

SUMMARY

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Built to Last

BY JIM COLLINS



Summary of Built to Last by Jim Collins

Written by Alyssa Burnette

Learn the success secrets that will help your
company last.

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Introduction

Do you want your business to succeed? You're probably going to say, "Yes!", right? Because, after all, who doesn't? Nobody starts a business and thinks, "Gosh, I hope this business is a colossal failure!" But even if no one wants their business to fail, many people lack the necessary tools to build a business that will succeed. And the author doesn't just mean a business that makes a lot of money in a short amount of time; he's talking about a business that will stand the test of time and stay successful for years to come. Over the course of this summary, we'll learn how you can create a business that's built to last.



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What's Your BHAG?

Before we dive in to this book's very first chapter, let's start with an unexpected pop quiz! What do the self-help and business industries both have in common? For starters, both of these fields are founded on the belief that people can make change. Both entrepreneurs and self-help gurus believe that when people are given the right tools, they can change their lives and the world. But they also have something else in common: a simple acronym. The acronym "BHAG" (commonly pronounced bee-hag) is universal to both entrepreneurs and self-help authors. That acronym stands for "big hairy audacious goal" and entrepreneurs and self-help authors believe that everybody should have one. A BHAG is defined as "a compelling, long-term goal that is intriguing enough to inspire employees of an organization to take action." (Fun fact: the author actually invented the concept of BHAGs!)

BHAGs are helpful because they invite you to imagine your very own pinnacle of success-- that dream goal you have in mind. The thing you love to daydream about and think, "When I make it here, I'll know I've really made it!" Author and self-help guru Will Kenton has conducted extensive research into the author's legendary BHAG model of success and he has formulated his own quick and easy guide to identifying and implementing your very own BHAG. In his guide, he summarizes a BHAG by affirming that: "a BHAG is a long-term goal that everyone in a company can understand and rally behind. BHAGs are meant to excite and energize people in a way that quarterly targets and lengthy mission statements often fail to. The litmus test of a true BHAG is how it answers the following questions:

- Does it stimulate forward progress?
- Does it create momentum?
- Does it get people going?
- Does it get people's juices flowing?

- Do they find it stimulating, exciting, adventurous?
- Are they willing to throw their creative talents and human energies into it?

According to Kenton's guide, if the answers to these questions trend toward the affirmative, you may have a potential BHAG! Kenton's guide does an admirable job of helping us identify a BHAG and it also provides a solid map for developing one for yourself. So, as you're developing the concept for your new business, spend some time thinking about your BHAG and ask yourself if it meets the criteria above! If it does, then your goal is probably worth pursuing. However, the author observes that BHAGs can often take on a life of their own! They can inspire people and cause others to get swept up in the excitement of your BHAG. So, if you decide to turn your BHAG into a business, make sure you're prepared!



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What's Your Mission?

As you've probably already guessed, this chapter title is a hint. Because "what's your mission?" is the question you should be asking yourself when you begin developing your BHAG. BHAGs are great but they can't be your foundation. You have to have a deeper purpose that drives the heart and soul of your business if you want your company to last. After all, it's tough to successfully start and run a business if you don't know why you're doing what you're doing! The author points out that this question is invaluable because answering this question will quite literally enable you to discover the essence of your organization. So, flesh this question out by asking a few follow-up questions that will solidify your answer. For example, instead of simply asking, "What's my mission?" ask, "What goals does my organization seek to meet? What problem does my organization want to solve? How does my company make the world a better place? What would living into those goals look like?" The answers to these questions will help you formulate your company's mission statement.

Once you have these answers under your belt, you can put them into action in your mission statement. But as you do so, it's important to be intentional about your wording. For example, let's say you're the founder of the UK's largest mental health charity. How would you describe your mission statement? You might say something like, "Our purpose is to support and treat mental health." But that wouldn't really be an accurate reflection of your goals. Because, in practice, you're actually helping people who are struggling with *mental illness*. "Treating mental health" isn't really a thing, because if your mind is healthy, there's nothing to treat! Of course, in reality, mental health is something that everybody has to maintain and it's important to maintain a healthy state of mind. But if your goal is primarily to treat people who are suffering with mental health disorders, it's important to be specific about your wording. So, you could say that your purpose is to support and treat those who are struggling with mental illness. Or, alternately, you might say that your organization promotes and encourages the development of mental health.

This might sound obvious or a bit simplistic, but when you intentionally strive for clarity in your word choices, it can make a big difference in your organization's focus. To put this example into perspective, let's imagine how it would play out in real life. If your organization claims that its perspective is to treat mental health, then you're likely to devote the bulk of your time and resources to surface solutions that treat the minor stresses which impact our mental health. For example, you might provide people with encouraging words, positive statements, or suggestions to try a relaxing face mask or a bath bomb. But if your aim is to treat mental illness, then you're starting from a baseline that assumes people are truly suffering. And rather than offering them solutions that are designed to give healthy people a boost, you'll be providing them with treatment aimed at those who are ill.

So, the key takeaway from this chapter is to be clear with yourself and with those who are responsible for upholding your organization's values. After all, it's pretty tough to enforce a mission statement if you're not totally sure what it is! That's why identifying your mission statement should always be your first step in starting any business. But this step should also provide you with a foundation that will stay strong even when your organization needs to change. This is an important step to be aware of-- and one that far too many people forget. Because once you've founded your organization and curated its perfect mission statement, it's easy to think that your job is done. Your organization is built on solid values, so there's nothing to change, right? Wrong!

Whether your organization is tailored to benefit users, a customer base, or a certain demographic you want to help, being sensitive to their needs is vital. And over time, those needs can change. So, if you want to stay relevant and helpful, it's likely that you'll need to update your organization's goals and practices at some point down the line. But what does that look like? Can you update your mission statement without compromising your core values? The author believes that you absolutely can! To understand how that works in practice, let's take a look at a good example. The University of Cambridge holds a proud place as the definitive gold standard of education. This is reflected in their university motto: *hinc lucem et pocula sacra*, which means,

“From this place, we gain enlightenment.” This motto has been in place since 1573, but it’s pretty safe to say that the university’s aims and practices have been updated a little since then.

So, in practice, this means that Cambridge may not employ the same methods it used in 1573, but their mission statement-- to spread education and enlightenment-- has remained the same. From their example, we can see that even if you update your practices to change with the times, a good mission statement can help you stay grounded. You may have to change a few things here and there, but your mission statement should always be the standard by which you measure your organization’s accomplishments. Put simply, change is good! Change helps you to avoid stagnation and keep it fresh, so don’t be afraid to switch it up sometimes. Just remember to make decisions that are in line with your core values. Because if you do that, your choices will continue to be good ones, even if they get a face-lift.



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Plan For The Results You Want and Take Concrete Action to Achieve Those Results

What results do you want to see? Like some of the other questions we've explored in this summary, it's easy to assume that this one is a little overly simplistic. Because, when you're starting out with a new business, your initial dream results might be pretty simple. For example, maybe you just want your business to be profitable. If it's turning a profit at all, you're happy! Or maybe you want to connect with customers. You want people to love your business and to be satisfied with what you do. Both of these goals are pretty common desired results for a new business. But the author asserts that, if you want your company to be built to last, you have to think about the big picture. You have to ask yourself what results you ultimately want 5, 10, or even 50 years from now!

And the author believes that the answer to that question goes all the way back to your mission statement. So, developing your knowledge of your mission statement is easily the fastest and most effective way to determine the results you want. For example, if we return to our example about the mental health charity, we can say that your results might include reducing the suicide rate in your area, increasing the number of people who are referred for therapy, helping people access medication, or enabling your clients to lead a fulfilling and functional life.

So, if these are the results you hope to gain, your next steps become very clear. For example, you would work to ensure that programs are in place to meet each of these needs. You would monitor the programs and services you offer to determine their effectiveness. You would consider statistics, patient surveys, and reports from your various members of staff. And above all, you would adopt an attitude of constant growth that would motivate you to make changes when certain practices aren't working. Similarly, the author acknowledges that you should also categorize your results by "short term goals" and "long term goals." This will not only put your goals into perspective, it will make them more manageable and increase your chances

of success. For example, “reduce the rate of depression in England” is an enormous goal! There is no way you could hope to accomplish it all at once or over night. But if you broke that goal down into bite-sized chunks, you could focus on small steps to target certain problems in specific areas of London. With consistency and time, this effort would pay off and result in the achievement of your ultimate goal.

Managing your goals in this way is a big and helpful step, but it’s not the last thing on your list! The last step the author suggests is to evaluate your results in two categories: quantitative and qualitative. Qualitative results are exactly what they sound like: they focus on examining the quality of your practices. An example of qualitative results would be receiving positive feedback from a patient who told you that your services had helped her battle her depression and improved her quality of life. This would provide you with genuine and personal evidence of your work’s effectiveness. Quantitative results, by contrast, are those which can be measured by statistics. They might be more boring than working with people, but they’re just as valuable! That’s because quantitative results can show you exactly how many people you’re reaching, how much you’ve earned, and how effective your efforts are as measured by percentages and statistics. So, be sure to use both standards to analyze your results!



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Final Summary

Everybody wants their business to succeed. But we often fail to plan far enough ahead for the future. As a result, many new businesses fail while they're relatively young-- even if they were built on great ideas that could have stood the test of time! That's why the author believes that we need a new business model. We need to reframe our business plan with the aim of creating a company that's built to last. And if you follow these strategies, the author believes that you can reap your company's rewards for years and years to come!

So, what makes a business last? The author observes that this success is due to a crucial mix of authenticity and innovation. Put simply, businesses that last are successful because they remain true to their mission statement while making necessary updates that empower their business to change with the times. Successful businesses also think critically about the results they want to see and the concrete steps they take to achieve those results. When implemented simultaneously, this combination of strategies will help your business achieve lasting success.



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