

Purpose: First Think Small



This is the eleventh in a series of papers on topical concerns for leaders. The Leadership Council brings together senior figures from commercial and public life, providing a powerful perspective on the leadership agenda. In 2019 we were delighted to welcome Amanda Mackenzie, Chief Executive of Business in the Community, as our new Chair. Amanda follows in the footsteps of our founding Chair, Robin Janvrin, who remains a committed member of The Leadership Council and continues to be one of our most distinguished and thoughtful advocates. We thank Robin for all he has done to build and sustain our organisation for more than ten years.

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Introduction

“Walking a tightrope of expectations”. That’s how Kirsty Bashforth describes the experience of business today, and it’s hard to imagine a leader of any organization disagreeing. Defining your purpose is, at its best, an honest attempt to balance and stabilize this high-wire act: to reconcile financial, social and environmental pressures and aspirations – the famous triple bottom line. Done well, this can create the confidence and clarity to navigate the tightrope with assured steps.

But high wire acts come with high risks. When BP announced that its initials now stood for ‘Beyond Petroleum’, the bubble of this bold aspiration was childishly easy to prick. Critics only had to point to the revenue streams and business model. Yet it’s easy to see why corporate leaders fall into similar traps. Purpose, we’re encouraged to believe, should be big, bold, transformational, a ‘game changer’. And indeed, the corporate world must change its game. Even investors – not least BlackRock, the world’s largest asset manager – are shining a spotlight on ESG. These are big questions which demand big answers. So why have we chosen ‘First Think Small’ as the title for this report?

The way in which most organisations approach purpose – developing a grand statement and then putting a leader on a stage to win ‘hearts and minds’ – is, as Ruth Turner points out, deeply flawed. She makes a powerful case for winning over ‘hands’ first. Starting the purpose journey with perhaps small, practical actions which over time build credibility and momentum behind a transformational agenda. For Nick Hampton that means creating small scale ‘experiments’, aligned with ambitious but at this stage not yet explicit notions of purpose. Such experiments, with care and nurture and perhaps a little luck, begin to open up new perspectives and new conversations. By engaging with ‘hands’ first, there’s a chance that you create ownership. The ‘hearts and minds’ approach risks simply emphasizing the gap between aspiration and current reality – a gap which is at least as likely to invite cynicism as it is to stimulate action.

Years ago, attempting to be a supportive Dad, I went with my daughter to a circus skills day. Given my poor balance and worse co-ordination, I should have stayed safely on the sidelines. But no, I had to go right ahead and make an inevitable fool of myself. One thing I did learn. If you want to walk a tightrope, start with one that is strung just a few inches above the ground.



A handwritten signature in black ink that reads "Martin Newman".

Martin Newman

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**This report is based on 14 in-depth interviews with leaders.
The leaders interviewed are:**

**KIRSTY BASHFORTH, CEO QuayFive,
author ‘The Culture Shift’ (Bloomsbury)**

ANGELA BRAV, President of Hertz International Division

JULIE CHAKRAVERTY, CEO Rungway

HARRY FRANKS, Co-Founder and CBDO at Zego

JO HALLAS, CEO Tyman PLC

NICK HAMPTON, CEO Tate and Lyle PLC

JOHN HEAPS, Chairman, Yorkshire Building Society

PETER HUTCHINSON, Mentor at Merryck & Co

AMANDA MACKENZIE OBE, CEO Business In The Community

PETER SIMPSON, CEO Anglian Water PLC

STEVIE SPRING, Chairman, The British Council

MATTHEW TAYLOR CBE, CEO The Royal Society of Arts

JAMES TIMPSON, CEO Timpson Ltd.

RUTH TURNER, Senior Director, The Forward Institute

KINGSLEY WHEATON, CMO at BAT PLC

Kirsty Bashforth

CEO QuayFive,
author 'The Culture Shift' (Bloomsbury)



Kirsty Bashforth runs QuayFive and is a non-executive director of Serco plc, Kier Group plc, PZ Cussons plc and Diaverum AB. She spent 24 years at BP plc, in a career spanning commercial leadership, operations and organisational change, working in the UK, US, Denmark and Belgium. At QuayFive she advises and equips senior teams to improve business performance through focus on the dynamics and culture of their organisation. Kirsty's book "Culture Shift – a practical guide to organizational culture" was published by Bloomsbury in July 2019.

How you do business has never been more important. Alongside the pressure from investors and regulators, there are waves of potential recruits who are now selecting their employer based on their identity, purpose and mission. People no longer expect to be looked after by a company for the rest of their life and if they are going to dedicate themselves to a company, they want it to engage them and have values which they align to. This is forcing leaders to become clearer on their purpose with fewer grand statements of responsibility and more action.

A business must be wholly aligned if it is to succeed. In *Culture Shift* I argue that leaders can no longer be reactive and it is crucial to actively align an organisation's purpose, mission, strategy and culture. Each of these components cannot work in isolation and when thinking of purpose, it is important to examine all the dials of the system and concentrate change on processes and systems of work to create shifts in organisational behaviour.

In my experience, a crisis forces you to reflect on purpose. I worked for 24 years at BP including during the aftermath of the Deepwater Horizon oil spill, leading BP's investment in its organisational culture. The work I led wasn't about repurposing the company, it was about ensuring there was absolute clarity and consistency over who we were and how we worked at all levels of the organisation. The spill forced us to be honest about our weaknesses and where we hadn't been clear, while at the same time reinforcing our strengths.

Emotional intelligence matters. Business leaders place a great focus on IQ and being precise with figures and KPIs, but they must also harness their emotional intelligence. It is not just about delivering a brilliantly intellectual statement; the statement must be informed by a serious reflection on the company's values and culture. Too often, businesses see culture change as a project with a defined end point, but this work is

ongoing and it isn't a one-time fix. People run businesses; we are not machines with pure logic – ambition, perception, choice, assumption, and habits all impact how work gets done. Ignore it at your peril.

The key to a clear purpose is a simple and unforgettable message. As the saying goes, 'If I had more time, I would have written a shorter letter'. Businesses must invest the time to develop an impactful message which conveys their reason for being and their mission. Google excels at this with their statement of purpose, which is 'organising the world's information'. You couldn't get simpler than that.

I think businesses are walking a tightrope of expectations. With the push for large organisations to act with social purpose, it is necessary for businesses to outline what they can realistically achieve. We can't expect large companies like Google to solve famine in Africa, but it is important that they are clear about the part they do play in society and manage expectations accordingly.

Driving purpose in the boardroom is still a challenge. I am the NED of several companies and there is a huge pressure from investors to deliver consistent financial returns. Shareholders are unforgiving and while your business might excel in ESG, if you miss your financial targets at the same time, people are still more likely to sell your stock. As a board member you can't be side-tracked by one element in the system and you have to be committed to overseeing the overall commitments to shareholders that year.

While regulators have a part to play, we cannot wait for rules to be put in place. For businesses to succeed, there needs to be a shift towards a culture which is sustainable. The focus cannot be solely on reaching targets and there needs to be an overall shift in mindset to be systematically consistent in your purpose. Uber is a brilliant example of this, coming into the market as a major disruptor whose culture centred around breaking the established rules in their marketplace. The new CEO, Dara Khosrowshahi recognised that the sheer scale of Uber meant this model had become unsustainable, and they needed to become an establishment disruptor who worked with regulators, not against them. It's a work in progress.

Angela Brav

President of Hertz International Division



Angela Brav joined Hertz in November 2019 as the President of its international division, after a successful 25-year career at International Hotels Group (IHG). Throughout her time at IHG, Angela held multiple operational and strategic roles in the US and Europe and was responsible for leading the successful turnaround of its European business. Angela's roots are grounded in hospitality and she is an avid proponent of the importance of customer service. She's also a true advocate of her people. Her diverse background and experience include developing winning cultures, facilitating franchise partnerships, maximising brand performance, implementing new online systems, creating new distribution channels and driving revenue growth. Angela founded AB Consulting and Advisors in 2018, a hospitality and entrepreneurial consulting firm where she created Collagen Blu, a premium marine collagen health and beauty product. Angela divides her time between London and Atlanta where she lives with her husband and two children.

Being purpose-led is a personal thing. A purpose-led company is one which allows each person to come to work with an idea of purpose that makes sense to them. It can't be defined solely by what the company wants to do. Too much thought goes into a company's own definition of its purpose, and too little into thinking through purpose from the point of view of the people who work for you. For me, a good discussion about purpose starts by asking - "What is it about this company that allows people to be themselves, and to feel like they're making an impact which makes sense for their own lives as well as for the organization?"

Thinking things through from the corporate perspective rather than the personal perspective creates problems. For example, it's typical that a major corporation will tell employees that "this is a culture where we want you to have room to be yourself". That statement typically stands up to the test of recruitment, in that different backgrounds and different views are apparently welcomed into the company. But then the actual norms of that organisation tend to take over: yes be yourself, just don't show any visible tats, or no earrings, or whatever. There comes a point where you're expected to morph into something not true to yourself, and those who don't are not going to see their careers progressing. That sends a very powerful signal, far more than the lip service to the idea of 'room to be yourself'. People notice. Leaders frequently imagine that people don't notice these things, but they absolutely do. We tell people that we value them for themselves, for their unique and different perspectives and contributions, and then as soon as that becomes at all difficult for us we shut them down.

You see this all over, and I put my own hand up to this. In Hertz, I've made it clear that this is a culture where we want to hear people's opinions. I've assumed – and here's my

mistake – that this also means "when you share your feelings and thoughts with me, I expect them to be expressed in a thoughtful and respectful way." Then, when people come back being totally direct and raw and upfront about what's on their minds, we get upset and can't deal with it. Here's a situation where both sides meant well – as a leader I really do want to listen, and as employees those individuals really do want to express their views – but it ends up with both sides shutting down. It's a huge missed opportunity. And this relates directly to diversity, because the more diverse the people in your organization are, the less likely they're going to share the cultural codes and assumptions that you have taken for granted. For leaders to make sense of this very fast changing landscape, we need to frame things with much greater care. We have to start by recognizing it's likely that we don't share all those assumptions about behaviour. Or we have to be much less thin skinned about the way people are going to react.

Statements of purpose, typically attempts to juggle the 3 Ps of people, profit and planet, are fine but I would categorise them as table stakes. If you don't have a positive story to tell beyond profit, your business doesn't have a future. I'm less interested in 'purposeful' mission statements, and more interested in how you can frame the relationship between individuals and some shared moral ground such that you have a purpose-led company.

A lot of companies claim to be 'purpose-led', but actually doing it is a different matter. I think that 'purpose' projects need to come with a big warning attached: Are You Prepared To Do What It Takes? The sign of a truly propose-led company is that you're prepared to stop doing some of the things you've always done, and start doing some completely new stuff. Too often 'purpose' is a kind of flattering mirror which shows the best side of a company's face, instead of a commitment to change.

If you aim to be a purposeful leader you need to ask yourself this. What does my team get out of bed in the morning for, why are they coming to work? And what kind of business would we say absolutely no to? Or what country would we refuse to work with? Until you have thought through what a commitment to purpose really entails, until you are prepared to make the sacrifices, be extremely wary about making grand statements. As soon as employees, let alone external stakeholders, sense that purpose is all about high minded ideals which don't change a thing on the ground, your credibility vanishes.

I've seen a lot of people in publicly held businesses hide behind the idea that their investors are only interested in the numbers, so there's no point in getting too serious about purpose. That's an easy get out, but it makes a fundamental mistake. Markets do value purpose. If you look at market valuations and best-in-class citations, often that value is based on purpose as a strong element. In fact, the constant dialogue which public companies have to have with their owners should create even bigger opportunities to open up discussions about purpose.

Julie Chakraverty

CEO, Rungway



Julie is CEO and founder of the new workplace advice platform Rungway, used by leading global organisations to support their culture transformation. Julie has a wealth of board experience, having been Senior Independent Director, Chairman of the Risk Committee, and Chairman of the Innovation Committee for Aberdeen Asset Management, and also a Non-Executive Director at Santander UK, Mitsui Amlin, Paternoster and Spirit Pubs. Julie grew her career at UBS where she held a number of global leadership positions and founded the “CreditDelta” risk management platform which won industry awards for innovation every year between 2001-2009. In 2013 she was recognized in The Times newspaper as the youngest female director of a FTSE-100 company, aged 41. She graduated with a first class Economics degree from St John’s College, Cambridge.

Rungway was founded with a very specific purpose: to enable everyone to get the best advice in the moments that matter. This isn’t just about who we hire – our values and purpose are the touchstones for how we build product, how we grow, and who we’ll work with. All too often I see companies where purpose is rarely referenced outside of the annual strategy day or the marketing refresh. The best boards write it out as a reminder on every agenda.

For purpose to be transformative it has to be more than just a slogan or PR exercise. Whatever a company’s purpose, it has to be visible in their services, their products and most importantly in the way their employees work and serve clients. Ultimately, it should revitalise your employees, a phrase from the FCA which I really like. Changing attitudes and behaviours is challenging – incentive structures, learning and development, and communication methods often have to be reinvented. Alignment with purpose should be factored into the recruitment stage, when you probe someone’s motivation and values. Don’t forget that all this should be a key part of promotion criteria and discussions as well – which internal candidates are really proactive role models for purpose and culture? Have you identified specific behaviours by which to judge this?

The ‘purpose’ challenge is compounded as a company grows - when you’re all in one office, you can literally “talk purpose” and see a powerful impact on your employees. When

you’re geographically and functionally dispersed, the message can get lost. Embedding purpose in a company relies on continual reinforcement and reward for behaviours which embody its purpose and mission. Balanced scorecards have become a popular response, where purely financial metrics are supplemented by more qualitative measures (e.g. customer satisfaction, sustainability, diversity & inclusion objectives). On Rungway, where employees start anonymous discussions on important company topics, we scan conversations for sentiment and themes relevant to stated purpose and values. With increased social and political scrutiny of organisational conduct, it’s more important than ever that day-to-day behaviours regardless of seniority, function or geography, match the purpose and mission that was “sold” to employees, customers and other stakeholders.

Unless your culture is nurtured to meet your purpose, you won’t meet the goals you set. You must be clear to employees what your purpose is and how you expect them to live it. That starts at the top: role-modelling through actions. It’s also critical to listen to employees to understand how they feel and where the culture is diverging from the purpose of the company. In practice this isn’t easy because not everyone feels confident enough to openly say what they really think. Barriers can make it hard for advice to flow freely: people can just be too busy to help in the moment, you might not know who to approach that’s been in your situation, and you can lack the confidence to raise your hand and publicly challenge or raise a sensitive issue.

Enabling communication is key to engendering a positive culture: at Rungway we believe that every question matters. By unlocking advice flows we’re helping embed truly connected and inclusive workplace cultures. Rungway has developed a unique approach to deliver “anonymity for good” and our values underpin the company.

The financial crisis was a wake-up call for all the banks to reassess their purpose, culture and strategy. The past ten years have seen huge efforts in this regard, with regulators and stakeholders now providing unprecedented scrutiny of the outputs. Many leaders, particularly in listed companies, face multiple, conflicting, and short-term commercial pressures that can contradict longer term “purpose”. There’s no easy answer to this.

Regulators are already asking companies to put purpose front and centre of how they implement their strategies and serve their clients. They are increasingly holding them to account with new regulations and asking them to utilise new tools and methods to ensure that managers are proactive on purpose and culture, understand what’s really going on, and react accordingly. In financial services, one such example is the Senior Managers and Certification Regime, designed to make individual leaders much more accountable and systematic in overseeing their businesses.

Harry Franks

Co-Founder and CBDO at Zego



In 2016 Harry and his co-founders launched Zego, a tech enabled insurance company, servicing commercial customers in the modern world. Zego now boasts a team of nearly 170 people in London and Europe. Zego has raised \$50m+ in venture funding to date. With more than ten years' experience in start-ups, Harry's focus has been on the emerging on-demand space, and its impact on changing consumer behaviour on incumbent industries, working across a range of high growth startups in the UK and US.

At Zego, purpose is at the very top of the boardroom agenda. It is the absolute core of why we are here and why people come to work. It also acts as our guide rail, helping us focus and decide what to do next. Too many companies think about purpose as an engagement tool or something that can be retrofitted.

We have a distinct vision, mission and purpose. Vision is how you think the world will look in the long-term future. At Zego, our vision is a world where insurance no longer limits our choices. Your mission is the first step that will help you get there: something achievable and measurable in, say, the next 5 years. For us, that's to be the largest and best provider of insurance services for new enterprise. Finally, your purpose is why you do it; why it's important. Zego's purpose is to power and enhance new enterprise with 21st century insurance solutions.

You need to have a purpose in place before you begin to grow. There is a clear correlation between companies that fail and companies that don't have a clear vision, mission and purpose. When there are only three of you in the room, these core beliefs will be transferred by osmosis. But when you're bigger, the team becomes more dispersed and the harder it will be to define a purpose. You need to have it in place before then so you can engage people effectively.

And it goes beyond defining a purpose: implementation is key. You need everyone to believe in the company purpose and make every decision based on what you're trying to achieve. We try and resolve this by reinforcing our values at every opportunity. We share them at every all-company meeting; all performance reviews are based around them; it's something we (sometimes sickeningly) drive home so that people know what the senior team expect.

We changed our whole way of reporting so that we are customer and purpose focused, rather than product focused. Instead of talking about how much premium we've written or sales numbers, we talk about the number of customers that we have satisfied over the last month. Effectively, they mean the same thing but it aligns more with what we're doing and really helps the team feel closer to customers and thus more engaged. Ultimately, if you structure these things correctly your revenue will follow completely in line.

Having a clear purpose has a huge impact on successful recruitment. It allows us to attract people who aren't driven by their personal PNL, but by the feeling that they're making a difference. We are in an incredibly competitive space, especially when hiring developers. The developers we have here could go and work at Google or Facebook and probably get paid five times as much. But money isn't their only priority: they want to work with other like-minded people in an environment where they can grow, they want to make a difference, and they want to apply themselves and become a master of their craft. I believe that is a generational change.

Beyond recruitment, without purpose I think we'd struggle with execution. Because when you want to turn the screw, to really put the pressure on, your team needs to know you're all in this together. Anyone who is just here for the nine to five doesn't have the right attitude for us.

We have a very open culture and people are invited to ask questions and interrogate our decisions. Challenges keep you on your toes. It means you've got the right sort of curious and inquisitive people behind you. With that, you give them autonomy and responsibility from the off, and that is a big driver of people wanting to be here.

I would be really interested in the idea of all companies having to declare their purpose. I think it would probably highlight that there are some pretty shady businesses in existence.

Jo Hallas

CEO, Tyman PLC



Jo was appointed Chief Executive Officer for Tyman plc on 1 April 2019. She was previously Business Group Director for Spectris plc, where she had responsibility for a portfolio of global industrial technology businesses. Prior to this, Jo led the Invensys residential controls business. She has also held senior commercial roles with the Bosch Group in the UK and Germany and ten years with Procter and Gamble in Germany, the USA and Asia. Jo is a former non-executive director and chair of the remuneration committee of Norcros plc. She is a Chartered Engineer with an engineering degree from the University of Cambridge and an MBA from INSEAD.

In any business there are a multitude of complex priorities. Distilling those into a simple statement which you can use as a compass is very difficult, particularly when it needs to be relatable across all levels, cultures and languages in the organisation. My experience at Procter & Gamble showed me the value of creating such a statement: 'improving the lives of the world's consumers' was simple and useful enough for it to come up frequently in our conversations and generally the relevance was easy to see: we could bring laundry products into developing world markets which clearly were helping free up people's time, reducing the amount of physical work for families. Or responding to extremely limited household budgets in such markets by selling products in single use sachets rather than multi use bottles. Other initiatives seemed at first take harder to connect to the purpose, for example when we were restructuring legal entities. In fact, if you could demonstrate that this would create greater efficiency, you could make the connection to the ability to generate more investment which could be ploughed back into the purpose. It's an important challenge to set yourself: is the purpose statement truly at the heart of everything you're doing; can you genuinely have all your activities make the famous NASA cleaner connection?

My definition of purpose: it's why we exist, the contribution and change we're making to society. People are conscious of the time we have in this world; we're all aware of our own mortality. Why are we here, what are we trying to achieve? For some that may be simply to bring up the next generation in the best way we can; for some it will be about making a more macro transformation, whether in the corporate world or society at large. People want a reason for how they spend their precious time, time that will never come back. As leaders we owe it to our colleagues to create that sense of meaning.

The urgency around clarity of purpose is changing very quickly, as the past twelve months have created a more mainstream awareness of the impact of climate change and eco system destruction on our fundamental sustainability as a planet. Every day now, something new is emerging from shareholders to emphasise how this has risen to being a core - if not the core - factor for their investment considerations. Companies are being encouraged to take a fundamental re-look at the role they play and how they are configured to do this to best effect. This drive from asset managers together with the emergence of practical approaches such as the UNSDGs and TCFD has the potential to create change at a speed that western governments won't mobilise. This plays directly into the heart of clarity and boldness of purpose.

At Tyman, we've been working on some initial ideas for our purpose. The business has historically operated as a financial holding model, with the Tyman brand little more than an investor brand. And yet, when you look at what we do, our products enhance the comfort, sustainability, security, safety and aesthetics of living and working spaces. This gives us a lot of potential to establish a purpose that truly allows our people to connect with, while also being something that guides our daily priorities and has clear line-of-sight to commercial value creation.

In a fundamentally conservative industry, for all our excitement about innovation, including digital and smart, it's still a slow-moving sector. With most of our markets suffering from lack of affordable housing stock to support the ever-growing population, the reality is that the majority of houses are built with one criteria: as cheap as possible. In this context, for a purpose statement to both cut through and have credibility, it needs to balance a realism about the marketplace of today with something that moves us forward to a new tomorrow, in other words a level of commitment to disruption. Disruptive initiatives are by definition going to be short lived, which leads to a further dilemma. Embedded in the idea of purpose is long term thinking, the creation of a compass which will serve you in good stead for years to come. Many companies take years to bed their purpose fully into the business. So, when agility and adaptability are the "new normal" and the average lifespan of a corporate is dramatically reducing, if it is the emergent, disruptive brands which blaze a trail and establish a niche, you have to ensure the longevity inherent in purpose is actually fit for purpose.

Nick Hampton

CEO Tate and Lyle PLC



Nick was appointed Chief Executive of Tate & Lyle PLC in April 2018, having joined the Company in September 2014 as Chief Financial Officer. Nick has a wealth of knowledge and experience of the global food and beverage industry having held a number of senior general management, strategic, financial and operational roles in large, multinational businesses. He has also led several major transformational projects.

Prior to joining Tate & Lyle, Nick held a number of senior roles over a twenty-year career at PepsiCo, including Senior Vice President and Chief Financial Officer, Europe from 2008, and from 2013 as PepsiCo's President, West Europe Region and Senior Vice President Commercial, Europe. Nick is a non-executive director and Chairman of the Audit Committee of Great Portland Estates plc. He holds a Master's Degree in Chemistry from St. John's College, Oxford University.

Who would have thought two years ago that a teenager sailing to New York could change the way people around the world think? In my own family, I go home every evening to a house with at least two Greta Thunbergs, and I am certain that I am not alone. Our own children, let alone shareholders, customers and employees, are directly challenging us about the purpose of our jobs. Climate change campaigns have fundamentally shifted our ideas about our responsibility to the future. This is an agenda which is accelerating in ways that inevitably challenge business. It's never been so important to have purpose, to have real clarity on why we do what we do, not just what we do, and to be able to articulate that in a way that employees can align with their own personal sense of purpose.

At Tate & Lyle, we started our thinking on purpose a few years back with the realisation that we lacked any distinctive sense of why we do what we do, and that this was holding us back. The question we started with was - how could we unlock "purposeful advantage"? By that I mean creating competitive advantage and having a positive impact in the world – doing good business and having a positive impact. It's the intersection between our capabilities, the needs of our customers and societal needs.

We defined our purpose in 2017. Our purpose is to "Improve lives for generations" through three key pillars – supporting healthy living, building thriving communities and caring for our planet – and having an extraordinary impact. That word 'extraordinary' has become a kind of compass for us. By aiming to have an extraordinary impact on the world around us, by allowing our people to realise their extraordinary potential, and leading to extraordinary

business results. Environmental, social and financial – it's our take on the triple bottom line. We are still navigating the ways in which this can allow us to do better business, but we are seeing our conversations with customers becoming more explicitly purposeful.

People always tell you that you have to engage employees in a way that lights a fire, it's accepted wisdom that this is how you get traction around change. In reality, engagement is not something you can do to people. You don't engage people, you have to create a context where people engage for themselves. An individual's personal values and sense of purpose are always going to trump any corporate initiatives. If you can create that context where people begin to find themselves better tuned to their personal purpose through the purpose of the business and the work they are doing, this is when something interesting begins to happen.

When we developed our 'purpose', the first task was to work with a group of advocates to create some experiments in the business and see whether these might begin to unlock something in our people. Our innovation team began to work on a lower calorie syrup. Our Shanghai team started an education programme in local schools looking to tackle obesity. Our narrative around purpose began by people talking about experiments like this. And we began to see them having a real impact – for example through the Shanghai school programme we have managed to decrease childhood obesity by 35%.

You can tell how serious a commitment to purpose is if you look at the decisions it's leading you to take. For example, we've recently been screening out acquisitions which might have met our criteria in the past, based on the impact those businesses have on the world. And that headline purpose statement is supported by a number of more detailed commitments: two examples, removing coal as a fuel source from our own production and our supply chain, and moving to 100% sustainable sourcing of corn. Those have led to positive investment in alternative fuel sources, and a partnership in the US to support sustainable agriculture across the equivalent of 1.5m acres of corn. These are a start and a clear statement of intent to create a more sustainable supply chain.

It's been interesting to see a shift in attitude among our board. Three years ago they were broadly supportive, but there was some scepticism: how can we set out this kind of a purpose when inevitably a lot of our business is still locked in to HFCS (high fructose corn syrup)? Over time a clear understanding has grown that this is not about being perfect in every way overnight, it's about a commitment to purposeful change. By 2018 this narrative was beginning to play a part in our annual report, but I still sensed some board level discomfort. But with last year's results and the 2019 Report, we've been leading with purpose front and centre and everyone's cheering from the rafters. Initially it was a leap of faith, and I've been genuinely surprised by the impact we've had with it, externally and internally. Ultimately that success comes back to the fact that our purpose is genuine and aligns with what people believe is important as individuals, it's not about following a corporate line and doing what you're told.

John Heaps

Chairman, Yorkshire Building Society



John Heaps joined the Yorkshire Building Society Board in 2014 as Chairman Designate, becoming Chairman in 2015. John is a lawyer by training and the former Chairman of corporate law firm Eversheds, having served on its Board since 2008 and before that its Senior Management Team since 1999. John is a member of The CityUK board and a member of the Business and Oversight Board of The Law Society.

YBS has always been guided by a clear strategy and vision, and that's what our purpose is all about. Our reason for being is the same today as it was when the building society movement began over 150 years ago.

When people talk about purpose today, what they really mean is social purpose. Building societies have always existed with a clear social purpose – to help people become homeowners and to help them save. These two clear aims are as relevant today as they were when building societies were first invented.

The building society sector – and therefore its original purpose – has been under threat in the past from demutualisation. At one time, there were over 150 building societies, and now there are fewer than 50. At YBS, we have decided to focus on being brilliant at mortgages and savings: providing real help for real lives. This is the purpose of YBS.

Every single decision we make is in the interests of our members. The motivation of a bank is different. The board of a bank is under immense pressure to deliver dividends to shareholders and to watch the share price. Conversely, we can use the fact we don't have external shareholders to provide better rates for savers and borrowers, to improve our service, to invest for the future or to address social issues affecting our communities. This means we can focus on the long-term sustainability of the business in a very competitive market.

The increasing focus on purpose in financial services is partly a reaction to the criticisms faced over the past 10 years. The reputation of financial services has been damaged. This in turn has led to a need to address the culture of financial services organisations. This is

part of a real trend for organizations to appeal to their customers by being more aware of environmental, societal and governance issues.

Banks are adopting these purposeful approaches as a new idea when it's what building societies have been doing for 150 years. Banks are starting from scratch with these issues, but it is what building societies have always done. It is in the very nature of our organisation. People still want the best deal they can get for their mortgage, but all things being equal they will be more inclined to make use of organisations that have a genuine societal purpose that resonates with their values.

Peter Hutchinson

Mentor at Merryck & Co



Peter is a broad-based business leader with a passion for developing organisations and people. Following a sound grounding at Mars Inc and Kingfisher plc, Peter held four CEO roles at ICL and Fujitsu and led the successful transformation programme that was responsible for the turnaround of the €3.5bn business. He has operated at board level for more than 25 years.

As a mentor at Merryck & Co. Peter works with business leaders in a variety of ways that bring out their underlying strengths, clarify their goals, transform their relationships and develop their understanding and ability to operate in more senior roles. Peter also mentors executive teams to help them build purpose, trust and team effectiveness. A Henley Business School qualified executive coach and mentor since 2008, Peter has worked with dozens of leaders and leadership teams across Europe. As well as Peter's huge breadth of business experience, he also brings insights from psychology, neuroscience, Eastern philosophy and martial arts.

It's absolutely vital to make statements of purpose that are simple and memorable. I learned that working as a business leader, and I've consistently tried to apply it in my coaching work with executive teams. Increasingly, when we're initially discussing the work we might do with a team, purpose comes up unprompted. Sometimes they're on a mission to define it; sometimes they feel they've already done it. It's usually the ones who think they've done it who are in for a surprise: I always interview team members individually before working with the group, and almost invariably I find a range of often widely diverging views on what the purpose of the organization is, or should be. In other words, there's confusion precisely where the leadership believed they had created clarity.

If you trace back the causes for this confusion, you usually find that a 'purpose' exercise has taken place which, through trying to please everyone and avoid disagreements, has generated a statement combining bland ideas wrapped up in excessive verbiage. Then, later, no-one can remember exactly what the "wordsmithing" had come up with and whether they cared. Unless it's short, direct, simple, and touches both emotional and rational motivations, it's simply not going to be remembered. A purpose which you cannot carry round with you and remember is not fit for purpose.

Purpose has to touch people. For that to happen, when you're thinking about purpose you have to think about the difference you want to make to the world, the positive external mark you want to leave. There are still people who think that statements like 'being the most profitable' or 'reaching a hundred billion' are great ways to capture purpose, but they're not. Those are about the mark you want to make on your own bank balance. In fact, for me one of the hallmarks of a well-defined purpose is that it creates a focus on the value the organization creates for its customers or for wider society.

When you do find a way to tell a great story about the positive and important difference you want to make for other people, you immediately have something that is noticeable, memorable, interesting. I was working with the marketing function in a big pharmaceutical business. Parts of the team managed new launches, others managed established products through different geographies, there were PR specialists, events people and so on. As we began they were not convinced that they had enough in common to justify seeing themselves as a team. I thought that working on common purpose might be the key to unlock a whole different level of buy-in and commitment. We went through a purpose exercise and ended up with a statement which immediately changed the whole tone of the discussion: within 3 years, 3 million more people in the world will have the correct treatment for the family of diseases that the company specializes in. Everyone in the team could see how what they were doing contributed to this purpose. For the first time, it actually felt like a team. It's worth noting that the actual wording, simple and punchy, played a big part in the success of this approach. It ticked all the boxes: short, memorable, 'sticky', and focused on making an important positive change in the external world. It didn't come across as internally obsessed but instead was generous and responsible.

Getting executive teams to open up to this big, external, ambitious way of thinking about purpose can seem quite a long way outside the typical comfort zone of business discussions. You have to lead them there in stages. One way to start off, with what I'd call a 'beginner purpose', is to use a concept which Peter Hawkins suggested in his team coaching model, the idea of 'commission'. Simply put, this asks the question "what is the team for?". A good way to get into this discussion is to think about who your principal stakeholders are: what are these people asking of us?; seen through their eyes, why are we here? As I say this is a beginners purpose, the foothills work. It can lead to good alignment, but it can lead to more internally focused definitions. A more advanced version is also more visionary: you take a point in the future, some years out, and try to think what things would look like if you have been brilliant. The next step is to shake up the comfort zone by getting people literally to draw a picture of that future. When you actually have got those senior people to do something like picking up felt tip pens and drawing pictures, that opens up the brain in a different way. People start laughing, talking in a more visionary way. When you have to explain and discuss a picture in a small group, it's remarkable how quickly you find what resonates, what gets people excited. Almost invariably, the strongest resonance comes from ways of describing the future which are about making a positive change to the lives of others. That's real purpose.

Implicitly or explicitly, this should always link to business success: to growth, profit and cash flow. The assumption behind a well-defined purpose is that if we create real value for everyone else, we will also be able to create value for ourselves. I would argue that the only reason any business can continue to exist is because it creates new value for others. At one level, every organization is aware of this, but it is remarkable how few actually work out a simple way for defining what that 'value for others' is.

We've all seen organisations launch ambitious-sounding statements of purpose only for the wheels to come off, sometimes rather fast. The number one derailer is that the leaders, the executive team, fail to live that purpose day in, day out. We really want to work for an organization with a worthwhile purpose but we're wary if we don't sense that the top team really believe it. So we listen out for anything that indicates that maybe they aren't being consistent about it. Once the cynicism sets in then the organization is back to square one.

Behind this lies a fundamental problem. Frequently you find that while senior leaders are keen to have a hand in drafting purpose, their conception of purpose is that it's guidance for the masses, while their own executive universe is far too complex and nuanced for anything as simplistic as a purpose statement to have much personal relevance. Actually, purpose should be even more present and relevant to the CEO, the ExCo, the Board than it is for the rest of the organization, because ultimately they are the ones shaping the future. So every time a senior leader is out and about, they have to have the purpose on their lips, and whenever they're talking they need to find a way to relate whatever is under discussion back to purpose. I've found the concept of 'Communic8' helpful. If you have an idea which you want people to fully absorb and make their own, you don't stand a chance unless you commit to touch people with it at least eight times, using different formats and media and different occasions. Leaders tend to massively underestimate the sheer slog of internal communication if you want to achieve anything.

Amanda Mackenzie OBE

CEO Business In The Community



Amanda Mackenzie OBE is Chair of The Leadership Council and Chief Executive of Business in the Community – The Prince's Responsible Business Network – which aims to create healthy communities with successful business at their heart. Previously, Amanda was a member of Aviva's Group Executive for over 8 years as CMO and joined Aviva to change its name from Norwich Union. Amanda has over 25 years of commercial experience, including director roles at British Airways Airmiles, BT and British Gas. She is a non-executive director of Lloyds Banking Group, sitting on the risk, remuneration and responsible business committees.

Everyone starts with worthy words. For every nine companies who have an impressive purpose statement, only one or two have a clear plan to enact it. For a simple rule of thumb to check how actionable a purpose statement might be, ask – can you boil it down to a 'five-a-day'? What are the small, simple, everyday actions or choices which go alongside the big words? Through which every colleague can understand how they are contributing. It's that gap between the mundane everyday and the big statements of principle, which defeats so many 'purpose' projects.

Post menopause, I put on a bit of weight. This year I've lost 7kg, and a lot of that is down to a simple nudging app. It nudges you to weigh yourself every single morning, you log your food intake, your exercise, and it aims to change your psychological relationship with food. It's incredibly simple, it's so practical and obvious, but it works when you do it every single day. For me, unless purpose in a corporate context comes with something similarly basic and simple that means you align your direction every day, it's just not going to work. For instance, at the end of every meeting ask how the purpose has been furthered by the decisions made.

One of the big banks launched their new values by installing enormous plastic monoliths in the reception of their headquarters building, with the values inscribed in the plastic. Leaving aside any question about the use of plastics, these looked like giant tombstones, completely removed from reality and seeming to have written their own obituary at birth. I was so depressed walking through these terrible monuments. If they were serious about bringing those values to life, where were the little stories about the great things which - let's say - Mrs Jones in the Pontefract branch had done for customers in the last week? It was a missed opportunity because the essence was spot on, but the execution was somewhat remote and inhuman.

If you can't describe something to granny over the Sunday lunch, forget it. That's something we tried to do at Aviva when we changed the name. We wanted to let people know that the special thing about Aviva, our purpose if you like, was to recognise people: 'no-one recognises you like Aviva'. We hired local cinemas right across the country, we had every single employee come along, and the executive committee had to get up and tell a story about what being recognised and not being recognised felt like and meant to them personally. Tears all round and a brilliant example of authentic leadership demonstrated by my then colleagues. Purpose has to be rooted in tangible actions, clear demonstrations which everyone can see as signs that you are living up to the claim, with honesty and transparency when – as will inevitably happen from time to time – you fall short.

Once you have a clear purpose, one of the disciplines you need to set yourself is to ask 'why?' about anything you plan to do. Inevitably, that question will prompt you to think about whether you can justify a particular action, process, or decision, judged against the purpose you've set yourself. Ask 'why?' not just once. Be that annoying soul who goes on asking 'but why?' five times if it takes that to get to the truth.

Purpose tends to create its own momentum when you do it well. I'm a huge fan of the approach taken by Interface, the carpet tiles business. Their CEO set out to make the business net zero carbon; every single decision and process in the business had to go through that filter. They have not only met their target ahead of time but have now created a carpet that absorbs carbon as it is made from living material. Think of the tenacity, conviction and purpose that gives you the drive to do something so brilliant and seemingly impossible.

When you write a business plan in 2020, you have to accept that the speed of change, particularly in AI, means that the future you're projecting into is one which at best you only half understand. A decade ago Google had a phrase in its hand book 'don't be evil', I was very disdainful. It didn't seem to me to have anything to do with reality, after all normal people surely don't go to work thinking 'is this an evil or a non evil day?'. Although Google no longer use this, the explosion of unknown unknowns has made that mantra seem incredibly farsighted. Perhaps 'first do no harm' needs to be revived as a vital statement in every business plan.

Imagine you were the unscrupulous boss of a financial services business before the crash. In your mind, if not on paper, your 'purpose', the heart of your business plan, could probably be expressed like this: sell anything, fill your boots, pillage the customer. But if you were obliged – by your board, by your more thoughtful investors, if not by your own conscience, to apply the filter of 'first do no harm', you'd be hard pressed to make the case for greed.

My simple challenge to business leaders would be to look at their business plan, look at their strategy, and ask – 'is there a purpose intrinsic to the company and is it written as if people and the future really matter? And is there a plan to make it live every day in every decision?' If not, try again.

Peter Simpson

CEO Anglian Water PLC



Peter has been Chief Executive of Anglian Water Group since October 2013; his previous roles include Managing Director and Chief Operating Officer of Anglian Water. He is co-chair of the Prince of Wales's Corporate Leaders Group in the UK, which provides a strong voice on the transition to a climate neutral, resource efficient, socially inclusive economy by 2050. He also works with Business in the Community as Chair of the Water Taskforce and sits on the Board of Trustees of WaterAid.

He is a Chartered Water and Environmental Manager, a Chartered Scientist, a Chartered Environmentalist, an Honorary Fellow of the Society of the Environment, an Honorary Fellow of the Chartered Institution of Water and Environmental Management, and Companion of the Chartered Management Institute. He holds an MBA from Warwick Business School.

Our purpose is about bringing prosperity to our region – the East of England – by pursuing environmental and social objectives. It's summed up in our message of Love Every Drop. We developed Love Every Drop 10 years ago, recharacterising the company and its ethos, moving the business from what was primarily an engineering and transactional approach to seeing water as essential to life and communities. Our thinking about purpose was driven by the insight that society was asking us to play a bigger and broader role. Communities want a company like ours to be campaigning on their behalf, not just fixing the pipes. Clearly as a water company we are going to have an environmental focus within our remit and purpose. But from my perspective, no organisation, in any sector, should be thinking about framing purpose without using triple bottom line principles – balancing social, environmental and financial outcomes. Not every company has to be brilliant in all those areas. But every business has to recognise that it can't function without society, or without using the natural resources of this planet. Not even an investment company.

Generally businesses are seen as deliverers – they are not always highly regarded but they are seen as able to deliver. It's remarkable what can happen if you decide to deliver things that matter to the communities where you operate, not just dividends to shareholders. Which is not to say that purpose should be separate from commercial objectives – that couldn't be further away from how I see it. Purpose is what you're about,

everything you do, balancing off all stakeholders. It can't be an add-on, or something on the side. Purpose is the DNA of what you do.

Purpose acts best when it makes us think creatively and do new things. In fact, in order for people to believe that you mean it, it's absolutely necessary that you do something new. Unless you look at your purpose and think 'what are the ambitious new goals and targets we can set to make this real', and then select the best and go for them, people will think it's all corporate flannel. For example, we can't operate our business without building lots of physical assets. Inevitably that has historically meant generating a big carbon footprint, something defined as 'capital carbon' when it's associated with building fixed assets. That's a big environmental issue in itself, but it also links to water: you can't think about climate change without thinking of the impact on our water supplies. Given the environmental objectives in our purpose, we wanted to do something about this. So we looked at all the capital schemes we were carrying out, and set an ambition of reducing our capital carbon by 50%. Our board and our owners were initially skeptical: "Where does it say you have to do this, and how do you know it's going to work?" We had the advantage as a management team of a good delivery record, but despite that trust, it was still hard work to get everyone on board with something that sounded difficult and not strictly necessary. Looking back now from a position where we've hit the target – making a 20% cost saving in the process – and we've actually raised it to 65%, I can see that the pushback from others in fact strengthened us and made us more robust in our plans. And I've recently had a shareholder coming up to me and apologising for being a cynic at the start.

You have to stick with it, be ready to repeat your purpose message more often than you'd ever believe necessary. When you do that, people in the business begin to see that you're serious. But that's not enough: it's when they see new things happening in the business which back it up, that's when people begin to believe that it's real. Above all, resist that urge which is present in every organisation, the temptation to rewrite and change things. You can't do that with purpose. We forget how long it takes for congruence to really take shape in an organisation, and for people to trust the depth of the commitment. As soon as you start to fiddle or redraft, you're lost.

It's hard to think of an instance where our purpose has made us say no to a decision – because little would get to the point of decision without us having applied the purpose filter. But it does frequently change the way we implement a decision. For example, just recently we had a decision to make about our retail business. Various changes had impacted on it, and we were faced with the option of either becoming uncompetitive, which clearly is not sustainable, or moving locations and jobs to the north of the country. Immediately, that brings into play our purpose around the prosperity of our own region. Clearly, having an uncompetitive part of our business isn't going to help anyone in or outside the region long term, other than the relatively few employees directly involved. So our thinking on purpose means that the answer has to lie in looking at those employees. Are there opportunities for them in the rest of the business? What training and development can we offer them? How can we help them transition to new jobs internally or externally?

Our social purpose matters, every bit as much as our environmental goals. Before the London Olympics I had a real eye opener moment. I took part in a Business In The Community 'Seeing is Believing' event in the East End of London. Before that I hadn't fully appreciated just what difficult conditions and lack of opportunities some of our young people face. I remember trying to chat with one young woman, rather awkwardly trying to find a point of contact with her by talking about London – but she had never been outside a two- to three-mile radius of where she was born. At the same time I got to learn about the work that different companies were beginning to get involved with in the area: training, breakfast clubs, work placements. I came away and immediately started a discussion with our long-term partner companies in the region, trying to identify what our equivalent of the East End was. Wisbech, it turned out, had the highest youth unemployment and the poorest life chances – if you live in Wisbech then you'll die five years younger than someone living in Cambridge. Not one of those partner companies would have asked themselves this question in the past. But we all got together and seven years on, we've developed a garden town project, we have a targeted apprenticeship programme in Wisbech, we have a skills training partnership with the local college. The truth is that companies who think in purely transactional terms, as we perhaps did many years ago, have a short tenure. I'm determined that we earn the right to be around as a partner in society for the long term.

Stevie Spring

Chairman, The British Council



Stevie Spring CBE is Chairman of both the British Council, the UK's international cultural relations organisation which has revenues of £1.5bn and operates in over 100 countries; and Mind, the UK's largest mental health charity. She previously chaired BBC Children in Need and the Groundwork Federation. Described by The Guardian as 'a media industry grandee', her commercial career included being CEO of two international media companies. She is now a director, investor and adviser to private equity. She Chairs Kino-mo - a global technology company specialising in 3D holography; is a director and Chairman of Remuneration for the £10bn turnover Co-op Group; and she most recently completed the sales of both Ladbroke Coral Group Plc to GVC and the ITG Group to Equistone. Stevie was named by GQ magazine as one of the UK's 100 most connected women; and is on the Telegraph/Debretts list of Britain's 500 most influential people.

Profit and purpose have been a central focus throughout my career. Since I became a junior trustee for a disability charity at sixteen years old, I have had a dual career in commercial and not-for-profit organisations. Now I have seen the values of both careers merge, with the British Council, Mind and the Co-op all working under the umbrella of 'profit with purpose' in their values and mission.

Now more than ever, young people are demanding businesses with a triple bottom line. They want to support businesses that are socially responsible and that measure three areas of impact: social, financial, and environmental.

But principles cost: if they didn't, everyone would be working to a triple bottom line. We all have our limits: I will happily walk past a competitor to go to Timpson because I admire and respect what they do, but I'm not going three miles out of my way. I'll pay a premium for an ethical product, but I'm not on a tight budget.

That's why you, as a business, have to tell a story so that consumers understand the commercial choices you and they are making. The Co-op is the largest Fairtrade retailer in the world and the trade-off there is that Fairtrade products are more expensive. A customer needs to know that if they buy a bottle of Malbec Fairtrade wine, it's not only delicious, it's also helping to build schools and provide clean water in Argentina. You have to help people understand what the difference is and why it's worth paying more.

Any business is about making choices: just because you can't do everything, doesn't

mean you should do nothing. Decrease, even if you can't eliminate. But for example, when trying to decrease your plastic use, you have to evaluate all the alternatives (some of which may take an incredible amount of water to produce) and decide which is best. The key to this is balancing the needs of stakeholders, the workforce, the community in which you operate and the effect on the planet. By doing this, you keep purpose at the core while still being a strong commercial operation.

Companies which can think longer-term do business differently, both in terms of ethos and finances. The purpose, vision and values of the Co-op are always upfront and central. Every board meeting starts with a reiteration of an ethical compass through which we take decisions. It's a reminder about what we are here for and how we operate. Financially, because the Co-op doesn't have traded shares, we can allocate our resources differently. Currently, we give 5 percent of all own label purchases back to members, plus 1 percent – about £70m – into a community fund. We do things differently, like educating young people, employing apprentices, and giving free funerals to under 18s.

Compare this to private equity or public ownership: the public company ownership model is so fragmented that if a company is profitable and growing, its social and environmental impact is largely overlooked and financial performance becomes the only focus as fund managers rebase their investments annually. The co-operative ownership structure is very different from PLC and private equity structures in that we are owned by people we serve, our members.

Private equity can be even worse. The industry pays a lot of lip service to purpose and values, but if the principle costs in the short term, it doesn't sit well with their investment horizon: most private equity holdings are 3-5 five years. Doing good needs to equal doing well for business in the short term.

To combat this in an increasingly globalised world, government and civil society and business all have to work together. We don't have a global government and the purpose of regulators is to even the playing field. For example, we can't allow it to be a competitive advantage to pay your employees less than minimum wage.

We need to celebrate the growth of social enterprises more and forget our assumption that only very small companies fit into this category. Combined, social enterprises pay significantly more in taxes than many of the international companies we admire. And many – like the £10bn turnover Co-op Group – are of significant scale. It's not a niche sector. Hopefully as more and more businesses are given time and space to prove that doing good is good for business, we can start to make a greater difference. Until that time, I think businesses will continue to put purpose into a standalone CSR box.

Matthew Taylor CBE

CEO The Royal Society of Arts



Matthew Taylor CBE has been Chief Executive of the RSA since 2006. Since then, the RSA has substantially increased its output of research and innovation, provided new routes to support the charitable initiatives of its 30,000 fellows, and developed a global profile as a platform for ideas. In 2017 Matthew published 'Good Work'; an independent review into modern employment, commissioned by the UK Prime Minister.

In 2019, Matthew started a new part-time role as the Government's Director of Labour Market Enforcement and is also a member of its Industrial Strategy Council. Matthew is a regular media performer and has written and presented several Radio Four documentaries. He is also Senior Editor of the Thames & Hudson Big Ideas series. Prior to the RSA, Matthew was Director of the Institute for Public Policy Research. He then became Chief Adviser on political strategy to the then Prime Minister, Tony Blair.

When organizations put an emphasis on purpose, that typically seems to be driven by one or more of three factors. First, a growing public disenchantment with organizations of all kinds: if the public is losing faith in us, maybe it's time to talk about what we do in more positive terms. Second, and closely related, is the fact that there are very big challenges to which organizations cannot be neutral – to cite just a handful, inequality, climate change, mental health and well-being. The idea that a business or any other organization can separate themselves from taking any position of responsibility on such challenges simply no longer holds water. Third, a reaction to Milton Friedman's doctrine that it doesn't matter what organizations do if they make money and pay taxes.

My critique of purpose is that it doesn't sufficiently often get to the core of an organization, which means that nothing significant changes. In the private sector, that 'core' generally means the business model. Discussions about purpose are often framed specifically to ring-fence the business model, with businesses taking the approach of 'given our business model, which remains sacrosanct and remains subject to a logic which cannot be avoided, we will be as purposive as we can'. This kind of approach can certainly achieve some good, and it's arguably better than simply ignoring the idea of purpose. It has led to the widespread adoption of a more progressive approach (or at least language) on inclusion and sustainability. Even if the actual change is marginal, this process contributes to such ideas becoming more mainstream.

'Purpose' initiatives rarely do harm, but they are not always consistently powerful. For many business leaders, driven by the logic of profitability and market share, those aims take up almost all of their bandwidth and energy and force them to do things which often fly in the face of most people's sense of responsibility. A few years ago I was in a room with a group of KPMG partners from their Public Sector practice. It's a business which has no shortage of purpose statements, responsibility statements and the rest. The lead partner's scene-setting presentation started with the boast that although austerity was driving down public sector budgets, KPMG's market share and profitability was going up. That annoyed me, the logic of 'nurses are hurting but KPMG partners are doing very nicely thank you'. It made me rather more direct than I might usually be. I was therefore more aggressive, so when the conversation turned more directly to purpose and responsibility, I posed a question. "Given your clear moral compass, there must be situations where you know your services aren't going to provide the best value or the most appropriate solution for your client. So can you give me an example of a contract you have turned down?" Not a single person in the room was able to put a hand up. In truth, the KPMG business model trumped any idea of purpose, and in this case the business model seemed quite straightforward: get as much work as they could, charge as much as they could, so that partners can earn on average £1m a year.

If your orientation on purpose does not lead you to identify a dilemma, you're not being ethical; and if you can't put your finger on a dilemma which is about your business model, you're probably being superficial. When something goes wrong in a Volkswagen or a Boeing, it is very rarely because individuals have gone rogue. They are simply following a rationale, a model, without seeking to question, and they end up doing something very bad. This raises the issue of leadership, because it's a responsibility of leaders to be alert to ethical dilemmas and highlight them. Some businesses are beginning to do this very publicly, talking openly about dilemmas and even putting them up on their websites. That is to be applauded.

The business of business is getting harder and harder, driven by the relentless challenges of profitability and competitiveness, the constant danger of insurgent businesses grabbing your territory, and the power of global mega corporations particularly in the online space. What that leads to is perhaps the most difficult problem of all, which we never talk about. What if being both successful and purposive is simply not achievable unless you are willing to do fundamental change? And if you are not willing to make that deep change, what in the end if your business needs to elegantly give up? If your traditional organizational model or ownership model, if your aims and processes are blocking you from fully engaging with an aspirational purpose, and you're not prepared to move on any of those givens, in truth you no longer have an account of yourselves that is sufficiently good. And without that, you don't deserve to be here, as your conscience will tell you today and the markets will tell you tomorrow.

James Timpson

CEO Timpson Ltd.



James Timpson OBE is Chief Executive of Timpson Ltd, a retail business with over 2000 shops. James is Chair of The Prison Reform Trust and a Trustee of Tate.

Great service by great people, that is how I define purpose, and you'll find those words over every Timpson shop. If I have one piece of advice to share, it's this: the more you invest in looking after your people as genuine equals, the better the organisation performs. The purpose of our business is for customers and colleagues. For me, profit is a result of doing things well, it's not an intention of the business. If you create a culture of trust and a culture of looking after people, the profits take care of themselves. Purpose is always driven by what you're trying to achieve, and by the kind of ownership structure. We're a family business with five and a half thousand colleagues, and everyone has a badge which says 'part of the family since...' with the year they joined us.

We recruit solely on personality, we're not interested in previous skills. If you recruit like minded personalities, consistent people with consistent values, your culture will thrive. As soon as you start to lose that sense of looking for human qualities which fit, for example if you think you can recruit using some kind of automated CV filter, you've lost it. That doesn't just apply to customer facing roles. We need those great personalities everywhere, in accounts, IT, every part of the business.

The way we approach strategy is simple. It's me, my dad and our board setting a direction, then directors and field colleagues come up with a plan to deliver that, and everyone gets on with it. It's not necessarily flatter than most businesses, but it's quick and everyone involved at every level can make a decision. The success of this approach goes back to personalities. People are friendly, things happen really fast, there's no politics and no meetings about budgets and forecasts. Because we don't have debt, we are not answerable to the bank. You can never predict what's going to happen, however well you know a business or a sector, so what really matters is to make sure you do a great job today.

If you look at other nations, say Scandinavia or Germany, there's a way of taking business decisions based on longer term, conservative, debt averse thinking. In the UK people

have a quick buck, short term attitude. There are exceptions: Next does things for the long term, they haven't paid huge dividends. If M&S had invested a fraction of their cash in creating online, that would have been a different story – but no, the directors took the view that big dividends now mattered more than investment for the long term. There is so much that is just ingrained culture. How equal is the society you operate in? What's the relationship between society and business? These kinds of factors determine the perspective most businesses are going to take.

It's much easier to turn round a troubled business if you have a five year time frame, but that's a luxury a lot of PLCs are not allowed. A business can only perform from the basis of a great culture, and 5 years is what it takes to get that right. So instead you see PLCs thinking they can buy their way out of trouble by acquisition, when usually all that leads to is an even bigger culture mess to sort out.



Ruth Turner

Senior Director, The Forward Institute



Ruth Turner is Senior Director for the Forward Institute, a coalition of 30 major public and private institutions exploring issues of responsible leadership. Previously she was Director of Government Relations at 10 Downing Street. Ruth is a school governor; has set up a social research firm; worked as a talent scout for NESTA; sat on boards at Yale University and Salford University; worked with PLCs and SMEs on sustainability issues; and established counter-extremism programmes around the world. She's spent 30 years as an award-winning social entrepreneur as founder and trustee of numerous initiatives in the UK and beyond including The Big Issue in the North and the Tony Blair Faith Foundation.

I once took a series of purpose statements, cut off the company names/brands, and invited people to re-match them. You already know the result: impossible. It would be helpful if purpose statements had something to do with what the organisation actually does. No wonder people disconnect if purpose doesn't reflect reality.

I've seen the purpose debate play out and been a part of it for three decades. My first job was as co-founder of The Big Issue in the North of England – very much a purpose driven organisation. Since then I have set up private companies, worked for government, been part of discussions on purpose in a wide range of contexts. There is a tendency to think that charities and social enterprises have an easier time with 'purpose' than commercial organisations, and to some extent that is true – at least it is generally easier for charities to put their finger on a purposeful narrative. But living up to that narrative tends to be just as tricky for charities as it is for businesses, because of inevitable gaps between the purpose you set out and the messy compromise of some everyday actions – perhaps more so given the weight of expectation around the 'noble purpose' of most charities. Even with a strongly defined purpose there is a lot of complexity because of how each individual sees the world. The more emotionally loaded the nature of what you're doing, the trickier it becomes to reconcile these tensions. In highly purposeful organisations like charities you often find pretty bitter employment disputes, based on perceived betrayal of ideals: "how can we be the sort of organisation that aspires to x, if you are going to treat me like y?".

The desire to do good is not enough. We need to make sure the structure and organization is engineered around us in a way that makes sure we bring out the best. It's often the lack of that structural and organizational engagement with purpose that creates a gap between brilliantly written and genuinely meant purpose statements and what actually happens. Even brilliant organisations hesitate to be disruptive when it comes to questioning what might be the implications for our business models, processes, signals, metrics, rewards. It's not dissimilar to what happens when we decide we want to be healthy and fit. The motivation is absolutely genuine and sincere. But if you don't sort out the gym and the diary and make the commitment then it won't happen. Moving change from intention to action is really hard. It involves giving up things we are used to, and challenging ourselves and things around us that appear to be doing fine within the status quo. It's interesting that TSB have cut bonuses because they didn't hit diversity targets. On the face of it that looks like a bad news story. In fact it gives real credibility to the organization. It's hard to find a business which doesn't have a set of diversity targets, but almost none of them have any penalties in place for failure to meet those targets. When you're having a discussion about purpose, you have to make time to think about the implications for the 'plumbing' of your business, and also to ask whether the incentives you have traditionally offered are in fact perverse in the context of purpose.

A typical 'purposeful' change programme looks like this. You have the external consultants scoping it out, the board deciding on a statement, then you roll it out through a hearts and minds behaviour programme. People (particularly the consultants) will claim that this is a tried and tested model, and indeed it is – but the test is so frequently at best only a partial success that you have to question it. I think there are two problems with the approach. First, since the statement is inevitably aspirational, people's everyday experience doesn't echo what the board has endorsed. A gap isn't problematic in itself, people do understand that aspiration isn't the same as reality. But this is compounded by the second problem, namely that the organization runs the risk of giving the impression that it needs to fix the people. This is why it's so important for leaders who are fronting up any kind of change programme to go out of their way to be extremely specific about the kinds of changes they themselves are personally going to have to make in order to live up to the new statements. The implicit message of so many such programmes, "shape up and match up to the aspirations the board has for you", is insulting and fails to recognise that most people are decent and want to come and do something decent and professional and meaningful. Far from the organization being the heroic champion of working purposefully, the experience for a great many employees is that it's precisely the organization that gets in the way.

'Hearts and minds' campaigns tend to fail because they've forgotten about hands. The hearts and minds approach starts with the big leader staging inspirational rallies to convince people to be different and to fall in love with that. People are supposed to cheer and sign up, and because of the dynamics of hierarchy, very often they will do that on the day. But the underlying impact can be negative, only serving to increase cynicism

about leadership. There's a time and a place for rousing speeches, but in order to win over hearts and minds, you need to start by engaging hands. Once you have a notion of your purpose, find some specific projects or initiatives, perhaps quite small, where you can change the reality on the ground. Then people will feel and experience the change before you explicitly start to talk about it or enroll them to it. If corporate leaders and managers focused on themselves being different in and with their teams, doing things about conditions on the ground, doing the 'hands' work first, even on small things, that begins to give employees an experience of lived change. Once you've done that, you can begin to wrap it into a bigger sense of purpose.

Kingsley Wheaton

Chief Marketing Officer, BAT PLC



Kingsley Wheaton was appointed Chief Marketing Officer in January 2019.

Prior to this, he was Regional Director for the Americas and Sub Saharan Africa having previously held the position of Managing Director for Next Generation Products from January 2015. He joined the Management Board of British American Tobacco (BAT) in January 2012, when he became Director of Corporate & Regulatory Affairs.

Starting his BAT career in Dubai in 1996, with Rothmans International, as Group Brand Manager for the Middle East, Kingsley moved to the Ivory Coast in 1999 as Marketing Development Manager.

This was followed, in early 2001, by joining BAT Nigeria as Marketing Director.

Following his eight years in the Middle East and Africa, Kingsley transferred to Moscow, Russia. Initially as Marketing Director followed by a further 3 years as General Manager.

Born in Manchester, he holds a BA in Economics from the University of London.

Big Ideas and Small Actions are equally important when you are working on Purpose. I think, by definition, 'purpose' is a big idea or, possibly, big ideas. When I think about the role of 'purpose' for an organisation, it has never been more important. Satisfying the demands, uniquely, for shareholders alone is no longer sufficient. Organisations need to think long and hard about their 'purpose'. A good way to think about 'purpose' is to pose the question – "how would the world be worse off if we weren't able to deliver this ambition" – that inevitably turns the discussion into a 'big ideas' discussion. Certainly it gives rise to an ambitious conversation about the future and what is the role of any company beyond financial delivery. Once that ambition is developed and launched however - as big a thing as it is - it is likely the delivery will be in the form of many small actions which align together around the purpose. In the case of our company, our purpose is clear. We aim to reduce the health impact of our business by offering a wider choice of potentially lower-risk enjoyable products and brands. Of course, doing that, delivering that, cannot be done by one thing alone. It is a series of small and big things within an organisation that come

together that provide the fuel to pursue purpose. That can be anything from evolving the culture of the organisation, investing more in different areas of R&D, working on new capabilities that the company needs to power the journey and so on. So the 'big idea' is the framing of the purpose – an ambition – whilst achieving it is almost inevitably going to entail many, many actions from those that are big to those that are small.

Internally, there are three big hurdles to overcome in creating an effective Purpose in my experience; clarity of thinking, belief and resource allocation. Clarity of thinking is vital when framing a purpose. Too easily, purpose can get confused with 'vision' or 'mission' or other corporate endeavours. These future-oriented ambitions will vary, of course, from company to company, possibly even from publicly listed to privately owned. When developing an organisation's strategy, it is helpful to think of the multiple stakeholder groups that the business must deliver to. Shareholders, obviously, employees as well, almost certainly customers or consumers – yet purpose is most likely to be the value which the business brings to society at large. So being clear about the strategy, about how different elements deliver to different stakeholders is critical – and from that, purpose crystallises. Next is the question of 'belief' – does management and the broader organisation really believe it is possible? For if they do, then you have that vital ingredient - 'authenticity'. Purpose can be neither an unachievable wish-list nor a nearer term goal that lacks stretch. So purpose has to be believable, credible and long-term. Finally, in a clear link to belief, is the question of resource allocation. This is often the hardest part internally. The ambition may be there, the belief may be there – but is the organisation willing to make the tough choices and allocate resources meaningfully to pursue that purpose? It has to be deep set into an organisation's psyche and beliefs. Not faddish, not here today, gone tomorrow. Rather the genuine, active pursuit of a long term ambition which makes both the company and the world around better by its pursuit and achievement.

Bringing the wider corporate ambition, and individual employee motivation, into alignment is a question of communication. Today external and internal communications of a business have to be fully in sync. So as a company aligns around purpose there has to be a very single-minded pursuit of communicating that purpose. And communication has to be consistent, clear and frequent. Simple, understandable messages that are regularly and powerfully communicated. Employees have to understand the context of the purpose, the destination and the journey plan. Those three things together are very important – the 'what', the 'where' and the 'how'. Further and beyond communication, one can obviously look at having reward and recognition put in place that supports the purpose journey – and these can work well, yet are, by no means, a panacea. Far more important, in my experience, is ensuring that there is understanding, alignment and belief from the entire organisation around the purpose. Getting the whole company and everyone 'flying in formation' is absolutely key.

The biggest tip I would give to a leader setting out to enter the Purpose maze is to 'think big' – start there. Don't try and think too short-term, too practically to begin with. Be unconstrained in your initial thinking. It is always easier to chisel away at a breakthrough ambition or idea, than it is to augment a 'purpose' that is not big and bold enough. Challenge yourselves to go further, to be restless, to question the status quo. Start with the question – which is one of sustainability – what is the one ambition that this business should have if it is to be thriving and flourishing in one hundred years' time? That's a big question, and for that, you'll need some big answers.

The work of The Leadership Council is supported by The Newman Partnership and Audley.

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Sir Michael Lockett is Chairman and Chris Wilkins is Managing Partner of Audley.

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