

## 8.5: Firm Vision and Mission

### Learning Objectives

1. What is the difference between a firm's vision and its mission?

The first step in the process of developing a successful strategic position should be part of the founding of the firm itself. When entrepreneurs decide to start a business, they usually have a reason for starting it, a reason that answers the question “What is the point of this business?” Even if an entrepreneur initially thinks of starting a business in order to be their own boss, they must also have an idea about what their business will do. Overall, entrepreneurs start businesses for a variety of reasons. A **vision statement** is an expression of what a business's founders want that business to accomplish. The vision statement is usually very broad, and it does not even have to mention a product or service. The vision statement does not describe the strategy a firm will use to follow its vision—it is simply a sentence or two that states why the business exists.

While a firm's vision statement is a general statement about its values, a firm's **mission statement** is more specific. The mission statement takes the *why* of a vision statement and gives a broad description of how the firm will try to make its vision a reality. A mission statement is still not exactly a strategy, but it focuses on describing the products a firm plans to offer or the target markets it plans to serve.

Exhibit 8.4 gives examples of vision and mission statements for the Walt Disney Company and for Ikea. Notice that in both cases, the vision statement is very broad and is not something a business could use as a strategy because there's simply not enough information to show what kind of business they might be. The mission statements, on the other hand, describe the products and services each company plans to offer and the customers each company plans to serve to fulfill their vision.

Vision → Mission		
	Broad: <i>Why do we exist?</i>	Focused: <i>How will we accomplish our vision?</i>
Disney	"To make people happy."	"The mission of The Walt Disney Company is to be one of the world's leading producers and providers of entertainment and information. Using our portfolio of brands to differentiate our content, services and consumer products, we seek to develop the most creative, innovative and profitable entertainment experiences and related products in the world."
Ikea	"To create a better everyday life for the many people."	"We shall offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them."

Exhibit 8.4 Vision and Mission Statements (Attribution: Copyright Rice University, OpenStax, under CC-BY 4.0 license)

What's interesting about vision and mission statements is that many companies confuse them, calling a very broad statement their mission. For example, Microsoft says that its mission is “to help people around the world realize their full potential.”<sup>4</sup> By the description above, this would be a good vision statement. However, Microsoft's official vision statement is to “empower people through great software anytime, anyplace, and on any device” (The Marketing Blender, 2017). Although the second statement is also quite broad, it does say *how* Microsoft wants to achieve the first statement, which makes it a better mission statement than vision statement.

Why are vision and mission statements important to a firm's strategy for developing a competitive advantage? To put it simply, you can't make a plan or strategy unless you know what you want to accomplish. Vision and mission statements together are the first building blocks in defining why a firm exists and in developing a plan to accomplish what the firm wants to accomplish.

### Concept Check

1. What does a mission statement explain about a firm that a vision statement does not?
2. What are the similarities and differences between vision and mission?

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