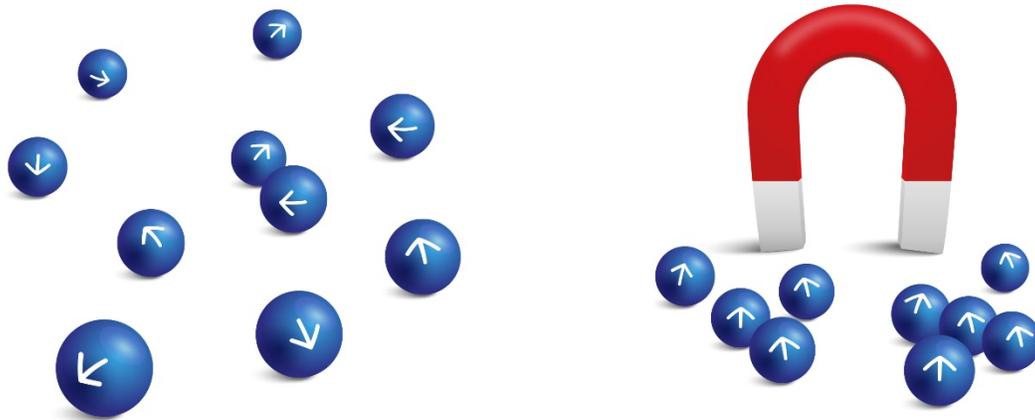




## Vision BS

By Alexander Isakov, George Castineiras & Arnav Tripathy



**Moving towards a successful future requires focused aspiration and inspiration.** Does everyone in the organization know where they're going? Do they all want to get there? While most executives agree that a guiding Vision is crucial for success, we show that Vision Blind Spots (BS) persist even among the Top 10 institutions in insurance and banking. We use the insights from our analysis to provide the ingredients for creating an inspiring and aspiring Vision and argue that building a Vision that leaders at all layers in an organization can proudly articulate is a critical step for optimizing Operating Velocity.

## Vision and Mission: Innovation with Purpose

What company instantly comes to mind when you hear that it strives “to organize the world’s information and make it universally accessible and useful”? Google. What company do you think of when you hear that it makes “transportation as reliable as running water”? Uber. And what company do you think of when you hear that it “helps customers and shareholders achieve better outcomes”?

Most executives deeply believe that a company “needs a vision”, and most (but not all) established institutions in the banking and insurance industries have one written down. Indeed, in research conducted with the Pallantius Velocity Framework, a solid Vision was found to be critical for enabling strategically aligned innovation across the company. The way Vision is tied to innovation is through Operating Velocity. To have sustainable benefits from innovation over time, the realized Operating Velocity of the core institutions needs to align with that of the innovation unit<sup>1</sup>. If you imagine the company as it moves through time, the Vision forms the road. The right road is crucial to achieving the goal – a winding dirt road (lack of clear Vision) can’t support a speeding Ferrari (high Potential Velocity, like many dedicated innovation units), or perhaps even a Model T (low Potential Velocity, like the core of many established institutions), hurting the ultimate Operating Velocity; on the other hand, a smooth, straight road (unified Vision) can support all speeds, and then the type of car comes into play. Then, it becomes a question of having the *right* Vision: does the road, whether winding or straight, point towards a beautiful future landscape or not?

Given its outsized impact on Performance, we quantitatively and qualitatively evaluated the Visions and Missions of the largest institutions in insurance and banking. We found that despite an outsized amount of resources spent on crafting a Vision (one company conducted several thousand external surveys on multiple continents to come up with the statement), almost none of these institutions got it right – for many established companies, *Vision remains a Blind Spot (BS)*. Interestingly, in line with the prediction given by the Pallantius Velocity Framework, the companies who scored higher are the ones already benefitting more from strategic innovation! Let’s look at the data.

## Whose Line Is It Anyway?

We examined the Visions and Missions of the top 11 insurance companies<sup>2</sup> and the top 10 banks in the US. Our first finding was a lack of finding: we were unable to find a public Vision or Mission statement for over 20% of the these companies, either available on their websites or in their annual reports. In those cases, we used the language from the brand/value statements to create one for further analysis as generously as possible (that is, to give good differentiation). Then, we performed two sets of analyses:

(1) A qualitative overview (averaged over 8 independent executives acting as “judges”) on two variables: (i) whether the Mission and/or Vision is sufficiently clear to provide a framework for decision-making or execution on a scale of 1-7 (1 = no decision-making possible based on the

---

<sup>1</sup> Castineiras, George; Isakov, Alexander; Tripathy, Arnav. *The Value of Operating Velocity*. 2017. Available online: [www.pallantius.com/research/](http://www.pallantius.com/research/)

<sup>2</sup> Here we focus on life insurance for concreteness, though other branches were qualitatively similar.

Vision, 7 = the Vision can guide any major strategic decision) and (ii) whether the Mission is uniquely inspiring on a scale of 1-7 (1 = bland corporate speak, 7 = aspirational and worthwhile).

(2) A quantitative review of the language used, evaluating the variance between the Missions (high variance = significant differentiation from the pack, higher value, higher Operating Velocity; low variance = lower differentiation, lower value, lower Operating Velocity), and the level of generality.

For the first qualitative variable, we looked at whether the Vision can guide decisions, either at the core institution or in terms of determining what would constitute strategically-aligned innovation. The average for the top banks was 3.1/7 (a grade of 44%). 70% scored under 5 points, with only one scoring 7 among any judges. In insurance, the skew was even more pronounced: none scored more than 5 points, and the average was just 2.2/7 (a grade of 31%). In terms of having uniquely inspiring Missions, banks scored 2.9/7 (close to the score for guiding decisions), while insurance dropped to just 1.9/7. While we were initially surprised by these results, closer examination by the authors showed that this was not unreasonably harsh – compare, for example, these Mission statements from two different companies: “to help people achieve a lifetime of financial security” and “...to help you achieve lifelong financial well-being”, or these Visions for the future: “to focus on creating value for you: our clients, partners, employees, and shareholders” and “to be the customer's first and best choice in the products and services we provide”.

Next, we turned to a quantitative analysis to understand the variances in an “all-to-all” approach. That is, if Company A has part of its Mission overlap with that of Company B and part overlap with that of Company C, Company A receives a low score. We have an additional penalty if part of a company Mission is completely generic (e.g. “We do the right thing”, “We behave with integrity”) or simply a list of services (“We provide insurance, investment, and retirement solutions”). With this approach, not one insurance company got a passing grade (all scored <15%), and only one bank passed with flying colors (scoring over 82% for the ambition to “bring simplicity and humanity to banking”), with an average of 24%. These results confirmed the qualitative analysis.

	Variable	Insurance Scores	Banking Scores
The Vision...	can guide <u>decision-making</u> ?	2.2/7 (31%)	3.1/7 (44%)
	is <u>uniquely inspiring</u> ?	1.9/7 (27%)	2.9/7 (41%)
	is highly <u>differentiated</u> ?	8.1%	24%

**Table 1.** Summary of the average score from a quantitative and qualitative analysis for Visions and Missions among top US insurers and banks.

The results (summarized in Table 1) show that the majority of the Missions and Visions of the largest established institutions consistently score low in both the qualitative and quantitative

analyses. This is in direct contrast to the majority of young companies that are valued over \$1B, which tend to be organized around an aspirational purpose<sup>3</sup>.

### The “Make A Mission” Game

As an illustration of the results, we provide a fun algorithm for creating (generic) Mission and/or Vision statements for these verticals, which we call the “Make A Mission Game” (see Figure 1). We drew out the main words and ideas behind the current Mission and Vision statements of the Top 10 – for insurance, you can use the word cloud on the left, and for banking the one on the right (we excluded all statements that scored above a 30% on differentiation for this figure).



**Figure 1.** Words representing insurance (left) and banking (right) drawn from Mission and Vision statements for the Top 10. A significantly more powerful approach than using a different combination from the Vision Soup above is to create a unique, inspiring vision to execute against. This will create a more focused decision-making framework and improve the Operating Velocity of the core organization.

### What’s in a (Good) Vision?

We started with the basic hypothesis that many established companies have severely overlapping Vision statements, likely in support of optionality; said differently, it's much easier to fit a full zoo of initiatives into a generic “Vision”. In contrast, our research indicates that a good Vision is easy to articulate (so all employees from the C-suite down can internalize it), is unique to the company (which provides customers a focal point to rally around and creates differentiation), and is both ambitious and worthwhile (which provides purpose to the organization and a loyal following among

<sup>3</sup> Ismail, Salim. *Exponential Organizations*. 2014.

employees). Perhaps counterintuitively, the sharper the Vision, the more options will surface that are directly aligned with your organizational goals.

Why does this matter? It matters because a powerful Vision provides a master framework for decision-making and measuring progress at *all scales* of the organization. When was the last internal business meeting when someone asked you, "How does that initiative align with our Vision"? Taking it further: when was the last time you saw an associate three layers into the organization ask a leader the same question? With a powerful Vision, this is a productive conversation that will be happening regularly. Indeed, this factor alone increases Operating Velocity dramatically by creating a shared point of alignment and purpose, enabling strategic innovation throughout an established institution.

## The Authors



*Alexander Isakov, PhD* (Left); *George Castineiras, MBA* (Center); *Arnav Tripathy, PhD* (Right) are Partners at Pallantius. Please contact them by email at **[FirstName.LastName@pallantius.com]** or by phone at **+1.617.710.3312**.

## About Pallantius

We are an Established Institution Accelerator. Our Mission is to ensure that established institutions in Insurance and Banking remain meaningfully relevant over the next decade. We accomplish this goal by enabling established institutions to achieve enduring success in innovation to the point where they themselves become well-known disruptors. We understand that the first step to this is understanding and optimizing Operating Velocity, of which Vision is an important factor.

The name Pallantius brings to mind an ancient Greek connection to Wisdom, Innovation, Craft, and Leadership. Our company strives to embody these attributes through a combination of talent in insurance, banking, and science with degrees from Harvard, Stanford, and MIT.

For more information, visit [www.pallantius.com](http://www.pallantius.com).