Power Of Purpose

Idea In Short

Many corporate purpose statements today are vague, generic, and totally disconnected from the company's actual business model, creating a great purpose gap. To make purpose genuinely powerful, leaders must stop seeing it as a communications task delegated to HR or PR. Instead, they must anchor it in strategic reality: defining the clear customer problem the company solves, identifying its unique competitive advantage, and aligning the mission directly with how it earns revenue. True purpose is the conviction that drives differentiation, motivates employees, and steers every critical decision.

Every leader instinctively grasps the concept of corporate purpose. It's meant to be the organization's North Star—a guiding light that cuts through the noise of daily demands and gives everyone, from the frontline employee to the CEO, clarity on what truly matters. But while most companies have a purpose, mission, or vision statement, how many of them actually feel meaningful?

In working with organizations across the board, it's clear that many purpose statements are failing to land. They don't galvanize employee conviction, nor do they clearly articulate the outcomes needed for the company to succeed in a competitive market. This failure often starts right at the creation stage, where leaders sidestep fundamental questions:

- Does our stated purpose address a clear problem or need for our customers?
- Is our organization uniquely equipped to deliver on this promise?
- And, most critically, is it directly connected to how we actually generate revenue?

When these questions go unanswered, confusion sets in. The resulting statement often distracts employees and customers alike from the very core of what fuels the business.

Over time, this misalignment leads to strategic and operational drift, eroding cohesion, motivation, and, ultimately, performance. Yet, purpose is a vital source of energy for the engaged workforce needed to carry out major initiatives, from bold transformations to far-reaching ESG goals.

To harness this power, leaders must make a radical shift in perspective. Here are the five strategic imperatives for building a purpose that truly works:

Purpose Is strategy

The first mistake is delegating the purpose statement to the public relations or human resources departments. While these teams offer valuable perspectives, handing them the reins risks creating the great purpose gap—the chasm between what sounds inspiring and what the organization actually does. The result is often vague, benchmarked language about empowering people or changing the world.

The truth is, strategy starts with purpose. Leaders must own the process, crystalizing the company's reason for being with the conviction that it will motivate, clarify decision-making, guide investment, and drive necessary transformation. Every employee should be able to proudly articulate the value of their work to customers and the world.

Connect Purpose To Business Model

In the current environment, many leaders gravitate towards discussing ESG goals—like diversity initiatives or sustainable packaging—when defining purpose, assuming these demonstrate purposeful activity. While these initiatives are commendable, simply focusing on how the company spends money, rather than how it earns it, is a danger.

All for-profit entities must offer customers a compelling reason to hand over their cash. Leaders have a responsibility to connect their obligations to customers and investors with the greater good of society.

> Consider the bold move made by a major US retail pharmacy chain, CVS Health, when it decided to stop selling tobacco products. This decision meant walking away from an estimated $2 billion in annual sales. Why? Because the company's purpose was fundamentally about being a healthcare provider and helping people on the

path to better health. Selling cigarettes was inconsistent with that core mission. By sacrificing short-term revenue, the company demonstrated a deep, authentic commitment to its purpose, strengthening its identity as a trusted health resource and creating a powerful, long-term competitive advantage against competitors who still sold tobacco.

Build Your Mission Around Your Special Powers

When leaders ask themselves:

- What critical role do we play for our customers?, or
- What would happen if we disappeared?

they often struggle for an answer, especially if their organization lacks a clear, meaningful advantage. Yet, almost every organization possesses a special power—a unique, often unrecognized capability or high-performing unit where differentiation lies. Identifying this competitive advantage is critical for long-term performance. The purpose must be articulated around this strength, serving as the basis for investment and employee galvanization.

Take Patagonia, for example. Its mission, "We're in business to save our home planet," is famously audacious. But critically, this purpose isn't just a marketing slogan; it is their business model. Their commitment to the environment drives their core revenue streams through several powerful loops:

1. **Product Quality:** To reduce consumption and waste, they must "Build the best product," leading to high-quality, durable, premium-priced gear
2. **Worn Wear:** They actively encourage customers not to buy new items through their "Worn Wear" program, which offers repair services and sells used gear. This seemingly counter-intuitive move reinforces their environmental commitment, builds extreme brand loyalty, and extends the product lifecycle, justifying their premium pricing
3. **Ownership Structure:** The company's recent shift in ownership structure, which directs all non-reinvested profits toward fighting the environmental

crisis, ensures that their financial success directly powers their purpose

For Patagonia, the product is not just a jacket; it is a tool for activism, which their customers are willing to pay a premium for. Their "special power" is their authentic, integrated environmental commitment, which makes them essentially untouchable by competitors who only talk about sustainability.

Purpose Must Span The Entire Portfolio

In multi-business organizations, a clear purpose must exist at the business or market level for every line, defining how that unit makes money and why it matters. Corporate leaders must then assess how (and if) the central HQ adds value across these various purposeful activities.

The two imperatives are ensuring each business line has a meaningful, strength-related purpose for its customers, and confirming that holding these businesses together still makes strategic sense. This may necessitate tough decisions, like divesting or selling business units that would better realize their purpose standing on their own.

Boards Must Hold Leaders Accountable

Too often, boardroom discussions prioritize capital allocation, margins, and shareholder compensation over deeper, more nuanced talks about the value the company brings to customers. Boards have a unique role in steering the long-term success of the organization. They must take control of the agenda to ask management the hard questions that align strategy with purpose.

Summary

For leaders facing immense challenges, purpose cannot be a platitude. It must be a function of brutal honesty and strategic clarity. Instead of relying on vague, feel-good language, companies must embed their purpose in their strategic core: defining the customer value proposition, capitalizing on their unique strengths, and ensuring every part of the business

aligns with how it genuinely earns its revenue. Only then can purpose serve as the true engine for motivation and market differentiation.