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| ***Business objectives – aims, mission statements, plans & strategies*** |

**Topics covered**

* ***Why is it important to have objectives and targets to work towards?***
* ***Is there a legal requirement?***
* ***More acronyms to remember! SMART***

***The importance of objectives***

Almost all aspects of human activity are made **clearer** and more **focused** if there is a distinct objective to aim for.

Consider **your** personal objectives: come to school, get a good grade, go to university, find a good job etc. You have some sort of plan (written or not) as to **what** you want to achieve and **how** to achieve it.

In the case of businesses, there has to be an appropriate strategy – or detailed plan of action – in place to ensure that resources are correctly directed towards the final goal.

* Strategies should be constantly reviewed – “are we on target or not?”
* Organisations and thus strategies **change** over time. Therefore the plan will too

What **objectives** do some organisations have?

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The most effective business objectives usually meet the following ‘SMART’ criteria:

**S – Specific**

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**M – Measurable**

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**A – Achievable**

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**R – Realistic and relevant**

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**T – Time specific**

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If we consider the **SMART** criteria, what could objectives could this school have?

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***Aims, mission statements, objectives, plans and strategies – what do they all mean?***

Let’s look at the ‘hierarchy of objectives’

***Corporate aims***

Long term goals that the business hopes to achieve.

The core of a business’s activity is expressed in its corporate aims and plans.

* Cadbury’s tell us that its aim is to give **shareholders maximum** returns on their **investment** by expanding the business.
* **Customer**-based goals – ‘meeting customers’ needs’
* **Market** based goals – becoming a world leader

***What benefits come from establishing corporate objectives?***

* Starting point
* Develop a sense of purpose
* Allows assessments to be made
* Provide a framework

***Mission statements***

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| **A mission statement is:** |

**Let’s look at some examples:**

**Microsoft**

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**Google**

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**Wal-Mart**

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**Evaluation of mission statements:**

* *Which is the most effective?*
* *Can some of them apply to any business?*
* *Are they useful or just another management ‘fad’?*

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| Arguments for | Arguments against |
| * Quickly **inform** groups outside of the business * **Motivating** to employees * **Moral** statements to be worked towards * Tell others ‘what the business is about’ | * Often too vague and general * Perhaps a public relations   exercise to pacify stakeholders   * Hard to agree or disagree with the mission statement * Due to being vague or non-specific, business may have very similar mission statements |

**Communicating the mission statement is very important. How do they do it?**

* *Published accounts or other communication to shareholders*
* *Corporate plans*
* *Internal company newsletters*
* *Advertising slogans or posters are often related to the MS*

In **summary**, mission statements are insufficient for operational guidelines (how to operate the company). They do not tell managers what decisions to make or how to make them. However, they do provide a vision and an overall sense of purpose and to a certain extent, are good for public relations (PR)

Using **Google**, **Wal-Mart** and **Microsoft**, do Activity 4.1

**Summary of the worksheet in your own words (in English and Chinese):**

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*Vocabulary check:*

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| **English** | **Chinese** |
| **Fad** |  |
| **Mission** |  |
| **Vague** |  |
| **Pacify** |  |
| **Moral** |  |