

The Prince's Responsible Business Network

BUSINESS IN THE COMMUNITY

# **PURPOSE TOOLKIT**

## Inspiring businesses to improve society through purpose-driven brands







#### **About This Document**

This document was published in 2016, hence it uses our old branding. Despite its age, the document contains relevant and useful information. However, some specific links, case studies and statistics may be out of date.

#### Update

The annual <u>Edelman Trust Barometer</u> continues to point towards businesses, and specifically CEO's, being expected to lead the way in driving positive change. At Business in the Community we believe taking a purpose-driven approach is the way to do so. Purpose-led businesses moving from a do-less-harm approach to one where they are a genuine force for positive change, create competitive advantages, while meeting changing customer needs and attracting, retaining and developing the best talent. We believe businesses need a clearly defined purpose, articulating why they exist, beyond making a financial return, and how that benefits wider society. The purpose needs to be embedded in strategy, decision-making and day-today operations.

This approach has continued to gain momentum since we launched our Purpose Toolkit in 2016. In 2018 the <u>UK Corporate Governance code</u> for listed companies was amended to include specific reference to purpose and responsibility to wider stakeholders beyond shareholders. Later that year the <u>Wates Corporate Governance Principles for Large Private Companies</u> were updated to reflect this guidance. In 2019, the <u>Business Roundtable</u> announced a new statement on the Purpose of a Corporation, signed by 181 CEOs who agreed business requires a purpose beyond profit – a huge shift from a statement which since 1997 has focused predominantly on shareholders. Most recently The British Academy published their report <u>Principles for Purposeful Business</u> concluding the purpose of business is to solve the problems of people and planet profitably, and that profit, in itself, was not the cause of problems.

This toolkit covers the business case for and ways to embed purpose, with best practice examples shared throughout. Although launched in 2016, this toolkit still stands as a helpful tool to inspire businesses to take this approach. BITC Purpose and Strategy Advisers deliver support, advice and examples of best practice to members on Purpose.

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Inspiring businesses to improve society through purpose-driven brands



### Introduction

In a world which requires significant change for business to become sustainable, it is purpose-driven brands who are the disrupters and innovators creating the economy of the future. These businesses have a guiding purpose for what they do beyond profit alone, and they thrive commercially through doing good. Research has shown that visionary companies deliver greater returns than those that are purely profit-driven<sup>1</sup>. These forward thinking companies base their success on the fact that they make a difference to the world – such as enriching people's lives, or helping to preserve the natural resources we all depend upon.

The Purpose Toolkit offers practical support to businesses and brands. It has been developed by the Marketplace team at Business in the Community, under guidance from the Marketplace Leadership Team of marketers and business leaders. It is designed to help Marketing, Corporate Responsibility and other commercial leaders to work collaboratively and create better businesses that serve society and are future proofed to thrive in the years ahead. Businesses today are increasingly expected to play a role in delivering sustainable and inclusive economic development. There is a real opportunity for brands to become more like social activists, building trust with customers and differentiating themselves from the pack. Our objective is for companies to take steps to embed purpose into their brand. We work to inspire businesses to do this, by providing insights, examples and tools, such as those contained in this Toolkit. In terms of realising our campaigning ambitions, we are in the foothills today. The Purpose Toolkit is intended to motivate and help companies navigate a smooth route to becoming a purpose-driven brand in the months and years ahead.

Jeremy Hicks, UK Managing Director, Jaguar Land Rover





<sup>1</sup> Built to Last, Collins & Porras 1994, also 'Companies with a purpose beyond profit tend to make more money', Simon Caulkin, Financia Times 24 Jan 2016 https://next.ft.com/content/ b22933e0-b618-11e5-b147-e5e5bba42e51

## How to use this toolkit

There are 3 distinct parts to this publication.

#### Why have a clear purpose

Drawing from existing research on topics including customer expectations, workforce trends and innovation. this section serves as a **Business Case for why businesses** and brands should assess having purpose. Use this material to aid discussion between different functional leaders inside your organisation, and consider the merits of adopting a purpose-driven approach to running your business or brand.



#### What purpose should be about

**Purpose is fast** becoming a firm feature in Marketing, Corporate Responsibility and Boardroom



conversations, but there is little available to help answer some of the basic questions people have, such as: What is purpose? What are good examples of purpose statements? What are the fundamentals of a relevant purpose? This section is designed to aid business professionals who are interested in harnessing the concept of purpose to practically discover and shape your business or brand purpose.



How to bring

Much more than a

purpose to life

clever string of words,



to create a 'win-win' for the business and for society. Action, not words, is what it means to be a purpose-driven brand. In this section, our Purpose Checklist identifies 9 hallmarks of truly purpose-driven brands, brought to life by brand examples. We urge you to use the Purpose Checklist to review how embedded your purpose is. You can then follow the simple actions listed, and check out the further support that Business in the Community can provide.

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## why have a clear purpose

Consumers are increasingly looking for – and expecting to see – the purpose behind the brand. The expectation not just that they won't "be bad" but that they should actively "do good" is not going to go away

Keith Weed, CMO of Unilever

# Why have a Clear purpose



#### Summary

When we look at the business benefits of adopting a purpose-driven approach to commercial strategy, we can see 3 areas of opportunity:

Talent

retention

Innovation and financial performance

Deeper customer and attraction and stakeholder relationships

#### Thriving in a rapidly changing marketplace

There is a strong business case for having purpose. There is mounting evidence that businesses that stand for solving societal challenges are performing well - in terms of market growth, meeting changing customer needs and getting the most of out their employees. Being a purpose-driven business with a purpose-driven brand leads to commercial success.

In an era of disruption, there is also a very real business imperative to discover purpose. There is growing mistrust of big business, government and the media. In today's hyper connected age, citizens have a thirst for transparency and companies can no longer spin their way out of a crisis. In 2015 Lord Brown, former CEO of BP stated that "CSR is dead" and instead companies must "radically engage with society" and make this their business model. To succeed in the new normal, businesses and brands should move from a 'do less harm' approach to one where they are a genuine force for positive change, behaving like citizens working for the public good.

> Profit and purpose actually go hand in hand together, like a yin and a yang.

> > Sacha Romanovitch, CEO of Grant Thornton

# Innovation and financial performance



Companies may experience boosted revenue from expanded operations, entering in to emerging markets and developing new products and services. Purpose fuels innovation, the process by which new ideas and solutions are created and may take the form of products, services or processes.

#### **Business and brand valuation**

In *Corporate Culture and Performance*, Harvard professors John Kotter and James Heskett state that purposeful values-driven companies outperformed their counterparts in stock price by a factor of 12<sup>1</sup>. The exact cause of this financial prowess is unclear, but we can see a correlation between companies that stand for something bigger and business performance. In comparison, businesses lacking purpose (that is to say brands or companies without a visionary purpose which acts as a North Star for commercial strategy and wider behaviours) are reportedly costing the British economy up to £130bn a year of lost value generation<sup>2</sup>. 2016 research by the Big Innovation Centre taskforce of businesses, investors and business schools claims that lack of purpose is a key reason for the decline in major companies.

### Purposeful businesses outperform the stock market by 133%<sup>3</sup>

The 25 top brands in Havas Media's Meaningful Brand Index deliver an annual share return of nearly 12%<sup>4</sup> **Example:** American automotive company Tesla have a goal of accelerating the advent of sustainable transport by bringing compelling mass market cars to the market as soon as possible. It is estimated that by 2018 Tesla's shares will be valued to be worth ten times more than those of its two closest rivals<sup>5</sup>

<sup>&</sup>lt;sup>1</sup> Corporate Culture And Performance, John Kotter and James Heskett, 2011 <sup>2</sup> The Purposeful Company Interim Report, Big Innovation Centre, 2016 <sup>3</sup> Meaningful Brands, Havas Media, 2015

<sup>&</sup>lt;sup>4</sup>Meaninoful Brands, Havas Media, 2015

<sup>&</sup>lt;sup>5</sup> Is Tesla's Elon Musk the Willy Wonka of the car making world?, Telegraph, 2016

Brands perceived as meaningful are benefitting from 46% higher 'share of wallet' according to Havas Media's Meaningful Brands Index based on 300,000 people across 34 countries.<sup>1</sup>



#### **Commercial growth**

Focusing your efforts on plugging social or environmental gaps in the market can help you to sell more while having a positive impact at the same time. A shared purpose helps to set guidelines to staff on how a company wishes to operate and grow, which encourages staff to think innovatively and beyond basic product or service improvements.

For further reading on the commercial opportunities of embracing sustainability, check out Fortune Favours the Brave, a 2013 report by Accenture, Marks & Spencer and Business in the Community

The size of the market for businesses to engage in social and environmental related innovation is estimated at £100bn in the UK alone.<sup>2</sup> Burson Marsteller and Business School IMD report that having a purposeful approach to business has been associated with achieving 17% better performance<sup>3</sup>, which Salter Baxter believe to be due in part to the rise of the 'Reputation Economy' and a change in consumer mindset.<sup>4</sup>

Fast growing companies that can successfully grasp and be driven by their purpose are able to uncover greater growth opportunities and develop stronger sales channels than those who don't. It is becoming apparent having a strong, clear and well communicated purpose is a valuable commodity for modern day business.

**Example:** Unilever reports that it's 'Sustainable Living' brands accounted for half of the company's growth in 2014 and grew at twice the rate of the rest of the business.<sup>5</sup>

<sup>1</sup> Meaningful Brands Index, Havas Media, 2015

 <sup>&</sup>lt;sup>2</sup> Fortune Favours the Brave, Marks & Spencer and Accenture, 2013
<sup>3</sup> The Power of Purpose, Burson Marsteller and Business School IMD, 2013

<sup>&</sup>lt;sup>4</sup> Profits from Purpose, Salter Baxter, 2012

<sup>&</sup>lt;sup>5</sup> Unilever Sustainable Living Plan Summary of Progress, 2015

## Talent attraction and retention



Purpose offers the opportunity to engage new and current employees in an organisation's goals and values, increasing motivation to contribute to organisational success, with an enhanced sense of their own well-being.

#### Attracting talent

Companies with a strong sense of purpose are shown to perform well financially as well as having a high level of employee satisfaction.<sup>1</sup>

Almost 9 in 10 employees surveyed in Deloitte's Millennial Survey believe that "the success of a business should be measured in terms of more than just its financial performance".<sup>2</sup> With organisations of all sizes competing in the war for talent, standing for something bigger is a must-have in order to attract the best employees.

60% of Millennials want to join companies with a 'purpose' that is embedded in the business.<sup>3</sup>

In 2015 LinkedIn revealed Unilever as the third mostsought-after-employer in the world, after Apple and Google. Paul Polman believes this is in part due to their business being seen as a place of purpose by potential employees, leading to greater recruitment and retainment.<sup>4</sup>

<sup>&</sup>lt;sup>1</sup> Culture of Purpose – Building business Confidence; driving growth, 2014 core beliefs & culture survey, Deloitte 2014 <sup>2</sup> The Deloitte Millennial Survey, 2016

<sup>&</sup>lt;sup>3</sup>The Deloitte Millennial Survey, 2015

<sup>&</sup>lt;sup>4</sup>What Unilever Shares with Google and Apple, Fortune, 2015



#### **Retaining talent**

With links to employee satisfaction, purpose can lead to better staff retention. Research conducted by the Chartered Institute of Personnel and Development (CIPD) reveals employees are more likely to be engaged and satisfied when they fully understand an organisations purpose.<sup>1</sup> 89% of respondents in Harvard Business Review's Business Case for Purpose survey agreed that companies with a shared sense of purpose would have greater employee satisfaction.<sup>2</sup>

83% of over 1,400 US employees surveyed by PwC named purpose among their top priorities for offering meaning in daily work, and many feel a shared sense of purpose contributes heavily to employee satisfaction.<sup>6</sup> CIPD suggest that employees with a shared sense of purpose not only find more meaning in their work but are willing to give more discretionary effort and are also more satisfied with their pay.<sup>3</sup> It is logical to see why CIPD consider shared purpose as a key theme in driving sustainable organisation performance.<sup>4</sup> Findings from Deloitte's Millennial Survey found that when an employee believes they share the same set of values as the company they work for, they can see <u>themselves committing</u> more of their working life to that company.<sup>5</sup>

<sup>1</sup> Shared Purpose – the Golden Thread?, CIPD, 2010

<sup>3</sup> Shared Purpose and Sustainable Organisation Performance, CIPD, 2009

<sup>4</sup> Shaping the Future, CIPD, 2011

<sup>5</sup> The Deloitte Millennial Survey, 2016

<sup>6</sup> Putting Purpose to Work, PwC, 2016

<sup>&</sup>lt;sup>2</sup> The Business Case for Purpose, Harvard Business Review, 2015

## Deeper relationships with customers & stakeholders



Purpose can help to develop relationships that go beyond the transactional. Moving past this level can generate loyalty, create advocates for your business and offer new partnership opportunities.

#### Customers

Everyday consumers are demanding more from brands. According to Edelman's 2016 Trust Barometer, 80% of people surveyed globally believe that companies can play a leading role in solving society's problems while still making profits.<sup>1</sup>

81% of global consumers are now expecting more from their expenditure than the functional acquisition of products and services.<sup>2</sup>

Not only can being purpose-driven offer a greater share of the market, but customers are also reported to be more loyal. 80% of business leaders surveyed by Harvard Business Review state that a clear purpose helps increase customer loyalty.<sup>3</sup> 72% of global consumers in Edelman's Good Purpose study would recommend a company with a purpose over one without.<sup>4</sup>

There is a growing trend across a range of industries for contracts to be appointed to suppliers that share the same values as clients. Sustainability is increasingly embedded into supplier selection as businesses become more aware of supply chain risks but also opportunities from likeminded partnerships. 50% of participants in BITC's 2016 CR Index rewards suppliers for good performance in this area.<sup>5</sup>

<sup>1</sup> Edelman Trust Barometer, 2016

<sup>2</sup> The consumer study: From marketing to mattering, Accenture, 2016
<sup>3</sup> The Business Case for Purpose, Harvard Business Review, 2015
<sup>4</sup> goodpurpose, Edelman 2012
<sup>5</sup> CR Index Insights Report, Business in the Community, 2016

Purpose could connect all parts of the societal ecosystem ...companies with a clearly expressed purpose might directly contribute to a new level of joined-up action from business, governments, NGOs [nongovernmental organizations] and entrepreneurs.<sup>1</sup>



#### **Other businesses**

EY state that by offering a shared common ground, purpose can help build bridges across business functions within organisations and even between different organisations.<sup>2</sup> New partnerships can evolve from a shared sense of purpose, resulting in product and process innovation.

**Example:** In a bid to reduce their impact on the environment, Ford and Jose Cuervo are exploring using the tequila producer's agave plant byproduct to develop more sustainable bioplastics to employ in Ford vehicles, helping both businesses live out their commitments to sustainability.<sup>4</sup>

#### Government

Pressure on government to solve societal issues is growing, and with the trend for smaller governments and austerity not reducing, they are increasingly looking to business to play a role in solving major challenges.

GlobeScan's 2016 Sustainability Leaders report believe business share the same level of responsibility for pushing the agenda forward as the government.<sup>3</sup> Collaboration can offer government and business alike the opportunity to face these demands (and indeed opportunities) together.

<sup>&</sup>lt;sup>1</sup> The state of the debate on purpose in business, EY Beacon Institute, 2016

<sup>&</sup>lt;sup>2</sup> The Pursuit of Purpose, EY, 2016

<sup>&</sup>lt;sup>3</sup> The 2016 Sustainability Leaders report, GlobeScan & SustainAbility, 2016

<sup>&</sup>lt;sup>4</sup> Ford, Jose Cuervo Explore the Only Scenario in Which Tequila, Cars Might Be a Good Mix, Sustainable Brands, 2016

## Practical **actions** you can take

- Share this information with colleagues and get together to review the opportunity for your business or brand
- Present to your Executive team about the opportunities of being a purpose-driven business or brand
- Get in touch with Business in the Community. We can help you bring these messages to life inside your business through presentations and workshops with your colleagues and senior leaders.



#### Come and talk to us

Business in the Community is continually looking to broaden our knowledge and engage with companies on the purpose agenda.

Contact Charlotte West, Marketplace Director - charlotte.west@bitc.org.uk, +44 (0)20 7566 8650

To be kept informed with the latest thinking and research in this area as it is released, Business in the Community's Marketplace Insights are published bi-monthly and available at www.bitc.org.uk/marketplace



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## what purpose should be about

Brands mustn't simply reflect the cultural agenda, but define it and tackle risky social issues over the long term. It's only then that people will care about your brand. J Jason Foo, CEO of BBD Perfect Storm

## What **PUrpose** should be about



#### Summary

For the past few years, purpose has been seen as the domain of Brand and Marketing teams. It is increasingly being discussed by the C-Suite of a smaller number of leading businesses. But to have an effective purpose that resonates with employees, customers and future-proofs business strategy, purpose needs to be led from the top and shaped by a crossfunctional group. In such discussions, it is vital to consider the impact your business has on the world, the direction of the company, and what your stakeholders expect of you in the coming years. A good purpose needs to be relevant to how you make your money and be about the world outside your four walls. It mustn't simply be a wraparound for all that the company does to-date. It should act as a compass to spur on new ways of working and innovation.

#### What is purpose?

Purpose conveys why your business exists and acts as a 'North Star' guiding commercial strategy and behaviours. Your purpose should capture the bold change that the business seeks to create in the world. A business with purpose is one that has considered the role it can play to improve society, and applies this thinking to its products, marketing and customer experience.

It's a powerful strategy device that can help brands connect better with customers and grow sustainably. For the business, this can unlock new market opportunities and build brand equity. For society, utilising the full might of a company's commercial expertise can accelerate social impact far beyond traditional charity giving or volunteering in the community.

#### Other definitions:

- EY's working definition of purpose is "an aspirational reason for being that is grounded in humanity and inspires a call to action."
- Claremont Communications believe that purpose "is about looking beyond the need to generate profit to positively impact individuals, society and the environment."
- Bluebabel state "brand purpose goes beyond the category, beyond category positioning. It answers the question: but what's the point? Why do we do this?"

A common theme is that purpose as a tool encourages us to think big and think positive.

## What **purpose** is, and isn't



#### A good purpose must be

#### Relevant to how you make your money

To be authentic, purpose must be related to your core competencies and identity. Your product offering may shift over time, so consider the unique skills and reach you have. For example, if you are an investment manager, then your purpose should be related to enabling future prosperity for savers, thinking holistically about what prosperity means in our sustainability-threatened economy. If you are a travel company, your purpose should be related to bringing people and cultures together and paving the way for sustainable development.

#### About the world outside

Your purpose should be focused on the bigger picture. Your focus could be maximising results for shareholders or being the biggest in your sector, but this won't necessarily encourage outward looking innovation nor motivate staff. What is more, whilst sustainability is rarely a purchase trigger, feeling good through doing good is a growing trend as people seek more experiential leisure time than acquiring yet more 'stuff'. Few consumers are likely to buy a t-shirt because it was made from sustainable cotton, but people are buying TOMS shoes because they look good and because every pair a customer buys, a pair gets donated to a child in need. A sense of satisfaction is derived from having a positive impact, with people aspiring to brands that share these beliefs too. The same is happening in the B2B world – whilst price is still often king, more and more businesses are seeking suppliers who can also deliver social value on top.

#### What it shouldn't be

#### A campaign or a strapline

Many brand and PR agencies are leading the charge for the purpose cause. A major risk however is that purpose is used solely as a communications device. Without cross company buy-in and commitment to embed the purpose into behaviours and strategic decision making, there is a very real chance of 'purpose wash'. In our rapidly changing world, transparency and social media demand alignment between words and action. This cannot be the task of PR or CSR alone.

#### A tool simply for employee engagement

Talent attraction and retention is a clear benefit from being a purposeful business or brand. But it isn't the reason for discovering and embedding purpose. In many opinion pieces employee engagement is cited as the key benefit of being a purposeful business, trumping innovation or product sales. Businesses must do more to treat staff fairly, providing varied and motivational work, however purpose shouldn't be owned by the HR department. It is vital that businesses associate being purposeful with commercial growth, for this is what gets discussed in the engine room of business.

#### A convenient wraparound for everything you do at present

You will inevitably be doing something somewhere which contradicts your purpose. Nobody is perfect! We encourage business to set out a plan and gradually move away from these activities over time – this honesty and transparency will be rewarded by your customers and stakeholders. Drawing a line around all that you do currently and continuing the status quo (unless you happen to be a social enterprise already) misses the point that purpose can be a safe tool to introduce positive innovation over time.

# Some examples of **PUrpose** that we rate

These purpose statements capture many of the 'must haves'. All of these businesses are on a journey and will be required to make bold decisions if they are truly to live by these, as customer and stakeholder scrutiny grows. Ratings such as Radley Yeldar's Fit for Purpose Index is ranking brands by the relevance of their purpose and whether they are taking sufficient action to turn this ambition into reality.



Company	Purpose	Why we like it	
Hermes Investment Management	To achieve the best outcome for the pensioners on whose behalf we invest	Hermes' purpose isn't necessarily articulated as an official purpose statement, but their CEO Saker Nusseibeh regularly speaks to the financial press about how they work on behalf of pensioners – even though their immediate customers are pension funds, not individual savers. Putting ordinary citizens front of mind is said to encourage investment teams to make decisions with their best interests at heart – which includes making a competitive financial return, but not to the extent that pensioners' future quality of life is undermined through unsustainable investment in the meantime.	
СН2М	Laying the foundation for human progress by turning challenge into opportunity	CH2M are global engineering consultants, specialising in major projects in sectors such as water, sport and rail. Their purpose is based on a common thread across all of their services – development of cities and communities through the deployment of infrastructure. The 'challenge' which they are turning into commercial growth (for their clients and themselves), encompasses environmental sustainability, an increasing aim of many of their clients who are looking for sustainable development.	
Philips	Improving people's lives through meaningful innovation	Philips are known for their consumer household appliances and industrial services spanning manufacturing and medicine. The purpose has remained much the same over a century, but they haven't rested on their laurels; the way they have delivered on it has changed along the way. In the 1990s they moved from private R&D to a more inclusive Open Innovation approach, with a campus also hosting non-Philips businesses. We like that Philips commit to improving lives through not just through throwaway goods, but meaningful innovation which they are skilled in and well placed to provide.	
Pearson	Help people all over the world make progress in their lives through learning.	Pearson, a global education business, have gone through a long process of organisational change. Pearson set an ambitious goal for every Pearson product and service to have 'a measurable impact on improving peoples' lives through learning'. Pearson recognises that some services may generate short-term profit but not meet the goals of their customers (education institutions) and that this is bad for continued commercial success. Linking products back to their purpose helps to ensure continued relevance with customers. CEO John Fallon states "We judge ourselves - and invite others to judge us - not by the products that we make but by their impact on learners."	



Google	To organise the world's information and make it universally accessible and useful	Google has diversified over the past decade from internet search to software and cloud computing. Their commitment to making it universally accessible is bold and inclusive, mandating the company to have a low-cost of entry and open-source. Their purpose is clearly inspired by what the business is against – protective proprietary business models. There is some potential ambiguity from the word 'useful', however this statement spans all of their products and is incredibly outward looking.	
Danone	To bring health through food to as many people as possible	In 1929 one of Danone's founders created the brand's first slogan: "Delicious and healthy, Danone yogurt is the right dessert for happy, healthy digestion." Health has been a guiding light for the business for nearly 100 years, and in 2007 resulted in Danone selling off its biscuits portfolio to Kraft and buying baby nutrition brands such as Cow & Gate. The purpose appears not only to guide the product portfolio but wider activities which build engagement with customers and help them to live out their purpose, such as education services, independent nutrition research and sports events.	
Jaguar Land Rover	Delivering experiences that our customers love, for life	Whilst not explicitly written as JLR's purpose, this phrase features regularly in company and customer communications. We like that it is obviously focused on delighting the customer - rather than 'being the biggest luxury car manufacturer' - as this increases the likelihood of decisions putting the customer first. The inclusion of 'for life' should help to instil an ambition for customer loyalty and satisfaction, but also sustainability and longevity. Their vehicles are long-lasting and some models of Jaguars are now 85% recyclable.	
Unilever	Making sustainable living commonplace	Unilever believe that their distinct purpose will help them to realise their vision of accelerating business growth at the same time as reducing their environmental footprint, and increasing positive social impact. This purpose is related to both customers, future customers and the planet itself, is positive in nature and is relevant to their products. The key for Unilever authentically living this purpose will be decisions they make about their brand portfolio – whether to reformulate products or sell on brands that do not meet this purpose.	

### Take action now



#### 1 Where is our business or brand currently?

#### Ask yourself

- Why was your business or brand originally established?
- What do you stand against as well as for?
- What products or services do most of your revenue come from currently?
  - How do they impact on people and society, either directly or later down the line?
  - What potential do they have to improve society for example enabling education, financial security, health and wellbeing, environmental sustainability?
  - Where do they risk undermining this positive potential, for example via environmental or human impacts in the production or consumption?
- Is there a uniting theme across your portfolio of products or services, either in terms of reach into people's lives, or what they enable customers to achieve? If not, is there a common theme in how these products or services are made?
- What category or sector would you say you are in currently? Are there other traits that are unique to you that could see you opening up new revenue streams? For example, Jaguar Land Rover are a car manufacturer, but they are also a luxury brand.

#### 2 Where does our business or brand want to be?

#### Ask yourself

- Where do we see our revenue coming from in the coming decades? Tip: Don't think narrowly about what you provide today. Netflix started out as a video rental company and now they are an online streaming subscription service. Consider the impact of:
  - Technology (current and future)
  - Talent pipeline for your industry
  - Changing customer appetites both in terms of content and distribution
  - New markets opening up, existing ones becoming less prosperous
  - Global challenges such as resource scarcity, aging population, population growth or climate change.
  - Political and regulatory changes affecting the marketplace
- What impact (social/economic/environment) could our business have on the world?
- How could we alleviate the current or future challenges or threats facing our business and the world through:
  - Market solutions which we have the competencies to develop?
  - Marketing and customer campaigns, because of our unique reach?



#### 3 What could the scale of our impact be?

Different purposes have different scales of impact that the business or brand is striving to achieve. They tend to have a beneficiary of this impact, either explicit or implicit. This beneficiary can range from the company owners, to the planet itself. **Is your purpose as compelling as it could be to unlock maximum commercial success and societal impact?** 

#### Ask yourself

- Considering our current and future products and services, could we extend the reach and impact further still?
- What scale will best motivate our employees to deliver better customer service and push the boundaries of innovation?
- What scale will best resonate directly with our customers in our changing world?

Business in the Community recommends that where possible companies seek results for society at large, as this has the potential to help businesses look beyond their existing customer base and find new markets to serve and grow into. The business case shows that standing for something bigger helps to unlock innovation, excite employees and partners. Could we realistically claim that we are making progress against our purpose? Example: Unilever's purpose is to make sustainable living commonplace. Through sales they aspire to improve the health and wellbeing of 1 billion people by 2020. They have helped 500 million so far. This goal is separate from their traditional sustainability related targets to reduce environmental impacts.

Is our purpose simple and clear enough for everyone to understand?

Beneficiary of your purpose	Unspecified	Employees	Customers	Society at large
Example	Financial services firm JPMorgan Chase's purpose is "To be a first class business, in a first class way".	John Lewis Partnership, the parent company of the John Lewis and Waitrose stores states that its purpose is "the happiness of all its members, through their worthwhile and satisfying employment in a successful business."	UK bank Nationwide's core purpose is "safeguarding members financial interests, helping them to save, buy their own homes, and helping them make the most of their money."	GE's purpose is "To invent the next industrial era,to build, move, power and cure the world".

## Practical **actions** you can take

- Use the previous provocations to review the relevance of your existing purpose, or to articulate one for the business or brand
- We recommend that you use these questions as part of Executive strategy sessions. Involve groups of employees to feed in suggestions from different parts of the business.
- Business in the Community can present on the fundamentals of purpose to an audience within your business, and help facilitate discussions using these provocations to assist you in shaping your purpose.

#### Come and talk to us

Business in the Community is continually looking to broaden our knowledge and engage with companies on the purpose agenda.

Contact Charlotte West, Marketplace Director - charlotte.west@bitc.org.uk, +44 (0)20 7566 8650

## How to bring PUIPOSE to life



The business of business isn't just about creating profits for shareholders — it's also about improving the state of the world and driving stakeholder value.

Marc Benioff, CEO of Salesforce

## How to bring **PUrpose** to life



#### Summary

Coming up with a relevant purpose statement is relatively straightforward. Where most effort is required is for companies to bring to life their purpose through positive products and services, an inclusive and honest customer experience, and bold marketing.

This isn't just about advertising with a social angle, this is about corporate culture; Millward Brown's annual RepZ study of brand reputation shows a clear correlation between brand trust and corporate trust. In 2016, behaviours from the corporation behind well-known brands permeate how people feel about household names. Leadership scandals and poor customer relations adversely impact on people's attitudes to the brand. So what do successful purposeful businesses do that makes them stand apart from the rest? What are the qualities that make them more likely to succeed, avoid risks and resonate deeper with their customers?

Business in the Community has identified 9 hallmarks of a purpose-driven brand through dialogue with the Marketplace Leadership Team and member companies.

Five of these hallmarks form the core of purposeful businesses. An additional four provide factors that may not apply to every single type of business, but can be what pushes a company from ordinary to extraordinary.

## The Purpose Checklist

It is all well and good to talk about what your business stands for and the positive impact it wants to have on the world. The litmus test for being a leading company is whether your purpose is embedded into your commercial strategy, products and services, giving you a purpose-driven brand that stands proud in the marketplace.

Your purpose should drive the behaviours of company leadership and employees, as well as innovation and marketing processes. It should determine how you work with customers, partners and peers. And it should be creating a positive impact on your bottom line and on the societal issues you are on a mission to address, without causing harm to people or planet in the process.

We have identified 9 hallmarks that a truly purposedriven brand would display. Even today's most progressive businesses would struggle to tick off all 9, although they would be making strides against them. The Purpose Checklist is designed to push companies forward to fully embed purpose into the commercial heart of their business.



## The Core

The following areas form the core of purpose driven brands. These hallmarks are relevant for all sectors and sizes and are required if the brand is to make robust claims about being purposeful.

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## Authentic leadership



Establishing the business or brand purpose begins at the top. Authentic leadership articulates the purpose and makes this the key focus of how the business is managed.

#### What does excellence look like?

The company or brand has framed its purpose in terms of the difference it aims to make in the world, and this is reflected in the company's strategy and planning.

Leadership is consistent in communicating the central role of the company's purpose to all audiences, including investors, the media and the wider business community.

It is prepared to challenge industry norms where these are barriers to achieving beneficial outcomes.

#### Why is this important?

The value to the business of a purpose beyond profit is only realised if people throughout the business believe that it is genuine. Unless it is framed by the very top leadership and then communicated regularly, it will not achieve the benefits it should do in terms of motivating and inspiring employees.

In addition, research has highlighted that too little direction can leave space for conflict between values-driven and profit-driven approaches. The principle that the two can be powerful in combination is often only realised in practice if effective leadership is present<sup>1</sup>.

<sup>&</sup>lt;sup>1</sup>The Relational Ecology of Identification: How Organizational Identification Emerges When Individuals Hold Divergent Values, Marya L. Besharov, Academy of Management, 2013



#### Who demonstrates this in practice?

**Philips** has established the purpose of making the world healthier and more sustainable through innovation, with the goal of improving the lives of 3 billion people by 2025.

When the company reports on its performance to shareholders, it mixes in information about how many lives its products have improved, green product sales per sector and operational carbon footprint as core performance measures.

Company CEO Frans van Houten emphasises the company's purpose in helping people with chronic diseases when talking about the firm's financial prospects in mainstream media. **Grant Thornton** has the purpose of 'shaping a vibrant economy', which includes building trust and integrity in markets and creating environments where businesses and people flourish.

The company's CEO Sacha Romanovitch has led from the front in driving commitment to this purpose through the business.

She underlined her commitment to this journey when she was appointed CEO by announcing a significant cap on her own pay alongside a profit sharing scheme within the business aimed at boosting salaries across the business. This scheme, based on the John Lewis partnership model, represented a major change for the company and a first within the industry. The move was seen as potentially controversial, but ultimately she received support from 99 per cent of the partners for the change. She has also been a vocal advocate on public platforms for purpose-driven business as a vehicle for bringing back trust and integrity.

#### What should you do?

- Review whether your company has an effective purpose beyond profit that fits the external context within which it operates.
- Create consistent internal and external messaging that leadership will use to align stakeholders behind your company purpose.

# Rewarding the right behaviours



Day to day decisions, particularly commercial ones, made at all levels are driven by the company's purpose.

#### What does excellence look like?

The company achieves a positive culture where people are encouraged to overcome obstacles to achieving its purpose. Day to day commercial decisions are taken with the purpose in mind, including its criteria for suppliers.

Incentives and rewards are adapted at all levels to reinforce behaviours that are congruent with the purpose. Middle level management in particular is engaged to ensure that these are reflected at all levels.

Codes of conduct and policies are established to ensure that the purpose is integrated into its processes and behaviours. Regular reviews take place of commercial practices, to ensure that one department isn't unwittingly undermining another's efforts to live out company purpose and negatively impacting on the brand.

#### Why is this important?

Tone from the top will not be enough if the overall culture of the company contradicts it. For example, if the purpose of the business is to make a difference to people's lives, but the experience of colleagues and suppliers is that all it cares about is price, then it will not achieve its goals.

Key to success is getting all parts of the customer experience aligned with the company's purpose. A survey of over 2000 marketing leaders found that 81% saw that brand performance is better built through customer experience than communications. Specifically, if marketers are communicating high quality and sustainability while sales teams are only focusing on price, or if for example HR are recruiting people who are not committed to the company's core purpose and values, the brand will struggle to gain traction.



#### Who demonstrates this in practice?

When in 2000 **P&G** was experiencing a difficult period, it adopted its company purpose and aimed to align its brands behind it. When Robert McDonald became CEO in 2010, he put the purpose – improving the lives of the world's consumers – even closer to the heart of its business strategy.

That has resulted in employees across the company being given a measurable purpose-driven goal to show how many lives have they touched that year. This has driven activity, for instance in West Africa where the P&G Baby Care Group set up Pampers mobile clinics to reduce rates of infant mortality. Not only has this helped to save lives, but it has also seen sales of Pampers soaring, with West Africa among P&G's fastest-growing markets.

Since adopting its purpose-driven approach, P&G has reversed its decline and seen considerable growth across the company.

#### What should you do?

- Create objectives and targets for the achievement of your company's purpose, to be managed and monitored alongside traditional financial performance measures.
- Establish training programmes for management to ensure that the importance of the purpose is routinely reinforced with all employees.
- Review existing codes of conduct for employees and suppliers for fit with your company's purpose.

# Products that SOIVE problems

The company drives its financial performance with products and services that advance the achievement of its purpose.

#### What does excellence look like?

The company achieves a significant, and growing, part of its revenue from purpose-driven products and services.

Its product development and marketing approaches are aligned with the drive to maximise the value of its future revenue growth from increasing its impact in terms of the purpose.

The company has a vision for how it will move away from existing product types that may be contrary to its purpose, or it can show examples of where it has already removed such products from its range.

#### Why is this important?

Ultimately your products and services are the vehicle that helps you to achieve your purpose. Without alignment between them, the purpose will remain unfulfilled. If the purpose is to help overcome significant societal challenges, then engineering your products and services to help meet those challenges is something that may defend against future legislation and help to build customer loyalty.

Keeping the wider context in mind helps reduce the risk that circumstances will abruptly snatch your market away from you. For instance, if you choose to ignore negative social consequences of a product because of its current profitability, you may be at risk of that product creating controversy as attention is drawn to its defects, with material consequences that would follow for the business.



#### Who demonstrates this in practice?

**CVS Health** has adopted the purpose that it exists to help people on their path to better health. It quickly realised that, the sale of tobacco although profitable, conflicted with that purpose and it decided to pull such products from its pharmacies. While general merchandise sales fell 5% in 2015, thanks to the decision to ban nicotine products the positive attention generated helped push up pharmacy services revenues by 13.5%.

It also measured that, since it stopped, there had been a 1 per cent reduction in tobacco sales across all retailers in states where CVS had a significant market share, suggesting that the removal of a convenient purchase location had helped some people to quit smoking.

**Veolia** has committed itself to being a vehicle for sustainability by putting circular economy thinking at the heart of its business model. Consequently, it is undergoing a major transformation - moving from being a service provider to a resource producer, by manufacturing green products and energy. Its aim in so doing is to help its customers – businesses and cities - to meet their own environmental challenges.

This approach has led the company to develop innovative water, waste and energy management services. As well as the environmental benefit achieved through these services, the company's UK profits have been boosted, increasing by over 7.5% in 2015.

#### What should you do?

- Review and rate existing products and services for how well each currently advances the purpose, and benchmark them against industry best practice.
- Establish an ambitious target over a set timeframe for how far you can ramp up the impact and the success of your products in the marketplace.
- Build an ambitious timeline into objectives for product development and innovation.
- Identify best viable options for phasing out products with a negative profile against the purpose.

# Authentic brand promise



The company's overall brand positioning is aligned with its purpose and the nature of its communications with its customers.

#### What does excellence look like?

The purpose underpins the personality and the appeal of the brand in such a way that customers naturally understand the difference that the company is seeking to make, and why it matters to them.

This link between the brand and purpose is a core part of the brand values, consistently reflected across marketing channels including social media.

The company's creative communications convey an authentic story, and makes the brand stand apart from the casual claims and "purpose wash" of others.

#### Why is this important?

Consistency and authenticity in the brand is what helps to build trust between the company and its customers. If the company can tell its story in a coherent way, customers are far more likely to believe that its intentions are genuine. That can make a huge difference in terms of its reputation and resilience.

Customers are increasingly looking for brands which share their values and have a positive impact on society or the environment. For a purposeful brand this can be a differentiator. Value is therefore lost if the purpose is not a central feature of the brand identity.



#### Who demonstrates this in practice?

**SAP** adopted its purpose as being 'to help the world run better and improve people's lives'. This led it to refocus itself as not only understanding the needs of its customers, but also their customers. It also focused SAP on developing systems that contribute to solving some of the world's biggest problems.

The company has linked the delivery of its purpose to the United Nations Global Goals, and shows in practical ways how its technology can help boost digital inclusion, resource protection, disease prevention and skills development.

Not only has it made its purpose a key part of its B2B brand, it also acts as an advocate to its customers as to why they should follow suit.

**Patagonia** has made its environmental commitment a key part of its brand identity, something which has cemented its appeal with its natural consumer base. The outdoor sports apparel company has a focus on quality long-life products, and reducing the environmental and social impact of manufacture has been central to its success.

When the company took its message a step further and ran full page adverts urging people "Don't Buy This Jacket" unless you need to, the company's trust among Millennials surged by nearly 350%, which led to a 22% increase in that group's preference for the brand<sup>1</sup>.

#### What should you do?

- Review the existing brand identity for congruence with your company / brand's purpose.
- Build elements relating to the purpose into your company's ongoing market research to gain insight in how the problems your company seeks to solve are understood and felt by its customers.
- Depending on the outcome of the review, build additional key elements into future representation of the brand, or initiate a full rebranding exercise if required.
- Benchmark against top scoring authentic brand leaders in key industries to help understand the components of branding that create durable trust. Use this to understand typical mistakes that have been made by brands that have failed to be consistent.

<sup>&</sup>lt;sup>1</sup> How brands who play it straight can hit it out of the park, BAV Consulting, http://bavconsulting.com/how-brands-who-play-it-straight-can-hit-it-out-of-the-park/

# Sweating the details



The company ensures that all its activities and impacts are carefully managed in line with the promise made by its purpose.

#### What does excellence look like?

The company has reviewed its impacts across its full range of stakeholders and along the length of its value chain. It has an active programme at appropriate scale to manage these impacts to ensure that its commitment to positive benefits arising from its purpose isn't undermined by failings elsewhere.

#### Why is this important?

Attempts to position your company's purpose as being the driving force behind its commercial activity will be undermined should it be discovered that practices in a key area of social and environmental responsibility are poor. Nobody expects companies to have achieved perfection, but any purpose-driven company needs to show that it takes all of its responsibilities seriously and seeks to manage them.

#### What should you do?

- Carry out a review of non-financial risks for the business, informed by a stakeholder engagement exercise.
- Having identified risk areas, create a plan for addressing issues over a set timeframe, beginning with easy wins where action can be taken quickly with direct financial benefit, and working towards more difficult grey areas.
- Use one of BITC's diagnostic management tools to access your company's policies and impacts over a wide range of areas.



#### Who demonstrates this in practice?

**Interface** is a manufacturer of modular carpet tiles for offices and other commercial premises. Their commitment to the 'Mission Zero' programme to eliminate negative impact on the environment is apparent in all areas of business. Working with their supply chain, customers and employees has allowed them to reduce their impact through development of innovative products such as Biosfera, a new product whose carbon footprint is half the one of a typical carpet tile, as well as a glue-less installation system which allows more tiles to be reused or recycled. Interface has been instrumental in launching innovative supply chain concepts across Europe to reduce costs whilst providing profits for freight forwarders encouraging forwarders to become sustainable companies themselves. They have also considered their impact after the initial sale by engaging customers and offering support with sustainable services such as their ReEntry scheme, collecting carpets at the end of their lifecycle. Interface make sure they leave no stone unturned in their mission to go beyond reducing negative impact to creating a positive one.

#### Through its Plan A programme, Marks & Spencer has

systematically addressed issues in the supply chain and the product offering across the full range of its products, aiming ultimately for every product to have a 'Plan A sustainability feature'. So far it has reached the two-thirds mark.

As a company that is often under scrutiny for its central place at the heart of British life, it has done more than most to ensure that when its processes are held up for inspection, it has a good story to tell. As well as more obvious purposeful product ranges such as its Pure beauty products or healthy ready meal brands, Marks & Spencer works to maintain customer trust by looking after its impacts across the board. In addition, the aggregate financial benefit to the company of the Plan A programme is over £625m.
## From ordinary to extraordinary



The following areas may not be appropriate for every business sector, and it is possible to be a successful purpose-driven company without them. However, some have been able to use one or more of these to take their business to another level in terms of their power and potential.

## Deeper customer relationships



The company purpose provides the basis for a relationship with customers that goes beyond the transactional, where customers become emotionally connected to the brand and what it stands for. In this situation, customers are treated as partners rather than consumers or clients. They become advocates in a very active way, and identify themselves with the vision that the company purpose sets forward.

#### What does excellence look like?

The company seeks to understand its customers, (and potentially other stakeholders as well) on a deeper level, seeing beyond consumer behaviour patterns to understanding people better as citizens.

The company goes beyond selling to customers to facilitating a discussion about related issues, possibly encouraging customers to change behaviours or providing support for those that seek to do so. The company takes a role as a supporter or mentor, not just a provider of services.

The company is an open advocate for change, and its customers associate themselves with the cause and therefore with the company. Customers are being engaged as partners in creating change, not just recipients of items for consumption.

#### Why is this important?

An emotional connection between the customer and your product is the basis for brand loyalty and word-of-mouth promotion. Such a connection does not solely depend upon the company's purpose, but it can be an important component in areas that are of significant public interest.

Studies have shown that 'meaningful brands' can typically grow at twice the rate of other brands, and enjoy a significantly higher 'share of wallet' compared to competitors. Not only that, but those companies have recently outperformed the stock market by around 130%<sup>1</sup>.

<sup>&</sup>lt;sup>1</sup> Top scoring Meaningful Brands enjoy a Share of Wallet 46% higher than low performers, Havas Media, 2015 http://www.havasmedia. com/press/press-releases/2015/top-scoring-meaningful-brandsenjoy-a-share-of-wallet-46-per-cent-higher-than-low-performers



**Unilever's** Dove brand has based its appeal on its campaigning statement around modern attitudes to beauty and body image. Its 'campaign for real beauty' challenged industry norms where impossibly-perfect images achieved via photo manipulation were held up as aspirational norms.

Now the Dove Self-Esteem Project is a key part of achieving its purpose. It provides advice and resources for teachers, parents and youth leaders to help identify ways to boost the self-esteem and confidence of young people.

Over ten years, the brand positioning has seen it increase its sales from \$2.5bn in its first year to \$4bn ten years later. But it has also seen the conversation it started around beauty grow through that time, and being taken up by others following its lead. When it started, just 2% of women considered themselves beautiful. Now research suggests that women have embraced wider definitions of what constitutes beauty, and the backlash against photoshopping models has become a point of mainstream debate.

- Identify potential obstacles to achieving the purpose, whether it be customer resistance or other factors that are out of the direct control of your company. Establish whether these obstacles could become part of your company's discussion with its customers.
- Add another level to the company's market research to understand better the values and concerns of customers in relation to its purpose, and to identify the most effective calls to action that could generate customer activism.

## Material impact



The company is able to evidence that it is executing its purpose well, achieving some form of commercial gain as well as making a positive impact on society.

#### What does excellence look like?

The company is succeeding in the marketplace, with growing market share and trading from a strong reputation with customers and other key stakeholders.

If it is in transition with purpose-driven products and services, it is tracking the contribution made to the bottom line by these products and ensuring that they are strongly performing.

The company is also focused on the non-financial aspects of the purpose, tracking its positive impact on society as appropriate, and able to show that such impact is creating societal value as intended.

#### Why is this important?

Good intentions will count for little if the execution of the purpose is poor. The company needs to be able to meet its purpose whilst also providing products and services that satisfy customers by providing all the performance points they require. Skill in execution is key to success in this, as it is in all other parts of managing a successful business.

At the same time, the social or environmental benefit of the purpose must be realised. That means having effective success measures, and always checking for unintended consequences. Being able to firmly evidence the positive impact you are having also provides a compelling message to weave into your marketing communications.



**Nike** has defined its purpose as being "to bring inspiration and innovation to every athlete in the world". That innovation explicitly includes sustainable innovation, just as part of the inspiration is delivered through its community impact.

The company has been highly proactive in ensuring its performance in both areas match the strength of its bottom line performance. The company decided early that in order to meet its purpose it needed to reduce environmental footprint across all of its products, not simply to produce one 'green' brand within the larger whole.

It has delivered huge changes, including headline performance measures such as 92% of waste diverted from landfill and energy use cut by half across its supply chain. It has innovated new materials from waste, and has an overall target of producing 'closed loop products'. Since 2008, Nike's revenue has increased by 64% while its emissions have only increased by 20%, showing that it is on the right track with an ambitious set of targets set to keep it going. **Unilever** has a wide range of brands and products within its overall umbrella, but has been very proactive in recent years in making its core purpose ('to make sustainable living commonplace') integral to sustainability and seeking to apply this purpose across its portfolio.

This strategy, well-implemented, has provided considerable success. Its Sustainable Living brands in 2014 accounted for half of the company's growth, and grew at twice the rate of the rest of the business.

- Identify aspects of your company's activity that are specifically associated with the purpose and track performance information that can be separately reported.
- Establish key performance metrics that include both financial and societal measures. Regularly review the latter to ensure that what is being measured is recording genuine benefit to society.

# Collaboration for SCale



The company works with others to develop successful market solutions and to increase the effectiveness and reach of its impact on society. Such others may include its competitors, other businesses, supply chain, NGOs, government, academia or other experts.

#### What does excellence look like?

The company identifies stakeholders that have the potential to assist and support the company's objectives and identifies options for collaboration.

The company responds to issues where action by a wider group of actors is needed by reaching out to create a coalition of common purpose.

The company ensures that its actions are informed by the best available insights in relation to its impact on society, so that decisions taken are informed by their likely consequences.

#### Why is this important?

In a complex and interconnected world, there are few problems that can be solved by a single company acting alone. Outside knowledge and expertise can make a huge difference to the chances of success, and collaboration with other societal actors and – in appropriate instances compatible with the law – even competitors can help to push solutions to scale.



In order for **IBM** to demonstrate the effectiveness of a new technology – grid computing, they joined forces with leading science, education and philanthropic organisations to create one of the largest public humanitarian grids in existence, the World Community Grid. By using the core attributes of grid computing, and volunteers from across the globe, IBM are able to deliver large scale humanitarian research results. As a result grid computing is now an established technology, used by numerous IBM clients, as well as advancing humanitarian research at a quicker pace and at a fraction of the cost.

**Nationwide** utilised its longstanding strategic partnership with Macmillan Cancer Support to provide a meaningful response to an industry-wide challenge of providing better support to vulnerable customers. Macmillan had insight into the serious financial impact cancer can have, so working in consultation Nationwide developed a new service offering bespoke, high quality support to help customers manage their finances and reduce stress after a cancer diagnosis. Nationwide involved Macmillan in reviewing policies, products and procedures. The service has helped to increase Nationwide employee skills and engagement, and improve customer service. It has led to over £300,000 in benefits provided to customers referred to Macmillan via Nationwide.

- Create a stakeholder map and rate them for potential value as collaborators in achieving your company purpose
- Identify areas of impact where their potential for scale would be greater through collaboration, outweighing any brand differentiation value.

## Leaders at all



The company empowers and encourages employees to see themselves as part owners of the company purpose, enabling them to add their own energy and creativity to solving problems and developing market solutions.

#### What does excellence look like?

Employees are engaged with the purpose of the company, and empowered to contribute to its further development and execution.

Employees are provided with opportunities to be 'social intrapreneurs' and there are examples of how this has shaped the company's wider strategy.

Managers and supervisors at all levels are motivated to further the achievement of the purpose, and help to drive performance through the company.

#### Why is this important?

If employees feel that they are not only consulted but directly involved in the company's purpose, and the execution of that purpose in the marketplace, then they are more highly motivated, and likely to be able to contribute substantial energy and insight into achieving the goal.



**3M** has based its profile as a world-class innovator on employee engagement for many years. It provides its employees with up to 15% of their time to create a pool of practical ideas that are potential business opportunities. Its scientists share knowledge through its Technical Council and the Technical Forum. A culture of risk taking and even failure is encouraged. 3M has succeeded because its system encourages employees to be resourceful and to take the initiative.

The company's approach has made it an innovation giant, with nearly 23,000 patents, many of which have been derived from its 15% programme, generating more than \$20 billion in annual sales.

**Barclays** operates a Social Innovation Facility (SIF) to drive the development of commercial solutions that directly address social challenges. SIF pulls in employees from across the business to attend workshops, 'hackathons' and intrapreneur challenges to create new ideas and initiatives. Teams are given 3 months of training and support to continue developing their social innovation to a point where it can be pitched to the business for commercial development.

- Embed entrepreneurship into recruitment criteria, appraisals and reward systems at all levels. Build creative time into job descriptions and company culture to explore new innovations.
- Be transparent with important company information.
  Provide meaningful opportunities for staff to shape decision making, particularly on strategy as well as ways of working.
- Expand existing CSR opportunities for staff to include product and service development, with a focus on bringing purpose to life and improving society.

# Levers for Change



How Business in the Community can help you unlock some of the big barriers to having a purpose-driven brand

Business need	How Business in the Community can help
Engage and inspire company leadership to see the value of being a purpose-driven business and brand	Involve company leadership in the Business in the Community network, via events and forums designed for C-suite leaders and our non-executive Leadership Teams, in particular the Marketplace Leadership Team. Inspire senior leadership via a Seeing is Believing visit to experience the business
	opportunity and societal imperative for purpose-driven brands
Gain widespread commitment from across the business to a compelling and authentic business or brand purpose	Present to your business using the information in the Purpose Toolkit, sharing the business case, bringing brand examples to life and the fundamentals of purpose. Facilitate an interactive discussion and planning session involving your key business leaders, using The Purpose Checklist, to gain consensus on company ambition and to rate your current performance.
Get advice on how your company can more effectively embed purpose into your business and brand	Perform an in depth diagnosis of the status quo within your business, unearthing barriers and enablers for change. Supported by industry-wide research and interviews with your employees, our team of experienced advisors can then provide you with an action plan.
Re-connect with communities in the markets you serve to understand changing customer and societal need.	Train and second your business professionals and future leaders through our UK based Business Connectors leadership programme. Business in the Community runs many practical community programmes in the UK and internationally, to help businesses connect with issues relevant to their business or brand success.

## Practical **actions** you can take



- Use the Purpose Checklist to rate your business or brand's integration of purpose into your key commercial activities. Individual teams could compare the company's activities against the 9 hallmarks, however we recommend this is undertaken by a cross-functional team, specifically the Executive leadership.
- Check out the Levers for Change for how Business in the Community can help you maximise the use of this material to drive change.

#### Come and talk to us

Business in the Community is continually looking to broaden our knowledge and engage with companies on the purpose agenda.

Contact Charlotte West, Marketplace Director - charlotte.west@bitc.org.uk, +44 (0)20 7566 8650



### Thanks to **EVERYONE** involved

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Business in the Community's Purpose Toolkit





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