

## MANAGING

# Beyond the buzzword: How to make purpose mean something in your organization

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The buzzword “purpose” is often used to try to bestow a sense of virtue on leaders and companies - a sort of corporate halo. The concept of corporate purpose is meant, of course, to describe the aspirations of a company beyond simply making profits, and its commitment to making the world a better place through its business. But many leaders actually don’t understand what purpose really means, or merely pay lip service to its true intent.

The idea of having a purpose statement doesn’t necessarily work for every job or role in an organization. But even where it does, many leaders latch on to one when their businesses are sometimes at odds with it. Harvard Business School professor Ranjay Gulati points to Mars Wrigley, which has one of the most compelling purpose statements among the hundreds he has reviewed and has made great strides in a number of areas to serve societal stakeholders, notably on sustainability. But it still derives a great deal of revenue from selling unhealthy foods.

He puts it in a classification he calls “convenient purpose,” companies with a mission statement that takes them beyond the pursuit of profits, but that are still unwilling to part with socially questionable “cash cow” businesses. There are even more companies in the “purpose on the periphery” category, adopting a purpose statement and taking steps to deliver, but treating those efforts as secondary to their core objectives.

Prof. Gulati’s studies determined that most leaders view purpose as a tool they can wield to burnish their company’s reputation. But he has found a set of firms such as like Lego and Johnson & Johnson – he calls them deep-purpose companies – where purpose was a deeply held belief that defined how they conducted business.

“They didn’t simply pursue purpose, but rather felt, understood and committed to their purpose and then projected it faithfully out into the world. They radiated their purpose very much like prophets or artistic geniuses beaming divine revelation,” he writes in *Deep Purpose*.

You probably don’t work at such a company, however, as there are so few of them. And few people are in a position to lead an organization to that status. But it’s worth learning from Lego and Johnson & Johnson if we are to move beyond purpose as simply a buzzword.

Your purpose statement must evoke higher ambitions that transcend commercial concerns. What precisely are you there to serve, and what kind of moral stand are you taking? If that’s not hard enough, he says your purpose statement should express an implicit or explicit critique of the world, at the risk of polarizing members of the public.

He notes most business leaders see purpose as a tax on the business, rather than a performance-enhancer. But he argues there are four distinct categories of benefits that can flow from seeking purpose. It gives you direction, helping to channel innovation. It helps you to sustain credibility and trust in your relationships with others. It boosts your reputation, building loyalty and trust with customers. And it helps you to motivate and inspire employees.

The deep-purpose companies wring benefits from each category. Even if a company only commits to some noble ends, on the periphery, however, it probably still gains.

But there can be barriers to being effective with purpose, starting with communications. Customer service consultant Steve Curtin ran headlong into this when he asked a group of senior managers at a billion-dollar company to write its pithy one-sentence mission statement on an index card from memory. Only four of the 222 leaders in attendance (less than 2 per cent) could accurately recall the guiding statement and 34 participants (15 per cent) left their cards blank or answered with a question mark. He has repeated that exercise since with other senior leaders of organizations and drawn similarly dismal results.

“Although organizations consistently develop corporate mission, vision and purpose statements, leadership is inconsistently able to recall them,” he writes in his book *The*

statements, leadership is inconsistently able to recall them," he writes in his book *The Revelation Conversation*.

It's not good enough to have a mission-purpose, you need to know what it is if you are a senior leader. Then you have to make it very clear for your employees, holding one-on-one conversations that link their everyday work to a sense of purpose. He stresses that this is their job purpose - not necessarily their life purpose. The two don't have to be the same to engage them.

He notes every job role has multiple dimensions, but most employees focus narrowly on demonstrating job skills. This is especially true for those who deal directly with people outside the company. "They are often oblivious to the greater *why* behind what they do, and *how* they do it. Employees who work in these environments routinely process customers, each one like the one before, until the end of another boring and monotonous shift. They leave each day unenthusiastic, uninspired and unengaged," he says.

You need to make their purpose at work clear, instill the values that should guide their actions and behaviours, and see if you can create some aspiration and inspiration. It may not provide the miracles that the buzzword "purpose" seems to promise, but it might genuinely help them, the company, and broader society. A help - not a halo.

## Cannonballs

- Two-thirds of the year has passed. What do you need to recommit to or redouble your efforts on – from the many ambitions earlier in the year – to make 2022 a success?
- Gallup engagement figures from the U.S. suggest about 32 per cent of the workforce is engaged in their work, a number that was on the rise from about 2010, but then started to decline with the pandemic. About 18 per cent are "loud quitters" – those who indicate in surveys they are actively disengaged with their work. That leaves half the work force as disengaged, "quiet quitters."
- Quiet quitting is about bad bosses, not bad employees, consultants Jack Zenger and Joseph Folkman say. Their data found the least effective managers, as defined by 360-degree evaluations, have three to four times as many people in the quiet-quitting category as the most effective leaders.

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