



Analysis

What is the Purpose of Corporate Purpose?

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Biography

Rachael Kinsella is the In-House Editor and Writer at iResearch Services, the global data-driven thought leadership agency (<https://www.iresearchservices.com>), and has specialized in professional and financial services editorial, business development, marketing and communications since 2003. An enthusiastic advocate of the power of thought leadership, she thrives on the challenge of forming and delivering creative concepts and content from complex data and themes, bringing unique ideas and perspectives to life.

Highlights include leading thought leadership programs for global superbrands, including the flagship financial regulation series at KPMG International and Corporate Financier magazine at the ICAEW.

Rachael has built successful content and communications functions internationally, working in harmony with sales, business development, marketing and PR to ensure brands lead the way with authentic thought leadership, engaging clients, achieving business objectives, and generating lasting ROI. She is a Fellow of the Chartered Institute of Marketing, Chartered Marketer and MCIPR.



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Adrian Bishop is a national award-winning writer and editor. He is the founder of communications agency, Yellow Online Media (<https://www.yellowonlinemedia.com>), which produces news and features for iResearch Services and other clients around the world.

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Abstract

One of the current most hotly debated issues in corporate marketing revolves around Purpose. It seems we are all striving to find out what is the purpose of Corporate Purpose and how personal purpose can be reflected in the values and actions of the businesses we represent: as leaders, teams and partners.

So what does Corporate Purpose mean for B2B marketers? What role should it play in the running and marketing of a business? How has COVID-19 changed the rules? Should purpose be separate from sales? As the authors of this article discuss, these are just some of the central questions that business leaders around the world are debating and that we consider in our conversations with global businesses striving for a more sustainable future.



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Introduction – at the heart of purpose

In compiling iResearch Services' Business to Business Marketing Playbook, The New Ten Ps of B2B Marketing for the 2020s¹, Purpose was a vital 'P' to include and considered core to a successful marketing strategy, whether B2B or B2C; for companies large and small.

We believe that Purpose is aligned to your vision, values, strategy, and raison d'être. It is also inextricably linked to Environmental, Social, and Corporate Governance (ESG) behaviours and initiatives. Where does this sit in terms of your B2B marketing strategy? At the heart of it, like your vision and values and your brand.



As we discussed in the iResearch B2B Marketing Playbook, many questions around the successful running and marketing of your business are based on Purpose. “How do you build long-term, successful relationships with clients and partners? How can you support the wider business community and local area? What causes are close to your heart as well as your customers’? How can you be authentic and show understanding without perceived vulnerability working against you?” These are all at the heart of purpose.



Why your business exists

Reputation management consultancy, Lansons, defines Purpose in this way and sums it up succinctly – it is why your business exists². Larry Fink, Chairman and Chief Executive Officer of investment specialist BlackRock, Inc. says, “Purpose is not a mere tagline or marketing campaign; it is a company’s fundamental reason for being – what it does every day to create value for its stakeholders. Purpose is not the sole pursuit of profits but the animating force for achieving them.”

The outworking of purpose – or being purposeful – comes down not to the why, but the how.

The application of this can be seen in your ESG policies, including how you behave. How you make decisions. How you prioritize. What impact you have on the world.



What about sales?

Controversially, Purpose may be also integral to your sales. David Crane, CEO of clean energy pioneer Climate Real Impact Solutions, says, “Purpose-driven companies are going to outperform companies that are single bottom line-focused.”

Food giant, McCain, which attracted an extra 1.2 million households as customers last year, puts at least some of that down to purpose-driven marketing. It tells Marketing Week that brand purpose is a long-term issue³.



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McCain Food's Marketing Director Mark Hodge says brands must help causes in dire need of a voice, otherwise, consumers will perceive them as "commercially minded" and seek others that are more in line with their values. "I think you'll come across as not being considerate of either the people buying your products or the impact you as a business are having on the environment, society and families."

It is where today's consumers expect brands to be, he argues. "This is important more than ever, especially with younger Gen Z and millennial audiences. They are expecting more and looking for brands that are actively trying to do the right thing."

It's not just 'a bunch of crap'. But others disagree.

What really matters about purpose is the motive. Companies "should have an internal purpose but marketers shouldn't use purpose to define their brand or market it, says Ken Muench, who looks after global marketing for KFC and Pizza Hut through Yum! Brands.

"[Brand purpose] truly is a bunch of crap because it's disingenuous. You're saying, 'My purpose is to make the world a better place.' No, your purpose is to make money," he tells Marketing Week.

"What I rally against is training marketers to use 'purpose' as a way of defining and marketing your brand. It often leads to very fake communication that belittles any real effort companies are trying to [achieve]."

Yum! has invested \$100 million to fight inequality across the company and communities, but it doesn't necessarily shout about it. "The difference is that's not marketing – that's just trying to do some good in the world, both for our employees and the communities we operate in."

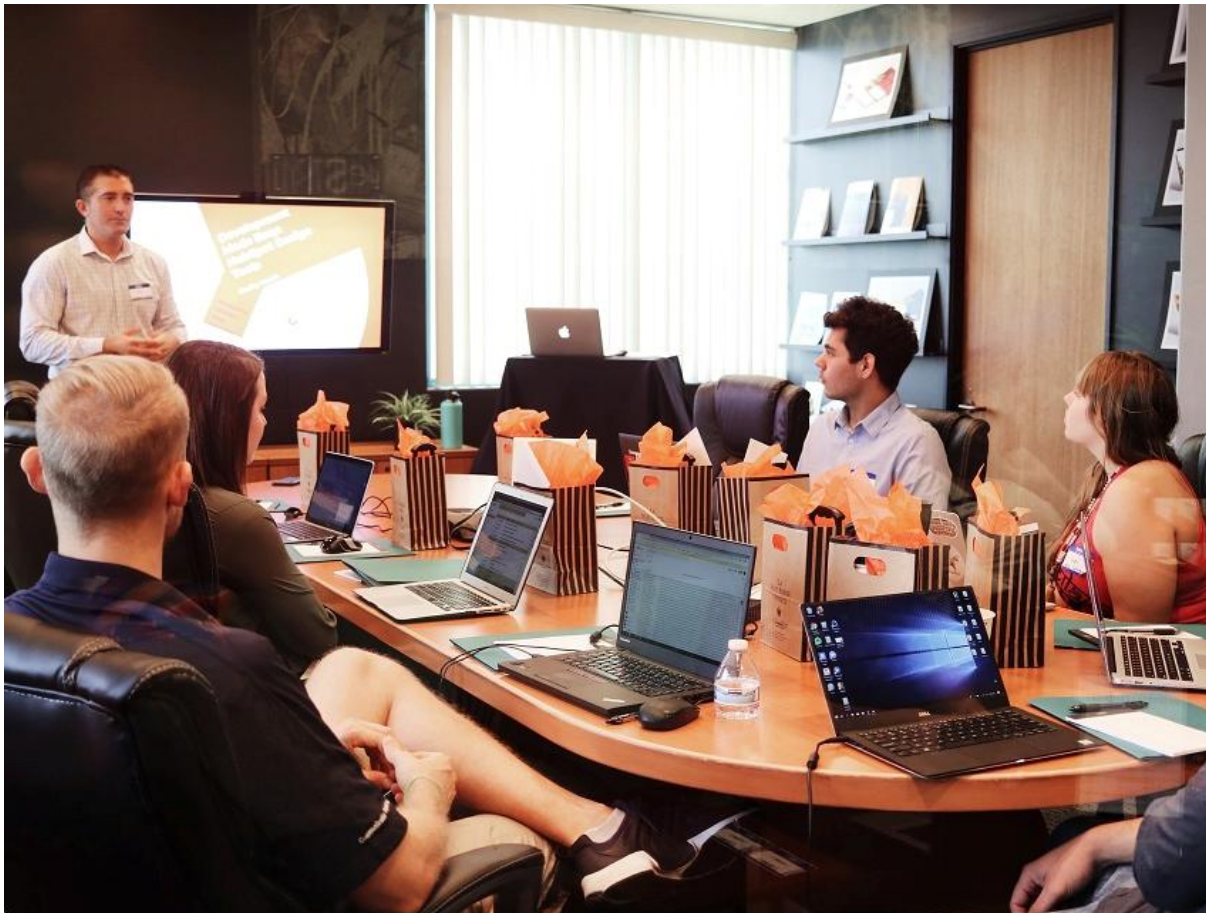
Lansons quotes international management consultancy McKinsey & Company in pointing out that the real challenge for organizations is how to bridge the 'purpose gap'. "How to get from the words to the deeds ... from the aspiration to the reality ... from the vision to the experience."

Business and staff need purpose

McKinsey & Company says that both businesses and staff are searching for purpose⁴. Not only do companies need a purpose, but they should help employees find purpose in their work – or be prepared to lose them.

Nearly two-thirds of US-based employees McKinsey surveyed said COVID-19 has caused them to reflect on their purpose in life and nearly half are reconsidering the kind of work they do. Millennials are three times more likely than others to say that they were re-evaluating work.

Not only that, but workers who align with the purpose of the business are more productive, healthier and are more loyal. Seven out of ten employees say their sense of purpose is defined by their work. So, company leaders play a vital part in helping their employees find their purpose.



Executive disconnect?

However, there is a disconnect between the experience of senior executives and other staff. The McKinsey survey found 85% of executives and upper management said that they are living their purpose at work, but only 15% of frontline managers and frontline employees agreed and nearly half disagreed, compared with a smattering of executives. At the same time, 63% said they want their employer to provide more opportunities for purpose in their day-to-day work.

So, if companies get this right, they become a purpose-driven, better place to work. But get this wrong and their reputation will suffer. “Purpose is not just “another corporate initiative.” You can’t mandate this – and if you approach your people with inconsistency, hypocrisy, or arrogance, you will likely do the organization – and your reputation – more harm than good.”

In our recent survey on the state of sustainability in financial services⁵, it is clear that companies that embrace sustainable practices attract better employees: 35% believe it would make their organization more attractive as an employer. The survey of 550 senior global financial services executives also revealed 77% of financial services professionals believe their business is a responsible employer and 73% said their business considered ethical issues when working with potential customers.



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Sustainable Purpose

In our sustainability survey, one of the biggest drivers of sustainability for financial services firms is cited as the ability of the company to align its sustainable initiatives to its vision and values: only 5% of the 550 global financial professionals surveyed say they are doing it for commercial growth and only one in ten say they are doing it to keep up with competitors. Encouragingly, over 20% said it was a crucial element of their vision and values and that it was vital to become sustainable as a responsible employer.

Purpose can be linked to sustainability and as well as helping staff, it can help save the planet. The book *Sustainable Marketing*⁶ by Michelle Carvill, Gemma Butler and Geraint Evans explores how to drive profits with purpose. The authors say, “Our purpose is to drive education, share best practice, inspire and empower listeners to start asking questions and importantly ... to start taking action.”

However your business defines its corporate purpose, one thing is sure, according to the business website Forbes: Putting purpose at the heart of business is harder than it looks⁷. Identifying, planning and seeing Corporate Purpose though requires leadership that “puts people and purpose first,” says Hubert Joly, former chairman and CEO of the consumer electronics retailer Best Buy, one of the signatories of that 2019 Business Roundtable statement. He believes that stakeholder value should no longer be the key focus of corporate activity.



In his book, *The Heart of Business: Leadership Principles for the Next Era of Capitalism*⁸, Mr Joly tells how the business was turned around by putting people at the center, embracing all and treating profit as an outcome rather than an end in itself.

In conclusion – motive really matters

So, what we can conclude from this is that Purpose is not about empty words. Just as you should live and breathe your values, so your Purpose needs to be demonstrated implicitly by your actions – not just by paying lip service to some disembodied “Purpose” through marketing campaigns.

A sincere, clear Purpose is vital, for building the foundations of a business, to the way it operates, who it works alongside and how, and how the company and its activities grow and evolves over time.

iResearch Services regularly publishes Thought Leadership insights on our podcasts and blog. If you have something to say about Corporate Purpose, let us know by emailing rachael.kinsella@iresearchservices.com

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