

Qualityinfo

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What Are You Doing? Companies need to establish and truly understand their own purpose

There is a lot of talk about 'purpose' in business-so much so that it sometimes seems at risk of becoming a meaningless fad. You might even be on your way to a meeting about 'purpose' right now. If so, you might find these thoughts useful.

There is a reason why there's all this talk. Purpose drives business growth. People want to buy from companies 'who do the right thing'. Research among more than 300,000 consumers by Havas, one of the world's largest marketing and media companies, showed that businesses that provided genuine value to their consumers and made a difference in their world outperformed those that did not on a whole range of growth indicators (including beating stock market indices by 133 per cent).

And people want to work for companies that have a clear purpose and empower them to get on with their job. Ninety percent of employees in such companies feel more engaged, according to research by Gallup.

Deloitte research showed that 72 per cent of us will be more likely to buy from companies that get positive comments on social media. And you can only earn positive comments by doing something good.

The important thing is to understand that 'good' primarily means what your customer values. The concept of purpose gets confused when people think it's a CSR programme on steroids.

Profit results from efficiently delivering value to customers in a way that is socially responsible. It does not come from doing the work of governments or NGOs.

A clear purpose unifies your business and drives everything it does. It motivates people (including you), focuses on creating value for customers and acknowledges your appropriate role in society. And it accelerates decision-making. It must express a benefit for customers and the world in which they live and it must be congruent with what the business actually does.

Thomas Watson described IBM's purpose as creating information technology for the benefit of mankind. IKEA talks of "creating a better everyday life for the many people". Lego wants to "inspire children to think creatively and reason systematically". In each case, their purpose is rooted in what they do, expressed as a higher benefit and with a target customer explicitly or implicitly in mind. So, as a starting point, check whether your purpose fits with those criteria.

But having a purpose is not enough. Genuinely purposeful companies put their purpose into practice. They intentionally focus on few things that will matter most to their customers and employees.

IKEA invests heavily in the presentation of its products, beautifully displayed in store and digitally projected through its catalogue (in which it invests the majority of its marketing). It also designs with a price in mind. That's what matters most to its customers. Premier Inn in the U.K. invests heavily in its Hypnos beds and air-conditioning as they are the best way to ensure "a good night's rest"- which both its purpose and its customer guarantee. Nissan's purpose of a zero emissions has led it to invest in billions in electric vehicles and in EV infrastructure.

If your purpose does not drive such decision-making, then either it is not fit for purpose or you are not. So, scrutinize your purpose and ask yourself : would this force you to make some hard decisions? If not, then it is not worth the expensive posters on which its splattered around round your office. Finally, purpose and an attendant set of values grow culture. Robert Stephens, founder of Greek Squad, says, "I hire for the customer experience I want", and uses value and purpose as a way of "keeping wrong ones out" as much as the right ones in. Zappos, the US online retailer whose sole purpose is delivering happiness, famously offers \$4000 to employees to leave after one week. That way it's sure it's keeping the ones who are happy to stay. So ask yourself: does your purpose drive how you recruit, develop and empower talent?

Purpose matters because purpose pays. But only if you act on purpose.

**"If you have a strong purpose in life, you don't have to be pushed.
Your passion will drive you there."**

Roy T. Bennett, The Light in the Heart

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