

## The Power of Purpose

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**Knowing why your company exists is essential to your future success – or failure.**

Of all of the strategic statements (Vision, Mission, Values, ...), the most important by far is 'Purpose'. Whether you are a 'Vision Company' or a 'Mission Company' or both – you must have a Purpose to underpin everything.

**A Purpose is a clear and concise statement of why your company exists and for whom; of why your organisation matters.**

It is the bed rock of your strategy, your values and your culture. It underlines your competitive advantages. It is the reason why your people bounce into work every morning: It guides what they do, how they do it and why. It helps them to work with one other to deliver. It is a key reason why people want to work for you and a key reason why clients want to work with you.

**A company without a clear and genuine Purpose will struggle to achieve its potential.** It may even fail completely. I have personally witnessed both many times in my career. Many of the corporate failures that adorn our newspaper headlines can be attributed to the fact that the company in question had lost its way; had either failed to live up to its purpose – or failed to refine its Purpose as the market changed. Purpose is that critical.

### What is your Purpose?

Is it genuine? Is it inspirational? Does it resonate with your people and your customers alike? Do all of your people actively embrace it? Does it underpin how they act, think and feel about the company and its customers? Do your leaders embody it?

*"Your Purpose must be simple and it must tread the fine line between being generic enough to be relevant to every part of the business and yet specific to your business or at least your part of the industry. And it must encourage / enable your people to take a new look at what they do – whilst giving them a constant reference to ensure what they are doing and how they are doing it is in line with core reason for the company's existence. It is quite a challenge for a concise statement to pass all of these tests, but it is well worth the effort.*

*The answer to "Why do we exist?" cannot be a Blinding Glimpse of the Obvious (BGO) such as to maximise profit or shareholder return. Like "comply with the regulator", these are givens. A successful Purpose Statement must be customer-facing (e.g. "Our purpose is to enable our clients to build highly successful businesses"), and it must help to guide your managers and employees in their decision-making and actions."*

(From 'The Change Catalyst'<sup>1</sup> Chapter 25: 'Vision, Mission and Other Buzzwords')

<sup>1</sup> <https://www.wiley.com/en-gb/The+Change+Catalyst:+Secrets+to+Successful+and+Sustainable+Business+Change-p-9781119386261>

## A good purpose:

- Resonates with customers and employees alike because it is genuine and it fulfils a deep and important need, want or aspiration.
- Makes customers and employees think: “They get it!”
- Guides behaviours and decision-making throughout the organisation.
- Inspires.

## A poor Purpose:

- Is disingenuous as it just doesn't ring true for the organisation, or
- Is bland: a string of words that could apply equally to any of your competitors.
- Elicits the reactions “So what?” and/or “Prove it”.
- Lacks heart.

## The foundation stones of a good Purpose

A powerful Purpose is based on three strong foundations ...

### 1. What lies at the heart of your business?

Your Purpose should be based on the core belief / philosophy that lies at the heart of your business.

### 2. What makes your business special?

Your Purpose must also be based on your key differentiators; on what makes you special in the eyes of your customers and employees. Is there something special about your culture? What are your current competitive advantages? What are the future competitive advantages you wish to develop?

### 3. The needs, wants and aspirations of your target customers

Your company exists to enable your customers to succeed. But in what way?  
Which needs, wants, aspirations and concerns are you going to fulfil?

## Purpose is critical for attracting and retaining talent and clients alike

*“Organizations who wish to prosper will focus more time on meaning at work, have an organizational purpose and contribution which gives people a sense of satisfaction and a genuine feeling that they are making the world a better place.”* (Dr. Karl Moore, a professor of strategy and organization at McGill University.)

A recent Harvard Business Review study found that employees who derive meaning from their work report almost twice the job satisfaction and are three times more likely to stay with their employer.

Unfortunately, Forbes reports that 71% of millennials feel ‘not engaged’ or ‘actively disengaged’ with their work. Millennials make up 35% of the UK workforce and 50% of employees globally.

Millennials are not only your next generation of leaders, they are also the next generation of decision-makers in your client organisations. They will seek to do business with organisations that have a clear Purpose and values that align with theirs. This is not just a whim - they mean it. If your business lacks a genuine Purpose, they are unlikely to work for you, work with you or buy from you.

**Another key component is a clear and genuine Social Purpose**

The next generation genuinely want to make a difference. They are looking for organisations that are responsible capitalists; purpose-driven, sustainable and acting for the benefit of all stakeholders within the ‘responsible capitalist ecosystem’: employees, suppliers, partners, customers and the wider communities in which they operate - as well as for the benefit of shareholders and executives.

According to a 2016 study by Cone Communications in the US:

- 76% of millennials consider a company’s social and environmental commitments when deciding where to work
- 64% won’t take a job if a company doesn’t have strong corporate social responsibility values
- 88% say their job is more fulfilling when they are provided opportunities to make a positive impact on social and environmental issues








**Crafting a Purpose Statement is just the first step**

Leadership teams know that Purpose is important, yet they often do little beyond crafting a pithy Purpose Statement. In a recent PwC survey, 79% of leaders agreed that “an organization’s purpose is central to business success”, yet 68% said that purpose was not used in leadership decision making.

Once key leaders throughout the company are engaged in developing a galvanising Purpose Statement, they then need to work together to articulate the implications and changes required across the company to bring the Purpose to life and embed it within everything the company does.

**How do we do this?**

Implementation cannot be a top-down solution. 21<sup>st</sup> Century leadership is a team game, not a solo pursuit. While the CEO has the final right of veto, the clarification of your strategic direction will only be sustainable if the key influencers across the organisation are all genuinely engaged in the process.

	Understand strategy – customer segments, performance, vision, values, structure, history, investment philosophy, ...
	Understand work to date through conversations and meetings with Sponsor and key team. Understand process, structure, outcomes.
	1:1 meetings with every leader, senior manager and key influencer to discuss: <ul style="list-style-type: none"> <li>• Strategy – culture, strengths, weaknesses, opportunities, threats, implications, concerns</li> <li>• What lies at the heart of the business? “We believe _____”</li> <li>• What makes then business special?</li> <li>• Customer segments? Core needs, wants and aspirations?</li> </ul>
	Group workshop to share the above insights, arrive at an agreed clarification of each foundation stone. Also to map out key elements of a Purpose (without wordsmithing). Agree gaps to be filled.
	Work with Sponsor / core team to refine outputs of workshop. Test with key individuals. Perhaps clients. Enhance. Finalise.
	Group workshop to present final Purpose, discuss implications and plan implementation and adoption.
	Finalise implementation and adoption plan – including structure, accountabilities, deliverables, etc.

The process above is tailored to the individual circumstances and needs of the organisation. The secrets of success are: authenticity, wide engagement, genuine engagement, pragmatism, clear governance and decision making processes, and a relentless focus on outcomes.

It is a process designed to provide clarity, alignment, shared ownership, commitment and results. It delivers an implementation plan, clear governance and ensures your internal 'Change Catalyst' and the leadership team follow it through to conclusion ... embedding your Purpose in everything you do.

## **What is your Purpose?**

Your company's future may very well depend upon your answer.

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