



to please our customers and to provide greater value than our competitors” — Dayton Hudson Department Stores; “Customer service delivered with a sense of warmth, friendliness, individual pride and company spirit” — Southwest Airlines);

- a statement of vision — a big, bold, audacious, compelling, overarching, long-term goal (such as GE’s classic, “To become the most competitive enterprise in the world by being No. 1 or No. 2 in every business in which we operate,” or Disneyland’s, “To be the happiest place on earth”);
- an expression of intent to satisfy the needs and expectations of multiple stakeholder groups, such as customers, employees, shareholders, suppliers and the community.

Underlying each of these mission components is emotional content and the ability to evoke passionate responses from all important stakeholder groups. Mission statements that “make a difference” capture the hearts as well as the minds of managers, front-line employees, customers and shareholders alike.

Perhaps the most interesting and intriguing outcome of my research was the indication that the content of a mission statement may also be influenced by such variables as firm size and the type of industry in which it operates. To date, I have analysed mission statements in high-tech versus low-tech organizations; in industrial versus consumer goods organizations; in innovative versus non-innovative organizations; and even in hospitals in the not-for-profit health care sectors. The results suggest that there are distinct industry preferences for specific items to be included in a firm’s mission.

In the case of high-tech and low-tech firms, I found that low-tech firms were much more likely to have mission statements that included a definition of their business. High-tech firms, it seems, prefer to leave their business definitions fairly loose, perhaps believing that a definition might be too confining and too restricting in the application of their technology. Low-tech firms, on the other hand, have a larger and more stable core business from which to extract some type of business definition. The mission statements of high-tech firms were also distinguished by the degree to which they specified important behavioural standards, such as an obsession for satisfying difficult customers, promoting an egalitarian workplace, recruiting the right people and glorifying innovators.

Identification of behavioural standards was also a distinguishing characteristic of the mission statements of innovative organizations. So, too, was the presence of several other mission components, such as the articulation of a competitive strategy (“We are innovators”; “Our edge is innovation”; “We bring good things to life”), some sort of vision statement and (surprise, surprise!) financial objectives. This latter dimension was particularly interesting because it represents the only instance in all my surveys in which the presence of specific quantitative objectives appears to have a posi-

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## The best mission statements capture the hearts and minds of managers, front-line employees, customers and shareholders

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tive influence on performance. The rationale for innovative firms including financial objectives is that the potential for failure is greater for them than for established operations. Clearly articulating and understanding the financial results that will define success or failure is, therefore, especially important in order to, first, select which innovative projects move forward, and second, administer rewards — particularly where high losses are anticipated. Non-innovative firms, unfortunately, do not appear to provide this guidance and suffer the consequences.

In the case of not-for-profit hospitals, four mission components (distinctive competence, specific patients served, unique identity and concern for satisfying patients’ needs) were among the most powerful in terms of their relationship to hospital performance measures. Interestingly, these components were not usually included in the mission statements of for-profit organizations. I have explained this variance by noting that most of the for-profit firms in my sample were extremely large and thus had a wide scope of operations. It would be difficult for such organizations to specify briefly in their mis-

sion statements their customer base, their distinctively competitive offerings or their unique identity. On the other hand, the combination of a relatively narrow scope of operations — and the trend toward managed care models — makes it both possible and desirable for not-for-profit health care organizations to include these items in their mission statements.

Although mission statements abound, sound and reliable guidance on how to create winners has been sparse. Managers, CFOs and CAs seeking to assist their organizations in formulating or revising a mission statement should use the research presented in this article to test their final product. It is easy for mission teams to get carried away by the jargon and plethora of confusing terms that surround the mission literature. To avoid hopelessness and chaos, mission creators should focus on a few basic principles when finalizing their mission statements.

First, keep it simple. I have found that the mission statements that work best are relatively short and to the point — in the early years, at least. There is a practical reason for this. Missions that live and have meaning within organizations must be simple enough to remember. In this regard, my research has demonstrated that the mission statements having the most impact on performance contain between 30 and 60 words. To be sure, you will find examples of long mission statements in successful companies. The truth is, however, that these were probably not the original versions but rather the result of years of experience in living with the mission and then strengthening it in later revisions.

Second, the mission statement should be unique. The best statements are those that serve to identify the company. When I challenge audiences to guess the name of the company whose mission is “to make people happy,” virtually everyone shouts out, “Disney.” Every major organization should strive to achieve such uniqueness in its statement.

Third, the mission statement should be inspirational. This objective goes hand in hand with the concept of uniqueness. When choosing the words that comprise your organization’s mission statement, keep a thesaurus handy. Challenge the choice of each word. Ask all important stakeholders if each word captures the essence of your organization. And don’t be afraid to put a little “attitude” into it. It makes a lot of difference if an organi-

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zation strives “to make people happy,” as opposed to “helping make people happy.”

The fourth principle is to make personal values the cornerstone and bedrock of the mission. Customers and employees want to be proud of the organizations on which they expend their money, time, talent and energy. The easiest way to capture that pride is to identify the things these stakeholders value and then look for ways to incorporate them into the mission statement. As most psychologists will attest, people like people who are like themselves. The same holds true for organizations and to the extent that they can mirror the values of employees, they will create an inspired and energized workforce that will not only live the mission but promote its acceptance everywhere.

Finally, the mission statement should

focus on the basics. Managers could include many items in their statements but current research suggests that some components are more important than others. Managers should therefore concentrate on getting these right before they diversify into more exotic dimensions that may, in the end, only clutter the message and confuse the reader.

Mission statements represent one of the least-used tools for gaining an advantage over the competition. Wise companies, however, understand the power that having a finely tuned sense of mission (one that is widely shared by all critical stakeholders) can bring to their organizations. They understand that great missions ultimately hold the key to getting people to work together. The starting point, though, is the actual words that

make up the document. So, to get the maximum benefit out of your mission, invest the necessary time and energy to make sure that your statement says it right. Failure to do so may be an early indicator that your organization is in for a rough ride in the years ahead.

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