Strategic Management A Competitive Advantage Concept and Cases 18th edition David Solutions Manual

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Chapter 2 – 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

2-1. Explain the need for core values statements in strategic management.
2-2. Describe the nature and role of vision statements in strategic management.
2-3. Identify the characteristics of a vision statement.
2-4. Describe the nature and role of mission statements in strategic management.
2-5. Identify and discuss the characteristics of an effective mission statement.
2-6. Identify and discuss the components of mission statements.
2-7. Discuss the benefits of a firm having clear vision and mission statements.
2-8. Evaluate and write vision and mission statements for different organizations.

Teaching Tips

This chapter has been enhanced substantially in the 18th edition with new examples and guidelines for developing an effective vision and mission statement and set of core values.

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’re never going to get anyone to charge the machine guns only for financial objectives. It’s 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 exemplary vision statements in Table 2-1 are important to showcase the 5-out-of-5 test vision characteristics, as compared to the mission statement characteristics in Table 2-3 which are especially important.

5. Among the nine components of a mission statement, the most important is perhaps “distinctive competence.” Make sure students realize the “distinctive competence” component is critical for revealing competitive advantage to customers, potential customers, and all stakeholders. For example for McDonald’s, why should we purchase meals from McDonald’s rather than from Burger King or Wendy’s? Where in the mission statement for McDonald’s is their distinctive competence component?

6. Highlight and discuss the proposed vision and mission statements that are presented near the end of Chapter 2 for Nestlé, Adidas, and Emirates Group.

7. 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 – if you use traditional tests in this course rather than grading student projects twice per semester for Test 1 and Test 2 grades.

8. 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.

Issues for Review and Discussion

2-1. This chapter’s exemplary strategist is CEO of PG&E, Patti Poppe, who has a bold new vision to put all PG&E powerlines underground. How closely aligned do you think Poppe’s personal vision would be or should be with her corporate vision statement?

Answer: Trees blossom or die from the top. The CEO’s personal vision should match the corporate vision.

2-2. In Ethics Capsule 2, what variable among all variables is most important in doing business and important in developing a mission statement?

Answer: Trustworthiness. In mission terms, "philosophy" which equates to a firm's ethics, values, beliefs.

2-3. Regarding the "survival, growth, and profitability component" for publicly held firms, shareholders oftentimes expect at least a 5 percent annual growth in revenues (top line) and net income (bottom line). Explain why this statement is true.

Answer: This is a true statement because the average corporate return on investment ranges from 4 to 5 percent; once firms fall below that level of top line (revenue) and/or bottom line (net income) growth, then shareholders can easily get higher returns on their money.

2-4. Explain the 5-out-of-5 test associated with vision statements.

Answer: Effective vision statements exhibit the following five characteristics; these five attributes can be used as guidelines for writing or evaluating vision statements. Any vision statement that scores a 5 out of 5 on these characteristics is exemplary. Let's call this vision assessment technique "the 5-out-of-5 test."

1. Clear – reveals type of industry and what firm strives to become
2. Futuristic – reveals what the firm strives to become or accomplish within five years
3. Concise – one sentence in length
4. Unique – reveals the firm's competitive advantage
5. Inspiring – motivates the readers to support the firm

2-5. At the website http://www.themarketingblender.com/vision-mission-statements/, it defines vision as "the dreaming piece" and defines mission as "the doing piece." How effective is this distinction?

Answer: This is a pretty good definition if dreaming is what is expected five years down the road, as compared to what the firm expects and is doing currently

2-6. Discuss the relative importance of vision and mission documents for managers compared with 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.

2-7. 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.

2-8. Which mission statement component most closely reveals the firm's competitive advantage? Give an example.

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

2-9. 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.

2-10. 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 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.

2-11. 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."

2-12. 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.

2-13. 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.

2-14. 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.

2-15. 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.

2-16. Drucker says the most important time to seriously reexamine the firm's vision or mission is when the firm is successful. Why 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.

2-17. 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.

2-18. 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 Studios' mission statement focuses on entertainment rather than on movies.

2-19. Distinguish between the distinctive competence and the philosophy components in a mission statement. Give an example of each for your university.

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

- Distinctive Competence: 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.

2-20. When someone or some company is "on a mission" to achieve something, many times the person or company 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.

2-21. 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.

2-22. 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.

2-23. Why do you think organizations that have a comprehensive mission 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.

2-24. What is your college or university’s distinctive competence? 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.

2-25. Explain the principal value of a vision and a 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 2-5 lists ten benefits of having a clear vision and 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.

2-26. 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.

2-27. 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) distinctive competence (reveals the firm's primary 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).

2-28. 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.

2-29. 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 nine components and eight characteristics.

2-30. 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.

2-31. List eight benefits of having a clear mission statement.

Answer: Table 2-5 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.

2-32. How often do you think 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.

2-33. What four characteristics can be used to evaluate the quality of a vision statement?

Answer: Key: Vision Statement Characteristics

1. Clear – reveals type of industry and what firm strives to become
2. Futuristic – reveals what the firm strives to become or accomplish in five years
3. Concise – one sentence in length
4. Unique – reveals the firm's competitive advantage
5. Inspiring – motivates the reader to support the firm

2-34. Explain the importance of core values in establishing vision and mission statements.

Answer: Core values provide the needed ethical foundation for creating an excellent vision and mission. A core values statement specifies a firm's commitment to integrity, fairness, discipline, equal employment opportunity, teamwork, accountability, continuous improvement, and/or other such exemplary attributes. For example, LinkedIn's core values are: 1) customers first, 2) relationships matter, 3) be open and honest, 4) require excellence, 5) take intelligent risks, and 6) act like an owner (paraphrased). Great firms possess core values that remain fixed and almost never change. The core values of any firm should transcend technological changes, fads, product life cycles, and globalization.

Since vision and mission statements do change over time, it is vital to know who you are before you can discuss what do we want to become, what business are we in, or how will we get there. Generally, if core values are open for change in the future, they are not core values. Disney for example has a core value "to make people happy," while a technology firm may have a core value "to connect the world."

2-35. According to the textbook authors, what are the three most important mission statement components in rank order?

Answer: The authors feel that component #7 (distinctive competence) is the most important among the nine, followed by "customers" and then "philosophy," but all nine components are important and need including.

2-36. Explain why a mission statement should not include strategies and objectives.

Answer:
It should include the nine components and ten characteristics, but not strategies and objectives which would be too specific and too premature for inclusion in a mission statement. Also, you need all managers onboard with the mission, rather than debating strategies and objectives at the "first" step in strategic planning.

2-37. List seven characteristics of a mission statement.

Answer:
1. Broad in scope; does not include monetary amounts, numbers, percentages, ratios, or objectives.
2. Concise; fewer than 100 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, and profits, philosophy, distinctive competence, concern for public image, and concern for employees.
8. Reconciliatory; resolves divergent views among stakeholders.
9. Enduring but never cast in stone.
10. Attracts customers; is written from a customer perspective.

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

Set 1: Strategic Planning for McDonald's

EXERCISE 2A
Develop an Improved McDonald's Vision Statement

Answer:
McDonald's appears not to have a published vision statement.

McDonald's Proposed Vision Statement:

We strive to provide the best variety of fast food available anywhere in the world and to do so in a friendly, considerate manner today and tomorrow.

At the McDonald's corporate website, a mission statement (paraphrased) is given as follows:

“We provide delicious feel-good moments easy for everyone (1) to enjoy. This is how we uniquely feed and benefit communities. We serve delicious food at convenient locations and hours and affordable prices (2). We strive to offer the speed, choice, and personalization our customers expect (7). We serve food, but most of all our employees serve moments of feel-good using a lighthearted, unpretentious, welcoming, and dependable personality (5, 6, 9).” 62 words

An asterisk below indicates the variable is not included in the McDonald’s mission statement.

Mission Components	Mission Statement Characteristics
1. Customers	1. Broad
2. Products	2. Concise
3. Markets *	3. Inspiring
4. Technology *	4. Identifies utility
5. Survival/Growth *	5. Socially responsible
6. Philosophy	6. Environmentally responsible *
7. Distinctive Competence	7. Includes the nine components *
8. Public Image *	8. Reconciliatory *
9. Employees	9. Enduring
	10. Attracts customers

Vision Statement Characteristics	Existing	Proposed
10. Clear	NIncluded	Included
11. Futuristic	NIncluded	Included
12. Concise	NIncluded	Included
13. Unique	NIncluded	Included
14. Inspiring	NIncluded	Included

EXERCISE 2B
Develop an Improved McDonald’s Mission Statement

Answer:

McDonald’s Current Mission Statement (paraphrased):
The McDonald’s mission is “to provide delicious feel-good moments easy for everyone (1) to enjoy. This is how we uniquely feed and benefit communities. We serve delicious food at convenient locations and great hours and affordable prices (2). We strive to offer the speed, choice, and personalization our customers expect (7). We serve food, but most of all our employees serve moments of feel-good using a lighthearted, unpretentious, welcoming, and dependable personality (6, 9).” 62 words

McDonald’s Revised Mission Statement:

The McDonald's mission is "to provide delicious feel-good moments easy for everyone (1) to enjoy. This is how we uniquely feed and benefit communities. (8) Globally (3) we serve delicious food at convenient locations and great hours and affordable prices (2) using the latest cooking technology (4). We strive to offer the speed, choice, and personalization our customers expect (7) in order to assure profitability (5). We serve food, but most of all our employees serve moments of feel-good using a lighthearted, unpretentious, welcoming, and dependable personality (6, 9)." 79 words

EXERCISE 2C
Compare McDonald's Mission Statement to a Rival Firm's

Answer:

McDonald's appears not to have a published vision statement, but on their corporate website, a mission statement (paraphrased) is given as follows:

The McDonald's mission is "to provide delicious feel-good moments easy for everyone (1) to enjoy. This is how we uniquely feed and benefit communities. We serve delicious food at convenient locations and hours and affordable prices (2). We strive to offer the speed, choice, and personalization our customers expect (7). We serve food, but most of all our employees serve moments of feel-good using a lighthearted, unpretentious, welcoming, and dependable personality (6, 9)." 62 words

The following statements (paraphrased) for Burger King can be utilized for this exercise:

- Vision statement: "*To be the most profitable fast-food-restaurant in the world, with great people serving the best burgers in the world.*"
- Mission statement: "To *offer the best-value, quality food, (2) served quickly, in an attractive, clean environment (7).*"

Source: Based on http://panmore.com/burger-king-vision-statement-mission-statement

Mission Statement Components	MCD Mission	BK Mission
1. Customers	*Included*	*NIncluded*
2. Products or services	*Included*	*Included*
3. Markets	*NIncluded*	*NIncluded*
4. Technology	*NIncluded*	*NIncluded*
5. Concern for survival/growth/profits	*NIncluded*	*NIncluded*
6. Philosophy	*Included*	*NIncluded*
7. Distinctive competence	*Included*	*Included*
8. Concern for public image	*NIncluded*	*NIncluded*
9. Concern for employees	*Included*	*NIncluded*
Vision Statement Characteristics	**MCD Vision**	**BK Vision**
10. Clear	NIncluded	Included
11. Futuristic	NIncluded	NIncluded

12. Concise	NIncluded	Included
13. Unique	NIncluded	Included
14. Inspiring	NIncluded	Included

Set 2: Strategic Planning for My University

EXERCISE 2D
Compare Your University's Vision and Mission Statements to Those of a Rival Institution

Answer: Answers will vary by student and university.

Set 3: Strategic Planning for Myself

EXERCISE 2E
Develop a Vision and Mission Statement for Yourself

Answer: Answers will vary for each student but a hypothetical vision and mission are given below.

Vision – To become a successful husband, father, banker, and community leader.

Mission – To obtain an entry-level management position in banking that can provide a basis for financial security, family growth, community giving, and career development while continuing to advance technologically, ethically, personally, and professionally

Set 4: Individual Versus Group Strategic Planning

EXERCISE 2F
What Is the Relative Importance of Each of the Nine Components of a Mission Statement?

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. Distinctive Competence 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, distinctive competence is all about competitive advantage, which is the essence of strategic planning, so that is the #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. The #4 component is employees because their work ethic and commitment make or break a firm. The #5 most important component is products/services because any organization or company to survive 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.

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

MINI-CASE ON JETBLUE AIRWAYS

Does the current or proposed statement meet the 5-out-of-5 test? If not, prepare a new statement.

1. Clear – reveals type of industry and what firm strives to become
2. Futuristic – reveals what the firm strives to become or accomplish in five years
3. Concise – one sentence in length
4. Unique – reveals the firm's competitive advantage
5. Inspiring – motivates the reader to support the firm

At the JetBlue corporate website, the company does not provide a published vision or mission statement. JetBlue uses or once used the following statement, however, that was used by analysts to rate the firm as having the best mission statement:

"Inspire humanity – both in the air and on the ground."

Southwest's mission (purpose) statement is given at https://www.southwest.com/html/about-southwest/index.html?clk=GFOOTER-ABOUT-ABOUT as follows (paraphrased):

"Connect people to what's important in their lives through friendly, reliable, and low-cost air travel."

Questions

1. In light of the concepts in this chapter, how would you compare the mission statement of JetBlue to that of Southwest Airlines? Which statement is exemplary, if either? Which statement is better with regard to components needed compared with characteristics needed?

Neither the JetBlue nor the Southwest mission statements is exemplary. Although the Southwest statement is better, it lacks many of the recommended components and characteristics as listed below. An asterisk below indicates the variable is not included in the Southwest mission statement.

Mission Components	Mission Statement Characteristics
1. Customers	1. Broad
2. Products	2. Concise
3. Markets *	3. Inspiring
4. Technology *	4. Identifies utility
5. Survival/Growth *	5. Socially responsible *
6. Philosophy *	6. Environmentally responsible *
7. Distinctive Competence	7. Includes the nine components *
8. Public Image *	8. Reconciliatory *
9. Employees *	9. Enduring
	10. Attracts customers

2. Develop an exemplary mission statement for JetBlue Airways.

JetBlue strives to provide the fastest, safest air transportation (2) in the Western Hemisphere (3). We offer exceptional amenities (7), great customer service (9), and the latest technology (4) as we provide convenience, economy, and integrity (6) to people of all ages (1), give back to all communities (8) where we fly, and strive to be profitable (5) for our shareholders. (52 words)

ADDITIONAL NOT-IN-THE-BOOK CHAPTER 2 ASSURANCE-OF-LEARNING EXERCISES WITH ANSWERS

ASSURANCE-OF-LEARNING EXERCISE 2AA:

Evaluate Three Mission Statements

Purpose

A business mission statement is an integral part of strategic management. It provides direction for formulating, implementing, and evaluating strategic activities. This exercise will give you practice in evaluating mission statements—a skill that is a prerequisite to writing a good mission statement.

Instructions

Step 1 On a clean sheet of paper, prepare a 9 × 3 matrix. Place the nine mission statement components down the left column and the following three companies across the top of your paper.

Step 2 Write *Yes* or *No* in each cell of your matrix to indicate whether you feel the particular mission statement includes the respective component written from a customer perspective.

Step 3 Turn your paper in to your instructor for a classwork grade.

Mission Statements

1. Advanced 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		**AAUTO**	**AFLAC**	**BMYERS**		
Customers		Yes	Yes	Yes		
Products		Yes	Yes	Yes		
Markets		No	No	No		
Technology		No	No	No		

Concern for Survival, Growth, Profitability		No	No	No		
Philosophy		No	No	No		
Distinctive Competence		Yes	Yes	No		
Concern for Public Image		No	No	No		
Concern for Employees		Yes	No	No		

ASSURANCE-OF-LEARNING EXERCISE 2BB:

Write a Vision and Mission Statement for The Hershey Company

Purpose

Much like a person's curriculum vita (resumé), there is always room for improvement with regard to an existing vision and mission statement. Hershey does not have a printed vision statement, but the company's mission statement simply reads as follows: "Bringing sweet moments of Hershey happiness to the world every day."

Instructions

Step 1 See the existing Hershey statements given below.
Step 2 On a clean sheet of paper, write a one-sentence improved vision statement for Hershey.
Step 3 On that same sheet of paper, write a new and improved mission statement for Hershey that complies with (1) the nine components and (2) the nine characteristics presented in this chapter.

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. Distinctive Competence
8. Concern for Public Image
9. Concern for Employees

Existing Mission – Lacks all components
Improved Mission – Includes all components

ASSURANCE-OF-LEARNING EXERCISE 2CC:

Compare Your College/University's Vision and Mission Statements to a Leading Rival Institution

Purpose

Most universities have a vision and a mission statement. The purpose of this exercise is to give you practice in comparing the effectiveness of a vision and a mission statement for a university with the statements from a competing university.

Instructions

Step 1 Determine whether your institution has a vision or a mission statement. Look in the front of the college handbook. If your institution has a written statement, contact an appropriate administrator of the institution to inquire as to how and when the statement was prepared. Share this information with the class. Analyze your college's vision and mission statements in light of the concepts presented in this chapter.

Step 2 Compare the vision statement and the mission statement of your college or university to those of a leading institution.
Step 3 Write a one-page analysis comparing the statements.

Answer:

Components of Mission Statements
1. Customers
2. Products
3. Markets
4. Technology
5. Concern for Survival, Growth, Profitability
6. Philosophy
7. Distinctive Competence
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 of 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.