The Strategic Importance of Vision Statements

Why Successful Strategy and Execution Hinges on the Corporate Vision

Over time, many organizations witness a similar phenomenon: The annual results they achieve through planning and execution start to wane and the company begins to drift toward a culture of status quo. The root cause of this problem is usually an outdated vision statement, or a vision statement that simply does not have enough muscle to carry the organization’s strategy on its shoulders. Here’s how to fix the problem.
A common problem shared by many organizations:

For many organizations, planning is an exercise in establishing big goals, creating a plausible and tangible roadmap for achieving them, and then executing the plan with relentless focus and precision. This alone has been the hallmark for nearly every great company born from the womb of American business and industry. It is also the reason why many become stagnant or fail – yet the organizations that don’t find success still follow this same three-step design: 1) Establish a vision, 2) Create a roadmap, and 3) Execute with precision.

Oftentimes the difference between success and failure rests not with the ability to plan and execute – although these are common pitfalls – but with the vision statement itself. Vision statements not clear in their expected outcomes, weak in their portrayal of the future, or – as happens more often than you might think – have already been achieved, are all causes for planning to move toward a culture of status quo.

For instance, a Southeastern U.S. organization established a vision in the late 1990s of becoming the market leader in its industry in a two-state region, which was its primary market area. Having achieved that distinction in 2005, it should have recast its vision statement to something bolder and grander. Instead, the company kept planning around a vision that had already been accomplished. Instead of trying to achieve something great, the organization developed a status quo mentality, merely trying to maintain its market position. It was of no surprise that by 2010, this organization had fallen from its market leadership perch. A vision of staying where you are is no vision at all.

The rationale of vision statements:

Think of a dynamic, successful company. Now, picture the companies that have enjoyed lasting success. Which names come to mind? Elite businesses such as Hewlett-Packard, Disney, and Johnson & Johnson have commonalities, but, perhaps, the most important thing they share is strong lasting company visions with values that stand the test of time. Jim Collins, the author of the best-selling management tomes, “Built to Last: Successful Habits of Visionary Companies,” “Good to Great,” and Great by Choice,”
once wrote, “truly great companies understand the difference between what should never change and what should be open for change, between what is genuinely sacred and what is not.”

A vision statement encapsulates the future of an organization and serves as the framework for strategic, operational, and business planning. In order to preserve an organization’s ideals and then inspire employees toward success, business leaders must first understand what it takes to craft a fail-proof vision statement. Vision is critical for strategy and execution. Only when firm in the knowledge of your organization can you plan where you’d like to go, and then map a route to get there.

A well-rounded vision statement takes a unique recipe: equal parts mission and values paired with your envisioned future for the company. The company mission articulates the purpose of the organization – why the company exists – while the envisioned future is what you hope to achieve and become. It is important not to confuse the two, as the hallmarks of a successful vision are precision and clarity. A great vision statement is built on the back of a strong, clear mission.

The company’s core: Mission and values:

To ensure you draft a lasting vision statement, your company mission needs to be broken down into two parts: a succinct statement of purpose and core values. Ask yourself the following questions: Why does this company exist? Why do we come to work here every day and do what we do? Successful organizations will be exposed to endless adversity: market cycles, technological advancements, and leadership transitions, to name a few. It is of the utmost importance to have a strong mission statement in order to ground and guide the company during troubled times. It is equally important the mission statement focus on the company’s core reason for being, not on the products or services it produces. Organizations that have weathered dramatic market shifts usually do so by embracing its mission while changing its market offerings.

If IBM’s mission were to make the world’s best tabulating and accounting machines, it would certainly be out of business by now. This company has had a variety of product lines over the years, including mainframe computers, floppy disks, airline reservation systems, automated teller machines, and computer operating systems. Today, its consulting services account for more than 50 percent of the company’s revenues. While the company’s mission statement is a bit wordy, it nonetheless focuses on why people work at IBM, not the products and services IBM produces: “At IBM, we strive to lead in the invention, development, and manufacture of the industry’s most advanced
information technologies, including computer systems, software, storage systems, and microelectronics. We translate these advanced technologies into value for our customers through our professional solutions, services, and consulting businesses worldwide."

Imagine a hospital whose mission statement focuses on caring for the sick. With healthcare quickly moving toward a payment system that rewards hospitals for keeping people well, how does this organization address this new market dynamic? Incredibly, however, many healthcare organizations are holding onto mission statements that box them into treating illness and disease rather than improving the overall health of their communities.

Your organization’s mission statement, as important as it is, should be bolstered by a set of core values. These core values are a set of guiding principles; statements that require no external justification. Values need to be nurtured out of the company’s belief in its inherent worth, not in an effort for monetary gain. Ralph Larsen, the former CEO of Johnson & Johnson, put it aptly when he once said. “The core values embodied in our credo might be a competitive advantage, but that is not why we have them. We have them because they define us for what we stand for, and we would hold them even if they became a competitive disadvantage in certain situations.” (ii)

What if the global markets collapsed tomorrow and you were forced to start your business over in a completely different economic environment? If it wasn’t advantageous anymore to have a value, would you still keep it? If you cannot honestly answer, “yes,” then the statement is not a core value. As an example, The Walt Disney Company has held its set of values for more than 60 years; their credo of nurturing wholesome Americana, fostering creativity, and holding imagination above all else continues to drive their multi-billion-dollar empire.

Most companies have between three and five core values. Try to limit your own to this number; any more, and the core values become confused with best practices or business strategy. A great way to clarify your values is to ask the most important question: Do our values stand the test of the time? In 60 or 100 years, do we still want to have these same values?

Keep in mind the values that hang on the boardroom wall are often different from the values lived daily within your organization. The gap that exists often causes great organizational distress, as employees are told that the “boardroom values” are ultimately most important, but what they witness through their daily interactions with colleagues and management tells them something else. It is for this reason you should periodically survey your employees on the company values that are 1) most critical to the organization, and 2) lived daily by the people who work there. Compare the results of these two questions with the values the organization ascribes to in its formal corporate documents. If there are gaps between any of the three categories – 1) Values critical to the organization, 2) Values lived by the organization daily, and 3) Values the organization has officially adopted – then a cultural problem exists within your company. The magnitude of the problem can be
determined by the breadth and depth of the gaps.

Mission statements: What is our purpose?

Inasmuch as the primary purpose of strategic planning is to link together the organization’s mission and vision with an actionable roadmap, it would be foolish to discuss visioning without also addressing the need to craft an appropriate mission statement. While some basic pointers are provided here, AchieveIt’s white paper, “Mission Statements: A How-To” will provide you with in-depth information and a step-by-step guide for creating a mission statement that inspires your team and resonates throughout the organization.

A sturdy mission statement articulates the company’s purpose and the motivations for doing its work. Be careful not to confuse purpose with company goals or strategy. Many business leaders often get stuck in identifying a purpose and end up describing the services or products the company offers. A great tool to use is the “Five Whys.” Start by asking the question, “Why do we make a certain product or provide a certain service?” Then ask “why” four more times, answering each question with a question. After five rounds of “why,” you will find yourself able to describe the reason behind your company’s existence in just one short statement. This is your organization’s fundamental purpose.

The purpose then gets drafted into the company mission statement. Mission statements should be brief. How brief? Eight to 10 words at the most. If it takes lengthy paragraphs to explain the purpose of your organization, how can you possibly hope to convey the essence of why you exist to your own employees, much less to your customers – who don’t know the inner workings of your organization nearly as well as your own staff? Disney’s mission statement is simply, “To make people happy.” If the company’s mission had been to make the world’s highest-quality animated films, none of us would ever have had the pleasure of visiting a Disney theme park or taking a cruise on Disney’s Big Red Boat.

To illustrate the importance of mission statements even further, in 2000, Memorial Health in Savannah, Georgia, adopted a five-word mission statement: “We help people feel better.” The mission statement was the foundation for its vision: being to be one of the top 100 healthcare providers in the country and one of the top 100 employers. By developing a strategy to move from mission to vision, and driving the mission into everything that the organization did, the organization rose to dominate the local healthcare market, while being named by Thomson Reuters as one of “America’s Top 100 Hospitals” and by Fortune magazine as being one of the “100 Best Companies to Work For.”
The organization’s mission and values need to guide and inspire those within the company. Why not outsiders? Shouldn’t a company’s mission attract new business and flashy press? The people inside the organization will be the ones committing to your vision for the long term, so it is important they believe in your company’s mission and live the values in their daily life. If the mission and values are dynamic and well-written, your company will attract others who believe as you do.

Creating a mission statement from scratch is tough work, and it requires planners to strip away all the extraneous organizational “stuff” and hone in on the purity of the company’s existence. The mission statement has to be written first, and it has to be tight. This statement will serve as the proper foundation for your compelling vision statement. Without a great vision statement, company growth and success cannot exist.

Ingredients for a great vision statement: Dreams and goals:

You already have a mission statement that establishes the company in the present. What about the future? A proper vision statement is comprised of two elements: a detailed, descriptive picture of the future you aspire to, and massive, scary, long-term goals. It is important when painting this detailed picture of the future to dream big (the bigger the better), even if you feel your goals aren’t attainable. The boldest vision ever articulated by any political leader was from John F. Kennedy. On May 25, 1961, in his address to Congress, the president challenged, “I believe that this nation should commit itself to achieving the goal, before this decade is out, of landing a man on the moon and returning him safely to earth.” This goal was realized on July 20, 1969, when Neil Armstrong placed the first human footprint on the moon.

You will find the most visionary companies use bold, time-bound vision statements as a rallying point for their organizations. These large-scale goals are highly focused, easily understood by all, and tangible within the next 10 years. By setting the vision target date five to 10 years into the future, you enable the team to think beyond the current capabilities of the organization and the current market environment. When dreaming up possibilities, ask yourself the following questions:

- In 5 or 10 years, what would we love to see?
- What should this company look like in the future?
- What do we want to be known for?
• What should we have achieved by then?
• Do we find this vision exciting?
• Does it incite our employees to further action?
• Does it get our juices flowing?

Do not lower your standards. These big-picture goals should have a 50 to 75 percent achievability rate; only through great work should they be attainable. The goals should be compelling in their own right, enough to survive leadership changes if necessary. After the assassination of John F. Kennedy, the NASA engineers continued their tireless efforts to put a man on the moon; their own passion for the goal existed even in the absence of a dynamic leader.

How do you motivate others to commit to a goal five to 10 years in the future? The answer is to verbalize the most delicious, vivid, and compelling picture of the future you can possibly describe. What are your wildest dreams for the company? How would you describe them? Henry Ford painted a perfect example of the vision he sought for his company when he delivered this speech: “When I’m through, everybody will be able to afford [a car], and everyone will have one. The horse will have disappeared from our highways, the automobile will be taken for granted … [and we will] give a large number of men employment at good wages.” (iv) More than 100 years later, Ford Motor Company is still one of the biggest car brands in existence.

Your company’s vision statement is not only your key to strong, lasting success, but also your guiding light. It will serve as the destination for all of your planning efforts – whether strategic, operational, or business – and link back to your mission through the plan itself.

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iii http://www.nasa.gov/vision/space/features/jfk_speech_text.html

What to look for in execution and strategy software:

If you want to drive execution management and strategy development to new heights, people alone aren’t enough. You also need powerful software to provide you with the tools, resources, and automation required by high-performing organizations. Here is what you should look for:

- Built-in tools to elevate strategy development and broaden the collective thinking of the organization. These tools should allow your team to provide individual input into organization issues, which the software application then aggregates for reporting purposes. By engaging a wider stakeholder group into your strategy development process, you are able to develop a richer, more beneficial plan.
- Best-of-breed planning methodology that ensures your plan contains measurable and quantifiable objectives, as well as strong strategies and tactics.
- Balanced scorecard creation and tracking to ensure you remain focused on the big picture.
- Tracking and monitoring of key performance indicators so that you are able to deliver continuous, reliable performance.
- Assignment and escalation capabilities of every piece of your plan.
- Dashboards, scorecards, and trend lines for your plans, balanced scorecard, and key performance indicators.
- Robust, built-in reporting.
- Individual and unique user views that allow your team to see their specific assignments.
- Easy updating and tracking to ensure compliance.
- Ability to upload and link documentation to specific plan items.
- Automatic plan modeling and forecasting, including revenue and cost-savings opportunities, as well as cost of plan implementation.
- Automated email reminders, alerts, notifications, and escalations.
management.
You’ll call it results.

AchieveIt is changing the game by using a new approach to execution management and strategy development. We are passionate about helping organizations solve one of their biggest problems today: The ability to turn organizational vision and goals into real, meaningful, and tangible results.

Through our suite of cloud-based applications, we give every customer access to a set of tools that enables them to execute smarter, faster, and better. We’ve added to this toolset a transformation roadmap that allows organizations to move easily from a culture of collaboration to a culture of individual accountability to a culture of execution – a natural path to becoming a truly innovative organization.

By combining our technology firepower with our human brainpower, we help organizations achieve short- and long-term success.

**ExecuteIt**
Drive results through enhanced accountability and execution of strategic and operational plans

**AnalyzeIt**
Map data at an address level and conduct on-the-fly analysis with point-and-click technology

**ImproveIt**
Manage every aspect of your quality and performance improvement program in the cloud

**ShareIt**
Identify best-practice opportunities by linking to other strategy and operational executives

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