



## HOW NOT TO DEFINE YOUR PURPOSE

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When placed at the core of your strategy, Purpose can be a driver of future success. It can secure growth by redefining your playing field. It can drive profitability by reconfiguring your value proposition around long-term relationships, not short-term transactions. It can align and motivate stakeholders inside and outside the company.

However, in most companies, this is not the case. Our research has identified three factors that significantly reduce the potential strategic power of Purpose, all relating to how it is defined and managed from the start.

The first is that many companies run separate processes; one to define strategy and a second, separate one, to define Purpose. This approach implies that a company will deploy one process to define what they will do – the strategy process, outlining goals, metrics, and activities – and a second to decide what they will say about it – the Purpose process. This is a clear formula for ensuring that Purpose will be nothing but nice words on the wall. From the start, any possibility of putting Purpose at the core of your strategy has been extinguished.

The second factor is that many companies approach Purpose only in terms of their long-term ambition, without shaping their short-term activities. They are driven by delivering immediate results, without considering the role of Purpose in refocusing the core business to create a foundation for the future. In our experience, an extreme focus on short-term delivery dilutes the potential fuel for growth that this initial phase can generate, in terms of resources, mental capacity and excitement for the future.

In contrast, successful companies focus on immediate opportunities to free up time, resources and mindset, not just to cut costs and drive efficiency. They identify and address structural barriers that hold the organization, and their leaders, back.

In the short-term, they actively prepare the core business for the future, rather than protecting and optimizing based on past successes. Then, in the long-term, the focus shifts to transform the core business in line with the potential that stems from Purpose. Their questions are built around three principles:

- Where can we redefine markets by focusing on our impact?
- What unmet needs can we identify and serve, to create new markets, rather than just fighting for market share in old ones?
- How can we engage the passion and power of our organization in creating impact in the future?

This requires integrating the strategy and Purpose processes to simultaneously deliver today and shape the future.

The third factor is that many companies define their Purpose either by hiring an advertising firm or having their top executives debate and decide upon catchy slogans in a closed room. Usually this approach leads to nice sounding words that

have nothing to do with the company's business potential or its activities and rarely have an impact on the company's strategic decisions, actions or choices.

In our research, the best ideas for defining Purpose, and what it means for the future, come from inside the organization through multiple dialogues between leaders and executives across the organization. Such interactions also lead to a much deeper engagement and excitement about the future.

In essence, the three critical steps for putting Purpose at the core of your strategy are:

- 1) INTEGRATE the Purpose and strategy processes, linking from the start what we say to what we do.
- 2) EXPAND simultaneously on the power of Purpose in both the short-term (reshaping the core) and long-term (defining future direction), and
- 3) ENGAGE your people in exploring and defining your Purpose.

Purpose at the core of strategy has the potential to significantly impact business, and the world in which it operates, but only if the process for defining it follows these three steps.

How are you defining your Purpose?

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