

Purpose, not platitudes: A personal challenge for top executives

To harness the power of corporate purpose, CEOs and other senior executives must pressure-test that purpose with their teams, employees—and themselves.

by Arne Gast, Nina Probst, and Bruce Simpson

Imagine you are a CEO making the difficult decision to furlough frontline workers during the COVID-19 pandemic. While the decision weighs heavily on you, you know that furloughs are preferable to layoffs. Yet when you make the announcement, you face a withering, deeply personal Twitterstorm: customers and even employees ridicule you with your own interview quotes about the “importance of community,” and how “our people are our purpose.” Under pressure, you reverse the decision, but the damage to your reputation proves irreparable.

Or let’s say you are a new regional division head, an “outsider” who’s trying to decide how to approach an important meeting with your key reports. Do you choose the status quo (taking time to establish yourself) or do you take a risk and describe the outlines of a bold vision that you have to redefine a key product offering around the company’s purpose? You take a deep breath and choose *risk*—and quickly find that your team is far more enthusiastic to the idea than you had anticipated.

Finally, imagine you are a senior executive in a company that has successfully challenged—and raised—its purpose ambitions. Now, just as the enthusiasm is peaking, a member of your team spots a profitable business opportunity—but it goes against the company’s newly galvanizing purpose. Do you seize the opportunity or do you say no? And what do you tell your teammate, not to mention the CEO?

These examples—composites drawn from real cases—highlight the unique, intensely personal nature of organizational purpose for top executives. As a CEO in particular, your company’s ambitions around purpose should start with your unique aspiration for what you expect for the organization—beginning with what it stands for. You will also take the heat for any stumbles, should either you or the company fail to live up to your purposeful aspirations.

And yet even though you’re best placed to be the catalyst in the kind of energizing organizational chain reaction that happens when purpose takes hold and is activated in a company, you’re still one person in a large company and your time and priorities are spread thin. No one, not even the CEO, can make purpose happen by themselves—or make it happen for other people. And yet when it does happen—when companies find the sweet spot where the “we” overlaps with the “me” (see sidebar, “Find your purpose sweet spot”)—the benefits to employees, the company, and even society are powerful (Exhibit 1).

This article describes how CEOs and other top executives can better live up to their special role in a purpose journey, not by going it alone or by making pronouncements but by enlisting the organization’s help to challenge the purpose, test it, and improve it so that everyone can shape it and own it together. We suggest you think of the task not as a process of ticking off items on a list, but as a series of ongoing, overlapping dialogues. These conversations about purpose must happen again and again with the people who matter: the top team, your employees, and even yourself. These dialogues should also look ahead—both to the ways your company can increase impact by bringing its purpose to the outside world, and to the “predictable dilemmas” that your pursuit of purpose will inevitably raise. The promise of purpose will always be accompanied by some element of peril.

Start a dialogue in the top team

“We really need to talk about our purpose.” These eight words can unlock an organization-changing chain of events when they’re voiced in a meeting with your top team. And yet when we talk to CEOs and other C-suite leaders about purpose, many admit that the conversation simply never happens. Everyone’s too busy with this quarter’s business, or thinks the mission statement is fine already, or thinks it’s unimportant in the first place since business should focus on shareholder value only. Many more executives, however, tell us privately that they want to engage on purpose but hold back because they don’t want to be viewed as “the soft one.”

The result of this hesitancy is a workplace manifestation of social scientist Jerry Harvey’s famous Abilene Paradox, where the failure of individuals to discuss a decision is interpreted as agreement by the group. (In Harvey’s case, this resulted in a sweaty, 100-mile car trip in the Texas summer heat to Abilene for a family dinner—a drive no one wanted to make.)

The upshot for CEOs and other top executives? *Stop the car.* Don't assume a lack of discussion equals agreement. Don't assume that your organization's purpose is good enough, goes far enough, or that your colleagues even see eye to eye about it. Have the courage to participate in tough discussions and learn where things stand. Our experience, supported by our research, suggests that many leaders aspire to *greater* social impact and *more* purpose but don't know where to start. A full 39 percent of company leaders we surveyed¹ said they want to change the purpose of their company, compared with 24 percent of all other employees.

The genesis of former Aetna CEO Mark Bertolini's tough discussions about purpose was both unusual and inadvisable: a serious skiing accident that almost killed him. During his recovery, Bertolini turned to yoga and meditation; when he wanted to introduce these to the company more broadly as a wellness benefit for employees, his CFO pushed back, saying, "We're a profit-making entity. This isn't about compassion and collaboration." Bertolini's response? "Well, I actually think it is. And I'm in charge, so we're going to do it." Bertolini's drive to improve the lives of his employees led him to work with his top team to learn more about the financial hardships some of his employees faced, which in turn led to raising the company's minimum wage.

As Bertolini's example suggests, hard-nosed dialogue may be required. But how should you frame the conversation, and where should you start? Consider, as a team, the disruptions, pressures, and challenges that exist at that edge where your business system meets the pain in the world, and see what you might do about it.

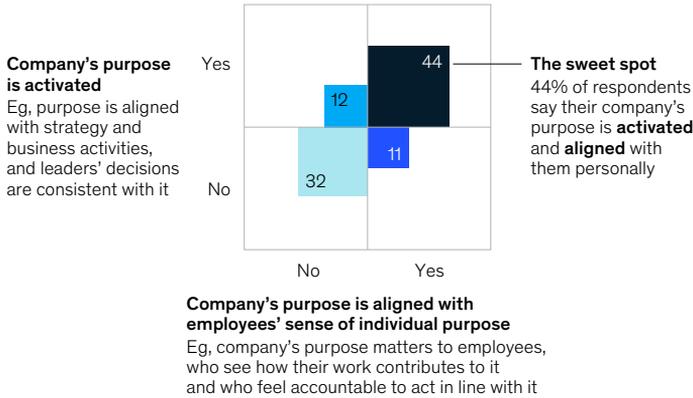
One way to start this dialogue is through an "ESG teardown." The concept of a competitive teardown—dismantling a product or service to learn from it by comparing it to the offerings of rivals—has long been used in manufacturing settings. We suggest ESG (environmental, social, and governance) as the focus because purpose usually anchors a company's ESG priorities (and if it doesn't, it should), and the tangibility of a company's ESG offerings typically allows for apples-to-apples benchmarking and a more objective view of how the company is perceived from the outside in.

ESG teardowns start with discussions about which issues matter most to the leadership team and why, and then move to comparisons of the company's performance with that of its peers. This helps spot pain points. For example, leaders of a large financial-services group were insistent on the need to give back to the communities in which the company operated. Yet as important as this goal was, the team was chagrined to learn that the company's program of giving employees paid time off to encourage volunteerism was nowhere near as "industry beating" as leaders presumed. Another relevant and pressing area of concern was the fact that the company lagged behind its competitors on employee training, as well as pay and benefits.

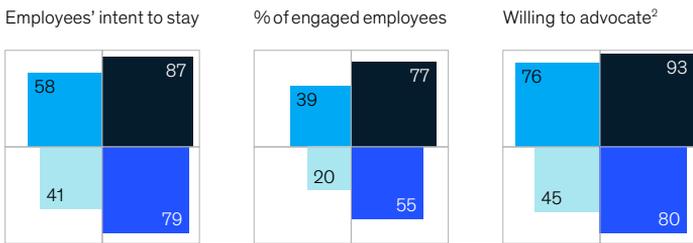
¹ For the survey, conducted in October 2019 as part of our ongoing research into corporate purpose, we interviewed 855 people at a range of US-based companies and across a range of tenures and roles.

When a company's purpose is aligned with its employees' purpose, good things happen.

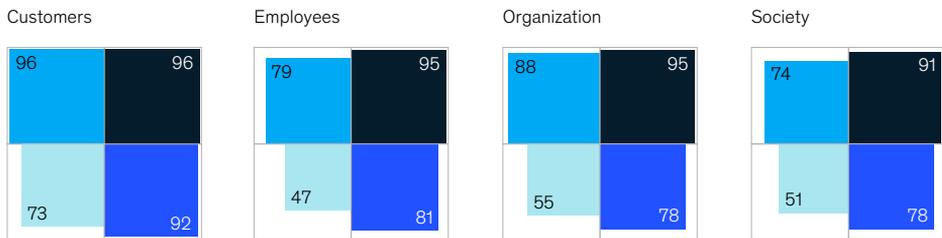
Distribution of respondents by outcome, %¹



The benefits include employees who are more **loyal, engaged, and willing to advocate** for their company ...



... and who are more likely to say that their companies' purpose is having a positive impact on:



¹Figures may not sum to 100%, because of rounding.

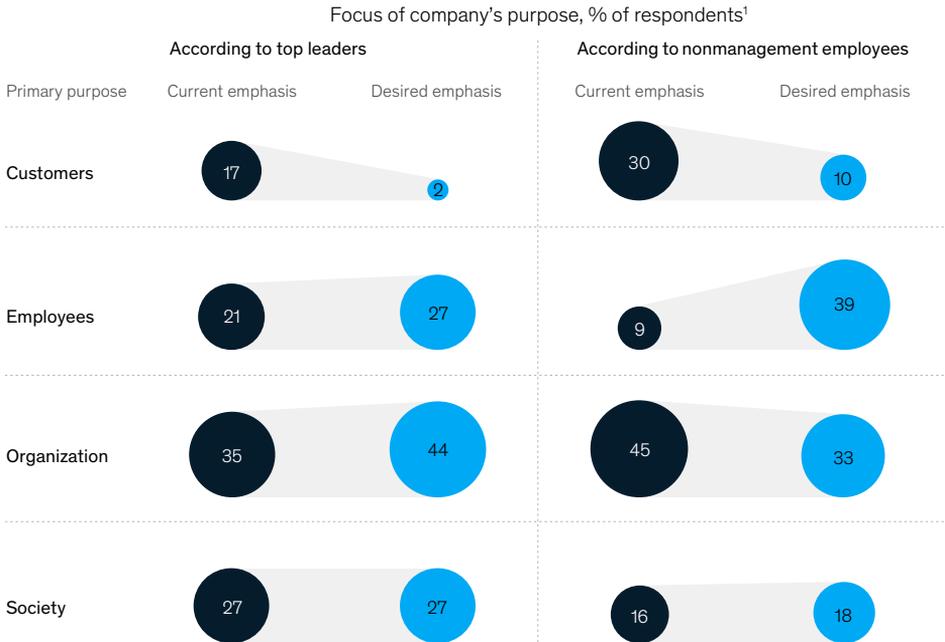
²Measured as an employee's willingness to recommend the company to others.

Source: McKinsey Organizational Purpose Survey, October 2019 (n = 855 employees of US organizations with the identified purpose)

Similarly, the top team of a consumer services company maintained that it was a high performer on the “S” of ESG because of its “investments in employees.” Yet an ESG teardown showed that it paid only average compensation and benefits, relative to peers, and underinvested in training and development. This sobering realization led the team to rethink its approach.

Exhibit 2

The purpose you see—and the purpose you want—differ according to where in the organization you sit.



¹Based on the subgroup of respondents who indicated they wanted to change their company's purpose; n = 48 for top leaders; n = 88 for nonmanagement employees.
Source: McKinsey Organizational Purpose Survey, October 2019 (n = 855)

Start a dialogue with your employees

Once you achieve a new level of top-team candor and have the direction and boundaries for a way forward, you will face another challenge: what is meaningful for you might not be meaningful for your employees. Companies can't get the most from purpose if their employees are not aligned with it. By finding out employees' sources of meaning and acting on what you hear, you can help make purpose real for them.

Consider how the leaders of a European bank approached a seemingly straightforward task: the introduction of a new dress code for tellers. The move, part of a broader purpose initiative, was meant to encourage customers and staff to form stronger personal and emotional connections. Encouraging employees to show up as individuals would help with this.

The easiest approach would have been to delegate the new dress code to HR, as other companies might have done. But the bank's leaders never even considered that. How, they argued, are employees meant to empower customers if they're not empowered to have a say in picking their own clothes? The resulting dress code took slightly longer to develop, but it offered the employees much more of what they wanted, including a range of choices and personalization options. Most importantly, it confirmed for employees that they were integral to creating—and living—the company's purpose, which helped motivate them to embrace it themselves in their work.

While including employees in purpose discussions seems obvious, it doesn't happen nearly as often as it should. In our survey, for instance, 72 percent of top leaders said they involved employees in the process of developing the organization's purpose, yet only 56 percent of frontline employees agreed (and 29 percent disagreed). It's unsurprising, then, that we also found that frontline employees were less likely than company leaders to say that the company's purpose matters to them personally (72 percent versus 89 percent, respectively) or to say that they understand how their role contributes to purpose.

Differences in viewpoint don't mean that frontline employees aren't interested in purpose. On the contrary, our research found that nonmanagement employees were just as likely as top leaders to say that purpose should be *more* of a priority, even as they differed with leaders in terms of what that purpose should focus on (Exhibit 2).

Learning from these differences and bridging the gaps takes time, commitment, and listening. The best leaders use empathy to connect with employees and seek to learn where and how the personal sense of meaning that employees bring to work overlaps with the company's purpose. It also may take persistence to convince people that "this time is different." As a senior executive at a global insurance company put it to us recently, "At the start . . . a lot of people did not get it. Many people were cynical and thought [purpose] would just be more stuff to do. It only started to resonate . . . when we connected it to what we are actually doing."

To help connect its purpose to tangible activities, a large hospital network surveyed employees to learn what they valued and where they sought more meaning in their work. Then, using principles of human-centered design, the hospital elicited hundreds of personal stories from employees to create a "story bank" of moments when employees felt the hospital was at its best. The hospital used the stories in its communications to powerful effect: for example, reminding employees of times when they had come together during a natural disaster to help patients, or stories of quick collaboration making a difference, or personal anecdotes of nurses fulfilling a patient's dying wish. The stories helped make the purpose real for employees, and the new purpose that emerged from the hospital's efforts was embraced by employees in large part because it distilled moments that were most meaningful to them.

Underlying the hospital's success was the leaders' recognition that what they found meaningful might not be as meaningful for employees. "It was critical for us," said one hospital leader, "to hear our nurses [and] doctors and their individual stories of their proudest moments [in order] to help shape our purpose and values. [That] gave us solid material on what they'd like us to start doing, stop doing, and continue doing. And it provided us a thousand 'mini stories' to use in the activation of our purpose." The hospital's executives recognized the power of storytelling as it relates to the leader's job as "meaning maker" to the organization. Too often, leaders simply communicate plans. By contrast, author and storytelling expert David Pearl argues that leaders need to know the difference between a plan and a story. As Pearl puts it: "Plans inform people; stories inspire people."²

² For more, see David Pearl, *Story for Leaders*; London Business Forum; March 8, 2016.

Find your purpose sweet spot

Many CEOs we've talked with are both excited and apprehensive about how to lead their organizations into a new era of postpandemic uncertainty. Many leaders want to take with them the energy, camaraderie, commitment, and resilience their people felt during the crisis—but without burning out their people. Our analysis suggests that purpose can help strike the balance and benefit the organization as well.

As part of our ongoing research into corporate purpose, we surveyed 855 people at a range of US-based companies and across a range of tenures and roles. Our findings highlight a sweet spot in the combination of an organization's ability to live up to its purpose, on the one hand, and the degree to which employees feel aligned with that purpose, on the other. Companies that get this right appear to enjoy a host of benefits, among them a nearly fourfold bump in employee-engagement scores and a twofold increase in employee retention. Both outcomes benefit the organization in their own right; moreover, each metric positively correlates with financial performance.

Yet getting purpose right requires deep and sustained commitment. The survey found that 44 percent of respondents indicated that they work at companies that haven't activated their purpose—meaning, for example, that leaders' decisions are inconsistent with the company's purpose, or that the company otherwise isn't living up to its words.

Meanwhile, some 44 percent of respondents said that the company's purpose is not aligned with their own sense of individual purpose—meaning, for example, that they don't find the company's purpose to be highly aligned with their own personal values, they don't see how they contribute to it, or they don't feel accountable to act in line with it.

Learning to listen to the organization is not only about getting input but also about letting employees make decisions. At one European bank, for example, a team of “purpose ambassadors” had worked for months, leading and coordinating an effort that had involved conversations with thousands of employees to gather input and shape, test, and ultimately codify the company's purpose.

When the day arrived to formally present the proposal to the 25 members of the bank's executive committee, the ambassadors were thrilled to see that the pre-meeting enthusiasm the committee had expressed for the work remained strong. So strong, in fact, that during the meeting several executive committee members began discussing—and then refining—the proposal with gusto. In what one of the ambassadors later described to us as “a beautiful moment,” a top-team member put a stop to the editing by announcing to the group: “What are we doing here, guys? We are trying to improve something that's perfect. It came from the organization. Can't we just approve it?” The committee stopped, listened, and went on to approve the proposal without changes. “That was a very powerful moment,” one of the ambassadors later told us. “It honored the thousands of people who had worked on [codifying the purpose].”

Start a dialogue with yourself

If you're like most senior executives we know, after discovering (or refining) your company's purpose with your

employees, you're now ready to get into action mode. Our experience suggests that this is a good time to take a pause instead. If you're a top executive—and particularly if you're CEO—this dialogue challenges you to avoid your bias for action and instead make sure you've taken the time for a gut check before scaling up a purpose effort. You surely have strong views on the company's purpose already, and even your own individual purpose, but have you taken the time to test them against one another with an eye toward your own day-to-day behavior?

Or put another way: How does the company's purpose implicate you? What do you need to start doing—and stop doing—to live your purpose?

Your goal in this dialogue should be introspection, reflection, and humility. You want the self-awareness that helps you understand how your own individual purpose dovetails with that of the organization. By viewing this dialogue as about growth—not sacrifice—you'll increase the odds of mastering it.

Finding the intersection of individual and company purpose can be powerful. As Paul Bulkeley, the founder of Snug Architects, described it to us: "Our purpose is 'to design better places and prosper people.' When we reconnected our personal purpose with the Snug purpose, there was an almost unlimited supply of energy available to us. Where purpose kicks in is in the moment when you own it personally."

For his part, Connor Diemand-Yauman, co-CEO of Merit America, described how finding the overlap between individual and company purpose can be a springboard for personal growth. "At Merit America," he told us recently, "we prepare low-wage workers for skilled careers at scale, driving for \$1 billion in [collective] wage gains in the next five years. When striving for this purpose, I don't feel like I'm doing anybody any favors—I love it; I find my best self; I am excited; I am happier when I . . . use purpose as a vehicle to become a better version—a continually evolving version—of myself."

The key quality here is to embrace your vulnerability. When you are closely examining your own purpose, you may find areas of dissonance, places where uncomfortable changes are required if you are to be true to yourself and to the purpose of the company. If you're stepping into your own personal "learning zone," you're getting close; if you're uncomfortable, you're closer still. One executive we know memorably describes the sweet spot as "Beyond comfort, and before terror."

As you examine your own ability to be vulnerable, take stock of this sobering finding from our survey. A full 44 percent of respondents said that their companies' purpose isn't activated—meaning, for example, that leaders' decisions seem inconsistent with the company's purpose or that the company otherwise isn't living up to its words. Moreover, 15 percent of respondents said that company leaders would pursue a business opportunity that wasn't in line with the organization's purpose.

To help avoid this outcome—and to keep this dialogue from becoming a purely intellectual exercise—you can seek out candid views from others about your own behaviors. At an aerospace company, for example, the top team conducted a company-wide peer-feedback exercise to help everyone see more clearly the behaviors they needed to change as part of a purpose initiative. The goal of the effort was to shift the focus of the company’s purpose from “we fly planes” to a more customer-service-oriented mission of “we fly people.” The feedback offered lessons for employees at all levels. Engineers, for instance, saw more clearly how their biases had led them to focus on technical considerations in their designs at the expense of passenger comfort. Top-team leaders, meanwhile, saw how they would need to engage with their teams and reports differently, shifting from a top-down, hierarchical style to one based on listening and empathy. The leaders also saw how they needed to spend more time on people development, a subject they had largely ignored or taken for granted before.

As this example suggests, such realizations are far more common when leaders learn to embrace the sense of vulnerability that this dialogue requires.

Start a dialogue with the future

Any incongruencies between what your organization says, on the one hand, and what it does, on the other, will damage its efforts to benefit from purpose. And yet some incongruencies represent implicit tensions between purpose and profit. These can be hard to spot, hard to admit, or they may develop over time. They can also be very difficult for individual employees to avoid. We call these “predictable dilemmas,” and learning to see and address and “prototype” them early in the activation of your purpose is the goal of this dialogue.

For example, partners at a large tax accounting firm recognized how changing societal views were amplifying the dissonance between two of the firm’s biggest goals: the desire to help clients (which often meant helping reduce that client’s tax burden) and the firm’s purposeful desire to be a force for good and a benefit to communities (which rely on tax revenues for funding). The dilemma had no easy answer, but through discussion and debate, the leadership team landed on tangible actions. First, a small amount of work that was deemed most incongruent with the firm’s purpose was declared out-of-bounds. Second, the team created a stakeholder impact assessment for its advisers to use in framing discussions with clients about the social impact of their decisions. The result has helped deepen the firm’s client relationships in some cases, in part by helping its partners provide more challenging and thought-provoking counsel. And it gave the employees a valuable proof point that the purpose was real—not just a poster—and that the leaders were living it.

The way the tax accounting firm handled this dilemma is instructive. The leaders’ discussions helped open the lid on an underlying challenge that was growing in importance (but wasn’t being discussed), helped assure employees that the company would continue to take its aspirations seriously over time, and, importantly, provided people with proof points and tools to grapple with the dilemma in their day-to-day work.

One reason we suspect nonmanagers in our survey were more likely than leaders to see purpose and profit as being in opposition is because employees are the ones who face the dilemmas most directly, often without support.

If you're embarking on a purpose initiative, a useful way to spot predictable dilemmas is through prototyping and by treating purpose as a product. Consider the example of Zalando SE, a European fashion company. Former senior vice president of People & Organization Frauke von Polier recounted to us how the company took several months to road test its new purpose with 30 teams across the company. The goal was to have the teams apply the purpose to their work and see if it was productive, practical, and would resonate in ways that influenced decisions. Ultimately, by prototyping its purpose, the company improved its purpose statement and created both a tool kit and manifesto for employees to use in their day-to-day work. Finally, the prototyping effort provided "on the ground" stories of how the purpose could make a difference.

Start a dialogue with the world

The final dialogue calls on C-suite leaders to extend and amplify the organization's purpose by championing it in the world. This dialogue is a stern challenge. If you truly believe in your purpose and are prepared to live it, you should be willing to take it to the world, commit to it publicly, get measured and show results transparently, and be judged on the success of your efforts.

In the case of Aetna's Mark Bertolini, for example, the same revelations about his employees that prompted him to raise the company's minimum wage also drove him to begin speaking out more publicly on issues such as income inequality and to encourage other leaders to join him. "We need to establish our credibility as leaders," he said in a 2017 interview. "I see my job as establishing that credibility. We need to make that pitch."³

Of course, once you've opened the door to broader dialogue and debate and have championed a cause, you're obliged to listen to what you hear in return. Recognize that when you step into the spotlight you will invariably receive heightened scrutiny, including from inside the company. Such attention can be uncomfortable, but you should embrace it as part of the ongoing dialogue you have created with your employees.

The best leaders use the scrutiny to challenge themselves and the company's purpose with an aim of improving both. For example, when Microsoft faced internal criticism for its work with US defense contractors, CEO Satya Nadella took a thoughtful (though, to detractors, unpopular) stand, saying: "We made a principled decision that we're not going to withhold technology from institutions that we have elected in democracies to protect the freedoms we enjoy."⁴ Yet the company also took pains to communicate

³ Jay Greene, "Aetna CEO's goal: Restore credibility between corporate America and public," *Modern Healthcare*, June 6, 2017, modernhealthcare.com.

⁴ Charles Riley and Samuel Burke, "Microsoft CEO defends US military contract that some employees say crosses a line," *CNN Business*, February 25, 2019, cnn.com.

that it would help employees who didn't want to work on specific projects to switch to another part of the business. As this example suggests, the need for maintaining a strong dialogue with employees is an ongoing—and vital—task.

As a senior executive, you have a special role in helping to make your organization a more purposeful one. Embrace it by working to create an environment where purpose is continually tested, discussed, improved—and ultimately lived. Q

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