

Unit 1 – Introduction to Business Management

1.3 Business Objectives

Conceptual understandings

- **Change** is essential for businesses to achieve their desired aims
- **Creative** business planning can lead to organizational success
- **Ethical** business behavior improves a business' image as well as customer loyalty
- **Sustainable** business practices can enhance a business' existence

Objectives

- **Explain** the definitions and roles of **vision statements** and **mission statements**
- **Examine** common business objectives, including:
 - **Growth**
 - **Profit**
 - **Protecting shareholder value**
 - **Ethical objectives**
- **Explain** **strategic** and **tactical** objectives
- **Describe** **corporate social responsibility (CSR)**

Assessment

1.3 Business objectives	Depth of teaching
Vision statement and mission statement	AO2
Common business objectives including growth, profit, protecting shareholder value and ethical objectives	AO2
Strategic and tactical objectives	AO3
Corporate social responsibility (CSR)	AO3

AO2		AO3	
Comment	Give a judgment based on a given statement or result of a calculation.	Discuss	Offer a considered and balanced review that includes a range of arguments, factors or hypotheses. Opinions or conclusions should be presented clearly and supported by appropriate evidence.

Vision and Mission Statements

Class Work (10 min)

- Individually, find 3 enterprises (Jordanian, International, and Social).
- For each enterprise find its vision and mission, usually on their websites.
- Fill in the collaborative document on teams (1.3 ClassWork – Mission Vision).
- Let's look at a few.



What do you notice? What is the difference? What do they convey?

Vision and Mission Statements

Vision

- A philosophy, vision or set of principles which steers the direction and behavior of a organization
- A **vision statement** is inspiring or aspirational declaration of what an organization ultimately strives to be, or wants to achieve, in the distant future. This usually includes, or at least indicates, the organization's core values. The vision statement is intended to act as a clear guide for key stakeholders when planning and implementing current and future corporate strategies.
- More forward looking
- More long term
- Vision = some day

Mission

- States a company's purpose and explains why the business exists. It includes the business's aims and values
- A **mission statement** is a succinct and motivating declaration of an organization's core *purpose* (why it exists), *identity* (who they are) and *focus* (what they do). It is, therefore, a written declaration that normally remains unchanged over time.
- Contains objectives
- Mission = every day

[Alive With Ideas - Blog - Infographic: The 24 Most Inspirational Company Mission Statements](#)

A firm's mission and vision statements serve to guide the organization's strategies and strategic objectives.

Whilst a vision statement tends to be a broad and abstract statement, a mission statement tends to be narrow and more specific.

Vision and Mission Statements

Purpose of Mission Statement:

- Vision and mission statements give stakeholders of an organization a sense of purpose and direction.
- Positive and inspirational mission and vision statements can help to motivate employees, especially if the values of the organization are aligned with those of the workers.
- A firm's mission and vision statements serve to guide the organization's strategies and strategic objectives.

Criticisms of vision and mission statements

Mission and vision statements are often criticized for being:

- Too vague, so therefore are rather meaningless and / or difficult to measure.
- Based on public relations (i.e. to make the organization "look good" - what the business aspires to and what it actually does on a regular basis may not align.
- Vision statements (and many mission statements) are very long term, so may not ever materialise.
- Virtually impossible to really analyse or disagree with, so may be ignored or not taken seriously by stakeholders such as employees.

Aims, objectives, strategies, and tactics

Aims

Aims are the long-term aspirational goals of an organization.

Objectives

- Organizational objectives are the clearly defined and measurable targets of a business.
- SMART Objectives

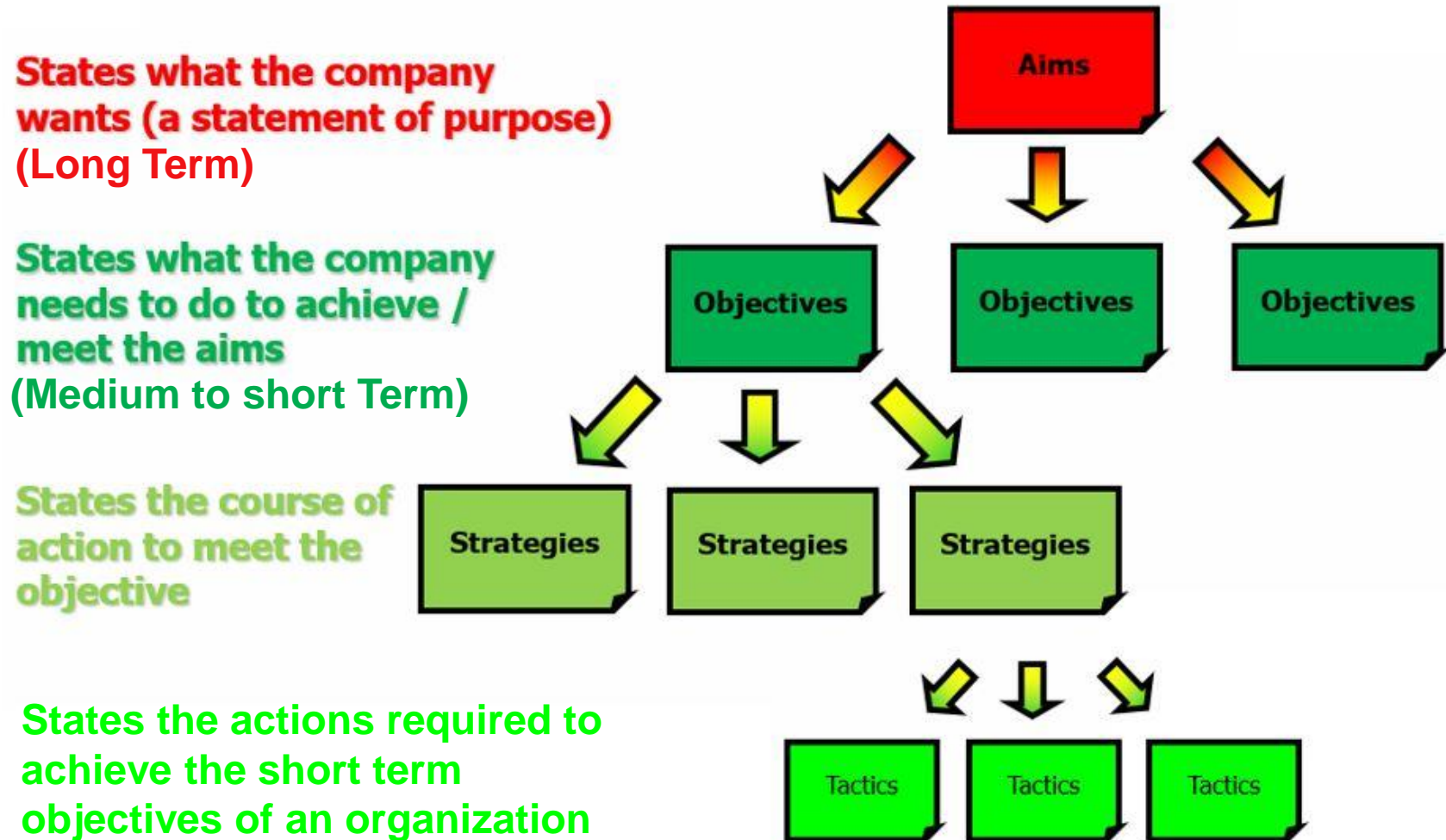
Strategies

- Strategies are the actions in which a business plans to reach its long-term organizational aims and corporate-wide objectives.

Tactics

- Tactics are the shorter term approaches to achieving (tactical and operation) objectives.

Aims, objectives, strategies, and tactics



Aims, objectives, strategies, and tactics

Examples

- **Objective:** I want to lose 40lbs by the end of next year.
 - **Strategy:** I'm going to exercise more and eat better.
 - **Tactics:** I will go for a run every morning and eat salad 5 times a week.
- **Objective:** Increase employee awareness of new pension plan to 78% by the end of 2015. Increase take up on new pension plan to 14,000 people by end of 2016.
 - **Strategy:** Explain new pension plan to employees and highlight specific benefits of taking up the plan. Positively position pension plan by comparing to old version and other pension plans in other companies.
 - **Tactics:** Personal email from CEO on the benefits of new plan and explaining change. Hold town hall meeting hosted by HR explaining new plan to employees. Add new section into induction programme for new employees. Develop desk drops with direct comparisons of pension plans.

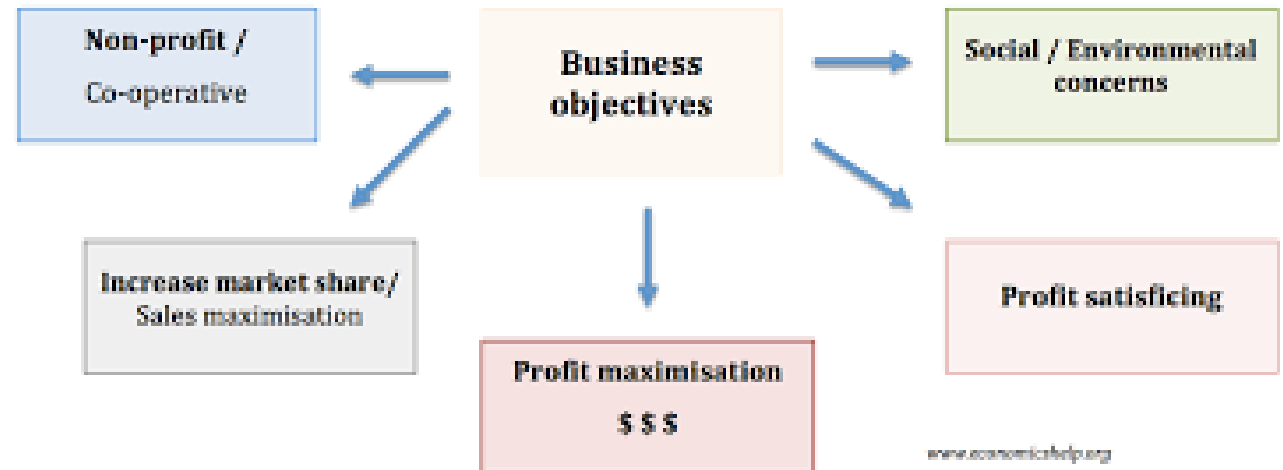
An organization's vision, mission, aims and objectives form the **foundation** for decision making and business strategy.

What are the objectives of businesses?

Common business objectives

Business objectives vary

- Growth
- Profits
- Protect shareholder value
- Ethical objectives
- Survival



Common business objectives

Class Exercise (10 min)

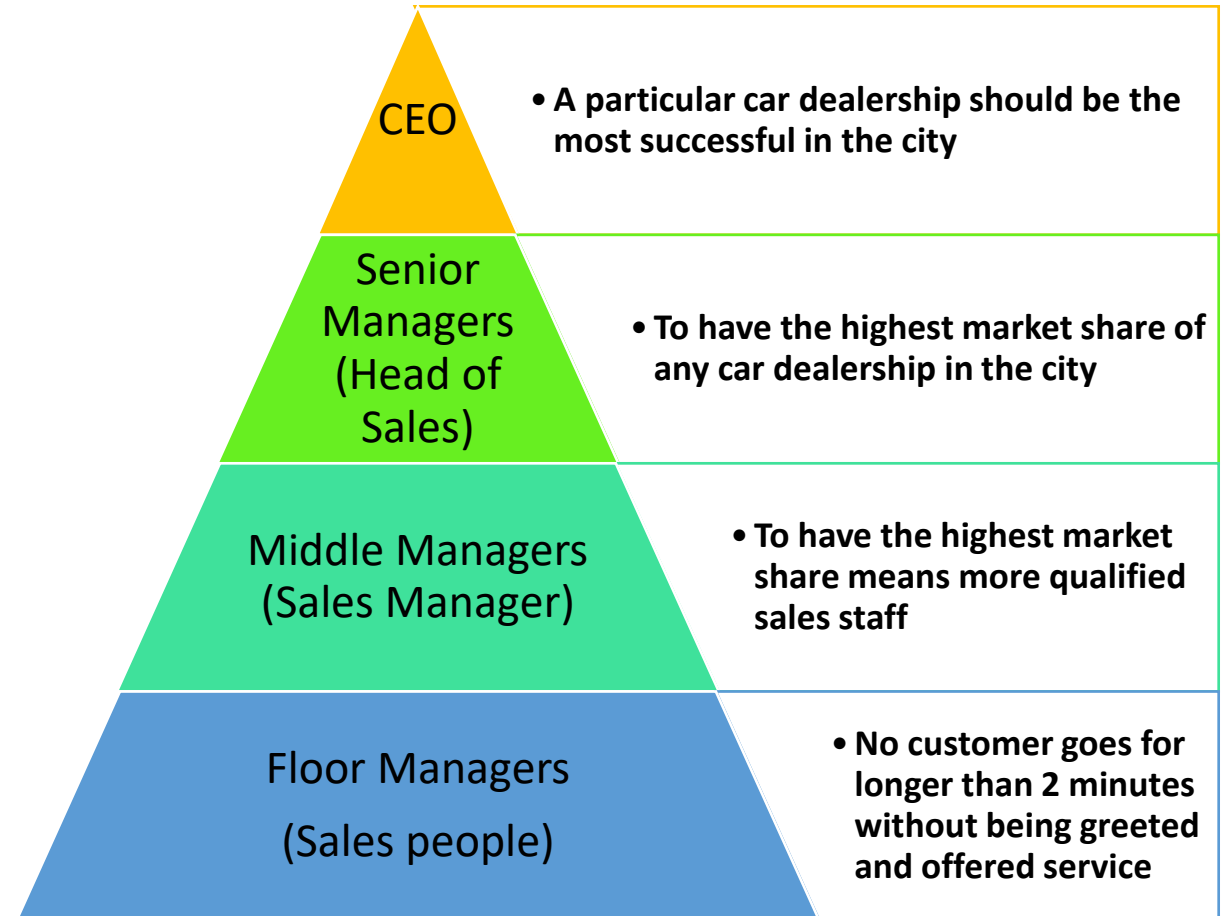
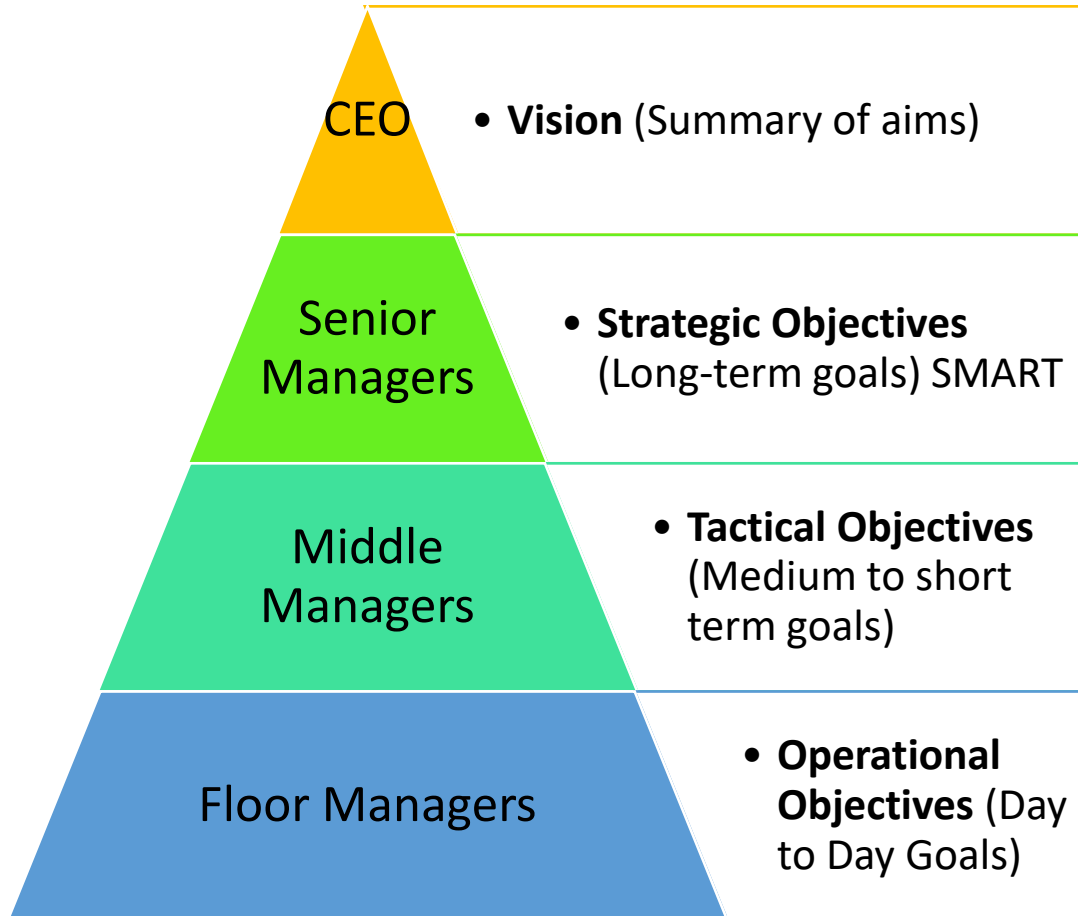
- The coronavirus pandemic (COVID-19 pandemic) caused the world's deepest recession in living memory, with business closures and job losses in literally every industry in every country in the world.
- In pairs, investigate the **changing** aims, objectives, strategies and tactics for an organization of your choice that faced issues during the coronavirus pandemic which started in late 2019.
- Be prepared to share your findings with the rest of the class.



Some examples that students could investigate include:

- A record high of over 44 million people registered as unemployed in the USA in June 2020.
- Oil giant BP announcing 10,000 job cuts following the global slump in demand for oil (as people were stuck at home due to lockdown laws in most parts of the world. This represented job losses for 15% of BP's global workforce.
- Rolls-Royce announced 9,000 job cuts around the world due to the global decline in air travel, hurting demand for its jet engines and maintenance services.
- According to analysis from the *New Economics Foundation (NEF)*, the coronavirus pandemic could cause up to 124,000 job losses in the UK aviation industry without direct government support.
- Frankie & Benny's (a bar and grill restaurant chain owned by the Wagamama group) closed 125 restaurants in the UK, causing 3,000 people to lose their jobs.
- Airbus cut 15,000 jobs, mainly in Germany and France due to the decline in demand for its aeroplanes as a result of the stagnant air travel industry. The European aircraft manufacturer had previously furloughed 3,200 workers due to a [cash flow crisis](#). Read more about this story [here](#), from the BBC. Commercial air travel did not resume until July 2020, and much later in other parts of the world.
- Data from the *Australian Bureau of Statistics (ABS)* showed that Australia went into a recession for the first time in almost 30 years. Retail sales in the country fell by US\$5.38 billion between March to April 2020, causing unemployment across the economy in every sector. The coronavirus crisis was to blame.

Strategic vs Tactical Objectives



Explain the interrelationship between business functions from the above scenario.

S.M.A.R.T Objectives

- Watch the following video (5 minutes):

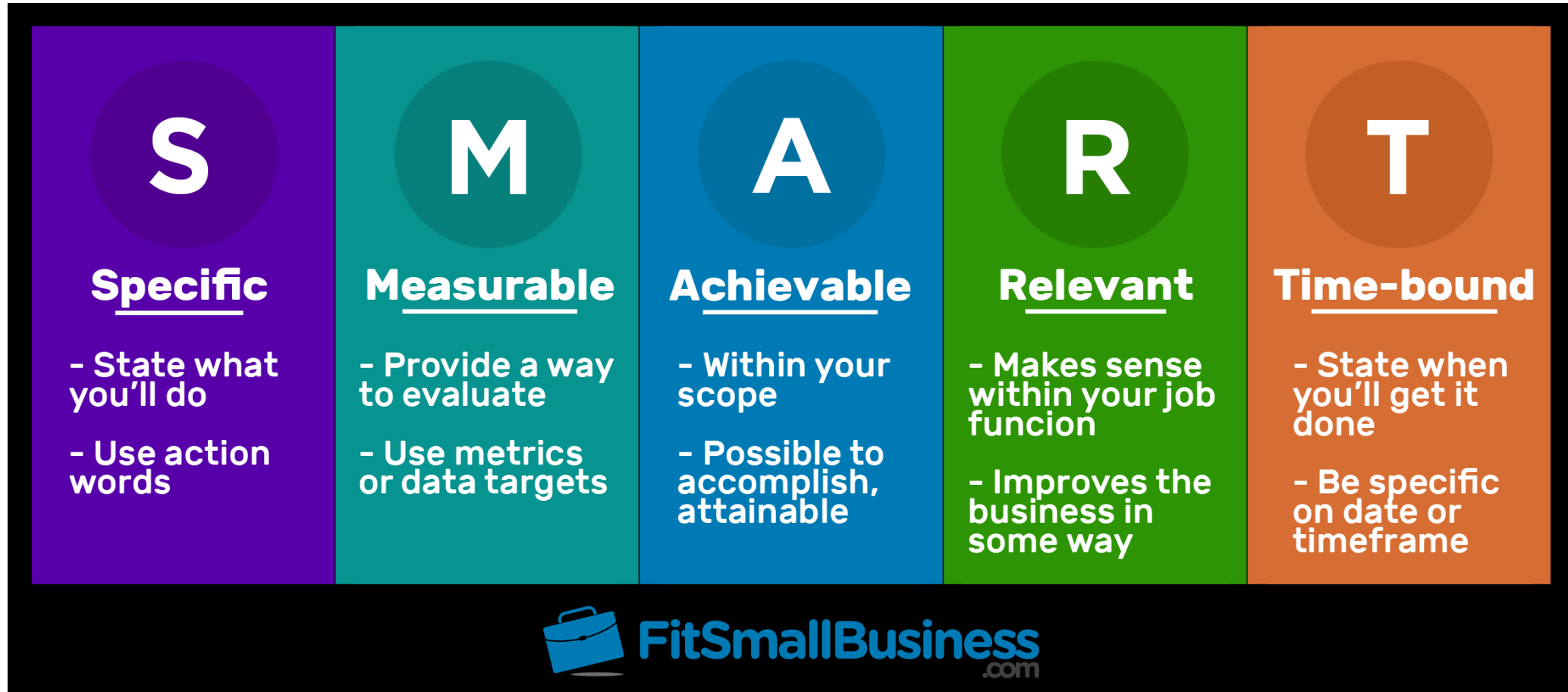
www.youtube.com/watch?v=nJRd-yzC5GI

- *What is the difference between a wish and a goal?*
- *What did the narrator mean when she said, "Every problem has a solution?" How can that perspective help you set and achieve goals?*
- *What is the difference between the questions, "What will you do" and "Who will you be?"*

One of the important things you can do when setting a goal is to be clear about what you want to accomplish.

We are going to discuss a special way to come up with clear goals, which is the same technique businesses use.

S.M.A.R.T Objectives



Let's look at an example

S.M.A.R.T Goals

Examples

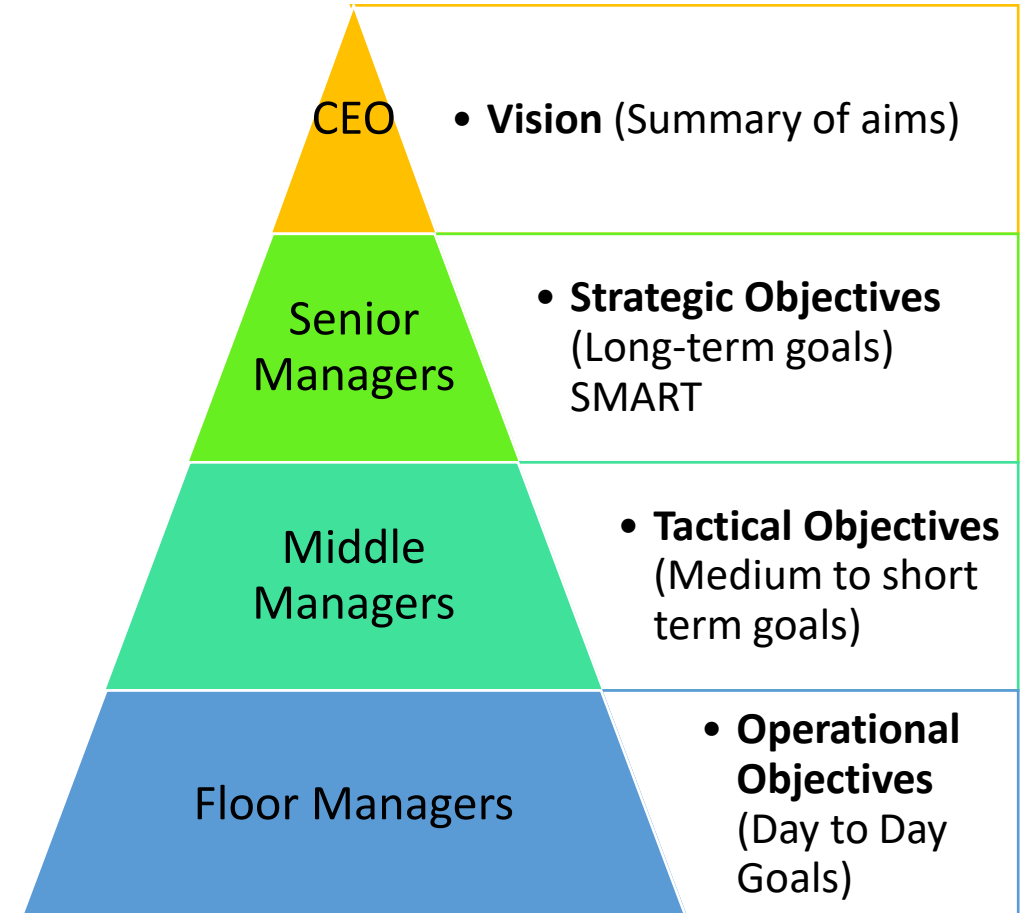
- • **Broad Goal**: I want to start a business.
- • **Specific**: I will sell handmade cards through Etsy.com.
- • **Measurable**: I will be ready to take my first Etsy order within four weeks, and I will aim to sell a minimum of five cards per week.
- • **Attainable**: I will get set up on Etsy first. Then, I will build an inventory of 30 handmade cards to sell. Finally, I will promote my business and build customer relationships through word of mouth, referrals, and local networking.
- • **Relevant**: Selling handmade cards will allow me to benefit financially from my favorite hobby.
- • **Time-Based**: My Etsy store will be up and running within four weeks, and I will have an inventory of 30 cards to sell within six weeks.
- **SMART Goal**: Within a month, I am going to get set up to sell handmade cards on Etsy, which will allow me to benefit financially from my favorite hobby. Within six weeks, I will have an inventory of 30 handmade cards to sell and will aim to sell a minimum of five cards per week, building customer relationships through word of mouth, referrals, and local networking.

Now YOU try!

Business Strategy

Definition

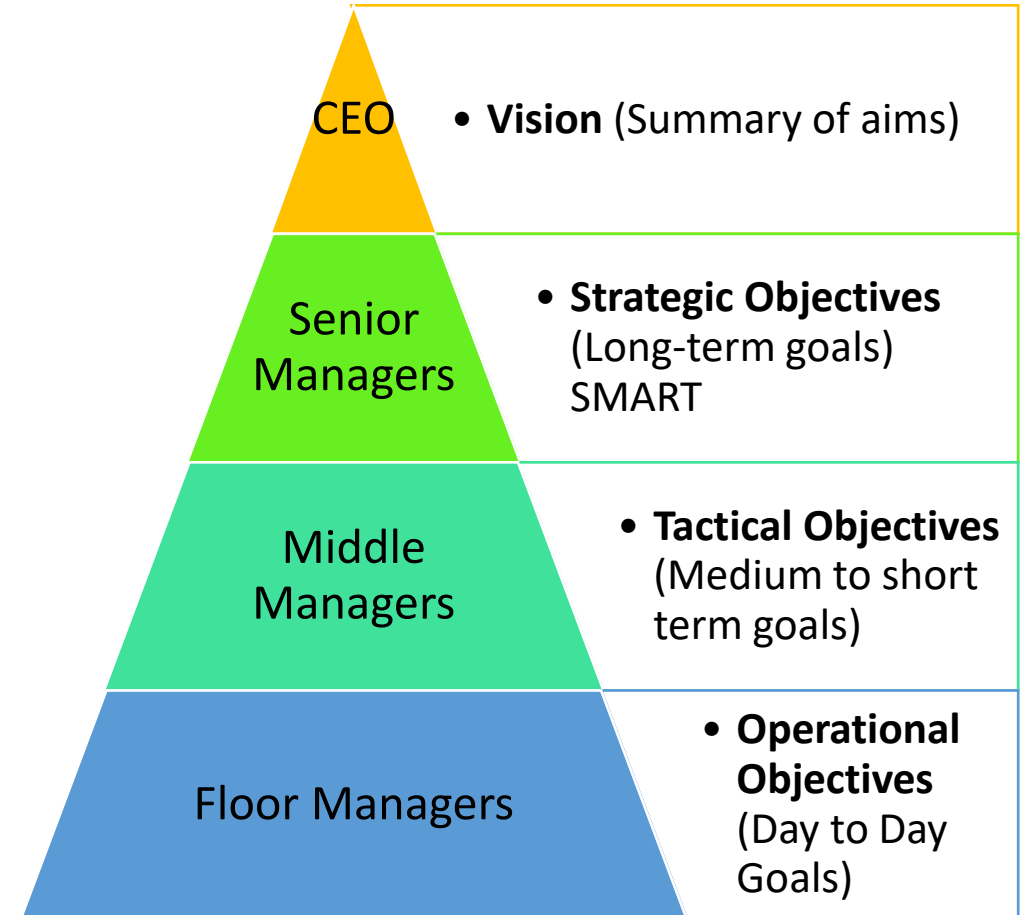
- A plan to achieve **strategic objectives** in order to reach business **aims**.
- It is medium to long term.
- Requires senior managers to make the decisions.
- Includes business tactics.



Business Strategy

Process:

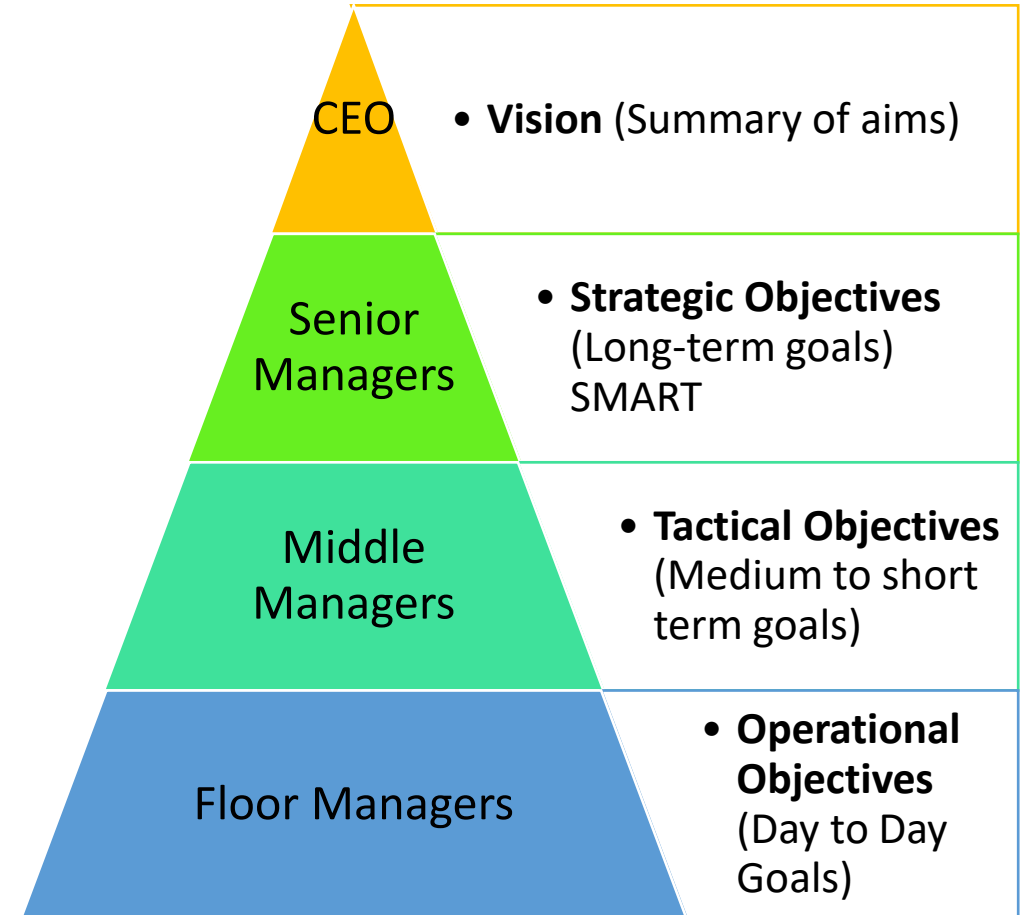
1. Careful analysis of where the business is
2. Development of the plan/strategy
3. How to implement the plan/strategy
4. Continuous evaluation



Business Strategy

Definition - Business Tactics

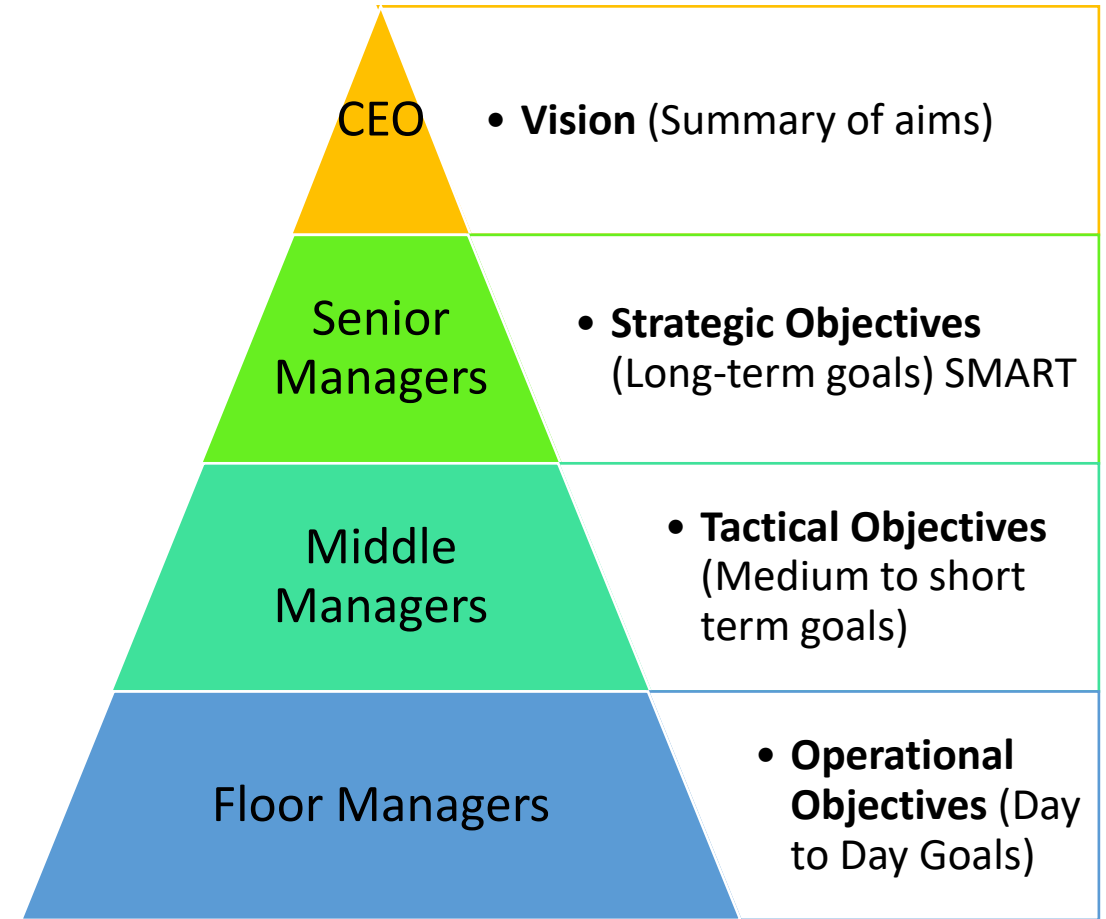
- Plan to achieve tactical objectives to achieve the business strategy.
- Tactics are short-term.
- Middle managers make the decisions with approval from senior managers.
- Tactics are easier to change than strategy.
- Focus on HOW to achieve measurable targets.



Do objectives stay the same?

Why or why not?

WHY do objectives change?



Which objectives change?

Changes in Objectives

In your notebook:

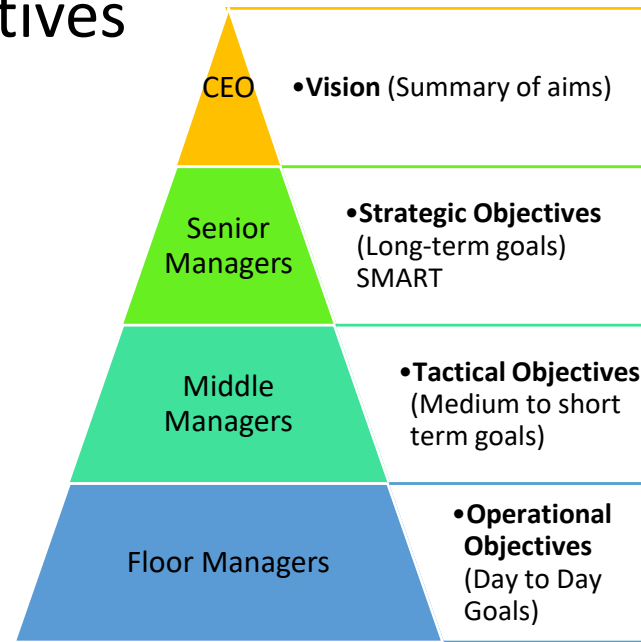
- Write the point.
- ONE person will explain (critical thinking)
- Teacher will explain.
- Capture what it means in one sentence.



Changes in Objectives - Internal

Reminder: What are the common Business objectives?

- Growth
- Profits
- Protect shareholder value
- Ethical objectives
- Survival



Internal

1. Leadership ex 1981 British airways
2. HR ex industrial action
3. Organization ex merger or acquisition, 2016 Save the Children
4. Product ex rebranding, change is purpose, location, 2007 Netflix
5. Finance ex source of finance, amount of finance
6. Operations ex methods of production, relocation

Changes in Objectives - Internal

Examples of internal constraints include:

- Finance - Most firms lack sufficient sources of finance (see Unit 3.2) thereby limiting their ability to achieve organizational objectives.
- People - Poor working relations and ineffective communication systems (see Unit 2.6) hinder the performance of an organization. Motivational strategies (see Unit 2.4) can go some way towards resolving these issues.
- Marketing - Firms might not have as attractive marketing campaigns as their rivals, such as inferior products, packaging, customer service, and/or promotions.
- Production - Firms may lack the resources and/or expertise to improve their operations such as production techniques or stock control systems in order to enhance their operational efficiency and competitiveness.

Internal

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Changes in Objectives - Internal

Class Exercise (10 min)

- Read the following article:
[10 Leaders Who Turned Around Their Companies \(entrepreneur.com\)](#)
- Identify the internal changes that led to objective changes
- Try to find one for each

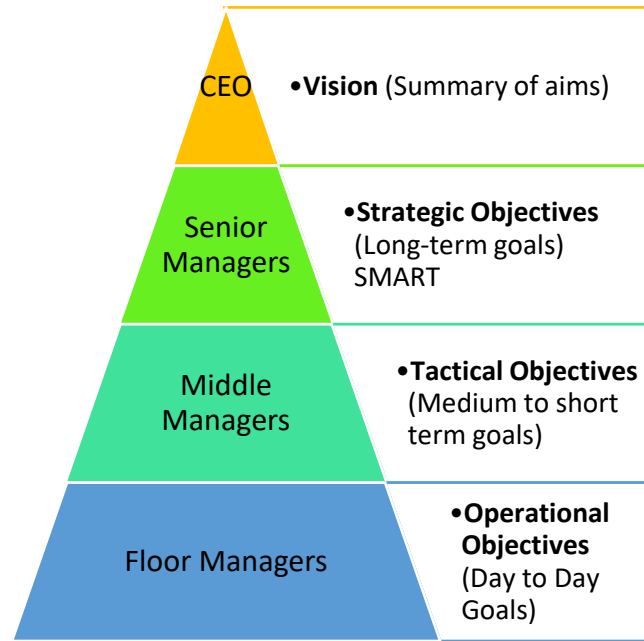
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Changes in Objectives - External

Business objectives:

- Growth
- Profits
- Protect shareholder value
- Ethical objectives
- Survival



External

- Social – demographic, cultural, preferences
- Technological – product, production process, media changes ex Blackberry, Nokia
- Economic – competitors, interest rates, recession, inflation, financial crisis
- Ethical – values of society ex diversity hiring, sustainable practices
- Political
- Legal – regulation, taxes
- Ecological/Environmental – ex hybrid cars, clean energy

Changes in Objectives - External

Political issues include	Economic issues include
Elections resulting in a new governing party	A rising exchange rate or interest rate
The country joining a trading bloc	Economic growth slowing
A new law on competition being passed	Unemployment rising
Social issues include	Technological issues include
More one parent families	Internet security improvements for customer payments
More people interested in environmental issues	New composite materials
More people buying online	New machinery or patents developed by a competitor

STEEPLE



- A STEEPL analysis is a way to examine external factors that may influence a company.
- When is it used?
 - Starting up (included in business plan)
 - When evaluating objectives and strategies
 - When looking to grow or enter new/foreign markets

ClassWork (15 min)

- Read P.40 – P.42
- In groups of 3-4, choose a business or business idea (it is okay if it is pre-existing)
- Evaluate the external factors that affect that business using the STEEPL Framework (they could be positive or negative)
- Prepare a PowerPoint and be ready to present to the class



You are driving along in your two-seater sports car on a cold, wet, and stormy night.

You pass by a bus stop, and you see three people waiting for the bus:

- 1. An old lady who looks as if she is about to die.**
- 2. An old friend who once saved your life.**
- 3. The perfect partner you have been dreaming about.**

Which one would you choose to offer a ride to, knowing that there can only be one passenger in your two-seater sports car? And why?



Corporate Social Responsibility (CSR)

What are business common goals?

Are those enough?

Definition

CSR is the view that businesses, should not focus solely on increasing shareholder value or profit, but rather should contribute to the economic, social, and environmental well-being of society.

What does this look like?

Find examples online (5 min)

Corporate Social Responsibility (CSR)

Some examples:

CSR & Starbucks

<https://www.investopedia.com/terms/c/corp-social-responsibility.asp>

Addidas – Plastic Bottles to shoes

<https://www.sustainablebusiness toolkit.com/examples-corporate-social-responsibility/>

AirBnB – accepting others

<https://blog.remesh.ai/corporate-social-responsibility-campaigns-new-customers>

Ben & Jerry's – the environment

<https://blog.remesh.ai/corporate-social-responsibility-campaigns-new-customers>

Orange Jordan

<https://www.orange.jo/en/csr/pages/default.aspx>

Total Energies Jordan

<https://jo.totalenergies.com/en/why-total/committed-better-energy/social-responsibility>

Corporate Social Responsibility (CSR)

(CSR) refers to the value, decisions and actions that impact society in a positive way. It is about an organization's moral obligations to its stakeholders, the community, society as a whole and the environment.

WHY? Why do companies implement CSR? Why do they set ethical objectives?

- Customer Loyalty so repeat sales
- Positive Image so competitive advantage
- Positive work environment so better employees
- Reduce legal action so less cost
- Satisfy customers higher expectations as businesses are more “visible”
- Increase profits as businesses will use ethical suppliers

Corporate Social Responsibility (CSR)

BM & TOK

- You should not reduce costs by exploiting cheaper resources in less economically developed countries.
- You should not sell products that are legal, but known to harm those who use them.
- You should not manufacture products that are used to kill.
- You should not be disrespectful to customers.

1. Consider the scenarios.
2. Where do ethics come from?
3. Which statements are moral statements and which are conventions? Evidence?
4. Why do some economists and politicians believe it is not the role of business to be ethical or socially responsible but just to make profit? Is this justified?

Corporate Social Responsibility (CSR)

Limitations

- Not a businesses responsibility
- Costly so reduces profit
- Costly so increases prices
- Time consuming
- Stakeholder conflict
- Not really as beneficial as they claim
- Which rules/morals do you follow?
- Do you still implement CSR in survival mode?

Pros

- Customer Loyalty so repeat sales
- Positive Image so competitive advantage
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- Reduce legal action so less cost
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Corporate Social Responsibility (CSR)



How do businesses set their objectives?



SWOT Analysis

SWOT is a Business Management tool that provides a framework for strategic analysis to allow managers to assess the current situation facing an organization.

SWOT stands for **S**trengths, **W**eaknesses, **O**pportunities, and **T**hreats.

SWOT analysis considers both internal factors (strengths and weaknesses) and the external business environment (opportunities and threats).

Firms have some degree of control over the internal factors, but not over the external factors.

It is one of the most used business management tools in the corporate world.



SWOT Analysis

S

- **Strengths** – The things that the organization does well or better in comparison to its competitors, e.g. brand recognition, reputation, market share, cost leadership, profitability, quality, staff retention, well-trained staff, and customer loyalty.

W

- **Weaknesses** – The things that the organization does not do so well in relation to its competitors, e.g. low productivity, high staff turnover, outdated technology, liquidity problems, high fixed costs, poor employer-employee relations, skills gap in the organization, overreliance on a product or particular market, or a poor corporate image.

O

- **Opportunities** – External factors that provide openings (prospects) for an organization to succeed, e.g. new technologies, favourable demographic trends, economic recovery, and new prospects in overseas markets.

T

- **Threats** – External factors that hold back the business, preventing it achieving its organizational goals, e.g. detrimental weather conditions / seasonality factors, changing habits and tastes, increased competition in the industry, price wars, oil crises, natural disasters, the outbreak of infectious diseases, political constraints, environmental laws, greater regulation of the industry, media exposure, and economic recession.

SWOT Analysis



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		Helpful	Harmful
Internal		STRENGTHS <i>How can we leverage our strengths?</i>	WEAKNESSES <i>How can we mitigate our weaknesses?</i>
		OPPORTUNITIES <i>How do we exploit the opportunities available to us?</i>	THREATS <i>How can we dissolve the threats we face?</i>
External			

SWOT ANALYSIS OF AMAZON



STRENGTHS

- Low cost structure
- Largest merchandise selection
- Huge number of third party sellers
- Has grown much faster than the entire U.S. e-commerce market
- Satisfied customers- Customer Centric
- Strong background and deep pockets
- Efficient delivery network
- GLOBAL strategy
- Acquisitions
- Collaborations with the Public sector- Indian postal service

WEAKNESSES

- Shrinking margins
- High Debt
- Product flops
- Zero margin business models
- Free Shipping-Increasing costs
- No Offline presence
- Late entry in emerging markets China & India

OPPORTUNITIES

- Open more sites in emerging markets
- Open physical stores
- Introduce more products under its own brand
- More Acquisitions
- Efforts to improve the IT services related the e-commerce and supply chain management

THREATS

- Low entry barriers of the industry
- Local competition
- Lawsuits from publishers and rivals
- Identity theft and hacking
- Government regulations
- Threat to Kindle - free ebooks

Note that the purpose of a SWOT analysis is not to brainstorm the strengths and weaknesses of a business strategy, but rather this is one of the first steps in developing the strategy.

Reminder

Process of developing the Strategy:

1. Careful analysis of where the business is
(Internal + External (STEEPLE) = SWOT)
2. Development of the plan/strategy
3. How to implement the plan/strategy
4. Continuous evaluation

SWOT Analysis



	Strengths	Weaknesses
Opportunities	<p>S-O Growth</p> <p>Which of the company's strengths can be used to maximize opportunities identified?</p>	<p>W-O Re-Orientation</p> <p>What actions to take to minimize the company's weaknesses using identified opportunities?</p>
Threats	<p>S-T Defusing</p> <p>How can the company use its strength to minimize threats identified?</p>	<p>W-T Defensive</p> <p>How can company minimize weaknesses to avoid identified threats?</p>

Growth Strategies

- The most positive short-term strategy available
- When? No big issue in other areas

Defusing Strategies

- Neutral and medium to short-term strategy
- When? Not looking for new market opportunities

Re-orientation Strategies

- Positive and long-term
- When? Weakness addressed then follow new direction

Defensive Strategies

- The most negative short-term strategy
- When? Business is most vulnerable

Ansoff Matrix



Another business tool to help plan and set objectives.

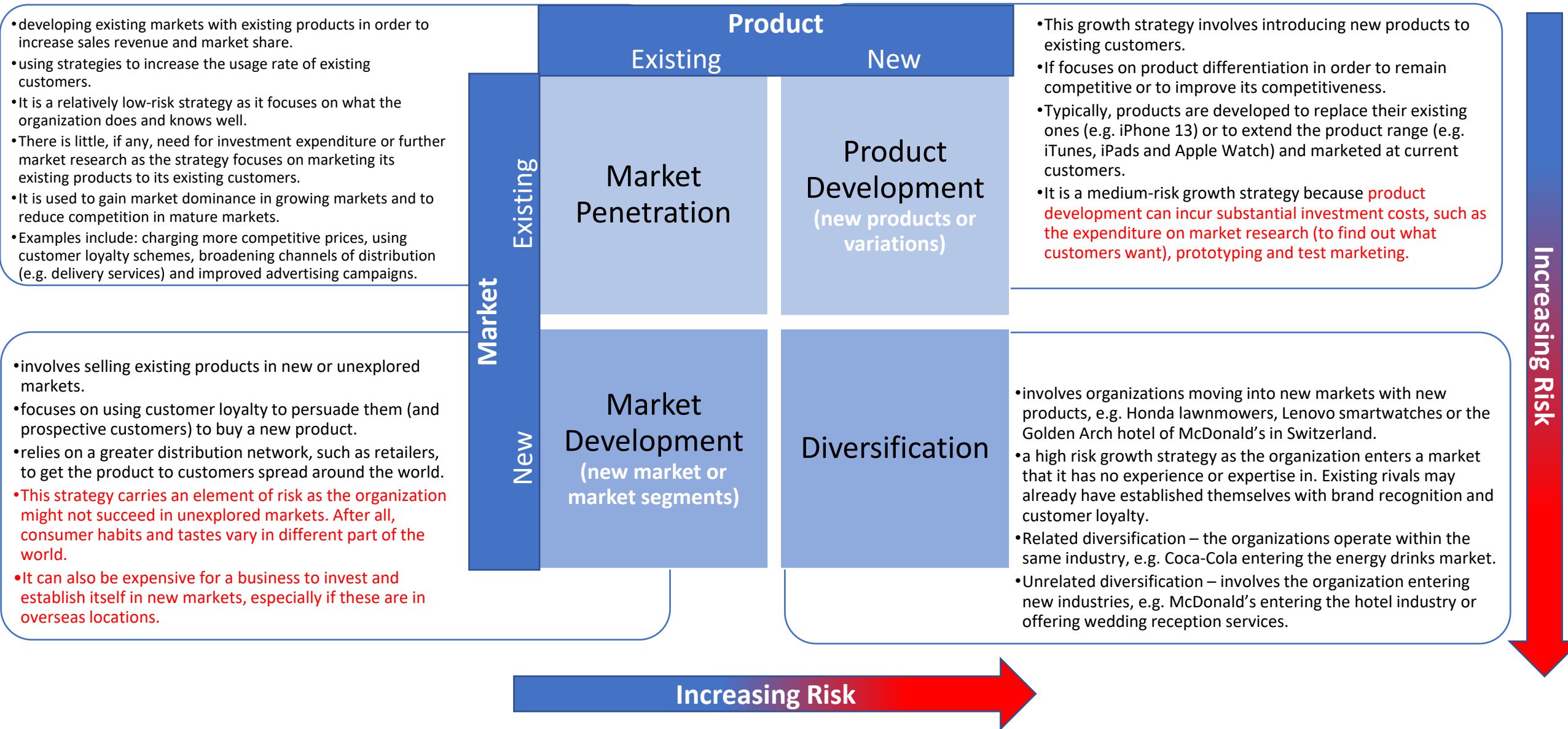
Mainly used to plan growth strategies (Strength + Opportunity)

There are 4 possible growth strategies:

1. Market Penetration
2. Market Development
3. Product Development
4. Diversification

		PRODUCT	
		Existing	New
MARKET	Existing	Market Penetration (increase market share)	Product Development (new products or variations)
	New	Market Development (new market or market segments)	Diversification

Ansoff Matrix



Resources

- Inspirational Mission Statements

[Alive With Ideas - Blog - Infographic: The 24 Most Inspirational Company Mission Statements](#)

- Organizational Changes

<https://www.tinypulse.com/blog/3-examples-of-organizational-change-and-why-they-got-it-right>

- Change

<https://insights.profitand.com/blog/real-life-examples-of-successful-change-management-in-business#a2>

- What is the difference between Aims, Objectives, Strategies, Tactics

<https://www.youtube.com/watch?v=voZI75TyeHI>

- CSR

[Corporate Social Responsibility \(CSR\) Explained With Examples \(investopedia.com\)](#)

- SWOT

[How to SWOT analysis – YouTube](#)

[How to Use SWOT Analysis - YouTube](#)

- Ansoff

[Ansoff Matrix for IB Business Management. Business Aalytical Tool. - YouTube](#)

- Market Development Failure

[See why Target Canada failed – YouTube](#)

- Diversification Example

["McHotel "- A McDonalds Hotel. - YouTube](#)

Objectives

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- **Examine** common business objectives, including:
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 - **Protecting shareholder value**
 - **Ethical objectives**
- **Explain** **strategic** and **tactical** objectives
- **Describe** **corporate social responsibility (CSR)**