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The New Logic of Purpose Within the Organization

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*During a full day of onboard training for new employees, the CEO was asked to explain, firsthand, the purpose of the company. When he ended his talk, a young man raised his hand and said: “I love that I work for a company with a real purpose but, tell me one thing ... what should **my** purpose be in this company?” The CEO was a bit surprised and visibly unsure on how to answer the question. The instructor of the training—a very wise man—took the floor and said: “Today the CEO has explained to you the company’s purpose, but for **your** purpose in this company ... that’s something you will need to discover for yourself.”*

As organizations search for a more humanistic approach to management, there is an increasing call to embrace “an intentional and broader focus on purpose.”¹ The idea of purpose has been around management for decades. In

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fact, organizations that have formally stated their organizational purpose are now quite common. However, the presence of purpose is not a phenomenon exclusive to the organization alone. Evidence from the field shows that the idea of purpose is also present and it develops at an individual level within the organizations.²

In this introductory chapter, we argue that the fulfillment of personal purpose *within organizational purpose* is the essence of truly purpose-driven organizations. But discovering this scope requires one to evolve from a neoclassical logic of management to one that is based on, what we will call here, the new *management logic of purpose*.

Recognizing Purpose

Whether collective or individual, purpose represents the “why” of our actions and efforts. And, more importantly, it specifies our contribution to this world and to the society in which we live. The presence of purpose is a trend that has been growing in recent decades³ and, we believe, will certainly continue to grow in the future. Most notably because the concept of purpose is becoming a necessary and key element for creating meaningful organizations in a competitive environment that is strongly marked by inconsistency and uncertainty.

At the organizational level, purpose is generally associated with concepts such as mission, vision, or ultimate aspirations. However, purpose is commonly considered as the basic idea—the essence—that underlies and sustains the meaning of these concepts. More specifically, purpose can be considered as the foundation of the mission.⁴ Think for example on Tata’s purpose: “to improve the quality of life for the communities we serve.”⁵ In this sense, purpose is not a mere declaration to stakeholders, but is, in fact, the very broad reason for its existence.⁶ Purpose represents an overarching commitment to society that includes broader aims, such as “making a difference,” or “improving lives,” or “reducing harm” and “[Purpose] acknowledges the interdependence of business and society— [as] one cannot flourish without the other.”⁷

Purpose is usually defined in short sentences or ideas that express the positive impact and legacy a company aims to leave on this world. Purpose is inspiring, helping companies go beyond their self-imposed limitations and strive for the seemingly impossible. For example, the purpose of Disney is “to use our imagination to bring happiness to millions.” 3 M hopes to “improve every company, every home, every life.” Google is “to organize the world’s information and make it universally accessible and useful.” Purpose can also be found by looking at areas where people feel excluded, or where their poten-

tial to contribute has been disregarded or overlooked by society.⁸ This is the case, for example of La Fageda, a Catalan yogurt manufacturer where almost all its workers have a mental disability. Their purpose is to “make work meaningful.”

And we know, when companies are true to their purpose, ordinary employees can do extraordinary things. Consider, for example, the behavior of staff members at the Taj Mahal Palace, Mumbai, a hotel of the Tata Group. On November 26, 2008, ten armed terrorists seized the hotel. Without hesitation, staff members, in the middle of what was described as a war-like situation, formed a human chain helping guests to escape by shielding them from terrorists’ bullets. No one ordered this, there were no manuals or instructions on how to act in such an extreme situation. Some of the staff were wounded and others died as a result of their decision. Not surprisingly, managers of the hotel had no explanation for the staff’s selfless actions.⁹

This example certainly points to the power of purpose. However, research has consistently revealed that, in general, these cases are exceptional.¹⁰ Likewise, purpose-driven companies have always been admired, regarded as something extraordinary, and, to a certain extent, anomalies of the established understanding of management. The successful cases, characterized by exceptional leaders that break the norms, have been extensively analyzed in order to understand their success. But when transferring the “good practices” from purpose-driven companies to traditional organizations, results have consistently failed to live up to that of their role models.

To that extent, it has been problematic that academics and consultants have tried to analyze and emulate purpose-driven organizations but with the wrong management logic.¹¹ It is like trying to see a landscape with reading glasses: you see shapes, but you miss the intimate details and the beauty of the whole. This is probably the most important insight for those who truly want to create a purpose-driven organization. Because if one uses the wrong logic, it is nearly impossible to harness the power of purpose. With a misleading logic, purpose appears to be something strange, ambiguous, and extraordinary while, in reality, it is something natural, unambiguous, and ordinary.

Purpose Demands a New Management Logic

Today, most business organizations are embedded in what scientists call the classical and neoclassical logic of management. Under such logic, organizations are seen as “machines” or “organisms” that are “designed to achieve predetermined goals in different environments.”¹² It is relatively easy to see

the dominance of this management logic in practice. When an employee joins an organization, for example, the basic management context that defines his or her work is established by tasks, competences, and objectives. A manager will make sure that new employees understand what to do and how to do it, but rarely does a manager truly care about **WHY** they do it.¹³ One way or another, the logic goes: as long as people do their jobs, it does not really matter why they do them. However, this logic, that has driven organizations during the last century, is insufficient to understand purpose-driven organizations.

To understand purpose-driven organizations, we need to shift to a *postindustrial management logic*¹⁴ which provides a more comprehensive view of the person and the organization. From this perspective, the meaning of work for the individual is something unique, of immense value, and is perceived as his or her deepest purpose in life. This is what some call “the anthropological” view of organizations,¹⁵ and what we refer to here as the new management logic of purpose. In this view, a company is a place where each member’s personal purpose develops, starting with that of the entrepreneur or founder, but ultimately ending with all employees. Over the last years, the seeds of this new logic have been planted in several theories of meaningful work, corporate social responsibility, authentic leadership, servant leadership, social entrepreneurship, humanistic management, and the time to benefit from all those advances is now close at hand.¹⁶

In this context, the old logic of management evolves into the new logic of purpose, characterized by three main traits that, we believe, will gradually become dominant in organizations (see Fig. 1.1). The first—**personal purpose**—introduces the idea of individual purpose in the organizational arena, the second—**self-management**—is the context where personal purpose flourishes within the organization, and the third—**unity**—is the natural connection between the personal and organizational purpose. Only under the lens of these three principles can organizations appreciate the true scope and beauty of a purpose-driven organization (Table 1.1).

Table 1.1 Fundamental traits of the new logic of purpose

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|--------------------------|
| The new logic of purpose |
| Personal purpose |
| Self-management |
| Unity |

Personal Purpose

During the twentieth century, in a relatively stable institutional and competitive environment, the purpose of individuals within the organization was neglected in organizational theory and practice. Once organizational purpose was established by the founders or directors, employees were then expected to derive meaning and significance in their work. In this way, personal purpose was regarded implicitly subsumed by the notion of organizational purpose. Purpose development was seen primarily as a top-down exercise of charismatic leadership, creating strong and stable cultures which would define and dictate the meaning of work to individuals.

But the panorama of the twenty-first century is very different. Disrupted business models and market volatility are common place. Competitive advantage, which in the past was the cornerstone of strategy, now gives way to creating temporary and transient advantage. This requires redefining activities and organizational focus at a rate that would have been dizzying in the past. Strategy is based no longer on accurate predictions of the future, but on developing dynamic skills and capabilities that allow individuals and organizations to adapt rapidly. In this changing and uncertain world, employees no longer find solace in top-down definitions of organizational purpose. Today, more than ever, managing the tension between what people perceive as their personal purpose and the constant change required by the preferences of clients, employees, shareholders, suppliers, and other stakeholders, can be difficult.

One example of this reality comes from Barclay's CEO Antony Jenkins. Barclays, like all banks, was struggling through the financial crisis, taking its fair share of knocks. But when the Libor scandal broke, employees suffered a great loss in their sense of meaning: "that was devastating for the organization ... the reactions of the society at large were very difficult to deal with ... [and] the organization lost its sense of self".¹⁷ It is clear that modern societies demand more from organizations. These new challenges, along with the increasing ambiguity we face as institutional models shift, only amplifies the loss of meaning in corporations,¹⁸ divisions, departments, and especially, individuals within the organization.¹⁹ Coping with external uncertainty and turbulence, organizations need to reinforce internal meaning. Because when the organization's purpose is unclear, the meaning of work for individuals severely suffers. This can be seen in the personal crises currently experienced by many professionals who find their careers meaningless, despite having reached great performance-related victories.

From this loss of personal meaning, a new paradigm has emerged: the idea of personal purpose at work. Nowadays, individual purpose can no longer be neglected or implicitly associated with organizational purpose. Employees do not wait for their companies to tell them the ultimate meaning of their work, they take the plunge and lead their own search. This is something that is generally increasing and especially prominent in our millennial generation, where a keen interest in more purposeful living as well as a shift toward collectivistic values is emerging.²⁰ Organizations should not fear this new reality, but on the contrary, gain an understanding of its enormous potential and implications for both the organization and the individual. Think about cases like Unilever, Medtronic, ISS Facility Services, or Telefónica—in recent years, these organizations have developed intensive programs in order to help their employees reflect on their own purpose. Without such clarity and engagement from the individual, efforts to push for an organizational purpose upon them may result in more harm than good.

The question of purpose must be raised by each employee, thus shaping the dynamism required for the organization's purpose. Companies can do this by helping each person actively search for the “why” in their work, guided by the organization's overarching “why.” This is a task that is ongoing, and will require discipline to regularly reflect, revise, and update.

In addition to talking about their company's purpose, managers must learn to talk about the unique purpose of the individuals within the company, starting with their own. They should learn to “listen” and understand their employees' purpose, from the selection process onward, in order to guide its development and harmonization with the company's purpose. This connection is totally unique for each employee, as it emerges from the personal life purpose of each individual. Although some may believe the emerging presence of purpose within organizations to be a mere tactic for branding or employee engagement, we believe it is a sign of the redefinition of meaning at work that will continue to evolve in the future. This idea of connecting individual and organizational purpose, at all levels of the company, is here to stay as a necessary element for facing market environments defined by inconsistency and uncertainty.

Self-Management

Because a person's purpose is an intimate personal concept, connected to self-identity, it cannot be managed “from the outside.” Attempts to dictate purpose from outside-in will come across as manipulative or paternalistic. Purpose is not something that the company grants, orders, defines, or requests. Nor

does purpose derive from functional positions. Certainly, purpose is not something negotiated, as might be the case with salary or objectives. It is not the company that defines purpose for individuals, but individuals who endow their work with a purpose. In purpose, there are no bosses, superiors, orders, or chain of command.

Individuals at work discover and define the purpose of their work, and the only ones who can fully assess its scope and meaning. It is precisely this evaluation of purpose that differentiates the new logic of purpose from old management paradigms. This evaluation prompts people to reflect upon: why they exist, the point of their work, and how is the world better because of it. Under this new logic, the individual answers to these questions become the cornerstone of the purpose-driven organization. And no answer can be satisfying unless it comes “from within” in a completely free and voluntary way. The new logic of purpose requires people to lead the evolutionary process of their own purpose at work. Only then is the company truly purposeful, when employees, through the exercise of their freedom, take on the leadership of their own purpose at work, and hence they voluntarily connect with the organization’s purpose.

For this reason, alongside the presence of purpose, an increasing interest has emerged in self-management²¹ and job crafting²² theories. Self-management does not mean giving up on organizational governance or hierarchy. It is about embracing a concept of freedom that means “trusting employees to think and act independently on behalf of the organization.”²³ In this sense, self-management is about effectively abandoning the idea of managing people. There is a fundamental reason at play here: purpose-driven individuals do not want to be managed. In fact, they instinctively resist being managed as they know it results in lower self-expression and realization. Being managed or controlled from the outside feels unnatural, and suboptimal to free and responsible individuals, and it deters their experience of meaningful and purposeful work.

In purpose-driven organizations, maximum value comes from people who manage themselves. This was something difficult to imagine in the past, but now, with the help of technology and communication, it is a reality in many organizations. In the era of the “purpose economy,”²⁴ managers must be capable of facilitating self-management in their teams and allowing as much autonomy as possible within the boundaries of needed coordination and alignment.

Unity

Unity is an organizational phenomenon that results from the connection of individual purposes. When people in a group or organization share a common purpose, it generates unity between them. Sharing a common purpose,

identifying with it, results in the unity of the organization.²⁵ A defining characteristic of unity is that it is achieved on a “person to person” basis. Every person counts. Each time an employee connects his or her personal purpose with the company purpose, the level of unity increases. Likewise, every time someone moves away from the company purpose, the level of unity decreases. Thus, fostering the development and connection of purpose within each individual greatly influences the capacity to generate organizational unity.

Take, for example, the way in which the president of Ferrer, a leading European pharmaceutical company, addressed his team: “We are not a group, we are not a corporation, we are not an assembly of companies: we are ONE.” His words express the belief that unity cuts much deeper than alignment of goals and objectives, which one would expect in a group, or a corporation. Certainly, unity is related to a sense of teamwork, commitment, and collaboration—yes, these are, in part, signs of unity, but unity goes beyond this. Unity is achieved by shared connections at the level of purpose.

It is helpful to think of unity not as something that can be controlled or manipulated from the outside. It has to be fostered from within the individuals that must be united within the organization. This idea is clearly understood by companies such as Bimbo,²⁶ whose employees, shortly after joining, take a course to help reflect on their personal purpose and values relative to those of the company. Behind this course, attended by all of its 130,000 employees around the globe, is the founder’s deep-rooted belief that²⁷—“the company has a soul made by the souls of each of its workers.”

It is important not to confuse unity with strategic alignment. Strategic alignment connects the “what and how” of individuals and organization through such structures as roles and incentives. Unity, on the other hand, connects the “why” of the organization and the “why” of the persons. The nature of strategic alignment is linear and mechanistic, from top to bottom, while unity of purpose is nonlinear as it emerges as much from individuals as from the organization.²⁸ As Bartlett and Ghoshal argue, purpose is something different from the model in which managers define strategy and put in place systems to ensure “employees toe the line.”²⁹ Unity should not be thought of in terms of alignment from top to bottom. Rather unity should be seen as a co-creation between the organization and the individuals in it that could be represented concentrically (see Fig. 1.1). Indeed, it is no surprise that some purpose-driven organizations—e.g. Walt Disney³⁰—traditionally did not display vertical hierarchical organizational charts but concentric ones.

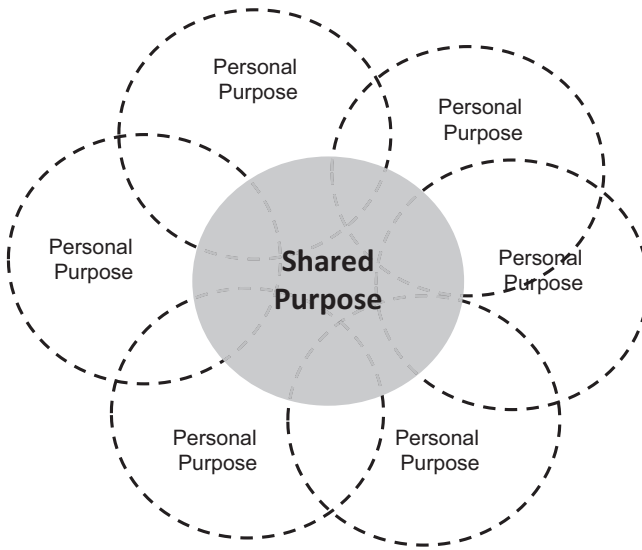


Fig. 1.1 Symbolic representation of unity

The Rise of the New Logic of Purpose

In short, we consider that the growing presence of purpose, both in companies and individuals, is an indicative sign of a new evolutionary logic of management. Like the way classical management logic prompted the division of labor, and the neoclassical logic prompted the development of organizational alignment, perhaps a new organizational theory will form, one that guides the development of the new logic of purpose within organizations. This new theory will spawn the emergence of organizational “members,” those agents and individuals who identify with the organization’s purpose and want to contribute toward its fulfillment. Traditional organizational boundaries will become more and more subject to question³¹ and will evolve toward a wider view, based on the new logic of purpose.

But how close are we to this reality? No doubt, organizations are in different positions along the spectrum. Most mature companies, in stable markets, are closer to the old logic of management. They will need to shift as the uncertainty and ambiguity challenge their performance. And digital economy corporations such as Google, Facebook, and Amazon, which were created with ideals closer to the new logic of purpose, are influential to the movement. While many universities, hospitals, and non-profit organizations, which, quite often, have mistakenly developed under the classical and neoclassical

logic, will see the new logic of purpose as a way of realizing their true spirit of purpose-driven organizations.

Although more and more companies and institutions are embracing purpose-driven practices, the true potential of this new approach is yet to be discovered. There are many challenges and obstacles that need to be overcome, and many questions yet to be answered. Exploring these questions is the aim of this book.

And in exploring them, we hope to help organizations and individuals understand how personal purpose is best developed and applied in the workplace and, most importantly, how to ensure its coherence and consistency to a given person's work. These are important questions to answer if we expect to overcome the inertia of the dominant and traditional logic of management and not succumb to the tension between purpose and the pressure of short-term financial results.

Notes

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