



Craig's Lake (Jill Stefani Wagner)

How well-meaning advisors, consultants, and executives have hijacked a good framework for gaining clarity of vision.

By Troy Schrock

BHAG This, BHAG That...

MANY COMPANIES across a wide variety of industries have adopted a BHAG (Big Hairy Audacious Goal) since Jim Collins and Jerry Porras first published the term more than a decade ago (*Built to Last*, 1994; *Harvard Business Review*, “Building Your Company’s Vision,” September/October 1996, pp 65 – 77). Advisors, consultants and executives all jumped on this concept because of its tremendous power for helping organizations gain clarity of vision. Executives hailed the BHAG as the “sure thing” to catapult their organizations to the top, while advisors and consultants saw the BHAG as a tremendously useful “value added” tool to use with their clients.

But something went slightly askew with the BHAG concept. What began as a transformational business tool became just another process endured by executive teams.

Somewhere Along the Way, BHAG Got Hijacked!

With the tremendous growth and popularity of BHAG, its use and application has become muddled. More and more often, BHAG is used by organizations as a mish-mash term or a fill-in-the-blank answer they feel obligated to include in their vision. A vision is simply not complete without a BHAG, or so goes the thinking. The problem is this is neither useful nor effective for achieving clarity of vision.

This rigid focus on determining a BHAG no matter what simply misses the mark. It blocks a broader understanding of the framework for helping executive teams and organizations craft their long-term vision. As a result, I have seen a good number of organizations struggle to establish a BHAG, gain

organizational commitment to a BHAG, and/or achieve the results expected from a BHAG. Based on my experience, this seems to be a common occurrence; it appears with some consistency throughout the spectrum of mid-sized to large organizations in both the for-profit and social sectors.

But does it really matter? There is no “technical standard” for a BHAG, so is there really reason for concern? The answer to both questions is yes. It does matter a great deal, but not for the sake of the term itself. Rather, it matters for the critical executive work of getting people aligned and excited about the long-term vision of the organization. The outcome of achieving this organizational vision (or of failing to achieve it) has very real effects in terms of money and people. (This is vividly illustrated later in this article when we reference a well-known organization with a very public BHAG. Soon after it was set and publicized, the organization entered Chapter 11 bankruptcy. Many people lost their jobs and income, and investors lost money.)

The intent of this article, however, is not to reestablish all of the definitions and examples of BHAG originally set forth by Collins and Porras. If you are unfamiliar with the basic concepts or simply want to refresh your existing understanding, I highly recommend you begin with some initial reading at www.jimcollins.com and then obtain the original book and article.

What are some of the common ways BHAG has become hijacked, both as a term and as a concept? And how can the original intent of the BHAG concept be restored to usefulness for executive teams as part of a larger framework for honing and achieving the long-term visions of their organizations?

Organizations commonly hijack BHAG in three distinct ways:

1. When BHAG becomes just another general term for a “goal” of almost any sort.
2. When BHAG is set in a hurry without the benefit of good thought and refinement.
3. When BHAG is broadcast to the world indiscriminately as merely a public display.

Let’s take a closer look at each of these in turn.

BHAG Just Another General Term for a Goal

This is the first and most common way organizations hijack BHAG. It occurs when executives apply the term BHAG to any (and sometimes all) organizational priorities, regardless of their bigness or immediacy. The telltale symptom of this problem is when executives make comments about a goal being “our BHAG for the year” or “our BHAG for next quarter.” These comments usually don’t become public because they are made during executive team planning sessions or meetings. Occasionally, though, evidence of this manner of hijacking does emerge publicly. For instance, here is a quote from the June 11, 2003 *San Jose Mercury News* article, “Crystal-clear vision,” by Jon Wilner:

So each June, Leland stands before his highly decorated coaches and presents his BHAGs. He also reviews the BHAGs from the previous year, discussing both the successes and the shortcomings.

Why is this use of BHAG a problem? Because it weakens the term BHAG until it becomes the same as any other goal rather than a very special type of goal. At first this might seem like a harmless issue of semantics, and in some cases that may be true; however, in the vast majority of cases it is not harmless at all. It creates an atmosphere where everything is important,

What is a BHAG?

“In *Built to Last*, we defined BHAGs as a key way to stimulate progress while preserving the core. A BHAG (pronounced bee-hag, short for “Big Hairy Audacious Goal”) is a huge and daunting goal—like a big mountain to climb. It is clear, compelling, and people ‘get it’ right away. A BHAG serves as a unifying focal point of effort, galvanizing people and creating team spirit as people strive toward a finish line. Like the 1960s NASA moon mission, a BHAG captures the imagination and grabs people in the gut.”

—Jim Collins in *Good to Great*

so nothing is important. In other words, when everything is a BHAG, nothing is a BHAG. These watered-down goals are neither compelling nor audacious, often leaving executives and employees in the organization confused. Even worse, they also lead to wasted time, effort, and resources.

BHAG Set in a Hurry

This is the second way organizations hijack BHAG. Executives, and all too often advisors and consultants, push for a quick answer to fill in the BHAG box on their strategic planning form. Their rush to create a BHAG is usually followed by a similarly rushed announcement to the entire organization (with a great deal of fanfare, of course). BHAGs simply cannot be set too quickly or with too little thought; the real truth many organizations forget or overlook is that big goals require careful thought, rigorous challenge, and detailed refinement. There will always be good BHAGs and bad BHAGs, regardless of the amount of time taken to develop them; however, a BHAG set in a hurry is much more likely to be a bad BHAG. Why? Because it lacks the beneficial effects of time spent challenging it to ensure consistency with the organization’s business model, core values and purpose.

The negative repercussions of adopting a hastily set BHAG can be numerous and significant. At the very least, an organization wastes resources pursuing an errant BHAG. Employees may also become disenfranchised and disengaged from an organization when the BHAG changes on an annual or quarterly basis. A far more serious repercussion from a hastily set BHAG, though, is this: the organization gets what it sets out to achieve.

How can this be a problem? A perfect example is the hurry-up BHAG set by Federal-Mogul, a large supplier to the automotive industry, in the late 1990s. A large part of the BHAG they publicly broadcast was growth – fast growth. Fast forward eight years, however, and we find this excerpt from a posting on *Crain's Detroit Business* website:

www.crainsdetroit.com, November 8, 2007

With judge's OK, Fed-Mogul would end 6 years in bankruptcy

By Robert Sherefkin

Federal-Mogul Corp., involved in one of the longest-running bankruptcy cases in auto industry history, is poised to exit court protection...

...Company lawyers have spent years sorting through claims involving billions of dollars in liabilities for asbestos-related afflictions. The claims arose from companies acquired by Federal-Mogul during its rapid consolidation starting in the late 1990s. Former Federal-Mogul CEO Richard Snell made that growth part of his "BHAG, or Big, Hairy Audacious Goal."

From *Automotive News*

This is a revealing case of what happens when a BHAG is not seasoned with good critical thought and reflection. For Federal-Mogul, the raw pursuit of growth led to real-life negative consequences for employees and investors alike. Focusing on revenue and growth for the sake of revenue and growth alone rarely, if ever, produces a strong organization and financial results over the long-term. Yet all too often, these two items – revenue and growth – are the common default components of BHAGs set in haste.

Yes, a BHAG is a "bet the farm" type of goal, and these types of pursuits can put an organization at risk if they do not succeed. However, there are both wise and unwise goals to pursue "at any cost." An effective BHAG must be set only after gaining the necessary understanding of the business, which requires a good deal of time – sometimes even years of refinement and thought.

BHAG for Public Display

This is the third way organizations hijack BHAG. They make their BHAG public for the whole world to see, more as a catchy

The primary purpose of BHAG is to inspire and motivate people *inside* the organization.

communication mantra than a legitimate, thoughtful target. It seems as if organizations doing this are only interested in impressing the widest possible audience.

Let's assume for a moment, however, the BHAG is actually very good. Do executives actually think the outside world cares at all about their BHAG, or are they just anxious to publicize the BHAG for reasons of ego or bravado? A BHAG should be compelling, but compelling for whom?

Remember, the primary purpose of a BHAG is to inspire and motivate people *inside* the organization; therefore, it should be communicated *internally*. Employees are concerned about the organization, so they are more likely to be captivated by daring initiatives. In the broad scheme of things, customers and the general public do not care about your BHAG. Few, if any, customers will come knocking on the door wanting to spend their money so you can achieve your BHAG. No, they are merely concerned about your value proposition meeting their own needs.

Restoring BHAG

If BHAG is to be useful to an executive team, it must be restored to its original intent. It must be part of an overall framework for honing and achieving the long-term vision of the organization.

Let's take a very practical look at BHAG from three perspectives:

- The Right Context
- The Right Conversations
- The Right Communication

The Right Context

BHAG must be understood in the right context as one part of an organization's envisioned future. It does not stand alone. Rather, it stands alongside another important concept: the vivid description. According to Collins and Porras, a "well-conceived vision is about two major components: core ideology and envisioned future" ("Building Your Company's Vision," p 66). The envisioned future also has two components: BHAG (10 – 30 year Big Hairy Audacious Goal) and a vivid description.

Unfortunately, a large number of organizations have latched on to the concepts of core values, purpose and BHAG, but missed entirely the equally important concept of a vivid description.

I see this phenomenon across many different industries and organizations, both in situations where the concepts were implemented by the organizations on their own and when they were assisted by advisors or consultants.

As is highlighted in the article noted above, there are a few key items to bear in mind regarding vivid description (p 74 & 75):

- It is a vibrant, engaging and specific description of the future.
- As with BHAG, it is a creative process.
- Use “20-year” questions (what should this company look like 20 years from now? What would you love to see? What should it have accomplished? What does it feel like to employees?)
- Passion, emotion, and conviction are essential parts.
- It may utilize an analogy to describe the company such as a garden, an athletic team, or a race car pit crew.

The vivid description is an excellent first step for executive teams as they begin building their organization’s envisioned future. A good practical exercise to get this started involves asking the executive team to write a business magazine article about the company from 15 or 20 years in the future. This process often spurs wonderful discussions among team members, bringing their creativity out into the open.

Even Collins and Porras admit in their article, “We find that executives often have a great deal of difficulty coming up with an exciting BHAG. We have found, therefore, that some executives make more progress by starting first with the vivid description and backing from there into the BHAG” (p 75).

The best results are produced when executive teams are encouraged to spend more of their time in the kind of dialogue required to cast a picture of what the company looks and feels like in 15 – 20 years. This increased focus on the vivid description, as a part of the broader envisioned future, shifts undue focus away from just setting the BHAG. Ironically, taking this initial step away from the BHAG ultimately helps the team make greater progress toward a clear, compelling BHAG.

The Right Conversations

Teams working toward a BHAG must have the right kind of conversations along the way. The key question in determining the nature of those right conversations is “what makes a good BHAG?” Jim Collins offers valuable perspective on this in his book, *Good to Great*, as well as offering more details on his website. According to Collins, a good BHAG:

- Is set with understanding, not bravado.
- Fits squarely in the three circles of the Hedgehog Concept.
- Has a long time frame — 10 to 30 years.
- Is clear, compelling, and easy to grasp.
- Directly reflects core values and core purpose.

Source: www.jimcollins.com/lab/buildingVision/p3.html

Putting a proposed BHAG up against these five criteria will force debate and rigorous challenges within the executive team. These are the right conversations to have for setting a good BHAG.

To illustrate this point further, see the story Collins shares about Starbucks at www.jimcollins.com/lab/buildingVision/p4.html.

When you read the Starbucks BHAG and listen to the story as told by Collins, you will quickly get a better feel for how the right conversations centered on debate and deeper thinking can produce a good BHAG.

The Right Communication

The purpose of a clear and compelling envisioned future, according to Collins and Porras, is to inspire and motivate employees. To fulfill this purpose, the organization must engage in the right communication about their envisioned future – the vivid description and BHAG. Messages about these items should be designed and composed specifically for internal audiences, not external audiences. In fact, communicating these messages outside the organization provides no clear benefit and could actually prove detrimental in the end.

Why is it so important to use the right communication with internal audiences? Because the real work of bringing the en-

Setting BHAGs in Middle Market Organizations

Rarely, in our experience, does the BHAG emerge quickly for middle market organizations. This does not mean they have not had a BHAG in the past. Early in the life of the organization there was likely one or more BHAGs established by the entrepreneur. Maybe it was a David vs. Goliath type BHAG as the organization set out to make its mark in an existing industry.

By the time the organization grows into the middle market the BHAG has probably run its course and the executive team is now faced with the prospect of setting a new BHAG. Careful thought and debate are required at this important juncture of resetting the BHAG. Working on a vivid description has proven to be an effective tool in helping the executive team craft the organization’s long-term vision if they get “locked-up” when a BHAG doesn’t quickly emerge.

visioned future to life is accomplished by those internal audiences - the employees inside the organization. It is okay for misalignment issues to show up when the vivid description and BHAG are first communicated; in fact, this is to be expected. Put simply, this occurs because the internal reality does not match the internal communication of the future vision.

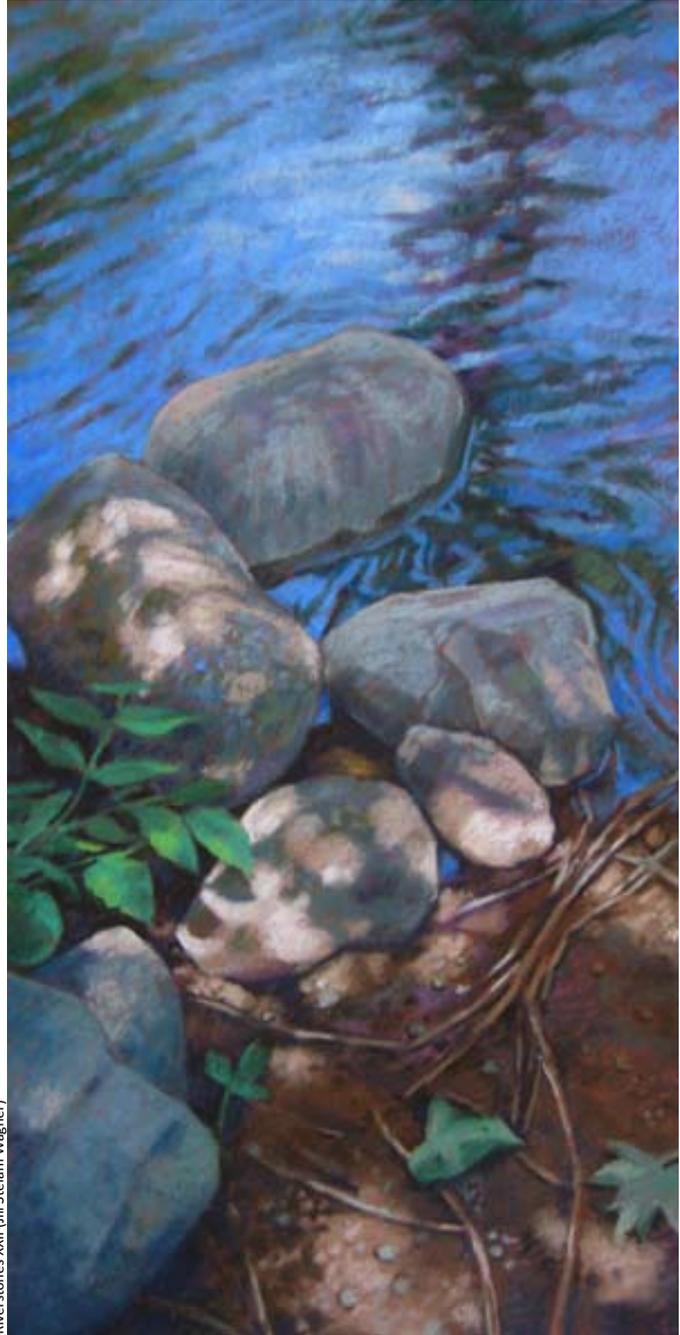
The best executive teams use these misalignments as opportunities to strengthen the mechanisms that will ultimately produce strong alignment, thus bringing the internal reality in line with the future vision. This is very important work for the executive team; the process of identifying and driving out misalignments is no light task. However, as the organization comes fully into alignment over time, the executive team and employees will notice external communications (such as articles and comments by those outside of the organization) beginning to reflect the reality of the BHAG coming to fruition years after the BHAG was set and communicated inside the organization.

When executives use BHAG in the right context, with the right conversations, and with the right communication, it becomes an extremely powerful tool. It is a critical part of the larger framework necessary to hone and achieve long-term vision.



Troy Schrock is a licensed CEO Advantage advisor, helping CEOs and executive teams in a wide range of industries with team effectiveness and strategy execution. He can be reached at troy@theceoadvantage.com.

For a complimentary reprint of this article, visit tcjournal.com.



Riverstones XXII (Jill Stefani Wagner)

Leaders are forged in the crucible of adversity.

*If you faint in the day of adversity,
your strength is small.*

(Proverbs 24:10)