Your Company Needs a Purpose

by *Bob Kelleher* Nov 23, 2012, 5:52 am ET

How can leaders build sustainable cultures and business models? What has the collapse of industry leaders such as Enron, WorldCom, and Arthur Andersen taught us about what happens when firms become so singularly focused on profit that they lose their moral compass and forget their greater purpose? Why are traditional definitions of leadership stale and ineffective?

Engagement is still the secret sauce that sets leading companies apart. However, employee engagement, profit, growth, client satisfaction, and even solid leadership by themselves are not sustainable. They are all outcomes of something bigger.

Sustainability is driven by what I call *Creativeship*. Let me explain.

I've often defined leadership as the ability to lead people, build fellowship, and achieve profitable growth. During a recent keynote, I highlighted how iconic companies such as Digital Equipment Corporation, Polaroid, Arthur D. Little, and Wang all went bankrupt despite having satisfied employees and extraordinary leaders. As I pondered how that could be, I realized that our traditional definition of leadership is no longer enough to sustain most businesses. Today, leadership has necessarily morphed into Creativeship — the need to build sustainable businesses and cultures.

This evolution of leadership means that companies need to

expand their traditional definition of sustainability. What originated as a catch-all environmental phrase (i.e. alternative energy, carbon footprints, water conservation, etc.), must now encompass accounting practices, innovation, globalization, etc. — the myriad factors that risk a firm's sustainability.

Exploration into these failed companies also highlighted another important Creativeship lesson: the need for a company to have a purpose. These high-profile collapses illustrate what happens when companies focus on profit and lose sight of their purpose. Successful companies will be those who make corporate social responsibility part of their DNA.

It has been proven (there's a book by Logan, King, and Fischer-Wright, from 2008) that socially conscious organizations outperform those solely committed to beating the competition. Much has been written about Generation Y (the Millenium generation) being a *purpose* generation. A parallel trend is the increasing role Baby Boomers are playing in leading and initiating corporate social responsibility activities as they push their employers to donate to charities, reduce their carbon footprint, and support volunteerism. After years of focusing on wealth accumulation and climbing the corporate ladder, boomers are now re-focusing their priorities with a focus on purpose.

I believe this is why organizations must define both their "what they do" and "why they do it" by crystalizing their employment value propositions as a means to retain, attract, and hire the best employees. For example, we know Whole Foods Market sells perishable consumer goods. But its purpose statement clearly specifies its 'why' within its EVP: *"Provide choices for nurturing the body, the community, and the planet."* Or, we know that Starbucks sells premium coffee. But their EVP is: *"To inspire and nurture the human spirit — one person, one cup, and one neighborhood at a time."*

As discussed in a recently story on Geekwire, while Google, Facebook and other high-tech companies have made it tougher

for Microsoft to recruit and retain top employees and engineers over the years, the Redmond-based software giant believes that its philanthropic efforts are attracting talent now more than ever. Brad Smith, Microsoft's general counsel, explained to reporters after Microsoft recently [marked its 30th Employee Giving Campaign](#) how the company's reputation as a charitable organization is a recruiting tool and that this is an area where Microsoft continues to set the pace for the entire technology sector. "When you're living through a time when unemployment is up and when people see more human needs, there is a greater focus now on what companies and employees are doing to address those human needs," Smith explained.

Smith said he "frequently" hears from young interns and employees that Microsoft's broad citizenship efforts are part of what people find attractive about the company. "The opportunity to work on great products and services is hugely important and always will be," he says, "but they also really value the broader connections that a company has in the community."

Clients often ask me how to boost engagement without having a budget. I encourage them to establish a "Purpose" task team, consisting of a cross sectional group of volunteers. This team should be charted to hunt down the various ad-hoc initiatives currently taking place (they are, you perhaps aren't aware), and begin branding and promoting these initiatives. I'm thinking of activities like a walk for hunger, corporate challenge, and food drives. These and other forms of 'volunteerism' are already being championed by your employees. Once formally captured and promoted by the company, others will also get involved as you begin to position your EVP as a company that cares. Soon, prospective employees will aspire to be a part of your organization. The goal is to get at the heads and hearts of employees and prospective recruits alike.