

***Strategic Management A Competitive Advantage
Approach Concepts 16th edition David Solutions
Manual***

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Chapter 2 - The Business Vision and Mission

Overview

Chapter 2 describes the nature and role of vision and mission statements in strategic planning, and provides specific guidelines on how to develop these statements. Both characteristics and components that should be included in these statements are provided, as are numerous examples. In this course, students should become proficient devising and improving vision and mission statement documents, and this chapter provides the foundation for that knowledge. Everything a company or organization does should be vision and mission driven, so the language in these statements is vitally important – the statements are not just “feel good” platitudes.

Learning Objectives

The Chapter 2 Learning Objectives presented in the textbook are reiterated below:

1. Describe the nature and role of vision statements in strategic management.
2. Describe the nature and role of mission statements in strategic management.
3. Discuss the process of developing a vision and mission statement.
4. Discuss how clear vision and mission statements can benefit other strategic-management activities.
5. Describe the characteristics of a good mission statement.
6. Identify the components of mission statements.
7. Evaluate mission statements of different organizations and write effective vision and mission statements.

Teaching Tips

This chapter has been reorganized in the 16th edition and refocused to add a marketing flavor rather than solely presenting vision/mission statements from a management perspective.

1. Go to the www.strategyclub.com website and show in class the author videos related to Chapter 2.
2. Go to the www.strategyclub.com website and click on Student Resources and then click on Mission Statement Article and ask the class to prepare their proposed mission statements in this course according to that article, which simply expands on the material presented in Chapter 2 about the statements being customer-focused.

3. Use the following two quotes in this chapter to discuss the importance of vision/mission statements in strategic management:
 - a) “You are never going to get anyone to charge the machine guns only for financial objectives. It has got to be something that makes people feel better, feel a part of something.”
 - b) Three people were at work on a construction site. . . . Few of us can build cathedrals, but to the extent we can see the cathedral in whatever cause we are following, the job seems more worthwhile.”
4. Emphasize that the vision and mission of a firm should be so compelling that readers should want to invest in the firm, work for the firm, be proud of the firm, respect the firm, and realize what the firm is all about. The list of characteristics in Table 2-3 is especially important.
5. Among the nine components of a mission statement, the most important is perhaps self-concept (distinctive competence). Make sure students realize the “self concept” component is critical for revealing competitive advantage to customers, potential customers, and all stakeholders. For example for Hershey, why should we purchase chocolate from Hershey rather than from M&M Mars or Nestle? Where in the mission statement of Hershey is their self-concept component? The “self concept” component is much more than “what the firm thinks of itself.” See the end-of-chapter exercise that deals with the Hershey vision/mission.
6. Highlight and discuss the two exemplary proposed mission statements presented in Table 2-7. Note that all nine components are included and are written from a customer perspective and comprise only 58 and 85 words respectively.
7. Highlight the new “Implications for Strategists” and “Implications for Students” sections at the end of this chapter and explain their importance to students.
8. Go through the end-of-chapter review questions since they apply chapter concepts. Most professors also go through all the end-of-chapter exercises for this chapter. In this way, class time is spent in a more interactive way with students, rather than straight lecture. To help ensure students’ attention, consider having Test 1 (on Chapters 1-6) and Test 2 (on Chapters 7-11) be composed of at least one half verbatim end-of-chapter review questions.
9. The end-of-chapter exercises provide several more exemplary improved vision and mission statements. Remind students that ideally any organization needs their employees and managers on a mission to work hard for the firm, to know that their hard work will be rewarding to them personally and professionally; achieving this desired end begins with having a clear vision and mission statement.

Answers to End-of-Chapter 2 Review Questions

2-1. Discuss the relative importance of vision and mission documents for managers versus employees, customers, and shareholders.

Answer: Employees are much more productive when they believe in and support the firm's vision and mission, so an argument could be made that it is most important for employees to support the vision/mission. But little to no empirical research has examined this issue. It is vitally important for all stakeholders to know and support the firm's vision and mission.

2-2. Define “reconciliatory” and give an example of how this “characteristic” can be met in a mission statement.

Answer: Reconciliatory refers to the need for a mission statement to be supported by all stakeholders, even though the claims of various stakeholders on the firm conflict. For example, shareholders want large profits, which conflicts with employees wanting high wages, yet support is needed from both constituencies. Thus, ideally a statement reconciles differences among key stakeholders, and does so best by including the nine components written from a customer perspective. To leave out any component, especially employees or customers or even profitability (or growth), would undermine the desired reconciliatory characteristic.

2-3. Which mission statement component most closely reveals the firm's distinctive competence? Give an example.

Answer: The answer is “self concept.” Offering the lowest prices among all rival firms could be a company's self concept, or providing the widest selection of products, or providing the best customer service, or providing the best warranty.

2-4. Critique the following vision statement by Stokes Eye Clinic: “Our vision is to take care of your vision.”

Answer: It is a cool sounding statement, but is ineffective as a vision statement, because it does not reveal the type of business nor what the firm is striving to become or be five years into the future.

2-5. For a university, students are the customer. Write a single sentence that could be included in your university's mission statement to reveal the institution's market and product/service components written from a customer perspective.

Answer: We seek students locally and globally of all ages and ethnic backgrounds, providing learning and knowledge in a friendly, considerate manner.

2-6. Some excellent nine-component mission statements consist of just two sentences. Write a two-sentence mission statement for a company of your choice.

Answer: “J. Crew is a global clothing retailer known for its cashmere cardigans, Capri pants, jeans, khakis, and Madewell women’s clothing. We use the latest technology, believe good ethics is good business, honor our employees, care for our customers, and strive to be leading corporate citizens in all communities where we operate.”

2-7. How do you think an organization can best align company mission with employee mission?

Answer: Through involvement, people become committed to an organization. An organization can align company mission with employee mission by including as many individuals as possible in the process of developing mission statements. The process of developing a mission statement should create an “emotional bond” and “sense of shared mission” between the organization and its employees. This is especially true in the USA, but employee involvement and participation are not utilized in countries such as Mexico because there that management practice would be viewed as showing weakness.

2-8. What are some different names for “mission statement,” and where will you likely find a firm’s mission statement?

Answer: A mission statement is 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.” A good place to look for a company’s mission statement is on the firm’s website or its annual report, but many organizations also have the statement engraved and publicly visible at its stores or facilities.

2-9. If your company does not have a vision or mission statement, describe a good process for developing these documents.

Answer: Select several articles and/or websites about these statements and ask all managers to read these as background information. Then, managers should prepare a vision or mission statement for the organization. A facilitator or committee should then merge these statements into a single document and distribute the draft statements to all managers. A request for modifications, additions, and deletions is needed next, along with a meeting to revise the document.

2-10. Explain how developing a mission statement can help resolve divergent views among managers in a firm.

Answer: The question “What is our business?” can create controversy. Raising the question often reveals different opinions/views/beliefs among strategists in the organization. Individuals who have worked together for a long time may realize that they are in fundamental disagreement. Negotiation, compromise, and eventual agreement on important issues is needed in forming or revising a mission statement. Then, managers can “be on the same page” and focus on more specific strategy formulation activities.

2-11. Drucker says that the most important time to seriously reexamine the firm's vision/mission is when the firm is very successful. What is this?

Answer: The most important time to ask seriously “What do we want to become?” and “What is our business?” is when a company has been successful. Success obsoletes the very behavior that achieved it, and creates new realities and different problems. A very successful firm is the target of rival firms who try to imitate, duplicate, reverse engineer their products, and take market share from the leading firms.

2-12. Explain why a mission statement should not include monetary amounts, numbers, percentages, ratios, goals, or objectives.

Answer: A mission statement is broad in scope for three reasons. First, it allows for the generation and consideration of a range of feasible alternative objectives and strategies without unduly stifling management creativity. Excess specificity would limit the potential of creative growth for the organization. Second, a mission statement needs to be broad to reconcile differences among, and appeal to, an organization's diverse stakeholders. Thus, a mission statement should be reconciliatory. Third, it is simply premature in the mission statement to reveal goals and objectives, which should be determined after the internal and external assessment, as illustrated in the comprehensive strategic planning model.

2-13. Discuss the meaning of the following statement: “Good mission statements identify the utility of a firm's products to its customers.”

Answer: A good mission statement reflects the anticipations of customers. Organizations should identify customers' needs and then provide a product or service to fulfill those needs. For example, AT&T's mission statement focuses on communication rather than on telephones; Exxon-Mobil's mission statement focuses on energy rather than on oil or gas; Union Pacific's mission statement focuses on transportation rather than on railroads; and Universal Studio's mission statement focuses on entertainment rather than on movies.

2-14. Distinguish between the “self-concept” and the “philosophy” components in a mission statement. Give an example of each for your university.

Answer: The self-concept component of a mission statement describes a firm's distinctive competence or major competitive advantage. The philosophy component of a mission statement refers to the basic beliefs, values, aspirations, and ethical priorities of the firm.

Self-Concept: Overlooking the Atlantic Ocean, our college is AACSB accredited at both the BBA and MBA levels.

Philosophy: We treat all students with respect and admiration.

2-15. When someone or some company is “on a mission” to achieve something, many times they cannot be stopped. List three things in prioritized order that you are “on a mission” to achieve in life.

Answer: 1) To daily eat healthy. 2) To daily be a good steward of the natural environment. 3) To daily build up rather than break down people.

2-16. Compare and contrast vision statements with mission statements in terms of composition and importance.

Answer: Many organizations develop both a mission statement and a vision statement. Whereas the mission statement answers the question, “What is our business?” the vision statement answers the question, “What do we want to become?” Both statements are essential for firm success. The vision is one sentence, whereas the mission is several sentences, and includes nine components.

2-17. Do local service stations need to have written vision and mission statements? Why or why not?

Answer: Less formality and detail characterize strategic management in small businesses such as a local service station. However, local service stations are not immune to competitive pressures, changes in technology, changes in demographic factors, and resistance to change. Therefore, it is recommended that even the smallest organization develop written vision and mission statements to enhance efforts to secure bank financing and to develop good supplier, customer, and employee relationships.

2-18. Why do you think organizations that have a comprehensive mission statement tend to be high performers? Does having a comprehensive mission cause high performance?

Answer: Having a comprehensive mission statement does not guarantee or cause high performance. However, a comprehensive mission statement can contribute significantly to high performance, because ideally it conveys the intent and aspirations of all employees and managers who by working together achieve synergy. Having an excellent mission statement also provides a firm foundation for effective strategic planning, rather than ad hoc guessing about what actions would be best to take in the future.

2-19. What is your college or university’s self-concept? How would you state that in a mission statement?

Answer: Ranked #1 nationally in International Business, the Darla Moore College of Business at the University of South Carolina trains students to be knowledgeable, comfortable, and effective in business across varied country settings.

2-20. Explain the principal value of a vision and mission statement.

Answer: Whereas the mission statement answers the question, “What is our business?” the vision statement answers the question, “What do we want to become?” Both the vision statement and the mission statement ensure unanimity of purpose within the organization and make important statements about “who the firm is” and “what it wants to become” to outside stakeholders. The two statements provide a firm foundation for effective strategic planning. The statements provide direction and help motivate employees/managers. Table 2-2 lists ten benefits of having a clear mission statement: 1) achieve clarity of purpose among all managers and employees; 2) provide a basis for all other strategic planning activities; 3) provide direction;

4) provide a focal point for all stakeholders of the firm; 5) resolve divergent views among managers; 6) promote a sense of shared expectations among all managers and employees; 7) project a sense of worth and intent to all stakeholders; 8) project an organized, motivated organization worthy of support; 9) achieve higher organizational performance; and 10) achieve synergy among all managers and employees.

2-21. Why is it important for a mission statement to be reconciliatory?

Answer: A mission statement needs to be reconciliatory because the claims of a firm's various stakeholders often conflict. For example, employees desire high wages yet customers desire low prices. An effective mission statement reconciles (reduces/mitigates) major differences among key stakeholders.

2-22. In your opinion, what are the three most important components that should be included when writing a mission statement? Why?

Answer: All nine components described in Chapter 2 are important, but three are particularly important: 1) self concept (reveals the firm's distinctive competence or competitive advantage), 2) philosophy (reveals that the firm is ethical in all aspects), and 3) technology (reveals that the firm is up-to-date technologically rather than being out-of-date).

2-23. How would the mission statements of a for-profit and a nonprofit organization differ?

Answer: The mission statements of profit versus nonprofit organizations would not differ in the characteristics or the components specified for inclusion in effective statements.

2-24. Write a vision and mission statement for an organization of your choice.

Answer: This is a worthwhile class exercise. Ask students to do this individually, and then exchange papers for grading. Have grading done based on inclusion of 9 components and 8 characteristics.

2-25. Who are the major stakeholders of the bank that you do business with locally? What are the major claims of those stakeholders?

Answer: The major stakeholders of a bank include commercial customers, consumer customers, shareholders, communities, managers, and employees. Each stakeholder group relies upon the organization. Customers expect the bank to perform in a manner that protects them financially. Shareholders expect the firm to be profitable. Local communities rely upon the bank to provide jobs, credit, and to pay taxes. Employees rely upon the bank for wages and salaries.

2-26. List eight benefits of having a clear mission statement.

Answer: Table 2-2 lists ten benefits that may be included in students' lists: 1) achieve clarity of purpose among all managers and employees; 2) provide a basis for all other strategic planning

activities; 3) provide direction; 4) provide a focal point for all stakeholders of the firm; 5) resolve divergent views among managers; 6) promote a sense of shared expectations among all managers and employees; 7) project a sense of worth and intent to all stakeholders; 8) project an organized, motivated organization worthy of support; 9) achieve higher organizational performance; and 10) achieve synergy among all managers and employees.

2-27. How often do you feel a firm's vision and mission statement should be changed?

Answer: Vision and mission statements should be evaluated on a regular basis, at least annually, to determine if they are still appropriate. Firms may wish to change the statements both in times of crisis and in times of success. The vision and mission should be modified as needed to "stay in tune" with the company and its environment. Well-written statements oftentimes are not changed for 3 to 5 years, or longer.

2-28. Explain why a mission statement should not include strategies and objectives.

Answer: A mission statement should not include strategies and objectives because the statement needs to be broad in scope to effectively provide a basis for performing an external and internal audit and for generating and selecting among alternative strategies. Including specific strategies and objectives in a mission statement could reduce the level of innovative and creative thinking in an organization and jeopardize the potential for the statement to be widely accepted by all managers and employees. Acceptance of a clear mission is a prerequisite for gaining acceptance for strategies and objectives to pursue. In addition, it is simply premature in the mission to include strategies and objectives where they are determined after the mission is decided upon.

2-29. List seven characteristics of a mission statement.

Answer: Table 2-3 lists eight characteristics that may be included in students' lists: 1) it is broad in scope and does not include monetary amounts, numbers, percentages, ratios, or objectives; 2) it is less than 250 words; 3) it is inspiring; 4) it identifies the utility of a firm's products; 5) it reveals whether the firm is socially responsible; 6) it reveals whether the firm is environmentally responsible; 7) it includes nine components (customers, products and services, markets, technology, concern for survival/growth/profits, philosophy, self-concept, concern for public image, concern for employees); and 8) it is enduring and can reconcile differences among and appeal to an organization's diverse stakeholders.

Answers to the End-of-Chapter 2 Assurance of Learning Exercises

ASSURANCE OF LEARNING EXERCISE 2A: DEVELOP AN IMPROVED BB&T MISSION (AND VISION) STATEMENT

ANSWER:

The mission statement components are:

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

The actual BB&T vision statement given on the corporate website is:

“To create the best financial institution possible.”

The actual BB&T mission statement given on the corporate website is:

“To make the world a better place to live, by:

- *Helping our clients achieve economic success and financial security,
- *Creating a place where our associates can learn, grow, and be fulfilled in their work:
- *Making the communities in which we work better places to be; and thereby:
- *Optimizing the long-term return to our shareholders, while providing a safe and sound investment.”

Improved Vision Statement

The authors like the existing vision statement.

Improved Mission Statement

The existing mission statement as written could apply to almost any type organization. The existing statement also lacks four components: customers, markets, technology, and self-concept. An improved BB&T mission statement is proposed as follows:

We strive to be the best financial institution possible, providing financial security and counseling to individuals and businesses across the United States. Our outstanding associates graciously give back to the communities where they work and help assure long-term excellent returns for our shareholders. We believe good ethics is good business, and strive to provide the best financial products and services using the best technology available.

ASSURANCE OF LEARNING EXERCISE 2B: EVALUATE THREE MISSION STATEMENTS

Mission Statements

1. Advance Auto Parts, Inc., Headquartered in Richmond, Virginia

“It is the Mission of Advance Auto Parts to provide personal vehicle owners and enthusiasts with the vehicle related products and knowledge that fulfill their wants and needs at the right price. Our friendly, knowledgeable and professional staff will help inspire, educate and problem-solve for our customers.”

2. Aflac, Inc. Headquartered in Columbus, Georgia

“To combine aggressive strategic marketing with quality products and services at competitive prices to provide the best insurance value for consumers.”

3. Bristol-Myers Squibb Company, Headquartered in New York, NY

“To discover, develop and deliver innovative medicines that help patients prevail over serious diseases.”

Evaluation Matrix of Mission Statements–Solutions

Components		CVS	AFLAC	BMYERS		
Customers		No	Yes	Yes		
Products		No	Yes	Yes		
Markets		No	No	No		
Technology		No	No	No		
Concern for Survival, Growth, Profitability		No	No	No		
Philosophy		No	No	No		
Self-concept		No	Yes	No		
Concern for public image		No	No	No		
Concern for employees		No	No	No		

ASSURANCE OF LEARNING EXERCISE 2C: WRITE A VISION AND MISSION STATEMENT FOR THE HERSHEY COMPANY

ANSWER:

The statements will vary from student to student but should include the nine essential components of mission statements. The statement should be concise, inspiring, and written from a customer perspective.

Hershey Vision Statements

Existing: Continuing Milton Hershey's legacy of commitment to consumers, community and children, we provide high-quality HERSHEY'S products while conducting our business in a socially responsible and environmentally sustainable manner.

Proposed: Our vision is to develop, produce, and sell the best confectionary, chocolate, and food products in the world.

Hershey Mission Statements

Existing: Bringing Sweet Moments of Hershey Happiness to the World Everyday

Proposed: Our mission is to provide men and women of all ages around the world with the best quality chocolate, confectionary, and food products, while continuing our long tradition of supporting the Milton Hershey School and assuring exemplary environmental sustainability (1, 2, 3, 8). Our dedicated employees adhere to the highest ethical standards and use the newest technology available to profitably develop and market world famous chocolate brands such as Reese's (4, 5, 6, 7, 9). 66 words

Nine Essential Components of Mission Statements

1. Customers
2. Products
3. Markets
4. Technology
5. Concern for Survival, Growth, Profitability
6. Philosophy
7. Self-Concept
8. Concern for Public Image
9. Concern for Employees

Existing Mission – Lacks all components

Improved Mission – Includes all components

ASSURANCE OF LEARNING EXERCISE 2D: COMPARE YOUR COLLEGE/UNIVERSITY'S VISION AND MISSION STATEMENTS TO A LEADING RIVAL INSTITUTION

ANSWER:

Components of Mission Statements

1. Customers
2. Products
3. Markets
4. Technology
5. Concern for Survival, Growth, Profitability
6. Philosophy

7. Self-Concept
8. Concern for Public Image
9. Concern for Employees

The vision statement and mission statement for the author's School of Business is given below:

Existing Vision Statement

The School of Business at Francis Marion University strives to provide the highest quality baccalaureate and master's degree business programs offered at a small comprehensive university in the southeastern United States.

Existing Mission Statement

Accredited at both the graduate and undergraduate levels, the School of Business at Francis Marion University has a mission to teaching, research, and service. Nearly our entire faculty holds a doctorate in the area in which they teach. Our small classroom environment promotes interaction among students and faculty. We teach students to think logically, communicate effectively, develop an understanding and appreciation of the global business environment, and be guided by high ethical standards. Our students develop conceptual and analytical skills needed to be successful leaders in both private and public institutions. Our internship program and placement efforts actively assist students in finding meaningful jobs. Our faculty conducts research and service activities that enhance the region's economic and industrial development. Most of our undergraduate students major in management, marketing, accounting, finance, business economics, management information systems, or general business and earn a Bachelor of Business Administration degree. Other School of Business students major in economics or computer science and receive a Bachelor of Arts or Bachelor of Science degree. Our graduate students receive a Master of Business Administration degree and may become certified in Health Management. The School of Business seeks students locally and globally of all ages and ethnic backgrounds and serves them in a friendly, considerate manner.

ASSURANCE OF LEARNING EXERCISE 2E: CONDUCT MISSION STATEMENT RESEARCH

ANSWER:

Ask students to search the websites of local businesses to see which businesses have posted their mission statements on their websites. Students could then contact one or more of these businesses and ask the questions suggested by the exercise. Encourage students to ask the businesses who developed the statement, how is the statement used, and why they posted their mission statement on their website.

Answers to the End-of-Chapter 2 Mini-Case Questions

1. In what three ways is the proposed vision statement better than Disney's actual vision statement?

Walt Disney's actual vision statement is "To make people happy." The improved, author-proposed vision statement for Disney is "To offer the best family entertainment in the world through theme parks, cruises, movies, and radio and television coverage of news and sporting events globally." The latter statement is better because it 1) reveals the type of business, 2) is customer oriented, and 3) is more specific than just making people happy (which drinking a cup of coffee could do).

2. In what three ways is the proposed mission statement better than Disney's actual mission statement?

Walt Disney's actual mission statement is "To be one of the world's (3) leading producers and providers of entertainment and information (2). Using our portfolio of brands to differentiate our content, services and consumer products (7), we seek to develop the most creative, innovative and profitable (5) entertainment experiences and related products in the world."

An improved, author-proposed Disney mission statement is as follows:

We are on a mission everyday to serve customers young and old (1) with outstanding family entertainment (2). By offering popular theme parks and Disney TV programming to our newly acquired ABC, ESPN, and cruise lines (2), we provide well-diversified family entertainment worldwide (3). We use many Disney characters such as Mickey Mouse and Donald Duck (7) to excite customers (1) globally (3). We produce apps for smartphones (4) in our Interactive Media division. We give back profits (5) generously to the communities where we operate and offer many internships for deserving college students (6, 8). Everything we do at Disney is possible because of our great employees (9) and fans worldwide.

The improved statement includes all nine components and is more inspiring, revealing, enduring, and customer-oriented.

3. Further improve the proposed new Disney vision and mission statements.

The vision statement is excellent as proposed. The mission statement needs to improve upon component #5 by saying something like: We strive for growth and profitability for our shareholders.

NOTE – THE FOLLOWING IS AN EXCELLENT, FUN, NOT-IN-THE-BOOK, ADDITIONAL ASSURANCE OF LEARNING EXERCISE FOR CHAPTER 2

EXERCISE TITLE: WHAT IS THE RELATIVE IMPORTANCE OF THE NINE MISSION STATEMENT COMPONENTS FOR INCLUSION IN AN EXEMPLARY STATEMENT?

Purpose

Research reveals that a mission statement should include all nine components to be most effective. For some companies or organizations, some components may be more important to include than others. Based on their experience, this exercise reveals the authors' ranking of the relative importance of nine mission recommended components for inclusion in an exemplary statement.

The purpose of this exercise is to examine how well students understand mission statement concepts. In addition, the purpose of this exercise is to examine whether individual decision making is better than group decision making. Academic research suggests that groups make better decisions than individuals about eighty percent of the time.

Instructions

Rank the nine mission statement components as to their relative importance (1 = most important, 9 = least important). First, rank the components as an individual. Then, rank the components as part of a group of three. Thus, determine what person(s) and what group(s) here today can come closest to the expert ranking. This exercise enables examination of the relative effectiveness of individual versus group decision making in strategic planning.

The Steps

1. Fill in Column 1 in Table 1 to reveal your individual ranking of the relative importance of the nine components (1= most important, to 9 = least important, etc.). For example, if you feel the Customer component is the 5th most important, then enter a 5 in Table 1 in Column 1 beside Customers.
2. Fill in Column 2 in Table 1 to reveal your group's ranking of the relative importance of the nine components (1 = most important, to 9 = least important, etc.).
3. Fill in Column 3 in Table 1 to reveal the expert's ranking of the nine components.
4. Fill in Column 4 in Table 1 to reveal the absolute difference between Column 1 and Column 3 to reveal how well you performed as an individual in this exercise. (Note: For absolute difference, disregard negative numbers.)
5. Fill in Column 5 in Table 1 to reveal the absolute difference between Column 2 and Column 3 to reveal how well your group performed in this exercise.
6. Sum Column 4. Sum Column 5.
7. Compare the Column 4 sum with the Column 5 sum. If your Column 4 sum is less than your Column 5 sum, then you performed better as an individual than as a group. Normally, group decision making is superior to individual decision making, so if you did better than your group, you did excellent.

8. The Individual Winner(s): The individual(s) with the lowest Column 4 sum is the WINNER.
9. The Group Winners(s): The group(s) with the lowest Column 5 score is the WINNER.

Table 1 – Mission Statement Analysis: Comparing Individual versus Group Decision Making

Components	Column 1	Column 2	Column 3	Column 4	Column 5
1. Customers					
2. Products					
3. Markets					
4. Technology					
5. Survival/Growth					
6. Philosophy					
7. Self Concept					
8. Public Image					
9. Employees					

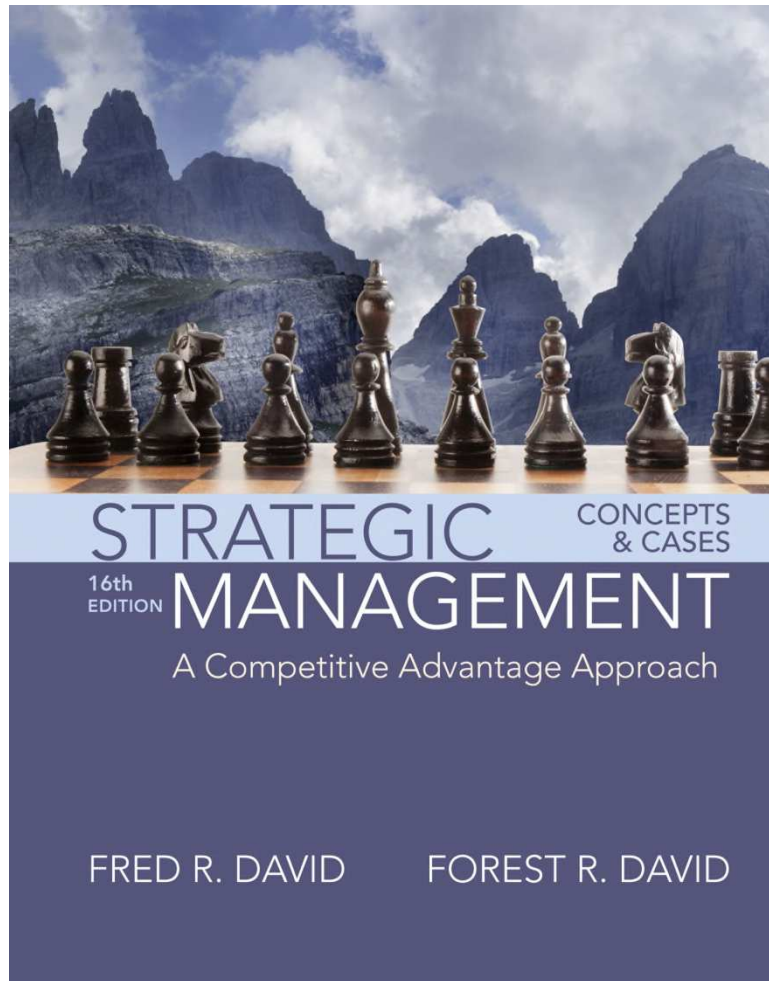
Sums

Answer: The Expert Ranking

Components	Authors' Ranking (1 = most important, to 9 = least important)
1. Customers	2
2. Products	5
3. Markets	7
4. Technology	8
5. Concern for Survival, Growth, Profitability	6
6. Philosophy	3
7. Self-Concept	1
8. Concern for Public Image	9
9. Concern for Employees	4

Rationale: The authors have developed hundreds of mission statements for organizations over many years, and have written and published about a dozen academic articles on mission statements. The rankings given above are based on the authors' experience. First, self-concept is all about distinctive competence or competitive advantage, which is the essence of strategic planning, so that is #1 most important component. No organization or company can do business or make profits or help communities or employees or do anything without customers, so customers is #2. Philosophy is all about ethics/integrity/values, and no one is interested in supporting or working for or patronizing any firm that operates unethically and/or illegally, so the philosophy component is #3. #4 is employees because their work ethic and commitment make or break a firm. The #5 most important component is products/services because for any organization or company to survive, it must offer some products/services at some price to garner customers and likely there are numerous rival firms so product/service

differentiation is a key to gaining and sustaining competitive advantage. The #6 component is concern for survival/growth/profits because if a firm fails then no one wins and likely many people lose. The #7 component is markets because there are about 190 countries on the planet and where a firm chooses to compete against rival firms is important. No institution can or should be everywhere. Components #8 and #9 are technology and concern for public image, not that they are not important; they are, but the authors have found the other seven components to be more important for most organizations. In certain industries under certain situations the rankings certainly can vary, but the expert ranking given here is likely for most companies.



The Business Vision and Mission

Chapter Two

Learning Objectives

1. Describe the nature and role of vision statements in strategic management.
2. Describe the nature and role of mission statements in strategic management.
3. Discuss the process of developing a vision and mission statement.
4. Discuss how clear vision and mission statements can benefit other strategic-management activities.
5. Describe the characteristics of a good mission statement.
6. Identify the components of mission statements.
7. Evaluate mission statements of different organizations and write effective vision and mission statements.

Vision Statement

A vision statement should answer the basic question:

“What do we want to become?”

What Do We Want to Become?

- ❖ The **vision statement** should be short, preferably one sentence, and as many managers as possible should have input into developing the statement.
- ❖ The **vision statement** should reveal the type of business the firm engages.

Vision Statement Examples

- ❖ **General Motors'** vision is to be the world leader in transportation products and related services.
(Author comment: Good statement)
- ❖ **PepsiCo's** responsibility is to continually improve all aspects of the world in which we operate—environment, social, economic—creating a better tomorrow than today. *(Author comment: Statement is too vague; it should reveal how the firm's food and beverage business benefits people)*

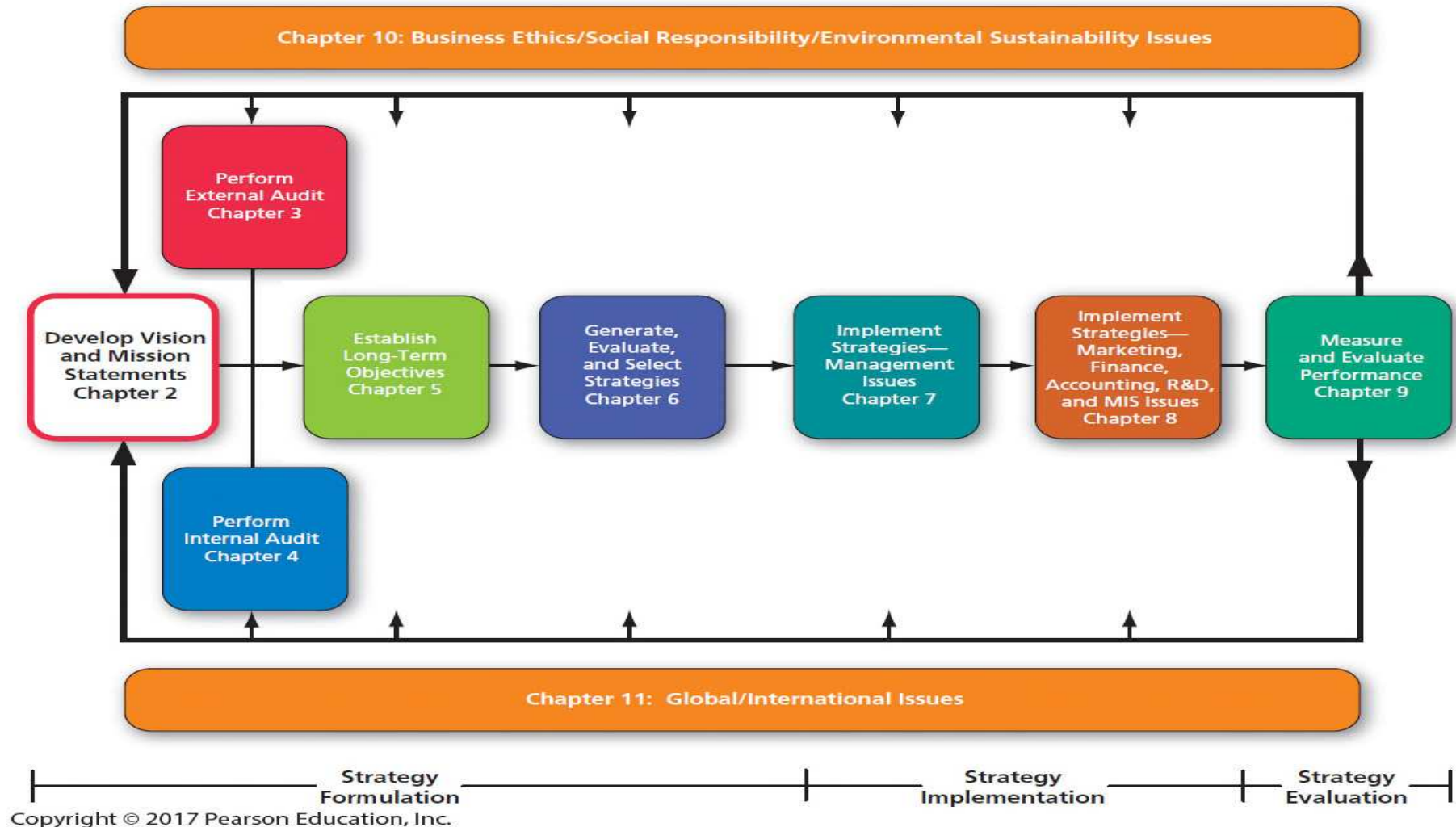
Mission Statement

- ❖ A declaration of an organization's “reason for being.”
- ❖ It answers the pivotal question “What is our business?”
- ❖ It is essential for effectively establishing objectives and formulating strategies.

Mission Statement

- ❖ It reveals what an organization wants to be and whom it wants to serve
- ❖ It is also called a creed statement, a statement of purpose, a statement of philosophy, a statement of beliefs, and a statement of business principles

A Comprehensive Strategic-Management Model



Developing Vision & Mission Statements

A widely used approach includes:

- ❖ Select several articles about these statements and ask all managers to read these as background information.
- ❖ Ask managers themselves to prepare a vision and mission statement for the organization.
- ❖ A facilitator or committee of top managers should then merge these statements into a single document and distribute the draft statements to all managers.
- ❖ A request for modifications, additions, and deletions is needed next, along with a meeting to revise the document.

Importance of Vision and Mission Statements

- ❖ To make sure all employees/managers understand the firm's purpose or reason for being.
- ❖ To provide a basis for prioritization of key internal and external factors utilized to formulate feasible strategies.
- ❖ To provide a basis for the allocation of resources.
- ❖ To provide a basis for organizing work, departments, activities, and segments around a common purpose.

Benefits of Having a Clear Mission and Vision

TABLE 2-2 Ten Benefits of Having a Clear Mission and Vision

1. Achieve clarity of purpose among all managers and employees.
 2. Provide a basis for all other strategic planning activities, including internal and external assessment, establishing objectives, developing strategies, choosing among alternative strategies, devising policies, establishing organizational structure, allocating resources, and evaluating performance.
 3. Provide direction.
 4. Provide a focal point for all stakeholders of the firm.
 5. Resolve divergent views among managers.
 6. Promote a sense of shared expectations among all managers and employees.
 7. Project a sense of worth and intent to all stakeholders.
 8. Project an organized, motivated organization worthy of support.
 9. Achieve higher organizational performance.
 10. Achieve synergy among all managers and employees.
-

Characteristics of a Mission Statement

- ❖ A good mission statement allows for the generation and consideration of a range of feasible alternative objectives and strategies without unduly stifling management creativity.
- ❖ A mission statement needs to be broad to reconcile differences effectively among, and appeal to, an organization's diverse stakeholders

Characteristics of a Mission Statement

Stakeholders

- ❖ include employees, managers, stockholders, boards of directors, customers, suppliers, distributors, creditors, governments (local, state, federal, and foreign), unions, competitors, environmental groups, and the general public.

Characteristics of a Mission Statement

1. Broad in scope; does not include monetary amounts, numbers, percentages, ratios, or objectives
2. Fewer than 150 words in length
3. Inspiring
4. Identifies the utility of a firm's products
5. Reveals that the firm is socially responsible
6. Reveals that the firm is environmentally responsible
7. Includes nine components: customers, products or services, markets, technology, concern for survival/growth/profits, philosophy, self-concept, concern for public image, concern for employees
8. Reconciliatory
9. Enduring

A Customer Orientation

A mission statement should:

- ❖ define what the organization is and what the organization aspires to be
- ❖ be limited enough to exclude some ventures and broad enough to allow for creative growth
- ❖ distinguish a given organization from all others

A Customer Orientation

A mission statement should also:

- ❖ serve as a framework for evaluating both current and prospective activities
- ❖ be stated in terms sufficiently clear to be widely understood throughout the organization

A Customer Orientation

- ❖ A good mission statement reflects the anticipations of customers.
- ❖ The operating philosophy of organizations should be to identify customers' needs and then provide a product or service to fulfill those needs.

Considerations

- ❖ Do not offer me things.
- ❖ Do not offer me clothes. Offer me attractive looks.
- ❖ Do not offer me shoes. Offer me comfort for my feet and the pleasure of walking.
- ❖ Do not offer me a house. Offer me security, comfort, and a place that is clean and happy.
- ❖ Do not offer me books. Offer me hours of pleasure and the benefit of knowledge.
- ❖ Do not offer me CDs. Offer me leisure and the sound of music.

Considerations

- ❖ Do not offer me tools. Offer me the benefits and the pleasure that come from making beautiful things.
- ❖ Do not offer me furniture. Offer me comfort and the quietness of a cozy place.
- ❖ Do not offer me things. Offer me ideas, emotions, ambience, feelings, and benefits.
- ❖ Please, do not offer me *things*.

Mission Statement Components

1. **Customers**—Who are the firm's customers?
2. **Products or services**—What are the firm's major products or services?
3. **Markets**—Geographically, where does the firm compete?
4. **Technology**—Is the firm technologically current?
5. **Survival, growth, and profitability**—Is the firm committed to growth and financial soundness?

Mission Statement Components

- 6. Philosophy**—What are the basic beliefs, values, aspirations, and ethical priorities of the firm?
- 7. Self-concept (distinctive competence)**—What is the firm's major competitive advantage?
- 8. Public image**—Is the firm responsive to social, community, and environmental concerns?
- 9. Employees**—Are employees a valuable asset of the firm?

Example Mission Statements

PepsiCo

- ❖ We aspire to make PepsiCo the world's (3) premier consumer products company, focused on convenient foods and beverages (2). We seek to produce healthy financial rewards for investors (5) as we provide opportunities for growth and enrichment to our employees (9), our business partners and the communities (8) in which we operate. And in everything we do, we strive to act with honesty, openness, fairness and integrity (6).
- ❖ *Author comment: Statement lacks three components: Customers (1), Technology (4), and Distinctive Competence (7); 62 words*

Example Mission Statements

Royal Caribbean

- ❖ We are loyal to Royal Caribbean and Celebrity and strive for continuous improvement in everything we do. We always provide service with a friendly greeting and a smile (7). We anticipate the needs of our customers and make all efforts to exceed our customers' expectations. We take ownership of any problem that is brought to our attention. We engage in conduct that enhances our corporate reputation and employee morale (9). We are committed to act in the highest ethical manner and respect the rights and dignity of others (6).
- ❖ *Author comment: Statement lacks six components: Customers (1), Products/Services (2), Markets (3), Technology (4), Survival/Growth/Profits (5), and Public Image (8); 86 words*

Exemplary Proposed Mission Statement

Avon

- ❖ Our mission is to provide women (1) quality fragrances, cosmetics, and jewelry (2) at reasonable prices backed by outstanding customer service provided by our thousands of door-to-door sales representatives (7, 9) operating globally (3). We use the latest technology (4) to profitably develop and market products desired by women all over the world (5). Avon representatives put integrity first (6) in setting a good example in every community (8) they operate—as they sell beauty. *(58 words)*

Exemplary Proposed Mission Statement

L'Oreal

- ❖ Our mission is to design, produce, and distribute the world's best fragrances, perfumes, and personal care products (2) to women, men, and children (1) by utilizing the latest technological improvements (4). We empower our highly creative team of researchers to develop safe, eco-friendly (7) products that will enable our firm to profitably grow (5) through thousands of retail outlets. We strive to be one of the most socially responsible (8) firms on the planet (3) and appreciate our employees (9) making that happen, while following the “golden rule” in all that we do (6). (*85 words*)