



# Strategic Management

Lecture 4  
Vision and Mission Analysis

# Learning Objectives

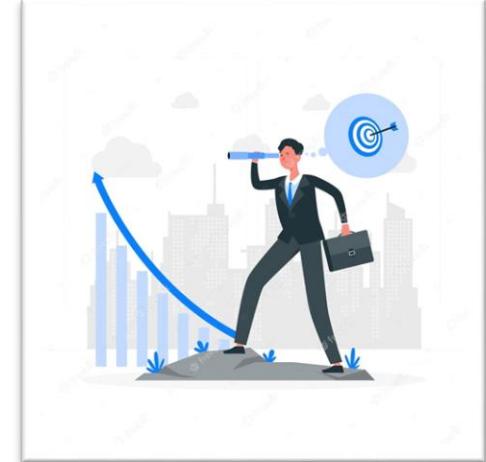
- Describe the nature and role of vision statements in strategic management
- Describe the nature and role of mission statements in strategic management
- Discuss the process of developing a vision and mission statement
- Discuss how clear vision and mission statements can benefit other strategic-management activities
- Describe the characteristics of a good mission statement
- Identify the components of mission statements
- Evaluate mission statements of different organizations and write effective vision and mission statements

# Topics

- Vision Statements: What Do We Want to Become?
- Mission Statements: What Is Our Business?
- The Process of Developing Vision and Mission Statements
- The Importance (Benefits) of Vision and Mission Statements
- Characteristics of a Mission Statement
- Components of a Mission Statement
- Evaluating and Writing Mission Statements

# Vision Statements: 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
- Both profit (*for commercial organizations*) and vision (*for all organizations*) are needed to motivate a workforce effectively
- When created in a participatory approach, the resultant vision and mission statements can reflect the personal visions that managers and employees have in their hearts and minds about their own futures
- Vision statements need to be written from a customer perspective



# Vision Statements: What Do We Want to Become? ...

## Starbucks Vision Statement (paraphrased)

Starbucks strives to be the premier roaster and retailer of specialty coffee globally.

## Starbucks “Improved” Vision Statement

Starbucks’ vision is to be the most well-known, specialty coffee, tea, and pastry restaurant in the world, offering sincere customer service, a welcoming atmosphere, and unequaled quality.

## Author Comments

- The first vision statement does not state what the company wants to become. Nor does it acknowledge the firm’s movement into specialty tea offerings. It is not as customer oriented as needed.
- The improved vision statement reveals the company’s aspirations for the future and acknowledges that upscale tea and pastries complement their premium coffee offerings.

# Vision Statements: What Do We Want to Become? ...

- 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 how the firm's food and beverage business benefits people)*
- 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)*

# Mission Statements: What is Our Business?

- It is a declaration of an organization's "reason for being"
- It is essential for effectively establishing objectives and formulating strategies
- It is sometimes referred to as a:
  - creed statement
  - statement of purpose
  - statement of philosophy
  - statement of beliefs
  - statement of business principles
  - statement "defining our business"



# Mission Statements: What is Our Business? ...

Drucker has the following to say about mission statements (paraphrased):

A mission statement is the foundation for priorities, strategies, plans, and work assignments. It is the starting point for the design of jobs and organizational structures. Nothing may seem simpler or more obvious than to know what a company's business is. A lumber mill makes lumber, an airline carries passengers and freight, and a bank lends money. But "What is our business?" is almost always a difficult question and the right answer is usually anything but obvious. The answer to this question is the first responsibility of strategists.

His recommendations are:

- The mission should "fit on a T-shirt," yet a mission statement is not a slogan
- It is a precise statement of purpose
- Words should be chosen for their meaning rather than beauty, for clarity over cleverness
- The best mission statements are plain speech with no technical jargon and no adornments. Like the mission statement of the International Red Cross -- "To serve the most vulnerable" -- they come right out and say something. In their brevity and simplicity is power

# The Process of Developing Vision and Mission Statements

- As many managers as possible should be involved in the process of developing these statements
- Select several articles (such as those listed as Current Readings at the end of the reference material for this lecture) about these statements and ask all managers to read these as background information
- Ask managers to individually prepare a vision and mission statement for the organization
- A facilitator should then merge these statements into a single document and distribute the draft statements to all managers
- A request for modifications, additions, and deletions is needed next, along with a meeting to revise the document
- Once in the final form, vision and mission statements should be communicated to all managers, employees, and external constituencies of an organization. Some organizations even create a video to explain the statements and how they were developed

# The Importance (Benefits) of Vision and Mission Statements

According to King and Cleland, organizations should carefully develop a written mission statement in order to realize the following benefits:

- To make sure all employees/managers understand the firm's purpose or reason for being
- To provide a basis for prioritization of key internal and external factors utilized to formulate feasible strategies
- To provide a basis for the allocation of resources
- To provide a basis for organizing work, departments, activities, and segments around a common purpose

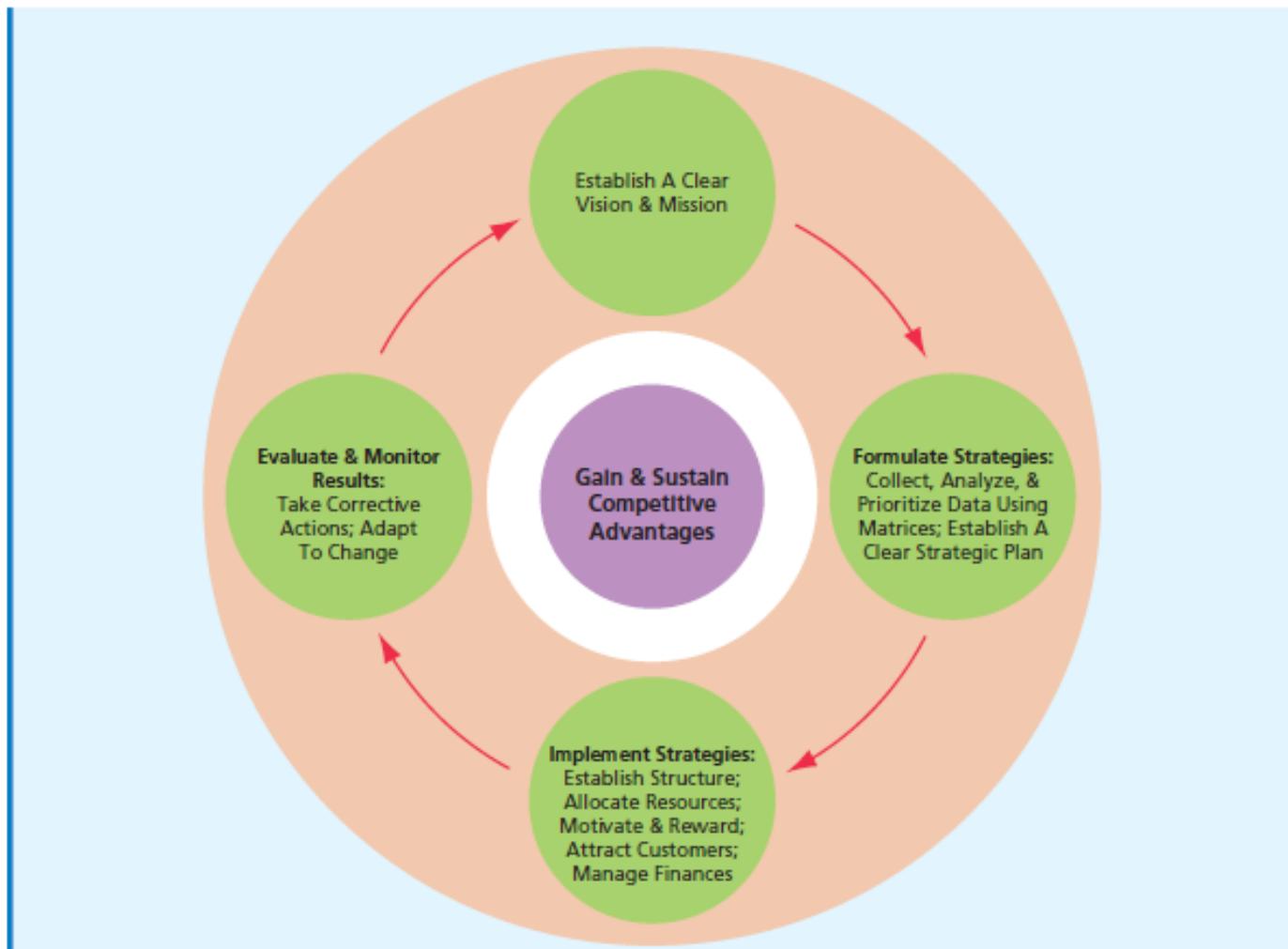
Additionally, it is important to use the exercise of writing vision and mission statements to reveal differences among strategists and managers in organizations. Such differences must be resolved in order to avoid negative impacts to the organization's performance.

# The Importance (Benefits) of Vision and Mission Statements ...

According to Fred David and Forest David, these are benefits of a clear Mission and Vision:

- Achieve clarity of purpose among all managers and employees
- 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
- Provide direction
- Provide a focal point for all stakeholders of the firm
- Resolve divergent views among managers
- Promote a sense of shared expectations among all managers and employees
- Project a sense of worth and intent to all stakeholders
- Project an organized, motivated organization worthy of support
- Achieve higher organizational performance
- Achieve synergy among all managers and employees

# The Importance (Benefits) of Vision and Mission Statements ...



# Characteristics of a Mission Statement

According to Fred David and Forest David, these are a Mission statement should have the following characteristics:

- Broad in scope; does not include monetary amounts, numbers, percentages, ratios, or objectives
- Fewer than 150 words in length
- Inspiring
- Identifies the utility of a firm's products
- Reveals that the firm is socially responsible
- Reveals that the firm is environmentally responsible
- Includes 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

# Components of a Mission Statement

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?
5. 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 (distinctive competence)—What is the firm's major competitive advantage?
8. Public image—Is the firm responsive to social, community, and environmental concerns?
9. Employees—Are employees a valuable asset of the firm?

THANK YOU