The strategy-making, strategy-implementing process

Reading

Read section 1.4, “Basic Model of Strategic Management” on pp.8-16, of your textbook. This section provides an overview of the strategy process. The diagrams on p.9 clearly show how this process is structured, and will be used as the building blocks for this unit.

Leaders of organisations are aware however that this process is not necessarily linear. When an organisation is in a rapidly changing industry, it is necessary to frequently revisit components of this process before outcomes can be reached.

Vision, mission and objectives

Some people like to combine the ideas of vision and mission, others like to consider them as two different concepts. We will define them separately. Vision refers to a future state for the organisation and describes what the organisation would like to become, whilst the mission statement promotes a sense of shared expectations in employees and communicates a public image to important stakeholder groups in the company’s external environment. It tells who we are and what we do as well as what we’d like to become. Don’t get too ‘hung up’ on the differences between them.

ANZ’s vision as written in their 1999 Annual Report, states:

ANZ is a vibrant financial services company that delivers:

- superior performance and value to our shareholders;
- an experience which delights our customers; and
- an environment where our people excel.

The following are two examples of mission that demonstrate the dynamic nature of environments and the necessity to change strategies and therefore strategic statements.

The former Syme Faculty of Business:

Our mission is to provide high quality relevant and applied education for the business professions.

We seek to achieve this through a process of continuous focus on our clients and their employers.
When the Chisholm Institute of Technology was taken over by Monash University and Syme became part of the Faculty of Business and Economics a new mission statement was developed as follows:

The Faculty of Business and Economics at Monash University will use its scale, scope and unique internal diversity to become an international leader in pursuit, dissemination and analysis of knowledge. By application of that knowledge to relevant disciplines its staff and students will contribute to the economic, social and commercial development of Australian and other communities.

Quite clearly the latter statement signals that to accommodate this mission a significant change in strategy will be required. However note the general nature of the mission statement. It is a statement of intention and does not describe how success will be achieved.

The following is an example of a financial organisation’s mission statement, namely Westpac’s.

Westpac’s mission is simple:  

Through our affinity with customers, in chosen markets, we will consistently demonstrate superior ability to help each and every customer find the best solution to their financial needs.

Again, note the generalities of the mission statement, in that it asserts what it will strive to achieve rather than how it will gain a competitive advantage. For this we need to examine the next stage, the corporate strategy.

Corporate strategy

Corporate strategy can be described as:

The placement and the manner in which resources are employed to enable an organisation to exploit current and future products, market positions and opportunities in the pursuit of goals and objectives.

Corporate strategy tends to be more specific than a mission statement, although for a small business firm, mission, corporate and business strategy can be the same. Corporate strategy defines or describes the business or businesses in which an organisation will compete. The huge Australia mining conglomerate CRA has a number of separate businesses, each of which operates as an independent business unit.