



# Winning with Purpose

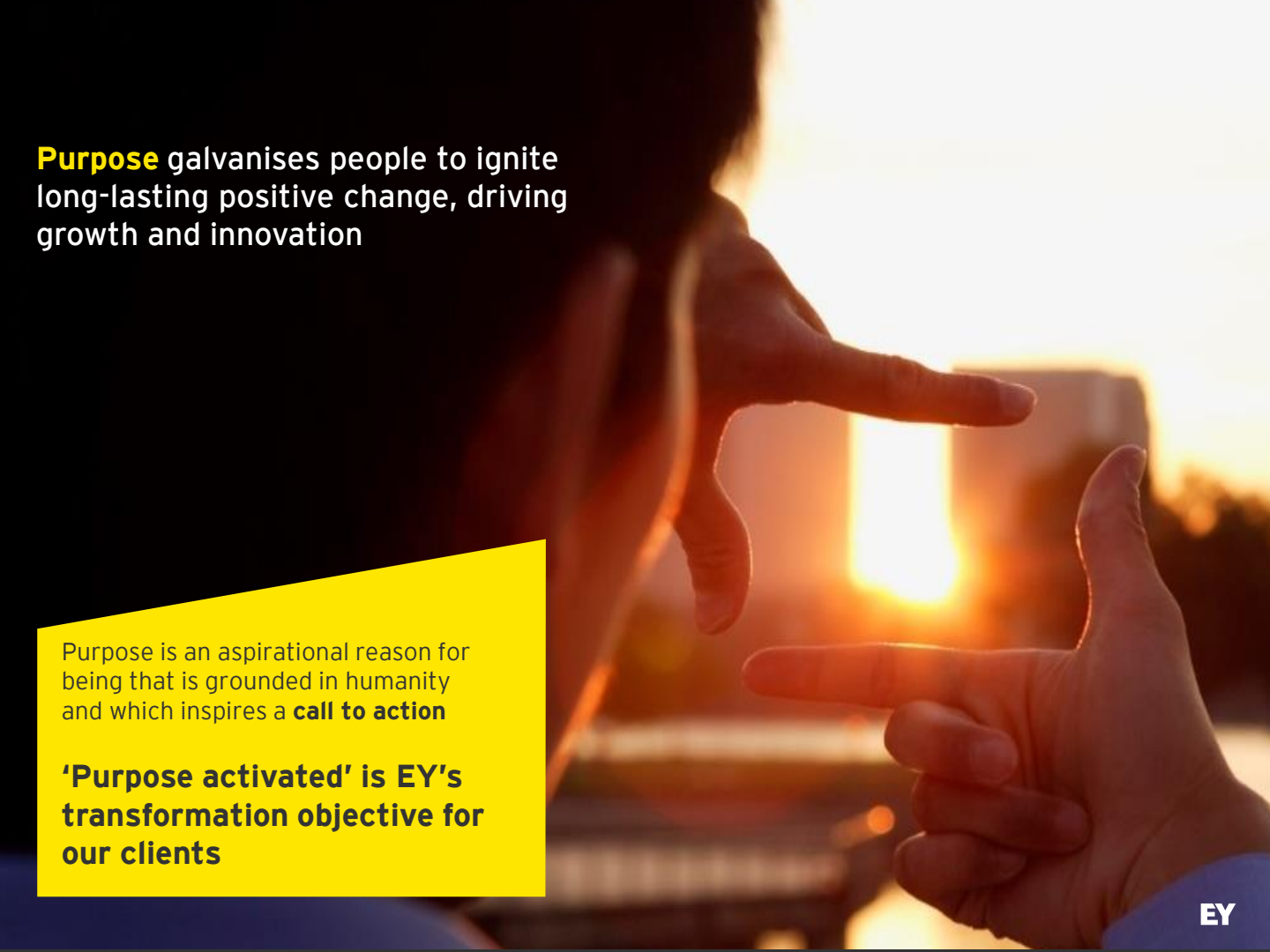
EY Entrepreneurial Winning Women Conference  
May 2016

# What if we lived in a world...

[Video](#)

A sunset scene over a body of water. The sun is low on the horizon, creating a bright reflection on the water and a lens flare effect. The sky is filled with soft, golden light and some clouds. A yellow text box is overlaid on the left side of the image.

**What is purpose  
and why is it important?**

A close-up photograph of two hands reaching towards each other, almost touching, against a bright sunset background. The sun is low on the horizon, creating a warm, golden glow. The hands are in the foreground, slightly out of focus, with the fingers extended towards each other. The background shows a blurred cityscape or building under the sunset sky.

**Purpose** galvanises people to ignite long-lasting positive change, driving growth and innovation

Purpose is an aspirational reason for being that is grounded in humanity and which inspires a **call to action**

**'Purpose activated' is EY's transformation objective for our clients**

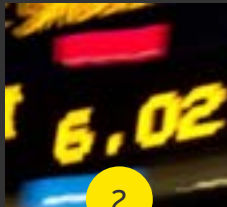
# Disruptive forces are challenging organisations to reassess and consider new transformation plays

These forces generate challenges for leaders, creating the imperative to be agile, innovative, and transform in differentiated ways



1

**Geo-political chaos:**  
East vs. West,  
Rising tensions with Middle East



2

**Euro zone turbulence:**  
Financial turmoil,  
separation risk



3

**Increasing globalisation:**  
Borderless and boundless



4

**Demographic shift:**  
Diversity,  
inclusiveness,  
Gen Y



5

**Digital:**  
Innovation,  
digital, 'rise of robots'

# Purpose is becoming increasingly important in defining business success

The business world is placing a spotlight on purpose...



...and changing how success is measured

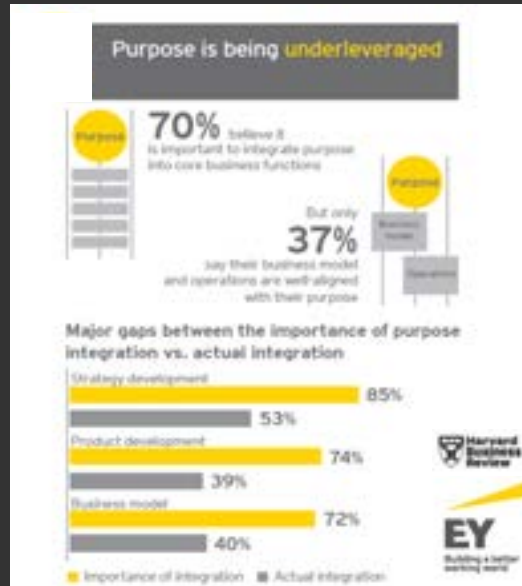
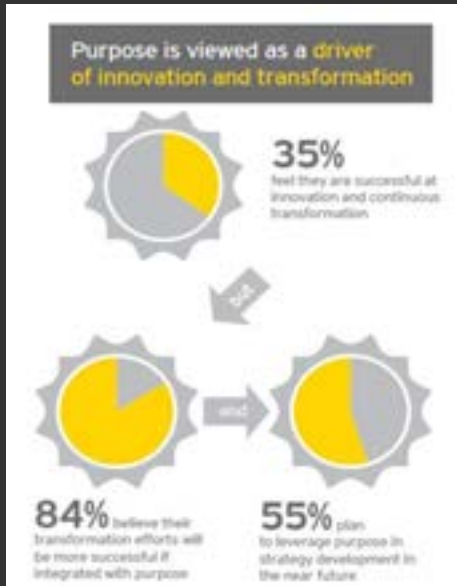
There is a growing expectation for companies to **measure success beyond financial results**

**87%** of consumers believe companies perform best over time if their purpose goes beyond profit

The way businesses are currently measured is lopsided

**\$\$** Traditionally businesses are measured by their ability to make money. It's time for performance beyond earnings, and to capture how great companies are operating and truly enduring

# Our HBR executive survey indicated Purpose is underleveraged



# Organisations that embody **Purpose** see significant, measurable results

## Get (and keep) the best **employees**

**1.4x**



1.4 times more engaged and  
1.7 times more satisfied<sup>1</sup>



**3x**

3 times more  
likely to stay<sup>1</sup>

## Attract, retain and engage **customers**

**89%**

of clients believe a  
purpose-driven  
company will  
deliver the highest quality  
products/services

**72%**

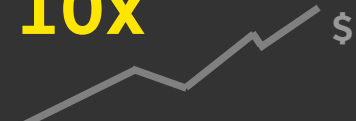
of global consumers  
would recommend a  
company with a purpose, a 39% increase  
from 2008<sup>2</sup>

**84%**

of emerging market  
consumers make  
cause related  
purchases at least annually<sup>2</sup>

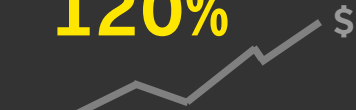
## Increase returns for **shareholders**

**10x**



Purpose-led companies outperformed the S&P  
500 by 10 times between 1996 and 2011<sup>3</sup>

**120%**



'Meaningful brands' connected to  
human well-being outperformed the  
stock market by 120% in 2013<sup>4</sup>

Source: 1. The Energy Project, What Is Your Quality of Life at Work, 2013. 2. Edelman, The good purpose study, 2013.  
3. Raj Sisodia, Firms of Endearment, 2007. 4. Havas, Meaningful Brands Index, 2013



# But there is a gap

## Best in class

in embedding and exploiting organisational purpose\*



64% of best in class have seen 10%-30% revenue growth over the past three years



81% of best in class give top scores to their customer satisfaction levels and 67% of them give the highest rating to employee satisfaction



Best in class organisations are heavy users of purpose to inform strategy development, and use it broadly across business areas

## Laggards

in embedding and exploiting organisational purpose\*



24% of laggards experienced declining revenues over the same period



Only 41% of laggards report increased customer satisfaction and only 37% see increased employee engagement



Laggards are using purpose to drive branding and strategy development, a less holistic approach

\*The survey defined organisational purpose as "an aspirational reason for being which inspires and provides a call to action for an organisation and its partners and stakeholders, and provides benefit to local and global society."

# Purpose-led companies have a clear reason for being - we know what they stand for



“We believe in challenging the status quo. We believe in thinking differently”



“Contribute to society through the development of superior, original technology and products”



“Promote and spread happiness”



“Enhance people’s quality of life through internet services”

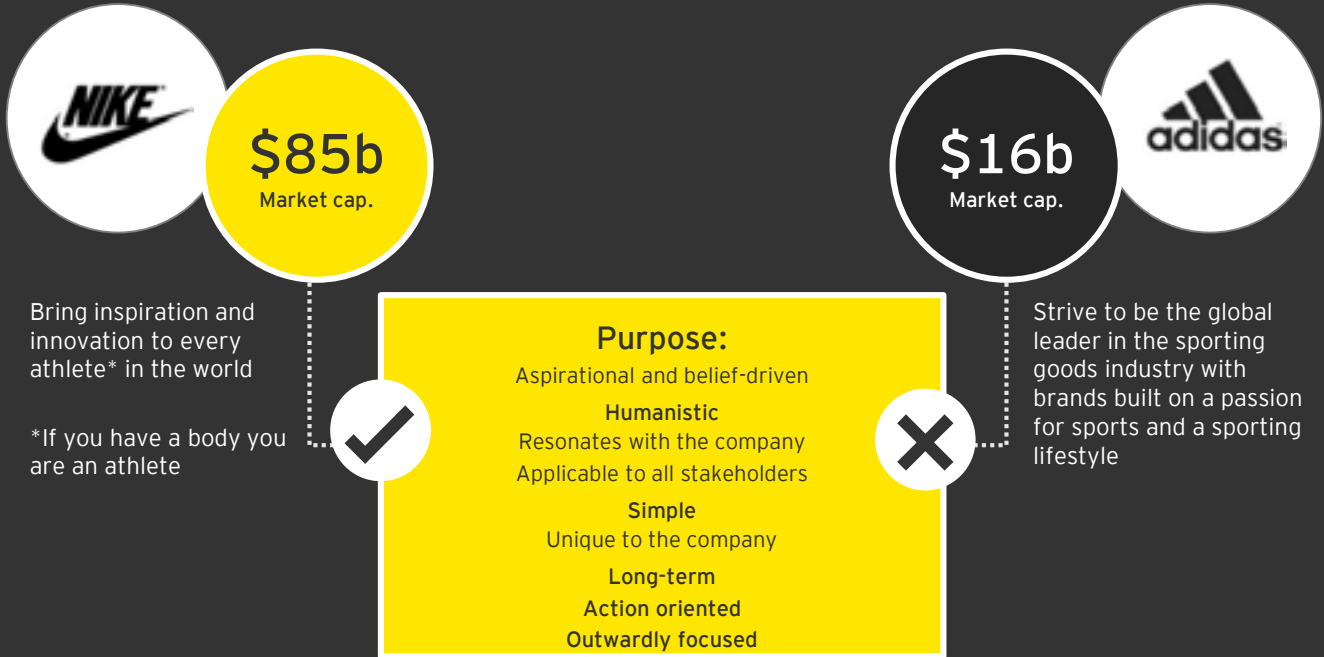


“Making sustainable living commonplace”



“Improve the quality of life of the communities we serve”

# Nike vs. Adidas - a clear case of purpose driving performance



# Fundamentals of a good purpose statement

## What it IS

- ▶ Long-term/outwardly focused
- ▶ Aspirational and belief-driven
- ▶ Humanistic
- ▶ Broader than the company's activities, products or services
- ▶ Resonates with the company's DNA and values
- ▶ Captivates customers, employees, partners and the market

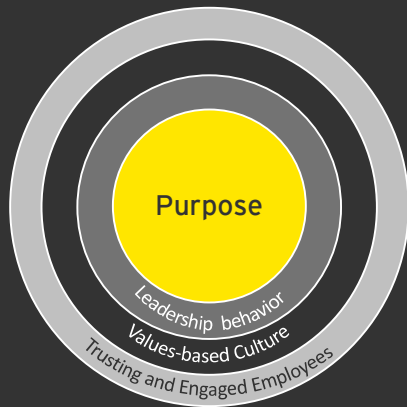


## What it is NOT

- ▶ A vision
- ▶ A mission, values, credo, etc.
- ▶ Solely focused on the organisation internally
- ▶ Just branding, corporate sustainability, or public relations
- ▶ A tagline
- ▶ About being trendy



# Activating Purpose starts with leadership behaviour



Communities, Environment,  
Sustainable Profits, Reputation

**Purpose is activated internally** by leaders who believe and whose daily behaviour and decisions reflect the company's purpose and values...

...which creates a **values-based culture**, along with positive interactions and experiences, builds **employee trust and engagement**...

...which drives positive interactions and experiences with customers, leading to engaged, motivated and **satisfied customers** who trust and **recommend you**.

# Let's get to know each other!



Think about your own personal purpose

Write and share your purpose statement within your group

Purpose is an aspirational reason for being that is grounded in humanity and which inspires a **call to action**

A sunset scene over a body of water. The sun is low on the horizon, creating a bright reflection on the water and a lens flare effect. The sky is filled with soft, golden light and some clouds. A yellow text box is overlaid on the left side of the image.

## The purpose journey

# Four steps in a purpose-led and trusted journey

1 Create a clear, well-constructed purpose

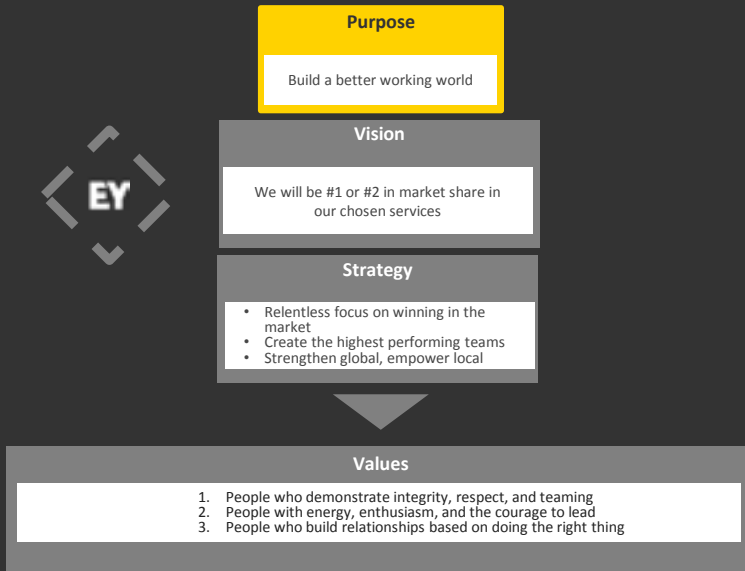
2 Activate the purpose

3 Focus on building trusted stakeholder interactions and experience through the lens of purpose

4 Sustain the relationships over time



# Example of our Purpose-infused Corporate DNA



## Our Story

We believe that everything we do is to...

**Build a better working world**

We are in the business of...

**Providing performance improvement services to leading companies around the world**

In so doing, we will be/become...

**#1 or #2 in market share in our chosen services**

Together, we will achieve that through/by...

- **Relentless focus on winning in the market**
- **Create the highest performing teams**
- **Strengthen global, empower local**

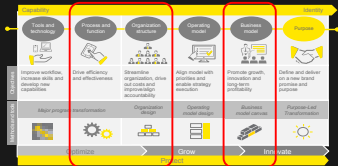
As we **build a better working world**, we'll do so with...

- **People who demonstrate integrity, respect, and teaming**
- **People with energy, enthusiasm, and the courage to lead**
- **People who build relationships based on doing the right thing**

# EY is already experiencing success in applying our PLT framework on transformation engagements

## Client brief

- ▶ US and Asia-Pacific public diplomacy institution that required more government and private funding
- ▶ Needed to improve its point of difference
- ▶ Started on the left of the Transformation spectrum.



## Engagement approach

- ▶ Elevated the client and key stakeholders from strategy (and tactical) thinking, to that of Purpose
- ▶ Collaborative engagement with President and Board to redefine the Center's Purpose, through a strategic planning process
- ▶ Engagement ran for 3 months, across Honolulu, Washington and Australia

## Outcomes



- ▶ Defined a new Purpose-led strategy and operating model
- ▶ Transformation roadmap with Digital and Organisational Structure opportunities for EY



A sunset scene over a body of water with a yellow text box on the left. The sun is low on the horizon, creating a bright reflection on the water and a lens flare effect. The sky is filled with soft, golden light and some clouds. The water in the foreground shows gentle ripples.

**Leading with purpose**

# Reflect on yourselves as leaders of people

Great leaders are made, not born. Great leaders are great students – always looking to improve.  
Changing behaviours means forming new leadership habits



People follow me because they have to

People follow me because they respect me

People follow me because they believe in me

# World Economic Forum at Davos

In January 2016 EY gathered a group of leading global executives to dissect how business can make purpose an integral part of strategy and decision-making

- Discussion across 10 working roundtables with more than 50 delegates
- Offered insights to utilise purpose as a resource to grow, innovate and transform

*"Purpose is integrated in the fabric of capitalism. It is when we forget that capitalism is endangered. Purpose is indispensable to modern business"*

*Arianna Huffington*

Video



EY | Assurance | Tax | Transactions | Advisory

## About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organisation, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organisation, please visit [ey.com](http://ey.com).

© 2016 Ernst & Young Australia  
All Rights Reserved.

S1527975  
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

[ey.com/au](http://ey.com/au)