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# Corporate objectives

2017-18

# BUSINESS AIMS

- ▶ **read chapter 21** (Business objectives)!
- ▶ aims  $\neq$  objectives
  - ▶ **aim**: what a business wants to achieve in the *long run*
  - ▶ **objective**: goals/targets that need to be met in order to achieve an aim
- ▶ aim is less specific than an objective

# MISSION STATEMENTS

- ▶ describes the company's *core activities*, but may also contain information about
  - ▶ the market
  - ▶ key commercial objectives
  - ▶ way it values its stakeholders
  - ▶ its ethics
- ▶ guides decision making
- ▶ mission statement reminds the owners and employees the purpose of the business

# MISSION STATEMENTS

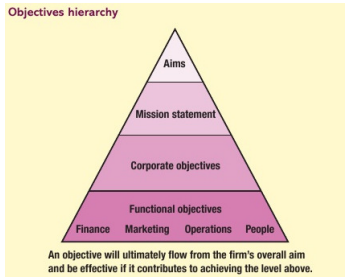
- ▶ 2 reasons for composing and sharing a mission statement
  1. make commitment to customers
  2. bring workforce together (helps to create *corporate culture*)
- ▶ Examples of mission statements
  - ▶ **R & F Fitness Center:** ...
  - ▶ **R & B furniture maker:** ...
  - ▶ **18EC, energy company:** achieve sustainable energy by:
    - ▶ research and innovate ... to meet the needs of customers
    - ▶ ... safe and efficient working environment
    - ▶ achieve ... excellence
    - ▶ ... team of flexible and adaptative individuals ... offer value to customers
  - ▶ **Amnesty International, NGO:** research and action ... to end abuses of human rights ...

# DEVELOPMENT OF CORPORATE OBJECTIVES

- ▶ Corporate objectives:
  - ▶ set by managers/directors of company
  - ▶ specific to the company (comply with history, vision, mission statement)
  - ▶ must be **SMART**
- ▶ **SMART** corporate objectives:
  - ▶ **specific**: refers to a particular aspect/function of business
  - ▶ **measurable**: use a financial/quantifiable element to measure the success of the objective
  - ▶ **agreed**: all the responsible for achieving the objectives have to agree
  - ▶ **realistic**: objectives should be reachable for given resources and market conditions
  - ▶ **time specific**: time frame for objectives (start and end point)

# DEPARTMENTAL AND FUNCTIONAL OBJECTIVES

- ▶ very specific departmental and functional objectives
- ▶ set the day-to-day goals
  - ▶ human resources
  - ▶ finance
  - ▶ operations
  - ▶ logistics
  - ▶ marketing



# THE DIFFERENCE BETWEEN SMALL AND LARGE FIRMS

- ▶ Objectives of small firms:
  - ▶ *break even* at the end of the tax year (read chapter 32)
  - ▶ improve *firm's liquidity* in the next 6 months (read chapter 35)
  - ▶ *increase sales* by 10 % over the next 3 years (read chapter 30)
  - ▶ increase pre-tax *profits* by 5 % over the next 12 months (read chapter 34)
  - ▶ hire new staff with skills in sales & marketing and build strong marketing department
  - ▶ reduce energy consumption by 2 % over the next 3 years
- ▶ Objectives of large firms (and MNC):
  - ▶ increase market share by 5 % over next 2 years
  - ▶ *objectives will be mainly financial/quantifiable*

# CRITICAL APPRAISAL OF MISSION STATEMENTS AND CORPORATE AIMS

- ▶ mission statements must be constatly re-assessed
- ▶ critical re-assessment should involve:
  - ▶ purpose of mission statement
  - ▶ define intended audience
  - ▶ does followed strategy comply with stated mission?
  - ▶ are aims & objectives realistic and achievable?



## KEY TERMS

- ▶ **corporate objectives:** the objectives of a medium to large-sized business as a whole
- ▶ **departmental and functional objectives:** the objectives of a department within a business
- ▶ **mission statement:** a brief statement, written by the business, describing its purpose and objectives, designed to encapsulate its present operations
- ▶ **objective (or goal):** a target of or outcome for a business that allows it to achieve its aims
- ▶ **SMART:** acronym for the attributes of a good objective: Specific, Measurable, Agreed, Realistic and Time specific

# KEY TERMS

## REVISION OF CHAPTER 1

- ▶ **Brand name:** a name, term, sign, symbol, design or any other feature that allows consumers to identify the goods and services of a business and to differentiate them from those of competitors
- ▶ **E-commerce:** conducting business transactions online
- ▶ **Online retailing or e-tailing:** the retailing of goods online
- ▶ **Market:** a set of arrangement that allows buyers and sellers to communicate and trade in a particular range of goods and services
- ▶ **Marketing:** a management process involved in identifying, anticipating and satisfying consumer requirements profitably

# KEY TERMS

## REVISION OF CHAPTER 1

- ▶ **Market share:** the proportion of total sales in a particular market for which one or more businesses or brands are responsible. It is expressed as a percentage and can be calculated by value or volume
- ▶ **Mass market:** a very large market in which products with mass appeal are targeted
- ▶ **Niche market:** a smaller market, usually within a large market or industry

# KEY TERMS

## REVISION OF CHAPTER 2

- ▶ **Consumer panels:** groups of customers are asked for feedback about products over a period of time
- ▶ **Database:** an organised collection of data stored electronically with instant access, searching and sorting facilities
- ▶ **Focus groups:** where a number of customers are invited to attend a discussion about a product led by market researchers
- ▶ **Market orientation:** an approach to business which places the needs of customers at the centre of the decision-making process
- ▶ **Market research:** the collection, presentation and analysis of information relating to the marketing and consumption of goods and services

# KEY TERMS

## REVISION OF CHAPTER 2

- ▶ **Market segment:** part of a whole market where a particular customer group has similar characteristics
- ▶ **Primary research or field research:** the gathering of 'new' information which does not already exist.
- ▶ **Product orientation:** An approach to business which places the emphasis upon the production process and the product itself
- ▶ **Qualitative research:** the collection of data about attitudes, beliefs and intentions
- ▶ **Quantitative research:** the collection of data that can be quantified
- ▶ **Respondent:** a person or organisation that answers questions in a survey

# KEY TERMS

## REVISION OF CHAPTER 2

- ▶ **Sample:** a small group of people who must represent a proportion of a total market when carrying out market research
- ▶ **Secondary research or desk research:** the collection of data that is already in existence
- ▶ **Socio-economic groups:** division of people according to social class