

Strategic objectives at Montblanc

Case duration (Min): **45-60**

Strategic Management (SM)

Strategic objectives**Worldwide****Case summary:**

Strategies are means to ends-the ends are defined in terms of vision, mission and objectives; they define the purpose and direction for the organisation and are discussed in this case study. The business model describes the strategy of how the organisation will achieve its purpose. Whilst profit maximisation will be a goal at the heart of many commercial organisations, other objectives exist and will be explored in brief. This case study focuses on a single organisation. Montblanc has been known for generations as a maker of sophisticated, high quality writing instruments. In the past few years, the product range has been expanded to include exquisite writing accessories, luxury leather goods and belts, jewellery, eyewear and watches. Montblanc has developed into what has been termed a lifestyle brand, encompassing a range of products associated with a well-to-do manner of living. The company has changed dramatically from what it was a few years ago.

Learning objectives:

Explain the terms and role of the mission and vision in formulating and implementing strategy.
Discuss economic theories of the firm which help explain objectives.

Case problem:

How do companies communicate their purpose and intentions?

Apparel Stores

Company

Montblanc International GmbH

www.montblanc.com

Montblanc has been known for generations as a maker of sophisticated, high quality writing instruments. In the past few years, the product range has been expanded to include exquisite writing accessories, luxury leather goods and belts, jewellery, eyewear and watches. Montblanc has thus become a purveyor of exclusive products which reflect the exacting demands made today for quality design, tradition and master craftsmanship. Montblanc is a truly international brand with operations in more than 70 countries. Montblanc sells its products exclusively through its international network of authorized retailers, jewellers and over 360 Montblanc Boutiques worldwide. The white star logo and the tag line "Signature Style" was all that tied these ads to Montblanc's history as a maker of writing instruments. The strategy to differentiate into a host of luxury goods under the Montblanc brand seems to be paying off. Sales grew and as the company entered its second century, it had made a key transition, from pen manufacturer to purveyor of a range of luxury goods.

First, if you are taking a taught management course then consult with your tutor and ensure that the case has not been scheduled into a teaching class or tutorial. If it has not:

1. Play/ read the media associated with the case. You may need to access the Internet and enter a URL to locate any video clips.
2. Attempt the Case study questions.

Consider attempting the case study as a group exercise; you could form a study group with fellow students.

3. Check the suggested answers - remember these are suggestions only and there are often many possible answers.

Discuss questions and answers with other students.

4. If you feel your answer(s) were weak then consider reading the relevant suggested readings again (also see the case study suggested references).

Title/ Media type	URL/ Media description
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Luxury Leaders: Jan-Patrick Schmitz.

http://feedroom.businessweek.com/?fr_story=941b1cebe542a72e38836e3fa295a592557bff7a&rf=bm

Film

The President of Montblanc, North America, Jan-Patrick Schmitz, talks about the challenges and rewards of turning the famous pen maker into a company producing diversified luxury goods.

NOTES:

Case study questions...

Action	Pre/During/After class
1 ORGANIZATIONAL PURPOSE: We might now consider why organizations exist in the first place – organizational purpose. The theory of the firm consists of a number of economic theories which describe the nature of the firm (company or corporation), including its existence, its behaviour, and its relationship with the market. What is the traditional 'theory of the firm'? Can this theory be used to describe Montblanc's purpose? Later in the film clip (5:15) Jan-Patrick Schmitz states that the company recognises social responsibilities. In what ways might you expect the company to be (consider visiting the company website for clues) socially responsible and how might this manifest in strategic objectives?	During
2 STRATEGY DEVELOPMENT: Evaluate why clarifying the organisation's purpose is crucial to strategy development.	During
3 MISSION, VISION AND OBJECTIVES (STRATEGIC DIRECTION): Organisations find it helpful to have some clear explicit statement of their purpose; evaluate the difference between a vision, mission and strategic objective and explain the purpose of each. Draft a mission and vision statement for Montblanc and identify possible strategic objectives.	During
4 BUSINESS MODEL: Whist the mission, vision and goals focus on what will be done, the BUSINESS MODEL and specific strategies may communicate how the organisation will add value and compete. The three fundamental elements of the model are products/services, customers and the competitive logic (compelling reason to buy). Collectively, these represent the bigger picture. Discuss the business model at Montblanc; you should discuss products and services, customers and the competitive logic and how the business model is evolving.	During
5 VISION AND MISSION STATEMENTS AND OBJECTIVES: Describe the relationship between the vision, mission, objectives and strategies in the strategy formulation process.	During

STRATEGIC OBJECTIVES

Statement and communication of an organization's mission, vision and objectives.

SMART OBJECTIVES

Refers to objectives that are Specific, Measurable, Attainable, Realistic and Time bounded.

MISSION

a statement of purpose - what the organization seeks to achieve

MISSION STATEMENT

Sets an organisation's purpose, guiding values and principles and the way in which it intends to achieve its objectives, whilst recognising the interests of other stakeholders.

VISION

a description of the business as you want it to be

BUSINESS GOALS

The strategic objectives of a business.

ORGANISATIONAL GOALS

Something that the organisation is striving to achieve, a future expectation, a desired future state and something towards which the activities of the organisation are directed in an effort to attain.

BUSINESS MODEL

the organization's essential logic for consistently achieving its principle objectives- explains how it consistently makes money, highlights the distinctive activities and approaches that enable the firm to succeed—to attract customers and deliver products and services profitably

Question/ Answer

1 ORGANIZATIONAL PURPOSE:

We might now consider why organizations exist in the first place – organizational purpose. The theory of the firm consists of a number of economic theories which describe the nature of the firm (company or corporation), including its existence, its behaviour, and its relationship with the market. What is the traditional 'theory of the firm'? Can this theory be used to describe Montblanc's purpose? Later in the film clip (5:15) Jan-Patrick Schmitz states that the company recognises social responsibilities. In what ways might you expect the company to be (consider visiting the company website for clues) socially responsible and how might this manifest in strategic objectives?

The traditional 'theory of the firm' assumes that profit maximization is the goal of the commercial organization. More recent analyses suggest that sales maximization or market share, combined with satisfactory profits, may be the main purpose of large industrial corporations. Furthermore, whilst traditional views recognised only the shareholder as the focus of organizational goals, more recently, organizations have considered society as a key stakeholder. Organizations exist in a wider environment, where they typically compete with other organizations for revenues. If the costs of doing business are less than the amount customers are willing to pay for the organization's goods and services, the organization makes profit which may be retained or distributed to shareholders. Amongst the performance measurements for organizations is the triple bottom line. The triple bottom line idea proposes that an organisation's license to operate in society comes not just from satisfying stakeholders through improved profits (the economic bottom line), but by also improving its environmental and social performance. As such, it encompasses environmental responsibility, social awareness and economic profitability. People expect businesses to have profit maximization as a purpose but they also expect businesses to take into account the interests of the wider community, behaving morally and responsibly.

Today, more than 100 million children worldwide grow up without quality education. Reflecting its deep commitment to all forms of culture, Montblanc has supported UNICEF's education and literacy programmes through various projects since 2004 and has raised more than US\$ 1 million around the world so far.

The determination of purpose is considered with the definition of organisational activities, the resources of an organisation and a consideration of its customers. The environment will also play a role in determining purpose. The purpose of the organisation is multidimensional and may include a consideration of survival, growth and profit maximisation, the importance of value add and so on.

2 STRATEGY DEVELOPMENT:

Evaluate why clarifying the organisation's purpose is crucial to strategy development.

The purpose is shaped by leaders, stakeholders, the vision, and ethics and delivered through the activities guided by mission and more specific objectives. When developing purpose, there is a need to develop a vision of the future. Statements of purpose will normally identify how the organisation is adding value and will also tend to be linked with sustainable competitive advantage. Clarifying the organisation's purpose is crucial to strategy development. Since the purpose identifies what the organisation wants to achieve and the strategy identifies how this will be done. Consequently, the purpose of the organisation is typically defined at the outset of strategy development.

3 MISSION, VISION AND OBJECTIVES (STRATEGIC DIRECTION):

Organisations find it helpful to have some clear explicit statement of their purpose; evaluate the difference between a vision, mission and strategic objective and explain the purpose of each. Draft a mission and vision statement for Montblanc and identify possible strategic objectives.

The broad, long-term tasks the organisation wants to accomplish are outlined in the mission. The development of the mission statement is a useful starting point for strategy development. It can be circulated and discussed, provides a sense of direction and focus and draws the organisation together.

The purpose of the mission statement is to communicate what the company stands for and where it is heading. It needs to reflect the basic values and beliefs of the organisation and the elements of sustainable competitive advantage, be realistic and attainable and specific and flexible enough to guide behaviour in a dynamic environment.

A mission statement is a statement of the overriding direction and purpose of an organisation. A mission statement answers the question, "Why do we exist?" and articulates the company's purpose both for those in the organization and for the public; it identifies the reason for being and may define the organization's primary customers, the products and services they produce, and the geographical location in which they operate.

Whilst the mission refers to the overriding purpose and communicates the answer to the question, 'what business are we in?', the vision describes strategic intent, where the organisation wants to be in the future. A vision is an aspirational view of what the organization will be like in the future, (Grant 2007). The vision statement is a detailed description of how things will be when the organization eventually reaches its destination.

In summary, the vision and mission of a company should be a driving force, setting the strategic direction of the business.

General aims of the organisation are communicated qualitatively in the organisational goals, whilst objectives convey similar information in a more specific, measurable and often quantitative form. Specific objectives then translate the mission into more specific commitments of what will be done and when, if the objectives are to be accomplished.

Thus the explicit statements of purpose, values and mission statements serve to unify the members of an organization and the strength of this unification force will be, in part, governed by the way such statements were formed and are communicated.

4 BUSINESS MODEL:

Whilst the mission, vision and goals focus on what will be done, the BUSINESS MODEL and specific strategies may communicate how the organisation will add value and compete. The three fundamental elements of the model are products/services, customers and the competitive logic (compelling reason to buy). Collectively, these represent the bigger picture. Discuss the business model at Montblanc; you should discuss products and services, customers and the competitive logic and how the business model is evolving.

Products -With the great success of its pens in the 1980s and 1990s, Montblanc began a serious campaign to expand its brand into other luxury goods, beginning in the late 1990s. In 1995, Montblanc began selling its own brand of luggage. The next year, the company added jewellery, and in 1997, Montblanc watches entered the market. The jewellery line was designed for men, and consisted of cuff links, as well as key rings and money clips. Montblanc was developing into what was termed a lifestyle brand, encompassing a range of products associated with a well-to-do manner of living. In 2001, Montblanc introduced its first perfume, a men's fragrance called Presence. A year after the men's scent, Montblanc brought out a women's counterpart, called Presence d'une Femme. Montblanc was able to sell a wide range of goods in part because of the success of its stand-alone boutiques. Though Montblanc was best known for its pens, shoppers in its stores could easily be exposed to the other product lines. Though its pens had long been a primarily masculine item, by the early 2000s, some 40 percent of purchasers in Montblanc's boutiques were women. They might enter the store to buy a pen as a gift for a man, but could be enticed to buy something else more feminine for themselves.

Customers – in the main customers were successful and affluent males, able to purchase at the high-end luxury brands. More recently, sales to females have increased substantially. Customers typically make repeat purchases and may be collectors.

Competitive logic - early in the film clip Schmitz discusses change, noting that the company used to compete on functionality and quality (customers were lured by a functional pen) yet today customers are more buying a status symbol than an instrument to write with. The company has changed its basic approach to positioning, moving from a narrow range for a targeted niche towards a broader product range for a defined segment of the market (high luxury end).

Competitive advantage is achieved through differentiation and niche focus-the company believes in craftsmanship and analogue technology.

The right model changes with circumstances, new models are emerging all the time.

5 VISION AND MISSION STATEMENTS AND OBJECTIVES:

Describe the relationship between the vision, mission, objectives and strategies in the strategy formulation process.

Organisations typically create a vision/ description of the business as they want it to be; from this is they may create a mission statement, outlining what the organization seeks to achieve. From this, long-term objectives may be specified and strategies developed to attain them. Finally, short-term objectives and milestones may be created to manage implementation of the strategy.

Case study references

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