

Chapter Three:

The Business Mission

Chapter outline

- *The importance of a clear mission*
- *The nature of business mission*
- *Components of a mission statement*

INTRODUCTION

An organization's **mission** is the purpose or reason for the organization's existence. It tells what the company is providing to society—either a service such as housecleaning or a product such as automobiles. A well-conceived mission statement defines the fundamental, unique purpose that sets a company apart from other firms of its type and identifies the scope or domain of the company's operations in terms of products (including services) offered and markets served.

- A mission statement focuses on current business activities --“who we are and what we do”
- Current product and service offerings
- Customer needs being served
- Technological and business capabilities

Mission statement: 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

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

Mission Statements are also known as:

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

Vision Statement:

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.

3.1 The importance of a clear mission

- ➡ Unanimity of purpose within the organization
- ➡ Basis for allocating resources
- ➡ Establish organizational climate
- ➡ Focal point for direction
- ➡ Translate objectives into work structure
- ➡ Cost, time and performance parameters assessed and controlled

3.2 The nature of business mission

Characteristics of good Mission Statements

Effective mission statements should be:

- ➡ Broad in scope
- ➡ Generate range of feasible strategic alternatives
- ➡ Not excessively specific

- ➡ Reconcile interests among diverse stakeholders
- ➡ Finely balanced between specificity & generality
- ➡ Arouse positive feelings and emotions
- ➡ Motivate readers to action
- ➡ Generate the impression that firm is successful, has direction, and is worthy of time, support, and investment
- ➡ Reflect judgments re: future growth
- ➡ Provide criteria for selecting strategies
- ➡ Basis for generating & screening strategic options
- ➡ Are dynamic in orientation

3.3 Components of a mission statement

Mission statements can and do vary in length, content, format, and specificity. Most practitioners and academicians of strategic management consider an effective statement to exhibit nine 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. Components and corresponding questions that a mission statement should answer are given here.

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