BUSINESS CONCEPT

Business

The organized efforts of enterprise to supply consumers with goods and services for a profit are business.

Scope of Business

Let us assume that you have decided to buy an **automobile**. Behind your purchase, there is the **supplier of raw materials**; there is the **manufacturer** who converts these raw materials and other inputs into usable vehicles; there is the **dealer** who makes the vehicles available at places convenient to you; there is the **transport agent** who assists in moving materials to the manufacturing plant and vehicles from the plant to the market; there is the **banker** to finance various activities; there is the **advertising agency** which tells you about the vehicles, where and how they can be procured; there is an **insurance agent** who assumes risks on your behalf; and a host of other activities.

CHARACTERISTICS OF TODAY'S BUSINESS

Change: Change is the regular phenomenon of today's business. Modern business is **very dynamic**. Because of **new technologies, new products** are coming regularly with additional characteristics leaving behind the old ones. This change makes the companies **spend substantially on Research and Development (R&D)** to survive in the market.

Vast Business Canvass: Mass production and mass marketing fetch economies of scale to the manufacturers and the benefits will be passed on to the final buyers. **Machines are gradually replacing manual labor** in the manufacturing process. With operating machines, production in bulk has become possible.

Diversification: The **product portfolio** of any medium or large business is very common to us. The group **of companies is increasing rapidly** througho ut the world. There are three types of diversification- concentric, horizontal and conglomerate.

i. **Concentric diversification**- The process of **adding new, but related products or services** is concentric diversification. Such as **Soap, Shampoo, Lux, Lifeboy by Unilever** and the **addition of tomato ketchup and sauce to the existing "Maggi" brand processed items of Food Specialities Ltd.** is an example of technological-related concentric diversification.

ii. **Horizontal diversification**- The process of **adding new and unrelated product or services for present customers**. For example- Paper, Cement, Housing by Bashundhara.

iii. **Conglomerate diversification**- The process of **adding new and unrelated product or services for new customer**. For example exporting Rice to Myanmar.

Companies often follow the merger and acquisition route for diversification.

Globalization: Going international is yet another trend followed by m odern business houses. Internationalization is fast becoming imperative for modern business **due to technological innovation, crumbling trade barriers, global flow of capital and technology, information explosion, intensity of market competition, changing life styles and the demand for new products**. Supportive economic and trade policies- domestic and external, accent on technological innovation, product design, quality, prices, marketing strategy and infrastructure back-up play a vital role in carving a niche in the international business area.

Science: The development of **atomic power advances in metallurgy and allied fields; accomplishments relating to the space-age program; application of mathematics in managerial decision-making** brings new dimension in the business arena.

Information: The whole area of retrieving and extending information, including data processing, information system analysis and preparation of effective records and reports, has achieved a major status. The vital reason for progress in this area is the **availability of the computer and electronic devices** that have made feasible the **quick and accurate gathering, processing and distributing information**.

Government interference: For self-reliance and protecting the do mystic industry, restrictions are placed on the **import of foreign goods.** In order to **reduce inequalities of income, to prevent concentration of economic power and to realize other socio-economic objectives, governments impose restrictions and levy taxes on domestic industries.**

Competition: Markets are **highly competitive**. To survive in the market, businesses have to **eliminate inefficiencies, cut down costs and improve productivity.** Inefficient and marginal firms will either be forced to wind up or rewrite their success plan.

OBJECTIVES COMMON TO MOST CONTEMPORARY BUSINESS

1. **Profit:** Profit is the **primary goal** of an enterprise. It works as an **incentive or motivator**. It helps to **realize other objectives** also.

2. **Growth:** This is one of the **yardsticks to measure of an organization**. To survive in the current highly competitive market an organization should not remain stagnant over the periods. Strategies that can be followed **to achieve growth**: **a) add more products/ markets; b) diversify into new products; c) integration- forward or backward; d) increase market share; e) cut down costs and increase productivity**

3. **Power:** Business men are **considered as a pioneer** in the country. They have **immense economic and political power**. Some businessman **inspires the nation to go ahead**. Their contribution to the society also increases their power and respect in the society.

4. **Employee satisfaction and development:** In the 21st century, employees are given high concentration so that **internal environment becomes**

favorable. Employee satisfaction a lso **increases productivity** of the organization. Today importance is also **given to the human skill development**. Many organizations arrange **different kinds of training program, seminar, field research activities and pleasure tour etc**. so that employee will be happy and they can think the organization as their own organization.

5. **Quality products and services:** Providing quality products and services is yet another objective of business. **Continuous improvement** in product quality also helps an organization to **achieve brand loyalty**.

6. **Market leadership:** One of the important objectives of all the organization to be the market leader in the nation as well as world if possible. **Innovation works** as a key success factor to capture the market. Innovation should not be confined in products; it may also be in advertising, distribution, finance or in any other field.

7. **Service to society:** Business is an integral part of society and has several obligations towards it. Some of them a re: a) providing **safe and quality goods** at reasonable prices; b) providing **employment**; c) **patronizing cultural and religious activities**; d) **maintaining and protecting ecology** and e) supporting **less privileged** sections of people in society such as tribes, disabled people.

FORMS OF BUSINESS

a) Sole proprietorship
b) Partnership
c) Company/ Corporation
d) Joint venture
e) Merger
f) Acquisition/Takeover
g) S corporation
h) Limited liability company (LLC), Limited liability Partnership (LLP)
i)Professional Association, Professional Corporation.
j) Cartel
k) Private Public Partnership (PPP)
l) Corporate spin-off
m) Divestment
n) Divestiture
o) Consortium

Sole Proprietorship

- **Advantages**
  1. **Simplest and easiest** form of business.
  2. **Least amount of legal documentation**.
  3. **Least regulated**.
  4. **Owner keeps all profits**

- **Disadvantages**
  1. **Owner pays personal tax rate on profits**
  2. Obligations of the business are sole responsibility of owner, and **personal assets may be necessary to pay**

obligations (personal and business assets are commingled).
3. Business entity limited to **life of owner**.
4. Can have **limited access to outside funding** for the business.

Partnership

- **Advantages**
  1. **Agreements** between partners may be **easily formed**
  2. Involves more individuals as owners and therefore usually **more expertise**
  3. **Larger amount of capital** usually available to the business (compared to proprietorship)
- **Disadvantages**
  1. **Assets of general partners are commingled with assets of the business**
  2. Profits treated as **personal income** for tax purposes
  3. **Difficult to transfer ownership**

Corporation

- **Advantages**
  1. Business is legal, separate entity from owners
  2. Owners have limited liability to obligations of the business
  3. Easy to transfer ownership
  4. Usually greater access to capital for business
  5. Owners do not have any personal liability for default
- **Disadvantages**
  1. Most difficult business operation to form
  2. Double taxation of company profits

3. <u>Most regulated</u>.

Joint Venture - JV'

A business arrangement in which **two or more parties** agree to pool their resources for the purpose of **accomplishing a specific task** is known as joint venture. This task can be a **new project or any other business activity**. In a joint venture (JV), each of the participants is **responsible for profits, losses and costs associated with it.** However, the venture is its own entity, **separate and apart from the participants' other business interests**.

A joint venture (JV) is a business agreement in which the parties agree to **develop, for a finite time, a new entity and new assets by contributing equity**. They exercise control over the enterprise and consequently share revenues, expenses and assets.

For example- Saudia-S. Alam Mercedez Benz

Merger

A merger/amalgamation refers to a **combination of two or more companies into one company**. One or more companies may merge with an existing company or they may merge to form a new company.

Merger or amalgamation may take **two forms: merger through absorption, merger through consolidation.**

Absorption is a combination of **two or more companies into an existing company**. All companies except one lose their identity in a merger through absorption. For example, absorption of Tata Fertilisers Ltd. (TFL) by Tata Chemical Limited (TCL).

Consolidation is a combination of **two or more companies into a new company**. In this form of merger, all companies are legally dissolved and new company is created for example Hindustan Computers Ltd., Hindustan Instruments Limited, Indian Software Company Limited and Indian Reprographics Ltd. Lost their existence and create a new entity HCL Technologies Limited.

For example, **Bangladesh Shipla Rin Sangstha and Bangladesh Shilpa Bank merged and created Bangladesh Development Bank Limited.**

Types of Mergers

Mergers may be classified into the following three types- (i) horizontal, (ii) vertical and (iii) conglomerate.

Horizontal Merger

Horizontal merger takes place when two or more corporate firms dealing in **similar lines of activities** combine together. For example, merger of two publishers or two luggage manufacturing companies. **Elimination or reduction in competition, putting an end to price cutting, economies of scale in production, research and development, marketing and management** are the often cited motives underlying such mergers.

Vertical Merger

Vertical merger is a combination of two or more firms involved in **different stages of production or distribution.** For example, **joining of a spinning company and weaving company.** Vertical merger may be forward or backward merger.

When a company **combines with the supplier of material**, it is called backward merger and when it **combines with the customer**, it is known as forward merger. The main advantages of such mergers are **lower buying cost of materials, lower distribution costs, assured supplies and market, increasing or creating barriers to entry for competitors etc.**

Conglomerate merger

Conglomerate merger is a combination in which a **firm in one industry combines with a firm from an unrelated industry**. A typical example is merging of different businesses like manufacturing of cement products, fertilizers products, electronic products, insurance investment and advertising agencies. Voltas Ltd. is an example of a conglomerate company. **Diversification of risk** constitutes the rationale for such mergers.

Advantages of merger and acquisition

The major advantages of merger/acquisitions are mentioned below:

Economies of Scale: The operating cost advantage in terms of economies of scale is considered to be the primary objective of mergers. These economies arise because of more **intensive utilization of production capacities, distribution networks, engineering services, research and development facilities, data processing system etc.** Economies of scale are the most prominent in the case of horizontal mergers. In vertical merger, the principal sources of benefits are improved coordination of activities, lower inventory levels.

Synergy: It results from complementary activities. For examples, one firm may have financial resources while the other has profitable investment opportunities. In the same manner, one firm may have a strong research and development facilities. The merged concern in all these cases will be more effective than the individual firms combined value of merged firms is likely to be greater than the sum of the individual entities.

Strategic benefits: If a company has decided to enter or expand in a particular industry through acquisition of a firm engaged in that 5 industry, rather than dependence on internal expansion, may offer several strategic advantages: **(i) it can prevent a competitor from establishing a similar position in that industry; (ii) it offers a special timing advantages, (iii) it may entail less risk and even less cost.**

Tax benefits: Under certain conditions, tax benefits may turn out to be the underlying motive for a merger. Suppose when a firm with accumulated losses and unabsorbed depreciation mergers with a profit making firm, tax benefits are utilized better. Because its accumulated losses/unabsorbed depreciation can be set off against the profits of the profit-making firm.

Utilization of surplus funds: A firm in a mature industry may generate a lot of cash but may not have opportunities for profitable investment. In such a situation, a merger with another firm involving cash compensation often represent a more effective utilization of surplus funds.

Diversification: Diversification is yet another major advantage especially in conglomerate merger. The merger between two unrelated firms would tend to reduce business risk, which, in turn reduces the cost of capital (K0) of the firm's earnings which enhances the market value of the firm.

S Corporation

1) Maximum shareholders 75

2) It is taxed like sole proprietorship

Limitation: limited capital

Advantage: free from double taxation

Limited liability partnership (LLP)

A **limited liability partnership** (**LLP**) is a partnership in which s**ome or all partners (depending on the jurisdiction) have limited liabilities**. It therefore exhibits elements of partnerships and corporations. In an LLP, one partner is not responsible or liable for another partner's misconduct or negligence. This is an important difference from the traditional unlimited partnership under the Partnership Act 1890, in which each partner has joint and several liability. In an LLP, some partners have a form of limited liability similar to that of the shareholders of a corporation. In some countries, an LLP must also have at least one thing called as a "general partner" with unlimited liability. For example- A, B, C is three partner of a LLP. If any loss will be raised by partner A then it will be carried by himself, not by the firm.

Limited Liability Company (LLC)

A corporate structure whereby the members of the company cannot be held **personally liable for the company's debts or liabilities** is LLC. Limited liability companies (LLC) differ slightly from one country to the next. However, it is essentially a hybrid entity that combines the characteristics of a corporation and a partnership or sole proprietorship. While the limited liability feature is similar to that of a corporation, the availability of **flow-through taxation to the members of a LLC is a feature of partnerships.**

Although LLCs have some attractive features, they also have a number of disadvantages, especially in relation to the structure of a corporation. A LLC has to be **dissolved upon the death or bankruptcy** of a member, unlike a corporation, which can **exist in perpetuity.** Also, a LLC may not be a suitable option when the objective of the founder is to eventually become a publicly listed company.

Professional association

A body of persons engaged in the same profession (**professional body**, **professional organization**, or **professional society**), formed usually to control entry into the profession, maintain standards, and represent the profession in discussions with other bodies is called professional association.

Cartel

Cartel is an agreement between **competing firms to control prices or exclude entry of a new competitor** in a market. It is a formal organization of sellers or buyers that agree to fix selling prices, purchase prices, or reduce production using a variety of tactics. Cartels usually arise in an oligopolistic industry, where the number of sellers is small or sales are highly concentrated and the products being traded are usually commodities. Cartel members may agree on such matters as setting minimum or target prices (price fixing), reducing total industry output, fixing market shares, allocating customers, allocating territories, bid rigging, establishment of common sales agencies, altering the conditions of sale, or combination of these. The aim of such collusion (also called the **cartel agreement**) is to increase individual members' profits by reducing competition. If the cartelists do not agree on market shares, they must have a plan to share the extra monopoly profits generated by the cartel. In the United States, cartels are illegal; however, the **Organization of Petroleum Exporting Countries (OPEC) - the world's largest cartel** - is protected by U.S. foreign trade laws.

Corporate restructuring

Corporate restructuring refers to the changes in ownership, business mix, assets mix and alliances with a motive to increase the value of shareholders.

Takeover/ Acquisition

In business, a **takeover** is the purchase of one company (the *target*) by another (the *acquirer*, or *bidder*). In UK, the term refers to the acquisition of a public company whose shares are listed on a stock exchange, in contrast to the acquisition of a private company.

Types of takeover

Friendly takeovers

A "friendly takeover" is an acquisition which is **approved by the management**. Before a bidder makes an offer for another company, it usually first informs the company's board of directors. In an ideal world, if the board feels that accepting the offer serves the shareholders better than rejecting it, it recommends the offer be accepted by the shareholders.

In a private company, because the shareholders and the board are usually the same people or closely connected with one another, private acquisitions are usually friendly. If the shareholders agree to sell the company, then the board is usually of the same mind or sufficiently under the orders of the equity shareholders to cooperate with the bidder. This point is not relevant to the UK concept of takeovers, which always involve the acquisition of a public company.

Hostile takeovers

A "hostile takeover" allows a bidder to take over a target company whose **management is unwilling** to agree to a merger or takeover. A takeover is considered "hostile" if the target company's board rejects the offer, and if the bidder continues to pursue it or the bidder makes the offer directly after having announced its firm intention to make an offer.

A hostile takeover can be conducted in several ways. A tender offer can be made where the acquiring company makes a public offer at a fixed price above the current market price. An acquiring company can also engage in a proxy fight, whereby it tries to persuade enough shareholders, usually a simple majority, to replace the management with a new one which will approve the takeover. Another method involves quietly purchasing enough stock on the open market, known as a "creeping tender offer", to effect a change in management. In all of these ways, management resists the acquisition, but it is carried out anyway.

A well known example of an extremely hostile takeover was Oracle's hostile bid to acquire PeopleSoft.[1]

Reverse takeovers

A reverse takeover is a type of takeover where a **private company acquires a public company**. This is usually done at the instigation of the larger, private company, the purpose being for the private company to effectively float itself while avoiding some of the expense and time involved in a conventional IPO.

An individual or organization, sometimes known as corporate raider, can purchase a large fraction of the company's stock and, in doing so, get enough votes to replace the board of directors and the CEO. With a new agreeable management team, the stock is a much more attractive investment, which would likely result in a price rise and a profit for the corporate raider and the other shareholders.

Backflip takeovers

A backflip takeover is any sort of takeover in which the **acquiring company turns itself into a subsidiary of the purchased company**. This type of takeover can occur when a larger but less well-known company purchases a struggling company with a very well-known brand. Examples include:

- The Texas Air Corporation takeover of Continental Airlines but taking the Continental name as it was better known.

- NationsBank's takeover of the Bank of America, but adopting Bank of America's name.

Corporate Spin-off

A **corporate spin-off**, also known as a **spin-out** or a **starburst**, refers to a type of corporate action **where a company "splits off" sections as a separate business**. Spin-offs are divisions of companies or organizations that then become independent businesses with assets, employees, intellectual property, technology, or existing products that are taken from the parent company. Shareholders of the parent company receive equivalent shares in the new company in order to compensate for the loss of equity in the original stocks. However, shareholders may then buy and sell stocks from either company independently; this potentially makes investment in the companies more attractive, as potential share purchasers can invest narrowly in the portion of the business they think will have the most growth.

Divestment

In contrast, divestment can also **sever one business from another**, but the **assets are sold off rather than retained under a renamed corporate entity.**

Divestiture

The **partial or full disposal of a business unit through sale, exchange, closure or bankruptcy** is called divestiture. Divestiture may result from a management decision to no longer operate a business unit because it is not part of a core competency.

Firms may have several motives for divestitures:

1. A firm may divest (sell) businesses that are **not part of its core operations** so that it can focus on what it does best. For example, Eastman Kodak, Ford

Motor Company, Future Group and many other firms have sold various businesses that were not closely related to their core businesses.

2. **To obtain funds**. Divestitures generate funds for the firm because it is selling one of its businesses in exchange for cash. For example, CSX Corporation made divestitures to focus on its core railroad business and also to obtain funds so that it could pay off some of its existing debt.
3. A firm's "break-up" value is sometimes believed to **be greater than the value of the firm as a whole.** In other words, the sum of a firm's individual asset liquidation values exceeds the market value of the firm's combined assets. This encourages firms to sell off what would be worth more when liquidated than when retained.
4. Divesting a part of a firm may **enhance stability.** Philips, for example, divested its chip division - NXP - because the chip market was so volatile and unpredictable that NXP was responsible for the majority of Philips's stock fluctuations while it represented only a very small part of Philips NV.
5. Divesting a part of a company may **eliminate a division which is under-performing or even failing.**
6. **Regulatory authorities may demand** divestiture, for example in order to create competition.
7. **Pressure from shareholders for social reasons** (sometimes also called disinvestment). Examples include disinvestment from South Africa in the former era of apartheid (now ended), and more recent calls for fossil fuel divestment in response to global warming.

Public-Private Partnerships (PPP)

PPP means a business **relationship between a private-sector company and a government agency for the purpose of completing a project that will serve the public.** Public-private partnerships can be used to finance, build and operate projects such as public transportation networks, parks and convention centers. Financing a project through a public-private partnership can allow a project to be completed sooner or make it a possibility in the first place.

Consortium

A **consortium** is an association of two or more individuals, companies, organizations or governments (or any combination of these entities) with the **objective of participating in a common activity or pooling their resources for achieving a common goal.**

Consortium is a Latin word, meaning "partnership", "association" or "society" and derives from *consors* 'partner', itself from *con-* 'together' and *sors* 'fate',

For example-

Goals and Objective

Goals: Broad and long term achievement of an organization. It is the future oriented objective of the business.

Objective: Very specific and short term achievement of an organization.

Difference between goal and objective:

Goal	Objective
Too much broad	More specific
Not quantitatively measureable	Quantitatively measureable
Not Assignable to specific department or employees.	Assignable to specific department or employees.
It is very hard to realize	It should be realistic
No specific timeframe	It is timely
It may or may not be written down to all layers of the organization	It is written down to all employees.
Example: Increase market share	**Example:** Increase market share 5% by next year, there after 8%.

Vision

Definition

An aspirational description of what an organization would like to achieve or accomplish in the mid-term or long-term future. It is intended to serves as a clear guide for choosing current and future courses of action. It is as like a corporate slogan.

"*one company, one vision*" or "*to be the number one [place your industry, product or organisation name here] in the world*" or "*to provide world class [place your industry, product or organisation name here]*"

❖ **Effective visions are a combination of ideas that express the following:**

- The organisation's purpose, their reason for existence.
- The organisation's core values, who they are and striving to become.
- The organisation's value proposition, what makes them unique, what they are good at and why it matters.
- The organisation's strategic intent, a stretch goal and future aspirations.

❖ **Characteristics of a vision statement:**

1. **Future Focused:** An effective vision answers the question "**what will our business look like in 10 to 20 years time?"** It describes the organization's desired future. A vision makes clear the organization's direction, providing a

clear picture of what the business will look like in 5 − 10 years time. Vision provides the "big picture". Vision provides the "north star" by which everyone in the organization navigates. It sets the context for action.

2. **Directional**: An effective vision provides direction and makes clear where the organization is going. This means that **a vision needs to be specific enough to shape decision making and appropriately broad to allow innovative strategies for realizing the vision.**
3. **Clear**: An effective vision provides guidance for decision making and independent action. This requires the vision **to be clearly articulated and easily understood. The vision must clarify focus, direction and constraints, to ensure that scarce resources are focused on the most strategic initiatives.** Vision that is clear enables effective allocation of scare resources. Clarity allows invividuals across the organisation to have a shared sense of what's important and what's not, to ensure that they are free to act within those constraints.
4. **Relevant**: An effective vision is grounded in and an extension of the organization's past. They exist within **the current reality and talks to the context in which the organization exists.** The vision must be relevant to the organization and the times, it reflects the organization's response to the challenges of the day. An effective vision is a good fit with the organization's history, current reality, culture and values. An effective vision **connects what has happened in the past to the desired future this gives the vision credibility**.
5. **Purpose-Driven**: An effective vision provides a larger sense of purpose for the organization and its people. That purpose must be more meaningful than getting bigger or beating the competition**. Purpose is about why we exist and why anyone should care. Vision connects people to a meaningful purpose, allowing them to feel that they are part of something bigger than themselves**. As Steve Jobs said, "*We're here to put a dent in the universe. Otherwise why else even be here?*"
6. **Values Based**: An effective vision **connects people to the oganization's core values.** Values are the beliefs or ideas that the organisation shares about what's good or bad. They influence the behaviour and attitude of people. Given this values are deeply connected to an organisation's vision. Vision implies a set of values and beliefs that are required to support who organisations need to become to execute the vision.
7. **Challenging**: An effective vision challenges us, it's an invitation to greatness. **A vision is a goal that should challenge us, stretch us and set a high standard for the organisation. Effective visions represent a future that is beyond what is possible today or what we think possible**

tomorrow. It is the highest level goal that unites and challenges an organisation.

8. **Unique**: An effective vision reflects what's unique about the organisation, it recognizes **what makes it different**. A vision is unique when it declares what makes the organisation stand out and why it matters. Vision must make clear the activities that the organisation will and will not pursue, the capabilities to be developed and the market position it will occupy.
9. **Vivid**: An effective vision provides a vivid mental image of what the organisation will be like in the future. Well crafted visions describe the future in a way that is easy to imagine and to picture in the minds eye. What would it feel like to work in the future organisation? What would it be like for customers who engage with this organisation?
10. **Inspiring**: An effective vision engages and inspires people to commit to a cause. Vision **appeals to the hearts and minds of people.** Vision is inspiring when it captures the hearts of people. Vision is inspiring when it stops you in your tracks, grabs your heart and causes you to pay attention. An effective vision moves you emotionally, creating a desire to sign up to the cause.

❖ **Benefits of effective visions are as follows:**

- Vision provides direction and helps the organisation prepare for the future.
- Vision provides guidance for decision making.
- Vision shapes the organisation's strategy.
- Vision guides the types of people you hire and promote.
- Vision defines what you will and what you will not do.
- Vision helps set priorities and guides planning.
- Vision aligns people and activities across the organisation.
- Vision provides purpose and a source of inspiration.
- Vision reflects an organisation's core values and beliefs.
- Vision empowers people and helps focus their efforts.
- Vision brings change and hope for the future.

Mission Statement

Mission: A statement that explains the present situation of an organization and indicates some commitment to a specific group of people.

Characteristics of mission statement:

a) Quality service
b) Customer
c) High standard integrity
d) Employees, Shareholders
e) Technology
f) Innovative service

Elements of mission statement:

a) The basic belief and values of the organization
b) Company’s target customer
c) Basic products and service
d) Competitive advantage
e) Commitment to customer, employees, shareholders and other stakeholders of the society
f) Special features and attributes of products and services

Vision of Bank Asia

“Bank Asia’s vision is to have a poverty free Bangladesh in course of a generation in the millennium reflecting the national dream.
Our vision is to build a society where human dignity and human rights receipt the highest consideration along with the reduction of poverty.

Mission of Bank Asia

To assist in bringing high quality service to our customers and to participate in the growth and expansion of the national economy.
To set high standard of integrity and to bring total satisfaction to our clients, shareholders and employees.
To become the most sought after bank in the country rendering technology driven innovative service by our dedicated team of professionals.

Comparison char*t*

	Mission Statement	Vision Statement
About	A Mission statement talks about HOW you will get to where you want to be. Defines the purpose and primary objectives related to your customer needs and team values.	A Vision statement outlines WHERE you want to be. Communicates both the purpose and values of your business.
Answer	It answers the question, "What do we do? What makes us different?"	It answers the question, "Where do we aim to be?"
Time	A mission statement talks about the present leading to its future.	A vision statement talks about your future.
Function	It lists the broad goals for which the organization is formed. Its prime function is internal; to define the key measure or measures of the organization's success and its prime audience is the leadership, team and stockholders.	It lists where you see yourself some years from now. It inspires you to give your best. It shapes your understanding of why you are working here.
Change	Your mission statement may change, but it should still tie back to your core values, customer needs and vision.	As your organization evolves, you might feel tempted to change your vision. However, mission or vision statements explain your

	Mission Statement	Vision Statement
		organization's foundation, so change should be kept to a minimum.
Developing a statement	What do we do today? For whom do we do it? What is the benefit? In other words, Why we do what we do? What, For Whom and Why?	Where do we want to be going forward? When do we want to reach that stage? How do we want to do it?
Features of an effective statement	Purpose and values of the organization: Who are the organization's primary "clients" (stakeholders)? What are the responsibilities of the organization towards the clients?	Clarity and lack of ambiguity: Describing a bright future (hope); Memorable and engaging expression; realistic aspirations, achievable; alignment with organizational values and culture.