

Vision Statements: What Do We Want to Become?

2.1 Describe the nature and role of vision statements in strategic management.

Exemplary Company Showcased H&R Block (HRB)



Headquartered in Kansas City, Missouri, H&R Block has more than 10,000 branches across all 50 states—more retail locations than either Dunkin' Donuts or Walgreens. Historically, the company has been a tax-preparation firm, but CEO Bill Cobb recently changed his company's mission to being "in the business of helping citizens comply with government rules." This broadened mission still includes being a tax-preparation firm, but now the company also helps Americans navigate the Affordable Care Act (ACA) provisions. The ACA is closely tied to tax-filing obligations because individuals without employer-provided health insurance must buy coverage, either directly or through an online exchange. Those with incomes below a certain level are eligible for a subsidy, the amount of which will be set and verified through the tax-filing process. In this sense, ACA is technically an "advance tax credit." H&R Block says nearly two-thirds of its clients "seem to be eligible for an ACA subsidy." Also, as part of ACA coverage, individuals who receive a subsidy are required to file a tax return, whether they have worked the prior year or not, expanding H&R Block's pool of potential tax-preparation customers. Those who fail to enroll in a qualified insurance plan will have to pay a penalty, also administered through the tax-reporting process and, in many cases, paid via a reduced refund. For both ACA and H&R Block, 2014 was a transition year, because the early-

via a reduced refund. For both H&R and H&R Block, 2014 was a transition year, because the early-2015 tax season entailed subsidies and penalties being sorted out in earnest for the first time. H&R Block's broadened mission enables the firm to obtain new customers and revenues, instead of basically being a 14-week-per-year tax-preparation business.

Source: Based on information at <http://www.hrblock.com/healthcare/>

It is especially important for managers and executives in any organization to agree on the basic vision that the firm strives to achieve in the long term. A **vision statement** should answer the basic question, "What do we want to become?" A clear vision provides the foundation for developing a comprehensive mission statement. Many organizations have both a vision and mission statement, but the vision statement should be established first and foremost. The vision statement should be short, preferably one sentence, and as many managers as possible should have input into developing the statement. Where there is no vision, the people perish (Proverbs 29:18).

For many, if not most, corporations, profit rather than mission or vision is the primary motivator. But profit alone is not enough to motivate people. Profit is perceived negatively by many stakeholders of a firm. For example, employees may see profit as something that they earn and management then uses and even gives away to shareholders. Although this perception is undesired and disturbing to management, it clearly indicates that both profit and vision are needed to motivate a workforce effectively.

When employees and managers together shape or fashion the vision and mission statements for a firm, the resultant documents can reflect the personal visions that managers and employees have in their hearts and minds about their own futures. Shared vision creates a commonality of interests that can lift workers out of the monotony of daily work and put them into a new world of opportunity and challenge.

Although typically a single sentence, vision statements need to be written from a customer perspective. For example, eBay's vision is "To provide a global trading platform where practically anyone can trade practically anything." Vision statements need to do more than identify the product/service a firm offers. The old Ford Motor Company vision, for example, was product-oriented: "To make the automobile accessible to every American," but today Ford has a more effective customer-oriented vision statement: "To provide personal mobility for people around the world." Examples of vision statements are provided in [Table 2-1](#).

Table 2-1 Vision Statement Examples
- General Motors' vision is to be the world leader in transportation products and related services. <i>(Author comment: Good statement)</i> - PepsiCo's responsibility is to continually improve all aspects of the world in which we operate—environment, social, economic—creating a better tomorrow than today. <i>(Author comment: Statement is too vague; it should reveal how the firm's food and beverage business benefits people)</i> - Royal Caribbean's vision is to empower and enable our employees to deliver the best vacation experience for our guests, thereby generating superior returns for our shareholders and enhancing the well-being of our communities. <i>(Author comment: Statement is good but could end after the word guests)</i>
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Sources: Courtesy general motors; © 2013 PepsiCo inc. used with permission; Courtesy royal Caribbean.

Vision Statement Analysis

At a minimum, a vision statement should reveal the type of business the firm engages. For example, to have a vision that says, "to become the best retailing firm in the USA" is much too broad, because that firm could be selling anything from boats to bunnies. Notice here how Starbucks' vision statement is improved.

STARBUCKS VISION STATEMENT (PARAPHRASED)

Starbucks strives to be the premier roaster and retailer of specialty coffee globally.

STARBUCKS "IMPROVED" VISION STATEMENT

Starbucks' vision is to be the most well-known, specialty coffee, tea, and pastry restaurant in the world, offering sincere customer service, a welcoming atmosphere, and unequaled quality.

AUTHOR COMMENTS

- The first vision statement does not state what the company wants to become. Nor does it acknowledge the firm's movement into specialty tea offerings. It is not as customer-oriented as needed.
- The improved vision statement reveals the company's aspirations for the future and acknowledges that upscale tea and pastries complement their premium coffee offerings.

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