

Creating the Organization of the Future: Setting the Direction, Mission, Vision and Purpose

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INSTITUTE FOR THE STUDY OF BUSINESS MARKETS

Who We Are



A global network of Academics, Member Firms, and curated Partner Firms. Founded in 1982 at the Penn State Smeal College of Business to advance the science of Marketing, Innovation, and Sales.

- ISBM is the 1st Institute devoted solely to B2B
- ISBM is the only Institute that operates not for profit - all net proceeds are re-invested into the Academic advancement of the theory and practice of B2B marketing



Creating the Organization of the Future

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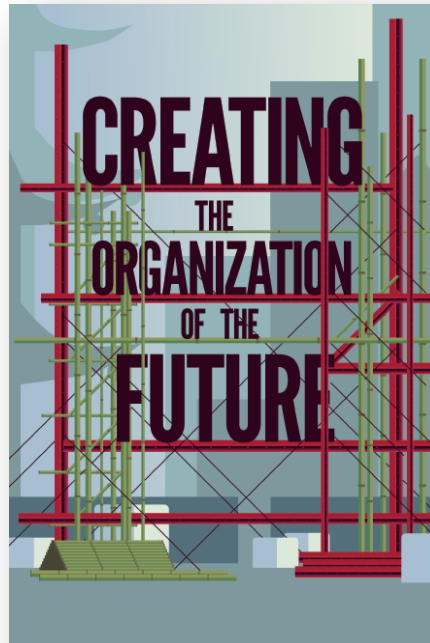
The Challenge is...

Competing in Two
Time Periods

Motivating
Employees to See
and Commit to
Larger Purpose

Alignment of
Everyone
(Drucker POV)

The Solution is...



Direction Setting
&
Values and Culture
“Guardrails”

Webinar 1& 2

Key Topics

- April 11, Mission, Vision, Purpose
- July 11, Values & Culture

Webinar 3

Sep 12, Getting Started on the Journey

- 7-step process to set direction
- 8-step process to create (or revise) values and culture

Mission – Answers Question

There are hundreds of definition of a mission statement We take a Drucker point of view.

A mission statement answers the simple question:
“What business are we in?” from the point of view of the customer.

We advocate six criteria to assess the quality of the mission statement

Mission Criteria 1:

Focus on Underlying Benefits for Customers—Not Products or Technology

Mission Criteria 2:
Specifies the Target Customers

Criteria 3:

Keep it Short—One or Two Sentences

Mission Criteria 4 :

Inspirational

Mission Criteria 5:

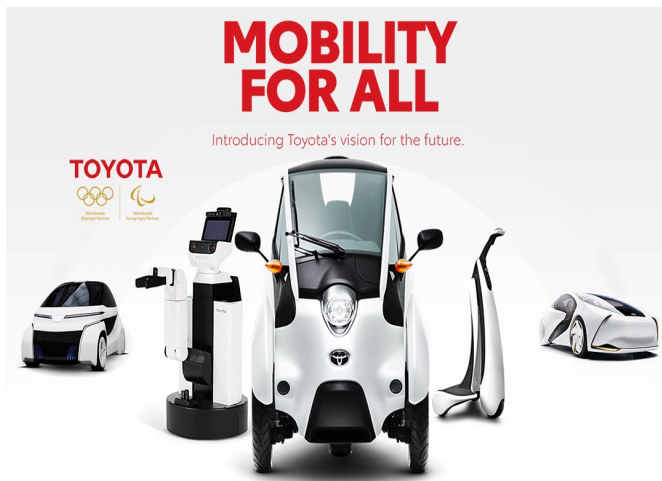
Grounded in the Theory of the Business

Criteria 6:

Every Employee Can Contribute to the Mission

Mobility for All - How Toyota is Expanding Beyond Cars to Transform Transportation

Toyota will lead the future mobility society, enriching lives around the world with the safest and most responsible ways of moving people.



Specifies the Target Customers

- Those individuals seeking accessible and affordable transportation

Underlying customer benefit & Grounded in the Theory of the Business

- Developing innovative and reliable cars
 - Invests heavily in R&D to create cars that are not only reliable but also fuel-efficient and environmentally friendly.
- Product line expansion
 - Regularly expands vehicle offerings to meet the mobility needs of a diverse customer base
- Investment in future mobility solutions
 - Committed to developing new and innovative mobility solutions that go beyond traditional cars.
 - E.g., autonomous driving technology, electric bicycles, and electric scooters

Inspirational - Supporting local communities

- Committed to supporting local communities by providing access to mobility solutions in underserved areas.
- Launched "Toyota Mobility Foundation" program to help address mobility challenges around the world.

Amgen - Has the power to inspire

“Strives to serve patients by transforming the promise of science and biotechnology into therapies that have the power to restore health or save lives.”

AMGEN 安进



One of the world's largest independent biotechnology companies focused on human therapeutics.

Clearly answers the question **“What business are we in?”**

➤ To restore health and saves lives

Defines target clients

➤ Patients suffering from significant health challenges

Inspirational and highly motivating for Amgen's workforce, all workers can translate this mission into their work-lives:

- Scientists should focus on breakthrough therapies
- Sales force is saving lives by communicating the efficacy of Amgen therapies
- Manufacturing must maintain high-quality control to grow cell cultures

A World of Imagination: How Disney's Storytelling Inspires and Transforms



The WALT DISNEY Company

To entertain, inform and inspire people around the globe through the power of unparalleled storytelling, reflecting the iconic brands, creative minds and innovative technologies that make ours the world's premier entertainment company



- **Unforgettable stories and characters:** Disney created timeless stories and characters that have touched the hearts of millions of people around the world.
- **Positive impact on society:** Stories and entertainment inspire hope, optimism, and positive change, promoting values such as kindness, courage, and perseverance.
- **Magical experiences and memories:** Create magical experiences and memories that last a lifetime, providing a source of joy, inspiration, and escapism.
- **Innovation and creativity:** Use of innovative technologies and platforms pushes the boundaries of creativity and imagination, resulting in iconic entertainment experiences that continue to captivate and inspire audiences of all ages.

Scoring Your Mission Statement

Have a strong mission and a cogent answer to the deceptively difficult question, “**What business are we in?**”



Mission is vague. Tends to be financially-oriented. “Generic” in structure– could be for any firm. Not understood and/or embraced by the majority of employees.

Reasonably clear mission statement. Not particularly unique. Employees can articulate the mission statement – but behaviors, at best, are inconsistent with mission.

Firm mission is clear and precise. Focuses attention on customer benefits – not products or technology. It energizes employees on a common goal. Employees consistently behave in ways that are supportive of mission.

Vision- Answers Question

A vision statement answers the question,
“What does the world look like when we have accomplished our mission?”

We advocate six criteria to assess the quality of the vision statement

Vision Criteria 1:

Articulates a clear end state

Vision Criteria 2:

Concise—one sentence

Vision Criteria 3:

Image-based language

e.g., “a watch on every arm”

Vision Criteria 4:

Inspires the Workforce

Vision Criteria 5:
Challenging – Yet Achievable

Vision Criteria 6:

Distinct from Your Competitors

Habitat for Humanity - “A world where everyone has a decent place to live.”



*Target Customers:
An international non-profit organization that assists low-income families in building new homes and new lives to reduce poverty housing around the world.*



Concise, powerful and clear end state

- 10 words in length but sends a powerful message
- Clear end state to help “everyone who needs a decent place to live”

Inspires the Workforce - practices of realizing this challenging vision

- Working in local communities across all 50 states in the U.S. and in approximately 70 countries.
- Has reached the milestone of 46 million people served since the organization’s founding in 1976.

Distinct Vision from Competitors

- Builds and renovates homes with increasing use of sustainable natural resources and construction practices while reducing the emission of greenhouse gases throughout a home’s life cycle.
- Engaging with and incorporate the voices of diverse communities as a core element.

Caterpillar

A long vision statement – not concise – but scores well on other criteria

"Our vision is a world in which all people's basic needs – such as shelter, clean water, sanitation, food and reliable power – are fulfilled in an environmentally sustainable way, and a company that improves the quality of the environment and the communities where we live and work."

CATERPILLAR®



Clear yet challenging end-state: people's basic needs are fulfilled in an environmentally sustainable way

Inspires the Workforce

- Help the world's doers construct the roads, bridges, seaports and runways that connect people to jobs, opportunities and one another.
- Improve the quality of life and the environment by helping customers fulfill society's need for infrastructure

Distinct from Competitors through continuous delivery of multiple solutions

- Provide autonomous and remote-control equipment that improves efficiency and enhances safety. Reducing emissions, water use and waste.
- Taking back millions of pounds of end-of-life components, keeping nonrenewable resources in circulation for multiple lifetimes through remanufacturing.

Warby Parker

“We believe that buying glasses should be easy and fun. It should leave you happy and good looking, with money in your pocket. We believe that everyone has a right to see.”



Image-based Vision Statement with Clear End-State



Easy & Fun
Unique shopping experience
that is distinct from others

“Great price, great quality, great styles, great customer service. I have two pairs, and because of my recommendation, my girlfriend has a pair, and all of my glasses-wearing siblings have a pair. Keep up the great work. DON'T CHANGE!”

JAMES H. | TX



“Online service was quick and easy. I also loved the Home Try-On program. I can't get to the nearest location during the week so it was helpful that I could do everything online.”

JENNIFER T. | MA

Challenging, Inspirational & Distinct from others

- Sought to usher in a new era of affordability coupled with quality, all focused on giving the customers the best shopping experiences, distinguished products and improving lives.
- Focus on environmental sustainability and reducing the company's carbon footprint.
- Priority on providing access to eyewear to those in need through a “Buy a Pair, Give a Pair” program.
- Support for a variety of social and environmental causes through partnerships with non-profit organizations.
- Has an “Impact Report” that shares the company's progress toward its social responsibility goals.

Scoring Your Vision Statement

A well-crafted vision statement specifies what the world looks like when the firm has accomplished its mission. This clear end state enables everyone to envision a future where significant progress has been made to realize the mission.



We do not have a vision statement

We have a vision statement – but it does not specify what the world looks like when we have accomplished our mission

Our vision paints a very clear of what the world looks like when we have accomplished our mission. A clear target has been established – and while challenging – it is attainable if we execute flawlessly.

Purpose - Answers Question

While mission statements articulate the fundamental customer benefit and vision statements provide the desired end state, neither illustrates how society benefits from the presence of the firm. Yet, it is the **societal benefit** that is most motivating for employees, customers, and other stakeholders in the community. Not surprisingly, both Drucker and Confucius placed a heavy emphasis a functioning, harmonious, and effective society.

Why does the firm exist?

Purpose Criteria 1:

How does it help society (globally or locally) function better?

Purpose Criteria 2:

Touches the Heart and Mind

Purpose Criteria 3:

Energizes the workforce--why employees love to come to work each day

Purpose Criteria 4:

Connects the Dots to Societal Impact

Patagonia – “going purpose”

“Earth is now our only shareholder. If we have any hope of a thriving planet—much less a business—it is going to take all of us doing what we can with the resources we have. This is what we can do.”

— Yvon Chouinard
Founder of Patagonia



*Patagonia’s purpose is: **We’re in business to save our home planet.**
The Patagonia Purpose Trust ensures the company’s commitment to its
purpose forever.*

Help society (globally and locally) function better

- Since 1985, Patagonia has pledged 1% of sales to the preservation and restoration of the natural environment. It has awarded over \$140 million in cash and in-kind donations to domestic and international grassroots environmental groups making a difference in their local communities.
- In 2002, founder of Patagonia, Yvon Chouinard, and Craig Mathews, owner of Blue Ribbon Flies, created a non-profit corporation to encourage other businesses to do the same.

Energizes the workforce love to come to work each day

- Employees are at the core of Patagonia’s success and this new ownership structure is an irrevocable commitment to protect the purpose and values that attracted all of us to the company in the first place. The company will keep doing its best to be a great employer.
- Instead of “going public,” we’re “**going purpose.**” Instead of extracting value from nature and transforming it into wealth for investors, Patagonia uses the wealth it creates to protect the source of all wealth.



Johnson & Johnson - Clearly answers “Why does the firm exist?”



“We blend heart, science, and ingenuity to change the trajectory of health for humanity.”

Connects 3 dots to social impact
(science, heart, ingenuity)

Touches mind and heart

- Has aimed to keep people well at every age and every stage of life for more than 135 years.
- Committed to using its reach and size for good. Strives to improve access and affordability, create healthier communities, and put a healthy mind, body and environment within reach of everyone, everywhere.

Energizes the workforce love to come to work each day



“Our purpose defines and guides the work we do each and every day. To get there, we’re focusing a lot of our attention on helping our employees find and activate their own purpose and connect it with our mission. We’ve seen that cultivating and developing a deep sense of purpose leads to employees who are more engaged, both personally and professionally.

—Alex Gorsky, CEO

Chobani - “Better Food for More People”



“Good food for all is the new tech.”

—Ulukaya, Founder

Helps society function better

- Now the largest-selling Greek yogurt in the U.S., makes up half of the American yogurt market
- Launched the Chobani Food Incubator, a program for purpose-driven food startups
- Donates 10 percent of profits to various philanthropic efforts



Touches the Heart and Mind - Good food is a right, not a privilege

- Creates “delicious, nutritious, natural, accessible food” at an affordable price for all with heart and passion.

Connecting dots to positive social impact

- Popularized Greek yogurt in the United States as a healthier alternative to the sugar-loaded, artificial preservatives-filled cups and tubes of yogurt Americans were consuming.
- Connecting consuming healthy Chobani yogurt and a healthy citizenship. made using only natural ingredients

Scoring Your Purpose Statement

A well-crafted purpose statement specifies how our organization's activities, services, and/or offerings improve society (locally or globally). Our purpose statement, attracts, motivates, and retains our employees. Organizations with a purpose not only have product that its customers enjoy – but they also feel a good about the buying and using the products.

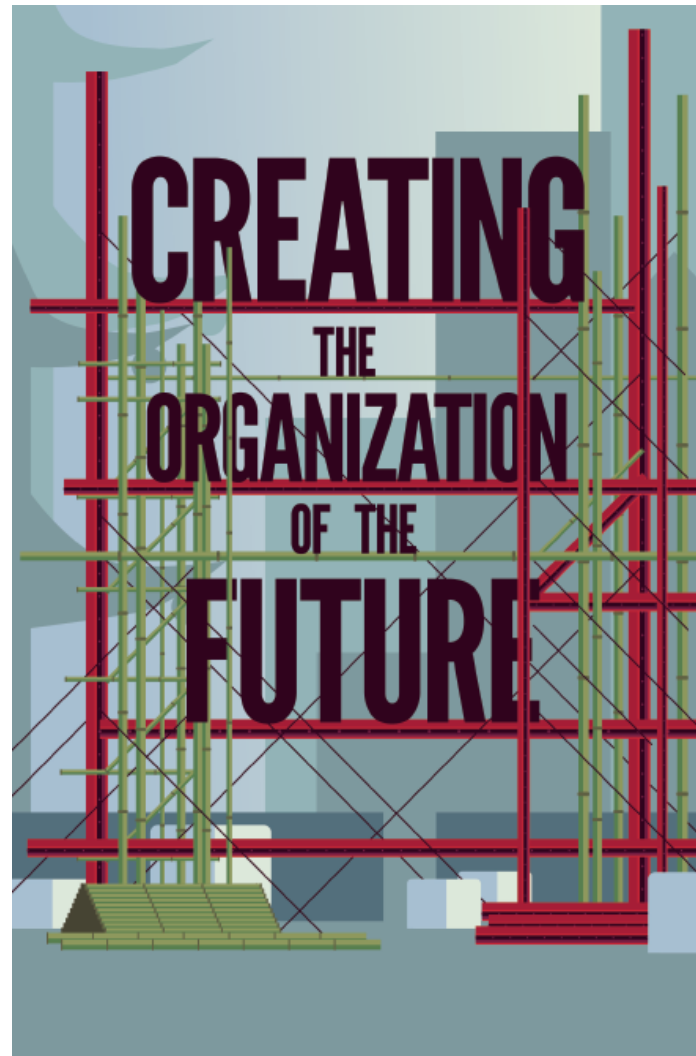


We do not have a purpose statement

While we have a purpose statement, it does not fully articulate how society improves as a result of our role

Our purpose statement clearly illustrates how we enable society to function better. Our employees rally around our products and services. Our customer buy our services, in part, because they believe in our purpose, and they they feel good about how they help deliver our purpose.

Questions? Comments?



Want to Follow-up?

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Register for Parts 2 and 3 at www.isbm.com/events:

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|--------|---|
| Jul 11 | Part 2: Drucker + Confucius - Creating the Organization of the Future: Culture & Values |
| Sep 12 | Part 3: Drucker + Confucius - Creating the Organization of the Future: Getting Started on the Journey – Getting Concrete on the Direction |

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THANK YOU