ABSTRACT

This paper addresses the role of vision in the management of organization growth. Effective growth management requires that founders/executives envision the firm as a larger entity and anticipate critical changes which will need to occur. A five part strategy for expanding entrepreneurial vision in the growing firm is proposed. Elements of that strategy are as follows: (a) get to know the territory, (b) recognize that change is inevitable, (c) revise your vision in anticipation of increased size, (d) update your business plan, and (e) share the vision at every appropriate opportunity.

... the managers of most such (rapid growth) companies are building a company for the first time. This is about as easy as navigating unchartered waters with an inexperienced crew while surrounded by a school of sharks. (Flamholtz, 1986)

In building a business venture, entrepreneurs face a number of significant challenges. The immediate, all encompassing challenge lies in establishing the company as a successful business venture. Once early success is achieved, a subsequent challenge emerges—the management of organization growth. Growth brings a new series of problems, requiring different management skills, priorities and structural configurations (Adizes, 1989; Flamholtz, 1986; Greiner, 1972; Hambrick & Crozier, 1985; Hanks, 1990; Kazanjian, 1988; Kazanjian & Drazin, 1991). Furthermore, new perspectives may be called for by changes in the market place. The founders' initial vision of the firm must change in light of new organizational and environmental imperatives.

Leading an organization through the growth process is a difficult managerial task. Entrepreneurial founders, while generally well trained in the technical aspects of their job, often have limited training and experience in leading organizations and find themselves unprepared to manage the transition process effectively.

Effective management of organization growth requires new vision on the part of the firm’s leadership. Hambrick and Crozier (1985) in their study of rapid growth firms found that the ability of the chief executive to “envision and anticipate” the firm as a larger entity was crucial to its success. The objective of this paper is to discuss the role of vision in the management of organization growth. The paper is integrative in nature, drawing ideas from the literatures...
of organization growth, entrepreneurship, leadership and change. The basic premise is that change is inevitable in the growing firm.

The paper begins with the concept of vision, which is defined, its roots explored, and its role in the entrepreneurial process discussed. Next, our attention turns to the dynamics of organization growth and its impact upon the organization and its leadership. Finally, we will suggest some practical techniques for expanding entrepreneurial vision in the growing firm.

VISION

The vision construct can be explored through the leadership literature. Kouzes and Posner (1989) in their study of several hundred leaders identified “inspiring a shared vision” as one of five critical leadership dimensions. Similarly, Bennis and Nanus (1985) identified “vision” as one of four key leadership characteristics. Jaffe et al. (1986) noted that “the skill of visioning underlies each of the key elements of creating inspired performance” (p. 97). Kouzes and Posner (1989) describe vision this way: “Visions, then are conceptualizations. They are images in the mind. They are impressions and abstractions . . . . Just as architects make drawings and engineers build models, leaders find ways of giving expression to their hopes for the future” (p. 88).

Vision is important in the leadership formula for two reasons. Firstly, it identifies the future direction of the organization as a state of being the organization wishes to achieve in the future. Secondly, vision becomes a rallying point for followers. Bennis and Nanus describe this dimension of vision as follows:

Their visions or intentions are compelling and pull people toward them. Intensity coupled with commitment is magnetic. And these intense personalities do not have to coerce people to pay attention; they are so intent on what they are doing that, like a child completely absorbed with creating a sand castle in a sandbox, they draw others in. (p. 28)

Jaffe et al. (1986) contend that an effective leader is one who has a powerful sense of meaning and who uses this to inspire others.

Vision, then, refers to a mental image or picture, which defines the future direction, position or agenda of the organization and serves as a rallying point for organization members.

Vision and Entrepreneurship

Vision plays a vital role in the entrepreneurial process. It is the vision of the entrepreneur—the ability to identify significant needs in the market place and develop a business concept designed to meet those needs—which leads to the establishment of the organization in the first place. These are clearly visionary skills.

The genesis of most organizations can be traced to an idea—the business concept or vision. If the idea shows promise, the founders begin to act upon that vision, marshalling the necessary resources, developing the product or service and presenting it to the marketplace. Supportive of this notion, McMullan and Long (1990) identify entrepreneurial vision as the precursor of organization creation:
The creative process involves two main developmental phases: first, that of previsualizing a desired outcome and, second, that of impressing one’s creative vision upon a chosen medium by accessing necessary resources and allocating them to the task. That is, as a creative actor, an entrepreneur will first attain a holistic vision of the venture to be created and, second, he or she must mobilize the resources from the environment to transform and elaborate that vision within the venture medium. (p. 134)

Thus, simply put, entrepreneurship comprises two essential elements, vision and action. Vision without action is simply dreaming. Action without vision remains but a shot in the dark. For true entrepreneurship to occur, both vision and action must be present.

Entrepreneurial vision is often a vital motivator of employee performance. Entrepreneurs generally lack the resources to provide substantial financial incentives to employees. Instead, they must inspire exceptional performance by rallying their workers around a compelling vision. Often extraordinary levels of performance are attained by very ordinary individuals because of a special challenge or idea. In such cases people frequently expend considerable personal time and energy to make the entrepreneurial vision a success (Jaffe, 1986).

The Roots of Vision

Where does vision come from? Research on this question has yielded three primary sources of vision: first, personal experience of the leader; second, learning from others; and third, the creative process of linking known concepts in new combinations.

One clear source of vision is the personal experience of the leader. Kouzes and Posner (1988) identify intuition as the “wellspring of vision” (p. 93). Intuition flows from intimate, hands-on knowledge of the situation, or experience:

The longer we spend in an organization and an industry, and the more varied our experiences, the broader and deeper our understanding is likely to be. Often, when presented with an unfamiliar problem, we consciously (or unconsciously) draw upon those experiences to help us solve problems. We select relevant information, make relevant comparisons and integrate experience with the current situation. For the experienced leader, all of this may happen in a matter of seconds. But it is the years of direct contact with a variety of problems and situations that prepare the leader for unique insight. Listening, reading, smelling, feeling, and tasting the business improve our vision (p. 94)

Often it is not the leader but someone else who is the source of the vision. Kouzes and Posner asked leaders to identify their “personal best” leadership experience. They found that in more than half of the cases the idea was initiated by someone else:

Historians tend to write about great leaders as if they possessed great genius, as if they were capable of creating their visions and sense of destiny out of some mysterious inner resources. Perhaps some do, but upon closer examination it usually turns out that the vision did not originate with the leader personally, but rather from others. (p. 95)

According to Bennis and Nanus (1985), effective leaders tend to be great listeners, learners and adapters. McMullan and Long (1990) supported this notion, stating, “Entrepreneurs need to learn their art somewhere, usually from other entrepreneurs” (p. 134).
Vesper (1990) in his review of the literature identified several sources of new venture ideas including prior employment experiences, hobbies, social encounters, pedestrian observations, invitations from others, obtaining rights from others and, finally, deliberate search. While this list is extensive, each source as noted above stems from either the experience base of the entrepreneur or learning from someone else.

Vision is often the result of a creative process wherein known ideas or processes are transferred to a new context or applied in a new, unique way (Schumpeter, 1934). A good example of this is the case of MicroFridge, a start-up venture, whose product consists of a miniaturized refrigerator-freezer-microwave oven combination, designed for college student dorms and motel rooms (Mamis, 1991). While the products themselves are not innovative, it is the combination of these (accommodated in a small space, requiring only one regular wall plug) which has allowed MicroFridge to create a new niche in the marketplace. In its first full year of sales MicroFridge earned over $1 million in profit on $15 million in revenues.

Finally, it must be recognized that the development of vision is often an iterative process. Timmons (1990), citing the case of Howard Head, who went through 40 different prototypes in the development of the metal ski, noted that new venture ideas often evolve through a series of trial and error iterations:

... the new business that simply bursts from a flash of brilliance is rare. What is usually necessary is a series of trial-and-error iterations, or repetitions, before a crude and promising product fits with what the customer is really willing to pay for. (p. 34)

In summary, the roots of vision can be traced to three primary sources: (a) the experience base of the entrepreneur or entrepreneurial team, (b) the gleaning of ideas from other people, and (c) the creative process of applying known ideas in new contexts or settings. Visions often evolve iteratively and crystalize over time as the entrepreneur or leader begins to test and refine his or her ideas.

EXPANDING ENTREPRENEURIAL VISION

We have thus far discussed the vision construct, its role in the entrepreneurial process, and the roots of vision. Just as vision plays a vital role in the entrepreneurial process, it is equally important in the commencement of organization growth. A guiding but oft-revised vision can do much to facilitate smooth organization growth. Rockey (1986) in his study of “visualization” found instances of entrepreneurs envisioning many different aspects of organization growth, including identifying a product or service, selecting and constructing a facility, securing capital, selecting personnel, creating a structure for the organization, designing equipment and mechanical procedures, designing operational procedures, designing decor, expanding the enterprise, and selling the business.

Vision, in the context of the growing firm, has been characterized as follows:

The “anticipation of bigness” is the term that best describes the mentality and actions of firms which deal effectively with the problems of instant size. Instead of waiting until the firm is bigger and struggling with its increased size, these firms look ahead to those problems and lay an early foundation for managing a larger enterprise. (Hambrick & Crozier, 1985, p. 36)
In an effort to assist founders and executives of growing firms, we propose a five part strategy. Components of the strategy include the following: (a) get to know the territory, (b) recognize that change is inevitable in the growing firm, (c) revise your vision in light of present or anticipated changes, (d) update your business plan, and (e) share the vision at every appropriate opportunity.

Get To Know the Territory

Effective management of organization growth starts with a knowledge of the territory. The authors have been impressed with the intensity with which would-be entrepreneurs, and entrepreneurs-in-process acquaint themselves with the entrepreneurship process. Often this involves a near total immersion in the liturgy of organization creation. Similarly, executives of fast growing firms must become students (with equal intensity) of organization growth. They must understand the territory through which they are about to lead their organization.

Certainly the pattern of growth in every firm has unique elements, driven by the personalities involved as well as other organizational and market dimensions. On the other hand, there are patterns and challenges which are common to most growing firms at various stages of the organization lifecycle. Anticipation of these can help the firm to avoid some common stumbling blocks associated with growth.

As illustrated in the figure, growth is driven by increasing market/environment acceptance of the firm’s products or services. As an organization experiences increasing market acceptance (assuming growth is desirable to organization founders), it must scale up to meet increasing product demand, hiring additional people and increasing production capacity. As the organization increases in size, it increases in complexity, creating new demands and often rendering existing organization structures and systems ineffective. Thus, if the firm wishes to continue along the growth cycle, organization structure and systems must be reconfigured to better fit the company’s current size, complexity and focal problems. A failure to properly reconfigure generally results in an overload of organization systems, negatively impacting the ability of the firm to effectively serve the marketplace, ultimately detracting from market acceptance, halting the growth process, and forcing the organization into a pattern of stagnation or decline.

In the growing firm reconfiguration generally involves increased formalization of organization processes, greater decentralization of decision making, greater specialization of roles within the organization, and additional levels of management.

Hanks (1990) argued that each stage of the organization life cycle is represented by a unique configuration of these dimensions. Growth from start-up to a large diversified organization generally involves multiple developmental stages or reconfigurations (Miller & Friesen, 1984).
Figure 1. Model of organization growth and decline.

Recognize That Change Is Inevitable

Recognizing the need for change and new vision is often difficult for those leading successful new ventures. There are several reasons for this. First, the hectic pace of day to day affairs leaves little time for thoughtful contemplation. Second, when things are going well, there is little incentive to change (Tushman, Newman & Romanelli, 1986). Thus, most organizations continue operating as they have until they reach some crisis point (i.e. a configuration crisis or loss of a major account) which provides a wake-up call, signalling the need for immediate dramatic organization change.

Change is inevitable in growing ventures and, as illustrated in Figure 1 (above), two major types are typically required. The first, reconfiguration, is driven by increasing organization size and complexity, discussed above. Hambrick and Crozier (1985) argued that these factors should be incorporated in the leader's vision of the firm:

Only if the larger firm is envisioned can there be any hope of readying the firm for that state. The process of readying the firm can be substantive—hiring, reorganizations, opening new facilities. But it is also psychological—mentally and emotionally preparing everyone for a very different setting. (p. 42)

Thus, size-driven changes are inevitable in the successful growing venture. Wise leaders can anticipate these changes as the organization grows and incorporate them in their vision of the future organization.

Other factors driving change, many external to the firm, occur in a less predictable fashion. Stevenson, Roberts and Grousbeck (1989) identified a number of these unexpected changes which can impact the successful, growing firm:

One thing is certain—circumstances will change over time, particularly if the venture is successful. This success will create all sorts of pressures on performance, including imitative competitors, product substitutions, changing technology, changing customer preferences, personnel turnover, and changing relationships with both suppliers and buyers. (p. 23)

Thus, periodically changes occur in the marketplace. Response to these changes generally involves some kind of realignment—efforts to better position the firm's products or services in the marketplace. Failure to realign in response to environmental change leads to stagnation and ultimately decline and organization death. These external changes, at best, can be anticipated based on subtle cues and trends in the market place. Nevertheless, these too must be monitored and significant changes incorporated into the leader's vision.

Longitudinal studies at Columbia (Tushman et al., 1986), and McGill Universities (Miller & Friesen, 1980) have revealed that organizations seldom change when all is going well. Thus, it can be expected that most firms will continue with the current mode of operations until they experience either an organization crisis (system overload) and/or find themselves out of alignment with the marketplace, placing the organization involuntarily on the renewal cycle (See Figure 1). However, it is also possible that a firm could voluntarily enter the renewal cycle as an extension of the growth cycle (Proactive Renewal Loop). This is accomplished by proactively anticipating needed realignments in its products as well as internal configuration, thus averting stagnation and decline.

Thus, change is inevitable in the growing business venture. Two primary drivers of change include (a) increased size and complexity which demands periodic reconfiguration of organization systems and processes, and (b) environmental changes, which demand periodic realignment of organization products and services. Firms which are able to anticipate and make these changes continue along the growth cycle. In circumstances where change does not occur, growth is ultimately derailed, and the organization enters a period of stagnation or decline.
Revise Your Vision

Once the need for change is recognized, leaders of growth ventures must begin the process of creating a vision of the firm as a larger entity. As noted earlier in this paper, the roots of vision can generally be traced to the experience base of the leader or team. For growth firm executives having significant experience in larger firms (particularly if the present venture is in the same industry), envisioning their emerging firm as a larger entity may come quite easy. On the other hand, for executives with little large firm experience, this might represent a significant challenge. Thus, if the vision of the founder is to be expanded, we must begin by expanding the experience base of the founder and/or the executive team. This can be accomplished internally by broadening the experience base of the founder and/or externally by hiring individuals with large firm experience.

Expanding vision through benchmarking. One approach for expanding the vision of the founder or management team is the practice of “benchmarking.” While long employed as a tool for product development and quality improvement, benchmarking can be equally effective as a tool for expanding the experience base and vision of growth venture executives. Altany (1991) described benchmarking as follows: “The essence of benchmarking is really to seek out, learn, and incorporate new operational approaches by exchanging information with top-performing non-competitors” (p. 13). Applied to the growing firm, benchmarking involves the identification, study, and incorporation of ideas, systems, and processes from larger firms. The process of benchmarking generally involves three steps: (a) identification of a role model firm, (b) study of the targeted practice(s) of the role model firm, and (c) bringing the ideas (adapted if necessary) inside your own firm.

The power of benchmarking as a tool for expanding entrepreneurial vision lies in the clarity and the richness of the images generated. Real life examples provide powerful role models for emerging business ventures. One approach involves identification of a “just-like competitor,” a successful firm in their same industry (often a leader in the passing generation of technology) or a similar industry which exemplifies where the firm would like to be in three to five years (Multrop, 1990). The model firm’s history, growth, development, strategy and tactics should be carefully studied as a baseline for the benchmarking firm’s development. Benchmarking is easier if the role model firm is not a direct competitor of the benchmarking firm in that the role model firm is generally more willing to share information and allow site visits under such circumstances.

A recent article in Inc (Hyatt, 1991) highlights the successes of Manco, Inc. in benchmarking larger firms. Jack Kahl, the CEO of Manco, identifies the benefits of studying multiple role models in their benchmarking efforts. Manco studied Walt Disney Co. to learn merchandising and marketing techniques, they adopted leadership and communication techniques from Wal-Mart, measurement of innovation from Rubbermaid, and recruitment strategies from PepsiCo. Says Kahl: “All I know is that if I study excellent companies, I come up with excellent ideas” (Hyatt, 1991, p. 56), and “I take every opportunity to see a good company” (Hyatt, 1991, p. 57). By studying successful, big companies, Kohl expands his experience base and his vision as well.
**Hiring a vision.** A second vital tool for expanding the experience base (and thus, vision) of the management team is hiring executives with significant large firm experience. Hambrick and Crozier (1985) noted the benefits of this approach:

We have found that a substantial proportion of the successful high-growth firms had brought in one or more senior level executives with big-company experience to complement the owner founder, or that the chief executive had willingly departed or had been replaced either by an outsider or some other insider who had earlier experience in a major firm. In contrast, among the firms that stumbled sharply, the founder CEO was almost always in place at the onset of the stumble . . . (p. 44)

Thus, two important resources in creating a vision of the firm as a larger entity are benchmarking the practices of larger firms and hiring executives with larger firm experience.

**Update Your Business Plan**

The importance of a business plan in the development of a new business venture is well established. The business plan plays a vital role in crystallizing entrepreneurial vision and in developing specific plans of action for acting upon that vision. Beyond start-up, Timmons (1990) noted that the business plan becomes important “as a means of guiding growth” (p. 330).

A business plan can be particularly helpful after start-up . . . as a means of guiding growth. One can think of developing a business plan as a flight simulator. The consequences of different strategies and tactics and the human and financial requirements and the building the venture can be determined and worked through without the risk and cost of working these out in real time. (p. 330)

Timmons further recognized the need to update the business plan in light of changing circumstances as the organization evolves:

In any case, creating a business plan is more a process than simply a product, and the resulting plan is not immutable. By the same token, the business plan for a business is not “the business.” A business plan is analogous to a pilot’s cross-country flight plan in that it defines the most desired, most timely, and least-hazardous route to a given destination. Yet, innumerable factors, such as unexpected weather and traffic, can significantly alter the course of the actual flight. Similarly, for new companies, it is common for the actual course of the business to diverge from that originally developed in a business plan. (p. 330)

An excellent activity for translating growth vision into reality is updating the business plan, creating a chart to guide the firm’s transition to the next stage of development. The comprehensive nature of a business plan allows for a thorough testing of your growth vision before implementation. This allows growth executives to identify places where their vision remains vague and to develop a well rounded plan for managing growth.
Share the Vision

The final element of a growth strategy must include plans for sharing the vision. It is important to realize that the organization's purpose must be constantly clarified. If visionary leadership is to become a reality, it must permeate all facets of the organization (Jaffe et al., 1986). All within the organization must share the same vision.

Sharing the vision of the firm is often easy while the firm is small, simple and informal. In this setting the leader or founder works side-by-side with employees, interacting on an ongoing basis. However, as more and more people are added to the firm, sharing the vision becomes a much more complex task, requiring more formalized techniques, and at times, symbolic events which convey important messages to employees.

Certainly one technique for sharing growth vision is to involve employees in the development of the vision in the first place. As the organization becomes more complex and organization members and stakeholders become more diverse, this sense of shared purpose or vision should not be imposed upon them by the leadership. Gaffney (1984), citing Peter Senge, has observed that it needs to emerge through a process of collaboration: "As the process of individual visioning unfolds among a group committed to a common endeavor, the underlying purpose and vision of the group begins to emerge... It is the organization's vision, not the individual's vision, that matters here" (p. 47).

One technique for creating a shared vision is to involve employees in benchmarking activities. Let them go, see and share the ideas they have observed. Take a few "folks" along with you when you go to visit a larger firm. Consider institutionalizing benchmarking in your organization, encouraging employees at all levels of the organization to be involved in benchmarking activities for their functional department.

As the firm becomes larger, face-to-face contact between top executives and employees becomes less common. Thus, it becomes important to share the vision when such contacts occur (i.e. management meetings, general employee meetings, interpersonal contacts). Many chief executives make the error of assuming that a vision need only be communicated once, when in reality it must become the central topic of conversation in the organization.

As the vision crystallizes, it is important to begin sharing important articles, stories, pictures, graphs and charts with subordinates. These activities help to keep the focus on various aspects of the firm you wish to become. Use displays, videos or any media you can to get your message across and reinforce that message. Symbolic events and recognition of individuals/units which undertake activities to move the organization in the right direction are also very important.

Sharing the vision allows employees to catch the dream and become a part of creating the future organization.

SUMMARY COMMENTS

Vision plays a vital role in both new venture creation and growth. A vision is an image, a blue-print for organization growth that becomes a rallying point and a target for organization members. As a firm grows, the founder's original vision must change, and to the degree
possible, every effort must be made to envision the firm as a larger entity and anticipate changes which must inevitably occur. To facilitate expansion of entrepreneurial vision, a five part prescriptive strategy has been proposed. Its implementation could do much to prepare organization founders and members for the difficult challenges associated with growing a business venture.

REFERENCES


