MANAGEMENT BY MISSIONS:
FIRST SUCCESSES

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Abstract

Many companies –large and small– have at some time in their history conducted a in-depth review of their purpose: “what they are there for”. The result very often is a mission statement, values statement, or some such. The real challenge, however, is to get that mission and those values across to the company as a whole, so that they are espoused by all members of the organization. The problem is that, apart from a few aids such as communication plans, training courses or speeches to employees, there are hardly any management tools for building what might be called “mission-focused organizations”. Because of this, in many cases the mission is not implemented methodically, but according to the intuition and good intentions of individual managers, with their unevenly developed communication and leadership skills. In view of this lack of proper methods for implementing the mission and values in companies, in 2002 we started a research project to formulate ideas and solutions. More than eighty well-known companies (Allianz, Solvay, Toshiba, Endesa...) have taken part in this project. We have also gathered experience from consulting activities carried out in companies of different sizes and in different industries (Sony, Abertis, RHM, T-systems...). As a result, we have developed a management method that has been discussed in various publications under the name of “Management by Missions” (MBM).

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Ever since the business world, back in the sixties, started to talk about “strategy” (a term borrowed from the military), a great amount of attention has been devoted to the methods of strategy deployment and implementation. In the seventies, for example, we had planning systems, in the late eighties analytical models, in the nineties reengineering, and more recently the balanced scorecard model, aimed at creating what are described as “strategy-focused organizations”.

Experience shows, however, that when the focus is exclusively on strategy, the mission and values are relegated to a secondary plane. Specifically, apart from a few aids such as communication plans, training courses or speeches to employees, there are hardly any management tools for building what might be termed “mission-focused organizations”. Because of this, in many cases the mission is not implemented methodically, but according to the intuition and good intentions of individual managers, with their unevenly developed communication and leadership skills.

Having detected this lack of proper methods for implementing the corporate mission and values in companies, in 2002 we started a research project to develop new ideas and solutions. More than eighty well-known companies (Allianz, Solvay, Toshiba, Endesa…) have taken part in this project. We have also gathered experience from consulting activities carried out in companies of different sizes and in different industries (Sony, Abertis, RHM, T-systems…). The end result is a management method that has been discussed in various publications under the name of “Management by Missions” (MBM).

In this article we shall describe this method, which starts, as might be expected, with a definition of the mission and values.

Defining the mission

The first requirement when implementing MBM is to have a clearly defined mission that is consistent with the kind of company we want to be. After analyzing more than a thousand
corporate missions from around the world, we have come to the conclusion that not all missions are defined in a way that allows them to be fully implemented. In MBM, we define the mission as the contribution that defines the identity of a group or organization. For example, a company’s mission must be the contribution that defines that company’s identity. Just as a team’s mission must be the contribution that defines the team’s identity.

Yet some corporate “missions” do not do this. Any mission that is defined in terms of relative position (to be the number one company in a particular industry, or the benchmark company, or the best, or one of the top twenty in a particular ranking, etc.) has to do with the corporate vision (the image of the future the company aspires to); but it is not really the mission. Having an ambitious vision may be very important, often very necessary, but the mission is the contribution that gives meaning to such goals: Why do we want to be number one in this industry? What for? The mission is a contribution, not a position. And a contribution is first and foremost a service, a specific way of solving real problems for individuals, groups, or society as a whole.

In practice, the commonest way of defining a company’s mission is by weighing the needs of the company’s various stakeholders, such as shareholders, customers, employees, suppliers, the community, etc. The mission should be broad and motivating, focused on the company’s most basic reason for existence. At the same time, it should be clear and brief, so that it is easy to communicate.

**Company values**

The next step, after defining the mission, is to define the values that characterize the company’s mission. Values are specific criteria or ways of interpreting reality which, over the years, become a natural way of responding and acting.

Mission and values are intimately related. This is clear from the fact that mission and values are commonly presented together.

But the mission comes first and values second. In MBM, “what we do it for” determines “how we do it”, not the other way around.

That is why we insist that the values must be aligned with and complementary to the mission. In other words, out of all the map of possible values, only the ones that are part of “the organization’s reason for existence” are to be identified as the company’s values. As a rule, if this is done properly, not many values are needed to define a culture: usually three or four are enough, at most six or seven.

**Deploying the mission and values**

Having defined the company’s mission and values, the next step is to deploy them throughout the organization. To do this effectively, we have recently developed and successfully implemented in various organizations what we call the “mission chart”. The mission chart is a map of shared missions that shows how each area or department contributes, directly or indirectly, to the achievement of the company’s mission.
In our experience to date, different companies have used different systems for deploying the overall mission in shared missions. Companies that are organized along departmental lines tend to deploy the mission down the organizational hierarchy, first to departmental missions and then to lower levels. Matrix organizations deploy the mission via business units, divisions or functional areas. Process-centric organizations are likely to deploy their mission through process-specific shared missions.

Together with the shared missions, the mission chart may also reflect what we call specific values. Specific values do not apply to the company as a whole, but to one or more shared missions in particular. For example, “transparency” may be a specific value of the mission of the accounting department, but not a general value of the company.

In light of the first trial implementations, we have found that deploying the mission in shared missions has two major organizational advantages. On the one hand, it enriches and complements the traditional organization chart (built around functions), giving it a real sense of mission and, at the same time, showing how different areas of the company must cooperate to achieve a common purpose (interdependencies). On the other hand, perhaps more importantly, it means that mission deployment no longer depends on the intuition or good intentions of a particular leader, but is based on specific methods, which are implemented throughout the company. As a result, the deployment mechanisms can be transferred organically from the CEO to his team, from top managers to middle managers, and so on..., to reach every corner of the company.

**Mission management tools**

Once the mission and values have been deployed, the next step in MBM is to implement them through specific management tools. The challenge here is to redesign and transform various tools (most of them already in place in the company), so that they become vehicles for implementing the mission throughout the organization. The key is to use the mission and values to define both the container (tool design) and the content (the information the tool uses).

Some of the success stories we have seen in our consulting work in different industries may help to illustrate what transforming a “traditional” management tool into a tool of management by missions actually means.

**Random House Mondadori: Mission scorecard**

In the Spanish subsidiary of Random House Mondadori, one of the world’s top publishing groups, we implemented a mission scorecard, with specific, measurable indicators for each element of the mission and shared missions. These indicators are used to measure the company’s progress and, together with financial data, are reviewed at regular intervals, setting new targets and goals. The mission scorecard could be seen as a form of “mission accounting”.

Defining the mission and values, and deploying them in shared missions and indicators, has played a significant role in consolidating an organizational and cultural renewal. In just three years, Random House Mondadori has gone from losses to above-average profits for the industry.
**Abertis: Aligning mission and strategy**

With Abertis, a leading infrastructure management group with 10,000 employees, we have defined a strategy in line with the company’s mission\(^1\). This is done by defining the strategy in relation to the company’s various stakeholders (customers, shareholders, employees and community), so as to ensure that the strategy covers the full scope of the mission. Likewise, the lines of strategy thus defined are reviewed in light of the values, so as to ensure consistency.

In Abertis, the purpose of aligning mission and strategy and deploying the mission in shared missions throughout the group’s various businesses (highways, car parks, airports, logistics and telecommunications) is to make the management team more cohesive and united. It creates a stronger sense of mission, starting, as appropriate, from the top of the organization.

**Sony: Mission-linked objectives and evaluation by mission contribution**

In Sony España, Sony’s Spanish subsidiary, all objectives, from top to bottom of the organization, are directly or indirectly related to the company’s mission and values. Whenever a Sony manager or employee sets goals for himself, he receives two essential inputs: on the one hand, the lines of strategy for the current period, adapted to his particular area or function; on the other, the statement of his shared mission.

At the same time, performance assessment at Sony España is a form of evaluation by missions. An employee’s contribution to the mission and the competencies he has developed in line with the company’s common values are included in the assessment, along with financial objectives. Thus, the annual goal-setting process, periodic monitoring and period-end performance assessment are all mission and values-focused, forming a consistent system.

At Sony España, the mission management tools, in tandem with a leadership development plan and ongoing, in-depth communication, have laid the foundations for far-reaching cultural change at all levels of the company. Also, in just one year the company has obtained surprising results in the workplace climate survey, with 90% of the indicators registering an improvement.

**HUF Portuguesa: Competencies aligned with mission and values**

In HUF Portuguesa, one of the top players in the automotive supply industry in Portugal, every employee can see how the competencies he must develop relate directly to the company’s mission and values. To make this possible, the key competencies for any given job are defined based on the shared mission and values of the area or department concerned. This explicit relationship between competencies, mission and values has been key to the success of the staff development system, which has achieved extraordinary results.

Based on a solid mission and values, backed by a range of excellent policies and consistent leadership over the years, HUF Portuguesa has achieved extraordinary improvements in workplace climate and employee commitment. As a result, in recent years it has earned a place among the top ten “great places to work” in Portugal. This is particularly remarkable if we consider that most of the employees are production and assembly line workers in a notoriously troubled industry.

\(^1\) We would like to thank IESE professor Carlos García Pont for his collaboration in this project.
These examples show how the mission and values can strengthen a company’s common purpose, using management tools that generate extraordinary results. Other tools, such as compensation systems, project management, policy and procedure manuals, or job descriptions, may bring about similar transformations. For every company, the key is to choose the set of tools that govern the company’s day-to-day operations and then, in a structured way, transform container and content until a system consistent with the mission and values is established throughout the organization.

Mission and leadership

All the mission deployment and management tools we have presented so far are mechanisms that reinforce and give consistency to the mission and values in practice. On their own, however, they do not generate a sense of mission. The sense of mission emanates from the behavior of the company’s leaders, starting at the top. Through their example, leaders instill a sense of mission into the company as a whole.

Throughout history there have been managers who stand as examples of this type of leadership. Many of them, such as David Packard of Hewlett-Packard, Robert Wood Johnson, the founder of Johnson & Johnson, or Tom Watson of IBM, are widely studied and admired, and have gone down in history as models to be imitated.

For the most part they are exceptional, out-of-the-ordinary people. They are leaders with certain deeply held personal principles and values that enable them to garner what nowadays so many companies strive to achieve: the commitment of their employees.

And yet, they are just that: exceptional cases, exceptional people, exceptional results. Very likely the reader will have wondered: What about us managers, supervisors and team leaders who have not been blessed with out-of-the-ordinary qualities? Is it possible to promote leadership in ordinary organizations? Is leadership really reserved for a select few?

Our experience paints a very different picture. In our consulting work we have found that leadership is possible and attainable if the circumstances are right. And that is where MBM comes in, as it generates what could be described as a particular case of leadership: mission-focused leadership (MFL).

In MBM managers are not expected to lead departments, divisions, or even just people. In MBM, every manager, at whatever level in the company, leads a mission: that is what makes him a leader. It is not because he has exceptional qualities or a particular charisma. Mission-focused leadership is directly related to a mission and values that go beyond the person of the leader.

Factors of change

When we start to implement MBM in organizations in different industries, we soon discover that it is more than just a set of management tools. MBM brings about genuine cultural change that deeply influences the way top and middle managers perform their people management role.
This is something we had anticipated when we were developing the theory of MBM. But the changes have been much faster and deeper in practice than we expected. In view of the way MBM transforms leaders and their organizations, we have come to the conclusion that there is a common pattern of cultural change. This common pattern can be summed up in two basic levers:

**MBM tools as drivers of change**

A deep change in management systems, properly led, can bring about cultural change. The introduction of management by objectives (MBO) illustrates such a transformation. MBO signaled a transition from a “command and control” culture to a culture of empowerment by promoting greater employee responsibility through delegation.

Our experience in the implementation of MBM suggests that MBM has a similar capacity to transform companies. When a mission and values are deployed throughout an organization, people soon realize that circumstances have changed and start to understand their work and what is expected of them differently.

Just as MBO promotes a culture of empowerment, MBM becomes the driver of a new type of leadership, one that generates what might be called an ownership culture, as it encourages employees to identify with and commit to the company’s mission and values (see Figure 1).

This is not to say that MBM reduces empowerment. On the contrary, just as MBO complements the command and control culture, MBM enriches empowerment, giving it more substance and, more importantly, persuading people to identify with the mission, without which empowerment has little effect. In fact, it is not unusual to find companies that have tried to empower their employees, but the employees have not wanted the extra responsibility, simply because they did not identify with the common purpose.

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**Figure 1**

[Diagram showing the transition from command and control to ownership, with stages labeled: Management by tasks, Management by objectives, Management by missions, showing Sense of mission, Responsibility, Compliance, and Empowerment.]
Leaders as facilitators of change

In MBM, the leader is not so much a driver of change as a facilitator, who acts as the common thread of ownership throughout the company. Without this common thread, all the change potential generated by MBM systems serves merely to consume efforts and energy, without having any real impact on people. That is why the top and middle managers in charge of a mission must actually behave as mission-focused leaders.

It is not enough to have this connection between systems and leadership in just some managers or some areas, or at certain levels. For MBM to generate tangible results, the management systems must be connected with the top of the organization and cascade through the company. Every superior must pass on the mission and be a model to his subordinates, and so on down to the base of the organization.

That is why MBM is implemented “top-down”, starting from the CEO and top management. Cultural change is a learning process based on internal consistency between systems and leadership. This means that an organization's leaders are the main facilitators of change. Together, systems and leadership can transform the culture of an entire company. And this culture is the solid foundation needed for the common purpose defined by the mission and values (see Figure 2).

Figure 2

Basic dimensions of mission-focused leadership

In MBM, as we have explained, management tools (as drivers) and leaders (as facilitators) are the basis of cultural change. The transformation is not automatic, however. It is a learning process in which leaders and their subordinates gradually acquire new knowledge, attitudes and behaviors.
Thus, besides designing and implementing the various tools, top and middle managers need to
develop certain attitudes and behaviors. These attitudes and behaviors may be grouped under
three headings: commitment, cooperation and coaching.

Commitment
When we deploy the mission in shared missions, top and middle managers face the challenge of
assessing their own commitment to the company’s mission and values. We cannot claim to
have deployed the mission successfully until the leaders fully commit to the company’s mission
through a shared mission. It is not enough, therefore, for top and middle managers to accept
the shared missions as a “theoretical” necessity. They need to be personally involved in the
missions for which they are responsible. That is when the shared mission becomes a question of
personal commitment.

Top and middle managers must show a strong commitment to the mission and the values. And
they must foster the same commitment among their subordinates. To do that, they must create
a strong sense of urgency (demand for excellence in the fulfillment of the mission and values)
and consistency (perseverance over time). And they must trust their subordinates to carry out
the mission. Initially, not all subordinates will be persuaded, but if the leaders demonstrate a
firm commitment, in time the employees will accept the mission and commit to it. When that
happens, commitment to the mission becomes an unwritten rule and a prerequisite for
membership of the group and the company. In other words, it becomes a part of the culture.

Cooperation
Cooperation – between areas, departments and individuals – is probably one of the most pressing
issues in companies today. And yet, after decades of trying to elicit cooperation through
training courses, incentives, organizational changes, evaluation systems, employee awards, etc.,
the results are, on the whole, unsatisfactory.

In our opinion, it is fairly easy to identify, or at least enunciate, the root of the problem. The
lack of cooperation between people is a direct consequence of the lack of motivation to cooperate. To cooperate, people must want to cooperate. But that only happens if they cooperate out of a “sense of mission”. The reason is that cooperating inevitably means going beyond one’s own interests, transcending the self. That is why management systems like MBO that focus on achieving individual goals do not provide a solid foundation for the practice of cooperation (in fact, often they are an obstacle). Given this situation, managers are forced to make up for the system’s shortcomings by promoting cooperation by other means, usually at great expense and to little effect.

MBM, by contrast, tackles the problem of cooperation at its root. Our experience to date is that
when a company secures its employees’ commitment to a common mission, it starts to change.
A culture of service between areas, departments and individuals gradually takes hold. What’s
more, in MBM leaders are judged not only on their direct contribution to the mission, but also
on their contribution to other areas, which is vital if the mission of the company as a whole is
to be fulfilled. These contributions to other areas, also known as interdependencies or indirect
contributions, are discussed in advance by the units concerned with a view to setting clear
goals that are accepted by all parties. This helps to establish a genuine attitude of cooperation
among the company’s leaders, who convey this attitude to their subordinates by example.
Coaching

A mission, whether of a bank, a hospital or a retail company, requires certain specific competencies, which must be acquired by the people who are to carry it out. The more competent the people are, the greater the chances of carrying out the mission successfully.

A mission-focused leader must assume responsibility for increasing the organization’s talent in the service of the mission and values, starting with his own talent. This sense of responsibility will lead him to see coaching (supporting the development of his subordinates) as an essential part of his job. Therefore, top and middle managers must be open to personal development. They must make time in their agenda to promote employee development and the acquisition of the competencies that are needed in order to realize the company’s mission and values.

In MBM, coaching is not a purely technical exercise, however. The leader coaches “out of a sense of mission”, making people the focus of his activity. In a mission-focused company, people come first. For that reason, in MBM coaching is designed entirely by and for people.

Results

Through various successful implementations in companies of different sizes and in different industries, MBM has proven itself an effective tool for putting the mission and values into practice and creating a culture of commitment among employees. Among other benefits obtained in various companies, it:

- Increases the commitment of the organization’s members.
- Breaks functional silos and improves cooperation among areas/departments.
- Improves communication and assists strategy deployment.
- Promotes new idea generation and personal involvement.
- Increases motivation.
- Improves the working climate.

In summary, MBM consistently pursues two lines of action: on the one hand, the deployment and implementation of the mission and values through specific management tools; on the other, the development of mission-focused leadership. It is precisely the combination of these two lines of action that generates extraordinary results. For that reason, we are convinced that, over the next few years, companies will start to adopt this new management approach in larger numbers.