

McKinsey & Company

Meaningful Purpose to Drive Lasting Cultures of Improvement

RESULTS WASHINGTON CONFERENCE

Ted Iverson and Ben Pasquier | November 7, 2018

Summary

- **Evidence of Meaningful Purpose** - across many industries meaningful purpose is becoming more common and for good reasons

- **Meaningful Purpose in your Organization** - a quick survey and discussion about current MP in your organizations

- **Developing Meaningful Purpose** - how to get started, how to scale in your teams

- **Actionable Meaningful Purpose** - how do we move from words to something that inspires greatness at each level of the organization

- **Meaningful Purpose that Drives Strategy** - examples of how meaningful purpose can guide not only improvement but strategy

Something is happening related to purpose . . .

Evidences



Something is happening related to purpose . . .

Evidences



Organizations are evolving



Something is happening related to purpose . . .

Evidences



<https://www.youtube.com/watch?v=wJJqGh2HLM8>

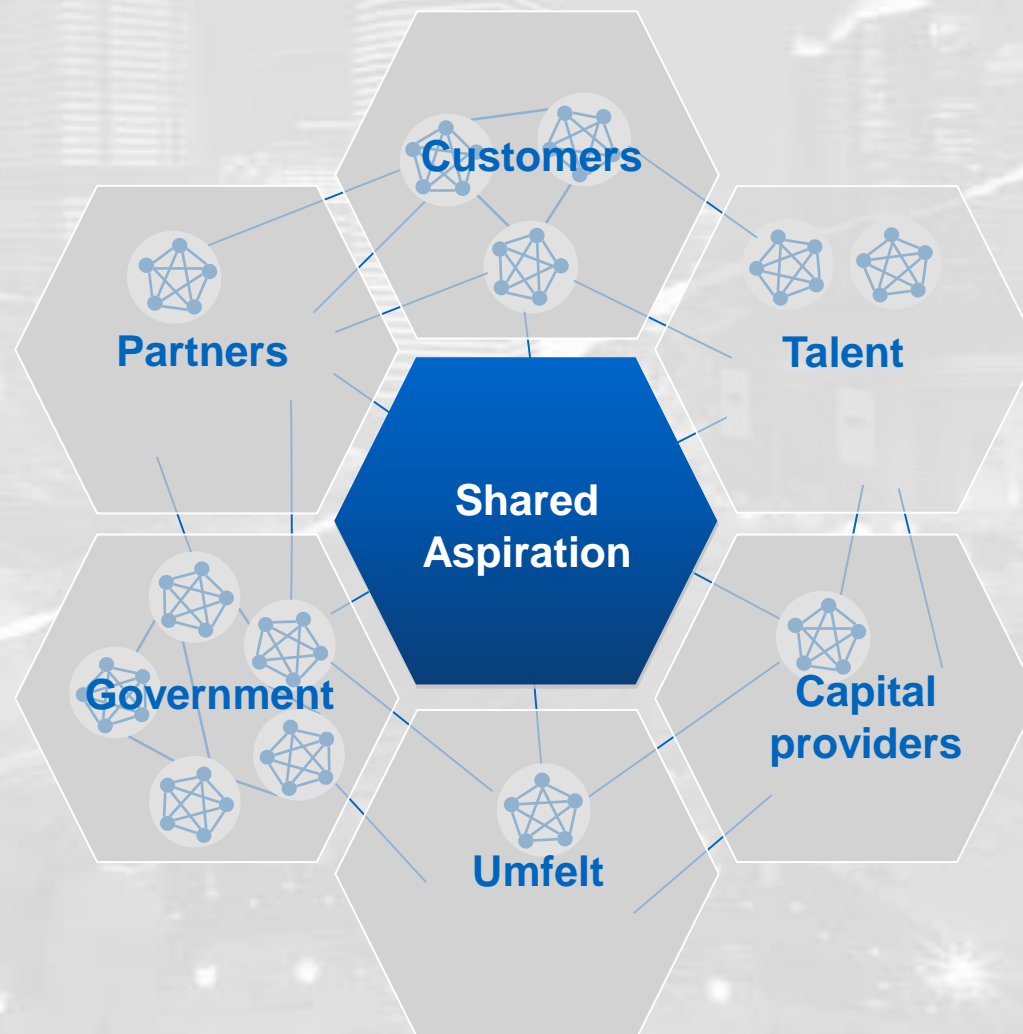
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Evidences



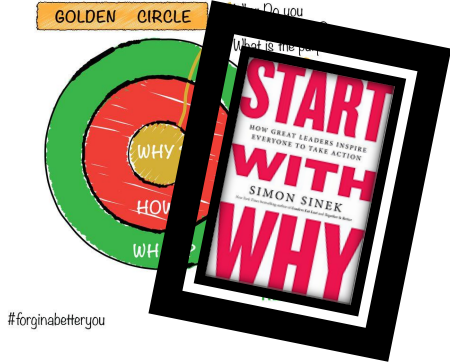
<https://www.youtube.com/watch?v=CxGUmRLm5g>

Shared Aspiration will bind the network



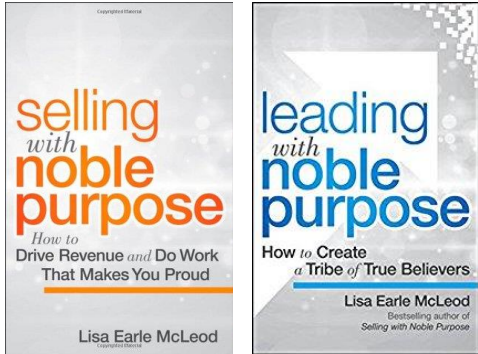
Others working with Meaningful Purpose . .

Simon Sinek –
The Golden Circle



Others working with Meaningful Purpose . .

Lisa Earle McLeod – Selling with Noble Purpose



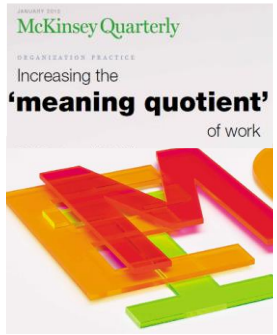
Others working with Meaningful Purpose . .

Dr. Kim Cameron
Center for Positive Organizations
Ross School of Business
University of Michigan



McKinsey and Meaningful Purpose . . .

Susan Cranston and Scott Keller
McKinsey Quarterly 2013



Meaningful Purpose in your organization

Our organization has a meaningful purpose that is . . .



Discovering Meaningful Purpose

- **Searching and Gathering method** for moments and further sharing

- **Find alignment** of those moments to process sequences, steps and actions

- **Ensure pure intent** the purpose must adopted as the leading driver of the organization to have long term impact

- **Story telling/teaching/sharing** – leaders, customers, team members, partners, with dedicated time sharing moments of greatness

Discovering Meaningful Purpose



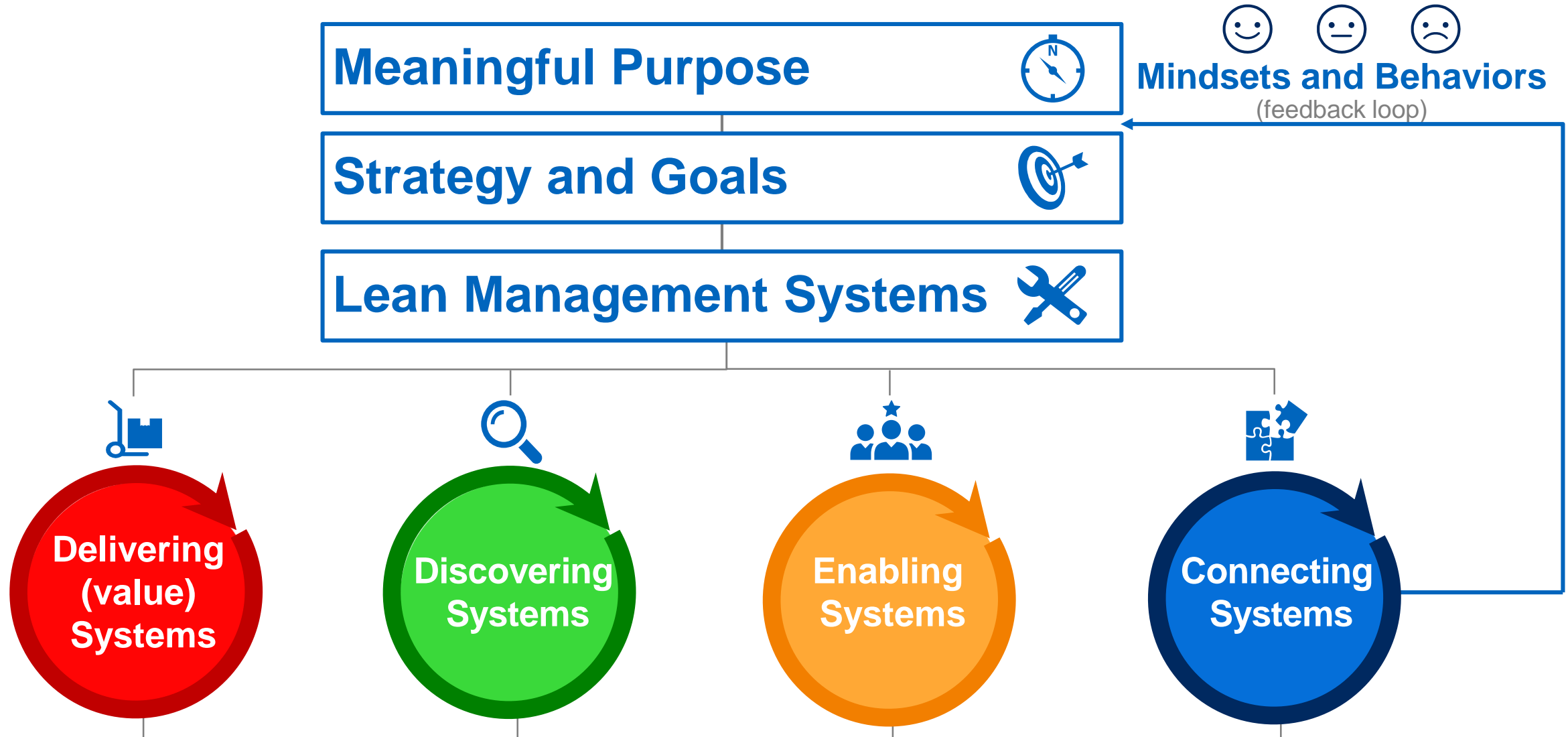
Is having a meaningful purpose enough to insure that your organization will achieve greatness over time?



Actionable Meaningful Purpose



Actionable Meaningful Purpose



Actionable Meaningful Purpose – Strategy Deployment

1 Control tower

- X-Matrix: strategy on a page
- Allows senior executives to easily see who is driving the strategy and how it will impact financials

2 Strategy & financials linked

- Translates strategy into quantifiable metrics that bridge to budget / investment case
- Engage field in budget process to align on financial targets

5 Strategy scorecard

- Measures and tracks performance on a periodic basis to “keep score” against strategy

Unique Elements

3 Alignment & accountability

- Focuses organization on what moves the needle
- Assigns owners at all levels down to the point of execution

4 Prioritization of the “list”

- Filter all initiatives and projects and execute against those that will drive performance the most

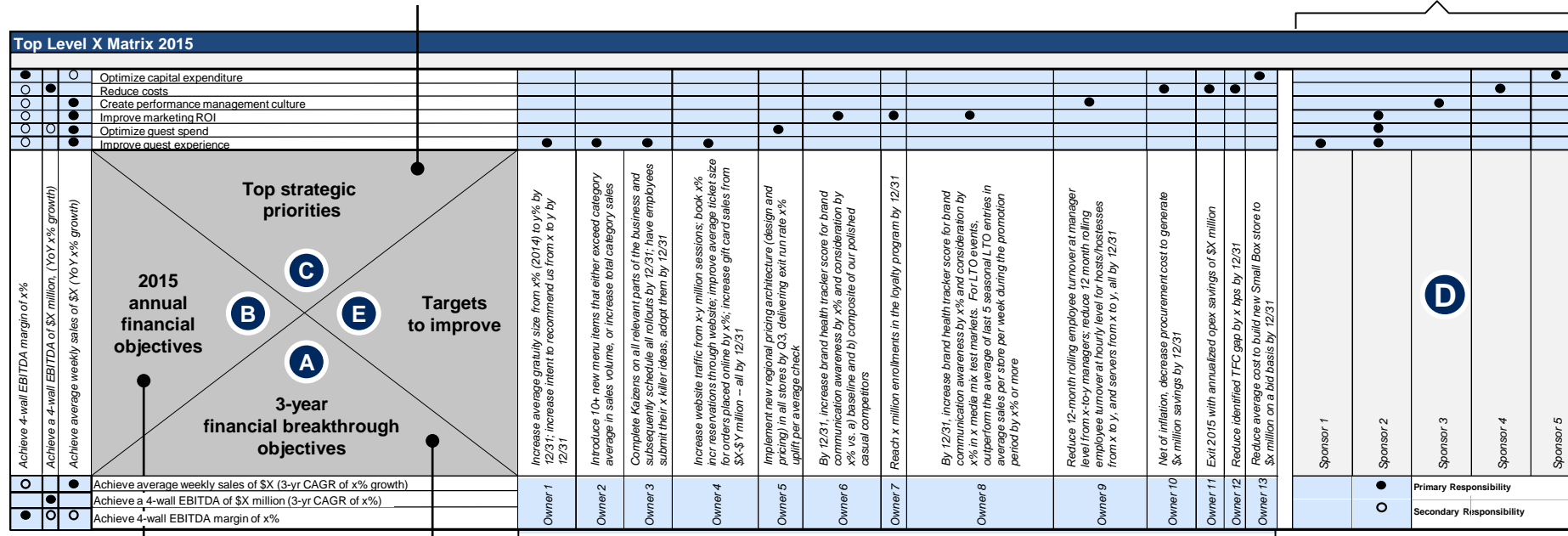
Actionable Meaningful Purpose – Strategy Deployment

C How to accomplish?

- Translates financial goals into **6-8 areas of focus** for the year
- Rule of thumb: 2 priorities per financial objective
- **Aligns senior management** on the priorities of the organization

D Who?

- Assigns **accountability** of who is ultimately responsible for achieving the strategic priority (**usually C-suite level**)



A What?

- Key value generation metrics that require the organization to **stretch** itself

B How far do you need to improve...?

- ...in the 1st year to meet the 3-year breakthrough objective?
- Rule of thumb: 30-50% of 3-year target; breakthroughs exceed budget targets

E How much and when?

- Support strategic priorities with **strategic initiatives**
- Rule of thumb: 2-3 initiatives per priority
- Breaks down into **monthly progress increments**
- Measures **results, rather than action plan milestones**
- Easy to **calculate and communicate**
- Assigns **accountability** of who is ultimately responsible for achieving the strategic initiative (**usually VP or Director level**)

- The closer a financial objective, strategic priority or strategic initiative is to the center of the X-Matrix, the higher priority it is for the organization
- One senior executive should own SDP (e.g., CFO, CSO) and reinforce accountability

Companies connect strategy to 5 areas of meaning



Society Social Impact

- Improving society
- Building the nation
- Stewarding resources



Customer Customer Experience

- Making it easy for the customer
- Superior service
- The work



Company Shareholder Value

- Share price targets
- Industry leadership
- Beating the competition



Team Organizational Health

- High performing teams
- Sense of belonging
- Caring/humane environment



Me Personal Growth

- Personal development, learning
- Paycheck / big bonus
- Empowerment



Autoliv

“We save lives”

- Seat belts
- Air bags
- Automated braking and steering systems



O.C.TANNER

“Appreciate”

- Bulk pins and jewelry
- Customized individual awards
- Appreciation systems

McKinsey & Company

Some hard facts on purpose



Attract and retain talent within the organisation...

- 2.3x** People who experience purpose at work are 2.3 times as likely to be engaged.¹
- 2.8x** People with purpose at work are 2.8 times as likely to stay.¹
- 2.2x** Organizations at which employees experience purpose at work deliver employees to society that are 2.2 times as likely to be satisfied at work.¹
- 50%** People that see work as a calling are 50% more likely to have a top position in the firm.³



...serve clients better...

- 81%** Executives believe that purpose-driven companies will deliver higher quality of products and services for their clients.⁴
- 85%** Executives that are more likely to recommend a company with purpose to others.⁴
- 94%** Executives of purpose-driven companies say their company has strong customer satisfaction⁵
- 80%** Executives believing that an organisation with shared purpose will have greater customer loyalty.⁴



...while increasing returns for shareholders & partners...

- 58%** Of purpose-prioritizing firms showing a >10% growth rate in the past 3 years (vs 42% in the non-prioritizers).⁴
- 14x** Outperformance of S&P500 by purpose-led companies between 1998 and 2013.⁶
- 120%** Meaningful brands related to human well-being outperform the stock market by 120% between 2005 and 2012.⁷
- 84%** Executives believing that their internal transformation will be more effective if integrated with purpose.⁴



...and having a positive impact on society & government

- 80%** Of people believe that CEO's should be personally visible in discussing societal issues.⁸
- 25%** Higher score of B Corporations versus other sustainable businesses. B Corps use their strengths to address social and ecological challenges and formulate their goals with this mindset⁹

Example <client> case:

“Purpose is something you surface, not something you create”

Why did you start thinking about purpose?

- Arrived at the company’s turning point – successful IPO, crossed the EUR1bil revenue mark, recognized as the European unicorn
- Talent: Employees were leaving more often than ever–due to the lack of established culture. “No longer a startup, but not established either”
- Leadership: Even the founding employees echoed the sentiments – “I wouldn’t like to work here, as it is now. We had built a house we didn’t like living in.”

How did you develop your purpose?

- Viewed purpose as a “ **product**” – it needed to be designed, prototype and made useful for people
- Started **ideation with executive teams**
- **Engaged 5,000 employees** (about 70% of company then) in coffee/ lunch conversations to share “why do you work at <client>”, “what is your proudest <client> moment?”
- **Engaged its partners and customers** in ideation workshops (over six months)
- **Prototyped the purpose in 20 teams** (totaling 200 people) for six months – “Can the purpose be used for decision making”
- **Developed a purpose toolkit** (e.g. discussion cards on how to make this meeting serve our purpose, branding guidelines for product and recruitment and a game for new joiners)

What is your purpose?

“Reimagine fashion for the good of all”

- Reimagine: Employees that come to work to experiment, create and rethink. Employees that ask the right questions when things get more complex.
- Fashion: From celebrating your personal style to earning money with your outfits
- Good for all: Best results for people–customers, producers, trendsetters or brands

What is the business impact of purpose?

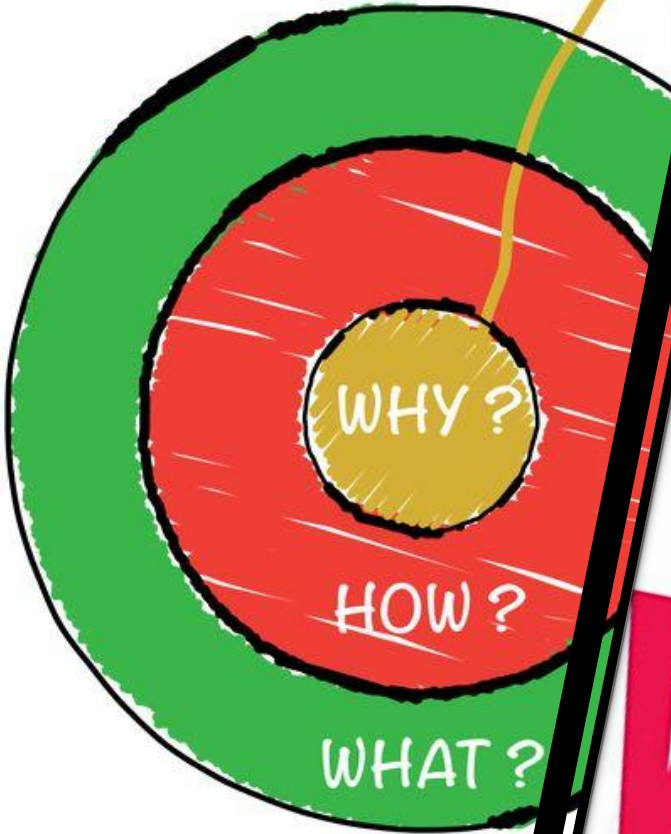
- **Improved employee retention** after a year and attracted US talent to work for <client> in Germany
- Purpose-centered conversations amongst employees
- Introduced employee-centric initiatives (e.g. daycare shifts to support its logistics employees)
- **Accelerated its platform strategy** by helping the team think about the customer needs it wanted to fulfill, rather than the product. For e.g., <client> launched new products such as individual stylists.
- **Accelerated sustainable supply chain** initiative
- Purpose also helped decision making; products were not launched if it didn’t fulfill the purpose

BACKUP

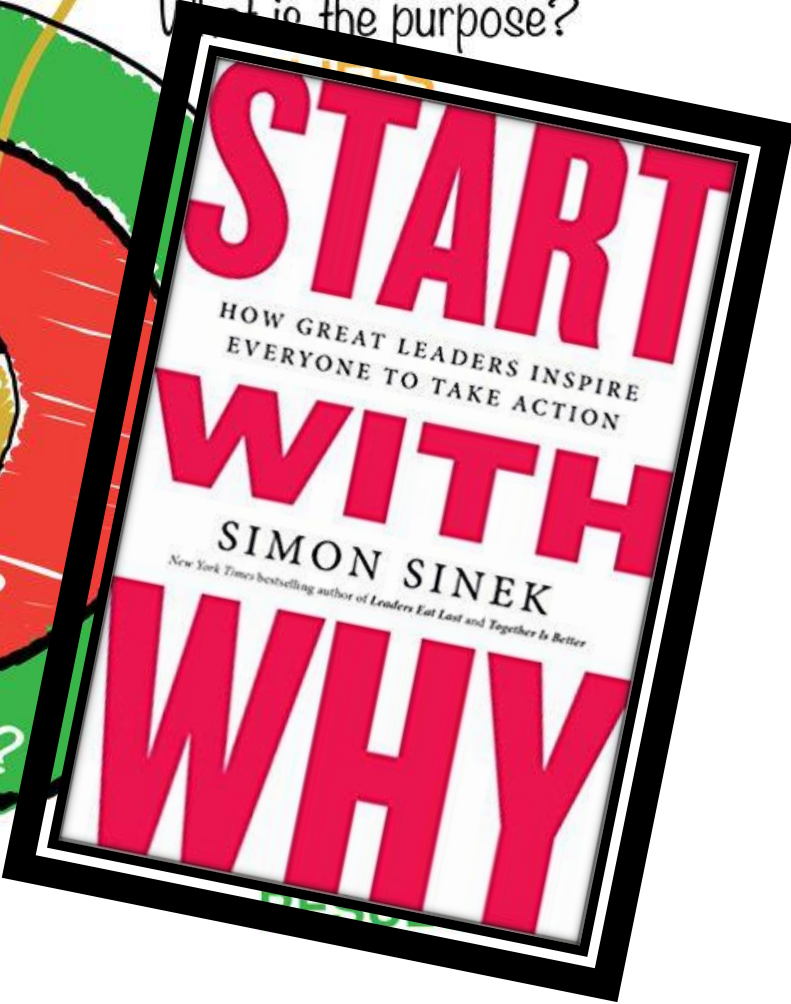
@VG: Can you please combine these next 4 slide

Simon Sinek – The Golden Circle

GOLDEN CIRCLE

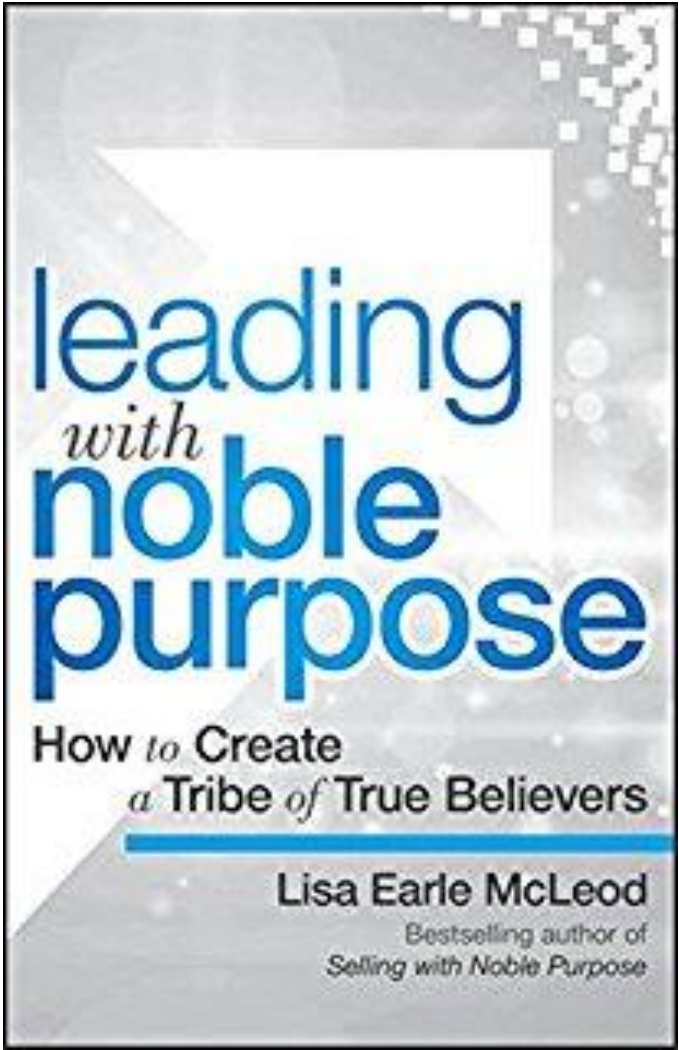
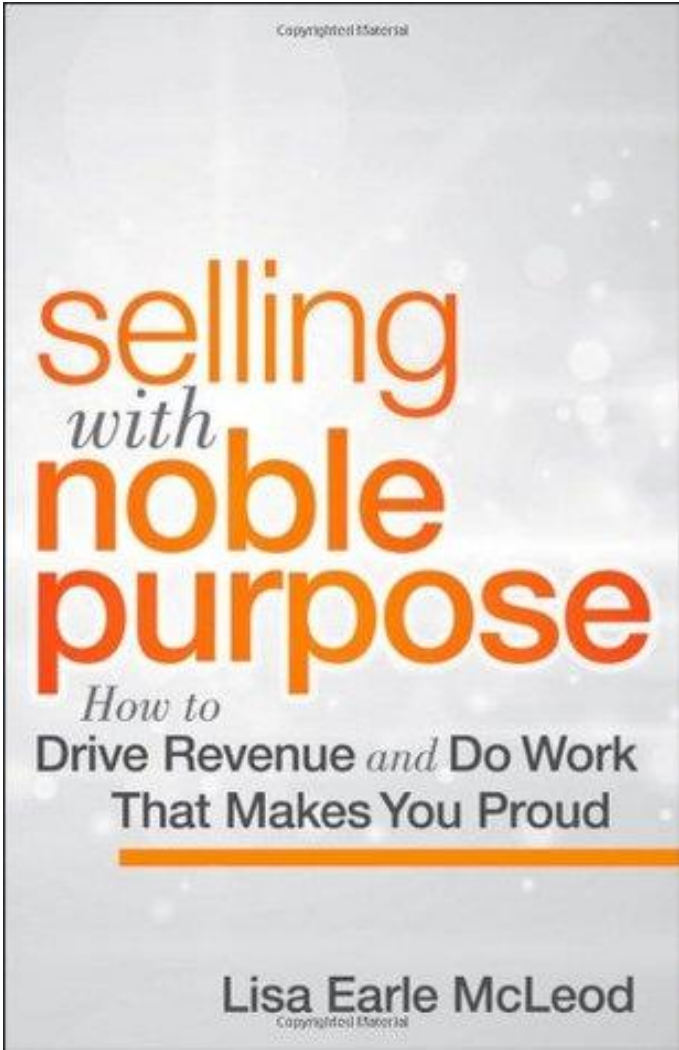


Why: Do you do what you do?
What is the purpose?



#forginabetteryou

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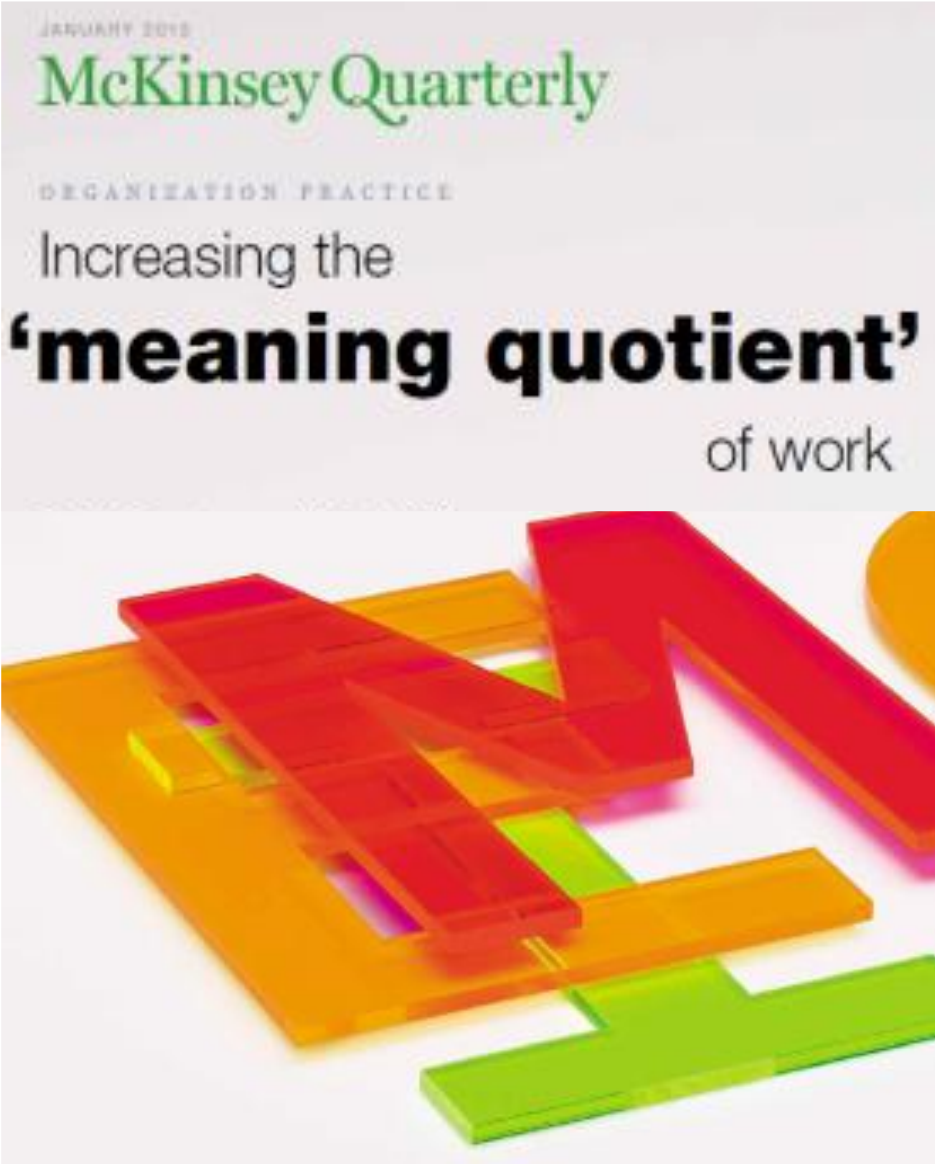
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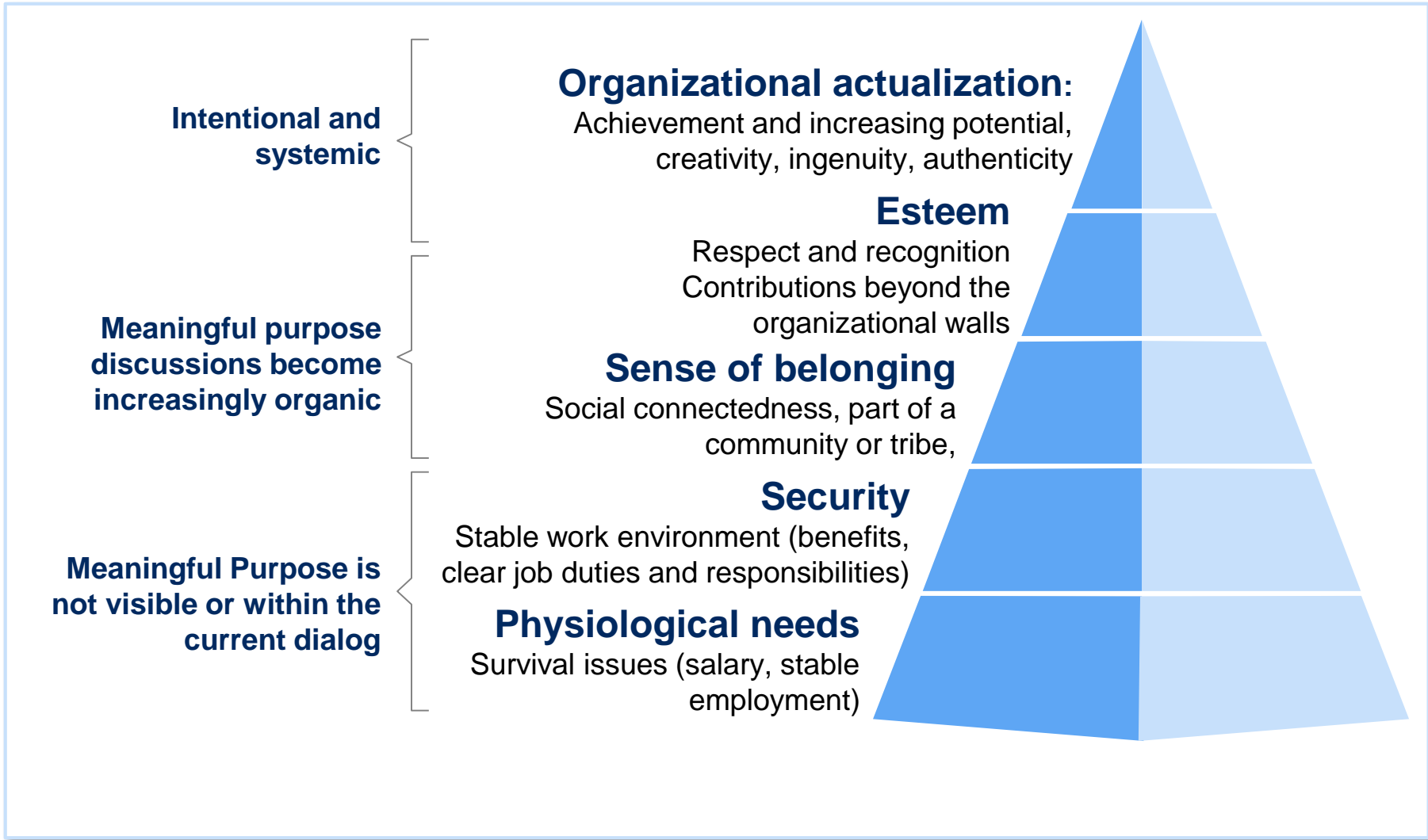
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Organizational affinity toward Meaningful Purpose follows Maslow's Hierarch . . .

Meaningful Purpose in your organization



Abraham Maslow

Discovering Meaningful Purpose

- **Specific workshop** activities with leadership
- **Interviews** with customers, partners and suppliers
- **Panel interviews** with associates at each level of the organization
- **Legacy** of the founder
- **Diligent observation**, constant searching and discovery

