



REIMAGINING SOCIAL CHANGE

# How is Purpose Linked to Company Success?

## Most executives believe **purpose matters**

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**89%** drives employee satisfaction

**84%** can affect ability to transform

**80%** helps increase customer loyalty

SOURCE: *Harvard Business Review Analytic Services*

**BUT ONLY 37%**

believe their business model and operations are well-aligned with their purpose.

SOURCE: *Harvard Business Review Analytic Services*

## What is **purpose**?

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At FSG and the Shared Value Initiative, we define purpose as:

“The company’s reason for being that simultaneously helps **solve a societal problem** and **creates significant financial value** for the company.”

## Many business leaders are recognizing the imperative of a **social purpose**

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“The companies that perform best over time build a **social purpose** into their operations that is **as important as their economic purpose.**”

Rosabeth Moss Kanter,  
Harvard Business School

“Without a **sense of purpose**, no company, either public or private, can achieve its **full potential.**”

Larry Fink,  
Chairman and CEO, BlackRock

# Many key stakeholders want companies to have a **purpose**

## Customers



Consumers are **1/3 more likely to try a product or service** from a purpose-driven company and **50% more likely to switch** brands from one they typically buy.

2018 Porter Novelli/Cone Purpose Premium Index

## Employees



**70% of millennials** say that a company's commitment to the community and social impact initiatives will **influence their decision to work there.**

*"The purpose-driven professional"*, Deloitte, September 2015

## Community



**64% of people** agree that companies have a **trust-building mandate** that extends beyond the business and includes **localized strategies.**

2018 Edelman Trust Barometer

## Investors



Larry Fink called on companies to have a purpose that not just delivers profits but makes a **"positive contribution to society"** or **risk losing their support.**

Larry Fink, 2018 Annual CEO Letter, Chairman and CEO, BlackRock

## Companies often respond with **purpose statements...**

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“Building the science of quality of life”

“We believe technology should lift humanity and enrich people’s lives in all the ways people want to experience it”

“To build trust in society and solve important problems”

## ...but these purpose statements **fall short of expectations**

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Stating a purpose and not doing anything about it can be riskier and even more harmful than not stating the purpose at all. Many companies stop at the promise of a purpose or a marketing poster and don't take it to practice.



# A purpose worth having is characterized by **four attributes**

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**Significant**  Makes a meaningful contribution to an **unmet societal need** (e.g., SDGs, local social problem)



**Authentic**  Reflects the company's **core values**, is visible in the **culture**, and guides **decision-making**



**Profitable**  Drives measurable **value for the company**

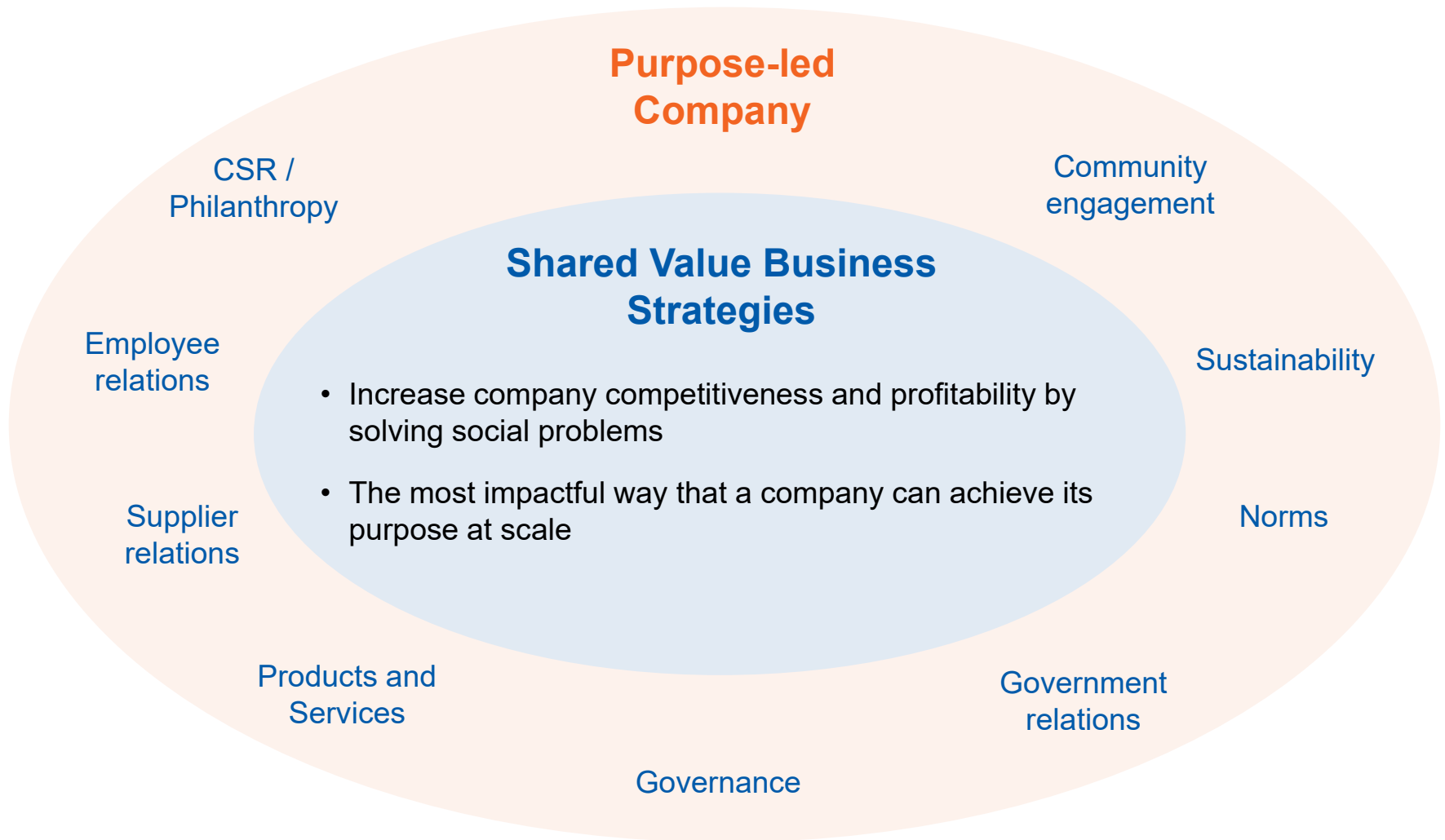


**Serious**  Increases **accountability** across the company, particularly for senior leaders and managers



# Purpose-led companies use a variety of tools to fulfill their purpose

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# Companies that have authentic, ambitious societal purposes can capture value from six sources

1

## Customer



Increased revenues from customers that purchase products or services that solve social problems and from customers that want to associate themselves with companies that solve social problems

2

## Employee



Deeper loyalty from employees that are proud to be part of a purpose that makes them feel their work has meaning

3

## Investor



Higher valuation from investors who want to invest in companies that understand that helping to solve critical social challenges will increase long-term business success

4

## Community



Appreciation and collaboration from community members that recognize the purpose-led company contributes to the long term well-being of the communities where it has operations

5

## Government



Co-investment (e.g., resources, policies) from local and national governments who share the purpose-led company's commitment to help solve societal issues

6

## Partner



Collaboration and co-investment with business and NGO partners that want to be part of achieving social purpose

# FSG is a mission-driven consulting firm supporting corporate leaders in creating large-scale, lasting social change

<b>1</b> Generic Purpose	<b>Societal Purpose</b>	We put <b>impact first</b>	We have expertise in helping corporations think deeply about their societal engagement efforts and we are 100% specialized in helping organizations achieve more impact.
<b>2</b> Purpose Statement	<b>Purpose-led Strategy</b>	We are the pioneers of <b>shared value</b>	<b>FSG coined the term “shared value”</b> to describe corporate strategies that address a social need while delivering business value. We offer the analytical rigor and data-driven methodology of world-class strategy consulting with a deep expertise in creating business and societal value.
<b>3</b> Creates Notional Value	<b>Creates Measurable Value</b>	We understand <b>business strategy</b>	<b>Our consulting staff have deep expertise in developing business strategy.</b> We have honed our craft analyzing the challenges that business leaders confront and identifying practical solutions. We are strategy consultants with broad experience advising multinational companies on strategic planning.

# There are **four stages** to becoming a purpose-led company

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## 1 **Defining** Purpose

The company lacks an authentic, ambitious purpose and is looking to establish a new purpose or review an existing one.

## 2 **Translating** Purpose

The company has a defined purpose and is now looking to develop a winning business strategy based on its purpose.

## 3 **Embedding** Purpose

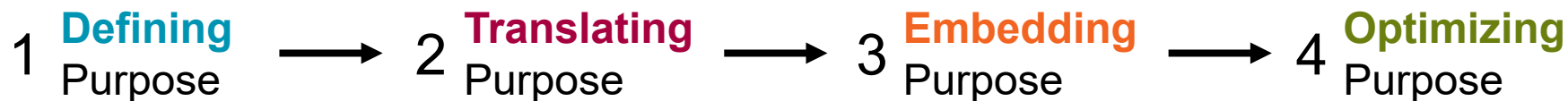
The company is looking to deliver on its purpose through its business units and operations and trying to build a purpose-led culture.

## 4 **Optimizing** Purpose

The company has embedded purpose throughout the organization and is looking to find ways to maximize social and business impact.

# FSG supports companies on their purpose journey through the following services

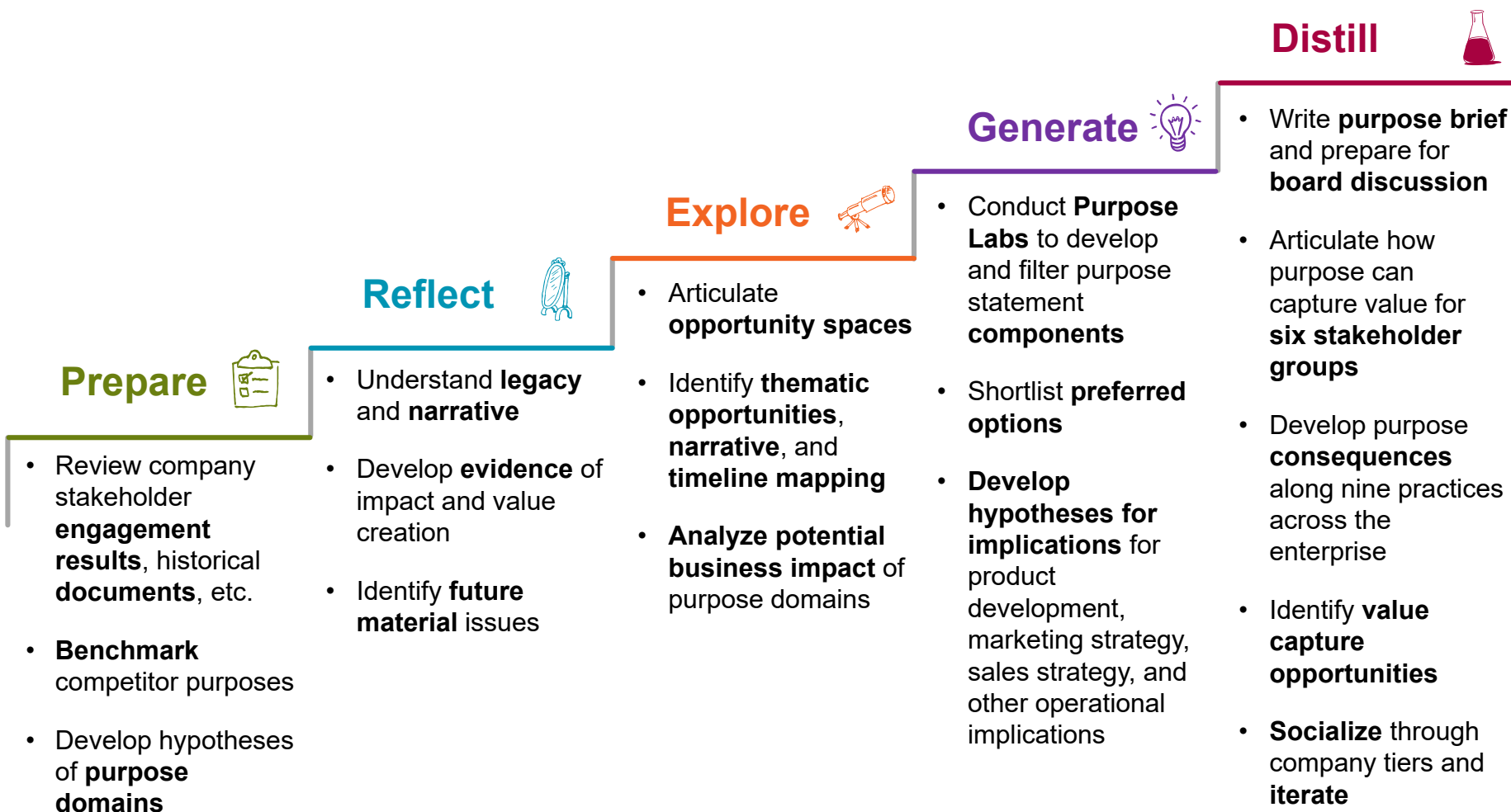
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## *Where to get started*

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| <ul style="list-style-type: none"><li>• Purpose audit</li><li>• Purpose discovery process</li><li>• Executive engagement</li></ul> | <ul style="list-style-type: none"><li>• Enterprise-wide purpose review and portfolio assessment</li><li>• Purpose-led strategy coaching</li><li>• Purpose roadmap</li><li>• Communications guidance</li></ul> | <ul style="list-style-type: none"><li>• Opportunity identification</li><li>• Shared value strategy</li><li>• Initiative implementation</li><li>• Ecosystem for shared value and collaborative development</li><li>• Operations support – e.g., brand strategy, channel strategy</li><li>• Measurement and reporting</li><li>• Purpose-led people strategy guidance including organizational design and talent acquisition and development</li></ul> | <ul style="list-style-type: none"><li>• Purpose audit</li><li>• New opportunity identification</li><li>• Initiative implementation</li><li>• Ecosystem for shared value and collaborative development</li><li>• Operations support – e.g., brand strategy, channel strategy</li><li>• Measurement and reporting</li><li>• Purpose-led people strategy guidance</li></ul> |
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# We help companies define their authentic, ambitious purpose through a facilitated, inclusive **purpose discovery process**



External stakeholder survey, if needed



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