

Can a Corporate Mission and Philosophy Change Corporate Culture?

By Matsuoka Toshio

Corporate Mission Statements Revered for Over 300 Years

A corporate mission summarizes a company's basic policies for realizing its goals, and states the important goals that employees must strive to meet. It may be only a few words or a few short sentences, but even the longer ones tend to be no more than one page. A number of Japanese companies, regardless of their sizes, have corporate mission statements, and many of them display these on the walls of their offices or shops. Creating corporate mission statements is not a practice that businesspeople learned from the developed nations of Europe and America. As early as 300 years ago, the father or head of household of distinguished families and merchant families in the Edo period (1603-1867) communicated instructions to his descendants and vassals, and these were revered as the "family precepts." With the development of the modern state in the Meiji period (1868-1912), the national goals embodied in the slogan "A Rich Country and a Strong Military" were communicated to the citizens as the "national policy." It was against this backdrop that an outline of goals or policies, as well as instructions for employees to follow, became essential to companies that had many workers and hoped to develop over a long period of time. Such outlines came to be put into writing as corporate mission statements.

Take the example of Daimaru Inc., one of the oldest companies in Japan. Daimaru is one of Japan's most typical department stores, with large stores in locations such as Tokyo Station and Osaka Station. Daimaru was founded in 1717 as a kimono fabric store in the

Fushimi area of Kyoto. Founder Shimomura Hikoemon distributed store policies entitled "Service before Profit" to all the company's stores, and these are still revered today, nearly 300 years later. This philosophy was taken from the words of Xun Zi, a Confucian scholar from the third century A.D. It means that those who work for the good of society and other people first, and then only after that for their own gain, will flourish.

Hikoemon put this principle into

harm, Hikoemon's store was spared from violence.

Living Mission Statements

Many foreign companies also have mission statements. Some are quite simple. British Airways aims "To Be The Best"; Merrill Lynch & Co. says "The interest of customers must come first"; McDonald's Corp. targets "QSC + V (quality, service, cleanliness and value)"; and NCR Corp. promises to "Create Value for Our Stakeholders." The Italian company Olivetti's mission statement addresses ethical and cultural elements, stating: "A spirit whose aim is to unify this variety, for a specific objective: And the objective has been to make a moral and cultural as well as a practical contribution to the life of our times." The corporate philosophies of some companies, like Apple Computer Inc., make detailed statements regarding customer service and quality, the growth and compensation of individual employees, team spirit, and corporate ethics.

Because of the growing awareness that a company's corporate culture is deeply tied to its productivity, performance and even the very life of the company, there is increasing speculation about whether corporate mission statements have the ability to create a desirable corporate culture or change one. There is no easy answer to this question. Of course, just acknowledging a corporate mission statement on a piece of paper will not be enough in itself to alter the corporate culture, but there are examples of mission statements that have had a significant impact on corporate culture, depending on the approach of the company. We



Photo: Ando Hiroshige
Daimaru, founded in 1717, flourished due to its policy of "Service before Profit"

practice by himself, and through active measures succeeded in expanding his business. His shop flourished, and because he did not forget about the poor, the people who lived in Kyoto wished him well. It is said that they created a doll resembling Hikoemon, with a large head and of short stature, and worshiped it every day. In 1837, when many were suffering the effects of a famine, there was an uprising in Osaka by people who were demanding relief for the poor and criticizing the *bakufu* (shogunate) system. However, it is said that because the leader of the uprising declared Daimaru was an honorable merchant and it was not to be

Table 1 Sony Spirit

Sony is a pioneer. Its windows are always open, facing the unknown.
The company is constantly filled with fresh excitement.
Sony courageously pursues to do something different and creates new business out of them.
Creativity is demanded, expected and is guaranteed throughout the development, production and sales of any of its products.
That is the joy of working at Sony.
Each individual can grow by pushing his or her own limits.
These efforts are added up to create a bigger whole.
As a pioneer, Sony is fueled by utilizing and trusting people and advancing their knowledge.

Source: "This is SONY" brochure dating from the 1970s

will look at several of the more prominent Japanese companies that have been struggling through the economic hardships of the past decade.

The first company to examine has to be Sony Corp., but unfortunately Sony doesn't have a corporate mission statement. It might be because neither an old-fashioned term like "mission statement" nor an approach that strives to control employees using such a notion are suitable for Sony. Up until several years ago, founders Ibuka Masaru and Morita Akio served the company as so-called "living mission statements." The company has a general notion it refers to as the "Sony Spirit." (Table 1) Sony's liberal and open-minded corporate culture reflects these principles.

At Sony's 50th anniversary celebration in 1996, Idei Nobuyuki, now Sony Chairman and CEO, said "to further heighten Sony's greatest asset, the Sony brand name, four key words were outlined in the company management philosophy for all companies in the Sony Group." – they are "Unique": Offer uniqueness by continuously creating new things and always striving to create expectation; "Quality": Make product quality the major premise in the pursuit of that uniqueness; "Speed": Ensure that decisions are made and actions taken quickly in spite of the large size of the company; and "Cost": Offer cost competitiveness while retaining excellence. It is impossible to feel the intensity of Sony and its ability to outshine its competitors through these four keywords alone, but the Sony brand itself serves the same role as a corporate mission statement in solidly ingraining Sony's mission of creativity, product quality and global reach in the minds of Sony employees.

Like Sony, Honda Motor Co. is a company that has a "living mission statement" embodied in the person of Honda Soichiro. This company has established the Fundamental Beliefs and Company Principle, as well as what it calls Management Policies. The Fundamental Beliefs includes "Respect for the individual" and the "Three Joys": the joy of buying, the joy of selling and the joy of creating. The

Company Principle says: "Maintaining a global viewpoint, we are dedicated to supplying products of the highest quality yet at a reasonable price for worldwide customer satisfaction." The company's Management Policies focus on five items: (1) Proceed always with ambition and youthfulness; (2) Respect sound theory, develop fresh ideas and make the most effective use of time; (3) Enjoy your work, and encourage open communications; (4) Strive constantly for a harmonious flow of work; and (5) Be ever mindful of the value of research and endeavor.

Neither Sony's nor Honda's mission statements contain the terms "wa" (harmony) or "seijitsu" (sincerity), some of the most often used terms in the mission statements of Japanese companies. The omission does not mean that the companies are indifferent to these concepts, but it may reflect their belief that a liberal and open-minded corporate environment is more important for creating corporate vitality and that showing strong performance will end up creating "harmony" and "sincerity" among employees.

Honda's English-language mission statement is more than just an English translation of a Japanese-language mission statement. The draft prepared at Honda's headquarters was sent out to its offices around the world, and was completed after more than six months of discussion among the company's employees. Mission statements that are short but deeply meaningful can and should be used by Japanese companies as a step toward overcoming the boundaries of language and culture.

Three Terms Illuminate GE

One of the most brilliant companies in the United States has to be General

Electric Co. (GE), a company which has made great strides under the leadership of ex-CEO Jack Welch. Among *Fortune* magazine's "Most Admired Companies" (a list celebrating its 20th anniversary in 2002), GE ranks at the top. Like Sony, GE does not have any official corporate philosophy, but Welch's mission statement consists of three simple words: boundarylessness, speed and stretch. These reflect the basic principles of GE.

Boundarylessness refers to GE's desire to break down walls and barriers within the company and between GE and other organizations to cultivate the free flow of ideas. The larger the company grows like GE, the more easily it tends to build walls, stifle creativity, waste time, narrow vision and eventually hinder progress. Boundarylessness facilitates the free flow of ideas and improves any activity. This concept is manifested in the meeting of employees known as the "WorkOut" in which various people in each department get together to investigate business issues and examine the quickest and simplest ways to move forward. In this way, improved processes can be even further improved by comparing them with the excellent methods adopted in other departments or other companies around the world.

Companies that emphasize "speed" as one of their basic principles are rare, so it is quite interesting that both GE and Sony do so.

The third principle, "stretch," refers to the idea that it is all right initially to put off concerns about specific processes to first try reaching toward a dream. "Boundaryless people, excited by speed and inspired by stretch dreams, have an absolutely infinite capacity to improve everything," exhorts Welch.

Table 2 Guiding Principles of Toyota Motor Corp.

1. Honor the language and spirit of the law of every nation and undertake open and fair corporate activities to be a good corporate citizen of the world.
2. Respect the culture and customs of every nation and contribute to economic and social development through corporate activities in the communities.
3. Dedicate ourselves to providing clean and safe products and to enhancing the quality of life everywhere through all our activities.
4. Create and develop advanced technologies and provide outstanding products and services that fulfill the needs of customers worldwide.
5. Foster a corporate culture that enhances individual creativity and teamwork value, while honoring mutual trust and respect between labor and management.
6. Pursue growth in harmony with the global community through innovative management.
7. Work with business partners in research and creation to achieve stable, long-term growth and mutual benefits, while keeping ourselves open to new partnerships.

Toyota Motor Corp.'s Guiding Principles

While many of the best Japanese companies have been struggling since the collapse of the bubble economy, Toyota Motor Corp., among others, continues to exhibit renewed performance. Because of Toyota's awareness that it is during times of major upheaval in the business environment that it becomes most important to reaffirm the path the company must take by adopting a solid philosophy, the company began fundamentally revising its basic principles in the late 1980s. In January 1992, it outlined its basic philosophy in the Toyota Guiding Principles. Toyota prepared a set of extremely thorough principles that take into consideration such issues as the globalization of business activities and the intense international economic friction that such globalization creates, the expansion of the company's social responsibility as a "corporate citizen," the intensification of environmental problems, severe consumer skepticism regarding auto safety and a self-awareness of its responsibilities as a major Japanese company. (Table 2)

When it established its new mission statement, Toyota took the opportunity to transform itself from the auto maker boasting the best product quality, largest market share and highest profits, into a leading domestic and international company characterized by a sense of social responsibility, an active commitment to addressing issues of the global environment, improved business ethics and an ability to steer the entire economy. Toyota is a good example of how efforts to revise the mission statement over several years, and the top management's firm commitment, significantly changed the corporate culture.

The Secret of Southwest Airlines' Popularity

When thinking about issues of corporate culture, Southwest Airlines (SWA) is a company that stands out from the rest. How does SWA express its corporate philosophy and mission statement?

The company's mission is "dedication to the highest quality of Customer Service delivered with a sense of warmth, friendliness, individual pride, and Company Spirit." Especially noteworthy, however, is the message that follows this statement. The message entitled "To our Employees" states: "We are committed to provide our employees a stable work environment with equal opportunity for learning and personal growth. Creativity and innovation are encouraged for improving the effectiveness of Southwest Airlines. Above all, employees will be provided the same concern, respect, and caring attitude within the organization that they are expected to share externally with every Southwest Customer." People tend to think of a mission statement as a set of unilateral instructions from management to employees stating what is required of them. In this case, however, management makes commitments to the employees, promising to provide them with a "stable work environment" and to treat them with "concern, respect, and [a] caring attitude."

Nonetheless, this kind of mission and message alone does not automatically produce an excellent working environment or outstanding customer service. What sustains the company's employees when the workload is heavier than at other companies and employees are working a lot of overtime hours are the actions of the managers themselves and their genuineness toward their employees. According to an assistant human resources manager cited in *Say It & Live It* by Patricia Jones and Larry Kahaner, "We act as if there is always a financial crisis. We ask employees not

to spend extra money unless they have to. We don't have meetings at fancy hotels; we stay in crew hotels. We don't have corporate cars. Even the chairman purchases his own car."

"Learning and personal growth" are not just empty words. Southwest has opened what it calls its "University for People" where employees go every year for training. They improve their capabilities by recognizing and addressing their own weaknesses, and then learn how they can best provide customer service. When an employee does outstanding work or provides an especially high level of customer service, his or her efforts are recognized. The company chairperson sends a letter to the employee's home expressing the company's gratitude and appreciation.

Mission Statements and Corporate Scandals

Finally, it is important to discuss the recent rash of corporate scandals in the context of mission statements. The Federal Reserve Board's Chairman Alan Greenspan criticized corporate leaders for their "infectious greed" and deteriorating ethics in a speech before Congress, but no one knows when the improper behavior among American companies will end. Though not on the same scale as in the United States, even Japan has had its own share of corporate scandals which have whittled away consumer trust. What kind of corporate mission statements do these kinds of companies hold?

Recently two powerful food industry companies in Japan, Snow Brand Foods Co. and Nippon Meat Packers

Inc., were harshly accused of improper actions related to their beef processing. I checked the mission statements of these two companies, but as I expected, they made no mention of the ethics of managers or employees. By contrast, even some companies which have great mission statements have been plagued by repeated scandals and have had chairpersons or presidents who were forced to resign.

Nomura Securities Co., Japan's leading securities firm, was accused of providing compensation for losses and offering financing to organized criminal syndicates, and its top executives were forced to resign twice in the 1990s. The founder of the company in the early 20th century believed that "trust and integrity will allow a business to succeed in any era." He named his children Shinnosuke (using the Chinese character for "trust") and Jitsusaburo (using the Chinese character for "integrity"), and asked that they earn the trust of their customers and continue to run their business with integrity. The top Nomura executives seem to have gotten too comfortable in their positions and forgotten the founder's lessons about "fighting for justice and protecting honor regardless of profit."

Likewise, in the case of Sumitomo Corp., which experienced an unprecedented, enormous loss of \$2.6 billion due to illegal transactions in copper ingots by a single department manager, the company had a well known corporate mission statement which was expressed in the old-fashioned Japanese of 1882: "Do not engage in a business without substance for immediate profit alone." Had each company employee really internalized the company's mission, perhaps these kinds of improper transactions could have been avoided. For this to happen, leaders cannot simply keep repeating the mission statement; they have to put it into practice in their own daily behavior and the way they evaluate the performance of those they manage.

The corporate mission statement of America's Enron was expressed in a message entitled "Our Values." It

included statements like "We treat others as we would like to be treated ourselves" and "We work with customers and prospects openly, honestly and sincerely." Their mission statement was really quite remarkable. It seems, however, that although most of the employees abided by these exhortations, they were forgotten by the top executives. Having a respectable mission statement is not enough. The important question is to what extent it has been internalized by the company's executives and employees.

Thoroughly ingraining the corporate mission in employees and managers is difficult for any company. Two of Japan's best known companies added the need to be "good corporate citizens" to their mission statements in the early 1990s. As the researcher who introduced the concept of "corporate citizenship" to Japanese industry, I have been invited numerous times to speak to both of these companies. I started those presentations by asking "Who has heard the term 'corporate citizen' before?" Even today, however, 10 years later, fewer than 10% of employees have either seen or heard of that term. Many employees at my presentations would pull their business cards out of their pockets only to be amazed to find the term printed on their very own cards. Getting the majority of employees to fully internalize the company's mission is a truly difficult task.

Let's look at a few companies to see how they have succeeded in getting employees to internalize their mission. IBM is a company that has not only established clear ethical standards, but also requires its employees to sign an affidavit every year indicating that they are adhering to those standards. Matsushita Electric Industrial Co. displays framed copies of its principles and creed in each workplace, and holds morning meetings where all the employees gather for about 10 minutes every morning. They sing the company song and then recite together the Basic Management Objective and the "Seven Principles" to which the company is committed. These include a spirit of

"Fairness and Honesty" and a spirit of "Gratitude." This kind of structure may be criticized for its resemblance to either a nursery school or a military unit, but given the recent outbreak of scandals, anything less may not be enough to help employees to really internalize their company's corporate philosophy.

Johnson & Johnson was highly praised for its "customer first" approach during the Tylenol tampering crisis in 1982. When asked whether the company's actions were based on some kind of crisis management manual, the company president at the time answered that they didn't have a manual, but what they did have was the confidence that they wouldn't go wrong if they based their decisions on the company Credo.

The first item in Johnson & Johnson's corporate mission statement says: "We believe our first responsibility is to...all...who use our products and services." What is impressive, though, is the effort the company has taken to ingrain this notion fully in its employees. Once every few years, the company holds a "Credo Meeting" which is attended by managers from Johnson & Johnson workplaces all over the world. Participants spend days figuring out how best to get employees to understand and put into practice the principles expressed in the words contained in the Credo. And surprisingly, the regular employees evaluate the managers of each workplace on whether they are managing their operations based on that mission statement. If a manager is not evaluated highly enough, he or she may be replaced. Had Enron or WorldCom Inc. adopted this kind of system, perhaps these recent unfortunate incidents could have been avoided. JTI

Matsuoka Toshio is a professor at the Faculty of Business Administration, Kanagawa University. He specializes in international public relations, corporate citizenship and volunteerism.