Meaningful Purpose to Drive Lasting Cultures of Improvement

RESULTS WASHINGTON CONFERENCE

Ted Iverson and Ben Pasquier | November 7, 2018
Summary

- **Evidence of Meaningful Purpose** - across many industries meaningful purpose is becoming more common and for good reasons

- **Meaningful Purpose in your Organization** - a quick survey and discussion about current MP in your organizations

- **Developing Meaningful Purpose** - how to get started, how to scale in your teams

- **Actionable Meaningful Purpose** - how do we move from words to something that inspires greatness at each level of the organization

- **Meaningful Purpose that Drives Strategy** - examples of how meaningful purpose can guide not only improvement but strategy
Something is happening related to purpose . . .

Evidences
Something is happening related to purpose . . .

Evidences
Organizations are evolving

**Features**
- Founder has an idea
- Pioneer shapes ways of working
- Charismatic and authoritarian leadership
- Highly personalized functions organized around the leader
- Formalized structures and roles
- Guided by policies
- Division of labor
- Staff fit into organizational requirements
- Compliance focus

**Crises that push people to new model**
- Chaos, arbitrariness, dependence of core staff, new generation owner, employees want more professionalism
- Over-organization, silo, bureaucracy, fragmenting sense of purpose, process over impact
- Too much performance yet not engagement, short termism, people feeling underutilized and overstretched,

**“Fighting Tribe”**
- Purpose driven, accepting responsibility for society
- Processes and speed
- Hierarchy melts, agile team of teams
- Interdependency with ecosystem
- Digitally infused
- Competition to cooperation

**“Professional Army”**
- Drive financial value and free cash flow
- Management by clear targets
- Flatter structure
- Integrated functions

**“Money Machine”**
- Customer focus
- Leadership
- Development
- Diversity
- Strength-based

**“Culture Club”**
- Optimization for own company, missing talent, not tapping into ecosystems, missed opportunities, public critique

SOURCE: McKinsey Organization Practice; Lievegoed, Greiner; Glaszl, Barefoot,
Something is happening related to purpose . . .

Evidences

https://www.youtube.com/watch?v=wJJqGh2HLM8
Something is happening related to purpose . . .

Evidences

https://www.youtube.com/watch?v=CxGUmtRLm5g
Shared Aspiration will bind the network
Our organization has a meaningful purpose that is . . .
Discovering Meaningful Purpose

- **Searching and Gathering method** for moments and further sharing

- **Find alignment** of those moments to process sequences, steps and actions

- **Ensure pure intent** the purpose must adopted as the leading driver of the organization to have long term impact

- **Story telling/teaching/sharing** – leaders, customers, team members, partners, with dedicated time sharing moments of greatness
Discovering Meaningful Purpose
Is having a meaningful purpose enough to insure that your organization will achieve greatness over time?
Meaningful Purpose within Lean principles systems and tools

Actionable Meaningful Purpose

- Connecting strategy, goals, and meaningful purpose
- Discovering better ways of working
- Delivering value efficiently to the customer
- Enabling people to lead and contribute to their fullest potential
**Control tower**
- X-Matrix: strategy on a page
- Allows senior executives to easily see who is driving the strategy and how it will impact financials

**Strategy & financials linked**
- Translates strategy into quantifiable metrics that bridge to budget / investment case
- Engage field in budget process to align on financial targets

**Strategy scorecard**
- Measures and tracks performance on a periodic basis to “keep score” against strategy

**Alignment & accountability**
- Focuses organization on what moves the needle
- Assigns owners at all levels down to the point of execution

**Prioritization of the “list”**
- Filter all initiatives and projects and execute against those that will drive performance the most

**Unique Elements**
- Actionable Meaningful Purpose
- Strategy Deployment
**Actionable Meaningful Purpose – Strategy Deployment**

**How to accomplish?**
- Translates financial goals into 6-8 areas of focus for the year
- Rule of thumb: 2 priorities per financial objective
- Aligns senior management on the priorities of the organization

**Who?**
- Assigns accountability of who is ultimately responsible for achieving the strategic priority (usually C-suite level)

**What?**
- Key value generation metrics that require the organization to stretch itself

**How far do you need to improve…?**
- …in the 1st year to meet the 3-year breakthrough objective?
- Rule of thumb: 30-50% of 3-year target; breakthroughs exceed budget targets

**How much and when?**
- Support strategic priorities with strategic initiatives
- Rule of thumb: 2-3 initiatives per priority
- Breaks down into monthly progress increments
- Measures results, rather than action plan milestones
- Easy to calculate and communicate
- Assigns accountability of who is ultimately responsible for achieving the strategic initiative (usually VP or Director level)

**Top Level X Matrix 2015**

- **Top strategic priorities**
- **Targets to improve**
- **3-year financial breakthrough objectives**

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Companies connect strategy to 5 areas of meaning

**Society**  Social Impact
- Improving society
- Building the nation
- Stewarding resources

**Customer**  Customer Experience
- Making it easy for the customer
- Superior service
- The work

**Company**  Shareholder Value
- Share price targets
- Industry leadership
- Beating the competition

**Team**  Organizational Health
- High performing teams
- Sense of belonging
- Caring/humane environment

**Me**  Personal Growth
- Personal development, learning
- Paycheck / big bonus
- Empowerment

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*AutoLiv*

“We save lives”
- Seat belts
- Air bags
- Automated braking and steering systems

*O.C.Tanner*

“Appreciate”
- Bulk pins and jewelry
- Customized individual awards
- Appreciation systems
Some hard facts on purpose

Attract and retain talent within the organisation...

- **2.3x** People who experience purpose at work are 2.3 times as likely to be engaged.
- **2.8x** People with purpose at work are 2.8 times as likely to stay.
- **2.2x** Organizations at which employees experience purpose at work deliver employees to society that are 2.2 times as likely to be satisfied at work.
- **50%** People that see work as a calling are 50% more likely to have a top position in the firm.

...serve clients better...

- **81%** Executives believe that purpose-driven companies will deliver higher quality of products and services for their clients.
- **85%** Executives that are more likely to recommend a company with purpose to others.
- **94%** Executives of purpose-driven companies say their company has strong customer satisfaction.
- **80%** Executives believing that an organisation with shared purpose will have greater customer loyalty.

...while increasing returns for shareholders & partners...

- **58%** Of purpose-prioritizing firms showing a >10% growth rate in the past 3 years (vs 42% in the non-prioritizers).
- **120%** Meaningful brands related to human well-being outperform the stock market by 120% between 2005 and 2012.
- **84%** Executives believing that their internal transformation will be more effective if integrated with purpose.

...and having a positive impact on society & government

- **80%** Of people believe that CEO’s should be personally visible in discussing societal issues.
- **25%** Higher score of B Corporations versus other sustainable businesses. B Corps use their strengths to address social and ecological challenges and formulate their goals with this mindset.
### Example <client> case:

“Purpose is something you surface, not something you create”

<table>
<thead>
<tr>
<th>Why did you start thinking about purpose?</th>
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</thead>
<tbody>
<tr>
<td>▪ Arrived at the company’s turning point – successful IPO, crossed the EUR1bil revenue mark, recognized as the European unicorn</td>
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<tr>
<td>▪ Talent: Employees were leaving more often than ever–due to the lack of established culture. “No longer a startup, but not established either”</td>
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<tr>
<td>▪ Leadership: Even the founding employees echoed the sentiments – “I wouldn’t like to work here, as it is now. We had built a house we didn’t like living in.”</td>
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<th>How did you develop your purpose?</th>
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<tr>
<td>▪ Viewed purpose as a “product” – it needed to be designed, prototype and made useful for people</td>
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<tr>
<td>▪ Started ideation with executive teams</td>
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<tr>
<td>▪ Engaged 5,000 employees (about 70% of company then) in coffee/ lunch conversations to share “why do you work at &lt;client&gt; “, “what is your proudest &lt;client&gt; moment?”</td>
</tr>
<tr>
<td>▪ Engaged its partners and customers in ideation workshops (over six months)</td>
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<td>▪ Prototyped the purpose in 20 teams (totaling 200 people) for six months – “Can the purpose be used for decision making”</td>
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<tr>
<td>▪ Developed a purpose toolkit (e.g. discussion cards on how to make this meeting serve our purpose, branding guidelines for product and recruitment and a game for new joiners)</td>
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<th>What is your purpose?</th>
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<td>“Reimagine fashion for the good of all”</td>
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<tr>
<td>▪ Reimagine: Employees that come to work to experiment, create and rethink. Employees that ask the right questions when things get more complex.</td>
</tr>
<tr>
<td>▪ Fashion: From celebrating your personal style to earning money with your outfits</td>
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<tr>
<td>▪ Good for all: Best results for people–customers, producers, trendsetters or brands</td>
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<th>What is the business impact of purpose?</th>
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<td>Improved employee retention after a year and attracted US talent to work for &lt;client&gt; in Germany</td>
</tr>
<tr>
<td>▪ Purpose-centered conversations amongst employees</td>
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<tr>
<td>▪ Introduced employee-centric initiatives (e.g. daycare shifts to support its logistics employees)</td>
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<tr>
<td>▪ Accelerated its platform strategy by helping the team think about the customer needs it wanted to fulfill, rather than the product. For e.g., &lt;client&gt; launched new products such as individual stylists.</td>
</tr>
<tr>
<td>▪ Accelerated sustainable supply chain initiative</td>
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<tr>
<td>▪ Purpose also helped decision making; products were not launched if it didn’t fulfill the purpose</td>
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BACKUP
Others working with Meaningful Purpose . . .

Simon Sinek –
The Golden Circle

Why: Do you do what you do? Why is the purpose?

#forginabetteryou
Others working with Meaningful Purpose . . .

Lisa Earle McLeod – Selling with Noble Purpose
Others working with Meaningful Purpose . . .

Dr. Kim Cameron
Center for Positive Organizations
Ross School of Business
University of Michigan
Increasing the ‘meaning quotient’ of work

Susan Cranston
and
Scott Keller
McKinsey Quarterly
2013
Our organization has a meaningful purpose that is . . .
Organizational affinity toward Meaningful Purpose follows Maslow’s Hierarch . . .

Meaningful Purpose in your organization

Organizational actualization:
Achievement and increasing potential, creativity, ingenuity, authenticity

Esteem
Respect and recognition
Contributions beyond the organizational walls

Sense of belonging
Social connectedness, part of a community or tribe,

Security
Stable work environment (benefits, clear job duties and responsibilities)

Physiological needs
Survival issues (salary, stable employment)

Intentional and systemic

Meaningful purpose discussions become increasingly organic

Meaningful Purpose is not visible or within the current dialog

Abraham Maslow
Discovering Meaningful Purpose

- **Specific workshop** activities with leadership
- **Interviews** with customers, partners and suppliers
- **Panel interviews** with associates at each level of the organization
- **Legacy** of the founder
- **Diligent observation**, constant searching and discovery