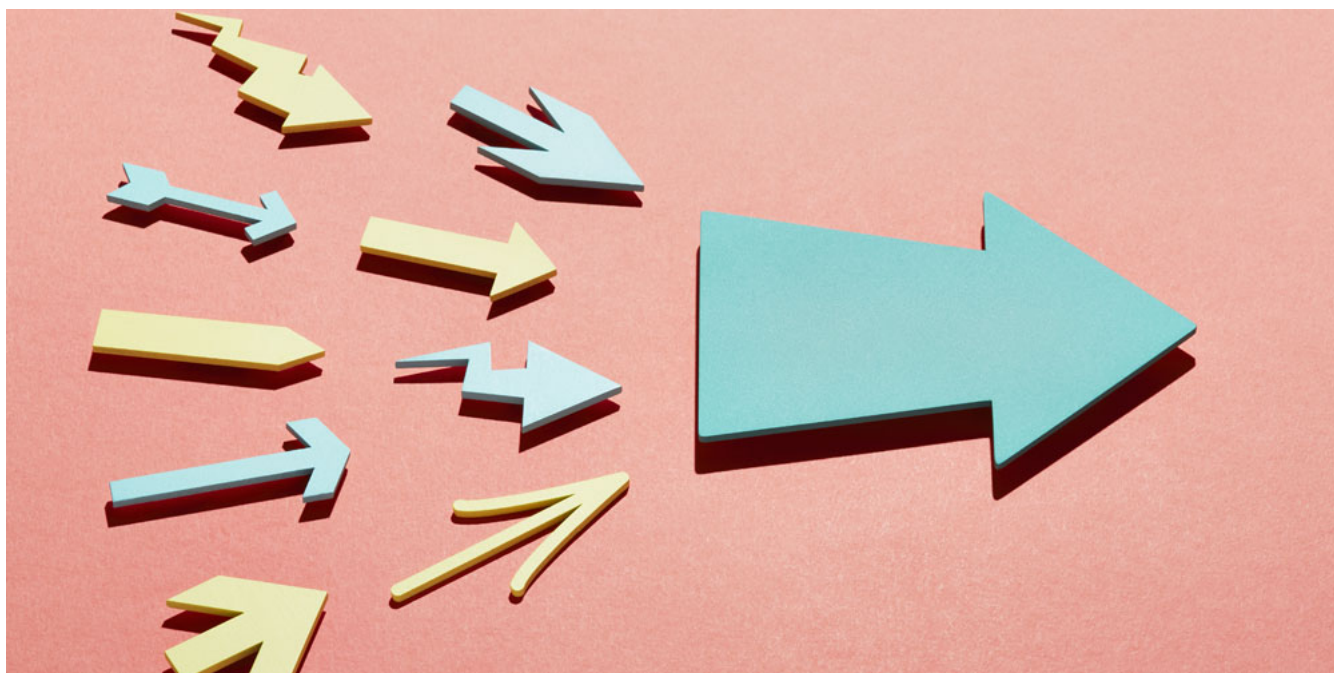


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The purpose of “purpose”

It's the buzzword of the year, but discussions about purpose require rigor to make them meaningful.

by [Adam Bryant](#)



Photograph by Richard Drury

If 2020 was all about crises—the pandemic and the outrage in the wake of George Floyd’s murder, to name two—and companies’ resilience and ability to navigate disruption, 2021 feels like it has been the year of “purpose.” Companies are issuing purpose statements with great fanfare, and the phrase *purpose-driven company* is so ubiquitous that it risks joining the ranks of *strategic* and *going forward*—words and phrases that are added almost reflexively to every sentence of corporate-speak.

There are plenty of reasons for the big push for purpose. As part of the shift from shareholder to stakeholder capitalism, employees are demanding that their work, and their employers, stand for something. The pandemic made many people reflect more on the “why” of their jobs, and their unsatisfying answers have led in part to the “great resignation.” To win the war for talent, companies are focusing their recruiting pitches on goals and ambitions that are loftier than simply making money for investors.

Recent comments from General Electric CEO Larry Culp about the company’s historic decision to break up the conglomerate into three separate companies echoed this emphasis on purpose. Increasingly, recruiting and retaining talent relies more on the power of a company’s brand, Culp told Fortune. “It’s about position and purpose,” he said. “There was a point in time when people said, ‘I want to work for GE.’ Today, people are more focused on addressing climate, or being in healthcare, or in aviation.”

And that’s all to the good. Given all the global challenges such as climate change and inequality, and the central role that business can play in addressing them rather than leaving them solely to governments to fix, companies should be broadening their apertures to think about their impact. Any statements they choose to make, however, need to be both relevant to what they do and accurate.

Phil Martens, the former CEO of Atlanta-based aluminum company Novelis, who has served on many boards, recently told me that companies should rethink the old frameworks of being either B2B or B2C and should replace them with B2S: business-to-society.

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“At each company I’m involved with, the question is the same: What is your solution for society, and how do you make that the core vision and the core driver of your company?” said Martens, who pushed during his time at Novelis to focus on recycling, because aluminum is an energy-intensive product to make. (He referred to this recycling as “urban mining.”) “The question of what your company can do for society,” Martens said, “then flows into organizational strategy. That approach can take a while to take hold, because people have to change their framework and realize that there are leadership opportunities, innovation opportunities, margin opportunities that they never thought of before in this broader approach.”

Reframing that purpose discussion takes time and hard work. Unfortunately, many companies are whiffing on the challenge, and instead are adopting the language of purpose without much action behind it. Just saying that your company works to make the world a better place—or some similarly anodyne expression—isn’t going to cut it.

In a recent [headline](#), Axios predicted that the C-suite job of the future will be chief purpose officer. But purpose is not a responsibility that CEOs can delegate. They need to own this conversation, because it should inform the company’s overall positioning and strategy. It’s not just about talking points.

The truth test

So how do you come up with a meaningful purpose statement?

It starts with a goal that feels directly connected to the business, rather than a lofty statement that could be used by dozens or hundreds of other organizations. “It has to be real and tangible and live,” said author Margaret Heffernan when I [interviewed](#) her about her most recent book, *Uncharted: How to Navigate the Future*. “It has to be something people feel that they can do.”

These are the difficult questions that every leader must wrestle with, even though they may seem philosophical and not directly relevant to the bottom line: Why do you matter? How do you make a difference? What would be lost if your organization went out of business?

Healthcare businesses can make a credible case that they are improving or saving people’s lives. A nonprofit is often founded with a clear idea of the impact it wants to have. But the job can seem trickier if you are in a kind of commodity business. Imagine for a second that you run, say, a company that processes beets for sugar. How do you build a purpose around that?

Paul Kenward took up that challenge. As managing director of British Sugar, which is based in the east of England, he faced the task of defining a sense of purpose for the company. In my [interview](#) with him, he shared how the company rallied around the mission of creating “a thriving, homegrown sugar industry.” To back up those words with specifics, Kenward highlighted the fact that the company’s veteran engineers started as apprentices; that the entire crop is homegrown, with nothing imported; and that the business has [reduced its water consumption by 26% since 2014](#). “Brits can be quite cynical about ‘visions,’ dismissing them as fluffy, airy things,” said Kenward. “But I think [visions] can be really important.”

Kenward’s approach checks the important boxes. It feels unique to the company, there are facts and details to support it by showing what it looks like in action, and all employees can have a sense of how they are contributing directly to something that is bigger than the company itself. That is the purpose of “purpose.”

Does your company’s purpose statement pass these tests?

Topics: [ceo](#), [ethics](#), [leadership](#), [organization culture](#), [trust](#)



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