



# RAMA UNIVERSITY

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## E-Content BCH-601 : Business Policy

### Lecture 5

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# Mission Statement and Goals

- It is<sup>2</sup> the function of the top management team to provide the firm's purpose or “strategic intent.”

Chester Barnard The Functions of the Executive



Alfred Sloan My Years with General Motors



- **Komatsu** ---> “Encircle Caterpillar”
- **Canon** ---> “Beat Xerox”
- **Kodak** ---> “Be the leader in the imaging sector”
- **Coca Cola** ---> “To put a Coke within ‘arms reach’ of every consumer in the world.”

# Fundamental question of the choice of Goals: Planning for what purpose(s)?

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- **Profitability** (net profits)
- **Efficiency** (low costs)
- **Market Share**
- **Growth** (e.g., increase in total assets, sales, etc)
- **Shareholder Wealth** (dividends plus stock price appreciation)
- **Utilization of Resources** (e.g., ROE, ROI)
- **Reputation**
- **Contribution to Stakeholders** (e.g., employees, society)
- **Survival** (avoid bankruptcy)



# The Manager's role in balancing expectations

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- **Business Roundtable:**
  - “Balancing the shareholder’s expectations of maximum return against other priorities is one of the fundamental problems confronting corporate management.”
- Understanding corporate strategy means understanding the competing value claims of multiple stakeholders.
- Stakeholders are the individuals and groups who can affect, and are affected by, the strategic outcomes achieved and who have enforceable claims on a firm’s performance.



# Stakeholders and the Enterprise

