

RELEVANT TO ACCA QUALIFICATION PAPERS F1 AND P3

Communicating core values and mission

Learning objective 6(g) of the Paper P3, *Business Analysis* syllabus relates to how an organisation communicates its core values and mission to the public, shareholders and employees. This is an objective that can easily get overlooked in the rush to master environmental analyses, strategic choice and outsourcing decisions. However, it is important in practice and it is a challenge that many organisations take very seriously.

This article will:

- briefly describe what the terms ‘mission’, ‘mission statement’ and ‘core values’ mean
- suggest why their communication to stakeholders is important
- describe a commonly used model of communication
- briefly describe communication methods that are available
- describe and give examples of how organisations might undertake the communication process.

Terminology

An organisation’s mission is its basic purpose: What is it for? Why does it exist? What is its ‘raison d’être’?

A mission statement formalises the organisation’s mission by writing it down. Johnson, Scholes and Whittington define a mission statement as ‘a statement of the overriding direction and purpose of an organisation’. Some companies refer to ‘vision statements’ instead of mission statements; some writers and textbooks wring their hands attempting to distinguish between the terms ‘vision’ and ‘mission’. However, the distinction does not achieve much and the Paper P3 exam will treat the terms as meaning the same.

Many other writers attempt to expand the definition of a mission statement by adding detail to it. In summary, mission statements are usually assumed to address:

- what business is the company in?
- whom does the organisation serve?
- what benefits are to be delivered?
- what are the organisation’s values and ethics?

The final line above introduces the concept of values or core values. Johnson, Scholes and Whittington define core values as ‘principles that guide an organisation’s actions’.

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Remember, there is no standard format or list of contents for mission statements, and organisations are completely free to write their own. However, for most purposes, it is worth distinguishing between a mission statement and a slogan. Nike's 'Just do it' is a powerful advertising slogan, but under most definitions does not qualify as a mission statement.

Here are several examples of mission statements and core values:

Tesco (a UK supermarket chain):

Our vision

To be the most highly valued by:

The customers we serve

Our core purpose is to create value for customers to earn their lifetime loyalty. This objective sits right at the heart of our business as one part of our Values – 'No one tries harder for customers'.

The communities in which we operate

For Tesco to be considered a force for good, we must be a good neighbour and a responsible member of society.

Our loyal and committed staff

We know that if we look after our staff, they will look after our customers. Work can be a large part of our lives so our people deserve an employer who cares. That's why one of our values is 'Treat people how we like to be treated'. We are committed to providing opportunities for our people to get on and turn their jobs into careers, and across all of our markets we offer a wide range of competitive benefits.

Our shareholders

As the owners of the business, it's crucial that our shareholders value Tesco highly. Shareholders want a good return on their investment and that's what we will continue to deliver for them. ... We offer sustainable, profitable growth from a combination of a strong core UK business and exposure to rapidly growing emerging markets.

Intel (a manufacturer of computer chips):

Our mission

This decade we will create and extend computing technology to connect and enrich the lives of every person on earth.

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Our values

Customer orientation
Results orientation
Great place to work
Quality
Discipline
Risk taking

ACCA

ACCA's mission is to:

- provide opportunity and access to people of ability around the world and support our members throughout their careers in accounting, business and finance
- achieve and promote the highest professional, ethical and governance standards
- advance the public interest
- be a global leader in the profession.

ACCA's core values are:

- **Opportunity:** we provide opportunity, free from artificial barriers, to people around the world – whether students, members or employees and we support them in their careers.
 - **Diversity:** we respect and value difference, embracing diversity in our people and in our output.
 - **Innovation:** we create new and unexpected possibilities, providing innovative solutions for the future.
 - **Accountability:** we accept individual and corporate responsibility for our actions, working together to deliver a quality service and to promote the best interests of our stakeholders.
 - **Integrity:** we act ethically and work in the public interest, treating people fairly and honestly; we encourage the same from others.
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Why communication of mission and core values to stakeholders is important

- Investors need to know how the organisation intends to make profits or fulfil some other ambition.
- Directors and other employees need to know the organisation's purpose, and how it intends to add value and to compete.
- Customers may wish to know what the organisation promises.

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- All stakeholders should want to know how the organisation intends to conduct its operations; the principles that guide its actions; its moral and ethical 'compass'.

For example, it is clear from Tesco's mission statement that it places the highest emphasis on its long-term relationship with customers. This should guide management and staff as they make day-to-day strategic, tactical and operational decisions. To a large extent the other three parts of their vision statement flow from the first: customers, their families and friends will be part of the community, so it is important to deal fairly with that; staff are the company's interface with its customers; if customers are well looked after and are loyal, good financial results should follow.

If Tesco had not placed such emphasis on its customer relationships it is likely that the goods it stocks, sales promotions, customer facilities, prices and quality would all subtly change. Tesco is saying to all that it lives or dies by the strength of its customer relations.

Of course, a strong and focussed mission does not guarantee success and in January 2012 Tesco suffered a 16% fall in share price after it announced its results. In response to this, the chief executive said that the company needed to reconnect with its customers and that Tesco needed to sharpen up its act in the quality and availability of its goods and the service it offered customers. The company planned to invest cash to put more people into the right stores, in the right areas, and to train them to be even better so they can look after the product and customers.

Intel places its sphere of business in the technology sector and has an international outlook. Nothing surprising there, but interesting detail is added in its core values. Perhaps the juxtaposition of 'discipline' and 'risk' is most noteworthy. Stakeholders are made aware that a high tech company will only survive by taking risks (not all research and development will pay off), but this must be counter-balanced by a disciplined approach to market research, forecasting, expenditure and deadlines.

ACCA states very plainly that at its heart is the provision of opportunities to all nationalities and a diverse population. This will influence management, employees, students and members. Without the strong international reference, presumably ACCA would be much more likely to concentrate on a narrow, local market. Additionally, there is great emphasis on ethics and accountability.

Communicating objectives to stakeholders is likely to require different messages to each stakeholder group (for example, customers do not need to know about detailed cost objectives given to employees). However, mission and core values are long-term public commitments and promises, and it is vital

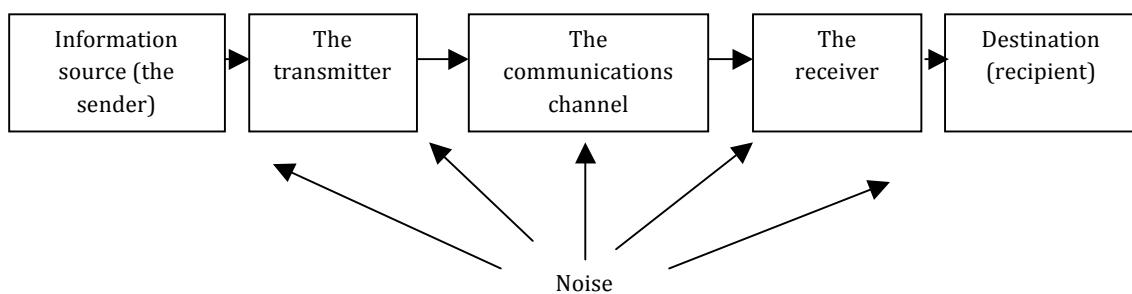
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that they are consistent otherwise they are quickly undermined. There is no point preaching to customers that the company aims to have a low carbon footprint while at the same time telling employees not to bother with recycling. Inconsistencies and half-heartedness will quickly be exposed and are likely to cause the organisation reputational damage – at the very least.

A communication model

A commonly-used model of communication is the Shannon-Weaver model. This depicts the communication process as:



For communication to be successful the message has to get from the sender to the recipient and be *understood and acted upon*. When communicating core values and mission, the five elements would typically be:

- information source: the board
- transmitter: encoding the message – deciding what needs to be said or what needs to be shown and designing the message
- the communication channel – eg internet, letters, meetings. These are listed more fully in the next section
- the receiver: decodes the message – eg a web-browser displaying a page
- destination – employees, customers, shareholders.

Noise can interfere with the message at any stage and this can be termed a barrier to communication. Noise can prevent or distort communication. Typical sources of noise are:

- language difficulties – ensuring that the message is properly translated into foreign languages and that any terminology used can be understood
- information overload – too much information so that recipients are overwhelmed and fail to see the most important information
- failure to receive – wrong email addresses, trying to display Flash animations on iPhones
- reluctance to receive the message – eg employees might be reluctant to change their behaviour and might ignore the communication
- status differences – eg management stays remote from employees and is reluctant to hear bad news about the organisation's performance

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- inappropriate communications channels – eg expecting employees to read and digest a long text on the organisation's core values when a training course, video presentation or discussion might be much more effective.

Communications can break down very easily and the organisation's management might not even be aware of this. A survey carried out by the Boston Consulting Group (1) found that although around 27% of bosses believe their employees are guided by a 'set of core principles and values that inspire everyone to align around a company's mission' only 4% of employees agree. Similarly, 41% of bosses say their firm rewards performance based on values rather than merely on financial results. Only 14% of employees believe this. So, quite obviously there are serious communications failures relating to the core values of the organisations in the survey.

Communication methods (channels)

Mission and core values cannot guide behaviour or support performance and create a common understanding among the various stakeholders if they are not effectively communicated. There is no point in shareholders believing that they are investing in an innovative company if *perceptions* of customers and employees are quite different. Although messages and sentiments must be consistent, there is a wide choice as to which types of communication are likely to work best for each stakeholder group.

Methods of communication include:

- conversations and discussions
- advertising
- publications, such as journals, newsletters and mail shots
- financial statements
- meetings, such as the AGM
- company stationery
- company merchandise.
- presentations
- training courses
- press releases and other public relations activities
- collaboration
- video
- SMS (texting)
- internet (organisation's web site) and intranet
- email
- social media, such as Facebook, Twitter and LinkedIn

This list is set out, very approximately, in the order in which the techniques became available over time: talking to one's employees face-to-face came long before Tweeting to one's valued employees. Generally, any communications

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campaign will use a mix of techniques and the methods chosen will depend on which audience is being targeted, the nature of the message and expense, both in terms of money, time and environmental impact. For example, instead of sending printed financial statements to every shareholder, many companies now email a web link to shareholders showing where the financial statements can be viewed online and downloaded if required. Similarly, sending newsletters by email is faster, cheaper and causes less environmental impact than producing and despatching printed copies. This shift in communication methods is an example of a common organisational core value in action – the wish to minimise environmental impact and to promote sustainability.

Examples of organisations communicating mission and core values

Good communications requires a plan and typically this would have the following steps:

- Listing your communications stakeholder groups (here, shareholders, employees and customers)
- Defining what has to be communicated to each stakeholders group (here mission and core values)
- Identifying suitable communications methods and events
- Allocating resources
- Developing a communications event schedule
- Monitoring the effectiveness of the communications events

Facebook – Tesco

Let's say that a company wanted to communicate some of its core values to its customers. Mission and core values are fundamental, serious and relatively permanent features of organisations and it would be difficult to communicate these as statements appropriately via Facebook or Twitter where information tends to be more ephemeral, if not trivial. However, social media can be used successfully to communicate examples of mission or core values in action.

Amongst Tesco's many recipes and competitions posted by them on their Facebook wall (and therefore appearing in the Facebook pages of Tesco's 'friends') are postings such as the following:

*TESCO'S GREAT SCHOOL RUN is looking for five to 11 year olds to slip on the trainers for a 2 km fun run. Ask your school to sign up <[http://....>](http://....)
Exercise can be a fun part of everyday life and we hope to get one million children on the move. To be one in a million, find out more here <[http://....>](http://....) and*

Hi, ...I work at Tesco Express in Eastbourne. I'm doing a parachute jump to support Tesco's current Charity of the Year, the Alzheimer's Society, as part of their 'Leap Year Challenge'! Follow my nervous build up to the big day HERE! <[http://....>](http://....)

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YOU can take a giant leap for people with dementia and sign up for a parachute jump or abseil! Find more details HERE <<http://....>>

Both of these are illustrative of Tesco's wish to be valued within the communities in which they operate and the messages will automatically appear on the Facebook pages of anyone who 'Liked' Tesco. This will be an effective, almost subliminal way of communicating a core value of Tesco to its customers.

Facebook – ACCA

ACCA uses Facebook to post many routine messages about exam results, studying and membership fees. However, amongst those it also has, for example, information about recording practical experience requirements (PER), which is an integral part of the ACCA Qualification. The huge variety of people who 'write on ACCA's wall' is evidence of ACCA's success at being a global organisation and of welcoming diversity. This, of itself promotes ACCA's mission and core values and will encourage people from a very wide range of backgrounds to participate.

Of course, not every organisation uses social media. HSBC, one of the world's largest banks and financial services organisations, makes practically no use of Facebook or Twitter. There is, however, a lot of material on their website about sustainability, working with stakeholders, protecting the environment and investing in communities. (See www.hsbc.com/1/2/sustainability).

Television/video – The Cooperative Group

Television advertising is often used to promote values and mission. A 60 second advert will never contain a vast quantity of detailed information but a well-shot short film can be very effective indeed at getting across an organisation's ethos, particularly to external stakeholders.

The Cooperative Group is a diverse UK organisation that includes supermarkets, a bank, insurance, travel, legal services and funeral care. It is a mutual organisation, owned by its customers and has been very successful in differentiating itself by promoting a very ethical approach to business. The ad is quite long, but shows the care and expense that the organisation went to try to communicate its values.

www.youtube.com/watch?v=YHzBItFKH Aw

Television/video – Etihad

This video example is too long for a television advert but was used for staff recruitment and training. No doubt it would be effective if viewed by customers also.

www.youtube.com/watch?v=BTI0qM6swYc

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Listen to the words relating to mission and values that the film packs in: challenging the status quo, change, a belief that nothing is impossible, continual striving, embrace optimism and creativity, vision is to be a driving force of change in the industry, see things differently, hospitality, multinational crew, vision of a more elegant flight experience, innovative design, attempt to meet diverse needs, investment in customers, continual growth, challenge and creativity.

Television/video – ESB

The final ad to look at is by ESB, the Irish Electricity Supply Board. It is communicating the company's ecological values:

www.youtube.com/watch?v=aAYFS-3hY_Y

Public relations/press releases – ACCA

Public relations (PR), as the term suggests, can play a very important role in communicating to external stakeholders: the public. PR is often promoted via press releases which are sent to newspapers and broadcasting organisations (who are always on the look-out for features and news items) in the hope that mention will be made of the organisations. For example, here are some press releases recently made by ACCA:

- **28 November 2011: Accountants have key role to play in fight against climate change, says ACCA.** The profession [accountancy] has extensive experience of measuring, reporting, and validation mechanisms, all of which will be vital for any credible action on climate change. The profession must use its expertise to make a positive contribution to the formulation of credible policy frameworks and agreements.
- **17 November 2011: The challenge of diversity in the workplace: experts to offer solutions for the future.** For ACCA and the ESRC [Economic and Social Research Council], we want to explore the link between diversity and innovation and in particular the benefits to organisations in encouraging diversity to achieve business benefits.

The ACCA and the ESRC are collaborating on this project and collaboration is likely to extend ACCA's reach beyond its normal audience. More can be found at www.esrc.ac.uk/acca/.

Public relations/press releases – GlaxoSmithKline

This is a multinational pharmaceutical company. Its mission is to: 'Improve the quality of human life by enabling people to do more, feel better and live longer.'

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- **30 January 2012: GSK joins new global partnership to help defeat ten neglected tropical diseases by 2020:** ...We are committed to playing our part in helping to achieve universal coverage of intervention programmes for diseases that can be controlled or eliminated by existing treatments, and to spur R&D into new treatments for diseases where none currently exist.

The company also emphasises its work with communities:

- **22 March 2011: GSK launches London 2012 initiative with King's College London to inspire young people into science careers:** ...The programme comprises a series of free events running between now and the Olympic and Paralympic Games in 2012. These events offer local school children the opportunity to experience a day at a university and through a series of sports based lectures and interactive workshops aims to encourage 11–14 year old students to take their science studies further and consider a career in science.

Conclusion

Communicating an organisation's mission and core values to shareholders, employees and customers is very important. However, as the communications model shows sending messages is not the same as successful receipt of those messages (in terms of changing or sustaining behaviour) by the intended audience. Just because large amounts of money are spent on communicating mission and core values does not mean that the messages are understood or acted upon.

Consider News Corporation. Their standards of business conduct (which includes the company's core values) can be downloaded from here:

www.newsorp.com/PDF/StdBusinessConduct_2011.pdf

It contains sections on commitment to the public, stockholders, employees and the global community. However, in the UK, the activities of News Corporation's newspapers has caused public outrage and provoked a public enquiry into the behaviour of the press in hacking into mobile phone voice mails. Substantial damages have already been agreed with 37 victims (the 15 settlements made public total around \$1m). Additionally, there is reputational damage to the organisation which will affect its relationship with shareholders, employees and customers for years to come.

Ken Garrett is a freelance lecturer and writer

Reference

(1) Boston Research Group, the 'National Governance, Culture and Leadership Assessment', *The Economist*, September 2011