



WHITE PAPER SERIES

02

Purpose based strategic planning

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Future Search

The search, creation and articulation of a purpose that goes beyond obtaining profits and money is the key to today's organizations to achieve long-term sustainable success. Through strategic planning based on a clear and authentic purpose, organizations will be able to obtain unimagined success. Purpose is not everything but it is the trigger that drives an organization towards a conscious business capable of maximizing profitability, not as an end but as a result of doing business and planning with a sense of higher purpose.

“At some point in their evolution, companies that started as opportunistic, money-making enterprises need to discover or create their higher purpose beyond profit maximization in order to realize their full potential.”

John Mackey & Raj Sisodia
Conscious Capitalism

“Material success is not the end anymore; it becomes a means to developing and expressing our highest nature.”

Fred Kofman
Conscious Business

Context

Traditionally, economists and financial experts have argued that the sole purpose of every business is to make money. And the more money, the better. Of course, if a company does not generate profits, does not increase value for its shareholders and does not increase its market share, it puts its survival at risk.

As John Mackey and Raj Sisodia explain in their book *Conscious Capitalism*, profits are a desired and essential result of any business. And the authors add that it would even be irresponsible to carry out a business that does not generate consistent profits in the long run.

However, when organizations adopt the sole purpose of making of money, they sacrifice the great power that derives from having a higher purpose. From the Conscious Capitalism perspective, businesses have a much more positive impact on the world when they are based on a higher purpose that goes beyond generating only profits and value for its shareholders.

The challenge presented to us by Conscious Capitalism is that profits are not an end in themselves but rather the result of doing business with a sense of higher purpose. Ultimately, becoming a conscious business means to gradually become aware of the reason for the existence of any organization.

Unfortunately, most organizations are only concerned about surviving, growing, responding to market changes or just make money, so much so that they forget their purpose.

¿What difference do you want to make in the world?

Roy M. Spence Jr. in his book *It's not what you sell, it's what you stand for*, argues that in organizations without a purpose, people lose their sense of why they are there and what they have to do. These organizations lack a clear direction, they reflect disorganization and a chaotic working environment, and are guided by a leadership team without a clearly defined and concrete course of action.

Purpose is not everything but trumps everything else. Every organization must also have a strong leadership, management, succession planning, strategic planning, execution, tactics, innovation and more. However, based on the 35 years that the author has worked with companies, his belief is that everything must start with a purpose. Purpose drives everything and is the hinge that everything else hangs upon.

Roy Spence describes that the path begins with a clear understanding about the difference that every organization wants to make in the world. The author presents the following questions to identify and to discover the purpose of an organization:

- What does this organization believe in?
- What does it believe it's here to do?
- Which difference does it ultimately make in the lives of the people it is trying to serve?

In alignment with Roy Spence's approach, Conscious Capitalism describes purpose as the reason why an organization exists. Every conscious business has a higher purpose and responds to the following questions:

- Why do we exist?
- What is the contribution we want to make?
- Why is the world better because we are here?
- Would we be missed if we disappeared?

As Roy Spence said, at the intersection of passions and strengths of the organization and the needs of the world stands a great purpose. Purpose is the organization's fundamental reason for being and gets the deeper reasons for its existence beyond just making money. And as the author adds, in almost all cases, it always results in making more money than the company ever thought possible.

Examples of higher purpose:

Merck: To gain victory against disease and help mankind.

Disney: To use our imaginations to bring happiness to millions.

Johnson & Johnson: To alleviate pain and suffering

Pivot Leadership: Better leaders = better world

BMW: To enable people to experience the joy of driving.

Source: Roy. M. Spence
It's not what you sell, it's what you stand for

When to make a decision...and when not to

According to Conscious Capitalism perspective, having a strong sense of purpose creates an extraordinary level of commitment among all stakeholders and generates the necessary conditions to promote and develop creativity, innovation and organizational commitment.

Having a purpose:

- It is the starting point of what it means to be a conscious business.
- Galvanizes an organization to strive for greatness.
- Reduces the friction within the organization because it gets everybody pointed in the same direction and moving together in harmony.
- Creates conditions for leaders to make quicker and better decisions.
- Elicit greater levels of creativity, collaboration, diligence, loyalty and passion from all stakeholders.

Roy Spence in his book *It's not what you sell, it's what you stand for*, explains that if an organization does not have a clear purpose that is easily articulated, then everything else turns chaotic and even meaningless. For example, meetings can extend for hours, decisions are made arbitrarily, new business plans are designed every year.

But if an organization has a clear purpose, the benefits are huge: better decisions are made, consumers and employees engagement, happiness and personal fulfillment increase. And above all, creates the basis to plan strategically.

When faced with a challenge or opportunity, leaders ask themselves these questions before making a decision: "If we do this, would it be aligned with our purpose?" "Would it be the right thing to do given our purpose?" "Making this decision would strengthen and align us even more with our cause?"

Roy Spence describes that in order to be able to answer these questions, it is essential to put the following criteria into practice: If the decision is aligned and is proof to the organization's purpose, they do it. But if the decision violates and threatens the organization's purpose, then they discard it.

Conscious businesses strategically plan according to their purpose. Therefore, if an action or decision fulfills their purpose, they do it. If it doesn't, then they don't it. A higher purpose should guide and drive every decision and strategy that is implemented in any organization.

A purpose...

- ...drives everything
- ...is a path to high performance
- ...fosters visionary ideas and meaningful innovation
- ...moves mountains
- ...will hold you steady in a turbulent marketplace
- ...injects your brand with a healthy dose of reality
- ...recruits passionate people
- ...brings energy and vitality to the work at hand
- ...contributes to a life well lived

Roy Spence

It's not what you sell, it's what you stand for

Success Case Study: Southwest Airlines

Roy Spence has worked for over 27 years side by side with the founder and leaders of Southwest Airlines. The author did not focus on the business model but rather on Southwest Airlines purpose. Its purpose has enhanced its famous and admired culture, obtaining sustainable success over time until today.

Southwest Airlines was founded in 1967 by Rolling King and Herb Kelleher. It started operating in 1971, covering routes Dallas – Houston – San Antonio – Dallas.

Southwest Airlines emerges in a context where the airline industry was highly regulated and had a clear monopoly. High costs led to extremely high fare prices. Air travel had become a luxury means of transportation to which only a small elite could access. At that time, only 15% of the US population had travelled by airplane.

In this context, the founders of Southwest Airlines decided to create a low-cost airline that was efficient and accessible to everyone – and not only to an elite.

The clear purpose that they had was: “to democratise the skies”. They wanted to give people the freedom to fly.

What was the result? Southwest Airlines had reached a quarterly profit for 35 consecutive years, a record unrivaled by any other airline in history.

And yet, the most rewarding difference that Southwest Airlines had reached laid in the difference they had made in the lives of the people. Today, 85% of the US population has travelled by airplane.

How did they do it? Southwest Airlines leaders plan and make decisions based on their purpose: if a decision that needs to be assessed, infringes or violates the intent to keep costs and fares low, then it is discarded. Strategic planning and decision making based on their purpose led them to become one of the most successful and profitable companies in the airline industry.

Raj Sisodia, Jag B.Wolfe Seth and David, in his book *Firms of Endearment*, identified 30 companies driven by a sense of purpose and humanistic principles. These companies position the needs of stakeholders over the needs of shareholders and are reaching a profound change in the existing capitalist paradigm. The authors found that companies that choose to place their employees and customers first, are having superior performance in the market compared to its competitors in the order of 8 to 1.

Not only market performance is significantly better, but turnover has decreased, productivity is higher, and the pricing strategy is not subject to the same pressures experienced by its competitors whose organizations are based on the generation of profits only .

Source: Roy Spence. It's not what you sell, it's what you stand for.

Hence the importance of nurturing and living it in every action, every decision and in every way of doing things.

Every organization has the opportunity to make a difference in this world, to transcend. Every organization has an authentic and unique purpose, its reason for being.

Find your purpose and harness its power; it will be the engine that will allow you to strive for greatness.

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*For additional information, we recommend you read the following book **It's not what you sell, it's what you stand for, por Roy M. Spence Jr.***

*In addition, if you want to know more about **Conscious Capitalism**, click [here](#).*

References

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Living the purpose

Once the purpose is articulated, it must be lived and breathed in the organization.

This does not happen automatically. It requires the determination of the organization's leadership team, especially of its CEO.

As soon as the purpose is taken for granted, it starts to be forgotten and soon disappears.