

5.3.1: Mission/Vision

A firm is an institution commanded by people with a common purpose. To the extent that the purpose is being met (Question: What business are we in?), that purpose is its mission. To the extent that the purpose is aspirational (Question: What business do we want to be in?), that purpose is its vision. From another perspective, the firm has a mission; its leaders have a vision.

The mission/vision statement may be narrow, specifying the product (e.g., electric car), or broad, specifying the function (e.g., mobility device). Some argue that the functional statement is best, because the functional statement specifies how the product satisfies the primary need of its primary customers, which is to say, is customer oriented. Who the primary customers are or should be, and what primary need is or should be satisfied by the firm's product are often uncertain, which is why coming up with a statement that fits can be challenging.

A statement that does not differentiate the firm from all other firms (e.g., maximize profit), however, should be avoided. At best, it would be unnoticed; at worst, it would suggest ineptitude.

The well-written mission/vision statement is short, truthful, and clear. It is a statement with which dedicated employees agree even when they disagree on many other issues. It inspires, and is itself the product of a certain inspiration.

A firm may have a formal statement that appears in its annual report to shareholders. The formal statement may be true or not. If true, the statement should show in what its executives do. If not true, the statement may have been written for appearance's sake, perhaps to satisfy some requirement, or may have lost its meaning as leaders and circumstances change over time.

Thus, a strategy aligned with the formally stated mission/vision of the firm may still be unacceptable to the firm's current executives, because their true love is not what is formally stated. Still, the formal statement is a guide. It meant something to those who wrote it. Some element of what they wrote might still be in play.

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