

Section 1 Strategic aims and objectives

Introduction

In this section you'll start at the beginning of the strategic process and reflect on some fundamental questions, like what business you're really in and why you're doing what you're doing. The answers to such questions give meaning to your strategy. Not having the answers is like leaving for the airport to go on holiday without having decided your destination. It's what, in organisational terms, is called 'strategic purpose'. In both this and the next section, you'll try to get to the bottom of where you're going and, indeed, where you believe you should be going.

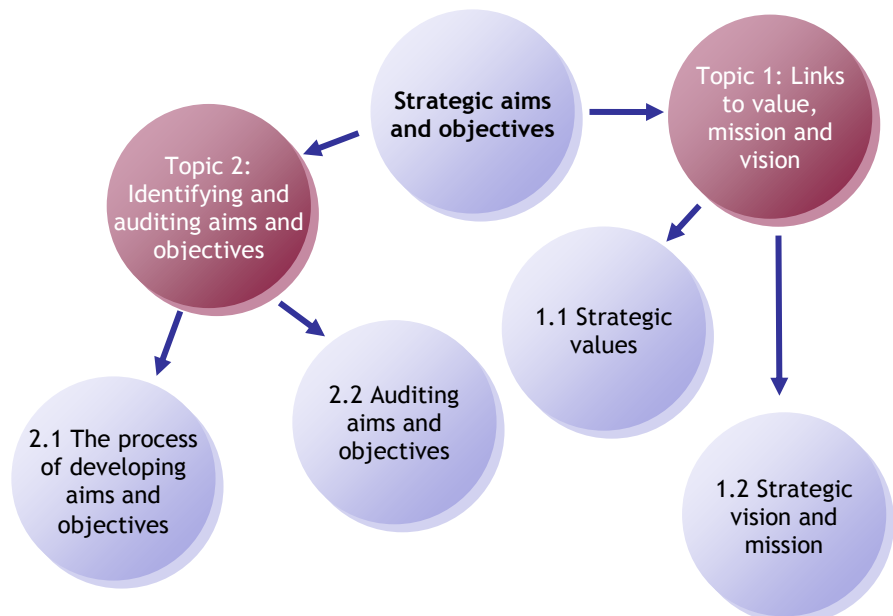
Learning outcomes

This section covers the following learning outcomes:

- 7006.1 Be able to review and determine the organisational strategic aims and objectives
- 7011.1:1.1 Identify the organisational strategic aims and objectives

Section mind map

There are two topics in this section as shown below. Check the subjects within each one and then continue with the areas you need to explore.



Topic 1: Links to values, vision and mission

Introduction

A number of factors are key in framing an organisation's strategic purpose. These are typically your values, your sense of vision and your mission. They are normally expressed by 'statements'. By understanding and organising these, you'll be able to determine aims and objectives, which is where sense of purpose starts to move into something more concrete. It's the beginning of strategic planning.

Values, vision and mission are based on the expectations and wishes of key stakeholders, about which there's more in Section 2 where we deal with stakeholder analysis. If you're unclear of the influence of stakeholders with regard to strategic purpose and in framing aims and objectives, you may want to look at that section first.

1.1 Strategic values

One of the key drivers of strategic purpose in an organisation is its values. Values are part of the organisation's culture – those subconscious assumptions and beliefs that frame its view of itself. 'Subconscious'? Yes, but more and more these values are being analysed and made explicit so that there is a clear alignment between value and purpose.

Typically, we think of organisational values as things like communication, integrity, respect, excellence and so on – a mixture of ethical behaviour and work standards. But as these four values were those of the failed and fraudulent energy company Enron (as claimed in its annual report for 2000) alarm bells should be ringing!

Values sound great, but they throw up some key questions for the strategist:

- How can you ensure values are not just some fluffy, bland and meaningless corporate speak?
- How can you ensure that cultural values, corporate values and strategic values are all the same thing? They could be working against each other.

Before we answer these questions, you'll consider what types of values an organisation may have.

Types of values

Lencioni noted four types of corporate values:

- core values – these are the deeply ingrained principles that govern all the organisation's actions. They are the source of a company's distinctiveness. For example, Hewlett-Packard developed the 'HP Way': trust and respect for individuals,

high level of achievement and contribution, uncompromising business integrity, teamwork, flexibility and innovation.

- aspirational values – those values that are needed in order to succeed in the future. Note that here is where a traditional value may be out of step with a strategic value.
- permission-to-play values – what you might also call ‘threshold’ values (non-core, non-distinctive), namely, those minimum standards of behaviour required of people in the organisation, typically as set out in employee handbooks.
- accidental values – cultural values which are taken for granted but don’t really reflect the core or aspirational values, such as ‘we don’t do things like that in this department’ or ‘nobody works on a Friday afternoon’. Another example of where one value may be out of step with others. There’s more about culture and the ‘cultural web’ in Section 4, Topic 1.

If you think about it, you’ll quickly realise the ‘values thing’ is rather complicated. Everyone in an organisation contributes to values, and the values we bring can amount not so much to a common purpose as to common baggage. Here’s how:

- There are differences in personal values – some people always go ‘the extra mile’ for the customer, while some never do.
- Departments, business units, affiliated organisations may have different values – backroom staff who don’t have the same ‘commitment to customers’ as frontline employees.
- Employees may have different values to customers – ‘We believe in providing a fast and efficient service’ may seem to the customer like ‘Hurry up, someone else is waiting to be served’.
- Line managers and employees may see corporate values as meaning the values of the top echelon of the company, or as values transmitted ‘from above’ which have no direct relevance on the shop floor – this is the world of the incomprehensible new corporate logo and unwowing vision video.
- And then, there are other stakeholders – suppliers, regulators, the board, people in the local environment and so on.

Is there anything here that reminds you of your own organisation?

The question therefore is this: how can all these values be made to point in one direction – the strategic one?

Plan your values

It may seem rather counter-intuitive, but you can actually analyse your values, develop consistent ones and implement them as part of your overall strategy. Here’s how:

- 1 Analyse your values – send a questionnaire round with a broad range of values (15 to 20) and ask people to tick which of them they think are your core ones or to rate them in terms of importance (1 to 5). This should include both strategic and other values – both documented and not. Don't forget to complete one yourself.
- 2 Assess your current strategic aims and objectives vis-à-vis these values in terms of which ones best reflect them. If you are in the process of devising new aims and objectives, assess which of the values you think should be your organisation's values for the future.
- 3 From both assessments, identify your distinctive strategic values. Be careful. You don't want consensus values. While taking into account what stakeholders say, if you're clear about where you're going and what values are needed to get there, you'll need to discard some people's perceptions as you're going to need to change them.

Also, be robust, authentic and specific in your statement of values. Everybody says 'we're committed to our customers', 'excellence in everything we do' or 'we value our people'. What's so distinctive about that? How are you committed? What do you mean by 'excellence'? How do you value your people? What about being committed to making a profit, paying your staff more if you do, cutting down on specific costs, embracing risk or developing a can-do attitude.

- 4 Implement value initiatives, create ownership and manage the gap between what the strategic objectives are and what people think they are. This can be done through communication initiatives, performance management systems, promotion and reward. Values should be on the same level and skills and experience. There should be ongoing reminders in the workplace of what they are: posters on walls, straplines on leaflets and newsletters, discussions in team meetings.

Activity

Activity 1.1

2+ hours

1. Assess your own organisation's values either in line with the aims and objectives of your current strategy or in line with a strategy that's still in development. Use a questionnaire or other tool as appropriate on a sample of stakeholders. Base it on an existing values statement if you have one (or ones you may find on the internet).

Here's an example that you may wish to base your assessment on.

Value statements	Tick appropriate box 5 'fully agree', 4 'mainly agree', etc				
We reward our staff based on their work achievements	5 <input type="checkbox"/>	4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
We all contribute to producing good value products	5 <input type="checkbox"/>	4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
We are all responsible for customer service	5 <input type="checkbox"/>	4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
We respect and value our suppliers by paying them fairly and in reasonable time	5 <input type="checkbox"/>	4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
We believe in striking the right balance between work and home	5 <input type="checkbox"/>	4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>

2. Identify the difference between what you think the strategic values should be, or are, and the prevailing organisational values at a cultural or corporate level. Do the strategic values need to change or do other values need to change? Fill in the first two columns of the table below (or produce something similar of your own).
3. Note down in the third column some ideas that would improve the situation. You'll return to this in the final activity at the end of this section.

Areas where there are differences	What needs to change	Ideas for improvement

1.2 Strategic vision and mission

Values work together with vision and mission to create the framework of your strategic purpose, and from which come your specific aims and objectives.

Sometimes the lines between vision and mission are blurred, but strictly speaking a vision is an aspirational statement of where the organisation wishes to go, whereas the mission is a statement of current strategic positioning.

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12

For example, Worthing and Southlands Hospitals NHS Trust mission statement is: 'The Trust delivers high quality patient care and services to meet the needs of the community through the use of first class professional and technological resources and facilities.' Its vision is: 'The Trust will further develop its position as a major provider of acute services in West Sussex in partnership with the local healthcare community.'

Note how these mission and vision statements incorporate strategic values – 'high quality', 'needs of the community', 'first class professional' and 'partnership'.

Vision: five reasons for it and five ways of judging it

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2

Lynch identifies five reasons for developing a vision statement:

- looking at the future is important and any full investigation of purpose needs to deliver this
- the organisation's mission and strategic objectives may be stimulated in a positive way by the further strategic options a vision may provide
- the vision may lead to major strategic opportunities beyond the existing boundaries and organisational resources
- market and resource projections for a few years ahead based on current environmental conditions may miss future possibilities opened up by innovation
- a vision provides a desirable challenge for managers.

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Hamel and Prahalad suggested five ways of judging the suitability of an organisational vision:

- foresight – is the vision robust and coherent?
- breadth – does it fully cover likely changes in the market place?
- uniqueness – is there something unique that the organisation can capitalise on and surprise its competitors?
- consensus – a dangerous word in this context as we mentioned above. A consensus vision sounds like a dream about mud. Perhaps they should have said 'homogeneous' – one vision, not many
- actionability – how ready is this vision for implementation? Does the organisation have the core competences? Have the future opportunities been clearly identified?

Not everyone sees the value of vision, particularly where the environment's changing so fast. How far can you really think ahead in this context? This doesn't invalidate analysis aimed at clarifying it in more detail. It depends how good or intuitive a strategist you are. Others suggest that where there are a lot of part-time workers, contracted suppliers and flexible workers it will be difficult to get commitment to a shared vision. This again doesn't invalidate vision. It just makes it more challenging.

Activity

Activity 1.2a

30 mins

1. Consider your own organisation's vision, especially in the light of Hamel and Prahalad's observations. Write out your vision and fill in the table below.

Your organisation's vision:

	Comments
Is it fit for purpose?	
Does it express your values and future aspirations?	
Could it say more (or is it some bland sound byte like 'the world's favourite duct manufacturer')?	

A new improved version:

2. If you feel your organisation's vision could be improved have a go at rewriting it. Use the space in the table above if you wish.

If you haven't got a vision, should you have one? If applicable, try drawing up a more appropriate one. There are plenty of examples of visions on the internet that you might be able to adapt.



Mission: effectiveness and formulation

Lynch states that the mission of an organisation 'outlines the broad directions that it should and will follow and briefly summarises the reasoning and values that lie behind it'. It also summarises for stakeholders where the organisation is positioned. Therein lies its usefulness.

He outlines four criteria for judging the effectiveness of mission statements. They should:

- be specific enough to have an effect on the behaviour of people in the organisation
- reflect the organisation's distinctive advantages and be based upon an analysis of its strengths and weaknesses
- be realistic and attainable
- be flexible to take account of environmental changes.

In terms of formulating a mission statement, Lynch sees five elements:

- 1 Decide what business you're in or want to be in.
- 2 Consider the mission from a customer perspective – who's your business targeted at?
- 3 Ensure it reflects your core values and beliefs.
- 4 Add a touch of what you think is your sustainable competitive advantage ('leader in the field').
- 5 Summarise the main reasons for the strategic approach – 'We are a team and must treat each other with trust and respect'.

Check the Worthing and Southlands Hospitals NHS Trust example above to see if its mission fits these five elements.

The point about the value of vision statements also applies to mission statements. Those people who believe strategy should emerge rather than be prescriptive because of the uncertainty of the environment doubt the validity of having a mission at all. Though it's hard to see how a statement that frames an organisation's basic purpose can be useless. You surely can't run or want to start a business without a clear sense of purpose.

There's more about emergent approaches to strategy in Section 4.

Activity

Activity 1.2b

30 mins

Assess your own mission statement against Lynch's four effectiveness criteria and five elements for formulating a mission statement. How does it fare?

Effectiveness criteria	Comments
Specific enough?	
Reflect organisation?	
Realistic and attainable?	
Flexible?	
Formulating a mission statement	
Covers what business you're in or want to be in?	
From a customer perspective?	
Reflects core values and beliefs?	
Covers your sustainable competitive advantage?	
Summarises the main reasons for the strategic approach?	

If you're formulating a new one, have a go at framing one against these criteria and check how it looks. Is it saying too much or not enough? Does it neatly dovetail with your vision statement?

Again, have a look at mission statements on the internet or the various supporting resources to help you do this.

You can amend or create a mission statement in the final activity of this section.










Supporting resources

(Items marked with P+ are available online at the CMI Student Resource Centre and ManagementDirect.)

Books

- 1 Johnson, G., Scholes, K., and Whittington, R., 2008, *Exploring Corporate Strategy*, 8th edition, Pearson Education – see Chapter 4: Strategic purpose
- 2 Lynch, R., 2006, *Corporate Strategy*, 4th edition, Pearson Education – see Chapters 10 and 12
- 3 Hamel, G., and Prahalad, C.K., 1994, *Competing for the Future*, Harvard Business School Press

Articles

-  4 Lencioni, Patrick, M., July 2002, 'Make your values mean something', *Harvard Business Review*, Vol 80, Issue 7, pp. 113–17 – excellent article explaining the different types of corporate values and how to make them 'stick'.
-  5 Paarleberg, Laurie, E., and Perry, James, L., December 2007, 'Values management: aligning employee values and organization goals', *American Review of Public Administration*, Vol 37, Issue 4, pp. 387–408 – explores the process by which formal management systems foster the creation of shared organisation values, addressing the basic question: can workplace values be 'managed'?
-  6 Collins, J.C., and Porras, J.I., Sept/Oct 1996, 'Building your company's vision', *Harvard Business Review*, Vol 74, Issue 5, pp. 65–77 – an interesting prescriptive strategic framework that sits on the relationship between core values, core purpose, and future vision.
-  7 Collis, D.J., and Urckstad, M.G., April 2008, 'Can you say what your strategy is?', *Harvard Business Review*, Vol 86, Issue 4, pp. 82–90 – how to make a simple strategy statement.
-  8 Weeks, Wallace, May 2008, 'Revisiting your company's vision and mission', *HomeCare*, Vol 31, Issue 5, pp. 20–22 – identifying the right business strategies and core values to align with the company's mission and vision.
-  9 Crawford, David, and Scaletta, Todd, Aug/Sept 2006, 'The value of values – how to attract and retain productive employees with strategic values-focused management', *CMA Management*, Vol 80, Issue 5, pp. 22–27 – good information on the difference between managers' and employees' perception of strategic values, including a useful value-focused analysis tool based on the Balanced Scorecard.
-  10 Osborne, Richard, L., Sept/Oct 1996, 'Strategic values: The corporate performance engine', *Business Horizons*, Vol 39, Issue 5, pp. 41–48 – useful on the role of strategic values and how to develop a 'strategic journey' based on them.
- 11 Van Lee, R., Fabish, L., and McGaw, N., Summer 2005, 'The value of corporate values', *Strategy+Business*, Booz & Company, Issue 39 – interesting survey on typical strategic values and how they can be reinforced, recommended and available free on the internet at www.strategy-business.com

Weblinks

- 12 www.worthinghospital.nhs.uk/About_us/who_we_are – the mission and vision of Worthing and Southlands Hospitals NHS Trust