CHAPTER

6

STAKEHOLDERS, VALUES, MISSION, AND VISION

One example of how a vision can affect the direction and purpose of an organization can be found in the preeminent professional organization for healthcare leaders, the American College of Healthcare Executives (ACHE). ACHE's vision, mission, and values are the basis for its organizational direction and decision making. ACHE's fundamental purpose (mission) and the essential core values of the profession form the foundation for its strategy, while its desired long-term future (vision) is the guiding principle for the organization's strategic direction. ACHE articulates its vision, mission, and values as follows:

Vision: To be the preeminent professional society for leaders dedicated to advancing health.

Mission: To advance our members and healthcare leadership excellence.

Core Values: We are committed to and live out our core values through our work:

- Integrity: We advocate and demonstrate high ethical conduct in all we do.
- Lifelong Learning: We recognize lifelong learning is essential to our ability to innovate and continually improve ourselves, our organizations and our profession.
- Leadership: We lead through example and mentoring, and recognize caring must be a cornerstone of our professional interactions.
- Diversity and Inclusion: We champion diversity and foster inclusion to advance equity in the workplace and the communities we serve.

Learning Objectives

After reading this chapter, you will

- understand who organizational stakeholders are and their importance in creating the company's strategic intent;
- comprehend that strategic intent consists of three components: mission, vision, and values;
- know the importance of values to a company and how they can be identified; and
- recognize the differences between mission and vision statements and be able to describe how they are created.

Stakeholders and Organizational Purpose

Stakeholders
Persons who have a claim to or obtain some benefit from an organization.

Organizations are created to accomplish some aim or output for a group(s) of stakeholders efficiently and effectively. **Stakeholders** are individuals and groups that have some investment in an organization or obtain some benefit from it. Ultimately, organizations exist for the benefit of their stakeholders. For instance, the values, mission, and vision of ACHE define healthcare professionals as ACHE's stakeholders and its purpose as advancing members and healthcare management excellence. Other organizations' outputs might be the manufacture of cars or prescription drugs or the provision of community benefits or healthcare services, to name a few.

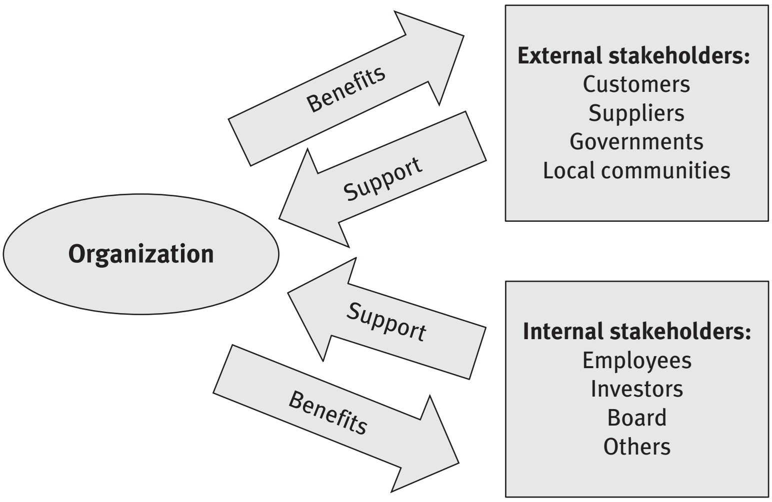
Types of stakeholders range extensively, but major classifications include internal groups and external groups. Internal stakeholders have connections inside an organization. Employees, investors, stockholders (of publicly held companies), and board members are internal stakeholders. External stakeholders may include customers, suppliers, governments, local communities, and the general public. As shown in exhibit 6.1, a reciprocal relationship exists between an organization and its stakeholders. As the American Society for Quality (ASQ), a quality improvement organization, states, stakeholders are an "individual or group that has an interest in any decision or activity of an organization" (ASQ 2021). For example, organizations seek to attract customers by offering products or services that benefit the consumer and at the same time seek benefits in the form of payments or other types of support (e.g., reputation, regulatory approval). The number of stakeholders can appear immense for a healthcare organization and may include

- nongovernmental organizations (NGOs);
- program managers and staff;

- purchasers and suppliers;
- regulators;
- shareholders and owners;
- local, state, and regional coalitions;
- state education agencies, schools, and other educational groups;
- universities and educational institutions;
- local government, state legislators, and state governors;
- privately owned businesses and business associations;
- healthcare systems and the medical community;
- religious organizations;
- community organizations; and
- private citizens (Sharfstein 2016; ASQ 2021).

An organization must consider both its stakeholders' needs and the support it requires when formulating and implementing its strategies. If the organization fails to consider one or both interests, stakeholders may withdraw their contributions, and the organization may incur serious negative consequences as a result. For example, key governmental entities might refuse to grant crucial approvals, investors may withdraw critical capital funds, or customers may seek services and products from other organizations. Neglecting to attend to the interests of key stakeholders can contribute to poor implementation of strategic decisions and subsequent failure. Integration and an understanding of key stakeholders are important in all organizations but can be especially critical

EXHIBIT 6.1 Relationship Between Stakeholders and Organization



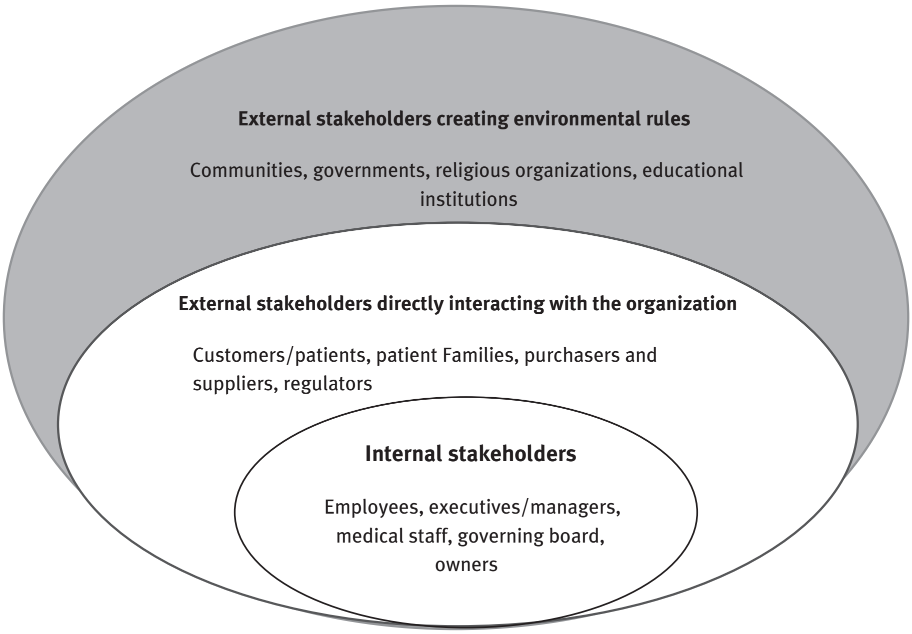
in public organizations, many of which are healthcare providers (Bryson 2004; Huotari and Havrdova 2016).

Stakeholders can be placed into three general categories, as shown in exhibit 6.2. Although the categories overlap and interact, it can be informative to visualize them separately. Internal stakeholders are those with an employment, governance, or ownership relationship with an organization. The next level involves external stakeholders who directly interact with an organization. The third level includes external stakeholders that indirectly affect the organization by creating the rules of what is acceptable legally and culturally (Hunt, Nuttall and Yamada, 2021).

The following questions help ascertain which important stakeholders should be selected:

- Does the stakeholder have a significant effect on the organization's performance?
- Can you identify what input and assistance you want from the stakeholder?
- Do you want the relationship with this stakeholder to grow and develop?
- Can you exist without or easily replace this stakeholder? (Kenny 2014)

EXHIBIT 6.2
Three Layers of Stakeholders



Strategic Intent

A key function of leaders is the crafting of their organization's strategic intent in order to signal where the organization needs to go. For example, ACHE aims to be the preeminent professional society for healthcare executives. **Strategic intent** is a key gauge of an organization's relationship with its stakeholders. It identifies stakeholders most important to the organization and the benefits they are to receive. It also should be a statement of commitment to stakeholders and the basis on which the organization defines its successes and failures. Strategic intent should aim to fulfill the organization's mission and should express the organization's values and the stakeholders' values. It defines what an organization does, how the organization accomplishes it, and what the desired outcomes are.

Strategic intent
Statements, including mission, vision, and values, that describe an organization's perception of its purpose, its direction, and acceptable conduct.

Strategic intent informs all of an organization's decisions about its future. Organizations that are unclear on their strategic intent or base their activities on multiple strategic intents set conflicting priorities, waste resources, suffer from indecision, and frustrate their workforce (Konovalov 2021). Strategic intent should be realistic and unambiguous and directly reflect the beliefs and desires of senior managers. A statement meeting these criteria often is difficult to establish. Even if an organization has taken the time to craft a written document defining its strategic intent, it may not be tied to the organization's actions. Properly constructing and communicating strategic intent "in ways that are both unambiguous and persuasive, setting forward what is to be sought in the longer run" is critical to organizational success (Useem 2016).

As illustrated in exhibit 6.3, strategic intent is composed of the values, mission, and vision of an organization. Although in practice these terms sometimes are used interchangeably—especially *mission* and *vision*—they have different definitions and purposes. Strategy texts commonly order these terms as mission, vision, and values; however, values are the foundation of the mission and vision and therefore should precede them.

Values
Statements expressing the ethics that guide an organization's actions and processes and standards for behavior among its staff.

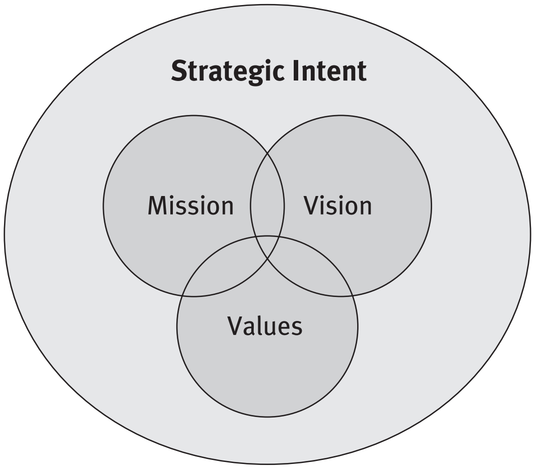
Mission
A statement of an organization's purpose, aims, and values.

Vision
A statement of the desired future state of an organization.

Values indicate how the organization should act; they define acceptable and unacceptable behavior. **Mission** reflects these values by expressing the organization's standards and purpose. **Vision** provides direction by depicting the organization's desired future state. Values, mission, and vision are interrelated and, if properly crafted, enable employees to understand and articulate the organization's core strategy and priorities.

For organizations to enjoy sustainable prosperity, they must be driven by their mission and vision and be committed to practicing a set of values. Both should direct and mold a company's culture and need to be incorporated into all organizational operations and processes, including hiring, performance review, promotion, reward, and dismissal (Nelson and Gardent 2011; Regan 2012; Yohn 2021).

EXHIBIT 6.3 Relationship Between Strategic Intent and Mission, Vision, and Values



As stated in chapter 1, organizations' diverse strategic intents drive widely different strategies. Diverse organizational intents engender dissimilar values, missions, and visions as well as different approaches to strategy, especially in the healthcare sector, where different segments consist of a dissimilar mix of for-profit and not-for-profit organizations. Exhibit 6.4 shows that the percentage of for-profit organizations in different healthcare service segments varies from only 21 percent among acute care hospitals to almost 100 percent

EXHIBIT 6.4 Percentage of US Healthcare Organizations That Are For-Profit, by Type

	Percentage for Profit
Acute care hospitals[1]	20
Hospice programs[2]	68
Psychiatric hospitals[3]	25
Home health agencies[4]	81
Nursing homes[5]	70
Dialysis centers[6]	88
Medical device companies*	≈ 100
Pharmaceutical companies*	≈ 100
Physician practices**	≈ 100

Sources: American Hospital Association (2021);[1] CMS (2021);[2] Michas (2022);[3] CDC (2022);[4] Harrington et al. (2021);[5] Merrefield (2020)[6]

*Estimated.

** Excludes employment arrangements

among pharmaceutical companies, physicians, and medical device companies. In addition, strategic intent differs among academic medical centers; community owned facilities; rural and urban organizations; large corporations; and small, family-owned companies. Strategic intent also may vary between single-market organizations and organizations that are part of multimarket systems. Furthermore, different healthcare organizations may have different stakeholders and different purposes.

Although organizations differ in their emphasis and focus, the basis of all successful strategies is the organization's strategic intent: its values, mission, and vision. Too often, however, a disconnect exists between the writing of the strategic intent and its inculcation in an organization's strategies and actions. The components of the strategic intent sit in a document on the CEO's desk or are inscribed on a plaque hanging on the wall. Researchers have noted that executives often compose beautiful strategies that are never implemented. Staff members do not internalize the written documents or use them as guides for making difficult decisions (Walston and Johnson 2021).

As mentioned in chapter 1, competitive advantage has too frequently been the "Holy Grail" of companies' strategy, no matter their stated missions (Chiquan 2007). Profits and shareholder returns have often become paramount. That paradigm has been prominently taught in most business schools and related strategy texts (Wu 2013). However, this book highlights the need for organizations to develop, publish, and base strategies on their stated strategic intent. Organizations focusing on their strategic intent will seek "mission advantage" to judge their success.

When managers write the strategic intent and seek to communicate it to stakeholders, yet the intent does not inform and drive strategic actions, serious damage can result. Organizations create problems for themselves when they espouse wonderful-sounding values, missions, and visions and then act contrarily to these dictates. They find themselves at odds with their stakeholders and may face civil and criminal penalties. The indictments and fines they suffer can lower their stock prices, tarnish their public image, and damage their employees' morale.

Values

As stated earlier, *values* are the foundation of an organization's mission and vision. They express the ethics that guide an organization's actions and processes. Values should be the final metric by which an organization determines whether it has succeeded or failed. If an organization achieves its goals or benchmarks, especially financial ones, but does so by violating its values, it has failed. Likewise, if an organization with a culture and embedded values that promote innovation makes an honest but unprofitable investment or if it fails to achieve a written strategy because of changing market conditions, it still could be deemed a success.

As exhibit 6.5 shows, Thomas J. Watson Jr., former CEO of IBM, believed that following organizational values is more important than organizational outcomes. The ultimate criteria for evaluation should not be bad investments and untoward results but rather the application of organizational values, which, in this case, were innovation, trust, and respect.

Many organizations set aside their value statements and fail to ingrain them into their culture. Too often statements are used only as marketing slogans, or organizations fixate on financial results and profits. When managers stress financial outcomes and ignore other stated values, ultimately a company's culture, reputation, and long-term viability suffer.

Emphasis on short-term profits is a common mantra of some for-profit firms seeking to maximize shareholder value. Scholar have long suggested that this single-minded focus is flawed at its core and not sustainable over the long term (Drucker 1959). A primary value of maximizing profits cannot motivate large groups of employees to deliver exceptional performance, and organizations driven by profits lose their direction over time (McLeod and Lotardo 2021). They are ships without a real rudder to direct their actions. Leaders may practice contingent ethics, changing their values from situation to situation, and make opportunistic short-term decisions that have disastrous long-term consequences.

If adhered to appropriately, values can be essential principles guiding all of an organization's actions and the basis of its culture. Values should create the ethical environment in which all employees function. They should inform organizational decisions and be used to resolve conflicts. For values to function as a guide, all internal stakeholders should be aware of them, accept them, and integrate them daily into their organizational decisions and actions (Nelson and Gardent 2011; Gleeson 2021). Authors have suggested that ingrained values in hospitals contribute significantly to lower patient mortality rates (Curry et al. 2011; Lee et al. 2021).

Values should endure across time. Strategies will (and should) change, but values should not. Values must be deeply embedded in an organization's

EXHIBIT 6.5
Interpreting Results on the Basis of Organizational Values

Thomas J. Watson Jr., CEO of IBM between 1956 and 1971, was a key figure in the information revolution. Watson embedded in IBM the values of innovation and creativity. In one case, a young executive had made some investments that did not work out, and the decision cost IBM several million dollars. He was summoned to Watson's office, fully expecting to be fired. As he entered, he asked Watson whether he wished him to resign. Watson is said to have replied that he had just spent a couple of million dollars educating the junior executive, so why should he be fired?

Source: Schein (2010).

culture and in the hearts and minds of its employees, not just written and hung on a wall.

Values should be based on the core beliefs and expectations of key shareholders. The following guidelines describe one method for understanding and establishing an organization's values (Walston and Chou 2012):

- *Ascertain key stakeholders' expectations for the organization.* In some organizations, the owners might be the only group deemed to be truly important. In others, multiple groups—including owners, customers, employees, and suppliers—might be powerful enough to be included. As chapter 8 discusses, one way to identify key stakeholders is to ascertain who would suffer the most if the organization ceased to exist. Once key stakeholders are identified, the organization can conduct surveys or interviews to determine which values stakeholders believe to be important. Questions might focus on what employees want the organization to be known for; what makes employees proud to be affiliated with the organization; who the organization's heroes are, and why; and, among the organization's ethical values, which five are most important.
- *Identify common values among stakeholders.* Commonly expressed values should be identified and related values merged to establish the ethical base of an organization's purpose. Managers should place an emphasis on values that distinguish the organization from its competitors.
- *Make values visible and tangible to employees.* Make organizational values visible and tied to performance. Clearly incorporate the values into employees' (including the CEO's) evaluations to assess how well they live these ideals. Link values to measurable strategic outcomes, such as satisfaction scores or error rates.
- *Keep values memorable.* Express values in terms that stakeholders understand and can remember. As a rule of thumb, organizations should establish no more than seven values. The best values statements consist of more than just a word or a phrase; they also include a brief description.

Organizations can also use written values to shape employees' attitudes toward different categories of stakeholders. Values' influence on staff is especially important in healthcare, given its many vulnerable stakeholders. A good example of a values statement aiming to instill expected behaviors is that of Dignity Health, a large hospital system with 39 hospitals across 22 states (see exhibit 6.6).

EXHIBIT 6.6
Values Statement of Dignity Health

Through teamwork and innovation, faith and compassion, advocacy and action, we endeavor every day to keep our patients happy, healthy, and whole. . . .

Our Values

Compassion
- Care with listening, empathy and love.
- Accompany and comfort those in need of healing.

Inclusion
- Celebrate each person's gifts and voice.
- Respect the dignity of all.

Integrity
- Inspire trust through honesty.
- Demonstrate courage in the face of inequity.

Excellence
- Serve with fullest passion, creativity and stewardship.
- Exceed expectations of others and ourselves.

Collaboration
- Commit to the power of working together.
- Build and nurture meaningful relationships.

Source: (Dignity Health 2021a)

Dignity Health (2021b) also developed a document titled "Standards for Mission Integration" that addresses organizational identity, spirituality, ethics, and community health at both local and system levels. These standards expand on Dignity Health's written values and provide key care and business metrics for evaluating how successfully the system is implanting its organizational identity, spirituality, and ethics. For example, one portion of the Organizational Identity section states (Dignity Health 2021b, 21):

> Dignity Health's mission and core values are demonstrated in business center operations and are experienced in organizational culture.
>
> - Policies reflect and, as appropriate, reference mission and core values (dignity, justice, collaboration, excellence and stewardship) in both content and processes.
> - Mission and core values are used as a resource in quality improvement of business center processes.

- Collegial and customer interactions are characterized by humankindness—effective listening, respect, empathy and kindness.
- Employee surveys are used to evaluate and improve the effectiveness and integration of the organization's mission and core values.

Dignity Health further reinforces its values by producing an annual sustainability report. In this report, Dignity Health outlines its initiatives and goal achievements that reflect its established values and relates anecdotes of how its goals, mission, and values are being fulfilled. For instance, as shown in its "Sustaining Our Healing Ministry: Fiscal Year 2012 Social Responsibility Report," Dignity Health describes how its actions are affecting its key stakeholders and fulfilling its strategic priorities through "humankindness," which is driven by its values.

> Humankindness is the lens through which Dignity Health views our decisions and behaviors to create a unified culture of kindness, dignity, and respect. Permeating all experiences that individuals have with our organization, humankindness represents a promise to patients, their families, caregivers, and the communities we serve. (Dignity Health 2019, 39)

Dignity Health's approach is one example of how values can be instilled in an organization. Managers can accomplish this objective through a variety of means. Periodic and annual reviews such as those prepared by Dignity Health can be helpful. However, the actions of top executives exert a greater influence on organizational behaviors. Ultimately, executives are responsible for establishing values and ensuring ethical conduct. In general, employees gauge whether an organization's values have been incorporated into its culture by their perception of executives' behavior.

Line employees often perceive the organizational environment differently from executives. Therefore, to better assess the gap between existing, written values and actual behavior and culture, organizations should consider a structured values review process. This process might include the creation of a work group to examine the organization's beliefs and practices rigorously. The work group could host a series of focus groups that include clinical and nonclinical staff to learn which values reflect actual practice and identify behaviors that run counter to them. After a series of four to five focus groups, the work group would be able to identify common themes and gaps that need attention. From this information, the group could create an improvement plan and enact it with the direct support and participation of a top executive.

As mentioned earlier, annual employee evaluations should directly incorporate the values of the organization. For example, employees could be rated on each value. An evaluation based on Dignity Health's values might read as follows:

> In what ways does the employee exemplify Dignity Health's values? Review the following list of values and comment on where the employee excels and where the employee could improve. Please provide job-related examples.
>
> A. Compassion:
> B. Inclusion:
> C. Integrity:
> D. Excellence:
> E. Collaboration:

Mission

An organization's mission is an enduring statement of core organizational purpose that distinguishes it from other organizations and identifies the scope of its operations in terms of products and markets. Scholars and management consultants popularized mission statements in the 1980s. By 2006, about 85 percent of large companies had written mission statements (Holland 2007). Yet some claim that mission statements are not used effectively and have little impact on performance:

> Mission statements are ineffective because they simply reinforce top executives' salient beliefs, making them more inward-focused and detracting strategy from important customer needs. . . . For many companies, formulating a mission statement is a closed-door process facilitated by a consultant, but with no test of its internal or external validity among its customers." (Falk 2021)

In addition, about 80 percent of mission statements are found to be boring and unmemorable. Too many organizations create "cookie cutter" visions that do not provide strategic direction and fail to inspire employees.

Inspiring an organization's mission should be the foundation of its strategic direction and reflect its values. The mission indicates which stakeholders are most important, and its fulfillment is the basis for judging an organization's success. As shown in exhibit 6.7, a mission statement's construction can make a big difference.

The statement should be written in the language of the organization's stakeholders, not jargon that might be popular in the business literature. Average people rarely find such jargon compelling—for instance, words such as *synergy*, *monetize*, and *paradigm* fail to convey meaning to employees and unnecessarily obscure meaning. Moreover, if an employee, a patient, or a community member cannot understand the language used, it should be revised. The primary intent of mission statements is to clearly communicate an organization's

EXHIBIT 6.7
Attributes of Good and Bad Mission Statements

Good Attributes		Bad Attributes
• Language stakeholders use	⟷	• Jargon stakeholders not use
• Stirs emotions and inspires	⟷	• Lacks emotion and feels uninspiring
• Tells the "why"	⟷	• Tells only "what" or "how"
• Is concise	⟷	• Is length and rambling
• Moving spoken aloud	⟷	• Hard to verbalize
• Memorable	⟷	• Forgettable
• Actionable	⟷	• Hard to quantify
• Specific	⟷	• Vague
	⟷	
	⟷	

purpose to internal and external stakeholders. To do so, statements must be concise and must touch employees' hearts. A mission becomes meaningful only when it begins to affect the behavior and actions of stakeholders (Darbi 2012; Gossett 2021).

For example, although most people worldwide have heard of Walt Disney, many may have had difficulty understanding the company's old mission statement and reconciling it with their perceptions of the company (Walt Disney Company 2013): "The Walt Disney Company's objective is to be one of the world's leading producers and providers of entertainment and information, using its portfolio of brands to differentiate its content, services and consumer products. The company's primary financial goals are to maximize earnings and cash flow, and to allocate capital toward growth initiatives that will drive long-term shareholder value." This mission statement was very wordy, used jargon, and did not clearly communicate its purpose. Compare it with their current mission statement: "The mission of The Walt Disney Company is to entertain, inform and inspire people around the globe through the power of unparalleled storytelling, reflecting the iconic brands, creative minds and innovative technologies that make ours the world's premier entertainment company" (Walt Disney Company 2021). The newer version is simpler and better conveys what Disney does.

A mission should keep management focused on meeting the needs of key stakeholders. The mission should be a guide to establishing actionable goals, performance measures, and structures aimed at creating value for stakeholders. The mission should address the organization's reason for being (what the organization does), why it does what it does, and for whom it does it, not just what it does. As a direct outgrowth of the organization's values, the mission guides leaders to make ethical choices and allocate resources appropriately. It is the foundation on which to base the answer to the question, are we doing the right things for the right reasons (Walston and Johnson 2021)?

Key components of a mission statement include a definition of the organization's product or service, the organization's standards and values, and the population or key stakeholders the organization serves. The mission also sets boundaries beyond which the company does not venture. Some missions target a specific customer base. For example, an organization may state in its mission that it serves a special demographic segment (e.g., women, children) or a particular region.

The purpose of the mission statement is to describe the organization's competitive advantage: what the organization does differently or better than others (Walston and Chou 2012). The mission statements of organizations in an industry often are too similar, using similar common jargon and lacking elements that distinguish them from their competitors. Healthcare is not immune from these problems. Common mission statements include such wording as "providing world-class services" and "setting the community's quality standards." This lack of difference is frequently reflected in public relations materials that focus on the soft, caring aspect of healthcare employees. Most organizations over time tend to imitate their competitors and copy their structures, policies, and practices. This isomorphism suggests that, especially in fields such as healthcare, in which goals are ambiguous and great uncertainty exists, organizations may copy others because of external pressures from laws, accreditation rules, and professional associations (DiMaggio and Powell 1983; Currie 2012).

Although the content of successful companies' missions varies, generally missions should contain (1) the services or products offered, (2) the values and standards that distinguish the organization, and (3) the market(s) in which the organization operates. Organizations express missions in many ways. Some are precise; others are lengthy. A mission statement should be long enough to be distinctive and guide an organization's strategies but concise enough that employees can remember and apply it. If a mission statement is too long, no one will recall and use it effectively to drive strategies and actions. For instance, in the past Avon had a mission statement of 249 words that covered "everything from surpassing competitors to increasing shareholder value to fighting breast cancer" (Zetlin 2013). Clearly, few will remember or even read a statement this long. Short mission statements are easier to remember and communicate. Eli Lilly, a major pharmaceutical company, has a 17-word mission statement that reads: "Lilly unites caring with discovery to create medicines that make life better for people around the world."

As a rule of thumb, mission statements should contain no more than 100 words (less than 35 words is best) and between two to four sentences (Nike 2017; Boitnott 2019). Moreover, a mission statement should provide credible information about an organization. Again, while the mission statements of some successful companies do not appear to correspond to their line of business, a mission is more credible when employees and customers can relate the statement to the organization's actual actions and products or services. A mission statement that incorporates terms or content that is discordant with the organization's operations is unlikely to inspire stakeholders and motivate staff. For example, consider Coca-Cola's statement of purpose: "Refresh the world. Make a difference" (Coca-Cola 2021). Although Coca-Cola is a highly successful company, its mission statement does not accurately describe the products it offers. The phrase "refresh the world" has little to do with beverages and could apply to many products that reinvigorate and energize.

Like companies in other sectors, healthcare organizations should not use nondescript, generic statements—for example, "providing the highest quality of care for the lowest possible cost"—that in some derivation appear in many mission statements. Such declarations are virtually meaningless. In this example, the lowest possible cost is clearly zero. One might surmise from this mission that the organization aims to spend little or nothing and rely largely or exclusively on volunteer services.

The experience of King Faisal Specialist Hospital (KFS) of Saudi Arabia, related in exhibit 6.8, demonstrates the development of a meaningful, distinctive mission statement. KFS had to determine what its actual purpose was and what functions existed to support that purpose. Instead of embracing multiple purposes, the hospital determined that its primary reason for existence was the provision of specialized medical services. Education and research were important but only secondary to KFS's focus—patient services.

Too often, mission statements bear little relationship to a company's actual operational focus. To be more than a public relations device, the mission needs to reflect all key aspects and behaviors of an organization (Walston and Johnson 2021). Many healthcare organizations' mission statements have been fixated on quality and omit critical factors, diminishing the mission's impact on their performance (Clarke 2009).

This issue is pronounced for many for-profit healthcare organizations whose mission (and sometimes vision) statements do not address the financial returns required by their key stakeholders. Statements of for-profit companies that do not include expected returns—a primary purpose of for-profit companies—are less credible and often may fail to motivate employees, especially when their leaders focus intensely on profitability. In these situations, employees commonly feel that their leaders' actions contradict their organization's stated mission.

EXHIBIT 6.8
Determining the Real Mission That Drives an Organization

King Faisal Specialist Hospital (KFS), a 936-bed tertiary facility in Saudi Arabia focused primarily on highly sophisticated and complicated cases, was affiliated with a medical school and had many residents but did not provide education. The hospital had developed a semiautonomous research center that had studied a number of different topics. KFS's mission stated, "The KFS Hospital will provide medical services of highly specialized nature and promote medical research and education programs, including postgraduate education training, as well as contribute to the prevention of disease."

To facilitate its planning process, the hospital hired a consultant. Subsequently, KFS's top managers held a meeting to discuss the hospital's mission statement and determine whether it should be changed. The consultant identified four main purposes for the existence of the hospital in the mission statement:

1. Provision of highly specialized (tertiary and quaternary) services
2. Promotion of medical research
3. Promotion of educational programs, including postgraduate training
4. Prevention of disease

Discussion ensued regarding the actual importance of these four areas at KFS Hospital. The meeting attendees finally agreed that the real purpose of the hospital was to serve as the referral center for tertiary and quaternary services in Saudi Arabia and that the other three reasons were secondary to this focus. One person pointed out that the hospital provided few preventive services. Following extensive comments and wordsmithing, the group agreed on the following mission statement: "The KFS Hospital exists to provide the highest quality, specialized healthcare through an integrated education and research setting."

This statement clarified that the real purpose of the hospital was the provision of specialized healthcare and that the research and educational programs were engaged to help provide the specialized patient services and therefore should be directly tied to a process to increase the sophistication and competence of the provision of highly specialized healthcare.

Source: King Faisal Specialist Hospital (2017).

For example, a prominent for-profit healthcare system lists the following as its mission and values statement, which is silent on profitability and return on investment (HCA 2017):

> At HCA Healthcare, we are committed to the care and improvement of human life. We put our patients first and affirm the unique worth of each individual. Exceptional healthcare is built on a foundation of inclusion, compassion and respect for our patients and for each other. Above all else, we are committed to the care and improvement of human life.

- In pursuit of our mission, we stand by the following value statements:
- We recognize and affirm the unique and intrinsic worth of each individual.
- We treat all we serve with compassion and kindness.
- We trust our colleagues as valuable members of our healthcare team and pledge to treat one another with loyalty, respect and dignity.
- We act with absolute honesty, integrity and fairness in the way we conduct our business and the way we live our lives.

Yet in the author's experience, this system focuses extensively on profitability, with its pretax income $3.75 billion in 2020 (HCA 2021).

Compare this mission statement to that of Novartis, a for-profit global pharmaceutical company (Novartis 2021):

> Our purpose is to reimagine medicine to improve and extend people's lives. We use innovative science and technology to address some of society's most challenging healthcare issues. We discover and develop breakthrough treatments and find new ways to deliver them to as many people as possible. We also aim to reward those who invest their money, time and ideas in our company.

This statement balances quality and profits and more accurately captures the company's overall purpose.

Organizations should review their mission statements periodically to evaluate their effectiveness and relevance and ensure that organizations' actions are in line with their missions. The following questions can help organizations identify aspects that are missing or in need of modification. Does the mission (Sufi and Lyons 2003) do the following?

1. Define the organization's products or services and the markets in which it competes
2. Communicate where the company is and where it is going
3. Define and express concern for its key stakeholders
4. Motivate employees and reflect actual daily practice
5. Discuss the organization's commitment to economic objectives of prosperity, growth, and profitability
6. Incorporate the organization's basic beliefs, values, aspirations, and philosophical priorities
7. Indicate the competence or competitive advantage that distinguishes the organization from its competitors
8. Suggest the level and nature of the organization's social commitment

In summary, mission statements must inspire and call employees to action by being meaningful and free of jargon. One academic estimated that only 10 percent of mission statements say something meaningful (Holland 2007). Missions should direct organizations to focus their energies, help leaders develop action plans and allocate resources, and both constrain and guide strategies and tactical actions.

Vision

The third part of an organization's strategic intent is its vision. While some organizations combine their vision and mission, the two have different purposes. The vision is the organization's desired future state—what it wishes to become—while the mission describes the organization's existing purpose and practices. A clearly articulated, widely held vision can highly motivate employees (Walston and Johnson 2021).

Leaders should understand and use the vision to build goals and strategic actions. It should be intrinsically tied to employees' work so that they feel proud and excited to be part of a design much bigger than themselves. The vision also should challenge and stretch the organization's capabilities and image of itself and set a time horizon of at least five to ten years. Organizations create visions through a visualization process in which leaders imagine what the organization should be. Good vision statements ground and direct an organization and give shape to its future and are especially helpful during turbulent times of change.

As described in exhibit 6.9, employees who understand the real purpose and vision of their organization and believe they are working toward a meaningful end will be more fully committed to their jobs. Stressing financial returns and profits alone will not inspire this level of motivation.

Vision statements can be even more important in not-for-profit organizations. Without a primary bottom-line focus, not-for-profits can use an effective vision as a guide to meeting the challenges of their environment (Kilpatrick and Silverman 2005; Conrardy 2021). A concise vision written in

EXHIBIT 6.9
Who Has the Vision?

A man was passing by a work site where bricklayers were building a wall. It was still too early in the construction process to see what they were building. The man stopped and asked, "What are you doing?" One worker answered, "I am laying bricks." The man continued on his walk and then stopped to talk to a second worker further along the construction site. Again, the man asked, "What are you doing?" The second worker responded, "I am building a tall, strong wall." The man thanked the second worker and continued walking. Near the end of the work site, the man stopped a third time to ask another worker the same question. The third worker faced the man and stated, "I am building a cathedral for the glory of God."

Whose response captured the essence of a vision, and how do you think it influenced the quality of his work?

clear language can provide specific, meaningful ideas to solidify an organization's goals and direction.

An organization can evaluate its vision statement by asking the following questions:

- Does the vision place the organization on the correct path to where it wants to go?
- Are the organization's current strategic actions consistent with the vision?
- What needs to happen this year, next year, and in three years to achieve the vision?
- Will achievement of the vision meet key stakeholders' needs? How?
- Does the vision depict a future that will be challenging to achieve, yet is attainable?

Like missions, visions should be relatively short and written in understandable language. Employees should be able to remember the statement's key components easily. Poor vision statements often include bland, generic phrases, interweave goals and objectives, and speculate on the unknown. For example, the author consulted with one hospital in the northwestern United States that embarked on a five-year project to change its culture and dramatically lower its costs. The vision, set by the CEO, was to say "welcome to a journey of change." Employees were confused and seemed cynical about the vision. It was unclear about the hospital's desired outcomes and did not motivate employees as the CEO had hoped.

Visions should be specific enough that someone not familiar with the organization would still be able to identify the industry to which it belongs. For example, one company's vision—"First for customers, first for employees, and first for shareholders"—is so nonspecific that it could be from any industry. As a result, it was of little benefit to the company. In contrast, the vision of LifePoint Hospitals, a national for-profit healthcare system, is clear and concise and identifies the healthcare sector (LifePoint Hospitals 2021):

> We want to create places where:
> - Patients choose to come for healthcare,
> - Physicians want to practice, and
> - Employees want to work.

In addition to customizing the vision for the field, LifePoint's vision specifies three key stakeholder groups and measurable outcomes.

On the other hand, some organizations create visions that are too specific, long, and complex to be useful. For example, the vision statement of Snohomish

County Human Service Department for Long Term Care and Aging is rather long and complicated (Snohomish County 2018):

> Snohomish County Long Term Care & Aging is dedicated to creating and sustaining:
>
> - a caring and compassionate community that fully understands the aging process and the issues involved in meeting the needs of older persons
> - a community that endeavors to improve the quality of life for older persons, their families and caregivers in Snohomish County
> - a community composed of older persons who maximize their independence and have freedom in life choices
> - a community where older persons are respected, valued and accepted as individuals who both contribute to and are supported by the community
> - a community that supports and reaches out to older persons who are disabled, isolated, low-income, persons of color, limited English speaking, or any who face barriers to full participation in programs and services.
>
> This vision for a compassionate, elder-friendly community would ensure that all older persons, especially older adults who are vulnerable or disabled:
>
> - have adequate income for retirement
> - have their basic need for food, nutrition and shelter met,
> - have access to affordable health care, including dental care, mental health services and prescription medications,
> - have meaningful opportunities, both paid and volunteer, to remain active in the community,
> - are supported in their efforts to plan and manage their own lives,
> - are protected from abuse, neglect and exploitation,
> - are linked to the community, regardless of their geographic location, income, cultural background or ability to speak English,
> - are able to readily gain information and assistance in accessing services,
> - have affordable housing options and a transportation system providing access to community activities and services
> - benefit from a physical environment that encourages connection rather than isolation.

Although the second paragraph states the desired outcomes of this vision, there appear to be far too many potential metrics. The length of this vision statement and its multiple aims make it difficult to remember and to incorporate into strategic decisions.

In summary, a vision should

- be part of an organization's strategic intent,
- express what the organization wants to become,

- foster commitment and galvanize employees to action,
- be short enough to remember and be understandable, and
- show employees what they are striving for and give meaning to their work.

Chapter Summary

Organizations are created for the benefit of their stakeholders. At the same time, stakeholders support and invest in organizations. Many different groups of stakeholders exist, and some are more important to an organization than others. Key stakeholders should be highly involved in the creation and implementation of an organization's strategic intent. Strategic intent consists of values, missions, and visions. For organizations to enjoy sustainable prosperity, they must be driven by their mission and vision and be committed to practicing a set of values. Companies' strategic intents will vary, according to the purpose of an organization. In healthcare, a wide variance is found between not-for-profit and for-profit organizations, depending on the type of service. More than three-fourths of hospitals in the United States are not-for-profit; more than 80 percent of home health agencies, dialysis centers, and medical device and pharmaceutical companies are for-profit. Whatever the strategic intent, organizations' actions should be consistent with their mission and vision.

Values guide an organization's decisions and actions. They state what is and is not acceptable behavior; they are the foundation of the organization's culture. The aim to maximize profits will not motivate employees over time. Values can be essential principles guiding all of an organization's actions and forming the basis of its culture. Values should create the ethical environment in which all employees function, informing organizational decisions and helping to resolve conflicts.

An organization's mission is an enduring statement of core organizational purpose that distinguishes it from other organizations and identifies the scope of its operations in terms of products and markets. Missions describe what a company does, why, and for whom. Most companies possess written mission statements. Yet many are not well written or are not used effectively to motivate employees. To inspire an organization's mission should be the foundation of its strategic direction and reflect its values. The mission indicates which stakeholders are most important, and its fulfillment is the basis for judging an organization's success. A mission should use clear, understandable language, not jargon. It becomes meaningful only when it begins to affect the behavior and actions of stakeholders. It is the foundation for the answer to the question, are we doing the right things for the right reasons? At minimum, mission statements should contain (1) the services or products offered, (2) the values and standards that distinguish the organization, and (3) the market or markets in which the organization operates.

Vision statements point to a future state the organization seeks to emulate. While some organizations combine their vision and mission, the two have different purposes. The vision describes the organization's desired future state—what it wishes to become—while the mission describes the organization's existing purpose and practices. To be effective, mission and vision statements must be credible and clear. Leaders should understand and use the vision to compose goals and strategic actions. The vision also should challenge and stretch the organization's capabilities and image of itself and set a time horizon of at least five to ten years.

Chapter Questions

1. What is a stakeholder? What are some common groups of stakeholders in healthcare?
2. Why would groups' or individuals' interest in and power to influence an organization determine whether they are key stakeholders? What other factors might be considered?
3. Does an organization's strategic intent always need to specify a mission, a vision, and values separately? Why or why not?
4. How might an organization's culture reflect its established values?
5. What are the three essential components of a mission?
6. Why do many organizations fail to use their mission and vision effectively?
7. What is the purpose of a vision?

Chapter Cases

Case Studies

In the case studies section at the end of the book, read and discuss one of the following cases: "An Orthopedic Group Decides to Construct a Specialty Hospital," "The Struggle of a Safety Net Hospital," or "Build a New Service Because of a Large Donation?" Answer the questions at the end of the case.

The Unknown Mission and Vision

A consultant was asked to work with a large academic medical center's top leaders on their strategies and future plans. The leaders exhibited a great passion and desire to improve their organization and meet forthcoming challenges. However, they felt that the center's direction was inconsistent. Some indicated that it seemed to adopt each fad and then discard it almost as quickly. Others felt that the center had good strategic goals but did not seem to implement them.

To address these concerns, the consultant presented the principles of values, mission, and vision. As a learning exercise, he asked the leaders to comment on missions and visions he had gathered from several healthcare organizations, including the center's own mission and vision. Discussion ensued regarding the good and bad points of the different missions and visions. At the conclusion of this discussion, the consultant asked the group to identify the organizations to which the missions and visions belonged. Many guesses followed. When they came to the center's mission and vision, no one recognized the statements as the center's own.

Questions

1. Why do you think the leaders did not recognize their own mission and vision?
2. How does this lack of recognition tie in with their perception of inconsistency in the center's efforts?

Mission Matters Merger

In the 1980s, two healthcare organizations with distinct cultures attempted a merger that soon ran into trouble. How, and why, are mergers difficult? Consider the following history.

In 1975, Idaho Falls, Idaho, had two hospitals: Community Hospital of Idaho Falls and Idaho Falls Hospital. The first was managed by a community board and the latter was controlled by Intermountain Health Care (IHC), a regional healthcare system based in Salt Lake City, Utah, more than 200 miles away. To control costs of duplicate management and services, the two hospitals merged in 1978 to form the Idaho Falls Consolidated Hospitals, with two campuses: Parkview and Riverview.

However, the merger dissolved in 1984, and the board of the Community Hospital of Idaho Falls asked Hospital Corporation of America (HCA) to manage the Parkview facility and eventually replace it with a new healthcare

(continued)

facility. Local physicians wanted a single regional medical center, and eventually IHC and the Idaho Falls Community Hospital boards signed an agreement to build a joint venture hospital managed by HCA. In 1985, ground was broken for the HCA Eastern Idaho Regional Medical Center (EIRMC), which opened its doors to patients on December 22, 1986. The 1,074 employees of Parkview and Riverview Hospitals were terminated at midnight on December 21, 1986, and hired by EIRMC one minute later. The members of the medical staff no longer had to cross town to see their patients at two facilities. Significant savings to the community and reduced healthcare costs were predicted.

Although IHC controlled only 49 percent of the joint venture, it expected a collaborative relationship. Senior leaders of IHC trusted that HCA would work with them to maintain reasonable hospital charges and develop appropriate services for the Idaho Falls community. As one leader later reflected, he thought a handshake and promise would suffice.

However, almost immediately, the differences in missions arose and quickly became pronounced. What HCA and IHC thought was good for the community and for themselves appeared incompatible. As a for-profit, HCA's managers immediately focused on reducing costs and increasing prices. IHC, on the other hand, desired cost efficiencies, but nothing as austere as those pursued by the HCA. It also wanted prices to remain lower. But IHC did not manage the facility and only had influence at the board level.

Employees also struggled to work together. The cultures of the two previous hospitals had been very different. Turnover increased and conflicts erupted. These issues and differences became very clear when the board, which was made up of HCA and IHC leaders, was presented with the first EIRMC budget. The profit expectations were more than double what IHC would earn in one of its solely owned facilities. The CEO of IHC wanted this merger to work, but could it?

Questions

1. Why is the merger having difficulty? What factors cause mergers to fail?
2. How does having distinct missions affect how an organization structures its processes and outcomes?
3. What could be done to solve the problems? Is merging a for-profit with a not-for-profit doomed to failure?
4. Can organizations with such different missions merge? If so, how?

Chapter Assignments

1. Use class discussion and reading to infer the potential effect of various statements of strategic intent on organizations' strategic behavior.
   a. Choose two for-profit and two not-for profit hospitals, and identify their values, missions, and visions.
   b. Compare their values, mission, and vision statements. Are there any significant or subtle differences? If you feel they are the same, why?
   c. Does each statement contain the minimum content discussed in this chapter?
   d. Do you think these statements really guide the organizations' strategic actions? Why or why not?

2. Look at the following three mission statements, and evaluate them using the mission evaluation criteria given in this chapter. Which components does each of these statements contain? Lack? What would you recommend to improve these missions? Which could you as an employee understand and use best?
   a. "The American Red Cross prevents and alleviates human suffering in the face of emergencies by mobilizing the power of volunteers and the generosity of donors" (American Red Cross 2022).
   b. "Improving healthcare in every setting—one product, one partner, one patient at a time" (McKesson 2021).
   c. "Discover. Teach. Heal" (UC Irvine Health 2021).

3. Many healthcare organizations have been subject to state and federal fines and criminal investigation. Identify an organization that did not act in accordance with its values, mission, and vision and incurred criminal or civil fines as a result. In a one-page paper, describe how the organization's activities did not reflect its written strategic intent and propose lawful actions it could have taken to embrace its written values and achieve better outcomes.