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EMPLOYEES WITH PURPOSE

Objectives Are SMART, Missions Are WISE

By CARLOS REY, NURIA CHINCHILLA and NUNO PITTA

Today, the vast majority of companies have an official corporate mission statement. But what started as a high-level expression of a company's purpose is increasingly filtering throughout all levels of the organization, providing focus to everything from departments and divisions, to individual projects and initiatives, and even to job descriptions. This use of the mission statement as a means of inspiring activity at different levels of the organization has come to be termed management by missions (MBM).

Different forms of MBM can be seen in action in all types of companies around the

world, including Heineken, ISS Facility Services, Medtronic, Repsol, Telefónica and Unilever. These companies find that engendering a shared sense of purpose among employees translates into improved performance.

Over the course of the 20th century, management by objectives (MBO) became established practice, based on the notion that the best way of moving the organization toward a common goal was to set clear, measurable objectives for employees and then mark their progress. Now, in the 21st century, MBM is gaining traction, as companies embrace a richer understanding of what it means to motivate people and the special role of missions

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in getting people to work together and raise their performance.

Objectives and Missions

To understand MBM, we have to understand its precursor, MBO. In the early 20th century, major companies such as General Electric, DuPont and General Motors adopted an objective-based approach to management, and many other companies followed suit. In the 1950s, the management scholar Peter Drucker coined the actual term, management by objectives, in his classic book *The Practice of Management*. Much of the popularity of MBO was due to the perception that people who had clear objectives to work toward tended to be more productive and achieve more than those who didn't have any such objectives.

In the 1960s and 1970s, formal studies on MBO confirmed its positive effects on performance and planning. They also revealed its shortcomings. A 1973 article in *The Academy of Management Journal* found that employees often did not set ambitious enough objectives for themselves, and managers sometimes used the objectives as a means of putting pressure on their teams, as indicated by the article title, "Behavioral Problems With Management by Objectives."

Before long, management practitioners

began addressing these criticisms. Drucker himself proposed that managers should supplement objectives with mission statements. The thinking behind this was that people whose objectives were aligned with some larger mission tended to set more coherent and ambitious objectives, with better results.

In recent decades, missions have gained ground, to the point that they are now considered the first step in most strategic planning models. In team or project management, establishing a guiding mission often comes before setting the objectives. And coaching and leadership development sessions usually kick off with a discussion of the broader mission associated with the person's position, which helps clarify and lend substance to the individual objectives being pursued.

As such, objectives do not vanish from the scene; on the contrary, they are still fundamental for business success. However, with the focus shifted to the accomplishment of missions, objectives stop being an end in and of themselves and are put to the service of a greater purpose.

MBO seeks to ensure that employees have a full grasp of their own particular objectives and how they contribute to organizational ones. MBM, meanwhile, seeks to make employees aware of the multifaceted missions of their professional roles and how those missions align with the organization's broader purpose.

By combining missions with objectives, companies leverage two prime sources of human motivation: meeting a set challenge, and making a pro-social contribution. The addition of MBM is like having a boat with two engines: you gain more power as well as more maneuverability. See **Exhibit 1**.

Defining Missions

Defining missions, especially those established at the team or individual level, requires a paradigm shift that is easier said than done.

Ask a salesperson what the mission of his or her job is, and he or she may say, "To boost

EXECUTIVE SUMMARY

Far from staying at the corporate level, missions are increasingly playing a cross-organizational role in companies. Entire divisions, teams and individual workers are setting their own missions across a growing number of firms. Welcome to management by missions (MBM), in which objectives stop being an end in and of themselves and are put to the service

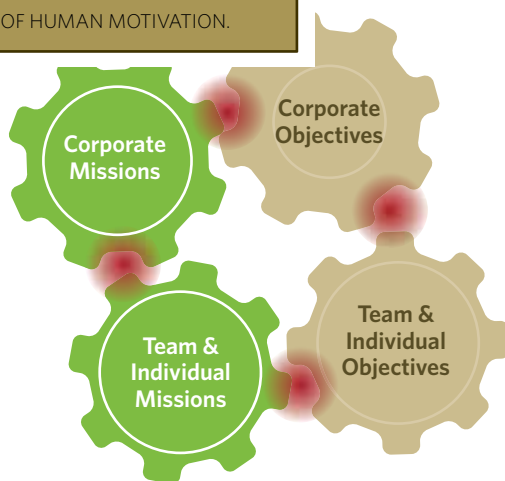
of a greater purpose.

As the authors argue, while objectives are SMART (Specific, Measurable, Achievable, Relevant and Time-bound), missions are WISE (Wide, Inspirational, Service-oriented and Evaluable). This article explains each of these attributes and how they are being put into action in all types of companies around the world.

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Integrating Missions & Objectives
 COMBINING MISSIONS AND OBJECTIVES STRENGTHENS THE TWO MAIN SOURCES OF HUMAN MOTIVATION.

EXHIBIT 1



sales.” A financial officer may say, “To reduce debt.” And a machine operator may say, “To raise productivity.” All of these are statements of the obvious, far removed from the true concept of mission. People are so accustomed to being managed by objectives that they often confuse what is meant by mission.

Over the past 10 years, we have worked with hundreds of employees and teams to help them understand their missions better. Based on our research, we have come up with the following maxim to help clarify the distinction: Objectives are SMART (Specific, Measurable, Achievable, Relevant and Time-bound), while missions are WISE (Wide, Inspirational, Service-oriented and Evaluable). Let’s drill down into what each term of the WISE mnemonic entails.

WIDE. During the relatively stable competitive and institutional environments of the 20th century, MBO was an acceptable means of evaluating performance and measuring success. But 21st century conditions are different. Business environments are far more volatile,

making it much more difficult to decide which course of action is the correct one to take.

As such, a narrow focus on objectives limits the capacity of employees to appreciate the full complexity of their work. Talking about missions, on the other hand, broadens and deepens the meaning of work for each person.

Consider the mission statement of the sales department of the chemical company Elix Polymers: “To connect products with the market.” This mission, defined jointly by all members of the sales team, is both broad and specific. Meeting specific market sales objectives is implied, yet it is expressed in broad enough terms that each sales representative can connect his or her personal mission to it.

Or consider the mission of the logistics department of Jiménez Maña, a Spanish distributor of spare parts: “To deliver the piece on time and in top shape.” This is equally expansive while also being to the point.

Unilever and Telefónica are two companies that have taken this idea to heart. They offer formal programs to train their managers to really think about their own individual missions within the broader aims of the corporation, and their professional career objectives are developed accordingly.

It is this wider reflection on the essence and purpose of an individual’s work that distinguishes MBM from MBO. Missions are not one-off projects or deadline-driven tasks; they speak to the larger motivations that inform and guide a person’s work.

Don’t confuse “wide” with needing lots of words to express the full breadth of your role and purpose. If you find yourself writing long-winded paragraphs, you’re probably not sure what your exact mission is. Defining your mission in one short sentence should be enough, and it will help you recall it easily.

INSPIRATIONAL. “No one can live another person’s dream.” This is the idea behind a program of ISS, the Danish facility service provider with more than 500,000 employees in 75 countries. ISS encourages each employee to

Individuals have to define the mission that resonates most with them. Missions are authentic when they arise from within, freely and voluntarily, not when they are enforced through chains of command.

reflect on the *raison d'être* of his or her work and to define his or her role in contributing to corporate growth.

ISS understands that missions cannot be imposed from outside: they have to come from within. Likewise, we recommend that any process of setting a professional mission has to start by discovering your own personal mission. If it doesn't inspire you personally, you should probably keep looking until you find one you can really get behind.

The process of getting employees and teams to agree on missions should not become a corporate indoctrination exercise. What ISS does is provide space for each employee to find his or her mission, in alignment with the company's vision "to be the world's greatest service organization" through a mission of "service performance that facilitates our customers' purpose through people empowerment." This overarching mission serves as inspiration for each employee, but does not replace the work that all managers and employees must do to discover their own missions.

For example, an ISS patient porter at Huashan Hospital in China came up with this mission: "I give patients that extra push on their way to recovery." Jiang Jia Yun treats patients "with respect and dignity while transporting them safely ... establishing a welcoming environment (and) accommodat(ing) the many international patients in a warm and hospitable way."

This mission springs from this particular employee's own aspirations, convictions and motivations, and lends meaning to his work in a way that it wouldn't if the mission were handed down from on high. Individuals have to define the mission that resonates most with them. Managers may influence the missions of their team members, but only as leaders giving guidance, never as bosses giving orders. Missions are authentic when they arise from within, freely and voluntarily, not when they are enforced through chains of command.

The California-based tomato processing company, Morning Star, has wholeheartedly embraced this idea, encouraging its employees to define their own individual missions, derived from the "joy and excitement" they find in "utilizing their unique talents." At Morning Star, missions have no boss; rather, the company's missions are the boss. The company attributes its success to this philosophy of "self-managing professionals" who use their talents to complement and strengthen colleagues' activities, holding each other accountable for achieving the corporate mission. In this way, Morning Star claims to have become the most efficient tomato processing company in the world.

It is an ethos echoed by Reem Younis, cofounder of Alpha Omega Engineering, an Israeli manufacturer of neurosurgery equipment. Her own mission – "to open doors and hearts to bond with the world," inspired by her personal desire to create work environments where Jews, Muslims and Christians can work together in unity – supports the corporate mission of maintaining profitable growth with innovative and reliable neural solutions that

■ ABOUT THE AUTHORS

Carlos Rey is a professor of Strategic Management and holder of the Chair of Management by Missions & Corporate Governance at the International University of Catalonia. He is a partner of the consultancy DPMC and coauthor of *Management by Missions*, published in five languages, and other books and articles.

Nuria Chinchilla is a professor of Managing People in Organizations and holder of the Carmina Roca and Rafael Pich-Aguilera Chair of Women and Leadership at

IESE, where she also heads the International Center for Work and Family (ICWF) and the IESE Women in Leadership (I-WIL) platform. She blogs at www.nuriachinchilla.com.

Nuno Pitta is the managing director of the consultancy DPMC, overseeing the implementation of management by missions in various companies around the world. He has an economics degree from the Lisbon School of Economics & Management (ISEG) and completed a general management program (PDG) at IESE.

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lead to a better life, in a context of empowerment, diversity and integrity.

SERVICE-ORIENTED. As the management scholar Peter Senge has stated, missions reflect what we bring to the world. So, in addition to asking yourself *why* you do the things you do, it is important to ask *for whom* you do the things you do. At the intersection of the personal and the corporate mission, some thought must be given to how you collectively contribute to the greater good.

The Mexican food giant, Bimbo, understands this well. Upon joining the company, all of the firm’s employees across 23 different countries must go through a course that includes contemplating the connection between one’s personal mission and values and the corporate mission and values. This stems from the conviction of the founder, Lorenzo Servitje, who believed that the soul of each worker and the soul of the company must find mutual expression.

Bimbo believes that when a company employs a person, it is acquiring more than the skills and knowledge that the worker brings. Bimbo recognizes that each person also brings unique desires, determination, effort, intelligence and creativity, which can be channeled

toward worthwhile goals – not just for the task at hand, but also for society as a whole. These are huge assets. When combined, they can transcend the actual work and become a genuine source of innovation.

To define missions with a spirit of service in mind, individuals should ask themselves who exactly benefits from their work. Depending on the nature of the job, the answer might include clients, customers, shareholders and investors; consultants, suppliers and other key business partners; or broader stakeholders such as the local community, the environment or society at large.

At the major Peruvian construction company, JJC Group, the missions are mapped, starting at the corporate level and extending out to individual operations on a chart. Each project – whether in a city, the desert or the mountains – has a specific mission attached. In addition to considering the impact on clients, employees and shareholders, the mission will be sure to include its contribution to the well-being of local communities. Managers and employees jointly develop pro-social actions, such as providing health, safety and hygiene training for local families and personnel, in order to leave a positive social and environmental footprint behind.

■ Three Characteristics of Missions

To be successful, missions must be aligned with the corporate culture and processes.

1 | IN LINE WITH THE CORPORATE STRATEGY. Missions must reinforce the business model and support the company’s short-, medium- and long-term objectives.



2 | INTEGRATED INTO ALL THE FIRM’S MANAGEMENT SYSTEMS. Including people selection, objective-setting, indicators and control measures, project management, remuneration policies, career plans, training and development, and evaluation and assessment.

3 | BASED ON AUTHENTIC LEADERSHIP. Each person is responsible for taking charge of his or her own mission, while supporting colleagues’ missions.



A best practice we observed in all the companies we analyzed was that there was always a conscious effort to provide information and tools that would enable employees to track their own progress.

Similarly, all the departmental and team missions adopted by the water company Aigües de Barcelona are couched in sustainable development, based on three planks: people, water and the city.

In other cases, the mission may be a reflection not so much of the area in which the company works but of the individual employee's sphere of influence. An ISS cleaner in a school in Denmark put it this way: "By keeping the school clean, I help students focus on learning and developing their talents, while I do the same in my daily work." This person's mission reflects a passion for serving students in the process of fulfilling the overall goal of keeping the school clean.

EVALUABLE. For MBM to be effective, it must be periodically assessed so as to gauge the extent to which goals are being met. That evaluation is the responsibility of the person or team to whom the missions belong. From the moment that someone defines his or her mission, it must be clear how his or her progress

will be evaluated. To do this, employees must have the right information and tools at their disposal.

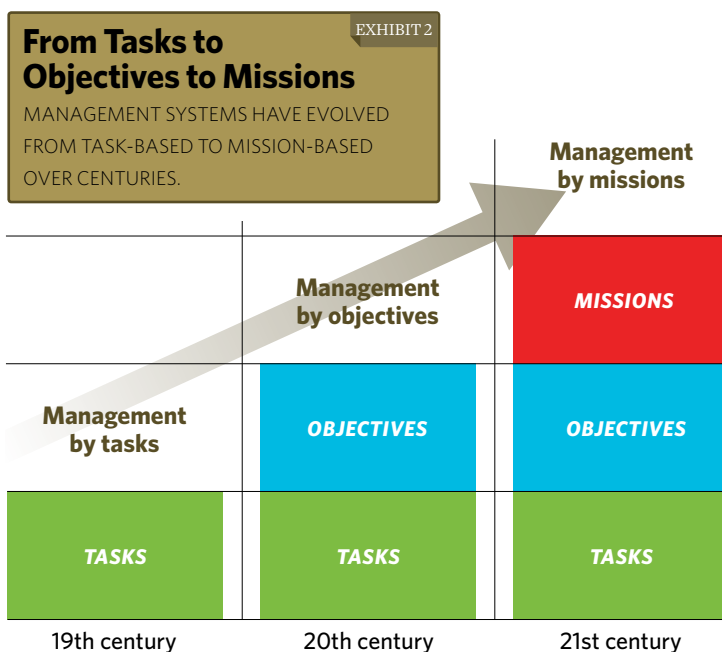
This is not a new idea. As the former dean of IESE, Juan Antonio Pérez López, wrote many years ago, managers must dedicate time, effort and resources, so that employees can evaluate for themselves the impact of their work on others.

A best practice we observed in all the companies we analyzed was that there was always a conscious effort to provide information and tools that would enable employees to track their own progress. Company managers not only focused on encouraging employees to adopt mission statements, but they also made indicators, metrics, surveys and other resources available so that those employees could assess how well they were doing in fulfilling them.

At JJC Group, each team mission has an associated management dashboard with indicators to track the mission's progress. At Heineken and Unilever, missions are evaluated through short-, medium- and long-term development plans. Morning Star uses a self-management tool called CLOU (Colleague Letter of Understanding) in which each employee proposes actions and metrics in agreement with colleagues. Using indicators like these to track the progress of individual or team missions helps tie strategic goals to daily operations, grounding lofty aspirations into something tangible and measurable.

Jiménez Maña uses just two indicators: order response time and the ratio of parts delivered. These may seem simple, but they are clearly understood and embraced by the firm's employees – and that is the key. Since their adoption, the company has seen substantial improvement in client-related activities.

This example also highlights that MBM indicators may sometimes look like those of MBO. The crucial difference, though, is that by shifting the management approach from objectives to missions, it tips the scales of motivation in a different direction. So, even if the



SOURCE: *Management by Missions* by P. Cardona and C. Rey

A company must change the way it understands the organization, and the relationship between boss and subordinate must become one of leader and collaborator or partner.

chosen indicators are reminiscent of objectives, mission-inspired employees will more likely spur themselves to achieve them.

Consider another Spanish industrial company: NalonChem used to spend an entire quarter trying to set annual objectives, resulting in a loss of focus and lower productivity. Since adopting MBM, it finds its objectives are not only more ambitious but they now take just one month to define at the end of each year.

A Change of Mentality

As we have seen, the incorporation of missions at all levels of the company offers enormous potential for growth and development. It helps strengthen ties between the company and its employees, it provides the organization with a greater sense of purpose and it boosts financial performance.

However, to reap these benefits, a significant change of mentality is called for. A company must change the way it understands the organization, and the relationship between boss and subordinate must become one of leader and collaborator or partner.

In his book *Foundations of Management*, Pérez López differentiated two types of missions: an external one, which is concerned with meeting the needs of the people we seek to satisfy; and an internal one, which is concerned with helping others accomplish their missions. This neatly captures the relationship between the corporate mission and those of individual workers.

Just as the classical theory of the organization gave rise to the division of labor during the Industrial Age and the neoclassical theory of the firm led to an objective-oriented approach during the 20th century, the present age needs an organizational theory that puts missions at the heart of the firm. We need a theory of the firm that regards individuals from a humanistic point of view, recognizing their capacity to act out of transcendent motivations beyond the usual intrinsic/extrinsic drivers to which human action has been attributed in the past. See **Exhibit 2**.

This new paradigm is already taking shape with the advent of new forms of management thinking, including corporate social responsibility, stakeholder theory, sustainable development, conscious capitalism and the creation of shared value. The current challenge for managers is to skillfully negotiate the delicate balance between their role as bosses and their role as leaders. To do that, they will need to involve each and every one of their employees in the development of individual missions that can collectively serve the global one. □

■ TO KNOW MORE

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