UNIT 3 STRATEGIC INTENT: VISION, MISSION AND OBJECTIVES
3.0 INTRODUCTION

Strategic intent is all about clarity, focus and inspiration. It is considered to be the cornerstone one of strategic architecture. Vision is a powerful motivator that makes an organization more forward. This unit will introduce you to the terms ‘vision’, ‘mission’ and ‘objectives’ that are commonly found in the company statement of most corporate houses.

3.1 UNIT OBJECTIVES

After going through this unit, you will be able to:

- Define strategic intent
- Understand the purpose of vision and mission statements
- Get an idea of the objectives pursued by companies

3.2 STRATEGIC INTENT

The dream that energizes a company and keeps it going is referred to as the strategic intent. It is the cornerstone of strategic architecture. While strategic architecture shows the way to the future, it is the strategic intent that provides the emotional and intellectual energy necessary for the journey. Strategic intent involves a significant stretch for the organization as the existing skills, capabilities and resources are not considered sufficient for the task. In traditional organizations, efforts are made to ensure a ‘fit’ between existing resources and emerging opportunities. In contrast, the concept of strategic intent involves the deliberate creation of a ‘misfit’ between resources and aspirations.
Strategic intent also envisions the company’s position in the long run. Thus, intent conveys a sense of direction. Similarly, strategic intent furthers a unique point of view about the future giving the employees an opportunity to feel excited about the feeling of exploring something new. It brings a sense of discovery. Strategic intent also possesses an emotional edge and gives rise to a sense of shared destiny. Employees feel that the pursuit of the company’s goals is a worthwhile experience.

### 3.3 COMPONENTS OF STRATEGIC MANAGEMENT

While finalizing their business strategy, strategic planners keep in mind certain components of strategic management that help them design effective plans for the future of the company. Some of the important components are as follows:

(i) Vision of the company  
(ii) Mission of the company  
(iii) Profile of the company  
(iv) Annual objectives  
(v) External environment  
(vi) Strategic analysis and choice  
(vii) Long-term objectives  
(viii) Grand strategy  
(ix) Functional and operational strategies  
(x) Company’s policies  
(xi) Control and evaluation

#### 3.3.1 Vision

Organizations generally describe their goals and intentions in a broad and general manner. This description roughly expresses what the company is pursuing or what it wants to become or what goal it wants to achieve. It gives a view of an organization’s future direction and course of business activity. It is often communicated through the mission statement. Above all, vision is a powerful motivator and keeps an organization moving forward in the intended direction. Although, to a layman, the vision and the mission of a company may seem overlapping or similar, the fact is that the vision of a company is not always as specific as the mission statement. Usually, the vision is impersonal and not even written down.

Let us look at the company vision of the Zydus Cadila Group. Before you understand the vision of the Group, here is the profile of the Company in brief. The main activity of the group —Cadila Healthcare Ltd, founded in 1952— is to come up with health care solutions. They produce active pharmaceutical ingredients, cosmeceuticals, herbal products, vaccines, etc. The group has plants in Navi Mumbai, Patalganga, Vadodara, Ahmedabad, Andheri, Goa and Ankleshwar. In 1955, the group came to be known as the Zydus Cadila Group following restructuring. While Cadila Healthcare is the Group’s flagship company that introduced an IPO in February 2000. The Zydus Group is not only aiming to be a global player but is also pursuing an ambition of becoming one of the top three healthcare companies in India. The Group has already made its presence felt in the markets of the US, EU, Brazil, South Africa and Algeria.
Their vision is stated as follows:

‘Zydus shall be a leading healthcare provider with a robust product pipeline and sales of over $1 billion by 2010. We shall achieve sales of over $3 billion by 2015 and be a research-based pharmaceutical company by 2020.’

Source: http://www.nutralite.com/about_us.htm

3.3.2 Company Mission

The mission of a company is very important in a company’s successful performance not only in the short run, but also in the long run. The mission of a company is not vague as the vision and is designed to ensure that those belonging to the company work together with a uniform purpose. It is slightly more specific and sets apart one company from the other companies in the same area of business. The mission identifies the scope of the company’s operations, describes the company’s product, market and technological areas of thrust, and reflects the values and priorities of its strategic decision makers. The mission of a business looks towards an endless future as if the firm were immortal. It reflects the intentions that a company hopes to realize some time in the future. The mission statement is formulated after much thought and with great caution keeping in mind the basic product of the company, the market it operates in, the technology used, the image of the company as well as its goals and philosophy. However, despite being more specific than the vision, the mission of the company may not provide specific directions or channels for action or achievement of goals. The mission statement of a company often reflects social responsibility and addresses issues that concern not just its own employees, customers and shareholders but the local community and the society in general. While formulating the mission statement, the ethics and norms to be followed with respect to the general public and the industry as a whole, are also kept in mind. To give you a clear idea, here are a few examples.

(i) Cadila Healthcare, a company that has been discussed in the previous paragraph, states its company mission as follows:

‘We are dedicated to life…in all its dimensions. Our world is shaped by a passion for innovation, commitment to partners and concern for people in an effort to create healthier communities, globally.’

Source: http://www.nutralite.com/about_us.htm

(ii) Unilever is a company with almost four hundred well known brands spanning almost fourteen categories of food, personal grooming and home products. Its most popular brands include Axe, Lux and Knorr. The Company’s mission reads something like this:

‘Unilever’s mission is to add vitality to life. We meet everyday needs for nutrition, hygiene, and personal care with brands that help people feel good, look good and get more out of life.’

Source: http://www.unilever.com/ourcompany/aboutunilever

(iii) You can get an idea of Hindustan Unilever’s mission from the following lines: HUL believes that to succeed requires the highest standards of corporate behaviour towards our employees, consumers and the societies and world in which we live.

Source: http://hul.co.in/index.htm
3.3.3 Company Profile

The profile of a company depicts the quantity and quality of the company’s financial, human and physical resources. The profile assesses the strengths and weaknesses of the company’s management and organizational structure. It also analyses the company’s past successes and traditional concerns in the context of the company’s current capabilities, in an attempt to identify its future capabilities. A look at the various corporate websites on the Internet will give you a very good idea of how a company’s profile is presented to the outside world.

3.3.4 External Environment

All those forces that affect the organization from the outside or all the conditions that affect an organization’s strategic options and define its competitive situation, are referred to as its external environment. It consists of three interactive segments, namely the operating environment, the industry environment and the remote environment. You have already learnt about the external environmental influences earlier.

3.3.5 Strategic Analysis and Choice

Strategic analysis enables a firm to identify a range of possible attractive investment opportunities. Opportunities that are compatible with the company’s mission are identified as desired opportunities. If the list of desired opportunities is further weeded out, the potential options or strategic choices can be identified. The entire process of strategic choice is meant to combine long-term objectives and generic and grand strategies, in order to place the firm in an optimal position in the external environment for achievement of the company mission.

Strategic analysis and strategic choice in a single or dominant product business involve the identification of strategies that are most effective at building a sustainable competitive advantage. Such a competitive advantage is based on key value chain activities and capabilities, i.e. The core competencies of a firm. Multi business organizations focus on the best combination of businesses to maximize their shareholder value.

3.3.6 Objectives: Annual, Short-term and Long-term

Objectives refer to the purpose behind an action or activity. As the name suggests, annual objectives are the objectives that a firm aims to achieve in one year. Objectives can be both short-term as well as long-term and belong to the same areas of business. However, the only difference is that the short-term objectives are more specific as they need to be achieved in a short span of time. In fact, the short-term objectives are formed on the basis of the long-term objectives. If a firm’s long-term objective is to reduce production costs by 20 per cent within the next five years, then the annual objective could be to reduce its manufacturing costs by 5 per cent every year. Therefore, by achieving its short-term objective, the firm will get close to its long-term objective.

Take a look at the following extract from Pepsico’s website which gives us a rough idea of what the company is committed to and what its vision, mission and objectives are.
**PepsiCo’s Commitment** Our commitment is to deliver sustained growth, through empowered people, acting with responsibility and building trust. Here’s what this means:

**Sustained Growth** is fundamental to motivating and measuring our success. Our quest for sustained growth stimulates innovation, places a value on results, and helps us understand whether today’s actions will contribute to our future. It is about growth of people and company performance. It prioritizes making a difference and getting things done.

**Empowered People** means we have the freedom to act and think in ways that we feel will get the job done, while being consistent with the processes that ensure proper governance and being mindful of the rest of the company’s needs.

**Responsibility and Trust** form the foundation for healthy growth. It’s about earning the confidence that other people place in us as individuals and as a company. Our responsibility means we take personal and corporate ownership for all we do, to be good stewards of the resources entrusted to us. We build trust between ourselves and others by walking the talk and being committed to succeeding together.

**PepsiCo’s Guiding Principles**

This is how we carry out our commitment.

We must always strive to:

**Care for customers, consumers and the world we live in.** We are driven by an intense, competitive spirit in the marketplace, but we direct this spirit toward solutions that achieve a win for each of our constituents as well as a win for the corporation. Our success depends on a thorough understanding of our customers, consumers and communities. Caring means going the extra mile. Essentially, this is a spirit of growing rather than taking.

**Sell only products we can be proud of.** The test of our standards is that we must be able to personally endorse our products without reservation and consume them ourselves. This principle extends to every part of the business, from the purchasing of ingredients to the point where our products reach the consumer’s hands.

**Speak with truth and candor.** We speak up, telling the whole picture, not just what is convenient to achieving individual goals. In addition to being clear, honest and accurate, we take responsibility to ensure our communications are understood.

**Balance short term and long term.** We make decisions that hold both short-term and long-term risks and benefits in balance over time. Without this balance, we cannot achieve the goal of sustainable growth.
Win with diversity and inclusion. We leverage a work environment that embraces people with diverse backgrounds, traits and different ways of thinking. This leads to innovation, the ability to identify new market opportunities, all of which helps develop new products and drives our ability to sustain our commitments to growth through empowered people.

Respect others and succeed together. This company is built on individual excellence and personal accountability, but no one can achieve our goals by acting alone. We need great people who also have the capability of working together, whether in structured teams or informal collaboration. Mutual success is absolutely dependent on treating everyone who touches the business with respect, inside and outside the company. A spirit of fun, our respect for others and the value we put on teamwork make us a company people enjoy being part of, and this enables us to deliver world-class performance.

Source: http://www.pepsico.com/PEP_Citizenship/pepsicoValues/index.cfm

3.4 SUMMARY

In this unit, you have learned that strategic intent is the dream that energizes a company. The unit emphasized that although strategic architecture shows the way to the future, it is strategic intent that serves as the driving force—making the path smooth by providing the relevant emotional and intellectual support and energy.

You got to know about the various components of strategic management of which the main ones, that is, vision, mission and objectives were explained with examples. You have learnt that while the vision of a company may be vague, impersonal and unwritten, the mission statement is more specific and formulated keeping in mind, the philosophy and goals of the company, its image, primary market and its basic product. It reflects the company’s responsibility towards its employees, shareholders and the society at large. The unit described the external environment of an organization as the set of forces affecting the organization from the outside. The three interactive segments of the external environment are the operating environment, industry environment and remote environment. You have also learnt that strategic analysis helps a firm identify investment opportunities that are compatible with the firm’s mission. The short-term goals of a company are formed on the basis of the long-term goals.

3.5 KEY TERMS

- **Strategic intent**: The dream that energizes a company.
- **Vision**: The description of what a company is trying to do and become.
- **Mission**: A statement identifying the scope of a company’s operations, reflecting the values and priorities of its main decision makers and setting a company apart from other companies in the same area of business.
- **Annual objectives**: Quantifiable goals which, company seeks to implement and achieve in one year.
3.6 ANSWERS TO ‘CHECK YOUR PROGRESS’

1. Three components of strategic management are as follows:
   (i) Vision of the company
   (ii) Mission of the company
   (iii) Profile of the company

2. Strategic analysis enables a firm to identify a range of possible attractive investment opportunities.

3. The process of strategic choice is meant to combine long-term objectives and generic and grand strategies, in order to place the firm in an optimal position in the external environment for achievement of the company mission.

3.7 QUESTIONS AND EXERCISES

Short-Answer Questions

1. How does strategic intent help a company?
2. How can vision be translated into mission?
3. What does the profile of a company indicate?
4. Differentiate between vision from mission.
5. Differentiate between short-term and long-term objectives. Give an example.
6. What is the purpose of strategic analysis?
7. What is meant by the external environment of a company?

Long-Answer Questions

1. Discuss the importance of a company’s mission.
2. The vision gives a view of an organization’s future direction and course of business activity. Discuss.
3. Write a note on the annual objectives of an organization. Give examples.

3.8 FURTHER READING


