

A Note to help Develop a Vision for your Company

You Company's vision is a simple statement. It should be clear and unambiguous (and should not need legal help to interpret). We assume that your team is about to have a meeting to agree upon a vision for your company. This assignment is pre-work for that meeting.

The statement should present as accurate a picture as possible for your company at the end of the simulation eight years from now. It is not important that the statement read well – that is, we are not looking for something like a polished public relations statement. A list of bullets might be best, so long as it provides clarity to all team members. It is *also* appropriate to say **what you will not be**.

Here are some questions you can reflect upon to bring your vision into focus.

1. By segment, how many products will appear in the segment?
2. What will our capacity and automation levels be in each segment?
3. How much money will we have invested by the last round?
4. What will our financial structure look like?

The financial structure is everything on the right hand side of the balance sheet. Fundamentally, it summarizes how much of the assets were funded by debt holders and equity holders. You can get the financial structure you have today by looking at your "Annual Report". On the right hand side of the Balance Sheet, you will see your financial structure in percentages. **To determine what sort of structure you want, you can ask several simple questions.**

- a. What mix of long term debt, stock issues, and retained profits do we need to grow the company?
 - b. Do we want to keep profits or pay them out as dividends?
 - c. Do we want to pay off our debt to avoid interest payments?
 - d. How would we express these in percentages? For example, 5% Accounts Payable, 0% Short Debt, 35% Long Debt, 20% Stock, 40% Retained Earnings.
5. Are we biased towards cost leadership or differentiation?

You will find a short essay on Mission and Vision statements at <http://www.quickmba.com/strategy/vision>. In their context, we are marginally interested in "Core values" and "Core purpose" (which are known and common to all teams), but we are keenly interested in "Visionary Goals."

Now Critique your Vision Statement

Any good vision statement makes choices between alternatives. For example, if your vision places you in the Traditional and Low End, you implicitly plan to give up High End, Size, and Performance.

The Critique looks at what you are giving up, and at the threats you face. You are comparing the

potential of your vision against alternatives. Think about and explores these issues. Here are a few questions that might help to develop your thoughts.

1. How likely is it that competitors will choose a similar vision to the one you have selected?
2. Does our vision require significantly more investment than alternatives?
3. Is our vision difficult to execute? For example, does it require a broad product line? Heavy investment? Many segments? If it is more difficult to execute than alternatives, that could be good or bad. You might offer a few words on the trade-offs.
4. How long will it take execute your vision relative to other plans?
5. Consider growth rates. Over all, the market will grow 150% over the next eight years, but the growth is uneven. Is your vision attractive for, say, the first four years and less attractive in the last four years?