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Seeing is Succeeding: The Impact of Visioning on the Bottom Line

American Institute of Certified Public Accountants (AICPA)

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EXECUTIVE SUMMARY

Seeing is Succeeding: The Impact of Visioning on the Bottom Line

"You see things; and you say, 'Why?'"

But I dream things that never were; and I say 'Why not?'"

-- George Bernard Shaw

Is there a difference between *what* CPAs do and what CPAs *can* do? Why do CPAs need to exist? What distinguishes this profession from any other financial services provider?

It's the year 2010. Describe a day in the life of a CPA. If you just drew a blank, it is time for visioning.

Visioning is a critical business tool that CPAs can apply now, to move from "why?" to "why not?" To prepare for the future, CPAs and others need to first examine what it takes to reach past the ordinary to something unique or visionary, then act to bring the vision into reality.

The Link Between Visioning and Strategic Planning

Since the 1980s, strategic planning has been a way of doing business for most companies since it is an orderly, methodical means to identify and achieve company goals. However, too often, companies lack tangible mission statements and launch directly into creating objectives without enough thought devoted to how the company should be positioned or seen in the marketplace. Where strategic planning departments have been downsized or eliminated, we often find that what *really* is

being rejected is not the strategic planning *process*, but rather the approach to using strategy as simply a planning ritual without tangible or motivational impact.

Enter the concept of "visioning." Visioning enables an entity to reach a consensus about the future and craft strategies to ensure that it is prepared for the future. Visioning is not in competition with strategic planning; in fact, visioning guides and focuses strategic planning to ensure that an organization has picked the best "game" to play. Successful vision processes require participants to be open-minded and acutely aware that their world will change--a feat for those who look not at the future, but only at the world as it exists today.

Critical Competencies -- Integrity and Service

One of the critical steps in visioning is an examination of critical competencies and values. The understanding of who we are and what we stand for is a platform from which we can begin to define where we need to go. No one working closely with CPAs would dispute the fact that CPAs work in one of the most credible, trusted professions this country has ever seen. The CPA's reputation for integrity continues to be a hallmark for the profession, and many would argue that it will remain one of the strongest attributes for many years to come.

Habits of Visionary Companies: General Electric and British Airways

The visionary company is the one that makes an indelible imprint on the world in which we live. Many companies have successfully used visioning to see the future, but several stand out in the consumer and product arena.

Foreseeing the advent of global competition and markets, General Electric underwent a dramatic restructuring in the 1980s from a manufacturing operation to a service-oriented business. Through the leadership of CEO Jack Welch, GE changed its philosophy to instill in its people the "spirit and soul" of a small company, creating an

organization without boundaries and with specific, bold goals for current and future generations.

The company's relationships with the medical community, the response of its own Research and Development sector and even the successful acquisition of NBC have demonstrated GE's success in visioning that has roots in company values, its cultural change processes and commitment to excellence in leadership development--all attributes of the visionary philosophy.

Another example of visioning can be found in one of the travel industry's largest carriers, British Airways. BA began preparing to fly into the new millennium with a fresh strategic direction and a 6 billion pound, three-year program of investment in new services, products, aircraft, facilities and training. The changed BA launched June 1997 with a radical new identity, based on what is believed to be the largest, consumer research exercise in the history of the travel industry.

Plans for this transformation, designed to make BA the undisputed leader in world travel in an increasing competitive market, cover virtually every aspect of the company's business, from customer services to management style. BA now aims to set new industry standards in customer service and innovation, deliver the best financial performance and evolve from being an "airline" to a "world travel business" that has the flexibility to stretch its brand into new business areas. BA is an example of how a company examined its resources to literally fashion a new environment and a way to doing business.

CPAs and the Visioning Process

The visioning concept, so clearly critical to the success of contemporary business, applies equally to the CPA profession. CPAs have the necessary skills--analytical and speculative--to use visioning to peer into the future, define new and audacious goals, and increase profits in their practices or for companies or organizations in which they work.

Visioning is little more than starting with a fresh slate, ignoring current obstacles, and imagining an ideal future position that capitalizes on core ideologies, values, and competencies. CPAs, their clients and employers can take the concept of visioning to explore core competencies, analyze current forces and issues, and make a statement to succeed.

For a copy of the complete vision paper from which this article is excerpted, visit the CPA Vision Process Web site at <http://www.cpavision.org>, or call 212-596-6119.

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Seeing is Succeeding: The Impact of Visioning on the Bottom Line

"You see things; and you say, 'Why?'"

But I dream things that never were; and I say 'Why not?'"

-- George Bernard Shaw

Is there a difference between *what* CPAs do and what CPAs *can* do? Why do CPAs need to exist? What distinguishes this profession from any other financial services provider? How do you define success? Has your definition changed in the last 10 years? In the last five years? In the last five minutes?

It's the year 2010. Describe a day in the life of a CPA.

If you just drew a blank, it is time for visioning. Visioning is a critical business tool that CPAs can apply now, to move from "why?" to "why not?"

The purpose of this paper is to examine what it takes to reach past the ordinary to something unique or visionary. Specifically, the concept of "visioning" will be examined, as well as its role in strategic planning.

The Link Between Visioning and Strategic Planning

Since World War II, companies and organizations have brought employees or groups together in meetings to brainstorm on various projects. We cannot escape images of suited men and women strategically placed around the boardroom table, called upon to contribute ideas and thoughts to team leaders or officers.

In the 1980s and later, brainstorming was termed "strategic planning" and became a way of doing business for these same companies because it was an orderly, methodical means to achieve company goals. However, too often, companies lacked tangible mission statements and launched directly into creating goals and objectives without enough thought on how the company should be positioned or seen in the marketplace. And, there was little thought given to the future.

Although strategic planning is a solid approach to forecasting, authors Gary Hamel and C.K. Prahalad in their book, *Competing for the Future*, claim that it has too often become merely a methodology that organizations use to identify specific activities along defined timelines, without a clear rationale for and understanding of what the organization's ideal future position should be. For many companies, strategic planning remains a process in which goals and resources are matched in an effort to influence the environment. It is tactical and functional. However, strategic planning--because it *is* tactical--does not spur discussion about what a company stands for or what it wants to be in 10 years.

Over the last few years, companies and organizations have downsized or eliminated strategic planning departments and functions. However, what *really* is being rejected is not the concept of using strategy, but rather employing it simply as a planning ritual without tangible or even inspirational results.

Enter the concept of "visioning." Although a strategic process, visioning enables a company, industry, profession--or any entity--to reach a consensus about the future and begin to craft a strategy to ensure the group is prepared for the future. Visioning is not in competition with strategic planning; in fact, visioning guides and focuses strategic planning to ensure that an organization has picked the best "game" to play.

The combination can be effective for any person or group, but individuals must be open-minded and remain acutely aware that their world will change--a feat for those who look not at the future, but only at the world as it exists today.

Visioning cannot be done in one day or even one month; organizations must review the potential effects of current and projected forces and issues, define and assess core competencies and values, and develop desired future scenarios. Moreover, these same organizations must reach a consensus or "buy-in" about the future before planning may begin.

Strategic planning usually starts with discussion about the present day, or "what is," and seldom starts with "what could be." In fact, visioning is the "see" phase of strategic planning; it is used to determine exactly where a group or organization wants to go and why it needs to get there. Strategic plans, however, focus on the "do" phase, when specific tactics can be implemented to reach the desired future position.

Critical Competencies -- Integrity and Service

One of the critical steps in visioning is an examination of critical competencies and values. The understanding of who we are and what we stand for is a platform from which we can begin to define where we need to go.

No one working closely with CPAs would dispute the fact that CPAs work in one of the most credible, trusted professions this country has ever seen. The CPA's reputation for integrity continues to be a hallmark for the profession, and many would argue that it will remain one of the strongest attributes for many years to come. The CPA of the '90s is widely acknowledged not only as a strong voice within the business environment, but as a solid business advisor and partner to companies and organizations throughout the world.

Even as far back as 1909 when Denver businessman A. DuPont Parker spoke before the annual meeting of the American Institute of Accountants (later American Institute of Certified Public Accountants, or AICPA), he proclaimed, "When I interview an accountant today, I do not expect him to give me a balance sheet. I expect him to tell me certain things and to define them...and I will tell you why...I stand before a man who has no axe to grind...that is, I say, the chief characteristic of an accountant." Mr. Parker reasoned that the top quality of an accountant was to keep personal opinion and bias away from the engagement and function as a third-party consultant or advisor. Two decades later in 1925, Arthur Andersen agreed with Parker when he said the average businessman found an actual correlation between advice and saving money

when working with an accountant, such as lowering a tax bill. Further, he said, "the present-day accountant who is alert will grasp after every opportunity to foster this attitude by increasing the constructive value of normal work in seeking newer and better fields of service to business management...."

These two forerunners of the accounting profession had the foresight needed to begin to shape the profile of the present-day CPA--who not only is a trusted member of the business team, but also seeks to increase the bottom line by reaching past the ordinary to grasp something new, different and exciting.

Whatever term is used to plan for the unknown, those who examine the future should remember that visioning is only one means to analyze and anticipate what forces are going to exist tomorrow. Visioning is not a panacea, nor is it the only way to conduct a study of the unknown. Based on examples, however, we can state that it has proven to be an extremely viable way for companies and organizations to plan creatively and aggressively to define and meet their objectives.

Habits of Visionary Companies

What distinguishes a company as "visionary?"

Authors James. C. Collins and Jerry I. Porras in *Built to Last: Habits of Visionary Companies*, drew interesting contrasts between a list of companies they considered "visionary" versus those they saw as "successful" or "enduring." Their analysis revealed significant differences in several areas. For example, visionary companies have a compelling core ideology and commitment to achieving audacious goals; embrace experimentation and risk; produce long-term performance and financial returns that are clearly aligned with their core ideology; and demonstrate an unrelenting drive for progress. The authors state, "Visionary companies like Motorola don't see it as a choice between living to their values *or* being pragmatic; they see it as a challenge to find pragmatic solutions *and* behave consistent with their core values."

The authors acknowledge that the comparison companies have survived as long as the visionary companies, and some have even outperformed them in the stock market. The difference remains in how the visionary companies have used visioning to see and determine their future, becoming not only high profitable entities but also enduring icons of business at its best. Collins and Porras in fact describe the "visionary" as "making an indelible imprint on the world in which we live."

The Medical Profession and Visioning

To see the potential cost of professional myopia, we need only glimpse at the medical profession in the United States.

In the professional services arena, accounting, law and medicine share a common characteristic--they produce a "service" rather than a "product." All three professions have been riding wild waves of change over the past decade or so. In the medical profession, the changes are perhaps easiest to perceive. The traditional "Our Town" doctor/patient relationship no longer exists in mainstream America, partly because doctors and other health care professionals did not realize their protective world was changing around them. At one time, the family physician was relied on as a trusted and caring provider of personal health services. The medical services area was "high touch." Today, the scenario is very different. Medical care is "high tech," with patients and physicians alike resorting to computerized forms and complex procedures to establish relationships and handle payments. Although small-town doctors will always exist for certain populations, most physicians now work for large conglomerates and not for themselves. And, in the quest for survival, some doctors have even turned to pharmaceutical sales rather than practicing medicine. The most difficult task facing the medical profession is assimilating its new powers and responsibilities in a way that preserves doctors' traditional commitment to give patients competent technical help and personal care.

Managed care, too, affects the pharmaceutical industry. Companies are attempting to secure a favorable competitive position by acquiring prescription-benefits-management companies (PBMs) that function similar to managed care organizations. PBMs acquire information on patients and physicians, including data on the health histories of patients who have used certain prescription drugs. Merck & Company was the first to acquire a PBM, followed by SmithKline Beecham and Eli Lilly.

What makes the purchase of a PBM an example of visioning is in the ways the acquisitions are used to gain an advantage over competitors. Pharmaceutical giants have determined that they can gain a keen edge in the marketplace by obtaining more knowledge about the public they serve, such as core values, competencies and services. In the medical field, benefits include obtaining superior information about market conditions and better access to customers and opportunities to meet patient needs with new products. On the marketing side, this informational advantage from PBM ownership results in targeted sales calls with doctors with high potential for increased prescriptions of a specific treatment.

Economic, social, regulatory, political and technological forces all worked in concert to create the environment in which medical providers must now operate. How many of them perceived the changes before they were well in progress? Would the fate of medical practitioners and service providers have been different if the profession's leaders had been able to "see," analyze and act on their vision of the future? Obviously, we cannot know the answers to these questions, but one thing is clear. However obvious these driving forces of change may have been to some, many in the medical field were caught by surprise and are just learning how these forces and issues, many of which are outside the actual practice of medicine, are affecting the profession today and will continue to far into the future.

Seeing the Light at General Electric

One of the visionary companies profiled in *Built to Last* is General Electric--and with good reason. Much of the visioning at this 120-year-old company is a direct result of the leadership of Chairman Jack Welch, who, according to company statements, has "relentlessly reshaped this icon of the American economy" since taking the reins in 1981.

Foreseeing the advent of global competition and markets, GE underwent a dramatic restructuring in the 1980s from a manufacturing operation to a service-oriented business. Today, nearly 60 percent of GE's profits come from services, up from 16.4 percent in 1980. In addition to its hardware changes (fixing, selling, closing and acquiring businesses), GE also set out to instill in its people the "spirit and soul" of a small company, creating an organization without boundaries and with specific, bold goals for current and future generations. Among the company's core ideologies, as described in *Built to Last*, are "improving the quality of life through technology and innovation" and "individual responsibility and opportunity."

One recent example of GE's ideology in action is its relationship with the medical community. In 1995, GE persuaded Columbia/HCA Healthcare Corp. to let it service all of the hospital company's imaging equipment, including that made by GE's rivals. And, in early 1996, GE added the management of virtually all medical supplies to the deal. As the new contract developed, Columbia executives invited a team of GE managers to help improve the way they run hospitals.

Benefits from GE's visionary stance go well beyond adding revenue to the bottom line *today*. Welch foresees tremendous growth providing sophisticated services that spring from GE's core industrial strengths.

GE's success comes from more than just a focus on services. In GE itself, Welch eliminated what he calls "soft stuff" or turf boundaries--horizontal and vertical. As a result, the company has achieved simultaneous and continuous improvements in performance, speed, cost and quality. In the '80s, the company was reinvented as a hungry, market-driving entrepreneurial force that is in touch with its customers and their needs. Specifically, a change in the marketplace necessitated a redefinition of the roles of research and researchers.

In addition to entities bringing R&D their ideas, GE researchers often come up with their own new product notions because researchers, too, are entrepreneurs as well as innovators. R&D takes a multi-generation approach to product development that prepares GE for its changing future by setting goals for succeeding generations at the beginning of any project. At R&D, only when they clearly and thoroughly understand their customers' needs can they develop successful multiyear plans.

Similarly, lessons learned at GE have enabled Welch and his hand-picked CEO of NBC, Robert C. Wright, to bring success to the network. In 1986, when GE acquired NBC in its purchase of RCA, and in 1988, when GE changed the name of the headquarters from the NBC Building to the GE Building, unhappy network staffers feared the network was being destroyed and morphed into just another cog in the GE machine.

Of course, the staff was proven wrong. By thinking strategically, globally and long term, GE made NBC a success and, in his own words, "bigger than broadcasting." Wright pushed his two-pronged strategy of cutting costs and finding ways to get into cable, which it did successfully before the other networks with stakes in regional sports channels and diversified venues, such as Court TV, Bravo and American Movie Classics.

New entrepreneurial executives, such as the late Brandon Tartikoff, tore down barriers in much the same fashion as GE eliminated turf boundaries. As a result, NBC began to show impressive results. Although another several years followed with personnel debacles that almost crippled programming, Wright has now steered NBC back on track and is looking past cable into more risky, long-term investments in Europe and Asia.

Overall, GE's success in visioning has roots in company values, its cultural change processes and commitment to excellence in leadership development--all attributes of the visionary philosophy.

British Airways Launches Vision

Another example of visioning can be found in one of the travel industry's largest carriers, British Airways. BA began preparing to fly into the new millennium with a fresh, strategic direction and a 6 billion pound, three-year program of investment in new services, products, aircraft, facilities and training. The changed BA, launched June 1997 with a radical new identity, based on what is believed to be the largest, consumer research exercise in the history of the travel industry.

BA's chief executive, Bob Ayling, calls the changes a "physical manifestation of a fundamental review" of the airline's mission, values and corporate goals. The airline recognized that what changed over the years was obviously not *just* the travel industry itself, but more importantly, expectations of its customers. To meet these needs, BA is providing new services, products, routes, approaches to customer services and new ways of working with employees.

Plans for this transformation, designed to make BA the undisputed leader in world travel in an increasing competitive market, cover virtually every aspect of the company's business, from customer services to management style. The airline also is seeking to achieve efficiencies totaling 1 billion pounds, a much larger target than the 800 million pound mark achieved over the last five years. Methods to reach the billion pound goal include redeployment and retraining, among other measures.

In the visioning process, the airline underwent a sweeping corporate and cultural change, which began with a business efficiency program in September 1996. The goal was to ensure that BA was fully equipped with the right people...with the right skills...in the right places to meet challenges past the year 2,000.

BA now aims to set new industry standards in customer service and innovation, deliver the best financial performance and evolve from being an "airline" to a "world travel business" that has the flexibility to stretch its brand into new business areas.

Just recently, author Gary Hamel described his visioning philosophy in a June 1997 article in which he said "great strategy requires new ways of seeing, and redefining what a company does best constitutes a new way of seeing." BA is an example of how a company examined its resources to literally fashion a new environment and a way to doing business.

CPAs and the Visioning Process

The visioning concept, so clearly critical to the success of contemporary business, applies equally to the CPA profession. CPAs have the necessary skills--analytical and speculative--to use visioning to peer into the future, define new and audacious goals, and increase profits in their practices or for companies or organizations in which they work.

Visioning is little more than starting with a fresh slate, ignoring current obstacles, and imagining an ideal future position that capitalizes on core ideologies, values and competencies. CPAs, their clients and employers can use the concept of visioning to explore core competencies, analyze current forces and issues, and make a statement to succeed. Seeing is succeeding. All that is required is for the CPA profession to open its eyes and begin.

It's the year 2010. Describe a day in the life of a CPA.

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