

Chapter 2

Establishing Company Direction

Vision Statements

The vision statement describes the future of the organization. It reveals what the company aspires to be or hopes to achieve in the long-term. The vision statement is inspirational and motivational but also provides direction, mapping out where the organization is headed. In this regard, it serves as a guide for choosing current and future courses of action.

An effective vision statement should be concise, unambiguous, futuristic, realistic, aspirational and inspirational. It shouldn't be generic but rather focus on outcomes specific to the organization.

When writing a vision statement, consider these questions:

Where are we going moving forward?

What do we want to achieve in the future?

What kind of future society do we envision?

Examples:

LinkedIn: To create economic opportunity for every member of the global workforce.

Go Daddy: To radically shift the global economy toward independent entrepreneurial ventures.

Wikimedia Foundation: Imagine a world in which every single human being can freely share in the sum of all knowledge. That's our commitment.

Habitat for Humanity: A world where everyone has a decent place to live.

Southwest Airlines: To be the world's most loved, most efficient, and most profitable airline.

The mission, vision, and values statements are the guiding forces behind an organization. The mission statement communicates the purpose of the organization. The vision statement provides insight into what the company hopes to achieve or become in the future. The values statement reflects the organization's core principles and ethics. Together, these statements provide strategic direction for an organization, informing current and future business strategies.

Mission Statements

Mission Statement is the written declaration of an organization's core purpose and focus that normally remains unchanged over time. It guides the day-to-day operations of the organization, communicates to external stakeholders the core solutions the organization provides in society and motivates employees toward a common near-to-medium term goal. In short, the mission statement paints a picture of who the company is and what the company does.

A good mission statement should only focus on what is most important to the organization. It should be brief, clear, informative, simple and direct. It should avoid elaborate language, clichés, and generalizations and it should emphasize outcomes and the people the organization is serving.

When writing a mission statement, consider the following questions:

- What do we do today?
- Who do we serve?
- What are we trying to accomplish?
- What impact do we want to achieve?

Examples:

LinkedIn: To connect the world's professionals to make them more productive and successful.

Starbucks: To inspire and nurture the human spirit – one person, one cup and one neighborhood at a time.

Twitter: To give everyone the power to create and share ideas and information, instantly, without barriers.

Trip Advisor: To help people around the world plan and have the perfect trip.

Tesla: To accelerate the world's transition to sustainable energy.

Sweet green: To inspire healthier communities by connecting people to real food.

Distinguish Between Mission and Vision

Basis	Mission	Vision
Meaning	Mission can be described as the quantitative goals of the organisation which need to be achieved in the near future.	Vision can be described as the qualitative goals of the organisation which are to be achieved in the long term.
Purpose	Mission defines the fundamental purpose of the organisation.	Vision describes the outlines of the long-term aspirations and goals of an organisation.
Timeframe	Mission includes short-term and near-future activities.	Vision includes long-term aspirations.
Scope	Missions have a limited scope.	Visions have a broader scope.
Main focus	Mission focuses mainly on specific activities, target audiences, and other specific activities.	Visions focus on broader goals, values, and aspirations.
Tangibility	Missions are more specific and concrete.	Visions are more abstract and aspirational.
Stakeholders	Missions focus more on present stakeholders, including shareholders, directors, employees, customers, suppliers, etc.	Visions focus on society or the world as a whole.
Dynamic nature	Missions tend to remain more dynamic as per the prevailing conditions.	Visions more or less remain the same.

Strategic intent is the term used to describe the aspirational plans, overarching purpose or intended direction of travel needed to reach an organisational vision.

Strategic Intent Example

For a real-world example of strategic intent, let's look to Asia. Specifically, Japanese Honda, some time ago, made the decision to enter the motorcycle market. But rather than look to imitate Harley Davidson or Yamaha's success, Honda chose to start with products that were intentionally different. Honda's competitors didn't see Honda as a threat initially because there was no **encroachment** on the core business. But by **carving** out new, white space, Honda developed loyal customer base and strong brand recognition. That allowed Honda to attack competitors from a position of strength.

A company that exhibits strategic intent shows creative, outside the box thinking. Honda didn't try to win market share using the proven **blueprint**. Instead, they took a long term approach with a customized blueprint that ultimately won more market share. Many consulting engagements often seek to inject strategic intent into strategies that otherwise lack it.

Critical Role of Strategic Intent in Organizations

Strategic intent is crucial in guiding an organization towards achieving its long-term goals. It provides a **cohesive** sense of direction, **fosters** a culture of discovery, and instills a shared sense of destiny among all organization members. Here's why each of these aspects is vital:

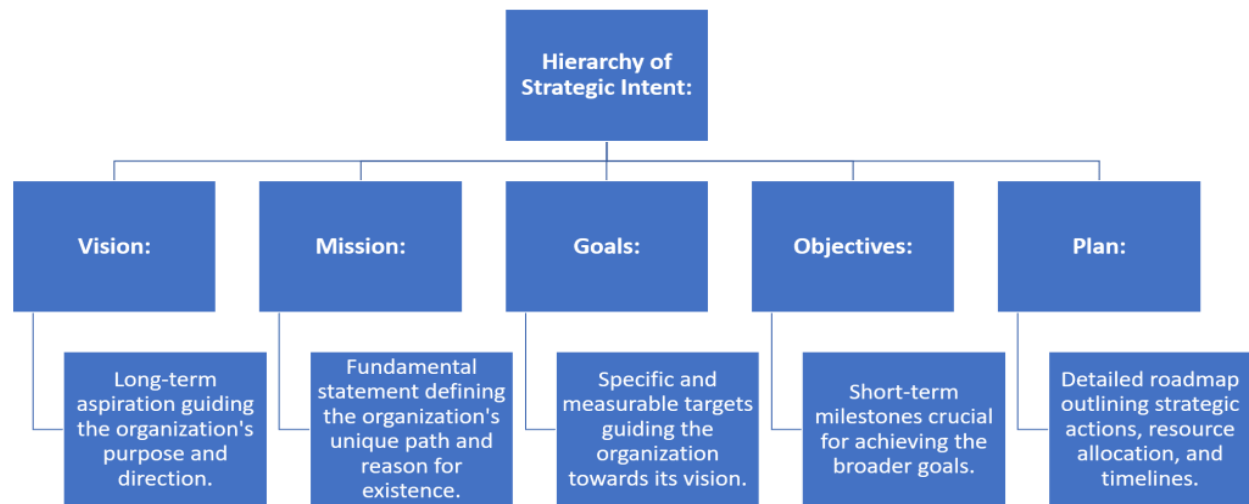
Sense of Direction: Strategic intent gives the entire organization a clear and unified direction. It outlines the company's long-term vision concerning future markets and competitive positioning.

Sense of Discovery: This component encourages a continuous pursuit of innovation and exploration within the company. With a well-defined strategic intent, employees feel motivated to explore new competitive territories and develop unique approaches that differentiate the organization from its competitors. This sense of discovery not only keeps the workforce engaged but also drives the organization to adapt and evolve in a changing business environment.

Sense of Destiny: Strategic intent also has an emotional dimension; it cultivates a feeling of belonging and purpose among employees. When team members believe in the goals and the value of their efforts, they are more likely to commit wholeheartedly to the organization's mission. This shared sense of destiny helps in mobilizing the entire organization towards achieving its strategic goals.

Additionally, strategic intent is a roadmap for resource allocation and capability development. It identifies potential gaps between current capabilities and future needs, and it outlines strategies to bridge these gaps. This ensures that the organization dreams big and has the practical means to turn those dreams into reality.

Hierarchy of Strategic Intent



Strategic intent is not just a singular concept but a structured hierarchy that includes several key components. Each level builds upon the last to create a comprehensive roadmap guiding an organization towards its ultimate objectives. Here's how each element fits into the hierarchy of strategic intent:

1. **Vision**

At the top of the hierarchy is the vision, **which articulates the organization's long-term aspiration**. The vision sets a broad, ambitious image of what the organization aims to become in the future. It serves as a guiding star for all strategic planning, aligning every action and decision with the organization's ultimate purpose. For instance, a company might envision itself as the leader in renewable energy technology.

2. **Mission**

The mission statement clarifies the organization's fundamental purpose and separates it from other entities. It answers the question of why the organization exists and outlines the unique path it will follow to realize its vision. The mission provides a clear direction and framework for all operational and strategic decisions. It typically encapsulates what the business does and its reason for existence.

3. **Goals**

Goals are specific targets that the organization aims to achieve within a *set time frame*. These are more concrete than the vision and are designed to be measurable and achievable, guiding the organization towards its larger aspirations. Goals help to translate the lofty aspirations of the vision into practical, actionable benchmarks.

4. **Objectives**

Objectives drill down further into how the goals will be achieved. They are typically short-term or medium-term achievements that are crucial stepping stones towards meeting the broader goals. Objectives are specific, measurable, and time-bound, providing clear milestones that motivate and guide employees.

5. Plan

The plan details the steps the organization will take to meet its objectives and achieve its goals. It involves strategic actions, resource allocation, and timelines. Planning is an essential activity that encompasses the development of strategies to utilize resources effectively and address anticipated challenges. It ensures that every part of the organization is synchronized towards achieving the set objectives.

How to develop the strategic intent for the organization?

Developing a strategic intent for an organization involves careful consideration of the organization's capabilities, aspirations, market position, and external environment. Here are some steps you could follow:

1. **Clarify Vision and Mission:** Understand the existing vision and mission of the organization. These elements provide a sense of direction and purpose. The vision is a broader concept that represents what the organization wants to achieve in the long term, while the mission reflects the organization's core purpose and focus.
2. **Assess Current State:** Analyze the organization's current situation, capabilities, strengths, and weaknesses. This could be done through tools such as SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis or PESTEL (Political, Economic, Sociocultural, Technological, Environmental, and Legal) analysis to consider both internal and external factors.
3. **Understand the Market:** Understand the market trends, competition, customer needs, and potential opportunities or threats. This understanding can help you identify potential aspirational areas grounded in market realities.
4. **Define Objectives:** Based on the previous steps, define clear, measurable, and achievable objectives. These objectives should guide the organization toward its vision.
5. Develop with a clear understanding of the vision, current situation, and objectives, you can now craft the strategic intent. It should be a concise, compelling statement that provides a long-term direction for the organization and motivates employees to strive to achieve it.
6. **Communicate and Implement:** Once developed, the organization must communicate effectively to ensure understanding and alignment. It should be embedded in all strategic initiatives, decision-making processes, and day-to-day operations.
7. **Review and Adapt:** Regularly review the strategic intent in light of changing market conditions, organizational capabilities, and other factors. Adapt or revise to keep it relevant and achievable if necessary.

Advantages of having a strategic intent for the organization

Strategic intent serves as a guiding light for an organization, aligning all aspects of operations and decision-making toward a clear, long-term objective. Here are several advantages:

1. **Direction and Focus:** Strategic intent provides a clear direction and focus for the organization, helping everyone understand what the organization aims to achieve in the long term. This can help guide decision-making at all levels of the organization and ensure that efforts are not wasted on activities that do not align.

2. **Motivation and Engagement:** An inspiring strategic intent can motivate and engage employees. It gives them a sense of purpose and shows them how their work contributes to the bigger picture, which can increase job satisfaction and productivity.
3. **Competitive Advantage:** By clearly defining where it wants to go, an organization can differentiate itself from competitors and carve out a unique position in the market. This can be a significant competitive advantage.
4. **Resource Allocation:** A clear strategic intent helps decide to allocate resources effectively. By knowing where the organization wants to go, it can prioritize investments in the areas most likely to contribute.
5. **Cohesion and Alignment:** A well-communicated intent helps ensure that all parts of the organization work towards the same goal, creating a sense of cohesion and alignment.
6. **Proactive Approach:** Having a clear strategic intent encourages an organization to be proactive rather than reactive. It enables the organization to anticipate changes in the market or environment and adjust its strategies accordingly rather than just reacting to changes as they occur.
7. **Performance Measurement:** Strategic intent sets a benchmark for performance. It gives the organization a clear metric to assess progress and determine if the strategies implemented are effective or need adjustment.

Levels of Strategies:



Figure 1: Three Levels of Strategy Pyramid

Strategy Level 1: The Corporate Level

The corporate level is the highest and therefore the most broad, level of strategy in business.

Corporate-level strategy should define your organization's main purpose. It should also direct all your downstream decision-making. For example, the objectives (e.g. high-level goals) in the levels below this one should all have a direct line to the goals defined here.

Creating and understanding your corporate-level strategy is particularly important for organizations that have multiple lines of business. For example, if one arm of your business manufactures a product and another arm sells that product, you'll have a separate business unit strategy for each—but one single corporate-level strategy that describes why those two arms are important, and how those businesses interact for the good of the organization.

There are a handful of things to do as you work on your corporate-level strategy:

1. Confirm your overall mission and vision. These two elements define your entire organization, and so should be done at the corporate level:

Your *mission statement* describes what your company does and how it is different from other organizations in your competitive space.

Your *vision statement* describes the desired future state of your organization at a certain point in time.

To create these elements, you may want to write out an OAS statement (Objective, Advantage, Scope) or use a tool known as Strategic Shifts.

2. Create your corporate objectives. Your objectives describe the high-level goals that will help you achieve your mission and vision. Take, for example, a bank. This bank used the Balanced Scorecard to outline objectives across four perspectives (from the top of the scorecard

to the bottom): financial, customer, internal, and learning and growth (L&G). You can see their objectives written in the sample strategy map below.

Strategy Level 2: The Business Unit Level

Your business unit strategy is used for different areas of your business (like services and products, or multiple departments or divisions, for example). The complexity of this level will depend on how many businesses you are in, and how your company is structured. It's important to create a strategy for each business unit so that you can see which units are excelling and which need improvement.

Having a strategy at the business unit level allows you to weigh the costs and benefits of each business unit and to decide where you should spend your resources. Depending on the progress towards your goals and your analysis of the market, you may even decide it's time to divest or sell some of your business units so you can focus on the areas that are most important to achieving your company's corporate strategy.

There are a few things to do as you work on your business unit strategies:

1. **Differentiate yourself from your competitors.** One of the best ways to tell if you've done this adequately is through a **SWOT analysis**, which allows you to review your competitive environment and define a strategy based on what sets your organization—and specifically, the business unit—apart from the competition.
2. **Create objectives and initiatives that support your business unit and the corporate level.** Your goal while creating a business unit strategy is to create objectives and initiatives that support the unit while simultaneously contributing to the objectives and initiatives of the organization as a whole.

For example, at the corporate level for the learning and growth perspective, one of the bank's main priorities (in the example above) is to "provide valuable skills training." With this objective in mind, your business units will be able to determine what activities they'll need to do to support this—like providing customer training services relevant to its specific function.

Strategy Level 3: The Functional Level

The functional level of your strategy involves each *department*—and what those at the department level are doing day-to-day to support corporate initiatives. Whereas your business unit strategy would be defined and evaluated by senior leadership, your functional strategy is typically produced by department heads (e.g. leaders in marketing, operations, finance, IT, etc.). These individuals can help ensure that the departments execute the defined strategic elements, and that the components laid out at the functional level help support both the department level and corporate level strategies.

There are a few things to consider as you work on your functional strategies:

1. **Understand that this level has the most detailed measures and projects.** Measures help you answer the question, "How are we doing toward meeting a particular objective?" Projects (or *initiatives*) help you answer, "What are the key actions we can take to support our objectives?" While you'll have measures and projects at every level of your strategy, they should be extremely detailed at the functional level. You can **leverage a RACI matrix** to ensure

everyone knows who is responsible for completing your projects and who they need to go to for help or direction.

2. Make sure the goals in your functional strategy align with the goals at the corporate level. Corporate goals are set by the most senior members of your organization, and those goals drive decision making. You'll gain support from the top level of executives if your projects and goals align with *their* goals. You'll also be able to see how the work you are doing contributes to the overall success of the company.

3. Don't get too "measure happy." We've seen organizations measure hundreds of data points at the functional level. But keep in mind what your bigger goals are and measure only the things that help you determine if you're progressing toward those goals.