



By John M. Collard

DOES YOUR COMPANY HAVE A MISSION STATEMENT?

If so, feel confident in knowing that the company is in a select group of companies that have engaged in this forward-thinking activity.

But what good is a mission statement that's not put into practice. When was the last time you read your company's mission statement? What did it say to you? What do you think it conveys to others?

Thousands of mission statements may exist, but few serve their intended purpose.

What does your company do, and where is it going? The answers to these questions are supposed to inspire and guide you and your employees every working day and hour, whether your business is coming up ahead, lagging behind, or just sitting in the middle. If a mission statement is properly worded, no questions exist about what the company does or where a company is going?

Yet all too often, a mission statement comes up short. For example, it might say something nebulous such as "The mission of our company is to provide excellence and quality for all of our customers."

While these ideals are fine, they are basically expected. Most managers acknowledge that the company for which they work is going to strive for excellence and quality for all of its customers. However, these words do not give constructive guidance to management and professionals in their daily work lives.

In addition, a customer reading such a plaque over the receptionist's desk doesn't really get a feel for what the company does or why it is different from its competitors.

What Needs to be Stated

Again, where is your company going? This is its mission.

When this question isn't adequately answered, the company is off to a bad start. Without knowing, the management team may have signed a death warrant. When the "rudder" is left untended, only fate can guide the course of the company. Usually you end up on a reef of troubles wondering what happened.

MORE THAN WORDS

A proper mission statement provides an understanding of future growth directions

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A good management team needs to set a course with goals that can be realistically attained, that can be accomplished within allotted time frames, and that can motivate people to keep pushing forward. Setting such a course is an arduous task. It means work and a lot of it. It means risk; the company leadership needs to state the company's direction. It means leadership. Someone has to make a decision about the company's direction, have the conviction to follow it, and convince others as well.

How to State It

The role of the mission statement is to provide the planning team, management, employees, and customers—all stakeholders—with an understanding of future growth directions. Somewhere in its body, it should include the following six components:

Product/Service Definition. What does your company do or provide?

Example: We will offer (*specific products/services*) that are positioned to (*special benefit to be gained*) and will be focused at (*definition by line, scope, or positioning*).

Products and services should be defined in terms of how they are positioned to serve and benefit the customer. Breadth of product line, attributes, price, quality level, and any product classification should be included.

How will you contribute to fulfilling the customer's mission? Limit the extent of the

offering to focus on what you do very well.

Technology. How will your company deliver its services?

Example: We will use (*define technologies to be used*) to provide our services.

Choose technologies you understand and are capable of offering. This is critical to setting an effective business development strategy.

Here is where you begin to set the company's product apart from the competition, and from areas of business where you don't belong. Actually providing an array of multiple technologies can involve increased investment and a risk of diluting effectiveness, commitment, and impact because dollars and resources are going elsewhere. Conversely, complimentary technologies theoretically can improve skill sharing amongst a large group of employees and improve customer service because employees are better equipped to tackle a variety of situations.

Levels of Vertical Integration. How much will we do?

Example: We will provide (*stages in the life cycle offering*) designed to support (*degree of penetration to satisfy the customer's entire need*).

You can't be all things to all people. Resources will not allow it. Also, it's not good business sense.

Define which elements of the customer's requirements will, and will not be satisfied.

This effort will indicate where you need to develop new products, seek partners, or avoid competing. Plan how products and services will support changing customer dynamics, and how you will stay abreast.

Generic Customer Need. Why will they buy?

Example: Our products and services will satisfy (*what important customer demand or necessity*).

What is the customer trying to accomplish? By defining generic needs you can identify future growth directions, which have a higher-than-normal probability of being funded and carried out.

If the need is greater than you can currently offer, you clearly define areas where you may want to augment capabilities or where strategic alliances may be necessary.

Statement of Direction/Market Definition. *Who will we sell to? Where are they located?*

Example: Our main thrust will be dedicated to the (*market definition or segmentation*).

The key here is to focus on where you are and where you are going to aim marketing efforts. Which specific customer groups or segments and geographic territory will be served or not served?

This section of the mission statement enables the development of different strategies necessary to address multiple directions, yet accommodate common goals.

Distinct Competencies. Why will they buy from us?

Example: We will develop and maintain unequivocal qualifications in (*which areas*), **which will yield** (*specific capabilities*). **We commit to** (*level of expertise to set us apart*) **to remain recognized as an expert in** (*what we do better than anyone else*).

Define and focus on those special abilities that set you apart from the masses. Competencies will command the higher profit and cash flow margins.

What do you accomplish that the competition cannot? What areas do you need to invest in to maintain your advantage? This is the most important thinking of all.

In the mission statement, address how the distinct competence will differentiate you and how customers should recognize the competence. Discuss how to bring these competencies to the customers' attention.

A Much Better State

Only after developing a comprehensive matrix describing the relationship of these six elements for each product or service that you offer will you have properly completed a good mission statement. When that's accomplished, you will have a statement of direction that has substance. It's a statement that, if executed, can produce added value for the company.

Just remember that running a company without proper focus is a lot like driving while wearing a blindfold. In either case, you are predestined to an abrupt end.



Mission Statements: The Good, Bad, Interesting

Highlighted are critiques of a few mission statements, some of which you may recognize. Note in some cases the six elements may be implied, especially when the company behind the statement may be a household name.

Example: We provide pick-up and on time delivery of important documents worldwide.

Verdict: Very good. The service is one of delivery to a worldwide market. But the mission statement does not cover all customer shipments, only small packages on an urgent basis. "On time" talks to the issue of reliability. While the specific of "how" isn't discussed, it is implied that an efficient ground and air distribution network is in place and is operated on a continuous basis.

Example: We provide system engineering service to the defense department and military contractors.

Verdict: Not so good. Systems engineering is a vague definition that omits discussion of specific key deliverables, customer benefits, or differentiation from competitors who make the same claim. While at first read the focus sounds direct, it really lacks focus and implies a broad range of services, which degrades the credibility. Few small companies are experts in meeting all of the needs associated with the defense industry. An improved mission statement would ditch the words "system engineering services" and replace them with something more specific such as "logistics," "satellite imaging," or "simulation modeling." The reworked mission statement would also more clearly define the customer, which might be the Air Force or more specifically the Ballistic Missile Defense Organization.

Example: We provide unique application engineering, communications, and systems integration services to federal civilian agencies, departments of the armed forces, and commercial customers with needs in aviation command and control, avionics, and guidance systems.

Verdict: Very good. When "unique" is not defined, it begs for specifics and leaves room to question credibility. Very direct focus at both customer and product or service offering is needed. It would be better if more limited (i.e. to guidance and communications) offering(s) were mentioned in this boundless high-tech collection of capabilities.

The glaring omission here is the statement of why or how a provider can provide services to both the federal and commercial markets; the market needs and approach to market and contracting are dramatically different. Small companies should address their niche and state why their product or service meets the needs of such a diverse customer set. When you can, the representatives of business will call you; if you can't, the phone just doesn't ring.

Example: At Dean Whitter, we measure our success one customer at a time.

Verdict: Very good. Implies that the firm is successful and growing, which gives credibility and encourages investors to come to them. They value success for their customers. "One customer at a time" strongly states a focus on customer needs and a dedication to servicing them.

Example: Working hand-in-hand with the communications industry, we deliver low-cost microelectronics solutions today for the wireless products of tomorrow.

Verdict: Interesting. How can you work with an industry? You work with companies and people that are a part of the industry makeup.

Also, microelectronics today has limitations. How are you overcoming these, and what will it do for products? If you define a profound change that will be prevalent tomorrow, you will give yourself more credibility.

"Hand-in-hand" implies closeness, but what is the customer requirement you are satisfying? Perhaps the company is a state-of-the-art developer of products, but that leads to confusion because "state-of-the-art" implies leading edge, which rarely means "low cost."

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