The Challenges and Barriers to Developing and Implementing Vision and Strategy

Despite the benefits of having a clear and compelling vision and strategy, many organizations face challenges and barriers to developing and implementing them, such as:

- Lack of leadership commitment and support, by failing to articulate and communicate the vision and strategy, or by not demonstrating consistency and accountability in their actions and behaviors. A lack of leadership commitment and support can undermine the credibility and legitimacy of the vision and strategy, and create confusion, doubt, and distrust among the stakeholders. It can also lead to misalignment, fragmentation, and conflict within the organization, and hinder the execution and realization of the vision and

strategy. According to a survey by Bain & Company (2018), only 40 percent of leaders are able to explain their organization's vision and strategy clearly and convincingly, and only 15 percent of employees are fully aware of and committed to the organization's vision and strategy.

- Resistance to change and uncertainty, by clinging to the status quo, or by fearing the risks and costs of pursuing the vision and strategy. Resistance to change and uncertainty can stem from various factors, such as inertia, complacency, skepticism, anxiety, or loss of control. It can also result from a lack of awareness, understanding, or involvement in the vision and strategy, or a lack of trust, confidence, or support in the leadership and the organization. Resistance to change and uncertainty can hamper the adoption and adaptation of the vision and strategy, and prevent the organization from seizing the opportunities and overcoming the challenges. According to a study by Kotter (1995), only 30 percent of organizational change initiatives succeed, and one of the main reasons for failure is the resistance to change and uncertainty among the stakeholders.
- Complexity and ambiguity, by facing a dynamic and uncertain environment, or by having conflicting or competing demands and interests from various stakeholders. Complexity and ambiguity can pose significant challenges to the development and implementation of the vision and strategy, as they require the organization to deal with multiple and interrelated factors, such as technological, economic, social, political, and environmental changes, and to balance the needs and expectations of diverse and sometimes conflicting stakeholders, such as customers, employees, investors, partners, regulators, and society. Complexity and ambiguity can increase the difficulty and uncertainty of the vision and strategy, and require the organization to be flexible, adaptable, and resilient. According to a report by McKinsey & Company (2018), 75 percent of executives say that their environment is more complex and uncertain than it was five years ago, and 60 percent say that they struggle to align their vision and strategy with the changing realities.

In this section, we will elaborate on each of these challenges and barriers, and provide some examples and evidence from the literature.

Lack of Leadership

Commitment and Support

One of the main challenges and barriers to developing and implementing a clear and compelling vision and strategy is the lack of leadership commitment and support, by failing to articulate and communicate the vision and strategy, or by not demonstrating consistency and accountability in their actions and behaviors. A lack of leadership commitment and support can have the following negative consequences:

- Undermine the credibility and legitimacy of the vision and strategy, by creating a gap between the words and deeds of the leaders, and by raising doubts and questions about the sincerity and feasibility of the vision and strategy. A lack of leadership commitment and support can erode the trust and confidence of the stakeholders in the vision and strategy, and make them question the motives and intentions of the leaders and the organization. For example, Enron's vision and strategy was to become the world's leading energy company, and to do so by pursuing innovation and growth in its products and services. However, the lack of leadership commitment and support to the vision and strategy, and the unethical and fraudulent practices of the leaders and the organization, undermined the credibility and legitimacy of the vision and strategy, and led to the collapse and bankruptcy of the company.
- Create confusion, doubt, and distrust among the stakeholders, by failing to provide clear and consistent information and guidance about the vision and strategy, and by sending mixed and contradictory messages and signals. A lack of leadership commitment and support can create uncertainty and ambiguity among the stakeholders about the vision and strategy, and make them feel confused, doubtful, and distrustful about the direction and purpose of the organization. For example, Nokia's vision and strategy was to be the leader in mobile communications, and to do so by offering innovative and high-quality

products and services. However, the lack of leadership commitment and support to the vision and strategy, and the inconsistent and indecisive actions and decisions of the leaders and the organization, created confusion, doubt, and distrust among the stakeholders about the vision and strategy, and led to the loss of market share and competitive advantage.

- Lead to misalignment, fragmentation, and conflict within the organization, by failing to create and maintain a shared and common understanding and commitment to the vision and strategy, and by allowing and tolerating divergent and incompatible goals and interests. A lack of leadership commitment and support can create disharmony and disunity within the organization, and make it difficult to coordinate and collaborate across the different units and levels of the organization. For example, Hewlett-Packard's vision and strategy was to be the leading provider of technology solutions, and to do so by offering a broad and diverse portfolio of products and services. However, the lack of leadership commitment and support to the vision and strategy, and the conflicting and competing agendas and interests of the different divisions and managers of the organization, led to misalignment, fragmentation, and conflict within the organization, and hampered its performance and competitiveness.

Several studies have empirically demonstrated the negative relationship between the lack of leadership commitment and support and the development and implementation of a clear and compelling vision and strategy. For instance, Bain & Company (2018) conducted a survey of 1,800 executives and found that only 40 percent of leaders are able to explain their organization's vision and strategy clearly and convincingly, and only 15 percent of employees are fully aware of and committed to the organization's vision and strategy. The survey also found that the main factor that influences the clarity and alignment of the vision and strategy is the leadership commitment and support, and that the organizations that have strong and consistent leadership commitment and support to the vision and strategy are more likely to achieve higher levels of alignment, agility, and performance. Similarly, Sull et al. (2015) conducted a survey of 8,000 managers and found that only 28 percent of managers are able to list three of their organization's top five priorities, and only 54 percent of managers say that their organization's vision and strategy is clear and well communicated. The survey also found that the main factor that influences the clarity and communication of the vision and strategy is the leadership commitment and support, and that the organizations that have strong and consistent leadership commitment and support to the vision and strategy are more likely to achieve higher

levels of alignment, execution, and performance.

Resistance to Change and Uncertainty

Another challenge and barrier to developing and implementing a clear and compelling vision and strategy is the resistance to change and uncertainty, by clinging to the status quo, or by fearing the risks and costs of pursuing the vision and strategy. Resistance to change and uncertainty can have the following negative consequences:

- Hamper the adoption and adaptation of the vision and strategy, by preventing or delaying the necessary and desirable changes and improvements in the organization, and by inhibiting or restricting the exploration and exploitation of new and existing opportunities and resources. Resistance to change and uncertainty can limit the organization's ability and willingness to pursue the vision and strategy, and to achieve the desired outcomes and results. For example, Kodak's vision and strategy was to be the leader in imaging solutions, and to do so by offering innovative and high-quality products and services. However, the resistance to change and uncertainty among the stakeholders, especially the managers and employees, hampered the adoption and adaptation of the vision and strategy, and prevented the organization from embracing and leveraging the digital technology and the changing customer preferences.
- Prevent the organization from seizing the opportunities and overcoming the challenges, by ignoring or denying the external threats and opportunities, and by avoiding or rejecting the learning and feedback from the environment. Resistance to change and uncertainty can hinder the organization's ability and willingness to respond to the vision and strategy, and to achieve the optimal outcomes and results. For example, Blockbuster's vision and strategy was to be the leader in home entertainment, and to do so by offering a wide range of movies and games, and by providing a convenient and

personalized customer experience. However, the resistance to change and uncertainty among the stakeholders, especially the leaders and the investors, prevented the organization from seizing the opportunities and overcoming the challenges posed by the emergence of online streaming and rental services, such as Netflix and Redbox.

Several studies have empirically demonstrated the negative relationship between the resistance to change and uncertainty and the development and implementation of a clear and compelling vision and strategy. For instance, Kotter (1995) conducted a study of 100 organizational change initiatives and found that only 30 percent of them succeed, and one of the main reasons for failure is the resistance to change and uncertainty among the stakeholders, especially the employees and the middle managers. The study also found that the main factor that influences the resistance to change and uncertainty is the lack of awareness, understanding, or involvement in the vision and strategy, or the lack of trust, confidence, or support in the leadership and the organization, and that the organizations that overcome the resistance to change and uncertainty are more likely to achieve higher levels of commitment, cooperation, and performance. Similarly, Heath and Heath (2007) conducted a study of various cases of successful and unsuccessful change initiatives, and found that one of the main barriers to change is the resistance to change and uncertainty among the stakeholders, especially the customers and the employees. The study also found that the main factor that influences the resistance to change and uncertainty is the emotional attachment to the status quo, or the fear of the risks and costs of the change, and that the organizations that overcome the resistance to change and uncertainty are more likely to achieve higher levels of persuasion, motivation, and action.

Complexity and Ambiguity

A third challenge and barrier to developing and implementing a clear and compelling vision and strategy is the complexity and ambiguity, by facing a dynamic and uncertain environment, or by

having conflicting or competing demands and interests from various stakeholders. Complexity and ambiguity can have the following negative consequences:

- Increase the difficulty and uncertainty of the vision and strategy, by making it harder and riskier to define and achieve the vision and strategy, and by requiring more time and resources to plan and execute the vision and strategy. Complexity and ambiguity can challenge the organization's ability and willingness to create and execute the vision and strategy, and to achieve the expected outcomes and results. For example, General Electric's vision and strategy was to be the world's premier digital industrial company, and to do so by offering a diverse and integrated portfolio of products and services, and by transforming its technology, operations, and culture. However, the complexity and ambiguity of the environment, and the conflicting and competing demands and interests of the stakeholders, increased the difficulty and uncertainty of the vision and strategy, and made it harder and riskier to define and achieve the vision and strategy.
- Require the organization to be flexible, adaptable, and resilient, by making it necessary and desirable to adjust and modify the vision and strategy, and by demanding more creativity and learning from the organization. Complexity and ambiguity can challenge the organization's ability and willingness to adapt and improve the vision and strategy, and to achieve the optimal outcomes and results. For example, IBM's vision and strategy was to be the leader in information technology solutions, and to do so by offering innovative and high-quality products and services, and by leveraging its technology, expertise, and reputation. However, the complexity and ambiguity of the environment, and the changing and evolving needs and expectations of the stakeholders, required the organization to be flexible, adaptable, and resilient, and to adjust and modify its vision and strategy, and to pursue new and different opportunities and resources.

Several studies have empirically demonstrated the negative relationship between the complexity and ambiguity and the development and implementation of a clear and compelling vision and strategy. For instance, McKinsey & Company (2018) conducted a survey of 3,000 executives and found that 75 percent of them say that their environment is more complex and uncertain than it was five years ago, and 60 percent of them say that they struggle to align their vision and strategy with the changing realities. The survey also found that the main factor that influences the complexity and ambiguity is the rapid and disruptive changes in the technology, economy, society, and politics, and that the organizations that cope with the complexity and ambiguity are more likely to achieve higher levels of flexibility, adaptability, and resilience. Similarly,

Eisenhardt and Sull (2001) conducted a study of various cases of successful and unsuccessful strategy making in complex and uncertain environments, and found that one of the main challenges to strategy making is the complexity and ambiguity of the environment, and the conflicting and competing demands and interests of the stakeholders. The study also found that the main factor that influences the complexity and ambiguity is the lack of information, knowledge, or control over the environment, and that the organizations that cope with the complexity and ambiguity are more likely to achieve higher levels of simplicity, clarity, and agility.

The Best Practices and Recommendations for Creating and Communicating Vision and Strategy

Based on the research findings, some of the best practices and recommendations for creating and communicating vision and strategy are:

- Involve and engage stakeholders, by soliciting their input and feedback, and by co-creating and co-owning the vision and strategy. Involving and engaging stakeholders can help the organization gain valuable insights, perspectives, and ideas, and enhance the relevance, acceptance, and commitment of the vision and strategy. It can also help the organization build trust, rapport, and collaboration among the stakeholders, and foster a sense of ownership and responsibility for the vision and strategy. According to a study by Sull et al. (2015), organizations that involve and engage their stakeholders in the vision and strategy process are more likely to achieve higher levels of alignment, agility, and performance.

- Make the vision and strategy simple and memorable, by using clear and concise language, and by using stories, metaphors, and visuals to convey the message. Making the vision and strategy simple and memorable can help the organization communicate its core purpose, values, and goals, and inspire and persuade the stakeholders to support and follow the vision and strategy. It can also help the organization create a distinctive and memorable identity and image, and differentiate itself from its competitors. According to a study by Heath and Heath (2007), organizations that use simple and memorable messages to convey their vision and strategy are more likely to capture the attention, interest, and emotion of their stakeholders, and to influence their attitudes and behaviors.
- Align the vision and strategy with the organizational values and culture, by ensuring that they reflect and reinforce the core beliefs and principles of the organization, and by promoting a shared identity and commitment. Aligning the vision and strategy with the organizational values and culture can help the organization create consistency and coherence between its vision, strategy, and actions, and enhance the credibility and legitimacy of the vision and strategy. It can also help the organization foster a culture of trust, collaboration, and innovation, and motivate and empower the stakeholders to work towards the vision and strategy. According to a study by Denison and Mishra (1995), organizations that align their vision and strategy with their values and culture are more likely to achieve higher levels of performance, quality, and customer satisfaction.
- Communicate the vision and strategy frequently and consistently, by using multiple channels and formats, and by reinforcing the key messages and actions. Communicating the vision and strategy frequently and consistently can help the organization keep the vision and strategy alive and relevant, and remind and update the stakeholders of the vision, strategy, and progress. It can also help the organization reinforce the expectations and behaviors that support the vision and strategy, and recognize and reward the achievements and contributions of the stakeholders. According to a study by Heskett et al. (1997), organizations that communicate their vision and strategy frequently and consistently are more likely to create a strong and positive organizational culture, and to enhance the loyalty and retention of their stakeholders.
- Monitor and evaluate the progress and impact of the vision and strategy, by establishing and tracking relevant indicators and metrics, and by celebrating and rewarding

achievements and learning from failures. Monitoring and evaluating the progress and impact of the vision and strategy can help the organization measure and demonstrate the results and outcomes of the vision and strategy, and identify the strengths, weaknesses, opportunities, and threats. It can also help the organization celebrate and reward the successes and learnings of the vision and strategy, and provide feedback and guidance for improvement and adjustment. According to a study by Kaplan and Norton (1996), organizations that monitor and evaluate their vision and strategy using a balanced scorecard approach are more likely to achieve higher levels of alignment, learning, and innovation.

In this section, we will elaborate on each of these best practices and recommendations, and provide some examples and evidence from the literature.

Involve and Engage Stakeholders

One of the best practices and recommendations for creating and communicating a clear and compelling vision and strategy is to involve and engage stakeholders, by soliciting their input and feedback, and by co-creating and co-owning the vision and strategy. Involving and engaging stakeholders can have the following positive consequences:

- Gain valuable insights, perspectives, and ideas, by tapping into the knowledge, experience, and creativity of the stakeholders, and by understanding their needs, expectations, and preferences. Involving and engaging stakeholders can help the organization create a more relevant, realistic, and effective vision and strategy, and to avoid potential pitfalls and mistakes. For example, Lego's vision and strategy is to inspire and develop the builders of tomorrow, and to do so by offering fun and creative products and experiences. Lego involves and engages its stakeholders, especially its customers and fans, in the vision and strategy process, by soliciting their input and feedback, and

by co-creating and co-owning the products and experiences. Lego's involvement and engagement of its stakeholders has helped it gain valuable insights, perspectives, and ideas, and to create a more relevant, realistic, and effective vision and strategy.

- Enhance the relevance, acceptance, and commitment of the vision and strategy, by addressing and incorporating the interests and expectations of the stakeholders, and by ensuring their agreement and support for the vision and strategy. Involving and engaging stakeholders can help the organization create a more compelling and convincing vision and strategy, and to avoid potential resistance and conflict. For example, Starbucks' vision and strategy is to inspire and nurture the human spirit, one person, one cup, and one neighborhood at a time, and to do so by offering high-quality coffee and beverages, and by being a responsible and ethical company. Starbucks involves and engages its stakeholders, especially its employees and partners, in the vision and strategy process, by addressing and incorporating their interests and expectations, and by ensuring their agreement and support for the vision and strategy. Starbucks' involvement and engagement of its stakeholders has helped it enhance the relevance, acceptance, and commitment of the vision and strategy.
- Build trust, rapport, and collaboration among the stakeholders, by creating and maintaining a positive and supportive relationship with the stakeholders, and by fostering a sense of ownership and responsibility for the vision and strategy. Involving and engaging stakeholders can help the organization create a more cooperative and productive work environment, and to avoid potential mistrust and misunderstanding. For example, Unilever's vision and strategy is to make sustainable living commonplace, and to do so by offering products and services that improve the health and well-being of its customers, and by reducing its environmental footprint and enhancing its social impact. Unilever involves and engages its stakeholders, especially its customers, investors, partners, and society, in the vision and strategy process, by creating and maintaining a positive and supportive relationship with them, and by fostering a sense of ownership and responsibility for the vision and strategy. Unilever's involvement and engagement of its stakeholders has helped it build trust, rapport, and collaboration among the stakeholders.

Several studies have empirically demonstrated the positive relationship between involving and engaging stakeholders and creating and communicating a clear and compelling vision and strategy. For instance, Sull et al. (2015) conducted a survey of 8,000 managers and found that

one of the main factors that influences the clarity and alignment of the vision and strategy is the involvement and engagement of the stakeholders, and that the organizations that involve and engage their stakeholders in the vision and strategy process are more likely to achieve higher levels of alignment, agility, and performance. The survey also found that the best practices for involving and engaging stakeholders are to solicit their input and feedback, to co-create and co-own the vision and strategy, and to share and discuss the vision and strategy with them regularly and openly. Similarly, Freeman et al. (2010) developed and tested a stakeholder theory of strategic management, and found that involving and engaging stakeholders in the vision and strategy process can help the organization create value and competitive advantage, and to achieve its goals and objectives. The authors also found that the best practices for involving and engaging stakeholders are to identify and prioritize the relevant and important stakeholders, to understand and address their needs and expectations, and to establish and maintain a trust-based and mutually beneficial relationship with them.

Make the Vision and Strategy Simple and Memorable

Another best practice and recommendation for creating and communicating a clear and compelling vision and strategy is to make the vision and strategy simple and memorable, by using clear and concise language, and by using stories, metaphors, and visuals to convey the message. Making the vision and strategy simple and memorable can have the following positive consequences:

- Communicate the core purpose, values, and goals of the organization, by using simple

and easy to understand words and phrases, and by avoiding jargon, acronyms, and technical terms. Making the vision and strategy simple and clear can help the organization convey its essence and meaning, and make it accessible and comprehensible to the stakeholders. For example, Disney's vision and strategy is to be one of the world's leading producers and providers of entertainment and information, and to do so by using its portfolio of brands to differentiate its content, services and consumer products. Disney uses simple and clear language to communicate its vision and strategy, and to convey its core purpose, values, and goals.

- Inspire and persuade the stakeholders to support and follow the vision and strategy, by using stories, metaphors, and visuals that capture the attention, interest, and emotion of the stakeholders, and that illustrate the benefits, challenges, and actions of the vision and strategy. Making the vision and strategy memorable and compelling can help the organization influence the attitudes and behaviors of the stakeholders, and make them enthusiastic and passionate about the vision and strategy. For example, Tesla's vision and strategy is to accelerate the world's transition to sustainable energy, and to do so by offering electric vehicles, solar panels, and battery products. Tesla uses stories, metaphors, and visuals to convey its vision and strategy, and to inspire and persuade its stakeholders to support and follow its vision and strategy.
- Create a distinctive and memorable identity and image for the organization, by using unique and catchy words and phrases, and by using stories, metaphors, and visuals that represent and reflect the organization's personality, culture, and values. Making the vision and strategy distinctive and memorable can help the organization differentiate itself from its competitors, and enhance its brand equity and goodwill. For example, Nike's vision and strategy is to bring inspiration and innovation to every athlete in the world, and to do so by offering high-performance and high-quality products and services. Nike uses distinctive and memorable words and phrases, such as "Just Do It", and stories, metaphors, and visuals, such as the swoosh logo, to communicate its vision and strategy, and to create a distinctive and memorable identity and image for the organization.

Several studies have empirically demonstrated the positive relationship between making the vision and strategy simple and memorable and creating and communicating a clear and compelling vision and strategy. For instance, Heath and Heath (2007) conducted a study of various cases of successful and unsuccessful communication of vision and strategy, and found

that one of the main factors that influences the effectiveness and impact of the communication is the simplicity and memorability of the message, and that the organizations that use simple and memorable messages to convey their vision and strategy are more likely to capture the attention, interest, and emotion of their stakeholders, and to influence their attitudes and behaviors. The authors also found that the best practices for making the vision and strategy simple and memorable are to use clear and concise language, to use stories, metaphors, and visuals to illustrate the message, and to use unique and catchy words and phrases to differentiate the message. Similarly, Collins and Porras (1996) conducted a study of 18 visionary companies and 18 comparison companies, and found that one of the main factors that influences the clarity and alignment of the vision and strategy is the simplicity and memorability of the vision and strategy, and that the visionary companies use simple and memorable vision and strategy statements to communicate their core purpose, values, and goals, and to inspire and persuade their stakeholders to support and follow their vision and strategy. The authors also found that the best practices for making the vision and strategy simple and memorable are to use simple and easy to understand words and phrases, to use vivid and concrete examples to illustrate the vision and strategy, and to use unique and catchy words and phrases to differentiate the vision and strategy.

Align the Vision and Strategy with the Organizational Values

and Culture

Another best practice and recommendation for creating and communicating a clear and compelling vision and strategy is to align the vision and strategy with the organizational values and culture, by ensuring that they reflect and reinforce the core beliefs and principles of the organization, and by promoting a shared identity and commitment. Aligning the vision and strategy with the organizational values and culture can have the following positive consequences:

- Create consistency and coherence between the vision, strategy, and actions of the organization, by ensuring that they are compatible and complementary, and by avoiding contradictions and conflicts. Aligning the vision and strategy with the organizational values and culture can help the organization enhance the credibility and legitimacy of the vision and strategy, and make them more believable and achievable. For example, Patagonia's vision and strategy is to build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis, and to do so by offering high-quality outdoor clothing and gear, and by being a responsible and ethical company. Patagonia aligns its vision and strategy with its organizational values and culture, such as quality, integrity, environmentalism, and activism, and ensures that its vision, strategy, and actions are consistent and coherent.
- Foster a culture of trust, collaboration, and innovation, by creating and maintaining a positive and supportive work environment, and by encouraging and rewarding the behaviors and practices that support the vision and strategy. Aligning the vision and strategy with the organizational values and culture can help the organization create a culture that supports and reinforces the vision and strategy, and that empowers and enables the stakeholders to work towards the vision and strategy. For example, Netflix's vision and strategy is to provide the best entertainment experience to its customers, and to do so by offering a diverse and original content, and by leveraging its technology and data. Netflix aligns its vision and strategy with its organizational values and culture, such as freedom, responsibility, excellence, and innovation, and fosters a culture of trust, collaboration, and innovation.

- Motivate and empower the stakeholders to work towards the vision and strategy, by creating and maintaining a shared and common identity and commitment, and by ensuring that the stakeholders share and embrace the vision and strategy. Aligning the vision and strategy with the organizational values and culture can help the organization create a sense of belonging and loyalty among the stakeholders, and make them enthusiastic and passionate about the vision and strategy. For example, Southwest Airlines' vision and strategy is to provide low-cost, high-quality, and convenient air travel to its customers, and to do so by focusing on its competitive advantages of operational efficiency, customer service, and employee satisfaction. Southwest Airlines aligns its vision and strategy with its organizational values and culture, such as fun, love, and care, and motivates and empowers its stakeholders to work towards the vision and strategy.

Several studies have empirically demonstrated the positive relationship between aligning the vision and strategy with the organizational values and culture and creating and communicating a clear and compelling vision and strategy. For instance, Denison and Mishra (1995) conducted a study of 34 organizations and found that one of the main factors that influences the performance, quality, and customer satisfaction of the organizations is the alignment of the vision and strategy with the values and culture of the organizations, and that the organizations that align their vision and strategy with their values and culture are more likely to achieve higher levels of performance, quality, and customer satisfaction. The authors also found that the best practices for aligning the vision and strategy with the organizational values and culture are to ensure that the vision and strategy reflect and reinforce the core beliefs and principles of the organization, to promote a shared identity and commitment among the stakeholders, and to create consistency and coherence between the vision, strategy, and actions of the organization. Similarly, Schein (2010) developed and tested a model of organizational culture and leadership, and found that one of the main factors that influences the effectiveness and impact of the vision and strategy is the alignment of the vision and strategy with the culture of the organization, and that the organizations that align their vision and strategy with their culture are more likely to achieve higher levels of alignment, learning, and innovation. The author also found that the best practices for aligning the vision and strategy with the organizational culture are to ensure that the vision and strategy are compatible and complementary with the culture of the organization, to foster a culture of trust, collaboration, and innovation among the stakeholders, and to motivate and empower the stakeholders to work towards the vision and strategy.

Communicate the Vision and Strategy Frequently and Consistently

Another best practice and recommendation for creating and communicating a clear and compelling vision and strategy is to communicate the vision and strategy frequently and consistently, by using multiple channels and formats, and by reinforcing the key messages and actions. Communicating the vision and strategy frequently and consistently can have the following positive consequences:

- Keep the vision and strategy alive and relevant, by ensuring that the stakeholders are aware of and updated on the vision, strategy, and progress, and by avoiding confusion, doubt, and distrust. Communicating the vision and strategy frequently and consistently can help the organization maintain the focus and direction of the vision and strategy, and make them more understandable and achievable. For example, Apple's vision and strategy is to create innovative and user-friendly products and services that enhance the lives of its customers, and to do so by focusing on its core competencies of design, technology, and marketing. Apple communicates its vision and strategy frequently and consistently, by using multiple channels and formats, such as presentations, websites,

blogs, podcasts, and social media, and by keeping its stakeholders aware of and updated on its vision, strategy, and progress.

- Reinforce the expectations and behaviors that support the vision and strategy, by ensuring that the stakeholders know and understand what they need to do and how they need to do it, and by avoiding misalignment, fragmentation, and conflict. Communicating the vision and strategy frequently and consistently can help the organization create consistency and coherence between the vision, strategy, and actions, and make them more believable and achievable. For example, Amazon's vision and strategy is to be the most customer-centric company in the world, and to do so by offering a wide range of products and services, and by constantly enhancing its technology, logistics, and customer experience. Amazon communicates its vision and strategy frequently and consistently, by using multiple channels and formats, such as newsletters, emails, meetings, and reports, and by reinforcing the expectations and behaviors that support its vision and strategy, such as customer obsession, innovation, and excellence.
- Recognize and reward the achievements and contributions of the stakeholders, by ensuring that the stakeholders are appreciated and valued for their work and results, and by avoiding demotivation and dissatisfaction. Communicating the vision and strategy frequently and consistently can help the organization create a positive and supportive work environment, and make the stakeholders feel valued and empowered. For example, Netflix's vision and strategy is to provide the best entertainment experience to its customers, and to do so by offering a diverse and original content, and by leveraging its technology and data. Netflix communicates its vision and strategy frequently and consistently, by using multiple channels and formats, such as announcements, feedback, reviews, and ratings, and by recognizing and rewarding the achievements and contributions of its stakeholders, such as creativity, quality, and impact.

Several studies have empirically demonstrated the positive relationship between communicating the vision and strategy frequently and consistently and creating and communicating a clear and compelling vision and strategy. For instance, Heskett et al. (1997) conducted a study of 20 service organizations and found that one of the main factors that influences the loyalty and retention of the customers and employees of the organizations is the communication of the vision and strategy, and that the organizations that communicate their vision and strategy frequently and consistently are more likely to create a strong and positive organizational culture, and to enhance the loyalty and retention of their customers and employees. The authors also

found that the best practices for communicating the vision and strategy frequently and consistently are to use multiple channels and formats, to reinforce the key messages and actions, and to recognize and reward the achievements and contributions. Similarly, Kotter (1995) conducted a study of 100 organizational change initiatives and found that one of the main factors that influences the success and impact of the change initiatives is the communication of the vision and strategy, and that the organizations that communicate their vision and strategy frequently and consistently are more likely to achieve higher levels of commitment, cooperation, and performance. The author also found that the best practices for communicating the vision and strategy frequently and consistently are to use simple and clear language, to use stories, metaphors, and visuals to illustrate the vision and strategy, and to use multiple channels and formats to reach the stakeholders.

Monitor and Evaluate the Progress and Impact of the Vision and Strategy

Another best practice and recommendation for creating and communicating a clear and compelling vision and strategy is to monitor and evaluate the progress and impact of the vision and strategy, by establishing and tracking relevant indicators and metrics, and by celebrating

and rewarding achievements and learning from failures. Monitoring and evaluating the progress and impact of the vision and strategy can have the following positive consequences:

- Measure and demonstrate the results and outcomes of the vision and strategy, by ensuring that the stakeholders are informed and aware of the performance and impact of the vision and strategy, and by avoiding ambiguity and uncertainty. Monitoring and evaluating the progress and impact of the vision and strategy can help the organization validate and verify the effectiveness and efficiency of the vision and strategy, and make them more credible and legitimate. For example, Southwest Airlines' vision and strategy is to provide low-cost, high-quality, and convenient air travel to its customers, and to do so by focusing on its competitive advantages of operational efficiency, customer service, and employee satisfaction. Southwest Airlines monitors and evaluates the progress and impact of its vision and strategy, by establishing and tracking relevant indicators and metrics, such as profitability, customer loyalty, and employee retention, and by measuring and demonstrating the results and outcomes of its vision and strategy.
- Identify the strengths, weaknesses, opportunities, and threats of the vision and strategy, by ensuring that the stakeholders are aware of and updated on the progress and challenges of the vision and strategy, and by avoiding complacency and stagnation. Monitoring and evaluating the progress and impact of the vision and strategy can help the organization learn and improve the vision and strategy, and make them more relevant and realistic. For example, Patagonia's vision and strategy is to build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis, and to do so by offering high-quality outdoor clothing and gear, and by being a responsible and ethical company. Patagonia monitors and evaluates the progress and impact of its vision and strategy, by establishing and tracking relevant indicators and metrics, such as environmental footprint, social impact, and customer satisfaction, and by identifying the strengths, weaknesses, opportunities, and threats of its vision and strategy.
- Celebrate and reward the successes and learnings of the vision and strategy, by ensuring that the stakeholders are appreciated and valued for their achievements and contributions, and by avoiding demotivation and dissatisfaction. Monitoring and evaluating the progress and impact of the vision and strategy can help the organization create a positive and supportive work environment, and make the stakeholders feel valued and empowered. For example, Tesla's vision and strategy is to accelerate the

world's transition to sustainable energy, and to do so by offering electric vehicles, solar panels, and battery products. Tesla monitors and evaluates the progress and impact of its vision and strategy, by establishing and tracking relevant indicators and metrics, such as innovation, quality, and impact, and by celebrating and rewarding the successes and learnings of its vision and strategy.

Several studies have empirically demonstrated the positive relationship between monitoring and evaluating the progress and impact of the vision and strategy and creating and communicating a clear and compelling vision and strategy. For instance, Kaplan and Norton (1996) conducted a study of 12 organizations and found that one of the main factors that influences the alignment, learning, and innovation of the organizations is the monitoring and evaluation of the vision and strategy, and that the organizations that monitor and evaluate their vision and strategy using a balanced scorecard approach are more likely to achieve higher levels of alignment, learning, and innovation. The authors also found that the best practices for monitoring and evaluating the vision and strategy are to establish and track relevant indicators and metrics, to celebrate and reward the achievements and learnings, and to provide feedback and guidance for improvement and adjustment. Similarly, Collins and Porras (1996) conducted a study of 18 visionary companies and 18 comparison companies, and found that one of the main factors that influences the clarity and alignment of the vision and strategy is the monitoring and evaluation of the vision and strategy, and that the visionary companies monitor and evaluate their vision and strategy using a set of core values and goals, and a set of flexible and adaptable strategies and tactics. The authors also found that the best practices for monitoring and evaluating the vision and strategy are to establish and track relevant indicators and metrics, to celebrate and reward the achievements and learnings, and to learn from the failures and mistakes.

Conclusion

This document has summarized the main findings of research on the importance of vision and strategy in organizations. It has covered the following topics:

- The benefits of having a clear and compelling vision and strategy for organizational performance, employee engagement, and stakeholder loyalty
- The challenges and barriers to developing and implementing vision and strategy, such as lack of leadership, resistance to change, and complexity and ambiguity

- The best practices and recommendations for creating and communicating vision and strategy, such as involving and engaging stakeholders, making the vision and strategy simple and memorable, aligning them with the organizational values and culture, communicating them frequently and consistently, and monitoring and evaluating their progress and impact

The document has provided a concise and comprehensive overview of the research findings on the importance of vision and strategy in organizations, and has offered some practical implications and suggestions for organizations that want to improve their vision and strategy processes and outcomes. The document has also provided some examples and evidence from the literature to illustrate and support the main points and arguments.

The document has some limitations and directions for future research. First, the document has focused on the general and common aspects of vision and strategy, and has not addressed the specific and unique aspects of vision and strategy in different types and contexts of organizations, such as public, private, non-profit, or social enterprises, or in different industries, sectors, or markets. Future research could explore the variations and adaptations of vision and strategy in different types and contexts of organizations, and the factors and conditions that influence them. Second, the document has relied on a review and analysis of relevant and credible sources, such as academic journals, books, reports, and articles, and has not conducted any primary data collection or analysis, such as surveys, interviews, or case studies. Future research could conduct empirical studies to test and validate the findings and recommendations of the document, and to provide more in-depth and detailed insights and examples of vision and strategy in organizations. Third, the document has presented the findings and recommendations of the research in a descriptive and prescriptive manner, and has not provided any critical or evaluative analysis or discussion of the strengths, weaknesses, opportunities, and threats of vision and strategy in organizations, or of the assumptions, limitations, and implications of the research. Future research could provide more critical and evaluative analysis or discussion of vision and strategy in organizations, and of the research on vision and strategy, and to identify and address the gaps, challenges, and controversies in the literature and practice.

References

Collins, J. C., & Porras, J. I. (1996). Building your company's vision. *Harvard business review*, 74(5), 65-77.

Denison, D. R., & Mishra, A. K. (1995). Toward a theory of organizational culture and effectiveness. *Organization science*, 6(2), 204-223.

Eisenhardt, K. M., & Sull, D. N. (2001). Strategy as simple rules. *Harvard business review*, 79(1), 106-119.

Edelman. (2018). 2018 Edelman Trust Barometer. Retrieved from [URL]

Freeman, R. E., Harrison, J. S., Wicks, A. C., Parmar, B. L., & de Colle, S. (2010). *Stakeholder theory: The state of the art*. Cambridge University Press.

Gallup. (2017). *State of the Global Workplace*. Retrieved from [URL]

Heath, C., & Heath, D. (2007). *Made to stick: Why some ideas survive and others die*. Random House.

Heskett, J. L., Jones, T. O., Loveman, G. W., Sasser Jr, W. E., & Schlesinger, L. A. (1997). Putting the service-profit chain to work. In *Harvard business review on measuring corporate performance* (pp. 173-205). Harvard Business Press.

Kaplan, R. S., & Norton, D. P. (1996). Using the balanced scorecard as a strategic management system. *Harvard business review*, 74(1), 75-85.

Kotter, J. P. (1995). Leading change: Why transformation efforts fail. *Harvard business review*, 73(2), 59-67.

McKinsey & Company. (2018). *Strategy under uncertainty*. Retrieved from [URL]

Schein, E. H. (2010). *Organizational culture and leadership* (Vol. 2). John Wiley & Sons.

Sull, D., Homkes, R., & Sull, C. (2015). Why strategy execution unravels—and what to do about it. *Harvard Business Review*, 93(3), 57-66.