

# **Chapter 2**

## **The Business Vision & Mission**

**Strategic Management:  
Concepts & Cases**

**13<sup>th</sup> Edition**

**Fred David**

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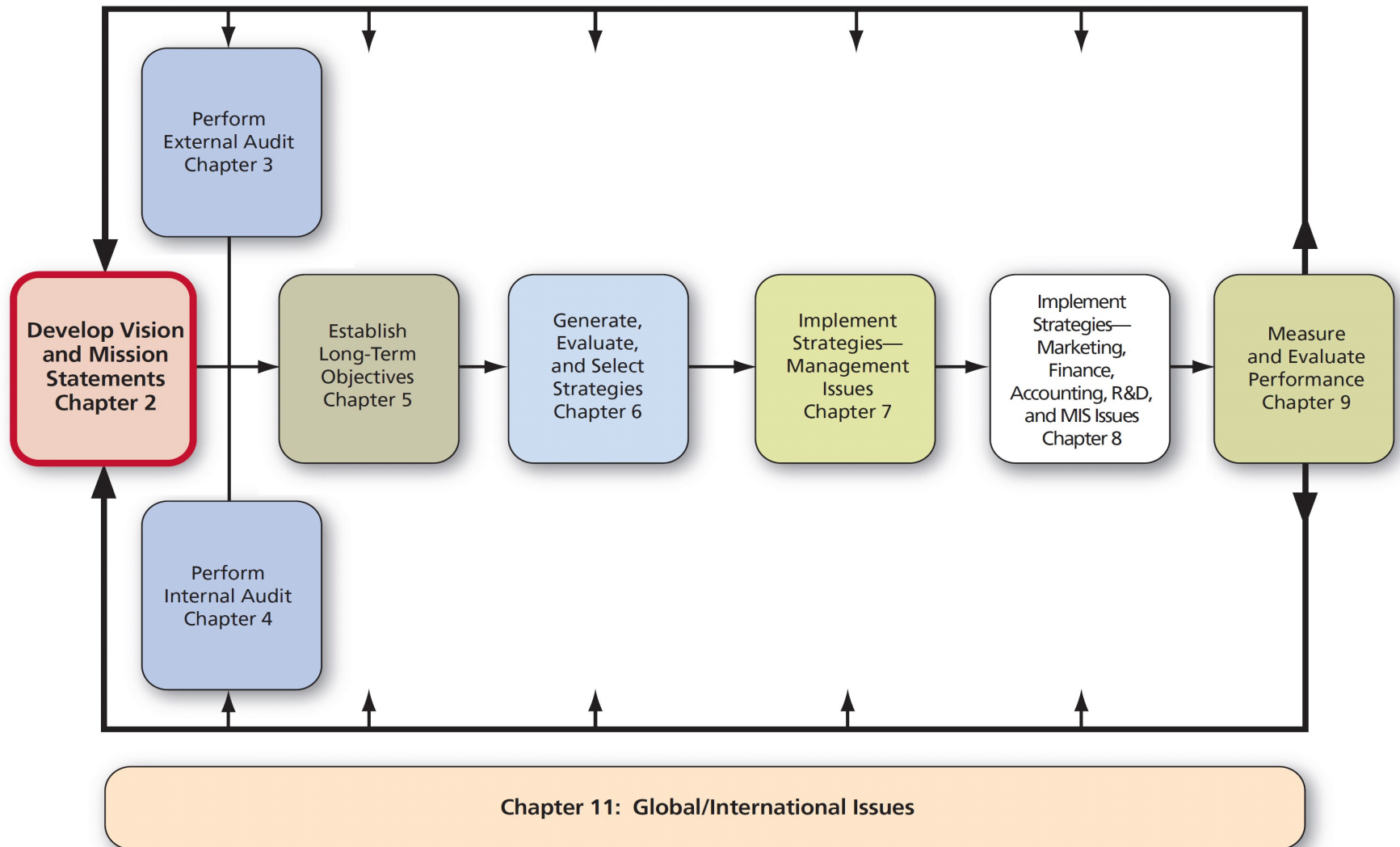
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Chapter 10: Business Ethics/Social Responsibility/Environmental Sustainability Issues



# Vision

“The last thing IBM needs right now is a vision.” (July 1993)

“What IBM needs most right now is a vision.” (March 1996)

— Louis V. Gerstner, Jr., CEO, IBM Corporation

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# Vision

Agreement on the basic vision for which the firm strives to achieve in the long term is especially important.

# Vision

“What do we want to become?”

# Vision Statement Examples

Tyson Foods' vision is to be the world's first choice for protein solutions while maximizing shareholder value.

# Vision Statement Examples

General Motors' vision is to be the world leader in transportation products and related services.

# Vision Statement Examples

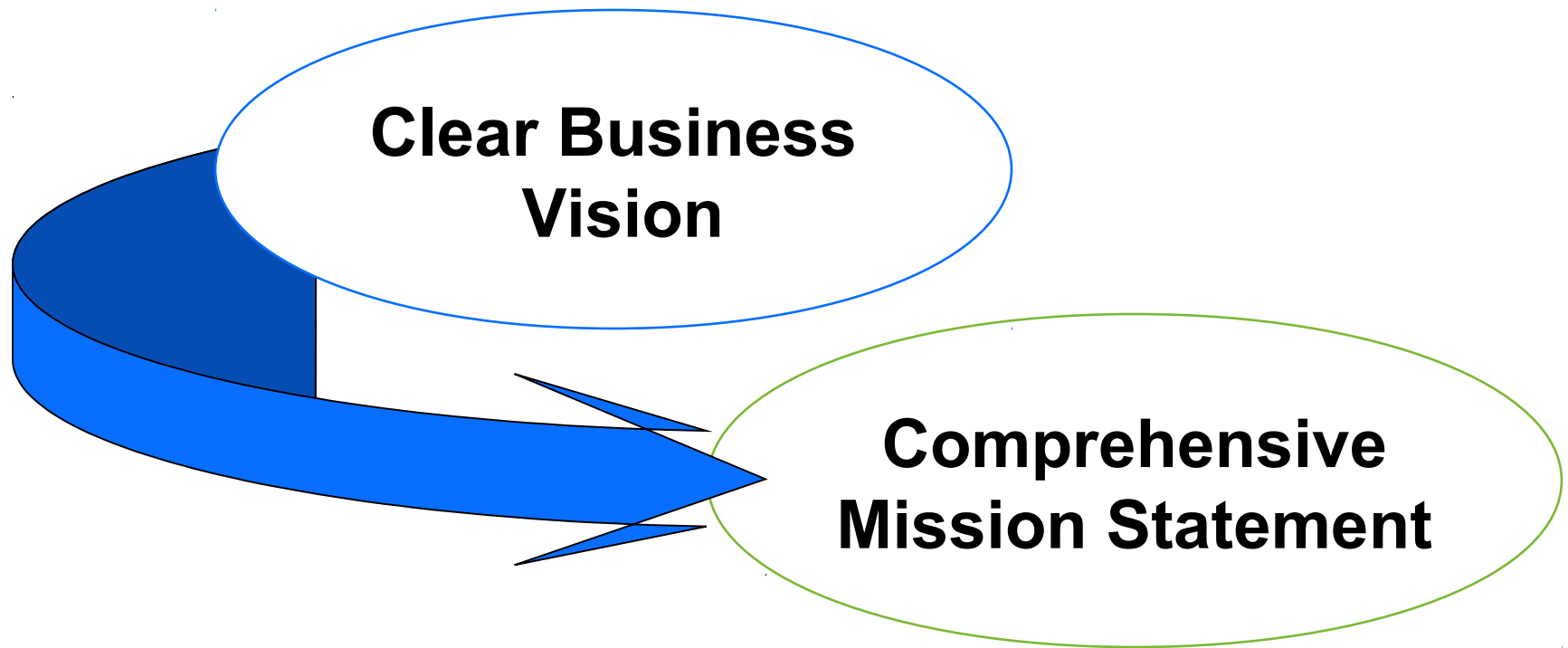
PepsiCo's responsibility is to continually improve all aspects of the world in which we operate – environment, social, economic – creating a better tomorrow than today.



# Vision Statement Examples

Dell's vision is to create a company culture where environmental excellence is second nature.

# Vision



# Mission Statement

- **Answers the question:**
  - **“What is our business?”**
  
- **Reveals:**
  - **what the organization wants to be**
  - **whom we want to serve**

# Mission Statement

- An enduring statement of purpose that distinguishes one organization from other similar enterprises
- A declaration of an organization's “reason for being”

# Mission Statements are also called

- Creed statement
- Statement of purpose
- Statement of philosophy
- Statement of beliefs
- Statement of business principles
- A statement “defining our business”

# Mission Statement Examples

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

# Mission Statement Examples

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

# Mission Statement Examples

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

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# Mission Statement Examples

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

## Mission Statement Examples

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

# Vision & Mission

- Great benefits can be achieved if an organization
  - Systematically revisits their vision and mission statement
  - Treats them as living documents
  - Considers them to be an integral part of the firm's culture

# Vision & Mission

Profit & vision are necessary to effectively motivate a workforce

# Vision & Mission

Shared vision creates a community of interests

# Developing Vision & Mission

A clear mission is needed before alternative strategies can be formulated and implemented

# Developing Vision & Mission

Participation by as many managers as possible is important in developing the mission because through involvement people become committed to an organization

# Steps to Developing Vision & Mission Statements

1. Have managers read related articles
2. Have managers prepare a vision and mission statement for the organization
3. Merge the documents into one and distribute
4. Gather feedback from managers
5. Meet to revise the final document

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# Benefits of Mission Statements

- Better financial results
- Unanimity of purpose
- Resource allocation
- Establishment of culture
- Focal point for individuals
- Establishment of work structure
- Basis of assessment and control
- Resolution of divergent views

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## **TABLE 2-3** 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 the 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.

# Resolution of Divergent Views

- A genuine decision must be based on divergent views to have a chance to be a right and effective decision
- Considerable disagreement over vision and mission statements can cause trouble if not resolved

# Vision & Mission Statements

- Provide unity of direction
- Promote shared expectations
- Consolidate values
- Project a sense of worth and intent
- Affirm the company's commitment to responsible action

## Declaration of Attitude

- ✓ **Broad in scope**
- ✓ **Generate strategic alternatives**
- ✓ **Not overly specific**
- ✓ **Reconciles interests among diverse stakeholders**
- ✓ **Finely balanced between specificity & generality**

# Declaration of Attitude

- ✓ **Arouse positive feelings & emotions**
- ✓ **Motivate readers to action**
- ✓ **Generate favorable impression of the firm**

# Declaration of Attitude

- ✓ **Reflect future growth**
- ✓ **Provide criteria for strategy selection**
- ✓ **Basis for generating & evaluating strategic options**
- ✓ **Dynamic in nature**

# Mission & Customer Orientation – Vern McGinnis

- **Define what the organization is**
- **Define what it aspires to be**
- **Limited to exclude some ventures**
- **Broad enough to allow for growth**
- **Distinguishes firm from all others**
- **Framework for evaluating activities**
- **Stated clearly – understood by all**

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# Mission & Customer Orientation

- An effective mission statement:
  - Anticipates customer needs
  - Identifies customer needs
  - Provides product/service to satisfy needs
  - Identifies the utility of a firm's products to its customers

# Utility of Firm's Products to Customers

- Do not offer me **things**.
- Do not offer me **clothes**. Offer me attractive looks.
- Do not offer me **shoes**. Offer me comfort for my feet and the pleasure of walking.
- Do not offer me a **house**. Offer me security, comfort, and a place that is clean and happy.
- Do not offer me **books**. Offer me hours of pleasure and the benefit of knowledge.

# Utility of Firm's Products to Customers

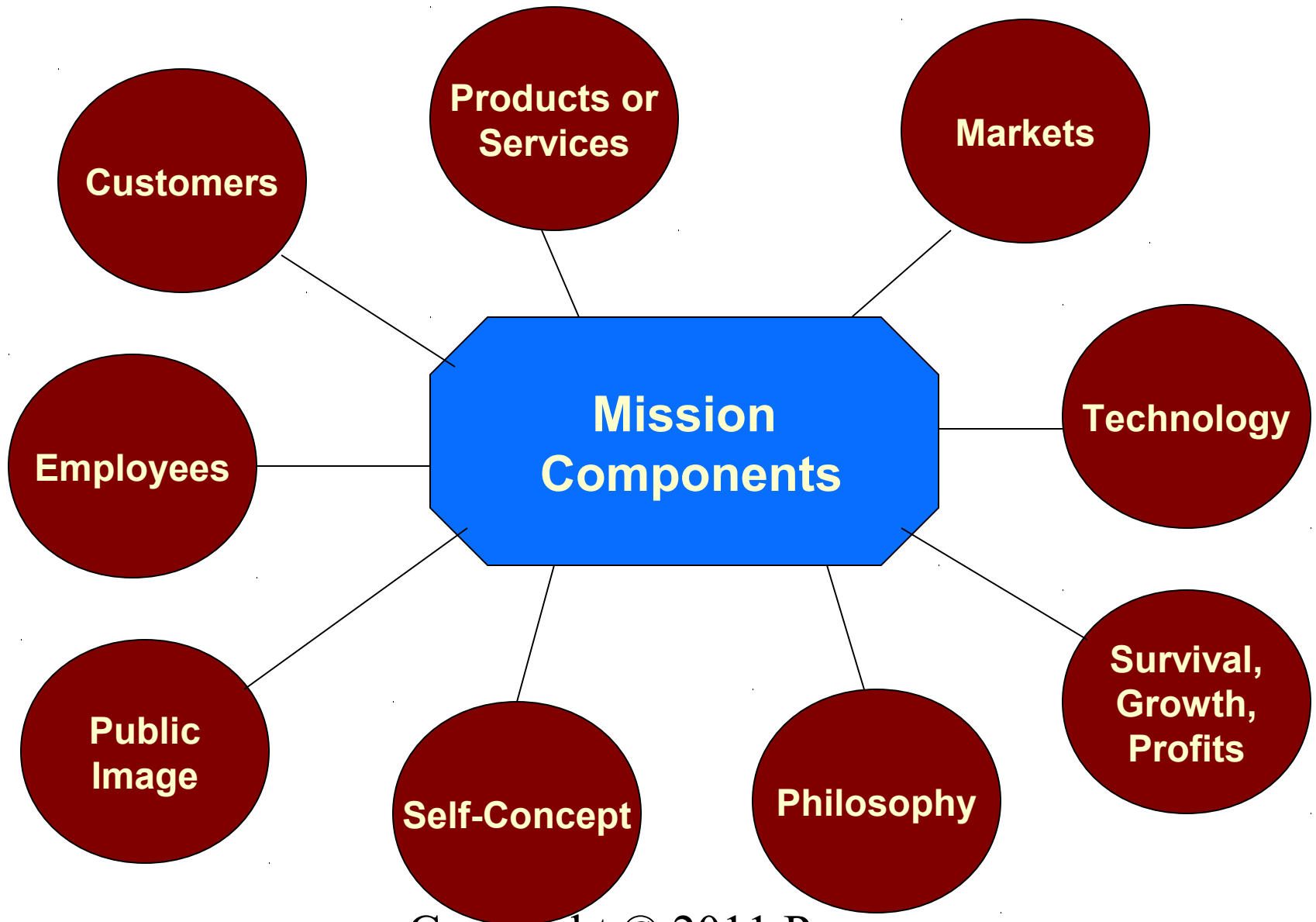
- Do not offer me **CDs**. Offer me leisure and the sound of music.
- Do not offer me **tools**. Offer me the benefits and the pleasure that come from making beautiful things.
- Do not offer me **furniture**. Offer me comfort and the quietness of a cozy place.
- Do not offer me **things**. Offer me ideas, emotions, ambience, feelings, and benefits.
- Please, do not offer me **THINGS**.

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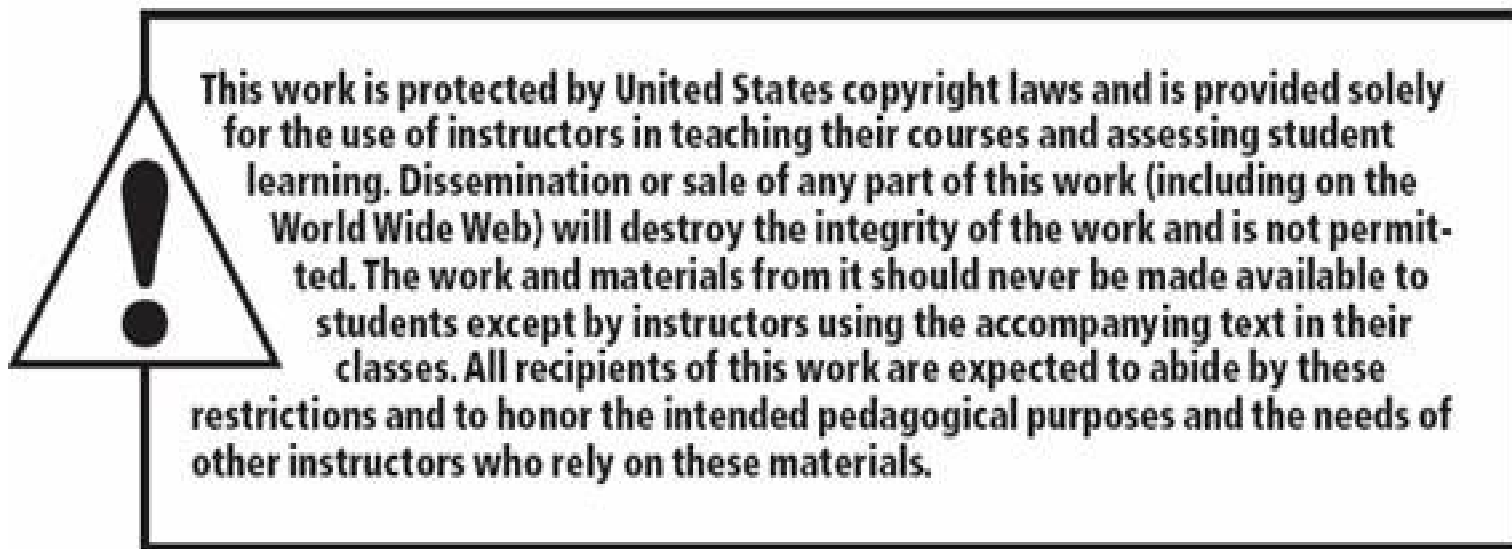
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## TABLE 2-4 Characteristics of a Mission Statement

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



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