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## Vision and Mission statements

### Introduction

Any newly built business should think first of a vision and a mission.

A vision statement addresses the question “What do we want to become?” whereas a mission statement is a brief description of a company’s fundamental purpose which raises the following question, “Why do we exist?” or “What is our business?”

Such a statement articulates the company’s purpose both for those in the organization, including management and employees as well as the public.

A mission statement focuses on a company’s present business, while a vision statement focuses on a company’s future business by raising the question: What do we want our business to be?

A mission statement works as a way of ensuring that everyone in the organization is “on the same page” and serves as a baseline for effective business planning.

In this paper, we are going to study in detail the difference between vision and mission statements, their benefits, characteristics and components of a mission statement and the consistency between both statements.

Benefits of having a vision and a mission statement:

Researchers have found out that having a vision and a mission statement can even be more beneficial to organizations than not having ones.

Rarick and Vitton have shown that firms having formalized vision and mission statements have twice as much return on shareholders’ equity than organizations not having formalized a mission statement.

Other studies showed that having formalized vision and mission statements does not in itself incur profits or revenues nor is it a motive for return. It is rather the extent of employee and management involvement in establishing these statements and adopting them that matters most.

King and Cleland stated a number of benefits for a written vision and mission statement.

They say that these statements ensure unanimity of purpose within the organization. They also provide a standard for allocating organizational resources. The general climate is likely to be harmonized which creates a kind of convergence between managers having divergent points of view. They serve as a focal point for individuals to identify the organization’s purpose and direction and facilitate the translation of objectives into a work structure. They provide as well a means to assess and control cost, time, and performance parameters.

So, compromise and eventual agreement are needed before reaching or focusing on strategy formulation activities. Divergence among strategists on vision and mission statements can lead to bankruptcy such is the case for W.T Grant.

Some strategists tend to develop vision and mission statements when the organization is in trouble. Although then required, it still remains very risky and a kind of gambling which reflects irresponsible management.

An organization failing to develop a good vision and mission statements, fails to present itself favorably to potential stakeholders such as customers, employees, managers, shareholders...

The main benefit of these statements is to provide managers with a unity of direction, to promote a sense of shared expectations and consolidate values over time. They also project a sense of worth and the company's commitment to responsible action.

### **Characteristics of a Mission statement:**

Organizations legitimize themselves by performing some function that is valued by society. A mission statement defines the basic reason for the existence of that organization. Such a statement reflects the corporate philosophy, identity, character, and image of an organization. It may be defined explicitly or could be deduced from the management's actions, decisions, or the chief executive's press statements. When explicitly defined it provides enlightenment to the insiders and outsiders on what the organization stand for. In order to be effective, a mission statement should possess seven fundamental characteristics.

It should be feasible. A mission should always aim high but it should not be an impossible statement.

It should be realistic and achievable. But feasibility depends on the resources available to work towards a mission. In the sixties, the US National Aeronautics and Space Administration (NASA) had a mission to land on the moon. It was a feasible mission that was ultimately realized.

It should be precise. A mission statement should not be so narrow as to restrict the organization's activities nor should it be too broad to make itself meaningless. For instance, 'Manufacturing bicycles' is a narrow mission statement since it severely limits the organization's activities, while 'mobility business' is too broad a term, as it does not define the reasonable contour within which the organization could operate.

The mission statement should be clear enough to lead to action. It should not be a high sounding set of platitudes meant for publicity purposes. Many organizations do adopt such statements but probably they do so for emphasizing their identity and character. For example, Asian Paints stresses 'leadership through excellence', while India Today see itself as 'the complete news magazine'. The Administrative Staff College of India considers itself as 'the college for practicing managers' and Bajaj Auto believes in 'Providing, value for money, for years'. To be useful, a mission statement should be clear enough to lead to action. The ITC's stated corporate philosophy of aligning its organizational activities with national priorities helps it in choosing areas for diversification like the hotel, paper and agroindustry.

The statement should be motivating. A mission statement should be motivating for members of the organization and of society, and they should feel it worthwhile working for such an organization or being its customers. A bank, which lays great emphasis on customer service, is likely to motivate its employees to serve its customers well and to attract clients. Customer service therefore is an important purpose for a banking institution.

It should be distinctive. A mission statement, which is indiscriminate, is likely to have little impact. It should indicate major components of strategy. A mission statement along with the organizational purpose should indicate the major components of the strategy to be adopted.

It should indicate how objectives are to be accomplished. Besides indicating the broad strategies to be adopted a mission statement should also provide clues regarding the manner in which the objectives are to be accomplished.

Components of a mission statement:

Mission statements do vary in length, content, format and specificity. Most strategists consider an effectively written mission statement to exhibit nine characteristics or mission statement components. Since a mission statement is often the most visible and public part of the strategic management process, it is important that it includes most, if not all, of these essential components.

- The enterprise should identify its customers.
- It should also specify its Products or services: What are the firm's major products or services?
- The Markets targeted by the firm have to be defined: Where does the firm compete?
- The Technology to be used has to be identified as well: What is the firm's basic technology?
- The firm has to determine its concern for survival, growth, and profitability: What is the firm's commitment towards economic objectives?
- A clear Philosophy is to be established: What are the basic beliefs, core values, aspirations and philosophical priorities of the firm?
- Via a SWOT analysis, the firm assesses its strengths and self-concept: What are the firm's major strengths and competitive advantages?
- The firm has to define its concern for public image: What is the firm's public image?
- It has to define its concern for employees: What is the firm's attitude/ orientation towards employees?

### **Conclusion:**

Clear vision and mission statements reflect the firm's unique purpose and reason for being. Having such clear statements is likely to lead the firm to a better and well harmonized management, an optimum level of productivity and a better social image. A well designed statement is essential for formulating, implementing and evaluating a strategy.

However, having formulated a vision and mission statement does not necessarily mean that they are final and everlasting. On the contrary, every firm has to review its vision and mission on a yearly basis as long as the scope of its business develops.