



## A Defined Purpose has an Extraordinary Impact on your Company's Success

**In today's fast changing market, and with Gen Z already having more influence, defined and unique purpose, vision and mission statements will sustain, if not excel your company's progress. It will lead to higher employee engagement and productivity, better perceived value by customers and, ultimately, profitability – all metrics that affect your organisation's success. Companies that can fully leverage their scale, while also benefitting society, will have an extraordinary impact moving forward.**

In the past, most companies communicated their defined vision and mission through company stationery, colourful posters pinned on office walls or shared documents on intranet sites. The question is, do these statements truly resonate with employees? If put on the spot, could employees recall them with genuine understanding? Are they unique and clear enough to motivate and engage people?

Twenty years of employee engagement research by Gallup shows that the answer is no. For employees to be productive – and willing to work towards what the company is trying to achieve – they need clear communication about the organisation's purpose. Communication should clarify how an employee's values-aligned mindset, attitude and behaviour can help the organisation achieve its purpose.

According to a [paper](#) published by McKinsey in 2020, 82% of employees feel that purpose is important and 72% feel purpose should receive more weight than profit. These employees also say that their companies don't have a purpose, let alone one that makes a difference.

It seems that bosses agree; only 7% of Fortune 500 CEOs believe their companies should mainly focus on making profits and not be distracted by social goals.

The importance of a company's defined purpose has been a point of discussion since mid-2000, but for many the impact of it is still unclear, gets mixed up with vision or mission statements, or is not aligned and authentic to their day-to-day business. So, what can be done? If your company attempts to create and implement a purpose too quickly, you will be crucified by your stakeholders or CFO. If you move too slowly, you risk losing your employees' and consumers' engagement, or worse, you could provoke a social media storm and negative PR.



### **What defines a compelling purpose and why will it help excel and sustain your company's success?**

The biggest risk that I see for any company today is not only a pandemic, new and innovative competitors or artificial intelligence, but your consumers' approval. Does your company or brand create value that consumers can engage with? Does your organisation contribute positively to [society's wellbeing](#) (i.e. does it contribute to improving poverty, education, or food and water safety, or is it innovative)?

The buying power of millennials and Gen Z is growing, and despite the fact that Gen Z as a population will not peak for another ten years, they already have a big impact and significant influence on both millennials and Gen Xers. Gen Z want to redefine what corporate responsibility looks like and will call them out for accountability.

New generations are 'looking beyond tangible products and actually trying to understand what it is that makes the company tick. What is its mission? What is its purpose? And what is it actually trying to build for us as a society?' (Bo Finneman, *McKinsey on Consumer and Retail* podcast).

These consumers will eventually start boycotting the products and services of companies whose values they view are contrary to their own.

So, with this in mind, the big and difficult question leaders have to answer today is, what is the company's core reason for being, and how can it have a unique, positive impact on our society?

Below are some principles that will help you gain more clarity on what a clear purpose, vision and mission statement is. Now more than ever, you need good answers to the questions below.



### **Purpose**

A purpose statement is the company's core reason for being. It is usually drafted by the Founder, Chair, CEO – the creator of the company – and must capture the answers to the following questions:

- Why does our company exist?
- What is our 'superpower' – our point of difference?
- How does our core reason for existing lead to a lasting, positive impact on our society?
- What do our employees and consumers care about?
- What are their needs today and in years to come? Is our purpose clear and unique?
- Is our purpose authentic and in line with our core values at all times?
- Does our purpose inspire and engage the hearts and heads (employees, partners and consumers)?

Reading through a few purpose statements, I chose Tesla's as an example because it connects with my values and passion for a sustainable future. Tesla's purpose, the 'why' of Tesla, is defined by Elon Musk as two things: acceleration of sustainable energy and autonomy. Musk added in an [interview](#) that, 'The acceleration of sustainable energy is absolutely fundamental, because this is the next potential risk for humanity'.

Other strong examples include [Human Unlimited's](#), 'Unleash the power of humans to build better companies for the greater good' and Ikea's, 'Create a better everyday life for the many people'.

### **Vision**

A vision statement is the company's principal goal. It needs to capture what the company hopes to be and what it hopes to achieve in the long term. Tesla's vision statement is, 'to create the most compelling car company of the 21st century by driving the world's transition to electric vehicles'.



### **Mission**

And finally, a mission statement provides clarity behind the 'who', 'what' and 'why' of the company. The best mission statements are guidelines by which a company operates. It states what the company is (and isn't) – their values – in the now so that it can project into the future.

Its aim is to provide focus for management and staff and be actionable. Leaders need to be an example of their company's mission so that the idea of the organisation's culture is aligned with day-to-day reality. Tesla's mission is 'to accelerate the advent of sustainable transport by bringing compelling mass market electric cars to market as soon as possible'.



### **Pulling it all together**

Once you have defined your purpose, vision and mission, you will have to start the next phase:

- How can your company's purpose be at the forefront of everyone's\* mind, every day?
- Is your leadership team aligned?
- How can you measure your social and environmental impact?
- And finally, does your company culture need adjustments?

This summary is just scratching the surface. Let's be clear, defining your company's purpose and aligning your organisation internally and externally is one of the most difficult tasks for any leader today, and while it is crucial to ensure your company and products are relevant for future generations, it will take time.

I challenged myself to develop my own company's purpose: *I-YTC is about maximising and sustaining the wellbeing and performance of individuals and organisations in harmony with their environment.*

Get in touch if you have questions around how to create a personal purpose, a purpose for your team or guidance on how you can set an effective company purpose.

Iris – Your Transformational Coach

*\*your workforce, suppliers, shareholders, communities and the environment in which you operate.*