

# Product

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The purpose circle

A tool for purpose intention,  
ideation, implementation & impact

by Franziska Füsting

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The purpose circle gives any brand guidance and inspiration to move from their purpose statement to meaningful impact

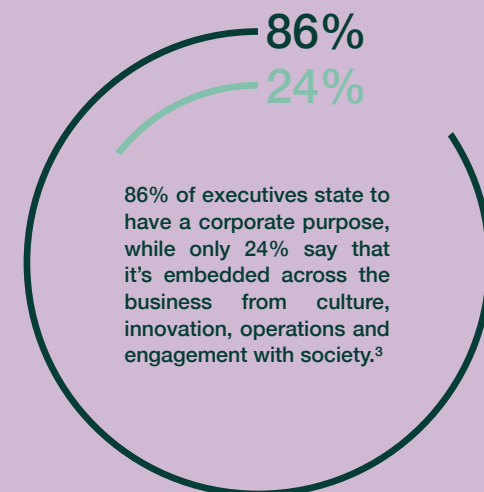
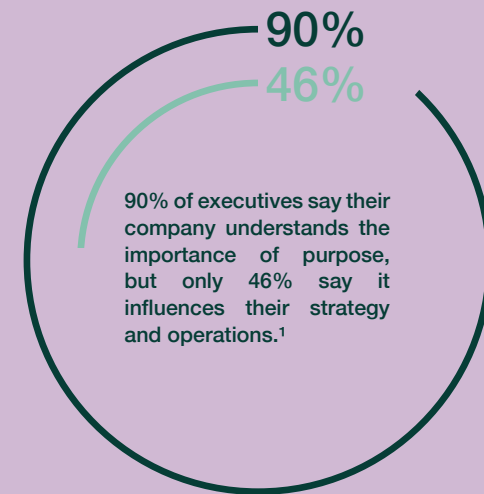


# The purpose gap

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## *Intention-action gap of corporate purpose*

Literature and experts have revealed an intention-action gap of corporate purpose in business practices. Over the past five years, the debate about the purpose of business has intensified. The Covid-19 pandemic, climate disasters, social injustice and younger generations are accelerating the shift to a more purposeful world. To keep up with the shifting zeitgeist, many brands quickly refined their reason for being more socially and environmentally responsible. While this is a first transformative step, consistent activation of the stated purpose – from top management to all levels and disciplines and from inside the organization to the outside market – is often left behind.



# The purpose circle

## *Guidance and inspiration*

The purpose circle is a customizable tool to guide and inspire brands to take their purposeful corporate statement into motion. The purpose circle includes 4 stages – intention, ideation, implementation and impact each with 2 steps – to tackle the identified key barriers to purposeful adoption. The 8 steps explain why it's important, what opportunities it entails and how to get started on the basis of business examples.

## *Customizable radar chart*

The purpose circle helps brands to identify their key barriers based on an employee survey (see template pp. 12-13). The questions ask for employees' sentiments on the level of implementation for each step and are answered from 1 to 5, with 5 being the best level. The results will be visualized on a radar chart within the purpose circle. This provides insight into which steps a brand is performing well on and which steps it needs to focus on. In general, the average values per step reflect a company-wide result. Beyond that, the analysis of the results might reveal a divergent sentiment among groups such as levels, disciplines or other characteristics. The radar charts will help leaders to initiate and prioritize steps to purposeful adoption. To assess the progress of purpose adoption, it is recommended to repeat the employee survey regularly such as every quarter.

## *Brands with purposeful intentions*

The purpose circle can be applied by any brand that wants to take its purposeful intention to action. As the key barriers to purposeful adoption vary from company to company, the 8 customizable steps set different focus points for brands – from small to large and from young to long-established. For example, a purpose-driven startup might focus more on the implementation and impact stages, and a large corporation might need to focus on the intention and ideation stages first.



**Radar chart**  
5 – best level  
1 – worst level

## Understand

### *Understand the meaning and practice of purpose*

Many professionals define corporate purpose somewhat differently, whereby an ambiguous understanding can arise, especially in larger and long-established companies. While the purpose of the corporate was once purely to offer profitable innovations, today it can be expanded to operate in a socially and environmentally responsible manner. Therefore, an aligned understanding of corporate purpose forms the basis for purposeful business intentions. Oxford professor Colin Mayer gives a precise definition of corporate purpose: *the purpose of business is producing profitable solutions to the problems of people and planet, and not profiting from creating problems.*<sup>4</sup>

**Example** PurposeNOW is an annual 2-day virtual gathering of global thought leaders and purposeful individuals who give speeches and workshops to educate about purpose in business practice.<sup>5</sup>



## Believe

### *Believe in the success and relevance of purpose*

Especially, among the c-suite level of for-profit companies, there is a lack of belief in the financial success and stakeholder relevance of purposeful business practices. However, the growing purpose-driven consumer and employee segments are also reflected in the relevance among socially responsible investors. In fact, the ESG fund universe has grown by more than 100% in 2020, with total ESG assets now valued at \$7.2 trillion versus \$3 trillion in 2019.<sup>6</sup> Belief in purposeful business practices can shift the mindset of any professional from a fixed mindset to a growth mindset to see what opportunities and benefits purpose brings.



**Example** Business of Purpose, is a global Slack community of 1,500+ professionals believing in purposeful transformation by empowering meaningful connections and actionable ideas.<sup>7</sup>



## Commit

### *Commit to the purpose in c-suite*

The Business Roundtable 2019 and the Davos Manifest 2020 are two major examples of executives committing to conducting their businesses for the benefit of all stakeholders including employees, suppliers, customers, communities, and shareholders. While many commitments and promises have been made in the past, actionable and industry-relevant statements will help executives engage more purposefully. The c-suite commitment will help to earn the trust of all stakeholders, as the barrier to adopting purpose often lies at the accountable c-suite and mid-management.

**Example** In April 2022, the SMI Fashion Taskforce and the Circular Bioeconomy Alliance released the Regenerative Fashion Manifesto, a commitment signed by executives from Chloé to Zalando to set the industry on a more purposeful path.<sup>8</sup>



## Align

### *Align with all stakeholders on purpose*

Ashley M. Grices says in her Ted Talk that purpose is not a CEO vanity project.<sup>9</sup> But all too often, due to a lack of communication and collaboration, purpose adoption does not include all stakeholders. Above all, employees need to be able to identify with the purpose to anchor it in everything they do. In times of crisis, the implementation of a corporate purpose guides brands like the North Star to respond with agility, resilience, transiliency, and flexibility. In addition, alignment releases a Butterfly Effect: it efficiently calls employees to collective action by taking more ownership, autonomy and accountability.



**Example** In 2022, Prada and the UN are expanding their ocean literacy courses SEA BEYOND. Prada wants to train students and 13,000 employees to learn, think and act purposefully.<sup>10</sup>

## Strategize

### *Strategize step-by-step purpose implementation*

After carefully crafting a purpose statement, the corporate purpose needs to be integrated into the strategy, infrastructure and capacity. Many executives report a lack of personnel resources and financial capacities to strategically implement the purpose. In smaller and younger companies, in particular, great purpose intentions and ideations are set, but short-term financial pressure prevents a strategic orientation. However, an implemented purpose is associated with long-term viability, although decision-making can cause short-term pain, referred to as Practical Idealism by Harvard Professor Ranjay Gulati.<sup>11</sup>

**Example** In January 2022, Reformation released an open source climate positivity roadmap detailing how it will make its practices more purposeful and hoping to inspire other brands.<sup>12</sup>



## Achieve

### *Achieve purposeful communication and innovation*

The purpose landscape emerged quickly, provoking brands to quickly take a stand by communicating their socially and/ or environmentally responsible purpose. In some cases, these communications can appear like woke-washing if meaningful actions do not support the message. In fact, 55% of Gen Z respondents say they do not believe businesses are genuine in their purpose claims.<sup>13</sup> To avoid getting caught by purpose-skeptic activists, innovate products, services, and communications that are truly genuine, authentic and consistent with the purpose statement.

**Example** In 2022, in response to questions from students about its purposeful actions, Veja launched a series of master classes every 2 months for 1 year to answer all questions.<sup>14</sup>



## Measure

### *Measure impact on people, planet and profit*

Many tools are available to measure purpose in form of sustainability, inclusion and wellbeing, but none of them are binding metrics to measure viability. For now, brands need to set their own benchmarks and KPIs to measure their purposeful impact on people, planet and the correlation to short-term and long-term profit. Brands that combine financial and non-financial success metrics are referred to as Dual-purpose brands: they set and monitor social goals alongside financial ones, structure the organization to support both socially and financially oriented activities, and hire and socialize employees to embrace both and practice dual-minded leadership.<sup>15</sup>

**Example** After Nike, Zegna is the next fashion brand to announce in May 2022 that it will link board-level and executive bonuses to progress and the achievement of committed ESG goals.<sup>16</sup>



## Reflect

### *Reflect on progress of purpose adoption*

After all, brands need to reflect not only on achievements and what went well but also on progress and pitfalls along with the purpose of adoption. Honest and in-depth reflection helps brands to continuously improve business processes. Still, many professionals report that they are not having validated and reliable tools to measure the progress and impact of corporate purpose. By conducting the purpose circle employee survey on a regular basis, such as quarterly, brands can monitor how their employees feel about the purpose adoption and adjust the focus of purpose steps as necessary.



**Example** On Ganni Lab, Ganni continually makes bold and honest claims such as not being sustainable and shares its purposeful progress towards becoming a certified B-Corporation.<sup>17</sup>

# Survey template

## Believe

## Understand

How well do you understand what a corporate purpose is in general? \*

1 2 3 4 5

I don't understand it at all      I understand it very well

To what extent do you know how a corporate purpose impacts business practices? \*

1 2 3 4 5

I don't know the impact of corporate purpose      I know all about the impact of corporate purpose

How relevant do you think is a corporate purpose for companies? \*

1 2 3 4 5

I don't think it is relevant      I think it is very relevant

To what extent do you believe that a corporate purpose can lead companies to financial success? \*

1 2 3 4 5

I don't think corporate purpose influences financial success      I think corporate purpose and financial success go hand in hand

## Align

## Commit

To what extent do you think is your management committed to the implementation of the company's purpose? \*

1 2 3 4 5

I think the management is not committed and focused at all      I think the management sets it as a priority

How well do you think your company's purpose is defined in an actionable and industry-relevant matter? \*

1 2 3 4 5

It is not actionable and industry-relevant at all      It is very actionable and industry-relevant

How well can you identify with your company's purpose? \*

1 2 3 4 5

I cannot identify with it at all      I can identify with it in a professional and personal way

To what extent is your company's purpose anchored in your daily work? \*

1 2 3 4 5

It is not anchored at all      Everything I do is guided by it

To what extent is the the company's purpose embedded in strategic planning? \*

1 2 3 4 5

It does not influence strategy at all      It is very embedded in strategy

To what degree is your company's purpose supported by adequate infrastructure and capacity? \*

1 2 3 4 5

It is not supported at all by infrastructure and capacity      It is very supported by infrastructure and capacity

How purpose-oriented (such as honesty, progress and pitfalls) does your organization communicate with all its stakeholders from employees to customers? \*

1 2 3 4 5

Communication is not purpose-oriented      Communication is very purpose-oriented

To what extent does your company's purpose influence the products and services that they offer? \*

1 2 3 4 5

It does not influence innovation at all      It influences innovation very much

To what extent does your company measure the impact of its purpose on stakeholders, society and the environment? \*

1 2 3 4 5

The impact is not measured at all      The impact is measured very well

To what extent does your company equate purpose-oriented impact and financial success? \*

1 2 3 4 5

Purpose and financial success are not equated at all      Purpose and financial success are fully equated

To what extent does your organization reflect on their strategy, consequences and impact of the company's purpose? \*

1 2 3 4 5

It is not reflected at all      It is reflected very well

To what degree would you describe the implementation of your company's purpose a circular and improving process?

1 2 3 4 5

It is not circular at all      Is is a very circular process to continuously improve

Submit

Clear form



1 HBR and EY. 2015. THE BUSINESS CASE FOR PURPOSE. [online] Available at: <[https://assets.ey.com/content/dam/ey-sites/ey-com/en\\_gl/topics/digital/ey-the-business-case-for-purpose.pdf](https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/digital/ey-the-business-case-for-purpose.pdf)> [Accessed 1 March 2022].

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13 SmartCompany. 2022. Gen Z consumers are willing to pay more for products matching their "purpose", according to a new CommBank report. [online] Available at: <<https://www.smartcompany.com.au/marketing/brand-purpose-ethical-consumption-generation-z-spending/>> [Accessed 8 April 2022].

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17 Instagram. 2022. Ganni Lab. [online] Available at: <<https://www.instagram.com/GANNI.LAB/>> [Accessed 1 June 2022].

The image features a dark teal background with four overlapping, semi-transparent teal circles. The circles are arranged in a descending staircase pattern from the top-left towards the bottom-right. The text 'by Franziska Füsting' is positioned in the bottom right corner, partially overlapping the bottom-most circle.

by Franziska Füsting