

## MANAGEMENT

## Making mission statements count

*Better involvement of stakeholder groups in the mission statement development process may actually be more important than the content of the statement*

By Christopher K. Bart

**G**ot a mission? Sure, who hasn't? It's the most popular management fad — make that, “tool” — in the world. But the problem is that you don't like the one used by your particular company or hospital or symphony. In fact, you think it's pretty lousy. So, what's wrong? Maybe it sounds the same as everyone else's, or you don't feel it's “your” mission. Or perhaps you feel the words are mocking you and your fellow employees.

Such reactions and feelings are not surprising, since most mission statements are not worth the paper (or plaque or poster or newsletter) they are written on. But what's the reason? It can't be for lack of advice, since dozens of articles, and even entire books, are now devoted to the subject. Unfortunately, though, there are also a great many inconsistencies in the recommendations offered by various writers. And the controversy over “mission” versus “vision” versus “values” rages on with no apparent end in sight (notwithstanding *CAmagazine* articles and impressive research by McMaster University on the subject).

Let's suppose you are a busy CEO, VP or department head who is suddenly asked to produce a mission statement for the next meeting of your board of directors. You don't have a lot of time (or patience) for the task, so you buy one of those nifty mission statement books and find a paragraph or two that seem to suit your company. You change a few words here and there and announce the new mission to all direct reports at their next meeting (after the board has blessed it,



of course). You then tell them to communicate it down the line and to “massage it” into all their business unit plans. Sound familiar?

Even if the actual content of the statement addresses the supposed needs of all relevant stakeholders, one can predict that this mission initiative will fail. Why? Because the process by which it was developed and communicated was wrong. The mission leader did not understand a basic fact: The quality of the process used to develop and disseminate the mission ultimately determines its effectiveness.

The problem is that management writings and research have virtually ignored the mission process, and we know less about it than we do about the content. I recently carried out a study comparing the performance impact of mission content and process on such variables as ROS, ROA, percentage change in revenues, percentage change in profits and influence on employee behaviour. The results showed that the process by which

the statement is developed may actually be more important than the content of the mission statement.

The key components in the mission process appear to revolve around several things: stakeholder involvement; which stakeholders have influence; the mission process style; and communication methods. Based on recent results from several ongoing research projects on the topic, here are some of the key insights that have emerged to date.

First, let's consider stakeholder involvement and influence. Most would agree that the stakeholder groups who have a legitimate interest in the mission process are the board of directors, the CEO, senior management, middle management, front-line employees (non-managers), shareholders, owners, customers, consultants and suppliers. Those who typically are most involved (and thus control the process) are the CEO, the board and senior managers. Most other stakeholders are lucky even to be aware that a mission process is taking place.

My research has established, however, that the involvement of some stakeholder groups appears to have a greater impact on performance than others. Specifically, the involvement of middle managers, shareholders and customers in the development of an organization's mission was found to have a more positive impact on various organizational outcome measures than did the involvement of others. Yet, these stakeholders were not well represented in most mission development exercises (their degree of mission involvement was rated as "high" in less than 43% of the cases versus involvement scores greater than 70% for other stakeholders).

Surprisingly, the involvement of the CEO in the process was seen to have a lesser impact on performance than was the case with all other stakeholder groups. While this appears to suggest that the CEO is less important to the process than are others, this explanation is hard to defend. It would be difficult to imagine a successful mission process without his or her involvement. What this finding means, though, is that, with so much literature proclaiming the need for CEO leadership of the process, it simply is no longer a differentiating or "performance enhancing" variable. Thus, while the CEO's involvement may be a necessary condition for mission process success, it is not a sufficient one.

It is recommended that organizational leaders consider involving as many stakeholder groups as possible in the mission development process, especially those who tend to be under-represented. Generally, senior managers are not fully aware of the needs of those groups whose involvement and support is necessary both to create and to implement the mission.

A mission process that includes input from a large number of stakeholder groups will benefit from having a wide variety of perspectives. Research also indicates that increased stakeholder involvement in the mission process will lead to a wider sense of ownership of the statement, resulting in increased employee commitment and satisfaction.

The style in which the mission process is conducted is also important to its ultimate success. First, the mission development process should not be an autocratic, or top-down, exercise in which senior managers simply dictate the final product. Rather, the proposed mission should

scale and descend the corporate hierarchy in search of refinement and support from all levels within the organization, especially those individuals typically associated with the bottom rung of the corporate ladder.

Second, the process should not be rigid or too formal, and a timetable for completion should be avoided. Instead, the mission team should be permitted to follow whatever steps are deemed necessary to converge on a suitable mission. Only when the mission statement is believed to have widespread acceptance and support (tested by a show of hands or secret ballot) should the process be considered completed. Indeed, Jack Welch, the brilliant CEO who rekindled the success of General Electric, took almost three years to create and finalize his company's mission.

Third, the process should be straightforward and simple. It should not include many complicated exercises aimed at achieving perfection. The process either makes sense or it doesn't; it either has face validity or it hasn't. And don't worry; stakeholders will signal if — or when — the process becomes too complex.

Finally, my research has confirmed that a successful mission development process is characterized by creativity. Thus, it would appear to be far better for an organization's mission development team to follow an original process rather than simply take one from a textbook and impose it on the organization.

Communication is the next vital tool in the development and acceptance of a mission statement. Many missions fail because important stakeholder groups either do not know what the statements mean in terms of their own work or, worse, they forget them.

In the final analysis, all great mission statements are generically the same ("We at Gizmo International are dedicated to keeping everybody happy while trying to make a few bucks along the way.") It is only in the interpretation of the actual words that similar statements achieve their unique character and flavour. After all, "quality customer service" has many levels, shapes and forms, and so can mean different things to different organizations.

If your organization is typical, most efforts to communicate the mission statement tend to be erratic and are probably directed mainly at internal stakeholders, including the board. Yet, my research suggests that the more an organization works at effectively communicating its

mission to almost all stakeholder groups, the greater the impact on performance — especially, satisfaction with the mission process; commitment to the mission; mission influence over behaviour; and mission as both an energy source and guide to decision-making. There is thus a substantial payoff for those organizations that put the necessary effort into communicating and disseminating their mission so that it is known, understood, accepted and remembered by all important stakeholders — both internal and external.

The two areas in which administrators should consider placing greater emphasis in disseminating their mission are customers and shareholders. These are the stakeholders who, according to my research, do not seem to be getting the attention they require ("success in communicating the mission" to them was reported in less than 44% of cases). They are the ones, however, for whom my research has shown that effective communication offers some substantial returns.

Lastly, there are many ways of disseminating the mission statement to stakeholders. The most-frequently used appear to be the annual report, posters, plaques and employee manuals (with frequency-of-use scores reported at greater than 50%). Less-frequently-used methods include company information kits, word-of-mouth, newsletters, advertisements and company seminars, workshops and training sessions. When asked, however, most employees appear to be relatively lukewarm in their overall opinion of the effectiveness of the methods used to communicate their mission (between 65% and 80% of respondents rated their firm's various communication methods as only moderately successful). Thus, not enough effort appears to be going into the quantity and quality of communication methods.

The most underrated and underappreciated, yet most powerful, means of communicating is by word-of-mouth — especially in those instances when a manager has to introduce and explain the mission to subordinates or other stakeholders. In one of my research studies, this method of communication received one of the lowest frequency-of-use scores (ranking sixth out of 10 methods) while providing some of the consistently highest correlations in relation to six performance measures.

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There is a straightforward reason for the powerfulness of word-of-mouth communication: once a manager or boss begins to speak about the organization's mission statement, a moment of truth is reached in the minds of listeners. It is at this point that stakeholders judge whether the leaders themselves believe and understand the mission.

I was present when a *Financial Post* 500 CEO recently announced the company's new mission to his 15,000 employees in a live Intranet broadcast. He read the 98-word mission and exhorted "each and every associate to memorize it, commit to it, embrace it, put it into the heart and live the mission daily."

When he finished, the employees in the room I was in laughed; one said aloud, "When he memorizes his own damn mission, then maybe I will too." Even worse, the live question-and-answer session produced no definitive answers for what any of the words meant. Someone had forgotten to tell the CEO that, in order to convince others he was living the mission, he had to know it by heart and know what it meant.

Despite the prevalence of mission statements, there is little guidance available for how they should be managed. My research continues to verify that, as an organizational concept, mission does matter and can make a dif-

ference in any organization's performance when used wisely. Managers should, therefore, take care during the process of formulating, disseminating and communicating their mission. If they don't, the final product, no matter how good the words sound (or how much money is spent), may not be worth much.

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