



Briefing Note

Purpose - We Must Think Deeper

Introduction	3
The Mindset	3
The Methodology	6

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It should be applauded that business and academia are tackling the question of purpose.

But the way it is currently being considered and promoted needs to go deeper and further if it is to generate the change we need.

This document is a call to that deeper thought.

It is written in response to the publication of the [Enacting Purpose Initiative](#) and is offered in the spirit of helping the thinking progress.



ENACTING PURPOSE WITHIN THE MODERN CORPORATION

A Framework for Boards of Directors



Berkeley Law
Business in Society Institute

BrightHouse
A BCG COMPANY

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Hermes

WACHTELL, LIPTON, ROSEN & KATZ

The
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Introduction

There is much to celebrate about the launch of the [Enacting Purpose Initiative](#) (the EPI). Purpose is one of the most transformative ideas to have re-emerged in the business arena since the financial crisis. That both senior leaders in academia and business are embracing the power of purpose is to be hugely welcomed.

Purpose, of course, is nothing new. The notion that we have a duty to contribute to the wellbeing of society was, pre-liberalism, one of the foundations of Western civilisation. The idea there might be some private or public good, however vaguely expressed, towards which we should move provided the energy for individual and societal development, and the rationale for determining the difference between right and wrong, whether from a humanist or theological perspective.

However, whilst the EPI is to be applauded, I am concerned that the way purpose is currently being considered and promoted within many business schools and executive circles is insufficient to nurture the scale and depth of change that society now seeks.

The EPI's focus is on purpose-as-strategy, as opposed to purpose-as-culture. But what we need goes beyond a redesign of strategic thinking or a new leadership methodology. What we need is a fundamental philosophical reawakening about who we are, what we want, how we relate to one another, and how we live on our planet. In brief, we need to reimagine the assumptions that underpin our organisations and how they operate.

Without this the danger is that we will unintentionally move from green-washing to purpose-washing; simply using purpose to legitimise pre-existing corporate objectives. We must not let purpose become just an exercise in justifying what we are already doing.

The Great Reawakening is and needs to be a bigger and more transformative shift. We must enter the purpose discussion with the expectation that it will lead to significant change.

The following are some of the areas where I believe that purpose thinking must develop further if it is to bring about the kind of deep, regenerative change that society is now rightly demanding. They can loosely be divided into two areas of concern: the overarching worldview that dominates the mindset of many institutions, and the insufficient recommended methodology for change which then follows as a consequence.

The Mindset

We need more clarity and specificity about the areas where present-day capitalism must change. You don't need to be anti-capitalist to recognise something has gone wrong with it. If Boards will not name it, they will not change it. We seek to support free enterprise - not dismantle it. But to make the case for purpose on the basis of traditional arguments (performance and productivity) does not move us forward. These certainly have their place, but they need more assertively balancing out with systemic thinking that gives due weight to an interdependent relationship with society and the environment; a serious recognition that the health of the wider system is the oxygen that all organisations breathe. To pretend, for example, that stakeholder and shareholder interests never diverge is ultimately naive - but more likely avoidance of the issue. Being purpose-led does not mean theoretically having regard for people and planet whilst in practice retaining them as a subordinate concern. It is to fundamentally reimagine the definition of success and rebalance corporate priorities so that profit, people and planet are held in harmony.

Rational thinking is more biased and less powerful than assumed. As we define our purpose, we need to be more humble about our rational thinking, not least because our rationality may not be as objective as we think. Plenty of critical theorists over the last century have shown how our reason is shaped by the socio-economic-political frameworks we inhabit. This requires proactive intervention because unless challenged by external thinking, and from beyond the normal suspects, Boards are likely to produce a 'rational' approach to purpose that supports the ways of thinking that produced the problems we face in the first place. Likewise, people are moved by emotion, tradition, the arts, sacredness, locality, relationship and meaning. It's a fallacy to assume if you tell staff or other stakeholders the 'logical' answer they will necessarily embrace it. Human beings are (delightfully) more complex than that.

We need more of the sacred, less of the materialist. Purpose is about wholeness, beauty, spirituality, being. These are the issues that are central to identity, which is the twin of purpose. To make the purpose-as-strategy question purely about doing isn't just to miss half the point. It is to neglect the origins of this movement and strip it of the transformational power that catapulted it into everyone's attention in the first place. Businesses are living organisms. Thinking of them as machines devoid of the metaphysical is not only a relic of the industrial age, it undervalues the degree to which human flourishing is part of why an organisation exists.

We need more emergent thinking, less linear adoption. The status quo's control addiction is not just internal (command-and-control), it is external too (predict-and-control); the idea that we can plan our way to success. We need to approach purpose on a wide-ranging, emergent and systemic basis. It is not the case that if we can only find the right "why" and follow a

predetermined, universally applicable framework then all will be merry. This is to assume we can control the world around us; to bend it to our will. That one magic formula, learned outside of ourselves, applies everywhere. This is old paradigm thinking. To be strategically purposeful is to reject this kind of pre-planned perspective. It is to constantly and consciously interact with our environment in order to respond to it. To accept its unpredictability. To recognise a dependency upon the health of the system and therefore take a measure of responsibility for it, and not just the lot of our immediate stakeholders. For example, a large bank that will not take some responsibility for the fragility of the banking system or even the health of the economy is not purpose-led, nor is a supermarket unwilling to engage with the question of nutritional collapse. Emergent thinking is aware of, and values, the whole, both for its own sake and because we are in this together.

We need more wisdom, less intellectualism. There is a significant difference between wisdom and knowledge. Wisdom - and purpose with it - is about growth in depth and maturity. It is a mistake to treat purpose as an intellectual exercise alone: we cannot simply think our way to the right answer, even with the benefit of external challenge. Just as we cannot know love unless we love, or know justice unless we are just, so it is with an understanding of purpose. If purpose is to be well-framed and sustainably implemented in practice it must be formulated in contexts that have invested the emotional and spiritual effort to understand what it is to exist in a whole and purposeful manner. That is not to say a shift in worldview cannot happen quickly, far from it; it is often likened to a spiritual awakening. But a new philosophy needs to take root over time with ever greater humility and application if it is to be deeply understood. Added to which, there is a difference between a shift at the individual and the organisational level. This is not a comment on personal integrity. It is simply an explanation of why people are often cynical when taught about purpose by organisations that have not lived purposefully for long, if at all. It's not (always) a lack of faith in the sincerity of new ideas; it's instinctively knowing that organisations must marinate in metaphysical ideas over time, along with experience and choices they bring, if they are to achieve real depth and impact.

We need more space for ambiguity, less universal clarity. Clarity certainly has its place. We need clarity of promise, for example. But we need to accept and value ambiguity more than we do: the status quo's approach to ambiguity is to try and manage it away or pretend it isn't there. This is the worldview as a machine again: it wants boxes, organograms, definitions, standardisation, job descriptions. But the world is too networked, localised, complex and uncertain for this. Ambiguity is the norm, not clarity, and we must become comfortable working within it. Particularly now the pace of change is so rapid. It is only if we embrace purpose in the context of ambiguity that we can find adventure, messy conversation, justice, creative thought, identity and wholeness. Ambiguity forces us to engage within the context, to find our own way forward. And unless we are careful, ever more clarity can breed ever more certainty, arrogance and inflexibility. Being purpose-led is a journey of humility.

We need more intrinsic value, less utilitarian thinking. To approach purpose as a strategic means to an end is to hole it beneath the waterline. Status quo business dialogue is dominated by concerns over efficiency and effectiveness, productivity and performance. These have their place, and an important one at that. But they also have very strong instrumentalising tendencies. We must re-capture the wisdom that profit is good but a by-product of service. The paradox of profit is that the gift must precede the reward. Approaches to a purpose that do not emerge from a worldview that recognises purpose for purpose's sake (the intrinsic worth of people, community and nature) will always, rightly, be judged as self-serving and fall short of what is needed.

We need more focus on new possibilities, less on problem-solving. The old paradigm mindset sees the world as a constant battle against problems. It believes a better future is made by finding problems, analysing them, solving them, and then moving onto the next one like a global game of professional whack-a-mole! The EPI, for example, even explicitly defines the organisational “why” as follows: *“The purpose of business is to solve the problems of people and planet profitably, and not profit from causing problems”*. But purpose is much more generative than this. Purpose is not stuck in the groove of answering yesterday's problems. Purpose may instead either change the question or create new possibilities where none had previously been imagined.

The Methodology

We need more focus on on-going, localised dialogue, less on top-down organisational purpose statements. The presented logic is that Boards must run a process to create a single, widely applicable purpose statement so everyone knows the deal and all decision making can flow from it. This sounds reasonable but it's flawed. We are not saying purpose statements are an inherently bad idea, far from it. They can be both fun and helpful; we have one at Shoremount - “to restore joy, meaning and freedom to every workplace” - (note it should always be an outward looking act of service). Nor are we saying there shouldn't be a sense of purpose for the organisation as a whole that is held in trust for all stakeholders by the executive function. Just as there remains a vital role for leadership vision and boundary setting, there remains a place for an organisational understanding of purpose. However, problems begin to arise when a single, centralised, organisational purpose statement is i) positioned as the only – or dominant - purpose exploration output that matters, ii) static, iii) believed to be a necessary component of being purpose-led, iv) tied to a centralised performance management system, and v) sold as the best way to shift an organisation from non-purpose-led to purpose-led. The purpose statement is not the only option, there are a number of other ways to achieve the change we seek.

Purpose statements are not the output that really matters: the dialogue is. The old paradigm focus on outcome and delivery means we miss what is actually important in this process: nurturing connection and understanding. Talking about purpose is becoming purpose-led, not having a statement at the end of it. We should not think ourselves so clever as to be introducing purpose into an otherwise purpose free landscape. Purpose is not being injected: organisations already have it in abundance. What's different is we are naming what it is today and then redefining and reshaping it for the future we hope to create together. As such, each department, team and individual must wrestle with their own vision of greatness and how they relate to one another. Organisational purpose is just one input for this discussion.

Elevating the dialogue part of the process enables an organisation to address some truths. If the reality is we're a vehicle for maximum personal gain as long as we meet the regulatory minimum, then we must call it out. Without obtaining clarity on where we are now and why we must change, we will struggle with the uncertainty and adventure that lies ahead and seek a return to what we know, even if it's bad for us and the whole.

Purpose is not static: it is evolutionary. Being purpose-led is about holding on-going, widespread conversations about what matters; a continual surfacing and exploration of all the meaning, intention, ambiguity and conflict that exists within organisational life, at all levels. As soon as an organisational statement is fixed to the wall it starts to lose its potency and power, not gain it.

Pursuing a static organisational statement is to choose consistency over commitment. A fixed organisational statement initially seems appealing because our status quo mindset tells us that it is control and consistency (anchored at the top) that creates thriving, productive communities. But not only do those assumptions not hold, they actually diminish the desired outcome: organisation-wide ownership. Stakeholders may endorse it but endorsement is not ownership. We can make the input process as widespread as we like but, ultimately, real ownership belongs only to those who craft the statement, however inspiring it might be.

Similarly, to anchor performance management to an organisational purpose statement is to choose control over commitment. It means Boards must continue to manage people through expensive bureaucracy amidst an atmosphere of mistrust. Performance management systems with rewards and incentives tied to purpose alignment are also purpose tied to punishment and yesterday's mantra: to rely on them is to misunderstand human nature and significantly increases public, organisational and personal cost and risk. Purpose is an accountability commitment that comes from choice and contribution, not control and obligation. Of course, rewards must not be misaligned, but if our first instinct is to use sticks and carrots to ensure people act purposefully we have not understood something fundamental. The quiet revolution that is happening is that we are discovering that staff do not need to be parented.

Instead, commitment and creativity are given in return for trust and participation. Leadership is no longer about persuading others to perform. It is about inviting them to initiate.

We should also be aware of a real danger with purpose statements: they can fast become a corporate communications exercise. If employees already feel the business is purpose-led – and widely known for being so – then this is not an issue: it's simply a momentary expression of who they are. But, if not, it will likely generate cynicism and scepticism faster than goodwill.

In short, to adopt this “statement-plus-management” approach is to repeat the methodology of the values exercises of recent years, just with a different language and greater urgency. Those exercises didn't deliver for similar reasons: how they were approached, organised and applied, and not because values were inherently a bad idea. Let's not turn Purpose 1.0 into Values 2.0.

We need more recognition of pain, less hiding from reality. Adopting a whole new worldview is going to take time and be messy and painful. It's as well to recognise that from the start. To ignore a conversation about what might be difficult or about what our doubts and reservations are is to undervalue the need for real partnership with stakeholders, diminish the value of purpose itself, and leave people ill-equipped for the journey ahead. The past may have left wounds that need healing if an organisation is going to step into a more purposeful degree of collective community. This is not simply an exercise in honesty: productively handled conflict can be a hugely creative space and a significant source of transformational energy.

We need more transparency and accountability, less sales pitch. Relentless internal and external positive messaging has created a crisis of trust. Statements and campaigns ring increasingly hollow, however real. It's partly because people are tired of change projects because, historically, they have promised the earth and rarely delivered. But it's also because history has taught us that there is an inevitable swerve-to-rot without transparency and accountability. In today's social media savvy environment, the truth will out in any event. There is no shortage of hard measures out in the market to commit to, and by which stakeholders can assess whether good intentions are being turned into reality.

We need more integration, less inconsistency. An organisation's internal and external self should be in harmony. Announcing a net-zero strategy whilst your culture opposes a healthy family life is not harmony. Huge donations whilst doing little about supply chain slavery is not harmony.

We need more human language, less corporate speak. Language is not just important: it's where change begins. We must avoid the use of vapid, exaggerated or disingenuous language, but if we do not speak in terms of love, beauty, duty, hope and wellbeing, we fail to grasp the very identity of the destination towards which society now demands we move. And, more importantly, the power of the words we use to create it. We must use them from the start.