

"An important and timely book on how to lead with purpose."

—PAUL POLMAN, CEO, UNILEVER

THE
PURPOSE
REVOLUTION

HOW LEADERS
CREATE **ENGAGEMENT** AND
COMPETITIVE ADVANTAGE
IN AN AGE OF **SOCIAL GOOD**

JOHN IZZO AND
JEFF VANDERWIELEN

Praise for *The Purpose Revolution*

“A valuable addition to a growing body of academic research showing that purpose-led companies really do perform better, last longer, and are in tune with the hopes and aspirations of the people they serve. This book shows why purpose needs to start at the top and then shows how to embed it everywhere in the organization.”

—**Paul Polman, CEO, Unilever**

“Dr. John Izzo is one of the world’s leading business authors, and his latest work, *The Purpose Revolution*, shares invaluable lessons on how to build your organization’s culture around a common purpose.”

—**Darren Entwistle, President and CEO, TELUS**

“This book makes a compelling case for how people are seeking self-actualization through both the work they choose to do as employees and the companies they choose to buy from. It is filled with many useful tools to help define, refresh, and bring purpose to life in your business.”

—**Joey Bergstein, CEO, Seventh Generation**

“*The Purpose Revolution* is at once an eloquent manifesto and a practical guidebook. The authors first grab you with compelling evidence that purpose matters (a lot). Then they tell engaging stories about people and organizations who’ve thrived because they understood at their core how important purpose is. And every step of the way John and Jeff provide immediate actions you and your organization can take to audit, craft, communicate, and commit to an authentic, inspiring, and scalable purpose that connects. *The Purpose Revolution* is here.”

—**Jim Kouzes, coauthor of *The Leadership Challenge* and Dean’s Executive Fellow of Leadership, Leavey School of Business, Santa Clara University**

“Purpose-driven business is a powerful approach for overcoming our greatest societal challenges and driving business growth. This book provides a realistic, practical approach to embedding purpose in an organization, and it’s engaging along the way.”

—**Jean Bennington Sweeney, Chief Sustainability Officer, 3M**

“*The Purpose Revolution* provides a powerful blueprint to higher levels of employee engagement and competitive advantage! An amazingly insightful book.”

—**Marshall Goldsmith, *New York Times* #1 bestselling author of *Triggers* and *What Got You Here Won’t Get You There***

“In *The Purpose Revolution*, Dr. Izzo offers a framework for success that is grounded in research and decades of wisdom accumulated from advising leaders.”

—**Dr. Geoff Smart, founder and Chairman, ghSMART, and author of *Who and Power Score***

“This powerful, practical book not only shows you what your employees and customers expect but shows you how to powerfully activate purpose in your business. A must-read for anyone wanting to win in the age of social good.”

—**KoAnn Vikoren Skrzyniarz, founder and CEO, Sustainable Life Media, producers of Sustainable Brands**

“Purpose and meaning are at the heart of leading. If you have time to read only one book this year on what brings the power of purpose to leadership, this is it!”

—**Richard Leider, international bestselling author of *The Power of Purpose*, *Repacking Your Bags*, and *Life Reimagined***

“At a time when Air Canada is expanding globally, our business is growing at an unprecedented rate, and we have the additional challenge of a multigenerational workforce, John’s insightful findings around the value of purpose resonated with us at every level and will inform our culture change initiatives now and in the future.”

—**Arielle Meloul-Wechsler, Senior Vice President, People and Culture, Air Canada**

“John Izzo was an early advocate for the idea that companies have a ‘soul’—a meaning and purpose beyond just profit-making. In *The Purpose Revolution*, Izzo and Vanderwielen provide a strong business and moral case for business leaders to focus intently on why their companies exist and what they do for society. This book shows you how identifying and acting on your company’s purpose will make your business more successful, your employees more engaged, and your own work more meaningful.”

—**Andrew Winston, author of *The Big Pivot* and coauthor of *Green to Gold***

THE
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REVOLUTION

Other Books by John Izzo

Awakening Corporate Soul (with Eric Klein)

The Five Secrets You Must Discover Before You Die

The Five Thieves of Happiness

Second Innocence

Stepping Up

Values Shift (with Pam Withers)

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The Purpose Revolution

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*Dedicated to my mother, Irene Parisi-Izzo,
who taught me that making a living
was not as important as leaving a mark,
and to the Reverend Dr. Robert Kelley,
who first embodied purpose for me.*

JOHN IZZO, PHD

*In memory of my father—
who encouraged me to always explore,
to turn from the well-traveled and familiar road
onto the trails, side roads, and backways.
Dad, I continue down the path you charted.*

JEFF VANDERWIELEN, PHD

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Preface

THIS IS A BOOK FOR ANY LEADER, CEO, BUSINESS OWNER, ENTREPRENEUR, human resources (HR) executive, consultant, or marketing professional who wants higher levels of engagement and loyalty from both employees and customers. If you work for a for-profit company, this book will show you how to get the lion's share of loyalty from employees and customers; if you are in the nonprofit or government sector, it will show you how to harness purpose to fulfill your mission.

This book describes a revolution of expectations of what we want from those we work for, buy from, and invest in, and it provides a practical blueprint for creating a significant competitive advantage by embedding purpose in your leadership and organization. While CEOs and business owners can use this book to help determine the direction of the organization and how to shape corporate culture, leaders at all levels, including frontline managers, will find it a practical guide to engaging employees and customers around purpose while finding more meaning in their own work.

In 1994 John Izzo coauthored a book titled *Awakening Corporate Soul: Four Paths to Unleash the Power of People at Work* in which he suggested that those companies that have a deep purpose and are socially responsible will ultimately be more successful than those that follow a typical path focused on profits. The idea was mostly aspirational—a vision of how business might be—because at the time only a small number of companies viewed social responsibility or purpose as a primary path to success.

Although it feels like moral high ground to be ahead of the curve, over the ensuing 20 years it still seemed like this trend was growing, albeit quite slowly. Many companies were intrigued about

adding “doing good” and “purpose” to their to-do list, but it was rarely a major priority in most enterprises. Today that’s changing—and it’s happening fast.

In recent years a quiet revolution has been brewing around the globe. Cutting across geography, generation, and sector, there is a sea change in terms of what employees, customers, and investors expect from business. Employees want a meaningful job, where they not only get a paycheck but make a difference; customers want to consume with less guilt about the impact of their purchases on society and the planet, leveraging good if they can; and investors are beginning to see that doing good is simply good business.

These three groups still want what they have always wanted, of course: Employees want a great salary and a career path; customers want quality, innovation, and value; and investors want to make a return. But the revolution we write about is in many ways a revolution about *and* instead of *or*. We want all of these things *and* we want our work, our buying, and our investing to help leverage a better world. We call this desire for meaning and doing good *purpose*.

When we first began writing this book, a colleague who is steeped in the emerging revolution of expectations said to us, “This sounds like a book that was written five years ago!” His point was that most business leaders know about the growing focus on purpose, so there was a danger that this book felt like old news. On the one hand, this is true. As we travel around the world, working with major companies and attending gatherings of business leaders, the words *purpose*, *sustainability*, *social good*, and the like are now common sentiments expressed in many business circles. Most every major business has a portal on its website to tell you how much good it is doing in the world and touting its purpose to make a difference for customers and employees. So why does this book matter?

There are two reasons why we feel this book is sorely needed. The first is because, for most companies, purpose and social good are still seen as just one of many trends driving the success or failure of their business. We believe that most leaders have no idea how pervasive

and important the emerging focus on purpose is and how it will reshape everything about how we do business. In this book we show how this revolution is not just another wave about to hit the shores of your organization but is literally the most important wave of our generation. We hope to make the compelling case that this may be *the* biggest business opportunity of our time.

Second, this book is needed because even though most leaders now say that purpose and social good matter to their business, they are failing to truly embed purpose in their leadership, and few companies are truly reorienting their business. The purpose of this book is to show you both the shape of the coming revolution and, more importantly, how your business—and you as a leader—must change to thrive in the age of social good.

Over the past 20-plus years, we have worked with about 550 companies around the globe, helping them become more purpose driven. We have learned a great deal about why some companies and leaders are thriving in this new era and what we must do to truly harness the power of these new desires for good. Much of what we share comes from our own consulting work.

For this book we also embarked on a journey to find out how companies were winning in the revolution and what it might say about how to succeed and do good. We surveyed hundreds of leaders to ask what keeps them up at night. We interviewed leaders at more than 50 companies who are making real progress on purpose, including leaders from 3M Company, Ford, Hewlett-Packard (HP), IBM, Seventh Generation, and TELUS.

Another very important source for the research in this book comes from a larger research project that Andrew Winston (author of *The Big Pivot: Radically Practical Strategies for a Hotter, Scarcer, and More Open World* and co-author of *Green to Gold: How Smart Companies Use Environmental Strategy to Innovate, Create Value, and Build Competitive Advantage*) and John Izzo are conducting to interview CEOs who have demonstrated real leadership and success in driving social good. Andrew and John have interviewed 18 of them,

including Inge Thulin of 3M, Ahmet Muhtar Kent of Coca-Cola, William Clay Ford Jr. of Ford Motor Company, Darren Entwistle of TELUS, Joey Bergstein of Seventh Generation, Donald Arthur Guloien of Manulife Financial, and Paul Polman of Unilever. Although that research is focused mostly on how these CEOs became committed to sustainable leadership, we share some of it here as it relates to how they see the purpose revolution and what leaders must do to succeed in this new reality.

We sought advice from some of the thought leaders who are shaping this movement, many of whom we quote in this book. In each case we asked three basic questions:

- What is changing in terms of expectations around purpose and social good?
- What is your company doing to respond to those shifts, and what is working?
- What should other leaders and organizations be doing to truly embed purpose?

Wherever we don't cite a specific reference, the quotes and information come directly from these interviews. We felt it would be redundant to make that clear in each instance.

Part one, "Harnessing the Power of Purpose," focuses on the *why*. We show why this is truly a revolution, help you understand the three waves of the purpose trend and what's driving it, and then share the keys to fostering an organization or team focused on purpose and social good. You also learn why most leaders are currently failing to embed purpose in their teams. Part two, "Leading a Purpose-Driven Culture," focuses on the *how*. We provide a practical blueprint for how to lead for purpose, as well as give you scores of useable ideas—from those already thriving—on how you can engage purpose in your team and company. We think every leader has a critical role to play in driving a purpose culture. The book is meant to be eye opening but also practical.

Throughout the book we provide numerous exercises to help you gain insight into personal and company purpose. These activities consist of actionable advice that you can implement at work and steps to help you close the purpose gap, activate purpose, and create a purpose-driven culture. We ask you to take notes, brainstorm ideas, and write down your thoughts, so we suggest obtaining a dedicated notebook for the exercises. Of course, you are free to use a digital mobile device—just make sure it's something you can access easily for your reference.

It might be useful to give some advice on how to read and use this book. Dividing it into two parts was a deliberate choice. Part one is of most interest to CEOs, business owners, HR leaders, marketing leaders, chief sustainability officers, and consultants because it shows why purpose matters and helps you understand the emerging shifts in expectations around purpose. If you are a midlevel or frontline operational leader, you will want to understand these trends but may find part two, which focuses on how to embed purpose into your leadership, even more helpful. If you are the CEO, owner, or a senior division leader, you may find it useful to encourage every leader to read the book and focus on part two. Business books aren't always meant to be read cover to cover, and readers should focus on the sections most compelling and relevant to them.

When John wrote *Awakening Corporate Soul*, it was about not just doing good business but also how business could do good. Make no mistake, this new book is *not* just about winning employees and customers; it is about the soul of business. Ever since we began advising companies, we have believed that business could help foster a more equitable and sustainable world for communities and the planet.

The Purpose Revolution is ushering in a great opportunity for you as a leader to create meaningful competitive advantage not only in terms of winning employee commitment, keeping top talent, and gaining extraordinary loyalty from customers, as well as investment from investors, but also by stepping up to focus on social good. You have a chance to be part of a revolution that will shape the world our children and grandchildren will live in.

INTRODUCTION

Are You Ready for the Purpose Revolution?

THERE IS A REVOLUTION HAPPENING IN BUSINESS RIGHT NOW, and for you as a leader it is one of the greatest opportunities of our generation. It is a movement that is already well under way. It's global, and those leaders who take it seriously will be able to engage employees and customers, leading to sustainable success for years to come. Those who ignore it will become irrelevant. This book is a guide to thriving in what we call the *purpose revolution*.

The revolution is a shift among employees, customers, and investors who expect businesses to meet their self-oriented needs while being a force for good in society and the environment. In the case of employees, it also constitutes a growing expectation that work becomes a place of fulfillment, where one can make a difference in the world while also finding personal meaning and satisfaction.

This revolution is in part a reaction to a shift that occurred in the 1970s, as companies began putting greater emphasis on shareholder return as the prime directive, with customers, employees, communities, and other stakeholders falling by the wayside. This trend flourished throughout the '80s, '90s, and early 2000s on the assumption that because stockholders "own" the companies in which they invest, they should have the final say and that it's a company's duty to do all that it can to support shareholder value. Today wise companies are realizing that their actions affect many more people, directly and indirectly,

than just their short- or long-term investors. More importantly, these companies are seeing that employees, customers, and investors are expecting something different.

WHAT IS PURPOSE ANYWAY?

The word *purpose* has started showing up with great frequency in corporate circles around the world. For example, in a 2016 report on the global state of purpose, Ernst & Young noted that “public discourse about ‘corporate/organizational purpose’ has increased fivefold since 1994, now trending at an exponential rate that surpasses the rate of public discourse about sustainability.”¹ *Purpose* can be defined for both the individual and the organization. For the individual employee or worker, purpose is the belief that work serves to make a difference in a way that is meaningful to that person. It is the part of work that is not simply about earning a salary or having status but a sense that the work itself has meaning, with an underlying feeling that the job serves society or their personal values in a positive way.

The Japanese have a word for this sense of purpose, *ikigai*, which is one’s “reason for being,” similar to the French phrase *raison d’être*. Everyone, according to the Japanese, has *ikigai*. Finding it requires a deep and often lengthy search of self. Such a search is regarded as very important because it is believed that discovery of one’s *ikigai* brings satisfaction and meaning to life. Examples include work, hobbies, and raising children. One of our executive-coaching clients in Japan tells us that there is a growing reimagining of the meaning of work occurring in that culture. We believe that this emerging desire to find *ikigai* at work is global.

For organizations we define *purpose* as an aspirational reason for being that is about making life better now and in the future for all stakeholders, especially customers, society, and the planet. A *purposeful organization* is one that has built its entire enterprise around this core reason for existence. Though the organization may manufacture products, provide services, and generate profits, its entire

system revolves around this desire to make life better for customers, employees, society, and the environment now and in the future.

Though profits are a prime focus for most companies, almost all profits are the result of fulfilling a purpose that serves customers. Yet many businesses today are disconnected from that sense of purpose, leaving profits as the end goal rather than as a measure of fulfilling the needs of those they serve.

The Purpose Gap

There is little doubt that the emerging employee, customer, and investor is increasingly driven by a desire for purpose, and we demonstrate that with facts in the pages that follow. But in this new world of social good, there is a gap between these emerging expectations and what business is delivering. We call this the *purpose gap*. In business *gap* means opportunity: if people want something and organizations are not delivering it, those organizations that close the gap between expectations and delivery will succeed.

Most companies are currently failing at providing purpose to their employees, customers, and investors, or they are at least suboptimizing its potential. Research shows that almost 70 percent of employees say the company they work for is mostly interested in profits and serving its own needs rather than those of its customers or society. Compare this statistic to the 86 percent of employees who “believe it’s important that their own employer is responsible to society and the environment, with over half (55 percent) feeling it is very important,”² and the 60 percent who want their work to have purpose, and it’s obvious to see that a meaningful gap exists.

Furthermore in a large study of CEOs, the majority said they thought that activating purpose would drive higher employee satisfaction (89 percent), the company’s ability to transform (84 percent), and the ability to increase customer loyalty (80 percent). Yet only about 45 percent said they were doing well at embedding purpose in their companies.³ They struggle to communicate how the jobs they provide offer purpose and meaning beyond monetary or transactional value.

Job seekers looking for purpose are not given clear connections to how their work contributes to something more substantial or how it has a positive impact on others. Business leaders are expected to play a central role in connecting work to purpose, but it has been shown that less than one-third help their direct reports connect their own purpose to the work of the company.⁴

This gap represents a major opportunity. The fact that talent wants purpose—but most employees perceive companies as primarily being interested in their own welfare rather than that of the customer or society—means that those organizations that find a way to truly connect to purpose will gain a meaningful advantage. Whether you're a CEO, a midlevel manager, an HR recruiter, or a small-business owner, understanding and building a purpose-focused team will lead to higher long-term performance throughout your organization.

Purpose and the War for Talent

As we interviewed leaders while writing this book, they repeatedly told us that when they visit college campuses the reputation of their organization for doing good is a major driver for top talent. Andrew Harding, chief executive of the Chartered Institute of Management Accountants, commented on the changing expectations of the new workforce: “Now conversations with undergraduates are ‘I want to work in a real business, I want to see the value of that business and I want to be able to feel I am part of delivering that value.’ This is a very, very fundamental mind-set shift that plays alongside your organizational purpose and agenda.”⁵

The purpose-centered employee is transforming the rules about why we work and the role of business in our lives and society. Thirty-seven percent of the global workforce is now purpose oriented, and the number is growing.⁶ This transformation—happening from the inside out—is based on personal values and is driving three big shifts in the workplace.

One shift is from working for money to *having a job with purpose*, a reorientation to one's relationship to the job, moving away from

work as merely a means to make a living toward its being an expression of personal values. Purpose and meaning are the main themes. The second shift is an expectation that the workplace will enrich the lives of its employees, providing opportunities for people to contribute beyond the job itself—*an opportunity to make a difference at work*, either inside or outside the company. Enrichment, growth, and contribution are paramount. The third shift is a redefinition of the role of business in society: *the company needs to make the world a better place*. Together these transformations are shaping new relationships among employees, companies, and society.

Offering purpose in a job is no longer a nice-to-have benefit to lure top talent but now the required ante to play in the high-stakes game of talent acquisition. Drew Bonfiglio, cofounder and managing partner of Emzingo, a development leadership company that works with young talent, has firsthand experience with the new purpose-driven employee. He told us: “You have to make purpose intrinsic to the company culture.”

Jean Bennington Sweeney, chief sustainability officer at 3M, echoed the same sentiment about its workforce: “Our employees want a job with purpose; they need to see a purpose bigger than themselves when they come into work.”

The job of leaders in the age of social good is to *activate purpose*, meaning they help bring out the latent good intentions and aspirations of employees to make a difference in the lives of others, society, and the environment and then translate those objectives into viable strategies and actions across the organization. But they don't stop there. In addition to embedding purpose throughout the organization, they must also find consistent ways to focus customers and investors on the company's authentic story of doing good.

Your Customers Want Purpose

Though employees have been the fastest to embrace the purpose revolution, customers are quickly coming around. The situation for customers is more complicated than for employees because who you