

3.8: Mission, Vision, and Values

Learning Objectives

- Distinguish between mission and vision in business.
- Explain how a values statement can support the goals of an organization.

In September 2007, Countrywide Financial sent a message to all of its employees. The message contained the following statement of its mission:

Countrywide remains steadfastly committed to our mission of delivering and preserving homeownership.

~Angelo R. Mozilo, chairman and CEO

~Dave Sambol, president and COO

However, it seemed that Countrywide was mostly interested in delivering commissions and profits to the company by financing high-risk mortgages to unqualified borrowers. When the housing market collapsed, borrowers defaulted on their high-interest loans and the company fell apart. Countrywide faced a flood of lawsuits charging it had used deceptive practices to entice people into loans they could not afford. Mozilo, the CEO, was charged with insider trading and is now banned from serving as an officer or director of a public company. The company was sold to Bank of America in 2008.

The vision, mission, and values statements guide the behaviors of people in the organization. But when the statements are not supported, people have no guidance. Do you think Mozilo and Sambol supported the stated mission of Countrywide? Do you think people in Countrywide were guided by the mission? If people in the firm were guided by the mission, they could have corrected even the CEO. Then Countrywide might have avoided disaster. Let's explore the roles of the mission, vision, and values statements in an organization.

The Vision Statement



Disney's vision statement is "To make people happy."

A **vision statement** is a statement of an organization's overarching aspirations of what it hopes to achieve or to become. Here are some examples of vision statements:

- **Disney:** To make people happy
- **IKEA:** To create a better everyday life for the many people
- **British Broadcasting Company (BBC):** To be the most creative organization in the world
- **Avon:** To be the company that best understands and satisfies the product, service and self-fulfillment needs of women—globally
- **Sony Corporation:** To be a company that inspires and fulfills your curiosity^[1]

The vision statement does not provide specific targets. Notice that each of the above examples could apply to many different organizations. Instead, the vision is a broad description of the value an organization provides. It is a visual image of what the organization is trying to produce or become. It should inspire people and motivate them to want to be part of and contribute to the organization. Vision statements should be clear and concise, usually not longer than a short paragraph.

The Mission Statement

The vision statement and mission statement are often confused, and many companies use the terms interchangeably. However, they each have a different purpose. The vision statement describes where the organization wants to be in the future; the **mission statement** describes what the organization needs to do now to achieve the vision. The vision and mission statements must support

each other, but the mission statement is more specific. It defines how the organization will be different from other organizations in its industry. Here are examples of mission statements from successful businesses:

- **Adidas:** We strive to be the global leader in the sporting goods industry with brands built on a passion for sports and a sporting lifestyle.
- **Amazon:** We seek to be Earth's most customer-centric company for four primary customer sets: consumers, sellers, enterprises, and content creators.
- **Google:** To organize the world's information and make it universally accessible and useful
- **Honest Tea:** To create and promote great-tasting, truly healthy, organic beverages
- **Jet Blue Airways:** To provide superior service in every aspect of our customer's air travel experience
- **The New York Times:** To enhance society by creating, collecting and distributing high-quality news and information^[2]

Notice that each of these examples indicates where the organization will compete (what industry it is in) and how it will compete (what it will do to be different from other organizations). The mission statement conveys to stakeholders why the organization exists. It explains how it creates value for the market or the larger community.

Because it is more specific, the mission statement is more actionable than the vision statement. The mission statement leads to strategic goals. **Strategic goals** are the broad goals the organization will try to achieve. By describing why the organization exists, and where and how it will compete, the mission statement allows leaders to define a coherent set of goals that fit together to support the mission.

The Values Statement

The **values statement**, also called the **code of ethics**, differs from both the vision and mission statements. The vision and mission state where the organization is going (vision) and what it will do to get there (mission). They direct the efforts of people in the organization toward common goals. The values statement defines what the organization believes in and how people in the organization are expected to behave—with each other, with customers and suppliers, and with other stakeholders. It provides a moral direction for the organization that guides decision making and establishes a standard for assessing actions. It also provides a standard for employees to judge violations.

However, managers cannot just create a values statement and expect it to be followed. For a values statement to be effective, it must be reinforced at all levels of the organization and must be used to guide attitudes and actions. Organizations with strong values follow their values even when it may be easier not to. Levi Strauss & Co is an excellent example of a company that is driven by its values.

When Levis Strauss began to source its manufacturing overseas, the company developed a set of principles called the Global Sourcing and Operating Guidelines for overseas operations and suppliers. One of the principles covered the use of child labor:

Use of child labor is not permissible. Workers can be no less than 15 years of age and not younger than the compulsory age to be in school. We will not utilize partners who use child labor in any of their facilities. We support the development of legitimate workplace apprenticeship programs for the educational benefit of younger people.

Levi Strauss found that one of its contractors was employing children under 15 in a factory in Bangladesh. The easy solution would be to replace those workers, but in Bangladesh, the children's wages may have supported an entire family. And if they lost their jobs, they may have had to resort to begging on the streets. Levi Strauss came up with a different solution, one that supported its values of empathy, originality, integrity, and courage: it paid the children to go to school. Levi Strauss continued to pay salaries and benefits to the children and paid for tuition, books, and supplies.^[3] Even though it would have been easier to just fire the child laborers and consider the problem settled, Levi Strauss was driven by its values to find a better solution.

Together, the vision, mission, and values statements provide direction for everything that happens in an organization. They keep everyone focused on where the organization is going and what it is trying to achieve. And they define the core values of the organization and how people are expected to behave. They are not intended to be a straitjacket that restricts or inhibits initiative and innovation, but they are intended to guide decisions and behaviors to achieve common ends.

? ? Practice Questions

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Key Points

The vision, mission, and values statements form the foundation for all activities in an organization. The vision statement describes what the organization will become in the future. It is a broad and inspirational statement intended to engender support from stakeholders. The mission statement defines how the organization differentiates itself from other organizations in its industry. It is more specific than the vision statement and is intended to show how stakeholders' needs will be satisfied. The values statement defines how people in the organization should behave. It provides a guideline for decision making.

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1. O'Donovan, K. (2017, April 16). 20 Inspiring Vision Statement Examples (2017 Updated). Retrieved August 01, 2017, from <http://www.lifehack.org/articles/work/20-sample-vision-statement-for-the-new-startup.html>↵
 2. 50 Mission Statement Examples from Businesses That Get It Right. (2014, May 12). Retrieved August 01, 2017, from <http://yourbrandvox.com/blog/2014/5/12/business-mission-statement-examples>↵
 3. Case Study: Child Labor in Bangladesh. (n.d.). Retrieved August 1, 2017, from http://www.levistrauss.com/wp-content/uploads/2014/01/Case-Study_Child-Labor-in-Bangladesh.pdf↵

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