SECTION 3
GENERAL ISSUES IN MANAGEMENT

Management by Missions: How to Make the Mission a Part of Management[1]

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Abstract

Management by Objectives has certain limitations that are not easily overcome simply by including non-financial objectives or by promoting a system of values imported from outside the management system. What is needed, therefore, is a new management system capable of enriching and making sense of the objectives. Management by Missions (MBM) rises above the limitations of MBO and, at the same time, takes into account other innovative proposals put forward in recent years such as Management by Competencies. MBM is based on the idea of distributing the corporate mission to all levels of the company, right down to the particular mission of each individual. Each mission shares in the higher-level missions, so that ultimately everyone has a stake in the corporate mission. The corporate mission is then made operational through objectives. Objectives have no value in themselves but only as a means to fulfill the mission. This new management philosophy is much richer and better able to persuade people to identify with the company they work for and so ensure superior performance at all levels of the organization.

Key words: Management systems, motivation, values, mission, corporate culture, management by objectives.

In 2001, the Academy of Management gave its Distinguished Executive of the Year Award to William George, Chair and CEO of Medtronic, Inc. Since 1985, Medtronic had seen 18% annual profit growth and 23% annual growth in EPS. George took over the top job at Medtronic in 1991. At the time he first joined in 1989 as CFO, it was a $1 billion company; by 2002, it was worth $70 billion. Yet that is not why the Academy gave him the award. The company's excellent performance was merely a *consequence* of George's good management. The real reason, as he himself acknowledged, was his[2] success in building and sustaining an organization that was focused around a well articulated mission. The reasoning was simple: "when a company offers its employees a sense of mission consistently over time – without deflection or hesitation – the employees end up accepting the mission and committing themselves to it"[3]. This commitment leads to innovation and excellence in customer service, which eventually leads to higher profits.

Despite growing global pressure for short-term profitability, there have been plenty of companies in recent years that have built their success on a mission that gives meaning to the work done by their employees. In fact, the most successful companies have almost always found a way to create a sense of mission. In a recent study[4], Jim Collins and his team combed through more than 1400 companies that have featured in the *Fortune 500* list in recent years and selected the eleven that showed the most outstanding sustained high performance. When they looked for a factor that all these companies had in common to explain their success, what they found was a characteristic type of leadership that created or reinforced the sense of mission in the company. Despite being the companies with the highest stock market returns, none of them based its decisions on maximizing shareholder value. In the case of Medtronic, George is convinced that his company would not have achieved the same spectacular results with a philosophy based on maximizing

[2] George, William, Academy Address. Academy of Management Executive, 2001. Vol. 15, no. 4.
[3] Ibid. p. 42.
[4] Collins, Jim, "Level 5 Leadership". Harvard Business Review, January 2001.

shareholder value: "With time, if a company's strategy is governed exclusively by financial considerations, the share value levels off and eventually starts to decline"[1].

There is no doubting the fact that instilling a sense of mission into a company is the most effective driver of success: the world's most successful companies have always created a sense of mission. There is no pleasure in heading a company whose employees are interested only in the money they will get at the end of the month. Most managers prefer to work with people who are highly motivated and deeply committed. It has been common knowledge for the past twenty years or more that the quest for excellence begins with an effort to define the company's mission. And many companies – large and small – have at one time or another in their history paused to think about and define their mission. Yet very few of them have succeeded in creating and sustaining a sense of mission that really drives people to excel on a day-to-day basis. Many mission statements are left to gather dust in some forgotten drawer in the boardroom, or in the human resource manager's office. This neglect may be aggravated by the mergers and acquisitions that come about as a result of increasing globalization. A company that has been taken over or absorbed tends to suffer a serious loss of identity that makes it even more difficult to keep the sense of mission alive.

In our opinion, the reason for what might be described as *the failure of the mission* is that the mission has often been brought into the company in the wrong way. In the past, the mission was generally presented in terms of values, commandments, credos, symbols, and even more or less accurate "true stories" designed to embody the culture inherited from the founders. Yet with a few, rare exceptions backed by leaders of the very highest caliber, these efforts have succeeded only in influencing the management system *from outside*. When it comes to the crunch, they are swept aside by the tyranny and immediacy of financial objectives. Then, Management by Objectives (MBO) takes control and there is a danger that the mission will be forgotten and cease to be actually used as a decision-making criterion. In this situation, achieving objectives comes to be seen as the ultimate goal or, at best, as a means to the end, which is to maximize profit. As a result, the company is very likely to lose its employees' commitment to the mission, and with it the necessary motivation to achieve exceptional performance.

Recently, alternative means of enriching MBO have been proposed. The options range from including non-financial objectives (as in the Balanced Scorecard method) to strengthening the company's value system (as in Management by Values). Regardless of how popular they may be, none of these proposed solutions actually resolves the fundamental problem with MBO, which is that it focuses management attention on tough objectives (*what* the company wishes to achieve), without having a clear idea of the mission that those objectives are supposed to serve (in other words, *why* the company wishes to achieve those particular objectives and not others). If we do not know *why*, it is very difficult to say exactly *how* and so win people's wholehearted commitment. In this article, we propose a new system of management that is designed to go straight to the root of these problems. The new system, which we call Management by Missions (MBM), does not override the objectives but rather subordinates them to a purpose that enriches and makes sense of them. The key to success in this new system is to get all of the organization's members to actively share and take part in the company's mission. For this to be possible, the mission must first be shared out through the company to reach the different departments and teams until finally it comes into the hands of individual employees.

Defining the mission

The first difficulty we encounter when we try to implement MBM is how to define the company's mission. Not just any definition of the mission will do. In fact, many companies' mission statements are no use for the purpose of MBM and hardly deserve to be called missions. In MBM, a mission at any given level is defined as *a contribution that characterizes the identity* of that level. For example, the mission of a company must be a contribution that characterizes the identity of the company, and the mission of a team must be a contribution that characterizes the

[1] George, William, Academy Address. Academy of Management Executive, 2001. Vol. 15, no. 4, p. 40.

identity of the team. There does not have to be only one mission at each level, but whatever missions there are must be part of that level's identity.

Many company missions do not satisfy this definition. For example, all the missions that are defined in terms of the company's relative *position*, such as: to be the number one company in the industry, or the benchmark firm, or the best, or to be one of the top firms in a particular list, etc. It is perfectly possible for a position to become a more or less realistic and useful goal for the purpose of fulfilling a mission, but it can never be the mission itself. The mission is the contribution that gives meaning to the objective: Why do we want to be number one in this particular industry? A company's mission is the contribution it makes, not its position in relation to other companies. And a contribution is first and foremost a service, a specific way of resolving *real problems* of individuals, groups, or society in general. Yet not every contribution is a mission. Only a contribution that characterizes an identity – only a contribution that gives meaning to the existence of a particular company, department, team or individuall – is a mission. For example, donating one percent of the company's profits to charity may be an important contribution, but it is very unlikely to be the contribution that characterizes the company, and so it cannot be the company's mission (though it may still be a valuable contribution that is consistent with the company's values and is worth maintaining).

The mission, in turn, is qualified by certain *values*. Values are criteria for action that guide people's decisions among the various alternatives that are available each day for fulfilling the mission. Values are the foundations on which a company's culture is built. Two companies may have the same mission and yet develop very different cultures if the values that people actually live by in each company are different. In MBM the only condition that a company's values must satisfy is that they be consistent with the company's mission; in other words, they must serve the company's mission. This means that we cannot specify the values until we have defined the mission. And if for any reason we decide to change the company's mission, we will have to consider whether the values the company lived by before the change are still meaningful after the change. Values may be generic or specific. *Generic values* are values that are valid for the whole of the company, whereas *specific values* are valid only for a particular department, team or job. A company should not have more values than necessary. As a rule of thumb, ten or twelve values (including generic and specific) is usually plenty.

Lastly, every mission is structured in four dimensions: unity, aptitude, contribution and service. *Unity* is the participants' commitment to the mission and the values. *Aptitude* is the leader's ability to lead the mission. *Contribution* is what a person contributes to the mission through her job. And *service* is what a person contributes to the mission above and beyond her job. These four dimensions are distinct but related. A person may be committed, but for various possible reasons fail to serve the mission. And a person may have great aptitude and yet fail to contribute satisfactorily. In contrast, a person is unlikely to serve the mission without being committed to it, or to serve the mission without having a minimum of aptitude.

Mission and management: a question of consistency

Many people, when they read their company's mission statement or that of some other organization, complain that it is too unspecific, or that it has very little bearing on managers' day-to-day activities. The main problem is the failure to specify the corporate mission at the strategic and operational level. When that happens, a breach opens up between the company's mission and its management, and the managers are unlikely to be able to get the workforce to wholeheartedly identify with the mission. Experience shows that in order to instill a sense of mission and win the commitment of the organization's members, it is not enough merely to communicate the mission, however thoroughly. The mission has to be something that people can put into practice on a day-to-day basis: *it has to become a part of management*. In a sense, it is a question of consistency between what the company "preaches" and what it "practices". In management by missions, making the mission a part of management means moving from words to actions, from general aims to specific targets, translating the mission statement into specific, measurable actions.

Yet many companies, even large multinationals, define their strategy in terms that have little or nothing to do with their stated mission. For example, pharmaceutical companies who define their mission as "to preserve and enhance life" or "to alleviate pain and cure disease" will nevertheless declare strategic objectives such as "to double turnover by the year 2008" or "to become the leader in the southern European market". What does "preserving and enhancing life" have to do with "doubling turnover by the year 2008"? Maybe everything, maybe nothing. A CEO who is deeply committed to the mission will quickly point out the connection: doubling turnover and winning more customers means fulfilling the mission better and more completely by reaching more people whose life needs preserving and enhancing. But is that the message that comes across to the production manager, the head of sales, or the worker on the packaging line?

Solving this problem is not just a matter of rewording definitions or key phrases. Much less of Christmas speeches or articles in the company newsletter. When the mission and the strategy are properly formulated, they are mutually reinforcing and drive one another: through the strategy the company fulfills its mission, and the mission constantly calls for the enactment of the strategy. For there to be this consistency, the mission and the strategy must be aligned and in accord with the reality of the company and its environment.

Deploying the mission: shared missions

Once a company has defined its mission, the challenge of MBM consists in making that mission operational at all levels of the organization, so that it does not remain a dead letter. To achieve that, our model *deploys* the mission in the form of *shared missions* to different levels of the organization. Lower-level missions must *share* in the higher mission (that is why we refer to them as *shared missions*). Sharing means taking part, taking responsibility for something that is part of a whole. Each lower-level mission is, basically, an area of responsibility oriented towards the achievement of a higher-level mission. For example, the mission of a team member must be oriented towards the mission of the team. Thus, everyone has her part to play, one way or another, in achieving the company's mission. Also, the lower-level missions, taken together, must complete the higher-level mission. The missions would not be *complete* if fulfilling all of the lower-level missions did not also fulfill the higher-level mission.

On the other hand, in MBM there are no abstract missions in the sense of missions without an "owner". Every mission "belongs" to someone, or to some group of people. For example, the company's mission belongs to the general manager, and the departmental mission belongs to the departmental manager. The person immediately responsible for a mission is the *owner* of that mission. People who share responsibility for the fulfillment of a mission are stakeholders in that mission. For example, the owner of the sales department's mission is the sales manager, while her subordinates are *stakeholders* in that mission. Besides her specific mission, every manager also has a particular managerial mission: to contribute to the development of her subordinates. A manager must therefore have the aptitude to carry out both her specific mission and her managerial mission.

For a shared mission to be well defined, it must satisfy three criteria: inclusiveness, complementarity, and consistency. The criterion of *inclusiveness* judges whether the shared mission actually contributes to the higher mission. The criterion of *complementarity* judges whether the shared mission reinforces and complements the other shared missions at its level, so that no two missions compete with one another (although there may be some overlaps). The criterion of *consistency* judges whether the shared mission is aligned with the company *intrategy*[1], that is, with the line laid down by the company for the fulfillment of its higher-order mission.

The set of shared missions makes up what we call the *mission chart*: a map of shared missions at different levels that specifies how the different missions contribute to the achievement of the company's mission. This mission chart enriches and complements the traditional organization chart, which describes only the hierarchical relationships.

[1] Just as strategy is the process that seeks to make the objectives consistent among themselves so as to achieve a higher-order objective (or vision), we have given the name "intrategy" to the process that seeks consistency among the shared missions in order to achieve the company's mission (see Harvard-Deusto Business Review, no. 85, July-August 1998).

Shared missions are also important for solving the problems of identity arising from the mergers and acquisitions that have become so common in recent decades. In many cases, subsidiaries may find it difficult to define and specify their mission, whether for lack of cohesion among management or lack of independence. The human resources director of an insurance company that was taken over by an Italian multinational describes her experience as follows: “Before, we had a clear concept of the company, we knew who we were and why we were here; now we have lost a large part of our identity and have no clear, shared mission. I would even venture to say that that is the main reason for the fall in productivity we’ve seen in recent years.”

Several managers of subsidiaries have asked us whether, in our opinion, a subsidiary has its own mission. Our answer is yes in all cases: subsidiaries must find and defend an identity of their own that is in accord with their history and their environment, and at the same time define their shared mission, that is, how they contribute to achieving the mission of the group or holding to which they belong.

As globalization becomes the dominant economic model, the way subsidiaries approach their shared mission is becoming an increasingly complex and variable issue, depending on how the decision centers are structured. It is particularly important, therefore, that the governing bodies of large multinationals take care in deploying their mission, allowing scope for the managers of local subsidiaries to adapt the company mission to the particular environment and circumstances of the country, region or industry in which they operate.

Tying objectives to the mission

Once the missions at the various levels have been established, they must be made operational through specific objectives. The mission and the objectives need one another: a mission without objectives is an inoperative mission, and an objective without a mission is a blind objective. In our model, as in MBO, objectives are a key component of the system, but with one clear proviso: objectives only have meaning if they serve the mission of the company.

It could be argued that this way of seeing objectives as being in the service of the mission is in some way implicit in the minds of most managers. However, making the underlying logic explicit enriches the whole process of goal setting, and when the mission is well defined, management as a whole will be improved. A senior executive for a bank acknowledged as much: although the bank’s corporate mission laid special emphasis on service to customers and personnel development, most of the objectives the management team had been given were of an economic or financial nature. Once it was understood that the objectives had to truly serve the mission, it became apparent that the economic and financial objectives needed to be supplemented with new objectives aimed at improving customer service and personnel development.

When the objectives are designed to serve the mission, it is the mission that demands that the objectives be achieved. Objectives are means that may change very radically, or even totally, without this necessarily implying any change in the mission. It is also conceivable that certain objectives will remain unchanged for several periods, if that is what the mission requires. In a word, in each period each person must decide what objectives are most suitable for fulfilling her mission. Each person is ultimately responsible for setting her own objectives at her own level. Obviously, these objectives must be guided –and ultimately approved – by the higher-level manager, as this higher-level manager will not be able to achieve her own mission unless her subordinates are able to achieve theirs. Thus, there is a necessary balance between the top-down and the bottom-up deployment of objectives. A manager may – and on occasions must – impose objectives on her subordinates; but it is vital that she also appeals to each person’s sense of responsibility and willingness to show initiative in setting her own objectives.

In MBM the goal is not to achieve higher and higher objectives each year, but to fulfill the mission more completely. Increasing the objectives by two or five per cent, for example, will not be enough unless that increase is a means of fulfilling the mission more completely. It may be that the objectives need to be increased by 50%, or cut by 20%. It is the mission that gives meaning to the objectives, not vice versa. This approach is very different from, say, the Balanced Scorecard. In the Balanced Scorecard approach any increase in quality or customer response time is not an end in itself but a means to improve the financial data. As Kaplan and Norton explain, "such improvements will only benefit the company if they can be translated into more sales, fewer expenses and better use of assets"[1]. In BMB, financial assets are not an end but a means for the achievement of the mission. The two systems coincide only in the particular case where a company's mission is to maximize profit.

Three types of objectives are needed in order to fulfill a mission: development objectives, functional objectives and environmental objectives. These three types of objectives are aimed at improving, respectively, the dimensions of aptitude, contribution and service. *Development objectives* have to do with developing the competencies the company needs in order to perform tasks more effectively. They make sense if they improve the aptitude of the individual mission. *Functional objectives* have to do with each person's specific job: selling or producing products, providing a service, etc. They make sense if they contribute to fulfilling the person's mission or some other mission related to her job. *Environmental objectives* have to do with improving the environment in which a person works: facilities, communication, relationships with other people or departments, new ideas or processes, etc. They make sense if they serve the person's mission or any other of the company's missions. Each person must set herself clear and measurable objectives in all three areas. It is the manager's job to give each subordinate the means to achieve her objectives by providing ongoing coaching, especially when it comes to developing competencies, where the manager's role is crucial.

The mission scorecard

In day-to-day management of operations, measuring progress with indicators and ratios is something that many managers, and management literature in general, insist is essential. Certainly, without measuring progress, objectives are unlikely to get beyond the stage of more or less vague intentions. The same is true of the company's mission if it is not associated with some kind of indicator that gives us information about how close we are to achieving it.

For that reason, implementing the MBM management system requires creating a *mission scorecard*. The mission scorecard is a great help when it comes to giving specific contents to each element of the mission, in particular measurable areas. In the scorecard, we define one or several indicators for each of the elements that make up the company's mission. This means that the mission scorecard is derived directly from the mission and so is not necessarily confined to financial indicators or pre-established areas or perspectives.

The mission scorecard will usually include many of the same indicators that are used in day-to-day management, but in some cases we will need to use our imagination and create new ones specifically for aspects of the mission that concern intangible elements, such as employee satisfaction or social impact. Once the mission scorecard is ready, it can be deployed throughout the organization using the shared mission at each level.

Besides the benefits to be obtained from the mere process of developing it, a mission scorecard brings two fundamental advantages: on the one hand, it makes it easier to manage intangibles; and on the other, it lends uniformity and consistency to the company's indicators, orienting them all towards the same goal: the achievement of the mission.

A good example is the case of the information systems department of a large multinational operating in the automotive industry. In the previous five years the department had gone from predominantly local operations with a small team of people, to serving more than fifteen countries with a workforce of more than fifty. Given the difficulties they were experiencing, they embarked on a reorganization that started with a definition of the department's mission. With ample employee participation, the team defined its mission in terms of service to the different areas of the company. Being a support department, everyone agreed that their main mission was to provide service to the other areas of the company, as well as to contribute to the development of the members of the organization.

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[1] Kaplan, Robert S. and David P. Norton, The Balanced Scorecard. Harvard Business School Press, 1996, p. 33.

The first step was to define the mission; the second, to draw up the scorecard. Up until then, the department had been using indicators that basically measured the degree of development and implementation of computer applications. Many of these same indicators were used in the mission scorecard; but they seemed inadequate to measure the degree of achievement of the mission. Accordingly, two new sections were added: one had to do with service, and the other with training and developing the department's people. The service indicators were obtained by asking the other departments for feedback on how they perceived the service they received and the usefulness of the new hardware and software implementations. Then, two new indicators were established for training: one to measure the effectiveness of the training, and the other to measure the satisfaction of the trainees. All of these indicators, together with the ones already in use previously, helped to bring about a thorough transformation in the department by focusing its activity on better and more effectively fulfilling its mission: to serve other departments and contribute to human development and training. Below is a reproduction of the department's scorecard. As we have seen, it is a scorecard derived from reflection on the mission and whose aim is to help fulfill that mission. In other words, it is what we have called a *mission scorecard*.

Table 1

Reproduction of the department's scorecard

Service	2002 Actual	2003 Target	2003 Actual	Score
Satisfaction Index (average assessment)	3.8	4.0	3.9	
System improvements (% of total proposed)	71	75	77	
Problem resolution (% of total)	25	40	30	
Compliance with deadlines (% of total)	80	90	75	

People	2002 Actual	2003 Target	2003 Actual	Score
Hours of training received (hours/dept. member)	18	50	40	
Hours of training given (hours/total user)	27	30	35	
Assessment of training (scored from 1 to 5)	4.1	4.1	4.2	
	40	30	34	

Hardware	2002 Actual	2003 Target	2003 Actual	Score
Server downtime (% of total)	1.4	1.3	1	
LAN downtime (% of total)	0.3	0.3	0.2	
WAN downtime (% of total)	1.9	1.5	2.3	
Telecoms downtime (% of total)	0.8	0.6	0.7	

Software	2002 Actual	2003 Target	2003 Actual	Score
Effectiveness index (survey resuls 1 to 5)	3.9	4.2	4.5	
Application downtime (% of total)	1.6	1.5	1.3	
Internet services (% of users/theoretical total)	70	85	78	

Performance evaluation

We can say that there is a direct relationship between the way a company is managed and the way employee performance is evaluated. Specifically, we can distinguish three different evaluation models depending on the organization's management system and leadership styles.

In *management by tasks* we find the "I'm the boss" type of manager, who manages people by strictly assigning tasks and functions. This type of manager is unlikely to carry out a good performance evaluation; instead, she will confine herself to correcting mistakes when tasks are not completed as required. This way of managing tends to elicit a reactive attitude; subordinates are afraid of making mistakes and will tend to do the bare minimum. The employee's full potential and motivation is thus lost.

A more advanced system is *management by objectives*, which encourages delegation and the assumption of responsibilities by subordinates. In this system the employee operates in a context defined by objectives for which she is responsible; she accepts them as a challenge and is proactive in achieving them. At evaluation time, the manager does not confine herself to correcting errors. The evaluation focuses on the degree of achievement of the objectives agreed upon between manager and subordinate. Although it has proved effective, this model still has serious limitations when it comes to developing the employee's full potential, as it channels all her effort and energy toward doing what was agreed, while the big picture or the needs of the company as a whole tend to get forgotten.

The solution to these limitations lies in what we call *integral evaluation*, a model centered on the employee's contribution and development. It combines the achievement of objectives with other qualitative or intangible aspects, such as individual behavior or the development of personal competencies. In MBM we evaluate how each employee has contributed to the fulfillment of the company's mission. To do that we use an integral evaluation model, in which intangible aspects can be just as important as tangible or quantitative aspects. For example, in the case of a sales manager, integral evaluation does not focus exclusively on the level of sales achieved. It also considers other outcomes that are equally important to the fulfillment of the manager's mission, such as collaboration with other departments, the satisfaction of her customers, or the development of particular leadership skills.

Table 2

Performance evaluation

Management system	**What is evaluated**	**Expected performance**
Management by tasks	Mistakes	Minimal for fear of making mistakes
Management by objectives	Results achieved	Achievement of what was agreed
Management by missions	Contribution to mission and development of competencies	Maximum potential and abilities

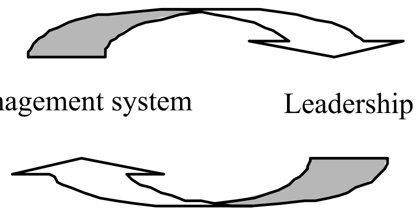
Integral evaluation in MBM is an effective way to develop each person's maximum potential to serve the company's mission. The clear focus on results is maintained, but with a broader view towards the longer term and the organization's values. Any company that succeeds in implementing this method of evaluation will no doubt have a competitive advantage. We should warn, however, that the integral evaluation model proposed in this article is not always practicable. To implement it two things are needed: trust and flexibility.

Trust is the gateway to evaluation. When there is insufficient trust between manager and subordinate, both sides will tend to experience the evaluation process as unpleasant and uncomfortable. In that situation it is difficult to evaluate certain aspects of behavior or the development of competencies. Attempting to introduce integral evaluation in companies where there is not enough trust may be counter-productive. This is one of the main reasons why integral evaluation is largely unsuccessful in many organizations.

On the other hand, for integral evaluation to succeed, it has to be applied with a degree of flexibility. Many managers, in order to implement integral evaluation, design a set of values or competencies by which all employees are to be judged alike. In practice, however, it does not seem right to use the same parameters to evaluate a recent recruit and a veteran, a middle manager and an executive committee member. Accordingly, it is advisable to allow some flexibility in the formal evaluation systems to deal with aspects where the employee's particular circumstances and job are particularly important. Another rigidity that causes the model to fail is the insistence on linking any kind of evaluation to financial incentives. Although that is possible in MBO, given that the evaluation is based on objective and measurable results, it is not a good idea to tie variable pay to the subjective assessments obtained in integral evaluation. In fact, some authors recommend completely dissociating evaluation from incentives, even conducting the evaluation at a different time of year in order to underline the distinction. Whatever the solution adopted, it is important that the evaluation not be seen as a wage negotiation but as an exercise aimed at fulfilling the mission more completely and developing competencies.

Leadership in MBM

The most important benefit of MBM is that by making missions a part of the management system, the company helps managers to be true leaders; in other words, it helps them to inspire a sense of mission in their subordinates. Obviously, whether MBM works properly or not in a company will depend ultimately on the quality of the company's managers, which is to say, on the leadership potential of the people managing the company at all levels. The job of creating a sense of mission should not be left entirely to a formal system. Although MBM greatly facilitates true leadership, it is no substitute for day-to-day managerial action. For management by missions to fully get through to people and produce concrete results for the company, a virtuous circle must be created in which management and leadership become mutually reinforcing. That way, the management systems will strengthen the leadership, and the leadership will get the best possible results from the management system.



Therefore, implementing MBM requires simultaneously developing leadership in the company. Specifically, the company needs to develop competencies associated with the interpersonal dimension of leadership, such as communication, delegation, coaching and teamwork.

In theory, it is possible for a manager to create a sense of mission in her subordinates even if the company does not have an articulate mission at each level. There are exemplary cases of gifted leaders who have really managed by missions because they have defined objectives with a specific mission in mind. However, leaders like these tend to be misunderstood by their own bosses, and in some extreme cases even feared and persecuted with an almost pathological hatred. Generally speaking, a company's leadership potential will be proportional to the ability of its mission to win people's adherence and commitment. It is not surprising, therefore, that MBO (which is basically a particular version of MBM whose default mission is to maximize shareholder returns) should not be renowned for producing great leaders. The fact is that its "mission" has very little appeal for any employee who does not also happen to be a shareholder.

When a company has a deeply held and clearly defined mission, and this mission is skillfully deployed in shared missions through a well designed intrategy, it offers the people who make up the organization an opportunity to contribute to something worthwhile. This effectively unleashes people's strongest and richest motivation: the motivation to contribute, also known as *transcendent motivation*[1]. As Professor Robert Simons of Harvard[2] has said, "We all have a deep-seated need to contribute – to devote time and energy to worthwhile endeavors. But companies often make it difficult for employees to understand the larger purpose of their efforts or to see how

[1] Pérez-López, J.A., Fundamentos de la dirección de empresas. Rialp, Madrid, 1993.
[2] Simons, Robert, "Control in the Age of Empowerment", Harvard Business Review, March-April 1995.

they can add value in a way that can make a difference. Individuals want to understand the organization's purpose and how they can contribute, but senior managers must unleash this potential."

Other benefits of MBM

MBM has the added advantage that it can point strategy-making in the direction of the company's mission. When a company has a clearly defined mission, the various strategies it pursues over time are much more likely to be robust and consistent with one another than if the mission is unclear or, quite simply, there is no mission and the company is at the mercy of the opportunistic winds of the market. The mission concentrates people's efforts and keeps the company focused in times of crisis. At the same time, the mission always demands something more from strategy, some tangible results. If a strategy does not yield results, the mission will force whatever change is needed, however radical. Thus, change does not come about at the whim of whichever manager happens to be in charge at the time, eager to demonstrate her contribution (sometimes at the cost of destroying the company). To the extent that change is really necessary, it is a requirement of the mission. In the light of his experience at Medtronic, William George asserted that "employees can adapt to major strategic changes if the company's mission and values remain intact. In fact, employees are capable of making extraordinary sacrifices provided they trust their leaders implicitly"[1] (9).

Also, MBM sees to it that the values are put into practice, because they are passed on smoothly down to the individual missions, which are the ones that orient the objectives. Therefore, some ways of achieving objectives will make no sense in MBM, and some will even be sanctionable if they hamper or detract from the company's mission. This is not to say that MBM sets limits to MBO's typically demanding objectives. In fact, MBM is in a position to demand more of the objectives than MBO precisely because it gives them a purpose, a meaning, and so can be sure that people will be more highly motivated to achieve them. But it does not demand that the objectives be achieved "at any cost", because objectives are never an end in themselves but a means for the fulfillment of the mission.

MBM also spurs the development of competencies. The effort to develop these competencies is given meaning by the individual mission through which each person shares in the mission of the company as a whole. Many systems designed to develop competencies fail precisely because the people who are expected to develop certain competencies cannot see the need for them. And although various different types of incentives may be provided for developing the required competencies, given that competencies are habits, a person is unlikely to make the necessary personal effort to change a habit or uproot a vice unless he or she is fully convinced of the need for the change. That is why the first step in any competence management system is to convince people of the need to develop those competencies in order to fulfill the mission. This calls for much more than simple communication to notify employees of what is required; it calls very specifically for leadership ability and management coaching.

Lastly, MBM promotes new ideas and improvements in the workplace. When a sense of mission prevails, each person feels responsible for the whole. Accordingly, she does not see her job as a specific area on which she will be evaluated and on which her remuneration depends, anything else beyond that area being of no interest to her. On the contrary, everything that happens around her and that lies within the scope of her aptitude becomes an opportunity to serve the company's mission. Furthermore, MBM helps to ensure that these efforts undertaken in the service of the company are consistent and in accord with the company's mission and values.

Conclusion

In this article we have discussed the benefits of MBM, with some practical examples. All the management tools described here, and this new management philosophy as a whole, respond to many companies' need for a closer link between the mission and day-to-day management, as a

[1] George, William, Academy Address. Academy of Management Executive, 2001. Vol. 15, no. 4, p. 42.

means of creating a stronger sense of mission. From the time we first started to develop this model until now, we have had the opportunity to analyze several companies and have had many discussions with managers who have come to see us at IESE, or have invited us to visit their company to present management by missions. As a results of these exchanges we have found that the philosophy set out in this article is currently accepted, in one form or another, by the managers of very many companies. We have also found, however, that in most companies this philosophy has not become embodied in the organization: moving away from the top management level toward the base of the organization, the sense of mission wanes or disappears completely. That is why, for many companies, implementing MBM entails thoroughgoing cultural transformation, a new way of understanding day-to-day management and the company as a whole. Yet, implementing MBM should not be seen exclusively as a cultural transformation. It is important to stress, for anybody who wishes to put the MBM philosophy into practice in their company, that any efforts to apply these new management tools should always be aimed at improving the organization in a way that is reflected in concrete quantitative or qualitative results. Any implementation of MBM should therefore be accompanied by a specific improvement strategy or plan, clearly specifying the expected results. We say this to discourage partial or theoretical implementations, and ensure that MBM is a management improvement project that has a clear and direct impact on people and day-to-day management.

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