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## Case Study: Sony And Southwest Airlines

### Part I Mission/Vision/Values

*The following is the first in a series of articles highlighting keys to building a **business built to last**; that is a business with staying power and resilience. The series provides an opportunity to view the success strategies employed by small businesses as well as multinational corporations. I welcome your comments, insights, perceptions, and opinions as you journey along with me through this insightful content.*

I recently had a conversation with a group of millennial entrepreneurs. Several had smartphones and tablets bearing the name of Samsung; they drove cars with Toyota, Nissan and Honda emblems; and when I inquired about their choices for TV's, Sony, Sharp and again Samsung were proudly identified. These products are made by Japanese companies.

So, our conversation proceeded this way:

**Me:** *"I remember when made in Japan meant shoddy, poor quality, cheap, inferior. Most people did not want a phone, TV, automobile, or any other consumer good made in Japan."*

**Millennial:** *"What do you mean. For all my life 'Made in Japan' meant just the opposite. Made in Japan is the epitome of quality, innovation, reliability. You must be kidding or mistaken. Maybe you meant 'Made in China'."*

**Me:** *No, I meant made in Japan. During the 60's and the years preceding, made in Japan did not mean what it means today. Products were junk, didn't last long and were considered a joke. People laughed when you had a product labeled made in Japan.*

**Millennial:** *Well, that's an era I know nothing about.*

**Millennial:** *Me neither. What happened? What caused their products to change from*

*being known as you say, junk, to top quality?*

**Me:** *Good question...*

## Creating A Business Built to Last

The history of Made in Japan and its journey from poor quality to worlds best has been chronicled in books, case studies, and business schools. Great engineering, a talented and well-educated workforce, and national pride have all been credited, and rightly so, for the change in Japanese quality.

However, in reaching this point of success, there was another important factor that preceded engineering, the workforce, and even national pride.

In business, defining purpose (mission) vision, values, for some, is regarded as a perfunctory exercise of business planning but does not have much relevance to how the business is built and how it performs. For Japanese companies, mission, vision, and values were the starting place for their turnaround. But it was not that alone. What ultimately triggered the turnaround was aligning mission/vision/values with objectives/strategies/tactics.

The following article illustrates the importance of aligning these elements in a business by examining case studies of two successful businesses.

### **Japanese Products: The Case of Sony**



On the heels of the end of World War II, in 1946 the quality movement began in Japan. The country committed itself to becoming an economic superpower. Stating a commitment to become an economic superpower is one thing, doing it is another. A look at Sony demonstrates the role mission/vision/values alignment with objectives/strategies/tactics played in its rise to become a multinational corporate leader.

First, let's define the terms mission (purpose), vision and values. Jim Collins, author of Built to Last and the best-selling management book, Good to Great, defines the terms as follows:

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**Mission (purpose)** - *Purpose describes the organization's "most fundamental reason for being". Not to be confused with product lines, services or customers, purpose motivates and inspires. A true purpose grabs "the 'soul' of each organizational member" and reflects their "idealistic motivations for doing the work."*

**Vision (envisioned future)** - *Envisioned future is the means through which core values are translated into a tangible goal that stretches and challenges your organization.*

**Values (core values)**- *Core values are the handful of beliefs, guiding principles or tenets that are absolutely non-negotiable within an organization. Core values define a company's timeless character. It's the glue that holds the enterprise together even when everything else is up for grabs...a consistent identity that transcends product or market life cycles, technological breakthroughs, management fads, and individual leaders.*

Collins refers to these themes as an organization's core ideology. In Collins's Vision Framework process, he describes how these concepts were manifested in Sony. In 1954 Sony's Purpose/Vision/Values (Core Ideology) reads:

**Mission/Purpose** - *To experience the sheer joy of innovation and the application of technology for the benefit and pleasure of the general public.*

**Core Values** - *Elevation of the Japanese culture and national status;*

*Being a pioneer—not following others; doing the impossible:*

*Encouraging individual ability and creativity*

**Envisioned Future** - *Become the company most known for changing the worldwide image of Japanese products as being of poor quality. Description of the future:*

*We will create products that become pervasive around the world... We will be the first Japanese company to go into the American market and distribute directly. ... We will succeed with innovations like the transistor radio that American companies have failed at. ... Fifty years from now, our brand name will be as well-known as any on Earth ... and will signify innovation and quality that rivals the most innovative companies anywhere. ... “Made in Japan” will mean something fine, not shoddy.*

The future Sony spoke of in 1954 is the present for the millennials I spoke with. They only know of and connect with the Sony of today, as its vision stated, “Fifty years from now, our brand name will be as known as any on earth...made in Japan will mean something fine, not shoddy.”

But Sony did not achieve its vision by merely stating it. Objectives/strategies/tactics aligning with the mission/values/vision was the key to getting there. Here’s an example. To achieve its vision, Sony adopted Total Quality Management (TQM) standards in all phases of its production. In his book, *Total Quality Management: A Model for Sustainability of Projects*, author John N. Morfaw provides this description:

*The Japanese easily embraced the TQM concept and it quickly revolutionized its quality and that remains one of the greatest turning points in Japanese economic miracle. Throughout its industrial recovery and take-off during the 1940’s and 1950’s, Japanese industries such as Sony...implemented the TQM concept and it has tremendously helped in the enhancement of the quality of its products and services.*

**The TQM concept institutionalized key performance indicators that ensured the best quality. Indicators such as:**

- % Quality defects
- % Processes mapped
- % Processes optimized
- % Process efficiency ratio
- # Frequency of production delays due to inventory shortages or supply delays
- # Shutdown overrun for maintenance related reasons
- % Functional departments objectives aligned with the organizational strategy
- % Staff engagement with strategy

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**Quality was further bolstered by principles such as:**

- quality comes first, not short-term profits
- the customer comes first, not the producer
- customers are the next process with no organizational barriers
- decisions are based on facts and data
- management is participatory and respectful of all employees
- management is driven by cross-functional committees covering product planning, product design, production planning, purchasing, manufacturing, sales, and distribution

Ultimately, the manifestation of Sony's mission/values/vision was facilitated by aligning its objectives/strategies/tactics accordingly. To achieve top quality standards production, customer service, operations, etc. must be designed and executed to produce the desired results. Sony would not have achieved its vision by employing shoddy manufacturing technique, incompetent employees, or other substandard strategies and tactics.

Your organization's ability to realize its mission/values/vision is dependent on it aligning

objectives/strategies/tactics.

## Value in the Sky: Southwest Airlines



Noted business author, Harvey McKay is quoted as saying, “Southwest Airlines is successful because the company understands it’s a customer service company. It also happens to be an airline.” Being the best at customer service is dependent on the performance of your people. No one understands this better than Herb Kelleher, airline’s founder. His strategy for building a staff and company culture that delivers the utmost in customer service can be seen in some his famous quotes.

*“If the employees come first, then they’re happy.... A motivated employee treats the customer well. The customer is happy, so they keep coming back, which pleases the shareholders. It’s not one of the enduring green mysteries of all time, it is just the way it works.”*

*“We will hire someone with less experience, less education, and less expertise, than someone who has more of those things and has a rotten attitude. Because we can train people. We can teach people how to lead. We can teach people how to provide customer service. But we can’t change their DNA.”*

To further motivate employees, Kelleher is known to show in the wee hours of the morning serve donuts, help clean a plane or unload baggage.

A post by Rob Marsh for LogoMaker stated, “Herb Kelleher did something no other person in the airline industry could do—grew an airline from nothing to more than 3500 flights a day, and turning a profit every single year since 1972. He’s been called the clown prince of

airlines and Fortune magazine called him the best CEO in America.”

Just as Southwest’s commitment for customer services is achieved via Kelleher institutionalizing a culture that inspires employees to deliver on that value, the Company’s success is also boosted by mission/value/vision alignment with objectives/strategies/tactics. Let’s take a closer look.

Southwest’s mission/values/vision (Core Ideology) reads as follows:

***Mission/Purpose:*** *To connect people to what’s important in their lives through friendly, reliable, and low-cost air travel.*

***Core Values:***

*Warrior Spirit*

- *Work Hard*
- *Desire to be the best*
- *Be courageous*

*Work the Southwest Way*

- *Safety and Reliability*
- *Friendly Customer Service*
- *Low Cost*

***Vision:*** *To become the world’s most loved, most flown, and most profitable airline.*

Low cost is an important part of the purpose and core values, while its vision includes being the most profitable airline. One significant strategy contributing to the Southwest’s core ideology being actualized is its choice of aircraft – the Boeing 737.

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An article in the Economist featuring the findings by Seth Stevenson (writer for Slate) when he studied the airline, he explained, *while other airline fleets can employ 10 or more types of aircraft, Southwest uses just one, the Boeing 737.*

*As V.P. of ground operations Chris Wahlenmaier explained to me, this results in all manner of cost-saving efficiencies: “We only need to train our mechanics on one type of airplane. We only need extra parts inventory for that one type of the airplane. If we have to swap a plane out at the last minute for maintenance, the fleet is totally interchangeable—all our onboard crews and ground crews are already familiar with it. And there are no challenges in how and where we can park our planes on the ground since they’re all the same shape and size.”*

The article goes on to point out that carriers that use one plane actually end up getting bulk discounts from the airline manufacturers. All of which reduces operating cost for Southwest resulting in customer friendly services such as no bag fees and greater profits.

Southwest’s desire to be low cost and profitable is produced by strategies and tactics that align with them.

In summary, below are some key takeaways from this article:

- Your mission/values/vision (core ideology) are not casual exercises. They should form the direction your business takes in all aspects of your business
- Objectives/strategies/tactics must complement your core ideology. Core ideology is brought to life by the objectives/strategies/tactics
- Sony defined its core ideology in 1954, in 2017 we can say, mission accomplished. Southwest could not be a low fare airline (e.g. no bag fees) by flying multiple versions of aircraft. The one plane strategy (Boeing 737) complements the mission.

How have you aligned your core ideology with your core strategy in your business? If you

feel that they are, what tells you that the two are aligned. If your core ideology is misaligned with core strategy, how will you fix it? Please share your comments, ideas, and approaches.

In **Part II of a Business Built to Last**, I will discuss, “defining your business by the problem you solve or the product you sell.” Stay tuned and keep building.

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