

HOW TO CREATE A VISION, MISSION, VALUES STATEMENT THAT REALLY MEANS SOMETHING INSIDE YOUR BUSINESS AND TO YOUR CUSTOMERS

What is this paper about?

This paper is about setting a clear picture of where you want to be.

This paper will answer the question, “Where do you want to go?”

You need to create a compelling Vision, Mission and Values Statement so that you can have an amazingly clear description of what your business will look like, how it will behave, and what it will do.

This clarity will help you to communicate your vision of the organisation’s future state to everyone – employees, partners, management, customers, and suppliers.

When you continually communicate and use a clear and compelling vision - what you see and feel in your mind’s eye - you will automatically align yourself with it and behave as if it were already achieved.

Why do I need a Vision, Mission and Values Statement?

Imagine three groups of construction workers.

When you ask them what they are doing, the supervisor of one group tells you that they are laying bricks. He stands up and yells out, “Let’s go! You guys get the cement going! You there – you start moving the bricks from the trucks! And you – start laying bricks!”

As half the workers are still milling around the supervisor shouts again, “Come on, get going! I want this wall up today!”

Meanwhile the supervisor of the other group tells you that he is managing the construction of a building. He gathers his people together.

“Right, we need this wall up today,” he says. “You cement-mixers, go make the cement. Don’t forget the right mix is 2 to 1 consistency and keep it coming at a steady ten barrow loads an hour. As for you brick-layers, you lay the bricks. To keep on time you need to lay one brick every 12 seconds”.

Within half an hour people are starting to get confused, so the supervisor walks around timing all the workers and checking the mixes and gives them new instructions to correct their work.

In the third group the supervisor answers you by inviting you to listen to what he is about to tell his workers.

“We are building a beautiful cathedral that will survive the ages. For today, we going to build the foundation and it will be the best, strongest foundation for the walls of the cathedral to stand on. We’ll need to be working in sync so that the materials flow as and when they are needed, and the height of the foundation builds up steadily throughout the day until it reaches three feet all around. At the end of the day we are going to look at the best foundation ever built and see how our cathedral is taking shape.”

Which group do you think will have a lasting future together?

The autocrat will get things done, but at what cost? The micro-manager will also build a good wall from time to time but when he is not there will his group know what to do or even want to do it?

The visionary will provide his team with a self-fulfilling vision. Their work will be self-managed, consistent and lasting. They know what the end product will look like.

In the process of planning and change, a clear vision simplifies all the thousands of detailed things you have to do by summarising the general direction of the future desired state. A clear vision coordinates the actions and decisions of groups of people towards a unified end. When people are unclear about decisions to take, checking to see if the decision will help make the vision a reality suddenly clarifies all discussion. People do not have to meet constantly to see if they are moving in the right direction; they will need far less management to reach their objectives because they can take small aligning decisions themselves if they are clear about the desired end-result.

Finally, a clear vision provides compelling reasons why certain goals have been set. An inspiring vision motivates people – it can motivate them beyond the pain of change because they know they are striving towards ultimate pleasure.

The best single expression of an organisation’s vision is its Vision, Mission and Values Statement.

A Vision, Mission and Values Statement provides the three elements to direct your strategic direction:-

- Vision – As explained above, this is a mental and verbal picture of where you are heading.
- Mission – This is a clear message to customers, employees and the market of why your organisation exists, what it does and what needs it serves.
- Values – This is the set of values by which your organisation works without which your vision will not be achievable.

As a published statement, it can be used to explain, lead and inspire.

One last thing - although the creation of a vision is crucial in the future development of your organisation, it is a messy and sometimes disheartening process.

Be aware of this, stay flexible, don’t be frustrated, and always be prepared to come back to the vision and review, clarify and fine-tune.

Finally, once you have a Vision, Mission and Values Statement, use it! Do something with it! Quantify it by formulating Strategic Goals and Objectives to take you towards the achievement of the Vision.

“Vision without action is merely a dream;
action without vision just passes the time;
vision with action can change the world”
(Joel Barker)

VISION, MISSION AND VALUES STATEMENT CREATION QUESTIONNAIRE

Your organisation's name

Please enter

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Analysing the inputs to your Vision

There are four inputs to the creation of a Vision Statement:

- Owners' requirements
- The Business Environment
- Core Competencies of the organisation
- Finances of the organisation.

We shall analyse each of these four inputs and what they mean to you.

Owners' Requirements

“Owners” may be a single person, partners, shareholders in a corporation, members of any organisation, or Board members. In our definition of “owners” the word includes any stakeholders who gain some reward from taking risks, financial or otherwise.

What is the owners' Vision of the future of the organisation? What are your requirements in order for it to “succeed”? Discuss this, write some variations, then, when you are ready, write your owners' vision here.

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Business Environment

Consider the organisation from a business environment perspective. In this perspective think about the market(s) you are in; your individual customers; your competitors and the competitive environment; think about your organisation's competitive advantage(s) or lack of such advantage.

Refer to the Owners' Vision above. Describe how you think the organisation will look from the perspective of its business environment when the owners' vision has been attained. Use key words and phrases to express how the organisation will look from this business environment perspective. For example, once the vision is attained, what markets will you be in; who are your customers; who are your competitors and how will you perform better than them?

Core Competencies of the Organisation

Consider the organisation from the perspective of its core competencies. In this perspective think about its products and services and how well they meet customer needs; think about internal business processes such as the accounting and reporting cycle or the new product development process; think about technology used; think about the organisation and its people's attitude to learning and growth.

Refer to the Owners' Vision. Describe how you think the organisation will look from the perspective of its core competencies when the owners' vision has been attained. Use key words and phrases to express how the organisation will look from this perspective of core competencies. For example, once the vision is attained, what types of products and services will you sell; how will your business processes work; what machines, systems and technology will you use and how will you deal with change, continuous improvement, learning and growth?

Finances of the Organisation

Consider the organisation from the perspective of its finances. In this perspective, think about the desired financial results (profits and losses) and financial position (assets and liabilities). Think about Turnover, Profit and Return on Investment; think about Assets and Liabilities.

Refer to the Owners' Vision. Describe how you think the organisation will look from the financial perspective when the owners' vision has been attained. Consider the investments and returns required to attain the vision from the perspectives of the business environment and core competencies. Use key words and phrases to express how the organisation will look from this financial perspective. For example once the vision is attained, what growth will there be in Turnover and Profits; in Assets versus Liabilities?

Summary of Vision Inputs

Once you are satisfied with the answers to the above questions, you can summarise the result into a description of your Vision below. Write about what the owners want from the business at the end of the day, build in descriptions of the way the business will operate in its business environment, the financial characteristics of “success”, and the core competencies that the business will excel in. Write in the present tense as if the vision has been achieved, in order to set it up as the goal.

Here are a few examples of a Vision Statement:-

We will be recognised as leading the way in the road-transportation of people and goods through friendly, efficient service, clean and safe vehicles, and in doing so will build a strong asset base that returns financial and lifestyle rewards for our shareholders and employees.

We are providers of the best family entertainment in the X-city area, entertaining families with good clean fun while building a company that is socially responsible while building a strong profit history.

OUR VISION STATEMENT:-

Working out your organisation's Mission

Where a Vision Statement answers the question “Where do you want to be?” a Mission Statement answers the question “What do you do?”

As part of a Vision, Mission, Values Statement it helps to provide the boundaries around the strategic direction of your organisation.

Preparing your Mission Statement can take two paths.

The fastest one is to think of one or two sentences that best describe what your organisation does:

“We operate supermarkets in metropolitan areas.”

“We provide fast courier and delivery services for businesses in the City.”

“We provide not-for-profit housing services to unemployed families in our region.”

“We are a one-stop-shop business development consultancy specialising in small business.”

However we recommend you take a few quick minutes to read about the second method.

Notice that even in the “simple” examples of Mission Statements above there is not just a description of what they do but also what products they deliver and for whom.

A Mission Statement should explore the needs of the customers and the markets you are in – otherwise there is insufficient strategic direction given.

Ultimately this description needs to be aligned with the Vision Statement. After all, “We operate supermarkets in metropolitan areas” will not sit well with a Vision of expansion into the hardware market throughout the nation.

The second method of writing your Mission Statement, therefore, involves determining:

- Meeting Customer Needs: What are the real needs your products and services meet (and is that what your customers want); and
- Target Markets: Who are the markets and customers you want to serve;

while keeping a focus on the Vision.

Meeting Customer Needs – Initial Reading

Customers will not buy your products or services if they do not see a need for them.

However, what is the real need for your product and service, and is that the need you are actually satisfying? Here are some examples.

When you buy an electric drill, do you need an electric drill? No, your real need is a hole in something. If someone invented a cost-effective new machine that could place a hole where you wanted it more accurately, quickly and with less effort than an electric drill, companies who think that you need an electric drill and compete by improving their electric drill will go out of business.

A newspaper publisher that realises its customer's need is information, not newspapers, will expand into web-based news, mobile telephone messaging and broadcast news, and will be far more successful than a competitor that thinks it is in the newspaper printing business.

At the same time, a customer need should not be confused with a customer want. A “want” can be created through persuasion. Take the example of the electric drill. Until someone comes up with the new hole-making machine, you are meeting your customer's needs and can make him want your product rather than someone else's by making it look sleeker, shinier and appear more desirable.

So what business are you really in, and what business should you be in?

These are not easy questions to answer for many organisations because most organisations are product or service based. On top of that, market needs change all the time.

That is why the answer to those questions is usually “We make electric drills”. The process we take you through below is to arrive at the answer “We make machines that make holes”.

What needs do our Products and Services meet?

1. How do/have you determined your customers' needs or requirements? For example do you use feedback forms, surveys, market research or just ask them? Write some methods you use here. If you do nothing, consider if you need to.

2. List your current products and services (“what they are”) and then on the other column describe them in terms of “what function they serve”.

<u>Current Product/Service</u>	<u>Functions Served</u>
<i>Eg Cellular telephones</i>	<i>Hand held mobile communication</i>

3. List any future products and services you are considering and then on the other column describe them in terms of what function they serve.

<u>Future Product/Service</u>	<u>Functions Served</u>

4. Looking at your responses to the columns “Functions Served” in questions 2 and 3 above, what market needs is your organisation trying to meet currently and in the future?

<u>Functions Served</u>	<u>Current Market Needs</u>	<u>Future Market Needs</u>
<i>Eg Hand held mobile communication</i>	<i>Ability to stay in touch on the phone anywhere</i>	<i>Ability to combine several communications methods with other hand held functions anywhere</i>

Target Markets

A Target Market is the segment of the overall market that an organisation has chosen to serve or sell to.

Not many businesses successfully sell all things to all people. Choosing a target market ensures scarce resources are efficiently used and the business positions itself in the market place effectively.

Even large conglomerates divide their market into different segments and set up subsidiaries with different target markets. Some major retailing chains may actually have several different "brands" of supermarkets or department stores aimed at different segments, such as lower to medium income, higher income, etc.

If your main customers are the ultimate consumer rather than another business or organisation, the most common way of segmenting your market is by:-

- Geographic area
- Demographic characteristics (age, gender, etc)
- Psychographic characteristics (Lifestyle, Personality, etc)
- Behavioural variables (usage rate, loyalty status etc).

If your main customers are other businesses, the most common way of segmenting your market is by:-

- Geographic
- Industry
- Demographic (size of business)
- Behavioural characteristic (benefits sought, usage rate, etc).

Once you have segmented your market and defined your target market you can design products and services to meet the needs of that market and arrive at the correct communications strategies.

For example if your product is a designer sweater, you had better question why you think your market is a rural one in a hot climate, or else start producing cool, cotton work shirts.

Who are the markets and customers you want to serve

1. What are your current market segments and what is the size and trend of those market segments? The examples give the product in brackets but you do not need to include this.

<u>Market segments</u>	<u>Estimated total size of this market</u>	<u>Your organisation's estimated share of this market</u>	<u>What is affecting this market – leading to – is the market increasing or decreasing</u>
<i>E.g. 1 Young singles in my city with high disposable income (who want designer sweaters)</i>	<i>In my city, 3 to 4 million people buying an average 0.5 sweaters per annum at \$100 each; about \$1.75 million in sales.</i>	<i>My sweater sales are \$100,000 so about 5.7% of the total market.</i>	<i>The winters are getting shorter and warmer – this market will decrease.</i>
<i>E.g. 2 Restaurants in my city providing high quality meals (wanting high quality bread rolls)</i>	<i>I'm not sure of the total market but my top 3 competitors and I reported sales in last year's "Baker's Awards Night" totalling \$800,000.</i>	<i>My sales are \$150,000 so I have about 18.75% of the Relative Market.</i>	<i>The newspapers report more and more high-class restaurants so the market is increasing.</i>

2. Who are the competitors in your market segments and what is the competitive environment?

<u>Market Segments</u>	<u>Major Competitors</u>	<u>Is the competition weak (1) or strong (5)?</u>	<u>Why do customers buy from this competitor?</u>
		1 2 3 4 5	
		1 2 3 4 5	
		1 2 3 4 5	
		1 2 3 4 5	

3. Review your answers to questions 1 and 2 above, consider the following then complete this question:-

- What is the size of each market segment?
- What is your share – is there room for growth?
- What are the trends (increasing or decreasing) and do these trends support your staying in this market?
- Is it big enough to focus resources into?
- Is it a competitive market?
- How many competitors are there and how strong are they?
- Are you able to compete against their competitive advantages (reasons why people buy from them)?
- Does this market segment align with the Vision Statement?

What market segments will be your Target Markets and why?

<u>Target Market Segments</u>	<u>“Size” reasons why chosen</u>	<u>“Competition” reasons why chosen</u>	<u>“Alignment” reasons why chosen</u>

Summary of Mission Inputs

Once you are satisfied with the answers to the above questions, you can summarise the result into a description of your Mission below.

State who you are serving, and why – which of their needs are you meeting? What will you do in order to serve them?

Write your Mission Statement here.

Your Values

If the vision is the “what” and the mission is the “why”, then the organisation’s values are the “How do we want to act, consistent with our mission, along the path to our vision” (P M Senge: The Fifth Discipline).

It is important to understand that every individual in the organisation, owner or employee, managers and leaders, will have their own set of personal values. Some of these personal values will affect the way they act and make decisions at work in the organisation. Some people are risk-takers, others believe “doing the right thing” is the most important thing.

The organisational values are not meant to change people’s personal values – probably impossible anyway. However the organisational values will help individuals make decisions in the organisational context. Recognising people’s personal values as organisational values are constructed will help the alignment of personal behaviours to desired corporate behaviour.

The importance of values is shown in the following example.

The Committee Office Holders of a Not-For-Profit organisation rated “Teamwork and Communication” higher than “Client Service”. The staff on the other hand rated “Client Service” highly, and “Teamwork” not at all.

On discussion, the Office Holders, who knew each other well socially, felt that the key of the organisation’s current success had been the way they worked together efficiently to achieve the aims of the organisation. As well they felt that they used their networks in and out of the organisation to pull off some remarkable past achievements such as substantial community support in funding events.

On the other hand, the staff felt that they were stretched thin in providing the client service. They were achieving it, but at the cost of stress and dissatisfaction. They had joined because they believed in the aims (“Mission”) of the organisation, and at the coal-face they did not believe these were being met. If client service was not emphasised, and therefore day to day decisions made that improved client service, they felt that staff would leave and clients would soon be voicing negative comments. Asked why they had not rated “Teamwork” at all, they said they were simply too busy to make any use of it.

After discussion both views changed and it was agreed that client service should indeed be ranked higher than teamwork as the teamwork had to include everyone and was meaningless if there were dissatisfied staff and clients. On the other hand the staff acknowledged that Teamwork had to be an organisational value as it helped bring in support for the organisation to do its work, and it was seen that with good teamwork their work could be streamlined.

(The basis of the following Business Values Statements is from Nolan, Goodstein & Pfeiffer: Applied Strategic Planning.)

1. What do these Organisational Values mean to you personally? Rank each one from 1 (Not important) to 10 (Very Important). Rank them from your personal viewpoint, not as how you see the organisation should be.

Ranking of how important
I see these Values where 1 is Not
Important and 10 is Very Important

- | | |
|---|--------------------------|
| Organisation's reputation | <input type="checkbox"/> |
| Organisation's strive for excellence | <input type="checkbox"/> |
| Organisation's Teamwork & communication | <input type="checkbox"/> |
| Organisation's Leadership & management | <input type="checkbox"/> |
| Organisation's Cost efficiency and profitability | <input type="checkbox"/> |
| Organisation's Employee relations | <input type="checkbox"/> |
| Organisation's Customer service | <input type="checkbox"/> |
| Innovation, creativity & change in the Organisation | <input type="checkbox"/> |
| Learning & growth within the Organisation | <input type="checkbox"/> |

2. Now rank them again, but this time look from the viewpoint of the organisation itself. To the organisation how important are the following Organisational Values from 1 (Not important) to 10 (Very important).

Ranking of how important
to the organisation are these
Values where 1 is Not Important
and 10 is Very Important

- | | |
|--|--------------------------|
| Organisation's reputation | <input type="checkbox"/> |
| Organisation's strive for excellence | <input type="checkbox"/> |
| Organisation's Teamwork & communication | <input type="checkbox"/> |
| Organisation's Leadership & management | <input type="checkbox"/> |
| Organisation's Cost efficiency and profitability | <input type="checkbox"/> |
| Organisation's Employee relations | <input type="checkbox"/> |
| Organisation's Customer service | <input type="checkbox"/> |

Innovation, creativity & change in the Organisation ☐

Learning & growth within the Organisation ☐

3. Below, copy the two rankings for “Personal” and “Organisational” side by side.

If there is a marked difference in your first two rankings, you will have to think about why you ranked them the way you did and which reasoning should have more weight. There is no right or wrong answer in this review.

In the third column below, rank the Organisational Values from a balanced point of view of an individual inside the organisation from 1 (Not important) to 10 (Very important).

<u>Organisational Value</u>	<u>Personal</u>	<u>Organisational</u>	<u>Balanced</u>
Organisation’s reputation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Organisation’s strive for excellence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Organisation’s Teamwork & communication	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Organisation’s Leadership & management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Organisation’s Cost efficiency and profitability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Organisation’s Employee relations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Organisation’s Customer service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Innovation, creativity & change in the Organisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Learning & growth Within the Organisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. From the prioritised list of organisational values decide how you want to choose the most important ones for a shortlist (e.g. top 3, top 5, etc).

For those organisational values on your shortlist, think of key words or phrases that describe the values you want.

For example key words and phrases around “Employee relations” may be “well rewarded staff,” “a happy working environment,” “family life is important,” etc. Key

words and phrases around “Innovation, creativity and change” could be “innovation,” “continuous improvement,” “we seek better ways of doing what we do,” etc).

Enter below the key words and phrases of your short-listed values in the order of their importance. Use one line per key word or phrase.

Review of the Vision, Mission and Values Statement

Well done!

You are nearly there. Once you review what you have done so far you will have an amazing Vision, Mission and Values Statement that you can be proud to talk about, publish and publicise.

Fill in the following template of your draft Vision, Mission and Values Statement. Review each section and make any changes you want to.

When you have completed your review, re-write the Vision, Mission and Values Statement and print it out.

VISION

Our Vision is *insert here your draft Vision Statement from page 8*

MISSION

Our Mission is *insert here your draft Mission Statement from page 16*

VALUES

Our Values by which we will act, consistent with our Mission, along the path to our Vision are *Insert below the key values from page 20*

Review the above draft Vision, Mission and Values Statement:-

1. Firstly ask if there is enough of a Paradigm Shift in the Statement – have you challenged yourself or are you just recording what you have always done before?
2. Secondly ask if the Vision, Mission and Values align with each other. If they do not, which should change, the “what”, the “why” or the “how”? Which is the greater influencer to you?
3. Finally ask if the Statement meets the six **Characteristics of a Vision Statement** (J P Kotter: Leading Change):
 - Is it imaginable?
 - Is it desirable?
 - Is it feasible?
 - Is it focused?
 - Is it flexible?
 - Is it communicable?

Make any changes you want.

When you are happy print the Vision, Mission and values Statement and make sure you align the business’ behaviours, goals and plans towards the achievement of the vision.

What Do I Do Next?

Congratulations!

You have just completed your Vision, Mission and Values Statement. That was not an easy task and you deserve a huge pat on the back. If you did this as a team, reward yourselves – go out for a meal or find another appropriate way, and celebrate!

As we said at the beginning this paper is probably furthest from your comfort zone but it is the most important in any planning or change project because it sets your strategic direction. You have now defined where you want to be in terms so clear that when you meet a stranger on a train you will be able to explain clearly, and with passion, what your organisation does, what it looks like and what it believes in.

Now use it!

A Vision, Mission and Values Statement can be a waste of time, even a source of cynicism and negativity, if it is seen as a once-off exercise that is not believed in.

Think of some examples around you of things someone actually believes in, and how you know they believe in them? They talk about them. They talk about them over and

over again! They refer to them in almost every situation; they relate the situation to their belief. They live their lives by them.

So how do you make your Vision Statement live; how do you use it in your organisation every day?

Here are some tips.

- Believe in it! Get key influencers in your organisation to believe in it. Talk to them about it and explain it to them, persuade them about its vitality. Then lead by example.
- Print it and display it everywhere people gather in your organisation – reception, the coffee machine, the bathrooms, your office, meeting rooms, corridors where people pass.
- Hold an introductory meeting for all staff. Explain it. Give them personal copies. Give examples in every day business life of how it works, of which values are upheld and (be honest!) which need work. Make sure the members of your team who meet people outside (customers, suppliers) know it well. There is nothing worse than if a customer commented on the framed statement in the reception and your receptionist said, “Huh, what statement?”
- Use it at all meetings and gatherings. Before the start of a meeting, read it out. During the meeting relate to it. Ask questions like, “What decision would we take in this matter to live up to our Vision Statement?” Relate behaviours in a meeting to the Values – praise when they are met, remind of the Values you strive for when they are not. Use them even at informal events like company picnics!
- Hold a Values workshop. Ask staff to think of good behaviours in line with the Values and behaviours you should all work towards eliminating. Make the words real in terms of every day behaviour. After the workshop, look out for positive behaviours and reward them with lavish praise.
- Instigate prizes, to be nominated by anyone, to reward actions that support the Vision and Values. These should be regular prizes as well as surprise prizes, but do not award any if there were no such actions! However constantly look for the positive so that it can be rewarded. Have a prize for the person nominating who uses the most creative interpretation of a good action!
- Award a prize for the person who thinks of the best way to keep the Vision Statement alive.
- Keep all communications about the Vision heartfelt but simple. The organisation will have all kinds of communications, memos and information being circulated. Make the communication of the Vision understandable by relating it to everyday examples, or by using metaphors.

- Be honest about inconsistencies. Explain that the Vision is where you are heading so you are going to eliminate the inconsistencies, not ignore them and pretend everything is beautiful. Discuss inconsistencies when they happen and how the gap can be reduced if not eliminated in future. This can be done one-to-one or if appropriate, hold big forums to discuss major inconsistencies and solutions to closing the gap. When you display an inconsistency and it is pointed out, thank the provider of information and discuss with them how you can close the gap.
- Repeat and reinforce every chance you get. Turn it into every conversation. If a manager tells you that he cannot find enough skilled staff, after talking through some ideas, discuss with him whether he thinks the achievement of the Vision will help in future.
- Ensure communication about the Vision is two-way. Constant broadcasting of one view of the Vision can avoid alarming inconsistencies in day to day experience. Encourage feedback so that amendments to interpretation can be made and so that inconsistencies can be discussed and resolved.

Start planning the different ways you will use your Vision, Mission and Values Statement. Do not allow it to be a plaque on the wall but a living motivator of your organisation's path to greatness.