



The Prince's  
Responsible  
Business Network



Report

# PURPOSE BEYOND PROFIT: THE BUSINESS CASE

2021



# REPORT

## PURPOSE BEYOND PROFIT: THE BUSINESS CASE

The question of purpose has been a consistent returning point for many business leaders throughout the COVID-19 pandemic. Many have described how their business' purpose has acted as a guide in this time of crisis, helping to steer difficult decisions, give clarity on the role of business in supporting society and set out ways to get there.

In this guide, we take you through the business case for taking a purposeful approach. We look at the key elements for developing a purpose and the eight steps to embed purpose. These steps help a business to understand how they can hardwire purpose into their business.

### CONTENTS

	PAGE
1. INTRODUCTION	3
2. THE BUSINESS CASE	4
3. DEVELOPING A BUSINESS PURPOSE	7
4. STEPS TO EMBED PURPOSE	7
4.1. SECURE YOUR FOUNDATIONS	9
4.2. PURPOSE IN PRACTICE	9
5. REFERENCES	11



## PURPOSE BEYOND PROFIT: THE BUSINESS CASE

At BITC we work with businesses at very different stages of their purpose journey. Some have longstanding purpose statements and are publicly recognised for being a leading purpose-driven business, others are only a few years into understanding and developing their approach and many are completely new to this way of approaching responsible business strategy.

To help navigate what content you might find most helpful we have created this simple breakdown.

<b>Purpose Starter</b>	The business <b>has minimal or no knowledge of what it means to be purpose-driven</b> and is looking to find out more about the business case and what it means. Read <a href="#">BITC's Purpose Guide</a> .
<b>Purpose Accelerator</b>	The business <b>understands the concept of purpose-driven business</b> but doesn't have one or isn't using it to drive a responsible business strategy. Read <a href="#">BITC's Purpose Toolkit</a> (member only) pages 3-11.
<b>Purpose Leader</b>	The business <b>has a purpose beyond profit and a plan</b> that puts it into practice but isn't measuring its impact. <a href="#">Read BITC's Purpose Toolkit</a> (member only) page 12.
<b>Purpose Shaper</b>	The business <b>has a purpose beyond profit, a plan that puts it into practice and is measuring the progress</b> of its purpose. Next steps are to support others on their journey through sharing insights. <a href="#">Get in touch</a> to share your story.



### Introduction

For responsible business to truly be embedded, purpose beyond profit is a necessity. Purpose sits at the centre of our [Responsible Business Map](#), and for good reason. A longstanding, credible purpose that outlines the business' reason for existing is the compass to help navigate all that the business does and to ensure it is always working towards that goal. This focus can help to shape the impact a business wants to make on the world, in turn helping to reach wider ambitions such as meeting the targets set by the Global Goals – also known as the United Nations Sustainable Development Goals.

In 2019 Business in the Community's (BITC) Responsible Business Tracker found that 86% of companies had a purpose statement but 83% had not yet thought about how to implement it.<sup>i</sup> The 2020 results then found that although 85% of business leaders speak internally and externally about their purpose, only 57% of respondents engage investors in discussion on their purpose<sup>ii</sup>. This gap between rhetoric and reality shows that companies are at real risk of 'purpose washing'.

The leaders BITC works with have shared that people are not only holding each other to account, but the expectations of their employers and business in general have also increased following COVID-19. If businesses do not have a purpose, and one that they stick to, they will lose their license to operate. Anchoring employees to a solid purpose have allowed them to stay motivated and resilient, and therefore keep operations running.

Now is the time for businesses to deepen their engagement on this agenda, strengthening and accelerating their efforts to influence more businesses to take a purpose-driven approach. As a result, BITC has called for responsible business to be **bigger, bolder, and faster** – using purpose to **drive greater influence and action across their business, value chain, sector, and investment decisions**.

### BITC MEMBERS REFERENCED IN THIS REPORT

- GlaxoSmithKline
- Salesforce
- Robertson
- Unilever



### How do we define purpose?

BITC's definition of a purpose-driven business is one that has a clearly defined purpose that articulates why it exists, beyond making a financial return, and how that benefits wider society. The purpose is then embedded in strategy, decision-making, and day-to-day operations.

Purpose should act as a compass for guiding business strategy and behaviours. BITC takes this approach to create a level of accountability across the business. It is not solely the responsibility of the CSR or Sustainability teams, the Marketing teams or even the Executive teams outlining business strategy. All of these teams have a vital role to play, but to truly embed purpose, every part of the business needs to play its role in delivering against your purpose.

### THE BUSINESS CASE

There are many business benefits of adopting a purpose-driven approach. In this section, we explore the five main areas of opportunity:

- Decision-making
- Innovation
- Financial performance
- Attracting and retaining talent
- Stakeholder relations

#### Purpose serves as a 'North Star'

To clarify and improve decision-making:

**77% OF CEOS SAID PURPOSE PROVIDES A CLEAR FRAMEWORK FOR QUICK AND EFFECTIVE DECISIONS<sup>iii</sup>**

#### CASE STUDY

*Robertson Group* used their purpose, to assure a sustainable future for all, as a guide to inform the decisions they took during the COVID-19 pandemic, including the roll-out of an employee COVID hub and in deliberations during a company restructure.

#### To stay relevant in a fast-changing world

Companies can use purpose as a guide to decide which activities to invest in and pivot towards as their core product line matures, or to build trust with customers and other stakeholders in order to support evolution in business activities.

#### CASE STUDY

In 2020 *Unilever* announced their aim to increase annual sales of its plant-based meat and dairy

alternatives to €1 billion within five to seven years. The announcement is part of Unilever's 'Future Foods' initiative, which it says aims to help people eat more healthily while reducing the environmental impact of the supply chain.

#### Purpose improves financial performance...

Through business and brand valuation

**INVESTORS BELIEVE A COMPANY WITH A SOCIAL PURPOSE WILL ADD 30% TO ITS VALUE<sup>iv</sup>**

Purposeful companies invest in their employees and invest in doing business responsibly. Research suggests that such activities can enhance financial performance.

Through innovation

**PURPOSE-DRIVEN COMPANIES REPORT 30% HIGHER LEVELS OF INNOVATION THAN COMPETITORS<sup>v</sup>**

A purpose-oriented approach can also help enhance or reshape a company's value proposition, allowing opportunities for greater innovation<sup>vi</sup>. Having a clear purpose that spans beyond commercial growth allows employees to think about the 'big picture'.

63.4% of executives believe that having a sense of purpose made their company more able to disrupt the marketplace or respond to disruption<sup>vii</sup>.

### Purpose helps to attract and retain talent...

#### Through recruitment

A strong and credible purpose can make a huge difference in attracting and retaining motivated employees. Research suggests 77% of adults would consider a company's purpose before applying for a job<sup>viii</sup>, while 69% of Generation Z expect brands to make their stances on social and political issues known publicly<sup>ix</sup>. A well-defined and embedded purpose is critical if leaders want to access these growing talent pools.

#### Through employee engagement

**PURPOSE-DRIVEN  
COMPANIES REPORT 40%  
HIGHER LEVELS OF  
WORKFORCE RETENTION  
THAN COMPETITORS<sup>x</sup>**

A well-defined and embedded purpose is necessary to future-proof business by accessing this talent pool, but also to keep them in the company. Over 80% of Millennials claim they would be more loyal to an employer that helps them contribute to social and environmental issues<sup>xi</sup>.

#### CASE STUDY

*Salesforce* attributes their company culture, driven by meaningful work, purpose and belonging, as the main factor in attracting and retaining world-class talent. The number of employees working at *Salesforce* has increased by 60% from 2018 to 2020 and they have been named 'One of the best 100 companies to work for' by *Fortune* for the last 12 years in a row.

### Purpose deepens stakeholder relations...

#### With customers

**40% OF CONSUMER ARE  
'PURPOSE-DRIVEN'  
CONSUMERS<sup>xii</sup>**

According to recent research by IBM and the National Retail Foundation<sup>xiii</sup>, 40% of consumers are 'purpose-driven', seeking 'products and services aligned with their values'. This virtually mirrors 41% of consumers who are 'value-driven'<sup>iv</sup> and are 'primarily focused on getting their money's worth'. Similarly, Edelman's 2019 Trust Barometer<sup>xiv</sup> found that 81% of respondents said it was important 'to trust [a] brand to do what is right.' [In 2020's version of the report](#), 70% of respondents said that trust is more important today than in the past.<sup>xv</sup>

Ethical spending in the UK has risen almost fourfold in the past 20 years<sup>xvi</sup>. Two in three customers are happy to pay more for products and services from brands that are committed to making a positive social impact<sup>xvii</sup> and 70% of purpose-driven shoppers pay an added premium of 35% more per upfront cost for sustainable purchases, such as recycled or eco-friendly goods.<sup>ix</sup>

#### With other businesses

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

#### CASE STUDY

During the COVID-19 pandemic, global healthcare company *GSK* used their purpose to help people 'do more, feel better, live longer' by partnering with other organisations and sharing their unique technologies in an effort to develop and distribute a vaccine for all.

### With the community

A company with a clear purpose is more likely to be approached by community groups to collaborate. Stakeholders will come to turn to that organisation when their needs, and those of their service groups, are met through the company's purpose-oriented activities.<sup>xix</sup>

#### CASE STUDY

The COVID-19 pandemic has increased critical health and social issues in towns and cities across the UK. The needs across communities have intensified, and the obligation to link business support to community requirements has never been more urgent. [\*BITC's National Business Response Network\*](#) was set up to match urgent community needs, such as food, clothing and care essentials, as well as essential business skills and expertise, with businesses willing to help. To date, the NBRN has matched over 4,000 different community requirements.



### Developing a business purpose

#### Purpose versus vision, mission and values

We quite often get asked by our members about the role of purpose and how it fits alongside other business tools such as vision, mission and values. We find it helpful to break it down as follows:

PURPOSE	=	Why does our company exist?
VISION	=	What is the future impact we want to see?
MISSION	=	What is the plan for getting there?
VALUES	=	How will we behave in the process?

The purpose is the why we exist (beyond profit), whilst the vision and mission are the 'what' (one more focused on future impact, the other a more practical way of delivering on the purpose), with the values being a set of behavioural principles to guide the 'how'.

**“IF YOU WANT TO BE TRUE THEN YOU NEED TO CREATE A PURPOSE THAT YOU CAN LIVE AND BREATHE BUT THAT IS ALSO SUSTAINABLE IN THE LONG-TERM”**

Andy Brown, Head of Sustainability, Anglian Water

#### Refreshing or starting from scratch

Businesses arrive at purpose at very different stages of their growth. Some have longstanding purpose statements that have got lost in translation throughout the years, others are completely new to the approach. Whatever point your business is at, if you are thinking about developing or refreshing

your purpose, we believe there are four core elements:

- It must be clearly defined
  - It must be relevant to your core business activities
  - It must think beyond profit to your impact on the wider world
- It must be able to drive business planning and commercial strategy

For a purpose to truly be embedded, it needs to be understood and owned by each individual across the business. Therefore it is important to involve key departments in the development of a purpose statement, and to seek input and feedback from employees at all levels. Many of our members create a working group as part of this process. This differs depending on the business, but could include employees from Strategy, Sustainability, Marketing, HR, Corporate Affairs, Research and Development and Risk.

#### Steps to embed purpose

Developing your purpose is simply the first step; the real work comes when you start to consider how to drive and embed purpose across the business. BITC has been using the following approach with our members for a number of years, and we believe it works well.

This framework lays out the steps that businesses can take to embed purpose. It is important to recognise that to benefit from a purpose-driven approach you must make sure you are starting from a good base of responsible business, or at least have transparency and awareness of areas you know need improving. You don't want your efforts on purpose to be undercut by bad practices elsewhere.

**“PLAN IT OUT OVER THE LONG-TERM. EMBEDDING PURPOSE IS A BUSINESS-WIDE COMMITMENT THAT REQUIRES TIME, MONEY, RESOURCE AND RESILIENCE”**

Graeme Hannah, Head of Sustainability, Robertsons Group



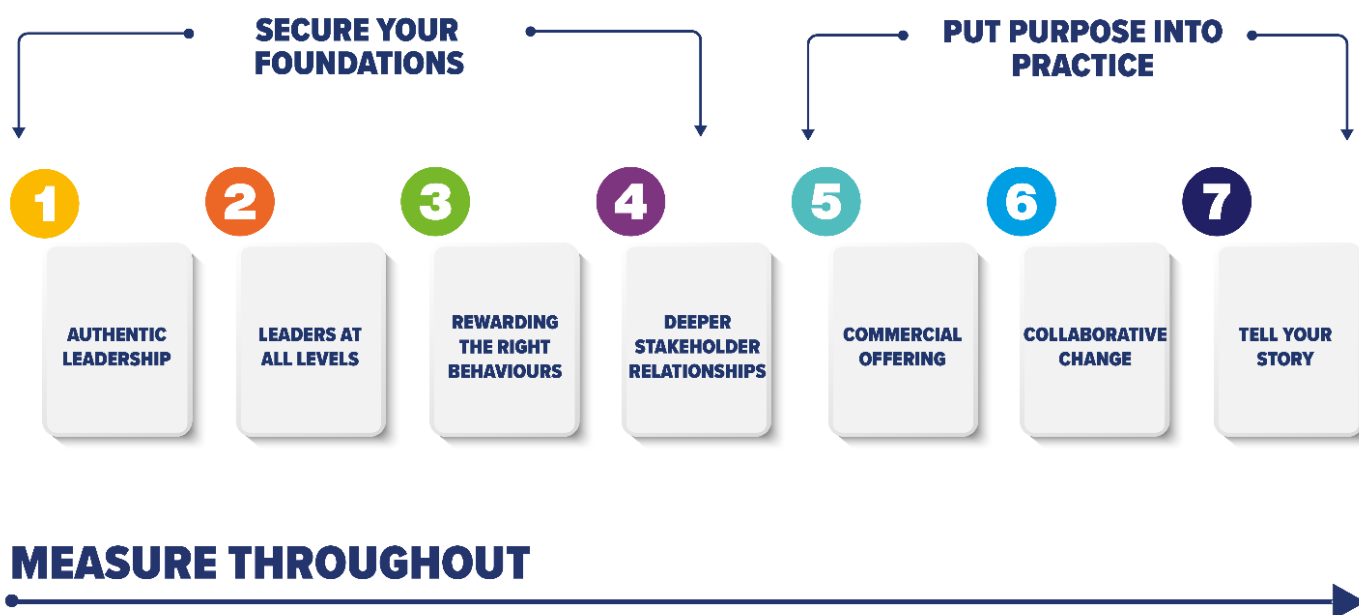


Figure 1 - BITC steps to embed purpose framework

**The foundations** are focused internally on how you bring your leadership, employees and key stakeholders on this journey and create a sense of ownership.

**“DO THE INTERNAL PIECE PROPERLY FIRST, MAKE SURE YOUR PURPOSE IS FULLY EMBEDDED INTO YOUR ORGANISATION AND THAT YOU’RE ABLE TO MEASURE THE IMPACT AUTHENTICALLY BEFORE LAUNCHING THE EXTERNAL PIECE”**

Keith Chanter, Chief Executive, EMCOR UK

We then move on to **purpose in practice** which focuses on aligning your products and services, partnerships, and external messaging to the business purpose. To show progress on how your business is embedding its purpose, it is important to build in measurement across all these steps.

The steps do not have to be taken in turn, but for best success we recommend that you make sure you work hard to get the key components of **the foundations** in good shape before trying to embark on **purpose in practice**.

**“A PURPOSEFUL APPROACH NOT ONLY ENGAGES CUSTOMERS AND COLLEAGUES, IT DRIVES INNOVATION AND LONG TERM PROFITS. AS A LEADER, ALWAYS TRY TO SEE THINGS FOR YOURSELF AND LISTEN TO THE PEOPLE WHO OFTEN HAVE THE ANSWERS TO OUR TRICKIEST SOCIAL AND ENVIRONMENTAL ISSUES – YOUR COLLEAGUES AND YOUR COMMUNITY.”**

Richard Walker, Managing Director, Iceland Foods

## Secure your foundations

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

### 1. Authentic leadership

Establishing the business purpose begins at the top. Authentic leadership articulates the purpose and makes this the key focus of how the business is managed. The value to the business of a purpose beyond profit is only realised if people throughout the business believe that it is genuine. To truly embed purpose within an organisation and achieve the benefits of motivated and inspired employees, purpose must be framed by the very top leadership and communicated regularly.

### 2. Leaders at all levels

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

### 3. Rewarding the right behaviours

Setting the tone from the top will not be enough if the overall culture of the company contradicts it. The business will struggle to gain traction if marketers are communicating 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. Therefore employees at all levels should be encouraged and incentivised to make day-to-day decisions, particularly commercial ones, in line with the company's purpose.

### 4. Deeper stakeholder relationships

The company purpose provides the basis for a relationship with stakeholders that goes beyond

the transactional –where customers and other partners become emotionally connected to the brand and what it stands for. They become advocates in a very active way and identify themselves with the vision that the company purpose sets forward, and therefore with the company itself.

## Purpose in practice

Once a company has secured its purpose foundations, it will be well placed to explore how to put purpose in action. Trying to embark on these steps too soon may lead to a fractured approach without a true understanding of why or how these align to the purpose.

### 5. Commercial offering

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 will help to solidify your reason for being and secure your place in the market. BITC's [Responsible Innovation Framework](#) aims to help innovators identify and mitigate potential unintended consequences, while capitalising on 'innovation for good' opportunities.

### 6. 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. This may include competitors, other businesses, supply chain, NGOs, government, academia, or other experts. 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 increase the reach of solutions.

### 7. Authentic brand promise

The company's overall brand positioning is aligned with its purpose and its communications.

Consistency and authenticity in the brand is what helps to build trust between the company and its customers and can make a huge difference in terms of its reputation and resilience. Customers are increasingly looking for brands that 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.

We put this at the end for good reason. It is not to discourage business from talking about purpose at an early stage – in fact, we encourage this in an effort to inspire and inform others in taking a similar approach – but rather to warn of the risks that can come from not doing so authentically. If you are using the topic of purpose as a marketing tool,

without either the transparency of your own journey, or without any effort whatsoever – you have a huge reputational risk on your hands.

### 8. 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. This should be measured across all steps through data such as talent attraction and retention, or the take up of purpose-related products or services. This requires 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 communications, both in wider marketing and to investors.

#### ENJOYED THIS CONTENT?

You might also like to:

- [find out more about our Purpose and Values work](#)
- [read our Purpose toolkit and case studies for advice on how to practically embed your purpose \(BITC member only content\)](#)
- [learn more about our advisory services](#)
- [join us for one of our upcoming events](#)



Talk to one of our expert team [today](#) to learn how membership of BITC can help you take your responsible business journey further, and drive lasting global change.

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