

GETTING TO THE CORE

WORK WITH MEANING

The media is filled with tales of the bad things that happen — of criminal acts, of disasters both manmade and natural, of wrongdoing by government officials and businesses. The media assumption seems to be that tragedy attracts more interest than good news, and perhaps even more so when the world around us is marked by uncertainty. Indeed, the current recession seems to have made this tendency to dwell on unpleasant happenings even more pronounced. As seemingly invincible companies folded and government bailouts became necessary, the focus on disaster, especially when it came to business, seemed never-ending.

Unfortunately, this focus on unpleasantness has not abated even as signs of a revival have emerged. What has been ignored is that, while most companies are still feeling the pain of the recession, another view of the world of business is there for the taking: some organisations are actually thriving. They are flourishing while competitors flounder. They have skyrocketing morale, growing customer bases and satisfied shareholders.

The unsung heroes

In our work with several dozen leading global companies, we spotted a number of such winning organisations from different industries, in different areas, of different sizes and in different stages of the life cycle. What these companies have in common is that they saw the financial crisis as an opportunity to transform their business models, redirect their strategies or simply build momentum by recommitting to their long-held guiding principles and sense of purpose.



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Thomas Edison said, “The object of all work is production or accomplishment; and to either of these ends there must be forethought, system, planning, intelligence, and honest purpose as well as perspiration.” That sums up what can be called purpose-driven enterprises: these companies know why they exist, what they want to accomplish and how their values will serve as guideposts along the journey. Because they understand that humans seek meaning in their work, they have infused their workforces with a compelling and ambitious purpose that serves as a gravitational force — one that binds disparate people together, enabling them to achieve together what none could accomplish alone.

A core sense of purpose, however, is just a starting point from which a host of other essential ingredients for a successful enterprise flows. Purpose is more foundational than the ebbs and flows of the economy. It’s about why you exist in the first place. We believe that for companies, clarity on this question is crucial for sustained business success.

Brand. Values. Vision. Strategy. Purpose.

It’s easy to get confused and to feel that these terms are little more than management jargon. All too often, senior executives use the terms ‘vision’ and ‘strategy’ or ‘values’ and ‘leader behaviours’ interchangeably.



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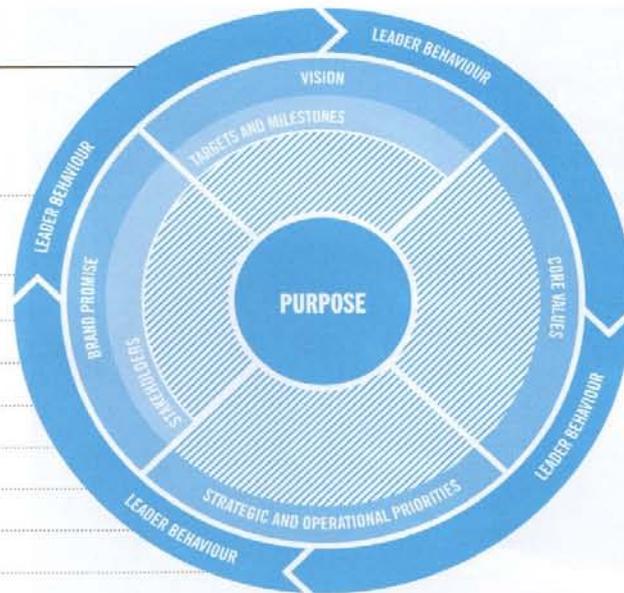
Thomas Edison

01 Collective purpose: Protesters shout slogans during a demonstration in Madrid, Spain
02 Thomas Edison: Purpose and perspiration

THE COLLECTIVE AMBITION COMPASS

Years of experience working with organisations have brought us to believe that there are seven terms that really matter.

- 01 PURPOSE
- 02 VISION
- 03 TARGETS AND MILESTONES
- 04 STRATEGIC AND OPERATIONAL PRIORITIES
- 05 BRAND PROMISE
- 06 CORE VALUES
- 07 LEADER BEHAVIOURS



After all, for executives, pondering the difference between mission and purpose, or values and principles, is a semantic exercise best left to poets; but it is critical to be clear about what these various terms mean and how they can be used to reinforce one another in pursuit of sustained success.

Years of experience working with organisations across the globe have brought us to believe that there are seven terms that really matter, that, added together, provide a compass that leads to success. Call it the Collective Ambition Compass (CAC):

- 1 **Purpose** The company's reason for being; why it exists; its core mission as an enterprise
- 2 **Vision** The position or status a company aspires to achieve within a reasonable time frame
- 3 **Targets and milestones** The metrics that are used to assess the extent to which a company has progressed towards its vision
- 4 **Strategic and operational priorities** The actions taken (and not taken) in pursuit of its vision
- 5 **Brand promise** The commitments made to stakeholders (customers, communities, investors, employees, regulators and partners) about the experience it will provide
- 6 **Core values** The guiding principles that dictate what the company stands for as an organisation in good times and bad
- 7 **Leader behaviours** How senior management acts day-by-day

as they seek to implement the company's vision and strategy in pursuit of fulfilling its brand promise and living up to its values.

Purpose is at the centre of the compass. It is the intersection point or link between 'hard' elements such as vision and strategic and operational priorities, which drive performance, and the 'soft' elements such as brand and values, which work to create a distinctive organisational climate.

Leaders driving productive change or executing well-conceived enterprise-wide initiatives step back and take the time to look at the variety of elements that should (indeed, must) interact with one another in order for these initiatives to have a solid chance of being executed successfully. Effective leaders understand the importance of shaping a powerful and compelling story of their companies' futures. They also know it's not simply about crafting a compelling story that inspires employees to fulfil the purpose. While we've seen the process of gaining clarity on the CAC serve as a powerful engagement-builder, the engagement is a means to an end: executing strategies that make the compelling purpose a reality.

Stories from the field

Three of the companies we have studied are at varying points along the journey of trying to fulfil their purpose

by implementing a collective ambition. These companies have leaders who understand that a business is more than a group of people chasing a financial target, but they also realise the value of being disciplined to achieve top-tier performance.

They don't fall into the trap of pursuing a singular ambition but rather collaborate to shape a collective ambition that takes into account all of the key elements required to achieve and sustain excellence. They embrace a powerful duality: driving performance hard while creating a collaborative climate, all with purpose at the centre.

We are highlighting these particular companies because each used purpose as the centrepiece of transformational change, but they all did so while facing very different competitive contexts. Four Seasons, for example, crafted its collective ambition during its most challenging era yet — the financial crisis, a time in which its industry was at an absolute nadir. Standard Chartered Bank, however, was in quite a different spot. It was thriving during the crisis (at least relative to its peers); and yet, as the company considered how to sustain success going forward, it turned to purpose. Then there's Dannon, the US subsidiary of Danone. After years of flat growth, Dannon decided to recommit to its purpose — to help Americans eat more healthfully — and that served as a rallying cry to dramatically grow its yogurt business.





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TRADERS ON THE FLOOR OF THE NEW YORK STOCK EXCHANGE

Forging a purposeful future

There are many paths to shaping and implementing a collective ambition. And while there are no formulas, there are themes. First and foremost, purpose matters for business enterprises. Purpose is a potent source of employee engagement, of leadership development initiatives, of branding. It breeds trust, it can speed decision-making by defining boundary conditions more clearly; and it works beautifully as the centrepiece of compelling enterprise-wide change efforts. The companies showcased here are ensuring lasting change by viewing it as a systemic process, with robust collective ambitions as compasses along the journey.

For companies seeking to become more purpose-driven, this is not about implementing a best practice here, a trendy programme there. It is about taking the pause and courage required to ask some tough questions: “Why is my company in business? What would the world lose if we were to disappear? Why is this purpose motivational for me? What do I uniquely contribute to this enterprise?” Without senior executives willing and able to ask

and answer these questions — and engage the organisation in doing the same — the benefits of being or becoming more purpose-driven are likely to go unrealised.

And that leads to a parting observation: the importance of having the right kind of leaders at the top. Unless senior leaders take the company’s purpose and associated leadership development activities seriously, an organisation will not reach its full potential. In the companies we studied, tending to purpose and the associated elements of collective ambition — especially strengthening the desired leader behaviours — was an absolute top priority, even during the worst financial crisis in decades.

Indeed and likely not by chance, the leaders of the purpose-driven enterprises we studied were a unique breed. They combined a collaborative spirit with a razor-sharp dose of discipline. And, when times get tough, these are the leaders whose companies are recommitting to long-held values or generating new ones to position their companies for success. For them, fulfilling a purpose is business as usual. ■

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