



CHAPTER TWO

THE BUSINESS VISION & MISSION



Chapter Objectives

1. **Describe the nature and role of vision and mission statements in strategic management.**
2. **Discuss why the process of developing a mission statement is as important as the resulting document.**
3. **Identify the components of mission statements.**
4. **Discuss how clear vision and mission statements can benefit other strategic-management activities.**
5. **Evaluate mission statements of different organizations.**
6. **Write good vision and mission statements.**

2.1 Vision statement

- vision statement is often considered the first step in strategic planning
- It is the desired future state of a company.
- An **aspirational** description of what an organization would like to achieve or accomplish in the future
- Vision is used to set out a 'picture' of the organization in the future.
- A vision statement may apply to an entire company or to a single division of that company.

- Whether for all or part of an organization, the vision statement answers the question,
 - ◆ “Where do we want to go?”
 - ◆ “What do we want to become?”
- In short, vision statement;
 - is a statement about a company’s long-term direction;
 - hope for the reality to be
- **While a vision statement doesn’t tell you how you’re going to get there, it does set the direction for your business planning.**
- A clear vision provides the foundation for developing a comprehensive mission statement.
 - It is usually short, concise and preferably limited to one sentence.
 - Organization-wide management involvement is advisable.

- **Features of an effective vision statement include:**
 - Clarity and lack of ambiguity
 - Vivid and clear picture of future
 - Memorable and engaging wording
 - Realistic aspirations
 - Alignment with organizational values and culture
- To become really effective, an organizational vision statement must become assimilated into the organization's culture.
- Leaders have the responsibility of
 - Communicating the vision regularly;
 - Acting as role models by embodying the vision;
 - ♥ Creating short-term objectives compatible with the vision; and
 - ♥ Encouraging others to construct their own personal vision compatible with the organization's overall vision.

Some examples of vision statements are:

- National Bank of Ethiopia is to be one of the strongest and most reputable central banks in Africa.
- General Motors' vision is to be the world leader in transportation products and related services.
- Dell's vision is to create a company culture where environmental excellence is second nature.

● Purpose of Vision

- ∫ Shared vision is an initial force that brings people together.
- ∫ provide energy and strengths to individuals.
- ∫ It inspires stakeholders.
- ∫ It helps to see what you are working towards.
- ∫ It conveys an organization together in times of crises.

2.2 Mission statement

- └ Mission statement-is an enduring statement of purpose distinguishes one firm from another in the same business.
- └ It is a declaration of a firm's reason for existence.
- └ It identifies scope of it operation in terms of product offered and market served.
- └ Mission also means what we are and what we do.
- └ Mission Statements Sometimes called
 - └ A creed statement,
 - └ A statement of purpose,
 - └ A statement of philosophy,
 - └ A statement of beliefs,
 - └ A statement of business principles,
 - └ Or a statement “defining our business,
- └ Some mission statements are complex, long, and very broad; whereas some mission statements are simple and direct.

● Characteristics of a Mission Statement

- In order to be effective, a mission statement should possess the following **characteristics**.
 - **Broad in scope**; It usually is broad in scope for at least two major reasons.
 - 1st, a good mission statement allows for the generation and consideration of a range of feasible alternative objectives and strategies without excessively stifling management creativity
 - 2nd, a mission statement needs to be broad to **reconcile differences** effectively among an organization's diverse stakeholders, the individuals and groups of individuals who have a special stake or claim on the company. Thus a mission statement should be reconciliatory.
 - Do not include monetary amounts, numbers, percentages, ratios, or objectives, Less than 250 words in length
 - **Inspiring**: It should be motivating members of the organization or being its customers.

- ❑ **A Customer Orientation:** A good mission statement reflects the anticipations of customers.
- ❑ **Feasible:** a mission should always aim high but it should not be an impossible statement.
- ❑ **Precise:** should not be so narrow nor should it be too broad.

❑ **Include nine components:** customers, products or services, market place, technology, concern for survival/growth/profits, philosophy, self-concept, concern for public image, concern for employees


- ❑ Reveal that the firm is socially responsible
- ❑ Reveal that the firm is environmentally responsible
- ❑ A mission statement should be **enduring**.

● **Components of a mission statement**

- Mission statements can and do vary in length, content, format, and specificity.
- Most practitioners and academicians of strategic management consider an effective statement to exhibit **nine characteristics or components**.



- 1) **Customer:** Who are the firm's customers?
- 2) **Products or services:** What are the firm's major products or services?
- 3) **Markets Place:** Geographically, where does the firm compete?
- 4) **Technology:** Is the firm technologically current?
- 5) **Concern for 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?

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7. **Self-concept:** What is the firm's distinctive competence or major competitive advantage?
 8. **Concern for public image:** Is the firm responsive to social, community, and environmental concerns?
 9. **Concern for employees:** Are employees a valuable asset of the firm?

● Example—1

We aspire to make PepsiCo the world's premier consumer Products Company, focused on convenient foods and beverages. We seek to produce healthy financial rewards for investors as we provide opportunities for growth and enrichment to our employees, our business partners and the communities in which we operate. And in everything we do, we strive to act with honesty, openness, fairness and integrity.

● Evaluate, using the elements of mission statement.

● Examples-cont.....

We aspire to make PepsiCo the world's (mkt- geog) premier consumer Products Company, focused on convenient foods and beverages(**Products or services:**). We seek to produce healthy financial rewards for investors (**survival, growth, and profitability**) as we provide opportunities for growth and enrichment to our employees(**Concern for employees**), our business partners and the communities (**Concern for public image**) in which we operate. And in everything we do, we strive to act with honesty, openness, fairness and integrity (**Philosophy**). (*comment: Statement lacks three components: Customers, Technology, and Self-Concept*)

Example Mission Statements – 2

- Fleetwood Enterprises will lead the recreational vehicle and manufactured housing industries in providing quality products, with a passion for customer-driven innovation. We will emphasize training, embrace diversity and provide growth opportunities for our associates and our dealers. We will lead our industries in the application of appropriate technologies. We will operate at the highest levels of ethics and compliance with a focus on exemplary corporate governance. We will deliver value to our shareholders, positive operating results and industry-leading earnings.
- **Evaluate, using the elements of mission statement.**

Example Mission Statements - 2...cont'd.....

- Fleetwood Enterprises will lead the recreational vehicle and manufactured housing industries (**Product, self-concept**) in providing quality products, with a passion for customer-driven innovation (**Customer**). We will emphasize training, embrace diversity and provide growth opportunities for our associates and our dealers (**Concern for Employees**). We will lead our industries in the application of appropriate technologies (**Technology**). We will operate at the highest levels of ethics and compliance with a focus on exemplary corporate governance (**Philosophy**). We will deliver value to our shareholders, positive operating results and industry-leading earnings (**Concern for survival, growth, and profitability**).

● Importance of mission statements

- It is recommended that organizations carefully develop a written mission statement in order to reap the following benefits:
 - ❖ To ensure Unanimity of purpose within the organization
 - ❖ To provide a basis for allocating resources
 - ❖ To establish a general tone or organizational climate
 - ❖ To serve as a focal point for individuals to identify with the organization's purpose and direction,
 - ❖ To facilitate the translation of objectives into a work structure involving the assignment of tasks to responsible elements within the organization
 - ❖ To specify organizational purposes and then **to translate these purposes into objectives** in such a way that cost, time, and performance parameters can be assessed and controlled

● Strategic vision Vs mission

A strategic vision concerns

- a firms future business path
 - Where are we going?
- Market to be pursued
- Future technology-product-customer focused
- Kind of company that management is trying to create

A mission statement focuses on

- ❖ current business activity
 - ❖ Who we are & what we do?
- ❖ Current product & service offerings
- ❖ Customer needs being served
- ❖ Technological & business capabilities

The process of developing a vision and mission statement

- As many managers as possible should be involved in the process of developing these statements because, through involvement, *people become committed to an organization*.
- **First** select several articles about vision and mission statements and ask all managers to read as background information.
- **Second** ask managers themselves to prepare a vision & mission statement for the organization.
 - A facilitator, or committee of top managers, then should **merge these statements into a single document and distribute this draft mission statement to all managers**.
- **Thirdly** modifications, additions, and deletions



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