

Strategic Management: Concepts and Cases

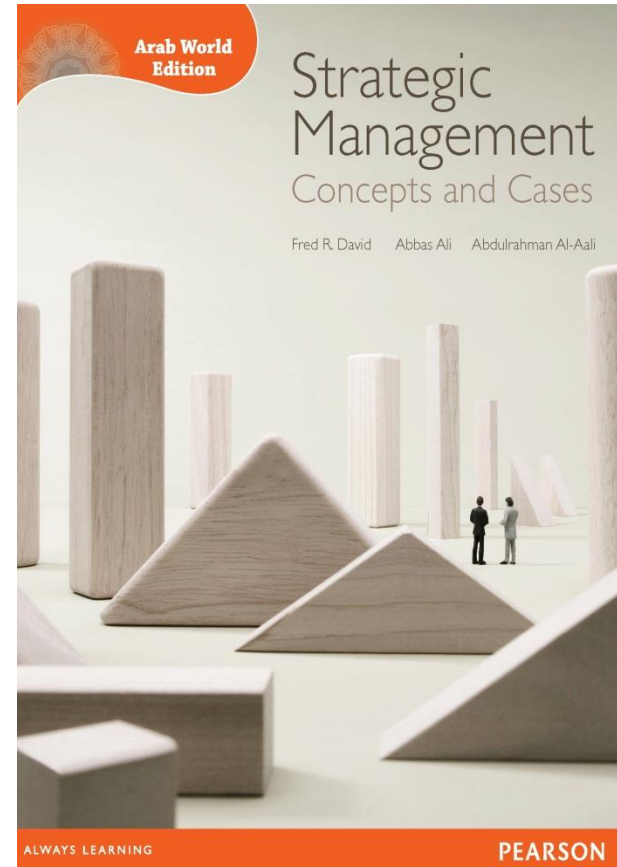
Arab World Edition

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Chapter 2: The Business Vision and Mission

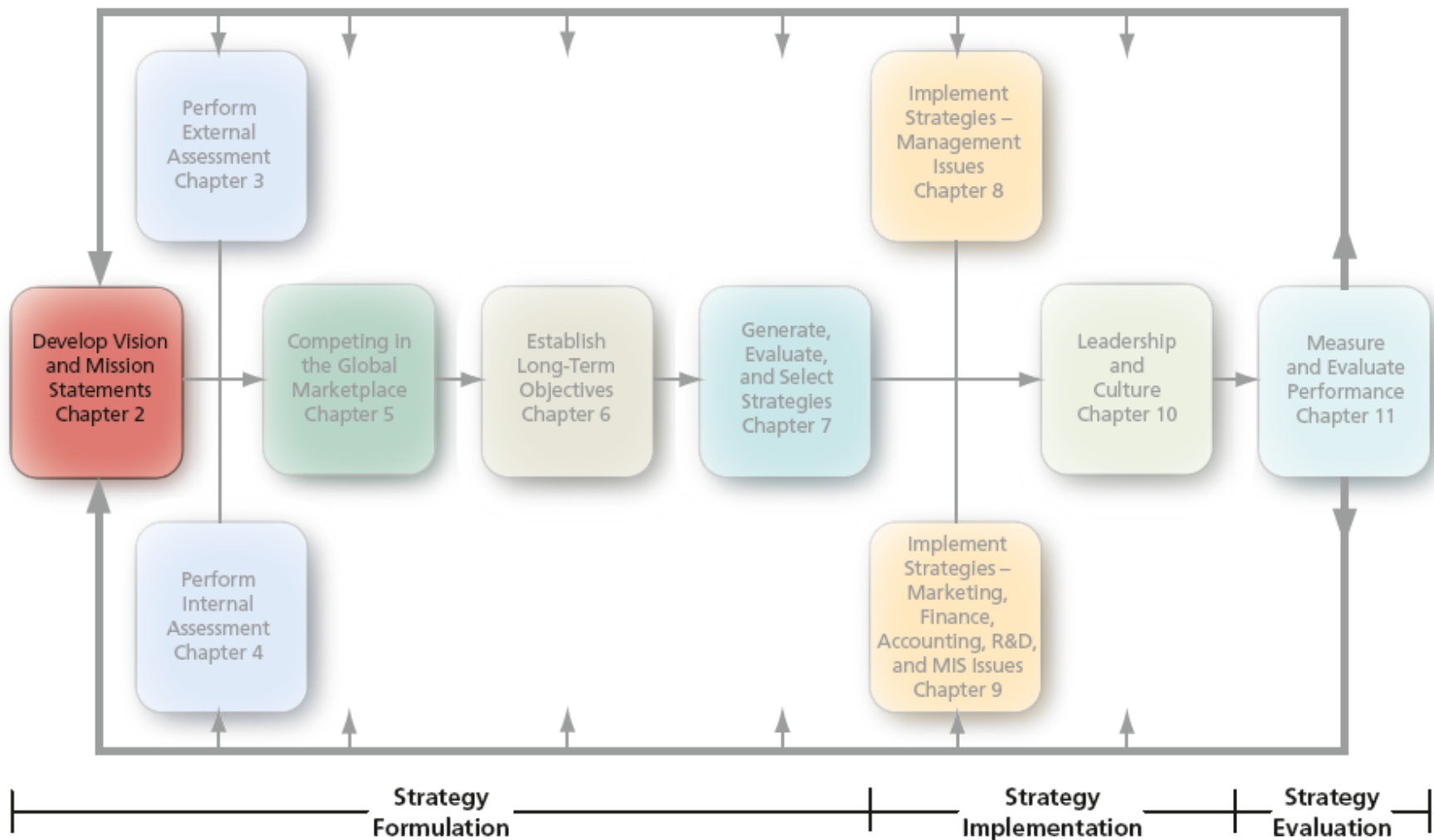


Chapter Outline

- Importance of Vision and Mission Statements
- What Do We Want to Become?
- What Is Our Business?
- Characteristics of a Mission Statement
- Components of a Mission Statement
- Writing & Evaluating Mission Statements

FIGURE 2-1

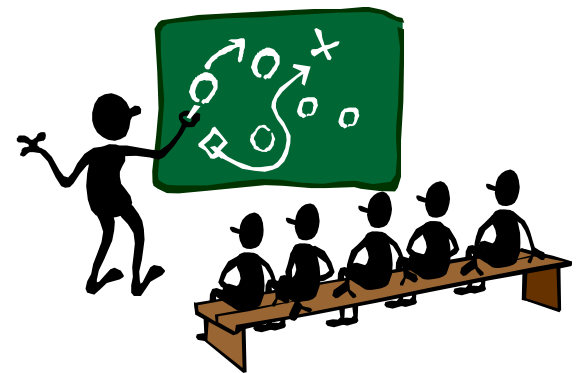
A Comprehensive Strategic Management Model



Source: Adapted from Fred R. David, "How Companies Define Their Mission," *Long Range Planning* 22, no. 3 (June 1988): 40.

Vision & Mission Statements

- Many organizations develop both vision & mission statements
- Profit & vision are necessary to effectively motivate a workforce
- Shared vision creates a community of interests
- Participation from diverse managers is important in developing the mission



Ch 2 -5

Developing Vision & Mission

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

Vision Statements

"The last thing IBM needs right now is a vision."

(July 1993)

"What IBM needs most right now is a vision."

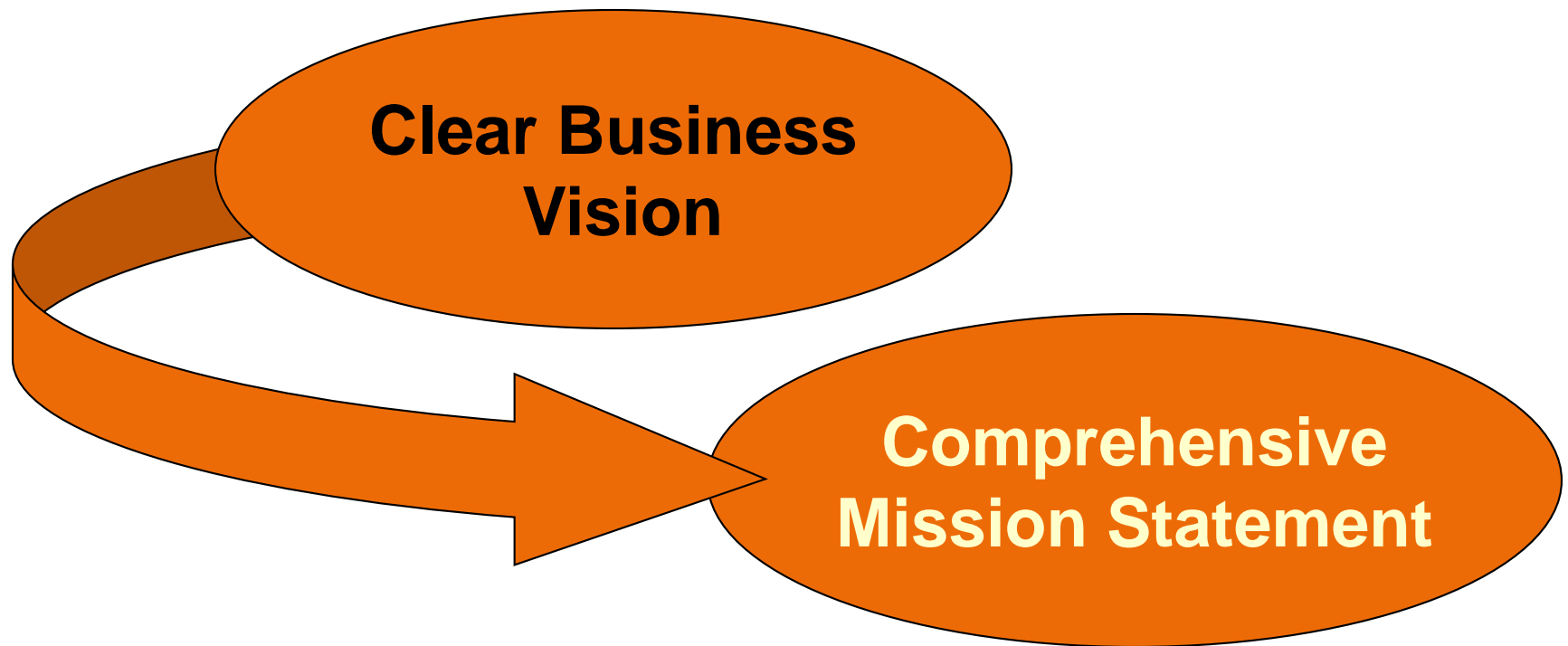
Louis V. Gerstner, Jr., CEO, IBM Corporation (March 1996)

Vision Statements

What do we want to become?

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

Vision Statements



Vision Statements

A Shared Vision:

- Creates commonality of interests
- Reduces daily monotony
- Provides opportunity & challenge

Vision Statement Examples

Dubai International Financial Centre

To shape tomorrow's financial map as a global gateway for capital and investment.

Alghanim Group

To become Kuwait's leading diversified conglomerate in terms of both quality and size, and a significant player in carefully targeted international markets.

Vision Statement Examples

Oman Telecommunications Company

To be [a] highly innovative telecommunications company.

Jordan River Foundation

To empower society, especially women and children, and in turn, improve the quality of life to secure a better future for all Jordanians.

Mission Statements

What is our business?



Mission Statements

A mission statement:

- Is an enduring statement of purpose
- Distinguishes one firm from another
- Declares the firm's reason for being

90% of all companies have used a mission statement in the previous five years.

Mission Statements

Mission statements can also be referred to as:

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

Mission Statements

- Reveal what an organization wants to be and whom it wants to serve
- Essential for effectively establishing objectives and formulating strategies

Mission Statement Examples

Isam K. Kabbani Group

To provide our part of the Arab world with local and reliable services in a variety of sectors and products. To create employment to thousand of personnel and in-house training for hundreds of young Arab graduates in crucial sectors to the benefit of the IKK Group, the graduates themselves and their own communities. To set a good example of our basic business philosophy: "Hire well, train well, pay well and treat well."

Mission Statement Examples

Saudi Research and Marketing Group

To provide high content media services and products that are high quality and reliable. To build numerous media platforms. To continually invent new products to meet the needs of various social categories in various regions. To service readers, audience and advertisers.

Mission Statement Examples

Etisalat

To extend people's reach. At Etisalat, we are actively developing advanced networks that will enable people to develop, to learn and grow.

Sharjah Islamic Bank

Sharjah Islamic Bank aims to provide the best services by commitment and dedication, forged by a mission to serve people and the society in order to contribute towards its growth. Our mission has multiple dimensions aimed at communicating with all of our different audiences.

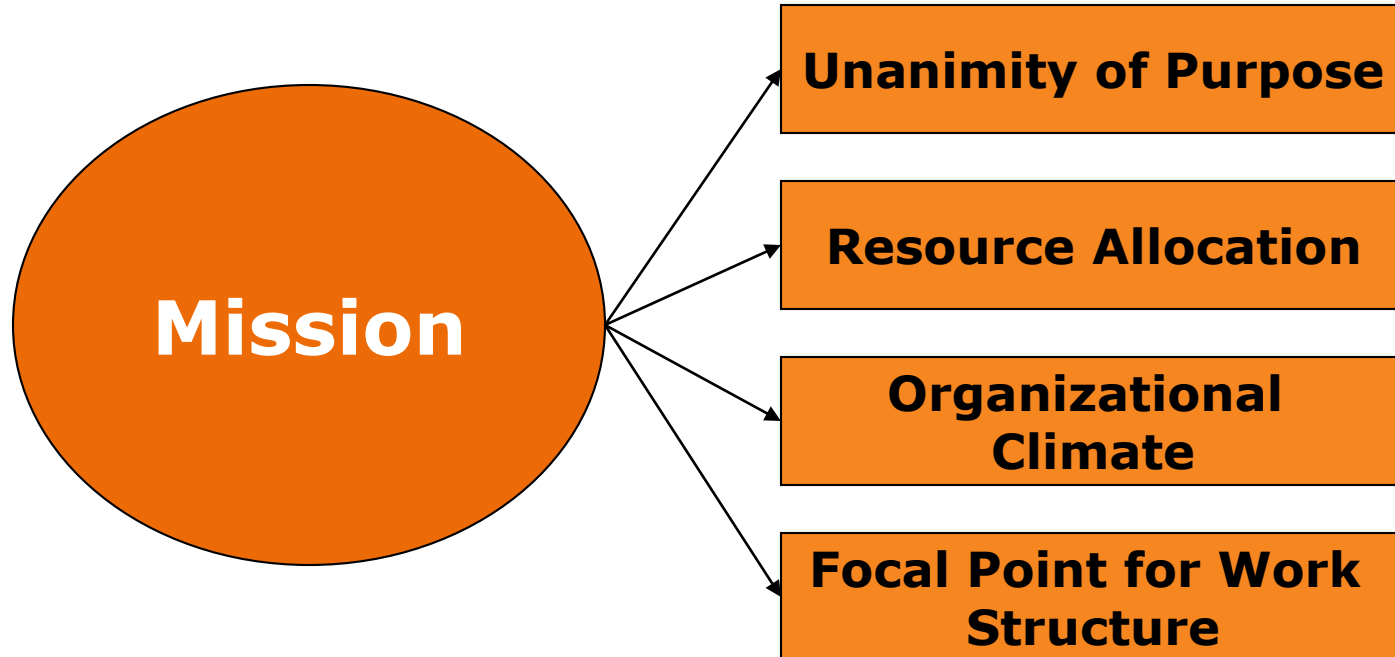
Mission Statement Examples

Gulf Glass Manufacturing

Our Mission is to be the World's best supplier among the glass (industries) and to achieve leadership position in Gulf Market(s) by serving the needs of our customers in innovative ways. By saying World's Best we mean a consistently growing company that supplies quality glass products and superior service. Being a successful company, we can facilitate continuous improvement of products and continue to serve those to whom we are responsible: our customers and our employees. We believe that these principle(s) are a blue print for success. If we live by them, we will achieve our mission by maintaining a spirit of excellence in everything we do.

Importance of Mission

Benefits from a strong mission



Characteristics of Effective Missions

- Broad in scope
- Generate strategic alternatives
- Not overly specific
- Reconciles interests among diverse stakeholders
- Finely balanced between specificity and generality
- Arouse positive feelings and emotions

Characteristics of Effective Missions (Cont'd)

- Motivate readers to action
- Generate favourable impression of the firm
- Reflect future growth
- Provide criteria for strategy selection
- Basis for generating & evaluating strategic options
- Are dynamic in nature

Natural Environmental Perspective

Is Your Firm Environmentally Proactive?

- Preserving the natural resources is good business!
- Reactive environmental policies can be expensive
- Proactive policies force companies to innovate and upgrade processes

Mission & Customer Orientation

Vern McGinnis

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



Mission & Customer Orientation

An effective mission statement:

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

Social Policy & Mission

Managerial philosophy shapes social policy and Affects development of vision & mission

Responsibilities to:

- Consumers
- Environmentalists
- Minorities
- Communities

Social Policy & Mission

- Social policy should be integrated in all strategic-management activities.
- Mission should convey the social responsibility of the firm.

Mission Statements

2009 Most Admired in Social Responsibility

(Fortune Magazine)

- | | |
|--------------------------|-------------------|
| 1. Anheuser-Bush | 6. Edison |
| 2. Marriot International | 7. Starbucks |
| 3. Integrys Energy Group | 8. Steelcase |
| 4. Walt Disney | 9. Union Pacific |
| 5. Herman Miller | 10. Fortune Brand |

Mission Statements

2009 Least Admired in Social Responsibility

(Fortune Magazine)

1. Circuit City Stores
2. Family Dollar Stores
3. Dillard's
4. Sears Holdings
5. Tribune
6. Hon Hai Precision Industry
7. Fiat
8. REMEX
9. Surgutneftegas
10. Huawei Technologies

Mission Statements

Research results are mixed, however, firms with formal mission statements generally see a:

- 2x average return on shareholders' equity
- Positive relationship to company performance
- 30% higher return on certain financial measures.

Global Perspective

Social Policies on Retirement

Japan Versus the World:

- Labor shortages due to aging population
- Shortages can be met by immigration
- Historical barriers to immigration in Japan lead to significant economic problems



TABLE 2-2 Characteristics of a Mission Statement

- Broad in scope
 - Less than 250 words in length
 - Inspiring
 - Identifies the utility of a firm's products
 - Reveals that the firm is socially responsible
 - Reveals that the firm is environmentally responsible
 - Includes nine components: customers, products or services, markets, technology, concern for survival/growth/profits, philosophy, self-concept, concern for public image, concern for employees
 - Enduring
-

Mission Statement Evaluation Matrix

	Component	Component	Component	Component	Component	Component	Component	Component	Component	
	<i>Customers</i>	<i>Products or Services</i>	<i>Markets</i>	<i>Concern for Survival, Growth, Profitability</i>	<i>Technology</i>	<i>Philosophy</i>	<i>Self-Concept</i>	<i>Concern for Public Image</i>	<i>Concern for Employees</i>	Total out of 9
<i>Organization</i>										
Isam K. Kabbani Group	No	Yes	Yes	Yes	No	Yes	No	Yes	Yes	5
Saudi Research and Marketing Group	Yes	Yes	Yes	No	Yes	No	No	No	No	4
Etisalat	No	No	No	No	Yes	No	No	No	No	1
Sharjah Islamic Bank	No	No	No	Yes	No	No	Yes	No	No	2
Gulf Glass Manufacturing	Yes	Yes	No	Yes	No	No	No	Yes	Yes	5
SABIC	No	No	No	Yes	No	No	Yes	No	No	2

For Review (Chapter 2)

Key Terms & Concepts

Concern for Employees

Customers

**Concern for Public
Image**

Markets

**Survival, Growth, &
Profitability**

**Mission Statement
Components**

Creed Statement

Managerial Philosophy

For Review (Chapter 2)

Key Terms & Concepts

Self-Concept

Stakeholders

Social Policy

Vision Statement

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