

COMPREHENSIVE STRATEGIC MODEL

Objective:

The extent of manager and employee involvement in developing vision and mission statements can make a difference in business success. This lecture provides guidelines for developing these important documents.

Mission statement:

- Ø An enduring statement of purpose
- Ø Distinguishes one firm from another in the same business
- Ø A declaration of a firm's reason for existence

Mission is the purpose of or a reason for organization existence. Mission is a well convincing statement included fundamental and unique purpose which makes it different from other organization. It identifies scope of its operation in terms of product offered and market served. Mission also means what we are and what we do. A survey in North America and in European corporations reveal that 60% to 75% have written or formal and remaining has no written or formal mission.

Illustration:

Nest vision computer college mission statement reveals:-

"We are dealing in all activities which includes in IT, definition".

Qarshi Laborites Mission Statement,

"Production of herbal product is our mission".

Mission Statements are also known as:

- Ø Creed statement
- Ø Statement of purpose
- Ø Statement of philosophy
- Ø Statement of business principles

Mission Statements reveal what an organization wants to be and whom it wants to serve and how? Mission Statements are essential for effectively establishing objectives and formulating strategies.

Mission is divided into two categories:

- Ø Narrow Mission
- Ø Broad Mission

Narrow Mission:

Narrow mission also identifies our mission but it is restricted in terms of:

1. Product and services offered
2. Technology used
3. Market served
4. Opportunity of growth

Broad Mission:

Broad mission wider our mission values in terms of product and services, offered, market served, technology used and opportunity of growth. But main flow of this mission that it creates confusion among employees due to its wider sense.

Illustration:

For example two different firms A & B. A deals in Rail Roads and B deals in Transportation i.e. we can say A co. has narrow mission and B co. has a wider mission.

Most companies are now getting used to the idea of using mission statements.

Small, medium and large firms in Pakistan are also realizing the need and adopting mission statements.

Some example of Mission statement:

1. "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."
2. The Mission of USGS is to serve the Nation by providing reliable scientific information to
 - Ø Describe and understand the Earth;
 - Ø Minimize loss of life and property from natural disasters;
 - Ø Manage water, biological, energy, and mineral resources; and enhance and protect our quality of life
3. "It is the California Energy Commission's mission to assess, advocate, and act through improve energy systems that promote a strong economy and a healthy environment."

Characteristics of good Mission Statements:

Mission statements can and do vary in length, contend, format, and specificity. Most practitioners and academicians of strategic management consider an effective statement to exhibit nine characteristics or components. Because a mission statement is often the most visible and public part of the strategic management process, it is important that it includes all of these essential components.

Effective mission statements should be:

- Ø Broad in scope
- Ø Generate range of feasible strategic alternatives
- Ø Not excessively specific
- Ø Reconcile interests among diverse stakeholders
- Ø Finely balanced between specificity & generality
- Ø Arouse positive feelings and emotions
- Ø Motivate readers to action
- Ø Generate the impression that firm is successful, has direction, and is worthy of time, support, and investment
- Ø Reflect judgments re: future growth
- Ø Provide criteria for selecting strategies
- Ø Basis for generating & screening strategic options
- Ø Are dynamic in orientation

Components and corresponding questions that a mission statement should answer are given here.

- Ø Customer: Who are the firm's customers?
- Ø Products or services: What are the firm's major products or services?
- Ø Markets: Geographically, where does the firm compete?
- Ø Technology: Is the firm technologically current?
- Ø Concern for survival, growth, and profitability: Is the firm committed to growth and financial soundness?
- Ø Philosophy: What are the basic beliefs, values, aspirations, and ethical priorities of the firm?
- Ø Self-concept: What is the firm's distinctive competence or major competitive advantage?
- Ø Concern for public image: Is the firm responsive to social, community, and environmental concerns?

Ø Concern for employees: Are employees a valuable asset of the firm

Vision Statement:

"Vision is the art of seeing things invisible"

... Jonathan Swift

"The very essence of leadership is that you have vision. You can't blow an uncertain trumpet"

Theodore Hesburgh

A vision statement is sometimes called a picture of your company in the future but it's so much more than that. Your vision statement is your inspiration, the framework for all your strategic planning. It is critically essential that management and executive agree on the basic vision, which the organization endeavors to accomplish over a period of time

A lucid and clear vision lays down a foundation on which a sound mission statement can be built.

A vision statement may apply to an entire company or to a single division of that company. Whether for all or part of an organization, the vision statement answers the question, "Where do we want to go?" Vision statement also answers the question "What do we want to become?" What you are doing when creating a vision statement is articulating your dreams and hopes for your business. It reminds you of what you are trying to build.

While a vision statement doesn't tell you how you're going to get there, it does set the direction for your business planning. That's why it's important when crafting a vision statement to let your imagination go and dare to dream – and why it's important that a vision statement captures your passion.

Unlike the mission statement, a vision statement is for you and the other members of your company, not for your customers or clients.

When writing a vision statement, your mission statement and your core competencies can be a valuable starting point for articulating your values. Be sure when you're creating one not to fall into the trap of only thinking ahead a year or two. Once you have one, your vision statement will have a huge influence on decision making and the way you allocate resources.

- Ø A vision usually precedes the mission statement
- Ø It is usually short, concise and preferably limited to one sentence
- Ø Organization-wide management involvement is advisable

Some examples of Vision statements:

1. "The Bellevue Hospital is the LEADER in providing resources necessary to realize the community's highest level of health throughout life".
 ... The Bellevue Hospital
2. "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.
3. "It is the vision of the California Energy Commission for Californians to have energy choices that are affordable, reliable, diverse, safe, and environmentally acceptable".
 ... California Energy Commission
4. Our vision is helping individuals and organizations discover and develop their God given potentials to achieve the ultimate Success".

... University of Management & Technology, Lahore

MISSION V/S VISION

- Ø Many organizations develop both vision and mission statements
- Ø Profit and vision are necessary to effectively motivate a workforce
- Ø Shared vision creates a commonality of interest

Some organization developed both mission statement and vision statement. Mission statement explains the current and present position and activities of a firm whereas mission statement explains the future objective and goals of the company. Mission statement answers the questions what is our business? The vision statement answer the question what do we want to become?

AMOCO Corporation

Mission Statement: Amoco is a worldwide integrated petroleum and chemical company. We find and develop petroleum resources and provide quality products and services for our customers. We conduct our business responsibly to achieve a superior financial return balanced with our long-term growth, benefiting shareholders and fulfilling our commitment to the community and the environment.

Vision Statement: Amoco will be as global business enterprise, recognized throughout the world as preeminent by employees, customer, competitors, investors and the public. We will be the standard by which other businesses measure their performance. Our hallmarks will be the innovation, initiative and teamwork of our people and our ability to anticipate and effectively respond to change and to create opportunity.

ADAMJEE Insurance Company Limited

Mission Statement: Being the leading insurance company Pakistan and second best in Asia, our aim is to be a significant participant in developing Pakistan's image by providing maximum insurance protection at the most competitive price in a highly efficient manner for industrial and economic growth.

Vision Statement: To remain in the leading insurance company of Pakistan and excelling it's every aspect of business and in delivering its obligations as a good corporate citizen to its clients, employees and shareholders, public and to the country.

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? Many organizations have both a mission and vision statement.

It can be argued that profit, not mission or vision is the primary corporate motivator. But profit alone is not enough to motivate people. Profit is perceived negatively by some employees in companies. Employees may see profit as something that they earn and management then uses and even gives away—to shareholders. Although this perception is undesired and disturbing to management, it clearly indicates that both profit and vision are needed to effectively motivate a workforce.

When employees and managers together shape or fashion the vision and mission for a firm, the resultant documents can reflect the personal visions that managers and employees have in their hearts and minds about their own futures. Shared vision creates a commonality of interests that can lift workers out of the monotony of daily work and put them into a new world of opportunity and challenge.

The Process of Developing a Mission Statement

- Ø A clear mission is needed before alternative strategies can be formulated and implemented.
- Ø Mission is important to have as broad a range of participation as possible among managers in developing the mission.

As indicated in the strategic-management model, a clear mission statement is needed before alternative strategies can be formulated and implemented. It is important to involve as many managers as possible in the process of developing a mission statement, because through involvement, people become committed to an organization.

A widely used approach to developing a mission statement is first to select several articles about mission statements and ask all managers to read these as background information. Then ask managers themselves to prepare a mission statement for the organization. A facilitator, or committee of top managers, then should merge these statements into a single document and distribute this draft mission statement to all managers. A request for modifications, additions, and deletions is needed next, along with a meeting to revise the document. To the extent that all managers have input into and support the final mission statement document, organizations can more easily obtain managers' support for other strategy formulation, implementation, and evaluation activities. Thus the process of developing a mission statement represents a great opportunity for strategists to obtain needed support from all managers in the firm.

During the process of developing a mission statement, some organizations use discussion groups of managers to develop and modify the mission statement. Some organizations hire an outside consultant or facilitator to manage the process and help draft the language. Sometimes an outside person with expertise in developing mission statements and unbiased views can manage the process more effectively than an internal group or committee of managers. Decisions on how best to communicate the mission to all managers, employees, and external constituencies of an organization are needed when the document is in final form. Some organizations even develop a videotape to explain the mission statement and how it was developed.

Importance of Vision and Mission Statements

- Ø Unanimity of purpose within the organization
- Ø Basis for allocating resources
- Ø Establish organizational climate
- Ø Focal point for direction
- Ø Translate objectives into work structure
- Ø Cost, time and performance parameters assessed and controlled
- Ø Most companies are now getting used to the idea of using mission statements.
- Ø Small, medium and large firms in Pakistan are also realizing the need and adopting mission statements.

The importance of vision and mission statements to effective strategic management is well documented in the literature, although research results are mixed.

A Resolution of Divergent Views

Developing a comprehensive mission statement is important because divergent views among managers can be revealed and resolved through the process. The question, What is our business?, can create controversy. Raising the question often reveals differences among strategists in the organization. Individuals who have worked together for a long time and who think they know each other suddenly may realize that they are in fundamental disagreement. For example, in a college or university, divergent views regarding the relative importance of teaching, research, and service often are expressed during the mission statement development process. Negotiation, compromise, and eventual agreement on important issues are needed before focusing on more specific strategy formulation activities.

"What is our mission?" is a genuine decision; and a genuine decision must be based on divergent views to have a chance to be a right and effective decision. Developing a business mission is always a choice between alternatives, each of which rests on different assumptions regarding the reality of the business and its environment. It is always a high-risk decision. A change in mission always leads to changes in objectives, strategies, organization, and behavior. The mission decision is far too important to be made by acclamation. Developing a business mission is a big step toward management effectiveness. Hidden or half-understood disagreements on the definition of a business mission underlie many of the personality problems, communication problems, and irritations that tend to divide a top-management group. Establishing a mission should never be made on plausibility alone, should never be made fast, and should never be made painlessly.

In multidivisional organizations, strategists should ensure that divisional units perform strategic-management tasks, including the development of a statement of vision and mission. Each division should involve its own managers and employees in developing a vision and mission statement consistent with and supportive of the corporate mission.

An organization that fails to develop a vision statement as well as a comprehensive and inspiring mission statement loses the opportunity to present itself favorably to existing and potential stakeholders. All organizations need customers, employees, and managers, and most firms need creditors, suppliers, and distributors. The vision and mission statements are effective vehicles for communicating with important internal and external stakeholders. The principal value of these statements as tools of strategic management is derived from their specification of the ultimate aims of a firm:

They provide managers with a unity of direction that transcends individual, parochial, and transitory needs. They promote a sense of shared expectations among all levels and generations of employees. They consolidate values over time and across individuals and interest groups. They project a sense of worth and intent that can be identified and assimilated by company outsiders. Finally, they affirm the company's commitment to responsible action, which is symbiotic with its need to preserve and protect the essential claims of insiders for sustained survival, growth, and profitability of the firm.

Examples of Mission Statements of some Organizations:

1. Pfizer, Inc. (www.pfizer.com/main.html)

Pfizer, Inc. is a research based global health care company. Our principal mission is to apply scientific knowledge to help people around the world enjoy longer, healthier and more productive lives. The company has four business segments: health care, consumer health care, food science and animal health. We manufacture in 39 countries and our products are available worldwide.

2. Chase Manhattan Corporation (www.chase.com)

We provide financial services that enhance the well being and success of individuals, industries, communities and countries around the world.

Through our shared commitment to those we serve, we will be the best financial services company in the world. Customers will choose us first because we deliver the highest quality service and performance. People will be proud and eager to work here. Investors will bury our stock as a superior long-term investment. To be the best for our customers, we are team players who show respect of our colleagues and commit to the highest standards of quality and professionalism, Customer focus, Respect for each other, Teamwork, Quality and professionalism.

3. Food Lion, Inc. (www.foodlion.com)

The Food Lion team will work hard to use our talents and resourcefulness to satisfy every customer by providing Extra Low Prices on a wide variety of quality products in a clean, convenient and friendly environment.

4. Apple Computer (www.apple.com)

It is Apple's mission to help transform the way customers work, learn and communicate by providing exceptional personal computing products and innovative customer services.

We will pioneer new directions and approaches, finding innovative ways to use computing technology to extend the bounds of human potential.

Apple will make a difference: our products, services and insights will help people around the world shape the ways business and education will be done in the 21st century.

5. AT & T (www.att.com)

We are dedicated to being the world's best at bringing people together giving them easy access to each other and to the information and services they want anytime, anywhere.

6. Corning, Inc. (www.corning.com)

Our purpose is to deliver superior, long range economic benefits to our customers, our employees and our shareholder and to the communities in which we operate. We accomplish this by living our corporate values.

7. Nicholls State University (College of Business)

The principal mission of the College of Business is to prepare students to participate in society and the work force as educated individuals able to compete in a dynamic global economy. In order to enrich the learning process, the College also contributes to scholarship through applied research and instructional development. In addition to providing support to the employer community through the development of marketable skills in potential employees, the College also enhances the competitive capabilities of regional businesses by providing continuing education courses and consulting services through the Small Business Development Center (SBDC) and the individual efforts of faculty. The faculty advances the welfare of the University, the community and academic and professional organizations through professional interactions.