

Reimagining Corporate Purpose As We Start 2022

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As 2022 begins, many of us thought we would be putting the COVID-19 pandemic behind us and charging full steam ahead into a post-COVID world. However, with the emergence and rapid spread of the Omicron variant, as cases continue to increase around the world, we must admit to the reality that COVID is still with us and probably will be for the foreseeable future.

Vaccine/booster effectiveness and new anti-viral treatments encourage most companies toward some version of return to in-person work. While COVID may seem less crisis and more chronic, leaders must acknowledge the upheaval of the past 2 years, including impact of social movements like #MeToo, Black Lives Matter, and the climate crisis. Current efforts to rebuild are happening during a time of significant shifts in societal norms. Corporate Purpose, to serve as a foundation during recovery, a beacon through change, must keep pace.

Purpose Provides Competitive

Advantage

Corporate Purpose is not a PR exercise. It is a competitive advantage. According to Chief Executives for Corporate Purpose (CECP), research demonstrates that companies with established and articulated purpose – high purpose companies – show 14% greater revenue growth, 8% higher operating profitability, and 6% better return on capital than those companies which focused only on maximizing profits. And the gap is increasing.

Purpose is a factor in purchase decisions. Purpose expert, researcher, and best-selling author Simon Sinek says in his TED Talk, “People don’t buy WHAT you do; people buy WHY you do it.” Purpose orients a company toward social responsibility which in turn motivates customers, which in turn helps create value.

According to Mitch Berger, Managing Partner of IMSA Search Global Partners USA and IMSA Board Member, “Purpose is also a hiring advantage, particularly among younger employees who want to work for companies that share their own personal values, and whose actions demonstrate concern beyond profits. Talent is asking: Are there corporate social responsibility programs? Environmental, Social, Governmental (ESG) programs? Volunteer opportunities for employees? All of these are expressions of corporate purpose today.”

Meaningful Narrative and Stabilizing Force

The Conference Board calculates almost a quarter of S&P Global 1200 companies have a Statement of Corporate Purpose (SCP), defined as “a public commitment to identifying and responding to the needs of multiple stakeholders well beyond the boardroom.” In this era of stakeholder capitalism, business leaders define their primary responsibility as creating long-term value not only for shareholders, but also for customers, suppliers, employees, and the communities in which they do business. Value for shareholders is profit-based. Value for these other stakeholders is based in the human need for meaning.

In a recent article, Hubert Joly, former CEO of Best Buy and recognized by Harvard Business Review, Barron’s, and Glassdoor as one of the world’s top CEOs, confirmed more than 8 in 10 executives think that a strong sense of shared purpose drives employee satisfaction, increases customer loyalty, and can play a central role in transforming business. Also, purpose can stabilize a company through volatility, helping to deliver higher and more sustainable performance. (HBR.com, 10/2021)

Developing Powerful Purpose – The WHY Beneath the WHAT

The SCP is a key component within the corporate identity narrative. Alongside Vision – a company’s overall long-term goal, Mission – what a company does, and Values – how a company does its work, Purpose asks why a company exists or why it does what it does.

Powerful purpose statements communicate a company’s commitment to making a difference in people’s lives, not about being the best or biggest or fastest. SCPs should be credible, aligning with a company’s business, connecting with its industry. They should be authentic, resonating with employees’ personal values and passions. They should serve as the lens through which all decisions are made, translating easily into concrete actions and business strategies. They should be easily understood, attainable yet inspiring.

Not a Zero-Sum Game

IMSA Search Global Partners President Monika Ciesielska stresses, “Today’s stakeholders, especially top talent, expect a company to go beyond business, make the world better. Corporations want leaders who understand their role is to create net positive impact. It’s not a zero-sum game where someone must lose for someone else to win. The best leaders are human-centric, putting people and their needs at the core.”

A strong Statement of Corporate Purpose will clearly articulate this commitment, creating in the words of Hubert Joly, “engaged employees, happy customers, thriving communities, and rewarded shareholders.” As the COVID crisis recedes, and companies refocus and rebuild, now is the perfect time to reimagine your Corporate Purpose.