

Strategic Performance Management
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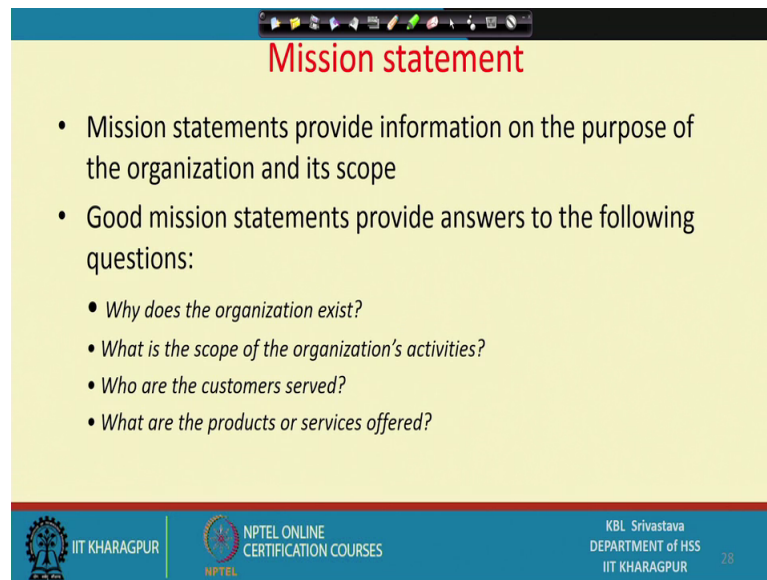
Lecture – 08
Strategic Planning and Performance – 2

So, welcome back to the next lecture and in this lecture, basically, we are going to talk about the next part, you remember that in the first part, we talked about environmental analysis that how we go about scanning the environment looking at the external and environmental external factors and see whether these environmental factors are creating opportunities and threats and environmental factors which are creating strength and weaknesses, right.

So, based on this analysis we identify the gap and once the gap is identified, then you move further to decide about what kind of vision and mission, you are going to have in many cases, we have seen that first vision comes and then mission comes, but many authors also argue that first we should talk about the mission actually why we exist what we want to do and then we think about where you want to go.

So, it is a two way process either you go for identifying your vision statement first and then you think about the mission statement or you think about what you exactly want to do what for your exist that is your mission and then based on this mission statement then you talk about what kind of vision you are going to have. So, in this lecture, in 8th lecture probably we will be discussing about how we go about identifying vision and mission which is going to help you to go for the to talk about your strategy.

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Mission statement

- Mission statements provide information on the purpose of the organization and its scope
- Good mission statements provide answers to the following questions:
 - *Why does the organization exist?*
 - *What is the scope of the organization's activities?*
 - *Who are the customers served?*
 - *What are the products or services offered?*

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Now, we start with the mission, I am not discussing about the vision first because I think that once we have the mission probably that would help you to guide; what kind of vision we should have for the future right because mission about what we are doing why we exist right and vision talk about what kind of future you are anticipating.

Where you want to go from here. So, first you know what you are doing where you are why you are existing and then you move next to discuss about the vision statement. So, first of all we are going to talk about the mission statement. So, if you look at mission statement of the any organization it provides certain information it basically provides reasons for the existence of the organization why we exist say for example, IIT, Kharagpur.

So, what is the basic purpose of IIT Kharagpur the basic objective is to provide quality teaching produce good quality students in the field of engineering science and management right. So, that could be one of the purpose of the organization and its scope. So, you have to see that when you are going to write a mission statement it is going to provide answers to the final question why does the organization exists it means that organization exist to serve a purpose right; what is the scope of organizational activities what does it do ok.

So, for example, we say when you say that producing good qualities students in the field of engineering science and management then this scope include what it include like

going for teaching doing research innovations training and consultancy. So, this is the scope of activities in which organization is involved and who are the customers which is to be served it could be different kind of organizations right. So, what kind of products and services we are offering right it depends upon your scope of activities. So, we are offering good quality students we are also training and consulting services that we are offering.

So, the mission statement is going to discuss about what the purpose and existence of the organization it also talks about the scope of activities and also the kind of customers that you are going to serve and what kind of products and services you are going to offer to the community or the society.

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Mission statement

- Mission defines the role that an organization plays in a society.
- It refers to the particular need of that society for instance, its information needs.
- Defining Mission: Essential purpose of the organization, concerning particularly why it is in existence, the nature of the business it is in, and the customers it seeks to serve and satisfy.
- Mission describes the product, market and technological areas of emphasis for the business

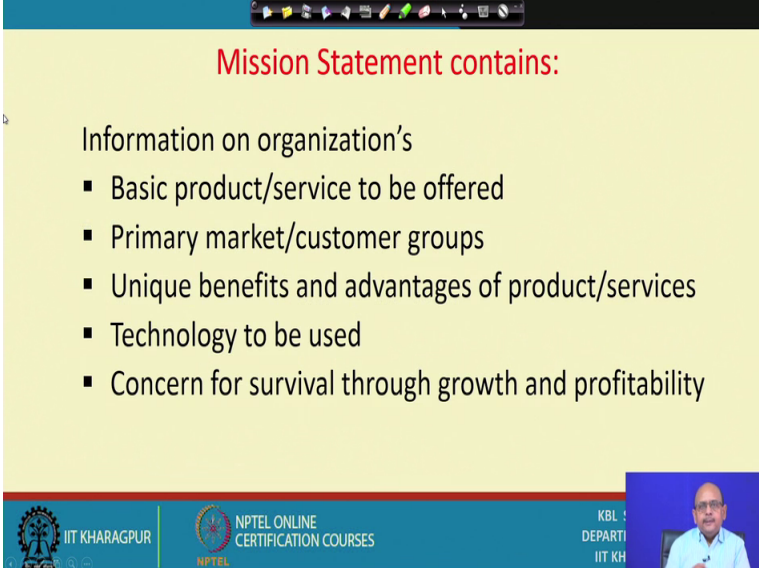
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So, it is going to define what kind of role you are going to play to in the society for example, if you look at IIT, Kharagpur, it writes in the beginning dedicated to the service of the nation, but it is going to be more generic because every organization for that matter can be said to be dedicated to the service nation to service of the nation, but exactly you need to specify that which kind of need it is going to satisfy right.

So, maybe IIT, Kharagpur is going to satisfy the need of students or the products or the good quality students in the field of engineering science and these kind of things. So, when you are going to define mission the basic objective of the organization is specifically related to existence the kind of business it is doing and what kind of

customer it seeks to serve and satisfy. So, the mission statement include all these things. So, ultimately describes what the product the market and the areas of your business. So, our product is students right technology services the market could be industry government and others. So, this is how we are going to talk about the mission statement.

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Mission Statement contains:

- Information on organization's
 - Basic product/service to be offered
 - Primary market/customer groups
 - Unique benefits and advantages of product/services
 - Technology to be used
 - Concern for survival through growth and profitability

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So, what does it include basically what are the base various services that you are going to offer with what are your primary markets or the customers which is to be serviced and satisfied what are the benefits and advantages of the product services that you are going to offer.

Because when you are going to offer products services you need to ensure that it is going to satisfy the requirements of the market or the customers. So, the community in society in the best possible way and for that what kind of technology you are going to use and at the same time your mission statement also ensures that while you are talking about growth and profitability through your activities as a scope of activities you also need to see that you are going to survive in the long term. So, mission statements gives a direction that what you are need what you are going to do in future and that is where nest comes your vision, but before we discuss about the vision, we need to discuss more about mission statements and related things.

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Infosys Mission Statement:

Infosys International Inc. is dedicated to providing the people, services and solutions our clients need to meet their information technology challenges and business goals.

Work to understand the needs and requirements of our clients before proposing a solution

Develop responsive proposals that provide cost-effective solutions to our clients needs

Deploy the right mix of people and products to deliver value-added services and solutions to our clients

Follow-up on the quality of our services and solutions to our clients

Appreciate the trust that our clients put in us as we work with them to improve their business and information technology.

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Now, if you look at this this is a mission statement of a company in Indian IT company Infosys and if you look at this and look at those parameters that we just talked about like it talks about the product it talks about who are customers are it talks about the markets it talks about the kind of technology that you have right and also talks about growth and survival in the business right now if you look at these parameters and look at this Infosys mission statement and see the extent to which it fits into that one now if you look at this statement it says that is it is dedicated to provide the people services and solutions our clients needed.

So, it means that you are talking about customer needs meeting customer needs in a particular area that is it right and that is how you are going to achieve your business goals and you also work to understand the need and requirement of the customers before proposing a solutions.

So, you are going to provide it solutions to the industry next you are going to develop proposals which are going to be cost effective solutions to our clients you also you need to ensure that your proposals are cost effective otherwise you will not be able to compete in the market, then how you are going to do it you are going to use technology you are going to use people. So, you are going to use people and products to deliver value added services to server to solutes to get solutions for your clients the idea here is that you are going to use these kind of things to provide better quality services to your employees. So,

that they are happy.

So, suppose a company wants some kind of solution for their it requirements. So, you are submitting a proposal and make sure that your proposals are cost effective. So, that you can compete to a with others and it is also meeting the requirement of the clients and then the most important thing is that what kind of services you are providing. So, service quality in terms of it services very very important and make sure that solutions are going to be satisfying in nature to the clients and another important factor is that yes that you need to put trust in your clients because as you work with them.

So, you and that is going to help to improve your business and also it. So, the idea here is that when we are talking about mission statements that provides you a direction what you do why do we exist what kind of product markets and you have what kind of customers you have; what is the requirement.

How do you satisfy them and whether it helps you to achieve competitive advantage or not.

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Mission statement for the Coca-Cola Company

- To Refresh the World ... in body, mind, and spirit.
- To Inspire Moments of Optimism ... through our brands and our actions.
- To Create Value and Make a Difference ... everywhere we engage
- This mission statement was preceded by an environmental analysis examining internal and external trends

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So, based on this mission statement it would be clear it to you that how you go about it now look at another company mission statement of the coca cola company what does this mission statement suggest to refresh the world in body mind and spirit to inspire moments of optimism through our brands and our actions to create value and make a

difference everywhere we engage.

So, how this mission statement comes out whether in case of Infosys vision it company or weather is a coca cola right now if you look at this these mission statements have been preceded by an environmental analysis examining both internal and external trends now you have to see that who are the competitors to a both the companies Infosys some may have a competitors right there are lot of competitors internally and externally right there could be IBM there could be Microsoft ex international markets in Indian markets they have competitors like TCS, WIPRO, right.

So, there lot of companies we are which are competing with them. So, unless you are a your mission statement suggest that you are going to provide good quality services in a cost effective way you are not going to compete and a mission statement of the company basically talks about products markets technology and customers right and how do you go about this mission statement for that what you need to do is that you are going to analyze the in internal environment and the external environment. So, external environment include technology economy society these kind of things right internal environment the kind of system culture processes you have now if you look at these two companies and look at the mission statements. It would be clear to you that how we go about environmental analysis say for example, when we come out with this kind of mission statement for coca cola which is a basically a company which provides health drinks and also other kind of soft drinks right which are very popular.

So, who is the major competitor for coca cola that is Pepsi in the international market, but there could be some other companies which are not well known, but they could also be competitors in domestic market right. So, when coca cola is going to analyze its external environment it is going to see that a what kind of a opportunities is going to provide in the market and what kind of threats it has. So, threats are coming from the competitors. So, who is going to be competitors. So, Pepsi maybe good competitor what kind of opportunities it has now on tapped market for example, coca cola has been in the business of soft drinks now coca cola is moving to health drinks also. So, that is a kind of opportunities which is available to ca coca cola.

So, in that way after going through this environmental analysis they are able to identify the kind of opportunities and that threats that is available in the market or in the business.

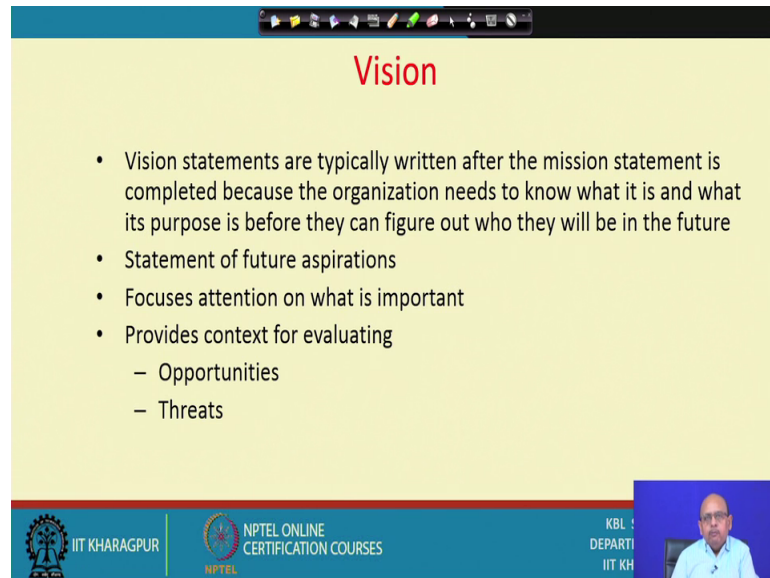
So, coca cola is going to identify its opportunities on tapped market different kind of similar products like going for health drinks because people are moving towards health drinks. So, they are that is going to satisfy the requirement of the customers then threats it is going also going to identify its competitors that is Pepsi and see that what kind of products and services they are going to offer to the people and then they need to match it after identifying these opportunities they also need to look at the threats.

Now, this is the external environment then they look at the internal environment what are the competence in terms of knowledge and skill base the kind of technology that is they used the kind of structure culture and process is there in the organization which is going to provide them strength as you remember we talked about opportunities plus strength. So, it is going to provide you a leverage if threats verses a strength is there then it is going to provide you a constraint because you have the strength, but you are not able to make use of the market or exploit the market you are not able to make use of the opportunities that is available to you, right.

So, now if you look at this mission statement this has been derived from the environmental analysis both external and internal by identifying the opportunities and threats strength and weaknesses and based on that they have come out with this mission statement which suggest that refresh the world how by their products and services with their offering their cold drinks or their health drinks, right. Now if you look at the advertisement that is what it suggests inspiring moment's optimism.

So, they have a brand and what the kind of activities that they do and also trying to create value and make a difference not only for their growth and profit, but also for survival now the company in engaged in a CSR activities saving and con converging water and the environment because that is going to help the company in the long run right. So, this is how we derive at the mission statement of a particular company and these two examples clearly state what does it mean.

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Vision

- Vision statements are typically written after the mission statement is completed because the organization needs to know what it is and what its purpose is before they can figure out who they will be in the future
- Statement of future aspirations
- Focuses attention on what is important
- Provides context for evaluating
 - Opportunities
 - Threats

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Now, from mission statement, we are moving to the next part that is what we call vision in many cases you will find that they discuss about vision first and then they talk about mission, but here I have deliberately talked about vision mission statement first and then I am going to talk about vision the idea here is that once you have the mission about means that you know about what is the purpose of your existence what are your products and services what kind of technology you are using what you can achieve then you can think about what you would like to achieve in future. So, the idea here is that vision statements are written after the mission statement why because you need to know first what it is and what it the purpose for which you are there ok.

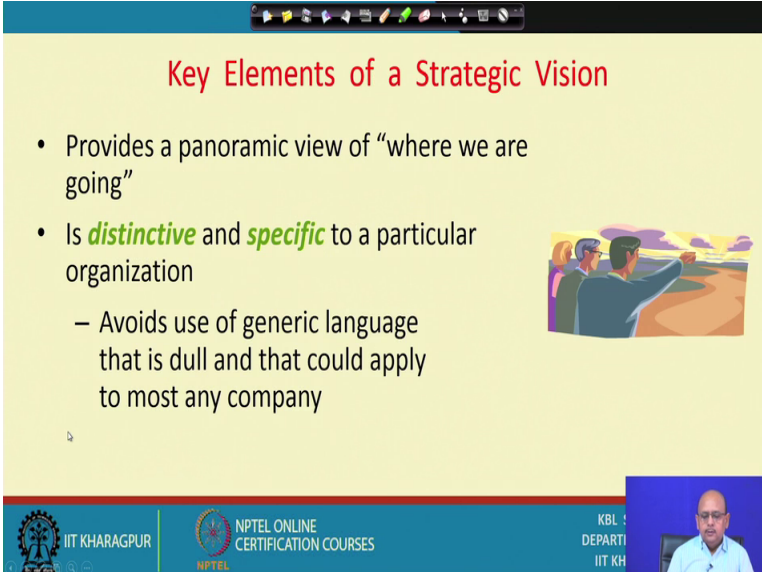
So, if you know your business your reasons for existence your product market and customers the kind of technology that you have then you can think about that utilizing these what would be your future because vision statements basically talk about statements of the future. So, this is where you are and this is where you want to go say for example, if you say the that what could be the vision statement for IIT Kharagpur. So, we say that this this is what we do and based on this we want to be in top 200 institutions of the world technical institutions of the world where you are you are somewhere in the range of five hundred to six hundred in the world ranking.

So, from this ranking you want to move to a better ranking. So, you are going to say that if you as a part of vision statement when you say that yes you want to be in the top 200

or say top hundred institutions of the world it suggest that what is your future aspiration right for a company. You say that you want to increase your market share by ten percent or you want to have a profitable growth by twenty percent. So, these are statements of futures and your vision statement suggest that where you are and where you want to go because this is going to provide a context for evaluation of your opportunities and threats because looking at your opportunities and threats you are going to decide about the kind of vision that you are going to have.

So, look at your strength and weaknesses you also look at your opportunities and the competitors and accordingly you decide what you can do in the future and that is where your vision statements are going to be very very important right. So, will discuss about vision statement now and see how it happens.

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Key Elements of a Strategic Vision

- Provides a panoramic view of “where we are going”
- Is **distinctive** and **specific** to a particular organization
 - Avoids use of generic language that is dull and that could apply to most any company

The slide features a small illustration of three people in business attire looking out over a horizon with a sun or moon. The slide is part of a presentation from IIT Kharagpur, NPTEL Online Certification Courses, KBL Department.

Now, look at the key elements of a vision statement right. So, when we are going to talk about the key elements of a vision. So, it could be either very generic or very specific ok.

So, vision statement suggest that where we are going from this position where we want to move in terms of market in terms of product in terms of services in terms of growth in terms of development right. So, we have to be very very distinctive and specific and it depends upon the kind of organization that you are going to have see for IIT, Kharagpur or any IIT, it could be a prestige to be in the top ten hundred institutions of the world. So, if you are going to develop a very specific vision and distinctive then you can say we

want to move to the top hundred club of technical institutions right and when we are going to have a strategic vision the idea here is that you are not going to be very very generic.

For example, you cannot; we say that we want to be the best technical institution, but it is not very distinctive or a specific right because any organization can have this same kind of vision that we want to be one of the best technical institutions in the world, but what would be your position. So, basically that tells you about your future position which you are anticipating based upon your environmental analysis right and that is why it has to be distinctive and specific depending upon the nature of the business that you are in and you also need to avoid using generic language like one of being one of the best technical institutions or you want to have the best markets or you want to offer the best product and services because it appears to be dull and it could be applied to any kind of company right. So, you that is why you need to go for a more strategic vision right now if you look at this further. So, you can see that how it happens ok.

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The slide is titled "Strategic Vision vs. Mission" in red text. It features two columns of text in a light green box. The left column defines "strategic vision" as a firm's future business path, focusing on "where we are going" with sub-points: "Markets to be pursued" and "Future product/market/customer/technology focus". The right column defines "mission statement" as a firm's present business purpose, focusing on "who we are and what we do" with sub-points: "Current product and service offerings" and "Customer needs being served". Below the box, a red italicized sentence states: "A mission statement emphasizes the present, the vision statement emphasizes the future." The slide footer includes logos for IIT KHARAGPUR, NPTEL ONLINE CERTIFICATION COURSES, and a small video inset of a speaker from the KBL DEPARTMENT at IIT KH.

Strategic Vision	Mission Statement
<ul style="list-style-type: none">A strategic vision concerns a firm's future business path - "where we are going"<ul style="list-style-type: none">Markets to be pursuedFuture product/market/customer/technology focus	<ul style="list-style-type: none">The mission statement of a firm focuses on its present business purpose - "who we are and what we do"<ul style="list-style-type: none">Current product and service offeringsCustomer needs being served

A mission statement emphasizes the present, the vision statement emphasizes the future.

So, we are comparing here the vision and mission both right. So, now, you look at something that is written down line the downside say that the mission statement is emphasizes the present while a mission statement emphasizes the future what does it mean it means that, if you have a strategic vision it is concerned about the firms future business, where we are going in terms of markets products services technology whatever

focuses right depending upon the nature of the organization right, while the mission statement of a firm focuses on its presence business and market purpose right who we are and what we do for example, you can this is what is our current products and services that we are going to offer this is our customer needs and that is why you want to serve say for example, if we look at strategy mission and vision of a IIT, Kharagpur and we say that.

We want to be in the top hundred institutions of the world by offering the best quality services or technical education. So, that could be a part of the strategic vision that you have it means that depending upon your position you want to go for there now the mission statement which means where you are it means that you access based upon the analysis that where you are it means that what how many students you have what is their current status what kind of services you are offering right how whether you are meeting their requirements in what way you are meeting there what kind of product markets technology and customers you have. So, that is related to what you call the mission statement ok.

So, mission and vision are interrelated mission talks about the present and vision talks about the future I hope that you have understood it now. So, we are moving further to discuss it.

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Characteristics of Effectively Worded Vision Statements

- **Graphic**—Paints a picture of the kind of company that management is trying to create
- **Directional**—Is forward looking
- **Focused**—Is specific enough to provide guidance in decision making
- **Flexible**—Is not so focused that it makes it difficult to adjust to change
- **Feasible**—Is within the realm of what is possible
- **Desirable**—Indicates why the directional path makes sense
- **Easy to Communicate**—Can be explained in simple terms

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So, when you are going to write a vision what kind of statement should be used or

effectively ordered a vision statement should have it means it should be more graphical in nature the idea here is that you create a picture of the kind of company that you want to have right in future right I will give you some example to explain it further it means that it use directional you say that where you want to go; for example, when you say that in 2020, we want to be like this right or in 2020, you want to capture twenty percent of the market in telecom sector right. So, that is a directionalism, then forecasts a specific enough to provide guidance in decision making. So, this is going to provide you a basically a action plan that how you are going to reach that there. So, it has to be very very forecast it means that if I specified.

This is what you want to achieve and at the same time you also need to be flexible because it is not necessary that environment is going to be very very favorable to you and there the environment is not going to be favorable then you may not be able to achieve what you want right. So, you need to make certain changes depending upon the requirement of the organization and also the environmental analysis and make sure that you are able to reach there whatever you have decided.

So, it must be feasible you are not going to say it in such a way which is very difficult to achieve suppose I say that I want to be in the top ten hundred institutions in the world which is not a feasible statement it is not possible right and desirable also why the direction path make sense. So, you make sure that people understand it they understand that.

This really makes sense and we should need to make effort to realize this region and you need to communicate it to everyone this is what we want to achieve and that is why you will find that most of the vision statements are written on the walls of the organization or the firms ok.

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Payoffs of a Clear Strategic Vision

- *Crystallizes* an organization's long-term direction
- *Reduces risk* of rudderless decision-making
- Creates a *committed enterprise* to make the vision a reality
- Provides a beacon to keep *strategy-related actions* of all managers on common path
- Helps an organization *prepare for the future*

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So, what are the product of payoff offset a clear strategic vision it means that it is going to crystallizes and organizations long term vision right reduces risk of rudderless decision making whatever have talking about here has come out from what when we are discussing about these are the characteristics of a clear as a strategic vision right. So, a clear strategic vision provides a direction it also reduces the risk and it also a creates a committed enterprise that how this vision can be made a reality ok.

So, that everybody works for this and also provides a beacon to keep strategy related actions of all managers in the common path. So, that they think commonly they understand this is the common goals or objectives for which everybody has to work and it also helps an organization to prepare for the future and that is why you need to have a very clear strategic vision.

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A good vision statement

- **Brief** should be brief so that employees can remember it
- **Verifiable** to stand the reality test
- **Bound by a timeline** for the fulfillment of various aspirations
- **Current** and updated on an ongoing basis
- **Focused** on just a few aspects of an organization's performance critical to future success
- **Understandable** in a clear and straightforward manner so that they are understood by all employees
- **Inspiring** make employees feel good about their organization's direction and motivate them
- **Stretchable**

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So, if you look at a good vision statement it should be very brief it, it should maybe one or two sentences not beyond that one right then verifiable it means that it has to stand the reality test you, you will be able to measure it whether you have been able to achieve this vision within a given time frame or not and this has to be bound by timeline it means that make sure that when we say that we want to be 2; within 200 in 2020. So, this is a very fabulous statement right we also have created a timeline that.

By 2020, we should be able to realize this vision and then you see that it is current it means that you are talking about what where you are now and where you want to go. So, that its current and updated on a ongoing basis. So, you make you can also be make certain changes over here as a talked you earlier also that it has to focused it means that it has to focus normally few aspects of the performance which is going to; which is going to be critical for future success.

So, what I mean to say that make sure that all your efforts are focused in such a way. So, that you are able to realize your vision and achieve success right and everybody is able to understand. So, it sit. So, it has to be in a very simple terms clear and straight forward. So, that it is understood by every employees this is what we are working for and also it is also motivating employees.

So, that they feel good about it. So, they are inspired by the vision statement and that is why you will find these vis vision statements are clearly communicated and

frequently communicated to employees. So, that they understand this is what they want to do they sorry they have to do and that is what they want to achieve for the organization and that is too is stretchable suppose you are not able to find it out or you are not able to reach it then you can stretch upon it stretching means you can move beyond what you have think thought of or you can also adjust your goals and objectives depending upon the environment right. So, these are the qualities of a good vision statement.

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The slide is titled "Example of a Strategic Vision" in red text. It features two examples:

- eBay:** The eBay logo is shown above the text: "Provide a global trading platform where practically anyone can trade practically anything."
- Infosys:** The Infosys logo is shown above the text: "“To be a globally respected corporation that provides best-of-breed business solutions, leveraging technology, delivered by best-in-class people.”"

The slide footer contains logos for IIT Kharagpur, NPTEL Online Certification Courses, and a small video inset of a speaker in the bottom right corner.

Now, look at some of the vision statements of which are more strategic in nature and see whether these vision statements fit into the descriptions of a strategic vision or not.

For example here I have taken two different example one is an e commerce company is an it company. So, when you are talking about e weight say that provide a global trading platform where practically anyone can trade practically anything right. So, it talks about what a vision that where they want to go and how they want to achieve it right now if you look at Infosys an Indian IT company have been talking about I have also discussed about the mission statement of this company, it says that to be globally respected corporation that provides best of breed business solutions leveraging technology delivered by best in class people now this is more a specific compared to eBay because this could be this is more generic and this could be an example of any e commerce company, right.

But if you look at Infosys it is more specific or more strategic in nature because it says that where what it wants to achieve and how it wants to achieve using a technology or the kind of IT solution that it wants to provide and the quality of services that he want it wants to have now.

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Apple Mission statement

Apple's Vision Statement
Apple is committed to bringing the best personal computing experience to students, educators, creative professionals and consumers around the world through its innovative hardware, software and Internet offerings

Apple's Mission Statement
Apple Computer is committed to protecting the environment, health and safety of our employees, customers and the global communities where we operate.
We recognize that by integrating sound environmental, health and safety management practices into all aspects of our business, we can offer technologically innovative products and services while conserving and enhancing resources for future generations.
Apple strives for continuous improvement in our environmental, health and safety management systems and in the environmental quality of our products, processes and services

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I am giving another example that is related to apple which says that it is committed to bring the best personal computing experience to a student's educators and creative professionals and consumer among the world through its innovative hardware software and internal of internet offerings. So, this has a very very strategic and clear vision and based on this they have also identified their mission statement right protecting the environmental health and safety of the employees and customers right integrating sound environmental health and safety management practices in their systems right continuously improving these kind of things.

So, the mission statements is clear and you can see that how vision and mission statements are linked with each other right. So, it says that they are going to see that there, it is not only a question of survival, but also growth and development and this is how it is linked with the vision. So, both vision and mission statement in this case you will find that they are related with each other.

Thank you very much with this course.