

The Impact of Purpose on Strategy

The links between purpose, strategy and a strong commercial performance are clearer than ever. **David Hobbs** examines how leaders can ensure the relationship stays strong.

Businesses will be remembered for how they treat their employees and customers during these turbulent times. As **Till Dudler** of Accenture puts it: “The next few years will separate those organisations that are being authentic and making purpose an operational reality from those that aren’t being sincere.”

Till, who is Accenture Strategy Lead UK&I and Consumer Goods Strategy Lead in Europe for Accenture, was speaking at Criticaleye’s [Virtual CEO Retreat 2020](#). He continued: “The latter group will find themselves exposed – remember, social media isn’t going away, and it will become easier for employees or customers to call out inauthenticity.”

It’s a subject that was discussed in depth at the Retreat, which was held in association with [Accenture](#), [E.ON UK](#) and [Brewin Dolphin](#).

The view among many attendees was that the links are clearer than ever between purpose, strategy and a strong commercial performance.

Justin Ash, CEO of Spire Healthcare, said that when he joined in 2017 he delayed tackling purpose as he wanted to ensure he had the right team in place around him. “I like to spend a lot of time in the organisation and meet almost everybody; you start getting an instinct for where the truth of the organisation lies.

“Then, when you engage on purpose definition, which in turn drives strategy and investment, you are pretty confident you’ve got it right,” he said.

When **Steven Cooper** became CEO of private bank C. Hoare & Co in 2019, he recognised there was an opportunity to move the organisation forward while retaining key values: “I see purpose as a guiding principle or a North Star. We settled on ‘being good bankers and good citizens’. Being good citizens means being consistently thoughtful about the environment and thoughtful about what we do, such as whether that has a positive impact on people.” >



He explained that the goal was to galvanise the organisation around activities. "I wanted to modernise without losing the family values, and the principle of being consistent, which was core to our customers," he said.

"This has started to permeate the business. It might be around how we're using digital data, or about which customers we want to do business with, for example how they treat their own customers and suppliers."

Steven emphasised the importance of keeping the 'good bankers and good citizens' mantra in mind. He said: "To really get this filtering through the business, we ask ourselves whether we are aligned to our purpose in every single business decision we make."

Justin also attested to this at Spire. "If you have the right purpose, as Chief Exec your choices become easier. Also, more importantly, people at all levels in your organisation make the right choices too, which ultimately enables the organisation to perform," he said.

Reason for Being

There are instances where companies have to rediscover a core truth about their organisation that has somehow dissipated or been hidden over the years.

Rita Clifton, Non-executive Director at Nationwide Building Society and a Board Mentor at Criticleye, said that "it is about digging and uncovering the fundamental reason why the organisation started in the first place".

She went on to give the example of work done at Nationwide, where it reaped the benefits of re-embracing its "rich history of enabling ordinary people to do together

“Have a group of true believers that is resilient and keeps pushing”

what they couldn't have done separately – that's getting people into their own homes and saving".

By contrast, there are corporates that are undertaking new strategic pivots which require a huge amount of communication with internal and external stakeholders.

Anthony Ainsworth, COO at E.ON UK, described how the energy company has divested from fossil fuels to commit to renewables, part of which has included the acquisition of Innogy, its chief rival in Europe.

He explained: "Our purpose is 'improving people's lives', and we've made some really big portfolio plays over the last four or five years to put our money where our mouth is. We have transformed ourselves from being a vertically integrated power company, with expert exploration, production, generation and trading, to one that has just two legs – now we have our customer solutions business and our networks business."

A shift has also been required from a cultural perspective. "Big old-fashioned businesses can reject some of this new stuff, particularly when things aren't profitable in the near term," **Anthony** commented. "You must keep telling the narrative. When you are doing things

differently, you must have a group of true believers that is resilient and keeps pushing, talking and protecting the new way of doing things," he said.

It's that conviction and consistency that makes all the difference. According to **Amrit Jhita**, Senior Account Executive for Advisory at Criticleye, "the companies that have incorporated purpose into their strategies, keeping employees and customers at the heart of what they do, will be best placed to navigate uncertainty."

Till agreed. "Purpose should be the overarching factor for businesses – what we stand for, what we think our role is in society, and what we think value looks like – not just shareholder value but a broader sense of value for multiple stakeholders." ■

Featuring Commentary From:



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