

3.6: Why It Matters- Planning and Mission

Why does a business need to define its mission and engage in planning?

Dani Alvarez is a management consultant with the firm Business Advisors. She's sitting in her office one day when the telephone rings. She picks it up and hears the voice of Tom Wilson, an old high school friend. "Hi Dani. This is Tom Wilson from Southside High. Remember me?" They discuss old times for a few minutes, and then Tom gets down to business.

"Dani, I need your help. I started a business several years ago, and we're in trouble."



Defining the organization's mission and creating a plan to achieve it is the roadmap to success.

Dani quickly searches her memory and recalls that Tom started a business called Sun City Boards several years ago selling high-end surfboards on the West Coast. Last Dani had heard, the business was doing well. "Yeah Tom. I remember when you started your shop, but I thought the business was growing successfully."

Tom replies, "We did well the first couple of years, but things haven't been good for a while now. We're losing money, and I'm not sure how much longer I can keep the doors open."

Dani assures Tom that she is happy to help and asks him to send a few items over to prepare for a trip to visit his operations. "Just send me a copy of your current business plan, financial forecasts, and annual operating budget."

There's a pause on the other end of the line, and then Tom says, "Well, I can send you our bank statements and invoices. We don't have any of the other documents you're asking about."

Based on that response, Dani already has a good idea of the organization's problem: an obvious lack of planning that never bodes well for a business.

In this module, you're going to learn about the importance of an organization establishing a clear vision and mission and how they guide the business planning cycle. The business plan is the roadmap that guides the organization to success.

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