

PLANNING THE VENTURE

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Developing organizational vision and mission

- The importance of an organization's vision and mission is stated by Peter Drucker.
“ A business is not defined by its name, status, or articles of incorporation. It is defined by the business mission. Only a clear definition of the mission and purpose of the organization makes possible clear and realistic business objectives ”.
- Before a new entrepreneurial venture is organized and launched, the entrepreneur should give serious thought to the organizational vision and mission.
- In this section we are going to look at what the organizational vision and mission are, why they're important, and how you develop them.

What are the organization's vision and mission?

- There are some distinct difference between vision and mission.

Vision

- A vision is a broad comprehensive picture of what an entrepreneur want his/her organization to become.
- The vision provides a vibrant and compelling picture of the future and presents a view of what the entrepreneurial venture can be.
- The vision is the statement of the entrepreneur's dream.
- An organization's vision provides an overall picture of where the entire organization would like to be in the future.

Mission

- A mission is a statement of what the various organizational units do and what they hope to accomplish in alignment with the organizational vision.
- Organizational units include work groups, projects, and departments,-for instance, a customer service team, a product development project, or an employee training work group.
- An organization will have only one vision, but potentially several missions that contribute to the pursuit of the vision.
- The mission is not as comprehensive and broad as the statement of vision, is still provides an overview of the units purpose, what it does, and its goals.

Why are organization vision and mission important ?

- The organizational vision and mission are vitally important to the ventures success. Why? They provide clear direction, they guide the management team, and they create a sense of shared endeavor and purpose.
- In short, the vision and mission statements establish a general tone or climate for the organization.
- Ideally by creating an organizational vision and mission, an entrepreneur will have a broad framework that allows entrepreneur and any additional members to know what and why they are doing.
- They provide direction and guidance for making decisions and taking actions.

How do you develop vision and mission statement ?

- The assumption is that these statements need to be written down.
- If the proposed dreams, desires, values and ideas remain only in his/her head and never written down in some formal document, having a unified direction and framework will be hard.

The process of developing organizational vision and mission

- It can be difficult to express in writing the things that are important parts of the organizational vision and mission.
- The entrepreneurial venture is going to describing that “vision” in words can prove frustrating.
- The best way to start is first of all to believe in and commit to the importance of having these formal written documents.
- The next step is finding examples of statements already used by other organization large and small.

- These statements usually can be found in brochures, posted on walls at organization's place of business, printed in annual reports, outlined on a website, and in a variety of other places
- If there are organizations that you particularly admire, ask the owners for a copy of their vision and mission statements. Look at what these organizations have included in their statements. Use these as guides to the key points or important values you want to include in your own statements.
- Finally, once you've had an opportunity to study sample statement its time to write your own, on paper. Don't just keep them in your head. Actually put them in writing. Then, look carefully at what you've written.

Important Components Of Organizational Vision And Mission

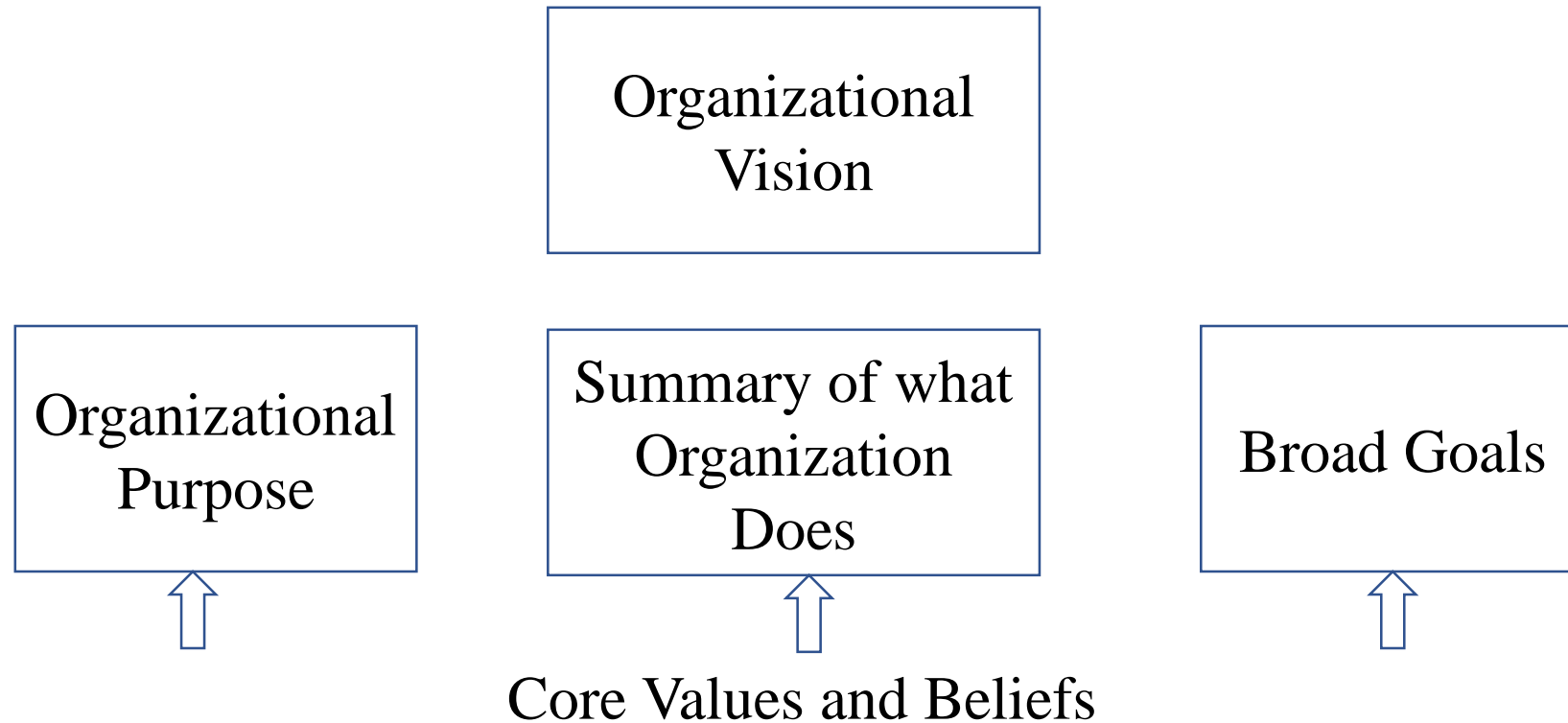


Fig 1. Important Components of Organizational Vision

- First is that vision should be built on a foundation of the organizations core value and beliefs.
- These values and beliefs address what's fundamentally important to the organizational founder(s), such as conducting business ethically and responsibly, satisfying the customer, emphasizing quality in all aspects or being a leader in technology.
- The vision should emphasize whatever those core values are. Although a statement of values won't guarantee success for an entrepreneurial venture, it establishes expectations for the entrepreneur and any other future or current employees.

- Second, the vision should elaborate a purpose for the organization
- Any organization-large or small, profit or not-for-profit-should have a unique purpose or reason for existing.
- Specifying the purpose details asking questions such as: Why is this organization in business? What is its intent? What is its reason for being in existence as an organization?
- This may seem an easy thing to do, but its not: An entrepreneur must think long and hard about the purpose of the entrepreneurial venture.

- Third component of organizational vision is a brief summary of what the organization does.
- Although the vision shouldn't provide explicit details about what the organization does, it should explain what its doing to fulfill its purpose.
- This is a good time to say that although the concepts are related, there is a difference between an organizations purpose and what it does.

- The last component of organizational vision is that it should specify broad Goals.
- Goals are outcomes or end results that are desired by individuals, groups, or organizations.
- Goals provide target that all organizational members work towards meeting.
- Goals serve to direct the entrepreneur and other organizational member toward a common and unified end.
- The organization's vision can be a guiding force in every decision as goals are developed and pursued.

Components of organizational vision and mission statement

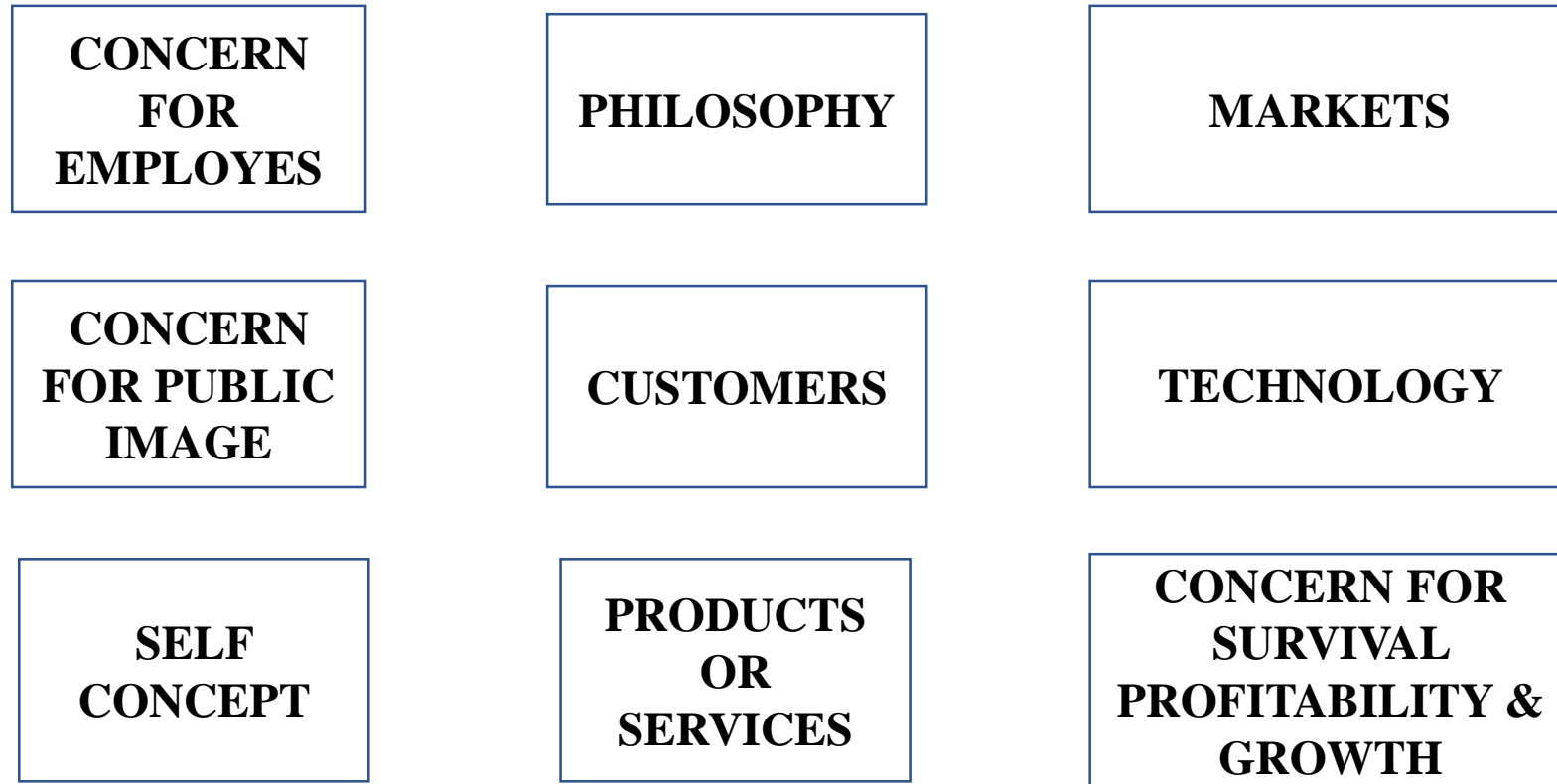


Fig 2. Important Components of Organizational Mission

- **Customers**- Describe the specific customer of the organizational unit
- **Products or services**- Define the major products or services of the organizational unit
- **Markets**- Explain where organizational unit competes geographically
- **Technology**- Describe how the organizational unit uses technology
- **Concern for Survival, Profitability & Growth**- Explain how the organizational unit is committed to growth & financial variability
- **Philosophy**- This may be one of the harder ones to write because it describes basic beliefs, values, aspiration of organizational unit

- **Self concept**-Describe the organizational units competitive advantage.
- **Concern For public image**- Tell how the organizational unit is responsive to societal, community, and environmental issues.
- **Concern for employees** – If the organizational unit has employees explain the role of employees in the organizational unit. Describe how and why employees are valuable assets.

What Is Organizational Culture ?

- Organizational Culture is the beliefs, values, and behavioral norms shared by organizational members that influence the way they do their work.
- Even in an entrepreneurial venture that includes only the entrepreneur certain beliefs, values, and behavioral norms will influence how decisions are made and how work is completed.
- These shared values, beliefs, and norms that made up an organization 's culture to a large extent.
- What organizational members think is important and the way they do their work. When confronted with a problem, the culture influences what organizational members do about it.

Dimensions Of Organizational Culture

- 1) **Innovation and risk-taking** : The degree to which employees are encouraged to be innovative and take risks.
- 2) **Attention to detail**: The degree to which employees are expected to do their jobs with precision, thorough analysis, and attention to detail.
- 3) **Outcome orientation**: The degree to which results or outcomes are considered more important than the techniques and processes used to achieve those outcomes.
- 4) **People orientation**: The degree to which organizational decisions take into consideration the effect on the organization's people.

5) Team orientation: The degree to which organizational work is done in teams rather than by individuals.

6) Aggressiveness : The degree to which organizational members are aggressive and competitive instead of easygoing and cooperative.

7) Stability: The degree to which organizational decisions and actions emphasize maintaining the status quo as opposed to changing

How Organizational Culture Is Learned

Stories:

- Organizational “stories” are narratives that describe significant events or people, such as the founders and how they started the business, organizational members breaking the rules and succeeding through taking risks, reactions to past mistakes, and other key organizational events.
- Organizational stories can play an important role in passing on key values and expectations to organizational members.

Rituals:

- Rituals are repetitive sequences of activities that express the key shared values of the organization and what goals are most important. In the business world, one of the best-known organizational culture rituals takes place at the annual meeting of another well-known entrepreneurially oriented company.
- The important thing is that the rituals express the desired values.

Material Symbols:

- Materials symbols can include, for example, office location, office furnishings, office size, employee lounges and workout facilities, technological equipment, or reserved parking spaces. Who gets these materials symbols conveys to employees who's important and the kinds of behavior (for example risk taking, conservative, individualistic, team player) that are expected.
- **Language:**
- Many organizations and even work units within organizations use a special language as a way to identify members. By learning this “language,” members attest to their acceptance of the culture, and in so doing, help preserve it. Over time, organizations often develop unique terminology to describe equipment key personnel, suppliers, customers, or products that are related to the business.
- This unique terminology can act as a common denominator that unites members of the organization. In turn, this special language makes people feel like they're part of something unique and that they need to preserve that uniqueness by “using” the language.

The Importance of Understanding Culture

- Many people don't like to think about organizational culture because it's not an easy thing to see, describe, or explain. Yes when you walk into a business, you do get a feeling for its culture.
- You can tell something about what the people there think is important. That's one reason why an entrepreneur needs to understand organizational culture—because culture defines what's important and what's not important.
- Every organization has some kind of culture because every organization is made up of people and people have values, beliefs, and expectations. These values, beliefs, and expectations become the organizational culture.

Developing and Writing the Business plan.

- For many entrepreneurs, developing and writing a business plan is a daunting task. However, a good business plan is essential.
- The business plan pulls together all the elements of the entrepreneur's vision into a single document.
- The business plan requires careful planning and creative thinking but if it is done well, it can serve many functions.
- In this section, we're going to look at what's involved with developing and writing an effective business plan.

What should the Business Plan include?

1. Executive summary
2. Analysis opportunity
3. Analysis of the context
4. Description of the business
5. Financial data and projections
6. Supporting documentation.

Executive summary

- Some experts recommend that the executive summary go at the beginning of the business plan so that readers will know the key points being made in the document; others recommend that it go at the end in order to summarize what's been presented.
- Both of these arguments make sense, so you need to decide which you feel more comfortable doing. The key thing is that the report includes an executive summary.
- What information should be included in the executive summary? -It should summarize the key points the entrepreneur wants to make about the entrepreneurial venture.

Analysis opportunity

➤ In this section of the business plan, you want to present the detail of your analysis of the perceived opportunity. Essentially, this means

(1) Sizing up the market by describing the demographics of the target market-who the customers are, what values and expectations they may have, how many of service will meet their needs and so forth;

(2) Describing and evaluating trends-what the current status of industry is, evaluation of the industry growth rate.

(3) Identifying and evaluating competitors-who they are, what competitive strengths and weakness they have, what they are doing currently, and so forth.

Analysis of the Context

- Entrepreneurial opportunities exist in a context, and in this section of the business plan, you want to address this context. What should be included here? You should describe broad external changes and trends.
- These external factors might include an analysis of the macroeconomic environment such as the state of the company, current and forecasted interest rates or inflation or any other important economic trends that might have a significant impact on the entrepreneurial venture; an evaluation of any current or proposed government rules and regulations that might have potentially have an impact on the entrepreneurial venture.

Description of the Business

- This section provides a thorough explanation of the following: vision and mission statements and a description of the desired organizational culture; marketing plans, including overall marketing strategy, pricing, service-warranty policies, product development plans such as an explanation of development status and tasks, difficulties and risks, and anticipated costs.

Financial data and projections

- No business plan is complete without financial information. What, then, should be included in this section?
- Financial plans should cover at least three years and contain projected income statements, pro forma cash-flow analysis, pro forma balance sheets, break-even analysis, and cost controls.
- In your financial projections and analyses, provide explanatory notes whenever the data seem contradictory or unclear.

Supporting documentation.

- Supporting documentation is an important component of an effective business plan.
- Back up your descriptions with charts, graphs, tables, photographs, or other visual tools.
- In addition, you need to provide information about the key participants in the venture.
- Through these supporting documents, you can provide additional details about the information being presented in the actual business plan.

Writing Business Plan

- Explaining your business idea on paper can be an intimidating challenge!
- There are some software templates (such as BizPlan Pro), books, and Web sites can help entrepreneurs to write Business Plan.
- Keep in mind, however that when you're using these tools, you're using a standardized format that might not adequately describe your unique situation.
- Business plan is important to put serious thought and consideration into the plan and to develop one that all the necessary elements.
- You don't need to be a professional writer to come up with a solid business plan, but you need to be able to write clearly and concisely. The resulting document should be something that will serve as a road map for current decisions.