

The Purpose Revolution

**How Leaders Create Engagement and Competitive
Advantage in an Age of Social Good**

By John Izzo and Jeff Vanderwielen

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DRAFT

Dedicated to my mother Irene Parisi-Izzo who taught me that making a living was not as important as leaving a mark and to the Reverend Dr. Robert Kelley who first embodied purpose for me.

John Izzo, Ph.D.

In memory of my father who inspired me to always explore, to turn from the well-traveled and familiar road onto the side roads, trails and back ways. Dad, I continue down the path you started.

Jeff Vanderwielen, Ph.D.

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Preface

This is a book for any leader, CEO, business owner, entrepreneur, HR exec, consultant, or marketing professional who want higher levels of engagement and loyalty from both employees and customers. If you are a for profit company this book will show you how to get the lion's share of loyalty from employees and customers and if you are in the nonprofit or government sector it will show you how to harness purpose to fulfill your mission. It is a book that both describes a revolution of expectations of what we want from those we work for, buy from, and invest in, while providing a practical blueprint for creating significant competitive advantage by embedding purpose in your leadership and organization. While CEO's and business owners can use this book to help make decisions about the direction of the organization and how to shape your corporate culture, leaders at all levels including front line managers, will find here a practical guide to engaging employees and customers around purpose while finding more meaning in your own work.

In 1994 John Izzo co-authored a book titled *Awakening Corporate Soul* in which he suggested that those companies that had a deep purpose and were socially responsible would ultimately be more successful than those who followed a typical path focused on profits. The idea was mostly aspirational, a vision of how business might be, as at the time, only a small number of companies viewed social responsibility or purpose as a primary path to success.

Although it feels like moral high ground to be ahead of the curve, over the next twenty years it still seemed like this trend was growing but quite slowly. Many companies were intrigued about adding "doing good" and "purpose" to their list of things to do, but it was rarely a major priority in most enterprises. Today, that's changing, and it's happening fast.

In recent years, a quiet revolution has been brewing across the globe. Cutting across geography, generation and sector, there is a sea change in terms of what employees, customers and investors expect from business. Employees want a meaningful job where they can make a difference not just get a paycheck, customers want to consume with less guilt about the impact their purchases have on society and planet leveraging good if they can, and investors are beginning to see that doing good is simply good business.

These three groups still want what they have always wanted of course. Employees want a great salary and a career path, customers want quality, innovation, and value, investors want to make a return, but the revolution we write about, in many ways, is a revolution about AND instead of OR. We want all these things AND we want our work, our buying, and our investing to help leverage a better world. We call this desire for meaning and doing good, Purpose.

When we first began writing this book a colleague who is steeped in the emerging revolution of expectations said to us “this sounds like a book that was written five years ago!” His point was that most business leaders know about the growing focus on purpose so there was a danger that this book felt like “old news.” On the one hand, this is true. As we travel across the world working with major businesses and attending gatherings of business leaders, the words purpose, sustainability, social good and so on are now common sentiments expressed in many business circles. Most every major business has a portal on their website to tell you how much good they are doing in the world and touting their purpose to make a difference for customers and employees. So why does this book matter?

There are two reasons why we felt this book is sorely needed. The first is because for most companies, purpose and social good are still seen as just one of many trends driving the success or failure of their business. We believe that most leaders have no idea how pervasive and

important the emerging focus on purpose is, and how it will reshape everything about how we do business. In this book, we will show how this revolution is not one more wave about to hit the shores of your organization but is literally the most important wave of our generation. We hope to make the compelling case that this may be THE biggest business opportunity of our time.

Second, this book is needed because even though most leaders now say that purpose and social good matter to their business, most are failing to truly embed purpose in their leadership and few companies are truly reorienting their business. The purpose of this book is to both show you the shape of the coming revolution and, more importantly, to show how your business (and how you as a leader) must change to thrive in the age of social good.

Over the last twenty plus years, we have worked with about 550 companies across the globe helping them become more purpose-driven. We have learned a great deal about why some companies and leaders are thriving in this new era and what we must do to truly harness the power of these new desires for good. Much of what we share comes from our own consulting work.

For this book, we also set out on a journey to find out how companies were winning in the revolution and what it might say about how to succeed and do good. We surveyed hundreds of leaders to ask them what keeps them up at night. We interviewed leaders at over fifty companies who are making real progress on purpose including companies like 3M, Seventh Generation, Ford, HP, IBM, and TELUS. We also identified a group of CEO's who have demonstrated real leadership and success in driving social good interviewing 18 that included the likes of Inge Thulin (3M), Muhtar Kent (Coca-Cola), Bill Ford (Ford Motor), Darren Entwistle (TELUS), Joey Bergstein (Seventh Generation), Don Guloien (Manulife), and Paul Polman (Unilever). We sought out the advice of some of the thought leaders who are shaping this

movement, many of whom we quote in the book. In each case, we asked three basic questions: What is changing in terms of expectations around purpose and social good? What is your company doing to respond to those shifts and what is working? What should other leaders and organizations be doing to truly embed purpose? Whenever we don't specifically cite a reference, the quotes and information come directly from these interviews. We felt it would be redundant to make that clear in each reference.

In Part One, *Harnessing the Power of Purpose*, we will show you why this is truly a revolution, help you understand the three waves of the Purpose trend and what's driving it, and then show you the keys to truly create an organization or team focused on purpose and social good. You will also find out why most leaders are currently failing to truly embed purpose in their teams. In Part Two, *Leading a Purpose-Driven Culture*, we provide a practical blueprint to lead for purpose and give you scores of useable ideas from those already thriving on how you can engage purpose in your team and company. This part gets very focused on the how and we think every leader has a critical role to play in driving a purpose culture. The book is meant to be both eye opening but also incredibly practical.

It might be useful to give some advice on how to read and use this book. The two parts to the book are a deliberate choice by us. Part One is going to be of most interest to CEO's, business owners, HR leaders, marketing leaders, chief sustainability officers, and consultants because it shows you why purpose matters and helps understand the emerging shifts in expectations around purpose. If you are a mid-level or front-line operational leader, you will want to understand these trends but may find Part Two that focuses on how to embed purpose into your leadership even more helpful. If you are the CEO, owner, or a senior division leader, you may find it useful to have every leader read the book focusing them on the How section in

Part Two. Business books aren't always meant to be read cover to cover but each reader should focus on the sections most compelling for them.

When John wrote *Awakening Corporate Soul* in 1994, it was a book not just about doing good business but how business could do good. Make no mistake this new book is NOT just about winning employees and customers, it is about the soul of business. Ever since we began advising companies, we believed that business could help create a more equitable and sustainable world for communities and the planet.

The *Purpose Revolution* is ushering in a great opportunity for you as a leader not only to create meaningful competitive advantage in terms of winning employee commitment and keeping top talent, not only gaining extraordinary loyalty from customers as well as investment from investors, but by stepping up to focus on social good, you have a chance to be part of a revolution that will shape the world our children and grandchildren will live in.

John Izzo, Ph.D. and Jeff Vanderwielen, Ph.D

Introduction

Are You Ready for the Revolution?

There is a revolution happening in business right now and it will be one of the greatest opportunities of our generation for you as a leader. It is a movement that is already well under way: it's global and those leaders who take it seriously will have the ability to engage employees and customers leading to sustainable success for years to come. Those who ignore it will become irrelevant. This book is a guide to thriving in what we call the *Purpose Revolution*.

The revolution is a shift among employees, customers, and investors who expect businesses to meet their self-oriented needs while being a force for good in society and the environment. In the case of employees, it also constitutes a growing expectation that work become a place of fulfillment, in which one can make a difference in the world while also finding personal meaning—not just make a living.

This revolution is, in part, a reaction to a shift that happened in the 1970s as companies began to put greater emphasis on shareholder return as the prime directive, with customers, employees, communities, and other stakeholders falling by the wayside. This trend flourished throughout the '80s, '90s, and early 2000s on the assumption that since stockholders “own” the companies in which they invest, they should have the final say, and that it's a company's duty to do all it can to support shareholder value. But today, the wisest companies are realizing that their actions affect many more people, directly and indirectly, than their short-term or long-term investors. More importantly these companies are seeing that employees, customers, and investors are expecting something different.

<H1>What is Purpose Anyway?

The word purpose has suddenly started showing up with great frequency in corporate circles across the globe. For example, in a 2016 report on the global state of purpose, Ernst and Young noted that “public discourse about ‘corporate/organizational purpose’ has increased fivefold since 1994, now trending at an exponential rate that surpasses the rate of public discourse about sustainability.”¹ Purpose can be defined both for the individual and for the organization. For the individual employee or worker, purpose is the belief that work serves to make a difference in a way that is meaningful to that person. It is the part of work that is not simply about earning a salary or having status, but a sense that the work itself has meaning, with an underlying feeling that the job serves society or their personal values in a positive way.

The Japanese have a word for this sense of purpose, *ikiagi*, which is one’s reason for being, similar to the French phrase *Raison d’être*. Everyone, according to the Japanese, has an *ikigai*. Finding it requires a deep and often lengthy search of self. Such a search is regarded as being very important, since it is believed that discovery of one’s *ikigai* brings satisfaction and meaning to life. Examples include work, hobbies and raising children. One of our executive coaching clients in Japan tells us that there is a growing reimagining of the meaning of work happening in their culture. We believe this emerging desire to find “*ikigai*” at work is global.

For organizations, we define purpose as: *An aspirational reason for being that is about making life better now, and in the future, for all stakeholders, especially customers and society.* A purposeful organization is one that has built its entire enterprise around this core reason for existence. Though the organization may produce products, provide services, and generate profits,

its whole system revolves around this desire to make life better for customers, employees, society, and the environment (now and in the future!). While profits have become a prime focus for most companies, almost all profits are the result of fulfilling a purpose that serves customers. Yet many businesses today are disconnected from that sense of purpose, leaving an empty focus on profits as an end rather than a measure of fulfilling the needs of those they serve.

<H2>The Purpose Gap

In this book, our prime goal is to help you create a purpose driven organization and lead in what we call the *age of social good*, embedding purpose into your company and your leadership. But in this new world of social good, there is a gap in terms of the expectations of customers and employees. In business, “gap” means opportunity—if people want something and organizations are not delivering it, then those organizations who close the gap between people’s expectations and delivery will succeed.

Right now, there is what we term a “Purpose Gap”: one that exists between employee and customer expectations surrounding purpose and actual company behavior. Most companies are currently failing at providing purpose to their employees, customers, and investors, or at least sub-optimizing its potential. Research has shown that almost 70% of employees say the company they work for is mostly interested in profits and serving its own needs rather than society or customers. Compare this stat to the 86% of employees who “believe it’s important that their own employer is responsible to society and the environment, with over half (55%) feeling it is very important,”² and 60% who want their work to have purpose—it’s obvious to see a meaningful gap has been created.

Furthermore, in a large study of CEOs, the majority said they thought that activating purpose would drive higher employee satisfaction (89%), the company's ability to transform (84%), and the ability to increase customer loyalty (80%). Yet only about 45% said they were doing well at embedding purpose in their companies.³ They struggle to communicate how the jobs they provide offer purpose and meaning beyond monetary or transactional value. Job seekers looking for purpose are not given clear connections to how their work contributes to something more substantial, or how it positively impacts others. While business leaders are expected to play a central role in connecting work to purpose, it has been shown that less than a third help their direct reports connect their own purpose to the work of the company.⁴

This gap represents a major opportunity. The fact that talent wants purpose—but most employees perceive companies as primarily being interested in their own welfare rather than that of customer or society—means that those organizations who find a way to truly connect to purpose will gain meaningful advantage. Whether you're a CEO, mid-level manager, an HR recruiter, or a small business owner, understanding and building a truly purpose focused team will lead to higher, long-term performance throughout your organization.

<H2>Purpose and the War for Talent

As we interviewed leaders while writing this book, they repeatedly told us that when they visit campuses the reputation of their organization for doing good is a major driver for top talent. Andrew Harding of the Chartered Institute of Management Accountants commented on the changing expectations of the new workforce: "Now conversations with undergraduates are 'I want to work in a real business, I want to see the value of that business and I want to be able to feel I am part of delivering that value.' This is a very, very fundamental mindset shift that plays

alongside your organizational purpose and agenda.”⁵ The purpose-centered employee is transforming the rules about why we work and the role of business in our lives and society. Thirty seven percent of the global workforce is now purpose oriented and the number is growing.⁶ The transformation, happening from the inside out, is based on personal values and is driving three big shifts in the workplace.

One shift is from working for money to having a *job with purpose*, a reorientation to one’s relationship to the job, moving away from work as merely a means to make a living toward it being an expression of personal values. Purpose and meaning are the main themes. Second is an expectation that the workplace will enrich the lives of its employees, providing opportunities for people to contribute beyond the job itself—*an opportunity to make a difference at work*, either inside or outside of the company. Enrichment, growth, and contribution are paramount. Third, a redefinition of the role of business in society—*the company needs to make the world a better place*. Together, these transformations are shaping a new relationship between employees, companies, and society.

Offering purpose in a job is no longer a “nice to have” benefit to lure top talent, but is now the required “ante” to play in the high stakes game of talent acquisition. Drew Bonfiglio, founder of Emzingo—a development leadership company that works with young talent—has firsthand experience with the new purpose driven employee. He told us: “You have to make purpose intrinsic to the company culture.” Jean Bennington Sweeney, Chief Sustainability Officer at 3M echoed the same sentiment about their workforce, “Our employees want a job with purpose; they need to see a purpose bigger than themselves when they come into work.” The job of leaders in the age of social good is “activate purpose,” meaning that they help bring out the latent good intentions and aspirations of employees to make a difference in the lives of others,

society, or the environment and then translate these into viable strategies and actions across the organization. But they don't stop there: in addition to embedding purpose throughout their organization, they must also find consistent ways to focus customers and investors on the company's authentic story of doing good.

<H2>Your Customers Want Purpose

Though employees have been the fastest to embrace the purpose revolution, customers are quickly coming around. The situation for customers is more complicated than employees since who you work for is a binary choice, whereas consumers may use hundreds of products and services during a given year. The reasons customers buy products from specific companies are complex, including product effectiveness, style, social status, cost, value, and speed. Whether the product is also good for the world or provides a sense of purpose is one of numerous factors considered.

That being said, sixty percent of customers today report making socially conscious buying decisions. Eighty-three percent of customers rate that buying from a green company is important to them.⁷ A 2015 report showed that “66 percent of global consumers say they're willing to pay more for sustainable brands.”⁸ Health Shackelford, Founder of Kick Starter for Good Must Grow noted that “consumers are aligning their purchasing habits with their passion and purpose and more aggressively supporting socially responsible businesses.”

The emerging global customer wants what we call “AND.” They want the product to meet their self-oriented needs at a fair value AND they also want to purchase “without guilt,” leveraging a better world through their buying habits. Yet there are barriers to acting on those desires. According to GlobeScan, over half of global customers say it matters to them whether

the companies they buy from are socially responsible and green, yet customers say they are routinely confused about whether the brands they buy from are “good.”

In other words, we increasingly want to “buy with purpose” but feel we don’t have the information we need to choose wisely. Given that confusion, it should come as little surprise that consumers also say they would not care if 70 to 75 percent of the brands in the world disappeared—a sign that customers believe most brands are not acting responsibly or sustainably.⁹ Consumers want to buy from companies they believe in. Those companies who can tell an authentic story of purpose are winning customers but few companies are doing this.

The purpose-centered customer is highly connected, living in a world of mobile and social media where information moves at the speed of light, creating a “new world of peer-to-peer commerce where *People Rule*.”¹⁰ Customers across the globe have instant access to information about a company and the power to express, in that moment, their brand experience to a receptive audience around the world.

In a 2015 global survey of human aspirations, GlobeScan and BBMG identified the “Aspirationals” as the largest and most significant consumer group in the world.¹¹ According to the report “Aspirationals” matter because they are the first to unite materialism, sustainability values and cultural influence making them an essential audience to build markets, influence cultural norms and shape behavior change at scale.” Most “aspirationals”, 70 percent, said that companies should be accountable for “ensuring their products and operations do not harm the environment.”

An international study by UK based Unilever reveals that a third of consumers (33%) are now choosing to buy from brands they believe are doing social or environmental good.¹² The

study suggests that there is an estimated €966 billion opportunity exists for brands that make their sustainability credentials clear.

The study asked 20,000 adults from five countries how their sustainability concerns impact their choices in-store and at home. Crucially, it then mapped their claims against real purchase decisions, giving a more accurate picture than ever of what people are actually buying – and why. More than one in five (21%) of the people surveyed said they would actively choose brands if they made their sustainability credentials clearer on their packaging and in their marketing.

The scale of this opportunity is further borne out by Unilever's own financial performance. Of its hundreds of brands, those such as Dove, Hellmann's and Ben & Jerry's, that have integrated sustainability into both their purpose and products delivered nearly half the company's global growth in 2015. Collectively, they are also growing 30 percent faster than the rest of the business.

The study also suggests that the trend for purpose-led purchasing is greater among consumers in emerging economies than in developed markets. While 53 percent of shoppers in the UK and 78 percent in the US say they feel better when they buy products that are sustainably produced, that number rises to 88 percent in India and 85 percent in both Brazil and Turkey.

So, while it is fair to say employees “are in,” we might say customers “want in.” That is, the trend towards customers wanting to leverage good with their purchases is growing (and fast) all around the globe. Those businesses that can make it easy for people to “choose good” will have a true advantage. With employees who see their jobs as more than a way to make a living, but positively impact the world, and consumers who are proud to buy products and services they

believe in, you are poised to join the revolution head-on. The last group you need to consider, however, is the investor.

<H2>Investors: Do They Really Care About Purpose?

While employees are showing they care about purpose with the choices they make and customers are showing they want to buy with purpose, it is important to ask if investors are really interested in doing good. There are early signs that suggest investors are starting to get serious about purpose such as impact investing where people make choices to invest in businesses that have social impact as a major focus of their reason for existence. For example, in 2007 approximately 11 percent of U.S. managed assets (\$2.71 trillion) were invested in socially responsible investing (SRI) products—an 18 percent increase from the previous decade.¹³ The US SIF Foundation reported that in just three years, from 2012 to 2015, assets in sustainable and responsible mutual funds grew from \$60.1 billion to \$85.4 billion.¹⁴

In a 2015 survey of investors and executives across 113 countries, MIT Sloan in partnership with the Boston Consulting Group reported that 73 percent of investors said that sustainability performance mattered more than it did three years earlier.¹⁵ Major pension funds have also increasingly started using their weight to push companies to address problems such as climate change. Risk mitigation issues around environment and society are also becoming a major focus of large investors. Yet research shows that while most investors want to leverage good with their investment choices, making a solid return on those investments is still the critical driver.

The investor role in the purpose revolution has two elements adding to its force, potentially making it ultimately even more powerful than consumers or employees. One element

is the data: increasingly business performance numbers show investors that sustainably run companies *outperform* non-sustainable companies. Second, investors are realizing that there is more risk inherent in non-sustainable companies compared to those with sustainable practices. In short, sustainably run companies are a better investment than non-sustainable companies. Together, the combined energy underlying the investor role—social and moral values, better performance, and lower risk—is creating a push toward purpose.

Socially and environmentally-minded investors are now having an impact on business practices as well. It has been reported that the number of shareholder proposals filed on environmental and social issues has increased by 50 percent in the last 10 years.¹⁶ In one study, David Gardiner and Associates found that more than 80 percent of the withdrawal agreements negotiated with companies on environmental issues from 2008–2010 had been fully or substantially implemented.¹⁷ A number of SRI firms and public pension funds filed shareholder proposals regarding the environmental impact of fracking with Chevron, ExxonMobil, EQT, EOG, Pioneer Natural Resources, and Occidental Petroleum. And they got results. For example, ExxonMobil agreed to initiate reporting on risk management across 26 categories; EQT agreed to measure and disclose methane leakage and report progress on reducing risks to ground and surface water; Occidental Petroleum Corporation agreed to report on its water consumption, recycling, waste management, and toxic chemical reduction progress; and Pioneer Natural Resources agreed to ESG oversight to its board charter and increased disclosures on water sourcing, recycling, and air emissions management.¹⁸

While employees are already in and customers want in, investors are thinking about coming in. This component of the revolution may clearly be behind the other two, but there is a good chance that once it starts to gain further momentum, investors will join employees and

customers to become an awesome force that will hit businesses at all levels. As one mutual fund manager told an audience at a large *Sustainable Brands* conference in San Diego in 2016, “when investors get religion on this issue, and they will, companies are going to be scrambling to catch up.”

<H1>Revolutions Create Winners and Losers

Human history has always been shaped by revolutions. Whether the agricultural revolution, the Enlightenment, the industrial revolution, violent revolutions that swept in democracy in places like France and America, or the revolutions in China and Russia that birthed socialism and communism, human progress is often punctuated with major shifts. Our business and social lives are also shaped by revolutions, both in popular thought and technology. Looking back only fifty years, it’s hard to believe how drastically the most integral aspects of our lives have changed, whether considering entertainment, food, communication, social interaction, or commerce.

When revolutions occur, there are almost always winners and losers. Consider one of the greatest business revolutions in the last fifty years: the quality revolution. In the 1960s, Management thinkers Edwards Deming and Joseph Juran espoused ideas about how to manage quality by looking at processes rather than people and by creating a corporate culture that put improvement at the center of the enterprise. Their ideas got little traction in America and Europe, but found a more receptive audience in Japan. By the time 1970 rolled around, the quality revolution had taken hold and Japanese products were both relatively inexpensive and the highest quality manufactured goods in the world. Products once considered “cheap” were now at the top of *Consumer Reports* assessments of reliability and quality. By 1975, everyone knew the best cars in the world were manufactured in Japan and companies like Toyota and Honda were

making the lion's share of the auto profits. North American auto manufacturers were the losers in that revolution, though ultimately it was a big win for consumers. The failure to quickly respond to that revolution nearly put the largest automakers in the world out of business.

Revolutions are funny things, because we often don't know how important they are until we've been left behind by them. Imagine the first humans who settled down to grow crops instead of continuing to live as hunters and gatherers. It's unlikely that anyone at that time foresaw what a radical change was occurring and how it would affect human society: a decrease in infant mortality rates, exponential population growth, increased levels of organized violence, the birth of new primitive technologies, the promulgation of written language and communication, and in general a new way of life, from top to bottom.

The same is true of business revolutions. When Japanese cars were considered "cheap imports" in North America, no one suspected that the quality revolution would put companies like GM and Chrysler against the ropes. Remember the video store Blockbuster? They passed on an opportunity to purchase Netflix in part because they didn't understand, or were unwilling to believe, the level of disruption that was about to take place in accessing and watching movies at home. Business revolutions spell death for some companies, but they also provide a climate in which other companies grow and thrive.

Human beings also have a strong tendency to underestimate rates of change. Most of the time we get the general direction correct, but we aren't ready for how rapidly a trend takes off once the trajectory is set. Take the adoption of cell phones. In 1980 AT&T commissioned a study to estimate cell phone usage by the year 2000, concluding that there would be 900,000 cell phone users by that time.¹⁹ When 2000 rolled around, there were 109 million cell phone connections—

120 times greater than estimated. Today there are over 6.9 billion cell phone connections, more than the number of people on the planet.

Green energy provides another example of our tendency to underestimate adoption curves. In 2000, it was estimated that by 2010 worldwide electricity generated by wind would be 30 gigawatts. Come 2014, that figure was exceeded by 120 times. We see comparable trends and predictions in solar energy. In 2012, US Energy Information (EIA) reported that solar was projected to reach 24 gigawatts of capacity by 2035. During the first three months of 2017, the Federal Energy Regulatory Commission stated that utility-scale solar was already at 25.84 gigawatts, which doesn't even include small-scale systems such as rooftop solar.²⁰

Similar stories can be told from predictions of the growth of the automobile after the release of Ford's Model T to how many personal computers would be in use today. The commonality between all these predictive misses is that we typically think of change as linear when it tends to be geometric. As Malcolm Gladwell showed profoundly in his book *The Tipping Point*, social phenomena start slowly at first, but when they reach the point of acceleration, they take off. It is somewhat like a rocket ship slowly lifting off its launch platform but soon accelerating at rapid speed.

<H1>Purpose Can Make You Relevant in an Age of Disruption

One of the biggest changes in business over the last fifteen years is both the rate of disruption in business as well as the commoditization of almost everything. Almost any business model can be disrupted and quite quickly. Think of what ride sharing has done to the taxi business and what "robo" advisors may soon do to financial planners. Alongside the potential for disruption is a relentless focus on price where customers will often desert brands in favor of less expensive alternatives. All of this raises the question: Where does customer and employee

loyalty come from when disruption is the norm and almost everything becomes a commodity? We think that connecting people to your purpose has the potential to be one of the few sustainable competitive advantages available to businesses. As we will show in this book, when customers connect to your purpose they are more loyal even when your competitors cut prices, employees will stay and work hard even when you face disruption, and your existing customers as well as employees will be raving ambassadors for your brand. <H1>Closing the Purpose

Gap: Leading in an Age of Social Good

Most leaders sense that purpose and social good are becoming critical drivers of business success. Yet most companies are failing at purpose. Their efforts to close the gap between the emerging values and desires of the global population are simply insufficient. The purpose gap may be a threat to some companies but it is a tremendous opportunity for others. Those companies and leaders who truly bridge the divide will become the purpose icons of our generation, in much the way Honda, Nordstrom, Southwest, and FedEx became the icons of the service quality revolution. Addressing the gap between what talent and customers want and how most companies are presently perceived will prove to be the most imperative business challenge for the twenty-first century.

Sustainable Brands is the leading community of interest on this issue. For over ten years, they have been conducting conferences across the globe focused on how companies can prosper by creating brands with purpose. The company's CEO and founder KoAnn Vikoren Skrzyniarz told us that the window is going to close for companies who want to truly differentiate just by focusing on purpose. "There will always be opportunities for companies to go deeper but if you want to differentiate just by having a purpose it will soon be too late. Once having purpose is the lowest common denominator, then you have to work a good deal harder."

The real question is whether your company will close the gap or get swallowed up by it. Will you personally be a leader who truly creates a highly engaged purpose driven team? The chapters that follow provide an in-depth guide to thriving in the age of social good. Some readers may find their companies' practices make their organizations well positioned, but it is likely that many more will find they're woefully behind the purpose curve. Fear not, we're here to help you navigate this new world. Let's begin!

Part One: Harnessing the Power of Purpose

Section Introduction

The core argument of this book is that there is a revolution of expectations happening among employees, customers and investors that represents one of the biggest opportunities for engaging employees, customers, and investors in our generation. The focus of this first section is to help you understand what the Purpose Revolution is all about and why it matters to you as a leader and your enterprise. We want you to really understand how your stakeholders define purpose and how the desire for meaning at work and for our actions to leverage social good, are key to leveraging both engagement and loyalty for talent and customers in the age of social good.

This section will help you as a leader understand what purpose is, see how expectations are shifting, discover the business advantage of purpose, learn how to define company/team purpose, and find out how to close what we call the Purpose Gap. You will also discover why most leaders and companies are currently failing at purpose and how to avoid the most common mistakes when it comes to engaging the emerging employee and customer.

Chapter 1

The Purpose Advantage

There is little doubt that companies focusing more deeply on purpose and social good will be positive for society and for the people working for those organizations. But will taking purpose seriously create a meaningful competitive advantage for your enterprise? Few may disagree with the direction of the trends discussed in this book, but many may doubt whether it is the kind of game changing force, the revolution, we believe it to be. If you're thinking along these lines, or asking yourself similar questions, we understand—you're not alone.

Many of the CEOs and leaders we interviewed, whose companies are already reaping significant benefit from a focus on purpose, suggested that *most* leaders still don't get how important this movement has already become. Inge Thulin, for example, CEO of 3M, told us that "An enterprise not focused on sustainability for their own products and those of their customers will not exist in fifty years." Sustainability of course is bigger than just environment though "being green" consistently tops the societal concerns of talent and consumers, it's about that aspirational focus on making things better. Darren Entwistle, CEO of TELUS, a large profitable Canadian telecommunications company and a leader in this revolution, is not only convinced that purpose is critical for business success but bluntly adds "the vast majority of my CEO peers simply don't get the potential of moving in this direction."

We don't want to "scare you" into supporting the purpose-driven company philosophy discussed throughout this book, but we do want to show you that the facts all point to a changing world, an age of social good in which purpose increasingly lies at the heart of employee, customer, and investor motivation. We believe that once you understand the facts, and the power

of the purpose revolution, you won't be able to ignore it any longer. To start, let's consider the business case for purpose. There are three dimensions to explore: the risks of not focusing on purpose, the direct opportunity that comes from purpose, and the indirect benefits that derive from a purpose driven culture.

<H1>The Business Case for Purpose

In an age of social good there is great risk in not being a purpose driven company that creates social good. Take VW, the German auto manufacturer whose scandal involving “gaming” the software on their cars to deceive regulators about their vehicles’ emissions cost the company billions of dollars in lawsuits and reparations to dealers, as well as customers. It also started a conversation among the car buying public. A colleague of ours told us recently about a conversation he had with a group of fellow professionals at a party, half of which said they would never again buy a VW product. The value of VW stock has been decimated—cut in half—and there is a good chance the scandal will follow them for years to come.

Many top talent, especially young recruits, now create lists of companies they simply won't work for. Take the case of Lisa, a top grad from the Wharton Business School, who told us that “My friends and I researched companies we felt were working against values we care about. Companies like Exxon, VW, BP, Monsanto, and about thirty others were on our list. We called it the ‘no fly’ list.” Companies made the list for reasons ranging from environmental damage to ethical lapses. Recruiters at 3M, Ford, and many other companies tell us that on campuses, students increasingly come armed with information about your corporate reputation already in hand. One HR exec said to us “they already know our story, they just want to know if it's real.”

If they believe that your company is serious about its mission, they'll be more open to working with you. If they find that there are holes in your corporate reputation, they won't mind writing you off—there are plenty of other companies out there whose values align with theirs.

Though the risk side is a strong case for purpose, the upside of being purpose driven is even stronger. Consider a 2015 study by IO Sustainability and Babson College titled *Project ROI (Defining the Competitive and Financial Advantages of Corporate Social Responsibility and Sustainability)*.¹ The research study took a wide path to examine far reaching data points to do a meta-analysis of whether being good pays off. The report found that “strong corporate responsibility (CR), which is one important part of the purpose equation, increases commitment, affinity, and engagement of employees.” Note that corporate social responsibility is not synonymous with purpose, though it does play a role in how company's drive and activate purpose today.

The study reports that employees would be willing to take a 5 percent pay cut working for an employer that is committed to social responsibility. Organizations with effective corporate responsibility programs and approaches can also increase productivity by up to 13 percent and reduce the annual quit rate by 3 to 3.5 percent, saving replacement costs of up to 90 to 200 percent of an employee's annual salary for each position that stays. Over time, the average turnover rate can be reduced by 25 to 50 percent. The study also revealed that strong CR has a meaningful impact on marketing and sales and can “increase revenue by 20 percent; increase price premium up to 20 percent; and increase customer commitment in the total segment of 60 percent.” Maybe most telling is that according to *Project ROI*, CR has the potential to “increase market value by up to 4-6 percent; over a 15-year period increase shareholder value by USD \$1.28 billion; and avoid market losses from crisis by USD \$378 million.”

As you can see, we're not talking about chump change here—this is a phenomenon of epic proportions. If you don't heed the warning signs you not only leave money on the table, but you also lose the best and brightest minds. This talent pool is not just domestic, either. One of the most important aspects of this revolution is that the purpose-centered employee is a global phenomenon cutting across borders of geography and country. A 2016 global survey of 26,151 LinkedIn members in 40 different countries and 16 different languages found that 37 percent of LinkedIn members are “purpose oriented” and “38 percent considered purpose to be equally weighted with either money or status.”²

The countries rating highest on purpose orientation were Sweden (53 percent), Germany (50 percent), Netherlands (50 percent), Belgium (49 percent) and Poland (48 percent). The United States showed a 40 percent purpose orientation in their workforce. The lowest purpose oriented country in the study was Saudi Arabia, at 23 percent. For many companies, the war for talent is a global fight, so showing how your company is helping to solve the great challenges the world faces is becoming a ticket to engaging talent everywhere a company finds themselves. And it's not just potential employees—it's potential *new* customers.

<H1>A Global Opportunity

One of the greatest opportunities in business today is in reaching the emerging global middle class. What it takes to win this growing market might surprise you. The rise of the middle class in the developing world, particularly in Asia, is a major aspect driving the purpose revolution. China, for example, has brought more people into the middle class and out of poverty in a shorter span of time, than any society in human history. The Edelman *Goodpurpose Study* showed that 80 percent of consumers in China and 71 percent in India were willing to pay more for products

from companies with a purpose.³ John Mroz, founder of the East West Institute, and a mentor of ours, spent a great deal of time working at high levels with the Chinese government. Behind the scenes, their most senior people told him they were surprised that once they brought so many people into the middle-class expectations changed rapidly. Suddenly people were demanding a clean environment and more accountability, while increasing pressure on the government to address specific issues such as air pollution and food safety.

People in poverty don't generally push businesses to be more responsible, nor do they focus primarily on the sense of purpose they get at work, but once people rise to a higher income level, they begin considering these factors. Right now, this situation is taking place across the developing world in greater numbers than ever before. This rising middle class in the developing world will pressure companies to take purpose and social responsibility very seriously.

In a 2015 Forbes article, Bill Fischer points out that the rising middle class and “growing focus on the serving the Chinese consumer” is driving companies to shift their culture toward innovation.⁴ And that the most successful innovations are driven from “pursuing a sense of purpose”. One example of this is Shinho and Chinese food company which, in the words of Charles Hayes, Managing Director of IDEO, China, is motivated “not just by commercial objectives but by using their business to improve lives.”

Shino's higher aspirations are evident by their mission: “We lead the diet to improve the ecology, so that family peace of mind to enjoy every meal, live music every day.”⁵ Shino's purpose is realized through their commitment to six causes: sustainable agricultural cultivation; reliable diet supply chain; innovative product development; high standards of manufacturing; convenient retail channels; extreme diet experience and; a full range of food education

As incomes grow internationally, an emerging desire for meaning is accompanied by disillusionment in modern life. Otto Scharmer from M.I.T. refers to this idea as the three divides of modern society: The nature divide, the social divide, and the spiritual divide. The nature divide is a growing disconnect between global society and our impact on the environment, witnessed most powerfully by the climate change crisis. The social divide is the increasing gap between the rich and poor. The spiritual divide is the growing experience of loss of meaning often related to the experience at work. These growing divides are creating a wall of energy heading towards businesses that will bring pressure for contemporary companies worldwide to address all three divides. Companies will soon be scrambling to keep pace with the emerging desires of talent and customers. Those companies perceived as proactively leading for change, will become the preferred brands and employers.

<H1>The Competitive Advantage Starts with a Clear Purpose

In the coming chapters, we'll profile numerous companies and leaders that we believe are at the forefront of the Purpose Revolution, driving purpose within their organizations and teams while creating a better world in the process. As you'll see, some of these companies began with a clear purpose woven into the very product they make or service they provide. Others develop their purpose over time, finding what connects with their core values as an organization and as people, and how that relates to their employees and customers. Unearthing that purpose and communicating it widely is a main tenant of getting engaged in the purpose revolution.

Therefore, the first step to activating purpose in your organization or team is to articulate a clear, compelling purpose, one that is bigger than simply making money.

As an illustration of the potential of purpose to drive business advantage, take the case of Seventh Generation, who has continuously gained customers in a large part due to a willingness to clearly and concisely promoting its purpose then back it up not just with words, but with deeds. Founded in 1988 in Burlington, Vermont, Seventh Generation sells cleaning, personal care, and paper products and supplies, with an emphasis on corporate responsibility, sustainability, the environment, and consumer health. The company's purpose is "to nurture a consumer revolution that influences the health of the next seven generations."

Their dish and hand soap, diapers and wipes, botanical disinfectants, and feminine hygiene products are all made with their customers best interests at heart, using biodegradable, recyclable, and organic materials, and avoiding harmful or harsh chemicals and plastics. They are particularly well known for their laundry detergent, and not just because it keeps people's clothes smelling fresh and clean.

Seventh Generation believes, as many of its customers do, that people should know what ingredients go into their cleaning products. Customers see the company's commitment to sustainability right on their labels, highlighting the key value attributes of their products. For example, on laundry detergent: "0% Synthetic Fragrances, 0% Dyes, 0% Artificial Brighteners." On the dishwasher detergent, in addition to zero synthetic fragrances and dyes, the label communicates: "0% Chlorine Bleach." In fact, the company believes so strongly in customer education on this issue, they have made serious steps toward ingredient transparency for all cleaning product companies.

The case of a campaign they ran shows how being purpose driven is good business. In 2014, the company led an effort tied to Earth Day aimed at getting the US Congress to pass a bill focused on toxic chemical safety reform asking people to demand greater regulation over chemical safety.. They ran a full-page ad in the *New York Times* asking citizens for 100,000

signatures on a petition to get the bill passed. The ad focused on why this issue mattered for the planet and for society—the ad didn't mention the company's products. Joey Bergstein, the CEO at Seventh Generation says that the ad had a larger impact on sales than all the coupons the company had issued for an entire year. The company tackled an issue they felt was important to their customers and invited them to get involved directly. The interesting thing is by their own internal measures, that campaign had a bigger impact on sales volume than all the coupons they offered for one year even though those directly benefit the customer's wallet. The campaign was much more than a simple marketing effort—it solidified their relationship with the customers and reinforced their mission for good.

More recently the campaign they are currently running focuses on ingredient disclosure – the cleaning products right to know act. They invite people to join the effort to make product labeling transparent and offer clear suggestions on what they can do: “Make sure you're only using products that list their ingredients on the labels” and “Support the Cleaning Product Right to Know Act (H.R. 5205) by contacting your US representative.” To make it easy to act, they have an “ACT NOW” button link connecting to a letter that can be sent to your local representative. Seventh Generation cares about their customers, both current and future. They found a cause that resonates with consumers and has become a bedrock of their business, advocating for safer products that customers love.

Seventh Generation regularly demonstrates its values and shows they have skin in the game, inviting their growing customer base to participate with them when they take a stand. By showing their customers that they are in this fight together and that their actions align with their customers' needs and principles, the company is already winning the purpose advantage.

While the example of the ad campaign above was a genuine expression of this company's purpose, it also serves as an example to any organization wanting to close the Purpose Gap to help consumers make the "good" choice they want to make. Since we don't know what will resonate with customers it's critical to test your purpose initiatives for business impact. Rather than traditional marketing, such testing is ultimately about building a more authentic relationship with consumers centered on your shared values.

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<H1>Exercise: How Would Your Organization Score on Purpose?

Throughout the book, we provide numerous exercises to help you gain insight into personal and company purpose. These activities consist of actionable advice you can implement at work and steps to help you close the purpose gap, activate purpose, and create a purpose-driven culture. We'll ask you to take notes, brainstorm ideas, or write down your thoughts, so we suggest you get a journal or pad of paper dedicated for this use. Of course, feel free to use a digital mobile device, but just make sure it's something you can access easily for your reference.

For this first exercise, we want to get you thinking about purpose within your company/organization and how you think it would score if tested. Jot down the answers to the following questions referring back to them as you read the subsequent chapters. Be specific in your responses:

- Do you know your company's purpose? What is it and how does it relate to your work every day?

- How often do you discuss concepts like purpose or values in formal meetings, or even in informal conversations with peers and colleagues?
- Based on the book so far, do you believe that your company is ahead of the purpose revolution, in line with it, or falling behind it?
- What issues within your company do you see as roadblocks to driving purpose?
- Who owns purpose within the company? Leaders? CEOs? All employees? You?

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<H1>Champion a Cause

Developing a clear purpose isn't always easy. We've heard from numerous leaders that they believe their company is already too established or traditional—or that the product they sell doesn't lend itself to a purpose like Seventh Generation—to create a purpose that will strongly resonate with customers and employees. Sure, Seventh Generation's purpose is essentially laid out in their name, but there are many companies that you may never have thought of who are leading with purpose and in doing so attracting and retaining top talent and customers.

The way they do this is by championing a cause that aligns with their customers', employees', and other stakeholders' values, beliefs, or ethics. When your company stands for more than “a great product or service” you affect a qualitative shift in the relationship between the company and others. The product and service relationship is transcended as the company is experienced as a community member, a valued partner in a group assembled around a common good. Many companies avoid standing for a cause to avoid the risk of upsetting or turning away potential customers, but more often than not, people respect companies with the courage to try to right the wrongs that they see in the world.

Taking a stand for what you believe in provides hope and builds trust, not just in your company but in business overall. For those companies clear on their own purpose, clear on their customer's values, and clear on their commitment to doing the right thing first, their actions become a way of life. And they don't always need to be grandiose gestures. Taking a stand can be as simple as sending a clear message during times of uncertainty.

<H1>Take a Stand

Amidst the confusion and emotion over the United States' 2017 Muslim travel ban and talk about building a wall on the US-Mexican border, Anheuser-Busch supported immigration when it ran its Budweiser Super Bowl commercial. Portraying its co-founder Adolphus Busch, a German immigrant, it shows him rising above obstacles and the prejudices of his day to create a great American company. Honoring its own legacy, Anheuser-Busch spoke out against the idea that immigrants are a dangerous lot, or that they are coming to America to sponge off the system. Rather, they portrayed immigrants as the heart of the entrepreneurial spirit still alive in the country, the true backbone of the American dream.

Howard Schultz, CEO of Starbucks, also took a public stance on the immigration issue. In response to the Muslim travel ban he tweeted "We are living in an unprecedented time, one in which we are witness to the conscience of our country, and the promise of the American Dream, being called into question." Despite some calls for boycotting Starbucks by supporters of the ban, Schultz stood by his convictions. As reported by *TheStreet* he "announced plans to hire 10,000 refugees from 75 countries where Starbucks does business over the next five years and renewed the company's commitment to working with Mexico, which is a large source of the coffee maker's beans."⁷

Leveraging social media like Schultz or mainstream media like Anheuser-Busch are clear, effective ways to champion a cause and work toward a better world. Anheuser-Busch's reliance on the heritage of the company and its immigrant and entrepreneurial roots spoke volumes. Building on a company's heritage can go a long way.

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<H1>Exercise: The Strength of Heritage

Take a moment to consider the following questions to see how you can help activate purpose within your team by looking to your company heritage for inspiration:

- What were the values and aspirations of the company founders?
- What good did they promote beyond profit alone?
- What was their vision for a better world?
- What causes did they stand for or support in their day?
- What's your company's story of good today, how do you stay true to this story, and what chapter will you add going forward?

As you explore ways to activate your company's purpose, consider real-time opportunities to express your beliefs and purpose. Look around now, what are the pressing issues, what's in the news, where is the debate? Is your company in the game or on the sidelines? Take initiative, strike while the iron is hot on key issues of the day, and send a clear message on where your company stands.

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<H1>Your People Are Hungry for Purpose

As you consider the global business implications of the purpose revolution, you may think of this trend as one that is happening to your business, when in fact it is already taking place within your business. Most of us want our work to have purpose, to serve something greater than profits, and we want our legacy to leave a better world for those who come after us, let alone for those of us already here.

The fact that this desire already exists among most employees and customers means we have tremendous assets to draw upon as we move in this direction. Rather than thinking of having to ignite your company around purpose, the main goal is to harness what is already there. For example, *Canadian National Railway* (CN), a major rail transport company based in Canada, set lofty goals to reduce their carbon footprint while reducing waste and energy use. When Chantale Despres, Director of Sustainability for CN, began her career in sales and marketing, she was intrigued by the emerging trend of customers asking questions about environmental issues. She is herself, an example of the many people we have met who have seen their own work satisfaction skyrocket as they have navigated to positions within their companies where they feel they can make a difference on issues affecting society.

In our discussions with her, she told us “As we began our efforts toward becoming greener, we really wanted to find a way to do it from the bottom up. Before we started, we surveyed our employee base and found tremendous support for us doing this. We wanted to find a way that every team member could feel a part of what we were trying to accomplish.” They created a program called *Eco Connections*, a ground up effort to get people from all over the company more engaged by involving them in attempts to reduce waste and increase efficiency.

Across the company, they asked people to step up to become “sustainability captains” in each of their rail yards throughout North America. The response was overwhelmingly positive. As they went out to their 120 locations there were often many more people who wanted to be the local eco-champion captain than there were positions. “We discovered there were a great many closet champions already out there and this gave them a way to bring that passion to their work. Not only have we made great progress on reducing our carbon footprint and lowering waste, but we find many newer employees are very interested in what we are doing.” The *Eco Champions* is focused not just on the captains in each yard, but on every person stepping up every day to look for ways to become greener and more efficient.

The point is that we don’t have to look outside of business to find this purpose revolution, it is already happening within business. Each of us as leaders have likely had our own moments when we feel the place we work is out of alignment with the purpose we have in our lives. A few years ago, an executive working for one of our clients talked to us about the consistent disconnect she feels between her values and her daily work. In our discussion, she mentioned that every week she is asked to make decisions in her role as an executive that are against her personal values. She dreaded coming into work week after week, knowing that she’d have to make the call on issues she just couldn’t get behind. She questioned her own values as a leader and as an employee of the company and knew her work didn’t match the high standards she held for herself or her organization. She felt she could not express those feelings within her company. There simply wasn’t a place for a purpose conversation. Eventually she left for a company she felt was purpose driven, robbing her company of one of its best performers.

Have you ever felt that way as a leader? What was the impact on your commitment, engagement, and ultimate willingness to work hard for the organization? This kind of disconnect

is corrosive in any organization and ultimately means we won't get the best from our people. That disconnect can happen as easily in nonprofit organizations like health care as it can in profit companies when employees experience a disconnect between the organization's stated purpose and values alongside how decisions are made day to day. By leaning into the deeper desire for purpose that already exists within our companies, we can begin to energize people toward success. As you think about becoming a more purpose driven organization, bear in mind that the revolution is already happening inside your company so you must work to utilize the energy and momentum that's already present, waiting to come out.

<H1>Heineken Mexico: Not Just Selling Suds

In looking for companies that provide a hint to where the Purpose Revolution is headed, we think Heineken Mexico is one company that we believe hits all the checkmarks that we've discussed throughout this chapter. As a global company whose primary consumers are part of an emerging middle class, they have been able to create a competitive advantage by getting clear on purpose, activating it within their company, championing a cause, and in, the process, connecting with employees, customers, and their community in new ways.

When Dolf van den Brink moved to Mexico from the United States in 2015, he saw a country with great potential but also many challenges. As the new CEO of Heineken Mexico—the largest national division for the company worldwide—he understood that one of the purposes of the company was to “win big” by growing their brands, but he also sensed the opportunity for so much more. The company had a long history of service to Mexico, including starting one of the most respected universities in Monterrey and offering health care to employees (and their families) in the days when few companies did so. Van den Blink wanted to seize the chance to

emphasize Heineken Mexico's commitment to its employees, customers, and maybe above all to the larger community.

His own experiences working in the Congo connected him to the real difference that companies can make in the communities they live in. His quest to re-define the purpose of the Heineken Mexico began by getting his senior leaders to look at their own personal values. What was their personal purpose in life? What were they trying to create in their lives? "People have this idea of what business is about that is often disconnected to their own personal purpose," Van den Blink says. "If you want leaders to discover purpose it has to begin as a personal question. I find that when you get people talking about the business they focus on profits but when you first get people thinking about their personal purpose, what they want to be true in their personal lives, this is where the true magic happens. Because the purpose of most people's lives is not simply to make money."

Through this process that began by examining personal purpose, Van den Blink's team ultimately connected to the idea that the company could "help Mexico fulfill its highest potential." In part that realization led to a new purpose statement: "To win big for a better Mexico."

One of the first initiatives to activate this new purpose was bold. Violence against women in Mexico is a major problem and often widely accepted as a fact of life. According to one study, 63 percent of Mexican women over 15 years old have experienced some form of gender violence, which could include physical, sexual, emotional, or psychological violence.⁸ In 2015, *BBC News* reported that a woman is raped every four minutes in Mexico.⁹ One of Heineken Mexico's brands, Tecate is considered a premiere "man's" beer, historically associated with ads and calendars full of half-dressed, attractive women. The brand decided to confront male

violence against women and to help redefine a new masculinity as part of the larger purpose to help create a better Mexico. To start, they ran a bold television ad about violence against women that ends by saying if you're a man who is abusive to women, "you aren't one of us, don't buy our beer." It was honest, blunt, and a bit of a risk—when is the last time you saw an ad from a brand saying don't buy our product? But the campaign and the social media digital campaign that followed left little doubt that the company intended to get serious about winning big for a better Mexico. Later that year they ran ads about "No, meaning no" as part of their overall goal to offer up a new version of masculinity. The response within the company in terms of activating purpose, and showing that the company was serious about a "better Mexico," was overwhelmingly positive.

Heineken Mexico's social awareness and support of its community, spurred on under Van Den Blink's leadership, exhibits a company embracing the global purpose revolution. Their underlying values are ones that connect with employees, consumers, and other stakeholders—including shareholders. [Heineken Mexico is one of the fastest growing markets for Heineken globally. To respond to the fast growth in recent years, a significant investment program has been announced to accelerate capacity expansions.](#) It's been reported that Heineken Mexico may need to add production capacity to their operation by the end of 2017.¹⁰ Parent company Heineken also cited the Latin America market and double-digit revenue growth of Sol, their light Mexican beer, as a major part of success contributing to their 2016 growth of revenue by 3.5%, operating profits by 6.9%, and net profits by 16%.¹¹ While the jury is still be out on the business impact of this new, more purpose focused direction, the fact that companies like this are focusing on trying to influence the social fabric of a society speaks volumes about what the future holds.

<H1>Best Practices for Initiating the Purpose Advantage

- Honestly assess where your company stands in regards to purpose and how well it is positioned during the new purpose revolution. Can you easily identify your company's purpose and how it is being approached and activated?
- Consider your business case for purpose. Can you and other leaders clearly articulate your company's purpose and how it makes a difference to your customers and society?
- Research other companies within your industry to see how they are approaching the purpose revolution. Find out what the conversation is around purpose at conferences, meetings, and any industry-related events.
- Read up on companies driving purpose in other industries as well, especially those that are global in nature.
- Think about your personal values and how you personally are contributing to purpose within your organization. Do you see your personal values come to life at work? Even if you are not a senior leader, how are you doing at driving purpose in your team or area of responsibility?
- If your company hasn't identified its true purpose yet, consider how its actions, products, or services can make a difference in society, whether direct or indirect.
- Uncover the aspirational purpose of your business. What do you think it is, even if it doesn't have credibility yet in the larger organization?
- Build on the strength of your company's heritage. Discuss your company story, its founders, and ways that you can add to the story.
- Look for opportunities to champion a cause in your community.

Chapter 2

First, Find Your Purpose

The first step every leader, organization and company must do to thrive in the age of social good is to clearly find and name your purpose. Once you have named it, your job is to move it to center stage. By that we mean you must live the purpose you profess—having a purpose is not enough if it is not truly what drives your business. If companies want to close the purpose gap, their leaders can't be afraid to be open and honest about their approach to purpose. They should feel free to claim a moral mandate, a justification for, and a pride in, the purpose-oriented actions that not only positively influence company performance, but also have a meaningful impact on the world. We need to get over whatever fear we have of saying that we care about the present and future good of our customers as well as society and actively move purpose to the center of our business. To do so, companies need to start by discovering the real purpose behind their company and activating it throughout their organization.

We often think of a CEO named Mike Eesley who took over two U.S. hospitals in rural Northwestern Illinois in 1999 called Centegra Health. At the time, the hospitals had relatively mediocre patient satisfaction and clinical quality as well as relatively low engagement. Lead by the new CEO, the board came up with a powerful vision: “To be a destination hospital in the Midwest with the clinical quality of the Mayo Clinic and the service reputation of the Ritz Carlton.” This vision of greatness was almost laughable, given their historical performance on both fronts.

Mike could have pursued both those aims as mostly a good business strategy, which surely it was. Raising patient satisfaction and clinical quality would result in more business for

the hospitals, create greater job security for all the employees, and bring distinction to Mike himself. But having talked to both Mike, and many of those who worked at Centegra during the critical early years of transformation, it was obvious that he deeply connected his people to a type of moral mandate around this purpose. Purpose was the center of the change not on the edge.

The reason to pursue clinical quality like the Mayo Clinic was not because it was simply good business but because people in those small rural communities deserved just as good a chance for a healthy life, or to survive a heart attack, or receive high-quality care, as those who lived a few blocks from Mayo. Service like the Ritz Carlton wasn't just a good strategy to keep customers coming back or raise Net Promoter Scores but was motivated by the desire that those who came to Centegra in the most vulnerable moments of their lives deserved to be treated with at least as much dignity as they might at an excellent, five-star hotel.

Over the next decade, against the odds, Centegra transformed itself to become a regional leader in both clinical quality and patient satisfaction. They won awards for excellent service, became a Top 100 Hospital in several clinical areas (a distinction quite rare for a rural hospital system in the United States) and the engagement of staff skyrocketed. Business success followed but it was the defining of a clear purpose and focus on moving purpose to the center—the real difference they could make in the lives of patients and the community—that was in the driver's seat.

<H1>Every Company has Two Purposes

One of the critical questions for us as leaders is: How do our team members and customers define purpose? We believe that when it comes to purpose, there are really two elements which matter and must be activated. You might think of them as “two purposes” or two sides of the purpose coin. The first is the basic relationship we have with our customers. Do we really care about their well-being as much or more than we do our profits? Our second purpose is to society, to help society solve its key problems, including a more sustainable planet. It turns out that our employees care deeply about both of those purposes.

Each year, the professional services group Deloitte conducts a survey on an array of topics to help shed light on current trends, changes, or issues in the economy and business world. In their 2014 Culture of Purpose Study, they found that focusing on purpose over profits “builds business confidence and drives investment.”¹ One issue they were particularly concerned with was how employees define and understand purpose. When asked what makes a company “purpose driven,” employees were most likely to cite the positive impact products and services have on customers (89%) and the impact the company has on society (84%). In other words, employees say that both customers and overall society matter to them but that the basic relationship companies have with customers matters a little more.

The fact that your customer is your prime purpose makes sense. Basically, businesses can't exist without their customers; and without businesses, customers would lose out on the wonderful products and services that improve their lives. Companies leading with purpose form a deeper relationship with customers beyond the transactional level of buying and selling. They know their customer's values, what's important to them, who they are, what they believe in, what they stand for, and what they expect and need from their brand. Rather than think of *selling*

to the customer, those who thrive in the purpose revolution think about *connecting* to the customer.

Your second purpose is the world—how your company is an agent for good in the greater society. Purpose driven companies realize they are meaningful members of the global community, not external agencies void of influence or impact. They make a deliberate choice to understand and lean into the problems and issues facing the world, exhibiting the courage to take a stand and champion causes they believe in. Real action—dedicating time, energy, and resources to important causes—makes purpose come alive.

Of course, these two purposes are not mutually exclusive. If the Purpose Revolution has taught us anything so far, it's that when companies infuse themselves with purpose, they affect all stakeholders—direct ones, such as customers, or indirect ones, such as the community around the company. This idea pans out on a global level. Doing good by customers does good for the world, and vice versa. By first truly connecting to the desires and needs of the customer, your company can start making a significant direct impact. So today it's your customers, and tomorrow it's the world. Losing sight of either, however, is at your peril.

<H2>The Lesson of Wells Fargo-Failing at the Prime Directive

It could easily be argued that when it comes to purpose doing right for your customers is every company's prime directive. Remember we earlier said that over 70% of employees say the company they work for is more interested in their own needs than the wellbeing of their customers. When we fail to live up to that core purpose, it spells real trouble.

In 2016 Wells Fargo experienced a public relations nightmare when it was discovered that employees had opened accounts in customers' names without the consent of their clients. As

the crisis unfolded the stock price dropped significantly and stories of unethical pressure on employees to open new accounts came to public view. While the crisis manifested itself to the public as an external crisis, it was also deeply felt within the company as an internal challenge to the sense of purpose for those who worked there.

Two mid-level leaders at Wells Fargo told us how disillusioned they were and how this was “not the bank we thought we were part of.” One of them told us “now when I am out somewhere, I have to sheepishly tell people that I work for Wells Fargo, when I used to say it loud and proud.” They went on to explain that they always felt the company held the interests of their clients as the top priority and they fervently hoped this debacle had resulted from the work of a small group of rogue leaders.

This would turn out not to be the case. It was revealed that over two million fake accounts were opened without customers’ permission. Furthermore, the practice was deep-seated: having started in 2011, in the end more than 5,300 employees were fired for creating these bogus accounts.² Apparently the leadership was aware of this problem, and due to pressure from US politicians and Wells Fargo investors, CEO John Stumpf retired in the middle of the scandal.

Wells Fargo lost sight of their vision to put their customers first and help them succeed financially.³ Though they aimed to build lasting relationships with their customers, “one customer at a time,” they failed in the most basic and primary goal of any business, to serve the best interests of their customers always. In the process, they were also letting down the second purpose, their commitment to the broader society. Considering the enormous role banks play in the world economy, their actions have major consequences. It’s not just their direct customers they were failing, but consumers across the banking industry.

<H2>Show You Really Care

In contrast with a company like Wells Fargo, when a company connects the needs of customers and their well-being with social responsibility, there is a deep sense of purpose that takes root in an organization. One of the most powerful examples is *Vanguard Investments*, a rather humble company that has grown to be the largest mutual fund manager in the world and given current growth rates may soon pass Black Rock to be the largest manager of people's money on the planet. Vanguard began with a simple, powerful purpose: To take a stand for all investors, to treat them fairly and to give them the best chance for investment success. The company was founded by John Bogle who believed that most investors were paying far too much to invest in mutual funds that were underperforming the overall markets. Not only did he set out to educate investors but to create funds with among the lowest expenses available to investors.

We first met John Bogle in 1996, long before most people even knew what Vanguard was. An hour-long conversation left us convinced that this was a man with an purpose, one focused not on making profits but making a difference for people. Over the next twenty years the company quietly lived that purpose. Through financial crises and recessions, the company has kept itself out of the headlines, set a bar for low cost mutual and exchange funds that drove fees lower across the industry, all the while keeping investors' money safe. Interactions with team members at Vanguard quickly witness to the level of commitment such a purpose brings forth in talent and Vanguard has among the lowest churn of investor money.

Another great example is Nissan's goal of zero fatalities, which focuses on creating vehicles so safe that no one dies in their autos. Nissan is also considered the industry leader in the creation of zero emissions cars, but they still place consumers first.⁴ Their simple corporate

vision, “enriching people’s lives,” speaks directly to this fact.⁵ Zero fatalities is a bold, inspiring expression of that purpose to “enrich people’s lives.” A company can be on the forefront of electric cars that reduce emissions responsible for global warming, a commitment to their secondary purpose, but ensuring people are safe in their vehicles fulfills the prime purpose, a commitment to their customers.

The essence of making the customer your prime purpose is summed up in one word: relationship. It is no longer a transaction that binds the brand to the customer but a relationship based on mutual values and causes. Companies leading with purpose form more personal relations with their customers through creating interactive platforms, investing time and energy together on causes they believe in, and by providing opportunities for customers to directly experience the company purpose. This movement is one from “us and them” to “we,” from what can companies get to what can we give, and what can we, customers, and companies, accomplish together.

Raphael Bemporad, founding partner of *BBMG*, a top marketing firm in the purpose space, has experienced this shift firsthand and has been happy to embrace it as part of the Purpose Revolution. His company partners with some of the world’s leading data miners to understand the emerging trends among consumers across the globe. He believes that for many years the paradigm for business was essentially focused on “gimmicks” based on discounts and advertising to almost “trick” people into buying. The best in class purpose organizations, however, have “abandoned marketing and gimmicks in favor of relationship.” Bemporad sees a sea change in terms of how companies connect with stakeholders, especially customers. “We are moving from the primacy of product to the primacy of relationship.”

Until very recently, companies found relevance mostly from connecting people to their products and services, mostly a one-way transactional affair. We made products, we told customers about the benefits of those products, and then tried to get them to buy those products. Muhtar Kent, Chairman and former CEO at Coca-Cola, framed it this way to us: “In the old days you made a good product, manufactured it with quality that taste good and then made it available. All you had to do was have the product be well understood through good advertising.” Of course, good products still matter as do all the other traditional differentiators. But true relevance now will come from connecting customer’s deepest values and the ability to build an authentic relationship.

<H1>Start Activating Purpose

In our experience, we have found three ways in which the best companies and leaders discover and activate their higher purpose: They realize their business *is* their cause, they fit purpose to their business, and they activate employees’ personal purpose. No matter if you’re a top-level executive or a new hire right out of college, this trifecta embeds purpose in every employee’s actions and mindsets, while contributing to a better world.

<H2>Your Business *is* Your Cause

Though there are some exceptions, we believe that nearly every business has inherent purpose, that their products or services in and of themselves have the potential to make the world a better place in some way. Most organizational founders start off with a cause, whether large or small, or with a high ideal or need to fill in mind. They look to provide a solution to a problem—they have a mission. We have found that the best companies at leading purpose never stray from their

mission—they focus inward on who they are, what they do, and where they are going. Knowing your business and staying true to the values it espouses is the starting point to framing your company’s higher purpose.

For example, Bimbo Bakeries USA feeds people, a pretty noble start. Their mission and purpose is founded on traditional brands known for fresh products dating back to the 1800’s and early 1900’s. For Bimbo, this is when “our traditions of freshness and value began.” Their mission statement is simply “Delicious and nutritious baked goods and snacks in the hands of all.” Note, how this mission connects to a larger purpose as well, moving beyond baked goods as objects to a moral imperative larger than the product itself. The phrase “*nutritious and in the hands of all*” highlights the company’s hope that their food will not only taste good, but provide sustenance to the largest group of people possible. They then go a step further in their purpose statement: “Building a sustainable, highly productive and deeply humane company.” In doing so, they connect both with employees and with customers.

<H2>Is Purpose the Same as Mission?

But isn’t a mission statement the same as a purpose? Although they can sometimes be one and the same, we think there is a meaningful difference. A mission statement explains what the company does, while a purpose statement describes why a company exists for the benefit of all stakeholders, now and in the future. Think back on the previous example of Heineken in Mexico and the potential difference between “Win Big” and “Win big for a better Mexico.” One can have a mission simply to win but it doesn’t fit how the emerging talent and consumers define purpose. Though companies can have two distinct statements (one a mission statement, the other a purpose statement), we find that the most effective mission statements are effectively purpose

statements whether for a team or an entire organization. A great contrast, for example, can be found in comparing the mission statements of Adidas and Nike.

The Adidas Group strives to be the global leader in the sporting goods industry, building its brands on a passion for sports and a sporting lifestyle. Their mission statement reflects this idea: “We are committed to continuously strengthening our brands and products to improve our competitive position.” Though Nike has a similar mission, their mission statement includes their deeper purpose: “To bring inspiration and innovation to every athlete in the world.” (The legendary University of Oregon track and field coach, and Nike co-founder, Bill Bowerman said, “If you have a body, you are an athlete.”) One statement inspires and stretches beyond the basic service provided while the other is more limiting. Many mission statements are “purpose” statements but in some cases, there is a big difference in terms of creating engagement in an age of social good—a core theme of the purpose revolution. This is not to say that Adidas is not a company driven by purpose but the contrast in language helps us understand the subtle difference and why clear articulation of purpose matters.

A team can have a purpose just like a company can, so this work is important at whatever level you lead. Even if your company has a compelling purpose, it is critical for each leader and team to define their purpose in terms of truly making things better for customer and society. And if your organization doesn’t have a clear, compelling, well-articulated purpose, you can create one for your team with positive results.

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<H1> Exercise: Developing a Company/Team Purpose Statement

We regularly work with companies on defining their higher purpose to help them build purpose into their mission statement or develop a separate purpose statement. We begin by having them ask themselves questions about their organization and then look for patterns in their responses. To start thinking about your company’s (or team’s) higher purpose and how to create a purpose-driven mission statement, consider these questions and write down your answers:

- Why does our company/team exist? What contribution do we make to our customers, communities, employees, and the planet? How do we make the world a better place?
- What’s our company’s background? Who are the founding members, why was the company started in the first place, and what was their mission and vision? What does our founding purpose and initial success tell us about who we really are as a company?
- What’s our journey and what aspects have been critical to our success? What moments in history or what people really helped define our company?

Use your existing company purpose, or from the questions above write a simple purpose statement for your company. Then, evaluate the quality of your purpose statement using the criteria and scale below:

Purpose	Purpose Quality	Score 1 = Not True 5 = Very True
Write your company’s purpose statement here:	Authentic – It is genuine, true to who we are	
	Compelling – It sparks interest, moves people to stretch boundaries	
	Congruent with what you really do – It fits the nature of our business, mission, and values	
	Scalable - employees at all levels of the organization can relate to it and make it their own	

	Attainable – It is realistic and doable	
	Connects with our customers – Fits with the interests and values of our customers	
	Connects with the talent we want to attract and retain – Fits with the interests and values of employees and recruits	
	Connects with our investors – Fits with the values of our investors	
	TOTAL SCORE	

Scores

36-40 = Excellent

32- 35 – Great

< 32 = Room for Improvement

Where did you score high? Low? Do this exercise with other leaders or your team. Compare scores, and also generate a group average. Have a discussion on how to leverage higher scores, and on ways to improve the quality of your purpose so you can have a purpose that matters!

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<H2>Fit Purpose to Your Business

The best companies that activate purpose throughout all levels of their organization, and attract customers and investors through their purpose-driven mission, understand and acknowledge how they fit into the overall picture. They know they can't solve all the world's problems, but they find a connection between their business, society, and the environment in which their purpose can emerge around common causes that they *can* influence. Purpose-centered companies are tuned to what they do best and offer their products, services, or expertise in support of higher causes.

The best companies know where they naturally fit when it comes to purpose and how they can leverage the products or services they provide to create good in society; help the communities in which they operate; and keep the environment in mind. Take a moment to ask yourself: Where do we fit? How can we use our business for social good? What do our communities need from us and what can we provide them? How do we impact our environment?

We see this in Coca-Cola, a company with a long history of sustainability, having a deliberate approach to how their higher purpose plays out in society. For example, Coca-Cola does not make medicine, but after connecting with an aid worker via Facebook, the company found that it could use its supply-chain expertise to help in the *distribution* of medicines to improve health in the communities in which it operates.⁶ Muhtar Kent, Chairman and former CEO of Coca-Cola, understands the significance of this dialogue and its possibilities for social good: “social media is a major driver of this new business model. When we get to a trillion tweets a day the whole game will change and all businesses will need to pay attention to this.”

After figuring out how they fit into a cause or potential social change, a best practice of purpose led organizations is to distill their higher purpose into well-defined programs with clear targets, metrics, and mechanisms for reporting results internally and externally. For example, Coca-Cola—whose purpose statement is “To refresh the world in mind, body, and spirit. To inspire moments of optimism and happiness through our brands and actions”—clearly exhibits their purpose in their actions. Kent described Coca-Cola’s social responsibility efforts in a recent HBR article: “Sustainability isn’t new to us but we’ve been intensifying our focus on it. We are prioritizing programs centered on water, women and well-being—all three of which are essential to our business.”⁷

Looking at one of Coca-Cola's priorities, water, we see this practice in action. Focusing on water is a natural fit for a company whose prime product is a beverage that uses a large amount of water across the globe. The company initiated a water stewardship program that is clearly defined, built around three pillars: water efficiency, water replenishment, and wastewater—safely returning water to the environment that had been used in bottling.

The company established measurable goals, action plans, and annual reports for each water-related pillar, explained in detail on Coca-Cola's website. For example, the goal of the water efficiency program is: "By 2020, improve water efficiency in manufacturing operations by 25 percent compared with a 2010 baseline."⁸ A recent check of their website shows that the water efficiency program is on track to meet its targets: "In 2015, we improved our water efficiency 2.5 percent, marking the first time the Coca-Cola system has achieved a water-use ratio less than 2.0. This is a total improvement of 12 percent since 2010 and 27 percent since 2004 when we started reporting efficiency progress as a global system."⁹ This program is important for the community and aligns with Coca-Cola's business.

But what about this core idea of "refreshing the world!" Their drinks have always been refreshing, but the moments of optimism and happiness touted in their statement are not about their products themselves. Instead, they come from a purpose that can be accomplished in the process of providing those products. For employees and customers, this purpose is a fit for what they make and how they make it. We can debate the benefits and ills of sugar-based soft drinks but ask anyone who regularly uses their product and they will tell you for them it is refreshing. So, purpose doesn't always have to please everyone, but it had better work for the core people you are trying to reach with enough true commitment to making the world better (e.g. their

efforts on water) to pass the credibility test. Then the “refreshing happiness and optimism” connects to a more emotional purpose that goes deeper than the product itself.

<H2>Smarter Planet: Now There’s a Fit Purpose

Sometimes, and it sure is ideal when possible, a company small or large can find a few words that almost perfectly expresses its purpose and how it serves its core business. IBM gives insight into developing that kind of purpose. The company’s *Smarter Planet* initiative aims to utilize new technologies and intelligent systems to create “smarter power grids, smarter food systems, smarter water, smarter healthcare, [and] smarter traffic systems.”¹⁰ For example, their Smarter Cities effort aims to develop greener, more vibrant cities. Smarter Planet began as a strategy but over time began to feel more like the core of what the company was about, creating innovative solutions to major world problems. As Jen Crozier, VP of Corporate Citizenship and President of the IBM Foundation told us “it really aligned with what we were doing, the energy we were feeling from our clients and how we could address social issues. It resonated beyond what we had imagined even more than we thought it would.” One result of the program is Big Blue—IBM’s supercomputer that is now exploring how to use information to enable better medicine through knowledge integration.

The Smarter Planet strategy works because it focuses on IBM’s primary offer to the world. Since the company long left behind its emphasis on home computers and hardware solutions, it has refocused on harnessing knowledge and innovation to solve today’s most pressing issues. It’s now just as easy for them to manage data for business success as it is to manage large applications like Big Blue. Crozier has been at the company for almost twenty years and had a front row seat to the way the Smarter Planet strategy energized the company. She

said, “It really began to energize IBM’ers and at one point, employees began creating their own videos about what they were doing at IBM and how they were personally contributing to a Smarter Planet. Then we started hearing stories of how this was also making a difference for clients and communities. The media picked it up and eventually people were literally beating down the doors wanting to come work for us.”

You get the picture, we hope.

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<H1>Exercise: Decide Where Your Company Fits

Companies like Coca-Cola and IBM have identified how they can do the most good based on their strengths, products, services, and even infrastructure. Both are major corporations with huge staffs and access to immense resources, but the idea behind their actions can be applied to a business of any size. Whether you are part of a startup or a Fortune 500 company, ask yourself the following questions to figure out how to best fit purpose to your business:

- Who buys your products, uses your services, and wants to work for you?
- Who are your customers, investors, and employees?
 - What do they expect and need from you? What do they care about? How does your purpose reflect their values and causes?
 - How well do you understand their hopes and aspirations for society and the planet, what kind of world do they want?
- How do you source, build, and deliver your products and services, and how does this process fit with the values of your customers, investors and employees?

- What communities do you serve?
 - What needs, problems and challenges exist in your community? How can you play a role and make a difference?
 - Who can you partner with? Who else has a vested interest in the well-being of the communities and environments in which you operate?

Your answers will help you gain clarity and understanding around your business's purpose. We find that many people never stop to consider many of these questions, but when they do, they are able to look at both their company's role in the greater good of the world and at their own personal contributions. Once they discover the true impact they can create, they even see their job, organization, and duties in a different, more positive light. Realizing that you can be an agent of change, no matter where you work, brings fulfillment and excitement, influencing others around you and improving business results.

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<H2>Personal Purpose

The third way companies discover and activate their purpose is by helping employees activate their own *personal* purpose at work. We know that employees look to their jobs as a place to find meaning and purpose. Connecting your company's higher purpose to day-to-day work is one way to accomplish this. We have found that companies that are best at leading with purpose, however, add something extra. While they have a clear focus on their higher purpose, they leave room for people to find themselves, discover their own personal purpose, and help them act upon it.

Engaging employees around their personal purpose helps them connect more with their jobs. They find value in supporting the issues that are important to them, whether directly or indirectly. By helping them contribute to a cause or effort, mutual respect and a sense of loyalty are created. One way to start is by sponsoring workshops with employees from across the organization dedicated to finding meaning and purpose. Some of our clients have individuals create “story boards” of their own personal purpose. Think of these like someone putting together a movie about what gives them purpose—identifying the elements that lend purpose to their lives and work. Think of story boards as almost like creating a movie about what matters to you. By engaging people in their own self-discovery, they also begin to connect more to the company purpose and the deeper meaning behind their job. Ideas also arise from these experiences that can move the organization forward. For example, strategies and action plans from these workshops can help teams of people focus the organization’s efforts on common causes.

Too often we see companies trying to get their employees to connect to the company purpose, without regard to their personal purpose. While well intentioned, and necessary at some point, this is not the best place to start. To activate purpose, you need to start at the bottom not the top, connecting people to their personal purpose and helping them discover what matters most and gives them meaning. John Mackey, CEO of Whole Foods, has learned this lesson first hand. Mackey believes that while it is important to hire people committed to the company’s values and purpose, to truly unlock their potential you need to redesign work to make it more meaningful and assist them in discovering their intrinsic motivation for good. In an interview, he said that “People want more than to just earn a living. They want meaning, they want purpose, they want to feel like their work is making a difference in the world.” In his book *Conscious*

Capitalism, he goes on to state that “to tap this deep wellspring of human motivation, companies need to shift from profit maximization to purpose maximization.”¹¹ We understand that this shift can be difficult, as a delicate balancing act between purpose and profit exists.

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<H1>Exercise: Activating Purpose in Others

Personal values and meaning are greater motivators of people than organizational values. Have conversations with your team members about their values and what gives them a sense of purpose and meaning in life, outside and inside of work.

Understanding your employee’s values and purpose

1. Outside of your work, what are you passionate about in life? What do you love to do?
2. What do you care about, what’s important to you? What are your values, what do you value most?
3. What gives you a sense of purpose and meaning outside of work?
4. How is your work in our organization meaningful to you? In what ways does your work make a difference?

Coaching and supporting your employees

1. What can the organization do to help you connect your values to your work at our organization? Both inside and outside of the company.
2. What difference would you like to make in the world? What work or opportunities inside or outside of the company could help you to do that?
3. What can our company do to make the world a better place? What ideas do have to help us do it?

Actively support employees’ purpose as you do with their personal and career development plans.

1. Build purpose aspirations of team members, inside and outside of the company, into learning and development goals.
2. Look for roles, jobs and assignments that connect to your team member’s values and purpose.

3. Give employees the solution space to create new opportunities for themselves and others.
4. Recognize people for when they reach a milestone or complete an assignment related to their purpose and meaning.
5. Give employees and opportunity to share or showcase purpose related work to the team.

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<H1>Beware of the Two-Headed Purpose Monster

This tension between the “profit” focus and the “purpose” focus can create a challenging balancing act for leaders. Thomas Kolster, who runs the Goodvertising Agency out of Denmark and is a leading advisor to companies on how to communicate purpose and sustainability, talks about this purpose-profit balance using an analogy of what he calls the *Two-Headed Purpose Monster*. If you think about purpose and profit as two heads talking each in their own language and each moving in their own direction, you end up in a precarious situation. Kolster explains that this problem arises because companies have conflicting messages about purpose both internally and externally. The situation is only further complicated when values, mission, and vision are all mixed in. Ask yourself, can you really remember all of these? Is it possible for purpose to remain clear amidst all the surrounding noise?

Kolster uses common films and folklore to identify the common mistakes companies make regarding the relationship between purpose and profit. In doing so, he identifies three types of “two-headed monsters.”

From Pixar’s *Monster’s University* you might recall the character Terri & Terry Perry the two-headed monster, where the one head Terri is slightly smaller than the other head of Terry Perry. Now, which voice drowns out the other, purpose or profit? Which has the loudest voice in the organization? This monster is probably the most common one and typical in organizations

still struggling to implement purpose. For example, oil and gas companies tend to talk a lot about purpose, and about leading society towards a renewable future, but fall short of following through on the business model. Their profits outcry their purpose.

The second monster is the rather illusive, though well known, Dr. Jekyll and Mr. Hyde. They do good in the light of day, but during the dark of the night, pure profit sticks out its ugly head. The company weaves a great story but it does not pass the authenticity test for employees or customers.

The third monster is one worth watching out for: Superman. Think of Clark Kent as your average company. During regular business dealings, you wouldn't expect anything extraordinary from him, but when trouble arises, he quickly turns into Superman, promising world salvation. It's an unexpected turn of events, which for most people can be difficult to believe. Kolster says he sees this superhero monster a lot with companies who jump on the purpose bandwagon, going from seemingly no purpose at all to speaking too loudly about one. The problem is that it feels forced and unclear. He also sees the Superman complex with companies who have a well-established purpose, but who too often have stayed quiet about all the good they are doing, then suddenly begin to put a rather strong voice behind their actions. They need to consistently be explaining their purpose to employees, customers, and investors.

Kolster's advice when it comes to avoiding the two-headed purpose monster is to KISS—keep it simple stupid. Think about these three monsters and which is most alive in your company:

- Loudest voice at the moment: Profit and Purpose Compete;
- Jekyll and Hyde: Good in the daylight, evil after dark;

- Superman Complex: Promising too much or staying too humble.

What can you do personally to help resolve that two-headed monster at whatever level you lead?

How can you help get clear on purpose and make sure it takes a front seat to profit when necessary?

<H1>Don't Be Afraid to Show Your Passion

When you get clear on your company's purpose and move it to the center of your organization, you will end up attracting employees and customers who connect with you at that deeper relationship level. If you are not clear or if you don't weave purpose throughout your organization, expressing the passion you have for that purpose, you're going to get milquetoast commitment. If you have a magnetic clarity though, showing how your purpose is true, fits your business, and contributes to your success, people will follow you, whether customers or employees within your team or companywide.

Take Patagonia, the outdoor clothing and sports gear company. Their business is their cause, centered on "a love of wild and beautiful places." Fitting business with purpose, the company is committed to preserving natural habitats, slowing the decline of the environment, and the restoration, maintenance, and health of the planet. To leverage its environmental impact the company donates at least 1% of their sales or 10% of profits, whichever is greater, to grassroots environmental groups to support environmental efforts around the world.¹² When shopping at Patagonia, customers feel a sense of relationship with the company's history and cause. When they walk out of the store, they do so with more than clothing or gear: they walk out as a participant in the Patagonia mission.

For those companies clear on their purpose, clear on their customers' and employees' values, and clear on their commitment to doing the right thing first, taking a stand, invoking a moral mandate, becomes a way of life. As an openly "activist company" Patagonia maintains an open leadership position on environmental causes. A visit to their website can open with a call to support a current cause, "Defend Bears Ears National Monument" for example. In this case, the company provides a multimedia presentation to inform people about the issue and how they can get involved. By doing so, they leave no doubt in anyone's mind what their mission is all about. The company is authentic, it stands for its principles, and it believes in and demonstrates them through action, putting skin in the game by providing time, resources, and energy to support the causes that they hold dear. Passion is key.

We are reminded of the time we met with a CEO of one of the largest companies in the world to talk with him about his company's efforts around purpose and sustainability. His company has been a leader in this regard and we looked forward to the interview with anticipation. We fully expected a passionate, inspiring appeal for how business would play a role in making a future our children would want to live in.

Instead we got a methodical litany of all the reasons why doing good made good business sense. We were told that the millennials would demand it, that talent wanted it, that social media was amplifying these "trends." He then went out of his way to say to us "this is not some kind of moral crusade, it is simply good business." We know doing good and having purpose is good business, but the fact that something is "good for business" is not necessarily inspiring. We decided to push him a little harder, hoping there was something more behind his company's decisions than the business case for purpose.

As the interview proceeded we applied some pressure and asked more in-depth, focused questions. Finally, he said “Well look we all can see it’s simply not working! We all want our children to be able to eat the same fish we can eat and enjoy the life we can enjoy.” It had taken an hour-long interview but the real passion behind the company’s efforts had come to the forefront. Suddenly, we felt inspired. His language changed as he began to talk further about sustainability and the company’s conscious decisions that connected less with their financial goals, and more with their purpose, their reason for doing business in the first place.

Getting started is difficult, and activating purpose is tricky, but understanding the purpose that you want to embed in your organization will put you on the right track. Whether it begins with creating a powerful purpose statement or answering questions on core values, activating purpose and advocating for your mission will unite your company around the revolution. We’ll talk more about the power of activating purpose in the next chapter with a concept we simply call Branding from the Inside Out. Purpose never works as merely an external marketing strategy and in the end our leaders and employees are the ones who determine if the purpose has life.

<H1>Best Practices for Moving Purpose to the Center

- Know your company and articulate its place of true service, including why it exists in the first place and what it provides to customers, employees, and communities.
- If your company does not already have a purpose statement in addition to its mission statement, it’s time to develop one. Better yet, if it’s possible, create a purpose-driven mission statement stating both your direct goals and those that relate to your higher purpose as an organization.
- Conduct open dialogue, whether in person or online, with stakeholders inside and outside of the organization to determine how the company is positioned to be an agent of good.
- Distill your company’s higher purpose into well-defined programs with clear targets, metrics, and mechanisms for reporting back.

- Even if your company's products or services aren't directly contributing to a higher purpose, think of ways that you can still connect with one, even if it is more of an adjunct to your core business (such as Coca-Cola).
- Figure out how to best fit purpose to your business by considering your customers, employees, and investors, their values, and their expectations about your company.
- Get employees to activate their personal purpose by helping them contribute to a cause or effort that they care about. Translate this personal purpose into viable strategies and actions across the organization.
- Don't be afraid to claim a moral mandate and state loud and clear that you care about the present and future good of your customers as well as society

