
PART

I

**Authentic Marketing
and the Power
of Purpose**

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CHAPTER

1

Profit Meets Purpose

Find Your Company's Soul

Every so often the business world awakens to a new reality. We're in the midst of one today that directly addresses a question keeping most CEOs up at night: How do I deliver long-term, sustainable value that motivates employees, engages customers, strengthens my brand, and delivers the profitability my stakeholders demand? The answer is simple, yet transformative. As we move through the 21st Century, companies need to find their moral purpose—something that lives within the soul of their business, which can translate into a form of good that is beneficial to both their bottom line and to mankind. Profit meets purpose . . . the clarion call of today.

Companies rising to answer this call are well positioned to become the iconic brands that define this era, which has moved beyond digital to one of social consciousness. Proof of this profound shift came from a surprising call to action from BlackRock CEO Laurence Fink in his 2018 annual letter to CEOs, which sent shock waves through the financial community:

Society is demanding that companies, both public and private, serve a social purpose. To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society. . . . Without a sense of purpose, no company, either public or private, can achieve its full potential. It will ultimately lose the license to operate from stakeholders.¹

Laurence Fink, BlackRock CEO

As the head of a firm that manages more than \$6 trillion in investments, this influential investor is completely changing the dialogue and, in the process, sounding the alarm to the C-suite. “It may be a watershed moment on Wall Street, one that raises all sorts of questions about the very nature of capitalism. . . . But for the world’s largest investor to say it aloud—and declare that he plans to hold companies accountable—is a bracing example of the evolution of corporate America,” said *New York Times* columnist Andrew Ross Sorkin.² He added that Fink’s argument in part rests on the changing mood of the country regarding social responsibility.

Proving that point are findings from an April 5, 2018, Covestro survey of U.S. Fortune 1000 CEOs on business and purpose.³ The survey found that a full 69% of senior executives say the act of balancing profit and purpose is having a positive, transformational impact on business, with half or more reporting such impacts as they integrate a purpose-driven approach into various functions. Four out of five (80%) agree that a company’s future growth and success will hinge on a values-driven mission that balances profit and purpose, and 75% believe these types of companies will have a competitive advantage over those that do not.

Beyond CSR

What we’re talking about here is a reinvented good, which is markedly different from simply implementing a traditional CSR effort—typically a siloed initiative that is completely separate from a company’s business focus, product development, marketing, etc. By contrast, this “better good” is central to the organization’s core mission. It is a fundamental value that is infused into the company’s bloodstream so that it runs horizontally through every facet of the business—from R&D and marketing to finance and HR.

Discovering a moral mission requires a little soul searching. Typically, it involves an exercise that serves to identify an intrinsic value embedded in a company's DNA, which is a logical extension of the business that can do good for the world. The end of this chapter provides an exercise on this process, but I'll offer the example below to help bring it to life.

A few years back, I asked Sam Allen, chairman and CEO, Deere & Company, what he wanted his legacy to be at this venerable company, which has been in operation since 1837. His answer was not to simply sell more green tractors than the previous CEO. His vision was to, yes, continue to have Deere deliver profitability to stakeholders by selling plenty of those machines, but moreover to elevate the brand by delivering a higher value to its customers and the world. The strategy, which moved Deere into an entirely different category than its competitors, was to use software to enable farmers to maximize their yield, ultimately helping them feed an ever-growing planet. With the population expected to grow by two billion, this enabled Deere to address a major world issue. This was Deere's moral purpose.

This purposeful moral path is analogous to Aristotle's *eudaimonia*, a Greek word that often is translated to mean the state of having a good in-dwelling spirit. Aristotle's concept was that a man who possesses excellence or virtue in character does the right thing at the right time and in the right way. Similarly, companies that follow this path of "right" will prosper on multiple levels, as it will fuel business prosperity and deliver an entirely new level of engagement with stakeholders.

Deloitte sets an excellent example of a large, global network that is embracing this new form of good. I spoke with Diana O'Brien, Deloitte global chief marketing officer, about the company's robust WorldClass, 50 million futures initiative, which is focused on empowering millions who have been left behind to succeed through education and training.

What makes Deloitte unique is the belief that we're really only as good as the good we do. We empower our more than 260,000 people around the network to go out and make an impact that matters for clients, people, and communities. Professionals are asked to share their core skills and experiences to reach the goal of preparing 50 million futures for a world of opportunity. That's the rallying cry. It's accessible, available to everyone, and understood around the globe.

Authentic Marketing: The Driver of True Engagement

What excites me most about this infusion of good into business strategy is that it creates a natural by-product of authentic marketing—the most powerful form of marketing I have witnessed in my entire career. Digital media and the Internet put us on this journey toward a more genuine form of marketing. These disruptive forces indelibly changed marketing from a one-way, shout-it-to-the-masses, no-listening environment, to a dialogue-driven, engagement-centric approach that put the power in the hands of consumers—where it belongs. The addition of moral purpose is the essential missing piece in this equation—the tipping point, if you will, that forges entirely new levels of engagement between companies and constituents.

Companies doing this new, deeper good will experience marketing that is far more transparent and organic, as it will be largely done at the hands of constituents who are eager to share positive stories across social channels. In this sense, they will serve to co-create companies' brands. It unleashes the true power of earned (social and traditional) media—the most important media, in my opinion, and also serves up powerful narratives for owned and paid media. Most importantly, it helps companies

establish trust with constituents—the fundamental component of engagement and brand loyalty. Chapter 4 provides the essential skills of an authentic marketing program.

Good Momentum

Look around and you'll see this form of good is starting to take hold across all industries—from agriculture to automotive—and all around the world—from Beijing to Bangladesh.

Fortune, for example, has been covering this business phenomenon for the past three years in its Change the World list (with help from its partners at Shared Value Initiative) profiling more than 50 companies around the globe that are “doing well by doing good.” These organizations use a profit model to solve a host of global problems, from climate change to world hunger. Companies are chosen based on three criteria: (1) measurable social impact on special societal problems, (2) business results of profitability and contribution to shareholder value, and (3) degree of innovation in its efforts and whether others are following the lead.

Among the companies in *Fortune's* September 2017 list is Unilever, the \$30 billion Anglo-Dutch consumer products giant. The article highlights that what CEO Paul Polman is most excited about is the 1.8 million people who apply for a job there each year, many of whom are millennials. What's the appeal? You guessed it. Unilever's Sustainable Living Plan and its “bigger purpose” as a business are the primary draws among roughly 60% of applicants, who feel it gives them an opportunity to make a bigger difference in the world than they could do on their own.⁴

This example highlights another critical outcome of having a social purpose. It has strong appeal to not only the population

in general, but millennials in particular—an audience more than 80 million strong that accounts for an estimated \$1 trillion of current U.S. consumer spending, according to an article in the *HuffingtonPost*.⁵ The article also notes that 73% of this generation is willing to pay extra for sustainable offerings. Moreover, a full 81% expect companies to make public declarations of their corporate citizenship.⁶

Covestro’s survey on business and purpose found that 77% of new hires and 76% of current employees are the primary drivers of demand for purpose-driven companies, followed by customers. A full 86% of CEOs/C-suite executives confirmed that today’s top talent is more inclined to work for companies with a demonstrated commitment to social issues compared to ones that don’t.⁷ This underscores that doing good is no longer a nice “extra,” but an essential action that is expected of every company in every industry—one of the new requirements to attract top talent.

Another standout name on *Fortune*’s Change the World list is the nation’s largest retailer, Walmart.⁸ According to *Fortune*, the company is using its muscle to make its supply chain greener by pushing its “tens of thousands of suppliers to gradually get rid of controversial chemicals, like formaldehyde in wood resin-based products, in about 90,000 household items.” This effort is an extension of the retailer’s longer-term sustainability campaign. The company has “diverted 82% of materials that used to be considered waste away from landfills, compared with 64% just a few years ago.”

IBM: Legacy Values Working for Good

Technology giant IBM was also spotlighted on *Fortune*’s list for its stellar efforts to close the STEM skills gap in public schools, addressing the shortage of highly skilled employees in America.

Recently, I had a fascinating interview with Jon Iwata, IBM senior vice president and chief brand officer, who currently chairs the company's newly created Values and Policy Advisory Board, which recommends policies and principles for IBM. Iwata frames our conversation on IBM's societal purpose by going back to the very early days of the company, demonstrating its deep roots of following a strong value system:

The company was founded on fundamental beliefs, which can be traced back to Thomas Watson, Sr., who became IBM's first CEO in 1914. Like Steve Jobs, Richard Branson, and Phil Knight of today, Watson had deep beliefs about IBM's purpose and what it should stand for. He institutionalized those as the company's Basic Beliefs. Although that phrase has since passed out of our vocabulary for various reasons, the idea remains that our company is set apart by what it believes and stands for.

For example, IBM's longstanding commitment to what most recognize as "diversity and inclusion" today goes back to the company's belief in "respect for the individual." That has always meant that we see an individual not as a man or woman. We don't see an individual based on race, ethnicity, or disability. And, therefore, we demonstrate respect for each individual and work to help each person fulfill his/her potential in society and in IBM. We're proud that IBM was the first major company to hire a disabled employee and the first to promote a woman to vice president.

The idea that new technology creates societal implications is not new. For example, technology will always have an impact on jobs. Some occupations go away—typing pools have gone away, as have human "computers." However, entirely new occupations and jobs get created. Fifty years ago, were there coders and software engineers,

cybersecurity analysts, even CIOs? IBM has felt a responsibility to not only create new technology, but to also ensure that the new technology is adopted and applied in ways that earn trust. Helping people develop new skills is part of that. Today, we're doing it again with AI—what we call “new collar jobs.”

Our view is not to say, “Don't worry about the jobs that go away.” It's to understand requirements of the new jobs—and the new requirements of existing jobs, which are often overlooked. Moreover, it's to take the additional step of creating curriculums, of engaging educational institutions, whether its MIT or a high school in New York City, to create the new curriculum and teach new skills so that workers—young future workers like kids or existing workers—can move to the new.

We don't have to do that. We choose to do that. Is it the right thing to do? It's the right thing to do for IBM because we've always felt we do not just stop by creating the new technology. We go the additional step of anticipating and then addressing it so that we can have a positive impact.

Patagonia: Pioneering Sustainability

The term sustainability is almost synonymous with Patagonia, a true pioneer with a fierce dedication for the past 40 years to lead the clothing industry in the adoption of sustainable processes. On the company's website, you'll see its moral purpose embedded throughout every aspect of its business and articulated loud and clear in its mission: *Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis.*⁹ Its latest initiative, Patagonia Action Works,

is an environmental activist effort to get supporters more involved in politics. As an outdoor gear retailer, Patagonia is an obvious fit for doing good for the world, but any brand in any industry can and should find its moral purpose.

Smaller companies are popping up all over that are launched with a moral mission. For example, on a recent trip to London, I walked into a store called Gandys. As soon as I entered, the sales person told me the story of the brand—a business created by two siblings who, while traveling the world with their parents, sadly lost them during the tsunami in Sri Lanka. These orphan siblings later formed Gandys in honor of their parents and to support their “Orphans for Orphans” foundation, which helps underprivileged children affected by the tsunami. The salesperson told this moving story before she mentioned the current sale or anything about the merchandise because it was—first and foremost—what the brand was all about. Guess how we reacted? We all wanted to buy a t-shirt, backpack, or sweater to support its mission.

The Call for Action-Driven Businesses

So why this and why now? It’s simple. The world needs more good. People can no longer rely on government to solve some of the planet’s thorniest problems, like world hunger, climate change, public health issues, and poverty . . . the list goes on. Yet, our planet has more complex problems than ever before. Because of that, people are looking to the private sector to step up, take action, and address issues that matter most to them. This is the thrust of Fink’s message to CEOs.

Many companies are doing this, some in unexpected ways. One example that stunned the business community and struck a

nerve in the health care arena was the January 30, 2018, announcement that Amazon, Berkshire Hathaway, and JPMorgan Chase & Co. are partnering to form an independent health care company for their U.S. employees.¹⁰ This new organization is being formed to address a pressing issue in health care—helping people find “simplified, high quality and transparent health care at a reasonable cost,” according to the press release. This unprecedented move illustrates how companies are moving into nontraditional territory, taking on bold new initiatives to address frustrating problems that are a top priority.

Another example is a company taking action following the devastating Parkland, Florida, shooting in February 2018. Dick’s Sporting Goods was among several companies that took an anti-gun stance and changed its policies. The company announced it would stop selling assault-style rifles and high-capacity magazines and pushed for gun control measures in Congress. The stock market showed its approval with shares closing up.

A New Strategy Model for a New Era

For purpose to be a great transformer in any organization, it requires not just new thinking, but an entirely retooled business model involving a broader definition of strategy. Chapter 3 outlines the elements of this tightly integrated model. This model will disrupt the highly siloed approach, in which a company develops a business strategy first and then separate strategies for all other departments, an approach that has been in existence for decades. The new strategy fuses a tight integration across all of these critical pillars of business with purpose as the glue that binds them.

While the concept of purpose is in vogue right now, this is by no means a flash-in-the-pan trend. I believe this is a core strategic driver that will become a permanent element of

business strategy. Simply put, it is now an ethical responsibility for companies to integrate good into their overall strategies.

Soul Searching: Exercise to Find Your Moral DNA

In my work to help companies identify their moral purpose, I've found that people have very different reactions. For some, an obvious answer will surface immediately. For others, the concept feels overwhelming. In both cases, the exercise outlined below will provide clarity. If you think you have a great idea, this process will serve as a reality check. If you aren't sure how to start, it will put you on the path of discovery.

Key to this process is remembering this: *the purpose you identify should be a natural and logical extension of your business—something embedded in the DNA of your organization.* I bring this up again because when this purpose is truly at the heart of your company and its values, something that's a natural fit, it will take hold, have staying power, and deliver as it should, impacting both the success of your business and of your mission to do good.

I'll give a few examples to provide context and ignite your thinking. A company that develops drones, for example, might find a way to put those mini aircrafts to work for disaster relief. A pharmaceutical company that develops drugs to help people with diabetes could fund research to help find a cure or shed light on new nutrition strategies. A business that develops steel might work to find a cleaner, more sustainable manufacturing process. I've yet to work with an organization that could not find a moral purpose that was a natural extension of its business. In most cases, it's an intuitive answer.

The process is actually quite straightforward and involves asking a series of questions around key topics: your company

legacy and values, your audience, your offerings, and pressing issues associated with your business, products, or services. Your moral mission will be born out of integrating the answers.

Step One: Explore Values

Start by looking at your company's values. These could include a set of values developed recently to fit the times or legacy values the company was founded upon. Think about the IBM story. The company was founded with Basic Beliefs that included Respect for the Individual. That concept is a key driver of its efforts today, which earned IBM a prominent spot in *Fortune's* Change the World list. IBM took that core value and aligned it with initiatives that were a natural extension of its business. It worked to help create new curriculums and engage educational institutions so they could teach new skills, enabling workers to move into new jobs that technology had created. So, rather than technology replacing humans, this was an effort to help people keep pace with technology and prepare for new career opportunities offered by those innovations. Pursuing a moral purpose based on company values ensures the effort is anchored in something real and meaningful that is already woven into the fabric of the organization. This is the most critical element of the exercise.

Key Questions

- Does our company have a founding or current core value that is relevant to our audiences today?
- Can this core value become the driving force of an effort that is a natural extension of my business, which can have a positive impact on the world?

Step Two: Pay Products and Services Forward

Think about your core offerings. Perhaps there is a way to put your products or services to work for people in the world who need them most. For example, Microsoft is on a mission to “empower every person and every organization on the planet to achieve more,” and is putting forth a variety of lobbying and partnering efforts to bring Internet access to the 24 million Americans who don’t have it.¹¹ Called the Rural Airband Initiative, it will also bring software (such as Microsoft’s own) to those who have no access. Other examples are TOMS’ One for One[®] program in which the company donates a pair of shoes to children in need for every pair it sells. Warby Parker’s Buy a Pair, Give a Pair, which involves giving a pair of glasses to people in need for every pair sold, is another great example. Finding creative ways to help mankind or the planet with your offerings is a powerful, natural extension of your business.

Key Questions

- Who in the world would most benefit if they had access to our product/service?
- How can we set up a program to provide access to our product/service to those people in need?

Step Three: Feed Your Audiences’ Passions

If you are truly engaged and listening to your customers, you can easily identify what they care about most. I’m talking about concerns and/or passions they have about the world, whether it’s climate change, family, education, nutrition, equality, or caring for

those less fortunate. Your moral mission may involve putting your organization and its products/services to help in those plights.

Patagonia is a great example here. The company's customers are passionate about the outdoors and the environment, so creating sustainable materials that are good for the planet was an obvious and natural path. Another great example comes from Nestlé. The company has a robust nutrition effort in place with a goal of helping 50 million children lead healthier lives by 2030.¹² As part of this effort, the company conducted a ground-breaking study on the biology of growing children to understand who is at risk for certain diseases and how nutrition might help prevent the onset of those conditions. As part of this exercise, think about issues impacting your customers, and perhaps this can guide your moral compass.

Key Questions

- What do our customers care deeply about that is aligned with our business?
- How can we make a true difference in this area? What is needed most and how can we make an ongoing contribution?

Step Four: Take a Stand

Perhaps you develop a product or service offering (or are in some way associated with products or services) that has a potentially negative impact on society. These situations can present an opportunity to take a stand to ensure your products or services are used in a positive way rather than doing harm.

Today, companies can no longer be agnostic. They are expected to step up, take action, and address issues. For example, as I write this book, Facebook is at the center of a privacy scandal because it sold data from more than 50 million users to Cambridge Analytica. How the company handles this crisis will impact its brand and its business.

As an aside, I believe that with any innovation, new issues will arise that we have never dealt with before. The important thing is not *that* issues arise, but rather *how* those issues are handled. Companies need to be honest about what went wrong, take ownership when appropriate, and take action to help fix the problem. And they need to do all of this quickly. Silence lets others fill in the void and tell your story in their words, not yours.

Companies are stepping up in great numbers today to take a stand on high-profile issues. I mentioned Dick's Sporting Goods' gun control efforts following the Parkland, Florida, school shooting earlier, but the company was not alone. L.L.Bean halted sales of guns and ammunition to anyone under the age of 21; the grocery store Kroger stopped selling assault-style rifles; and REI stopped selling products from Vista Outdoor because it owns Savage Arms, a company that manufactures guns.¹³

While this exemplifies a one-off stance on a pressing moral issue, it highlights what the world expects from companies today. It also shows how companies are moving out of the neutral zone and becoming action-oriented to change the world for the better. In addition to doing the right thing in moments like these to support worthy causes, companies should also have a larger moral mission tied to their DNA, an ongoing effort that is a natural extension of the brand.

One important footnote on this: if you choose to support more controversial issues (like immigration and gun control, as examples) know that you will be applauded by some and alienated by others. As such, you need assess the risks you take, understand

the potential upsides and downsides of your actions, and know how your most important stakeholders will react.

According to a *Harvard Business Review* article,¹⁴ you should “gauge how the social purpose idea both generates business value and minimizes the company’s exposure to risk. An effective social-purpose strategy creates value by strengthening a brand’s key attributes or building new adjacencies. At the same time, it mitigates the risk of negative associations among consumers and threats to stakeholder acceptance.”

Key Questions

- Does our product or service hold the potential to do harm in any way (think security issues, environmental issues, job loss issues, etc.)?
- If the answer is yes, what type of effort can we initiate to be vigilant and proactive to ensure more good than harm comes from our offerings? Can we take a leadership role in this effort?
- If it is a controversial subject, what risks do we need to assess and where do we need alignment?

Once you have answers to the above questions, review them to determine which moral mission best fits within your organization’s DNA. Then assess each to identify which one would have the most positive impact on your stakeholders and the planet, while also delivering long-term value to your business.

One final note about traditional CSR efforts and their place in this new equation: If your company has been generously

donating to worthy causes or funding important efforts, such as building a new hospital or putting a new park in your community, you do not have to put a halt to those worthy initiatives. The world needs those types of giving-back contributions as well. Moving forward, however, find ways to tie those types of giving-back initiatives into your larger moral mission so that it becomes an extension of it, making it stronger and more meaningful.

Notes

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