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JENNIFER MARAVILLAS FOR HBR

In the early 1930s, cars in Europe were still a luxury for the rich. But in 1933 Dr. Ferdinand Porsche launched the People's Car: Volkswagen. Its purpose was to enhance people's lives through great engineering that offered everyone an accessible, high-quality car. The purpose behind the People's Car resonated throughout the 20th century, and Volkswagen grew and prospered.

Then, in 2007, something changed. The Volkswagen leadership set a new overarching goal for the company: to become the world's largest automaker by 2018. And although the company reached that goal three years early, no one can doubt now — [in light of the emissions scandal](#) — that in losing its greater purpose, Volkswagen ended up losing much more than its way.

Too many leaders today focus on the practicalities of *what* and *how* rather than the more distant and abstract question of *why*. But there are costs to such shortsightedness, as Volkswagen's example makes clear.

How strong is your purpose? Is it solid enough to guide you through uncertain times? Stress-test it with these questions:

Is your purpose specific enough to defend?

Statements of purpose often float upward into fluffy, generic moral injunctions, or land heavily as marketing slogans and value propositions. In either case, a broad, vague purpose is too borderless to defend.

The sweet spot is where a definition of purpose brings value and values together. It must be a business purpose — that is, built around what the organization can deliver — but its roots must be moral and outward-looking and must speak to consumers, society, and employees, not just shareholders. At Blue Circle Industries, a global construction materials business that is now part of LafargeHolcim, top management struggled to communicate a purpose that could resonate across all parts of its highly diversified portfolio. The search for common ground led to a very generic statement of purpose, one focused on delivering shareholder value, wrapped in the familiar moral grandstanding of prizing integrity, creativity, and so on. The statement of purpose was relevant only at the level of the holding company. It failed to register in the ears of those delivering customer value across the range of different contexts in the company.

Undoubtedly, a purpose specific enough to be worth defending brings dilemmas. For example, a company could set its core purpose as delivering fresh and nutritious food to enhance people's health. Would the acquisition of a fast food burger business go beyond those boundaries? If the purpose is meaningful, consumers — and, ultimately, employees — will respond with anger or disengagement if top executives subvert it.

What's fixed and what's up for grabs?

The stories that employees tell each other about their history, especially foundation stories, are potent carriers of the purpose that is worth defending. Nestlé was founded to save the life of a baby. Soichiro Honda and his business partner Takeo Fujisawa founded their company to restore Japanese pride in engineering rather than military achievement. Sam Walton looked to bring value to out-of-the-way places. Or take SAP, the German business software company. The distillation of SAP's purpose is to "Help the World Run Better." Taken as read, those words have little meaning. But

behind them lie many stories of how SAP's software has brought order to chaos, helped customers reduce waste, made the most of scarce resources, and, in a quiet way, transformed lives.

Purpose is often buried in an organization's history and the memories of its founders. And yet as time moves on the strategy can and will change. As your company navigates changes in strategy and portfolio composition, do not fail to reexamine your purpose. To what extent are you reaching its limits? Assuming that purpose is fixed for all time is a big mistake — only a generic purpose can be unchanging.

What's your plan for defending your purpose despite short-term temptations?

Short-term pressures are inevitable. How will you plan for them, and plan to protect your organization's purpose despite them? One approach is to create watchdogs who will bark loudly when purpose is violated. The Hershey Foundation, for example, recruited John Scharffenberger to act as the company's guardian and ambassador to cocoa growers in West Africa. Scharffenberger had sold Hershey his eponymous ethical chocolate brand. In addition to the product, Hershey sought to retain this distinctive voice as a forceful reminder to the company of what it stood for. Similarly, the accounting firm PwC retains the firm's wisest elders after retirement on the firm's supervisory boards as custodians of purpose in the context of a partnerial culture.

Is the organization's purpose connected to your own?

As a leader, you are the channel for your organization's purpose; if it fails to connect with you, it can hardly connect with others. The corporate purpose answers the *why* for the organization, but what about for you? What is the link between your personal story and the story told about your company? One key to ensuring connection is to focus on your legacy. The legacy of purpose bears your personal imprint as a leader. As you pass it on, it will change but retain its roots in what you contributed and in what earlier generations brought to you.

We know that executives today have to deal with all kinds of unpredictable short-term pressures. And yet we believe that as organizations face stronger crosswinds purpose becomes even more important — not less so. That's because the *what* and *how* of business will need to change more frequently in a volatile world. This leaves purpose, the *why*, as the primary compass for navigating key decisions.

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