

## EXECUTIVE SUMMARY

As the expectations of companies continue to evolve, companies will need to evolve with those expectations.

The *Purpose Playbook* is here to help companies better understand what it means to have a purpose-led organization, what makes a purpose worth having, and how to deliver on the promise of that purpose by focusing on a business discipline called **shared value**. Shared value seeks to enhance the competitiveness of a company while simultaneously improving societal and economic conditions by leveraging a company's core business. While there are other ways for companies to be purpose-driven, we believe shared value is the most powerful engine to drive toward your organization's purpose potential.

The *Purpose Playbook* is not written for any specific industry or type of company, it's a tool that starts with a big picture view and then takes you into the mechanics of bringing purpose to life through shared value. The Playbook includes action steps, suggestions, and examples that will help you, the practitioner, navigate your way as you pioneer change in your company, your business ecosystem, and for society.

# THE RISE OF PURPOSE

There is a popular conversation taking place today that companies should have a purpose beyond profits, and it is coming from a variety of places.

- **Consumers** are a third more likely to buy products or services from a purpose-driven company and 50% more likely to switch brands from one they typically buy.<sup>1</sup>
- **Employees** are looking for greater meaning from work. This is especially true among younger, next generation leaders, with 70% of millennials stating that a company's commitment to the community and social impact initiatives will influence their decision of where to work.<sup>2</sup>
- **Investors** are making their voices heard, including Larry Fink, Chairman and CEO of BlackRock, the world's largest investment management firm with \$7.4 trillion of assets under management, weighing in most adamantly. In his 2018 annual Letter to CEOs he states that, "Without a sense of purpose, no company, public or private, can achieve its full potential."

It is not then a surprise that business leaders are taking note. However, despite the clear belief in the value of and need for a purpose beyond profits, these same leaders are also challenged with embedding purpose in their organizations and bringing it to life in strategy, operations, and people.

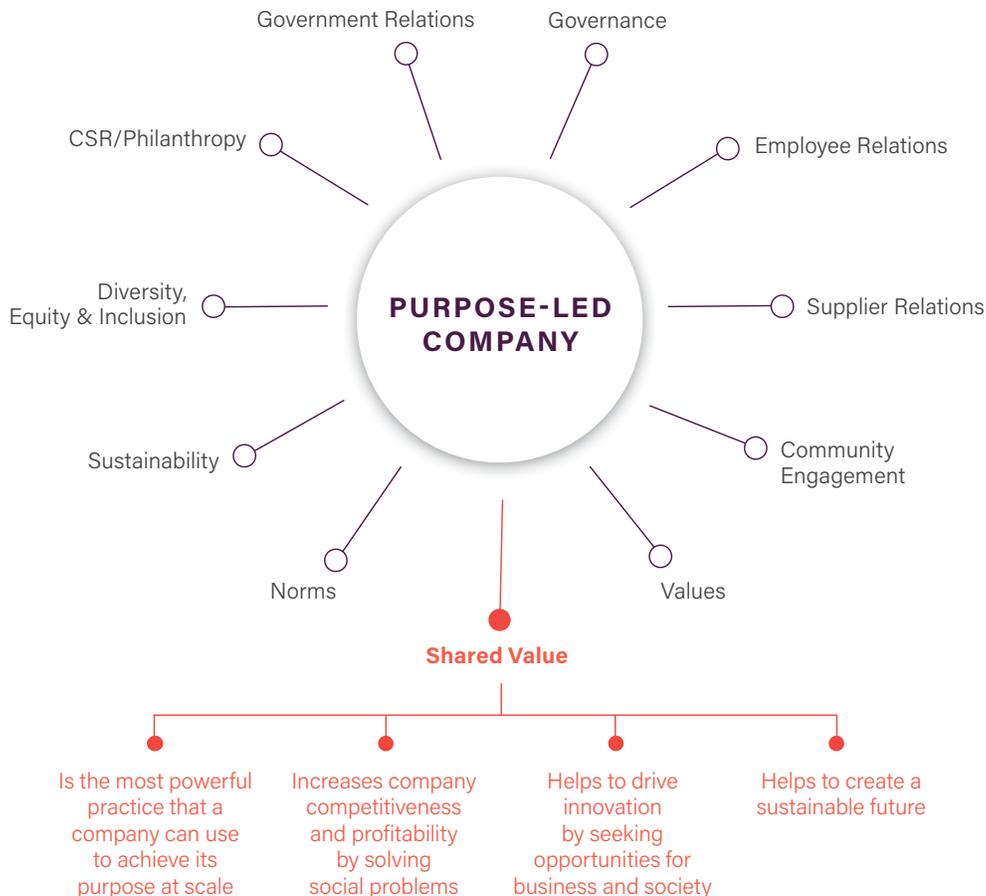
**This Playbook illuminates the path to taking purpose from an idea to a plan of action through shared value by leveraging your core business to address material and meaningful societal issues.**

# BEING A PURPOSE-LED COMPANY

Being a purpose-led company requires a deep commitment and continuous work as social norms, consumer and employee expectations, government policies, and other external factors continue to evolve in our global society. Being a purpose-driven leader requires patience and a long-term view of the promise that your company's purpose represents.

- There is no magic formula to becoming a purpose-led company.
- Most organizations that are grounded in a purpose that includes social and environmental benefits, in addition to profit, have policies, programs, and practices to support their efforts toward their purpose potential, as the graphic illustrates below.
- We believe one of the most powerful practices for purpose-led companies is **shared value**, and we advocate that it should be the dominant element in a purpose-led portfolio to drive the most significant impact to society.

## PORTFOLIO OF PRACTICES FOR A PURPOSE-LED COMPANY



Shared value is a concept described by Professor Michael E. Porter of Harvard Business School and Mark Kramer, Co-founder and a Managing Director of FSG, in their 2011 seminal *Harvard Business Review* article, *Creating Shared Value*.<sup>3</sup> They define shared value as "policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress."

We believe shared value is the most powerful and authentic practice companies can leverage to fulfill their purpose aspirations because:

- It uses the core business to drive societal change.
- It relies on core business practices and know-how.
- It allows companies to do so at scale while it significantly addresses social and environmental challenges.

## DECLARING A PURPOSE THAT MATTERS

We define purpose as a company's reason for being that simultaneously helps solve a societal problem and creates significant financial value for the company.

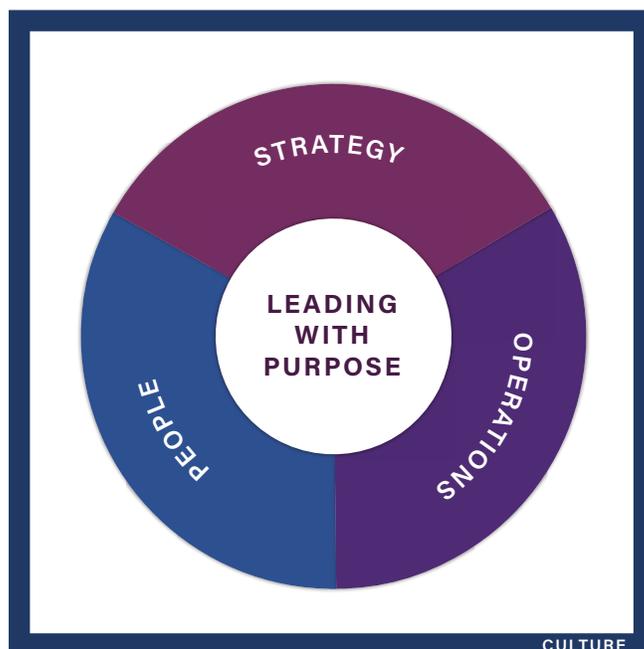
In order to truly be purpose-led, a company's purpose must address an unmet societal need or needs (it cannot be a generic purpose or one that solely focuses on satisfying customer needs) and be integrated into strategy, operations, and people-related efforts. It should also create measurable value for the company and society.

We believe a company's purpose is most effective when it is significant, authentic, profitable, and serious. Unfortunately, there are many examples of companies that have declared a purpose, but they are little more than words for an employee poster or marketing campaign. To design one that is effective and will make a substantive difference to your business and society, see this blog post<sup>4</sup> on a corporate purpose worth having.

## PUTTING PURPOSE INTO PRACTICE THROUGH SHARED VALUE

We have identified nine foundational shared value practices that are common across companies that can help accelerate a company's shared value performance and deliver on its purpose potential. These practices fall into three areas—strategy, operations, and people—and represent the key practices that will lead to greater shared value impact. Combined with purpose and culture, they collectively represent the five elements of the *Purpose Playbook*.

# FIVE ELEMENTS OF THE PURPOSE PLAYBOOK



## 1. LEADING WITH PURPOSE

A company's reason for being that simultaneously helps solve a societal problem and creates significant financial value for the company. Leads with a purpose that is significant, authentic, profitable, and serious.

## 2. CULTURE

The implied social order of an organization that influences attitudes, behaviors, and what is valued. Purpose-led organizations have ambition to solve business and societal issues together; they embrace innovation, risk-taking, and collaboration.

## 3. STRATEGY

Shared value practitioners find sources of differentiation by addressing unmet societal needs and create a more sustainable business environment. They are guided by company purpose and bring that purpose alive with shared value at one, two, or all three levels.

## 4. OPERATIONS

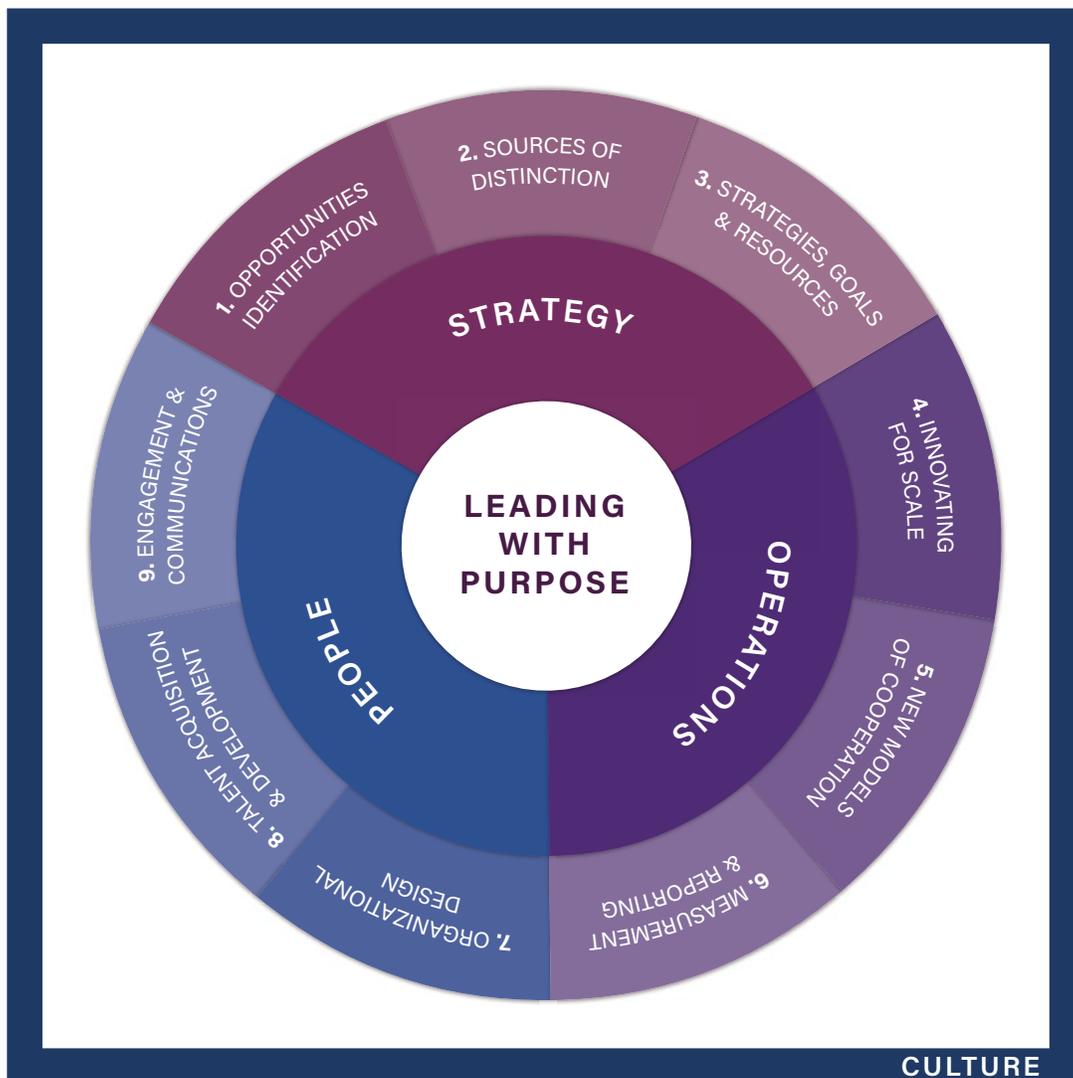
Shared value practitioners strongly link company activities, methods, and approaches to external conditions that reflect unmet social needs and impediments to business success. They are guided by a mindset and a culture that embrace the belief that business and society can mutually benefit from common activities.

## 5. PEOPLE

Shared value practitioners are purpose-led, and a company's people practices are key to enabling and empowering this talent to reimagine the way business is done. Purpose-led companies attract, retain, and develop talent through meaningful work and a reason for being beyond profits, and they create a culture that embraces creativity, co-creation, learning from mistakes, vulnerability, and challenging the status quo.

# NINE PRACTICES OF THE PURPOSE PLAYBOOK

We have identified nine key practices that represent the most important ways to activate shared value efforts, and we provide descriptions of what good looks like for each practice. We also provide actions that can help your company move toward the ideal and offer helpful examples from shared value companies as well as research, articles, and other resources.



# NINE PRACTICES - AN OVERVIEW

The nine practices of the *Purpose Playbook* nest under Strategy, Operations, and People. Below you will find a description of each practice area (element) and the three practices that sit under each.

## STRATEGY

Shared value practitioners **find sources of differentiation by addressing unmet societal needs and create a more sustainable business environment.** They are guided by company purpose and bring that purpose alive with shared value.

### 1. Opportunities Identification

Identify and prioritize social and environmental opportunities, including unmet societal needs, to create positive business impact.

### 2. Sources of Distinction

Select opportunities that help create distinction from the competition by linking societal impacts to business value creation; make that link fundamental to the business model.

### 3. Strategies, Goals & Resources

Develop strategies, set priorities and goals, and allocate resources in line with purpose aspirations; identify ways to mitigate negative tension points created by current practices and establish a strong governance process to ensure integrity and progress of shared value efforts.

## OPERATIONS

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### 4. Innovating for Scale

Embrace an open innovation process that seeks to understand problems from the perspective of those affected by them and derives solutions through collaboration; pilot ideas that can be replicated and scale ideas that work.

### 5. New Models of Cooperation

Bring together players, resources, and systems needed to deliver shared value in new and unexpected ways; ground approach in the belief that true partnerships and new collaborations are imperative for the success of shared value.

### 6. Measurement & Reporting

Determine business and societal outcomes of shared value efforts, understanding their links and any reinforcing effects; analyze outcomes to inform future strategies and operations, including decisions to scale.

## PEOPLE

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### 7. Organizational Design

Create structures, roles, relationships, and processes that encourage and enable collaboration and co-creation across functions, sectors, and when appropriate, with competitors, civil society, government, and other relevant actors to better enable shared value.

### 8. Talent Acquisition & Development

Seek purpose-led talent and attract, retain, and develop this talent; develop and support a shared value mindset across all talent.

### 9. Engagement & Communications

Engage people internally and externally through purpose and a commitment to shared value; seek to deepen and sustain this commitment through information, inspiration, and relevant stories.

# A FEW FINAL WORDS

As you leverage this Playbook, think of it as a guide rather than a recipe book. You may need to make adjustments or skip an action based on your unique situation. Whether you are a beginner or a seasoned shared value practitioner, we hope these practices will help you on your journey and increase your company's positive impact on society and your business.

As we put out the 1.0 version of the *Purpose Playbook*, we feel fortunate that more than 20 corporate shared value practitioners have contributed to its development and refinement, and we appreciate their thoughtful push back, suggestions, and edits. We also recognize that the *Purpose Playbook* will continue to benefit from user input and we welcome your feedback at [comments@purposeplaybook.org](mailto:comments@purposeplaybook.org) so that we can improve this tool for the next version.

We are excited about the promise of a corporate purpose beyond profits and we hope this Playbook helps you and your company put that purpose into practice.

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## ENDNOTES

<sup>1</sup> **Purpose Premium Index**, Porter Novelli/Cone, 2018

<sup>2</sup> **The Purpose-Driven Professional**, Deloitte, 2015

<sup>3</sup> **Creating Shared Value**, *Harvard Business Review*, Michael E. Porter and Mark Kramer, 2011

<sup>4</sup> **What is corporate purpose? No, let me rephrase that. What is a corporate purpose worth having?**, Dane Smith, FSG, 2019

