

DOES YOUR ORGANISATION NEED A MISSION?

by
Andrew Campbell

What is Mission?

For many managers, the word mission has a narrow meaning associated with defining the business that the organisation is in. We use the word in a broader sense to include purpose, strategy, values and behaviours that make up the organisation's unique personality. Mission therefore defines the following:

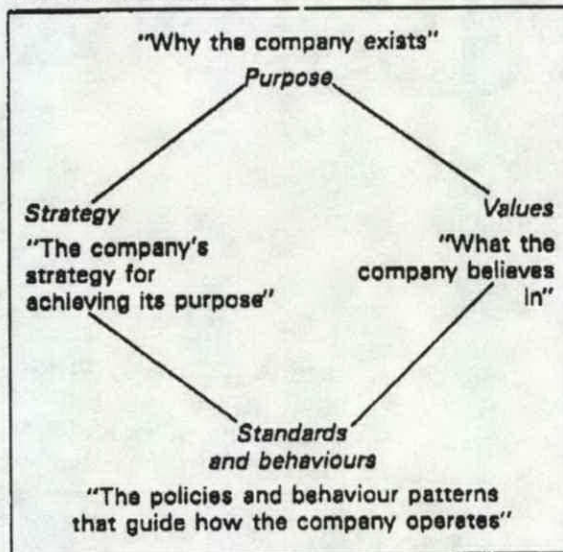
- (1) A purpose — some explanation for why the organisation exists. There are examples of companies dedicated primarily to serving shareholders. Others give the prime position to customers. It is even possible to identify organisations dedicated to their employees (partnerships) or to suppliers (farm co-operatives). Choosing a purpose involves resolving the competing claims of an organisation's stakeholders.

Our research implies, however, that the best organisations rise above the interests of any one stakeholder. They develop a purpose that is at a higher level and can be regarded as an end in itself. For example, "The duty of the manufacturer is to serve the foundation of man's happiness by making man's life affluent with an inexpensive and inexhaustible supply of life's necessities" is the stated purpose of Matsushita, the world's largest and most successful manufacturer of electrical products. Another example is the first objective of Sainsbury's: "To discharge the responsibility as leaders in our trade by acting with complete integrity, by carrying out our work to the highest standards and by contributing to the

public good and to the quality of life in the community." By creating a purpose greater than any one stakeholder, the company avoids the tensions that exist between shareholders, employee and customer, and attempts to gain the loyalty of all stakeholders to the cause.

- (2) A strategy — a description of the businesses or the activities that the organisation wants to run and its positioning relative to other organisations in the same field. The strategy supports the purpose and is sufficiently detailed that it defines the critical standards and behaviours needed in the organisation.
- (3) A set of values — the beliefs that underpin the organisation's management style, its relations to employees and other stakeholders, and its ethics. The values reinforce and resonate with the strategy. They also provide an essential moral link between purpose and behaviours. They are the justification for employees and managers to say that their behaviour is not only good strategy but also good in itself — the right way to behave.
- (4) Standards and behaviours — a summary of some of the most important standards and behaviours in the organisation. The mission will identify the behaviours that are most relevant to the strategy and the values: behaviours that illustrate the resonance between strategy and values. Examples include Hewlett-Packard's Management by Wandering Around and open-door policies, Marks & Spencer's standards of quality and good human

Figure 1.
What is a Mission?



relations or IBM's standards of service. These policies are central to both strategy and values, and are at the heart of an organisation's mission.

A strong mission exists when the links between behaviour, strategy, values and purpose are clear and reinforcing.

Why is Mission Important?

Whatever the case, we find it compelling that so many thinkers from so many fields agree on the dominant need of human beings to find meaning and transcend mundane things — Peters and Waterman, *In Search of Excellence*, 1982.

People are motivated and work more intelligently if they believe in what they are doing and trust the organisation they are working with. Psychologists and organisation behaviourists recognise that most people are searching for meaning in their life. If an organisation can provide meaning for an employee on top of pay and conditions, it will inspire greater commitment and loyalty — what we have labelled a "sense of mission".

The most powerful source of a sense of mission is the link between behaviours, the organisation's values and the employees' values. If the standards and behaviours in an organisation are value laden (can be justified in value terms), they can have meaning for

of mission are self-evident in the Scouts, in some charities, in religious organisations and in the better police forces. But they are hard to imagine in commercial organisations. Nevertheless, our research shows that a sense of mission can be created in commercial organisations.

We have argued that a sense of mission comes mainly from clear values. We should acknowledge that motivation and commitment can also come from clear strategy, from the excitement of achievement, from the honour of being the best and from the thrill of winning. We are avoiding the issue of whether strategy is more important than values. But we are arguing that strategy alone is not enough. Managers will also benefit from defining and developing values that resonate with the strategy.

The benefits of creating a sense of mission are numerous. Inevitably they overlap with the benefits of clear strategy, such as better decision making, clearer communication, greater ease in delegation with its benefit of a lower need for supervision. But a sense of mission, enhanced by clear values, gives additional benefits. The main advantage seems to be the loyalty and commitment of the management and employees. The second big advantage concerns people selection and development. Organisations with clear values find it easier to select, recruit, promote and develop the right kind of people. In part, it is a process of self-selection. Individuals who do not agree with the organisation's values will choose to leave. But it also gives the selectors and developers an additional set of criteria: does this person embody the values we believe in?

The third most important benefit comes from greater co-operation and trust.

Figure 2.

A Mission Statement is the Essence of all Four Elements

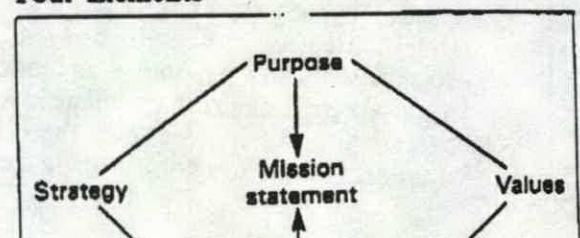
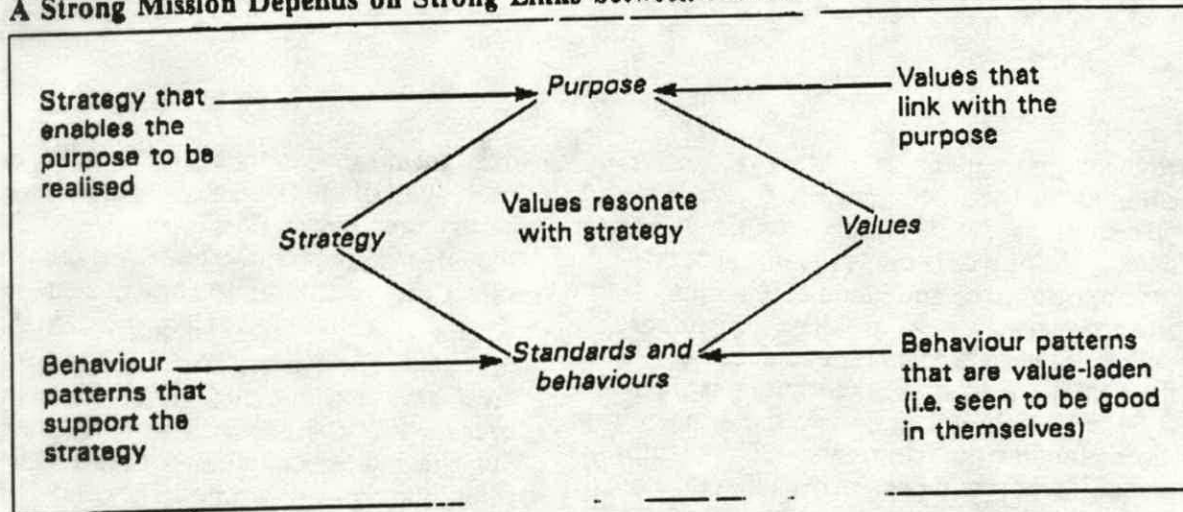


Figure 3.
A Strong Mission Depends on Strong Links between Elements



Organisations with a sense of mission find it easier to work together, to respect each other and to search for the solution that is in the best interests of the organisation rather than individual departments.

Our research has also shown how strong values can help decision making. Frequently, the biggest and most difficult decisions can only be made on judgement calls. A clear value framework, if it is a good one, can improve the judgement calls and help to keep them consistent. It is at the time of these big decisions that an organisation's purpose is tested. By having strong links between both strategy and purpose, and values and purpose, the leadership are more easily able to keep on course. Sainsbury's decision not to follow the other supermarket chains into Green Shield stamps is an example. It was judged by management before the event to be a poor commercial decision but one that was more in tune with the company's values and purpose. In the event, it proved to be a good commercial decision as well.

While strong values make the decisions at the top easier, they also make the daily decisions throughout the organisation easier. Employees and managers throughout the organisation are continually faced with dilemmas and choices. Calculating the commercial impact of these alternatives is difficult and can be misleading. It is, therefore, easier for employees if the organisation has strong values to guide them through the choices. But a sense of mission is not necessarily beneficial. The strategy or the values can be inappropriate or misguided. By cementing the organisation behind a sense of

mission, management can make it hard to change course. We have examples of companies devoted to the wrong values and the wrong beliefs. In these cases, like the British motor cycle industry, the sense of mission was self-destructive. Nevertheless, most organisations that have sound strategies are likely to benefit from management time devoted to creating a sense of mission.

How to Create a Sense of Mission

There are two tasks that are needed to create a sense of mission. The first is the intellectual task of defining purpose, developing strategies and values that reinforce each other, and identifying the standards and behaviours that are the expression of the mission. The second task is a communications and management task of making the sense of mission come alive in the organisation.

Approaches and tools for achieving both of these tasks abound, ranging from a "culture audit" as a first step in developing values to a "corporate identity programme" as one of the ways of symbolising the mission. The particular method chosen should be tailored to the personalities of the senior management group and the particular organisation's circumstances.

Companies in our research have followed many different paths. Those with the strongest and most long-standing missions, like Marks & Spencer, have developed their missions gradually, driven by the instincts of a powerful leader or founder. The sense of mission emerged because the leadership ran the business on a few, well-communicated messages that had strategic as well as value

connections. A manager in Marks & Spencer commented that: "Marcus Sieff gave many presentations both in the company and outside. But he only ever gave one speech — the importance of good human relations". In recent years, many of these missionary businesses have devoted time to documenting their missions to make them more explicit.

Others, such as Lex Service, have taken a more intellectual approach. The senior management group has worked out a mission statement which it has then used to help it run the business. The statement has usually been developed in consultation with managers at all levels in the company. Frequently, the statement has been published and used as the centrepiece of a major communication or corporate identity programme.

One problem faced by these companies is that they have found it hard to develop a consensus in the top management team. This can lead to long delays in the development of the mission, to the creation of a compromise statement with more political content than philosophy, or to a half-hearted implementation programme. It is apparent that creating a mission is more difficult than developing strategy.

Finally, there are some companies who have taken an operational approach to the problem. They have picked one or two operational issues, developed a consensus around how to tackle them, pushed for the necessary changes, and then encouraged a sense of mission to grow up around this operational theme. The British Airways theme of "Putting People First" was a response to the operational problem of how to deliver better service to the customer. The effect appears to be an organisation with a growing sense of mission.

Out of this diversity of approaches we have managed to distil some rules of thumb or guiding principles:

- (1) It takes years not months — Creating a sense of mission is long-term project. One company has been actively working at it for ten years and has still not fully succeeded. On the other hand, if the sense of mission is imposed from above often combined with sweeping management changes, a short period, say less than three years, seems to be reasonable.
- (2) True consensus is necessary within the top management team. A consensus within the top management team does not mean that the top team needs to have fully defined strategy, values and behaviours. But it does mean that they should have consensus, especially about the values they are trying to communicate.
- (3) Action is a better communicator than words — The reason why the top team must have a true belief in the values is because it is their actions that will send out the message. Values are not easily communicated by speeches. They only live in an organisation when managers act them out.
- (4) Top team visibility is essential — The values of the organisation are its ethos, its personality. It is much easier for employees to identify with the ethos if they can associate it with a leader or leadership group. It is hard to believe in an organisation if you feel out of touch with the leadership. Colin Marshall of British Airways gave 300 presentations to groups of 100 employees to get his message of "Putting People First" across to 30,000 employees. In other companies, face-to-face meetings are rare. But the leadership are visible through myths and stories told about them, or through communication devices, such as videos or circulating the minutes of board meetings.
- (5) Top team continuity — Continuity of leadership is one of the biggest contributors to creating a sense of mission. Not only does it give the leaders time to think through the connections between values and strategies and to identify the pivotal behaviours, but it helps to make the leaders more visible, makes consensus more likely, and it promotes consistency, one of the most important parts of communicating a message.
- (6) Efforts to enshrine the mission are best when they come after the event not before — Public statements of mission can generate cynicism and disillusionment when they do not reflect reality. In some cases, the company published a vision of how things ought to be in their organisations. But the visions were too far from reality and there was too little change underway. Instead of acting as an inspiration for employees, the statement caused confusion, making employees

- (7) Statements of mission should have personality — The most highly regarded published statements were those that reflected the personality of the organisation and the leadership. Frequently, they were straight talking, using blunt terms rather than advertising copy. Documents that were written by the communications department and word-smithed by a committee were generally less powerful than a mission written by the chairman over the weekend.
- (8) Strategy and values should be formulated together — An essential part of creating a mission is the resonance between strategy and values. So which should come first? The research suggests that the two should be developed in parallel. Some values and some parts of strategy will be clear at the start. Creating a mission involves building around these starting positions to a more complete definition of strategy, values, purpose and behaviours.
- (9) Management should focus on the link between behaviours and values — Employees feel a sense of mission when they believe in what they are doing and the way they do it. In our interviews, it was the way people in the company behaved that was most frequently talked about. By helping an employee see the association between the task he/she is doing and some worthy value, the manager is creating meaning for the person. It is this meaning that is at the core of a sense of mission. Even mundane tasks like photocopying can be infused with value. Though the task itself may have little meaning, the way in which it is performed can be infused with values, such as excellence, caring for others or efficiency.

When is Mission not Appropriate?

The implication of our research is that managers will benefit from working on the values and philosophy of their organisations. By going beyond strategy thinking to mission thinking, managers can develop a link between purpose, strategy, values and behaviours that will help to create a sense of mission in their organisations. But there are three circumstances when this work is not appropriate — when strategy is changing or highly uncertain, when the top team is unlikely to be stable, and when there are strong differences between members of the top team.

In the previous section, we pointed out the importance of a consensus among the top

team. If there is little chance of this consensus being reached, there is little point in discussing mission until the top team has changed.

We also pointed out the importance of continuity in the top team to ensure that the message is consistent. In companies where senior management change regularly or in cases where the future leaders are not involved in the mission-development process, it is unlikely to be a useful long-term exercise. One exception occurs when a long-standing leader is near retirement. He may want to enshrine the company's mission in documents and corporate symbols as an aid to maintaining consistency after he has retired. We predict that this will only be successful if his successor is intimately involved in the process.

The third situation where mission work is unlikely to be beneficial is when strategy is in flux. Since mission is the fusion of strategy and values, it is hardest to formulate a mission if strategy is changing or uncertain. Management may need to retain flexibility in both strategy and values. The disadvantage of flexibility is the confusion it creates in the organisation. The antidote seems to be for management to hold on to and reinforce one or two values from the past that will not hamper development in the future.

What is Mission in a Multi-business Company?

Throughout this article we have talked about an organisation as if it were one unit. But most companies are diversified, with headquarters, groups and business units. The issue is whether these multi-business companies should have one mission or multiple missions, and whether our mission research has any messages for how companies should compose their portfolios.

We believe that, in most situations, organisations with a sense of mission are likely to be able to outperform those that do not have one. It follows, therefore, that most business units are likely to benefit from creating a mission. The multi-business issue then becomes a question of how to link different business unit missions and whether and in what form to have a mission at headquarters. The issues are:

- How diversified can a group of companies be before it becomes impossible to have a shared sense of mission?
- Can management style be the focus of a mission for diversified companies?
- Is there benefit in the headquarters having a sense of mission, or can the creation of mission be delegated entirely to the business unit level?

It is apparent from our research that it is possible to create a mission for a whole multi-business company so long as the level of diversity is low. Lex Service is an example. The mission is about service excellence and people care. All the subsidiaries are seeking to overcome their competitors by caring more for their employees and so being able to offer better service. As a result, many of the values and behaviours are the same across the organisation, creating a sense of mission and identity for all. Moreover, Lex has sold subsidiaries that could not fully support the mission. One example was the Transport Division. This subsidiary had a fairly strong mission of its own. But it was not compatible with the corporate mission and the division was ultimately sold.

It is also apparent from the research that diversified companies like Hanson and Tarmac have a sense of mission. For these organisations, the mission is mainly about the activities of headquarters, and the subsidiaries share in the mission so far as the headquarters' values and behaviours are imposed on them. Lord Hanson's words illustrate this.

We believed from the beginning — and 23 years has not led us to change this view — that the best results flow from three systems which operate simultaneously and continuously. The first is the identification of the man or woman on whose performance the business will succeed or fail — the manager. If you are in very complex or highly technical businesses, it is hard to identify the one person who carries the can for success or failure.

The second is financial discipline. We work hard to get our operating companies to understand the concept that budgets are something you intend to achieve, not something you hope to achieve.

The third is motivation. I believe very firmly in the combination of carrot and stick. We make it crystal clear what the manager's task is, but don't just leave it to him or allow him to get on with it. We require him to do it. This has a dramatic effect on the individual. Possibly for the first time in his career he senses the meaning of personal responsibility.

Hanson's mission is therefore more about the headquarters' strategy and style than it is about the subsidiaries' tasks. Yet it is our judgement that Hanson has a sense of mission equally as strong as Lex Service. Moreover, some of the subsidiaries have their own missions that

wide mission for portfolios of businesses with similar strategic intent. On the other, it seems possible to have a corporate mission about the way headquarters manages the subsidiaries, even in a highly diverse company.

To reach any more definite conclusions, it will be necessary to study more multi-business companies, like Hewlett-Packard, or 3M, or Johnson and Johnson, to understand their missions. It will also be useful to look at companies, like Marks & Spencer and Sainsbury's, that are diversifying. How easily will they be able to link their new subsidiaries into the existing sense of mission? To date, both Sainsbury's and Marks & Spencer have been most careful, with their recent US acquisitions, to buy companies with compatible missions.

One possible solution to the problem of corporate versus subsidiary missions is to argue that the corporate level mission can be based around management style and that subsidiary missions can dovetail into the corporate mission. This appears to be the situation with companies like Tarmac and Hanson, where the corporate mission is largely about management process, and subsidiaries, like Tarmac's Housing Division, have clear missions of their own that are compatible in value terms with the corporate mission. A further examination of corporate and subsidiary missions will be needed to clarify this point fully.

Another solution to the problem is to argue that the corporate level does not need a mission. If the centre is acting as a holding company, there is no rationale for a top-down mission. We are not in favour of this argument. We are reasonably confident that multi-business companies will perform better if the headquarters has a mission. Except in the case of true holding companies, a parenting style which we believe to be unsatisfactory, we see benefit in a centrally developed mission.

The headquarters is an organisation set up to deliver value to its subsidiary companies. The headquarters that can deliver the most value will ultimately win the fight, because it will be able to pay more for its subsidiaries. Headquarters is, therefore, a performing organisation that develops a strategy for competing with rival headquarters. As an organisation with a strategy, headquarters should, therefore, benefit from developing a sense of mission.

Our current view is that a headquarters

from developing a mission around its own activities, as Hanson has done. In either case, the company can benefit from developing a mission at the centre. These arguments are still tentative and further work is needed to convert them into more definite conclusions.

Conclusion

Leadership is more than strategy formulation. Successful leaders also instil values in their organisations that generate commitment and simplify the management task. The concept of mission presented in this memorandum shows how purpose, strategy and values need to be linked to standards and behaviours. We believe most companies will benefit from devoting more attention to mission and we have given some advice on how this might best be done.

Purposes Aimed at Stakeholders

It is the central tenet of my faith that the shareholder is king. My aim is to advance the shareholder's interest by increasing earnings per share — Lord Hanson.

We will exercise responsibility in our dealings with all our stakeholders and, in the case of conflict, balance the interest of the employees and shareholders on an equal basis over time — Lex Service.

London International Group's goal is to be in the top 100 United Kingdom public companies, based on market capitalisation — LIG

Purposes Aimed at a Higher Deal

To serve the foundation of happiness, through making man's life affluent with inexpensive and inexhaustible supply of necessities like water inflow, is the duty of the manufacturer — Matsushita.

To discharge the responsibility as leaders in our trade by acting with complete integrity, by carrying out our work to the highest standards and by contributing to the public good and the quality of life — Sainsbury.

To maintain a peaceful society, free of the fear of crime and disorder — Metropolitan Police.

Values

- National Service through Industry
- Fairness
- Harmony and co-operation
- Struggle for betterment
- Courtesy and humility
- Adjustment and assimilation
- Gratitude — Matsushita's seven Spiritual Values
- Respect for the individual
- Excellence in everything
- Dedication to customer service — IBM

Standards and Behaviours

Budgets are personal commitments made by management to their superiors, subordinates, shareholders and their self respect — BBA

Meet what others expect of you. You should discern who expects what of you and try to meet their expectations. Never cling stubbornly to your stand only — Matsushita.

Management by Wandering Around

- To have a well-managed operation it is essential that the managers/supervisors be aware of what is happening in their areas — not just at their immediate level, but also at several levels below that.
- Our people are our most important resource and managers have direct responsibility for their training, their performance, and for their well-being. To do this, managers must get around to find out how their people feel about their jobs and what they feel will make their work more productive and more meaningful — Hewlett Packard

Andrew Campbell is Director of the Ashridge Strategic Management Centre, 17 Portland Place, London WIN 3AF.

Previously he was a Fellow in the Centre for Business Strategy at the London Business School, and a consultant for six years with McKinsey and Company. This research has been carried out in conjunction with the Boston Consulting Group.