

A stylized illustration in shades of yellow and white. It depicts a person walking away from the viewer on a winding path that leads towards a bright, circular opening in the distance. The path is flanked by tall, angular buildings that create a canyon-like effect. The sky is a gradient of yellow, and the path has a dotted texture. The overall mood is one of journey and direction.

The State of Purpose

Insights on
navigating profit
and purpose

2020 edition

We were once told that “there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits.”

This thinking belongs to a different era.

The idea of businesses having ‘purpose’ has of late gained traction – to the point where it seems to be the buzzword of the day, adopted, adapted, by all and sundry. This may be a good thing, or it may just facilitate ‘purpose-wash’, something filed by sceptical consumers under green-wash and lame CSR.

Pulse takes a different view. Having established the ‘Mutual Benefit’ initiative at Burston Marsteller in his PR days, Simon Milton founded Pulse in 2002 with the view of putting purpose at the heart of how a business operates. Eighteen years on, purpose remains at the heart of Pulse’s way of operating: it is in our DNA and always will be.

Because of this heritage, Pulse is publishing this report to bring together leading thinkers and thinking on the role of purpose in ensuring organisations both thrive and do good in the 21st century. And we are publishing this report at this important moment to ensure that purpose is not lost in a swamp of meaningless corporate jargon.

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Our hope is that this report helps dispel the old-school thinking that businesses have no responsibility towards societies and the environment. In the same vein, we reject any notion that purpose is the latest fad. It is here to stay.

The debate is current and ever evolving. We hope this report offers both relevant insight and inspirational thinking to you.





Why purpose?

This chapter introduces the importance of purpose as a response to a changing landscape, with insight and opinion from Pulse CEO Simon Milton; Fellow of the British Academy and Oxford University's Saïd Business School, Professor Colin Mayer; and Prince Max of Liechtenstein, CEO of asset management group LGT.

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Only a crisis — actual or perceived — produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around.”

Milton Friedman





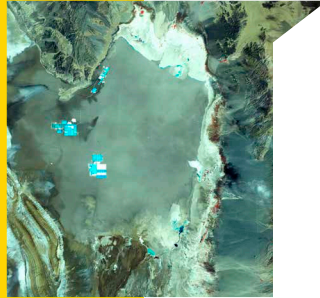
A changing landscape



Simon Milton
Pulse CEO

About Pulse

Pulse helps its clients to build purposeful organisations. It does this by working with business leaders to connect more effectively with their workforces, customers, investors and the wider society through its work in 'purposeful leadership', strategic communications and employee engagement. It has produced award-winning work for internal communication and employee engagement and is a B Corp company.



In 2006, 63 investment companies with \$6.5 trillion in assets under management (AUM) signed a commitment to incorporate environmental, social and governance (ESG) issues into their investment decisions. Twelve years later, this figure had risen to 1,715 investment companies with \$81.7 trillion in AUM signed up to the same commitment.¹



On 20 August 2018, 15-year old Greta Thunberg chose not to go to school that day; instead she sat on her own outside the Swedish parliament calling for a *Skolstrejk för klimatet*, a school strike for the climate. By 20 September 2019, an estimated 4 million students in 150 countries around the world joined her call to strike and protest.²



On 31 October 2018, 1,500 people assembled on Parliament Square in London to demand the UK government to "tell the truth" about the need for urgent recognition of the scale of the climate crisis. Eight months later, with hundreds of thousands on the streets, MPs approved a motion to declare an environment and climate emergency.³



On 11 June 2019, Unilever announced its Sustainable Living Brands had grown 69% faster than the rest of the business and now delivered 75% of the company's growth.⁴



On 8 October 2019, the governor of the Bank of England warned major corporations that they had two years to agree rules for reporting climate risks before global regulators devised their own and made them compulsory.⁵

What connects these seemingly disparate events? Each, in its own way, is an example of the way society is shifting. And each matter to the future of business and the planet on which we live and depend.

Why now?

Every time I pick up a report on the importance of purpose and the future of business, it seems they almost always open with dispiriting statistics of the enormous challenges that we face – of social inequalities, environmental degradation and its impact on the global economy.

Being an optimist by nature, I wanted to open this report with these five examples that I find to be utterly inspiring: they speak of the changing landscape that I believe is happening all around us, certainly in developed countries. Citizens and consumers now demand more from the powers that be. And in the commercial world, the examples of Unilever and the widespread adoption of ESG practice begin to illustrate that business is far from deaf to this shift. Indeed, in August 2019, 181 US CEOs committed to lead their companies for the benefit of all stakeholders – customers, employees, suppliers, communities and shareholders.⁶ However, this is not a time for complacency. We need urgency. We need action. The time for rhetoric and working out if we have a problem is over.

I set up Pulse in 2002, because I felt that the immense societal issues we then faced could not be addressed by government and charities alone (governments in the West seem incapable of genuine long-term planning, and charities provide a necessary but inadequate plaster to the injustice we see in the world), and that the capacity of business to innovate and scale at pace had a huge role to play. I also believed that every business had a purpose, and that the best businesses used their

purpose to not only drive their performance – but also deliver a positive impact on the world.



“Being in sole service of shareholders is no longer good enough.”

I believe this now, more than ever. Purpose – the why you exist – matters for two reasons. It is a tool to harness the potential of the workforce and to meaningfully engage with customers and stakeholders. It is also a pathway to a broader understanding of

the corporation's role within society, to give it a continued licence to operate. Businesses exist to serve people and the planet. And because of this, I believe business has a huge role to play in addressing some of the greatest challenges the world has ever faced.

A tipping point where the majority of citizens and consumers realise that governments, businesses, investment communities and we the consumer have failed to address our most pressing social and environmental problems is, to my mind, inevitable. Are we there yet? Undoubtedly. Businesses have realised their role is changing and many aspects

1. *The Investor Revolution*, HBR, May–June 2019 Issue, Robert G. Eccles/Svetlana Klimenko <https://hbr.org/2019/05/the-investor-revolution>
2. Greta Thunberg: teenager on a global mission to 'make a difference', *The Guardian*, Sept 2019 <https://www.theguardian.com/environment/2019/sep/26/greta-thunberg-teenager-on-a-global-mission-to-make-a-difference>
3. UK Parliament declares climate change emergency, BBC 2019, <https://www.bbc.co.uk/news/uk-politics-48126677>
4. Unilever's purpose-led brands outperform, Unilever press release 2019, <https://www.unilever.com/news/press-releases/2019/unilevers-purpose-led-brands-outperform.html>
5. Corporations told to draw up climate rules or have them imposed, *The Guardian*, Oct 2019, <https://www.theguardian.com/business/2019/oct/08/corporations-told-to-draw-up-climate-rules-or-have-them-imposed>
6. Business Roundtable Redefines the Purpose of a Corporation to Promote 'An Economy That Serves All Americans' <https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans>

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Profits are in no way inconsistent with purpose – in fact, profits and purpose are inextricably linked. Profits are essential if a company is to effectively serve all of its stakeholders over time. Similarly, when a company truly understands and expresses its purpose, it functions with the focus and strategic discipline that drive long-term profitability. Purpose unifies management, employees, and communities.”

Larry Fink. BlackRock CEO

of how they have to operate has to radically change. Those businesses that fail to prepare are, to coin a very old corporate adage, preparing to fail.

Let's be clear: being in sole service of shareholders is no longer good enough. At the same time, navigating profit and purpose is extraordinarily challenging. As a small business owner, I know from bitter experience!

The more people feel like they have less of a say over their lives, the farther removed a business will become. And that's when a business's licence to operate can wither away. I do believe capitalism can adapt and help to meet society's shifting demands, but only if business can change for the better – and do so quickly.

Getting this right is not easy. I am mindful that being a purpose-led

business in a world that currently judges performance purely on financial terms is hugely challenging – and remaining profitable is hard enough at the best of times. (And to be clear, purpose done in isolation won't work – management can become too fixated, instead of being focused on how to build and scale an operation that brings genuine value to different stakeholders). So, I absolutely believe profit is a good thing: without profit, businesses stagnate in their own rhetoric.

However, profit is not just about growth and decimating our natural resources. Profit comes from doing things better. Customers will increasingly reward those who do good.

Our changing society is demanding more. Every business is facing an increasingly and acutely discerning workforce, customer, investor, supplier and local community. This report aims to look at ways of meeting their demands by placing purpose at the heart of business – and doing so in a way that supports long-term profit generation.

The purpose of business



Professor Colin Mayer CBE

Fellow of the British Academy

The British Academy is the UK's national body for the humanities and social sciences – the study of peoples, cultures and societies, past, present and future. Colin is an expert on the role of the corporation in contemporary society; he is the Peter Moores Professor of Management Studies at the Saïd Business School, University of Oxford. *This byline is an abridged talk given at the June 2019 Pulse Masterclass.*

In 1962, Milton Friedman said that there is one, and only one, social purpose of business: to increase profit, so long as it stays within the rules of the game. That doctrine has been the basis of business practice, business policy and business education ever since.

But it wasn't always so. Indeed, business has its origins in Roman law, 2,000 years ago, and that was to perform public functions, including minting coins, collecting taxes and looking after public buildings. And for nearly all of its 2,000-year history, business combined commercial activities with a public function. It is only over the last 60 years that the idea has emerged that the only purpose of business is to make money.

Today, we recognise business as the driving source for economic prosperity and the growth of nations around the world; but it is also a cause of growing inequality, environmental degradation and societal mistrust.

Consequently, the British Academy launched the largest programme of research that has ever been undertaken on the subject of the future of the corporation in January 2018. We brought together 30 academics from across the world, from across the social sciences and humanities, together with 25 business leaders, to address the question: how should business correct the environmental, social and political challenges it faces?

Redefining the definition

Among the findings of our research, published in our paper 'Reforming Business for the 21st Century', was a recognition to redefine corporate purpose, distinct from shareholder returns. Because the purpose of business is not to produce profit. The purpose of business is to solve the problems of people and planet profitably, and not

profit from causing problems. In recent years, we have seen a growing recognition of the importance of why business is created. Why it exists. What it's there to do. What it aspires to become. Namely, the purpose of business. And how everything should follow from that in terms of business practice, business policy and business education.

Successful businesses commit to a corporate purpose; they commit to the



“The purpose of business is to produce profitable solutions to the problems of people and planet.”

people who help to create that corporate purpose, their workforce, who in turn commit to the corporate purpose. This gives rise to reciprocal relations of trust with mutual benefits for

both. It creates more loyal customers, more engaged employees, more reliable suppliers and more supportive shareholders and societies. Which gives rise to greater revenues, lower cost and more profits.

However, there is a growing disaffection with business, and its failure to meet environmental, social and political problems. This erosion of trust will intensify in the coming years by technological advances that risk further exacerbating social detriments.

Our work at the British Academy therefore proposes a reimagining of the role of business for the 21st century, one that requires a new framework that combines and connects defined corporate purposes, a commitment to trustworthiness and an enabling corporate culture.

Our recent paper, 'Principles for Purposeful Business: How to deliver the framework for the Future of the Corporation', further expands on initial conclusions and provides a set of principles to guide lawmakers and business leaders in any jurisdiction towards the policies and practices that can release the potential of business to profitably solve the problems of people and planet, and to prevent business from profiting from harm.



How purpose delivers true value creation



Prince Max of Liechtenstein
CEO of LGT

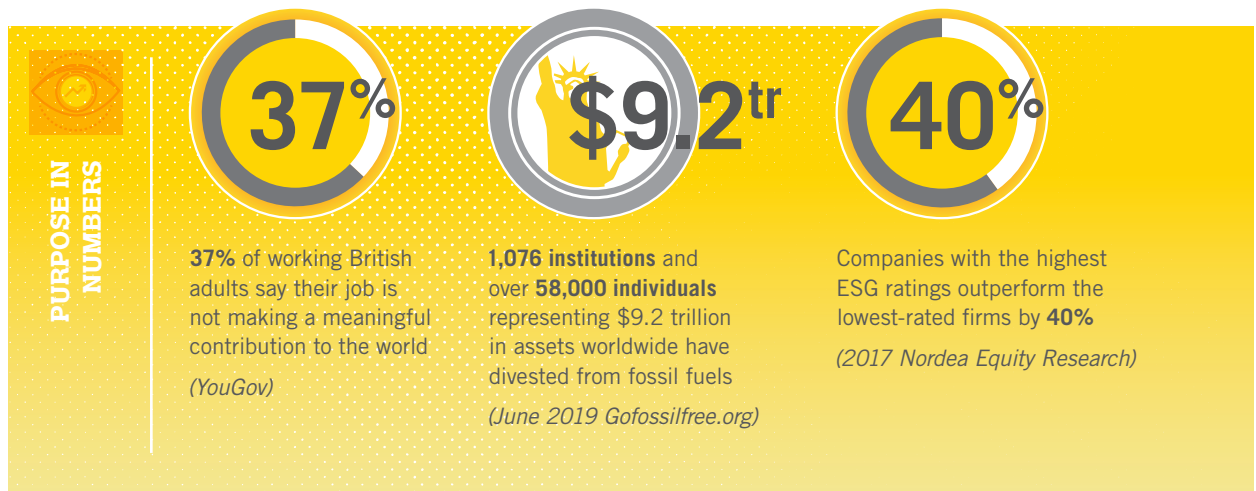
LGT is the world's largest family-owned private banking and asset management group. With over \$210 billion in client assets, its approach to value creation has helped the company to double its outline assets under management in six years. Its stated purpose is to create value for clients, shareholders, employees, other stakeholders and society.

We all leave a footprint on this world. Some humans leave a big and beautiful footprint – Michelangelo, Mozart, Mandela – while others leave marginal, mixed or ugly footprints. The same applies to organisations, be that through a company's products and services, education to employees, salaries, supplier and stakeholder initiatives, operational emissions or sponsoring engagements – a footprint is always left behind.

But we are not used to thinking about a business's footprint in its broadest sense. Over the past 40 years we have reduced the complexity of this footprint to an assessment based purely on financial achievements: short-term profits.

This traditional value system and its short-term take on value creation has of course seen its winners: shareholders who've seen their shares increase. It's also seen plenty of losers: our planet's biological assets are more drastically diminished than ever before in human history; forests and agricultural land have been substantially eroded; our oceans, rivers and ground water massively polluted. Blue collar workers in developed markets have seen only limited gains, while the picture in emerging markets is even more complex.

This short-term approach has led us to an asset allocation, a value creation and a value distribution in our global economy that, overall, is poor. We face rapidly growing environmental problems, rising social inequality, ever-increasing record levels of debt in our systems and depleting social security systems. This is no longer sustainable. Something has got to give.



How do we change?

I propose that we need a more integrated definition of value creation. One that incorporates the broader impact of businesses' activities into their purpose, their objective, their strategy, their operations and the way they measure their systems.

And to prevent further economic, social and environmental damage and the inevitable future repercussions, I am convinced that integrating a stronger sense of purpose and values into the daily management of a business is the right thing to do to maximise value-creation opportunities.

I see three key areas for improvement. First, we need to become a lot more long-term oriented. We cannot accept miserable trade-offs where we pursue short-term benefits that come with much larger longer-term costs. Second, we need to become socially more

inclusive to provide better, broader and more equal opportunities to succeed. And third, we need to find our environmental selves.

Historically, we rarely hear about the broader social and environmental impact of businesses, because these aspects were not measured. And what is not being measured is typically not being managed.

A shift to a fully integrated value-creation approach that encompasses societal and environmental outputs alongside the financial outputs, coupled with newly defined measurable outputs, offers a new path.

What does this mean in practice? At LGT, our purpose is to create value for our clients, shareholders, employees, other stakeholders and society. But we have eschewed the short term for the

long term. All client work is subject to ongoing economic social and governance (ESG) evaluation. We align our investment-linked business strategies with political, economic and social 'mega-trends' that run over decades rather than years. This makes our work more sustainable – commercially and in terms of our broader footprint.

We do this because we believe this way of thinking and operating is urgently required.

It is also our belief, based on our own experiences, that the adoption of the mindset and practices advocated above will ultimately result in companies across the world becoming financially stronger. And it is a pathway to the development of a much more sustainable world.



Purpose: A pathway to sustained profit and a supported society

This chapter aims to break the myth that having a strong purpose (and making a greater contribution more broadly to society) is somehow incompatible with making a profit.

On the contrary, they are natural bedfellows.

“

There is an increasing awareness that the purpose of a company has to be beyond shareholder value, and that this is not something that will cost your business but something that will enhance your business.”¹

Harvard Professor Michael Beer



Purpose: the driver of profit

Purpose is the reason why a business exists – its *raison d'être*. One of the main reasons that purpose has gained traction of late is partly due to organisations waking up to the realisation that their purpose is not widely recognised by their stakeholders – by customers, suppliers, investors, their workforce – or indeed the boardroom.

Why does this matter? Because in an increasingly discerning world with disparate competing forces and internal corporate decision-making dilemmas, having a clearly understood purpose can help drive alignment and performance.

Not having a meaningful purpose can result in drift and ultimately obsolescence.

Above all, in the words of BlackRock CEO Larry Fink, purpose is not about the sole pursuit of profits; rather it is *“the animating force for achieving them”*.² Purpose drives profit.

Almost 10 years earlier, Simon Sinek argued that *“people don't buy what you do, they buy why you do it.”*³ Citing examples of the most successful companies that communicate their purpose in order to appeal directly to people's values, Sinek gives the example of Apple, a company that has no material advantage over any other computer company, and yet has devoted customers who'll queue overnight to be the first in line to get

the latest product. Sinek suggests the best businesses don't just sell their wares to people who need what they have, but rather they seek to inspire change: *“The goal is not to do business with everybody who needs what you have. The goal is to do business with people who believe what you believe.”*⁴ His TedTalk has now been viewed 45 million times.



“Purpose is not the sole pursuit of profits but the animating force for achieving them”

Other examples of companies who place purpose at the heart of what they do are Dove, who aligned its purpose closely with its target audience with its Campaign for Real Beauty (and drove profits from \$200m in the 1990s to \$4bn by 2015),⁵ and

Patagonia, who famously purchased a full-page advert in *The New York Times*, urging customers *“Don't Buy This Jacket”* and to repair and reuse as much of their clothing as possible (its sales increased 30% the next year).⁶

And while Unilever's Keith Weed argues that purpose can drive sales: *“We know that consumers want brands with purpose. Global spending on ‘responsible consumption’ products is \$400bn”*.⁷ On a deeper level, companies across the world that placed purpose at the heart of their business strategy have been shown to outperform the average S&P 500 company by 10 times.⁸ (1998 - 2013), according to research conducted by Professor Raj Sisodia.

¹ The Business Case for Purpose, Harvard Business Review Analytics Services, Harvard Business Review, 2015, hbr.org/resources/pdfs/comm/ey/19392HBRReportEY.pdf pp. 8-10.

² Larry Fink's 2019 Letter to CEOs: Purpose & Profit <https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>

³ Simon Sinek, How great leaders inspire https://www.ted.com/talks/simon_sinek_how_great_leaders_inspire_action/transcript?language=en

⁴ *ibid*

⁵ How Dove Empowered Real Women And Achieved Success in 80+ Countries <https://www.referralcandy.com/blog/dove-marketing-strategy/>

⁶ How Patagonia grows every-time it-amplifies its social mission <https://www.fastcompany.com/40525452/how-patagonia-grows-every-time-it-amplifies-its-social-mission>

⁷ Marketing Week, The top 100 companies for 'brand purpose', 13 Oct 2015 <https://www.marketingweek.com/the-top-100-companies-for-brand-purpose/>

⁸ “Performance of firms of endearment” <https://www.firmsofendearment.com/>



EY has conducted extensive research into the perceived importance, role and impact of purpose in businesses, as Karl Havers (EY Partner, Long Term Value and Technology) explains: *"We've found that employees are three times more likely to stay if they relate to their company's purpose; while less than 10% say that they would like to work for a company that focuses solely on bringing value to shareholders. One company that prides itself on its purposefulness outperformed the market by 14 times. While 73% of customers would switch products if that company had a clear purpose that they valued. The evidence is mounting. Everything points towards the need for businesses to embrace and integrate a multi-stakeholder orientated purpose to navigate today's volatile, uncertain economy if they are to continue to navigate ever more discerning customers, employees and investors."*⁹

Purpose and the need for greater societal contribution

The idea of purpose as key to driving business performance is therefore not new. Where things have become especially interesting of late is the more explicit extension of an organisation's purpose to help meet society's increasingly pressing challenges.

As the leader of the world's largest asset manager, with \$6.84 trillion in assets under management, Larry Fink caused more than a few ripples when he made the unequivocal link between an organisation's reason for existing, with a commitment to doing good in the world. He said that *"to prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society."*¹⁰

Why?

For context, let's pause for a moment and look at the other driving factor for purpose: society's shifting expectations.

Alongside the plethora of statistics of the benefits of purpose to a company's bottom line is the increasing and startling evidence of the decline of

trust in business. According to Deloitte research, only *"37% of millennials believe business leaders make a positive impact on the world"*,¹¹ with over a quarter saying they don't trust business leaders as sources of reliable and accurate information.

The 2019 Edelman Trust Barometer¹² found that more than half of Britons believe that the way business is working today is not good for society (52%). Globally only 20% felt that *"the system is working for them"*. The same research highlighted people's high expectations of CEOs and that a



INDUSTRY INSIGHT

2019 Edelman Trust Barometer

"The world is united on one front – they all share an urgent desire for change. Only one in five feels that the system is working for them, with nearly half of the mass population believing that the system is failing them."

79% of UK citizens believe CEOs should take the lead on change, rather than waiting for government to impose it.

60% of Britons agreed with the statement that *"a good reputation may get me to try a product, but unless I come to trust the company behind the product, I will soon stop buying it."*

52% of Britons feel that the way business works today is not good for British society.

67% of these people believed that companies considered profit to be more important than looking after people.

⁹ In conversation, Pulse Masterclass, "Navigating the twin pillars of Purpose and Profit" held Thursday 6 June 2019

¹⁰ Larry Fink's Annual Letter to CEOs (2017) A Sense of Purpose
<https://www.blackrock.com/hk/en/insights/larry-fink-ceo-letter>

¹¹ The Deloitte Global Millennial Survey 2019
<https://www2.deloitte.com/global/en/pages/about-deloitte/articles/millennialsurvey.html>

¹² 2019 Edelman Trust Barometer
www.edelman.com/trust-barometer

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“Companies could bring business and society back together if they redefined their purpose as creating ‘shared value’ – generating economic value in a way that also produces value for society by addressing its challenges.”



trusting relationship with an organisation was vital for consumers to continue to buy from them.

Simply put, people are saying: things aren't working great for me as an individual; we expect more of our CEOs to take a lead in the way we live, and we prefer to buy products that we have some form of relationship with.

Purpose, when it is authentic and meaningful, guides the way an organisation functions; it also entails a multi-stakeholder approach that can address each of the above aspirations and expectations. And when companies embrace a framework for greater value creation (based on meeting the needs of multiple stakeholders), businesses make a greater contribution to society. And the more ambitious the purpose, the greater the contribution to all stakeholders, to society and to our planet.

We have already read how Prince Max of Liechtenstein subscribes to this perspective. In the same vein, Fink is asking for companies to do more and Professor Mayer declares that

the purpose of business is to *“provide profitable solutions to people and planet”*.

Adoption of purpose in this way can begin to address the serious issue of declining trust between people and business, something that haunts both commercial leaders, such as Fink, and academics such as Dr Michael E. Porter, who in 2011 wrote: *“Companies could bring business and society back together if they redefined their purpose as creating ‘shared value’ – generating economic value in a way that also produces value for society by addressing its challenges.”*¹³

So, how can we make the shift away from the Friedman 'shareholder-value' mentality to one based on shared value?

¹³ Michael E. Porter & Mark Kramer, *Creating Shared Value: Redefining Capitalism and the Role of the Corporation in Society*, Harvard Business Review, 2011.
https://www.hbs.edu/faculty/Publication%20Files/2011-0609_FSG_Creating_Shared_Value_20859152-c051-44dd-a2c0-761abf6bc2d1.pdf



Purpose: A new mindset

Exploring the intrinsic importance of long-term thinking and the mindset shift required to deliver both profit and purpose.

“

Investors no longer believe that short-term earnings results are indicative of long-term success and are highly aware of the imprecision of its reporting metrics.”¹

FCLTGlobal,
CEO Sarah Williamson



Moving from short-termism to sustainability

At the heart of successfully deploying purpose is making the shift from short-term, profit-focused thinking to a long-term sustainable approach. The latter places value on maintaining strong relationships with multiple stakeholders, in tandem with the purpose of the organisation.

As President of the Ford Foundation, Darren Walker said: *"It is more critical than ever that businesses in the 21st century are focused on generating long-term value for all stakeholders and addressing the challenges we face, which will result in shared prosperity and sustainability for both business and society."*²

But long-term thinking is easier said than done. Not least when only 34% of directors believe that the boards on which they serve on actually fully comprehended the company's strategy (McKinsey 2013 survey).³

The first step is to refute the established perspective, asserted by Milton Friedman, that the very idea of businesses contributing to society is *"incredibly short-sighted and muddleheaded"*. His belief that *"The discussions of the 'social responsibilities of business' are notable for their analytical looseness and lack of rigor"*⁴ needs to be answered with clarity.

Encouragingly, the merits of placing long-term thinking above short-termism is beginning to resonate with investors. Not-for-profit organisation, Focusing Capital on the Long Term, FCLTGlobal, was established to encourage a longer-term focus in business and investment decision-making and in October 2017, CEO Sarah Williamson declared: *"Investors no longer believe that short-term earnings results are indicative of long-term success, and are highly aware of the imprecision*

*of its reporting metrics."*⁵ FCLTGlobal makes the case that providing a long-term strategic roadmap for investors and that selecting key metrics and setting benchmarks against three to five-year outlooks are more effective for establishing a sustained investor base, something which has proved beneficial to the likes of Unilever, Facebook, GlaxoSmithKline and BP.

But what happens when short-termism rules? In his book, 'The Infinite Game', Simon Sinek argues that too many companies are too preoccupied with protecting existing models instead of being flexible and true to their purpose. Kodak invented the digital camera in 1975 but couldn't bear the thought of moving away from film; Blockbusters

made 20% of their revenues from late fees and so turned down the opportunity to work with Netflix and its monthly subscription model... *"And now they're both bankrupt. That's finite thinking – when they are so obsessed with the status quo that they literally will not take the flexibility to stay in business."*⁷

Sinek argues

that 'finite' companies measure themselves by arbitrary targets that take precedence over building meaningful sustainable relationships. However, *"In an infinitely-led company, you will find people working for a cause – prepared to sacrifice because it gives you meaning."*⁸ By working towards a 'just cause' that is at the centre of an infinitely-led company (purpose), he argues that: *"You'll find a more trusting team with people more willing to say I made a mistake, or I need help. Without trusting teams, you have too many people coming to work lying, hiding and faking every day and eventually things break."*⁹

And it's not just companies that are failing within their respective sectors. Sinek points to the fact that the publishing industry didn't invent Amazon;

“Just 28% of S&P 500 companies and less than 1% of EURO STOXX 300 companies currently issue quarterly guidance.

Whereas quarterly reporting provides transparency, guidance is counterproductive and increasingly a thing of the past.”

FCLTGlobal, CEO Sarah Williamson⁶

¹ Where boards fall short
<https://www.fcltglobal.org/research/reports/article/where-boards-fall-short-harvard-business-review>

² Business Roundtable
Redefines the Purpose of a Corporation to Promote 'An Economy That Serves All Americans'
<https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans>

³ Where boards fall short
<https://www.fcltglobal.org/research/reports/article/where-boards-fall-short-harvard-business-review>

⁴ The Social Responsibility of Business is to Increase its Profits. Milton Friedman
The New York Times Magazine, September 13, 1970.

⁵ FCLTGlobal, New Evidence Supports Transition From Quarterly Guidance
<https://www.fcltglobal.org/news/blog/article/2017/10/24/new-evidence-supports-transition-from-quarterly-guidance>

⁶ Ibid

⁷ Simon Sinek Explains What Almost Every Leader Gets Wrong
https://www.youtube.com/watch?v=Ar2Om23XY_c

⁸ Ibid

⁹ Ibid

or the film industry invent Netflix, or car companies invent Tesla. Each industry sector was too focused on the short term. Had they focused more on their core purpose, instead of what the market demanded, they would have been less vulnerable to external disrupters.

In this light, we can see the value of purpose in keeping companies grounded in doing what they are best at, while having the flexibility to respond and plan to meet changing future markets. Decisions that may look profitable today may well make your company less relevant to your customers, workforce and supply chain.

And yet there are always competing priorities to meet today's challenges and to be sustainable for the long term. Which begs the question: how do we decide which to choose when the two conflict?

A new mindset: profit and purpose as natural bedfellows

In the May 2016 edition of the Harvard Business Review, three professors made the case for "Both/And" Leadership, offering a new way of thinking to overcome competing strains within a company: to shift away from 'either/or' thinking to a 'both/and' mindset.

At the centre of their proposed 'Paradoxical Leadership' is the need to recognise that the role of management is to cope with, rather than fight, change. And because conflicts often arise between senior team members who deeply identify with one goal or another (e.g. annual profit over purpose), there is a need to recognise multiple truths. They argue that this can be achieved by separating and connecting opposing forces. This, they propose, involves accepting and accentuating the different forces within an organisation, developing metrics for each, so that each feels valued; equally, disparate forces need to be connected, which involves finding linkages and synergies across goals. This can be achieved by building "an overarching organizational identity and unite people

*in a higher purpose – which helps employees and executives alike to embrace the interdependence of opposing strategies."*¹⁰

One such example they highlight is NASA, whose managers' attempts to push for more open cross-firm and cross-disciplinary work saw resistance

from scientists, who feared that such a collaborative approach to research would compromise recognition of their individual achievements. Connection was achieved by placing a higher purpose at the heart of their objectives: "We aspire to keep astronauts safe in space."¹¹ A purpose that both sides could buy into.

**“Without trusting teams,
you have too many people
coming to work lying, hiding
and faking every day...
and eventually things break.”**

In the 1980s, trading on a Sunday in the UK was illegal – but several retail companies ignored the ruling as the fine for doing so was considerably less than the value of sales taken on that day. When

“The goal of leadership is to maintain a dynamic equilibrium in the organization. Executives with this goal do not focus on being consistent; instead they purposefully and confidently embrace the paradoxes they confront. Senior teams build dynamic equilibrium by separating the imperatives that are in conflict with one another in order to recognize and respect each one, while at the same time actively managing connections between them in order to leverage interdependencies and benefit from their synergies.”

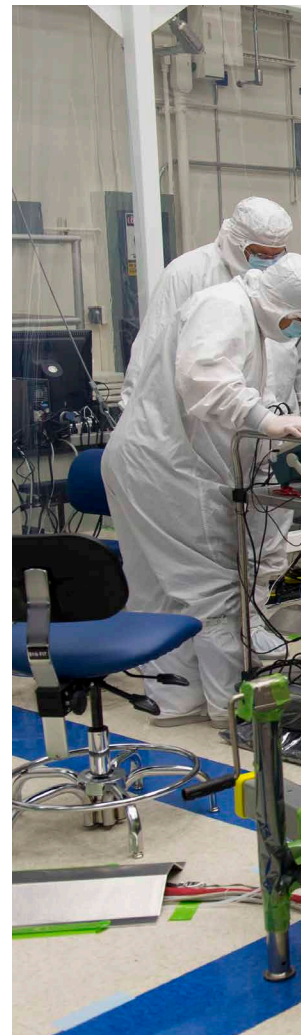
Wendy K. Smith, Marianne W. Lewis, and Michael L. Tushman¹²

¹⁰ "Both/And" Leadership Wendy K. Smith, Marianne W. Lewis, and Michael L. Tushman. HBR May 2016

¹¹ ibid

¹² "Both/And" Leadership Wendy K. Smith, Marianne W. Lewis, and Michael L. Tushman. HBR May 2016

¹³ Conversation with Lord Andrew Stone 5 August 2019



the idea of adopting this approach was broached to M&S's then Managing Director Andrew Stone, he rejected out of hand the idea of the retailer following suit. Despite the clear financial benefits, breaking the law wasn't the kind of thing that M&S as a company did. It didn't sit right. Making profit while going against the grain of the company's recognised values didn't support the purpose.¹³

So, to answer the question of how a company can attain both purpose and profit, the solution lies not in asking how does one prioritise one over the other – but to always ask the question, “How do these two goals support each other?” In truth, there is no definitive answer to the question to navigating

profit and purpose; however, doing what feels right according to an organisation's values is a good starting point.

“We aspire to keep astronauts safe in space.” A purpose that all the NASA scientists could buy into.





Purpose: Application

Enough of the theory, what initial first steps can be taken to apply purpose and what practical frameworks exist for making your organisation more purposeful?

“

You can't just adopt it... It has to be driven, operationally and in depth, by the CEO and the top leadership team.”

Harvard Professor Michael Beer



Applying purpose: first steps

So far, we've looked at the ways in which purpose can drive profit and respond to society's expectations; we've also looked at the mindset shift required towards taking a longer-term approach, and ways to navigate paths towards reconciling the demands for short-term profit and the desire to contribute to society.

But how can this *actually* be delivered in the real world? And what guiding frameworks exist to help shape and guide our own strategies around purposefulness?

First of all, there is no cookie-cutter approach to becoming a purpose-led organisation. Nor should there be. However, the one thing that does hold true, across all organisations, is that purpose has to be at the heart of who we are and what we do. It is not an add-on; not a badge that can be applied when required to try to show a warmer or more ethical side of a corporate entity. The often cynical deployment of corporate social responsibility in this way over the last decade has shown what can happen when good intentions become the latest fashion accessory.

It requires a heartfelt and honest examination of why our businesses exist. What are we truly bringing to our communities, customers and the world at large beyond just our principal products and services? What is our higher purpose?

How do we do this? The answer nearly always lies in the reality that the individual purpose of each of our organisations already exists. Sometimes this can get lost over time and just needs to be uncovered. It certainly does not need to be invented. The key is to delve deep into what really matters to us in our jobs and the services we bring to the world. Why we do what we do. This also involves extending the exercise to our workforces, to listen and discover what really matters to them in their jobs. Why they do their work, at a deeper level. By empathising with our fellow workers, we can uncover what lies at the heart of each of our organisations.

Articulating a purpose, once identified, isn't always easy. The main thing to keep in mind is that every purpose starts with the 'why'. It may help for you to put aside your mission (what you do and how you do it) and focus on what difference your business has on the lives of your customers and other people. What do they see you do? For example, Tesla's purpose is not to create attractive electric cars, but to "*accelerate the world's transition to sustainable energy*".¹

And once it's articulated, as Michael Beer contends, "*You can't just adopt it... It has to be driven, operationally and in depth, by the CEO and the top leadership team. That takes a lot of skill and understanding to do well, which is why so few companies really can pull it off.*"²

Driving purpose throughout the organisation requires authenticity, consistency and leadership being exercised at every level. Because to build an inspired, committed workforce, "*you need middle managers who not only know the organization's purpose but also deeply connect with it and lead with moral power*".³

¹ https://www.tesla.com/en_GB/about

² *The Business Case for Purpose*, Harvard Business Review Analytics Services, Harvard Business Review, 2015 hbr.org/resources/pdfs/comm/ey/19392HBRReportEY.pdf

³ *Creating a Purpose-Driven Organization*, Robert E. Quinn and Anjan V. Thakor HBR July–August 2018

⁴ *ibid*



A top-down mandate does not work. Employees need to help drive this process, because then the purpose is more likely to permeate the culture, shaping behaviour even when managers aren't right there to watch how people are handling things.

People who find meaning in their work don't hoard their energy and dedication. They give them freely, defying conventional economic assumptions about self-interest. They grow rather than stagnate. They do more — and they do it better. By tapping into that power, you can transform an entire organization.⁴

Robert E. Quinn & Anjan V. Thakor



Getting the supporting culture in place

Each organisation needs to find its own, culturally aligned ways to elevate and drive purpose through everything it does. These need to work with the grain of how each business operates. Trying to impose set approaches is a sure-fire way to alienate people and waste the opportunity that your new-found purpose presents.

However, a range of processes and practices can be considered by any organisation which wants its purpose to be more deeply embedded in the workplace's culture:

- The identification of explicit values that support the purpose and inspire the workforce
- Incentivising living of the values and hence purpose
- Engaging champions to create positive peer pressure
- Continual communication and sharing of employee stories around the purpose and the impact of their work
- Driving the purposeful way of thinking through functional corporate areas such as hiring, appraisals and compensation.

The above practices are but a suggested starting place. How and how well they are executed and sustained is down to the individual business.



5 questions for companies to test whether purpose is really at the core of the strategy⁵

A 'no' to any of the above requires a rethink!

1. Does purpose contribute to increasing your organisation's growth and profitability today?
2. Does purpose significantly influence your strategic decisions and investment choices?
3. Does purpose shape your core value proposition?
4. Does purpose affect how you build and manage your organisational capabilities?
5. Is purpose on the agenda of your leadership team every time you meet?

⁵ Put Purpose at the Core of Your Strategy, by Thomas W. Malnight, Ivy Buche, and Charles Dhanaraj
HBR September–October 2019

Applying purpose: frameworks for making a shift

At Pulse, we have always believed that purpose helps to drive performance, especially because it helps to shape the behaviours required to make your business successful.

On page 25 is a tool that we use in different ways with business leaders who want to explore more deeply ways to engage and drive change. Developed by Pulse from working with different organisations over several years, we call these the 12 Purposeful Leadership Principles.

But Pulse is far from alone in developing management tools and thinking on making purpose more easily applied, and we appreciate purpose is still an intangible and possibly nebulous concept. And as Prince Max alluded to earlier, what isn't measured is rarely very well managed. Fortunately, this is something the Coalition for Inclusive Capitalism is working on achieving, not least when it launched the Embankment Project for Inclusive Capitalism (EPIC).⁶

Working with EY and 31 companies, asset managers and asset owners (with around \$30 trillion of assets under management), EPIC sought to identify and create new metrics for measuring 'intangibles' which would demonstrate long-term value to financial markets.

EPIC addresses the fundamental problem that 21st-century businesses continue to provide reports to financial markets that are based on accounting principles and concepts that were first codified in the 1970s. It makes the case that this is unhelpful, when *"today, it is not uncommon that as little as 20% of a company's value is captured on its balance sheet – a staggering decline from about 83% in 1975."*⁷ The report goes on to state, *"the majority of a typical company's real value is now reflected in intangible aspects of its business model – relating to things such as innovation, culture, trust, and corporate governance – that are difficult to measure."*⁸

The initial result of the EPIC report is its Long-Term Value Framework, which provides a guide for developing specific insights into reassessing 'intangible value' for the consumer, industrial and healthcare sectors. The framework is intended to provide a guide for companies *"to determine and assess the metrics that are relevant to articulate sustainable value creation for their business"*,⁹ and, at 122 pages, its comprehensive nature is a starting point for all companies wishing to re-evaluate the way they assess and measure their performance.

"Today, it is not uncommon that as little as 20% of a company's value is captured on its balance sheet – a staggering decline from about 83% in 1975."

”

⁶ Embankment Project for Inclusive Capitalism <https://www.epic-value.com/>

⁷ *ibid*

⁸ *ibid*

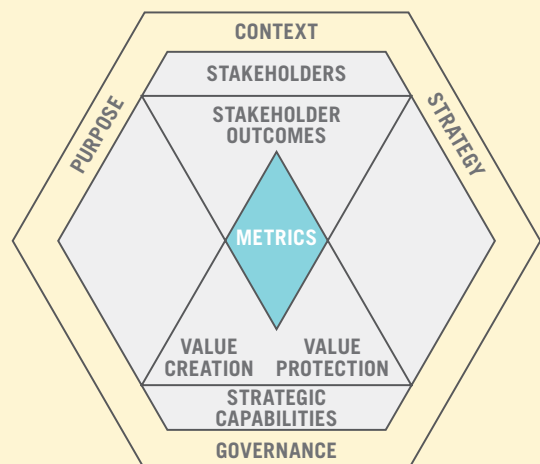
⁹ *ibid*

¹⁰ *ibid*

The EPIC Long-Term Value Framework⁹

This is a tool for companies to identify and develop metrics to better articulate their long-term equity narrative to investors, while simultaneously helping other stakeholders understand how they create value.

The model involves analysing the context within which a company operates, as well as its purpose, strategy and governance, to determine what outcomes it needs to deliver to its most material stakeholders. It then asks the company to think through which capabilities and resources are required to deliver the outcomes stakeholders may desire, while at the same time protecting the longevity of its business model. Metrics are recommended to measure both the achievement of stakeholder outcomes and the status of strategic capabilities – their existence and relative 'health' – are required in order for management and investors to make informed decisions about the company's long-term performance.



Getting the supporting culture in place

Finally, the British Academy, the UK's national body for the humanities and social sciences, argues the need for urgent systematic reform. In its initial paper, 'Reforming Business for the 21st Century – a Framework for the Future of the corporation', the institution recognises that companies *"cannot on their own insure their stakeholders against the systemic risks of technological changes and globalisation to which they are being increasingly subject"*.¹¹

Rather than offering a blueprint for companies wanting to be purposeful, its follow up paper, 'How to deliver the framework for the Future of the Corporation', describes the necessary environment for purposeful business to thrive, including factors that reside within the parameters of governments: regulation, taxation and investment – aspects that are outside the control of CEOs (and the remit of this chapter).

That is not to say that a gauntlet has not be thrown to business leaders. The Academy does describe what it sees as eight principles that companies can review and help guide their behaviours (see box out). The paper argues that in order for a more enlightened shareholder capitalism to thrive, *"leaders will need to take difficult decisions and manage trade-offs to deliver purpose and set ethical cultures"*,¹² in terms of the way they align long-term value creation with the interests of stakeholders; establish appropriate governance arrangements; and balance the interests of different stakeholders with new structures, systems, processes, financing, measurement and incentives.

This body of work is still a work in progress, but companies looking to understand prevalent thinking in the future of the corporation would do well to keep abreast of the Academy's work.

Clearly, there is much food for thought as we consider the practicalities of embedding purposefulness into the way we run our businesses. The tools and framework identified are but three examples of ways different companies,

partnerships and institutions are tackling the challenge of practical applications of purpose. And while the business community is still at an early stage of developing thinking, the need is pressing. The more we can learn and share, the better our world – and the businesses within it – will become.

¹¹ **Reforming business for the 21st century: a framework for the future of the corporation**
<https://www.thebritishacademy.ac.uk/sites/default/files/Reforming-Business-for-21st-Century-British-Academy.pdf>

¹² **Principles for Purposeful Business: How to deliver the framework for the Future of the Corporation**
<https://www.thebritishacademy.ac.uk/sites/default/files/future-of-the-corporation-principles-purposeful-business.pdf>

¹³ *ibid*

¹⁴ *ibid*

“Leaders will need to take difficult decisions and manage trade-offs to deliver purpose and set ethical cultures”



What does a purposeful business look like?¹³

- **Law:** Adopts and commits to a purpose by law
- **Regulation:** Adopts a social licence to operate (if regulated)
- **Ownership:** Seeks shareholders committed to the purpose
- **Governance:** Has inclusive governance and values that support delivery of purpose
- **Measurement:** Measures delivery of the purpose
- **Performance:** States profits net of failures to fulfil purpose
- **Finance:** Raises risk capital aligned with purpose from shareholders
- **Investment:** Establishes partners to make investments for purpose



Pulse's 12 Purposeful Leadership Principles

The 12 principles are deployed by Pulse in our consultancy work with multiple clients. They are used in different ways to spark new conversations, considerations and thinking.

As an example of how they can be used you could try this simple exercise. Select two or three of the principles that you feel resonate with your organisation – where you feel these principles are already being lived. Take a moment to think of real-life examples and consider the positive impact they had. Ask yourself why was it so successful? How could you replicate such positivity in the future?

Then, select two or three principles that you feel are not so prominent or not being lived in your organisation. Consider what their absence means for you and your colleagues. How could you address them in different ways?

Ask others to do the same exercise

And then have the conversation. Have it with your peers, your boss, your team. We often find different people within the same organisation identify different principles – which is where things often get interesting! Gaining alignment can only come through a process of exploration. And achieving purpose can only truly be achieved when your organisation is aligned.

Serve others

The founding purpose of a business can get lost over time or the needs of the world change but all businesses exist to serve. To remain competitive, they need to bring value to their employees, customers, suppliers, community and not just shareholders.

Building coalitions

Driving change starts with identifying the key people who are best placed to initiate and build momentum. Change happens naturally by connecting people to something they care about and feel they can contribute towards.

Authenticity

Being purposeful is about getting to the truth of what you and your organisation are good at and the material value you bring to the world. Authenticity gives life to the things that make you and your organisation perform.

Journey towards a unifying vision

To motivate your workforce, customers and investors, you need to give them a vision for what the business is capable of doing and becoming. Attention needs to be given to ensure everybody is involved at the start of the journey and clearer of their roles.

Fun

When we are at our best, we feel light, playful and open to new thinking. When we have fun, we feel a sense of hope and a willingness to trust. Meaningful work needs to touch our deepest human need to have fun and be happy.

Work iteratively

Purposeful organisations require a sensitivity to the existing culture and ways of operating. Going with the grain of how an organisation thinks and operates is a far easier way to drive change. It is also mindful of people's willingness to change old and unhelpful behaviours.

Courage

Purposeful organisations require the courage to make difficult decisions and to challenge the status quo whereby you stand for something and not just do what others are doing.

It starts with the individual

To change or improve an organisation, you have to start with thinking about people as individuals and celebrating their differences. A purposeful organisation recognises the potential in everybody. A diversified workforce is better qualified to serve a more diversified world.

Ownership

A purposeful organisation requires employees to take ownership of their actions. Their 1,000s of actions (small and big) can help a business to be more competitive.

Humility

The willingness to share and be honest about the challenge of doing good and making money, both at an individual and organisational level builds deeper and more authentic relationships. You, your employees, customers and investors will be far more supportive, if the organisation is open about its struggles.

Small things make a difference

It is often the small, everyday actions rather than the big things that people notice. Culture is created through the unspoken messages people receive about what is valued. The way we respond to somebody in a lift or to an email, is critical to building trust. Small things can also lead to become big significant action.

Openness

Purposeful leaders spend time listening and understanding. Start by being open to the idea that everything you thought you knew before a meeting or conversation might be wrong. Deep and meaningful insight comes from keeping an open mind and not being held back by fixed thinking. In this way you also build more authentic relationships.



Purpose: Insight and perspectives from industry leaders

This chapter features leading business people from different sectors on what purpose means to them and why they think it is important in their respective industries



Insight: Purpose on the high street

Working – and living – with purpose



Andrew Stone
Former MD of Marks
and Spencer

Andrew Stone joined Marks and Spencer (M&S) as a trainee in 1966. He became personal assistant to the then Chairman, Marcus Sieff, and rose to lead several departments before being appointed joint Managing Director. In 1997, he was created a life peer as Baron Stone of Blackheath. He supports several charities and organisations, including the Sindicatum Climate Change Foundation and patients' health charity, DIPEx.

At 11:17am on Saturday, 15 June 1996, a 1,500-kilogram bomb ripped through the heart of Manchester's commercial district.

A warning by the IRA of the impending explosion saw the area evacuated, and although police officers tried to defuse the bomb, located in a Ford van parked outside Marks & Spencer, they were unsuccessful. The Arndale Centre and its surrounding shops and buildings were destroyed by what was then the largest peacetime bomb ever detonated in Great Britain. It left a crater 15 metres wide.

At the time, I was in Israel with M&S's then Chairman, Rick Greenbury, and I remember the conversation he and I had, which went something along the lines of: "The staff must be terrified. We need to tell the manager to tell the staff that they'll all still have their jobs. And we're going to pay them their wages until we rebuild the store. And we should also ask him to tell all of the centre's small retailers that we'll help them, and we'll pay their rent."

So, we got on the phone and reached the manager. However, it turned out that the store manager had held a meeting with the staff and local retailers. And he'd *already* promised them just that.



The store manager! Making promises without any consultation that were, strictly speaking, very much above his pay grade. Why did he feel he could do so? And how did he know that making those promises was what we as senior managers would want him to do? Because he just knew it was the right thing to do. He didn't need us to tell him how the company would react in those circumstances.

In my time at M&S, I'm not sure we ever talked about 'purpose' as such, but there was certainly a sense of the company having a soul. And that Manchester store manager

absolutely understood the soul of the company.

Speaking personally, having purpose has been incredibly important to me. I'm no philosopher nor someone who has some fantastic strategic wisdom to share, but my experiences of working with M&S for 30 years did teach me a lot, not least the importance of sticking to what you believe is right.

If I am not for others, what am I?

I have been incredibly lucky. Having been expelled from school aged 15, I went from working a Pontypridd market stall to becoming the personal assistant to M&S's then Chairman, Marcus Sieff, when I was 25. Marcus saw something in me. He took me to one side and said to me: "You're unusual. You naturally pick up on what Rabbi Hillel preached: *"If I am not for myself, who will be for me? But if I am not for others, what am I? And if not now, when?"*

The essence of this famous quote is the importance to respect yourself, but to also be in service to others and to act upon it. While this did resonate with me personally – I instinctively knew I couldn't be happy unless I made other people happy – it was also very much in keeping with the way M&S operated.

Marcus elaborated on this point (and I paraphrase here): "If you start thinking about a strategy and a plan that looks after the staff and the community and

the environment and the shareholders and the suppliers, then why would anybody want to work for anybody else? Or buy from anybody else? Or supply anybody else? And that's how we grow as a company."

I attribute M&S's success to this prevalent view within and across the company and to the way the family was very involved in decision-making: every decision that M&S took was based on the soul of the company, and not money. They walked the talk. And most importantly, people knew that to be the case.

There were countless examples of ways in which the company sought to behave in what it felt to be the right way, so here are just three.

We had a supplier for our Indian food whose factory in Hounslow burnt down. With no insurance, he was facing bankruptcy, and everybody was going to lose their jobs. So, the Board said: "We'll pay you for another six months, as if you were operating as normal. Keep your employees in pay. Get your factory rebuilt and get stuff back online in six months." Which is what happened, and M&S received the most fantastic service from him for the next 15 years.

When peace broke out between Israel and Egypt in the 1970s, as a Jewish company who invested in Israel, Marcus Sieff was asked if M&S could



WELFARE FACILITIES SECOND TO NO

St. Michael News Reporter

ANY girl working in the new Slough store will be at the receiving end of some of the finest welfare facilities in the country. When complete, the store at Slough will offer to all staff, a fine dining room and lounge, hairdressing facilities, and free medical and dental advisory services. The dining room will be furnished in contemporary wooden furniture

by Hille, the famous designers, while throughout the store, offices and storerooms a new style decor has been evolved in which fresh colours make their Marks & Spencer debut. The staff lounge will have pastel green walls and grey carpets, while the offices have silver birch as a main colour, and crimson and white trimmings. A roof garden will have modern garden furniture for the summer, while extractor fans fitted with self-opening louvres will keep down draughts on the sales floor.



"Every decision that M&S took was based on the soul of the company, and not money. They walked the talk. And most importantly, people knew that to be the case."





be an interlocutor and take an Israeli manufacturer and go into Egypt to see whether we could help there. Soon enough, we had 7,500 Egyptians making our underwear by an Israeli firm in a factory in Cairo; it was so successful that we then opened another factory in Jordan and had another 4,500 people working there. And he did this because he wanted to do that for the sake of peace and for other people.

As his PA, I came across a letter sent to Marcus from a fruit stall holder next to the M&S store in Oxford Street and who'd been asked to leave by the Oxford Street Trade Association, who back then wanted to clean the place up. Remembering my own days on the stall, I went down there and the fruit was fantastic. So, the next day, I brought this up with Marcus and together we went down to the stall at 7:15 in the morning for him to see for himself. In the end, Marcus wrote a letter back to

this guy saying: your food is fantastic, your prices are great, your display is wonderful, you're a great retailer and as long as my family is in charge of this business, you're not going to have to move from here. And the guy actually framed that letter!

To my mind, there was a time when companies did try to do the right thing and people knew and expected it, especially those owned by families – the Kelloggs, the Cadburys and the Sieffs at M&S.

This isn't meant to be a rose-tinted trip down memory lane. It's just that when family-owned companies shift to professionals who are less imbued by the heritage, values and purpose of an organisation, that's when I think companies can lose their way.

Sustaining purpose

Which brings us to the challenge of sustaining purpose in the real world. With the family moving on from the company, M&S's profits did grow for several years, based on the board's strategy of pleasing the stock market.

Against my judgement, investment in our stores was cut; staff and suppliers were paid less; prices went up. And each year profits went up, reaching £1bn. But then our profits gradually dwindled back to 500 million. You could say we lost our reputation. Or that we lost our soul.

I was offered the M&S chairmanship in 1997. After much consideration, I went back to the vice-chair who'd made me the offer, and I said: "If I were the chairman, I'd want to make M&S the greatest company in the world. I'd say that doing more than a £1bn annual profit is too much, so we're going to flatline, year on year. In the meantime, I will tell shareholders that I'll continue to increase their dividend, but we're going to put another £50 million into our stores, £50 million to our suppliers, £50 million to our customers, £50 million to our staff and we'll then be the greatest retailer on earth!"

He replied with a gentle shake of his head saying: "Andrew, I love what you're saying. I know it comes from the heart, and that this would make us wonderful. But the city would go mad. You don't



"Each year profits went up, reaching £1bn. But then our profits gradually dwindled back to 500 million. You could say we lost our reputation. Or that we lost our soul."





“People are waking up to the realisation that we need to think and act in a more long-term, selfless, compassionate way.”

know how to speak their language to defend what you want to do.” And so, I turned down the job.

Doing the right thing, being true to your purpose, is massively difficult. If you are a governor on a board, you’re told that is what you’ve got to do, to do what the stock market demands. It’s why the British Academy and others are saying the current rules are not fit for purpose.

I don’t have the answers but there are three things I’d like to see happen. First, we need new thinking on how we audit and assess companies. I am not a fan of the ‘triple bottom line’ but there should be a way of auditing not just how much money companies make, but also a way of assessing their behaviour and how they use their money (in terms of investments, etc.). If you behave in the right way, do the right thing, you build trust – which is what makes people want to buy and work with you.

Second – and this is my dream – I’d like to see a new type of social enterprise, a Community Involvement Company which sees profit that would normally be given to shareholders shared into seven equal tithes between: shareholders (a dividend), management (a bonus), staff (as seen by John Lewis), customers (as seen by Co-op), suppliers (as seen by Spar), the community and the ecology. Being shareholders in a company where all participants work together will see the company grow and flourish and

shareholder value will increase in the long and medium term, faster than many aggressively commercial, more self-serving companies. I’d call this ‘EPTA’ after the Greek word for seven and because these companies would have Equal Participation and Total Alignment.

Finally, people are waking up to the realisation that we need to think and act in a more long-term, selfless, compassionate way. When one is at the normal, everyday, lower level of consciousness – where we have a ‘fight or flight response’ – one thinks only of me, my family, now and next week. But if you’re just surviving, then you don’t really have the benefits of the pleasure of living: ultimately, you just make yourself ill and worried. My own thinking is shaped by mindfulness. When one is able to experience a higher consciousness, one starts to think of the wider good of all beings, and the longer perspective of all time. I encourage everyone I meet to explore mindfulness,

something that can be done through meditation, reflections, religion or secular mindfulness, whichever feels most appropriate to you. I think this is important, because all companies are made up of people, so for any change to take place, we need to start with individuals being more open to look more deeply within.

Above all, it is only by being true to ourselves that we can hope to be true to others. My advice to anybody who wants to effect change is to have the courage to stick hard to their purpose. Because staying true to what you believe in is what reputations are built upon. Something that the world needs a great deal of right now.

Insight: Purpose across the retail sector

Updating the corporate wardrobe: sustainability as a commercial imperative



Cheryl Potter
Former Permira Head of
Consumer Team

Over the past 30 years, private equity firm Permira has invested €33 billion in businesses across Europe, the US and East Asia. Cheryl Potter joined Permira in 1999, rising to lead the firm's London office Consumer Team and serve on the firm's executive committee. She led the acquisitions of major consumer brands, including Dr. Martens, the Iglo Group and Best Secret. She is a member of Tick Tock (a fundraising committee for GOSH), patron of Women Supporting Women (part of The Prince's Trust) and also Director for not for profit organisation Level 20, which works towards inspiring more women to excel in the private equity industry.

Consumption makes up around 60 to 70% of GDP in most Western economies. What we buy reacts to, reflects, shapes and drives our ever-changing zeitgeist. And right now, millennials and Generation Z are absolutely forefront in driving the change in the way that we, as a society, consume things.

The next generation always matters to the retail sector. But the patterns that I have seen emerging recently go far beyond transient fashion and desires; they have clear implications for the future of businesses. I believe a clear ethos is emerging among millennials and Generation Z: an ethos that sees them look beyond the price tag and logos to brand values, and one that entails a naturally questioning mindset. One that asks: "who created this?", "what material is it made from?" and "where was it sourced?"

For quite some time, we've seen consumers wanting to do more, rather than have more. People want experiences – they have realised having stuff doesn't make you necessarily feel happy. People are also realising that the constant production

the 2007 economic crash – a moment in time when everything changed overnight, but structurally things actually stayed pretty much the same. This generation is less accepting of a past that has seen such failures.



"We are now at a stage of enlightened self-interest. Where trying to do 'the right thing' is commercially imperative."

of things is detrimental to the world we live in – when the BBC documentary 'The Blue Planet' vividly showed the impact of plastic on the oceans, the penny dropped for a lot of people.

A personal view is that this shift is also something of a belated response to

Is this surprising? When you look at the last 40 years, real wage growth for blue-collar workers in Western Europe and the US has been close to zero. And over that period of massive productivity, the benefits have flowed either to capital, or to people at the top of the organisation. Combined, these factors are shaping the way people think, behave and purchase. I can't help but feel that while capitalism has raised very many parts of the world out of poverty, the time is coming for capitalism to rethink

or reinvent itself, to reorient the axis, so that more of the productivity gains are shared more broadly.

However, whatever the social theories (or your politics), this shifting zeitgeist is certainly happening. How businesses choose to respond is what matters; because there is now a huge consumer desire to engage with companies, shop with companies, work for companies and indeed invest in companies that do the right thing. And if you really want an engaged workforce and an engaged

It's what we tried to do at Permira. For decades we sought to steer capital away from businesses in industries such as alcohol, tobacco and firearms. But we always wanted to do more.

As one of the world's first private equity firms to introduce environmental, social and governance (ESG) goals for each and every investment we made (taking into consideration things like water usage, chemical treatment and the health and safety of workers), we tried to formalise important factors into our

For example, we supported Dr Martens in ensuring that their leather is sourced from tanneries that are sustainably certified. More recently the Permira funds invested in a company called Reformation, which we think is the number one sustainable fashion brand in the world. Reformation know they are not perfect, but transparency is key. They are clear to their consumers about what their products are made from and their carbon and water footprint. Because they are purposeful and open, they get a lot of visibility, so consumers hear more about Reformation and therefore the brand is able to sell more. And because they can sell more, they can work with their suppliers to further enhance the sustainable performance of their fabrics. It perpetuates a flywheel.



“We supported Dr. Martens in ensuring that their leather is sourced from tanneries that are sustainably certified.”

consumer base, no matter where you sit in the supply chain, you need to alter the way that you do things.

Doing good for the right reasons

When I sit across the table from a retail executive and say *“I want to support you to make effective investments that are socially additive.”*, a light goes on. They realise that this gives them a real commercial advantage. From an investment point of view, by looking for the profitable opportunities that have a strong sense of purpose, we were able to identify opportunities that others might overlook (and because we had quite a holistic perspective from our engagement with lots of different businesses). Moreover, from everything that I have seen, I don't believe there is a future for many a retailer that doesn't put sustainability at the core of their business. Being more sustainable is already proving to be profitable for multiple companies. In fact, I'd go as far as to say, we are now at a stage of enlightened self-interest. Where trying to do 'the right thing' is commercially imperative.

way of doing business. We also found that ESG matters more and more to our investors. During a recent fundraising we completed more questionnaires on ESGs than ever before. This is because investors are increasingly beholden to stakeholders who are more discerning than ever: if you're a pensioner, you want to know if your pension is being invested responsibly.

By putting ESGs on the agenda of every company and driving that change through the company's board, we see our role as very active owners. In so doing, we think we send the important signal to each business that longer-term purposeful thinking is critical, we believe this will create a virtuous circle. Because the more companies that behave in a purposeful way, the greater the sustainability of the wider supply chains will become.

More broadly, in the sectors that Permira invests in – consumer, technology, healthcare, financial and industrial services – we looked at the way companies' purposes affect the way they work, right through the supply chain.

None of this is easy. And let's be clear, fashion is one of the most polluting industries in the world: its water and chemical consumption is awful, its carbon footprint, its varied record in relation to poor labour practices in emerging markets through to 'landfill fashion'. We cannot change all of this overnight. But because of the changes we're witnessing I am still optimistic about the future. If everybody in the sector starts to move in the right direction, and embraces the consumers' and workforces' demands for a different way of doing things, then I am convinced we can continue to progress at a startlingly positive pace.



Insight: Purpose in infrastructure

Arresting decline: why connections matter more than ever



Kevin Murphy
Openreach's Managing
Director for Fibre and
Network Delivery

Kevin Murphy is responsible for delivering Openreach's fibre and network infrastructure to residential and business customers. An engineer by trade, he has spent the past decade working for BT, including a role as the Director of London 2012 Olympic and Paralympic operations. His 20-year career in the cable industry has seen him work on delivering several pioneering projects, including the world's first digital cable TV service, Europe's first video-on-demand service and the UK's very first broadband network.

Fundamentally, the telecoms industry has been fighting massive disruption, decline and commoditisation from an ever-increasing hunger for bandwidth from 'over the top' platforms such as Netflix, YouTube and BBC iPlayer. The industry has had to continually invest in building larger networks to support these platforms, but the expectation from the end-user is for an ever-decreasing broadband price.

I think in the last decade, making a profit and just hitting the numbers has prevailed across the industry out of necessity; but in some cases, this has resulted in a long-term struggle for many companies. And for me, that's a struggle that can only be arrested by turning our attention to being businesses that are more purpose-led. But that's easier said than done, the tension between profit and purpose is very real and the system we live in always fights back.

As a wholesale business, I see several examples in our industry of businesses thinking more deeply about their role in society – such as Sky rallying their business around their 'Ocean Rescue' initiative. At BT Group, recently appointed CEO, Philip Jansen, has demonstrated his alertness to

for BT to have: *"the best network and the best place to work; this will deliver the best service for customers, a service which will ultimately be the best for the country"*. This has made staff stop and ask: "how can we achieve the end goal?" and 'what can we learn from each other?'



"The tension between profit and purpose is very real and the system we live in always fights back."

this struggle of balancing profit and purpose – he is definitely intent on bringing BT back to its purpose of *"using the power of communications to make the world a better place"*. He's championing massive investments in fibre broadband and 5G networks and has straddled the purpose and profit balancing act by declaring his intent

At Openreach, of our 30,000 employees, roughly 25,000 are field-based engineers serving customers the length and breadth of the UK, in every city,

town and in the countryside.

We are a massive, national and local business. It's a tough gig, out in all weathers, day and night and our people do a brilliant job. It's also been a real challenge over the last 10 years as the pressure to hit the numbers meant the company was fixated

on performance and productivity management and massive command and control.

When I joined Openreach in 2016, it was fair to say that with the incredible pressure on the business, our engineers felt on the backfoot and our service to customers could have been a lot better. One of the first things I did was to spend a lot of time listening to our people and listening to our customers. Through all the hard shell of cynicism, frustration and disappointment, I found a deep well of goodness within our people who basically wanted to be trusted to use their engineering talents for the benefit of the customers. And from our customers, I was astounded by how our connectivity was improving people's lives from hospitals, schools, entertainment, coastguard stations and even the Glastonbury festival.

It became clear that if we could unleash the sheer potential of our people by aligning the customers' purpose more closely with local teams of trusted engineers, then the opportunities could be endless.

Leading from below

My involvement with BT in the technical delivery of the London 2012 Olympic and Paralympic Games awoke something in me, something that had always been there, albeit somewhat latent. I had previously thought that as BT's Director of Operations I would be at the heart of everything, making all of the decisions, the 'master of puppets', if you will. But in reality, I had my comeuppance which totally turned the power pyramid on its head and taught me what really mattered was totally the inverse. I had to become the 'servant leader' and ask what I could do to help my team.

2012 was when I really understood the potential of empowering others.

A year before the Games, in 2011, all the Olympic organising teams were working in functional silos – scoring, timing, telecoms, sports presentation, logistics, etc. were all very busy but really working in isolation. The huge shift came as a result of something dubbed 'venue-isation'. With 12 months to go, members from each functional team were moved to their newly built Olympic venues and new teams were created around a venue-

people would be tuning in to watch the Opening Ceremony. They had a purpose. They were galvanised.

How to recreate an Olympics Games every day

It was an astonishing transformation and a pivotal lesson for me. I kept thinking how can we keep this feeling alive in whatever 'normal' business I find myself in? I made the first connection at the London Business School where I met Gary Hamel and talked about his book *'What Matters*



based structure, which meant people who used to be in separate functions were put together to become the Velodrome Team, the Aquatics Team, the Stadium Team, and so on. Within two weeks, it was impossible to distinguish which people in each team belonged to which separate function. They had self-formed, were integrated, and as a team had taken ownership and responsibility for ensuring that their venue was ready for the greatest show on earth! Everyone knew that on 27th of July at 9pm roughly 1 billion

Now'. I learned that having a clear purpose is the vital ingredient and that this can be achieved by giving people clear ownership of an outcome, that's slightly bigger than they expect; by giving away the power to allocate and use resources within a framework; and that by being there to coach, support and serve them, then great things can happen.

I took this with me to Openreach and one of the first things I did was switch off the performance management

measuring systems that monitored the volume of tasks the individual people were completing. Everyone was task-based and had a calculated productivity; it drove all-round behaviours (and a lot were wrong). For me, this was symbolic of the trust I had in my team and began to build the foundation for empowering the people. To move away from the traditional central 'command and control' working structure, we've started to introduce 'patch-based' working, which means people assuming responsibility for a local geographical location – like the venue model used for the London 2012 Games. We've introduced patch managers and patch coaches – essentially the best engineers coaching the patch members. And we also worked hard to give the teams of patch managers and engineers on the ground the data and information they needed to make the right decisions locally. They could see the impact of making the right or wrong decision quickly.

This way of working has also helped improve the relationship between our employees and contractors, which has historically always been 'them and us'. For example, in one of the patches, the engineers were confident they could complete their monthly 200 business connections without any contractors. So, we agreed to give them ownership of their work and let them decide how they were going to do it, and I would return in a month to see the results. When I returned, they had completed 212 connections. They had also learnt a valuable lesson – they needed the support and expertise of contractors who had helped with the work, although a significantly smaller number were involved from 30% to 9%. They had created teams within teams, bonded with the contractors, exceeded their

target, saved money and had done a better job. This success was anchored around accountability and trust.

We are starting to talk a lot more within teams about trust as well. There are more forums for staff to discuss the topic and the conversation has really become democratised – it's not about who you are within the company but rather whether you are a contributor

Has it been perfect? No, not at all. It's been trial and error, and there have been instances that haven't worked so well. But we're learning and we're improving, and the change in my team has been staggering. From our latest Employee Engagement survey, engagement levels across Openreach are 78%. Three years ago, the engagement was at 56%, so to see a 22-point jump tells me we are doing something right, especially



“Everyone knew that on 27th of July at 9pm roughly 1 billion people would be tuning in to watch the Opening Ceremony. They had a purpose. They were galvanised.”



or not. And when management and leadership contribute to the debate as well, and help staff help themselves, then change really happens. A good example is with the recent launch of Workplace, which is Facebook for business. Teams are forming, peer-to-peer support is self-generating, hierarchy is flattened, as everyone has a voice and power sits with those who contribute.

against a worldwide survey of similar technicians where the average is 65%. And the hard business numbers, we beat all our financial commitments and have delivered the best business connectivity performance in Europe. The combination of local ownership, pride in patch, the power to decide how to use resources locally, coupled with the trust that people come to work to do a good job and have a clarity of



“It became clear that if we could unleash the sheer potential of our people by aligning the customers’ purpose more closely with local teams of trusted engineers, then the opportunities could be endless.”

purpose has had a massive benefit for our customers’ businesses and the lives that they touch; it has also unleashed a best-ever level of service and profitability for Openreach.

From the personal to the professional

I grew up in Northern Ireland during the Troubles and we lived above our grocery store where our family’s purpose was to serve our customers – and that meant serving both sides of the community. My parents taught us to treat people the way you’d want to be treated and this is a value I try to bring through in my work. I’m happier if I think I am doing a good job for someone else, it’s no more complicated than that. And that doesn’t necessarily need to be a customer, but just for *someone else*, another person.

As I have assumed more hierarchical power in my job and taken on more responsibility in my roles, I have realised that I can deliberately do this at an even greater scale, by building strong teams, empowering them but centring them around helping individual people to be their best as this is the only way that our customers can get great service – that’s really leading.

I’ve also learned that in business we often forget about what makes people tick and the struggle that all of us

have on our journey. I try to talk about compassion in its truest sense, feeling other people’s suffering. For me, it’s a way of trying to articulate why people are behaving the way they are; it is often not down to any malintent but rather some personal struggle.

There is a lot of goodness in the world and I truly believe people are trying to do their best. Where you have the full-on pressure of making a profit and hitting the numbers at all costs, that doesn’t always make the space for that goodness to shine through. But there are always people – at all levels – that will try to crack it open. They’re there somewhere, you just need to find them.

Insight: Purpose across the corporate world

Let's talk about trust


Karl Havers

EY Partner, Long Term Value Leader

Karl Havers leads EY's market activities relating to the company's 'Long Term Value Project', which has been characterised by some as a programme aimed at trying to solve the issues of Western capitalism. His 30-year employment with EY specialising in Assurance, Transaction and Advisory Service Lines in the UK and overseas has given him extensive experience across a range of industries, including retail, oil and gas, technology and telecoms.

When it comes to gaining or losing trust, nobody is infallible. And considering how studies have shown that it can be up to 10 times easier to destroy trust than it is to build, the way businesses behave, respond and act is really important if they are to travel down the road to regaining that trust. There are multiple ways that can help restore trust, but a good place to start is by setting out what you are trying to achieve – your purpose.

Defining and then demonstrating purpose can be straightforward for some organisations, but not others. EY's purpose is to build a better working world and a big part of our business is around assurance, which is integral to enabling capital markets to function. Our assurance work is evidence of how EY operates in the world more broadly and that helps our stakeholders see the link to our purpose. A business might have a great purpose, but if they

cannot show how this is being enacted (or 'lived'), or how the purpose directly connects with their everyday work, then it is doomed and won't help.



“A business might have a great purpose, but if they cannot show how this is being enacted, or how the purpose directly connects with their everyday work, then it is doomed and won't help.”

How you develop your purpose is a topic for another day, but I'd say any conversation about purpose and building trust needs to involve an assessment of the company's contribution to the world. This means understanding what the company

gives (or contributes) to the world – as well as what its presence takes out from the world. If you are contributing in an appropriate way, it delivers a positive impact to stakeholders and the company benefits from good employee morale, workforce retention and engagement with customers, customer loyalty and profitability (all key ingredients to building trust). This is the virtuous circle between purpose and making a strong contribution.

This can feel harder for a smaller company; here my advice would be to stop thinking about all the things you are not contributing to, and instead focus on what you can contribute. Even at EY, with a workforce of 270,000 people, we recognised early



“If you always talk to investors about short-term profits, you will only gain their trust for the short term.”

on that we couldn't accomplish our work on developing a long-term value framework without the contribution of other companies, investors and asset owners. We wanted to work with others to achieve something bigger and ensure that our contribution was purposeful and trustworthy.

Communicating your purpose with clarity is the next step for restoring stakeholders' trust. Let's look at investors and the focus on profits. EY has the advantage and freedom of not being bound by the need to publish short-term profitability indicators in the way that many corporates have to, and so we are able to more easily balance short-term profits for long-term gain. Conversely, it is no surprise that lots of corporates shy away from having the conversation with their investors on foregoing short-term profits for long-term gain.

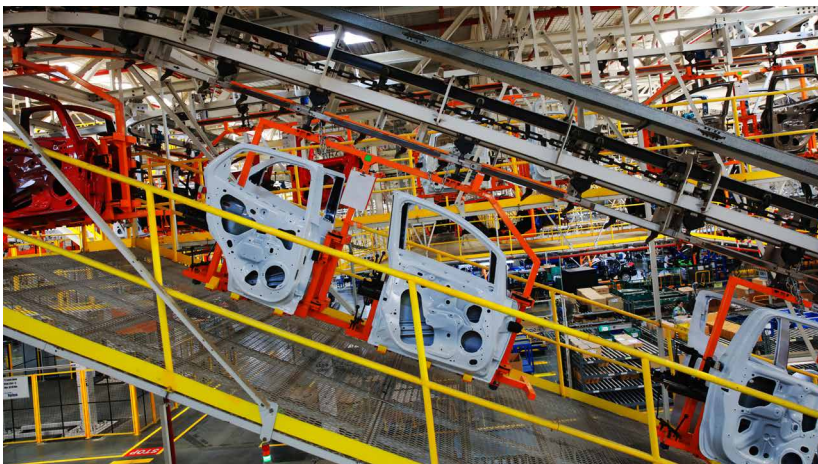
So, how do you instil confidence? In our experience, if you always talk to investors about short-term profits, you will only gain their trust for the short term. So, for that focus on profits to change, you have to outline to investors how you intend to get back on track from sustaining poor profitability for a short period of time to then reshape and grow the business for the future. Instrumental to this conversation is the need to show diligence in the form of sharing and reporting through this period of poor profitability and in turn, maintain trust.

Clearly, this is rarely a simple task. For example, say we have a division in a company that does not fit with its purpose. The natural response would be to get rid of it; but that becomes a harder decision to take if that division is generating a lot of cash. So, you have the debate and develop a rationale

– do you get rid of it or do you keep the division even though you don't like it? The latter might win through, because the cash enables the company to achieve its greater purpose and is a necessary evil. However, that action could undermine belief in the purpose and destroy value in the long term.

Earlier, I mentioned that purpose has to directly connect with everyday work. A more prosaic or practical problem that can hinder making this connection is time. The average tenure for CEOs of big companies is actually not very long. Each CEO likes to start their tenure with a new, refreshed vision and possibly, even purpose, but the timeline of enacting and seeing this through is very short. This hindrance is often compounded by the pace of the sector itself, such as the oil and gas industry, where the results of their contribution are more long term; or the pharmaceutical sector, where activity is reliant on the progress of lengthy regulatory procedures. Purpose often needs time. And until stakeholders actually witness a company demonstrate its purpose, a level of mistrust can remain. Therefore, authenticity of purpose is critical, with many common tripwires set to undermine that belief.

Finally, a word about building trust within sectors. Every company needs competitors to drive innovation and challenge, to justify reward for investment in new solutions and ultimately, gain trust from stakeholders. Not being open to your competition



Working within and across the value chain can enable a new product to thrive

would run the risk of the industry falling into a pseudo-monopolistic state and with it, often a loss of trust in the industry. For example, if you wanted to create an environmentally efficient ecosystem for transport, as a car maker, you'd need to work with lots of other companies, especially competitors, to create reliability, agree with them on the protocols and standards, the payment mechanisms, insurance, and so on. Working with the value chain in this way, enables that new product or market to self-regulate and thrive.

And on a more personal note, the foundation of corporate trust is still about people. It starts with the individual. For any budding entrepreneur looking to establish a company that has purpose and wants to be trusted, start with what you are really passionate about. Be clear on what gets you excited and what you can contribute, and then build an organisation that aligns with that. Reflect on the different major events in your life – your upbringing, university, relationships, or your children. The genuine passion therein is what you want to be associated with, manifested into products, companies, events and industry. Doing this, will allow you to enjoy work more and contribute more to yourself, your wellbeing, your loved ones, your employees and colleagues, and society. That passion will welcome the trust of others because it is your truth, your purpose.



“The foundation of corporate trust is still about people. It starts with the individual.”



Purpose: In action

For 18 years, Pulse has been working with purposeful organisations: corporations, companies, institutions and charities that don't lose sight of why they do what they do.

Below is a selection of some of these organisations, why what they do matters to the world, and how focusing on purpose has shaped the way they operate.

“

“People don't buy what you sell. People buy why you sell.”

Simon Sinek



Reimagining energy

Meeting the dual energy challenge BP

The oil and gas sector is at a crossroads. With climate change arguably the top priority for society to address, a transition for fossil fuels is under way – and the industry has to figure out a role for itself within that scenario.

For BP, being at such a crossroads is even more pronounced, given the fact that it has spent the last 10 years emerging from the aftermath of the Deepwater Horizon incident in the Gulf of Mexico in 2010.

Purpose in action:

BP has used the intervening decade since Deepwater well. It has reassessed itself – and done so in the context of the emerging climate crisis. It has put safety front and centre and refocused its operations to become a leaner, more agile and thoughtful business.

Production simply isn't enough anymore. Instead, BP has oriented itself towards becoming an operation with health, safety and environment at its core. Enabling it to meet the dual challenge of meeting a growing world population's increasing demand for energy but doing so in new ways, with fewer emissions.

This means a fundamental change to the way it does business. Developing strategies that cut emissions from its own operations, reducing the carbon intensity of its products and creating low carbon businesses. It had already been involved in the renewables sector for many years. Most recently, this has evolved into interests in biofuels, biopower, wind and solar – as well as CO₂ capture usage and storage.

Coming up to date in 2020, with the appointment of Bernard Looney as CEO, that evolution has continued with a bold vision of BP's purpose – a complete reimagining of energy to provide the world with clean, reliable, affordable energy. With that comes the need to reinvent BP and to transform itself while still performing at optimum levels.



Pulse has supported the then Upstream part of the operation around the energy transition since the middle of 2018. The work involves talking in depth with senior leaders and operational managers across the organisation on where to pay attention to drive change, and on understanding the internal barriers and drivers the workforce face in engaging with the dual challenge. Pulse has supported BP in the low carbon space since 2006, with work initially focused on a low carbon technology called Carbon Capture Utilisation and Storage.

Building peace in the minds of men and women

Advancing a more sustainable planet earth UNESCO

UNESCO's stated objective is to contribute to peace and security in the world by promoting collaboration among nations through education, science, culture and communication in order to further universal respect for justice, for the rule of law, and for the human rights and fundamental freedoms affirmed by the Charter of the United Nations. Its purpose, however, is simpler (and somewhat more poetic), which is to: *"build peace in the minds of men and women."*

Purpose in action:

The organisation's purpose can be seen throughout its multiple programmes. One such initiative was its 'Behind Food Sustainability' Venice exhibition for EXPO 2015, which sought to reveal what communities and territories around the world could teach about man's relationship with food and nature.

By keeping this purpose at the heart of the exhibition's content and design, visitors could engage with the exhibition's central ethos – to open minds to solutions to the world's biggest problems, drawn from lessons learnt from our forefathers in cultures from across the globe.



Pulse was selected to design UNESCO's 'Behind Food Sustainability' exhibition in support of EXPO 2015. The Pulse team developed core messaging and a unique visitor experience to support UNESCO's aims.

Fulfilling the potential of businesses

Private Equity as a force for good
Permira



In the early 2000s, there was a perception that Private Equity (PE) firms were in the business of financial engineering with a reputation for buying companies, saddling them with debt and selling off their individual parts for maximum short-term profit.

Permira was driven by an entirely different approach: to partner with businesses and empower them to fulfil their potential and build value which could be sustained. They did this by supporting them financially, providing strategic and operational expertise and by working shoulder to shoulder with management to transform them into market leaders. They called this new approach 'Impact Investing', which is now an industry standard for PE firms wanting to demonstrate long-term value.

Purpose in action:

In practice, Permira's 'Impact Investing' approach means employing the right people: advisers who are not only highly experienced in their respective industries and who understood their local markets, but people who are passionate about helping business leaders (and their companies) to become the best they can be.

From the outset, Permira also realised the important value of working with portfolio companies to build up their respective environment, sustainability and governance (ESG) management systems, so that the companies operated in a responsible yet commercially viable way. Permira realised that the role of delivering and adhering to ESG initiatives were key tenets in making the businesses sustainable for the long term.

Permira's approach has seen the firm expand from its European heritage to 14 offices across the world.

Pulse supported Permira's leadership team between 2003 and 2007. It helped align the firm behind a clear and compelling vision, growth strategy and values. The work revolved around building pride from within, focusing on their unique 'Impact Investing' proposition and challenging the traditional view of the industry. A distinctive brand strategy and communications programme was aligned to this and was delivered through employee workshops, knowledge centres, branded communications, and portfolio CEO events.

Combatting the world's biggest crisis

Advancing technology to tackle climate change CO₂ Capture Project (CCP)

The CO₂ Capture Project (CCP) is a partnership comprised of the world's leading energy companies, working together to advance the understanding and technology behind CO₂ Capture and Storage (CCS), so that it can become one of the solutions for tackling CO₂ emissions and climate change.

Since its formation in 2000, CCP has undertaken more than 150 projects, including an array of research, trials and field demonstrations, all of which have generated valuable insights into the science, economics and engineering applications of making CCS viable.

Purpose in action:

CCP's purpose to combat the world's biggest crisis is the driving force behind the group's very existence. But its success is grounded in growing its reputation as an authority on this next generation technology. It has done this by building partnerships and nurturing a collaborative approach to working with all relevant CCS stakeholders, drawing on the knowledge and influence of government bodies, academia, industry suppliers and communities within the wider public. Building this trust has entailed placing its purpose and mission centre stage – but doing so by combining scientific rigour with a clear mission and compelling story.

Over the past 10 years, Pulse has helped to translate CCP's complex, scientific insights into content that works for its multiple audiences. This has involved bringing CCP's research and results to life, be that through top-line briefings, exhibition stands, annual reports and technical factsheets for influential stakeholders, and educational materials for media and the broader public. Pulse identified that there was no single source of clear information on the geological science of CO₂ storage and created the digital educational platform – 'The CCS Browser'.



Enabling vulnerable people to take back control of their lives

Helping people step out of financial disadvantage

Moneyline

Moneyline is a not-for-profit social business that provides credit to those in society who have no access to regular banking and who could be vulnerable to high-interest payday lenders. Its day-to-day work is to provide loans with manageable payment schemes. Its purpose is to transform the lives of vulnerable people who feel disempowered or overwhelmed by debt and poverty.

Purpose in action:

For over 15 years, the social lender has been rooted in the communities it serves. Describing itself as a loan company with a difference, it does a great deal more than provide low interest rates. Its advisors help customers to access saving plans and reach out to local networks that offer a range of free services that give information about benefits, household bills and trusted local suppliers.

But in order to transform lives, trust is vital. The role of staff members is therefore crucial – which is why each branch reflects the community it serves, and each advisor sees themselves as part of that community too. In practice, this means the advisors take the time to build a meaningful relationship with their customers, to move away from any guilt associated with their credit histories and look for a way forward together.



Pulse helped Moneyline to create a brand that unified 20 disparate outlets but was also recognisable to local staff and customers alike. Working with the leadership team, it helped to create a strategy for growth that strengthened the connection between offices spread nationwide – without making advisors feel that the deeply rooted local ethos of this ethically founded business was being compromised.

Epilogue

Since drafting this report, purpose has been creating more and more headlines. Equally, the dangers of purpose-wash, which we outlined at the start of this report, has already begun to gain traction.

Larry Fink, who made people sit up and listen more intently about the value of purpose in his letter to CEOs two years ago has begun to feel the heat of scepticism, as BlackRock's role in funding fossil fuels (with \$87.3bn of shares in oil, coal and gas companies) was seen to undermine his case for businesses operating with purpose. In his 2020 letter to CEOs he acknowledges: *"Climate change has become a defining factor in companies' long-term prospects ... and [the] lasting impact that it will have on economic growth and prosperity – a risk that markets to date have been slower to reflect."* Fink goes on to explain how his company will place sustainability at the centre of their investment approach, not least to reflect the growing demands of the market; because of this he goes on to say: *"I believe we are on the edge of a fundamental reshaping of finance."*

The sense of shift feels to be ever-increasing – from boardroom decisions to actions taken by protesters on the streets. Be that for businesses stepping up to meet climate demands or to customers' expectations of behaving in better ways.

This report is but a beginning. Our intention is to revisit the state of purpose again next year. By then, no doubt the landscape will again have changed significantly – with more learnings, more insights, more opinions. In the meantime, you are very welcome to register your interest in Pulse's masterclasses, where we review, listen to leaders and try to continue to find ways to navigate pathways that deliver profit and purpose.

For more information on our masterclasses visit www.pulsebrands.com/purpose

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