

Strategic Management and Business Policy I

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Course & Class Information

Course: Strategic Management and Business Policy I

Program: Bachelor's Program

Credits: 4 ECTS

Mode: Onsite / Blended

Class 2: Mission, Vision, and Strategic Intent

Instructor: Dr Leul Girma

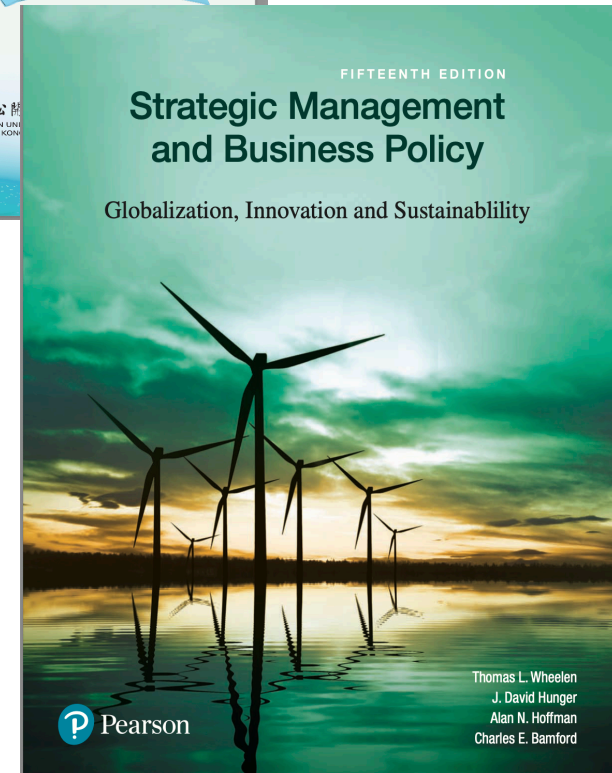
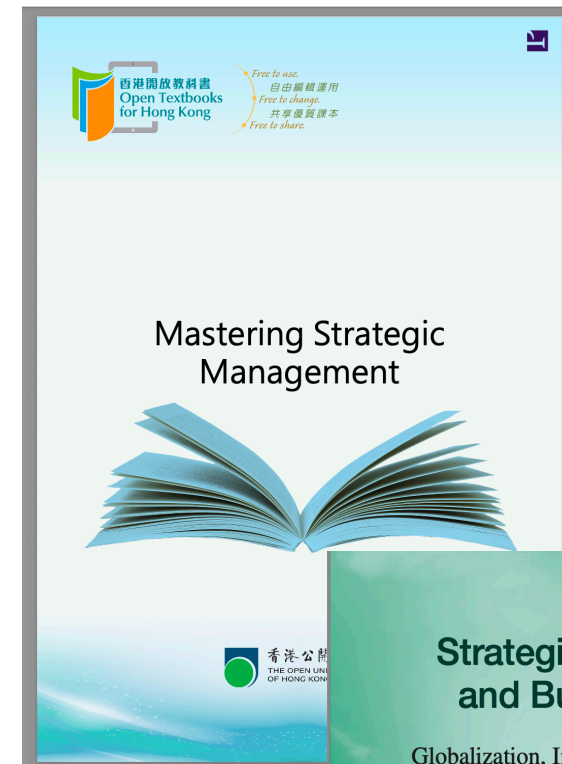
Main Teaching & Learning Materials

Books

- Mastering Strategic Management.
- Strategic Management and Business Policy

Corporate mission and vision statements

- Annual reports and corporate governance documents
- Organizational values and ethics reports
- Instructor-provided case materials



Objective and Learning Outcomes

Objective:

To develop an understanding of **how organizations define their purpose, articulate long-term aspirations, and establish guiding principles** that support strategic **direction and managerial decision-making**.

By the end of this class, students will be able to:

- **Distinguish between** mission, vision, and strategic intent.
- **Explain the role** of organizational **purpose** in strategic management.
- Identify the **characteristics of effective** mission and vision statements.
- Describe how **core values influence business policy** and managerial behavior.
- Translate organizational **purpose into long-term strategic objectives**.
- **Critically evaluate** corporate mission and vision statements.

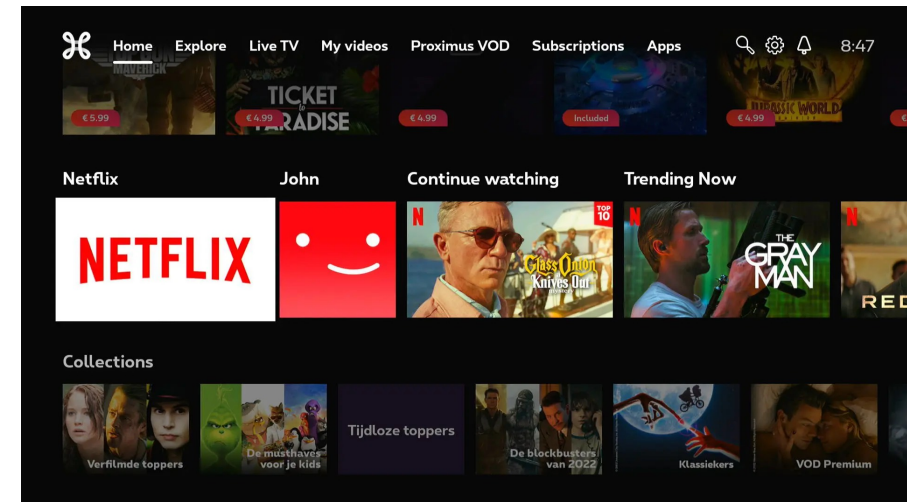
Organizational Direction

Why Some Companies Succeed and Others Don't

Some organizations achieve sustained success, while others struggle despite having similar resources and market opportunities. A key differentiator is the clarity of organizational direction and the ability to align actions with long-term objectives (Johnson et al., 2020).

Successful organizations typically:

- Establish a clear sense of **purpose**.
- Communicate a **compelling future direction**.
- Align managerial actions with strategic priorities.



What Drives Organizational Success?

Organizations operate in competitive environments where sustained success rarely occurs by chance. It is typically the result of **deliberate choices that shape long-term direction and organizational behavior** (Johnson et al., 2020).

Example: Netflix

- **Anticipated industry change** by investing early in streaming technology.
- **Reinvented its business model** before physical rentals declined.
- **Committed to original content**, strengthening competitive differentiation.
- **Leveraged data analytics** to guide content creation and customer experience.

Why Direction Matters

Organizations require a clear **sense of direction to operate effectively in competitive and dynamic environments**. Strategic management provides this direction by defining the organization's purpose and establishing the foundation for long-term success (Hill et al., 2017).

Key benefits:

- **Guide resource allocation and organizational efforts.**
- Promote **consistency in policy and decision-making.**
- **Reduces uncertainty** and supports **coordinated action** across the organization
- Clarify why the organization exists

Direction Before Strategy

Organizations **must first understand why they exist** and where they are heading **before making strategic choices**. Clear direction provides a foundation that enables more coherent and effective strategy formulation (Johnson et al., 2020).

Establishing direction helps organizations:

- Define **long-term aspirations**.
- **Create a basis** for strategic decision-making.
- **Align** organizational efforts toward shared objectives.

Purpose

Purpose serves as the starting point for defining strategic direction. It explains why the organization exists and provides a foundation for long-term priorities and aspirations (Johnson et al., 2020).

Key aspects :

- Explains why the organization exists **beyond profit generation.**
- Provides a foundation for **long-term strategic direction.**
- Guides **managerial judgment and policy formation.**

Purpose Example:

*“We’re’ in business to save our home planet.”
(Patagonia)*



This purpose is considered effective because it:

- **Communicates a fundamental reason for the organization’s existence beyond profit.**
- Establishes a **strong commitment** to environmental responsibility.
- Guides strategic decisions **related to sourcing, production, and partnerships.**
- **Influences corporate policies on sustainability and ethical practices.**
- Strengthens **organizational identity and stakeholder trust.**

Organizations with a **clearly defined purpose are better positioned** to align **strategy, policy, and long-term decision-making** (Johnson et al., 2020).

Mission

A mission statement defines what the organization **currently does, who it serves, and how it creates value**. It supports **day-to-day strategic clarity and helps managers** make decisions aligned with organizational priorities (Wheelen et al., 2018).

Key aspects:

- Defines the organization's **core activities and value creation**.
- Supports **strategic and operational decision-making**.
- Communicates priorities **to internal and external stakeholders**.

Mission Example



*“To organize the world’s information and make it universally accessible and useful.”
(Google)*

This mission is considered effective because it:

- Clearly defines the organization’s **primary activity** — **organizing information.**
- Emphasizes **value creation through accessibility and usefulness.**
- Communicates a **global scope and strategic ambition.**
- Provides guidance for **innovation and product development.**
- Supports strategic consistency across diverse services and platforms.

Well-crafted mission statements help organizations **maintain focus while adapting to technological and market changes** (Johnson et al., 2020).

Vision

A vision statement describes what the organization aims to become in the future. It provides long-term aspiration, motivates organizational members, and aligns strategic goals over time (Hill et al., 2017).

Key aspects:

- Describes the organization's desired future position.
- Encourages strategic ambition and growth.
- Aligns organizational members toward long-term objective

Vision Example

“To help people and businesses throughout the world realize their full potential.”
(Microsoft)



This vision is effective because it:

- Communicates a broad and future-oriented aspiration.
- Emphasizes empowerment through technology and innovation.
- Reflects long-term global impact.
- Encourages continuous development of products and services.
- Aligns strategic initiatives with organizational growth.

Clear vision statements help organizations anticipate future opportunities and maintain strategic direction in rapidly evolving industries (Johnson et al., 2020)

Strategic Intent

“To make humanity multi-planetary.”

(SpaceX)



This objective reflects a bold aspiration that extends far beyond the organization’s current operations and requires continuous technological advancement.

This strategic intent is evident through:

- Establishing an ambitious goal focused on human space exploration.
- Driving sustained innovation in reusable rocket technology.
- Building capabilities necessary for long-term space missions.

Strategic intent encourages organizations to pursue extraordinary objectives by aligning long-term ambition with persistent strategic effort.

Core Values

Core values represent the **fundamental beliefs and principles that guide organizational behavior and decision-making**. They influence how organizations operate and support the consistent application of strategy (Wheelen et al., 2018).

Core values help organizations:

- Establish **expected standards of behavior**.
- Support **ethical and responsible decision-making**.
- Promote **consistency across managerial actions**.

Strong core values contribute to **organizational stability** and **reinforce strategic direction** (Johnson et al., 2020).

Core Values Example

Performance, innovation, authenticity, sustainability, and inspiration (Nike)



These core values are reflected through:

- Driving continuous product **innovation in athletic performance.**
- **Inspiring athletes and consumers** through brand purpose and design.
- Promoting **sustainable practices across products and operations.**

When Direction Becomes Action

Policy in Action

Organizations achieve strategic effectiveness when business policies are translated into consistent managerial actions (Johnson et al., 2020).

- Policies provide **clear direction for organizational conduct.**
- Managerial actions ensure the **practical execution of strategy.**
- Consistent behavior **strengthens strategic alignment.**

Example: Netflix

Netflix established **policies that supported its transition to a digital-first entertainment company.**

- **Content investment policy** enabled sustained spending on original programming.
- **Customer-centric policies** supported ad-free viewing and personalized recommendations.
- **Data-driven decision policies** guided content development and platform improvements.

Consistent policy application allowed Netflix to execute strategy reliably and strengthen its competitive position.



Policy as Decision Framework

Business policy **provides a structured framework** that supports managerial decisions and ensures that organizational **actions remain aligned with strategic priorities** (Wheelen et al., 2018).

Business policy supports organizations by:

- Establishing clear principles for managerial actions.
- Promoting consistency across organizational decisions.
- Reducing uncertainty in complex situations.

Example: Patagonia

Patagonia's environmental policies act as decision boundaries across the organization.

- **The company avoids materials and processes that harm the environment** , even when cheaper alternatives exist.
- **Managers prioritize sustainability over short-term profitability** when evaluating suppliers.
- **Product decisions are filtered through strict environmental standards.**



Policy and Strategic Consistency

Business policy helps translate strategic direction into consistent organizational actions. It ensures that decisions made across different levels of the organization support long-term objectives (Wheelen et al., 2018).

Business policy contributes to strategic consistency by:

- Aligning managerial actions with organizational priorities.
- Supporting coordinated efforts across departments.
- Maintaining stability during organizational growth and change.

Policy in Practice — Johnson & Johnson

“Our first responsibility is to the patients, doctors and nurses, to mothers and fathers, and all others who use our products and services” (Johnson & Johnson).

This policy orientation is reflected through:

- Prioritizing product safety and quality standards.
- Maintaining strong ethical responsibility in healthcare practices.
- Supporting stakeholder trust through accountable decision-making.

Effective business policies help organizations translate principles into consistent managerial actions.

Strategic Alignment

Managerial Implications

Managers play a critical role in ensuring that organizational direction is translated into effective actions. Their ability to align decisions with purpose, values, and policies directly influences strategic outcomes (Wheelen et al., 2018).

Managers should:

- Act consistently with organizational purpose and values.
- Apply policies to support structured decision-making.
- Maintain alignment between daily actions and strategic objectives.

Common Organizational Mistakes

Organizations may struggle to execute strategy effectively when direction, values, and policies are not properly aligned (Johnson et al., 2020).

These mistakes include:

- Defining purpose and values without integrating them into policies.
- Allowing inconsistent managerial actions across the organization.
- Communicating strategic direction without supporting behavioral expectations

Strategic Alignment

Strategic success depends on the alignment of organizational purpose, core values, and business policies. When these elements reinforce one another, organizations are better positioned to execute strategy effectively (Johnson et al., 2020).

Strategic alignment enables organizations to:

- Ensure policies reflect organizational priorities.
- Promote consistency in managerial actions.
- Strengthen long-term strategic focus.

The Strategic Question Every Manager Must Answer

Effective management requires more than setting objectives, it demands ensuring that organizational actions consistently reflect strategic direction (Johnson et al., 2020).

Important question to ask? :

Does our organization clearly know where it is going and do our daily actions support that direction?

Key Takeaway

- Organizational purpose establishes the foundation for strategic direction.
- Mission and vision clarify present activities and future aspirations.
- Core values shape behavior and influence business policies.
- Business policy translates direction into consistent organizational actions.
- Strategic alignment strengthens execution and organizational performance.

Thank you



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