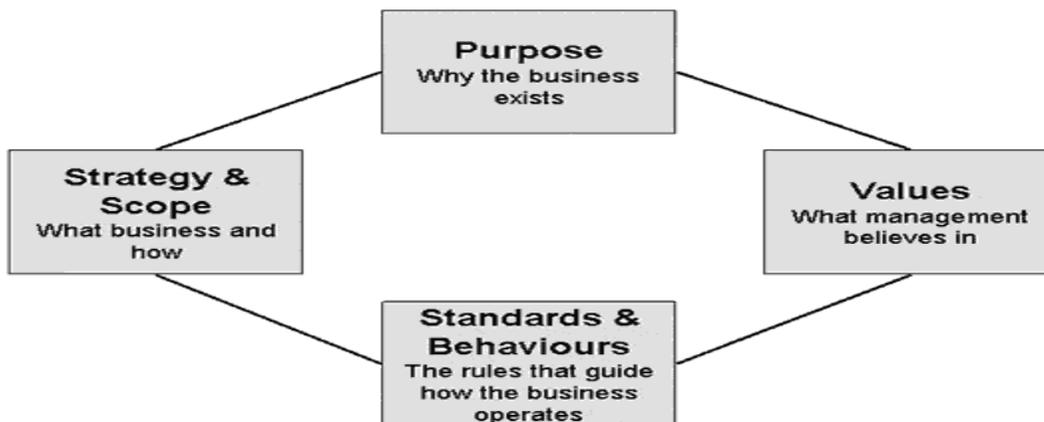


# STRATEGY DIRECTIVE (MA 208-2)

## 3. ADMINISTRATIVE TOOLS TO ALIGN SYSTEMS

### 3.1 The Mission and Strategy of the Organization

The defining characteristic of a strategic vision is what it says about a company's future strategic course or the direction they are headed in and their aspirations for the future. In contrast, a mission statement describes the enterprise's current business and purpose or "who we are, what we do, and why we are here." The mission statements that one finds in company annual reports or posted on company web sites are typically quite brief; some do a better job than others of conveying what the enterprise is all about. A mission and vision are standard and critical elements of a company's organizational strategy. Most established companies develop organizational mission statements and vision statements, which serve as foundational guides in the establishment of company objectives. The company then develops strategic and tactical plans for objectives. A strategic plan starts with a clearly defined business mission. A mission statement can be defined as the organization's basic function in society, in terms of the products and services it produces for its customers. A clear business mission should have each of the following elements as indicated in the graphic below;



**1. Purpose** - Why does the business exist? Is it to create wealth for shareholders? Does it exist to satisfy the needs of all stakeholders (including employees, and society at large?)

**2. Strategy and Strategic Scope** - A mission statement provides the commercial logic for the business. The products or services it offers (and therefore its competitive position). The competences through which it tries to succeed and its method of competing. A business' strategic scope defines the boundaries of its operations. These are set by management. For example, these boundaries may be set in terms of geography, market, business method, product etc. The decisions management make about strategic scope define the nature of the business.

**3. Policies and Standards of Behavior** - A mission needs to be translated into everyday actions. For example, if the business mission includes delivering "outstanding customer service", then policies and standards should be created and monitored that test delivery. These might include monitoring the speed with which telephone calls are answered in the sales call center, the number of complaints received from customers, or the extent of positive customer feedback via questionnaires.

**4. Values and Culture** - The values of a business are the basic, often un-stated, beliefs of the people who work in the business. These would include;

- Business principles (e.g. social policy, commitments to customers)
- Loyalty and commitment (e.g. Are employees inspired to sacrifice their personal goals for the good of the business as a whole? And does the business demonstrate a high level of commitment and loyalty to its staff?)
- Guidance on expected behavior – A strong sense of mission helps create a work environment where there is a common purpose.

What role does the mission statement play in marketing planning? In practice, a strong mission statement can help in three main ways;

- It provides an outline of how the marketing plan should seek to fulfill the mission
- It provides a means of evaluating and screening the marketing plan. Are marketing decisions consistent with the mission?
- It provides an incentive to implement the marketing plan

A company's mission statement is essentially its statement of purpose. It serves as a guide for all of the company's decision-making. Shareholders, leaders and employees are generally the target of the mission. It should help workers within the organization know what decisions and tasks best align with the mission of the company. A mission statement offers insight into what company leaders view as the primary purpose for being in business. Some companies have profit-motivated missions, while others make customers a focal point. Other firms use a mission to point out more altruistic intentions that ultimately lead to profits. Well developed mission statements should employ language specific enough to give the company its own identity.

Ideally, a company mission statement is sufficiently descriptive to;

- Identify the company's product or services
- Specify the buyer needs it seeks to satisfy
- Identify the customer groups or markets it is endeavoring to serve
- Specify its approach to pleasing customers
- Give the company its own identity

Not many company mission statements fully reveal all these facets of the business or employ language specific enough to give the company an identity that is distinguishably different from those of other companies in much the same business or industry. A few companies have worded their mission statements so obscurely as to mask what they are all about. Occasionally, companies couch their mission in terms of making a profit. This is misguided. Profit is more correctly an objective and a result of what a company does. Vision statements are sometimes confused or used synonymously with mission statements. However, vision statements should offer more of a direction and include a perspective of corporate values. A vision might provide a direction for the company for the next five to ten years, while also noting a commitment to integrity, transparency, openness and other such values. Mind tools indicate that a vision statement takes your mission and adds an element of human values. It should inspire employees and give them a sense of purpose.

### **3.2 Structure and Administrative Procedures**

In regards to the relationship to organizational strategy, strategic planning is the process of developing company objectives, strategies and tactics to achieve the mission of the organization. The company generates short and long-term objectives using the mission statement. Objectives may include market-share targets, revenue

or profit goals, customer satisfaction scores and improved brand awareness. Next, it develops strategies to accomplish objectives. For instance, better training and monitoring of feedback scores are strategies to achieve higher customer satisfaction. Actionable steps or tactics are then developed. Hiring an outside training consultant for a series of service training sessions is a tactic tied to the customer satisfaction goal and the training strategy. There are various issues to consider in making an organizational strategic plan. Strategic plans often mean a change in organizational structure or a move toward change. Change can be a difficult process and sometimes requires time. It is important to get employees on board with the decision making process. This can be articulated through the mission and vision statement of the organization. Articulating and repeating the positives of the move toward change in the organization will help employees stay engaged and motivated in the process.

The process of crafting and executing a company's strategy consists of five interrelated managerial stages;

- Developing a strategic vision of the company's long-term direction, a mission that describes the company's purpose, and a set of values to guide the pursuit of the vision and mission.
- Setting objectives and using them as yardsticks for measuring the company's performance and progress.
- Crafting a strategy to achieve the objectives and move the company along the strategic course that management has charted.
- Executing the chosen strategy efficiently and effectively.
- Monitoring developments, evaluating performance, and initiating corrective adjustments in the company's vision and mission, objectives, strategy, or execution in light of actual experience, changing conditions, new ideas, and new opportunities.

The task of stitching a strategy together entails addressing a series of *how's*: *how* to grow the business, *how* to please customers, *how* to outcompete rivals, *how* to respond to changing market conditions, *how* to manage each functional piece of the business, *how* to develop needed capabilities, and *how* to achieve strategic and financial objectives. It also means choosing among the various strategic alternatives—proactively searching for opportunities to do new things or to do existing things in new or better ways. The faster a company's business environment is changing, the more critical it becomes for its managers to be good entrepreneurs in diagnosing the direction and force of the changes under way and in responding with timely adjustments in strategy. Strategy makers have to pay

attention to early warnings of future change and be willing to experiment with dare-to-be different ways to establish a market position in that future. When obstacles appear unexpectedly in a company's path, it is up to management to adapt rapidly and innovatively. Masterful strategies come from doing things differently from competitors where it counts. This means out-innovating them, being more efficient, being more imaginative, adapting faster, rather than running with the herd. Good strategy making is therefore inseparable from good business entrepreneurship. One cannot exist without the other.

A company's senior executives obviously have important strategy-making roles. The chief executive officer (CEO), as captain of the ship, carries the mantles of chief direction setter, chief objective setter, chief strategy maker, and chief strategy implementer for the total enterprise. Ultimate responsibility for leading the strategy-making, strategy-executing process rests with the CEO. In some enterprises the CEO or owner functions as strategic visionary and chief architect of strategy, personally deciding what the key elements of the company's strategy will be, although others may well assist with data gathering and analysis and the CEO may seek the advice of senior executives or board members. In most companies, crafting and executing strategy is a collaborative team effort in which every manager has a role for the area he or she heads. It is flawed thinking to view crafting and executing strategy as something only high-level managers do.

It is a mistake to view strategy making as a top management function, the exclusive province of owner-entrepreneurs, CEOs, other senior executives, and board members. The more a company's operations cut across different products, industries, and geographic areas, the more that headquarters executives have little option but to delegate considerable strategy making authority to down-the-line managers in charge of particular subsidiaries, divisions, product lines, geographic sales offices, distribution centers, and plants. On-the-scene managers who oversee specific operating units can be reliably counted on to have more detailed command of the strategic issues and choices for the particular operating unit under their supervision, knowing the prevailing market and competitive conditions, customer requirements and expectations, and all the other relevant aspects affecting the several strategic options available. Managers with day-to-day familiarity of, and authority over, a specific operating unit thus have a big edge over headquarters executives in making wise strategic choices for their operating unit.

Regardless of the type of enterprise and whether the strategy is primarily deliberate or primarily emergent, crafting strategy involves managers in various positions and at various organizational levels. While managers farther down in the managerial

hierarchy obviously have a narrower, more specific strategy-making role than managers closer to the top, the important understanding is that in most of today's companies every company manager typically has a strategy-making role—ranging from minor to major—for the area he or she heads. Hence any notion that an organization's strategists are at the top of the management hierarchy and that midlevel and frontline personnel merely carry out the strategic directives of senior managers needs to be cast aside. In companies with wide-ranging operations, it is far more accurate to view strategy making as a collaborative team effort involving managers (and sometimes other key employees) down through the whole organizational hierarchy. A valuable strength of collaborative strategy making is that the team of people charged with crafting the strategy include the very people who will also be charged with implementing and executing it. Giving people an influential stake in crafting the strategy they must later help execute not only builds motivation and commitment but also enhances accountability at multiple levels of management.

Managing the implementation of a strategy is an operations-oriented, make things-happen activity aimed at performing core business activities in a strategy supportive manner. It is easily the most demanding and time-consuming part of the strategy management process. Converting strategic plans into actions and results tests a manager's ability to direct organizational action, motivate people, build and strengthen company competencies and competitive capabilities, create and nurture a strategy-supportive work climate, and meet or beat performance targets. Initiatives to put the strategy in place and execute it proficiently have to be launched and managed on many organizational fronts. Management's action agenda for executing the chosen strategy emerges from assessing what the company will have to do to achieve the targeted financial and strategic performance. Each company manager has to think through the answer to "What has to be done in my area to execute my piece of the strategic plan, and what actions should I take to get the process under way?" How much internal change is needed depends on how much of the strategy is new, how far internal practices and competencies deviate from what the strategy requires, and how well the present work climate/culture supports good strategy execution. Managing the strategy execution process includes the following principal aspects;

- Staffing the organization with the needed skills and expertise
- Building and strengthening strategy supporting resources and competitive capabilities
- Organizing the work effort along the lines of best practice
- Allocating ample resources to the activities critical to strategic success

- Ensuring that policies and procedures facilitate rather than impede effective strategy execution
- Installing information and operating systems that enable company personnel to carry out their roles effectively and efficiently
- Motivating people and tying rewards and incentives directly to the achievement of performance objectives
- Creating a company culture and work climate conducive to successful strategy execution
- Exerting the internal leadership needed to propel implementation forward and drive continuous improvement of the strategy execution processes

Good strategy execution requires diligent pursuit of operating excellence. It is a job for a company's whole management team. Success hinges on the skills and cooperation of operating managers who can push for needed changes in their organizational units and consistently deliver good results. Management's handling of the strategy implementation process can be considered successful if things go smoothly enough that the company meets or beats its strategic and financial performance targets and shows good progress in achieving management's strategic vision.