

Solution Manual for Strategic Management A Competitive Advantage Approach Concepts 15th Edition David 0133444791 9780133444797

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Chapter 2 - Business Vision and Mission

Overview

Chapter 2 describes the nature and role of vision and mission statements in strategic planning, and provides specific guidelines on how to develop these statements. Both characteristics and components that should be included in these statements are provided, as are numerous examples. In this course, students should become proficient devising and improving vision and mission statement documents, and this chapter provides the foundation for that knowledge.

Learning Objectives:

1. Describe the nature and role of vision and mission statements in strategic management.
2. Discuss why the process of developing a mission statement is as important as the resulting document.
3. Identify the components of mission statements.
4. Discuss how clear vision and mission statements can benefit other strategic-management activities.
5. Evaluate mission statements of different organizations.

Teaching Tips

1. Use the following two quotes in this chapter to discuss the importance of vision/mission statements in strategic management, one quote near the beginning of the

chapter and the other ends the chapter. Near the beginning of the chapter: 1) “You are never going to get anyone to charge the machine guns only for financial objectives. It

has got to be something that makes people feel better, feel a part of something.” At the end of the chapter: 2) Three people were at work on a construction siteFew of us can build cathedrals, but to the extent we can see the cathedral in whatever cause we are following, the job seems more worthwhile.”

2. Emphasize that the vision and mission of a firm should be so compelling that readers should want to invest in the firm, work for the firm, be proud of the firm, respect the firm, and realize what the firm is all about. The list of characteristics in Table 2-3 is especially important.

3. Among the nine components of a mission statement, we think the most important is self concept (distinctive competence). Make sure students realize the “self concept” component is critical for revealing competitive advantage to customers, potential customers, and all stakeholders. For example for PepsiCo, why should we drink Pepsi vs. Coke and invest in PepsiCo vs. Coca-Cola, i.e., where in the mission statement of Pepsi is their self concept. The “self concept” component is much more than “what the firm thinks of itself.” See the end-of-chapter exercise that deals with the PepsiCo vision/mission.
4. Read the “Special Note to Students” at the end of this chapter and explain its importance to students.
5. Go through the end-of-chapter review questions since they apply chapter concepts. Most professors also go through all the end-of-chapter exercises for this chapter. In this way, class time is spent in a more interactive way with students, rather than straight lecture. To help ensure students’ attention, consider having Test 1 (on Chapters 1-6) and Test 2 (on Chapters 7-11) be composed of at least one half verbatim end-of-chapter review questions.

Answers to End-of-Chapter Review Questions

- 1. List four components and four guidelines that the J. Crew mission statement fails to exhibit. Write a new and improved mission for J. Crew.**

Answer: The J. Crew mission statement given at the beginning of Chapter 2 arguably includes none of the nine components, and only one characteristic (less than 250 words) prescribed in Chapter 2. Thus, a new and improved proposed mission statement is given below.

“J. Crew is a global clothing retailer known for its cashmere cardigans, Capri pants, jeans, khakis, and Madewell women’s clothing. We use the latest technology to develop the highest quality fabrics to create leading fashion clothing for both men and women. We believe good ethics is good business and take of our employees who deliver exceptional service to our customers globally. We strive to be leading corporate citizens in all communities where we operate.”

- 2. Note at the www.jcrew.com website, a vision statement is not given. Write a recommended vision statement for J. Crew given their strategies.**

Answer: We aspire to become the leading supplier of fashion clothing for men and women around the world.

3. Explain how a firm such as J. Crew can be doing well, but does not have an effective vision or mission statement.

Answer: There are hundreds of key management, marketing, finance, MIS, accounting, manufacturing, and economic variables that impact organizational performance, and hundreds more external variables. Thus, having or not having a vision or mission statement does not cause high performance. Research does suggest however that having a clear vision and mission statement are indicative of excellent strategic planning, which does correlate highly with organizational performance. But it is obviously possible for a firm such as J. Crew to do excellent strategic planning, without having an excellent vision and mission.

4. Some excellent nine-component mission statements consist of just two sentences. Write a two-sentence mission statement for a company of your choice.

Answer: “J. Crew is a global clothing retailer known for its cashmere cardigans, Capri pants, jeans, khakis, and Madewell women’s clothing. We use the latest technology, believe good ethics is good business, honor our employees, care for our customers, and strive to be leading corporate citizens in all communities where we operate.”

5. How do you think an organization can best align company mission with employee mission?

Answer: Through involvement, people become committed to an organization. An organization can align company mission with employee mission by including as many individuals as possible in the process of developing mission statements. The process of developing a mission statement should create an “emotional bond” and “sense of shared mission” between the organization and its employees. This is especially true in the USA, but employee involvement and participation are not utilized in countries such as Mexico because there that management practice would be viewed as showing weakness.

6. What are some different names for “mission statement,” and where will you likely find a firm’s mission statement?

Answer: A mission statement is sometimes called a creed statement, a statement of purpose, a statement of philosophy, a statement of beliefs, a statement of business principles, or a statement “defining our business.” A good place to look for a company’s mission statement is on the firm’s website or its annual report, but many organizations also have the statement engraved and publically visible at its stores or facilities.

7. If your company does not have a vision or mission statement, describe a good process for developing these documents.

Answer: Select several articles and/or web sites about these statements and ask all managers to read these as background information. Then, managers should prepare a vision or mission

statement for the organization. A facilitator or committee should then merge these statements into a single document and distribute the draft statements to all managers. A request for modifications, additions, and deletions is needed next, along with a meeting to revise the document.

8. Explain how developing a mission statement can help resolve divergent views among managers in a firm.

Answer: The question “What is our business?” can create controversy. Raising the question often reveals different opinions/views/beliefs among strategists in the organization. Individuals who have worked together for a long time may realize that they are in fundamental disagreement. Negotiation, compromise, and eventual agreement on important issues is needed in forming or revising a mission statement. Then, managers can “be on the same page” and focus on more specific strategy formulation activities.

9. Drucker says that the most important time to seriously reexamine the firm’s vision/mission is when the firm is very successful. What is this?

Answer: The most important time to ask seriously “What do we want to become?” and “What is our business?” is when a company has been successful. Success obsoletes the very behavior that achieved it, and creates new realities and different problems. A very successful firm is the target of rival firms who try to imitate, duplicate, reverse engineer their products, and take market share from the leading firms.

10. Explain why a mission statement should not include monetary amounts, numbers, percentages, ratios, goals, or objectives.

Answer: A mission statement is broad in scope for three reasons. First, it allows for the generation and consideration of a range of feasible alternative objectives and strategies without unduly stifling management creativity. Excess specificity would limit the potential of creative growth for the organization. Second, a mission statement needs to be broad to reconcile differences among, and appeal to, an organization’s diverse stakeholders. Thus, a mission statement should be reconciliatory. Third, it is simply premature in the mission statement to reveal goals and objectives, which should be determined after the internal and external assessment, as illustrated in the comprehensive strategic planning model.

11. Discuss the meaning of the following statement: “Good mission statements identify the utility of a firm’s products to its customers.”

Answer: A good mission statement reflects the anticipations of customers. Organizations should identify customers’ needs and then provide a product or service to fulfill those needs. For example, AT&T’s mission statement focuses on communication rather than on telephones; Exxon-Mobil’s mission statement focuses on energy rather than on oil or gas; Union Pacific’s mission statement focuses on transportation rather than on railroads; and Universal Studio’s mission statement focuses on entertainment rather than on movies.

12. Distinguish between the “self-concept” and the “philosophy” components in a mission statement. Give an example of each for your university.

Answer: The self-concept component of a mission statement describes a firm’s distinctive competence or major competitive advantage. The philosophy component of a mission statement refers to the basic beliefs, values, aspirations, and ethical priorities of the firm.

Self-Concept: Overlooking the Atlantic Ocean, our college is AACSB accredited at both the BBA and MBA levels.

Philosophy: We treat all students with respect and admiration.

13. When someone or some company is “on a mission” to achieve something, many times they cannot be stopped. List three things in prioritized order that you are “on a mission” to achieve in life.

Answer: 1) To daily eat healthy. 2) To daily be a good steward of the natural environment. 3) To daily build up rather than break down people.

14. Compare and contrast vision statements with mission statements in terms of composition and importance.

Answer: Many organizations develop both a mission statement and a vision statement. Whereas the mission statement answers the question, “What is our business?” the vision statement answers the question, “What do we want to become?” Both statements are essential for firm success. The vision is one sentence, whereas the mission is several sentences, and includes nine components.

15. Do local service stations need to have written vision and mission statements? Why or why not?

Answer: Less formality and detail characterize strategic management in small businesses such as a local service station. However, local service stations are not immune to competitive pressures, changes in technology, changes in demographic factors, and resistance to change. Therefore, it is recommended that even the smallest organization develop written vision and mission statements to enhance efforts to secure bank financing and to develop good supplier, customer, and employee relationships.

16. Why do you think organizations that have a comprehensive mission statement tend to be high performers? Does having a comprehensive mission cause high performance?

Answer: Having a comprehensive mission statement does not guarantee or cause high performance. However, a comprehensive mission statement can contribute significantly to high performance, because ideally it conveys the intent and aspirations of all employees and managers who by working together achieve synergy. Having an excellent mission statement also provides a firm foundation for effective strategic planning, rather than ad hoc guessing about what actions would be best to take in the future.

17. Explain why a mission statement should not include strategies and objectives.

Answer: A mission statement should not include strategies and objectives because the statement needs to be broad in scope to effectively provide a basis for performing an external and internal audit and for generating and selecting among alternative strategies. Including specific strategies and objectives in a mission statement could reduce the level of innovative and creative thinking in an organization and jeopardize the potential for the statement to be widely accepted by all managers and employees. Acceptance of a clear mission is a prerequisite for gaining acceptance for strategies and objectives to pursue. In addition, it is simply premature in the mission to include strategies and objectives where are determined after the mission is decided upon.

18. What is your college or university's self-concept? How would you state that in a mission statement?

Answer: Ranked #1 nationally in International Business, the Darla Moore College of Business at the University of South Carolina trains students to be knowledgeable, comfortable, and effective in business across varied country settings.

19. Explain the principal value of a vision and mission statement.

Answer: Whereas the mission statement answers the question, "What is our business?" the vision statement answers the question, "What do we want to become?" Both the vision statement and the mission statement ensure unanimity of purpose within the organization and make important statements about "who the firm is" and "what it wants to become" to outside stakeholders. The two statements provide a firm foundation for effective strategic planning. The statements provide direction and help motivate employees/managers. Table 2-3 lists ten benefits of having a clear mission statement: 1) achieve clarity of purpose among all managers and employees; 2) provide a basis for all other strategic planning activities; 3) provide direction; 4) provide a focal point for all stakeholders of the firm; 5) resolve divergent views among managers; 6) promote a sense of shared expectations among all managers and employees; 7) project a sense of worth and intent to all stakeholders; 8) project an organized, motivated organization worthy of support; 9) achieve higher organizational performance; and 10) achieve synergy among all managers and employees.

20. Why is it important for a mission statement to be reconciliatory?

Answer: A mission statement needs to be reconciliatory because the claims of a firm's various stakeholders often conflict. For example, employees desire high wages yet customers desire low prices. An effective mission statement reconciles (reduces/mitigates) major differences among key stakeholders.

21. In your opinion, what are the three most important components that should be included when writing a mission statement? Why?

Answer: All nine components described in Chapter 2 are important, but three are particularly important: 1) self concept (reveals the firm's distinctive competence or competitive advantage), 2) philosophy (reveals that the firm is ethical in all aspects), and 3) technology (reveals that the firm is up-to-date technologically rather than being out-of-date).

22. How would the mission statements of a for-profit and a nonprofit organization differ?

Answer: The mission statements of profit versus nonprofit organizations would not differ in the characteristics or the components specified for inclusion in effective statements.

23. Write a vision and mission statement for an organization of your choice.

Answer: This is a worthwhile class exercise. Ask students to do this individually, and then exchange papers for grading. Have grading done based on inclusion of 9 components and 8 characteristics.

24. Conduct a search on the Internet with the keywords "vision statement" and "mission statement." Find various company statements and evaluate the documents. Write a one-page, single-spaced report on your findings.

Answer: This is a worthwhile activity for students to perform as a homework assignment followed by class discussion of the assortment of statements identified.

25. Who are the major stakeholders of the bank that you do business with locally? What are the major claims of those stakeholders?

Answer: The major stakeholders of a bank include commercial customers, consumer customers, shareholders, communities, managers, and employees. Each stakeholder group relies upon the organization. Customers expect the bank to perform in a manner that protects them financially. Shareholders expect the firm to be profitable. Local communities rely upon the bank to provide jobs, credit, and to pay taxes. Employees rely upon the bank for wages and salaries.

26. List seven characteristics of a mission statement.

Answer: Table 2-4 lists eight characteristics that may be included in students' lists: 1) it is broad in scope and does not include monetary amounts, numbers, percentages, ratios, or objectives; 2) it is less than 250 words; 3) it is inspiring; 4) it identifies the utility of a firm's products; 5) it reveals whether the firm is socially responsible; 6) it reveals whether the firm is environmentally responsible; 7) it includes nine components (customers, products and services, markets, technology, concern for survival/growth/profits, philosophy, self-concept, concern for public image, concern for employees); and 8) it is enduring and can reconcile differences among and appeal to an organization's diverse stakeholders.

27. List eight benefits of having a clear mission statement.

Answer: Table 2-3 lists ten benefits that may be included in students' lists: 1) achieve clarity of purpose among all managers and employees; 2) provide a basis for all other strategic planning activities; 3) provide direction; 4) provide a focal point for all stakeholders of the firm; 5) resolve divergent views among managers; 6) promote a sense of shared expectations among all managers and employees; 7) project a sense of worth and intent to all stakeholders; 8) project an organized, motivated organization worthy of support; 9) achieve higher organizational performance; and 10) achieve synergy among all managers and employees.

28. How often do you feel a firm's vision and mission statement should be changed?

Answer: Vision and mission statements should be evaluated on a regular basis, at least annually, to determine if they are still appropriate. Firms may wish to change the statements both in times of crisis and in times of success. The vision and mission should be modified as needed to "stay in tune" with the company and its environment. Well written statements oftentimes are not changed for 3 to 5 years.

Answers to the End-of-Chapter Assurance of Learning Exercises

ASSURANCE OF LEARNING EXERCISE 2A: DEVELOP AN IMPROVED J. CREW MISSION STATEMENT

ANSWER:

The mission statement components are:

1. Customers
2. Products or services
3. Markets
4. Technology
5. Concern for survival, growth, and profitability
6. Philosophy
7. Self-concept
8. Concern for public image
9. Concern for employees

Improved Mission Statement

A possible J. Crew mission statement is as follows:

“We sell cashmere cardigans, Capri pants, jeans, khakis, and other high quality clothing products to young professionals around the world (1, 2, 3). We strive to maximize our shareholders’ value by utilizing the latest technology to monitor consumer trends and exceed consumer expectations (5, 4). We believe in the golden rule in all that we do, strive to be exemplary citizens in all communities where we have operations (6, 8). We deeply appreciate and care for our employees (9). Quality is our highest priority. Always has been, always will be (7).”

ASSURANCE OF LEARNING EXERCISE 2B: EVALUATE MISSION STATEMENTS

ANSWER:

Advance Auto Parts

It is the Mission of Advance Auto Parts to provide personal vehicle owners and enthusiasts with the vehicle related products and knowledge that fulfill their wants and needs at the right price. Our friendly, knowledgeable and professional staff will help inspire, educate and problem-solve for our customers.

Barnes & Noble

Our mission is to operate the best specialty retail business in America, regardless of the product we sell. Because the product we sell is books, our aspirations must be consistent with the promise and the ideals of the volumes which line our shelves. To say that our mission exists independent of the product we sell is to demean the importance and the distinction of being booksellers. As booksellers we are determined to be the very best in our business, regardless of the size, pedigree or inclinations of our competitors. We will continue to bring our industry nuances of style and approaches to bookselling, which are consistent with our evolving aspirations. Above all, we expect to be a credit to the communities we serve, a valuable resource to our customers, and a place where our dedicated booksellers can grow and prosper. Toward this end we will not only listen to our customers and booksellers but embrace the idea that the Company is at their service.

Estee Lauder

The guiding vision of The Estee Lauder Companies is "Bringing the best to everyone we touch". By "The best", we mean the best products, the best people and the best ideas. These three pillars have been the hallmarks of our Company since it was founded by Mrs. Estee Lauder in 1946. They remain the foundation upon which we continue to build our success today.

Family Dollar Stores

For Our Customers A compelling place to shop. . . by providing convenience and low prices
For Our Associates A compelling place to work. . . by providing exceptional opportunities and rewards for achievement
For Our Investors A compelling place to invest. . . by providing outstanding returns.

FedEx

FedEx will produce superior financial returns for shareowners by providing high value-added supply chain, transportation, business and related information services through focused operating companies. Customer requirements will be met in the highest quality manner appropriate to each market segment served. FedEx will strive to develop mutually rewarding relationships with its employees, partners and suppliers. Safety will be the first consideration in all operations. Corporate activities will be conducted to the highest ethical and professional standards.

Ford Motor Company

We are a global family with a proud heritage passionately committed to providing personal mobility for people around the world.

Source: Based on

http://www.missionstatements.com/fortune_500_mission_statements.html

Evaluation Matrix of Mission Statements–Solutions

| Components | AAuto | B&N | ELauder | FDollar | FedEx | Ford |
|---|--------------|----------------|----------------|----------------|--------------|-------------|
| Customers | Yes | Yes | Yes | Yes | Yes | |
| Products | Yes | No | Yes | Yes | Yes | |
| Markets | No | Yes | Yes | No | No | |
| Technology | Yes | No | No | No | No | |
| Concern for Survival, Growth, Profitability | No | No | No | Yes | Yes | |
| Philosophy | Yes | Yes | Yes | Yes | Yes | |
| Self-concept | Yes | Yes | Yes | Yes | Yes | |
| Concern for public image | Yes | Yes | Yes | No | Yes | |
| Concern for employees | Yes | Yes | Yes | Yes | Yes | |

ASSURANCE OF LEARNING EXERCISE 2C:

WRITE A VISION AND MISSION STATEMENT FOR PEPSICO

ANSWER:

The statements will vary from student to student but should include the nine essential components of mission statements.

Sample statements are provided below.

Nine Essential Components of Mission Statements

1. Customers
2. Products
3. Markets
4. Technology
5. Concern for Survival, Growth, Profitability
6. Philosophy
7. Self-Concept
8. Concern for Public Image
9. Concern for Employees

Existing Mission – Lacks three components: Customers, Technology, and Self-Concept

PepsiCo’s mission is given on their website as follows: “To be the world's (3) premier consumer products company focused on convenient foods and beverages (2). We seek to produce financial rewards to investors (5) as we provide opportunities for growth and enrichment to our employees (9), our business partners and the communities in which we

operate (8). And in everything we do, we strive for honesty, fairness and integrity (6).”
(www.pepsico.com)

Improved Mission – Includes all nine components.

“To be the world’s (3) premier consumer products company focused on convenient foods and beverages (2). We seek to produce financial rewards to investors (5) as we provide opportunities for growth and enrichment to our employees (9), our business partners and the communities in which we operate (8). We strive to use the latest technology (4) to deliver outstanding products at low prices (7) for our customers (1). And in everything we do, we strive for honesty, fairness and integrity (6).”

**ASSURANCE OF LEARNING EXERCISE 2D:
COMPARE YOUR COLLEGE/UNIVERSITY’S VISION AND MISSION
STATEMENTS TO A LEADING RIVAL INSTITUTION**

ANSWER:

Key - Nine Essential Components of Mission Statements

1. Customers
2. Products
3. Markets
4. Technology
5. Concern for Survival, Growth, Profitability
6. Philosophy
7. Self-Concept
8. Concern for Public Image
9. Concern for Employees

The vision statement and mission statement for the author’s School of Business is given below:

Existing Vision Statement

The School of Business at Francis Marion University strives to provide the highest quality baccalaureate and master’s degree business programs offered at a small comprehensive university in the southeastern United States.

Existing Mission Statement

Accredited at both the graduate and undergraduate levels, the School of Business at Francis Marion University has a mission to teaching, research, and service. Nearly our entire faculty holds a doctorate in the area in which they teach. Our small classroom environment promotes interaction among students and faculty. We teach students to think logically, communicate effectively, develop an understanding and appreciation of the global business environment, and be guided by high ethical standards. Our students

develop conceptual and analytical skills needed to be successful leaders in both private and public institutions. Our internship program and placement efforts actively assist students in finding meaningful jobs. Our faculty conducts research and service activities that enhance the region's economic and industrial development. Most of our undergraduate students major in management, marketing, accounting, finance, business economics, management information systems, or general business and earn a Bachelor of Business Administration degree. Other School of Business students major in economics or computer science and receive a Bachelor of Arts or Bachelor of Science degree. Our graduate students receive a Master of Business Administration degree and may become certified in Health Management. The School of Business seeks students locally and globally of all ages and ethnic backgrounds and serves them in a friendly, considerate manner.

ASSURANCE OF LEARNING EXERCISE 2E: CONDUCT MISSION STATEMENT RESEARCH

ANSWER:

Ask students to search the websites of local businesses to see which businesses have posted their mission statements on their websites. The students could then contact one or more of these businesses and ask the questions suggested by the exercise. Encourage your students to ask the businesses why they posted their mission statement on their website.

ASSURANCE OF LEARNING EXERCISE 2F: EVALUATE A MISSION PROPOSAL

ANSWER:

Key - Nine Essential Components of Mission Statements

1. Customers
2. Products
3. Markets
4. Technology
5. Concern for Survival, Growth, Profitability
6. Philosophy
7. Self-Concept
8. Concern for Public Image
9. Concern for Employees

Delta Air Lines' Actual Mission Statement – Includes no components adequately

“We—Delta's employees, customers, and community partners together form a force for positive local and global change, dedicated to bettering standards of living and the

environment where we and our customers live and work."

A Proposed Mission Statement for Delta Air Lines

Delta has a vested interest in employees (9), customers, shareholders, local and global environments, by promoting diversity (7), superior customer service (1), maintaining profitability (5), and continually investing in the improvement of the environment (8). We encourage positive partnerships and understand that the ability to continually progress, transform, and expand our business is vital for continued sustainability as a leader in the global airline industry (2, 3). We utilize the latest technological advancements to keep customers safe while providing great returns to our shareholders (4).