

People on a mission

By putting their core purpose at the fore, organizations are driving performance in measurable ways—in their finances, employee engagement, and customer satisfaction. Doing good means doing well.



How purpose drives performance.

Purpose is a fundamental component of a fulfilling life and a successful organization. People with a positive, energizing purpose tend to be focused, optimistic, and successful. Great purposes inspire both people and organizations to do great things.

Purpose drives performance. Period. Individuals with a clear personal purpose draw on their deepest energies and perform to the best of their abilities. When an organization has a clear purpose, it unleashes the power and drive of the entire workforce, harnessing and focusing that combined effort in one aligned direction.

To be sure, there are two sides to purpose. In today's fractious world, some people find purpose in extreme, hateful ideologies. At the same time, a new capitalism is emerging where purpose-driven organizations are engaging people in a profound manner, contributing to society and establishing new criteria for organizational success.

The results are impressive, with multiple studies indicating that purpose-driven organizations generate superior performance, greater stakeholder satisfaction, and increased sustainability:

- Such organizations in the consumer sector achieved a compound annual growth rate of 9.85% compared to their peers' rate of 2.4% in the S&P 500 Consumer Sector from 2011 to 2015, Korn Ferry has found.¹
- 90% of executives say a commitment to purpose-driven leadership produces long-term financial benefits (Korn Ferry Hay Group Survey 2016).
- Purpose-driven companies with humanistic values outperformed the S&P 500 by 14 times over 15 years (Sisodia, Sheth, and Wolfe 2007).

- A "strong, well-communicated purpose" can contribute up to a 17% improvement in financial performance (Burson-Marsteller and IMD Business School 2015).
- Workers with a "purpose orientation" report greater job fulfillment, "do significantly better" in their performance evaluations, and are much more likely to promote their employers to others (Imperative and New York University 2015).

As more companies promote their purpose in their brands and external images, an important and illuminating story is emerging about the guiding philosophies and best practices of companies thriving and driving sustainable performance from a deep-rooted commitment to purpose. To better understand the internal practices of these organizations, Korn Ferry interviewed 30 founders, CEOs, and senior executives at consumer companies with visible and authentic purposes, engaged employees, customer-oriented cultures, and strong financial results; 20 organizations in total participated in the study. The top brands participating included: Chobani, TOMS, Warby Parker, Etsy, KIND Healthy Snacks, West Elm, and others.

The firm's research identified this key insight: Although these brands are celebrated for their external images, customer engagement, and positive impact in the world, their commitments to people and purpose inside their companies fuel their success. Korn Ferry identified four key conditions that make up the foundation of thriving purpose-driven organizations:

- **The CEO and others** lead from values and purpose to make decisions.
- **People** are the top priority. Companies invest in people to drive growth.

¹ Korn Ferry compared the 2011-15 revenue growth of purpose-driven organizations with their S&P 500 consumer product group peers, including 71 publicly listed companies that the firm identified. A composite purpose-driven organization also was created on the basis of financial data from 39 organizations the firm identified as having a deeply rooted purpose that fuels business growth.

- **Culture** is reflective of human communities, as people bring their whole selves to work.
- **Enabling Practices** exist in all parts of the organization, revealing a pervasive commitment to purpose.

Given the success of such organizations and the needs in the world, interest in the purpose-driven concept has exploded. Some organizations focus on the short term, using purpose in their brands to achieve other immediate goals. But the firm has found that more businesses are moving to lead with missions sufficiently expansive to include all their stakeholders and to fuel their businesses with purpose. Such commitments can be highly beneficial, not only in their greater contributions to broader society but also in creating a humane culture and generating engagement and fulfillment among employees.

But imbuing an organization with a core purpose can be hard work. Top leaders must respect their organizations' origins while also ensuring that purpose and people are at the center of the companies' culture and identity. Hiring practices, employee development, and internal communication must focus on melding a company's external purpose with the inner purpose of individual employees. Done authentically, purpose can be a powerful tool to generate individual and organizational excellence.

"Establishing a line of sight into organizational purpose is a leader's job, not just once as part of a 'visioning' exercise but rather continually, incorporating purpose into every moment and process of leadership," said Kevin Cashman, a senior partner and executive leadership expert with the firm. "To optimally engage business performance, personal, team and organizational purpose must be aligned."

The aim of this study is to provide useful insights for organizations striving to become more purpose-driven and to individuals who are seeking to fuse their purpose with that of their organizations to become more effective leaders.

The power of purpose: what it can, can't do for organizations

Korn Ferry interviewed 20 organizations showing high performance driven by purpose, mission. They provide a snapshot (bars show percentage of affirmative respondents) of what these factors strongly support for them, and where they have less effect.



It has people-pulling power



It engages, retains



But has less effect on



A new frontier.

Purpose-driven organizations are thriving on many levels. They are producing superior financial results, increased employee engagement, customer loyalty, and societal benefits from healthful products to inclusive communities. These positive outcomes have led other organizations to emulate them, pushing purpose into consideration for the corporate mainstream.

“There are so many purpose-driven success stories: Burt’s Bees, TOMS, Warby Parker, Plum Organics, Seventh Generation,” said John Replogle, Seventh Generation President and CEO. “What was once a grassroots movement has grown into something much more substantial. Now you hear [purpose] in all the key speeches of the enlightened leaders, like Jeff Immelt at General Electric and Paul Polman at Unilever.”

The topic generates sufficient interest that it has new media messengers, too. “We felt there wasn’t an industry publication aggregating best practices to bring the sustainable business movement into a cohesive movement,” said Meghan French Dunbar. She co-founded Conscious Company Magazine in 2014.

As a measure of purpose’s expansion, 30 US states and Washington, DC, have recognized it as of September 2015 and are offering companies new legal standing, incorporation as a Certified B Corporation. That’s a status conferred on an organization with a positive impact on the world, as measured by an independent third party. B Lab, a nonprofit that provides B Corporation accreditations, has certified 1,966 of them in 50 countries as of November 2016. Through B Lab’s free online tool, the B Impact Assessment, more than 50,000 business globally have registered to measure their impact in using “business as a force for good.”

Traditional consumer companies in the packaged goods sector are growing via purpose too, with some acquiring their way there: Campbell Soup Co. bought Plum Organics in 2013; General Mills purchased Annie’s Homegrown in 2014; and Pinnacle Foods acquired Boulder Brands in 2016, among others. With the September announcement of Unilever’s plans to buy Seventh Generation, purpose-driven brands are gaining significant visibility. Unfortunately, some of these moves are straightforward brand acquisitions; successful integration of these businesses requires recognition of the souls of the purchased organizations—the people who have breathed life into them.

The rise of purpose-driven organizations began in the 1960s and 1970s when some businesses found themselves under public fire for damage to the environment, hazardous working conditions, and unsafe products. That prompted the corporate socially responsibility movement, in which companies took into account their societal impacts and committed to making positive contributions to the world.

The purpose-driven ethos is broader and deeper still, experts say. Social responsibility focuses on external commitments to society. But in authentic purpose-driven organizations, leaders insist that purpose drives strategy, organizational structure, decision making, recruitment and employee development, as well as customer and stakeholder relationships. Its influence permeates all aspects of the company.

Jay Coen Gilbert, co-founder of B Lab, has witnessed a progression from “a compliance approach to social responsibility.” He said he also sees an “opportunity-based approach” in which organizations connect their external purposes to their employees’ internal purposes.

“For many B Corps, purpose is seen as a motivator,” Gilbert said. “The companies that are doing the best are the ones

where the company is serving a higher purpose, and everyone in the company, at every level, feels personally connected to that purpose and how their job impacts the world.”

Given the success of purpose-driven organizations and their cultures’ allure to all types of employees—particularly those in the millennial generation—the movement will likely grow stronger in years ahead. “Millennials want a meaningful job, and they want to be treated well,” said Dunbar of Conscious Company magazine.

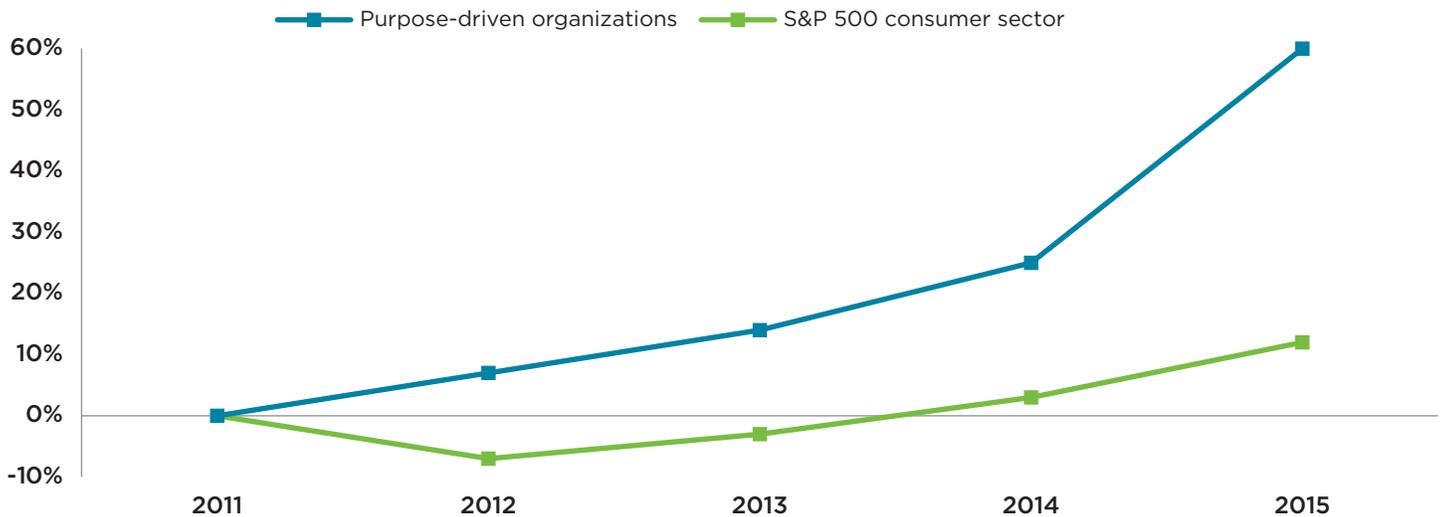
KNOW THEM BY THEIR WORDS

Companies strive to summarize their core purpose in statements like these:

<p><i>“To re-imagine commerce in ways that build a more fulfilling and lasting world.”</i></p> <p style="text-align: right;">—Etsy</p>	<p><i>“To provide better food for more people.”</i></p> <p style="text-align: right;">—Chobani</p>
<p><i>“Spreading the power of optimism.”</i></p> <p style="text-align: right;">—Life Is Good</p>	<p><i>“To do the kind thing for your body, your taste buds, and your world. We’re on a mission to make the world a little kinder, one snack and act at a time.”</i></p> <p style="text-align: right;">—KIND</p>
<p><i>“The highest standards of corporate behavior towards everyone we work with, the communities we touch, and the environment on which we have an impact.”</i></p> <p style="text-align: right;">—Unilever</p>	<p><i>‘Leading industry to love the world.’</i></p> <p style="text-align: right;">—Interface</p>
<p><i>“To inspire a consumer revolution that nurtures the health of the next seven generations.”</i></p> <p style="text-align: right;">—Seventh Generation</p>	<p><i>“A life outdoors is a life well lived.”</i></p> <p style="text-align: right;">—REI</p>
	<p><i>“We deliver nourishing, organic food to our nation’s little ones and to raise awareness and advance solutions for childhood hunger and malnutrition in the United States.”</i></p> <p style="text-align: right;">—Plum Organics</p>

Purpose drives performance.

A Korn Ferry analysis shows how purpose-driven, consumer sector companies outperformed their peers in the period 2011-15. The compound annual growth rate for purpose-driven firms in this period was 9.85% versus 2.4% for sector peers. Purpose-driven firms’ average median revenue (in millions \$US) in the period was \$465.01, versus \$414.64 for sector peers.



Leadership

CEOs loom large in purpose-driven organizations. They are the chief advocates of their organizations' core purposes. Typically, they are inspired to be part of something larger than themselves, and they work hard to affect others' lives in positive ways. They strive to maintain a laser-like focus on serving all stakeholders (not just shareholders), and the greater world. Through their communications, actions, and behaviors, these leaders set clear examples of how their organizations pursue purpose while adhering to shared values. "If we stay exceptionally true to the foundation of this company, we will continue to do really well," said Jim Alling, CEO of TOMS. "We do well when people want to read past the superficial layer. The minute we become a sell-out brand is the minute we die."

Chad Dickerson, CEO of Etsy, said, "Being a leader is not about you, it's about everyone else. It takes humility and vulnerability. Being a CEO is the most humbling job, as there are so many other people to help make successful."

To be effective, CEOs must also marshal the support of their boards and communicate to them how the focus on purpose improves every measure of organizational performance. When confronted with situations in which financial expediency conflicts with organization values, CEOs of purpose-driven organizations try courageously to advocate and adhere to purpose and core values. "We assembled our board so that they would help us make decisions that don't hurt the company's mid- and long-term value," said Audrey

Robertson, executive vice president of culture and strategic assistant to the CEO of The Container Store. Dan Hendricks, CEO of Interface, said of purpose, "It takes courage to stick with it. As a public company, it was very difficult at first... Now today, you get dinged if you don't have a sustainability platform. It's easier today, as the board is involved and supportive."

A common theme of the organizations in Korn Ferry's study is how their missions are larger than the organizations themselves. Many will succeed only if they bring others with them. Interface recently evolved its mission from a net neutral to that of a positive impact. Their mission statement of, "Leading industry to love the world," requires them to enlist others on their journey in service of the planet. Jim Scarfone, executive vice president of human resources at KIND, maker of healthful snacks, observed that, "Even if we influence one or two companies, that's huge." These organizations have a common vision of businesses together rising on a tide of positive impact. "TOMS started with a purpose and grew into a company," said Alling, its CEO. "If you ask why TOMS exists, our employees won't hesitate. They might say improving lives through business, or using business to improve lives."

Transparency, humility, and valuing employees are hallmarks of purpose-driven CEOs. They reach out to others often, visiting locations, holding town halls, and simply walking the halls to talk with people.

"The saying 'nothing personal, it's business' is such a damaging idea," said Neil Grimmer, co-founder and chairman of Plum Organics, the top organic baby food brand in the US in sales. "We love the idea of turning it on its head: Business is personal, lead with your heart, show up with your moral compass, your compassion for employees, peers. When you do that, you get a different outcome. A stronger social benefit, a more connected and passionate workforce."

Hamdi Ulukaya, founder and CEO of the booming yogurt maker Chobani, made headlines in April 2016 when he gave

employees 10% of the company's shares. Since founding Chobani in 2005, Ulukaya has consistently demonstrated a commitment to employees. "Everyone is valued and acknowledged," said Grace Zuncic, Chobani's senior vice president of corporate development and strategy. "Hamdi is very responsive to people and deeply believes our success comes from them. The influence he has on culture and his ability to build one team from an unbelievably diverse workforce is remarkable."

Many CEOs and other top leaders at purpose-driven organizations make it a priority to chat with new employees to learn about them both as workers and as people and to help them connect their personal aspirations to the organizations' purposes and values. Although this is easier to do in smaller companies, CEOs in purpose-driven companies, regardless of organization size, commit to internal communication and connection with employees. The top leaders "sit down with all new recruits for an hour to get to know them and to introduce them to our values and culture," said Ralph Carlton, King Arthur Flour co-CEO and CFO. "We send people off into the company with a message that matters."

Before they can head up a purpose-driven organization, leaders need to discover their own purposes and values, often after a personal journey and as the culmination of varied life experiences. Replogle of Seventh Generation recalls his epiphany one Saturday when he realized he was spending too little time with his children. He resolved to lead a more purposeful and focused life, after also experiencing what the late Ray Anderson—an industrialist, environmentalist, and founder of Interface—called "a spear in the chest moment." Replogle recalled: "I decided to leave my current job and move to a place where I could live my values more fully. There are different ways to define success in business. I wanted to invest in people, think about the planet, and work in companies that advance health and well-being."

When Korn Ferry asked the leaders interviewed in this research, 100% responded that operating from purpose makes them more resilient. "It gives you strength to keep going in the face of any adversity," said Giannella Alvarez, CEO of Harmless Harvest.

PURPOSEFUL LEADERSHIP

Leadership isn't easy in any organization. But its hallmarks in purpose-driven companies include:

- CEOs who seek to be humble, confident, resilient, and courageous
- Boards committed to purpose to sustain success
- Long-term strategy that honors the organization's values and heritage
- Their leaders' vision is seen and executed always with purpose in mind

The KIND story

Daniel Lubetzky, the founder and CEO of the snack food company KIND, is an example of an entrepreneur who created an enterprise fueled by his personal experiences, worldview, and humane values, not by a desire for wealth. He is the son of a Holocaust survivor and grew up hearing stories from his father, who survived the Dachau concentration camp, in part because a German soldier tossed him a potato when no one was looking. This simple act of kindness, more than the sustenance the potato offered, gave his father the will to continue, Lubetzky recalled. “What is remarkable is that he was able to recall all that darkness and yet stay positive and highlight instances of kindness amidst some of the saddest chapters in human history,” he says.

When Lubetzky formed KIND, his father’s lessons became central to the organization’s purpose.

KIND’s stated purpose is “to help people do kind things for their body, their taste buds, and their world.” The third pillar—to do “kind things for their world”—led it to create the KIND Movement, which it describes as “a collaborative effort between KIND and our community to make the world a little kinder.”

The company brings its mission to life through its brand, philanthropy, and culture. Consider its efforts with the KIND Foundation. That’s the company’s charitable arm, which encourages people to nominate social causes that are worthy of charitable support. It allows people to vote for causes that inspire them the most. Every month, the cause that receives the most votes is awarded a \$10,000 grant. The foundation’s KIND People program celebrates individuals who have transformed their communities through kindness. In its inaugural year, the program will award more than \$1 million in prizes to individuals helping those most in need.

In addition, KIND created the #Kindawesome program to spot and reward acts of kindness. Under the program, anyone who spots an act of kindness can visit a digital hub and send an electronic #kindawesome card to the doer of the kindness. The card is redeemable for a KIND snack and another #kindawesome card to pass on. All KIND team members also receive physical #kindawesome cards to celebrate kindness in their daily lives.

“What’s magical about the #kindawesome cards is that we’re not interrupting the act of kindness at the moment it happens,” said Lubetzky. “Only after the act is complete do we then approach and celebrate the person.”

Lubetzky embodies the brand and its purpose. The author of the New York Times bestseller, *Do the KIND Thing*, he started the company in 2004. It now employs nearly 600 people, and its products are sold through more than 150,000 stores. The company generated a 111% compound annual growth rate over the last five years and has sold more than one billion KIND bars since its inception. Since day one, Lubetzky has focused on nurturing a culture of empathy. “Daniel is a humanitarian who happens to be a great business person,” said Elle Lanning, KIND chief of staff.

Lubetzky recalls his early career as a key motivator: “My early years as an entrepreneur also played a role in strengthening my purpose and resolve to build bridges. I started my first company in 1994. It was called PeaceWorks, and it fostered economic cooperation among Israelis, Palestinians, Turks, and Egyptians in the pursuit of making delicious foods. During this era, challenges were common. I made a lot of mistakes, and I was always worrying about whether I’d make payroll. The thought of giving up and becoming a lawyer—which I had gone to school for—often crossed my mind. But my purpose kept me going. In fact, it became a source of near invincibility. Whenever I reminded myself why I had started PeaceWorks—to help build a footing for peace—I realized failure was not an option.”

People first.

Purpose-driven companies differ from traditional organizations in the way they engage employees and interact with the outside world. As a result, these organizations employ different people practices in a variety of areas, including recruitment, leadership development, employee communication, employee evaluations, and procurement of products and services.

The commitment to purpose comes to life in the everyday decisions that are made by leaders and others across the organization. If there is a clear, guiding purpose and a commitment to living by their values, the organization generally makes the right decisions when under pressure.

Recruitment and onboarding.

Purpose-driven organizations typically view their employees more holistically than traditional businesses do. They, for example, aim to hire people who connect with the organization's purpose and values, rather than focusing exclusively on business skills and prior experience. Once hired, employees are treated humanely.

"Hire and promote first on the basis of integrity; second, motivation; third, capacity; fourth, understanding; fifth, knowledge; and last and least, experience," Dee Hock, founder and former CEO of Visa, famously said. "Without integrity, motivation is dangerous; without motivation, capacity is impotent; without capacity, understanding is limited; without understanding, knowledge is meaningless; without knowledge, experience is blind. Experience is easy to provide and quickly put to good use by people with all the other qualities."

Carlton of King Arthur Flour said, "We employ the whole person. It's a deliberate approach to people management. We care about who people are and how people are." During interviews at Seventh Generation, prospective employees are asked, "How are you making your values come to life where you are?" said Joey Bergstein, general manager and chief marketing officer. "We interview for values and connection to our mission. We want to ensure we have alignment."

Onboarding process is key, too. It "has gotten significantly more rigorous as we've grown," said Neil Blumenthal, co-founder and co-CEO of Warby Parker. "So when anyone comes in, we spend a full week telling them about the company, regardless of level. You learn about the history of the company, the core values, why the core values matter, our annual goals, our three-year plan. If you understand where we're trying to go and how you want to get there, and why, then you can always make informed decisions, whether or not you have a very directive management."

PRIORITY NO. 1: PEOPLE

In purpose-driven organizations, people are prime, and investing in them is seen as driving growth:

- Hiring the right people is key and the critical start.
- The mission then is reinforced through development, communication, and accountability.
- Leaders seek to assist individuals in aligning their purposes with those of the organizations. This drives engagement.

Leadership development.

When Korn Ferry asked participants in this research about their commitment to investing in their people, 72% of participants cited leadership development as a key area; 28% cited leadership development but recognized they need to invest more in it. A theme developed that these organizations employ customized leadership development programs that speak to their companies' values and missions and to the individual. The goal is to build leaders who are grounded in their own purposes and rooted in the organizations' purposes and cultures. This gives them a rock-solid base to develop leadership competencies and skills vital to their organizations. "We work with managers to develop broad leadership skills," said Carlton of King Arthur Flour. "We have a multi-year commitment to developing people. As we've grown, we've built core competencies within the business."

West Elm screens high-potential talent for purpose, then provides a path for development. "We move people laterally for training and development, and we integrate that with talent acquisition, so that people are on a path when they come in the door," said West Elm President Jim Brett.

Organizations that lack an overarching purpose can be driven by performance outcomes. When performance becomes the purpose, organizations may emphasize short-term financial results, a focus that can diminish employee engagement and lead to decisions that undermine the organization's sustainability.

Most people find purpose and meaning through their relationships, spiritual beliefs, and values. Although traditional workplaces engage people to a certain level, they only rarely tap into an individual's deeper values and sense of purpose. In contrast, experts say, purpose-driven companies value highly connecting their purpose with those of their individual employees. This creates higher engagement as workers see themselves as communities in service to society and its broader missions. Employees discover deeper motivation and develop stronger collegial relationships. They feel comfortable bringing their "whole selves" to work. They work with passion and commitment. Purpose-driven employees tap into what Korn Ferry Hay Group describes as "discretionary energy." Their purpose, combined with other key aspects in optimal working conditions, encourages them to go above what's expected and accomplish more (Lewis and Hezlett 2016).

Research clearly shows that people are more engaged in purpose-driven organizations: 93% of respondents to a Korn Ferry survey in spring 2016 agreed with the statement that "embracing the mission/purpose of your organization increases employee productivity." According to a Gallup poll conducted in 2015, the percentage of US workers engaged in their jobs averaged 32%. Although 50.8% of employees

were "not engaged," 17.2% were "actively disengaged." Of the companies interviewed in this Korn Ferry study that shared their employee engagement scores, the average was 90%.

Purpose-driven organizations tend to foster an ownership mindset among employees, who are empowered to address issues and solve problems in a manner consistent with the organization's purpose and values. As a result, workers in purpose-driven organizations will go the proverbial extra mile when confronted with a deadline or sudden opportunity. "Our associates come to West Elm to make an impact. The way people come together when we have a deadline shows this. Suppliers are always telling us our team is amazing," said West Elm's Brett.

Transparency is critical.

Transparency in actions and communication is critical to purpose-driven organizations, the leaders said, because it enables employees and stakeholders to see first-hand how purpose and values inform decisions, processes, and procedures. Transparency is essential to generating employee engagement and buy-in.

"We release a weekly newsletter Chobani This Week, host routine town halls at the plants, and convene management in offsite meetings throughout the year. We want to make sure people have a good sense of what's happening and where we're headed," said Chobani's Zuncic.

Similarly, at King Arthur, "we are strong advocates of transparency," said Carlton. "We tend to over-disclose information."

Customers also increasingly are demanding greater transparency from the companies they do business with, a development that is generally welcomed by purpose-driven organizations. That's because it provides an opportunity to differentiate themselves from more traditional organizations.

Measure what matters.

At purpose-driven organizations, employees are measured and rewarded based on their holistic contributions to the organization. Their performance evaluations account for the employee's overall performance and positive impact on the culture, people and purpose, not simply the business performance.

"Our commitment to purpose means we define success through our values, not just profits. Our conversation and success definition is focused on four dimensions; employees, co-op members, society and the business," said Eric Artz, CFO and COO of REI.

John LeBoutillier, president, Unilever Canada, noted: “Our ratings have evolved. We focus on the organizational impact as much as the numbers. We’re much more concerned with the how, not just the what, during performance reviews. We’re moving to more fluid feedback every day versus reviews every six months.”

Supply chains.

An important place organizations’ commitment shows up is in procurement of products and services in an ethical manner. “People want transparency,” said Heather Jassy, senior vice president of values-aligned business at Etsy. “They care about how products are made. These values are supported in our business decisions.” Etsy seeks to provide its community of sellers fair margins on their products. Alternative Apparel uses low-impact dyes, organic cotton, and recycled polyester in its products. It also supports eco-friendly practices in its offices.

Meantime, West Elm, a furniture retailer founded in 2002 in Brooklyn, says it has committed to sourcing product in an ethical manner. It tries to support artisans, makers, workers and designers, as well the goal of people making a positive impact on their local communities. “Purpose is woven into everything the company does, from the way we source product to the way we engage customers,” said company president Brett.

West Elm was the first home retailer to offer Fair Trade-Certified products. As part of Fair Trade certification, West Elm pays factory workers and artisans a bonus, called a fair trade premium, that is based on the cost of the product. At each factory, a democratically elected fair trade committee votes on how to invest these premiums in community projects, like healthcare, education, and transportation.

BEST PRACTICES

Some best practices help organizations make their purpose flow top to bottom, including that they seek:

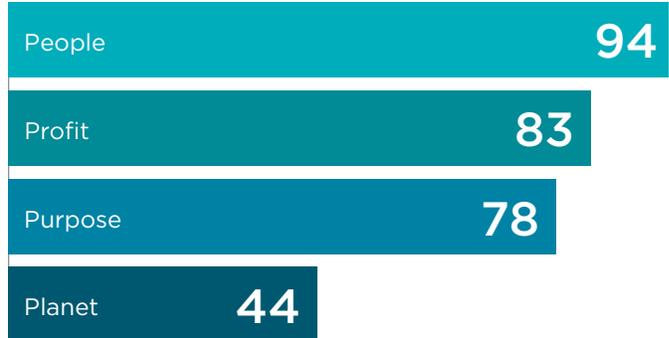
- Clear roles, decision making, and accountabilities. These must align with values and core purpose.
- Robust internal communication and transparent external communication—these are the foundations of their optimal brand building efforts
- To measure what matters.

Purpose and People

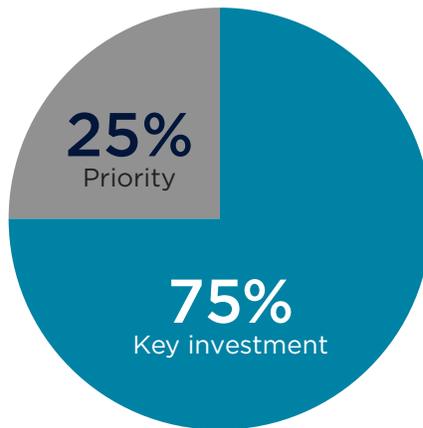
Korn Ferry interviewed 20 organizations showing high performance driven by purpose, mission. The key take-away (as shown in percentage of respondents to survey): people are the top priority—and the organization’s mission, purpose and priorities for the planet are achieved through their people, in many ways



People as a top priority



Leadership development is key



Purpose helps people in



Culture

Purpose is the starting point for culture. Purpose provides the foundation for an organization's values, beliefs, strategies, and how people perform and interact with one another every day. By aligning all elements of the organization around a single purpose, purpose-driven organizations tend to have strong and effective cultures.

Although they express it in different ways, purpose-driven organizations typically have humane and empathetic cultures that are driven to do good for their customers and for the greater world and to support their employees and stakeholders.

Etsy is a marketplace where people around the world connect, both online and offline, to make, sell and buy unique goods. Founded in 2005, Etsy grew rapidly and has nearly 1,000 employees and 10 offices around the world. Etsy's mission is to reimagine commerce in ways that build a more fulfilling and lasting world. Its culture is defined by five values: Be mindful, transparent, and humane; plan and build for the long term; value craftsmanship; make fun part of everything; keep it real always. Jassy describes Etsy's culture and leadership approach as "'strong back, open heart.' Purpose is the North Star. It brings people together and back to the center."

At Chobani, the core purpose of providing "better food for more people" has endured since its founding and informs a culture that is defined as a commitment to excellence, innovation, entrepreneurship, integrity, and brand, Zuncic says.

Communicating and giving life to culture requires senior leaders to talk about the important events, struggles, and triumphs that marked the beginning and growth of their

organizations. To a large degree, these stories are the very fabric of the company culture.

"For any organization that wants to be purpose driven, it happens through storytelling. There needs to be a broad understanding of mission and purpose, and the sacrifices and heroic actions of people who made us who we are today," said Zuncic. "The ethos of the company culture is revealed through these stories, which continue to expand over time and are written each day."

Many purpose-driven organizations encourage workers to take part in volunteer work that often is connected to the organization's broader societal mission. The volunteer work exercises human capacities that traditional organizations rarely tap into and, to some degree, changes the nature of work/life relationship.

Life Is Good Co-Founder and Chief Executive Optimist Bert Jacobs thinks the term "work-life balance" is senseless because it suggests that work counters life. Instead, they believe at the company that work is a subcategory of life, so the company should honor its values and purpose. That's why the company, for example, integrates into the business the nonprofit work to help children overcome trauma. "One of the many benefits of this approach is that our staff doesn't feel they need to donate their time to nonprofits on weekends. They know that if they simply do their job well, they are helping to solve difficult social problems," Jacobs said.

In a similar vein, Replogle of Seventh Generation believes that the purpose-driven movement is "reframing employee relationships with business. The old idea that I work in a job and work is separate from my life is disappearing quite rapidly. At the heart is creating a vibrant culture where people redefine their relationship with the company.... I spend one-third of my time working on people and culture."

Under the leadership of co-founder and chairman Kip Tindell, The Container Store, along with its seven Foundation Principles, has followed the tenets of Conscious Capitalism. The company seeks to create and operate an “organization where everyone associated with it can thrive.” It more recently formally introduced four principles of Conscious Capitalism that reinforce the organizational values and principles of doing business: a higher purpose, stakeholder orientation, conscious leadership, and a conscious culture.

A DIFFERENT PATH

Purpose-driven companies deal differently than their traditional counterparts with culture and values, and in them:

- Culture affects communities, allowing people to bring their whole selves to work
- Values are talked about and alive within the company
- Work-life balance is redefined
- Organizations reinforce collaboration and innovation, as they strive for inclusive communities

Conclusion

The power of purpose to unlock the full potential in people is precisely why purpose-driven organizations are succeeding in today's challenging business environment.

It takes hard work. Purpose-driven organizations align the organization purpose and individual purpose through their roles in the organization, inviting everyone to be part of a human community and to contribute fully in serving the company's mission.

"We have to be relevant, compete and win in a dynamic marketplace. We work hard to connect our core purpose to how we run the business, and that means our employees and culture sit at the center," REI's Artz said.

Knowing that a challenging path lies ahead, where might organizations start? For those seeking to strengthen their commitment to purpose, Korn Ferry research suggests these initial steps:

- Invest in purpose-centric leadership development programs for CEOs and top leaders.
- Assess and evolve culture and values to reflect authentic commitment to an inclusive, human community.
- Measure employee engagement and actively address at-risk parts of your organization.
- Ensure that the workspace allows for collaboration and connection.

An authentic commitment to purpose and values is imbuing organizations with focus, unity, and high levels of engagement from their people. At the same time, a humanistic approach to customers, business partners, and the world at large is helping organizations to build loyalty with key stakeholders and to create distinct and recognizable brands. These organizations are having measurable positive effects on business and the broader world. Their results are demonstrating that most people want to do good for others and serve something higher than themselves. By tapping into this reality, purpose-driven organizations are helping employees, vendors, customers, and all stakeholders to seek to create a better world together.

References

Burson-Marsteller and IMD Business School. 2015. "Keeping It Real: How Authentic Is Your Corporate Purpose?" Burson-Marsteller: Brussels.

Imperative and New York University. 2015. "Workforce Purpose Index."

Korn Ferry Hay Group. 2016. "Where There's Purpose, There's Profit." Executive survey.

Lewis, J., and Sarah Hezlett. 2016. Charged Up: The Value of Discretionary Energy in the Workplace and How to Harness It to Achieve Superior Performance.

Sisodia, R., Jag Sheth, and David B. Wolfe, 2007. Firms of Endearment. Wharton School Publishing: Philadelphia.

Acknowledgements

Korn Ferry wishes to express its gratitude to these leaders and organizations for so generously sharing their time and insights:

Alternative Apparel

Evan Toporek
Chief Executive Officer

B Lab (B Corp.)

Jay Coen Gilbert
Co-founder

Chobani

Grace Zuncic
Senior Vice President, Corporate
Development and Strategy

Conscious Company Magazine

Meghan French Dunbar
Co-founder

Container Store

Audrey Robertson
Executive Vice President of Culture and
Strategic Assistant to the CEO

Etsy

Chad Dickerson
Chief Executive Officer

Heather Jassy
Senior Vice President, Values-Aligned
Business

Nicole Summer
Senior Manager, Values Engagement

Five Below

Joel Anderson
President and Chief Executive Officer

Harmless Harvest

Giannella Alvarez
Chief Executive Officer

Interface

Dan Hendricks
Chief Executive Officer

Jay Gould
President and Chief Operating Officer

KIND

Daniel Lubetzky
Founder and Chief Executive Officer

Elle Lanning
Chief of Staff

Jim Scarfone
Executive Vice President, Human
Resources

King Arthur Flour

Ralph Carlton
Co-Chief Executive Officer and Chief Financial Officer

Karen Colberg
Co-Chief Executive Officer and Chief Brand Officer

Life Is Good

Bert Jacobs
Chief Executive Optimist and Co-founder

Colleen Clark
Director of Optimistic People

Plum Organics

Neil Grimmer
Co-Founder/Chairman

Ben Mand
Senior Vice President, Brand Marketing & Innovation

REI

Eric Artz
Chief Financial Officer and Chief Operating Officer

Seventh Generation

John Replogle
President and Chief Executive Officer

Joey Bergstein
General Manager and Chief Marketing Officer

TOMS

Jim Alling
Chief Executive Officer

Unilever

John LeBoutillier
President, Unilever Canada

Warby Parker

Neil Blumenthal
Co-Founder and Co-Chief Executive Officer

West Elm

Jim Brett
President

Allison Hyers
Vice President, People and Culture

Jennifer Gootman
Director of Social Consciousness & Innovation

Contributors



Elaine Dinos
Principal
Global Consumer Market



Rick Lash
Senior Client Partner
Leadership and Talent Practice



Janet Feldman
Senior Client Partner,
Chief Executive Officer
Succession Practice

Also contributing to this work from the firm: Chelsea Lodato, Carolyn McChesney, Robert Baxter, Shakifur Chowdhury, David Barnes, Jennifer DeCastro, Dave Eaton, Caren Fleit, Janice Ho, Denise Kramp, Melanie Kusin, Katherine Lee, James Patteson, Tierney Remick, Kevin Cashman, Christina Stern, Jane Stevenson, and Ellen Williams.

About Korn Ferry

Korn Ferry is the preeminent global people and organizational advisory firm. We help leaders, organizations, and societies succeed by releasing the full power and potential of people. Our nearly 7,000 colleagues deliver services through our Executive Search, Hay Group, and Futurestep divisions. Visit kornferry.com for more information.

About The Korn Ferry Institute

The Korn Ferry Institute, our research and analytics arm, was established to share intelligence and expert points of view on talent and leadership. Through studies, books, and a quarterly magazine, *Briefings*, we aim to increase understanding of how strategic talent decisions contribute to competitive advantage, growth, and success.