

# Embedding Purpose into Leadership

In 2019, Business Roundtable, an association for CEOs of America's leading companies— including nearly 200 CEOs of brands such as Amazon, Apple, Microsoft, McDonald's and Target— made a significant change to their [Statement on the Purpose of a Corporation](#). Before this change, their Statement of Purpose reflected a common belief that the only purpose of a corporation is to benefit shareholders. However, in August of 2019, the group adopted a new philosophy, declaring that the purpose of a corporation is to deliver long-term value to all stakeholders through a commitment to customers, employees, suppliers, communities and shareholders. This shift in purpose is an important one, but only if it is truly embedded into the culture of the companies and the actions of their leadership. Too often, purpose remains a vague idea mentioned only in lofty public statements or marketing collateral. How can leaders embed purpose throughout an organization to navigate day-to-day decisions and create strategies while also attracting and engaging top talent, serving customers, and fulfilling their obligations to shareholders?

## Understanding Purpose

Purpose has become a popular buzzword recently, but there may be some confusion about the difference between vision, mission and purpose. While the three concepts are related and should work together, they are not the same thing.



## Vision

Think of a vision statement as what a company most hopes to be and achieve in the future. It should imagine an ideal reality where the organization has successfully accomplished its goals. It should illustrate where the organization wants to be in the world and how the world will be changed by the organization. For example, BBC's vision statement is *"to be the most creative organization in the world."*

## Mission

A good mission statement is much more tangible and action-oriented, and it often describes who is involved and how they will accomplish the goal. For example, American Express's mission statement is to *"Become essential to our customers by providing differentiated products and services"*

*to help them achieve their aspirations.” Or, it can also outline the benefits provided by the organization, like BBC’s mission statement, which is “to enrich people’s lives with programs and services that inform, educate and entertain.”*

## Purpose

A clear vision and mission are vital for any organization to move towards goals and create tangible results. However, a clear purpose will weave them together to create a feeling of resolve and determination to reach those goals. A purpose statement centers on “why” an organization exists or does the work it does. In the case of BBC, they have six publicly stated purposes, *“sustaining citizenship and civil society; promoting education and learning; stimulating creativity and cultural excellence; representing the UK, its nations, regions and communities; bringing the UK to the world and the world to the UK; delivering to the public the benefit of emerging communications technologies and services.”* A great purpose statement should inspire employees of an organization to do great work in service of that purpose to accomplish the mission and ultimately realize the overall vision.

## The Business Case for Purpose

Author and business leadership expert [David Burkus](#) explains, “as a leader, the best thing you can do is make sure your purpose, your mission, your vision, or all of the above answer one question for your people: What are we fighting for? What is in the world that we’re tired of and we’re willing to start changing? Or what is the battle that your customers or stakeholders are fighting that you help by your existence? People don’t want to join a company, even a company with a fancy mission statement. They want to join a crusade. It all starts with answering, what are we

fighting for?

## Consumers Prefer a Purpose-Driven Company

The data backs this up. [A 2021 Porter Novelli Implicit Association Study](#) found that 78% of the respondents were more likely to remember a company with a strong purpose, were 76% more likely to trust that company, and 72% more likely to be loyal to that company. Importantly, they would also be more willing to forgive that company for a misstep.

They also found that purpose impacts purchasing decisions. 66% of respondents reported they would consider a company’s purpose when making purchase decisions, and 62% stated a company’s purpose is important even when making an impulse purchase decision. 71% would choose the product of a purpose-driven company over the alternative when cost and quality are the same. Interestingly, that percentage increases to 91% when only Millennials are polled.





## Purpose Attracts and Retains Talent

The Cone Communications Millennial Employee Study found that 64% of Millennials won't take a job if the employer doesn't have a strong corporate social responsibility policy, and 83% would be more loyal to a company that helps them contribute to social and environmental issues. Likewise, a study by WeSpire found that Gen Z is "The first generation to prioritize purpose over salary. They read Mission Statements and Values documents to select where they work and want their employer's values to match their values. They expect consistency and authenticity and will call you out, often publicly if they don't see it. They will leave companies they believe are hiding or putting too much spin on bad news, ignoring their negative environmental or social impacts, or that have toxic workplace cultures." This new view towards work is worth noting, considering that Gen Z will make up 30% of the workforce by 2030. Purpose-driven companies also have 40% higher levels of workforce retention than their competitors, according to a 2020 Deloitte Insights report.

## Purpose Drives Innovation and Growth

The Harvard EY Beacon Institute survey also found that "companies with a strong sense of purpose are able to transform and innovate better." Executives from those companies report "a greater ability to drive successful innovation and transformational change." In fact, 53% of executives at purpose-driven companies say their organization is successful with innovation and transformation, while only 19% report success in companies that have not focused on purpose. The 2020 Kantar Purpose Study showed that over a period of 12 years, brands with a perceived positive impact experienced brand value growth of 175%! Meanwhile, those that scored low on perceived positive impact had only 70% growth in that same period.

## Leading with Purpose

With this significant shift in stakeholders' expectations, there is an opportunity for leaders to rethink their approach and align management strategies with their purpose. First, leaders must be clear about their own values and goals and how they connect with their company's purpose. That clarity will then provide energy and motivation when facing difficult challenges.

## Understanding a Leader's Role

A purposeful leader's most important role is to help their team see possibilities and inspire them to accomplish goals. Leaders must be clear about who they serve— from the frontline workers to the board of directors; it is a leader's job to understand what people need to perform their best for the organization. This can be especially important in difficult times. For example, during the worst part of the COVID-19

pandemic, Arne Sorenson, CEO of Marriott, recorded a video message to employees of the hotel chain to offer support and provide information about how the company would mitigate the crisis. He acknowledged how the pandemic was detrimental to the hospitality industry and how Marriott would support employees directly affected by the virus. He then outlined what actions the company was taking to survive difficult times and ended on a hopeful note that focused on signs of recovery in other areas. Leaders don't get to choose their circumstances and challenges, but they can choose their mindset. Being grounded in a sense of purpose helps great leaders create an environment where employees can thrive.

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## Finding Leadership Purpose

Having a greater sense of purpose is a conscious choice, but many new leaders may lack clarity on their own personal purpose. Choosing a purpose that creates meaning and provides direction requires self-reflection. A person's life experiences shape their beliefs, values, and attitudes. Leaders can begin to understand their own journey by sharing their life stories with others. Crafting a leadership story can shed light on what someone truly values, what inspires them, and what they are passionate about. Learning to articulate personal values, beliefs, and philosophies is the first step to communicating clear expectations and setting effective boundaries for teams.

Another way leaders can discover their personal purpose is



to reflect on what activities and tasks give them energy or create a sense of flow—the feeling a person gets when they are happily lost in their work and lose track of time. Leaders must know their strengths to leverage them to serve others and accomplish organizational goals to make the world a better place. Likewise, leaders need to be familiar with their weaknesses and understand what activities and tasks drain their energy. Understanding the difference will help leaders gain more clarity around their true purpose.

It's also important to point out that purpose doesn't have to be a grand world-changing mission, like curing disease or solving world hunger, as long as it energizes and provides a reason to wake up each morning. A leader's purpose could be to help family and friends, build stronger relationships, or make people smile; it simply has to be something that resonates with the individual and motivates them each day.

## Creating Alignment

Once a leader has clarity on their own purpose, it is important that it aligns with the organization's mission and goals. Leaders must intentionally use this purpose to inform their decisions and actions. Leading with purpose requires keeping that purpose in mind while defining strategies, creating value propositions and managing teams. Author and leadership expert John C. Maxwell once said, "life is a matter of choices, and every choice you make, makes you." When a leader's actions don't connect with their professed values, it will create stress for the leader and cause a lack of trust with employees and customers.

## Embedding Purpose Throughout an Organization

To truly embed purpose throughout an organization, leaders must engage with their employees and other stakeholders to interact with intention, generate new solutions and create an impact. There is danger in focusing on feel-good initiatives that are not linked to strategy or talking a lot about purpose but not following through with real actions. A fully integrated purpose will show up at every level of an organization—from corporate strategy and operational processes to culture and performance management.

## Corporate Strategy

A new focus on purpose may require reviewing and testing the purposefulness of assets, capital allocation and product portfolios. Incorporating a purpose that serves all stakeholders could mean making difficult choices about pricing, partnerships with other businesses and how locations of offices or production centers may affect the

local community. It will be critical to define metrics for living out the company's purpose in order to measure progress and embed it into financial decisions.

## Operational Processes

Leaders must adapt operational processes to meet purpose-related targets to interject purpose throughout an organization. This includes considering if suppliers' behavior aligns with the organization's chosen purpose. For example, CVS Health stopped selling tobacco products in its stores because doing so would not align with its purpose to "help people on their path to better health." This decision was consequential, as it meant forgoing billions of dollars in revenue. It is critical to ensure that behavior up and down the organization aligns with purpose, even with consequential costs.



## Culture and Performance Management

A strong sense of purpose can help motivate and engage teams, but leaders must empower their people to find meaning in their work by connecting daily tasks to the greater purpose. They must not only talk about purpose but also model mindsets and behaviors related to that purpose. Recruiting, development and performance management metrics must be directly tied to the organization's purpose. If an organization's stated purpose includes creating a more inclusive workplace, but its hiring and promoting practices don't reflect that ideal, the organization will seem disingenuous or hypocritical.

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## A New Era of Purpose

Simon Sinek once said, "People don't buy what you do; they buy why you do it." The post-pandemic era will be defined by stakeholder capitalism, corporate purpose and a new commitment to diversity, inclusion, empathy and authenticity. When handled well and with good intention, an organization's purpose will generate buy-in from stakeholders and create positive change in the world. However, if that purpose is dealt with poorly or used to manipulate perceptions intentionally, it will alienate stakeholders and negatively affect an organization. The urgency to get purpose right is real—consumers and workers are more informed than ever about societal, environmental and economic issues, and they are willing to take action to make their voices heard. Now more than ever,

leaders must embed purpose throughout their organizations and empower their teams to do the same.



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