



JANUARY 2015

Purpose-driven companies achieve superior results, innovate faster and perform better over time



//Søren Laugaard

New global research released at the recent World Economic Forum reveals that purpose-driven companies achieve superior results, innovate faster and perform better over time.

The initial research findings show that corporate leaders see their company purpose expanding with their organisation's role evolving to address global challenges, engaging employees and customers in new ways, with leading executives initiating purpose-led transformation journeys of their companies and business models:

- **Corporate purpose goes beyond financial results: 87% believe companies perform best over time if their purpose goes beyond profit.**
- **Purpose-driven organizations are believed to have better results across a variety of measures: 89% say they encourage greater employee satisfaction, 85% better customer advocacy and 81% higher quality products and services.**
- **Purpose is viewed as a driver of innovation and transformation: 84% believe their transformation efforts will be more successful if integrated with purpose.**
- **Purpose is being underleveraged: only 37% say their business model and operations are well-aligned with their purpose.**

During my research of company business models, sustainability and excellence, I reviewed global, leading companies and their stated values, visions and guiding principles. Temasek, incorporated in Singapore, have a Charter stating:

“As an active owner investor, a forward looking institution, and a trusted steward, we are committed always to think beyond today, beyond investing:

- Temasek is an active investor and shareholder. We deliver sustainable value over the long term.
- Temasek is a forward looking institution. We act with integrity and are committed to the pursuit of excellence.
- Temasek is a trusted steward. We strive for the advancement of our communities across generations”.

If we look at a world leader like Nestlé, they write: “We have built our business on the fundamental principle that to have long-term success for our shareholders, we not only have to comply with all applicable legal requirements and ensure that all our activities are sustainable, but additionally we have to create significant value for society.”

Founded in 1802, DuPont’s vision is: “We work collaboratively to find sustainable, innovative, market-driven solutions to solve some of the world’s biggest challenges, making lives better, safer, and healthier for people everywhere.”

Strong companies, and company cultures, have strong values and beliefs. If we analyse the statements of Temasek, Nestlé and Dupont a little further, we see that there are actually 3 overarching facets of what I in my book, Business Model Excellence, call **Company Beliefs**:

-
- **A belief of creating value for society and acting in a sustainable manner towards societies, resources and environments.**
 - **A belief in, and commitment to, values like safety, health, respect, ethical behaviours and acting in a sustainable manner towards people (often listed in the company code of conducts).**
 - **A belief of how the company, and business model, should be sustained, and acting in a sustainable manner towards the shareholders.**

Belief or purpose-driven companies will outperform others over time, as the research shows, and many companies are now realising this. All the 3 aspects are thus vital for long-term sustainability and this mind-set should be deeply anchored within the company and its executives, board and owners. The Company Beliefs will then guide and govern the business model innovation and development over time.

Ensuring that all 3 beliefs are represented in the company statements will be manageable for many. The biggest issue is not expressing beliefs or values in statements, but living them – getting the beliefs and values from the boardroom, and into every aspect of the company DNA. The beliefs have to enter into each employee, process, concept and model, becoming deeply embedded in the company thinking, behaviours and culture. The company belief system should therefore be integrated with the rest of the company business model.

I am looking forward to seeing the results of the next phases of research, being conducted by Oxford University and EY. I expect that the future results will support the initial research findings, and that we will see more companies moving in this direction.

If you enjoyed this post, please share the article so others can read it too.

Recent posts from Søren Laugaard:

"Are you heading for trouble?"

"The wicked game of business. Going for the reward at the bottom of Pandora's Box"

"Learning to see - evaluating the business model performance and potential"

Søren Laugaard is the author of **Business Model Excellence**, which is a book about outperforming competition through faster and more dynamic business model innovation.

See more on www.businessmodelexcellence.com or join the Business Model Excellence Group on LinkedIn.

Copyright 2015 Business Model Excellence Institute, All Rights Reserved

References:

PRNEWswire: <http://www.prnewswire.com/news-releases/richard-branson-and-a-prestigious-panel-of-ceos-highlight-new-global-research-launched-at-world-economic-forum-by-ey-and-oxford-300024164.html>

Temasek: <http://tr13.temasekreview.com.sg/documents/Overview.pdf>

Nestlé: <http://www.nestle.com/investors/corporate-governance/businessprinciples>

DuPont: <http://www.dupont.com/corporate-functions/our-company/purpose.html>