



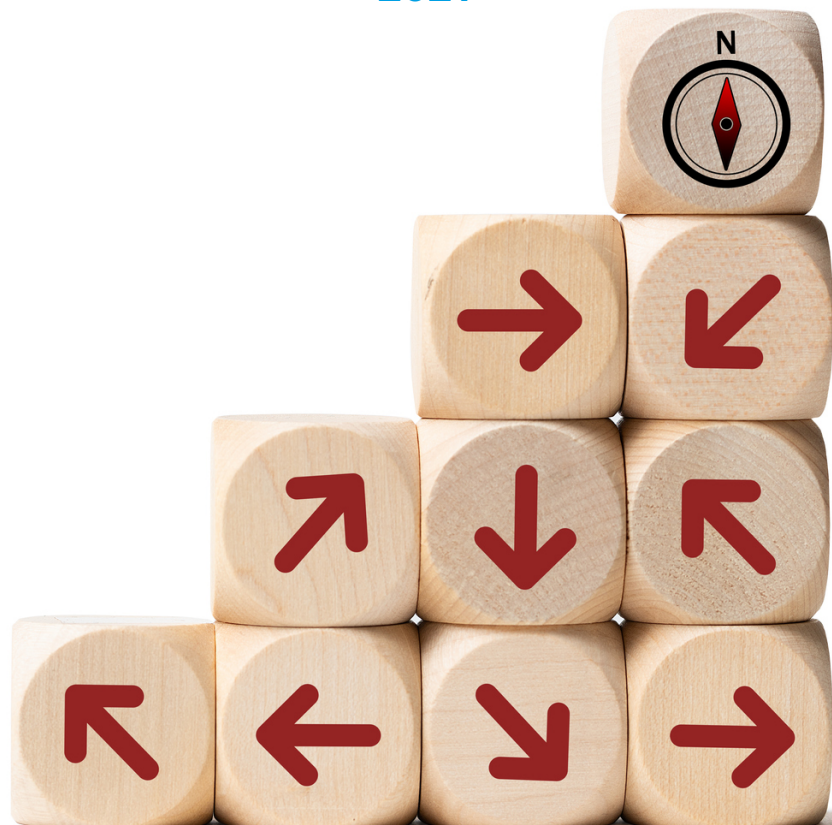
The Prince's
Responsible
Business Network



Toolkit

DEVELOPING AND EMBEDDING YOUR PURPOSE

2021



TOOLKIT

DEVELOPING & EMBEDDING YOUR PURPOSE: TOOLKIT

This toolkit has been developed to share the practical steps that businesses are taking to both develop purpose and embed it into the business.

The first step to becoming a purpose-driven business is getting your purpose right to begin with. This is where this report begins. Whilst it is good to talk about what your business stands for and the positive impact it wants to have on the world, its purpose must also be clearly defined and relevant to the business.

The businesses leading in this approach have a strategy that underpins their purpose. In the second part of this report, we take you through what that means in practice.

Creating a strategy linked to purpose requires a business to consider how it is hardwired into every part of the organisation. This is the focus in the final part of this report; what can the business do to ensure each action it takes contributes to the achievement of its purpose?



CONTENTS

	PAGE
1. GETTING STARTED	3
2. DEVELOPING AND REVIEWING YOUR PURPOSE STATEMENT	3
2.1. ENGAGING INTERNALLY	3
3. ALIGNING PURPOSE WITH YOUR RESPONSIBLE BUSINESS STRATEGY	5
4. EMBEDDING PURPOSE INTO THE BUSINESS	6
4.1. SECURE YOUR FOUNDATIONS	7
4.2. PURPOSE IN PRACTICE	10
5. WHAT NEXT	13
6. SUPPORT	13

BITC MEMBERS REFERENCED IN THIS BRIEFING



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.

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

Getting started

The first question to ask is ‘Does our business have a purpose?’. If the answer is no – then great, you’ve come to right place. If the answer is yes – then let’s explore if it is working for you.

Before embarking down this long, sometimes bumpy but always exciting road, it is crucial to seek senior buy-in. A successful purpose needs to be at the heart of your strategy. Without support from the top it can only go so far.

There are a number of ways we suggest approaching this, here are a few examples:

- Create a proposal on the benefits of taking a purpose-driven approach to share with senior colleagues. [Click to see statistics to supports the business case.](#)
- Research what others in your sector are doing, and how purpose could offer a competitive edge in recruitment or brand profile.
- Share [case studies](#) (member only) from leading companies to influence and inspire others.
- Expose your leaders to thought leadership, for example using events to hear how others are tackling this agenda.
- Speak to your BITC Relationship Manager to explore opportunities for your leader to speak 1:1 with another member on the topic.

Don’t be disheartened if this takes time. It also shouldn’t act as a barrier for getting started on the next stage. Once momentum around this topic begins to grow, leadership will quickly start to pay attention.

Developing and reviewing your purpose statement

At BITC we define business purpose as:

“ARTICULATING WHY THE BUSINESS EXISTS, BEYOND MAKING A FINANCIAL RETURN, AND HOW THAT BENEFITS WIDER SOCIETY.”



When considering what your business purpose should be, or reviewing whether it’s the right one, it’s important to consider these factors:

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

Focus on what’s behind the words and leave the final wordsmithing to experts in the business. It’s how you interpret what those words mean in practice that will bring this to life.

If you feel your purpose is the right one, jump to page 5 to focus on embedding your purpose. If you need to develop your purpose or rethink your current one, read on.

Engaging internally

It can be quite daunting, yet the answers can often be right in front of you. The best way to unpick these answers is to ask those with whom you work closely, including your employees, customers, suppliers, and investors. It to reach out to every stakeholder group, so prioritise those that you can, as this involvement will spark engagement and

help engender support and potentially advocacy later down the line, whilst also unearthing a different perspective that an executive team won't have considered.

This can be done in a number of ways, depending on the size and locations of your business, alongside resource and capacity. The simplest method is through surveys. More detailed insight can arise from focus groups or interviews.

Case study: In 2019, EMCOR UK carried out an organization-wide refresh of its purpose, to connect its purpose and practice with the Global Goals. With the help of BITC, the company undertook a review of the marketplace, with input from customers, colleagues, supply chain partners and industry and sustainability experts. This allowed EMCOR to move from a customer-focused purpose to one that aligns to all stakeholders, 'To create a better world at work', which was launched in 2020.

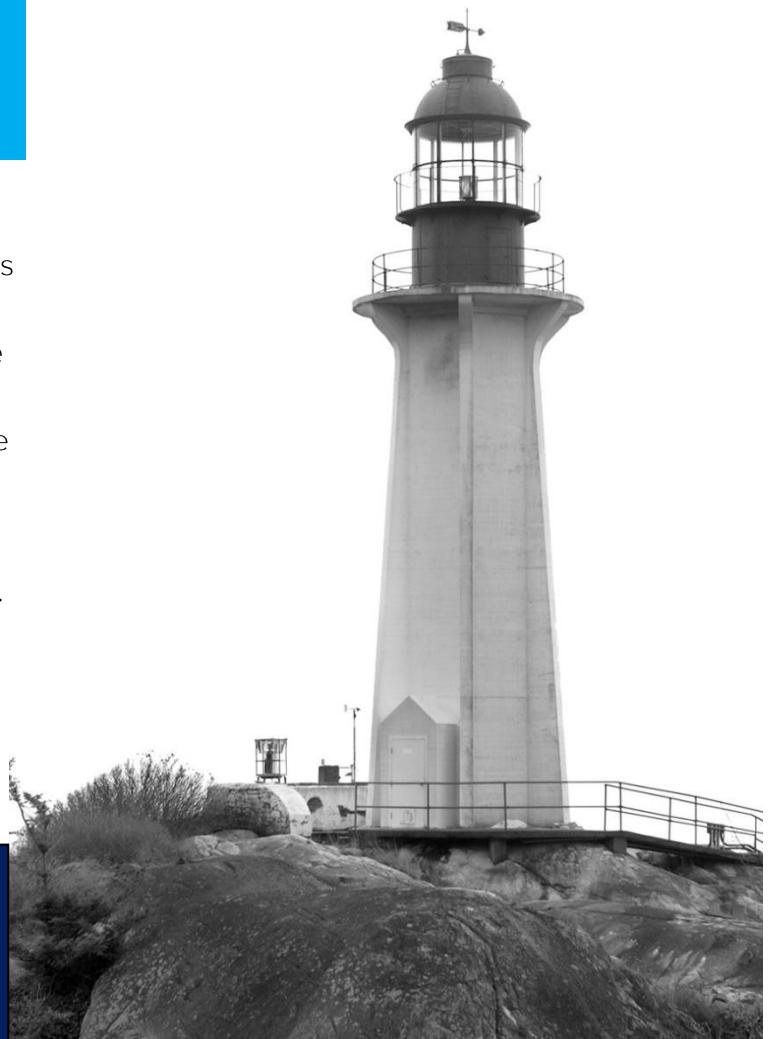
Questions to create useful insights cover:

- Which key words describe what the business is trying to achieve?
- What makes people proud to work with/for the business?
- Which key societal or environmental issues are of most relevance to the business?

From this, some clear patterns will emerge, which you can use to help shape the purpose statement. This exercise can also be used to explore and set behavioural values. In addition, these insights will be beneficial for developing a responsible business strategy to support the delivery of the purpose. More on that in the next chapter.

Tip: Use examples generated from the questions to help build an authentic narrative and bring the purpose to life with lived experiences.

Do not try to define your purpose without internal and external stakeholder engagement. If you don't have a Responsible Business Committee to guide this work, you can create a working group to provide a similar view, bringing together representatives from across the business. It's vital to include strategy, HR, communications, and sustainability. It can be beneficial to bring in other departments dependent on the size and reach of your business.



Aligning purpose with your responsible business strategy

So you have a purpose? That's great news! What we need to explore next is whether it's being used in the right way. Too often businesses make the mistake of assuming a purpose statement alone is enough to drive the business forward.

A purpose beyond profit is the foundation of a strong responsible business strategy. Leading businesses integrate responsible business into their core strategy, and it's this approach that we focus on in this toolkit – how purpose should drive the plan for the whole business.

Purpose supports the positioning of responsible business within an organisational strategy, allowing a central focus to unite internal and external stakeholders.

This approach considers a company's environmental, social, and corporate governance (ESG) requirements, and centres around impact-led initiatives programmes and products.

Without this central plan, a business will struggle to interpret what its purpose means in practice. It is at this level that you can set targets and actions against the priority issues, helping to connect more widely with the day-to-day actions of your employees, as well as setting metrics to track the progress of the impact against the business purpose.

If you would like help in developing your responsible business strategy, get in touch with your Relationship Manager or BITC's [Advisory Services Team](#) for support available via your membership, additional resources, and bespoke project support.



Figure 1 – BITC's Responsible Business strategy framework

Embedding purpose into the business

Developing your purpose statement is simply the first step; the real work comes when you start to consider how you will drive and embed purpose across the business.

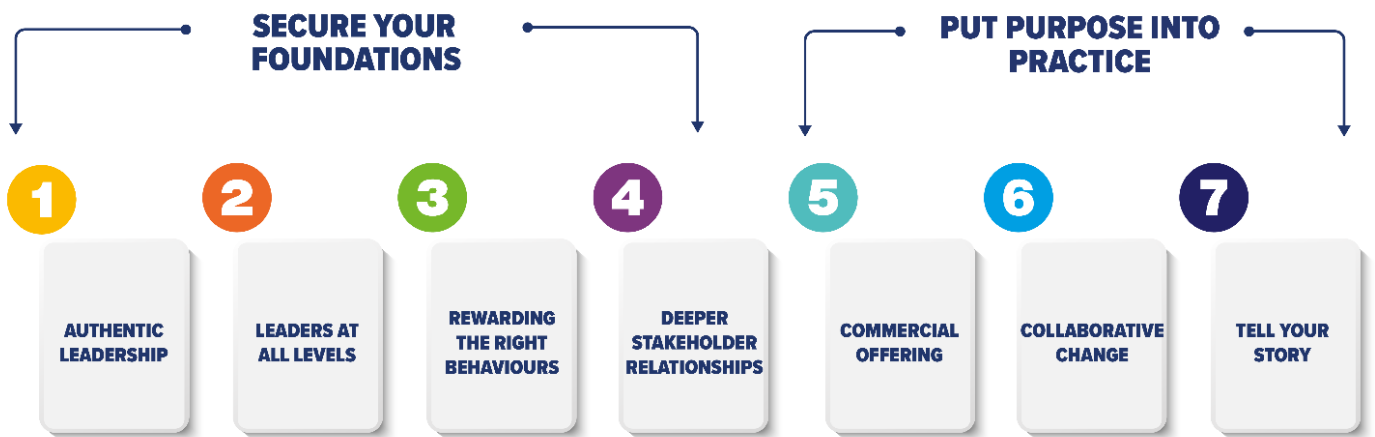
BITC's Purpose Framework lays out the steps the business can take to hardwire its purpose into its operations. It is good to recognise here, that to take benefit from a purpose-driven approach you must make sure you are starting from a good base of responsible business, or at least have transparency and awareness of areas you know need improving. You don't want your efforts here to be undermined by bad practices elsewhere.

The Foundations are focused internally on how you bring your leadership, employees and key stakeholders on this journey and create that sense

of ownership. 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 your purpose, it is important to build in measurement across all these steps.

The steps do not have to be taken in sequence, but we recommend you get the key components of the foundations in good shape before embarking on Purpose in Practice.

In this next section we will look at each of these areas in detail, covering the what, the why and the how.



MEASURE THROUGHOUT

Figure 2 - BITC steps to embed purpose framework

Secure your foundations

The following areas form the foundations of purpose-driven business. 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 with stakeholders and makes this the key focus of how the business is managed. The value to the business of a purpose beyond profit will only be realised if people throughout the business believe 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, evidenced, and communicated regularly.

What's good practice?

The company 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 employees, investors, the media, and the wider business community. It is prepared to challenge industry norms where these are barriers to achieving beneficial outcomes.

Practical actions:

- Leadership to review whether the company has an effective purpose beyond profit that fits the external context within which it operates.
- Acknowledge the areas the business needs to improve on and set milestones to make progress.
- Leaders engage in meaningful discussion and advocate for action on key material issues.
- Publicly commit to the purpose statement through annual reporting or other forms of governance as appropriate for your organisation.
- Create consistent internal and external messaging that leadership will use to align stakeholders behind the company's purpose.

Case study: In July 2019, following input from stakeholders, including employees, online customers, face-to-face focus groups and its customer board, and with support from its Board and Leadership Team, **Anglian Water** launched its corporate purpose and legally changed its company constitution – the Articles of Association – to cement its commitment to embed sustainability into the way it runs its business. This gives long-term security to investors and partners that Anglian Water's purpose is more than a marketing exercise.

2. Leaders at all levels

The company empowers 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. Employees who are consulted and directly involved in the development and execution of the purpose are more highly motivated, and able to contribute energy and insight into achieving the goal.

What's good practice?

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.

Practical actions:

- Include reference to the company purpose and values at each stage of the recruitment process, from job advert to induction.
- Establish training programmes for employees to ensure that the importance of the purpose is routinely reinforced.
- Review existing codes of conduct for employees to ensure they fit with the company's purpose.
- Be transparent with important company information. Provide meaningful opportunities for staff to feedback on, challenge and shape decision-making, particularly on strategy, and ways of working.
- Expand existing responsible business opportunities for staff to include product and service development, with a focus on bringing purpose to life and improving society.

Case study: Robertson's purpose and associated principles have been embedded into company culture in many practical ways. Firstly, through the creation of its behavioural framework 'Working the Robertson's Way', which highlights how colleagues can live the company values in practice. This framework is included in all colleague contracts, handbooks and inductions, as well as in Manager training to ensure all People Managers have leadership consistency and are familiar with leading in a way that relates back to the principles.

3. Rewarding the right behaviours

Tone from the top will not be enough if the overall culture of the company contradicts it. For example, the business will struggle to gain traction if sales teams are focused on price, while marketers are tasked with communicating high quality and sustainability. 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.

What's good practice?

The company has 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 consistent 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 the company's processes and behaviours.

Practical actions:

- Create objectives and targets for the achievement of the company's purpose, to be integrated with traditional performance measures.
- Recognise and communicate examples of employees that have taken actions to work towards the purpose.
- Where possible, link bonus schemes or remuneration to purpose-related metrics.

Case study: Rather than relying on a dedicated sustainability team, Iceland aims to embed purpose and ethical business principles throughout the business, with specialists spanning all areas of the business acting as champions, and significant grassroots involvement from its unique Talking Shop scheme. Talking Shop encourages colleagues in each store to elect a representative, who acts as a conduit for ideas and information between the shopfloor and the boardroom. Representatives are paid for their involvement. Almost 80% of colleagues live within walking distance of their store and it is this body of 1,000 community champions that not only shares plans at a local level, but also provides intelligence and ideas for Iceland's community strategy, and grassroots activism in support of its environmental campaigns.

4. Deeper stakeholder relationships

The company purpose provides the basis for a relationship with stakeholders that goes beyond the transactional, where customers, suppliers and other partners become emotionally connected to the business 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.

What's good practice?

The company seeks to understand its stakeholders on a deeper level, seeing beyond one-way communications, to create a more holistic relationship with key stakeholders, where each party can add value. For example, the company goes beyond selling to customers or buying from suppliers to facilitating a discussion about related issues. This may encourage stakeholders to change behaviours or provide support to those that seek to do so, taking a role as a supporter or mentor, not just a provider of services. The company engages with investors beyond ratings and reporting.

Practical actions:

- Create a map of stakeholders and rate them for potential value as collaborators in achieving the company purpose.
- The Global Goals can be a useful framework to aid collaboration between organisations.
- Add another level to the company's market research to better understand the values and concerns of stakeholders in relation to its purpose, and to identify the most effective calls to action that could generate stakeholder advocacy.
- Evaluate the supply chain for alignment with purpose and values. Identify suppliers who could benefit from support and guidance. Use BITC's Guide '[Driving Sustainability Through Procurement](#)' to help.
- Collaborate with long-term investors to determine which metrics they are assessing so that the company can provide them with the most accurate information.

Case study: In 2019, Direct Line Group launched its vision and strategy, which has at its heart a desire to be personal, inclusive and a force for good. The business developed the vision after a period of consultation both internally and externally so that it could understand what its people and its external stakeholders wanted Direct Line to aspire to be. This process ran alongside the development of a new strategy for the company, and both were launched at a Capital Markets Days for investors and analysts in November 2019.

Purpose in practice

Once a company has secured its purpose foundations, it will be well-placed to explore how to put purpose into 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 the company's products and services are the vehicle that helps it to achieve its purpose. Without alignment between them, the purpose will remain unfulfilled. If the purpose is to help overcome significant societal challenges, then engineering the products and services to help meet those challenges will help to solidify the company's reason for being, and secure its place in the market.

What's good practice?

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.

Practical actions:

- 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 the company can ramp up the impact and the success of its 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.
- Resource time and funding to explore 'innovation for good' opportunities. Refer to BITC's [Responsible Innovation Framework](#) for help on this.

Case study: Purpose sits at the heart of the Unilever's business strategy, The Unilever Compass. This purpose-led approach is driven through the brands within their divisions, which each have a unique strategy to deliver the vision: Foods & Refreshment's 'Future Foods', Home Care's 'Clean Future' and Beauty & Personal Care's 'Positive Beauty'. For example, Unilever's Home Care portfolio vision – Clean Future – will make people's homes a better world, and our world a better home. This is an ambitious blueprint for reinventing cleaning and laundry products to give people affordable, high-performing products that are kinder to both them and the environment. Unilever has committed to removing all fossil-fuel based sources of carbon from its laundry and cleaning products across the globe.

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 push solutions to scale.

What's good practice?

The company identifies stakeholders that have the potential to assist and support its 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 are taken with full awareness of their likely consequences.

Practical actions:

- Create a map of stakeholders and rate them for potential value as collaborators in achieving the company purpose.
- Identify areas of impact where the potential for scale would be greater through collaboration, outweighing any brand differentiation value.
- The Global Goals can be a useful framework to aid collaboration between organisations.

Case study: Journey to Tomorrow is Intercontinental Hotels Group (IHG) 10-year action plan that is aligned to the business purpose of True Hospitality for Good and created to help contribute towards achieving the UN SDGs. It provides a powerful framework for the next decade that aims to ensure travel has a beautiful future for everyone. Alongside the actions that IHG will take with its hotel owners and partners, it's vital that businesses, trade bodies and governments also work together. IHG is committed to playing an active role, including co-ordinating its efforts with the World Travel Tourism Council and supporting the Sustainable Hospitality Alliance, which sees the world's top hotel groups collaborate for the greater good.

7. Tell your story

The company's overall brand positioning is aligned with its purpose and the nature of its communications. Consistency and authenticity in the brand communications 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 which share their values in both B2B and B2C businesses. For a purposeful brand this can be a differentiator.

What's good practice?

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

Practical actions:

- Review the existing brand identity for congruence with the company/brand's purpose.
- Build elements relating to the purpose into the company's ongoing market research to gain insight into how the problems the company seeks to solve are understood and felt by its stakeholders.

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 make the brand stand apart from the casual claims and 'purpose wash' of others.

- Depending on the outcome of the review, build additional key elements into future representation of the business, or initiate a full rebranding exercise if required.
- Seek opportunities to elevate material issues and your responsible business strategy through marketing, ensuring they are backed by substantial action or commitment from the business

Advice: 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.

Measurement

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 growth 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 the company is having also provides a compelling message to weave into its communications, both in wider marketing and to investors.

What's good practice?

The company is succeeding in the marketplace, with growing market share and trading from a strong reputation with key stakeholders. Where a company has aligned products and services with purpose, it is tracking the contribution made to the bottom-line 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.

Practical actions:

- Include targets and milestones within the responsible business strategy, and report on progress.
- Track stakeholder engagement metrics to measure understanding of the business purpose.
- Establish performance metrics that are helping to achieve the business purpose, integrating both financial and societal impact measures. Regularly review the latter to ensure that what is being measured is recording genuine benefit to society.

Case study: Unilever believes that you cannot manage what you cannot measure. To drive the intended impact it stepped up its focus on non-financial reporting to ensure measurement in relation to its purpose was rigorous. Assurance was used to provide an independent third-party opinion on reporting to drive continuous improvement in performance and the quality of data. PwC has assured a number of Unilever's most important USLP metrics since 2011.

What next?

This toolkit has been designed to support businesses with some of the tools and tactics to both develop a purpose statement and hardwire it into the business. It is important to acknowledge at this stage that this isn't a project with an end date. A purpose should be longstanding, and therefore these tactics are employed for the long-term, reviewed and improved upon on a regular basis to test the impact towards achieving the company purpose. These approaches should become so vital to the daily running of the business, that they become indispensable.

Support

We look forward to hearing about your experiences, challenges, and accomplishments as you embark on this journey. BITC's approach to purpose and responsible business strategies has been designed by BITC's Advisory Services Team who work 1:1 with our members to design impactful and strategic approaches to responsible business. BITC is here to support your business, so if you have any questions, need help or would like to be put in touch with another business, please contact your BITC Relationship Manager.

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