

# 1.3 business objectives

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## Vision statement and mission statement

Hierarchy of objectives



Objectives provide business with a target direction of future

Vision

- Out line aspirations in the future
- Very long term

Mission statement

- Purpose of business existence
  - o Core value
- Medium long term
- Clearly defined and realistically achievable

Vision (less realistic)VS mission (more realistic)

Vision: aspirational, long term focus, infrequent update, does not specify actual target to achieve, about "some day in future"

Mission: declaration of purpose, outline the value of the business, time period, update frequently, more concrete and specific in targets it wants to achieve, each and every day in present

## Common business objectives

Growth, profit, protecting shareholder value, ethical objectives

Object - goal of business

Object importance: to help business improve eg: decision making, measure and control, motivate...

Object have to be SMART and set in line with organization mission statement

Specific, measurable, achievable, realistic, time limited

Growth - increase sale. Revenue / market share

- Help to adapt changes, compete
- Fail leads to less competitive, threaten the firm's sustainability

Profitability (profit maximizing)

- Profit maximization

Protecting shareholder value (earning profitable return for shareholders)

- However, business have to balance short - term profits with an investment in the long term value of the company.
- No legal obligation to pay dividend to shareholders

Ethical

- Treat of stakeholders/environment
- The reaches of the business to morally correct way.

## Strategic and tactical objectives

Strategies - plan of action to achieve the objectives

- Median to longterm
- Expressed specifically

Tactics

- Short term and frequently generate

CSR

Corporate social responsibility

- The conscientious consideration of ethical and environmental practics relate to business activity

Owners name

Sole trader - sole trader/owner

Partnership - partner

Private/public limited company - shareholders