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# Abstract

For the last 30 years, several factions within the U.S. economy, such as Conscious Capitalism, Net Impact and B Labs, and their members have led changes to create an economy that works for the people and planet. Until recently, these efforts were considered to be headline-grabbing oddities by mainstream business culture, but not practical or scalable strategies for “real businesses”.

On August 19, 2019, the Business Roundtable (BRT), arguably one of the most influential business organizations in the United States, comprised of 200 CEOs from some of the largest companies in the country and representing 10 million workers, joined ranks with Conscious Capitalism, Net Impact and B Labs. In effect, they broke off a five decade-long love affair with shareholder value, and announced a new open relationship with stakeholders of all sorts.

## STATEMENT ON THE PURPOSE OF A CORPORATION

Americans deserve an economy that allows each person to succeed through hard work and creativity and to lead a life of meaning and dignity. We believe the free market system is the best means of generating good jobs, a strong and sustainable economy, innovation, a healthy environment and economic opportunity for all.

Businesses play a vital role in the economy by creating jobs, fostering innovation and providing essential goods and services. Businesses make and sell consumer products; manufacture equipment and vehicles; support the national defense; grow and produce food; provide healthcare; generate and deliver energy; and offer financial, communications and other services that underpin economic growth.

### WHILE EACH OF OUR INDIVIDUAL COMPANIES SERVES ITS OWN CORPORATE PURPOSE, WE SHARE A FUNDAMENTAL COMMITMENT TO ALL OF OUR STAKEHOLDERS. WE COMMIT TO:

**DELIVERING VALUE TO OUR CUSTOMERS.** We will further the tradition of American companies leading the way in meeting or exceeding customer expectations.

**INVESTING IN OUR EMPLOYEES.** This starts with compensating them fairly and providing important benefits. It also includes supporting them through training and education that help develop new skills for a rapidly changing world. We foster diversity and inclusion, dignity and respect.

**DEALING FAIRLY AND ETHICALLY WITH OUR SUPPLIERS.** We are dedicated to serving as good partners to the other companies, large and small, that help us meet our missions.

**SUPPORTING THE COMMUNITIES IN WHICH WE WORK.** We respect the people in our communities and protect the environment by embracing sustainable practices across our businesses.

**GENERATING LONG-TERM VALUE FOR SHAREHOLDERS, WHO PROVIDE THE CAPITAL THAT ALLOWS COMPANIES TO INVEST, GROW AND INNOVATE.** We are committed to transparency and effective engagement with shareholders.

**EACH OF OUR STAKEHOLDERS IS ESSENTIAL. WE COMMIT TO DELIVER VALUE TO ALL OF THEM, FOR THE FUTURE SUCCESS OF OUR COMPANIES, OUR COMMUNITIES AND OUR COUNTRY.**

**BRT.org/OurCommitment**  Business Roundtable

While this announcement may strike fear into the hearts of traditional business leaders, it also demonstrates courage, and the opportunity to leave a generative legacy and a habitable planet for our children and grandchildren. This paper explores the backstory of this historic decision, how the conversation has shifted from talking about these ideas to activating them with a number of readily available tools and processes.

# Background

Why did the Business Roundtable (BRT) have this sudden change of heart? To understand this decision, let's look at three key trends:

1. Shifts in perceptions of capitalism.
2. Shifts in perceptions of careers.
3. Shifts in perceptions of the existential threat of climate change.

## Trend #1: Shifting Perceptions of Capitalism

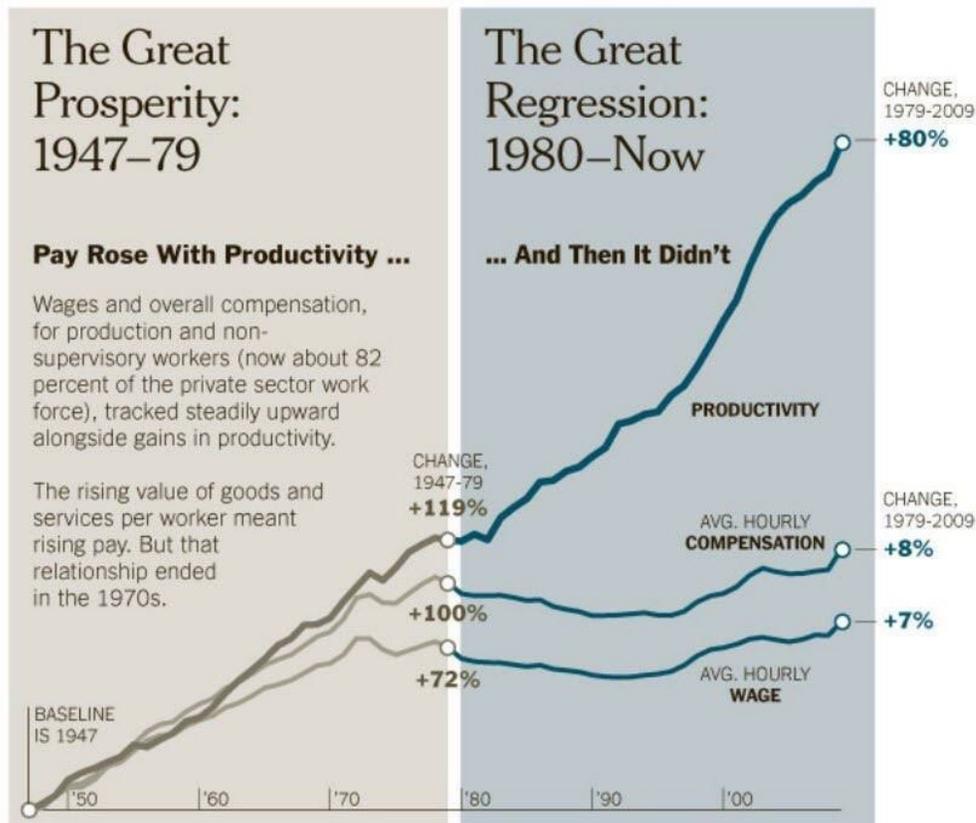
Like many entrenched economic systems, capitalism is entering a time of evolution. For many, unrestrained capitalism is considered to be as central to the identity and pride of United States citizens as John Wayne, baseball, democracy and apple pie. However, in practice, and while there have been many benefits, the profit principle has not always served the people or the planet well. To put the BRT's decision in context, we need a firm grasp of the last 50 years of the U.S. economy's evolution.

In 1970, Milton Friedman uttered the now famous phrase, "the business of business is business". Two years later, three groups of CEOs merged to form the BRT followed this prophecy. The BRT, along with other organizations, such as the U.S. Chamber of Commerce, used their collective power to maximize profit, and often by keeping wages low, trimming pensions, off-shoring factories, and using political leverage to weaken unions and keep environmental laws to a minimum. It was assumed that what was good for the business was good for the people of United States. Although there was no explicit ill will towards people and planet, the effects of this approach had numerous undesirable consequences.

In the ensuing decades, the US economy boomed. Entrepreneurship, technological innovation and a business-friendly regulatory environment resulted in massive increases in productivity. During this period, nominal GDP increasing from \$1 trillion to \$20 trillion<sup>1</sup>, an increase of 20x in almost 50 years. However, when we adjust for inflation that number goes down to 2.76x. Adjusting for population increases over this period, it drops to 1.75x. Still, not a bad run. If there was an equal distribution of this real GDP increase, the wages and wealth of every U.S. worker should have increased by 75%.

However, that's not what happened. Median wages have been relatively flat for the last 50 years<sup>2</sup>, while income and wealth for the already wealthy

expanded dramatically. We might be tempted to consider that this is just a lamentable consequence of success or a neutral dynamic.



Source: Robert Reich<sup>3</sup>

Additionally, as many households added a second worker and urbanization increased commute times, work and commute hours per household have increased from 45 hours per week to 100 hours over this period. Further, *workism* became a central aspect to our culture.<sup>4</sup> While female workers benefited tremendously in terms of fulfillment and economic power, two income households did not create the economic value that one might expect. In many areas of the United States, two incomes are now required to afford the same house, lifestyle, and family size that one income supported 50 years ago.

Although the upper class in the United States did well, most U.S. households are making the same amount of money, but have 55 fewer hours per week to spend with their children, their families and in their communities. Adults are simply not around as much, and children are attempting to parent themselves. There are real economics behind the utterance of “kids these days”.

This dynamic has not only made parents less available to their children, but more anxious financial providers, as households no longer have a spare second worker to pitch in during times of economic hardship or physical illness. We have lost a critical component of feeling safe and secure, as evidenced by 78% of U.S. workers who live paycheck to paycheck<sup>5</sup>, and 40% of U.S. households unable to cover an unexpected expense of \$400.<sup>6</sup> The result is that for most people in the United States, life has become less safe, connected, abundant, and upwardly economically mobile.<sup>7</sup>

With the prevailing ethos of “we make our own luck”, many took it personally, working harder and harder, hoping that one day their efforts would pay off and they would secure the promise of a stable, prosperous and spacious middle class existence. Many sank into despair, anger and resignation, with some of us giving up altogether on work; the labor participation rate is 63%, down from 67% in 2000.<sup>8</sup> Some of us turned on each other - heightening racial, gender and religious tensions. Some of us turned to alcohol, mindless media, illegal drugs and prescription pain-killers. To put a finer point on this trend, deaths of despair (suicide, alcoholism and drug abuse) rose to 70,000 deaths per year, doubling between 2000 and 2017.<sup>9</sup>

Feeling the impacts of business as usual on employees, families, communities and nature, numerous movements within the business community began advocating a different vision of what business should be. The 60’s gave us Corporate Social Responsibility, the 70’s gave us the

<b>2010’s</b>	 Harvard Business Review	 FT FINANCIAL TIMES	 BR Business Roundtable
<b>2000’s</b>	 CONSCIOUS CAPITALISM	 B Corporation	 BALLE Business Alliance for Local Living Economies
<b>1990’s</b>	 CENTER FOR POSITIVE ORGANIZATIONS	 NET IMPACT	
<b>1980’s</b>		 SOCIAL VENTURE NETWORK	
<b>1970’s</b>			 BR Business Roundtable
<b>1970</b>	“The business of business is business.” Milton Friedman		

World Economic Forum’s “1973 Davos Manifesto”, the 80’s gave us Spirituality in Business and the Social Venture Network, the 90’s gave us Net Impact and the Center for Positive Organizations, the 2000’s gave us Business Alliance for Local Living Economies (BALLE), Social Capital Conference, B Labs (B Corps) and Conscious Capitalism.

As this movement gained wider mindshare in the press and business media, a number of large corporations such as Danone and Unilever took bold action towards inclusivity and sustainability, however, their efforts remained on the fringe of mainstream business culture.

This is due to very little changing in terms of the structure of the economy. Public companies are still compelled to give quarterly guidance, and executives are still compensated on profit and share price. The result is that many executives feel that they are only as good as their last couple of quarters. So they cracked the whip, working harder and harder, and having less and less time to devote to big picture thinking, personal and leadership development, creating a generative culture and developing sustainable business models. This “short-termism”, combined with the broader “workism” culture, have a stranglehold on most executives.

Although capitalism has served some quite well, the data now reveals that capitalism as currently practiced in the United States maximizes the wealth of owners and executives, with very little consideration to the impacts on other stakeholders. While there have been some gains for women, people of color and LGBTQ communities, the perception of the impact of business on society and the environment, is that it still only benefits the wealthy elites.

It turns out that people are craving a new type of economy and culture, a system that works for all people, not just the wealthy. Evidence of this shift is that 51% of Millennials and Zenials feel positively about socialism, and 45% feel positively about capitalism (down from 68% in 2010)<sup>10</sup>. Numerous 2020 U.S. Democratic candidates are capitalizing on this angst, besting each other with ever more broad-sweeping plans for reform. The BRT was right to see the opportunity and threat of this shift.

Investors and organizations in the Conscious Capitalism and B Corp community have answered the call and decided to do the deep transformation work required to become purpose-led and stakeholder-driven companies. Financial markets have started to price in environmental and social impacts, launching a plethora of Environmental, Social, and Governance (ESG) funds to meet the demands of values-driven, stakeholder-concerned investors.

Some of our country’s largest investors, such as Ray Dalio from Bridgewater<sup>11</sup> and Larry Fink from Blackrock<sup>12</sup> have also trumpeted a new purpose-led, multi-stakeholder vision for what capitalism could be. The Financial Times of the UK tipped its hat towards this future with it’s New Agenda<sup>13</sup>. Every leading business school now offers a major or concentration in Social Enterprise, and

the vast majority of the Fortune 1000 companies have begun robust community engagement, philanthropy, sustainability and diversity and inclusion efforts.



However, diversity and inclusion remains a sore spot in the “American Dream”. An HBR study of 800 organizations has shown that in the 30 years there has been no positive impact from D&I training<sup>14</sup>. Not much has shifted, as men still make more money than women in the same roles, and whites still make more than African Americans in the same roles, with whites and men still promoted more than women and people of color. There have been few gains in recruiting, developing, promoting and retaining people of color, people on the gender spectrum and people who identify as anything other than heterosexual.

The BRT announcement signals that the public perception of U.S.-style capitalism has turned and big business intends to meet this new reality with more just, inclusive and sustainable ways of doing business, by becoming purposeful leaders, and measuring value in a way that dignifies the human experience of all stakeholders. As might be expected, not everyone is happy about this.

Reactions to the BRT announcement are varied. Some are calling it a public relations scam - the latest attempt to apply a fresh coat of paint on the gulag, a continuance of the green-washing, pink-washing, rainbow-washing and saffron-washing trends. Some are saying its too little too late, and have their “Che” t-shirts and pitchforks ready for the revolution. Some are hopeful that this does indeed signify a turning point. Some are calling it severely destructive and counter to the very nature of capitalism. Some are skeptical as many business leaders who are quite vocal about purpose have engaged in

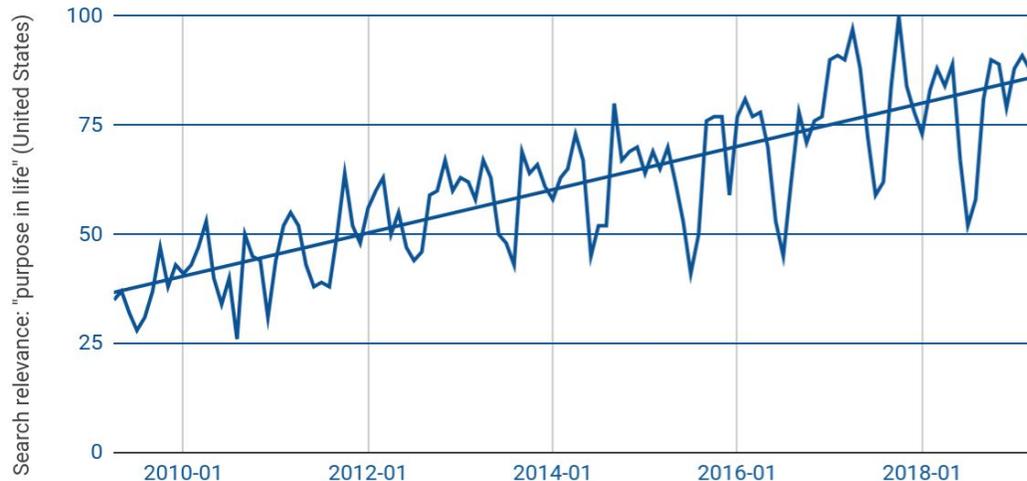
a plethora of unethical business practices, letting down employees, customers and the environment. Some say that it sounds nice, but doubt there is a path to transform a single organization, much less an entire economy.

One thing is certain, however, big business is responding, and not because the large corporations are prone to follow whimsy, but because the conditions have changed. One condition with which we are all familiar with is our own jobs, and what they now mean to us.

## Trend #2: Shifting Perceptions of Careers

We now want work that is personally meaningful and has a significant impact. We want opportunities to grow personally and professionally, and to bring our whole selves to work. It used to be that a job was a job, work was a four-letter word, and that we weren't at work to be happy, but to make money. We used to believe that if we wanted happiness and meaning, we could do that on our own time through hobbies, art, religion, civic engagement or time with family. This has changed. Now 99% of people believe we cannot be fulfilled in life without being fulfilled at work<sup>15</sup>.

### U.S. Google search relevance: "purpose in life" (4/9-4/19)



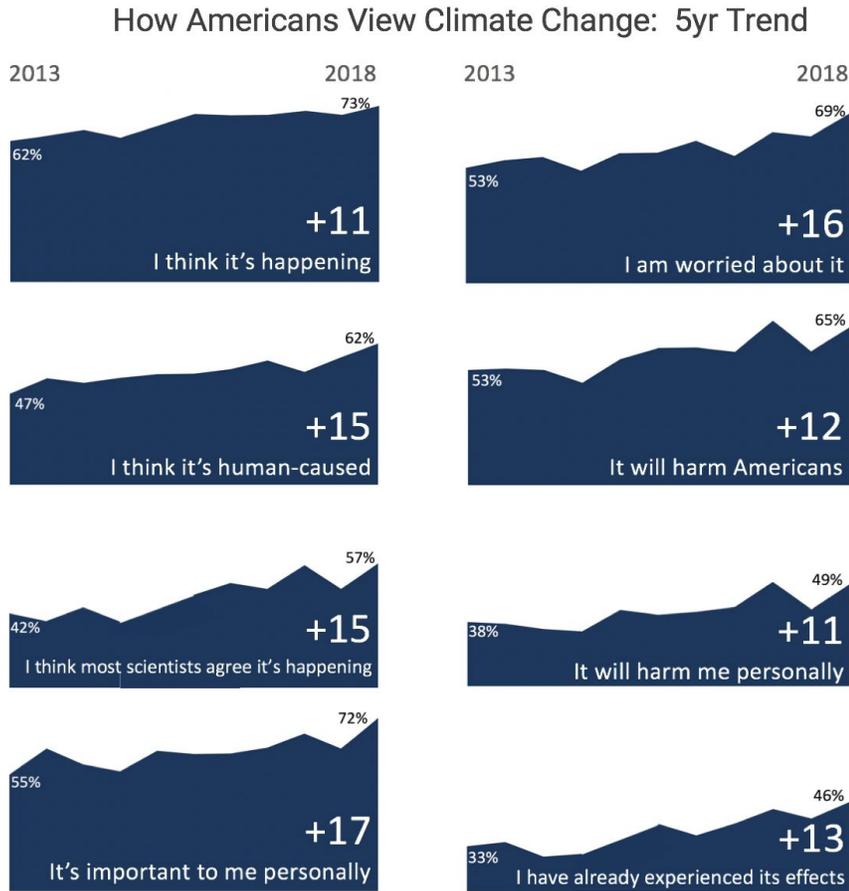
Source: Google Trends<sup>16</sup>

More the point, 83% of US employees identify finding meaning in day-to-day work as a top priority<sup>17</sup>, and 90% of employees are willing to trade 23% of their lifetime earnings for more meaning<sup>18</sup>. Further, there is a growing sense, especially among younger workers, that work needs to have a positive impact, with 75% of Millennials choosing to work for or do business with a company that does good in the world<sup>19</sup>.

This shift seems to be in concert with similar shifts in consumer spending. 9 of every 10 consumers say they would rather buy from a company that leads with purpose<sup>20</sup>, and 87% of global consumers believe businesses should put at least as much emphasis on social interests as business ones<sup>21</sup>.

## Trend #3: Shifting Perceptions of Climate Change

The science is overwhelmingly conclusive. Climate change is real and caused by human behavior<sup>22</sup>. While there is still some skepticism about climate change and its causes, it is decreasing rapidly:



Data from 11 national surveys (n=13,103) from Nov. 2013 to Dec. 2018.



Source: Yale, 2019<sup>23</sup>

This isn't just a liberal phenomenon, as a recent poll shows that 67% of millennial Republican voters favor more robust climate policy<sup>24</sup>. As a result, consumer appetites are shifting to sustainable products and services, and workers are aligning themselves with organizations that have sustainable business models, utilize triple bottom-line accounting and B Corp audits, and that have taken bold and public stands for the environment. Organizations like Unilever, Patagonia, Danone, Eileen Fisher and Herman Miller are leading the way.

## What is Purpose?

Collectively, these trends reveal that the BRT announcement is a lagging indicator of the economy's move towards purpose. But first what is purpose?

- **At the individual level**, a person is purpose-led when they understand what their life is for, who they serve, and have transformed the areas of life that are not aligned with it. It is beyond the concerns and desires of their personality, but serves a greater good. It is distinct from a “made up” or decided upon reason, but emerges from one’s deepest sense of self, one’s devotions and virtues.
- **At the organizational level**, an organization is purpose-led when they understand who they serve, their mission, why they are the ones to achieve it and have aligned all activities with their purpose. It is beyond the demands of shareholders or the pull of professional pride, but serves a greater good. It is distinct from a calculated strategy, but is a shared commitment that emerges from the individual purpose of the founders and/or leaders.

The ROI of

# Purpose

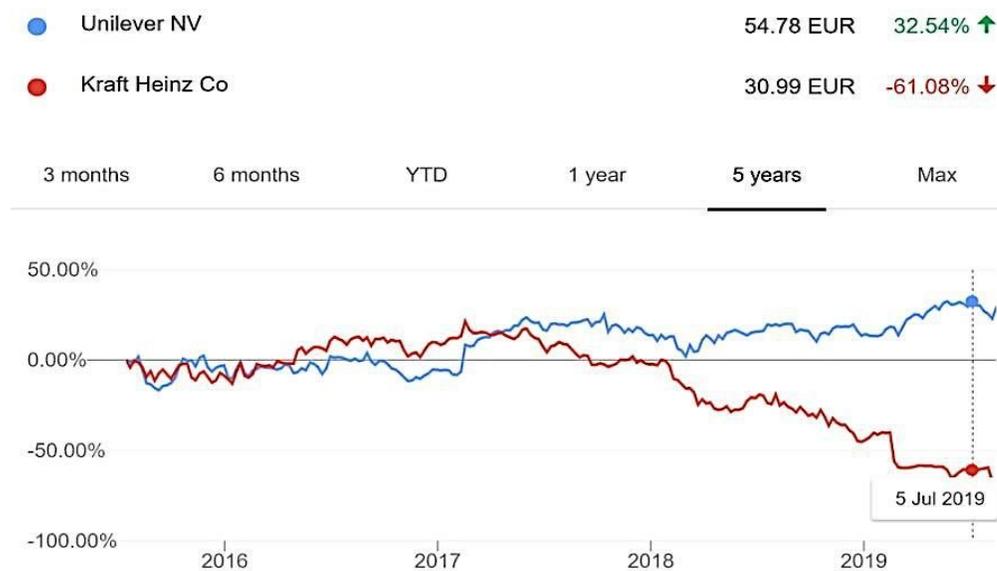


## The ROI of Purpose

The reasons to become purpose-led at the organizational and individual levels are many, yielding a variety of gains for all stakeholders of all types.

- Purpose-driven companies outperform the S&P 500 by 400% over a 10-year period<sup>25</sup>
- Purpose-driven employees have an average annual output that is \$9.1k higher than those without purpose<sup>18</sup>

*In 2016-2017, Kraft-Heinz tried to buy Unilever. Unilever rejected the offer, because it saw no benefit. In the months since, Kraft-Heinz has continued it's shareholder / cost-cutting focus, while Unilever's strategy has been driven by purpose, sustainability, human rights and diversity.*



Source: Sean Gogarty<sup>26</sup>

## Productivity and Engagement

- Purpose-driven employees are 125-225% more productive<sup>27</sup>
- Purpose is correlated with a quadrupling of the likelihood of being engaged at work<sup>28</sup>
- 90% of global employees in purpose-driven companies are engaged<sup>29</sup>
- For every 10,000 employees who have a sense of purpose and meaning, there are 19,500 fewer days of paid leave per year<sup>18</sup>
- Purpose is correlated with 32% fewer doctor visits and 61% fewer overnights in the hospital per year, when compared to those with the lowest purpose scores<sup>30</sup>

## Hiring and Retention

- 70% of U.S. workers would accept a more fulfilling job offer<sup>31</sup>
- 75% of Millennials will choose to work for or do business with a company that does good in the world<sup>19</sup>
- 90% of employees are willing to trade a portion (23%) of their lifetime earnings for more meaning<sup>18</sup>
- Purpose-driven employees have a tenure that is 7.4 months longer than those without purpose<sup>18</sup>
- People who are fulfilled are 2x as likely to stay with a company for 5 years, and 3x as likely to stay for 10 years<sup>15</sup>

## Cultures of Care and Character

- Purpose is correlated with an increase in wisdom, curiosity and temperance<sup>32</sup>
- Purpose is correlated with a 50% greater likelihood of having meaningful relationships at work<sup>33</sup>
- Purpose is correlated with an increase in desire for racial diversity<sup>34</sup>
- Purpose is correlated with an increase in philanthropy and volunteering by 50%<sup>28</sup>
- Purpose enhances reflection on past and future, increasing consideration of impact on others<sup>35</sup>

These are only a few of the validated benefits of becoming purpose-led. For a comprehensive list of research, impacting the economy, human health and society, please visit <http://ScienceOfPurpose.org>.

Collectively, these studies paint a picture, one where all stakeholders win, where people are fulfilled and prosperous, where shareholders gain, where communities become more connected and where companies exhibit care for people and the environment. It is time to accept that business can reclaim its original purpose - to be a force for good - and everybody wins.

As such, firms who wish to lead and thrive must create sustainable business models, pay living wages, develop cultures of care and inclusion and craft an employee experience that optimizes diversity, purpose, growth and impact. So what does this look like in practice? Approaches to activating a purpose-driven organization are varied, but there are a handful of best practices, and pitfalls to avoid.

## Solution: The Pathway to Purpose + Profits

Over the last decade, purpose and the “business for good” ideology, has moved beyond TED talks and cocktail party banter to a number of best practices and readily deployable tools to activate purpose at scale. However, it means changing almost every aspect of how business is done.

### Step 1: Leaders Model Purpose Activation

It begins with the executive suite completing a purpose discovery process, such that each executive establishes a connection to their own purpose in life, their legacy, their virtues, values, life story and deepest devotions. This can be considered pre-season training, as leading with purpose in an organization first requires building muscles of meaning in one’s own life, and then sharing their purpose with their teams, and also publicly.

This is a critical first step, as without individual purpose awareness by the senior executives, we cannot access the deeper purpose of the organization, AND the employees will not believe that being purpose-led is legitimate or actionable. There are a handful of organizations that facilitate this work, such as the True Purpose Institute, the Core Leadership Institute and numerous individual purpose coaches and guides, such as the members of the Global Purpose Leaders.

### Step 2: Organizational Purpose + Strategy

Once these muscles are developed in the leadership, we can then explore or deepen the collective purpose of the organization. Recommended programs are those offered by the True Purpose Institute Organizational Purpose Process and the Future Search process. Once the organizational purpose and strategy are clear, then the task is to create a culture and leadership ethos to fulfill on that purpose.

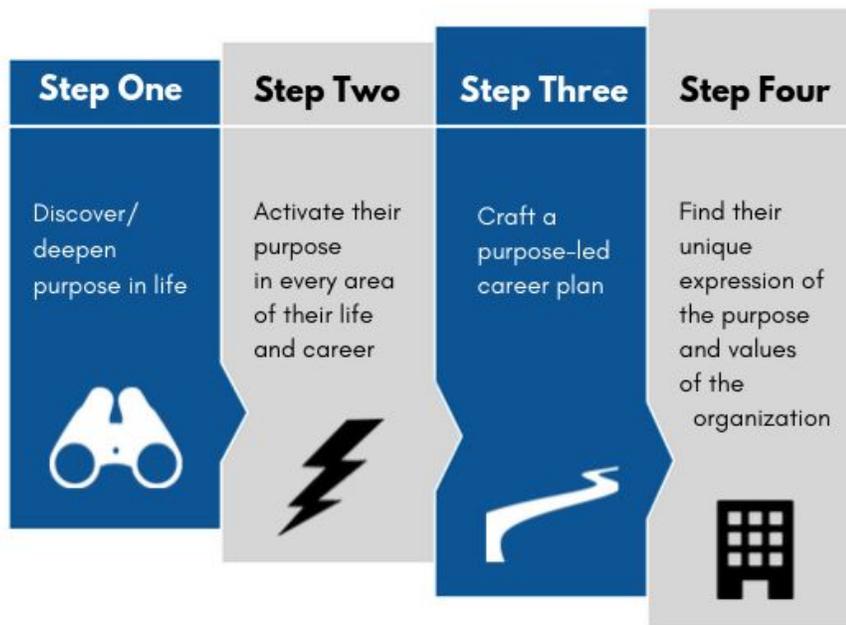
### Step 3.1: Employee Purpose Activation

With the purpose and strategy clear, the task is to activate the purpose of each employee. To do this, at least two, half-day workshops are required. The first should include facilitation and an inspiring keynote by a leader in the purpose-driven organization space (see appendix).

This first session introduces the possibility of being purpose-led. It includes an exploration of the opportunity to expand the impact and prosperity of the organization, outlining the science and the process by which the leaders developed their own purpose. The leaders must share vulnerably about their experience discovering their own purpose and the organization’s deeper

purpose, and, finally, the operations and culture strategy to fulfill on that purpose.

The second session, introduces what purpose-driven culture is, and begins the work to activate the purpose of every employee in the organization. The employees then begin a 3-12 month transformational journey. They complete exercises and peer coaching or small group conversations to deepen their clarity, confidence and courage through the following steps:



Without the purpose of each employee online and in action, employees will not fully embrace future strategic initiatives. Further, without a connection to their purpose, future learning initiatives will feel imposed, paternalistic and compliance-oriented.

When employees know their purpose and are invested in their own purpose-driven career, critical learning objectives, such as conflict resolution, giving feedback, resilience, unconscious bias / diversity and inclusion, become an expression of their purpose vs. an imposed mandatory training. There are a handful of approaches that activate purpose at scale for employees, such as those offered by Ion Learning and Imperative.

## Step 3.2: Leaders Practice Purposeful Leadership

The next step is to ensure all leaders in the organization - those responsible for other people's work environments - are skilled in purposeful leadership.

A recent survey of over 502 leaders revealed that while 79% of leaders think that connecting their people to an inspiring reason for being is critical to success, just 27% say they regularly enact purpose when working with their teams.<sup>17</sup>

**Closing the gap from the stimulating *idea* of purpose to its transformative *practice* to drive stakeholder engagement, motivation, and fulfillment may be the most important task of modern organizational leaders.**

Purposeful leadership, sometimes called “positive leadership,” is an approach that consistently enables positive meaning in work and is a set of skills that can be learned. The World Economic Forum finds that those who work with or for a purposeful leader are more motivated, more engaged, and more resilient.<sup>36</sup>

Purposeful leaders think, feel, and act from a contribution-first mindset and enable those around them to know *that* they matter and *how* they matter. Some of the key research-backed skills to enable purposeful behavior in organizations are:

1. Consistently connecting each person and their tasks to an other-centered impact
2. Ensuring a clear line of sight from daily work to the bigger organizational purpose
3. Making contribution goals more important than achievement goals
4. Deeply knowing each employee's values, character strengths, and individual purposes and connecting it to the team and organizational purpose
5. Strategically fostering high-quality interpersonal relationships and psychological safety

## Step 4.1: Organizational Structures

Leaders in the organization begin to translate the purpose into policies and structures. Depending on the purpose of the organization, these might include:

1. **Chief Purpose Officer:** Organizations that are serious about this transformation appoint a seasoned purpose practitioner to the executive suite, giving them broad power to execute and coordinate the transition to becoming purpose-led.
2. **Multi-stakeholder compensation:** The variable compensation of all employees is tied to metrics that reflect the organization's net impact on all stakeholders.
3. **Earnings guidance:** Develop new expectations, structures and relationships with board members and investors to focus on the long run, liberating executives from their 90-day earnings crunch / spin cycle.
4. **Diversity and Inclusion:** A 5-year plan to evolve the organization to reflect the diversity in the community, e.g. 50% women, and 30% people of color, at all levels, from new hires to board of directors while focusing on building a culture of inclusion where difference is valued and everyone feels like they belong.
5. **Living Wage:** Ensure each employee can afford rent/mortgage (income = 3x rent/mortgage), within a 30-minute commute, provide for a family of four, and work no more than 40 hours a week.
6. **Transparency:** Ensure all company data is made available to all employees, including compensation, and that the company is audited annually on its commitment to its purpose and impact on stakeholders, such as a B Labs audit.
7. **Sustainability:** A 5-year plan to develop a fully sustainable supply chain, product / service suite and cradle-to-cradle ethos.
8. **Wholeness:** Ensure all employees feel safe to bring their whole self to work, including their purpose, emotions, and dissenting opinions.
9. **Wellness:** Ensure all employees have healthcare coverage, healthy lunches, nearby/on-site fitness centers, and 6+ months of parental leave for each new parent.



## Step 4.2: Culture Crafting

Once the preceding steps have begun, there is the necessary buy-in for employees to be excited about becoming a business that profits and makes a net positive impact on humanity and the planet. The task now falls to

developing a purpose-led culture and the skills required to deliver on the new purpose-led objectives, such as conflict resolution, giving feedback, persuasion, resilience, story telling, unconscious bias, diversity and inclusion.

A purposeful culture clearly articulates and operationalizes people's beliefs, values, work approach, communication norms, and decision-making structures. It also embeds interventions so all employees can learn, develop, and be held accountable to these cultural pillars. Approaches that enable culture and learning at scale are offered by Imperative, Zach Mercurio and Ion Learning.

## Step 5: Advocacy

Purpose-led organizations are not wallflowers, but they lead with purpose everywhere, for example Patagonia's stand for conserving our country's National Parks and donating its recent tax cuts towards these ends. In addition to transforming themselves, they take a bold stand for the whole economy and their relationship to our planet's ecology.

Recognizing that business has an outsized voice in government<sup>37</sup>, if we want a flourishing economy, a regenerative relationship to our planet and an inclusive and prosperous society, we will need more than the courageous actions of business. We need partnership with government.

Numerous policies could widen the pathway for all U.S. businesses to enact a purpose-driven, sustainable, multi-stakeholder strategy. Purpose-led companies must develop and advocate a point of view on what they would like to see in terms of government partnership, e.g.,

1. What healthcare system best expresses our purpose and supports our community and employees?
2. What energy and urban planning policies best express our purpose and supports our community, environment and employees?
3. What regulatory, tax and reporting structures best express our purpose and supports our community, environment and employees?

# Pitfalls to Avoid

## #1. Shallow Purpose

An unfortunately common view is that purpose is something that can be decided upon in an executive meeting, or left to consultants or the marketing team to figure out. These purposes tend to be shallow, obvious and driven by competing personal agendas, optics<sup>38</sup>, SWOT analyses and market pressures, e.g., “lead the industry”, “provide exceptional value to our customers”.



They can also feel inspiring or flowery, e.g., "unleash human potential", "empower people to communicate", but often these are only words, or come with poorly designed strategies and structures to create viable offerings, e.g. the recent troubles of Facebook, WeWork and eBay<sup>39</sup>. Collectively, these are known as shallow purposes. Some have called these shallow approaches “why-washing”<sup>40</sup> or “woke-washing”, akin to the greenwashing branding initiatives in the 2000s.

A deep purpose on the other hand, comes from the heart, seeks to transform the human experience, and has a feeling of transcendence, pointing to a common goal that moves humanity forward, transcending and including all the desires of the organization’s stakeholders.

The journey to deep purpose involves a few critical steps: 1. Deep Purpose Discovery (knowing one’s deepest identity, devotions, virtues, values, mission and life story), 2. Transformation of Internal Resistance to Purpose (to clear the path for purpose to be lived and acted upon), 3. Integration (integrating purpose into one’s life and career). Once this is complete at the individual level, with the meaning muscles well developed, the task is now to discover the deeper purpose of the organization.

## #2 Elitism

The second biggest mistake organizations make is allocating the lion’s share of their focus and professional development resources to existing or promising leaders. While a purpose-activated leader is an incredible asset to any organization (+63% leadership effectiveness<sup>41</sup>), **a purpose strategy that is only leader-centric, assumes that the purpose of the**



**employees do not matter.** Not only does it matter to them, personally, in terms of their success and fulfillment, but it matters to the organization, as purpose activated employees are more productive (+\$9,100 pp/yr), are more collaborative and have longer tenures (7.4 months)<sup>18</sup>.

Further, it is difficult to inspire anyone who is not already inspired by their own purpose and actively developing their purpose-driven career path. While purpose coaches and guides are highly effective, they are typically expensive, so it might not be financially feasible to provide every person in the organization with a 4-figure coach to help them activate their purpose. There are a handful of effective, technology-enabled enterprise purpose solutions, such as those offered by Ion Learning and Imperative, that utilize peer coaching and/or peer-facilitated small groups to activate purpose at scale.

### #3 Lack of commitment

Another pitfall is in how purpose work is delivered. All too frequently, purpose work begins as content via keynotes, a series of workshops delivered by the L+D team and consultants or a one-time off-site.

While these can be inspiring and engaging, they frequently do not produce the intended results in productivity, professional growth, tenure, collaboration and cohesion. This is because, purpose

and culture efforts cannot be put in a microwave. They must be slow-cooked, tended to consistently over time, supporting the employees in making purpose-aligned life and professional choices. Research on behavior change suggests that habits form when practiced between 21 and 90 days.



Purpose activation is a lifelong process, and organizations that nurture the purpose-driven growth of their employees must commit to their employees' development for the long term, beginning with a robust 90-day onboarding process that activates the purpose of the new hire in the organization, provides access to a diverse network of peers to help the new hire coalesce in the culture, and continues in empowering each employee to grow personally and professionally throughout their tenure and beyond.

## Final Thoughts

The BRT announcement is a lagging indicator of a groundswell in shifting perceptions of capitalism, careers and our relationship to our planet. Big business is now putting its shoulder into a more prosperous, just, sustainable and fulfilling future and has declared its intention to create an economy that serves all people. By following the pathway outlined in this paper, businesses can thrive by embracing a multiple stakeholder approach, activate purpose at scale and advocate for public policies to support this transition.

In doing so, they will flourish - attracting more loyal customers, top talent and values-aligned investors. Businesses that resist or vacillate, will stagnate and face increasing pressure from customers, employees, investors, regulatory agencies and the press to “get with the program”.

This choice might seem obvious, but it may also come with fear or concern about how others might respond. Skepticism and fear are givens in any decision. They are important and welcomed. However, our experience is that underneath that skepticism and fear is a hunger, an ache to do life and business differently. We want to make an impact, to leave a generative legacy and secure a flourishing future for our families, communities and country. Your response to this moment matters. We encourage you to take the next step by embracing the new future that your purpose will co-create.

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## Appendix: Next Steps

Depending on where your organization is in its embrace of purpose transformation, your next step will vary. Some options to explore:

1. **If your organization wants to explore what it means to be purpose-led**, begin with a keynote from Afdhel Aziz, Holly Woods, Brandon Peele, Sara Roberts, Greg Pryor, Laura Garnett, Tim Kelley, Shavon Lindley, Nick Craig, Beverly Barnes, Aaron Hurst, Martha Beck, Zach Mercurio, or Laura Stone.
2. **If you want to activate the purpose of your leadership or organization**, contact Lion Learning to receive an assessment of your leadership's connection to purpose, and a customized plan to activate the purpose of your leaders and organization.
3. **If you want to equip your leaders with the practices to activate purpose and meaningfulness in your teams**, contact Zach Mercurio for a sample purposeful leadership behaviors scorecard and a more detailed look at how to cultivate purposeful leadership skills with your teams.

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