Chapter 2
The Business Vision & Mission

Strategic Management: Concepts & Cases
10th Edition
Fred David

PowerPoint Slides by
Anthony F. Chelte
Western New England College

Chapter Outline

What do we want to become?

What is our business?

Importance of Vision and Mission Statements

Chapter Outline (cont’d)

Characteristics of a mission statement

Components of a mission statement

Writing & evaluating mission statements

Vision

“The last thing IBM needs right now is a vision.” (July 1993)

What IBM needs most right now is a vision.” (March 1996)

-- Louis V. Gerstner, Jr., CEO, IBM Corporation

Vision

Agreement on the basic vision for which the firm strives to achieve in the long run is critically important to the firm’s success.

“What do we want to become?”
**Vision & Mission**

**Shared Vision --**
- Creates commonality of interests
- Reduce daily monotony
- Provides opportunity & challenge

**Vision Statement Examples**

A national organization which represents its members in all aspects of poultry and eggs on both a national and international level.

---

-- U.S. Poultry & Egg Association

**Vision Statement Examples**

The Vision of Manley Baptist Church is to be the people of God, on mission with God, motivated by a love for God, and a love for others.

---

-- Manley Baptist Church

**Vision Statement Examples**

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)

**Vision Statement Examples**

To be the first choice in the printed communications business. The first choice is the best choice, and being the best is what Atlanta Web pledges to work hard at being—every day!

---

-- Atlanta Web Printers, Inc.
- 90% of all companies have used a mission statement in the previous five years.

“What is our business?”

Mission Statements

- Enduring statement of purpose
- Distinguishes one firm from another
- Declares the firm’s reason for being

Also referred to as:
- Creed statement
- Statement of purpose
- Statement of philosophy
- Statement of business principles

Reveal what an organization wants to be and whom it wants to serve.

Essential for effectively establishing objectives and formulating strategies.
Many organizations develop both vision & mission statements.

Profit & vision are necessary to effectively motivate a workforce.

Shared vision creates a community of interests.

Clear mission is needed before alternative strategies can be formulated and implemented.

Participation from diverse managers is important in developing the mission.

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 healthy environment.

-- California Energy Commission
Mission Statement Examples

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.

-- The Bellevue Hospital

Mission Statement Examples

John Deere has grown and prospered through a long-standing partnership with the world’s most productive farmers. Today, John Deere is a global company with several equipment operations and complementary service businesses. These businesses are closely interrelated, providing the company with significant growth opportunities and other synergistic benefits.

-- John Deere, Inc.

Importance of Mission

Benefits from a strong mission

- Unanimity of Purpose
- Resource Allocation
- Organizational Climate
- Focal point for work structure

Effective Missions

- Broad in scope
- Generate strategic alternatives
- Not overly specific
- Reconciles interests among diverse stakeholders
- Finely balanced between specificity & generality

Effective Missions

- Arouse positive feelings & emotions
- Motivate readers to action
- Generate favorable impression of the firm

Effective Missions

- Reflect future growth
- Provide criteria for strategy selection
- Basis for generating & evaluating strategic options
- Are dynamic in nature
Mission & Customer Orientation – Vern McGinnis

- Define what the organization is
- Define what it aspires to be
- Limited to exclude some ventures
- Broad enough to allow for growth
- Distinguishes firm from all others
- Stated clearly – understood by all

An Effective Mission Statement --

- Anticipates customer needs
- Identifies customer needs
- Provides product/service to satisfy needs

Social Policy & Mission

Managerial philosophy shapes social policy --

- Affects development of vision & mission
- Responsibilities to –
  - Consumers
  - Environmentalists
  - Minorities
  - Communities

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

Mission should convey the social responsibility of the firm

Mission Statements

2003 Rated Best in Social Responsibility
(Wall Street Journal)

1. Alexander & Baldwin
2. Johnson & Johnson
3. American Express
4. Altria Group
5. United Parcel Service
6. BP America
7. Procter & Gamble
8. Administaff
9. Medtronic
10. Merck

Vision & Mission

Research results are mixed, however, firms with formal mission statements --

- 2x average return on shareholder’s equity
- Positive relationship to company performance
- 30% high return on certain financial measures
PepsiCo Mission

PepsiCo’s mission is to increase the value of our shareholders’ investment. We do this through sales growth, cost controls, and wise investment resources. We believe our commercial success depends upon offering quality and value to our consumers and customers; providing products that are safe, wholesome, economically efficient and environmentally sound; and providing a fair return to our investors while adhering to the highest standards of integrity.

Ben & Jerry’s Mission

Ben & Jerry’s mission is to make, distribute and sell the finest quality all-natural ice cream and related products in a wide variety of innovative flavors made from Vermont dairy products. To operate the Company on a sound financial basis of profitable growth, increasing value for our shareholders, and creating career opportunities and financial rewards for our employees. To operate the Company in a way that actively recognizes the central role that business plays in the structure of society by initiating innovative ways to improve the quality of life of a broad community—local, national and international.

Mission Statement Evaluation Matrix

<table>
<thead>
<tr>
<th>Components</th>
<th>Concern for Employees</th>
<th>Concern for Public Image</th>
<th>Concern for Survival, Growth, Profitability</th>
<th>Concern for Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization</td>
<td>Customers</td>
<td>Products</td>
<td>Services</td>
<td>Markets</td>
</tr>
<tr>
<td>PepsiCo</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Ben &amp; Jerry’s</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

For Review (Chapter 2)

Key Terms & Concepts

- Concern for Employees
- Concern for Public Image
- Customers
- Markets
- Survival, Growth, Profitability
- Mission Statement Components
- Creed Statement
- Managerial Philosophy
### Key Terms & Concepts

<table>
<thead>
<tr>
<th>Self Concept</th>
<th>Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Policy</td>
<td>Vision Statement</td>
</tr>
</tbody>
</table>