

PURPOSE:

How to Define It and Make It Work for You and Your Company

By Nikos Mourkogiannis

One day, the Communists came to our farm in Greece. They wanted my father, but my father was long gone; he'd left to fight the Communists. So the Communists made do with the women, the 54 women in our village that day. The Communists demanded that they denounce my father. They refused—all of them.

So the Communists shot them all. Two women survived, only because there were so many bodies that the wounded could hide under the pile.

Because of the tragedy that befell my family, I have never been in danger of forgetting the centrality of Purpose for any enterprise—because, even though my family was destroyed that day, their deaths added to the horrific body count that ultimately toppled the Communists. The women in my family died to help freedom prevail in their country.

As a boy, I believed that my dead family members—their names forever unknown, even in their own country—were nonetheless immortal. I wanted to be their equal, to be somebody who changed the world for the better. To do that, I concluded, I would not only have to be somebody important, I would have to stand for something—I would need to find a Purpose worth living for, and, if necessary, dying for.

Behind every tainted enterprise, we like to think there is someone who simply forgot that the law applied to him. So he cut corners. He bent the rules. He didn't consider himself to be a criminal—he was just being “aggressive” and “entrepreneurial.” And in the personal lives of those caught in scandal, we see more of the same self-justifying explanations. It wasn't as if they were immoral: they were good spouses, involved parents, concerned citizens. What is troubling about the faces we see going in and out of courthouses is that they look so like ours. Could they be us? Yes, if we find ourselves “going along” with behavior that we know to be dodgy. No, if we are people of Purpose.

My book, *Purpose: The Starting Point of Great Companies*, represents an answer to that kind of knife-at-the-ready, quarterly-results-are-all, get-a-corner-office-at-any-cost thinking. I acknowledge that an executive can rise quickly to the top by brilliant gamesmanship, but at some point you have to do the job. And you just might have to do the job when business turns bad and there's a terrible crisis and your people are looking to you for leadership. When there's no one left to knife, and there's nothing you stand for, won't the knives be pointed at you?

I believe that Purpose—not money, not status—is what people most want from work. Make no mistake: they want compensation; some want an ego-affirming title. Even more, though, they want their lives to mean something, they want their lives to have a reason. In the Middle Ages, craftsmen worked—with no thought of personal recognition—on cathedrals that even their grandchildren would not live to see completed. That didn't bother them; in fact, it kept them going. For what was more important than doing God's work? Bach, at the bottom of his compositions, wrote “to God alone the glory.” In the composer's view, he was simply the messenger. You don't have to be religious, or an artist, to want a Purpose in your life. It's simply a matter of seeing the meaninglessness of modern material culture.

Fine, you may say, but how does that help me, a businessperson? After all, I am making material things, and I am trying to make money as well. How can this other-worldliness be good for business?

In my late thirties, I went to Harvard Business School, and after graduating I joined Monitor Company, a strategy consulting firm founded by Harvard Business School professors Mike Porter and Mark Fuller. As I helped companies address their problems, I began to see something that no one else was really talking about—their problems tended to stem from a lack of idealism. Simply making companies more effective was too abstract a goal. To make better companies, one must start with developing better leaders. And to develop better leaders, one must help them discover a better Purpose—for themselves and their colleagues.

Almost everyone now agrees that leadership is crucial to a business's success. But too often this leads to an excessive focus on one individual and his or her character. We should not be looking for charisma from our leaders. We should not be looking for a father or mother figure at the firm they work for. Leaders are there to help us discover our own purpose in life, even to embody that purpose and act as a prototype.

The result, though, is a paradox. Purpose leads to profits, certainly. But to work in this way, it must be pursued for its own sake. If it is treated as just a tool, a means to financial ends, then it will not work.

Leaders themselves are beginning to recognize this. True, they may not diagnose their problems in terms of Purpose. Normally the symptoms will seem to point to something else, something less profound. For example, there may be a morale problem, or calls for a new strategy, or problems implementing the strategy, or reputation problems that just will not go away. However in the subsequent dialogues that I have had with CEOs and Chairmen that I respect, I have found the thought frontier moving from an obsession with “How do we get the results we want?” back to “What is to be done?” and ultimately to “Why does it have to be done?”

Ultimately the answer to that question has to be moral. For it is moral ideas that define what is right and what is worthwhile. So answer the question ‘why?’ without prompting a further ‘why?’ It is moral ideas that underpin Purpose.

There are and have been many moral ideas in human history, of course, but I want to present here four that appeal to our deepest instincts and that can also inspire a business or enterprise to long-term success in today’s world. They are answers to the question ‘why?’ that can bind people together and lead them to outstanding success. Significantly, they have been articulated by philosophers working in different traditions over the centuries: they have stood the test of time. However, they are also relevant to the problems that leaders face today. I have labeled them Discovery, Excellence, Altruism and Heroism.

Discovery

Discovery put men on the moon, America on the map and the dot coms in business. It involves a love of the new and the innovative, and it animates many technological businesses. At Sony, the “joy of technological innovation” was explicitly stated by its founder as one of the reasons for the company’s existence, and innovation has consistently driven 3M. Many of the dot com entrepreneurs were inspired by intellectual curiosity; they believed they were reinventing their industries, economics and indeed themselves. There were no constraints: as an employee or inventor, what you did was your own decision. You created yourself in every choice you made. Those who remained hamstrung by traditional economics or ways of doing things were not only foolish, but even immoral in their refusal to face the wide range of options open to them. The dot com entrepreneurs genuinely believed in a moral imperative to transform the world through discovery.

This type of purpose and morality is rooted in the intuition that life is a kind of adventure. We are free and should not be bound by convention. When we live authentically, we are constantly seeking out and creating the new. But this does not mean constantly changing course. Precisely because we are creating something, precisely because we have chosen the course we have embarked on freely, we are committed to pursue that course consistently. The best reason for staying with an action is that we have freely chosen it.

This emphasis on our complete freedom of choice *and* our resulting commitment to the consequences of our choices recurs again and again in the writings of existentialist philosophers. It emphasizes the importance of the individual and applauds his constant attempt to break out of conventional ways of doing things. We must “think of each situation afresh,” they proclaimed, “and try and see ... what ought to be done for the best. ... We must really decide for ourselves ... remembering we could decide anything.”

Tom Watson of IBM was a perfect exponent of this idea. “THINK” was the slogan that he plastered up all around the company’s offices and he urged his salesmen to think of each situation afresh. He rejected convention, and he knew he would have to live with the consequences of his decisions—which took the company to the edge of bankruptcy on more than one occasion. He would have agreed with the existentialists that “I couldn’t help it” is almost always a lie.

Excellence

Excellence built the great cathedrals of Europe and today's most successful professional and creative businesses. It implies standards, like those of an artist, defined by the craft itself rather than by the customers; it involves a never-ending struggle to achieve ever higher standards, such as those at Toyota or Apple. Medieval craftsmen spent as much time carving angels that would be invisible to those on the ground as they did on the cathedral's more prominent ornaments, because God would see them too. Excellent businesses prefer to turn away customers rather than compromise their quality standards. Publishing businesses such as *The Economist*, although theoretically interested in the greatest possible profit, are in practice strongly driven by a passion for truth and intellectual integrity. Not that the pursuit of excellence and profit maximization need conflict: Warren Buffett is one of the best examples in modern business of having achieved both.

This type of Purpose is rooted in the belief that excellent performance in our role in life represents the supreme good. If you care about excellence, you are automatically part of a community; someone outside of yourself must exist to judge your contribution. If excellence is your priority, you should cultivate your character in such a way that you can flourish in your community.

Aristotle articulated this thought in Athens in the fourth century B.C. His audience was young men who were to become citizens, and the ideal of citizenship and of the “polis” or city-state to which citizens belonged was real and powerful. In his scheme, the ultimate end of human activity is “eudaimonia,” which is sometimes translated as “happiness,” but is perhaps closer to “fulfillment,” “flourishing” or “success.” Implicit in this idea is the view that man has a function, with eudaimonia as the fulfillment of that function. But we do not achieve fulfillment simply by aiming for it; instead we must cultivate the “virtues.” These are not abstractions of good behavior; rather they are traits of character, which lead us to behave in a way that contributes to our success.

Aristotle has been called the eternal optimist. In his scheme, success and virtue are closely entwined, in contrast to the situation common in the modern world where we often draw a sharp distinction between ends and means. For Aristotle, the end (success) cannot be understood in the absence of the means (virtue). Aristotle identified the following as relevant for the Athens of his day: Courage, Temperance, Liberality, Magnificence, Pride, Good Temper, Friendliness, Truthfulness, Wittiness, Shame, Justice, Honor. In our time, we might choose others; the particular virtues matter less, under the Purpose of excellence, than the commitment to try to reach them.

Altruism

Altruism lies behind major political movements, charities and a whole range of businesses that exist primarily to serve their customers. In these organizations, altruism may take the form of personal service beyond formal obligation (as at Nordstrom), delivering products at affordable prices (Sam Walton's Wal-Mart) or using technology and ideas to improve lives (Hewlett-Packard, and, even Hallmark Cards). A good proportion of small business is animated by this benevolent ethic.

In these examples, altruism is directed at the customer, but it does not have to be. For Anita Roddick of the Body Shop, and other leaders of so called new age businesses, altruism and customer benefit are distinct. In her case the altruism is directed at animals, and to some extent her staff. As she put it, rather brutally, "How do you ennoble the spirit when you are selling something as inconsequential as a cosmetic cream?" The answer in her case was by following certain altruistic principles. Another, more traditional, variation on altruism is paternalism toward staff. A good example is the leading British retailer, Marks and Spencer, whose Jewish founders (at least in its heyday) established a tradition that staff were to be treated as "part of the family." Service businesses often "care" about the staff, which will in turn care for customers—an approach summed up by Federal Express as "People-Service-Profit."

Altruism, as argued by Scottish philosopher David Hume in the eighteenth century, is less a principle than an emotion. We care about others' well-being as well as our own—indeed we maximize our own happiness only by taking into account the happiness of others, trading off our selfish pleasures against those generated by our moral instinct to care about others.

Sam Walton was a highly competitive, tough businessman, but this kind of fellow feeling shines through his own account of his motivations in his autobiography:

“Many [Wal-Mart employees] decide they want to go to college, or to manage a store, or take what they've learned and start their own business, or do a good job and take pride in that. Wal-Mart has helped their pocketbooks and their self esteem. There are certainly some union folks and some middlemen out there who wouldn't agree with me, but I believe that millions of people are better off today than they would have been if Wal-Mart had never existed. So I am just awfully proud of the whole deal, and I feel good about how I chose to expend my energies in this life.”

Heroism

Heroism resulted in the Roman Empire, Wimbledon champions Serena and Venus Williams, and many of the most spectacular growth companies, from Standard Oil to Microsoft. Bill Gates' plan to put his operating system onto every desktop was just such an obsession. It is not the "winning" or the specific goals themselves that tap into broader human aspirations, but the ambition, daring or heroism evident in those goals.

Henry Ford was by far the most famous industrial hero of his day. At first sight, his ambition to "democratize the automobile" and his introduction of the \$5 day for his workers might indicate a strongly altruistic Purpose, a desire to bring happiness to customers and workers alike. But this is an illusion. The specific social and economic goals he pursued at different times were quite inconsistent—these goals were less important to him than his ambition to use the Ford Motor Company as his "machine." Ends and means were curiously reversed; the outputs were the means to his ultimate end, exercising his will to improve the world.

Heroic Purposes such as Ford's gain their force from the Nietzschean intuition that only some people are truly free and have the capacity to lead. If you are one of these people, you realize you must exercise your willpower and your influence. If you are not, you realize you should follow those who are capable of leadership. Writing in Germany in the late nineteenth century, Nietzsche was repelled by what he perceived to be the mediocrity of the democratic age—he longed for rule by an aristocracy of great men. “The [French] Revolution made Napoleon possible,” he wrote. “That is its justification.” For him, Christianity and compassion should be shunned: they tame great men like Napoleon, and may tempt us to think there is no fundamental difference in value between the elite and the masses. Courage, pride and firmness are the raw materials of the Nietzschean leader, but the necessary level of these characteristics is found in relatively few human beings. These men are the leaders who can command those without the necessary character.

In politics, this philosophy can lead to the excesses of fascism, and in business to the adulation of the charismatic leader. However, in many cases the heroism really is more important than the hero. Then it produces results.

How do I develop a Purpose—and use it to create advantage?

You cannot just invent a Purpose, you have to discover one. And this has to be a Purpose that you and your colleagues can genuinely share. At the same time you have to ensure that your strategy and your Purpose support each other.

One starting point for discovering Purpose, therefore, is a strategy review. It is not that the strategy *determines* the Purpose; after all a strategy is normally about how you achieve your fundamental goals, not what they are. Nonetheless the strategy will give you some ideas about what you can and cannot aspire to—what your options really are. It may also give you clues about choices you have made in the past and thus what your Purpose really is.

Do not try and construct a positive Purpose directly from the strategy—this will lead to rather trite results, which will have all the impact of the average mission statement. However, do note what your strategy seems to rule out: if you are aiming to be the lowest cost airline, can you *really* aspire to excellence? The strategy will also tell you who needs to share the purpose—whose morale and actions are critical to success. So if you are competing on service, you may need a Purpose that your front line staff can share. But if new product development is what matters, then you should pay more attention to your R&D staff. The key question you have to ask is: On whose action does competitive advantage depend?

You should then try and reach an understanding of the moral ideas and intuitions of these people. However the central member of this group is you. So the starting point for your investigation is your own intuitions and ideas.

Think about the ultimate reasons for what you do—both the things you would like to do and the things you actually do. When thinking about this, try and avoid conventional reasons or codes which do not really grip you. Instead, concentrate on what gets to your gut. See if what gets to your gut relates to one or more of the traditions I have described above—discovery, excellence, altruism and heroism.

Now extend your survey to your immediate colleagues, your team. Listen for the moral language they use, the terms they use to justify action, or express aspiration. Engage in informal conversation that will reveal this language.

Finally, extend the survey to all the people who matter to success—potentially the whole company. Mine the company's past to see what traditions have guided previous behaviour and could continue to mean something. Who are the heroes? What are the myths? You may also want to conduct a more formal review of current attitudes amongst those employees critical to success.

Once all this data is in place, you are in a position to make a creative leap. You should define a single Purpose and strategy that makes the most of the company's strengths and fits the moral ideas of the top team and a critical mass of other employees.

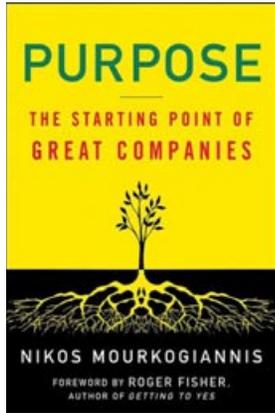
Do not expect everyone to support this Purpose. Of course it is better if there is unanimity, but if this is impossible, be prepared to offend a minority—and if those people are in the top team, be prepared for them to leave. Do not attempt to construct a compromise that will not inspire anyone.

The next step is to translate the Purpose into action. Use it to inspire as many of your colleagues as possible, raising morale and creating a desire to take action across the company. Ensure it is translated into day-to-day objectives and performance metrics, so that individuals understand how it affects them and what they do. In this way the desire to take action will turn into concrete plans. And give individuals the tools they need to act on these plans, so that the Purpose can become a reality.

All being well you will then find you are in a virtuous circle: a shared understanding of the Purpose ensures a well co-coordinated business, in which decisions furthering the Purpose and the strategy come naturally. Cooperation across organizational borders is taken as read. Innovation thrives as individuals motivated by the Purpose take risks and persist in their search for better solutions to the problems you and your customers face. The resulting successes boost morale and energy levels, and so, continuing performance.

And thus, you find you have a sustainable competitive advantage.

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ABOUT THE AUTHOR

Nikos Mourkogiannis is the author of *Purpose: The Starting Point of Great Companies*. He is a senior partner at Panthea and senior executive advisor on leadership to Booz Allen Hamilton.

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