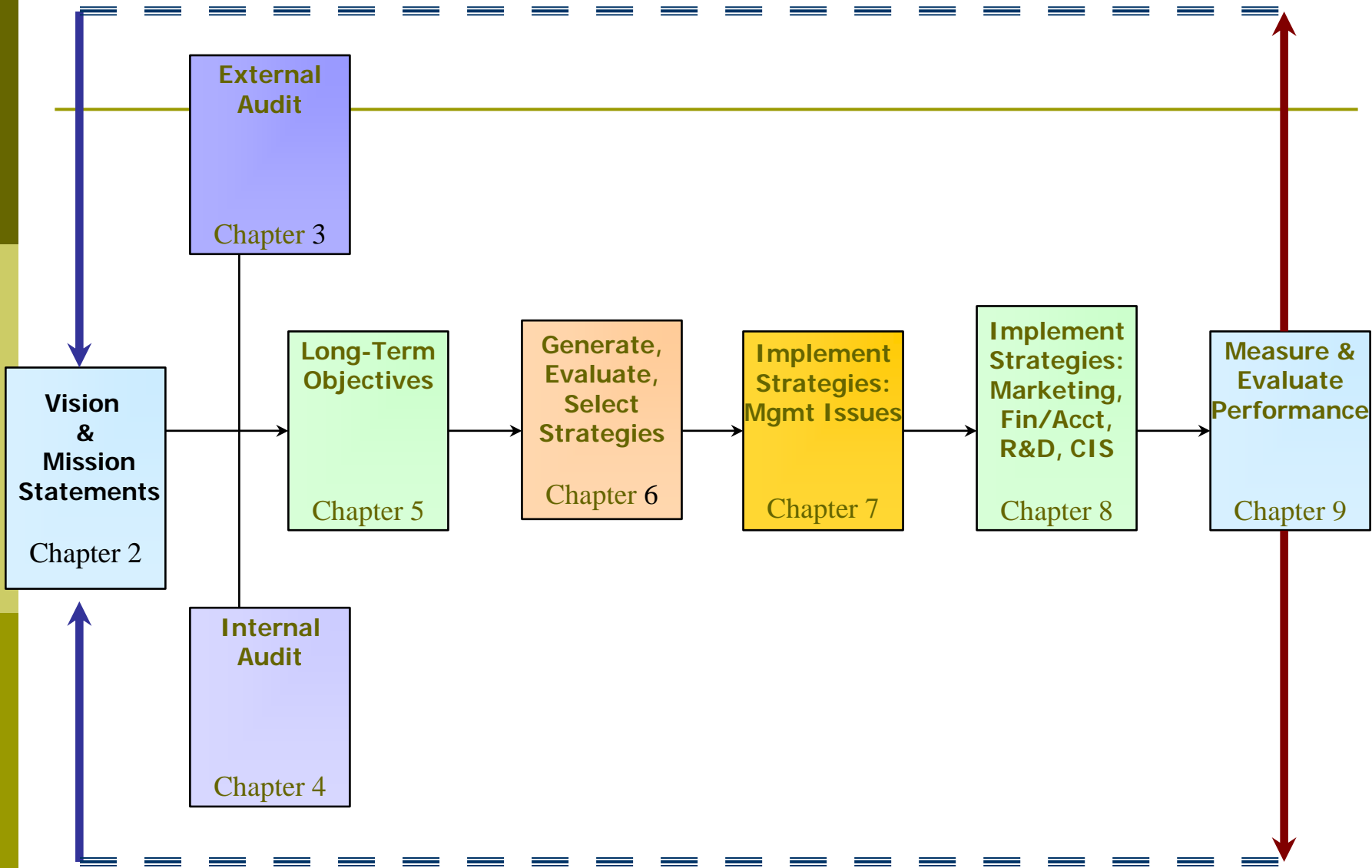


# Chapter 2

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- Visions and Missions of Organizations
  - Where we are and where we would like to be.

# Comprehensive Strategic Management Model



# Vision & Mission

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*That business mission is so rarely given adequate thought is perhaps the most important single cause of business frustration.*

—Peter Drucker—

# Vision & Mission (Cont'd)

Mission statement answers the question:

*“What is our business?”*

# Vision & Mission (Cont'd)

Vision statement answers the question:

*“What do we want to become?”*

## Vision & Mission (Cont'd)

- ❑ Many companies develop both
- ❑ Shared vision can motivate employees
- ❑ Develops a commonality of interests
- ❑ Helps focus on opportunity & challenge

# Developing Vision & Mission

- ❑ Clear mission is needed before alternative strategies can be formulated and implemented
- ❑ Important to have as broad range of participation as possible among managers in developing the mission

# Examples

## Vision Statement

“The Bellevue Hospital is the LEADER in providing resources necessary to realize the community’s highest level of HEALTH throughout life.”

# Examples (Cont'd)

## Mission Statement

“The Bellevue Hospital, with *respect, compassion, integrity, and courage*, honors the individuality and confidentiality of our patients, employees, and community, and is progressive in anticipating and providing future health care services.”

# Examples (Cont'd)

## Vision Statement

“The Vision of USGS is to be a world leader in the natural sciences through our scientific excellence and responsiveness to society’s needs.”

-U.S. Geological Survey (USGS)-

# Examples (Cont'd)

## Mission Statement

“The Mission of USGS is to serve the Nation by providing reliable scientific information to

- Describe and understand the Earth;
- Minimize loss of life and property from natural disasters;
- Manage water, biological, energy, and mineral resources; and enhance and protect our quality of life.”

# Examples (Cont'd)

## Vision Statement

“It is the vision of the California Energy Commission for Californians to have energy choices that are affordable, reliable, diverse, safe, and environmentally acceptable.”

# Examples (Cont'd)

## Mission Statement

“It is the California Energy Commission’s mission to assess, advocate, and act through public/private partnerships to improve energy systems that promote a strong economy and a healthy environment.”

# Characteristics of a Mission

According to Vern McGinnis, mission should do seven things:

1. Define what the organization is
2. Define what the organization aspires to be
3. Limited to exclude some ventures
4. Broad enough to allow for creative growth
5. Distinguish the firm from all others
6. Serve as framework to evaluate current activities
7. Stated clearly so that it is understood by all

# Characteristics of a Mission (Cont'd)

## Effective mission statements:

- Broad in scope
- Generate range of feasible strategic alternatives
- Not excessively specific
- Reconcile interests among diverse stakeholders
- Finely balanced between specificity & generality

# Characteristics of a Mission (Cont'd)

## Effective mission statements:

- Arouse positive feelings and emotions
- Motivate readers to action
- Generate the impression that firm is successful, has direction, and is worthy of time, support, and investment

# Characteristics of a Mission (Cont'd)

## Effective mission statements:

- Reflect judgments re: future growth
- Provide criteria for selecting strategies
- Basis for generating & screening strategic options
- Are dynamic in orientation

# Customer Orientation

A good mission statement reflects the anticipations of customers.

- Identify customer needs
- Provide product/service to satisfy needs
  - AT&T's mission focuses on communications, not telephones
  - Exxon's mission focuses on energy, not on oil and gas

# Social Policy & Mission

Managerial philosophy and thinking at the highest levels in the organization reflect social policy.

- Affects development of vision & mission
- Responsibilities to consumers, environmentalists, minorities, communities, & other groups

# Social Policy & Mission (Cont'd)

Social policy should be integrated in all strategic-management activities.

Mission statement is an effective instrument for conveying the social responsibility of the firm.

# Components of Mission

Mission statements vary in...

- ✓ Length
- ✓ Content
- ✓ Format
- ✓ Specificity

Must include the 9 elements, as the mission statement is the most public and visible part of the strategic-management process.

# Components of Mission (Cont'd)

1. Customers
2. Products or services
3. Markets
4. Technology
5. Survival, growth, and profitability
6. Philosophy
7. Self-concept
8. Concern for public image
9. Concern for employees

# Components of Mission (Cont'd)

Components of mission and corresponding questions to be answered:

1. Customers:

- "Who are the firm's customers?"

2. Products or services:

- "What are the firm's major products or services?"

# Components of Mission (Cont'd)

## 3. Markets:

- "Geographically, where does the firm compete?"

## 4. Technology:

- "Is the firm technologically current?"

# Components of Mission (Cont'd)

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?"

# Components of Mission (Cont'd)

## 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?"

# Importance of Vision & Mission

Although research results are mixed, firms with formal mission statements...

- 2X average return on shareholder's equity
- Positive relationship to organizational performance
- 30% higher return on certain financial measures

# Global Perspective - Major Challenges for Businesses

## Major Challenges in 2000

	USA	Europe	Japan
Customer loyalty	44%	28%	3%
Managing M&As, alliances	30%	42%	16%
Reducing costs	29%	32%	41%
Engaging emp. in mission	28%	32%	38%
Competing for talent	26%	9%	3%
Incr. flexibility & speed	24%	39%	31%

# Key Terms & Concepts

- Concern for employees
- Concern for public image
- Concern for survival, growth, and profitability
- Creed statement
- Customers
- Markets
- Mission statement
- Mission statement components
- Philosophy
- Products or services
- Self-concept
- Social policy
- Stakeholders
- Technology
- Vision statement