

Vision and innovation

What is a Vision Statement?

A vision statement describes what a company desires to achieve in the long-run, generally in a time frame of five to ten years, or sometimes even longer.

It depicts a vision of:

1. what the company will look like in the future
2. and sets a defined direction for the planning and execution of corporate level strategies.

Key Elements of a Good Vision Statement

Companies should not be too ambitious in defining their long-term goals,
→ it is critical to set a bigger and further target in a vision statement that communicates a company's aspirations and motivates the audience.

The main elements of an effective vision statement:

- Forward-looking
- Motivating and inspirational
- Reflective of a company's culture and core values
- Aimed at bringing benefits and improvements to the organization in the future
- Defines a company's reason for existence and where it is heading

Example

Let's look at Microsoft Corp.'s Vision Statement.

- Microsoft Corp. is an American multinational company that develops, manufactures, licenses, and sells technology products, including computer software, electronics, and personal computers. It is also one of the largest corporations in the world, alongside companies such as Apple, Inc. and Amazon.com, Inc.
- Microsoft's vision is:

"To create local opportunity, growth and impact in every community and country around the world."

Example: Microsoft's Mission, Vision and Values

Microsoft's vision statement is forward-looking because delivering growth and impact in every community would conceivably take a lifetime or many lifetimes to achieve.

It also brings the message of leading to changes and improving the quality of living standards all around the world, which strongly reflect Microsoft's values of innovation, diversity and inclusion, corporate social responsibility, and environment.



Two types of vision

Let us consider two types of vision.

1. The first could be described as a bold statement that some new technology has or not a future
2. A second example of a vision is when a company makes its future product plans public.

TERMINOLOGY

It can be useful to classify visions according to two criteria.

1. Are they tactical or strategic?

That is, are they directed to short-term objectives (tactical) or long-term (strategic)?

2. Are such visions used to achieve an effect within the firm (internal) or outside (external)?

The external effects could be further sub-divided into effects on different categories of outsider: rivals, business partners, customers, government and others.

Categories of corporate vision

	Tactical (e.g. preannouncements)	Strategic (long-term visions)
Internal	Commit warring factions to a particular product: 'it is in the programme ... it has been agreed'	Used in reorganising company to cope with future technology change: if vision is well understood, then change is incremental
External	User: encourage buyer to wait for new product Rival: signal, or entry deterrent	Encourage user to plan future products and production around this vision of the future of the technology

TACTICAL USES OF VISION- internal

The tactical use of vision is typically a statement about the intention to introduce a particular product, service or production process at some point in the near future.

They are often called **preannouncements**.

The internal and tactical use of vision is probably very widespread.

Companies can use the product preannouncement to force a consensus (or at least a decision) on divided factions within the organisation.

For once the CEO of a company has committed the company, in public, to a particular action then the organisation loses credibility if it does not deliver.

The CEO can use this issue of company credibility to force the divided factions to settle their differences and agree to a particular product introduction.

More generally, tactical preannouncements can play a role in helping companies to establish the sorts of organisational routines essential for the operation of a hierarchical organisation.

TACTICAL USES OF VISION- external

External tactical use may be of at least two sorts:

1. the sort of preannouncements: the company preannounces a new product to encourage buyers to wait for the better (or cheaper product) rather than buy the rival's product today.
2. A sort not directed at customers but at rivals. The company makes a preannouncement of its intentions as a signal to competitors and perhaps as a deterrent entry.
 - The effect of this preannouncement auction can in principle be to ensure that even before any actual investments are made, the lowest bidder has effectively won the market battle. But this is only the end of the story if the winner demonstrates a credible commitment to their strategy (perhaps a large-scale investment in fabrication equipment). Without that, their preannouncement lacks credibility and entry would not be deterred.

STRATEGIC USES OF VISIONS - internal

- Firms can make internal use of visions as a long-term planning device.
- If this vision permeates through the organisation, and is understood by all divisions in the company, then any required organisational changes along that path can be anticipated and will, if well managed, seem more incremental than radical.
- As argued, hierarchical organisations find it easier to cope with incremental change than radical change.
- On the other hand, without a clearly articulated and well-understood vision, organisational change cannot be anticipated and any change is likely to appear radical. Hierarchical organisations find it much harder to cope with that. Indeed, it could reasonably be said that the distinction between incremental and radical change has little meaning unless defined with reference to the organisation's vision of the future.
- To some degree, visions become embedded in organisational structure, so that the extent to which organisations can cope with innovation depends on the extent to which it is anticipated.

STRATEGIC USES OF VISIONS- external

- Visions may be used for external strategic purposes, where the aim is to influence the investment decisions of users and/or the entry decisions of rivals.
- The objective of the external strategic is to give the customer a preview of future technology, and to encourage the customer to base their own planning and investment decisions around this long-term vision. This can be especially relevant for a technology with high switching costs, for in that setting customers may make a long-term commitment to use the technology of one particular supplier.
- Decisions about long-term commitments of that sort should take into account long-term projections of what each supplier can offer into the future.

Vision and innovation

Vision and innovation are closely intertwined concepts that drive progress and success in various fields, including business, technology, and society at large.

How vision and innovation are interconnected and why they are essential for fostering growth and development?

Vision

- A vision refers to a clear, inspiring, and forward-looking statement that describes an organization's or individual's long-term goals, aspirations, or desired future state. It provides direction, purpose, and a sense of purpose, guiding decision-making, and inspiring action.

Innovation

- Innovation involves the process of introducing new ideas, methods, or products that create value, solve problems, or meet unmet needs. It is about challenging the status quo, thinking differently, and continuously improving and adapting to change.

Interconnection between Vision and Innovation

- 1. Guiding Innovation:** A clear vision provides a roadmap or direction for innovation. It helps organizations and individuals focus their innovative efforts on areas that align with their long-term goals and aspirations. Without a vision, innovation can be aimless or unfocused.
- 2. Driving Change:** Vision inspires people to think beyond the current limitations and imagine new possibilities. It encourages them to challenge conventional wisdom, take risks, and embrace change, which are essential elements of innovation.
- 3. Creating Value:** Innovation brings new ideas, products, or solutions to life that can create value for customers, stakeholders, or society. A well-defined vision ensures that innovation efforts are directed towards creating meaningful and sustainable value.
- 4. Adapting to Change:** In today's fast-paced and ever-changing environment, having a clear vision and a culture of innovation are crucial for adapting to new challenges, seizing opportunities, and staying ahead of competitors.
- 5. Inspiring Collaboration:** A compelling vision can inspire and unite people around a common purpose or goal. When individuals or teams share a vision, it fosters collaboration, encourages knowledge sharing, and sparks collective innovation.

Importance of Vision and Innovation

- **Competitive Advantage:** Organizations that combine a clear vision with a culture of innovation often gain a competitive advantage by anticipating market trends, meeting customer needs, and driving growth.
- **Sustainable Growth:** Vision provides the long-term perspective, while innovation fuels growth and adaptation, enabling organizations to evolve and thrive over time.
- **Positive Impact:** Vision-driven innovation can lead to positive societal impact by addressing global challenges, improving quality of life, and creating a more sustainable future.

Conclusions

- In conclusion, vision and innovation are complementary and essential for driving progress, fostering growth, and creating value.
- A clear vision provides direction and purpose, guiding innovative efforts towards achieving long-term goals and aspirations. Meanwhile, innovation brings new ideas to life, challenges the status quo, and enables organizations and individuals to adapt, evolve, and succeed in a rapidly changing world. Together, vision and innovation empower individuals and organizations to shape the future and make a meaningful impact.