

BENEFITS, CHARACTERISTICS, COMPONENTS, AND EXAMPLES OF CUSTOMER-ORIENTED MISSION STATEMENTS

Fred R. David
Francis Marion University

Forest R. David
Strategic Planning Consultant

Meredith E. David
Baylor University

ABSTRACT

This study identifies mission statement benefits, characteristics, and components and demonstrates how these statements can be written to enhance customer service. Mission documents can be found in the front of annual reports and on corporate websites and often are displayed throughout a firm's premises and distributed with company information sent to constituencies. The statements are part of numerous internal reports, such as loan requests, supplier agreements, labor relations contracts, business plans, and customer service agreements. The content and character of these statements matter for organizational effectiveness. This study reveals the benefits of having a customer-oriented mission statement and provides direction for writing these documents. Based on the characteristics and components presented herein, ten exemplary statements are written and proposed in this study.

Keywords: Mission, vision, mission statements, mission components, creed statements, statements of purpose, value statements

INTRODUCTION

People can perhaps best understand the mission concept by focusing on a business at its inception. Initially, a new business is simply a collection of ideas (Pearce, 1982). Starting a new business rests on a set of beliefs that the new organization can offer some product or service to some customers in some geographic area using some type of technology at a profitable price. A new business owner typically believes his or her philosophy of the new enterprise will result in a favorable public image, and the business concept can be effectively communicated to and adopted by important constituencies (Powers, 2012). When the set of beliefs about a business at its founding is put into writing, the resulting document mirrors the same basic ideas that underlie mission statements (Hollensbe et. al., 2014). As a business grows, owners or managers find it necessary to revise the founding set of beliefs, but those original ideas usually are reflected in mission statements (MacMillian, 2015).

The business mission concept today is based largely on guidelines set forth in the mid-1970s by Peter Drucker, who is often called “the father of modern management” for his pioneering studies at General Motors and for his numerous books and hundreds of articles. *Harvard Business Review* has called Drucker “the preeminent management thinker of our time.” Drucker says asking the question “What is our business?” is synonymous with asking the

question “What is our mission (Drucker, 1974)?” An enduring statement of purpose that distinguishes one organization from other similar enterprises, the mission statement is a declaration of an organization’s “reason for being (Pearce, 1982).” It answers the pivotal question “What is our business?” A clear mission statement is essential for effectively establishing objectives and formulating strategies.

Sometimes called a creed statement, a statement of purpose, a statement of philosophy, a statement of beliefs, a statement of business principles, or a statement “defining our business,” a mission statement reveals what an organization wants to be and whom it wants to serve. All organizations have a reason for being, even if strategists have not consciously transformed this reason into writing. Carefully prepared statements of mission are widely recognized by both practitioners and academicians as the first step in strategic management, Drucker (1974, p. 61), has the following to say about mission statements (paraphrased):

A mission statement is the foundation for priorities, strategies, plans, and work assignments. It is the starting point for the design of jobs and organizational structures. Nothing may seem simpler or more obvious than to know what a company’s business is. A lumber mill makes lumber, an airline carries passengers and freight, and a bank lends money. But “What is our business?” is almost always a difficult question and the right answer is usually anything but obvious. The answer to this question is the first responsibility of strategists.

Some strategists spend almost every moment of every day on administrative and tactical concerns, and strategists who rush quickly to establish objectives and implement strategies often overlook the development of a vision and mission statement. This problem is widespread even among many large organizations have not yet developed a formal mission statement. Some companies develop mission statements simply because they feel it is fashionable, rather than out of any real commitment (Bartkus, Glassman, & McAfee, 2000). However, firms that develop and systematically revisit their mission statement and consider them to be an integral part of the firm’s culture realize great benefits (Rarick & Vitton, 1995). For example, Johnson & Johnson’s (J&J) managers meet regularly with employees to review, reword, and reaffirm the firm’s mission. The entire J&J workforce recognizes the value that top management places on this exercise, and these employees respond accordingly.

This study identifies mission statement benefits, characteristics, and components and demonstrates how these statements can be written to enhance customer service. This study also reveals the benefits of having a customer-oriented mission statement and provides direction for writing these documents.

THE PROCESS OF DEVELOPING MISSION STATEMENTS

As a clear mission statements is needed before alternative strategies can be formulated and implemented. As many managers as possible should be involved in the process of developing these statements because, through involvement, people become committed to an organization. A widely used approach to developing a mission statement is first to select several articles about these statements and ask all managers to read these as background information. Then, ask managers to individually prepare a mission statement for the organization. A facilitator or committee of top managers should then merge these statements into a single document and distribute the draft statements to all managers.

A request for modifications, additions, and deletions is needed next, along with a meeting to revise the document. To the extent that all managers have input into and support the final documents, organizations can more easily obtain managers' support for other strategy formulation, implementation, and evaluation activities. Thus, the process of developing mission statements represents a great opportunity for strategists to obtain needed support from all managers in the firm.

Some organizations use discussion groups of managers to develop and modify existing statements. Some organizations hire an outside consultant or facilitator to manage the process and help draft the language. Sometimes an outside person with expertise in developing such statements, who has unbiased views, can manage the process more effectively than an internal group or committee of managers. Decisions on how best to communicate the mission to all managers, employees, and external constituencies of an organization is needed when the documents is in final form. Some organizations even develop a videotape to explain the statement and how it was developed.

Campbell and Yeung (1991) emphasize that the process of developing a mission statement should create an "emotional bond" and "sense of mission" between the organization and its employees. Commitment to a company's strategy and intellectual agreement on the strategies to be pursued do not necessarily translate into an emotional bond; hence, strategies that have been formulated may not be implemented. These researchers stress that an emotional bond comes when an individual personally identifies with the underlying values and behavior of a firm, thus turning intellectual agreement and commitment to strategy into a sense of mission. Campbell and Yeung (1991) also differentiate between the terms *vision* and *mission*, saying that vision is "a possible and desirable future state of an organization" that includes specific goals, whereas mission is more associated with behavior and the present.

BENEFITS OF HAVING A CLEAR MISSION STATEMENT

The importance (benefits) of mission statements to effective strategic management is well documented in the literature although research results are mixed (Birkinshaw, Foss, & Lindenberg, 2014; Palmer & Short, 2008; Sidhu, 2003; Braun et. al., 2014). There is a positive relationship between mission statements and measures of financial performance. A meta-analysis of 20 years of empirical research on mission statements concluded "there is a small positive relationship between mission statements and measures of financial organizational performance" (Desmidt, Prinzie, & Decramer, 2011, p. 468).

However, research in marketing explains that customer satisfaction has a strong positive relationship with organizational performance (Devasagayam, Stark, & Valestin, 2013). Indeed, researchers have noted that "managers increasingly tend to see customer satisfaction as a valuable intangible asset" (Luo, Wieseke, & Homburg, 2012, p. 745).

Thus, mission statements designed from a customer perspective could positively impact organizational performance by enhancing customer satisfaction. If written from a customer perspective, mission statements could spur employees, salespersons, and managers to provide exemplary customer service, which arguably would enhance customer loyalty, and translate into customers being "on a mission" to seek out, use, and promote the firm's products and services. Written from a customer perspective, mission statements may indeed "accomplish their mission."

In actual practice, wide variations exist in the nature, composition, and use of mission

statements. King and Cleland (1979) recommend that organizations carefully develop a written mission statement in order to reap the following benefits:

1. To make sure all employees/managers understand the firm's purpose or reason for being.
2. To provide a basis for prioritization of key internal and external factors utilized to formulate feasible strategies.
3. To provide a basis for the allocation of resources.
4. To provide a basis for organizing work, departments, activities, and segments around a common purpose.

Reuben Mark, former CEO of Colgate, maintains that a clear mission increasingly must make sense internationally. Mark's thoughts on vision are as follows (adapted from Dumaine 1989, p. 50):

When it comes to rallying everyone to the corporate banner, it's essential to push one vision globally rather than trying to drive home different messages in different cultures. The trick is to keep the vision simple but elevated: "We make the world's fastest computers" or "Telephone service for everyone." You're never going to get anyone to charge the machine guns only for financial objectives. It's got to be something that makes people feel better, feel a part of something.

Too often, strategists develop mission statements only when the organization is in trouble. Of course, the documents are needed then. Developing and communicating a clear mission during troubled times indeed may have spectacular results and even may reverse decline. However, to wait until an organization is in trouble to develop a mission statement is a gamble that characterizes irresponsible management. According to Drucker (1988, p. 88)), the most important time to ask seriously, "What do we want to become?" and "What is our business?" is when a company has been successful:

Success always obsoletes the very behavior that achieved it, always creates new realities, and always creates new and different problems. Only the fairy tale story ends, "They lived happily ever after." It is never popular to argue with success or to rock the boat. It will not be long before success will turn into failure. Sooner or later, even the most successful answer to the question "What is our business?" becomes obsolete.

In multidivisional organizations, strategists should ensure that divisional units perform strategic-management tasks, including the development of a mission statement. Each division should involve its own managers and employees in developing a mission statement that is consistent with and supportive of the corporate mission. Ten benefits of having a clear mission are revealed in Table 1.

Table 1
Benefits of Having a Clear Mission Statement

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| <ol style="list-style-type: none"> 1. Achieve clarity of purpose among all managers and employees. 2. Provide a basis for all other strategic planning activities. 3. Provide direction. 4. Provide a focal point for all stakeholders of the firm. 5. Resolve divergent views among managers. 6. Promote a sense of shared expectations among all managers and employees. 7. Project a sense of worth and intent to all stakeholders. 8. Project an organized, motivated organization worthy of support. 9. Achieve higher organizational performance. 10. Achieve synergy among all managers and employees. |
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Source: David, F. R., & David, F. R. (2017).

An organization that fails to develop a comprehensive and inspiring mission statement loses the opportunity to present itself favorably to existing and potential stakeholders. All organizations need customers, employees, and managers, and most firms need creditors, suppliers, and distributors. Mission statements are effective vehicles for communicating with important internal and external stakeholders. A mission statement reveals the firm's shared expectations internally among all employees and managers. For external constituencies, the statement reveals the firm's long-term commitment to responsible, ethical action in providing a needed product and/or service for customers.

CHARACTERISTICS OF MISSION STATEMENTS

A mission statement is a declaration of attitude and outlook. It usually is broad in scope for at least two major reasons. First, a good mission statement allows for the generation and consideration of a range of feasible alternative objectives and strategies without unduly stifling management creativity. Excess specificity would limit the potential of creative growth for the organization. However, an overly general statement that does not exclude any strategy alternatives could be dysfunctional. Apple Computer's mission statement, for example, should not open the possibility for diversification into cosmetics—or Ford Motor Company's into pharmaceuticals.

Second, a mission statement needs to be broad to reconcile differences effectively among, and appeal to, an organization's diverse stakeholders, the individuals and groups of individuals who have a special stake or claim on the company. Thus, a mission statement should be reconciliatory. Stakeholders include employees, managers, stockholders, boards of directors, customers, suppliers, distributors, creditors, governments (local, state, federal, and foreign), unions, competitors, environmental groups, and the general public. Stakeholders affect and are affected by an organization's strategies, yet the claims and concerns of diverse constituencies vary and often conflict. For example, the general public is especially interested in social responsibility, whereas stockholders are more interested in profitability.

Claims on any business literally may number in the thousands, and they often include clean air, jobs, taxes, investment opportunities, career opportunities, equal employment opportunities, employee benefits, salaries, wages, clean water, and community services. All stakeholders' claims on an organization cannot be pursued with equal emphasis. A good mission

statement indicates the relative attention that an organization will devote to meeting the claims of various stakeholders. The fine balance between specificity and generality is difficult to achieve, but it is well worth the effort. George Steiner (1979, p. 160) offers the following insight on the need for a mission statement to be broad in scope:

Most business statements of mission are expressed at high levels of abstraction. Vagueness nevertheless has its virtues. Mission statements are not designed to express concrete ends, but rather to provide motivation, general direction, an image, a tone, and a philosophy to guide the enterprise. An excess of detail could prove counterproductive since concrete specification could be the base for rallying opposition. Precision might stifle creativity in the formulation of an acceptable mission or purpose. Once an aim is cast in concrete, it creates a rigidity in an organization and resists change. Vagueness leaves room for other managers to fill in the details.

Recommended characteristics of a mission statement are given in Table 2. Note that in addition to being broad in scope, an effective mission statement should not be too lengthy; recommended length is less than 100 words. An effective mission statement should arouse positive feelings and emotions about an organization; it should be inspiring in the sense that it motivates readers to action. A mission statement should be enduring and generate the impression that a firm is successful, has direction, and is worthy of time, support, and investment—from all socioeconomic groups of people.

Table 2
Characteristics of a Mission Statement

1. Broad in scope; do not include monetary amounts, numbers, percentages, ratios, or objectives 2. Less than 100 words in length 3. Inspiring 4. Identify the utility of a firm's products 5. Reveal that the firm is socially responsible 6. Reveal that the firm is environmentally responsible 7. Include nine components customers, products or services, markets, technology, concern for survival/growth/profits, philosophy, self-concept, concern for public image, concern for employees 8. Reconciliatory 9. Enduring

Source: Based on information at David, F. R., & David, F. R. (2017).

A business mission reflects judgments about future growth directions and strategies that are based on forward-looking external and internal analyses. The statement should provide useful criteria for selecting among alternative strategies. A clear mission statement provides a basis for generating and screening strategic options. The statement of mission should be sufficiently broad to allow judgments about the most promising growth directions and those considered less promising.

A good mission statement describes an organization's purpose, customers, products or services, markets, philosophy, and basic technology. According to Vern McGinnis (1981, p. 41),

a mission statement should (a) define what the organization is and what the organization aspires to be, (b) be limited enough to exclude some ventures and broad enough to allow for creative growth, (c) distinguish a given organization from all others, (d) serve as a framework for evaluating both current and prospective activities, and (e) be stated in terms sufficiently clear to be widely understood throughout the organization (McGinnis, 1981).

A good mission statement reflects the anticipations of customers. Rather than developing a product and then trying to find a market, the operating philosophy of organizations should be to identify customers' needs and then provide a product or service to fulfill those needs.

Good mission statements identify the utility of a firm's products to its customers. This is why AT&T's mission statement focuses on communication rather than on telephones; it is why ExxonMobil's mission statement focuses on energy rather than on oil and gas; it is why Union Pacific's mission statement focuses on transportation rather than on railroads; it is why Universal Studios' mission statement focuses on entertainment rather than on movies (David & David, 2017, 47).

A major reason for developing a mission statement is to attract customers who give meaning to an organization.

COMPONENTS OF MISSION STATEMENTS

Mission statements can and do vary in length, content, format, and specificity (Peyrefitte & David, 2006). However, most practitioners and academicians of strategic management feel that an effective statement should include these nine mission statement components. Because a mission statement is often the most visible and public part of the strategic-management process, it is important that it includes the following nine components (David, et. al., 2014):

1. *Customers*—Who are the firm's customers?
2. *Products or services*—What are the firm's major products or services?
3. *Markets*—Geographically, where does the firm compete?
4. *Technology*—Is the firm technologically current?
5. *Survival, growth, and profitability*—Is the firm committed to growth and financial soundness?
6. *Philosophy*—What are the basic beliefs, values, aspirations, and ethical priorities of the firm?
7. *Self-concept (Distinctive Competence)*—What is the firm's major competitive advantage?
8. *Public image*—Is the firm responsive to social, community, and environmental concerns?
9. *Employees*—Are employees a valuable asset of the firm?

To exemplify how mission statements could be written from a customer perspective, a component-by-component example for an airline company is provided in Table 3. Note the airline company's customers are "travelers of all ages." "Customers" is a key component to include in a mission statement, but simply including the word "customer" or "consumer" does not qualify that component to be considered "written from a customer perspective." The statement needs to identify more precisely the target groups of customers. All nine components in Table 3 are written from a customer perspective. For example, regarding the "product/service" component, the airline company provides "safe, fast travel to create memories for a lifetime" – thus revealing the "utility" of the service offered. Regarding the "distinctive competence" component, whereby the firm reveals the major competitive advantage its

products/services provide, the statement says: “For customer enjoyment and safety, the authors provide the most experienced staff in the industry.”

Table 3

Mission Statement Components Written From a Customer Perspective

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| <ol style="list-style-type: none"> 1. <i>Customers</i>—Our customers are travelers of all ages. 2. <i>Products or services</i>—We provide safe, fast travel to create memories for a lifetime. 3. <i>Markets</i>—We fly all over the Western Hemisphere to vacation and business destinations. 4. <i>Technology</i>—Our planes are equipped with the very latest safety and in-flight entertainment equipment to insure that customers comfortably travel fast. 5. <i>Survival, growth, and profitability</i>—Our prices are as low as possible to provide customers great value in conjunction with high employee morale and a reasonable return for our owners. 6. <i>Philosophy</i>—We assure customers the upmost courtesy and care as our motto on the ground and in the air is to follow the Golden Rule. 7. <i>Self-concept</i>—For customer enjoyment and safety, we provide the most experienced staff in the industry. 8. <i>Public image</i>—We strive to bring repeat tourists and businesspeople to all communities where we operate. 9. <i>Employees</i>—Our on-the-ground and in-the-air employees are “on a mission” to help customers have a great time. |
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TEN EXEMPLARY MISSION STATEMENTS PROPOSED

The process by which mission statements are developed and the exact language/wording is included in the statement can significantly impact their effectiveness as a tool for strategic management and marketing strategy (David, et.al. 2014). Firms strive to have customers exhibit an emotional bond with the firm’s products/services and be “on a mission” to use and promote those offerings (Campbell & Yeung, 1991). Mission statements should be developed and used to foster customer satisfaction and create a bond between a firm and its customers (MacMillan, 2015). Involving marketers and sales representatives in the mission statement development process, coupled with including the nine components written from a customer perspective, could enable firms to create an emotional bond with customers, and enhance the likelihood that salespersons would be “on a mission” to provide excellent customer service.

Proposed, exemplary mission statements are provided in Table 4. Notice that all the proposed statements exhibit the ten characteristics and include the nine components identified previously – and do so in less than 100 words. Brevity is important. The proposed statements vary in length from 44 words (Tesla Motors) to 83 words (TJX Companies). The nine components, as identified and numbered in Table 3, are similarly numbered in Table 4 to reveal their inclusion in the statements presented.

Table 4
Ten Proposed Mission Statements

Marriott International, Inc.
We strive to serve individuals, couples, families, and groups (1) of all economic strata (7) with quality lodging and hospitality services (2) across the world (3) at affordable price points that exemplify luxury and quality (5). We believe good ethics is good business (6) and value our thousands of employees of all ethnic backgrounds (9). We give back to all communities in which we operate (8). We use the latest technology (4) to make our guests' stay as convenient as possible (72 words).
Cinemark Holdings, Inc.
We are committed to serving people of all ages (1) with the best quality theater (2) experience in the United States and Latin America (3). We strive to implement the latest screen technology (4) and continually upgrade our screen quality, food selection, and seat comfort (5). Our core business is to serve large cities in the Western Hemisphere (7). We believe in the Golden Rule (6) and maintain a friendly (9) and working environment and responsibly serve the communities where we operate (8). (77 words)
The Priceline Group , Inc.
Our mission is to provide world-class service to travelers, diners, and vacationers worldwide (1, 3). Through our Name Your Own Price Tool (7) and our user-friendly online travel websites (2, 4), we are committed to rapid growth (5), for our customers, shareholders, employees (9) and communities that benefit from our services (8). Everything we do is with the highest levels of integrity (6). (54 words)
The TJX Companies
We strive to deliver an exceptional shopping experience that we equate to a treasure hunt (7). People of all ages and all socioeconomic strata (1) shop in our stores and online (4) buying clothing and home décor merchandise (2) in North America, Europe and other parts of the world as well (3). We have a detailed value system (6) at TJX that focuses on improving the quality of work for our employees (9) protecting the environment (8), and maintaining healthy vendor relationships in order to continually improve our growth and profitability (5). (83 words)

Tiffany and Company

We are committed to obtaining precious metals and gemstones and crafting jewelry (2) in ways that are socially and environmentally responsible (6) (8). Our gemstone cutters use the latest techniques (4) to ensure our gems are renowned as the most beautiful in the world (7). We maintain a positive workplace for all our employees (9) as they provide jewelry-related products and services to men and women (1) globally (3). We make responsible business decisions to maximize our shareholders' equity (5). (72 words).

Citigroup Inc.

We work tirelessly to serve individuals, businesses, communities, institutions and nations (1) globally (3) with 200 years of experience. Our highly recruited and talented employees (9) offer a diverse portfolio of banking and financial solutions (2) that are simple, creative and responsible (6, 7). Citigroup continues to grow (5) by providing modern digital banking technology options (4) through mobile banking, mobile deposits, and online bill pay. We enhance the lives of our communities (8) with teamwork from Citi Foundation. (69 words).

JetBlue Airways Corporation

At JetBlue we strive to take care of both tourist and business customers (1) by offering low cost flights, a friendly crew (9), and many free amenities (7) such as snacks and drinks along with free Wi-Fi (4) to make your air travel (2) as enjoyable as possible. We are committed to growing (5) beyond the USA, Latin America, and Caribbean (3). You have our word (6) that we are a customer-oriented airline responsibly serving many communities (6, 8). (69 words)

FedEx Corporation

We fulfill the delivery and courier needs (2) of our individual, business, and institutional customers (1) in the quickest and most efficient way possible (7) anywhere in the world (3). We use the latest technological innovations (4) to stay ahead of our competitors and produce superior financial returns for our shareowners (5). Our philosophy is based on the Golden Rule and our Purple Promise (6). We continually decrease our footprint on the Earth (8) and improved our customer relations (9). (71 words)

Tyson Foods, Inc.

We feed consumers (1) around the world (3) the highest quality, most sanitary raw meat, prepared foods, and other food products (2) using the latest poultry science and food management techniques (4). We specialize in our sanitation process (7) and assist all of our farmers (9) with research, feed, supplies, and to help them help the communities where they live (8). Our underlining philosophy is to do unto others as you would have them do unto you (6) as we strive to grow and prosper for our shareholders (5). (80 words)

Tesla Motors, Inc.

Tesla uses unrivaled innovative technology (4) and superior employee expertise (9) to supply fully electric, zero emission vehicles (2, 7) to all alternative fuel seekers (1) around the globe (3). We are a rapidly growing (5) responsible company (6) that aims to benefit (8) by curtailing gasoline dependent transportation on the planet. (44 words)

DISCUSSION

Mission statements are not just words that look nice framed or engraved; they provide a basis for strategy and action; they reveal the reason a business opens its doors every day, the reason salespersons sell, the reason customers buy, and the reason employees work. The statements ideally are the passion behind the company, the foundation for employee morale, and the basis for customer loyalty. Written from a customer perspective and included in both oral and written communication with customers, the statements could be used to attract and keep

customers (David, et. al., 2014). Mission statements do matter. Marketers pursue projects and managers make decisions everyday mindful of the firm's basic mission and resources. Managers work hard every day trying to motivate employees. Executives are on a mission to present the firm favorably to many stakeholders. A clear mission enables strategists to lead the way as a firm strives to gain, sustain, and grow its customer base and competitive advantages.

Every organization has a unique purpose and reason for being. This uniqueness should be reflected in a mission statement. The nature of a business mission can represent either a competitive advantage or disadvantage for the firm. An organization achieves a heightened sense of purpose when strategists, managers, and employees develop and communicate a clear business mission. Drucker says that developing a clear business mission is the "first responsibility of strategists."

CONCLUSION

As discussed in this study, an excellent mission statement reveals an organization's customers; products or services; markets; technology; concern for survival, growth, and profitability; philosophy; self-concept; concern for public image; and concern for employees. These nine basic components serve as a practical framework for evaluating and writing mission statements. As the first step in strategic management, a clear mission statement provides direction for all planning activities. Customer-oriented mission statements offer numerous benefits as described in this paper. A customer-oriented mission can provide a basis for all marketing activities.

Developing and communicating a clear business mission is a commonly overlooked task in strategic management. Without a clear mission statement, a firm's short-term actions can be counterproductive to long-term interests. Mission statements always should be subject to revision, but, if carefully prepared, they will require infrequent major changes. Organizations usually reexamine their mission statements annually, but effective mission statements generally stand the test of time.

Well-designed, customer-oriented mission statements, like the examples presented in this paper that adhere to nine characteristics, can represent for organizations and companies much more than "smoke and mirrors" (Bartkus, Glassman, & McAfee, 2000). In fact, establishing and nurturing an effective mission is a vital first step in gaining and maintaining competitive advantages. Businesses succeed by attracting and keeping customers, and they do this by providing better value for customers than rival firms. Marketers continually assess customers' changing needs and wants and make appropriate adjustments in the design and delivery of products and services to sustain competitive advantage. Developing and communicating a clear business mission is essential because without an effective mission statement, a firm's short-term actions may be counterproductive to long-term interests. A clear mission provides direction for all subsequent activities that endeavor to see customers, employees, and shareholders "on a mission" to see the firm succeed.

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About the Authors:

Fred R. David is a Professor of Management at Francis Marion University in Florence, South Carolina and coauthor (with Forest R. David) on Pearson's leading strategic-management textbook: *Strategic Management Concepts and Cases*. Dr. David has published more than 100 journal articles and strategic management cases.

Forest R. David is coauthor (with Fred R. David) on Pearson's leading strategic management textbook: *Strategic Management Concepts and Cases*. The 16th edition was published in early 2016. Forest was written more than 50 journal articles and strategic management cases. Forest maintains the authors' textbook website at www.strategyclub.com

Meredith E. David is an Assistant Professor of Marketing at Baylor University in Waco, Texas. Meredith received her PhD in Business Administration (Marketing) from the University of South Carolina. Meredith has published more than 20 journal articles and strategic management cases.

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