Vision and Mission Analysis

Chapter Five

CHAPTER OBJECTIVES

1. Describe the nature and role of vision and mission statements in strategic management.
2. Discuss why the process of developing a mission statement is as important as the resulting document.
3. Identify the components of mission statements.
4. Discuss how clear vision and mission statements can benefit other strategic-management activities.
5. Evaluate mission statements of different organizations.
6. Write good vision and mission statements.

WHAT DO WE WANT TO BECOME?

- A **vision statement** should answer the basic question, "What do we want to become?"

WHAT DO WE WANT TO BECOME?

- The **vision statement** should be short, preferably one sentence, and as many managers as possible should have input into developing the statement.

VISION STATEMENT EXAMPLES

TABLE 5-1 Vision Statement Examples

Tyson Foods' vision is to be the world's first choice for protein solutions while maximizing shareholder value. *(Author comment: Good statement, unless Tyson provides nonprotein products)*
General Motors' vision is to be the world leader in transportation products and related services. *(Author comment: Good statement)*
PepsiCo's responsibility is to continually improve all aspects of the world in which we operate—environment, social, economic—creating a better tomorrow than today. *(Author comment: Statement is too vague; it should reveal beverage and food business)*
Dell's vision is to create a company culture where environmental excellence is second nature. *(Author comment: Statement is too vague; it should reveal computer business in some manner; the word environmental is generally used to refer to natural environment so is unclear in its use here)*
The vision of First Reliance Bank is to be recognized as the largest and most profitable bank in South Carolina. *(Author comment: This is a small new bank headquartered in Florence, South Carolina, so this goal is not achievable in five years; the statement is too futuristic)*
Samsonite's vision is to provide innovative solutions for the traveling world. *(Author comment: Statement needs to be more specific, perhaps mention luggage; statement as is could refer to air carriers or cruise lines, which is not good)*
Royal Caribbean's vision is to empower and enable our employees to deliver the best vacation experience for our guests, thereby generating superior returns for our shareholders and enhancing the well-being of our communities. *(Author comment: Statement is good but could end after the word "guests")*
Procter & Gamble's vision is to be, and be recognized as, the best consumer products company in the world. *(Author comment: Statement is too vague and readability is not that good)*

WHAT IS OUR BUSINESS?

- **Mission statement**
  - a declaration of an organization's "reason for being."
  - answers the pivotal question "What is our business?"
  - essential for effectively establishing objectives and formulating strategies

MISSION STATEMENT

- **Mission statement**
  - reveals what an organization wants to be and whom it wants to serve
  - Also called a creed statement, a statement of purpose, a statement of philosophy, a statement of beliefs, and a statement of business principles

A COMPREHENSIVE STRATEGIC-MANAGEMENT MODEL

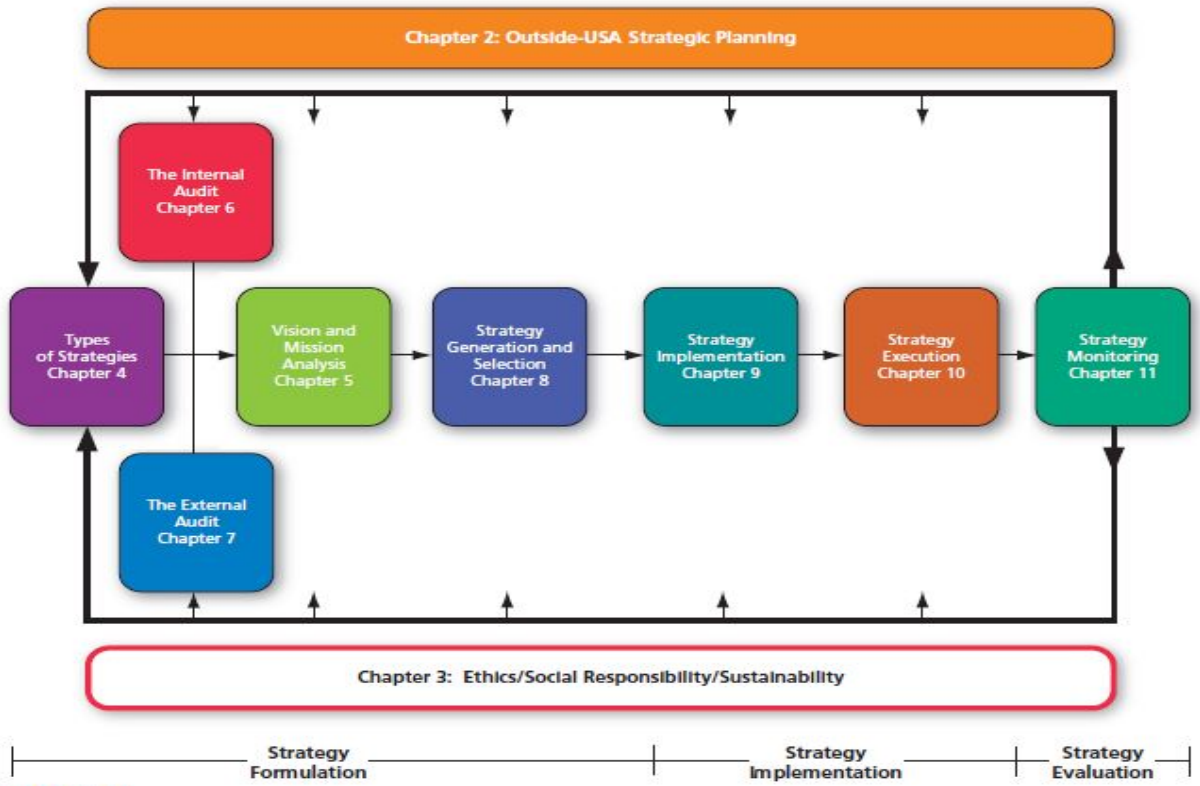

FIGURE 3-1
A Comprehensive Strategic-Management Model

VISION VERSUS MISSION

- Shared vision creates a commonality of interests that can lift workers out of the monotony of daily work and put them into a new world of opportunity and challenge.

THE PROCESS OF DEVELOPING VISION AND MISSION STATEMENTS

- Select several articles about these statements and ask all managers to read these as background information.
- Ask managers themselves to prepare a vision and mission statement for the organization.

THE PROCESS OF DEVELOPING VISION AND MISSION STATEMENTS

- Merge these statements into a single document and distribute the draft statements to all managers
- Process should create an “emotional bond” and “sense of mission” between the organization and its employees

IMPORTANCE OF VISION AND MISSION STATEMENTS

1. To ensure unanimity of purpose within the organization

2. To provide a basis, or standard, for allocating organizational resources

3. To establish a general tone or organizational climate

IMPORTANCE OF VISION AND MISSION STATEMENTS

4. To serve as a focal point for individuals to identify with the organization's purpose and direction

5. To facilitate the translation of objectives into a work structure

6. To specify organizational purposes

BENEFITS OF HAVING A CLEAR MISSION AND VISION

TABLE 5-2 Ten Benefits of Having a Clear Mission and Vision

1. Achieve clarity of purpose among all managers and employees.
2. Provide a basis for all other strategic planning activities, including internal and external assessment, establishing objectives, developing strategies, choosing among alternative strategies, devising policies, establishing organizational structure, allocating resources, and evaluating performance.
3. Provide direction.
4. Provide a focal point for all stakeholders of the firm.
5. Resolve divergent views among managers.
6. Promote a sense of shared expectations among all managers and employees.
7. Project a sense of worth and intent to all stakeholders.
8. Project an organized, motivated organization worthy of support.
9. Achieve higher organizational performance.
10. Achieve synergy among all managers and employees.

CHARACTERISTICS OF A MISSION STATEMENT

- **First**, a good mission statement allows for the generation and consideration of a range of feasible alternative objectives and strategies without unduly stifling management creativity.

CHARACTERISTICS OF A MISSION STATEMENT

- **Second**, a mission statement needs to be broad to reconcile differences effectively among, and appeal to, an organization's diverse *stakeholders*

CHARACTERISTICS OF A MISSION STATEMENT

- **Stakeholders**
  - include employees, managers, stockholders, boards of directors, customers, suppliers, distributors, creditors, governments (local, state, federal, and foreign), unions, competitors, environmental groups, and the general public.

CHARACTERISTICS OF A MISSION STATEMENT

TABLE 5-3 Characteristics of a Mission Statement

1. Broad in scope; do not include monetary amounts, numbers, percentages, ratios, or objectives
2. Less than 250 words in length
3. Inspiring
4. Identify the utility of a firm's products
5. Reveal that the firm is socially responsible
6. Reveal that the firm is environmentally responsible
7. Include nine components customers, products or services, markets, technology, concern for survival/growth/profits, philosophy, self-concept, concern for public image, concern for employees
8. Reconciliatory
9. Enduring

A CUSTOMER ORIENTATION

A mission statement should:

- ▸define what the organization is and what the organization aspires to be
- ▸be limited enough to exclude some ventures and broad enough to allow for creative growth
- ▸distinguish a given organization from all others

A CUSTOMER ORIENTATION

A mission statement should also:

- ▸serve as a framework for evaluating both current and prospective activities
- ▸be stated in terms sufficiently clear to be widely understood throughout the organization

A CUSTOMER ORIENTATION

- A good mission statement reflects the anticipations of customers.
- The operating philosophy of organizations should be to identify customers' needs and then provide a product or service to fulfill those needs.

MISSION STATEMENT COMPONENTS

1. **Customers**—Who are the firm's customers?
2. **Products or services**—What are the firm's major products or services?
3. **Markets**—Geographically, where does the firm compete?
4. **Technology**—Is the firm technologically current?

MISSION STATEMENT COMPONENTS

5. **Concern for survival, growth, and profitability**—Is the firm committed to growth and financial soundness?
6. **Philosophy**—What are the basic beliefs, values, aspirations, and ethical priorities of the firm?
7. **Self-concept**—What is the firm's distinctive competence or major competitive advantage?

MISSION STATEMENT COMPONENTS

8. **Concern for public image**—Is the firm responsive to social, community, and environmental concerns?

9. **Concern for employees**—Are employees a valuable asset of the firm?

EXAMPLE MISSION STATEMENTS

- Fleetwood Enterprises will lead the recreational vehicle and manufactured housing industries (2, 7) in providing quality products, with a passion for customer-driven innovation (1). We will emphasize training, embrace diversity and provide growth opportunities for our associates and our dealers (9). We will lead our industries in the application of appropriate technologies (4). We will operate at the highest levels of ethics and compliance with a focus on exemplary corporate governance (6). We will deliver value to our shareholders, positive operating results and industry-leading earnings (5).

EXAMPLE MISSION STATEMENTS

- We aspire to make PepsiCo the world's (3) premier consumer products company, focused on convenient foods and beverages (2). We seek to produce healthy financial rewards for investors (5) as we provide opportunities for growth and enrichment to our employees (9), our business partners and the communities (8) in which we operate. And in everything we do, we strive to act with honesty, openness, fairness and integrity (6).

EXAMPLE MISSION STATEMENT

- We are loyal to Royal Caribbean and Celebrity and strive for continuous improvement in everything we do. We always provide service with a friendly greeting and a smile (7). We anticipate the needs of our customers and make all efforts to exceed our customers' expectations (1). We take ownership of any problem that is brought to our attention. We engage in conduct that enhances our corporate reputation and employee morale (9). We are committed to act in the highest ethical manner and respect the rights and dignity of others. (6).

x.

EXAMPLE MISSION STATEMENTS

- Dell's mission is to be the most successful computer company (2) in the world (3) at delivering the best customer experience in markets we serve (1). In doing so, Dell will meet customer expectations of highest quality; leading technology (4); competitive pricing; individual and company accountability (6); best-in-class service and support (7); flexible customization capability (7); superior corporate citizenship (8); financial stability (5).

x

EXAMPLE MISSION STATEMENTS

- Procter & Gamble will provide branded products and services of superior quality and value (7) that improve the lives of the world's (3) consumers. As a result, consumers (1) will reward us with industry leadership in sales, profit (5), and value creation, allowing our people (9), our shareholders, and the communities (8) in which we live and work to prosper.

EXAMPLE MISSION STATEMENTS

- At L'Oreal, we believe that lasting business success is built upon ethical (6) standards which guide growth and on a genuine sense of responsibility to our employees (9), our consumers, our environment and to the communities in which we operate (8).