

Thoughts from our Echo Chamber: Purpose Beyond Words, held in New York, April 2019 with Kieran Fagan, VP Communications, Aetna, a CVS Healthcare Company, and Echo Advisory Board Member, Mike Fernandez.

HARD WORDS

Purpose, Mission, Vision, Values, Culture may seem like 'soft' words, or a line up of 'office-jargon bingo'. They are not. Each packs its own punch and its own meaning. Powerful because they affect behaviors and outcomes. And hard for those that get it wrong when actions don't match words.

PURPOSE = WHY

At its simplest, if mission is the 'what' of an organization, vision is the 'where', values and culture are the 'how', then purpose is the last and most powerful 'why'.

Corporate *purpose* turns an organization inside-out as it considers the difference that the organization makes in people's lives.

With an increasingly noisy, clamorous, digital society, where inequality and the trust deficit appear to be widening against ever rising expectations of better, what was successful before is no longer enough. Transformation, innovation, long-term thinking and addressing societal needs in a truly sustainable manner are the new norm.

"Sustainability and purpose should not be foreign concepts to those in business. Financial records are built on the going concern concept. You keep good financial records because there is a belief you will survive beyond one year. That is, keeping track allows you to check progress, make decisions and improve - said another way, it helps your business sustain. Expand that thinking to a wider framework: We engage with stakeholders and communities, concern ourselves with issues that matter to them. Why? To ensure the sustainability of our organization long-term."

Mike Fernandez, Echo Advisory Board Member



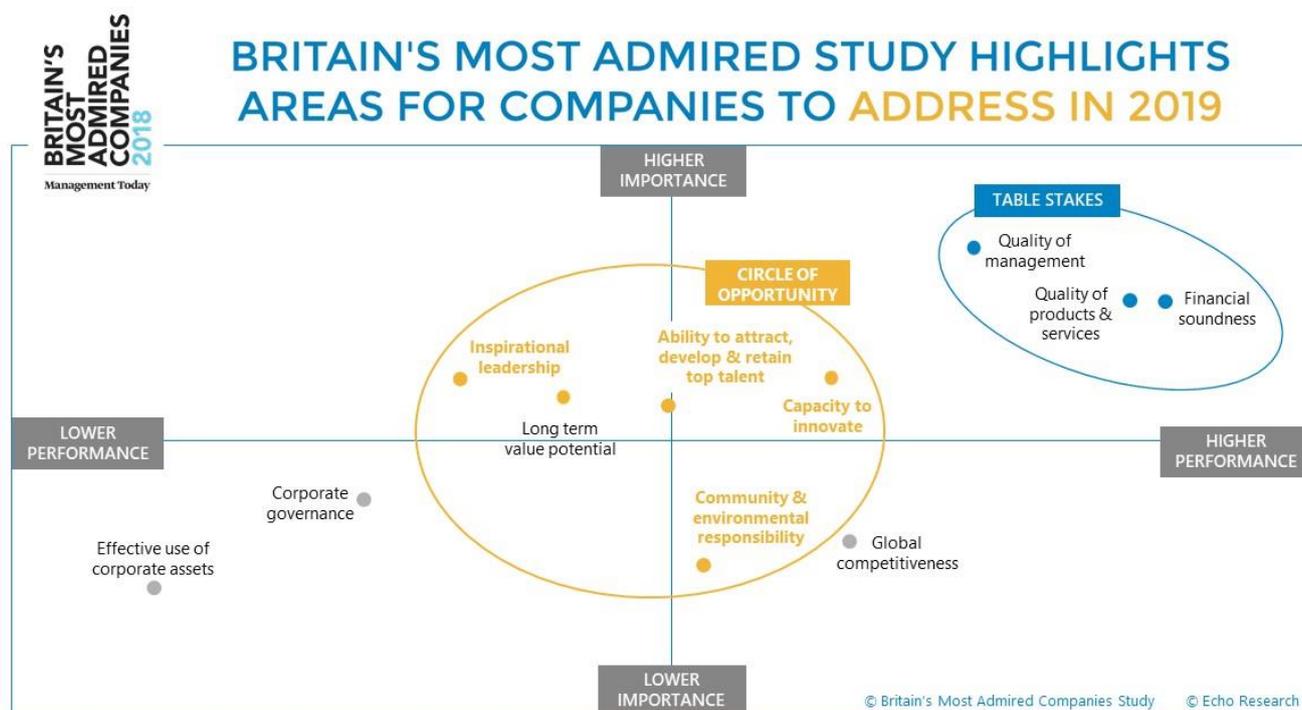
VALUE-COST OR OPPORTUNITY-COST?

Nobel Prize winning economist Milton Friedman may be the catalyst for damaging trust in the corporate world by creating an undue focus on short-term shareholder return. Many now realize the necessity and value of having a broader 'stakeholder' focus and a more sustainable business model guiding decisions.

According to EY, 90% of executives recognize the importance of having "*an aspirational reason for being which inspires and provides a call to action for an organization...and provides benefit to society*". EY's studies also found that "*such companies outperformed the S&P 500 by 10 times*".

Purpose and profit are not incompatible. Purpose makes companies more valuable. The Big Innovation Centre in the UK found that companies would be worth over \$170bn more if they organized themselves around corporate purpose.

In Echo's work on reputation measurement and running Britain's Most Admired Companies, we see the 'golden circle' of purpose centering on innovation, talent, societal engagement and inspirational leadership. Significant levers of reputation value, they are also the most underdeveloped. Therein lies opportunities for differentiation and authentic transformation.



Q. How important are each of the following criteria to a company's reputation?
 Q. Please rate each of the companies in your sector on the following criteria (0-10 rating where 0=very poor and 10=excellent)
 Source: Britain's Most Admired Companies Study 2018, Echo Research



"Purpose is just a slogan until you have behavior and bonuses to back it up."

Echo Chamber participant

Purpose can be very costly if the actions don't match the words – employees and customers are the first to spot fake or hollow words, either walking away or activating their displeasure.

By not addressing the organization's core purpose and how this translates into value among customers, employees, the community and civil society, money is being left on the table. The short-term expediency risks undermining the long-term success of the organization.

SIXTH SENSE

1. Purpose aligns the organization by focusing attention and action on shared goals
2. Done well, purpose is a prime motivator for employees encouraging that extra effort and care 'like it's your first day'

3. In this age of choice, purpose helps connect with customers in a different and meaningful way by addressing their values and emotions
4. Purpose is a major driver of innovation and, potentially, differentiation – affecting choice and behavior at every level of your stakeholder eco-system
5. Purpose provides greater relevance and resiliency to organizations
6. Purpose has moved into the heart of institutional investment, as epitomized by BlackRock's Larry Fink's famous letters to CEOs

BEYOND WORDS

"It's not the comms team's role to create corporate purpose but to help articulate it and bring sense to it through narrative and internal alignment."

Echo Chamber participant

It's been said that purpose is a way of being, not a tag line. It provides the strong springboard to action and the framework for decision-making, helping organizations navigate a changing and uncertain world ahead to power the sustainable growth for better that real leaders seek.

If what gets measured, gets managed, it's also true that what gets bonused gets done. So measurement, KPIs and bonuses need to be aligned. Success is when you all face in the same direction together. And insight is essential in that worthwhile effort.

This is the time for the communications profession to act and lead with courage, as catalysts of purposeful change, stewards of the future, transforming business for the better.



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