

BUSINESS WITH PURPOSE – PUZZLING OUT THE ORGANISATIONAL JIGSAW

As the influential Financial Times columnist Martin Wolf wrote in 2014 in a typically thoughtful and trenchant piece: “Almost nothing in economics is more important than thinking through how companies should be managed and for what ends. Unfortunately, we have made a mess of this. That mess has a name: it is “shareholder value maximisation”.” (Financial Times Aug 27 2014)

In our October 2014 paper for Coca-Cola Enterprises [Combining profit with purpose](#) we endorsed the argument of Charles Handy that each business should define its purpose for itself.

Implicit in the work of Corporate Responsibility coalitions like [Business in the Community](#) in the UK and similar business-led coalitions which now exist in almost all of the world’s 100 largest economies, is the notion that businesses should take responsibility for their social, environmental and economic impacts, and, therefore, have a purpose other than simply seeking to maximise shareholder value. These coalitions do important work in helping to change the business *zeitgeist*, contextualizing the need for responsible business and developing the agenda for more responsible business practices.

Mark Goyder from the think-do tank Tomorrow’s Company has drawn on the experience of family and other types of business to develop a process which he describes as a board mandate:

“A mandate captures the ‘essence’ of the ‘character’ and distinctiveness of the company, in terms of: its essential purpose; its aspirations; the values by which it intends to operate; its attitude to integrity, risk, safety and the environment; its culture; its value proposition to investors; and plans for development. It is a living statement about what the company stands for and how it wishes to be known to all of its stakeholders.”

An important new tool which can provide a practical framework for companies wishing to define their purpose, is the [“Blueprint for Better Business”](#) . By fostering dialogue and supporting companies, this charitable initiative encourages businesses to adopt Five Principles of a Purpose Driven Business:

- Has a Purpose which delivers long-term sustainable performance
- Honest and fair with customers & suppliers
- A Good Citizen
- A responsible and responsive employer
- A guardian for future generations.

Once companies have used a framework like the board mandate or the Blueprint, it is even more important that they have the metrics to measure performance, drive continuous improvement and account to stakeholders. [The Global Reporting Initiative](#) and [Integrated Reporting](#), now supplemented with an increasing volume of sector specific and material metrics from the [Sustainability Accounting Standards Board](#) provide frameworks and tools for reporting. Used

effectively, they can also facilitate benchmarking. Given continuing low levels of trust in business, companies need greater transparency and accountability on some of the really tricky “wicked issues” that defy neat, simple answers such as responsible executive compensation or corporate tax strategy. Here particularly, the process of stakeholder dialogue, external scrutiny and transparency offered by [Responsible100](#) is especially useful.

John Elkington (@volansjohn) recently asked in a GreenBiz blog: “are we nearly there yet on sustainability?” (www.greenbiz.com/article/john-elkington-are-we-nearly-there-yet-0) Patently we are not, but we will surely make more progress if we recognise and embrace this growing eco-system of organisations with tools and approaches helping businesses to become more sustainable and to adopt societal purpose.

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