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Mission Statements: Their main value may be in the writing

They can take months or even years to create. They can cost - directly and indirectly - thousands, or tens of thousands, or even hundreds of thousands of dollars. They are of no apparent or intrinsic value. Although almost every large company, institution or organization has one, there is still little agreement on what they should contain. And about one third of the companies that went to all the effort and expense of getting one now don't like it.

Mission statements, vision statements, value statements, statement of principles, whatever you want to call them, these one- or two-page summaries of a corporate entity's goals, dreams, and *raison d'etre* are now ubiquitous in Corporate Canada.

To outsiders, mission statements may appear to be little more than motherhood wall plaques, feel-good fillers in annual reports, and corporate mantras. But to Dr. Mark Baetz, a professor in Laurier's School of Business and Economics, mission statements are tools that are potentially invaluable in directing the formulation and implementation of an organization's management strategy.

In 1993, Baetz and fellow researcher Christopher Bart of McMaster University sent questionnaires to the CEOs of the Financial Post 500, Canada's largest industrial firms. They asked CEOs if their company had a mission statement, what was in it, who was involved in its preparation, how it was used, and whether they were satisfied with it.

Of the 135 companies responding, 116 (86 per cent) said they had a mission statement and another five were in the process of developing one, for a total of almost 90 per cent. Seventy per cent of the mission statements had been prepared within the past seven years, an indication that this is a relatively recent phenomenon.

Analyses of the mission statements revealed that slightly over half mentioned financial objectives. One company refers to its own "mediocre performance" in the past 30 years and says that in the 1990s it "will outperform the Standard and Poor 400."

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Almost all the mission statements refer to some non-financial objectives. One company says it "will be the premier oil and gas company in Canada, by empowering people and applying appropriate technology to unlock resources and create wealth."

About three quarters of the mission statements examined incorporate values or philosophies, such as providing a "challenging and rewarding work environment."

Most mentioned external stakeholders, such as clients, suppliers, shareholders, or government. Most often it was the customer or client mentioned (66 times), then employees (41), shareholders (34), the community, society or general public (16).

But what use do CEOs see for mission statements? The answers were all over the map, from guiding the strategic planning system, to providing a common purpose, to promoting a sense of shared expectations among all levels of employees, to ensuring that the interests of key external stakeholders are not ignored.

"Overall," Baetz and Bart noted, "it seems mission statements are disconnected from the organization, given that they are not being used for detailed, tactical decision-making guidance. This may explain why there is sometimes dissatisfaction and disillusion with mission statements."

One of the best reasons for preparing a mission statement may also be one of the reasons some companies don't want to take the plunge, Baetz says. While the actual act of sitting down to determine a company's mission can and should produce some good strategic thinking, "it can also create tension because it forces people to clarify what the organization stands for. And organizations have to think strategically."

It is also possible to create a bad mission statement. Some are too long, CEOs reported, and some are too short. "And the shifting external environment means companies have to critically re-evaluate what business they're in," often within a matter of one or two years, and the mission statement may not reflect those changes, Baetz says.

"You can also write mission statements that create low morale and uncertainty. If you are praising one part of the organization and not another, that can create hostility and resentment."

It is also clear from the survey, Baetz and Bart found, that creating a mission statement is very much a senior management prerogative and privilege. Consultants were used 9.7 per cent of the time, which is more than shareholders, non-management employees, or even customers were involved, despite the fact that customers were the most frequently mentioned stakeholder mentioned in the mission statements examined.