

HOW FORBES 200 COMPANIES CREATE AND USE MISSION STATEMENTS

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ABSTRACT

Small publicly-held firms included on the Forbes 200 list were surveyed to determine their usage of mission statements. Survey results reveal that most of these firms have developed mission statements, which usually include main company purposes, key business objectives, company identity, and other guiding principles. Most of the mission statements result from a group effort, although less than half of the firms formally seek employee input in the development process. CEOs are generally pleased with the results yielded by their mission statements, giving highest marks for providing direction to managers and helping employees focus. The lowest mark is given to improving employee morale, suggesting that more work is needed to help mission statements foster a sense of mission. Effective mission statements include four major steps: (a) development, (b) distribution, (c) integration, and (d) evaluation. This article provides guidelines for each of these steps.

INTRODUCTION

In today's business environment, companies of all sizes are facing difficult challenges quite unknown to organizations in previous decades. Ireland and Hitt (1992) list six leading challenges of this decade: (a) Complex and ambiguous decision conditions; (b) increasing levels of environmental turbulence; (c) increasing global market competition; (d) increasing numbers of hostile takeovers; (e) increasing sophistication of manufacturing technologies; and (f) the need to constantly introduce high-quality, innovative products and services.

To combat these challenges, some firms are cutting budgets, laying off employees, automating processes for greater efficiency, and looking for new management techniques. Other organizations take a more introspective, long-range approach to survival: conducting a careful self-examination and developing a mission statement for use with employees and outside constituencies. Proponents of mission statements appreciate a *Wall Street Journal*

("Visioning' Missions," 1994) article, indicating that more than 50 percent of big companies have mission statements.

What about small companies? Are they taking similar action as large companies in order to compete effectively? To determine the mission statement activity of *privately held* small firms in the U.S., Addams, Baker, and Davis (1994) surveyed *Inc. 500* firms and found that, as with large firms, the majority of these small companies also use mission statements.

But is there agreement on what should be included in mission statements, and is there evidence that mission statements are effective? Or is mission-statement development just a management exercise with limited impact?

The earlier study by Addams, Baker, and Davis focused on small privately held firms, but the purpose of the current study of *Forbes 200* firms was to determine whether small *publicly held* companies also use mission statements and whether the development and implementation of these statements are producing the desired results for organizations. Small, growing companies comprise the majority of businesses. Therefore, a study of these companies holds potential for information useful across a wide spectrum of today's business.

CEOS OF *FORBES 200* SURVEYED

Each year *Forbes* magazine selects the 200 most successful *publicly held* companies as their "*Forbes 200*." In choosing these well-managed small companies, *Forbes* uses the following factors (number of employees is not considered in the selection criteria):

1. sales (latest 12 months)--must be between \$5 million and \$350 million
2. profits (latest 12 months)
3. return on equity (5 year average)--must be at least 10 percent
4. return on equity (latest 12 months)
5. 5-year EPS growth rate
6. market value
7. year-to-date price change
8. earning per share (latest 12 months)
9. estimated earnings per share for the current year
10. price/earnings ratio (latest 12 months)
11. debt/equity ratio

To enlarge the population for the study, we combined the *Forbes 200* for two years. Eighty-three organizations were named in both lists, yielding a population of 317. From three survey mailings, sent approximately two weeks apart, 122 (38.4 percent) surveys were obtained (95 from the first mailing, 16 from the second, and 11 from the third). Because five CEOs submitted only partially completed questionnaires, 117 of the questionnaires (36.9 percent) were used. The responses taken from these questionnaires are shown in Tables 1-6.

The questionnaire used for this study was an identical survey instrument used by the authors to survey CEOs of *Inc.* magazine's fastest-growing small privately held companies in

the U.S. The questionnaire contained mostly multiple-choice questions, with opportunity for open-ended comments. (The results of the *Inc. 500* study are included in Tables 1-6 for reader interest. Of the 184 responding *Inc.* CEOs, 124 reported having mission statements.)

Specifically, the current study sought to investigate how small public organizations use mission statements. Answers to seven important questions were sought from the CEOs:

1. What percentage of the Forbes small companies prepare mission statements?
2. Who participates in the process?
3. How much time is devoted to preparing the mission statement?
4. What is the content of the mission statement?
5. How do mission statements relate to the companies' strategic plans?
6. How are mission statements distributed?
7. How successful are mission statements in organizations that use them?

In general business literature, questions like these are discussed in dozens of "how to" and "opinion" articles. For example, Farnham (1993) stresses the importance having employees internalize a firm's values. Campbell and Yeung (1991) indicate that having a published mission statement does not automatically guarantee that employees will have a sense of mission. They emphasize that sense of mission is an emotional and personal feeling, not just an intellectual understanding. Seid (1994) emphasizes the importance of having the mission statement as part of the business plan. Calfee (1993) states that organizations take different approaches to mission-statement content, noting that some statements describe at length what success will look like, how it will be measured, and how competitive advantages will be created and maintained. Others distill their mission statement to a few words.

Still others incorporate a "vision" statement as an integral part of the mission. Concerning the difference between mission and vision statements, Cummings and Davies (1994) state that a vision is more goal oriented, whereas a mission is more behavior oriented. Vision refers to what a firm is trying to become. Mission refers to key goals, strategies, and objectives. Cummings and Davies emphasize that vision and mission are both vital and should be fused. Still other authors indicate the importance of a values statement within a mission statement. Kate (1995) explains that a values statement reveals what the company stands for and the principles it believes in, and these principles help guide decision making.

Piercy and Morgan (1994) observe that many claims are made about mission statement benefits but that vagueness exists concerning methodologies for creating effective mission statements. They recommend a three-step approach: (1) structure the content according to internal, external, broad, and narrow dimensions; (2) acknowledge that different types of mission statements serve different interests and purposes; and (3) analyze and evaluate the information from steps 1 and 2 for internal consistency and external application.

In spite of numerous opinion publications on mission statements, very little empirical evidence has been written concerning mission statement procedures or impact. Klemm, Sanderson, and Luffman (1991) found in a study of 59 U.K. companies that mission statements are used more for internal purposes than for external purposes. The companies participating

in the study reported that their mission statements were distributed much more widely to their employees than to their outside audiences.

Rarick and Vitton (1995) studied a random sample of companies listed in the *Business Week 1000* and found a positive correlation between having a mission statement and shareholder equity. For firms with a mission statement, the shareholder equity was 16.1 percent; for firms without a mission statement, the figure was only 9.7 percent. Rarick and Vitton's study also revealed differences in the content of organizations' mission statements, but they stated that the common elements are (a) concern for public image, (b) concern for quality, (c) commitment to survival, growth, and profitability, and (d) differentiation from competition.

In contrast to the Rarick and Vitton study, a 463-company survey by Bain & Company study found no correlation between usage of a mission statement and financial performance. In fact, firms that reported using mission statements (94 percent of those responding) achieved below-average financial results. (Graves, 1994) Obviously, these studies suggest that many factors contribute to the success or failure of a business; a mission statement is just *one* of those elements.

The usefulness of mission statements can be assessed in a variety of ways. To some companies, a successful mission statement might be viewed purely in profit terms. Other firms may take a slightly different view and assess the value of their mission statement in terms of unifying their work force, rather than just producing better financial results. For the current study, the degree of success was assessed in terms of the CEO's perception, rather than by financial analysis.

FINDINGS--FORBES 200

The findings of this study shed additional light on the widespread practice of mission statements: Of the 117 responding CEOs, 103 (88 percent) reported having a mission statement. This gives a strong indication that mission statements are perceived to be an important business practice. The following sections give detailed information about the development and implementation of mission statements in the target population.

Participants in the Development Process

Table 1 reveals how the firms with mission statements actually prepared these documents. In 19.6 percent of the cases, only one individual prepared the mission statement. But 43 percent of the firms used management teams with input from employees—23.5 percent of the statements were prepared by management teams, an additional 10.8 percent involved consultants with management teams. In 57 percent of the cases, no employee input was sought.

Table 1

Individuals Who Prepared the Mission Statement

Preparing Team or Individual	Percent: Forbes*	Percent: Inc. 500
Top management wrote it with input from employees	43.1	32
Top management wrote it without input from employees	23.5	32
President wrote it alone	15.7	23
Outside consultant prepared it, with input from president, top management, and employees	10.8	6
One of top management (not president) wrote it alone	3.9	3
Outside consultant prepared it with input from president but no one else	0	4
Other	2.9	0
Total	99.9	99.7

*n=102

Time Required to Prepare Mission Statements

The next question focused on developing and updating the mission statements. The data in Table 2 show that half of the mission statements were written in a period of one month or less (30.7 percent plus 19.8 percent). Over 85 percent were completed in a period of less than six months.

Frequency of Mission Statement Update

After the initial writing of a mission statement, many companies reassess their statement to make sure it continues to capture company direction and values. As Table 3 reveals, this is an annual activity for nearly two-thirds of the reporting *Forbes 200* companies. On the other end of the scale, 5 percent said they "never update." Of the "other" comments, five indicated that their statement is always under review; six mentioned a revision cycle of two or more years.

Table 2
Duration of Time Used for Mission Statement Development

Time Period for Development	Percent: Forbes*	Percent: Inc. 500
One week or less	30.7	26
More than one week but less than one month	19.8	23
More than one month but less than two months	11.9	11
More than two months but less than six months	23.8	14
More than six months but less than 12 months	5	15
More than 12 months but less than two years	3	6
Other	5.9	6
Total	100.1	99.7

*n=101

Table 3
Frequency of Mission Statement Update

Frequency	Percent: Forbes*	Percent: Inc. 500
As needed	9	13
Monthly	0	0.8
Quarterly	2	4.1
Semi-annually	6	6.6
Annually	61	54
Never update	5	15
Other	17	5.8
Total	100	100

*n=100

Content of Mission Statements

The most frequent content in the *Forbes 200* firms' mission statements is the "main purpose of the company"; 89.2 percent said their statements include this information (see Table 4). "Key business objectives" was the second-most-frequent item in the mission statements, with nearly three-fourths (72.5 percent) of the respondents including this item. Although the percentage is high for these first two items, it seems surprising that not all of the companies would include this information.

Table 4
Content of Mission Statements

Content	Percent: Forbes*	Percent: Inc. 500
Main purpose of the company	89.2	88.7
Key business objectives	72.5	53.2
Company's identity (striving to become)	66.7	60.4
Values held by the company	57.8	70.1
Concern about employees	55.9	45.9
Guiding principles	53.9	46.7
Concern about being profitable	53.9	35.4
Concern about the community served	18.6	25
Geographic area served	18.6	12
Concern about the environment	11.8	12
Other	0	10.4

*n=102

Two-thirds of the firms include "the company identity" (what the firm is striving to become). Other content elements identified by the responding companies include "values held by the company" (57.8 percent); "concern about employees" (55.9 percent); "guiding principles" (53.9 percent); and "concern about being profitable" (53.9 percent). The three elements included in fewer than 20 percent of the mission statements are "concern about the

community served" (18.6 percent); "geographic area served" (18.6 percent); and "concern about the environment" (11.8 percent).

Relationship of Mission Statements to Strategic Plans

The CEOs were asked how closely their mission statement is tied to their strategic plan. The respondents answered on a scale of 0 ("not tied in") to 6 ("closely tied"). The mean was 4.88, suggesting that most mission statements work hand in hand with the company's strategic plan.

Only 12 respondents answered this question with a rating lower than 4. Prior research indicates that once the mission statement is developed, the strategic plan is a natural outgrowth of the mission statement.

Dissemination of Mission Statements

Given the critical nature of a mission statement, it seems that this statement would be strategically displayed in many places throughout the organization. Survey respondents with mission statements were asked where they displayed their mission statements (see Table 5).

The most frequent place of publishing the mission statement is in the company's business plan, with 70.9 percent of the respondents reporting this practice. Nearly two-thirds of the firms communicate the essence of the company to their employees in employee handbooks (63.1 percent). Other frequent avenues for communicating mission statements to employees include new employee orientation (62.1 percent) and policy and procedure manuals (43.7 percent).

In the "other" category, 11 CEOs indicated that they include their mission statement in their annual report. In retrospect, this option should have been included in the original questionnaire. Had it been included, this number might have been even higher. Additional "other" dissemination methods included "on the back of our business cards" and "in all company slide presentations." Based on these findings, it appears that most *Forbes 200* firms with mission statements make a significant effort to communicate the statement to their employees.

Perceived Success of Mission Statements

The most important aspect of a mission statement is the degree to which it achieves its intended objectives. The *Forbes 200* CEOs were asked to indicate how well they feel their mission statements have yielded the hoped-for results. As Table 6 suggests, CEOs feel their mission statements have been at least moderately successful. On the 0-6 scale, with 3 being the middle rating, the averages of all the responses were above 3.

Table 5

Methods of Mission Statement Dissemination

Location	Percent: Forbes*	Percent: Inc. 500
In company's business plan	70.9	75.8
In employee handbook	63.1	63.7
In orientation program for new employees	62.1	51.6
In policy and procedure manuals	43.7	45.1
In proposals to potential clients	24.3	39.5
On your company's walls in your lobby of your headquarters office	39.8	29.8
On your company's walls in the lobbies of your branches	31.1	19.3
In video presentations to all employees	19.4	11.2
On wallet-sized cards for employees	15.5	6.4
On company marketing materials	0	4.8
On wallet-sized cards for other groups	2.9	1.6
Other	0	8

*n=103

A chi-square statistical analysis was performed on the data in an attempt to determine statistically significant correlations between perceived success of mission statements and other factors. However, the high percentage of CEOs who felt that their mission statements were successful left a very small number of CEOs who felt their mission statements had been unsuccessful. Therefore, the numbers of occurrences in the "unsuccessful" cells were so small that a valid statistical analysis was impossible, and the findings are reported only as frequency statistics. (In spite of the small cell numbers, we were intrigued by a high correlation between the inclusion of "values held by the company" and the success factors of "helping employees focus more on . . . their jobs" and "improving overall employee morale." Future research should investigate these correlations in larger populations.)

The highest rated item was "providing direction to managers," with an average rating of 4.58. "Helping employees focus" also received a rating above 4. Interestingly, "improving

overall employee morale" came in last place. Apparently, the CEOs feel that their mission statements are more effective in communicating the goals of the organization to the employees than in actually increasing employee motivation. This finding adds validity to the concern of some authors who have expressed concern about the gap between creating a mission statement and fostering a sense of mission in the employees. Further, because "achieving higher profitability" came in fourth place, most CEOs seem to feel that mission statements produce more nonfinancial than financial benefits.

Table 6
Perceived Success of Mission Statement

Area of Perceived Success	Average Rating: Forbes*	Average Rating: Inc. 500
Providing direction to managers	4.58	4.32
Helping employees focus more on the importance of their jobs in relation to the firm's overall mission	4.07	3.83
Helping external entities (other than customers) understand the firm's mission	3.9	3.66
Achieving higher profitability	3.86	3.51
Helping customers better understand firm's goals & values	3.82	3.53
Improving overall employee morale	3.64	3.88

*n=88-99

DISCUSSION

The foregoing information provides a basis for a number of helpful points:

1. Nearly 90 percent of the Forbes 200 firms have mission statements. This data gives evidence that small publicly held firms are actively involved in using mission statements. Based on the experience of these highly successful firms, should the nonusers be encouraged to develop mission statements for their firms? The response of the CEOs using mission statements is "yes," although not necessarily for financial reasons. Of the six measures of success evaluated by the chief executives, "achieving higher profitability" came in fourth place. Rated higher were factors related to "providing management direction," "achieving better

employee focus," and "helping external audiences better understand the company's goals and values." These findings suggest that many benefits grow out of developing mission statements

2. Twelve percent of CEOs reported not using mission statements. Additional research is needed to identify why some firms do not use mission statements and to study the rationale behind their decision.

3. Mission statements are largely a collaborative effort, with over 80 percent of the CEOs involving others in developing their mission statements. Nearly half of the firms involve employees and top-management teams; approximately one-fourth include a top-management team *without* input from employees. Few outside consultants are involved in mission statement preparation in these firms.

Because CEOs gave the employee-motivation value of mission statements a relatively low rating, it would seem advisable to solicit employee input, thus helping to engender a "sense of mission" throughout the organization, not just among top managers.

These findings appear to correlate with the perceived major benefit of mission statements: "Providing direction to managers." Significant benefits can accrue to a company as a result of the process itself that is used in creating the document. For example, a manufacturing firm might place employee safety as an element in its mission statement. Translating this element into specific safety goals each year will encourage managers to direct more of their overall efforts toward employee safety.

4. Most of the firms follow a pattern of updating their mission statements annually and of closely linking the strategic plans with the mission statements. This pattern of examining and adjusting the mission statement at least annually serves as a regular reminder of the company mission, objectives, and values. Also, the need for consistency between mission statements and strategic planning is self-evident. Without regular, frequent discussion of a firm's mission and strategic plans, management may note only marginal impact of the mission statement on the company, employees, and operations.

Firms that do not revisit and discuss their mission statements periodically should do so. External opportunities and challenges constantly change, as do internal strengths and weaknesses. Although most managers might agree that mission statements should represent a solid and relatively unchanging foundation, the dynamic nature of today's business environment argues for periodic re-evaluation and updating.

5. The majority of the Forbes 200 firms with mission statements include seven elements in their statements: (a) company purpose, (b) key objectives, (c) company identity, (d) company values, (e) concern about employees, (f) guiding management principles, and (g) concern about profitability.

6. The majority of Forbes 200 firms use three major methods to disseminate the content of mission statements: the company's business plan, the employee handbook, and employee-orientation programs. Also frequently used are policy and procedure manuals,

framed statements on company walls, proposals to clients, video presentations, wallet and business cards, and annual reports.

As an overall conclusion, mission statements are important documents in most of the *Forbes 200* firms; and the CEOs who have mission statements seem generally pleased with the results. Although research data does not show direct correlation between mission statements and company profitability, the linkage is perhaps more indirect, with other benefits being realized from both the development and the subsequent use of mission statements.

IMPLEMENTING A SUCCESSFUL MISSION STATEMENT

Based on the mission statement literature and the responses of CEOs involved in this study, several elements emerge as being important in developing effective mission statements.

1. Effective development of the mission statement
2. Carefully planned distribution of the finalized statement
3. Initial and continual integration of the mission statement within the entire organization
4. Planned periodic review and evaluation of the mission statement to ensure that it remains current and useful to the organization.

Throughout these stages of development, distribution, integration, and evaluation, top management must provide unequivocal support for these processes. Without unwavering enthusiasm, the mission statement will not achieve the intended success and will be considered "a waste of time" by the naysayers in an organization.

Development

Two major concerns must be addressed in developing a mission statement: (a) the content of the statement, and (b) the process involved in developing the statement.

Mission Statement Content. Given the mission statement elements identified in this study, the content of a typical *Forbes 200* mission statement would include the following:

- 1: Give an umbrella statement (approximately 25 words) that immediately states the purpose of the organization.

"XYZ Company is in the business to . . ."

- 2: State the values or guiding principles upon which the umbrella statement is based.

"The principles (or values) that guide our company are:

We value . . . (answer who?)

We value . . . (answer what?)"

For example, consider the mission statement of Franklin Quest, a major time-management firm:

"Franklin Quest is in the business to help people gain control over their lives and increase their productivity.

Governing Values:

We make a positive difference in people's lives.

We search for, live by, and teach correct principles.

We produce quality.

We serve the customer.

We wisely manage corporate resources.

We value our employees.

We welcome innovation and adapt to change.

We practice teamwork.

We value our shareholders."

Franklin Quest begins with an umbrella statement (18 words), stating their overall corporate purpose or "reason for being." Next, their values clearly state what is important to them, including whom they value (customers, employees, shareholders) and what they value (the quality of product, correct principles, corporate resources, innovation).

Firms in the early development or contemplation of mission statements could use these helpful ingredients as a starting point to develop their unique mission statement.

Mission Statement Development Process. From this study, we noted that most companies developed their mission statement in a month's time and generally used some combination of top management and employees to build the statement. We suggest the following approach:

1. The CEO meets with the Human Resource Manager to devise a step-by-step process.
2. The HR Manager sends a survey with a few key questions to all employees. Possible questions include the following:
 - What is our company's main purpose, our reason for being?
 - What do we do best?
 - What makes us unique?
 - Who are our prime customers?
 - What are our strengths?
 - What are our weaknesses?
 - What do we value as a company?
 - What principles should guide us into the future?
 - What geographic area do we serve?
 - What other concerns should be in our mission statement?

The HR Manager summarizes good ideas to take to the senior-management retreat.

3. The HR Manager sends the survey to each member of the top management team, emphasizing the importance of completing the survey alone—no collaboration. Each

member is asked to complete the questionnaire and bring it to the senior-management retreat in one week.

4. The designated facilitator (assume the HR manager) leads a meeting off-site with senior management. The CEO introduces the reasons for developing a mission statement. The facilitator projects on a transparency or flip-chart the best employee ideas and then conducts a session to capture the best ideas from senior managers' questionnaires.

The facilitator discusses wording for both the umbrella statement and the guiding principles. Verbs are used to describe the action the company takes (e.g., "provide," "serve," "build," "satisfy"). Nouns are used to identify constituents in the statements (e.g., "partnerships," "associates," "vendors," "stockholders," "investors," "customers," "community," "public"). A consensus can probably be reached in two hours of free-flow discussion, if handled well.

During a lunch break, the facilitator can synthesize all ideas and bring back to the group the final alternatives. To achieve general closure, the group can vote silently and anonymously on paper, after which the facilitator can quickly summarize the results and lead discussions on any needed refinements. Typically, this process can be completed in an hour or less, depending on the group's teamwork.

5. The HR Manager meets with the CEO, gains approval for the rough draft mission statement, and sends the rough draft to all employees for input, giving everyone two or three days to return their comments.
6. The HR Manager synthesizes the suggestions and takes them to a meeting of department representatives. This employee group considers the rough-draft mission statement, along with the suggestions, and then gives their input to the HR Manager for fine-tuning the mission statement.
7. The CEO and members of senior management give final approval prior to distribution.

Lastly, a wise CEO will also ask for input from key stakeholders regarding the content of the mission statement. Contacting board members, vendors, and investors may provide different points of view that can be valuable in wording the document. At the very least, this additional time will help to solidify support from various constituents.

Distribution

As shown in this study's findings, several approaches are taken by the CEOs to promote the mission statement, including the following:

- a. In the employee handbook and orientation program
- b. In promotional material

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- c. In the business plans and annual reports
 - d. In the policy and procedure manual
 - e. On walls in foyers and break rooms, and on walls throughout corporate headquarters and branches
 - f. On business cards and wallet-size cards for employees to carry
 - g. On individual performance-appraisal forms

To be effective, the final mission statement should be posted in conspicuous places throughout the company, distributed to all employees throughout the organization, and published in company documents as noted above. In this way, employees, suppliers, stockholders, customers, and other important stakeholders receive constant reinforcement of the mission.

Every company seems to have its own ideas for communicating its statement of purpose. For example, Jay Carlson, president of Vinca, a fault-tolerance software firm based in Orem, Utah, utilizes the Vinca statement in public-relations literature, press releases, and most important, in daily operations. Carlson indicates that this team-managed firm meets frequently to discuss the content and context of their statement, which reads:

"Vinca is in the business of providing fault-tolerant computing solutions for networks and network managers."

With constantly increasing sales of his three-year-old company, Carlson emphasizes that part of this success lies in the principle that each employee must not only know the company's reason for being but also understand how he or she impacts the customer.

Integration

Unless senior management provides integration sessions pertaining to the mission statement, employees will not receive the greatest benefit from the hours expended in the development stage. For example, if a major point in a company's mission statement is "the customer's satisfaction is most critical to our company's success," some employees may go too far with this concept and "give away the store." But with proper orientation, employees will understand the spirit of the law and not just the letter. Suppose that a customer of the company demanded a new product for a slightly damaged product (which may clearly be the customer's fault). Being tactful with this customer, the employee could get the product fixed to the customer's satisfaction in a day or two, saving the vendor money while maintaining customer satisfaction.

Accordingly, we suggest that once the mission statement is finalized, senior management should hold an initial integration session with all employees to establish the parameters and interpretation of the key points of the mission statement. Follow-up staff meetings periodically to reinforce guidelines and interpretation would keep employees in tune with the spirit of the mission statement.

Employees want to know how their performance ties into the overall company objectives. If each employee realizes that his or her actions are important to the overall company performance, employee contributions can be sustained at a higher level.

Consistent with the overall company mission statement, departments, teams, and other organizational units in a company should draft their own mission statement. The resulting linkage of smaller units' mission statements to the company mission can be a powerful device in moving a company forward. Concerning the creation of smaller units' mission statements, Katzenbach and Smith (1993, p. 49) state:

The often-asserted assumption that a team cannot 'own' its purpose unless management keeps completely away from the team actually confuses more potential teams than it helps. In fact, it is the exceptional case . . . when a team actually creates a purpose entirely on its own.

Most teams shape their purposes in response to a demand or opportunity put in their path, usually by management.

A company's general mission statement provides the broad guidelines and principles, and smaller units' missions focus on their part of the broad mission. Further, the company mission statement is more what oriented; individual organizational units address the how.

Evaluation

Results of this study indicate that many CEOs endorse a periodic, meaningful review of their mission statement to ensure its viability. As indicated in this study, the majority of the *Forbes 200* update their mission statement annually or sooner. Thus, top management needs to establish at the outset the frequency of the mission statement review process and stick to the planned evaluation time frame. Without the constant support—both in overall strategy and in daily operations—of the mission statement's usefulness, the positive impact of the document is likely to be minimal.

CONCLUSION

Without clear-cut mission statements, organizations may be tempted to involve themselves in a variety of activities, many of which may be unrelated to and inconsistent with what they do well. With the value-added insight gleaned from this research study, firms can use the format described above to make the mission statement "live" with their employees and other constituents by focusing on the business they know best.

Former chairman of the board and Novell president Ray Noorda invests in start-up companies, a significant part of his portfolio. One of these small companies, a high-tech firm, was struggling to get its product tested and into production. Investor funding was nearly depleted and the top management was in conflict as to company direction. Noorda changed the management team and asked Jim Morgan to step in as interim president.

In their first meeting with the department heads, Morgan recalls that Noorda surprised them by asking: "Does this company have a mission statement?" The managers stated that they did not. Noorda indicated that without a mission statement, it would be difficult to focus activities of the company. Morgan reports that it took a week of meetings with these managers to hammer out a document that all could agree upon. "We displayed it conspicuously throughout the company and held meetings with all the employees to focus all parties."

As noted in findings of this *Forbes 200* research, the top-ranked success factor was "giving direction to managers," followed by "giving focus to employees." In the final analysis, a clearly articulated corporate mission statement can become a vital driving force for both managers and employees.

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