

*Farm Business Management for the 21st Century***Developing Vision and Mission Statements**

*Cole Ehmke
Craig Dobbins
Allan Gray
Michael Boehlje
Alan Miller*

*Department of
Agricultural Economics*

Purdue University

*Purdue Extension
West Lafayette, IN 47907*

Purdue Extension
Knowledge to Go
1-888-EXT-INFO

In this publication we look at the underlying purpose for which the business exists: its vision and mission. An important key to any successful journey is to start with the end in mind. This is true whether the journey is something like a carefully planned vacation or like the initiation of a new business enterprise or restructuring of an existing business. A vision is the concept of what the firm really wants to be. It captures the imagination of the company and provides a focus for efforts. A firm's mission describes what the business does and what customers it serves. A mission is more specific than a vision in that it establishes the guidelines of how the business fulfills its vision. The information and worksheets in this publication will help you build and maintain a vision for your business.

Vision Statement

During the strategic planning process, farm business managers should write a vision statement and a mission statement for their farm. The vision statement indicates the characteristics of the farm in the future and can help answer many questions about the business. In writing the business vision statement, the farm business management team is trying to arrive at a consensus about what they want the farm to be in the future. Thus, the vision statement for the farm business provides a basis for leading the farm business into the future.

Most vision statements include some aspects of three important elements: a core ideology, an envisioned future, and recognition of service to stakeholders. The core ideology of the vision statement contains a statement about the firm's values and "reason for being." The envisioned future is a statement that describes what the farm will be like if it achieves its most important goals. The final part of the vision statement is the recognition of how the farm business serves its stakeholders, including owners/creditors, employees, and customers, as well as the community and society. It is important that a vision statement be able to stand the test of time and provide guidance to decision makers as they determine the direction of the farm in the future.

If you have never seen a vision statement, it may be helpful to review some examples. The example in Figure 1 is for MBC Farms, a grain and livestock farm located in northern Indiana. The farm consists of 3,000 acres and a 250-cow dairy herd. In addition to commodity corn and soybeans, the farm produces high oil corn and food grade corn. The farm also produces hay and silage that is used in the dairy.

The future envisioned by the MBC Farms' management team is influenced by the things they value. A key element of the visioning process is a reaffirmation of one's

MBC Farms will be an agribusiness focused on the profitable, progressive, and sustainable production of premium-quality, identity-preserved grains, oilseeds, and dairy products. MBC Farms will be a respected, responsible neighbor and an asset to our community. We prefer a rural lifestyle and are willing to embrace change as a means to that end. MBC Farms will provide the opportunity for our children and employees to participate in production agriculture either as owners and/or managers of the business.

Figure 1. Vision Statement for MBC Farms

values. For MBC Farms, operating a profitable business is valued. They also value owning farmland, being good neighbors, and gaining the respect of these neighbors. Providing opportunities for their children in the family business is also important. You can find additional vision statements in Appendix 1.

The vision statement has the potential to provide guidance when unanticipated problems and opportunities present themselves in the future. Having given careful consideration to the future characteristics of the business, farm business managers will find it easier to make decisions about unexpected opportunities in a timely manner. The vision statement also provides a useful starting point for developing a set of goals and objectives for the farm. The goals and objectives of the farm business identify those tasks that must be achieved for the long-term vision of the farm to be accomplished.

This publication provides several exercises to stimulate and organize your thinking about your vision of the farm business: “What Is Desired?”; “Vision/Mission Worksheet”; and “Statement of Our Business Vision.” Take some time to answer the questions. Get other members of the management team to do the same. Set aside some time when members of the management team can share and discuss their vision of the business. The “Statement of Our Business Vision” asks the management team to write a vision statement. This statement should be one that all members

of the management team can agree with. The statement’s format, its length, and items included are not critical. The most important consideration in the development of a vision statement is its usefulness in managing your business.

Mission Statement

Unlike the vision statement, a statement focusing on the future, the business mission statement focuses on the current farm business. The business mission statement outlines “who we are, what we do, and for whom we do it.” It provides a concise summary of the farm business’s purpose. The mission statement deals with what the farm business is about and why.

Usually, the mission statement will be very specific about selected key information concerning the farm business. Examples of key information include customers who are served, products that are produced, key business capabilities, and unique aspects or accomplishments. Any facts that are useful for characterizing the farm business in terms of what it is and what it does could be included in the farm business mission. In some cases, the mission statement is only a short sentence or two.

Again, if you have never seen a mission statement, reviewing examples can be helpful. Figure 2 shows the mission statement for MBC Farms. The MBC Farms mission statement is aligned with the vision statement. The mission statement focuses on the here and now, and it is streamlined. But the connections between the mission and vision are apparent in terms of the focus on grains, specialty crops, and milk production; the focus on profitability; and the focus on doing the things necessary to provide a legacy.

To assist with the development of a mission statement, several exercises are provided to stimulate and organize your thinking: “Vision/Mission Worksheet”; “Developing a Business Mission”; and “Our Business.” The final exercise, “Our Business,” asks

you to develop a brief mission statement describing what the business does, for whom, and the business uniqueness. You can find additional mission statements in Appendix 1. Again, getting input and ideas from all members of the management team is important. Be sure that the statement is one that all members of the management team agree with. The exact format of the mission statement, the items included, and its length are not critical. The most critical aspect of the final product is the extent to which it helps you manage your business.

Final Comments on Vision and Mission Statements

Although many people have preconceptions about what a good vision or mission statement should look like, a focus on appearances is generally not very helpful. Farm business managers should not become distracted by technicalities such as how long or short or how specific or general each statement should be. Instead, they should focus on gaining a better understanding of themselves, their business, and the business environment in which they operate. Any way that you find to clearly express that newfound or rediscovered understanding will produce a useful statement.

The purpose of a farm business vision statement is to express management's vision for the future of the business in words that will provide direction and motivation to everyone involved in the business. An effective farm business mission statement identifies the essential elements of the current business. Because management of most farm businesses involves more than one person, the development of these statements becomes a communications tool for the members of the management team. These statements can also be used to improve communication with other business stakeholders.

More often than not, a gap exists between where the farm business is now and where it wants to be in the future. It is the recognition of this gap that gives strategic planning its power to provide direction and motivation for the farm business. Farm business managers must bridge this gap if the vision is to have any chance of becoming reality. They must evaluate implications of the gap and factor them into farm business goals and action plans.

MBC Farms is a producer of grains, oilseeds, specialty crops, and milk. Our mission is to be recognized by our business associates and competitors as one of the top producers in our area and to make sure that productivity translates into prosperity and growth for everyone involved with our farm.

Figure 2. Mission Statement for MBC Farms

This publication is part of a series on applying strategic thinking to your farm. Each publication has a unique focus, enabling you to select those topics of greatest interest to you. Other publications help identify the important trends in the industry (EC-717), assess the strengths and weaknesses of your business (EC-721), and assess how your business can respond to opportunities and threats (EC-716).

Each publication contains reading materials and work exercises to help you, the farm business manager, develop, review, and, if necessary, modify your strategy for future business success. Other materials are available on-line at www.agecon.purdue.edu/ext/farmplan. This site contains information about strategy as well as financial management. And for still more Purdue Extension educational materials on agricultural economics and farm business management, visit www.agcom.purdue.edu/agcom/pubs/agecon.htm.

What Is Desired?

This set of questions asks you to think about and express what you want to accomplish and make a commitment to. The primary focus is on the business, but because it is a family business, consideration also needs to be given to the family.

1. If our farm could be anything we want in 10 years, what would it be?
2. What new activities will our business be pursuing? What business will we be in?
3. Who will be our customers? What customer needs will our business satisfy?
4. What will the business be especially good at?
5. What will be the roles and responsibilities of family members and employees involved in our business?
6. What do family members and the business value?

Vision/Mission Worksheet

In each of these important business areas, state your mental picture of your current business situation and your preferred future state.

	Now	Preferred Future
Business Products or Services		
Production Practices		
Business Size and Scope		
Markets and Linkages		
Management Structure		
Social Responsibilities		
Work Force (number and skills)		
Customers		

Our Business Vision

Using the notes and discussions from “What Is Desired?” and “Vision/Mission Worksheet,” develop a short vision statement that describes your future business, the areas in which it will excel, and the reasons for pursuing this vision. A vision is a mental picture of a preferred future state, a description of what the farm will be some years from now. It is more than a dream or set of hopes; it is a commitment. The vision provides the context for designing and managing the changes that will be necessary to reach goals. It provides guiding direction for developing strategy, searching out key opportunities, and making resource allocation decisions. Visions are rooted in reality but focused on the future. With that in mind, answer these questions.

In 10 years our business will be:

We will be recognized by our ability to:

We are pursuing these activities because:

Developing a Business Mission

This worksheet asks you to identify several features of the current farm business. These features can then be organized into a business mission statement.

1. What business are we currently in?

2. Who are our customers, and what are they buying from us?

3. How does our business go about satisfying our customers' needs?

4. What skills and capabilities is our business especially good at?

Our Business

Using your notes and discussion of the “Vision/Mission Worksheet” and “Developing a Business Mission,” develop a mission statement that addresses these topics. A business mission provides management’s customized answer to the question, “What is our business, and what are we to accomplish on behalf of our customer?” It describes who you are, what you do, and for whom you do it.

What We Do:

For Whom:

Our Uniqueness:

Appendix 1. Example Vision and Mission Statements

Below are five examples of vision and mission statements developed by farm managers that may help you develop your own statements. Following each statement is a brief analysis.

Boyd Farms

Vision

To have the ability to anticipate and effectively respond to change and to challenge ourselves to better our business. To be perceived as being one of the best farms in our area and to be known by landowners as doing the best job with customer satisfaction. To honor the work of previous generations and provide a thriving company for the future of our family and employees.

Mission

We operate effectively and efficiently as a grower of agricultural commodities and conduct business both responsibly and profitably to benefit our shareholders. We are committed to being a low-cost producer maintaining long-term growth.

In particular we strive to treat all employees as family. In our business:

- No one person will lay claim to the success or failure of the company,
- We will strive to motivate all to achieve company goals, and
- We will encourage a team atmosphere, respecting other employee's ideas and beliefs.

For our landowners we will:

- Produce excellent product with superior timeliness,
- Exhibit honesty and integrity in all landowner interactions, and
- Meet landlords' needs so that we achieve high landlord satisfaction.

Boyd Farms Comment

The vision characterizes the business as one that is responding to changes, being one of the best in the area, and providing opportunities for additional family members and employees. These can all be important sources of motivation. The statement could be improved by describing the customers that the business will be serving and the value these customers receive.

The mission statement expresses several values that are an important part of the business culture—being a low cost producer, respecting employees, and valuing landlord relationships. It could be strengthened by indicating the uniqueness of this business.

Carpenter Farms

Vision

Carpenter Farms is a profit center focused on production of premium quality dairy products for wholesale and retail markets. We strive to be an asset to our community. Carpenter Farms provides a comfortable standard of living for the owners, their children, and employees.

Mission Statement

Carpenter Farms is a producer of dairy products and grain. Our mission is to provide a better life for everyone involved in Carpenter Farms. We seek to maximize returns and create value for those involved while at the same time be good neighbors in our community.

Appendix 1. Example Vision and Mission Statements (continued)

Strategy

Our strategy is to become a family-owned processor of dairy products with the highest quality and confidence possible for the consumer. We are good people committed to straightforward production and delivery of those products.

Values

- We believe true success involves mutual gain.
- We believe in creating value above the cost of all resources.
- We believe that the people involved are the reason the business exists.
- We value the results of hard work and strive to make it enjoyable as well as rewarding.

Carpenter Farm Comment

The vision of their farm is fairly narrow along product lines, but the dairy products are for both the wholesale and retail markets. Indicating the value these two customer groups receive from the business would strengthen the statement. The mission statement indicates that the business produces dairy products and grain. It appears that grain production is only a secondary activity. These statements could be strengthened by more clearly identifying the role of grain production in the future of this business.

The writers of this statement chose to also address the strategy and values that are guiding the business. While these are not part of the typical definition of vision and mission statements, they provided value to this management team and illustrate that these statements do not have to follow a rigid format.

Ernst Farms

Vision

Ernst Farms is a profitable, efficient, diversified family-oriented agricultural operation that uses modern technology and environmentally friendly farming practices to produce high-quality value-added crops and livestock.

Mission

Our mission is to operate an honest, profitable business for us as owners, our employees, landlords, and suppliers. We plan to uphold our community values with integrity and morals by showing loyalty to our local customers, suppliers, employees, landlords, and neighbors as long as it is competitively advantageous and profitable.

Ernst Farms will strive to be the most efficient and best farming operation in the tri-county area by being good stewards of the land, producing weed-free crops, maintaining hard-working employees, providing an enjoyable and safe place to work, and strategically anticipating market changes and making timely, appropriate actions to maximize profitability.

Ernst Farms will strive to remain an economically viable agricultural business. We want to control costs and lower the debt-to-asset ratio while keeping profits and returns in double-digit figures. Risk management will remain a top priority.

Ernst Farm Comment

The vision statement is fairly general. Adding more specifics would make the statement more useful. Trying to address the customer benefits of value-added crops and livestock may help to shift the vision from a production orientation to a more customer-driven orientation.

The mission statement expresses several values that are important to the business. The last part of the mission statement drifts into strategies to be used. The mission statement could be strengthened by trying to identify what makes this business unique.

Kohl Farms

Vision

Kohl Farms, Inc. provides agricultural products to our customers and positions our business for long-term growth. We will strive to preserve our rich farming history, which began in 1839 on the homestead where we currently reside.

Mission

Based upon our vision of long-term growth and preserving our heritage, we will operate our business in harmony with our community and the environment around us. We feel that a progressive farm can be operated with integrity, having concern and consideration for our neighbors, the local community, and the environment.

Our focus is to position ourselves to take advantage of strategic opportunities and/or innovation that enables us to maximize profitability. By being a profitable business and striving for excellence, we will also benefit our landlords, area businesses, and the community in general.

Personal growth, enhancing the quality of life, being successful, and building strong relationships will result.

Kohl Farms Comment

The vision statement is fairly general. Adding specifics about who the products are being produced for and the value that they receive would strengthen the vision statement.

The mission statement identifies several values of the business. Working to describe the uniqueness of their business would strengthen the mission statement.

Nugget Nursery

Vision

Nugget Nursery is a wholesale ornamental nursery stock producer striving to add life to a concrete world through the use of plant material and cultivated minds. We will accomplish this in the following manner.

Product

We find and use raw material suppliers who produce quality, true-to-type material in a responsible, price-competitive manner.

We will add and develop:

- New varieties of plants
- Concepts in marketing strategies
- Methods and techniques (physical and biological) in production and distribution of our product.

Profit

We will profit by:

- Closely monitoring our economies of scale
- Monitoring our cost of goods sold margin
- Our ability and timeliness in turning over product
- Reviewing our position every quarter
- Devising a set of capital investment criteria
- Looking to be in it for the long run

Appendix 1. Example Vision and Mission Statements (continued)

Values

Our team will be treated as each individual would like to be treated. We will be rewarded for our ability, attempts, and acceptance of responsibility to move this company forward.

Our environment, both physical and mental, helps our company grow. We will treat it with respect and care, so that it will thrive even beyond our existence.

We truly believe in helping out customers reach their goals, and will only deal with those that do so in a responsible manner. We will strive to help them market our products better and be more efficient by using our services – truly trusting that we have their best interests in mind.

Nugget Nursery Comment

This statement illustrates that these statements do not have to adhere to a set of rigid guidelines to be useful. It describes the value that this company attempts to provide and the types of customers with whom the company will seek to establish long-term relationships.

