

LEADERS — ON PURPOSE

PURPOSE-DRIVEN LEADERSHIP FOR THE 21ST CENTURY: TRANSITIONING TO A PURPOSE-FIRST ECONOMY THROUGH THE NEW BUSINESS LOGIC



2020 GLOBAL MULTI-YEAR CEO STUDY



WE WOULD LIKE TO THANK THE FOLLOWING PEOPLE FOR THEIR CONTRIBUTIONS TO THIS REPORT:

To begin with, we wish to offer our deepest gratitude to the 45 CEOs who have, thus far, devoted their valuable time and insights to this longitudinal study. Their presence on four continents, in 180 countries and across a broad spectrum of industries illustrates the far-reaching impact of the purpose-driven business practices featured in this report.

Thank you also to the support teams that help to facilitate and manage CEO involvement with this project, as well as finding answers to our follow-up questions.

We owe an enormous debt of gratitude to the researchers that produced this study. Each of these dedicated professionals conducted interviews and contributed insightful analysis grounded in cutting edge theory and practice, advancing inquiry in their respective fields of expertise.

A huge thank you to our editor and co-writer Dr Bradford Gyori for his help in rewriting, offering feedback and continually raising the bar for the research team.

We are also very grateful to our colleagues Madeleine Helms & Kelsey Beuning for their tireless assistance with project management, data analysis, early report development and graphic design.

Additionally, we wish to thank:

Christian Sutherland-Wong and the team at Glassdoor for all of their support and input, and for providing us with employee benchmarking data.

Jack Spengler PhD, Akira Yamaguchi Professor of Environmental Health and Human Habitation, Harvard T.H. Chan School of Public Health.

Cynthia Figge at CSRHub for once again supporting us with ESG and benchmarking data.

Radomir Dikosavljevic for bringing his graphic design genius, innovative spirit and great care to the design and production of this report.

We are also enormously grateful to colleagues and friends across the world that have supported us during the research processes with their time, insights, feedback and connections to others in our field. A partial list of these invaluable contributors includes: Henrietta Fore, Feike Sijbesma, Paul Polman, Emmanuel Faber, Anand Mahindra, Emmanuel Lulin, Olga Algayerová, Will Kennedy, Ellen Windemuth, Geoff Hendron, Mike Froman, Frank Juergen Richter, David Solomon, Lucian Tarnowski, Jeff Twentyman, Lisa Wright, Rachel Lyons, Claudia Romo Edelman, Edie Lush, Kimberly Hard-Washington, Daniel Schmachtenberger, J Carl Ganter, Dr. Christian Busch, Mike Oreskes, Adam Penny, Elizabeth Smith, Eleonore Pratoussy, Jack Gyori, Brian Kurtz, Sam Sutaria, Harald Neidhardt, Elise Craft, Roxanna Shohadaee, Amanda Joy Ravenhill and all of the many people who have encouraged and supported our work these last years.

Last, but certainly not least, we would like to thank our partners:



John W.H. Denton AO, Andrew Wilson, Sabrina Klayman and the team at the ICC for their support of this work and other LoP initiatives.



Ambassador Stuart Holliday, Puru Trivedi, Charlotte Watiez and the team at Meridian International for their tireless support, insights and guidance.

Disclaimer: The views and opinions expressed in this report are those of the authors, who contributed to the Leaders on Purpose collaborative, and do not necessarily reflect the official views or position of Harvard University, the World Bank Group, or the London School of Economics or any of the organizations mentioned above.

Editors: Dr. Bradford Gyori

© 2020 Leaders on Purpose. All rights reserved.

CONTENTS

Letter from the Managing Directors.....	04
Open Letter: Global Leadership COVID-19 Response.....	05
Leaders on Purpose CEO Study Team.....	09
Participant CEOs.....	10
Executive Summary.....	13
Introduction.....	16
I. NAVIGATING DISRUPTION WITH PURPOSE-DRIVEN LEADERSHIP	18
Purpose-led self: Setting the tone and humility through purpose.....	20
Human-centered leadership: Empowerment and equity on purpose	22
Leading through uncertainty: Navigating disruption with purpose.....	23
Integrating profit and purpose with the planet	24
II. CORPORATE CULTURE, PURPOSE AND THE PANDEMIC	26
Culture: The Ultimate Intangible.....	30
Grounding Action in Corporate Heritage.....	31
Robust, Transparent, and Empathetic Communication.....	32
Problem-Solving, Next-Level Innovation.....	33
III. STRATEGY: TRANSITION THROUGH PURPOSE-DRIVEN MATURITY AND SYSTEMIC VALUE CREATION	34
Dynamic Strategy: Connecting to the Global Agenda Through Strategic Agility.....	36
Integrating purpose with future role in society.....	37
Reinforcing alignment of profit and purpose	39
Developing an exponential business model.....	41
IV. PARTNERSHIPS FOR ACCELERATION AND SCALE	44
Leveraging tech innovation.....	47
Catalyzing purpose.....	47
Data sharing	48
Purpose-driven pro-competitive partnerships.....	48
Steering through potential risks.....	49
Agility in partnerships	50
Conclusion.....	52
Methodology.....	53
References.....	54
About Us.....	62



LETTER FROM THE MANAGING DIRECTORS

Welcome to the 3rd Annual Leaders on Purpose CEO Study for 2020. This year's edition expands on insights of our previous two studies and also introduces new concepts emerging from the burgeoning field of purpose-driven leadership. The COVID-19 pandemic and its attendant challenges feature prominently, which is why we are excited to spotlight some of the groundbreaking work that is being done to address this still unfolding public health crisis.

This year, we had an opportunity to speak with 15 paradigm-changing leaders. This is our most diverse set of interviewees yet, representing perspectives that span the globe and reflect the rich variety of cultures comprising its populous.

Along with this report, we are also publishing the Leaders on Purpose Call to Action, a document that was drafted this summer and signed by 15 top purpose-driven leaders. The companies that these CEOs lead employ a combined global workforce of over 500,000 people and generate a combined annual revenue of over \$100 billion USD. As such, they are uniquely positioned to make a strong global impact in the face of the COVID-19 pandemic. By signing our Call to Action, they are pledging to build back the world's economy in a more ethical and responsible fashion. This letter is an actionable roadmap for an inclusive and sustainable post-COVID economy that benefits society, the planet, and shareholders for generations to come.

So, without further ado, we are proud to present the Leaders on Purpose CEO Study for 2020, and the Global Leadership Call to Action.

Warm regards,



CHRISTA GYORI

CEO,
Co-Founder & Managing Director



DR. TATIANA KAZAKOVA

Chief Strategy Officer,
Co-Founder & Managing Director

August 2020

OPEN LETTER: GLOBAL LEADERSHIP COVID-19 RESPONSE CROSS-SECTOR COLLABORATION FOR A PURPOSE-FIRST ECONOMY

'Everything we do during and after this crisis must be with a strong focus on building more equal, inclusive and sustainable economies and societies that are more resilient in the face of pandemics, climate change, and the many other global challenges we face'

— ANTÓNIO GUTERRES, Secretary-General of the United Nations

We, the undersigned, are committed to work towards the creation of an inclusive and sustainable economy. We resolve to build an economic system that leaves no one behind, overcomes the structural barriers to equality and transparency and puts purpose first, so that our planet and society can thrive for generations to come.

The COVID-19 pandemic and global unrest have brought to light the vulnerabilities of our current economic system. Around the world, this crisis has sent economies into freefall. As governments are making critical choices between lives and livelihoods, it is imperative to get this right.

Rather than simply “build it back,” we are choosing to “build it better.” We are determined to address the current structural barriers to an inclusive and sustainable economy and to unleash the full potential of all sectors. This means contributing to the urgent challenges we face, mitigating the risk of future shocks and improving our resilience. Building it better will set us on the path toward more equitable economic recovery in the service of global wellbeing.

The Power of Purpose-Driven Business

Purpose-driven business is nothing new. For decades, innovative organizations have been operating at the intersection of the private, public, and nonprofit sectors of the economy — reimagining and remaking our systems of finance, enterprise, policy, production, consumption and measurement in order to better serve the common good. These efforts have demonstrated that purpose-based performance is commercially viable. With the right strategies and structures in place, it is possible to benefit society, the planet and shareholders simultaneously.

Contributing to this trend, conventional businesses have been broadening their missions to prioritize social and environmental purposes. At the same time, nonprofits and governments have been adopting market-based approaches to scale their impact. This mosaic of innovations, involving countless organizations and networks around the world, combines the best of the three traditional sectors, giving rise to a new fourth sector of the economy. This new sector of purpose-first or for-benefit enterprises has been estimated to represent as much as 10% of GDP in the U.S. and Europe. Such remarkable growth has been fueled by widespread global demand from citizens, consumers, CEOs, employees, investors, and entrepreneurs.

Because purpose-first businesses are incented to solve societal problems, they play a significant role in addressing the global challenges outlined by the Sustainable Development Goals. The COVID-19 pandemic has triggered government mandates related to manufacturing as well as trillions of dollars in monetary redistribution. In light of this, **we propose broadening economic recovery and development strategies in order to catalyze the power of purpose-first businesses** and minimize the need for future top-down government interventions. This is essential, both for “Building it Better” and for achieving the global 2030 agenda in the post COVID-19 world.

This approach can enable purpose-driven business to assume a larger part of the responsibility for addressing key global challenges like inequality, health, mechanization, and climate. The purpose-first economy will ensure that in times of crisis, businesses will be both compelled and empowered to act for the benefit of society. The time has come to formalize this emerging fourth sector of the economy and take purpose-first business to scale.

Leadership for the Purpose-First Economy

While still evolving, the emergent purpose-first model harnesses decades of innovation to spur sustainable and inclusive economic growth, yielding a healthy society within planetary boundaries, for generations to come. We call on businesses and governments to join us in accelerating the transition towards an inclusive, resilient, sustainable economy that recognizes and enables purpose-first businesses to thrive. We recommend:

- **Recognize the purpose-first sector.** Governments can acknowledge the mosaic of innovations we have identified as a distinct (and diverse) fourth sector of the economy. They can thereby enable and scale purpose-first businesses through the systematic provision of support and removal of impediments. This can include targeted policy, financing, procurement, contracting, taxation, accountability measures, capacity building, and more.
- **Carefully craft incentives and policies.** Encourage other economic actors — the private sector, civil society, investors, academia, philanthropy, and citizens — to engage in the co-creation, employment, and expansion of the fourth sector and its growing ecosystem.
- **Incentivize innovations of financial products, risk assessment, valuation models, and ratings.** Develop standards for assessing and accounting for social and environmental impacts of purpose-driven enterprises. Support implementation, i.e. through corporate charters.
- **Design for a safe, educated, and healthy society.** Support colleges, universities, and research centers to collaborate and access capital, talent and shared resources. Expand community building and educational training, develop regional platforms and new curricula. Equip policymakers, practitioners, and students with necessary knowledge and skills for careers in the purpose-driven economy.
- **Leave no one behind.** Support economies to climb the development ladder by enabling and accelerating the growth of purpose-first businesses and investment to successfully deliver on the Decade of Action in pursuit of global climate and sustainability goals.
- **Enable a supportive ecosystem.** Building a better post-COVID-19 economy by creating an enabling ecosystem that serves both purpose-first businesses and conventional businesses that want to transition toward a purpose-first logic.

We commit to playing our role in supporting the growth of the purpose-first economy. We will do this through raising awareness and leveraging procurement, innovation, research, development, and investment to accelerate the growth of this critical sector.

Today, we are setting in place the guiderails for this transition through policies and incentives that enable organizations of all kinds to work for the benefit of society. **We urge you to join us.** Together we are building a new economy designed to promote a more just and sustainable world for generations to come.

Signed,



Ajay Banga,
President & CEO



Alan Murray,
CEO



Anand Mahindra,
Chairman



Daniel Hendrix,
Chairman & CEO



Dylan Taylor,
Chairman & CEO



Emmanuel Faber,
CEO



Feike Sijbesma,
Honorary Chairman &
Former CEO, DSM



Frans van Houten,
CEO



Dr James Mwangi,
CEO & Managing Director



Jean-Paul Agon,
Chairman & CEO



John W.H. Denton AO,
Secretary General



Mike Doyle,
President & CEO



Dr. Rajiv Shah,
President



Roberto Marques,
Chairman & CEO
natura & co



Stefan De Loecker,
CEO



* Find endorsements for this Global Leadership Letter on pages 59-60



**PURPOSE IS THE
COMMITMENT TO CREATE
VALUE BY CONTRIBUTING
TO THE BENEFIT OF
SOCIETY**

A COMMUNITY OF LEADERS RESHAPING LEADERSHIP.

LEADERS ON PURPOSE CEO STUDY TEAM



CHRISTA GYORI

MANAGING DIRECTOR,
CEO & CO-FOUNDER
LEADERS ON PURPOSE



DR. TATIANA KAZAKOVA

MANAGING DIRECTOR,
CHIEF STRATEGY OFFICER &
CO-FOUNDER
LEADERS ON PURPOSE



DR. WENDY PURCELL
PHD FRSA

RESEARCH SCHOLAR,
HARVARD T.H. CHAN SCHOOL
OF PUBLIC HEALTH, HARVARD
UNIVERSITY



DIANNE DAIN

UNITED NATIONS REBOOT
ACCELERATOR LEAD, WHO
INNOVATION AND WORLD
HUMANITARIAN FORUM
ADVISORY BOARD



HEERAD SABETI

CO-FOUNDER AND CEO, THE
FOURTH SECTOR GROUP



KELSEY BEUNING

RESEARCH CANDIDATE
LONDON SCHOOL OF
ECONOMICS
SENIOR RESEARCH ANALYST
LEADERS ON PURPOSE



DR. BRAD GYORI

SENIOR LECTURER DIGITAL
STORYTELLING
PROGRAMME LEADER MA
CREATIVE WRITING &
PUBLISHING
BOURNEMOUTH
UNIVERSITY, SCHOOL OF
JOURNALISM, ENGLISH AND
COMMUNICATION
EDITOR
LEADERS ON PURPOSE



MADELEINE HELMS

ASSOCIATE, CONTENT &
COMMUNICATIONS, LEADERS
ON PURPOSE

L
I
P



PARTICIPANT CEOS

2020



THOMAS BUBERL
CEO, AXA



HAMDİ ULUKAYA
CHAIRMAN & CEO, CHOBANI



THIPPAPORN AHRİYAVRAROMP
CHAIRMAN MQDC & CEO, DTGO



DOUGLAS M. BAKER, JR.
CHAIRMAN & CEO, ECOLAB INC.



JAMES MWANGI
MD & CEO,
EQUITY GROUP HOLDINGS



ALAN MURRAY
PRESIDENT & CEO,
FORTUNE MEDIA GROUP



IGNACIO GALÁN
CHAIRMAN & CEO, IBERDROLA



ALEX GORSKY
CEO, JOHNSON & JOHNSON



ROBERTO MARQUES
CEO, NATURA S&CO



HENRIK POULSEN
CEO, ØRSTED



JAKOB ASKOU BØSS
SR. VICE-PRESIDENT OF CORP.
STRATEGY, ØRSTED



SONIA CHENG
CEO, ROSEWOOD HOTEL GROUP



PATRICIA OBO-NAI
CEO, VODAFONE GHANA



DYLAN TAYLOR
CHAIRMAN & CEO, VOYAGER
SPACE HOLDINGS INC.



NANCY MCKINSTRY
CHAIRMAN & CEO, WOLTERS
KLUWER

PARTICIPANT CEOS

2018-2019



HUBERT JOLY
CEO, BEST BUY



HARALD KRUEGER
CEO, BMW



REMI ERIKSEN
CEO, DNV-GL



JAY GOULD
CEO, INTERFACE



BARRI RAFFERTY
CEO, KETCHUM



DAVID KOHLER
CEO, KOHLER



LAURA KOHLER
MEMBER BOD, KOHLER



JEAN PAUL AGON
CEO, L'ORÉAL



ANAND MAHINDRA
CEO, MAHINDRA & MAHINDRA



DAN SCHULMAN
CEO, PAYPAL



FRANS VAN HOUTEN
CEO, PHILIPS



DAVID TAYLOR
CEO, PROCTER & GAMBLE



JOHAN TORGEBY
CEO, SEB



KAAN TERZIOĞLU
CEO, TURKCELL



BILL MCDERMOTT
CEO, SAP

PARTICIPANT CEOS

2017-2018



AJAY BANGA
CEO, MASTERCARD



BRIAN DUPERRAULT
CEO, AIG



CARLOS BRITO
CEO, AB INBEV



DENIS MACHUEL
CEO, SODEXO



EMMANUEL FABER
CEO, DANONE



FEIKE SIJBESMA
CEO, DSM



GRANT REID
CEO, MARS



JOE KAESER
CEO, SIEMENS



JOHN FALLON
CEO, PEARSON



LARS R. SØRENSEN
FORMER CEO,
NOVO NORDISK



LORNA DONATONE
CEO, GEOGRAPHIC
REGIONS, SODEXO



PABLO ISLA
CEO, INDITEX



PETER AGNEFJÄLL
CEO, IKEA



SIR MARTIN SORRELL
CEO, WPP



TOM LINEBARGER
CEO, CUMMINS



ZHANG RUIMIN
CEO, HAIER



EXECUTIVE SUMMARY

THE NEW BUSINESS LOGIC: TRANSITIONING TO A PURPOSE-FIRST ECONOMY

INTRODUCTION

Doing good is good business. Studies have shown that over the last 30 years, purpose-driven businesses have outperformed competitors according to most profitability benchmarks (Stengel, 2014). Now, evidence indicates they are performing better during the COVID-19 outbreak as well. Unlike the outdated corporate social responsibility (CSR) model, which views advancing social good as an elective service, the purpose-driven approach incorporates social good into every aspect of the business structure. It thus encourages businesses to promote social good with greater agility and resilience in times of crisis.

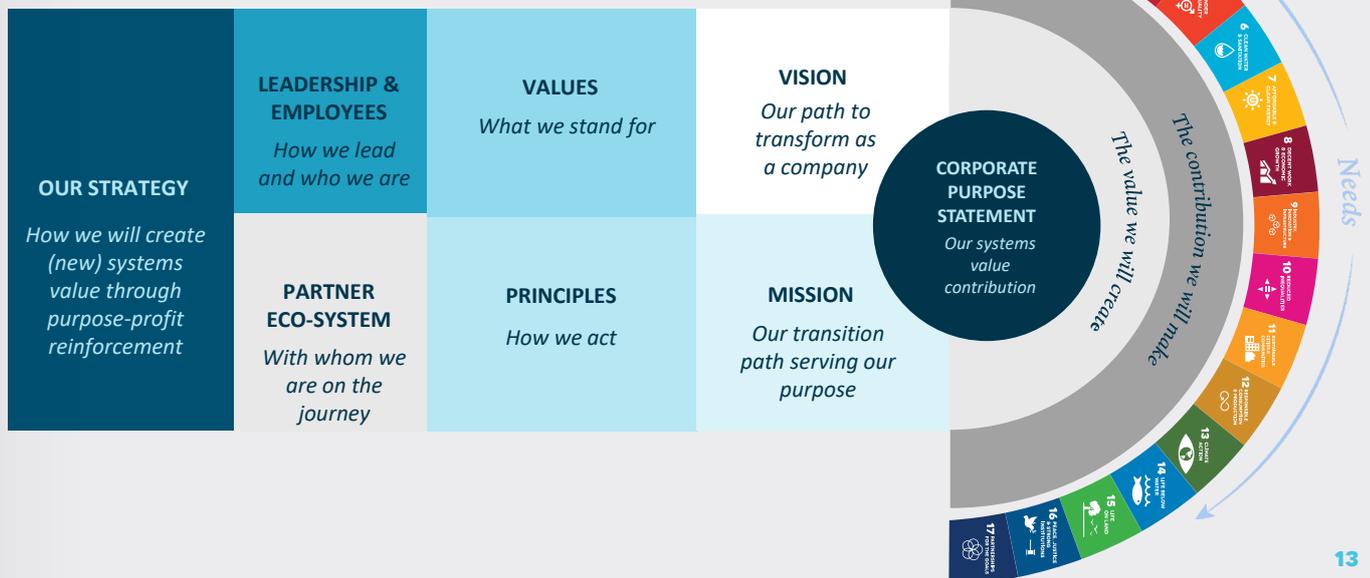
The pandemic and its impacts have further heightened scrutiny into the relationship between companies, government, society and the public. Increasingly, businesses—in collaboration with other stakeholders—are expected to help solve the problems arising from this public health crisis. Purpose-driven organizations are well-positioned to rise to this challenge. The current circumstances have also given leaders the opportunity to think more strategically about their organization's purpose moving forward.

Leaders on Purpose uses an academically rigorous lens to identify the innovative practices of pioneering multinational organizations. **These businesses have been building the infrastructure for a new economic model.** They are harnessing this pivotal moment to rapidly rewrite their playbooks

What they are doing differently:

- IDENTIFYING KEY SHORT-TERM RESPONSE-ACTIONS TO ALIGN PURPOSE WITH CORE ORGANIZATIONAL STRENGTHS
- COMMUNICATING WITH TRANSPARENCY AND AUTHENTICITY IN ALIGNING WITH PURPOSE
- CREATING A CULTURE OF COMMITMENT AND EMPOWERMENT
- ASSESSING AND MEASURING VALUE CONTRIBUTION AGAINST ENVIRONMENTAL AND SOCIETAL CONCERNS
- ADAPTING NEW WAYS OF WORKING THAT SUPPORT A CULTURE OF COMMITMENT, EMPOWERMENT OF PEOPLE AND PRODUCTIVITY IN LINE WITH PURPOSE
- EMBEDDING PURPOSE INTO CORPORATE STRATEGY AND ORGANIZING BUSINESS OBJECTIVES AROUND PURPOSE IN TERMS OF BRANDING, GROWTH, PRODUCTION AND VALUE CREATION

CORPORATE PURPOSE STATEMENT - YOUR SYSTEMS VALUE CONTRIBUTION -





METHODOLOGY

The Leaders on Purpose 2020 CEO Study is part of a longitudinal research project that began in 2015. It draws on over 10 years of studies and assembles findings from in-depth conversations with over 45 CEOs

INSIGHTS

The Leaders on Purpose 2020 CEO Study provides insight into the role that purpose-driven organizations play in society and illustrates how fundamental an organization's purpose is to survival. This research also identifies and analyzes the ways that corporate leaders leverage purpose to realize their dual binary ambitions of achieving financial success and promoting positive social change. This year's study focuses on four key areas of purpose in business practice.

CHAPTER 1: NAVIGATING DISRUPTION WITH PURPOSE-DRIVEN LEADERSHIP

Our first chapter outlines four emergent pillars of Purpose-Driven Leadership:

- **STEPPING UP FOR SYSTEMIC LEADERSHIP: MANAGING INDUSTRY TRANSITIONS WHILE COPING WITH NEW DEGREES OF UNCERTAINTY/ COMPLEXITY**
- **ADOPTING A HUMAN-CENTERED LEADERSHIP APPROACH: EMPOWERMENT AND EQUITY IN ORGANIZATIONAL PURPOSE, UNLEASHING EMPLOYEES TO CO-LEAD THE PATH FORWARD**
- **UNDERSTANDING THE INNER GAME OF LEADERSHIP: LEARNING TO SELF-REGULATE, ENSURING THAT PERSONAL VALUES ARE CONGRUENT WITH THE ORGANIZATION'S GOALS AND VALUES**

CHAPTER 2: CORPORATE CULTURE, PURPOSE AND THE PANDEMIC

In the digital age, corporate assets are becoming increasingly intangible. A business's financial worth is often tied to capital such as intellectual property, brand identity and stakeholder innovation. In this new era, an organization's infrastructure is its employees. This means scouting the top talent and, in today's uncertain world, nurturing that talent to encourage exceptional ideas. This infrastructure is held together through culture—a code of ethics grounded in purpose and a vision in which people hope to belong. In business, purpose is the bridge between culture and strategy. However, how do purpose-driven cultures operate in a time of remote working, massive disruption, increasing loneliness and isolation? Our analysis identifies three cultural characteristics that purpose-driven organizations leverage to promote positive change.

Cultural characteristics that supported business during the pandemic:

- **GROUNDING ACTION IN CORPORATE HERITAGE**
- **ROBUST, TRANSPARENT AND EMPATHETIC COMMUNICATION**
- **PROBLEM SOLVING AND NEXT-LEVEL INNOVATION**

CHAPTER 3: THE CORPORATE PURPOSE MOMENT IN STRATEGY

In 2020, purpose-driven organizations were forced to be highly strategic. This year's study suggests that when businesses outmaneuver uncertainty, they enhance their resilience. This entails effectively juxtaposing short-term challenges with long-term competitiveness whilst strategically transitioning towards a future-fit business model.

Some of the topics we cover in this chapter include:

- **INTEGRATING PURPOSE WITH AN ORGANIZATION'S FUTURE ROLE IN SOCIETY**
- **UNLOCKING OPPORTUNITIES THROUGH A "SYSTEMIC VALUE PROPOSITION"**
- **REINFORCING ALIGNMENT OF PROFIT AND PURPOSE**
- **DEVELOPING AN EXPONENTIAL BUSINESS MODEL**

CHAPTER 4: PARTNERSHIPS FOR ACCELERATION AND SCALE

In this tumultuous year, partnerships are one area in which we have seen tremendous innovation and change among purpose-driven organizations. The challenges presented by COVID-19 and paradigm-altering technological innovations are shaping areas of collective concern and opportunities for new forms of collaboration. Pro-competitive partnerships are allowing purpose-driven organizations to operate more quickly and effectively at a time of great uncertainty and change.

In this section, we discuss:

- **DIGITAL TRANSFORMATION AND PARTNERSHIPS: HOW THE CONFLUENCE OF COVID-19 AND TECHNOLOGY HAS SHAPED COLLABORATION**
- **THE RISE OF PRO-COMPETITIVE PARTNERSHIPS: HOW PARTNERING WITH COMPETITORS IS HELPING ORGANIZATIONS ADDRESS SOME OF THE FOREMOST ISSUES OF OUR DAY**
- **AGILE APPROACHES TO PARTNERING AND RAPID INNOVATION IN A POST-COVID WORLD**

SECTION BREAKDOWNS/INSIGHTS

This year's study offers four recommendations for advancing toward a purpose-driven economy:

- **ALIGN HUMAN-CENTERED BUSINESS AND PERSONAL VALUES WITH LEADERSHIP**
- **CONSOLIDATE CULTURE THROUGH ENGAGEMENT AND COMMUNICATION WITH INTERNAL AND EXTERNAL COMMUNITIES**
- **HARMONIZE DIGITIZATION AND PURPOSE IN CORPORATE STRATEGY WITH A "SYSTEMIC PERSPECTIVE"**
- **LEVERAGE LEARNINGS FROM AGILE APPROACHES TO PARTNERSHIP AND RAPID INNOVATION FOR THE LONG TERM**

CONCLUSION

The Leaders on Purpose 2020 CEO Study provides a roadmap of essential practices to ensure that 21st-century businesses are fit for purpose and profit. Through actionable insights, we aim to create an inclusive and sustainable post-COVID economy that benefits society, the planet and shareholders for generations to come. At a time when societies around the world are clamoring for stronger leadership, forward-thinking organizations will play an important role in supporting the transition to a purpose-driven economy for this generation and those to come.



"COVID HAS INTRODUCED EVEN MORE UNCERTAINTY AND COMPLEXITY IN AN ALREADY COMPLEX WORLD. IN SUCH AN ENVIRONMENT, GLOBAL ENTERPRISES LIKE AXA, PRESENT IN MULTIPLE GEOGRAPHIES, HAVE TO ADAPT AND EMPOWER LOCAL OPERATIONS MORE. THIS IS A CULTURAL AND LEADERSHIP CHALLENGE BUT A NECESSARY ONE TO REMAIN COMPETITIVE."



INTRODUCTION

Leaders on Purpose uses research-led inquiry to deepen our understanding of purpose in driving transformational change through business for the betterment of society. The Annual CEO Study, now in its third year, is a seminal output of this research.

The 2020 CEO Study explores purpose in the time of the COVID-19 pandemic. This health crisis has brought the disruptive forces acting on our world into sharp focus, changing business in real-time. By accelerating underlying trends, such as the use of digital technology and partnership working, the pandemic has exacerbated fragilities and inequities in society. Never has there been a time when business and society are so clearly interdependent and hyperconnected in tackling a shared agenda. This is a stress test for purpose in business. Representing a period of punctuated equilibrium, the pandemic could cement the role of purpose in navigating disruption in these hyper-complex times.

Multinational organizations enjoy unparalleled scale and reach. Many operate in over 100 countries with billions of customers and thousands of suppliers. As such, they have both the ability and responsibility to address some of the largest global issues of our day. In his book, *Prosperity: Better Business Makes the Greater Good*, author Colin Mayer acknowledged the potential risks and rewards related to this change, noting that “With the transition to the enlightened corporation, we could therefore be on the edge of the most remarkable prosperity and creativity in the history of the world. On the other hand, we could also be at the mercy of corporations that are exacerbating the growing issues of inequality, poverty, and environmental degradation we see today” (Mayer, 2019).

We have arranged our report thematically, drawing out key insights and illustrating these with real-world examples from the businesses we have studied. We place our findings in the context of the academic literature so that our learnings can help shape a new understanding of the power of purpose in business. We begin by examining purpose-driven leadership before proceeding to explore purpose-led culture and then the influence of purpose on corporate strategy and partnerships. While not an exhaustive account, the 2020 CEO Study report captures our main findings. We will further develop our research for peer review in academic journals. In addition, we plan to share the insights of our research widely through our executive education and leadership advisory.

Purpose-driven leaders (PDLs) recognize their opportunity and responsibility to unleash value creation across their stakeholder ecosystem. Charged with accelerating purpose as a force for good in business, they create and scale meaningful change through their people and deliver solutions for global transformation. With significant impact on communities and the environment, PDLs recognize business as a global actor capable of making significant positive impacts. We witnessed over the years of our research how PDLs use purpose to navigate hyper-complex times with business as a force for good. These businesses seem to cope more effectively with the disruptions of COVID-19. Our study reveals how PDLs use emotional intelligence to connect self with society, empowering people through their humility and curiosity. They use purpose as a compass and engage people around shared values. PDLs pair profit with purpose, perceiving them as mutually reinforcing. In these times of global disruption, leadership is at a premium; as we look to both the response and recovery ahead, we have a unique opportunity for PDLs to shape a new social contract with businesses that enables them to serve societal needs through market-based solutions.

Purpose-driven culture (PDC) concerns how people think, talk, and act. Renowned management consultant Peter Drucker is credited with originating the adage that “Culture eats strategy for breakfast.” This acknowledges the power of culture as a bridge between strategy and action. A PDC helps businesses pivot while staying true to their heritage and values. It helps create a sense of belonging and empowerment, supporting people to take risks and innovate. Promoting trustful relationships at work, PDC supports the type of self-organization that is critical to dispersed global teams and essential in the remote-working atmosphere created by the pandemic. Culture reinforces accountability and ethical ways of working. As such, it matters now more than ever before.

Purpose-driven strategy (PDS) accounts for global challenges in business to help shape corporate strategy and transition strategies towards the future-fit economy. Adopting a systems perspective, PDS supports the alignment of business with societal issues at scale. We identify the maturation of this agenda in our Annual CEO Study, as PDS has overcome trade-offs between purpose and profit to conceptualize them as mutually reinforcing. This systemic value contribution incorporates a deep external perspective and connects it to a deep internal understanding of value-generating flows

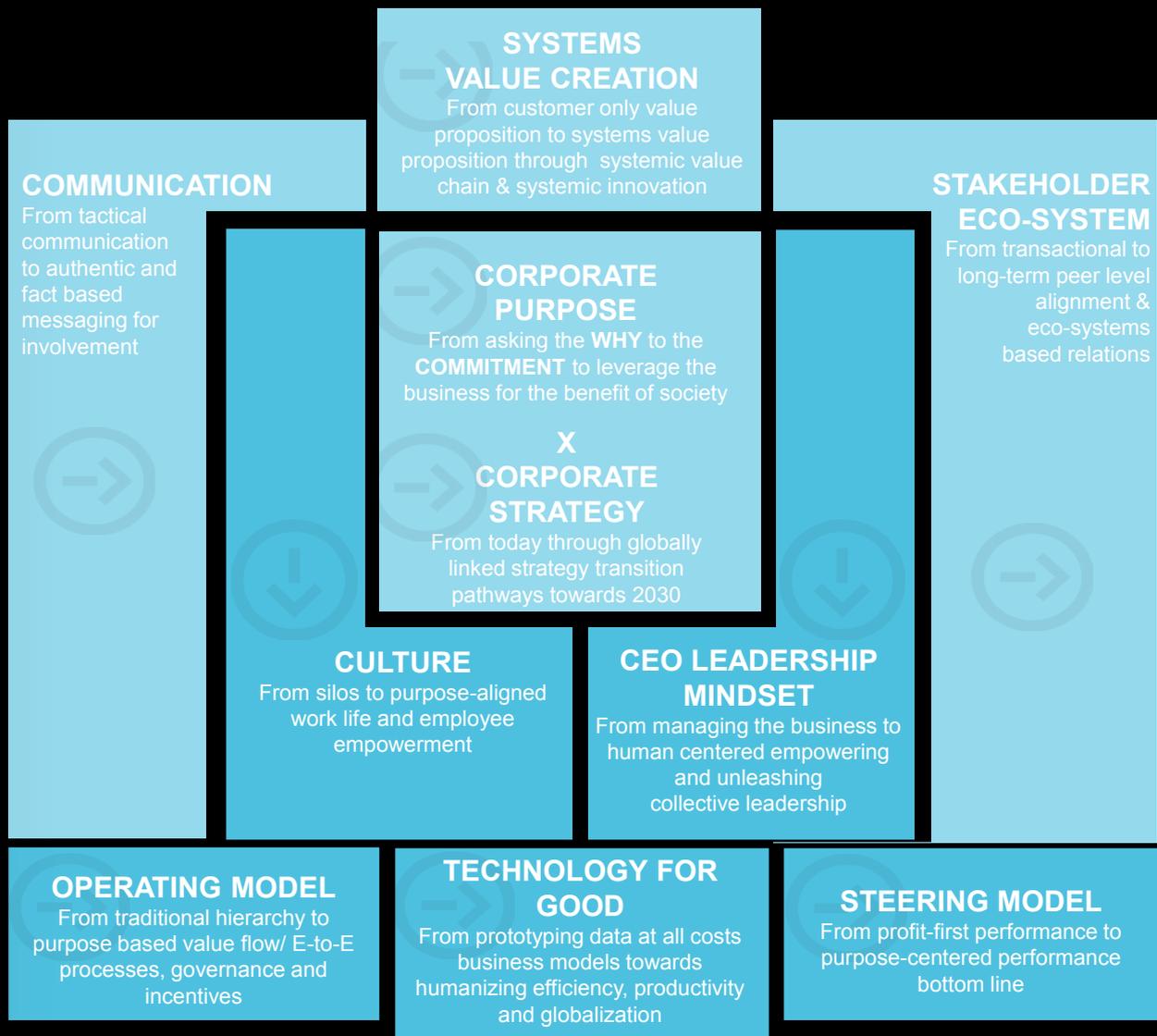
capacity within an organization. We see how businesses use purpose to transform both themselves strategically and the stakeholder ecosystem in which they operate.

Purpose-driven partnerships (PDPs) can be summarized by the proverb, "If you want to go fast, go alone. If you want to go far, go together." However, solo travel is perhaps no longer an option given the speed of change and hyper-complexity of the current business environment. PDPs build on the distinctive and highly differentiated capabilities of business partners, harnessing the additive and synergistic value creation

of purpose-led collaboration. Convened around a shared purpose, digital innovation and the pandemic, the accelerated formation of PDPs is a trend we predict will continue. PDPs seize opportunities and harness the power of innovation.

These boundary-spanning partnerships seek to beat the problem rather than the competition through pro-competitive approaches. Fueled by shared purpose and sustained by trust, PDPs help leverage each organization's unique capabilities to support delivery at scale and create an ecosystem of alliances.

THE NEW BUSINESS LOGIC IS PURPOSE-CENTRED.







I. NAVIGATING DISRUPTION

WITH PURPOSE-DRIVEN LEADERSHIP

BY DR. WENDY M. PURELL PHD FRSA,
HARVARD UNIVERSITY



**“AS A LEADER, I THINK YOU
HAVE TO FIND WAYS THAT YOU
CAN CREATE A VEHICLE SO
THAT THE NEXT GENERATION
OF LEADERS CAN SEE THEIR
PATH FORWARD.”**

NANCY MCKINSTRY >
CEO, WOLTERS KLUWER





PURPOSE-DRIVEN LEADERS:

01

UNDERSTAND THE INNER GAME OF LEADERSHIP AND INTUIT A NEW LEVEL OF EMOTIONAL INTELLIGENCE, CONNECTING SELF TO SOCIETY THROUGH THE LENS OF THEIR ORGANIZATION

02

ADD CURIOSITY TO THE LEADERSHIP ZENITH PREVIOUSLY DEFINED BY HUMILITY AND PROFESSIONAL WILL

03

EMPOWER PEOPLE THROUGH PURPOSE TO NAVIGATE UNCERTAINTY BY ASKING, "WHAT WOULD PURPOSE DICTATE WE DO?"

04

CREATE ENGAGED FOLLOWERSHIP THROUGH PURPOSE TO HARNESS THE POWER OF "COLLECTIVE INDIVIDUALISM," GENERATING A PROFOUND CHANGE IN THE BALANCE OF POWER BETWEEN LEADERS AND FOLLOWERS

05

USE PURPOSE AS A GUIDING COMPASS TO HELP NAVIGATE DISRUPTION AND OPERATE SUCCESSFULLY IN THESE HYPER-COMPLEX TIMES, AS THE PACE OF CHANGE ACCELERATES AND PROFOUND CHANGE HAPPENS SIMULTANEOUSLY ACROSS MULTIPLE FRONTS

06

RECONCILE PROFIT WITH PURPOSE, SHAPING A NEW SOCIAL CONTRACT WITH BUSINESS AND DRIVING VALUE CREATION FOR THEIR BUSINESS AND BETTERMENT FOR SOCIETY WITH PURPOSE AS A MULTIPLIER

07

FRAME PROFIT AND PURPOSE AS MUTUALLY REINFORCING AND HELD IN DYNAMIC TENSION

I. NAVIGATING DISRUPTION WITH PURPOSE-DRIVEN LEADERSHIP

Leaders on Purpose (LOP) has been researching purpose, strategy, and leadership in business for over a decade and has assembled distinctive knowledge and relational assets through its Annual CEO Study, now in its third year. By highlighting the attributes, behaviors, and impact of Purpose-Driven Leaders (PDLs), we are not making a case for exceptionalism; rather, LOP seeks to codify purpose-driven leadership to enable universal adoption. These leaders use purpose as a force for good in business, fueling the transition to new business logic and constituting a key driver of value creation beyond shareholder primacy to include all stakeholders. According to this year's study, the characteristics identified in relation to this form of leadership include the following.

PURPOSE-LED SELF: SETTING THE TONE AND HUMILITY THROUGH PURPOSE

Purpose-Driven Leaders (PDLs) understand the **inner game of leadership** (Anderson & Adams, 2016). While the outer game of leadership comprises processes and competencies, the inner game is about consciousness and character traits like humility, self-awareness, courage, and compassion. PDLs strive to be mindful, non-judgmental, accepting, compassionate and open. They are able to self-regulate and understand that the quality of their attention influences the actions of others (Goleman, 2013). **Dylan Taylor** CEO of **Voyager Space**, notes the importance of a Chief Executive being able to "manage their own emotional state," paying all due attention to "how you show up, your state of being, your interest and thoughtfulness," recognizing the leader is "more than the content of their words," and setting an "emotional tone." Being in "flow," immersed and energized, PDLs act in ways that align their personal values with their organization's goals and values.

Emotional intelligence (EI or EQ), widely accepted as a key leadership attribute, consists of four domains: self-awareness, self-management, social awareness, and relationship management (Goleman & Nevarez, 2018). While PDLs often display high levels of EQ, they seem to conceptualize management challenges and opportunities in new ways, connecting **EQ from the self to society** through the lens of the company. **Hamdi Ulukaya**, CEO of



ALEX GORSKY >
CEO, JOHNSON & JOHNSON



I THINK THE THIRD ONE FOR ME IS JUST COMMUNICATE, COMMUNICATE, COMMUNICATE. THERE'S AN EXPECTATION IN TODAY'S WORLD WHERE WHEN YOU ARE A CEO YOU WEAR MANY HATS, SO TO SPEAK, AND ONE OF THEM IS TO BE A SPOKESPERSON FOR THE COMPANY. YOU'RE CONSTANTLY ENGAGING WITH YOUR EMPLOYEES, MAKING SURE THEY'RE UP TO DATE, MAKING SURE YOU'RE ENGAGING WITH YOUR OTHER EXTERNAL STAKEHOLDERS, AND AGAIN, DOING SO IN A FACT-BASED BUT AUTHENTIC AND TRUSTWORTHY MANNER, I THINK, IS MORE IMPORTANT THAN EVER.

Chobani, talks of forging a new kind of business leadership, one that fuses competitiveness with an unusually strong sense of compassion, calling on us to ensure human emotions remain in business and that we remember to stay ourselves (Brunner, 2017). Purpose is thus a business and an emotional journey for all concerned.

PDLs learn to accept ambiguity. Recognizing that significant change takes time, they are, at once, urgent and patient (Haque et al., 2017). Able to explore the limiting truths we tell ourselves, they free up their minds to wonder.

Khun B, CEO of **MQDC**, found this especially useful when her company began to develop Bangkok's green city (The Forestias, 2020). They set out to design in harmony with the natural world in a manner compatible with current and long-term needs. When addressing this challenge, **Khun B** found it important to "keep myself light-minded," [...] "stay positive and encourage everyone," and, in more difficult times, "look for light, because I believe there's light somewhere, and not only one stream of light, but there are many lights happening in many places."

A leadership characteristic we observed across this year's interviews was intellectual humility. PDLs do not purport to be all-knowing or all-powerful. Instead, they afford followers the psychological freedom to share ideas and feedback, which in turn drives engagement, making their own work more meaningful (Edmondson, 2019). We know the productivity of engaged employees increases materially along with other benefits (Baldoni, 2013).

Khun B observes the importance of humility. From the Latin humus, meaning to have the earth under you or to be on the ground, "being humble and being able to take less" is, for **Khun B**, essential. Meanwhile, **Dr. James Mwangi**, CEO of **Equity Group Holdings**, invites us to consider "when is enough," and **Hamdi Ulukaya** calls us to "honor humility."

PDLs provide positive signals that lead to empathy and gratitude at work, with leader humility shaping followers' behaviors (Kellerman, 2008), creating psychological safety (Edmondson, 2019), as well as empathy, gratitude, and ethical behaviors (Naseer et al., 2019). This is clear from an analysis of their public communications as well as how LOP experienced them. Humble leaders are open, accepting, and admitting of their flaws; they are able to acknowledge and identify others' strengths and weaknesses, being fair and impartial in their judgment (Naseer et al., 2019). As humble leaders, PDLs can react well in dynamic environments compared to those with a high intolerance of uncertainty, who cannot perform uncertainty-reducing behaviors (Deng et al., 2019). The PDLs in our 2020 cohort described handling the COVID-19 crisis by learning to process uncertain and ambiguous information in an impartial manner. They recognize that power is more diffuse and accountability more visible and can harness what we term **collective individualism**: that is, they strive to inspire followers to think beyond themselves and to consider others, including customers, colleagues, and society, thereby increasing a sense of community in work (Kellerman, 2008; Naseer et al., 2019).

PDLs recognize that an enduring purpose unifies a dispersed workforce, with leaders securing results through relationships, not rules. Calling on leaders to "talk without an agenda" and to "listen to learn," **Thomas Buberl**, CEO of **AXA**, describes how the company operates in 57 countries with 160,000 staff and how he uses unstructured meetings to "connect with people, build affinity and unlock creativity, gifting power to people." PDLs recognize employee attitudes and behaviors are outcomes of receiving and evaluating information in their social context. With this in mind, **Dr. James Mwangi** focuses on creating an "ecosystem of the like-minded," where everyone is a leader. Building on Collins' (2005) level 5 leadership model based on personal **humility** and **professional will**, LOP adds to this **zenith of leadership curiosity**, with PDLs able to unlearn old patterns and learn new things (Bell, 2018).

HUMAN-CENTERED LEADERSHIP: EMPOWERMENT AND EQUITY ON PURPOSE

Purpose-Driven Leaders are human-centered leaders who want their businesses to serve the health of the natural and social systems on which we all depend (Henderson, 2020). The PDLs we interviewed strive to view each stakeholder as a complex individual with many different values and attributes. Building on his core belief, **Hamdi Ulukaya** urges businesses to stay in the human reality, because “We should stay ourselves. If we stay human, we stay as father or mother, sister or brother. Instead of changing ourselves, when we step inside the business field then we humanize it.” He reflects, “Let people from all over the world come together to be part of the community as brothers and sisters,” noting, “Anyone can come here, be who you are, you don’t have to pretend.” **Ulukaya** highlights the importance of “business as a platform and a force to make things better around inequality.” For example, when setting up a new factory in Idaho, **Chobani** worked with a local Community College to train people to fill the new jobs and create an inclusive food hub (Wooten, 2011). In **Chobani’s** “Access for All” agenda (Chobani, 2020), it is clear that diversity and inclusion is a foundational ethos of the company, holding leaders at all levels accountable for its progress. This approach is woven throughout the business, from paid internship programs to matched savings funds. There is, however, still room for improvement by, for instance, increasing the focus on pay equity, hiring immigrants and refugees, and incubating minority-owned companies in the supply chain.

Nancy McKinstry, CEO of **Wolters Kluwer**, is unequivocal: “The most diverse teams create the best results.” She urges leaders to pay attention to “whose interests are included,” noting “diversity breeds diversity.” **Wolters Kluwer** also strives for an inclusive company culture, seeking to ensure that its workforce reflects the communities and customers it serves. **Nancy McKinstry** emphasizes how diversity and inclusion have “created a platform for innovation,” arguing that their ultimate priority is developing the most talented people, regardless of their gender, background, or life preferences. If all companies were to commit to this diversity, the whole of society would benefit. Thanks to this ethos, **Forbes America** recognized **Wolters Kluwer** as one of the Best Employers for Diversity in 2020 (Umoh, 2020) and one of Best Employers for Women in 2019 (Valet, 2019).

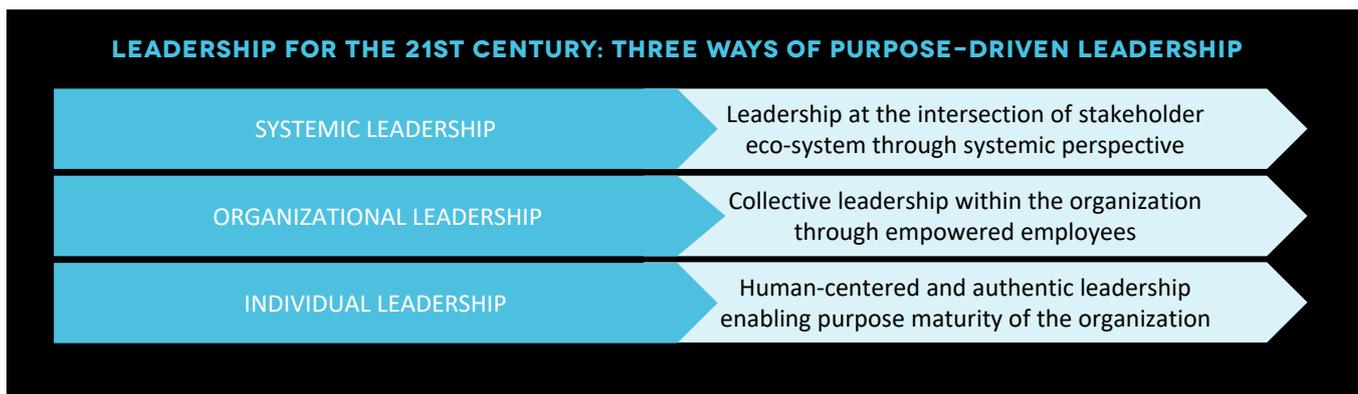
Doug Baker, CEO of **Ecolab**, says his company champions diversity because it helps them succeed (Forsythe, 2020). Linking this agenda to company targets on social and racial justice and the Sustainable Development Goals (United Nations, 2015), he clarifies that “Diversity comes in many ways. It’s different business experiences. It’s certainly gender

and race. It’s certainly background, nationality, personality types, all these things. It’s complex, but when we do a good job of figuring that out and assembling more dynamic teams, we do better.” **Ecolab’s** results bear this out. In 2020, they rank in the top 10 for Best Corporate Citizens for the seventh consecutive year (Forsythe, 2020).

Dylan Taylor is concerned about “how much talent and energy and brilliance is on the sidelines” and calls on the business sector to do more to “bring it to humanity.” Echoing this, **Alan Murray**, CEO of **Fortune Media**, calls upon us to “take full advantage of all the human resources available to us.” **Roberto Marques**, CEO of **Natura &Co**, explains, “You can’t run a sustainable business if society continues to drive inequality.” A one-line mission statement, “To defend Human Rights and Be Human-Kind,” captures their Sustainability Vision for 2030 (Natura &Co, 2020); this aligns with the SDGs and represents a global shared purpose.

Patricia Obo Nai, CEO of **Vodafone Ghana**, centers purpose in her ongoing hunt for talent and looks beyond the role to ask, “What else do [we] bring to drive purpose?”. She pays deliberate attention to empowering women to unleash their economic power. The company has women in five of the nine key senior management positions, citing **Patricia Obo-Nai’s** purpose-led approach as central to their “Inclusion for All” agenda (Joy Online, 2020). **Alan Murray** emphasizes the importance of “creating an environment where people want to work” and stresses the value of “having built systems around scarcity—that scarcity is no longer physical or financial but people and intellect.” **Ignacio Galán**, CEO of **Iberdrola** is clear that “**Iberdrola** is a values-driven organization, and therefore our values must be reflected in everything we do.” His company’s Social Contribution program (Iberdrola, 2020) draws together environmental, social, and governance (ESG) pillars to generate positive development in all the communities in which they operate. This serves to create a “social dividend” (Galán, 2020) and reminds us that leaders need “a combination of courage, optimism, and rationalism and to stick to their values.”

Despite all of these positive developments, as leaders struggle to treat all employees equitably and fairly, challenges in managing diversity persist. This can result in lower levels of social cohesion, more relational conflicts, and higher staff turnover (Shaban, 2016). In an age when technology makes it impossible to hoard information, and complexity means that leaders are not always the smartest person in the room, it is crucial for PDLs to create an “engaged followership” (Kellerman, 2008): that is, motivated staff delivering against a shared purpose. **Thomas Buberl** reminds us how this drives the “empowerment of employees,” observing that these times of high uncertainty demand that



“we delegate more because of the complexity.” Leadership as a social construct is, therefore, an outcome of social interactions with followers. For PDLs, this results in a profound change in the balance of power between leader and follower, harnessing the power of followers as agents of change. Indeed, as Kellerman (2008) argues, better followership begets better leadership. PDLs know that people flourish when connected to something greater than a job, tapping into the pursuit of purpose as a powerful human motivator.

LEADING THROUGH UNCERTAINTY: NAVIGATING DISRUPTION WITH PURPOSE

Purpose-Driven Leaders (PDLs) empower people, and never more so than in situations characterized by high degrees of volatility, uncertainty, complexity, and ambiguity: so-called VUCA conditions. While VUCA was coined back in the 1990s, the 21st century puts us “beyond VUCA,” with **Alan Murray** adding “speed of change.” To this, LOP adds the number of domains where profound change is happening simultaneously. From demography to global trade, technology to behaviors, inequities and social cohesion, the COVID-19 pandemic is exacerbating economic disparities and social unrest. Here, we see purpose-driven businesses lean into the pandemic, whether it is **Ecolab’s** work on safe workplaces (Ecolab, 2020) or **Chobani’s** contribution to relieving food insecurity in launching a new charity (Crawford, 2020). In these hyper-complex times, developing an answer that has been tried before is somewhat unhelpful; no one knows how it will go this time. PDLs seem to be **curious explorers** (Kashdan, 2009), paying attention to the unfamiliar and resisting the human craving for certainty, understanding that value is held in the emergent outcomes of a complex system (Conte et al., 2007).

PDLs seem to thrive in this increasingly complex world, where life is feeling less predictable and more confusing than ever before. While **experience** is useful, the wisdom of the elders seems not to be the helpful compass it once was as the hyper-complexity of the 21st century reshapes leadership. This is where purpose can cut through the noise, being a guide to help navigate the disruption. **Thomas Buberl** describes “Our purpose, to ‘Act for human progress while protecting what matters’ [...] is a **compass** and horizon AXA has always had, helping society make strides, discover, invent and build.” He went on to add, “The second notion is protection, which is at the core of what we do as an insurer: protect what matters most to our customer, their life, health, households, businesses, belongings and much more.” Despite change coming at them at speed and from multiple directions, together with the change agency they are driving, they seem to cope with messiness by positioning purpose as their reason for being. **Dr. James Mwangi** observes, meanwhile, that when faced with difficult choices, he uses purpose to drive decision-making, asking himself and his team, “What would purpose dictate we do?” He highlights purpose as “a moral compass of the organization, guiding what we do and how we do it.” For example, **Equity Group Holdings’** objective, “supporting lives and livelihoods and enabling the creation of wealth through entrepreneurship,” is making a difference. In fact, the company was judged the 2020 Africa Socially Responsible Bank of the Year and received the 2020 SME Bank of the Year at the Africa Awards (Equity Bank, 2020), illustrating how purpose guides their prioritization of under-served markets. **Dr. James Mwangi** comments that “If you look closely at that purpose, for the last 30 years that I have been at the helm of the organization, we have used that as a compass. That is the etiquette of our north star. We would call it really the moral compass of the organization. It determines what we can do and how we can do it. The only reason we have remained steadfast as an organization is because we use purpose to determine everything.”

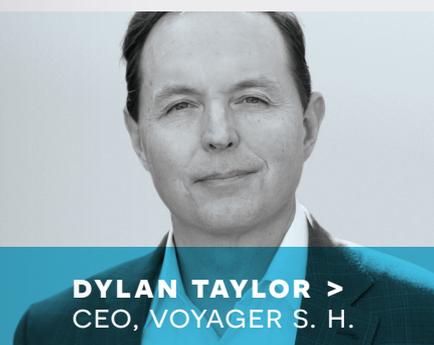
The CEOs we interviewed try to strike a balance between experience and adaptive capacity (Bennis & Thomas, 2002). When faced with a myriad of possibilities, purpose guides their attention and helps to channel the collective actions they oversee. **Patricia Obo-Nai** explains that, when considering costs, “if I had a leader who only thought about his P&L, it would never have succeeded.” For example, **Vodafone Ghana** invests in women in STEM for



PATRICIA OBO-NAI >
CEO, VODAFONE GHANA



THIS GOES BEYOND PROFIT. THIS IS PURPOSE, BUT THIS HAS TO COME FROM SOMEBODY WHO BELIEVES IN WHAT YOU’VE BEEN TALKING ABOUT. I SEE THAT COMING ACROSS THE LEADERSHIP TEAM THAT I HAVE.



DYLAN TAYLOR >
CEO, VOYAGER S. H.



“YOU MAKE SURE THAT THE BEST AMBASSADORS ACTUALLY ARE THE ONES THAT ARE GETTING BIGGER AND BIGGER ASSIGNMENTS AS THE COMPANY IS GROWING.”



engineering jobs of the future and empowers purchasing decisions by women through connectivity.

With more choices to make and fewer ready-made paths, we are called upon to do things we had never imagined. In predictable situations, coming up with the right answer is possible; we can simply verify what others have done and do that. While experience is useful, the wisdom of the elders is no longer the helpful compass it once was as we face “unknown unknowns” (Rey et al., 2019). **Doug Baker** reflects on experience being “good, if people have seen situations before” and can “move quickly” with the “patience to allow a situation to reveal itself,” but is “bad if they think they have a set playbook with nine steps to follow.” **Dylan Taylor** thinks it is important “to know what not to do, and learn from history.” However, **Nancy McKinstry** says, “Experience matters more than ever,” noting that previous crises have created a “crisis muscle” in the company enabling it to deal, for instance, with the impact of the COVID-19 pandemic.

Indeed, the pandemic is a crucible of PDLs (Bennis & Thomas, 2002), a stress test for business in society. **Hamdi Ulukaya** puts it plainly: “Our purpose, it’s in our DNA – we truly behave that way and everybody in the organization believes and behaves that way, on a good day but also on a bad day. This is better for our business. This is better for our profitability. This is better for our innovation.” A deeply challenging multi-faceted challenge, the COVID-19 health crisis continues to reveal the fragility of our world as economic and social equity issues come to the fore. Not surprisingly, many leaders have found it difficult to respond to the unprecedented quantum of change happening across so many fronts simultaneously. Nevertheless, a recent survey revealed how the pandemic has reinforced the emotional connection CEOs feel to their corporate purpose (KPMG, 2020). **Sonia Cheng**, CEO of **Rosewood Hotels**, agrees, noting purpose is “a living, breathing driver day to day” with “talented people and consumers attracted to it.” **Roberto Marques** says this type of commitment is “about trying to do something beyond profitability and serve a higher purpose.”

As global disruption reshapes our world in real-time, leadership is at a premium. Looking toward the recovery ahead, we have a unique opportunity to further our understanding of PDLs as people convening around a shared purpose and enabling businesses to serve societal needs. 21st-century leaders operate in an environment defined by complexity and change (Nohria & Khurana, 2020). Rather than seeking to minimize or ignore complexity, PDLs navigate uncertainty with purpose, shaping a new social contract with businesses while driving value creation for the company and the betterment of society. Purpose is a multiplier, capturing the value of synergies among committed people focused on doing well and doing good.

INTEGRATING PROFIT AND PURPOSE WITH THE PLANET

Purpose pays, driving top-line growth and bottom-line profit because PDLs anchor strategy with ESG metrics (Gast et al., 2020). Unlike the old Corporate Social Responsibility (CSR) model, which views social good as an add-on that is positive but separate from business strategy (Latafí Agudelo et al., 2019), the purpose-driven approach builds social good into every aspect of the business model. The story of purpose in business is, therefore, a tale of moving purpose from a niche discretionary agenda item to a core component of the business strategy, one society is likely to mandate. **Roberto Marques** is clear on this point, saying, “I don’t think future businesses are going to be successful if they are not purpose-driven at heart.” Developing this point further, he asserts, “The world will demand this. I don’t think it’s going to be a choice anymore.” The CEOs in our 2020 study do not indicate that purpose comes at the expense of profits. We can describe this as **both/and leadership** (Smith et al., 2016): the view that businesses can operate in a way in which ‘both’ purpose ‘and’ profit is enhanced. This means rejecting the idea that making money and improving the world are conflicting goals. Rather than thinking of business decisions as trade-offs between corporate gain and public good, these motivational drivers are held in a state of dynamic tension.

Alex Gorsky, CEO of **Johnson & Johnson**, calls this profit and purpose dynamic “and-and framing,” while **Doug Baker** speaks of “weaving the threads together tightly so that ... company success drives purpose, which also drives societal value.” **Doug Baker** reinforces this point, noting the shift from “**Profit first to purpose first**,” while **Khun B** comments that “to be sustainable, you have to be profitable.” Finally, **Dylan Taylor** is clear: “Ultimately, you have to deliver, be economically viable and economically sustainable.” He “believes in the free market ... but then it is about how that value is distributed.”

Rather than grappling with opposing goals, PDLs harness the tension of profit and purpose to drive delivery. Instead of championing a disconnected CSR agenda, they are delivering societal benefits because of business success. We saw this very clearly among the cohort of 2020 PDLs, all of whom were leaning into the COVID-19 crisis by caring for their customers, employees, supply chains, communities, and the environment. For example, **Chobani** partnered with the Government of New York, Feeding America, and the National Guard to supply school lunch-dependent families with food during the COVID-19 outbreak (Chobani, 2020a). **The Rosewood Hotel Group**, meanwhile, raised a relief fund to help associates facing financial hardship (Rosewood Hotel Group, 2020).

Reflecting on this profound shift, some CEOs in our study contrast the old days of “opening the checkbook for others to do something” with the new normal of “how can we help

society at large, as this is now core to business.” **Nancy McKinstry** agrees, saying, “Purpose-led businesses were pushing the boundaries of business in society.” **Roberto Marques** demonstrates both/and thinking, calling for “...solutions for the short and long-term, focusing on the small and the big as well as the what and the how.” For her part, **Patricia Obo-Nai** insists that purpose is “to connect for the future.”

Dr. James Mwangi is certain “Purpose is not against the outcome of profitability, or innovation, or speed or scale of growth.” It is, rather, about “executing social purpose by embedding it in economic purpose,” moving from “shared value to shared prosperity,” which is actually “sustainability at scale.” **Alex Gorsky** notes, “It’s not binary—stakeholder versus shareholder. They work in concert.” He adds, “When we look out for stakeholders’ long-term sustainability, it’s also good for shareholders’ results.”

Roberto Marques is clear that “We must reconcile profitability with purpose. It can be done.” Patricia Obo-Nai thinks it is not about reducing revenue for social purpose, but about thinking “beyond profit, and all about purpose.” Alan Murray is confident that “There are fundamental changes in the way business operates that are not reversible.”

PDLs prefer to set a direction rather than focus on a narrow destination. They **are moving from prediction to preparedness**. **Dylan Taylor** notes, “A vision is not a project plan.” He calls on leaders to “buy into the longer-term timeframe” and adopt a “global business mindset,” seeing business as a “force for good in the world.” **Alan Murray** argues, “Profit is a means to an end and not an end in itself.” **Thomas Buberl** reinforces this point, noting, “Purpose and profit are not two opposite sides of an equation”; instead, they are “integrated.” Finally, **Hamdi Ulukaya** asserts that “There is a better way to do business” with purpose as a “...powerful change maker.”

Calling us to action, **Roberto Marques** connects purpose directly with sustainability, saying, “Being purpose-driven is so critical because you can’t run a business on a dead planet—no sustainability, no business!” This perspective reminds us that leaders need to read the planet as well as the balance sheet (Darwin, 2020). For example, **Natura &Co’s** Sustainability Vision 2030 (Natura &Co, 2020) connects climate action, circularity, and regeneration directly with business performance, while **AXA** invests in initiatives that protect and restore biodiversity (United Nations General Assembly, 2020), healing the environment and, in turn, de-risking their business.

PDLs view profits and growth as natural outcomes of strategic business decisions. They also value creativity, trust, empathy, and commitment. Since these qualities are difficult to quantify, the maxim “what gets measured, gets managed” does not apply here. Nonetheless, the PDLs in our study all place a premium on these qualities and have even made some attempts to evaluate their worth. For instance, **Natura &Co’s** three-P/L accounting model identifies financial, social, and environmental impacts (Natura &Co, 2020). Moving forward, Serafeim et al.’s (2020) groundbreaking work on impact-weighted accounts may also influence how new accounting techniques reflect a company’s financial, social, and environmental performance for shareholders and stakeholders alike.

Some describe purpose-driven companies as having “**superpowers**”

(Gast, 2020); we disagree. Instead, LOP is codifying “**purpose powers**” so they are available to all for the good of business and the betterment of society. We saw this in how our cohort of 2020 CEOs focused on creating and sustaining a purpose-driven culture within their businesses.



**THERE IS SOMETHING THAT IS
YESTERDAY'S SOLUTIONS AND
THERE'S SOMETHING THAT'S
THE FUTURE. YOU NEED TO
UNDERSTAND WHAT YESTERDAY'S
SOLUTIONS ARE AND WHAT ARE
THE SOLUTIONS FOR THE FUTURE.
I THINK WHAT WORKED FOR US
WAS THAT WE ACTUALLY HAD
A CONCEPTION OF WHAT THE
FUTURE COULD BE. I'M PRETTY
CONVINCED THAT AS A COMPANY,
YOU NEED TO BE QUITE CLEAR
ABOUT WHAT IS IT THAT YOU'RE
MOVING TOWARDS AND WHAT IS IT
THAT YOU'RE MOVING AWAY FROM.**





II. CORPORATE CULTURE, PURPOSE AND THE PANDEMIC

BY CHRISTA GYORI, DR. TATIANA KAZAKOVA
& BRAD GYORI



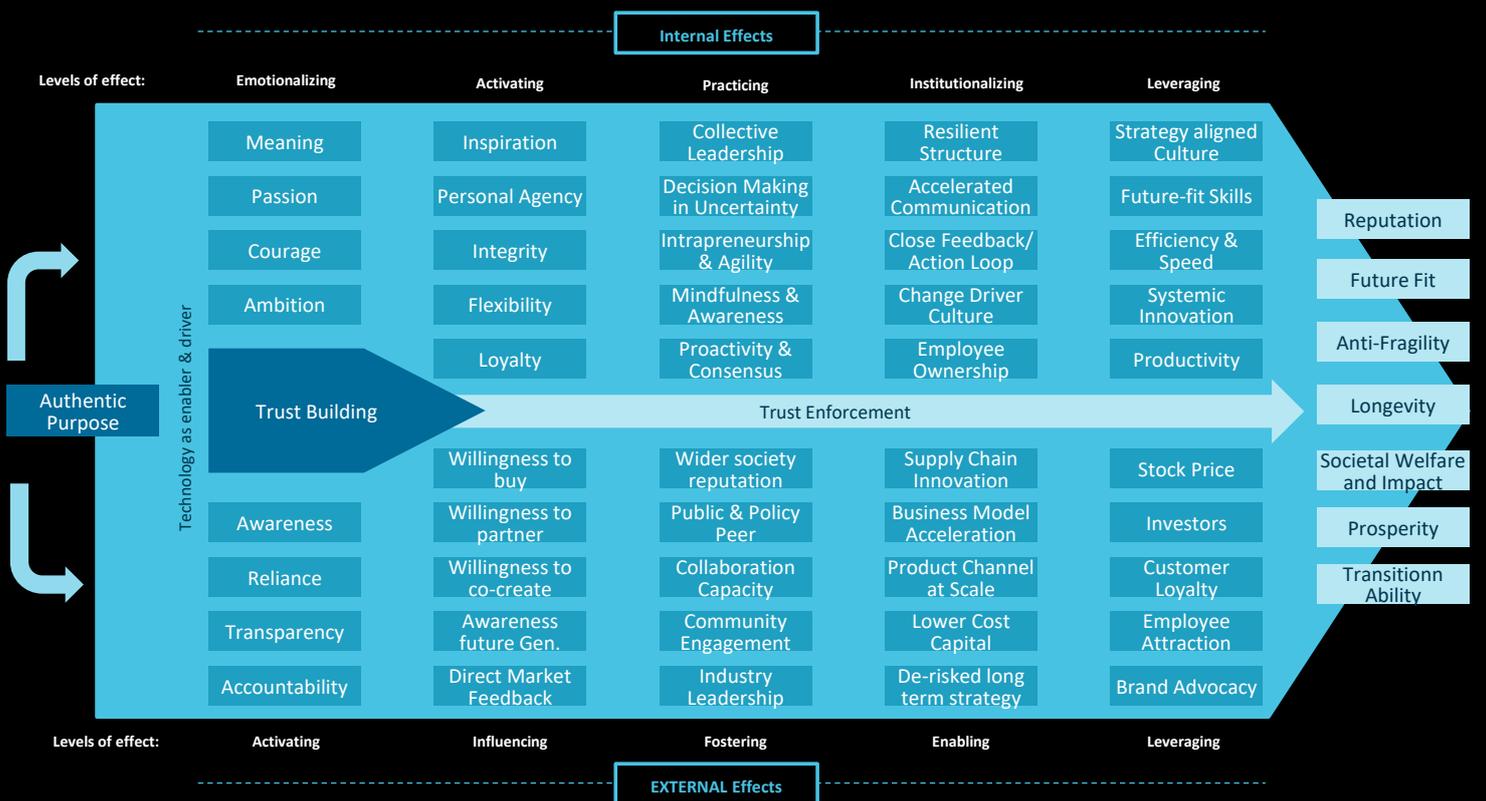
**“NEVER UNDERESTIMATE THE
POWER OF PEOPLE COMING
TOGETHER WITH THE RIGHT
ENERGY AND THE RIGHT
MOTIVATION [...] THE POWER
OF THE ENERGY OF THE PEOPLE
FOCUSED ON THE RIGHT THING
TO DO CAN REALLY MOVE
MOUNTAINS.”**

ROBERTO MARQUES >
CEO, NATURA & CO





EFFECTS OF PURPOSE FOR ORGANIZATIONS INTEGRATING PURPOSE WITH CORPORATE STRATEGY



II.

CORPORATE CULTURE, PURPOSE, AND THE PANDEMIC



NANCY MCKINSTRY >
CEO, WOLTERS KLUWER



OUR PURPOSE IS TO HELP PROFESSIONALS DELIVER DEEP IMPACT WHEN IT MATTERS MOST. IN THESE UNPRECEDENTED TIMES WITH COVID-19, WE REINFORCE THIS PURPOSE BY SHARING STORIES WITH EMPLOYEES FROM A CUSTOMER PERSPECTIVE, AND IN THE CUSTOMERS' WORDS. BY REAFFIRMING IN THE ORGANIZATION THAT WHAT WE'RE DOING EVERYDAY REALLY MATTERS TO OUR CUSTOMERS, IT HAS HELPED OUR EMPLOYEES STAY STRONGLY CONNECTED THAT LARGER PURPOSE.

Through the years, the Leaders on Purpose annual CEO Study has viewed culture through many different lenses. We have seen how it influences partnerships, employee engagement, and the flow of ideas through an organization. However, we have never dedicated a section of the report to culture itself. This year, with our findings on how purpose-driven organizations have navigated the disruptions of COVID-19, it became clear that culture warranted a significant callout.

Culture is an elusive concept. Therefore, in order to avoid confusion, we must define what we mean by it. MIT professor, Edgar Schein, defines culture as "a pattern of shared basic assumptions learned by a group as it solved its problems of external adaptation and internal integration. A product of joint learning" (Schein, 2016) and our definition aligns with this. Culture in this study refers to the values and beliefs of an organization. It is shaped by principles and ideologies, as well as by an organization's policies.

We have arrived at a critical juncture. Climate change, growing inequality, and widespread social injustice are all reaching a tipping point. In order to address these issues, corporations must become more sustainable enterprises; however, before any business can start changing the world, it must first undergo an internal transformation. If this process is to be meaningful, it must do more than alter a few business strategies; it needs to change the shared values of all stakeholders, effecting deep change at the cultural level.

With the widespread shift to remote work, decreases in face-to-face interactions, and an economic downturn that resulted in layoffs, most businesses faced unprecedented cultural challenges in 2020. Intriguingly, we found that organizations that exhibit the traits of a "mature" purpose-driven organization were best prepared to respond to the disruption caused by COVID-19. Some examples include:

Vodafone Ghana – In addition to donating PPE to frontline workers and supporting employees' health and safety with a transition to remote working, the company made a decision to cut all money transfer fees to reduce the length of time families spend in transit. They also used anonymized mobile application mobility data to track the spread of COVID-19 in Africa to support efforts to contain the virus.

AXA Insurance – The organization quickly mobilized with a focus on two key areas: the health and safety of employees and customers, and support for communities impacted by the economic shocks stemming from the pandemic. This included providing a 24-hour customer service hotline, a simplified service for AXA Medical Insurance, and extended telemedical services. AXA additionally invested a significant proportion of their philanthropy budget to bolster scientific research and put mechanisms in place to support small businesses that had been economically impacted by the pandemic.



Natura & Co – In addition to supporting the health and safety of employees through remote working, social distancing, and paid time off, the company repurposed manufacturing operations to provide hospitals with essential supplies. It also extended credit to its customers and suppliers as well as supporting the community through a partnership with UN Women to help women and children impacted by violence.

These are just a few of the many responses we have seen from companies that have been able to adapt quickly and respond to unprecedented disruption. When the leaders of these organizations were faced with some of the most difficult choices of their careers, the purpose-driven cultures supporting them created a foundation for resilience, innovation, and interconnection. A healthy internal culture also serves to strengthen external relationships including stakeholder engagement, partnerships, and customer satisfaction.

Culture, in this sense, is the foundation that nurtures all positive growth within an organization and, in particular, the development of attributes that, although somewhat ephemeral, are essential to market value.

CULTURE: THE ULTIMATE INTANGIBLE

In the digital age, corporate assets are less concrete and more abstract. Alan Murray, CEO of Fortune Media explains, “If you look at the balance sheet of corporations, intellectual property and intangibles ... is the source of the value of companies. A few decades ago, it had more to do with a physical plant or maybe access to oil in the ground.”

While the value of a business’s organizational culture cannot be scientifically quantified and shown on a balance sheet, Murray believes it is the essential substrate from which most intangible assets grow. As he explains, “Creating an environment where people want to work, where people are engaged is the key to creating innovation, which is the key to creating value in today’s economy. So, I think there’s a direct link between what we’re talking about and innovation.” In this new era, an organization’s infrastructure is its employees. This means finding the best possible talent and, in today’s uncertain world, enabling that talent to bring its best ideas to work. This infrastructure is held together through culture.

In 1975, corporations attributed over 80% of their market value to tangible assets (plants, machinery, and buildings) and only 20% to intangibles (licenses, patents, and R&D). Today, we see this ratio reversed: In 2020, intangibles assets

account for 85% of corporations’ market value, while tangible assets account for only 15% of corporate value (Ocean Tomo, 2020). This transition has implications for education, digitization, and the future of work, but it also substantially impacts corporate culture.



SOURCE: OCEAN TOMO, LLC INTANGIBLE ASSET MARKET VALUE STUDY, 2020
*INTERIM STUDY UPDATE AS OF 7/1/2020

Previous studies have shown that a company’s culture is a predictor of organizational effectiveness (Carmeli and Tishler, 2004; Denison and Mishra, 1995; Powell and Dent-Micallef, 1997). To deliver on structural potential, organizational culture must provide consistency in several aspects, including values, beliefs, and behavior patterns (Smart and St. John, 1996).

During 2020, cultural consistency has proven to be one of the most important determinants of an organization’s ability to thrive. In an age in which businesses are conducting interactions online and exchanging increasingly intangible goods and services, the role of culture is more important than ever, but what type of culture is most effective in today’s environment?

3 PURPOSE-DRIVEN CULTURAL CHARACTERISTICS:

1. Grounding Action in Corporate Heritage
2. Robust, Transparent and Empathetic Communication
3. Problem Solving, next level Innovation

The following sections expand on each of these.



DOUG BAKER >
CEO, ECOLAB



THE FEAR OF THE UNKNOWN IS ALWAYS GREATER THAN THE KNOWN, SO THROUGHOUT THE PANDEMIC, WE HAVE MADE AN EXTRA EFFORT TO COMMUNICATE FREQUENTLY WITH THE GLOBAL TEAM, BEING AS TRANSPARENT AS POSSIBLE ABOUT WHAT WE WERE DOING TO PROTECT OUR PEOPLE AND SERVE OUR CUSTOMERS, AND ABOUT THE PANDEMIC'S IMPACT ON OUR COMPANY'S PERFORMANCE.



COVID HAS INTRODUCED EVEN MORE UNCERTAINTY AND COMPLEXITY IN AN ALREADY COMPLEX WORLD. IN SUCH AN ENVIRONMENT, GLOBAL ENTERPRISES LIKE AXA, PRESENT IN MULTIPLE GEOGRAPHIES, HAVE TO ADAPT AND EMPOWER LOCAL OPERATIONS MORE. THIS IS A CULTURAL AND LEADERSHIP CHALLENGE BUT A NECESSARY ONE TO REMAIN COMPETITIVE.

THOMAS BUBERL >
CEO, AXA

1./ GROUNDING ACTION IN CORPORATE HERITAGE

The role of corporate heritage and legacy has been a recurring theme in all three of our annual CEO studies. Organizations such as **Mahindra & Mahindra**, **Interface**, **Mars**, and **BMW** have explained the value of framing new challenges in terms of an organization's founding spirit. This cultural characteristic can be used to leverage shared values and thereby promote societal purpose and responsibility to a larger group of stakeholders.

In this year's study, we had the opportunity to see how heritage impacts decision-making in a crisis. For instance, on the day we interviewed **Alex Gorsky**, the CEO of **Johnson & Johnson**, he was working out of his New York offices and it was striking that we could read the company's doctrine on the wall behind him. Written in 1943 by Robert Wood Johnson, this credo identifies and prioritizes the company's stakeholders, stating: "We believe our first responsibility is to the patients, doctors and nurses, to mothers and fathers and all others who use our products and services ... Our business partners must have an opportunity to make a fair profit. We are responsible to our employees who work with us throughout the world. We must provide an inclusive work environment ... Our final responsibility is to our stockholders. Business must make a sound profit."

Johnson & Johnson, which has over 125,000 employees in 60 countries, prides itself on its purpose-driven culture and was awarded the 2019 Fast Company "Best Place to Work" award. In our interview, **Gorsky** noted that this credo guided his decisions and his team's approach during the crisis. In line with it, they focused on supporting different stakeholders in different ways. For patients and doctors, they dedicated a significant portion of their resources to developing a vaccine supply route, providing access to PPE (Personal Protective Equipment) and ventilators. They also worked to develop a device that allows a single ventilator to be fitted for use by two patients. For employees, they increased the number of town hall meetings, installed safety equipment across operational facilities, introduced helplines, set up virtual platforms for engagement and provided additional time off. For communities, they worked with a large group of cross-sector partners to ensure that the public had access to swabs and COVID-19 tests. Lastly, for investors, **Johnson & Johnson** announced a 6.3% increase in its dividend.

Alex Gorsky explains, "I'm very fortunate. I basically have that [credo] that's been with us for some time ... I feel incredibly responsible to ensure that—particularly during times like these—we, in fact, are living up to the level of inspiration and aspiration articulated by our credo."

Like **Johnson & Johnson**, **Equity Group Holdings** draws on heritage to galvanize corporate culture. It was founded in 1984 as a building society and, today, it is credited with pioneering a microfinance revolution. **Equity Bank** is now one of Kenya's biggest banks, serving over 50% of the population. **Dr. James Mwangi** shared an example of how this heritage inspired innovation during COVID-19: Recognizing that **Equity** could play a role in ensuring information reached a large portion of the population, **Mwangi** and his team reached out to **Equity Afia**, an associate medical franchise with 22 doctors,



and asked this group to provide information and share the answers to FAQs share information and FAQs (Frequently Asked Questions) on COVID-19 in order to provide their entire 14-million customer base with life-saving data. Next, they began retraining the **Equity** staff to disseminate this information. **Mwangi** explains, “Our staff interact with the customers and ... [become] advocates of health [who can] then save huge numbers of customers from the COVID challenges.”

The company developed a massive countrywide campaign to promote health and safety and raise individual awareness of COVID-19 measures. Lastly, it organized a response for frontline workers such as health professionals, sponsoring PPE and hospital equipment. “So far,” says **Mwangi**, “we have given over \$13 million. My family committed \$4 million. The bank committed another \$4 million. Then **Mastercard** gave us \$5 million.” We found many similar examples in our research of the power of heritage to act as a guiding principle and as a source of innovation in times of crisis.

2./ ROBUST, TRANSPARENT, AND EMPATHETIC COMMUNICATION

Purpose-driven organizations were well-positioned to adapt to the new modes of communication required by the COVID-19 pandemic. Organizations facing unprecedented disruption were required to rethink interactions, both internally and externally, in order to keep employees, suppliers, board members, and stakeholders engaged. In crisis situations, CEOs are expected to act quickly with no clear roadmap to follow. As a result, communication must be open and responsive. An Edelman Trust Barometer Special Report on COVID-19 found that 90% of consumers expect companies to take a proactive approach in addressing pandemic issues, with many vowing to take punitive action against organizations that did not respond effectively to the crisis (Edelman Trust Barometer Special Report on COVID-19, 2020). With this increased public scrutiny of the corporate response to the crisis, communication frequency and alignment between communication and action are more crucial than ever. For example, in industries such as hospitality and food services, companies need to adapt both internal and external communications on a host of topics, from workforce protection to supply chain risk and financial risk scenario planning. Government organizations, regulators, shareholders, management, employees, customers, and board members all require new types of information more frequently. Some of the best practices we found in purpose-driven organizations in times of crisis include:

1. Increased communication with employees
2. Increased communication with all stakeholders
3. Supporting the broader community

Increased communication with employees – A recent study in *The Journal of Applied Psychology* found that employees with higher anxiety levels during a crisis are less engaged. The same study defined “servant leaders” as those who prioritize the “fulfillment of others’ needs, attend to employees’ emotional suffering, work to empower employees, and emphasize serving the community” (Senjaya and Sarros, 2002) and found that employees working with “servant leaders” have lower stress levels and increased productivity (Hu, 2020). **Sonia Cheng**, CEO of **Rosewood Hotel Group** provides an excellent example of this type of communication:

→ “I keep communicating with our team because people tend to get ... anxious and quickly get demotivated or concerned because of all the news around the hospitality industry and what other companies are doing ... During this complicated time ... we shifted to communicate much more frequently and much more openly. We increased the number of town halls, did more videos, and increased email communications to inform our company’s direction. We launched this **Rosewood Raise** initiative within a month. We quickly gather our support internally to help communities as well from donating medical supplies. We have hotels in Hong Kong where we’re hosting medical workers. We raised these funds to support our own. We believe this work will cement a much stronger foundation and an even stronger culture.”

Increased communication with all stakeholders – We heard from several leaders that they have increased their contact with the broader stakeholder community as a result of COVID-19. A crisis can limit individuals’ capacity to absorb information, so frequent communication is essential. Additionally, customers, suppliers, local communities, and governments each require different types of information, so an understanding of the audience’s needs is also crucial in successful crisis communication. **Dylan Taylor**, CEO of **Voyager Space Holdings** explained that one of the most important lessons he has learned “is how important it is to be really clear with your communication. I think almost all failures are a breakdown in communication at the end of the day. People say it’s a breakdown of alignment. Alignment’s created from communication. I think [that] it’s really communication, would be the biggest lesson. Just over-communicate and make sure that you’re not only saying the same thing, but it means the same thing to both parties.”

Supporting the broader community – We found that, across the board, participants in this year’s study consider that a crisis is a time to enhance relationships with the local communities in which they operate. They do this through:



HAMDI ULUKAYA >
CEO, CHOBANI



WE CAME TO THE POINT WHERE WE SAID WE'RE NOT GOING TO JUST SURVIVE. WE'RE GOING TO TRANSFORM FOR THE BETTER. WHATEVER IT IS THIS TIME, WHERE THE ATTENTION, WHERE THE NEEDS, WHERE ALL THE SENSES IN THE HIGHEST ALERT, IF THERE'S ONE CHANGE THAT CAN HAPPEN, IF ANYTHING CAN HAPPEN IT'S THE CHANGE DURING THIS TIME. THAT'S WHAT WE FOCUS ON.

1. Communicating transparently about what the company is doing to support employees and customers, and to maintain operations;
2. Supplying resources such as food, shelter, or other resources for those impacted;
3. Providing useful information to the media which helps provide insight, knowledge, and stability to the local communities;
4. Engaging with the broader ecosystem to solve complex problems.

When dealing with uncertainty, leaders need to look at communication from their audience's perspective and have empathy for their audience, rather than fear doing the wrong thing.

3./ PROBLEM-SOLVING, NEXT-LEVEL INNOVATION

"Ever tried. Ever failed. No matter. Try again. Fail again. Fail better."

– Samuel Becket

In 2007, **Ørsted**—a company known at the time as Dong Energy (Danish Oil and Natural Gas)—was responsible for over half of Denmark's CO2 emissions. The company's primary business was drilling for oil and gas in the North Sea, selling and distributing power and gas to end-customers in Denmark, and operating coal, oil, and natural gas combined heat and power stations. At the time, 85% of the company's revenue came from coal. Today, over 75% of the firm's total energy generation comes from renewable sources (Reguly, 2020). **Ørsted** is now the world's leading offshore wind power producer. A culture of innovation has fueled this massive transformation. Back in 2007, **Anders Eldrup**, the company's CEO, recognized that the industry was going to change and wanted to be ahead of the change. In 2009, he presented a vision for a complete reinvention of the company and, though many were skeptical, began the transition. At the time, he believed this change would take 30 years to complete. It was, however, achieved in just over ten years. Chief Strategy Officer, **Jakob Askou Bøss**, explains:



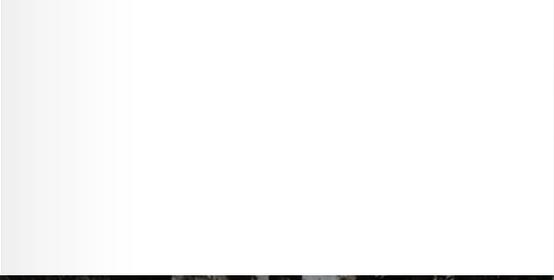
"As the transformation took speed, as people could see that, yes, this is starting to work out, the new renewable energy investments that we were making, they're successful, we're quite good at this, we're winning new projects and stuff—then you build the momentum around the new. Then we found ways through restructuring our investments, etcetera to dismantle, over time, the existing, or the legacy business, if you will, but that was a challenging number of years because you were basically building the new business with the one track and then, at the same time, dismantling it and restructuring the old business with the other."

Managing innovation is about creating a culture in which employees are encouraged to generate new ideas and feel valued and supported in so doing (Kim, Desouza, and Braganza, 2007). This view aligns with work in both social and behavioral sciences which has shown that innovation thrives in organizations with a participative management style where communication and teamwork are encouraged and where structural flexibility, empowered employees, risk-taking, and occasional failures are expected (Pardo del Val, Martínez Fuentes, and Roig Dobón, 2012).

Doug Baker, the CEO of **Ecolab**, believes that unleashing purpose-based employee innovation is a form of value creation. He explains, "Our purpose is enabled by the team, and they're a huge value driver. When I bring new leaders into the company, one of the things I emphasize is that when you take costs out of your business, you've got to make sure you understand how you're devaluing your business."

As the CEOs in our study frequently stressed, culture always matters, but it matters more than ever in a time of crisis. This applies to all aspects of an organization, including consumers, external partners, and internal stakeholders. Corporate culture is a powerful factor in a company's long-term success, but only if it is well aligned with the organization's strategy. In the next chapter, we will discuss the evolution of purpose-driven corporate strategy and its alignment with both the internal and external culture.





III. STRATEGY: TRANSITION

THROUGH PURPOSE-DRIVEN MATURITY AND SYSTEMIC VALUE CREATION



BY DR. TATIANA KAZAKOVA, CHRISTA GYORI
& BRAD GYORI



“FOR US, THE PURPOSE IS TO CONNECT FOR THE FUTURE. WE USE OUR TECHNOLOGY TO CONNECT FOR GOOD, AND IF WE CAN GET TEN MILLION PEOPLE CONNECTED FOR GOOD [...] WE WOULD HAVE ACHIEVED OUR PURPOSE. [...] THESE ARE VERY DELIBERATE EFFORTS THAT I EMBEDDED IN OUR STRATEGY, THREE PILLARS, OUR DIGITAL SOCIETY, OUR DIGITAL INCLUSION, AND THE PLANET [...]”

PATRICIA OBO-NAI >
CEO, VODAFONE GHANA



III.



BUSINESS TRANSITION

THROUGH PURPOSE-DRIVEN CORPORATE STRATEGY

In the face of the unprecedented market conditions caused by COVID-19, companies around the world are adapting their corporate strategies to meet rapidly changing demands. Humanity is facing three key global challenges: the environment (including climate, water, and loss of biodiversity), failing economic systems, and societal inclusion. As a response, institutions worldwide are pursuing multi-stakeholder transition strategies such as The European Green Deal Investment Plan and Just Transition Mechanism. These initiatives are mobilizing trillions of investment dollars toward addressing the Sustainable Development Goals (SDGs) (von der Leyen, 2020). In line with these developments, the Japanese equity market is transitioning from **volume to value** in pursuit of more in-depth sustainable investment strategies (Corcoran, 2020). Larry Fink, CEO of Blackrock, the world's largest asset manager, recently noted:

→ With the pandemic putting an additional layer of pressure on an industry already in flux, the near future will require management to focus on how they will reinvent their business models and where they invest in generating profits...Business models are also being redesigned to reflect the accelerating focus on sustainability. (Wright, de Craene, Malan and Whitten, 2020)

In addition, the rapid pace of digitization is disrupting traditional business rules (Lee and Trimi, 2020). In this new era of rapid acceleration, many leaders are asking whether two or three-year strategy horizons are even relevant anymore. Rita McGrath (2011), an American strategic management scholar and professor of management at the Columbia Business School has suggested that long-term planning is becoming less relevant. She feels that "without the assumption that an advantage will be long-lived, the urgency of an organization to move quickly increases" (pg. 11). Instead, she advocates for a process involving the regular creation of a host of new business strategies, a concept she calls "the Transient Advantage" (pg. 45). Early trials of this approach suggest that it improves agility and adaptability, but should companies should forego long-term planning altogether? A key finding from this year's study is that purpose-driven businesses depend on durable

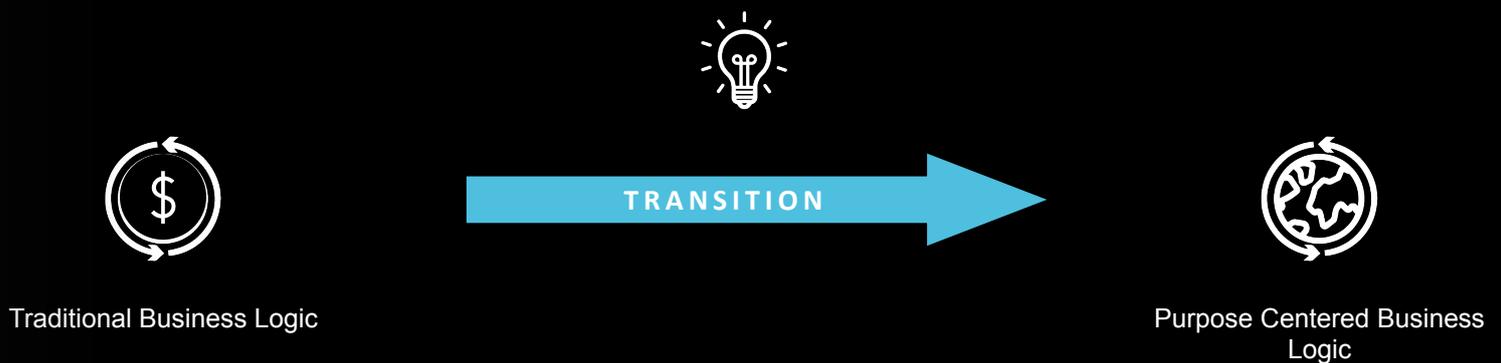
policies and practices in order to navigate through uncertain times and transition to future fit business models. A long-term vision, purpose, and insights into where markets and customers are heading provide leaders with a map of the potential disruptions and opportunities that lie ahead.

So, how does an organization realize the promise of a purpose-driven "transient advantage" while also maintaining a long-term plan? What is needed is a rigorous approach that enables senior leaders to focus on a plan for the future that can be executed immediately and modified spontaneously. Striking a productive balance between short-term flexibility and long-term vision is key.

DYNAMIC STRATEGY: CONNECTING TO THE GLOBAL AGENDA THROUGH STRATEGIC AGILITY

In this time of unprecedented change, the corporate strategy process needs to be agile enough to adapt to short-term disruptions while maintaining its long-term focus. This is no easy feat. First of all, businesses need to accept that annual strategic planning no longer works. With the landscape changing so rapidly both in the digital space and in the business environment, corporate strategy development must become an ongoing process that is sustained throughout the year. The leaders we spoke with in 2020 are engaging in strategic dialogues on a monthly basis and even more frequently in periods of crisis. However, given the increased daily demands on executive schedules, how do CEOs of larger companies move from annual planning to more frequent cycles? The key seems to be the creation of a process whereby immediate solutions are informed by enduring visions. As Futurist Amy Webb noted in a recent HBR article, strategists benefit by "thinking in the short- and long-term simultaneously" (Webb, 2019). To do so, leaders are increasingly deploying an approach that looks more like an innovation process than traditional strategic planning (Schmid, 2020). It incorporates data-driven insights into current and future scenarios through systems mapping with a global perspective and rapid feedback loops. Grappling with this level of complexity is certainly challenging, but according to the CEOs we interviewed during this extraordinary year, it is doable. Informed by an agile and dynamic strategy approach, they have managed to overcome

THE SYSTEMIC CHALLENGE MEETS THE 21st CENTURY OPPORTUNITY



the strategic double-bind by connecting their growth strategies to the larger global agenda. Four key aspects of this approach include:

1. Integrating purpose with future role in society
2. Focusing on systemic value creation
3. Reinforcing alignment of profit and purpose
4. Developing an exponential business model

In the section below, we will describe each of these items in more detail.

1./ INTEGRATING PURPOSE WITH FUTURE ROLE IN SOCIETY

In 1987, Frank White coined the term “Overview Effect” to describe a shift in thinking that frequently occurs when an astronaut travels into space and looks down on Earth below (Jordan and White, 2020). Astronauts who experience this effect report that they have a new sense of perspective and mental clarity in relation to the problems on Earth. According to **Dylan Taylor**, CEO of **Voyager Space Holdings**,

- ➔ Many astronauts report that the overview effect induces a strong desire to protect the Earth and environment. Evidence of anthropogenic ecological destruction is often a key driver. From space junk to the massive forest fires in North America and Australia in 2019, astronauts often see first-hand the impact of humankind’s actions on a massive scale. The experience can spark an overwhelming urge to protect the planet. (Taylor, 2020)

As CEO of **Voyager Space Holdings** and its sister organization, Space For Humanity, **Taylor** strives to connect the purposes of both organizations by promoting space exploration as a catalyst for human interconnectedness, providing one example of how organizations connect their purpose with a future role in society.

This work involves grounding corporate purpose in the longer-term future scenarios for the global agenda. In conventional strategic planning, executives start with the organization’s current position and project how this will align with its projected future state. The leaders we spoke with take a significantly different approach. They start with a focus on the future that is grounded in their organization’s purpose, foresight data and the global context. From there,



they work backwards to determine gaps, goals and next steps.

In the book *Lead from the Future*, authors Mark Johnson and Josh Suskewicz describe a process they call “Future-Back,” which is similar to the approach outlined by the many organizations included in our study. As the name suggests, this approach involves using an organization’s strategic foresight data, industry trends and scenarios to understand the future needs of target customers. Using this information, the company identifies overlaps between these needs and their core competencies. This process enables the organization to identify potential future-fit customer needs and discover gaps in its current infrastructure and capabilities that must be addressed in order to capture these opportunities. The result of this process is a new set of growth options (Johnson and Suskewicz, 2020).

While this approach is similar to the methods deployed by the leaders in our study, it differs in its area of focus. As we described last year, the leaders we have interviewed are adopting a **purpose-driven systemic perspective** that marks an evolution away from the traditional customer-centric approach (Gyori, Kazakova, Busch and Sharp, 2019). By reverse-engineering strategic plans, purpose-driven leaders are able to foresee potential opportunities and areas in which their organization may be disrupted. This reverse engineering involves understanding the larger context in which the organization operates and developing practices for leveraging organizational strengths to create systemic change. These businesses are gaining deep insights into unmet needs they are poised to fill through their systemic value contribution. This wider focus enables them to capture a larger group of opportunities for creating value beyond one narrow customer subset, allowing them to serve society and its wider natural environment by **creating market-based solutions for large social issues**.²/ Focusing on systemic value creation

Leading from the future is a step-by-step process. An organization must first identify the future state it would like to achieve. It then needs to tie this goal to strategic strengths related to its current business model. This internal inventory allows it to determine a “strategic value proposition,” that is, the value the organization can contribute toward addressing a larger global issue through market-based solutions (Hoek, Polman, Sijbesma and Mestrallet, 2018). When adopted as the core strategy, this commitment reshapes the company’s

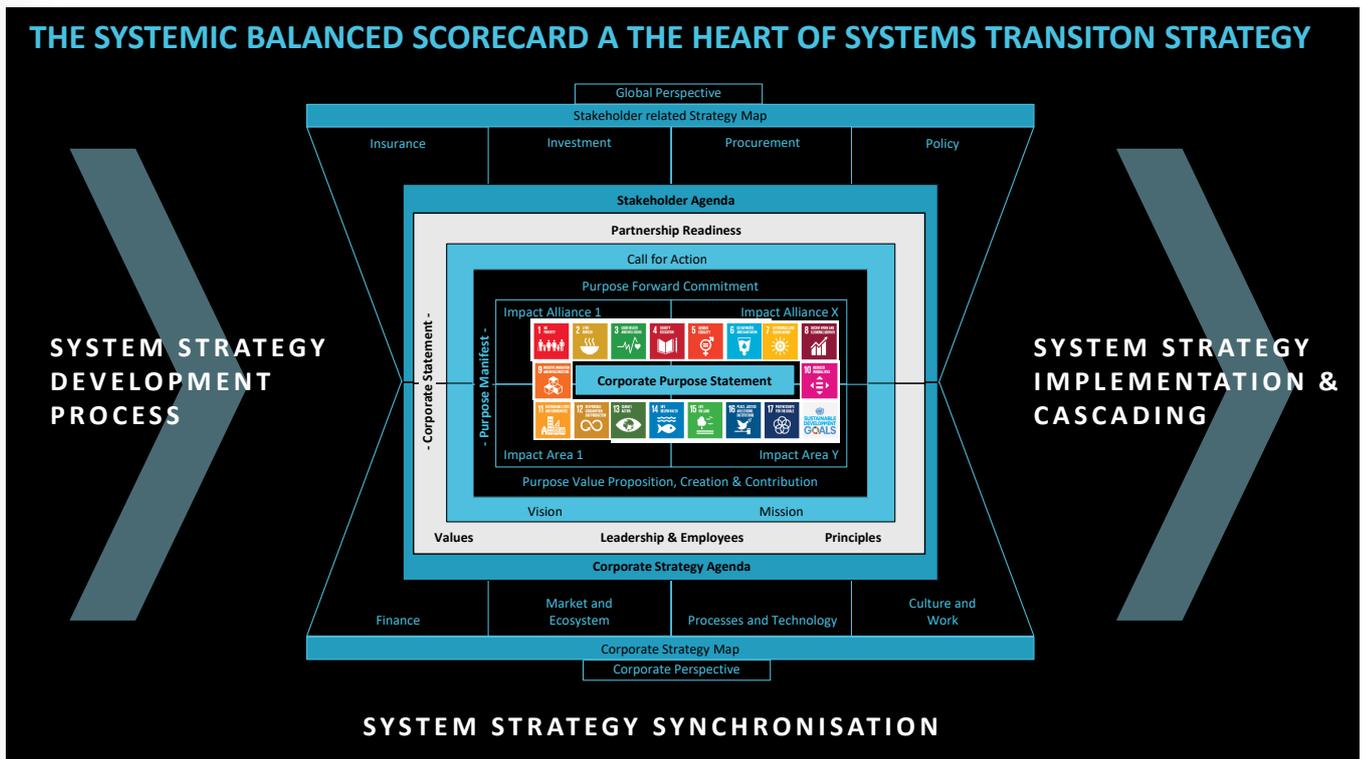
business model in such a manner as to allow it to serve society and the environment through sustainable, profitable growth and establishing a globally relevant reputation (Dowd, 2019).

Striking a balance between purpose and profit requires an understanding of external systemic dynamics and internal core competencies. These variables are then connected to the larger global issue that the organization is aiming to address (Murray and Simpson, 2020). Making these connections can be a challenging and time-consuming process. Examining internal dynamics involves multiple iterations of sense-making exercises. Stakeholders are also required to question received wisdom, rethink existent processes and challenge institutional inertia. Even foundational structures, such as accounting and financial modelling, must be re-evaluated. Our 2020 study shows that once purpose-driven corporations identify the link between value creation and the systemic need they wish to address, they step up to make a difference at scale.

In 2020, **Dr. James Mwangi**, CEO of **Equity Group Holdings**, won the Oslo Business for Peace Award, which has been popularly described as “the Nobel Prize for Business.” It is conferred annually to exceptional individuals who promote ethical business initiatives that create economic and societal value (Plotz, 2020). **Mwangi’s** purpose-driven strategy was key in turning Equity Bank from an insolvent institution into one of the most impactful and successful banks in Africa. When he started in his role at the Equity Building Society (EBS) in 1991, the bank was losing money and was listed as number 66 of 66 banks in Kenya. At this time, the company was losing Kshs. 5 million (approx. US \$60,000 at the time) annually. By 2012, EBS had been transformed from a small micro-financing institution to the biggest commercial bank in Kenya. Training the staff to better understand client needs, introducing customer-friendly products and making the banking system more transparent made the bank one of the most popular financial institutions in Kenya.

This transformation did not happen overnight. In 1991, only 4% of Kenyans had bank accounts. **Mwangi** and his team challenged this status quo by asking: What are the barriers that keep the other 96% of the population out of the banking system? These were people who were considered “unbankable” and were excluded from financial markets. The Equity team asked: Where do these people bank? Their research showed that most people were “banking out of the

THE SYSTEMIC BALANCED SCORECARD A THE HEART OF SYSTEMS TRANSITION STRATEGY



3./ REINFORCING ALIGNMENT OF PROFIT AND PURPOSE

mattress,” that is, hoarding small amounts of money at home. The team dug deeper to understand the benefits associated with this approach. **Mwangi** shared:

- ➔ “The mattress allows perfect liquidity - 100% liquidity. It has no charges, and it’s available all the time. Then, we said how can we beat the mattress? We coined the term ‘financial inclusion’ and set about removing the barriers that prevented these people from being part of the financial system. We provided 100% liquidity, eliminated charges and fees, and provided 24-hour access to accounts. When we beat the mattress, then we had exponential growth. Today, we are the most efficient bank because we use technology and hence the most profitable bank.”

Through the years, Equity Bank’s programs have helped over 5 million people gain access to financing, education, food and security. They define their purpose as follows: “We exist to transform the lives and livelihoods of our people socially and economically by availing them modern, inclusive financial services that maximize their opportunities” (Kiburu, 2020). This is their systemic value proposition, their way of capitalizing on specific aspects of their business model in order to improve society.

Once the leaders we spoke with have identified their systemic value propositions, they work with their teams to identify specific needs and gaps within their organizational structures. As in many aspects in business, we are seeing an evolution in the role purpose plays in organizations at the forefront. Business is shifting from the notion of a purpose-profit ‘trade-off’ stage towards a purpose-profit ‘reinforcement’ stage (Murray and Simpson, 2020). The purpose-profit ‘trade-off’ stage is based on the perspective that profit and purpose exist in opposition to one another, especially when the performance of the organization is evaluated based on the profit primacy model. What we have is essentially the old Corporate Social Responsibility structure with a new name, and this perspective assumes that businesses must sacrifice profits in order to do good (Battilana, Pache, Sengul and Kimsey, 2019). The leaders in our study, however, are finding that purpose and profits can be mutually reinforcing, creating a win-win dynamic enabled by strategic planning. Finding this balance is not an easy task. It requires resolving structural conflicts by identifying ‘not fit-for-purpose steering models’ within the organization (Grewal and Serafeim, 2020).

Doug Baker, the CEO of **Ecolab**, speaks of ‘weaving’ the threads of purpose and profit more tightly for greater alignment. In his view, misalignment leads to inefficient



HENRIK POULSEN >
CEO, ORSTED

business operations, whereas weaving profit and purpose tightly together through the integration of value creation allows for increased business traction. In 2011, **Ecolab** acquired **Nalco**, the world's leading water treatment and process-improvement company. This acquisition provided **Ecolab** with an entry into a new sector and helped it develop solutions aimed at serving customers and addressing millennium development goals. By focusing on SDG 6: ensuring access to clean water and sanitation for all, they were able to help customers save 188 billion gallons of water—equivalent to the drinking water needs of 650 million people—by 2018 (Biz, 2020). **Baker** explains:

→ We've learned that you must get rid of this idea of trade-offs when you can. Don't look at them like they're inevitable trade-offs that you're forced to live with. They're not. You've got to go tackle them and figure out how you can achieve your purpose while remaining financially sound. That's been liberating for us. I don't have to go to the board and say look, we can either be financially well-off, or we can be a "good" company. I don't want that trade. [...] Once we brought economic and environmental advantages together for our customers, then our purpose really started to get traction. What we learned is, you've got to get rid of these trade-offs when you can. Don't look at them like they're nature – [and] we're forced to live with [it]. You've got to go tackle them...That's been liberating for us. So, I don't have to go to the board and say look, we can either be financially well-off, or we can be a—quote unquote—'good company.' I don't want to do that trade. That's too complicated. How do you align where fulfilling your purpose drives your financial success? A lot of this is continuing to refine and understand how you get these threads tighter and tighter...Once we brought economic and environmental advantages together for our customers, then our purpose really started to get traction.

Natura &Co is a global, purpose-driven, multi-channel and multi-brand cosmetics group that includes **Avon**, **Natura**, **The Body Shop**, and **Aesop**. Each of these brands is unique in mission and spirit, yet they are connected by a common goal of shaping a better, more caring world. Three of the four companies comprising **Natura &Co** are B Corp certified. In



OUR OLD BUSINESS MODEL BASED ON FOSSIL FUELS HAD TO BE REPLACED BY A NEW MODEL THAT WAS ENVIRONMENTALLY AND ALSO FINANCIALLY SUSTAINABLE. THEREFORE WE MADE THE WIDE RANGING DECISION TO START SHIFTING THE ENTIRE BUSINESS TOWARDS RENEWABLE ENERGY.

fact, **Natura &Co** became the world's largest publicly listed organization to achieve B Corp status in 2014 (*Natura &Co / Certified B Corporation*, 2020). As **Roberto Marques**, the CEO of **Natura &Co**, explains, responsible organizations need to view profit and purpose as compatible and, in fact, mutually advantageous:

→ How are we going to really do regeneration? A lot of the headlines were Natura &Co is going to spend \$800 million over the next 10 years. There is gravity toward investment and how much that's going to cost and then how we're going to deliver your profit and results if we're spending \$800 million. I would say this is one of the powers of the "&" is doing this and continuing to drive profit. It's not mutually exclusive. Is that also a little more challenging to do it? Absolutely. You've got to practice and develop that muscle, the muscle that talks about [how] those two things are not mutually exclusive. You can, and you must, reconcile the need to continue to drive a profitable business that meets the stakeholders' goals and objectives but at the same time making sure they are running a business that is purposely driven. It can be done. In fact, I would argue that those two things, more and more, will not be able to disassociate themselves. I don't think future businesses are going to be successful if they are not purposely driven at heart.



Most leaders in our study agree that resolving the tensions between purpose and profit can be achieved through such an integration of value creation. However, a deep understanding of an organization's internal dynamics is needed in order to uncover hidden layers of value generation.

Transition strategies that juxtapose past and present business models are usually grounded in corporate purpose with a systemic view. **Doug Baker**, CEO of **Ecolab**, illustrates this grounding in the following way: "Our purpose has been a great guide. We want to make a difference for customers and help them do more with less. We've got to balance our impact on the environment with economic benefits."

4./ DEVELOPING AN EXPONENTIAL BUSINESS MODEL

For purpose-driven businesses, one key to success involves translating the systemic value proposition into a fully-fledged business model allowing for scale and replication. An organization's deep analysis of a viable business model is the final realization of its strategic planning (Casadesus-Masanell and Ricart, 2010). As purpose-driven leaders conduct future backward analyses of their businesses, they will, inevitably, find gaps that their organizations have been unable to fill given their current business models. These might be gaps in capability, resources, data or, in some cases, industry insight. As they look to create fit-for-purpose business models, they will need to make structural changes. There are many ways in which these changes can occur. When an organization is extending beyond its traditional industry or blurring industry boundaries, a joint venture, collaboration or partnership may be the best way forward (Casadesus-Masanell and Ricart, 2010; Lee et al., 2012). Using larger visions and end goals as guides, leaders may seek out appropriate partners and initiatives within their business ecosystems. In other cases, business leaders may look inward and focus on reorganizing their business models in order to go to market with new approaches (Casadesus-Masanell and Ricart, 2009). Doing so allows them to deliver solutions to global challenges while also meeting the needs of their customer base.

Thippaporn Ahriyavraromp founded the real estate development company **MQDC** in 1993 with the goal of integrating social contribution with business success. One of the areas she felt most passionate about was connecting

people with nature and addressing issues of climate change, inequality, biodiversity and social cohesion. Her vision gave rise to the development of a community aimed at reconnecting Bangkokians with nature within a 158-acre forested neighborhood in Bangna. The development, **Forestias**, brings together social design science, green energy and the deep forest for sustainable well-being. Because the traditional business model of a developer would have prevented **MQDC** from achieving its vision, the team decided to take a multifaceted approach involving the development of an ecosystem of partnerships.

MQDC's CEO and Founder **Ahriyavraromp**, who also goes by the name **Khun B**, shared her thoughts on this process: "We have to have an unconventional business model in order to do unconventional business." Her iconoclastic approach has paid off. **MQDC** was recently honored as one of 2020's most ethical companies by Ethishere (Institute, 2020).

Purpose-driven businesses also create systemic business models by focusing on the value chain of an existing product. Doing so entails examining each step of the value chain and identifying the systemic needs that each step can fulfil.

Khun B describes this approach through an example involving property development:

- ➔ For example, when we do property development, when we do projects, little things like I tell you can add to life. But we can do a lot more by designing our properties to create value for the community. For example, in one of the projects that we do with our partners, **ICONSIAM**, we actually study what is missing in that location and what is already doing well in that location. And we make sure that we don't do something to compete with what is already doing well. But we fill in the gap of what is missing. Then our property becomes an ecosystem for the rest of that location, it adds value to the community, and it's good for us too because we don't have a competitor.

Some purpose-driven organizations go even further. They enable stakeholders to fill systemic gaps in order to co-deliver value. **Dr. James Mwangi**, the CEO of **Equity Group Holdings**, explains how his organization drew on insights from key stakeholders when examining its "health" within the current business eco-system. The first step required the



ALAN MURRAY >
CEO, FORTUNE MEDIA



I THINK OF IT AS A TWO-STEP PROCESS. FIRST OF ALL, MOST OF THE TRADEOFFS CHANGE WHEN YOU CHANGE THE TIME FRAME. THERE IS NO END OF MALICIOUS, PERNICIOUS STUFF AS A BUSINESS YOU CAN DO TO INCREASE YOUR PROFITS IN THE NEXT QUARTER. I WAS IN THE C-SUITE AS CHIEF CONTENT OFFICER IN THE DYING DAYS OF TIME, INC., SO I SAW IT FIRSTHAND. IF YOUR FOCUS IS HOW DO I REPORT THE BEST POSSIBLE NUMBER I CAN IN THE CURRENT QUARTER, YOU'RE GOING TO END UP DOING BAD STUFF, BUT A LOT OF THOSE THINGS CHANGE WHEN YOUR TIMEFRAME CHANGES AND AS YOU GET FURTHER OUT, STAKEHOLDER INTEREST AND SHAREHOLDER INTEREST BECOME MORE AND MORE ALIGNED.

company to “fortify through knowledge.” They asked doctors to create FAQs on COVID-19 so that their 14-million-person customer base and employees would have access to relevant and credible information. **Mwangi** explains:

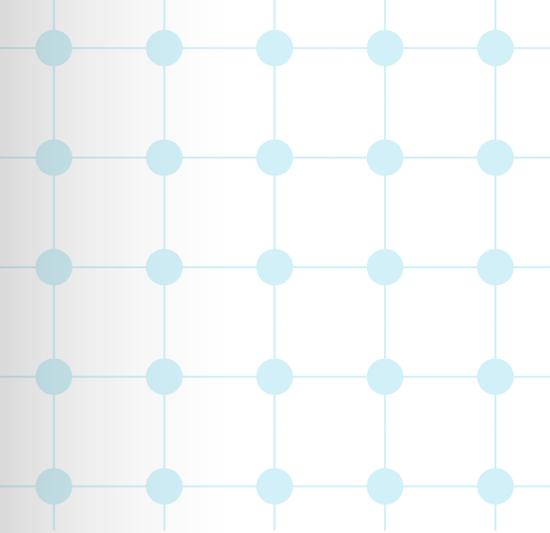
→ [We then trained] our staff so that our staff who interact with the customers really became advocates of the proper course of health that would then save huge numbers of customers from the challenges and then also ensure we don't have a challenge with the staff because if we have challenges with the staff, we'll not be able to help the community and the customer base, so we fortify the position of the staff through knowledge.

By training staff to advocate for the health of customers and also learning from customers, **Equity Group Holdings** created both a solid bond with these people and a positive feedback loop. These types of practices strengthen an organization's ability to monitor its own performance and seek ways to improve in order to thrive and grow. Feedback loops are key to providing such insight and direction (Newman, 2020).

Foreseeing capacity, manufacturing and procurement bottlenecks in the systemic value chain, **Equity Group Holdings** created innovative solutions for these shortcomings. **Mwangi** states:

→ We decided then to create local entrepreneurs who could manufacture the PPEs, and I'm really glad that, over a period of two months, [we] trained 95 local entrepreneurs on development of PPEs, and we have now seven manufacturing companies that have been certified...This week, they are now distributing the first deliveries. What we have achieved is that we have been able to reduce the cost by 68% so [that we] now have a guarantee to the government that we shall support the government for 18 months, one and a half years, and then [support] Rwanda...to create a regional, sustainable supply chain. Essentially, the region now has freed itself from the global supply shocks. We have created local enterprises that are employing about 3,000 people.

The CEOs also spoke of modifying strategies to address larger long-term goals while remaining nimble enough to address short-term turbulence. Because these leaders are thinking exponentially and taking ongoing incremental

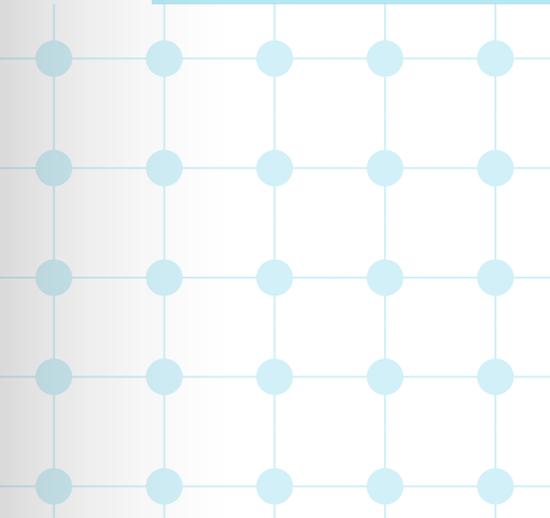


actions, they are in the position to shape the future and address large-scale systemic issues. The economic instability created by the COVID-19 pandemic has challenged leaders around the world to rethink their organizational strategies. However, it has also generated an important opportunity for those who are prepared to do things differently. In the next few years, we anticipate unprecedented disruption in most industries driven by technological innovations and social and environmental challenges. While it may be comforting to stick to what has worked in the past, business-as-usual is no longer a viable business strategy. Now is the time to embrace a purpose-driven approach to change. In the next section, we will explore the important role that partnerships will play in navigating this transition.

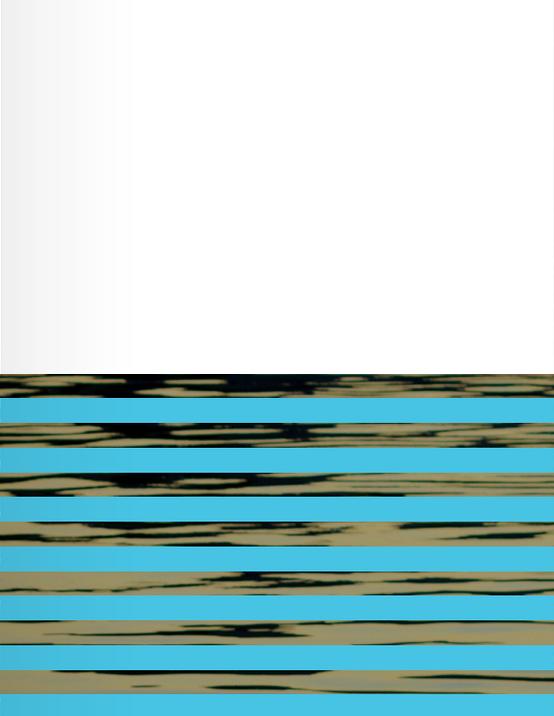


WE HAVE TO HAVE AN UNCONVENTIONAL BUSINESS MODEL IN ORDER TO DO UNCONVENTIONAL BUSINESS.

THE CORPORATE PURPOSE MOMENT IN STRATEGY - EMERGENT THEMES AT THE HORIZON







IV. PARTNERSHIPS

FOR ACCELERATION AND SCALE

BY DIANNE DAIN, CHRISTA GYORI,
BRAD GYORI & DR. TATIANA KAZAKOVA



“THE COMPETITION IS VERSUS COVID 19, AND SO AS A RESULT, AND CERTAINLY I HOPE IN A PRO-COMPETITIVE WAY, WE CAN MAINTAIN SOME OF THESE NEW WAYS OF THINKING [...] WOULDN'T IT BE WONDERFUL IF SIMILAR APPROACHES COULD BE ADOPTED IN THE FUTURE THAT ACCELERATES OUR ACCESS TO THE NEXT CANCER CURE OR PARTICULAR CONDITION [...] BECAUSE OF THE WAY YOU'RE ABLE TO SHARE INFORMATION AND DATA REAL-TIME, YOU FIND A WAY TO OVERCOME THEM IN A MUCH SHORTER PERIOD OF TIME THAN YOU OTHERWISE WOULD BE ABLE TO.”

ALEX GORSKY >
CEO, JOHNSON & JOHNSON



IV.

PARTNERSHIPS FOR ACCELERATION AND SCALE



I THINK FOR US IT'S ALSO IMPORTANT TO BALANCE BETWEEN TECHNOLOGY AND THE HUMAN SIDE OF THINGS, BECAUSE AT THE END OF THE DAY, FOR US IT'S STILL A PEOPLE BUSINESS SO WE NEED TO STRIKE A VERY STRONG BALANCE BETWEEN THE TWO.

On July 7, 2020, the International Chamber of Commerce (ICC) and UNICEF issued a joint statement calling for more public-private collaboration in response to the global pandemic. UNICEF's Executive Director Henrietta Fore said, "UNICEF and ICC are calling on the public and private sectors to reimagine and rebuild systems and economies that will benefit everyone, including the poorest and most vulnerable children and families. No one entity can do it alone, and we need global solidarity more than ever before to build back better" (Klayman and Conley, 2020).

In this tumultuous year, it is hard to think of an aspect of business that has not been impacted by the COVID-19 pandemic. Partnerships are one area where we have seen some of the most innovation and change for purpose-driven organizations (Vitasek, 2020). A 2019 study analyzing more than a quarter-century of global data on alliances found that partnerships have increased to the highest level since the start of the century (Gomes-Casseres, 2020). COVID-19 and new forms of technology seem to have added fuel to this trend. In line with this, governments worldwide have been updating guidelines in areas such as data protection and antitrust regulations. As the combination of new technology and the need for rapid response to disruption decreases barriers to collaboration, organizations are overcoming sectoral boundaries and joining forces.

The CEOs we spoke with are from various sectors, backgrounds, and cultures, so it is reasonable to assume that they have diverse views on partnership and innovation. Throughout the 2020 CEO Study, however, several common themes emerged. The overarching global challenge of COVID-19 and innovation in technology have played significant roles in shaping areas of shared concern and opportunities for new forms of collaboration.

6 EMERGENT THEMES ARE OUTLINED BELOW:

- LEVERAGING TECH INNOVATION
- CATALYZING PURPOSE
- DATA SHARING
- STEERING THROUGH POTENTIAL RISKS
- PURPOSE-DRIVEN PRO-COMPETITIVE PARTNERSHIPS
- AGILITY IN PARTNERSHIPS

1./ LEVERAGING TECH INNOVATION

In our last report, we referred to an African proverb used to highlight the vital role of partnerships: "If you want to go fast, go alone. If you want to go far, go together." Intriguingly, this year's CEO Study appears to challenge this old adage in many respects. In a rapidly changing economy, we are seeing that **it is actually difficult for organizations to go fast alone**. Today, organizations need to find the right ecosystem of partners who are focused on a shared purpose in order to realize large-scale ambitions rapidly and fully. Technology is one key reason for this shift, and it is helping to create a new enabling environment for partnerships.

In April of 2019, **Equity Group Holdings** partnered with Kenyan telecommunications provider Safaricom. This allowed them to more effectively support **Equity's** 14 million customers, 99 percent of whom are also **Safaricom** subscribers with access to digital banking services. They were also able to enhance credit access for young people and rural communities (Miriri, 2019). Within the first 12 months, the platform saw tremendous success. According to recent estimates, it has supported 15% of the total mobile money transfer market in both value and volume of transactions and has processed nearly 3.5 million loans totaling Kshs.30 billion, which represents 84% of the bank's loans in Kenya. **Dr. James Mwangi**, the CEO of **Equity Group Holdings**, says, "Innovation is at the heart of everything we do, but innovation must be true to reality. We now have technology, entrepreneurship, and knowledge as the biggest drivers of the allocation of resources, and the bulk of the masses don't have those resources."

If there were any lingering doubts about the need for businesses to embrace digital technology, the coronavirus has silenced them. In a world where most interactions with customers and employees must take place virtually, operating digitally is often the only way to stay in business. Organizations across sectors have been faced with the choice to go digital or go dark (Cohron, Cummings, and Yavar, 2020). This trend toward digitization is nothing new, but the pandemic has certainly accelerated the shift. As a result, technological innovation will play an expanding role

in our collective futures and this will lead to new kinds of partnerships.

With customers increasingly expecting goods and services to be interconnected and businesses seeking to make their supply chains more efficient and effective, establishing new partnerships is often the best option. By combining and connecting their expertise and pooling their resources, companies can fill market gaps, expand their reach, and deal with unexpected events.

"Techno-optimism" is the assumption that technologies that will inevitably improve social systems, processes, and services, providing a "blueprint for a better world" (Van Rijmenam and Ryan, 2018). The digital age has shown that this is a naïve assumption, as innovation only creates the potential for positive impact and, of course, there is always the potential for negative impact as well. Even when an organization has an adequate understanding of a problem, it may not be able to access and deploy the resources needed to create a compelling and robust solution (Seelos and Mair, 2016). Productive innovation that provides impact begins with the end goal of creating value that scales. Emerging technologies like blockchain, artificial intelligence (AI), and machine learning (ML) can significantly speed up the service and delivery of innovations within an organization. That said, it is clear leaders should be thoughtful about the implications and principles behind such innovation. Principles such as "do no harm" and methodologies such as "human-centered design" are vital to purpose-driven business models focused on promoting cultural progress and social equality (Roberson, 2020).

2./ CATALYZING PURPOSE

For collaboration to reach its full potential, participants must have a shared vision for the partnership's outcome, an agreement on the problem, and an agreement on the best process for addressing the issue. As new precedents are being set for public-private partnerships, the sharing of resources and data businesses need to ensure data protection protocols are in place to safeguard everyone's

security. The most effective partnerships promote transparent communication. Purpose-driven partners carefully assess all roles, responsibilities, and governance to ensure that key values are aligned and all transactions are legally compliant. This difficult but essential groundwork ensures shared capacity, trust, and good governance.

On June 15, 2020, **Natura &Co** unveiled an audacious plan. In the midst of the largest global crisis of our time, it committed to achieving net-zero carbon emissions by 2030, a full 20 years ahead of the goal set by the United Nations. In their comprehensive plan, "A Commitment to Life," **Natura &Co** leaders also pledge to implement new mechanisms to protect the biodiversity of the Amazon, to shift operations toward circular models, and to take further steps toward promoting and measuring impact in the areas of inclusion and equality (Natura &Co, 2020). A plan of this magnitude cannot be achieved without an ecosystem of strong multi-stakeholder partnerships. **Roberto Marques**, the CEO of **Natura &Co**, explains, "We absolutely believe that we need to partner with external institutions, academia, science [and] other companies to find the solutions. We have maybe a self-awareness that we're not going to be able to do it by ourselves."

Creating a thriving partnership ecosystem is a way of leveraging organizational strengths and shoring up shortcomings or gaps. No matter how large or small the business, a partnership ecosystem brings much more expertise and value to the table, something far more valuable than a mere transactional relationship. Rather than dwelling on constraints and limitations, such partnerships can focus on what is possible and the common ground available to their cooperative enterprises. Once the vision, purpose, and governance have been agreed upon, much can be accomplished.

Rapid agreement and rapid results between actors is one of the novel changes in the once lengthy process of formulating partnerships. This year's CEO Study suggests that quick results and a purpose-driven backbone are often the forces that bring enterprises together as they work to address a global issue. "Rather than competing against each other, we compete against the issue," says **Ignacio Galán**, the CEO of **Iberdrola**. "Working in alliances implies a great commitment, and the sharing of results and resources, something that is not an easy task. However, when everyone's investment in time and energy is correct, the added value of these relationships between different actors translates into an exponential increase in the possibilities of producing positive change."

3./ DATA SHARING

Traditional business models discourage information sharing between competitors. Too often, decisions are made with limited information and with corporate data fiercely guarded inside a "walled garden" (Tirole, 2018). COVID-19 has helped shift that narrative by accentuating the need for greater coordination and sharing of information. This has promoted better informed and potentially life-saving decision making. Purpose-driven partnerships allow businesses to multiply knowledge and derive more significant benefits from data both for the organization and for society.

In 2013, **Vodafone Ghana** began a collaboration with the government of Tanzania and a nonprofit organization known as the Touch Foundation. Together, they created a mobile application called "m-mama" to connect mothers to healthcare in rural Tanzania. In these regions, almost half of all women give birth at home without the aid of a skilled health worker. Mothers and newborns die from treatable birth complications due to weak health systems and delays in accessing care. Through the "m-mama" application, partners now use mobile technology to connect pregnant women to care when they need it the most. This works to reduce rates of maternal mortality, which has been identified as the number one health challenge by the United Nations' Sustainable Development Goals (m-mama, 2020). To date, the program has seen a 27% reduction in maternal mortality in the Lake Zone regions of Tanzania.

In September 2020, **Vodafone** announced a new partnership with the Lesotho Ministry of Health to expand this initiative and help tackle the highest maternal mortality rates in the world (Fildes, 2020). Patricia Obo-Nai, the CEO of Vodafone Ghana, shared her experience: "Working on maternal health and in working on data for policy decision-making, we have been able to partner with the public sector to make it happen."

4./ PURPOSE-DRIVEN PRO-COMPETITIVE PARTNERSHIPS

Due to the COVID-19 pandemic, purpose-driven leaders are negotiating change differently. Rather than viewing social concerns as a series of temporary obstacles to work around, they are placing these challenges at the core of the organizational ethos. Organizations committed to long-term development projects are pursuing these goals via collaboration with external partners across different industries. As part of this process, they are agreeing to share resources more openly and for longer timeframes.



JAMES MWANGI >
CEO, EQUITY BANK KENIA



PROSPERITY, THE BIGGEST BASIS OF IT, IS WHERE PROSPERITY IS SHARED. IT CREATES SUSTAINABILITY. IT CREATES PEACE, MOST IMPORTANT, AND THEN THE BASIS OF THAT IS ALLOWING EVERYBODY TO PLAY THEIR ROLE, AND THEN BECAUSE IT'S SHARED PROSPERITY, EVERYBODY PROTECTS EQUITY.

For example, **MQDC** develops long-term commitments as they build communities that encompass a sense of place and belonging for all participants. They incorporate diverse knowledge sharing work with varied partners early in the project development process in order to build trust and to deeply understand the needs of various stakeholders from multiple perspectives. This type of collaboration includes various groups, from scientists who assess environmental impact, to construction workers building staff residences to minimize commute time.

Such groundwork widens the opportunity for **pro-competitive partnerships**, that is, partnerships with businesses formally thought of as competitors (Watenpaugh, 2020). We have seen an unprecedented amount of competitor collaboration emerge in recent months, but such collaborations are nothing new. In the 1989 Harvard Business Review article, "Collaborate with Your Competitors—and Win," authors Hamel, Doz, and Prahalad shared findings from a five-year study of the inner workings of 15 pro-competitive strategic alliances. The team found that, when designed well—with alignment and concrete governance structures—such partnerships cannot only broaden consumer choices, but also have the potential to address significant gaps in the marketplace (Hamel, Doz, and Prahalad, 1989).

Getting a pro-competitive arrangement right can take time and requires thoughtful design. Sometimes this means sacrificing short-term gains in order to achieve mutually advantageous long-term goals. In this type of partnership, diverse organizations bring together their unique capabilities, intellectual property, services, and/or products to develop a differentiated and specialized solution to target customer needs. The partners share a similar target customer and can capture greater market value faster than traditional product development approaches (Schroek, Kwan, Gill, and Sharma, 2020).

This year, in particular, our study found that galvanizing purpose around partnerships went beyond competition or market share and focused on addressing a mutual problem. Lee and Trimi (2020, p. 55) define this type of partnership as "bundling or fusing unrelated objects, ideas, or experiences, from diverse external sources with a shared aspirational goal of stakeholders for the greater good." Proponents of pro-competitive partnerships believe they offer the exponential capability for change. An example of this is pharmaceutical companies working with each other and with government agencies and multilateral organizations to develop a vaccine for COVID-19.

The Supplier Innovation Program piloted by **Iberdrola** provides another compelling example of how these collaborations work. **Iberdrola** is a multinational corporation supplying energy to some 100 million people (IBERDROLA, IT, 2020). Chief Executive Officer **Ignacio Galán** shared his thoughts on this process, noting that by "creating an ecosystem that integrates employees, technology collaborators, industrial organizations and public institutions," **Iberdrola** is able to enhance "value creation, and the transfer of knowledge" in its supply chain innovation program. This distributed and open innovation approach is an example of co-creation that addresses systemic issues through a diverse network of partners (Elola, Parrilli, and Rabbellotti, 2013).

5./ STEERING THROUGH POTENTIAL RISKS

The urgency of the COVID-19 pandemic has led to many effective new forms of collaboration, but also new types of risks. In a rush to deal with the crisis, an association may face governance challenges or issues due to a lack of clarity in communication. This can lead to partners having different definitions of a problem, different views of their respective roles, or different visions for the alliance's ultimate goal. In the rush to collaborate, another area that may be overlooked is intellectual property (IP). Legal experts advise organizations to have early discussions about who owns the IP produced and to establish its permitted uses. This can help to prevent future disagreements (Beales, 2020).

Additionally, organizations need to be aware of the antitrust issue, particularly in pro-competitive partnerships. In general, courts and antitrust agencies recognize the pace of change requires new forms of collaboration. Many of these antitrust agencies have published global guidelines for cooperation. What's more, it is always advisable to seek legal counsel in order to mitigate the risks likely to complicate competitor interactions (Wright, Vasani, and Tosdevin, 2020).

6./ AGILITY IN PARTNERSHIPS

The more agile approaches to partnering and rapid innovation that have emerged during the last few months hold the potential to change the way organizations partner in the long term. The crisis has shined a light on our world's interconnected nature, demonstrating the need for systemic change and revealing that the best solutions often lie in collaboration to build capacity and knowledge. After the initial shock of COVID-19 has passed, the lessons we learn about agile partnering must be applied to help us "build back better," realizing a sustainable and inclusive economic future. As **Alex Gorsky**, the CEO of **Johnson & Johnson**, shared:

→ "The competition is versus COVID-19, and so as a result—and certainly my hope in a pro-competitive way—[is that] we can maintain some of these new ways of thinking, new ways of working together, and frankly, doing things, because wouldn't it be wonderful if similar approaches could be adopted in the future that [accelerate] our access to the next cancer cure, or particular condition, or Alzheimer's, or something of that sort—where, again, you've got really challenging biological and chemistry [and] engineering issues, but because of the way you're able to share information and data [in] real time, you find a way to overcome them in a much shorter period of time than you otherwise would be able to."

The crisis has highlighted how interconnected we are. It has highlighted the need for deep systemic change, revealing that often, the best solutions lie in working together in partnership for greater speed, capacity, and knowledge. After the fallout of the pandemic has passed, the lessons we learn about increased benefits from partnering must be applied to help us "build back better" for the realization of a sustainable and inclusive economic future.



IGNACIO GALÁN >
CEO, IBERDROLA

I BELIEVE THAT COMPANIES SHOULD BE MANAGED ALWAYS
LOOKING FOR AN APPROPRIATE BALANCE AMONG THE
INTERESTS OF SHAREHOLDERS, EMPLOYEES AND THE
SOCIETY. THIS IS RESPONSIBLE CAPITALISM. AND YOU
NEED TO STAY VERY CLOSE TO ALL OF THEM IN ORDER
TO UNDERSTAND THEIR REQUESTS. I SPEND SEVERAL
WEEKS EVERY YEAR MEETING WITH EMPLOYEES ALL
OVER THE WORLD, LISTENING TO THEM AND ANSWERING
THEIR QUESTIONS. AND I MEET HUNDREDS OF INVESTORS,
NGOS.... YOU NEED TO MAINTAIN A CLOSE CONTACT WITH
EACH OF THESE GROUPS AND LISTEN TO THEIR IDEAS
AND SUGGESTIONS. AS A COMPANY, WE MANAGE THE
RELATIONS WITH ALL STAKEHOLDERS IN A STRUCTURED
AND SYSTEMATIC WAY.



CONCLUSION

The 2020 CEO Study took place during the COVID-19 pandemic, a stress test for humanity and crucible of purpose in business. We saw the power of purpose in helping businesses deliver against societal needs to make a difference globally. From this moment, we want to see a movement of purpose-led businesses and purpose-driven leaders unite to get things done and reinvent business for societal benefit.

The insights and wisdom that our 2020 cohort of CEOs shared are a rich vein of learning. This report features highlights from our work in order to accelerate the uptake of purpose in business. Each of the companies in our three annual studies is indeed remarkable, but we do not want them to be exceptional. In adopting a rigorous research-led approach, our work seeks to determine the impact of purpose in business, to evaluate that impact, and to share the enablers and accelerators of purpose-led transformation.

Viktor Frankl famously said that between stimulus and response is the freedom to choose. Purpose can inform the choice of how to respond to the stimuli of global and societal disruptions. To create and scale meaningful change and deliver solutions for global transformation, we invite businesses to choose purpose to accelerate their positive impact. Placing purpose in service of society and at the core of sustainable leadership, culture, strategy, and partnership will change the way we do business around the world, while also changing the world itself.

METHODOLOGY

In the third annual instalment of the Leaders on Purpose CEO Study we explore new practices of global CEOs who are at the forefront of re-defining the role of business in society. These CEOs are transitioning their business operations through integrating profit and purpose at scale for future fitness and positive growth.

Each year, in order to understand what purpose-driven CEOs are doing in their day-to-day strategizing, operating, and sense-making, we select a small group of leaders based on the following criteria:

- **TOP FINANCIAL 50% RANKING FOR SECTOR (HBR METRICS/ DUNN AND BRADSTREET)**
- **TOP 50% IN ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) RANKINGS (CSRHUB DATA/ VETTING)**
- **OPERATIONS/SUPPLY CHAIN REACH > 20 COUNTRIES**
- **QUALITATIVE EVIDENCE SUCH AS CEO-ATTRIBUTED QUOTES (E.G., ARE THESE CEOs ADVOCATING BUSINESS WITH A SOCIAL AND/OR ENVIRONMENTAL IMPACT?)**

We take a qualitative research approach which allows us to gain a deeper understanding of what it takes to transition to a sustainable purpose driven enterprise. Informed by descriptive management research, this approach sheds light on business trends and best practices related to the new role of business in society (Whittington, 2003).

We are experiencing a paradigm shift regarding the understanding of capitalism in and for society, a phenomenon that is hard to comprehend in its full scope and impact. By adapting our criteria over time, we are able to identify and analyze myriad complexities. One key factor we continue to address is the representation of a broader diversity of leaders in our sample set. As such, this year's study is the most diverse yet.

Over the course of three years (2017-2020), our researchers have gathered qualitative data in the form of semi-structured 60-90-minute interviews with 45 CEOs that fulfilled our criteria. Each CEO responds based on their experiences and learnings to four blocks of questions, which are informed by the global challenges. The topics discussed include: leadership, strategy, global partnerships, purpose and profit integration, as well as organizational design.

Our researchers use qualitative data analysis techniques to identify best practices and emergent patterns, aiming to uncover their underlying mechanisms (Gioia & Chittipeddi, 1991). Each interview is transcribed and the content is analyzed via open coding (employing MAXQDA) to de-individualize the data and grasp, from every researcher's perspective, a first view on emergent themes. We iterate between the codes and the researchers, which allows for theme and researcher triangulation to establish a more objective sense-making. We also used archival data, reports, and other primary and secondary sources and aggregate the emerging patterns into themes of practices or concepts (Yin, 2016).

Our results contribute to society and businesses in the following three ways:

1. Highlighting how CEOs and major global businesses are re-defining their business models in order to address the world's most pressing problems.
2. Uncovering practices and processes for strategy, partnerships with stakeholders, operations, and organizational design that re-calibrate growth-models beyond profit and shareholder interests.
3. Helping mobilize other business leaders and stakeholders to infuse these insights when developing their corporate strategies and striving to achieve the Sustainable Development Goals by 2030.

This is a learning journey, and we invite the world's leading researchers and educators to join us in developing these concepts.

Most importantly, we invite global business leaders with a proven track records to become part of this exciting journey and to join our Leaders on Purpose community.



REFERENCES

Anderson, R. & Adams, W. 2016. Mastering Leadership. An Integrated Framework for Breakthrough Performance and Extraordinary Business Results. Hoboken, NJ: John Wiley and Sons, Inc.

Baldoni, J. 2013. Employee Engagement Does More Than Boost Productivity. *Harvard Business Review*, July 2013.

Bartlett, C. and Ghoshal, S., 1994. Changing the Role of Top Management: Beyond Strategy to Purpose. *Harvard Business Review*, November 1994.

Beales, A., 2020. How Can Partnerships Create Rapid Innovation During COVID-19 Crisis? [Online] Business Fights Poverty. Available at: <https://forum.businessfightspoverty.org/t/how-can-partnerships-create-rapid-innovation-during-covid-19-crisis/2482>.

Bell, G. 2018. Unlearning Leadership. *Light Body*.

Bennis, W. & Thomas, R.J. 2002. Crucibles of Leadership. *Harvard Business Review*, September 2002.

BlackRock. 2020. More Than Three Quarters of Insurers Say the Impact of COVID 19 is Accelerating Their Focus On ESG. [Online] Available at: <https://www.blackrock.com/corporate/newsroom/press-releases/article/corporate-one/press-releases/global-insurance-report-2020>.

Bowles, S. and Carlin, W., 2020. AEA Papers and Proceedings, 110, pp.372-377.

Brunner, R. 2017. How Chobani's Hamdi Ulukaya is Winning America's Culture War. Retrieved November 20, 2020, from [Online] Available at: <https://www.fastcompany.com/3068681/how-chobani-founder-hamdi-ulukaya-is-winning-americas-culture-war>

Business Fights Poverty. 2020. How Can Partnerships Create Rapid Innovation During COVID-19 Crisis? - Business Fights Poverty. [Online] Available at: <https://businessfightspoverty.org/articles/how-can-partnerships-create-rapid-innovation-during-covid-19-crisis-2/>

Carmeli, A. and Tishler, A., 2004. Resources, Capabilities, and the Performance of Industrial Firms: A Multivariate Analysis. *Managerial and Decision Economics*, 25(6/7), pp.299-315.

Chobhani 2020. Access for All. [Online] Available at: <https://www.chobani.com/impact/diversity-and-inclusion/>.

Chobhani 2020a. USA: Chobani Partners with NY Govt, Feeding America & National Guard to Supply School Lunch-Reliant Families During COVID-19 Outbreak. [Online] Available at: <https://www.business-humanrights.org/en/latest-news/usa-chobani-partners-with-ny-govt-feeding-america-national-guard-to-supply-school-lunch-reliant-families-during-covid-19-outbreak/>.

Climate Action - European Commission. 2020. 2050 Long-Term Strategy - Climate Action - European Commission. [Online] Available at: https://ec.europa.eu/clima/policies/strategies/2050_en

Cohron, M., Cummings, S. and Yavar, E., 2020. COVID-19 is Accelerating the Rise of the Digital Economy. [Online] BDO. Available at: <https://www.bdo.com/insights/business-financial-advisory/strategy-technology-transformation/covid-19-is-accelerating-the-rise-of-the-digital-e>

Collins, J. 2005. Level 5 Leadership: The Triumph of Humility and Fierce Resolve. *Harvard Business Review*, July-August 2005.

Conte, R., Andrighetto, G., Campenni, M. & Paolucci, M. 2007. Emergent and Immergent Effects in Complex Social Systems. [Online] Available at: <https://www.aaai.org/Papers/Symposia/Fall/2007/FS-07-04/FS07-04-007.pdf>.

Crawford, E. 2020. The Nation is Going to Need all of our Help', Chobani President Says Unveiling New Charity SKU. Food Navigator USA. [Online] Available at: <https://www.foodnavigator-usa.com/Article/2020/07/06/The-nation-is-going-to-need-all-of-our-help-Chobani-president-says-unveiling-new-charity-SKU>.

Darwin, S. 2020. How to Think like the CEO of the Planet: Restoring the Declining Balance Sheet of the Earth. *Peaceful Evolution Publishing, Berkeley, CA, USA*.

De Meyer, A. and Williamson, P., 2020. Creating a Powerful Ecosystem to Sustain Competitiveness. *Strategy + Business*, [Online] Available at: <https://www.strategy-business.com/article/Creating-a-powerful-ecosystem-to-sustain-competitiveness?gko=8a289>

- Deng, X., Gao, B., & Li, G. 2019. The Effects of Dynamic Work Environments on Entrepreneurs' Humble Leader Behaviors: *Based on Uncertainty Reduction Theory*. *Frontiers in Psychology*, 10. doi:10.3389/fpsyg.2019.02732.
- Denison, D. and Mishra, A., 1995. Toward a Theory of Organizational Culture and Effectiveness. *Organization Science*, 6(2), pp.204–223.
- Ecolab 2020. Ecolab Plant COVID-19 Worker Safety Protocol. [Online] Available at: <https://p.widencdn.net/ytjdzf/Ecolab-Plant-COVID-19-Worker-Safety-Protocol>.
- Edelman. 2020. Edelman Trust Barometer Special Report on COVID-19 Demonstrates Essential Role of the Private Sector. [Online] Available at: <https://www.edelman.com/research/edelman-trust-barometer-special-report-covid-19-demonstrates-essential-role-private-sector>
- Edmonson, A.C. 2019. *The Fearless Organization: Creating Psychological Safety in the Workplace for Learning, Innovation, and Growth*. *Jon Wiley & Sons, Inc., USA*.
- Elkington, J., 2020. *Green Swans: The Coming Boom in Regenerative Capitalism*. 1st Ed. *New York: Fast Company Press*.
- Elola, A., Parrilli, M. and Rabellotti, R., 2013. The Resilience of Clusters in the Context of Increasing Globalization: The Basque Wind Energy Value Chain. *European Planning Studies*, 21(7), pp.989-1006.
- Equity Bank 2020. [Online] Available at: <https://equitygroupholdings.com/ke/newsroom/24-press-release/100-equity-receives-double-recognition-at-the-african-bankers-awards-2020>.
- Fildes, N., 2020. Africa Races to Fill Telecoms 'Not Spots'. [Online] Ft.com. Available at: <https://www.ft.com/content/763e9a64-6848-11ea-a6ac-9122541af204>
- Forsythe, S. 2020. Ecolab Ranks Seventh on 2020 Best Corporate Citizens List. *Business Week*, [Online] Available at: <https://www.businesswire.com/news/home/20200616005588/en/>.
- Galan, I.S. 2020. The CEO of Iberdrola on Committing to Clean Energy. *Harvard Business Review*, November-December, 2020.
- Gartenberg, C. and Serafeim, G., 2019. 181 Top CEOs have Realized Companies need a Purpose Beyond Profit. *Harvard Business Review*, August 20, 2019.
- Gast, A., Illanes, P., Probst, N., Schaninger, B. & Simpson, B. 2020. Purpose: Shifting from Why to How. *McKinsey Quarterly*, April 2020. [Online] Available at: <https://www.mckinsey.com/business-functions/organization/our-insights/purpose-shifting-from-why-to-how>.
- Goleman, D. 2013. The Focused Leader: How Executives Direct Their own and Their Organizations' Attention. *Harvard Business Review*, December 2013.
- Goleman, D. & Boyatzis, R.E. 2017. Emotional Intelligence has 12 Elements. Which do you need to work on? *Harvard Business Review*, February 6, 2017.
- Goleman, D. & Nevarez, M. 2018. Boost Your Emotional Intelligence with These 3 Questions. *Harvard Business Review*, August 16, 2018.
- Gomes-Casseres, B., 2020. Why your Next Deal may be a Partnership. [Online] *Strategy + Business*. Available at: <https://www.strategy-business.com/article/Why-Your-Next-Deal-May-Be-a-Partnership>
- Hamel, G., Doz, Y. and Prahalad, C., 1987. Collaborate-with-your-competitors-and-win. *Harvard Business Review*, (January-February), pp.87-99. [Online] Available at: <https://hbr.org/1989/01/collaborate-with-your-competitors-and-win>
- Haque, M.D., Liu, L. & TitiAmayah, A. 2017. The Role of Patience as a Decision-Making Heuristic in Leadership. *Qualitative Research in Organizations and Management*, 12 (2) 111-129. [Online] Available at: <https://doi-org.ludwig.lub.lu.se/10.1108/QROM-01-2015-1263>.
- Helbing, D., 2013. Globally Networked Risks and How to Respond. *Nature*, 497, pp.51-59.

Henderson, R. 2020. Reimagining Capitalism in a World on Fire. *Hachette Book Group, New York, USA.*

Hu, J., 2020. Pandemic-Related Stress Leads to Less Employee Engagement: But a Supportive Boss can make a Difference, Study Finds. [Online] ScienceDaily. Available at: <https://www.sciencedaily.com/releases/2020/10/201012103131.htm>

Hunt, V., Prince, S., Dixon-Fyle, S. and Yee, L., 2018. [Online] Issuelab.org. Available at: <https://www.issuelab.org/resources/30627/30627.pdf>

Iberdrola 2020. Creating Value for Society. [Online] Available at: <https://www.iberdrola.com/social-commitment/social-contribution>.

Iberdrola.it. 2020. About Us - IBERDROLA.IT. [Online] Available at: <https://www.iberdrola.it/en/about-us>

Institutional Investor. 2020. New Opportunities in Japanese Equities: The Transition from Volume to Value. [Online] Available at: <https://www.institutionalinvestor.com/article/b1p719w2vbn299/New-Opportunities-in-Japanese-Equities-The-Transition-from-Volume-to-Value>

Issues in Information Systems, 2020. Smartphone And Covid-19 Crisis: How The Smartphone Technology Impacted Life Under Covid-19 Pandemic.

Joy Online 2020. Vodafone Ghana blazes the trail in shaping gender diversity narrative [Online] Available at: <https://www.myjoyonline.com/business/telecom/vodafone-ghana-blazes-the-trail-in-shaping-the-gender-diversity-narrative/>. *Adership. Harvard Business Review, May 2016.*

Just Capital 2020. Just Capital's 2020 Survey Results. [Online] Available at: <https://justcapital.com/reports/just-capital-2020-survey-results/>.

Kim, J., Desouza, K. and Braganza, A., 2007. Elements of Innovative Cultures. *Knowledge and Process Management, 14(3), pp.190-202.*

Kishan, S., 2020. How wrong was Milton Friedman? Harvard Team Quantifies the Ways. [Online] Bloomberg.com. Available at: <https://www.bloomberg.com/news/articles/2020-12-01/how-wrong-was-milton-friedman-harvard-team-quantifies-the-ways?srnd=premium-europe>

Klayman, S. and Conley, T., 2020. ICC And UNICEF Call for Greater Public-Private Sector Collaboration in Response to Covid-19. [Online] International Chamber of Commerce. Available at: <https://iccwbo.org/media-wall/news-speeches/icc-and-unicef-call-for-greater-public-private-sector-collaboration-in-response-to-covid-19/>

Latapí Agudelo, M.A., Jóhannsdóttir, L. & Davídsdóttir, B. 2019. A Literature Review of the History and Evolution of Corporate Social Responsibility. *Int J Corporate Soc Responsibility 4, 1 (2019).* [Online] Available at: <https://doi.org/10.1186/s40991-018-0039-y>.

Lee, S. and Trimi, S., 2020. Convergence Innovation in the Digital Age and In the COVID-19 Pandemic Crisis. *Journal of Business Research, 123, pp.14-22.*

Locanation.com. 2020. Magnolia Quality Development Corporation: Locanation. [Online] Available at: <https://www.locanation.com/developers/mqdc>

Mayer, C., 2019. Prosperity. *OXFORD: OXFORD UNIV Press UK, P.35.*

Miriri, D., 2019. Kenya's Equity Bank, Safaricom Team Up to Expand Digital Banking. [Online] Reuters News. Available at: <https://uk.reuters.com/article/us-kenya-equity-group-hol-safaricom/kenyas-equity-bank-safaricom-team-up-to-expand-digital-banking-idUKKCN1S511C>

Nat'l Collegiate Athletic Ass'n v. Bd. of Regents of Univ. of Okla... 468 U.S. 85, 103.

Natura &Co, 2020. Annual Report 2019. [Online] Available at: <https://api.mziq.com/mzfilemanager/v2/d/9e61d5ff-4641-4ec3-97a5-3595f938bb75/dfd3524e-f8f7-302d-ee95-0a7d9124c88a?origin=1>.

Natura &Co, N., 2020. Commitment to Life. [Online] Naturaeco.com. Available at: <https://naturaeco.com/en/group/vision/>

Ocean Tomo. 2020. Intangible Asset Market Value Study | Ocean Tomo. [Online] Available at: <https://www.oceantomo.com/intangible-asset-market-value-study/>

- OECD, 2020. Beyond Growth: Towards a New Economic Approach. [Online] Available at: https://www.oecd-ilibrary.org/economics/beyond-growth_33a25ba3-en.
- Oecdbetterlifeindex.org. 2020. OECD Better Life Index. [Online] Available at: <http://www.oecdbetterlifeindex.org/responses/>
- Oecd-ilibrary.org. 2020. OECD Ilibrary | OECD Business and Finance Outlook 2020: Sustainable and Resilient Finance. [Online] Available at: https://www.oecd-ilibrary.org/finance-and-investment/oecd-business-and-finance-outlook-2020_eb61fd29-en
- Omm.com. 2020. Competitor Collaborations and Communications in Time of Crisis: Practical Guidance. [Online] Available at: <https://www.omm.com/resources/alerts-and-publications/alerts/competitor-collaborations-communications-crisis>
- Pardo del Val, M., Martínez Fuentes, C. and Roig Dobón, S., 2012. Participative Management and its Influence on Organizational Change. *Management Decision*, 50(10), pp.1843-1860.
- Powell, T. and Dent-Micallef, A., 1997. Information Technology as Competitive Advantage: The Role of Human, Business, and Technology Resources. *Strategic Management Journal*, 18(5), pp.375–405.
- Reguly, E., 2020. A Tale of Transformation: The Danish Company that went from Black to Green Energy | Corporate Knights. [Online] Corporate Knights. Available at: <https://www.corporateknights.com/channels/climate-and-carbon/black-green-energy-15554049/>
- Roberson, J., 2020. Tech For Good: What Is It? - Expert Views on a Movement and A Way of Making Tech That Helps the World. [Online] Tech for Good Hub. Available at: <https://techforgoodhub.co.uk/tech-for-good#:~:text=So%20Tech%20for%20Good%20is,result%20that's%20ethically%20right%20Don>.
- Serafeim, G., Zochowski, T.R. & Donwing, J. 2020. Impact-Weighted Financial Accounts: The Missing Piece for an Impact Economy. Harvard Business School, [Online] Available at: https://www.hbs.edu/impact-weighted-accounts/Documents/Impact-Weighted-Accounts-Report-2019_preview.pdf.
- Schein, E., 2016. Organizational Culture and Leadership. 5th Ed. Hoboken, New Jersey USA: John Wiley & Sons, pp.6-17.
- Schroeck, M., Kwan, A., Gill, J. and Sharma, D., 2020. Evolving Partnerships in a Digital Age. [Online] www2.deloitte.com. Available at: https://www2.deloitte.com/content/dam/insights/us/articles/6434_TMT_Digital-transformation-series-no-12/DI_Digital%20transformation%20series%20no.%2012.pdf
- Seelos, C. and Mair, J., 2016. When Innovation Goes Wrong. Stanford Social Innovation Review, [Online] fall, pp.34-44. Available at: https://ssir.org/articles/entry/when_innovation_goes_wrong#
- Senjaya, S. and Sarros, J., 2002. Servant Leadership: Its Origin, Development, and Application in Organizations. *Journal of Leadership & Organizational Studies*, 16(2), p.122.
- Smart, J. and St. John, E., 1996. Organizational Culture and Effectiveness In Higher Education: A Test of The 'Culture Type' and 'Strong Culture' Hypothesis. *Educational Evaluation and Policy Analysis*, 18(3), pp.219–241.
- The Forestias 2020. The Forestias - The Green City in Bangkok by MQDC. [Online] Available at: <https://www.mqdc.com/our-business/theme-project/theforestias>.
- Tirole, P., 2018. Shaping Competition Policy in the Era of Digitization - Competition - European Commission. [Online] Ec.europa.eu. Available at: <https://ec.europa.eu/competition/scp19/>
- Tsekeris, C. and Mastrogeorgiou, Y., 2020. Contextualising COVID-19 as a Digital Pandemic. *Homo Virtualis*, 3(2), p.1.
- Umoh, R. 2020. America's Best Employees for Diversity. Forbes, [Online] Available at: <https://www.forbes.com/best-employers-diversity/#526ec1d69b9e>.
- United Nations 2015. Sustainable Development Goals. [Online] Available at: <https://www.un.org/sustainabledevelopment/blog/2015/12/sustainable-development-goals-kick-off-with-start-of-new-year/>.
- United Nations General Assembly 2020. AXA - Contributes to the Protection and Restoration of Biodiversity [Online] Available at: <https://www.axa.com/en/magazine/Let-s-act-for-nature-Thomas-Buberl-at-the-UN-General-Assembly>.

Valet, V. 2019. Meet America's Best Employers for Women 2019. Forbes, [Online] Available at: <https://www.forbes.com/sites/vickyvalet/2019/07/02/this-is-just-a-natural-part-of-our-dna-meet-americas-best-employers-for-women-2019/?sh=18b2fa9519bc>.

Vitasek, K., 2020. The Increasing Need for Strategic Alliances. [Online] Forbes. Available at: <https://www.forbes.com/sites/katevitasek/2020/03/28/the-increasing-need-for-strategic-alliances/>

Vodafone.com. 2020. M-Mama. [Online] Available at: <https://www.vodafone.com/about/vodafone-foundation/focus-areas/m-mama>

W. Malnight, T., Buche, I. and Dhanaraj, C., 2019. Put Purpose at The Core of Your Strategy. *Harvard Business Review*, (September – October 2019)

Watenpaugh, N., 2020. Council Post: How to Create a Successful Partnership with Your Competition. [Online] Forbes. Available at: <https://www.forbes.com/sites/forbessanfranciscocouncil/2019/07/29/how-to-create-a-successful-partnership-with-your-competition/?sh=3602184d1df9>

Willis Towers Watson. 2020. Purpose, Certainty and Sustainability during Covid-19. [Online] Available at: <https://www.willistowerswatson.com/en-GB/Insights/2020/03/purpose-certainty-and-sustainability-during-covid-19>

Woolliscroft, J., 2020. Innovation in Response to the COVID-19 Pandemic Crisis. *Academic Medicine*, 95(8), pp.1140-1142.

Wooten, J. 2011. College of Southern Idaho to Help Prepare Workers for Chobani. MagicValley.com, [Online] Available at: https://magicvalley.com/news/local/college-of-southern-idaho-to-help-prepare-workers-for-chobani/article_00fb26e7-9afe-570d-b625-1cf32d94db53.html

Wright, L., Vasani, S. and Tosdevin, A., 2020. Competition Law Considerations. [EBook] London, United Kingdom: Slaughter & May, Pp.1-10. [Online] Available at: <https://my.slaughterandmay.com/insights/viewContent.action?key=Ec8teaJ9VaqQRDJuT9RwbK%2FdWZ0l6NkpBiaRvcQ1%2B0trYQ6QELAnKE%2BuQ3%2BHDx%2BwUHIsHid9l4Q%3D&nav=FRbANEucS95NMLRN47z%2BeeOgEFCt8EGQ0qFfoEM4UR4%3D&emailtofriendview=true&freeviewlink=true>

This publication has been prepared for general guidance on matters of interest only and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, Leaders on Purpose does not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

Endorsements for the Global Leadership letter on pages 5-7

Anand Mahindra, Chairman, Mahindra Group: "Today, more than ever, the world needs to be able to reimagine a new future. A future in which people can feel safe and protected. The initiative being set in motion by Leaders on Purpose is an effort toward defining the new environment. It provides a much-needed aspirational framework – one which has the power to change the language of business discourse and how we regard the future. The philosophy of Leaders on Purpose resonates deeply with Mahindra's vision and has the potential to become a movement which will define the future for generations to come."

Feike Sijbesma, Honorary Chairman, DSM: "The private sector needs an integrated strategy and supportive eco-system that integrates more fairness, less dependency, more climate and sustainability focus, preparedness, and agility for uncertain times. We each have to think about the world around us, our role in it, our tremendous potential, and how we can contribute to making it better together."

Dr. Frank-Jürgen Richter, Chairman, Horasis: "We at Horasis support this call for cross-sector collaboration under the shared vision of a better economy – that operates on a purpose based business logic, for the post-covid world. This initiative advances a necessary productive dialogue and collective collaboration for our global recovery – envisioning and implementing novel business models, new political cooperation and deep social cohesion. It is time to unite and to inspire in order to create a shared and coherent vision of the economies we want to live in – for generations to come."

Helen Clark, Former Prime Minister, New Zealand: "We are in a full-blown health, economic and social crisis. This purpose-driven movement with Leaders on Purpose is an encouraging step proving international organizations can work together so that we can build a better tomorrow. There is too much at stake not to take decisive action now. It's evident to me that we will need global cooperation to fight today's inequalities and the worldwide pandemic, and to rebuild trust between business, policy and civil society."

Henrietta Fore, Executive Director, UNICEF: "As we begin the Decade of Action to achieve agenda 2030, we must work together to reimagine a better world for children, young people and their families around the world – especially in developing markets. This new initiative provides a vehicle for UNICEF to join forces with purpose-driven businesses and support countries and communities as they build stronger economies and systems that can support all people in the years ahead."

Jane Davidson, Author of #FutureGen: Lessons from a Small Country, Pro Vice-Chancellor Emeritus at University of Wales Trinity Saint David & Former minister of sustainable development for wales: "I was excited to see the launch of this global initiative for a purpose-first economy. To 'build it better' must be the goal if those of us with power and influence today are to secure a better future for our children and their children tomorrow. Wales has enshrined a new definition of prosperity into law as 'an innovative, productive and low carbon society which recognises the limits of the global environment'. With purpose driven politicians supporting purpose first businesses, a better future can be secured in the interests of current and future generations."

John W.H. Denton AO, Secretary General, ICC: "As the institutional representative of more than 45 million businesses in over 100 countries, ICC recognizes the clear business case for ensuring greater resilience in our global economic systems. Purpose-driven businesses – enabled by appropriate public policy reforms – have a vital role to play in ensuring the skills and ingenuity of the private sector are fully utilized to mitigate the fundamental fragilities that have been of exposed by the coronavirus crisis."

Jorge Moreira da Silva, Director, OECD Development Co-operation Directorate: "The COVID-19 crisis layers on top of existing global crises in climate, inequality, and fragility, hitting the world's most vulnerable hardest, but impacting all of us. This has turned gaps in finance for sustainable development into a risk of total collapse. Today's recovery measures from the public and private sector create an opportunity we can't ignore: to mobilise and align global finance to build better, greener, and more resilient. I applaud the global business leaders calling to formalize the fourth sector for their resolve to contribute to a new, inclusive and sustainable economic system that leaves no one behind."

Olga Algayerova, Executive Secretary, UN Economic Commission for Europe: "Besides the devastating health impacts of the COVID-19 pandemic, many signs show that we are dealing with one of the most severe economic slumps in modern history – along with severe impediments in our ambition to meet the development goals of the 2030 Agenda. This call for action from global business leaders is a welcome step in the right direction, to ensure that recovery packages are mobilised towards investments for the future, fully aligned with the green transformation that we need to achieve the Sustainable Development Goals."

Paul Polman, former CEO of Unilever, Co-Founder Imagine: "Our world was a dangerous and troubled place even before COVID-19 took hold. We have the chance to rebuild a fairer, greener society. But to do so we need courageous business leaders who are willing to act, individually and as a collective. It's why I applaud the signatories of this letter. No company alone can solve the problems we face. But together we can begin to challenge the orthodoxies which got us here. Together we can help the world change."

Roberto Marques, Executive Chairman and Group CEO, Natura & Co: "Guided by our Commitment to Life for 2030, we at Natura & Co are committed to being part of building a more sustainable and inclusive society. We believe the pandemic has presented a chance for every business to rethink how it will make the necessary changes to address the global challenges we face. This will be the decade of action for change. None of us can do this alone, but working together will enable us to find effective and creative solutions. That's why we support this important call to action for cross-sector collaboration."

Ambassador Stuart Holliday, President and CEO, Meridian International Center: "Meridian supports this call to action for global leaders in governments, agencies, NGOs, the private sector and civil society to collaborate across sectors and build a better, more fair and equitable economic future. Without working together and exchanging ideas, we will miss out on the opportunity to design solutions that make progress toward building an economy that guarantees all of society and the planet can thrive for generations to come. Together by supporting this purpose-driven movement, we can set the agenda for the prosperous, secure and sustainable economy we want and need."

YOU CAN FIND LEADERS ON PURPOSE ON SOCIAL MEDIA:

Facebook, Twitter (as @Lead_on_Purpose)

LinkedIn and Instagram (as @leadersonpurpose)



CONTACT INFORMATION

CHRISTA GYORI

christa@leadersonpurpose.com
www.linkedin.com/in/christagyori

DR. TATIANA KAZAKOVA

tatiana@leadersonpurpose.com
www.linkedin.com/in/tatjanakazakova

LEADERS ON PURPOSE

team@leadersonpurpose.com
www.leadersonpurpose.com

ABOUT LEADERS ON PURPOSE

Leaders on Purpose is a community of purpose-driven corporate leaders promoting an inclusive and sustainable economy that puts purpose at the core and leaves no one behind. What began as a research collaboration between business leaders and experts from Harvard University, Unilever, The World Bank, and The London School of Economics has evolved into a platform that connects the CEO agenda with the global agenda.

Today Leaders on Purpose operates as an independent, for-benefit, organization supporting businesses in the transition from business-as-usual to a purpose-based approach. This involves putting purpose at the core of the business strategy for the benefit of the organization, the employees, the planet and society. Our approach is grounded in rigorous research and years of experience. We do this through corporate strategy, peer learning, advisory on systemic innovations, and advocacy for policies that support purpose and performance.

Capitalism has entered a new phase. The planet's future is under threat and today's consumers and employees are demanding responsible leadership, so the rules of engagement have changed. In order for your business to do well, it must also do good. This requires a new leadership paradigm and a different business logic. It also opens up tremendous opportunities for businesses to re-define their long-term strategies. Negotiating such a transformation is challenging, but for businesses that embark upon the journey swiftly and effectively, the benefits can include: leading edge innovation, employee attraction, increase client loyalty and industry-leading performance. Leaders on Purpose invites you to learn how solving humanity's most pressing challenges is both the right thing to do and an unprecedented business opportunity. Connect with us and discover how to make the best possible decisions for your organization and for a thriving, just and sustainable world.

PHOTO_KYLE JOHNSON

**LEADERS
— ON
PURPOSE**

