



# ENTREPRENEUR'S CORNER

Volume Four, Issue Three  
April 1998

## Mission Statements Can Determine a Start-Up's Success, Failure

by Jack Roseman, Contributing Columnist

Before you begin to do strategic planning, it's absolutely critical that your company has a mission statement. So what is a mission statement?

A mission statement is a description of what service your company or your product is providing for the benefit of society. Don't tell me in your mission statement that you want to be nice to employees or that you want to make a reasonable profit-or even that you want to maximize return on investment. Those are different issues. Tell me why you exist in this world.

Why is that important? Because I truly believe that if you are not doing some service for society, you'll not continue as a business for long. You may have some flash-in-the-pan success, and maybe even you get in and get out, and that's that. But if you want to survive and grow and become the dominant player in your niche,

you have to provide a useful service for society.

Now, you must understand how a mission statement differs from say, a vision statement or a set of goals. Let me explain by an example. What is the mission of a fire department? If you are like most people, you will answer that it's to put out fires. But that's not really the mission of the fire department. The mission of a fire department is to minimize loss of life and property due to fire.

Now some people become a little perturbed with me and say I'm just playing with words. I don't think so. I think that distinction is a big deal. And the reason it is a big deal is because it dramatically shapes in a different way how you go about accomplishing your mission.

Think about it. If you say your mission is to put out fires, then whatever monies you get ought to be totally invested in better engines, better fire-

fighting equipment, and more fire fighters. That's where all the money will go. You certainly wouldn't be thinking about fire prevention. That's not putting out fires.

But if you say the mission is to minimize loss, then you start asking better questions. Now you set out to create an organization that can best minimize loss. One way is obviously to get to a fire quickly. Another is to prevent the fire in the first place. So it isn't just a word game; it's a significant distinction that we make.

So I think you can begin to see that if you define your mission too narrowly, or too specifically, you will never get where you truly want to go. That's why a mission statement is so important, and why it deserves serious consideration. It frames for you where you are going; who you are; what it is that you want to do; and why you even exist.

And it has very practical implications. Avis is a good example. Its president had the wisdom to raise the question of its mission. He had spent a long time trying to decide, 'what should be the mission of Avis?' Now, he could have come up with the mission that most of my students propose when I tell this story: He could have said the mission of Avis is to be a world-class renter of cars. But he came up with a different mission. He concluded that the mission of Avis was it would be a major producer of quality used cars.

Now think about the changes that flowed from that way of looking at what they were about. For one, they took better care of their cars. No longer did they run them into the ground. No longer did they view the cars they were getting rid of as junk, on the way to the scrap heap. Now they took better care of them from Day One. They washed them more; they took them out of service sooner. And the result of that shift in thinking was a huge jump in profits, because their rental customers now got a better product, the attitude of their employees toward their work was affected-and when they did decide to sell the cars, they got top dollar because the cars were in such good shape.

It sounds obvious or trivial, but carefully defining your mission can have profound impact on your success or failure.

*Jack Roseman is the Director of The Roseman Institute. He was the founder of two successful computer firms and was president of a third, On-Line Systems. Jack formerly was the associate director of the Donald H. Jones Center for Entrepreneurship at Carnegie Mellon University's Graduate School of Industrial Administration (GSIA). This column was written with Steven N. Czetli, former Executive Editor of T.E.Q.*