

1.3 Business objectives

Vision and mission statements

Planning begins with statements of purpose. The purpose, or 'why', of an organisation is typically expressed in vision and mission statements, which are the focus of this subtopic.

Effective organisations need to know why they do what they do. The 'why' of an organisation provides a focal point around which everyone in an organisation can orient themselves. A clear understanding of the 'why' of an organisation is important not only for an enterprise to achieve its goals, but also for employees to feel personal purpose in their work. This is essential to motivation, as you will learn in **Subtopic 2.4**.

Making connections

Just as businesses need a purpose, people need a purpose too. It is not too early to think about your own personal 'why'. Here are two resources to help you to think about your own purpose:

Purpose Challenge (<https://purposechallenge.org/about/>): a free online toolkit aimed at high school students and designed to help them cultivate purpose. It was developed by the The Greater Good Science Center at the University of California, Berkeley.

Finding your WHY (<https://simonsinek.com/find-your-why/#tools-Ofp6t7>): a popular book and set of purpose tools by motivation coach, Simon Sinek.



Figure 1. Where is your business going?

Credit: Boy_Anupong, Getty Images

Vision and mission

Vision statements and mission statements are critical for everyday orientation in a business. They help employees to keep long-term goals and dreams in mind as they work through their operations. Because they serve as a central point of reference, they are also important during crises or turning points, when the company has a major challenge to tackle or decision to make. Both vision and mission statements evolve over time, but changes are usually made only after serious reflection and discussion.

Vision and mission statements must be carefully worded and taken seriously by senior management. Otherwise they will be ignored or even mocked by those working in the organisation, who also need to feel connected to the direction of the company.

Vision and mission statements are also read by interested parties outside the organisation, in order to better understand the organisation's purpose and priorities. If a business does not live up to its vision and mission, it can lose credibility in the eyes of customers and other stakeholders.

Vision statements are different from mission statements. A vision statement is a long-term goal, a dream or understanding of what the future should look like. The vision statement expresses that goal or dream in order to inspire and motivate everyone involved with the company.

A mission statement is more concrete and complements the vision. It states what the organisation does, right now, in order to achieve its vision. If the vision statement expresses what the company would like to accomplish, the mission statement describes what it actually does.

The Ellen MacArthur Foundation (<https://ellenmacarthurfoundation.org/>) is a non-profit organisation that is focused on circularity, a business model which is discussed in Section 1.3.7 (</study/app/y12-business-management-a-sl-may-2024/sid-352-cid-174703/book/tool-circular-business-models-id-36853>). The mission of the foundation is 'to accelerate the transition to a circular economy'. Moving to a circular economy is a key strategy for businesses to improve sustainability.



Figure 2. Keeping materials and products in use through repair is part of a circular business strategy.

Credit: Guido Mieth, Getty Images

Activity

Learner profile: Thinkers

Approaches to learning: Thinking skills (creative thinking, critical thinking);
Research skills (information literacy)

1. The Ellen MacArthur Foundation has chosen to articulate a mission statement, but not a vision statement.

- Have a look at the [Ellen MacArthur Foundation website](http://ellenmacarthurfoundation.org/) (<http://ellenmacarthurfoundation.org/>) to understand what the foundation does. If the foundation created a vision statement, what might an appropriate vision be?
2. Some businesses have both a vision and a mission; others have either a vision or a mission, known as a single purpose statement.
- Research two more businesses that you are familiar with and list their vision and mission or single purpose statement.
 - If you were working for that business, would you find the vision and/or mission motivating? Why or why not?
 - Share the results of your inquiry with other students, creating a list of well-known businesses and their visions and/or missions. Discuss to what extent these visions or missions might be motivating for employees.

Theory of Knowledge

Visions and missions are usually expressed as a statement. However, some researchers believe that they might be better expressed as an inquiry question. To understand why, you need to know a little about how the brain works. This is explained in the following article:

[Want To Know What Your Brain Does When It Hears A Question?](https://www.fastcompany.com/3068341/want-to-know-what-your-brain-does-when-it-hears-a-question)
(<https://www.fastcompany.com/3068341/want-to-know-what-your-brain-does-when-it-hears-a-question>)

Consider the following:

- How could businesses harness the power of questions to help their organisation achieve its goals?