What is a company’s mission?

The concept of mission has been current in the world of business for more than half a century. In 1943, R.W. Johnson wrote the Johnson & Johnson (J&J) “Credo,” which has survived to this day. A similar exercise was carried out in 1962 by Tom Watson, son of the founder of IBM, when he wrote the company’s “Basic Beliefs.”

In J&J, 40 years after the drafting of the “Credo,” the then CEO Jim Burke claimed to spend nearly 40 percent of his time promoting those principles among the organization’s members. Nowadays, as a statement of the company’s responsibilities to customers, employees, managers, community, and shareholders, the J&J “Credo” remains in force and the company makes numerous efforts to strengthen and perpetuate that legacy.

In IBM, in the 1990s, when Louis V. Gerstner took over as CEO, the founding principles still exerted a powerful influence on the culture of the
company as a whole. Gerstner himself made great efforts to update Watson’s “Basic Beliefs” and adapt them to the company’s new situation and environment.

Gradually, over the second half of the twentieth century, the idea of the corporate mission took root in companies. Its period of greatest popularity, especially in North America and parts of Europe, was the late 1980s and early 1990s, driven by the rise of cultural theories in the early 1980s. A study carried out by Bain & Co. and The Planning Forum in 1994 shows how important the mission had become by the mid-1990s. In interviews with more than 500 managers, the researchers analyzed 25 different management tools, including performance-related pay, workplace climate surveys, total quality, reengineering, customer satisfaction surveys, and so on. Based on the results of these interviews, they identified the mission as the most highly valued management tool, used in 90 percent of the companies in the sample.¹

Since then, the mission continues to be acknowledged as a high-value-added management practice. The vast majority of Fortune 500 companies, and practically all those classified among the 100 Best Companies to Work For, have some kind of mission statement. In summary, the mission has been a fact of management life for close to half a century and is today one of the main management tools used by companies around the world.