Defining Organizational Vision, Values, and Mission, and Establishing Organizational Objectives

CHAPTER 2

Source: Shutterstock/fizkes

"Vision without action is merely a dream. Action without vision just passes the time. Vision with action can change the world."
Joel Barker, educator, businessman, and author

Learning Objectives

Upon completing this chapter, you should be able to:

1. explain the importance of vision, values, and mission statements
2. identify organizational values or guiding principles
3. describe the basic elements of a mission statement
4. write effective vision, values, and mission statements for an organization
5. explain how to evaluate vision, values, and mission statements
6. explain the importance of setting objectives
7. understand the characteristics of good objectives
8. describe the types of objectives included in a strategic plan
9. understand the resistance to setting specific objectives
10. describe the alternatives to using objectives

Chapter Outline

Introduction

This chapter focuses on the first step in the strategic management process: defining your organization's vision, values, and mission. Without a clear and carefully considered statement of vision and mission, all other stages of the planning process will be misguided. Visioning is not only important for emerging new organizations, but also for existing organizations as consumer tastes and preferences change and developing new technologies change the way we live. Companies and organizations cannot assume that what made them successful in the past will guarantee them success in the future and can even blind organizations from seeing new opportunities. According to Joel Barker, "Your successful past will block your visions of the future."

The Importance of Defining Vision, Values, and Mission

Vision Vision describes where the organization is going. It is the course management has determined to achieve its future service-patient-market-technology focus.

The first and probably most important consideration when developing a strategic plan is to define the **vision** of the organization or any specific unit of the organization. This is usually a difficult process because the statement describes where the organization is headed in the future: "What should our organization be like in 10–15 years from now to be successful?"

Organizations need a clear definition of vision because it communicates to stakeholders where the organization is headed and provides a way to focus the energy of personnel in a common, shared direction. As the Reverend Theodore Hesburgh, former president of Notre Dame University remarked, "The very essence of leadership is that you have a vision. It's got to be a vision you articulate clearly and forcefully on every occasion. You can't blow an uncertain trumpet" (Zuckerman, 2006). Vision statements are specific to each organization and should avoid generalities or platitudes that sound good but don't give a sense of direction. According to Kotter, (1996) good vision statements have the characteristics described in Exhibit 2.1.

Clearly, if vision is defined casually or introspectively, the basis for how an organization goes about achieving its objectives rests on shaky foundations. If we do not know what we are about, then anything we do, regardless of its true effectiveness, can be made to sound as if it were the best course of action. This can be self-deluding and self-defeating, taking us away from the long-run basis for existence: meeting patients' needs.

It is not always easy to formulate a statement of vision. The vision statement should embody the dream and vision of what the organization wants to be. Senior management and the board of directors should try to visualize what they want the organization to be.

EXHIBIT 2.1 Basic Elements of Good Vision Statements

Good vision statements can be easily communicated to all stakeholders.

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An effective vision statement:

1. looks forward and describes the strategic course management has carved out and the kinds of changes that will help the organization be successful.
2. portrays the kind of organization it is striving to be in the future.
3. is focused enough to give the administration guidance in making decisions.
4. is flexible enough to allow changes as the operating environment changes.
5. is achievable.
6. is desirable in that it makes sense.
7. easily communicates to stakeholders.

If they can see where they are going and have an image of the real vision of the organization, the implementation of their plans will fall more easily into place.

It is important to understand this concept of vision to have a successful organizational operation. The vision unites your staff and spurs them to higher performance. Without a long-term perspective, an organization will continually swerve off course instead of moving with steadiness and certainty toward its goals.

The dream for the organization must be reflected in the vision statement, which sets the stage for all planning. A clear vision statement provides a starting point for determining goals and objectives as specific measures of organizational effectiveness.

Source: Rawpixel.com/Shutterstock

Your vision and mission statement work together.

Objectives, which are covered later, must by their very nature contribute to achieving what is in the vision statement. Without objectives, a vision statement becomes an empty platitude. Too often this link is missed.

An excellent example of an aspirational vision statement is that of Honda Motor Company with their 2030 vision statement (see Exhibit 2.2). Honda, a global corporation, is known by many as an automobile company but in fact produces a wide range of products using engines. The Honda Vision includes two key points. First, "advancement of mobility" and second, value creation for people's daily lives. Advancement of mobility is broad enough to include advancements in automotive and energy technologies to include hybrid, electric and other types of vehicles. Value creation can include many things as customers define value not only in terms of pricing but also in terms of things such as safety, economy, environmentally conscious. Finally, the year 2030 is far enough in the future to be aspirational and foreseeable. Other examples of vision statements are provided further below.

EXHIBIT 2.2 Honda Motor Company 2030 Vision Statement

2030 Vision Statement

Two areas where we are going to create new value:

1. Advancement of "Mobility"
2. Value Creation for People's Daily Lives

In these areas, we will bring the universal passion of Honda to "**serve people worldwide with the joy of expanding their life's potential**." And toward this end, we will "**lead the advancement of mobility and enable people everywhere in the world to improve their daily lives**." This is our 2030 Vision Statement.

Source: https://global.honda/about/vision.html

Vision Statement Examples

Microsoft's corporate vision is *"to help people and businesses throughout the world realize their full potential."*

Southwest Air's vision statement is *"To become the world's most loved, most flown, and most profitable airline."*

Alzheimer's Association's vision statement is *"A world without Alzheimer's disease."*

IKEA's vision statement is *"Our vision is to create a better every-day life for many people."*

Brainerd Baptist (Chattanooga, TN): *To see God through Christ deliver individuals from the bondage of sin, disciple them into faithful followers of Christ, and deploy them as leaders to the nations for the glory of God.*

Walt Disney Company's corporate vision is *"to be one of the world's leading producers and providers of entertainment and information."*

Nike's vision statement is *"Bring inspiration and innovation to every athlete* in the world. (*If you have a body, you are an athlete.)"*

Tesla's vision statement is *"to create the most compelling car company of the 21st century by driving the world's transition to electric vehicles."*

Amazon's corporate vision is *"to be Earth's most customer-centric company, where customers can find and discover anything they might want to buy online."*

McDonald's corporate vision is *"to move with velocity to drive profitable growth and become an even better McDonald's serving more customers delicious food each day around the world."*

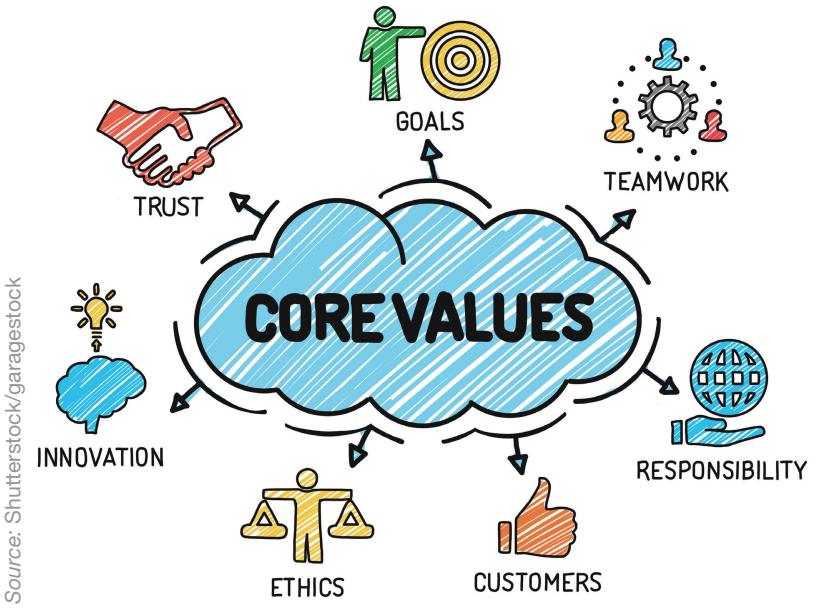
Organizations' Values or Guiding Principles

Values An organization's principles and standards of conduct.

Value statement A written document that outlines to an organization's stakeholders the organization's principles and standards of conduct.

Many organizations develop value or guiding principle statements to demonstrate what **values** the organization emphasize in their operations. The statements express the core beliefs of the organization and helps the staff become aware of the goals and priorities that are most important. These statements help form the culture of the organization. The Mayo Clinic (2013) uses terms like respect, compassion, healing, teamwork and innovation to underscore their core value: "the needs of the patient come first."

Many organizations shy away from strong **values statements**, preferring abstract generalities that result in statements that are bland at best and empty at worst. Such values statements fail to adequately guide strategic planning and do little to differentiate the firm form its competitors. For example, value statements that tout teamwork, integrity, ethics, quality, and focus on the customer are too bland. While commendable values, they do little to guide employee behavior and fail to distinguish the firm from its competitors. One reason organizations avoid strong values statements is that such statements limit organizational freedom by requiring a certain level of behavior. Strong value statements may cause some employees to feel out-of-place if they do not ascribe to these values. Adding to their discomfort, employees are often evaluated in terms of these strong value statements. For example, Walmart constantly reminds employees of its values in its computer-based training and its well-known morning meetings complete with cheer leading (Lencioni, 2002).



Source: Shutterstock/garagestock

Your core values tell stakeholders who you are.

The Walmart values statement is based upon four key principles: service to the customer, respect for the individual, strive for excellence, and act with integrity. The four core values are further defined in the Exhibit 2.3 below.

EXHIBIT 2.3 Walmart's Core Values

Service to the Customer
- **Customer first**: Listen to, anticipate and serve customer wants and needs
- **Frontline focused**: Support and empower associates to serve customers every day
- **Innovative and agile:** Be creative, take smart risks and move with speed

Respect for the Individual
- **Listen**: Be visible and available, collaborate with others and be open to feedback
- **Lead by example**: Be humble, teach and trust others to do their jobs, give honest and direct feedback
- **Inclusive**: Seek and embrace differences in people, ideas and experiences

Strive for Excellence
- **High performance**: Set and achieve aggressive goals
- **Accountable**: Take ownership, celebrate successes and be responsible for results
- **Strategic**: Make clear choices, anticipate changing conditions and plan for the future

Act with Integrity
- **Honest:** Tell the truth, keep your promises and be trustworthy
- **Fair**: Do right by others, be open and transparent
- **Courageous**: Speak up, ask for help, make tough calls and say no when appropriate

Source: https://corporate.walmart.com/our-story/working-at-walmart

One method of writing meaningful values statements is to organize values into four categories (Mayo Clinic, 2013): *core values, aspirational values, permission-to-play values,* and *accidental values.*

1. **Core values** represent the organization's fundamental culture and can never be compromised. These are the values that set the organization apart from its competition.
2. **Aspirational values** are those a company may need to acquire in the future in order to be successful in a changing market or industry. This is certainly the case in healthcare where mergers and acquisitions are taking some organizations into areas with which they are not familiar. Despite the need for new values as conditions change, aspirational values should never dilute core values.
3. **Permission-to-play values** represent the values common to most organizations and are the minimum level of behavior accepted by society. Thus, permission-to-play values do not differentiate your organization from its competitors. For example, honesty is a permission-to-play value. While your organization may have a strong commitment to honest dealing with the public, so do many other organizations.
4. Finally, **accidental values** arise over time due to the common experiences of the organization's employees and are not directed by management. These values are good when they foster teamwork and a shared purpose. They can be harmful, however, if they shut out new ideas.

Exhibit 2.4 illustrates examples of each of these.

Core values Fundamental values that can never be compromised.

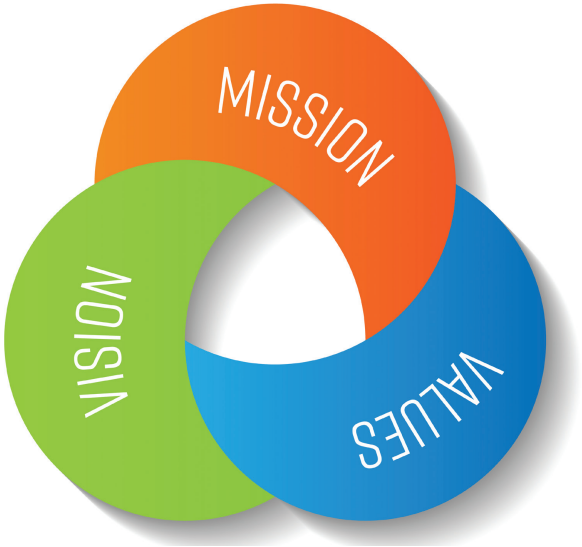
Aspirational values Values the organization needs to acquire in order to achieve the organization's vision.

Permission-to-play values The values common to most organizations and are the minimum level of ethical behavior accepted by society.

Accidental values These values arise over time due to the common experiences of the organization's employees and are not determined or promoted by management.

EXHIBIT 2.4 Examples of Value Statements

Category	Example
Core value	Chick-fil-A's decision to close on Sunday
Aspirational values	Commitment to "work-life" balance
Permission to play values	Integrity, customer-centered and other bland, ambiguous statements
Accidental values	Lack of diversity—one way this could happen is that a start-up initially hires only employees who think alike.



Source: Shutterstock/Pyty

Value statements define what the organization stands for.

Note that creating a value statement is not a process of consensus involving everyone in the organization. Senior management, the board of trustees, and a few key employees comprise the best team to develop the organization's values. As management consultant Patrick Lencioni (2002) states, "Values initiatives have nothing to do with building consensus—they're about imposing a set of fundamental, strategically sound beliefs on a broad group of people."

Value statements define what the organization stands for and they provide guidance in how the staff conducts themselves with stakeholders. A value statement might have some of the following statements in them:

As an organization, we adhere to the following values:

- **Respect:** We believe all individual should be treated with respect and dignity. We embrace diversity.
- **Caring:** We believe in serving in a compassionate and empathetic way.
- **Integrity:** We believe in doing everything under our control to keep our word.

Such statements are not only written to inspire employees but to provide guidance in speech and behavior. They express how you want to view others and be viewed by them.

Source: Shutterstock/enciktepstudio

Effective mission statements define who we are and what we do.

Basic Elements of an Effective Mission Statement

A **mission statement** differs from a vision statement in that a vision statement is focused on the future of the organization while the mission statement is focused on the current organization. A mission statement answers three basic questions:

1. What do we do? (What services or products do we provide?)
2. Whom do we do it for? (What are our markets?)
3. How do we do what we do? (What are our technologies?)

Mission statement A written statement that communicates to the organization's stakeholders the organization's purpose and specific identity.

In developing a mission statement, several basic elements describing the organization should be reflected: history, distinctive competencies, needs, segments, and technologies, and the operating environment. Every organization has a history that includes past problems, accomplishments, objectives, and policies. The mission statement should reflect the historical significance of such characteristics.

Distinctive competencies identify what the organization is uniquely equipped to do because of its location, personnel, resources, or historical position. While most organizations can do many things, they can do some things so well that they have an advantage over competitive organizations in certain areas.

The mission statement must reflect what we will do (needs met, or value received by clients), for whom we will do it (patient/client groups or segments to be served, since we can't be all things to all people), and what technology will be used (how needs will be met). Also, each organization operates in an environment that dictates the opportunities and threats that must be dealt with when a mission statement is developed. Laws structuring insurance policies and fear of diseases transmitted are examples of environmental factors that influence an organization's ability to achieve its mission.

It is not unusual for an organization to work on a mission statement for months or even years before deciding that it really portrays the ultimate aim of the organization. Once

developed, the mission statement is not a once-and-forever document. As the organization adapts itself to the demands of a changing environment, the mission statement should reflect this adaptation. It must be reviewed periodically and updated as appropriate to continually reflect the organization's fundamental mission. This re-evaluation is a difficult and thought-provoking process when approached correctly, but it must be done. As the chapter stated earlier, what an organization does (objectives and strategies) should flow from what the organization is (vision/mission).

Writing Vision and Mission Statements

While vision statements can be a valuable tool in pointing the organization toward the future, they are sometimes written in such a way that they could apply to any organization and provide little guidance in decision making. According to Hugh Davidson (2002), problematic vision statements are:

1. Too reliant on superlatives which make them vague or incomplete and say little about the organization's strategic course.
2. Not forward-looking or indicative of how management could alter its current course.
3. So broad that the organization could head in any direction.
4. Uninspiring and too bland to provide motivation for employees.
5. Not distinctive enough to provide unique organizational identity.

A vision statement seeks to focus on the aspirations of the organization. It identifies and clarifies what the organization hopes to become as it fulfills its mission. While the vision statement should be anchored by the firm's heritage and current capabilities, it should move beyond current reality. An organization's vision describes basic future characteristics of the firm. It focuses on the "stretch" the organization is looking for in its operations to be broader than they are now. That is, the mission must have the right ingredients. An example of a mission statement lacking these essential ingredients might read like this one: "To create a shopping experience that pleases our customers; a workplace that creates opportunities and a great working environment for our associates; and a business that achieves financial success." Note this statement is very broad, too bland to be inspiring, and does little to motivate employees. Contrast the above mission statement with that of American Express: "We work hard every day to make American Express the world's most respected service brand."

In this context, a vision statement represents a bridge between the mission statement, which expresses the ongoing fundamental reason for which the organization exists, and strategic objectives, which provide specific benchmarks for measuring progress toward mission fulfillment. The vision statement identifies broad long-term goals that the organization hopes to achieve that link its mission with its measurable objectives.

Sometimes an organization already has a mission statement but has not developed a vision statement. It is possible to use the mission statement to craft the vision statement. Answering the following three questions is a good starting point in drafting a vision statement.

1. **What kind of organization are we?** In other words, what services or methods of service delivery do we offer that make us unique among our competitors?
2. **What kind of organization do we want to be?** This deals with what we aspire to be as a service provider as opposed to what we currently do. For many organizations, this distinction is important because there is often a performance gap between what we actually do and who

Source: Shutterstock/dizain

Good vision statements help us decide future direction for the organization.

we truly are versus our view of what we hope to become and eventually accomplish. Answering this question is the basis of our organization's vision for the future.

3. **What kind of organization should we be?** This final question is perhaps the most important of the three when we consider the possibility that what we are and what we hope to be could both be wrong. In changing environments, who we are and what we do must continually adapt in order to achieve continued organizational vitality.

The following set of guidelines offers helpful tips on writing and evaluating a mission statement. This process is especially meaningful if different employees or departments develop a statement independently and then compare what they have written.

Determine the Fundamental Reason for Being

For an organization under development, this means expressly determining what need satisfaction you will offer your clients. If your organization is currently operating and not a new start-up, this means moving your thinking beyond simply what you now do. You must specifically identify what the need satisfaction *should* be for your organization. Identifying your basic mission also means wrestling with what need satisfaction your organization may be offering in the future.

One outcome of these considerations should be a section of the statement that is specific enough to offer guidance to the organization's staff in the near term. But there should also be a general aspect that looks to the future and provides "stretching room" for your organization to adapt and grow with future needs. Done effectively, these aspects of the mission statement serve as a touchstone, reminding the organization staff why they do what they do.

Identify Principal Methods for Delivering Need Satisfaction

This issue focuses on the basic activities and functions your organization will employ to meet the needs of your clientele. Verbs are the key here. "Produce," "provide," "market," "offer," and "serve" are all action words representative of basic delivery activities. Here, the organization must deal with the issue of to what extent it will develop products or services in-house as opposed to acquiring them from outside sources and then coordinating their delivery in a way that provides value to the client.

Determine the Scope of Mission

This involves determining markets you intend to serve. Proper deliberation here focuses attention outside the nuts and bolts of internal activities. It forces managers to consider the intended recipients of the organization's functions. At a practical level, scope identifies the breadth of delivery—local neighborhood, community-wide, regional, national, or international. If your operation is part of a larger organization, the parent organization becomes part of your clientele served, since your mission should support the parent organization's mission on the one hand and be accountable to it on the other. In effect, you are writing a mission for your unit that delivers on the larger organization's mission for a constituency that is smaller than that of the parent organization. For instance, the mission of a large restaurant chain is to serve customers all over the world. But a local restaurant within the franchise network should define *its* mission by applying the world mission to a specific constituency, such as the local community.

Determine That Portion of the Organization's Mission Statement for Which the Individual Unit Is Accountable

While the national chain's mission might include many services, such as managed care, help in ending chemical dependency, and psychiatric care, a local hospital's capabilities within the chain may be more limited, focusing on traditional acute care services. The mission statement should reflect these differences where they exist.

Prepare a Rough Draft of the Mission Statement

With a working strategic planning team, made up of administrative staff, board of directors, and other stakeholder groups, a rough-draft mission statement can be developed at an all-day meeting, using an outside facilitator who is familiar with communications techniques, group processes, and the concept of mission statements. The meeting can begin with each individual jotting down his or her own version of the mission statement. When these drafts are all assembled, the group can review each one for clarity and understanding. Finally, combine those portions that are similar, so that only areas of wide disagreement are left. At this point, negotiations can be carried out among members of the group until there is general agreement on all points in the statement. The final result is the rough draft of the mission statement.

Source: Shutterstock/Gustavo Frazao

Mission statements should be clear and easily understood.

Sample Mission Statements

It might be helpful at this point to examine some potential mission statements prepared by various types of organizations (see Exhibit 2.5). Note that, while these statements vary in their comprehensiveness, they all attempt to reflect the uniqueness of the organizations in terms of their reason for being and also serve as guidelines for what the organization should be doing. These statements would be developed through a process involving many people. Initial statements were revised many times to add specificity and clarity to the terms used to define mission.

In summary, a mission statement needs to be built around several points. The first of these involves internal operations and functions. Typically, this includes a description of the fundamental activities the organization engages in, specifically, the basic services provided, such as inpatient acute care, outreach clinics, managed care systems, wellness programs, health education and training, and so on. This aspect of the statement thus answers the "what do we do?" question.

A final area that should be addressed is needs served. The emphasis here is on the needs of constituencies that will be met. These are the ultimate ends we hope to achieve, such as better preventive healthcare, more comprehensive acute care services, improved

EXHIBIT 2.5 Sample Mission Statements

Organization	Mission Statement
Tesla Motors	To accelerate the world's transition to sustainable energy.
Nordstrom	To give customers the most compelling shopping experience possible.
JetBlue	To inspire humanity—both in the air and on the ground.
IKEA	To create a better everyday life for the many people.
Patagonia	Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis.
Under Armour	Under Armour makes you better.
The Wounded Warrior Project	The mission of the Wounded Warrior Project is to honor and empower Wounded Warriors.

access to healthcare services for the region, and so on. This section identifies who we are and hope to be, giving our staff an identity to hold on to in uncertain times and the leeway to stretch toward new services and greater goal attainment of existing ones.

Several actual mission statements are included to demonstrate variety in actual practice. The reader can see that many do not contain all the elements that constitute a well-written mission statement. A final thought here. What needs to be avoided in mission statements is an overly philosophical tone that, in essence, says, "We are going to do something good for someone out there somewhere." A mission statement should create a distinct sense of unity and mission. If it is too general and all-encompassing, it is not meaningfully actionable—the ultimate mission of a mission statement.

Evaluating a Mission Statement

The list below can be used as a guide to evaluate a statement of mission. The idea is to come up with a statement that really represents what the organization wants to be or should be to survive.

- Broadness and continuity of application—the statement should be broad enough to cover all significant areas of activity expected of the organization without a specific termination period indicated.
- Functional commitment—the nature of the works, tasks, or activities to be performed must be defined in terms that will determine clearly the validity of the group or organization.
- Resource commitment—the statement should include a commitment to cost-effective utilization of available resources.
- Unique or distinctive nature of work—every unit in an organization should make some unique or distinctive contribution. If there are two or more units in an organization with identical mission statements, the risk of duplicated effort is obvious.
  - Description of services to be offered.
  - Description of group or groups to be served.
  - Geographical area to be covered.

Sometimes it is useful to use a series of questions to evaluate a mission statement after it is written. A "no" answer to one of the questions means the statement needs to be reworded to more clearly reflect the organization's basic reason for being. The following list of questions may be useful:

- Does it contain all important commitments?
- Does it clearly state the function?
- Is there a clear determination of relationships to any parent organization?
- Is it distinct from the mission statements of other groups in the organization?
- Is it short, to the point, and understandable?
- Is it continuing in nature?
- Does it state to whom the organization is accountable?

Source: Shutterstock/Ivelin Radkov

Objectives help management measure performance.

While the word "service" is often included in the mission statement of many organizations, fundamentally the mission statement needs to answer specifically the question of why your organization is needed in the first place. Plenty of other organizations exist. In answering the "for whom" question, a mission statement can reflect whether the organization wants to be local, regional, national,

or international. For example, the mission statement of the Veteran's Administration noted earlier seeks to support the national organization's goals on a regional basis.

Evaluating Vision Statements

We have argued that a comprehensive vision statement captures not only the present identity of the organization but also what the firm hopes to be in the future—what should we be when we mature. Recently, however, this latter, forward-looking aspect of an organization's mission has received special emphasis with the concept of a vision statement.

More so than any numerical objective, the vision statement's descriptions should be memorable and inspirational. The vision should be collectively challenging and motivational, moving your staff to take initiative in those gray areas where no policy exists because to do so is to express in a tangible way what you want to be as an organization.

An effective vision statement clearly and concisely describes what the organization hopes to become and how the organization will be viewed by its public(s). Fundamental to a vision statement are descriptions regarding excellence in certain operational areas. For example, an excellence statement as part of a vision for a home healthcare agency might be "constantly seeking the very finest quality home health service delivery."

Often there is a gap between an organization's vision and its capabilities to achieve that vision. One hospital with a vision of improved processes in order to increase patient satisfaction realized it did not have the staff to understand or implement improvements. The solution was that it sent its senior leadership team to a Toyota factory to observe production systems. The hospital subsequently trained its entire staff on new patient care delivery process based on Toyota's operations (Spear, 2005).

Also, central to an organization's vision is its anticipation of its reputation for service with its stakeholders. A medical clinic might incorporate as part of its vision a statement such as "to be known as the provider of choice in sports medicine in our region."

However, it is possible to create vision statements that can be measured, at least to some extent. The more vague the vision statement, the more difficult it is to know if it has been achieved. According to Kaplan, Norton, and Barrows (2008), there are three essential components of a good vision statement.

1. A quantified success indicator
2. A definition of niche or specific target market
3. A time line for execution.

A classic example of this type of mission statement was President Kennedy's vision for the U. S. space program: "To land a man on the moon and return him safely to earth before the end of the decade" (Kaplan et. al., 2008). This vision statement was easily quantifiable and had a definite timeline.

In comparing vision, mission, and objectives, vision statements are the longest-term and the least specifically measurable. Objectives are the shortest-term of the three and the most measurable. Mission statements are somewhere in between. They rarely have any numbers included in them. For instance, an objective might state that the organization wants to increase the number of services delivered by 10 percent within the next 12 months. A vision statement, in contrast, might say that "taking care of our patients is everyone's business. Act on this first." Beyond the objectives and even the mission itself vision statements stand as touchstones to rely upon in an otherwise turbulent environment for certain central aspects of the organization's operation.

Establishing Organizational Objectives

Clearly, one cannot achieve goals if none exist. Although this idea is quite simple, many people overlook it. In order to accomplish anything, we must have a clear understanding of what if to be accomplished. Strategic objectives are the tool by which organizations define their goals and sketch out a specific road map to achieving them. If we fail to set

specific objectives, we simply waste our time and energy by going in circles. Later, we look back at what we accomplished and wonder where the time went. Being busy and involved in activities does not mean we are accomplishing what we need to accomplish.

The focus in this section of the chapter is the need to establish objectives, characteristics of good objectives and the process of writing objectives. After the vision and mission of the organization has been defined, internal and external analysis completed, then relevant objectives are developed for the strategic plan.

Objectives These are the goals or performance targets management wants to achieve.

Objectives can be defined as clear, concise written statements outlining what is to be accomplished in key areas in a certain time period, in measurable terms. Peter Drucker argues that "objectives are not fate; they are direction. They are not commands, but they are commitments. They do not determine the future, but they are the means by which the resources and energies of the operation can be mobilized for the making of the future (Drucker, 1954, p. 102).

Source: Shutterstock/Light And Dark Studio

Objectives mean accountability.

The words "key results," "goals," and "targets" are often used synonymously when talking about both short- and long-term objectives. Whatever the label used, the idea is to focus on a specific set of target activities and outcomes to be accomplished. People get confused and disorganized if they do not know where they are going. In large measure, the success or failure of an organization is based on its ability to set goals, as well as on tools with which to measure progress toward those goals. Objectives can be set at upper organizational levels in key result areas such as range of service offerings, productivity, level of client satisfaction, market share, profitability, financial resources, physical resources, staff development and attitudes, and commitment to social responsibilities as an organization. Every manager should consider long-range objectives in each of these areas.

Objectives are also needed in subunits, departments, or divisions of an organization. Objectives can be classified in various ways such as by their nature, including routine, problem solving, and innovative, or by their function, including team, personal, and budget performance. Most important, all organizational objectives must be consistent. Thus, a department's objectives should lead to accomplishing the overall organization's goals.

Objectives serve two fundamental purposes. First, they serve as a road map. Objectives are the results desired upon completion of the planning period. In the absence of objectives, no sense of direction can be attained in decision making. In planning, objectives answer one of the basic questions posed in the planning process: Where do we want to go? These objectives become the focal point for strategy decisions.

Another basic purpose served by objectives is in the evaluation of performance. The objectives in the strategic plan become the yardsticks used to evaluate performance. As will be pointed out later, it is impossible to evaluate performance without some standard by which results can be compared. The objectives become the standards for evaluating performance because they are the statement of results desired by the planner.

Management by Objectives

Objectives have sometimes been called the neglected area of management. In many situations, the objectives that are set forth are unsound and therefore lose much of

their effectiveness (later, the chapter will describe the characteristics of effective objectives). Often, organizations fail to set any objectives at all. This happens for at least six reasons:

1. Many managers fear accountability.
2. Many projects continue even when they no longer serve an organization's goals.
3. Companies often undertake any activity for which money is available.
4. Some managers fear hard-nosed evaluation may undermine productivity and morale.
5. Managers must spend a great deal of time on activities that do not immediately further their goals (meetings, administrative tasks, and so forth).
6. Organizations (especially non-profits) may have few, if any, financial report cards to tell them how they are doing (Thompson, Arthur A., Jr., & A. J. Strickland, 1986).

Once the process of setting objectives begins in the organization, some of the goal-making deterrents mentioned above may no longer be applicable. Unfortunately, much of this list applies in many types of organizational settings.

To counteract the failure to define organizational objectives, a management tool called **management by objectives (MBO)** was developed by management guru Peter Drucker. MBO emphasizes the need for setting objectives as a basic managerial process, providing coordination of activities at all levels of the organization.

Management by Objectives (MBO) An approach to setting objectives developed by management guru Peter Drucker that emphasizes the need for setting objectives as a basic managerial process, providing coordination of activities at all levels of the organization.

For the typical manager, management by objective translates into four basic steps (Lumsdon, 1994). First, the manager and individual employee work out mutual objectives that each employee will pursue in his or her area of responsibility. These objectives should support the overall objectives established by the company. Each employee with supervisory responsibilities, in turn, holds similar meetings with his/her employees. These meetings should be held at each management level to ensure that objectives are fully coordinated.

Second, in addition to objective-setting at these meetings, strategies or descriptions of actions to be taken to accomplish each objective should be laid out. Third, follow-up meetings should be held periodically to monitor progress toward objectives, identify problems, and mutually determine methods to correct any difficulties. The final step involves an overall evaluation of goal accomplishment for individuals and units at year's end or the end of the planning period. From this, new objectives for the coming planning period can be determined.

Alternatives to Management by Objectives

Management by objectives may be best understood by contrasting it with alternative approaches (Wayne State University, 2013).

Management by extrapolation—This approach relies on the principle "If it ain't broke, don't fix it." The basic idea is to keep on doing about the same things in about the same ways because what we're doing (1) works well enough and (2) has gotten us where we are. The basic assumption is that, for whatever reason, "Our act is together, so why worry? The future will take care of itself and things will work out all right."

Management by crisis—This approach to administration is based upon the idea that the strength of any really, good manager is problem-solving. Since there are plenty of crises around—enough to keep everyone occupied—managers ought to focus their time and energy on solving the most pressing problems of today. Management by crisis is, essentially, reactive rather than proactive, and the events that occur dictate management decisions.

Management by subjectives—The subjective approach to management occurs when no organization-wide consensus or clear-cut directives exist on which way to head and what to do. Each manager translates this to mean "do your best to accomplish what you think should be done." This is a "do your own thing the best way you know how" approach. This is also referred to as "the mystery approach." Managers are left on their own with no clear direction ever articulated by senior management.

Management by hope—In this approach, decisions are predicated on the hope that they will work out and that good times are just around the corner. They are based on the belief that if you try hard enough and long enough, then things are bound to get better. Poor performance is attributed to unexpected events and the fact that decisions always have uncertainties and surprises. Much time, therefore, is spent hoping and wishing things will get better.

All four of these approaches represent variations of managerial "muddling through." Absent is any effort to calculate what effort is needed to influence where an organization is headed and what its activities should be to reach specific objectives. In contrast, management by objectives is much more likely to achieve targeted results and have a sense of direction.

Characteristics of Good Objectives

For objectives to accomplish their purpose of providing direction and a standard for evaluation, they must possess certain characteristics. The more these attributes are possessed by a given objective, the more likely it will achieve its basic purpose. Sound internal objectives (as opposed to external objectives for public consumption, which may have to be more generalized) should have the following characteristics:

1. **Objectives Should Be Clear and Concise:** Objectives should be **clear** to everyone in the organization. There should not be any room for misunderstanding what results are sought in a given objective. The use of long statements with words or phrases that may be defined or interpreted in different ways by different people should be avoided.
2. **Objectives Should Be in Written Form:** This helps solve two problems: unclear, ineffective communication and altering unwritten objectives over time. First, everyone who has played the game of "gossip" realizes that oral statements can be unintentionally altered as they are communicated. Written statements avoid this problem and permit ease of communication. A second problem involves the tendency to want to "look good," often at the expense of actual performance. Unwritten objectives can be altered to fit current circumstances.
3. **Objectives Should Name Specific Results in Key Areas:** The key areas in which objectives are needed were identified earlier. Specific results, such as "acquiring 5,000 new customers within the next year" rather than "increasing new customers" should be used to avoid doubt about what result is sought.
4. **Objectives Should Be Stated for a Specific Time Period:** Objectives should be stated for specific time periods. Objectives can be set for a short-run, nearly immediate time period such as six months to one year. Building on longer and

Source: Rawpixel.com/Shutterstock

Objectives should be challenging but reasonably attainable.

longer time frames, accomplishment of short-term objectives should lead to successful completion of longer-run objectives. The time period specified becomes a deadline for producing results and sets up the final evaluation of the success of a strategy.

5. **Objectives Should Be Stated in Measurable Terms:** Objectives must be measurable. Concepts that defy precise definition and qualification should be avoided. "Customer satisfaction" is an example of a concept that is important, but which is difficult to define and measure. If a planner felt customer satisfaction was a concept that needed to be measured, a measure or measures (possibly indirect in nature) would have to be developed. An objective related to customer satisfaction that would be capable of quantification might be stated as follows: "To have at least 85 percent of our customers rate our company as the best company in the area in our annual survey." Phrases such as "improve staffing" not only are not clear or specific but are also statements that cannot be measured. What does "improve" mean? Increase the number of employees by 5 percent? By 40 percent? In what areas? If the statement is quantified as "increase the number of full-time customer service representatives by 10 percent within the next 18 months," it can be objectively measured. The accomplishment or failure of such a stated objective can be readily evaluated.
6. **Objectives at Each Administrative Level Must Be Consistent with Overall Organizational Objectives and Purpose:** The objectives developed for each unit of the company must be consistent with the overall objectives of the organization. This idea has been previously stated but must be continually reemphasized because of the need for organizational unity.
7. **Objectives Should Be Attainable, but of Sufficient Challenge to Stimulate Effort:** Objectives need to be attainable but also challenging. Two problems can be avoided if this characteristic is achieved. One is the avoidance of frustration produced by objectives that cannot be attained, or that cannot be attained within the specified time period. For instance, large percentage increases in customers served online can be an unrealistic goal if the company lacks the necessary resources, especially information technology and call center personnel. The desirability and likelihood of substantial increases become doubtful.

Another problem is setting objectives that are so easy to attain that only minimum effort is needed. This results in performance evaluations that look good from a distance, since every goal is being accomplished but in reality only camouflage lackluster performance well short of potential. Easy goals fail to maximize the contribution of a given strategic plan.

SMART Objectives

One approach to writing objectives is to use a **SMART** philosophy (Wayne State University, 2013). SMART is an acronym that is used to guide the development of measurable goals. Each objective should be:

SMART objectives Developed at Wayne State University, an approach to setting objectives that are specific, measurable, achievable, relevant, and time-oriented.

Specific
Measurable
Achievable
Relevant
Time-oriented

Specific

Specific answers the questions "what is to be done?" "how will you know it is done?" and describes the results (end-product) of the work to be done. The description is written in such a way that anyone reading the objective will most likely interpret it the same way. For example, reduce shipping and delivery errors to less than 1%.

Source: Shawn Hempel/Shutterstock

SMART Objectives are clearly communicated.

Measurable

Measurable answers the question "how will you know it meets expectations?" and defines the objective using assessable terms (quantity, quality, frequency, costs, deadlines, etc.). It refers to the extent to which something can be evaluated against some standard. An objective with a quantifiable measurement uses terms of amount, percentages, etc. A measurement could be daily, weekly. For example, the percent of errors compared to the objective of less than 1%.

Achievable

Achievable answers the questions "can it be done?" "Can the measurable objective be achieved by the organization?" "Can it be done giving the time frame, opportunity and resources?" These items should be included in the SMART objective if they will be a factor in the achievement. If the error rate were 5%, moving to less than 1% may not be achievable during a given time period because of the size of the decrease specified.

Relevant

Relevant answers the questions, "should it be done?", "why?" and "what will be the impact?" Is the objective aligned with the organization's mission? For example, shipping and delivery error rates are extremely important to providing quality customer service.

Time-oriented

Time-oriented answers the question, "when will it be done?" It refers to the fact that an objective has end points and check points built into it. Sometimes a task may only have an end point or due date. Sometimes an objective has several milestones or check points to help you or others assess how well something is going before it is finished so that corrections or modifications can be made as needed to make sure the final result meets expectations. This means giving a time frame in the objective statement like reducing the dosage error rate to less than 1% by the end of 2019.

Objectives that meet such criteria are much more likely to serve their intended purpose. The resulting statements can then serve as the directing force in the development of strategy. Exhibit 2.6 provides examples of weak objectives contrasted with better ones.

Seven Rules for Writing Effective Strategic Objectives

Listed below are seven guidelines to help write good objectives. These rules or guidelines help your objective statements contain the characteristics of good objectives.

1. Objectives should include an action verb, since the achievement of an objective must come as a result of specific action.
2. Each objective should specify a single major result to be accomplished.
3. An objective should have a target date for accomplishment.
4. An objective should relate directly to the mission statement of the group or organization. For example, a local facility of a national nursing home chain should not write an objective outside the scope of its own mission statement or one that pertains more to the mission statement of the parent organization. This may seem obvious, but groups often commit themselves to projects for which they neither have responsibility nor authority.
5. An objective must be understandable to those who will be working to achieve the results.
6. An objective must be possible to achieve.
7. An objective should be consistent with parent organization's policies and practices.

EXHIBIT 2.6 Examples of Effective Objectives

Poor	Better	Remarks
Our objective is to lower the rate of medication errors.	Our objective is to lower our medication error rate by 10 percent within 12 months.	How much is "lower"? The statement is not subject to measurement. What criterion or yardstick will be used to determine if and when actual error rates are equal to those desired? In addition, no deadline is specified.
Our objective is to increase our hotel occupancy rates.	Our objective this calendar year is to increase hotel occupancy rates by 5 percent.	How much? A single customer-per-day increase will meet that objective, but is that really the desired target?
Our objective is to boost advertising expenditures by 15 percent.	Our objective is to boost patient revenues by 10 percent in each of the next five years with the help of a 15 percent annual increase in advertising expenditures.	Advertising is an activity, not a result. The advertising objective should be stated in terms of what result the extra advertising is intended to produce.
Our objective is to be the best hotel/hospitality organization in our area.	We will strive to become the number one hospitality/hotel organization of its kind in the metropolitan area in terms of the number of customers served within five years.	Not specific enough; what measures of "best" are to be used? Number of customers served? The amount of money customers spent? Number of new programs started? Services offered? Number of hospitality staff?

Types of Objectives Included in a Strategic Plan

Strategic plans often include many different types of objectives, often depending upon the type of business or organization. Two of the most common types of objectives are financial and strategic (see Exhibit 2.7). **Financial objectives** typically refer to sales growth, growth in earnings or profits, and higher dividends. **Strategic objectives** include things such as a higher market share, lower costs than your competitors, technology leadership, and the ability to get new products to market faster than your competition.

Certainly, financial objectives are important to companies, just ask any investor! But strategic objectives are equally important and sometimes conflict develops over whether the financial objectives or strategic objectives should be the priority. In the short-term, financial objectives might be considered more important but in the long-term, some would argue that strategic objectives would be more important. For example, Amazon went several years without earning a profit in order to build market share for the future.

Financial objectives Typically refer to sales growth, growth in earnings or profits, and higher dividends revenue growth, earnings growth, increased stock price, increased cash flow

Strategic objectives Provide specific benchmarks for measuring progress toward mission fulfillment and include such things as market share, better product quality, faster delivery, technological leadership.

Long-Term versus Short-Term Objectives

In addition to overall objectives that are to be accomplished in the long-term, another set of short-term objectives will need to be developed. Short-term objectives support the attainment of long-term objectives-having a 1% decrease in supply cost each year supports a long-term objective of decreasing supply cost by 5% over the next five years. Short-term objectives are stated for the operating period only, normally one year, whereas long-term objectives often span five to ten years. For example, five-year objectives can be set in areas such as customers served, products offered, services offered, and so forth. While the definition of "long term" varies, companies and organizations should be planning at least as far into the future as present-day obligations commit them. For instance, the planned construction of a new building with a 45-year life means that the organization should be looking 45 to 50 years into the future regarding the effective use of the facility.

EXHIBIT 2.7 Sample Financial and Strategic Objectives

Financial Objectives	Strategic Objectives
Revenue growth	Larger market share
Earnings growth	Better product quality than competitors
Increased dividends	Faster on-time delivery than the competition
Higher profit margins	Technological leadership
Increased return on investment	Shorter design to market time
Higher earnings per share	Lower overall costs than competitors
Increased stock price	Wider geographic coverage than competitors
Improved cash flow	Consistently first to market with new products

Source: Adapted from David & David, 16th edition.

In setting objectives, we first state them in terms of what we want to accomplish, but as we develop the organizational strategy we may discover that we cannot afford what we want. The available resources committed to a given program or service may not be sufficient enough to achieve a stated objective; and if the planning process is resource-controlled, the objectives must be altered. It must be remembered that objectives are not fate, but they are direction. They are not commands, but they become commitments. Planners should avoid falling into the trap of thinking that once objectives are established, they cannot or should not be altered.

Productivity Objectives

Increasing levels of **productivity** and **cost-effectiveness** are essential to the vitality of all organizations. Objectives for improvements in productivity may be stated numerically or as a percentage of the total number. If the objectives are stated in percentages, they also need to be converted to numbers for budgeting. The way objectives are stated must reflect what the organization can realistically expect to attain under a given plan.

Productivity objectives may resemble the following:

- Manufacturing production: increasing production by 10 percent for the coming 12 months over last year's level.
- Quality Control Operations: Reduce defective product expenses by 15 percent within the next 24 months when compared with the most recent 24-month period.

Sample statements are shown below as illustrations of financial objectives, in this case for an Anytime Fitness Center. Again, nebulous phrases such as "acceptable revenue levels" or "reasonable debt levels" have been avoided because of the possible variations in definition and the lack of quantifiability.

Source: Artur Szczybylo/Shutterstock

Productivity objectives balance efficiency and effectiveness.

Examples of financial objectives may include:

- Increase annual return on gross customer revenues to at least 10 percent by end of year two of planning cycle by selling customers additional products and services.
- Reduce long-term debt to 20 percent of equity within five years.
- Increase net profit by 4% per year over the next five years.

Keep in mind that the interactive processes of setting objectives and developing strategies must be carried out realistically. The costs of many aspects of strategy cannot be estimated until a written statement of strategy is developed. If the strategy calls for a new program, for example, that strategy must be spelled out in detail before costs can be estimated.

Customer Objectives

Customer objectives may seem unusual to some, but their inclusion should be obvious. They serve as enabling objectives in areas of productivity and revenue generation. But fundamentally they represent specific statements about the number and level of services the company will offer to its customers.

Customer objectives are especially important in providing direction for the development of the strategy section of the plan. As shown in the next section, they specify results desired for constituents by product/service category. Customer objectives should have the same characteristics as other objectives. They must be stated in unambiguously measurable terms and should be evaluated in relation to their accomplishment as a part of the monitoring and control system used in the plan.

Using Environmental Analysis Data to Set Objectives

The objectives of a given plan are based on the data provided in the situation analysis discussed in the Porter's Five-Forces Model and the SWOT analysis in Chapter 3. In other words, good objectives are based on a careful analysis of the external and internal environment of the company or organization. A specific example of how data are used in setting objectives may help in understanding this point.

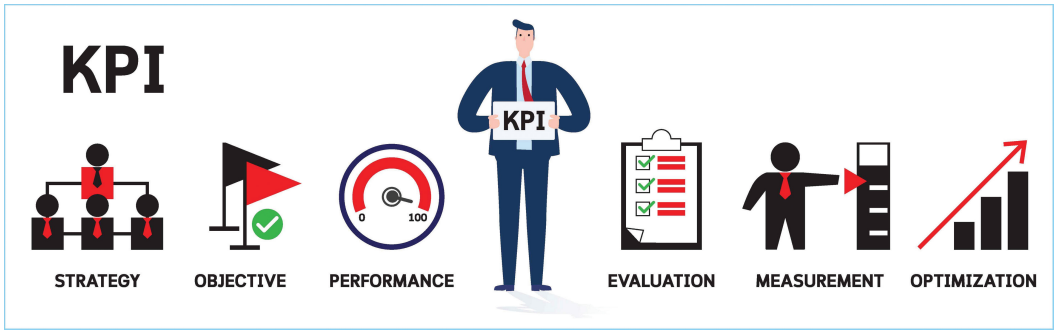
Example of Customer Service Objectives

Consider a hypothetical winter skiing facility in a Rocky Mountain city of approximately 40,000 with a desire to expand its facilities. In a search for opportunities for expansion, the skiing facility has monitored the growth in ski facilities in the area, now numbering three in operation. The skiing facility has the physical facilities to expand since the mountain trails only utilize about 20 percent of the available land.

The ski facility conducts a survey of skiers to identify potential expansion opportunities. Through the survey, the ski facility learns that many skiers consider a mountain too crowded whenever the lift lines become long. Management at the ski facility note that despite long lines from time to time, the trails do not get congested at all. Management determines that an alternative to a major expansion of the facilities across the mountain would be very time consuming and expensive. During that time, skiers (their customers) would still be experiencing long

Source: chattanongzen/Shutterstock

Linking customer service objectives to performance.



Source: LOVE YOU/Shutterstock

Measuring key performance indicators tells us whether our strategy is working.

wait times at the lifts. Instead, management sets a new customer-focused objective of reducing customer wait times at the lifts by 25%. Management then develops new queue lines and adds several lifts, thereby immediately improving customer satisfaction at a much lower cost than a major expansion at the mountain.

Objectives derived through such a process represent the realities of the area in addition to the ski company's willingness and ability to commit itself to such objectives. This example should also reemphasize the logic in the strategic planning format. The analysis precedes setting objectives, because objectives must be based on realistic information that only a careful analysis can provide. Measurement systems are based on Key Performance Indicators (KPI) relevant to the nature and type of business.

Periodic Review of Objectives

Management should develop a periodic review of objectives to verify that progress toward meeting stated objectives is being made. If not, management needs to step in and make the changes necessary to catch up and meet the objective completion date. One practical, easy way to record, communicate, measure, and update objectives is through a "Performance Plan Book" or "Management Plan Book. The Performance or Management Plan Book aids management in determining how well it is achieving its objectives. Measuring progress toward major objectives allows management to make any necessary adjustments. For example, the economic environment may have changed since the objectives more difficult to achieve. Management can then determine to change the objective or devote more resources to it. Each part of the book should be kept by the manager responsible for achieving certain objectives and reviewed by senior management on a regular basis. All objectives for the organization should be in this book. Objectives can be reviewed each quarter and updated. This process greatly reduces paperwork and provides a convenient method for review.

Source: SK Design/Shutterstock

If what you have been doing is not working, it is time to change your strategy.

Setting objectives is another major part of the strategic planning process. The necessity for objectives as well as their characteristics was presented here to lay the groundwork for identifying basic types of objectives for such key result areas as customer service, revenue generation, and operational productivity. The statements of objectives given as examples in this chapter possess the basic characteristics needed to serve both as a source of direction and in evaluation of the strategies developed in the plan.

Summary of Learning Objectives

1. Explain the importance of vision, values, and mission statements

Vision, mission, and values statements provide management with the transition from ideas about the company or organization to the framework as to how the company will operate, what direction it will take, and where the company is heading. As the business or organization grows, the values statements may be revised or updated and are reflected in revised vision or mission statements.

2. Identify organizational values or guiding principles

Many organizations develop value or guiding principle statements to demonstrate what **values** the organization emphasize in their operations. The statements express the core beliefs of the organization and helps the staff become aware of the goals and priorities that are most important. These statements help form the culture of the organization. The Mayo Clinic (2013) uses terms like respect, compassion, healing, teamwork and innovation to underscore their core value: "the needs of the patient come first."

3. Describe the basic elements of a mission statement

The mission statement is focused on the current organization and answers three basic questions:

What do we do? (What services or products do we provide?)
Whom do we do it for? (What are our markets?)
How do we do what we do? (What are our technologies?)

Just as the military transitions from a peace-time mission to a war-time mission when necessary, a company will change their mission when called for.

4. Write effective vision, values, and mission statements for an organization

One of the best corporate vision statements is the vision statement of Southwest Air.

"To become the world's most loved, most flown, and most profitable airline." – Southwest Air

Their vision statement clearly answers the question, "What do we want to become?"

5. Explain how to evaluate vision, values, and mission statements

A vision statement should be customer focused, not product focused, and clearly communicate what the company wants to become in the future. Mission statements should be broad in scope, inspiring, and typically refers to employees, products, markets, and technology. In addition, mission statements do not refer to financial goals or objectives but rather will often state the company concern for environmental and socially responsible business practices.

Many organizations develop value or guiding principle statements to demonstrate what values the organization emphasize in their operations. The statements express the core beliefs of the organization and helps the staff become aware of the goals and priorities that are most important. These statements help form the culture of the organization. The Wal-Mart values statement is based upon four key principles: service to the customer, respect for the individual, strive for excellence, and act with integrity.

6. Explain the importance of setting objectives

When objectives are clearly written and communicated, they provide direction to management and employees at all levels. In addition, objectives help management in allocating resources and assist in performance evaluation. Objectives often fall under two broad categories: strategic objectives and financial objectives and may expressed in terms such as sales, profitability, market share, and other key measures defined by the company or organization.

7. Understand the characteristics of good objectives

First, objectives should be clear to everyone in the organization so that there is no room for misunderstanding. Second, objectives should also be written. This help solve two problems: unclear, ineffective communication and altering unwritten objectives over time. Third, objectives should name specific results in key areas and call for specific results, such as "acquiring 5,000 new customers within the next year" rather than "increasing new customers". Fourth, objectives should be stated for a specific time period. The time period specified becomes a deadline for producing results and sets up the final evaluation of the success of a strategy. Fifth, objectives should be stated in measurable terms. Concepts that defy precise definition and qualification should be avoided. Sixth, objectives at each administrative level must be consistent with overall organizational objectives and purpose: The objectives developed for each unit of the company must be consistent with the overall objectives of the organization. Finally, objectives should be challenging but reasonably attainable.

8. Describe the types of objectives included in a strategic plan

Objectives fall under two broad categories: strategic and financial. Financial objectives might include revenue growth, earnings growth, increased dividends, higher profit margins, increased return on investment, higher earnings per share, increase stock price, or improved cash flow. Strategic objectives might include larger market share, better product quality than competitors, faster on-time delivery than the competition, technological leadership, shorter design to market time, lower overall costs than competitors, wider geographic coverage than competitors, consistently first to market with new products.

9. Understand the resistance to setting specific objectives

Objectives mean accountability. Some managers and employees might not like be held accountable for work performance. In addition, poorly developed objectives that are vague or unclear will not be well received by employees. Managers should consider an approach such as Management by Objectives (MBO) whereby objectives are mutually agreed upon, challenging but reasonably attainable and reviewed periodically.

10. Describe the alternatives to using objectives

Without clear and measurable objectives, the company or organization cannot achieve the vision and mission. Some managers go by the old principle "If it ain't broke, don't fix it" doing the same things in the same ways because what we're doing works well enough and has gotten us where we are. Other managers operate under Management by Crisis, essentially reactive rather than proactive, where the events that occur dictate management decisions. Still others use the subjective approach to management occurs when no organization-wide consensus or clear-cut directives exist on which way to head and what to do. Each manager translates this to mean "do your best to accomplish what you think should be done." Finally, some managers employ management by hope, with decisions predicated on the hope that they will work out and believing that if you try hard enough and long enough, then things are bound to get better.

Key Terms

Accidental values, p. 27
Aspirational values, p. 27
Core values, p. 27
Financial objectives, p. 39
Management by Objectives (MBO), p. 35
Mission statement, p. 28
Objectives, p. 34
Permission-to-play values, p. 27
SMART objectives, p. 37
Strategic objectives, p. 39
Values, p. 26
Value statement, p. 26
Vision, p. 24

Discussion Questions and Application Exercises

1. Why is it important for a business or organization to develop a vision statement?
2. Why would a company or organization need to change their mission statement?
3. Assume that you are writing a mission statement for an automotive manufacturing company that will specialize in energy-efficient automobiles that are electric or hybrid. What would be some good elements of the mission statement?
4. Why is it important to identify organization values?
5. What are some important characteristics of good objectives?
6. Assume that you are the general manager for a fast-casual restaurant in your town. Provide some examples of objectives that you might develop for your restaurant employees.
7. When should a company change their strategy?

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