

Firm Vision and Mission

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WHAT'S COVERED

In this lesson, you will learn how to interpret the difference between a firm's vision and its mission. Specifically, this lesson will cover:

1. Firm's Vision Statement
2. Firm's Mission Statement
3. Differences

1. Firm's Vision Statement

The first step in the process of developing a successful strategic position should be part of the founding of the firm itself and its vision. When entrepreneurs decide to start a business, they usually have a reason for starting it, a reason that answers the question “What is the point of this business?” Even if an entrepreneur initially thinks of starting a business in order to be their own boss, they must also have an idea about what their business will do. Overall, entrepreneurs start businesses for a variety of reasons. A **vision statement** is an expression of what a business's founders want that business to accomplish. The vision statement is usually very broad, and it does not even have to mention a product or service. The vision statement does not describe the strategy a firm will use to follow its vision—it is simply a sentence or two that states why the business exists.



TERM TO KNOW

Vision Statement

A broad expression of what a business's founders want that business to accomplish.

2. Firm's Mission Statement

While a firm's vision statement is a general statement about why it exists, a firm's **mission statement** is more specific. The mission statement takes the *why* of a vision statement and gives a broad description of *how* the firm will try to make its vision a reality. A mission statement is still not exactly a strategy, but it focuses on describing the products a firm plans to offer or the target markets it plans to serve.



TERM TO KNOW

Mission Statement

A general description of how the firm will try to accomplish the firm's vision.

3. Differences

The table below gives examples of vision and mission statements for the Walt Disney Company and for Ikea. Notice that in both cases the vision statement is very broad and is not something a business could use as a strategy because there's simply not enough information to illustrate what kind of businesses they might be. The mission statements, on the other hand, describe the products and services each company plans to offer and the customers each company plans to serve in order to fulfill their visions.

	Vision	Mission
	Broad: <i>Why do we exist?</i>	Focused: <i>How will we accomplish our vision?</i>
Disney	"To make people happy."	"The mission of the Walt Disney Company is to be one of the world's leading producers and providers of entertainment and information. Using our portfolio of brands to differentiate our content, services, and consumer products, we seek to develop the most creative, innovative, and profitable entertainment experiences and related products in the world."
Ikea	"To create a better everyday life for the many people."	"We shall offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them."

An interesting thing to note about vision and mission statements is that many companies confuse them, calling a very broad statement their mission.

⇒ **EXAMPLE** Microsoft says that its mission is "to help people around the world realize their full potential" (The Marketing Blender, 2017). By the description above, this would be a good vision statement. However, Microsoft's official vision statement is to "empower people through great software anytime, anyplace, and on any device" (The Marketing Blender, 2017).

Although the second statement is also quite broad, it does say how Microsoft wants to achieve the first statement, which makes it a better mission statement than a vision statement.



BRAINSTORM

Why are vision and mission statements important to a firm's strategy for developing a competitive advantage?

To put it simply, you can't make a plan or strategy unless you know what you want to accomplish.



BIG IDEA

Vision and mission statements together are the first building blocks in defining why a firm exists and in developing a plan to accomplish what the firm wants to accomplish.



REFLECT

1. What does a mission statement explain about a firm that a vision statement does not?
2. What are the similarities and differences between vision and mission?



SUMMARY

In this lesson, you learned how to interpret the difference between a firm's vision and its mission. A **firm's vision statement** is a general statement about why it exists—an expression of what the founders want that business to accomplish. A **firm's mission statement**, on the other hand, is more specific and describes how the firm will try to accomplish the firm's vision. You learned that while neither a vision statement or mission statement describe a strategy, there are notable **differences** between the two: a vision statement is a broad statement about why a firm exists, whereas a mission statement is a more specific statement describing the products a firm plans to offer or the target markets it plans to serve.

Best of luck in your learning!

Source: Access for free at <https://openstax.org/books/principles-management/pages/1-introduction>

REFERENCES

Blender. (2017). *Best examples of company vision and mission statements*. Blender.com
www.themarketingblender.com/vision-mission-statements/



TERMS TO KNOW

Mission Statement

A general description of how the firm will try to accomplish the firm's vision.

Vision Statement

A broad expression of what a business's founders want that business to accomplish.