

LESSON 2: Business Performance

Driven by Purpose, Not by Profit

INTRODUCTION

According to Sherry Hakimi in her book, *Why Purpose-driven Companies are Often More Successful*, nearly all industries are beginning to acknowledge that in today's competitive business environment, there is one significant differentiator between successful companies and failed companies: the pursuit of purpose alongside the pursuit of profit. *"Today, purpose is more than just a buzzword. Companies have to deliver on the promise of making society better—they have to do it by their actions and by enabling their employees to realize their own personal need to be part of something greater than themselves"* (Rebecca Lucore, *Head of Corporate Responsibility and Sustainability*).

Paradoxically, businesses today are more successful when they focus on purpose rather than just profit.

Key benefits of being a purpose-driven business include:

- Making your organization stand apart from the competition
- Defining the difference you are making in the marketplace
- Emphasizing your impact on the lives of your employees
- Creating a distinctive lens through which all your company decisions are made and are measured.

WHAT IS A PURPOSE-DRIVEN COMPANY?

If asked, "What is the purpose of your business?" What answer will you give? If the answer is to make money, then in today's marketplace, you will be mediocre at best. The marketplace is filled with profit seekers—many of which are struggling for market share, product recognition, and quality employees.

Consider the statistics. Companies who can define their purpose apart from making a profit significantly outperform their competitors (Lisa McLeod, *How Companies Are Using the Power of Purpose to Drive Competitive Differentiation and Emotional Engagement* <https://www.mcleodandmore.com/purpose-driven-business/>). You will also want to note that purpose doesn't always mean saving the world. For example, when Sam Walton was asked about the legacy he hoped to leave with Walmart, he said, *"Well, at the end of the day, I hope I could save people a little money, so they could live a little better."* This purpose has served Walmart well for many decades.

To understand why purpose-driven companies outperform profit-driven companies, it helps to look at a side-by-side comparison. Imagine two firms, Company A and Company B. They compete in the same marketplace, for the same customers, with similar products.

The leadership at Company A says, *"Our purpose is to provide a return to shareholders."* Employees at company A are measured on their ROI. Company B's leadership says, *"Our purpose is to improve the lives of our customers."* Employees at this company are assessed based on the impact their actions have on customers.

Which company is going to develop better systems and products—the company that focuses on short-term earnings, or the company that focuses on customer impact? Which company's employees are going to be more emotionally engaged—the employees whose leaders view them simply as assets in the service of earnings, or the employees who believe they improve customer's lives?

The rationale for being a purpose-driven company speaks for itself. A recent study¹ of C-suite executives has revealed that a majority of corporate executives believe that finding the balance between profit and purpose produces a positive, transformational impact on their business. Additionally, new hires and current employees alike, along with customers and stakeholders, are overwhelmingly demanding corporations be more purpose driven.

¹Richard Carufel, "Brands' new standard-of-excellence metric--world value", Agility PR Solutions. <https://www.agilitypr.com/pr-news/public-relations/brands-new-standard-excellence-metric-world-value/>, (posted June 12, 2017).

WHAT IS A PURPOSE?

Unfortunately, many companies often confuse purpose for passion. Passion is about finding yourself and following your interests. While many people may find their passions and build successful careers that they enjoy, they may never find purpose in their work.

Purpose is about *losing* yourself in something bigger than you. It is about wanting to make a difference and do for others, to help, to give and to serve. It is the legacy you are going to leave behind (e.g. Sam Walton). True fulfillment comes not only from doing what you enjoy, but also serving a bigger mission. When you find your purpose, you will have a more far-reaching impact by touching the lives of others in meaningful ways.

DISCUSSION QUESTIONS

1. a. Can you identify companies in your industry who have identified a purpose for their business and live that purpose daily?

- b. Does their purpose tie to their product or is it more general in nature?

- c. Is it seen positively by their customers, employees, and competitors?

2. How do you feel about focusing on purpose rather than profit as a leading management tool, when you know that the company has to make a profit to stay in business?

3. What would your customers, vendors or employees say is your purpose for business?

HOW TO BECOME A PURPOSE-DRIVEN COMPANY

Before defining a step-by-step process to develop a purpose statement for your business, you need to first consider how it will be used. Nearly all business plans contain a definition of what they see as their business. They use a combination of terms such as vision statement, mission statement, core values and purpose statement to articulate the what, why, when, who and how of their business. For simplicity, let's consider the definition of these terms to be the following:

- **Vision Statement** ▶ What the organization or cause will look like within a defined period.
- **Mission Statement** ▶ What the organization does and for whom.
- **Purpose Statement** ▶ The reason the organization exists.
- **Core Values Statement** ▶ A definition of the desired organizational culture.

In our conversations here, we will use the term *purpose statement* to focus on the reason the organization exists, recognizing that the peculiarities of each organization may lead the business to combine this definition with other terms.

A PURPOSE STATEMENT

When you have a purpose statement, it will direct every aspect of your business strategy. Conversely, without one, your decisions will be made in a vacuum. Please understand that having a purpose statement doesn't make decisions easier, it makes them clearer. When your purpose is clear, you automatically know when to say yes to something and when to say no.

For an example, consider a purpose-driven sales business. Salespeople are often forced into the predicament of choosing between the customer, the product, or a sales quota. Traditionally, salespeople are tasked with either finding more customers or selling more product to current customers. Finding more customers is reactive and often ends up in giving concessions or yielding to customer demands. On the other hand, selling more product to current customers frequently leaves their needs out of the equation.

When the purpose is to focus on the customer's needs and the impact your product can have on their lives, the salespeople are focused on caring for the customer. The salespeople then become a value-added member of the customer's team—concentrating on satisfying a problem or issue. Selling the product becomes secondary and automatic.

As Christ-centered businesses, we have a responsibility and a “higher calling” to make sure our purpose statements are in line with the gospel. Fortunately, as Christians, we have many purposes that have already been defined for us. Probably the most recognizable purpose for us is the Great Commission.

“Go therefore and make disciples of all nations, baptizing them in the name of the Father and of the Son and of the Holy Spirit, teaching them to observe all that I have commanded you. And behold, I am with you always, to the end of the age.”
(Matthew 28:19-20)

What a great purpose statement, given to us directly from our Lord. Our purpose of being a Christian is to become more like Christ. 1 Peter 2:21 says, *“For to this you have been called, because Christ also suffered for you, leaving you an example, so that you might follow in his steps.”*

Our source of inspiration for our business purpose needs to come from the Bible and the teachings of Christ.

HOW TO MAKE A PURPOSE STATEMENT

Here are five generalized steps to develop a purpose statement.

1. **Plan on being short and concise.** To be effective, a purpose must be both aspirational and specific. Long narratives are difficult to remember and to incorporate into any corporate messaging program.
2. **Describe the impact** you intend on having and whether it is for your customers, employees, community or a specific section of society. Define the end-result that you wish to realize and experience. If possible, develop a method to measure the results.
3. **Create a lens for decision making.** Identify how this short purpose statement will be used in directing corporate decisions going forward. If your purpose statement will not impact and define all corporate decisions, start over and think bigger.
4. **Determine how this purpose statement will be used** in the promotion of your products and services. Specifically, list how you will use this statement to let your customers know that it is tied to your product and services as well as your business model as a whole.
5. **Put a plan in place** to translate this new purpose statement into changes in behavior. List how you intend to act, talk and look different now that you have a purpose statement. Furthermore, how will these changes be implemented and expected throughout your entire business hierarchy?

DISCUSSION QUESTIONS

1. What are your biggest fears about developing and implementing a purpose statement?
