

Purpose Provides a Competitive Advantage

What is the defining legacy of every great company?

Before answering, consider some of the great entrepreneurial ventures of our time. From Google, Apple, Microsoft, and Berkshire Hathaway, to Sony, Dell, Nordstrom's and Nike. They all have one element at their core that Nikos Mourkogiannis, senior partner at London-based Panthea Ltd., a global consulting firm advising CEOs on leadership strategy says, gave each their sustained competitive advantage. The answer? In a word, purpose. According to Nikos, "The way good companies bridge the gap to become great companies is through purpose."

Mourkogiannis knows about purpose. Prior to founding Panthea, Nikos worked for Monitor Company, a strategic consulting firm founded by Harvard Business School Professors Michael Porter and Mark Fuller. In 1998, he was promoted to Chairman and CEO of Monitor's European, African, Middle East and Eurasian operations, creating the most profitable and fastest growing region of the company. In 2004, he resigned from Monitor to begin the reading and thinking that led to his recently published book titled, *Purpose: The Starting Point of Great Companies* (Palgrave Macmillan Hardcover Original). However, Nikos says it's taken him a lifetime of thinking to put into words the essence of what he's discovered.

Mourkogiannis provided executives at a recent Northwest Entrepreneurial Network breakfast meeting with some of these insights and those he shares with chief executives world wide. Regarding purpose, he says, "The past business wars focused on conquering competitiveness, strategy and execution have already been

won." He adds, "What is lacking in business today are answers to the questions about 'why', not tactics or strategy." When entrepreneurs focus on the 'why' it enlightens the agenda, focusing discussion in the important areas, ultimately making a company's advantage sustainable.

Defining Purpose

According to Mourkogiannis, "The point

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of purpose is to do well and to do good, on a daily basis." Defining a company by purpose starts with one person's reason for doing something. It is the entrepreneur's moral DNA, which fuses with the company. Mourkogiannis continues, "The magic is that this moral compass or purpose can be shared with many individuals, and when it catches on, it becomes very powerful." In case it isn't already clear what purpose is, it shouldn't be confused with a company mission, vision, values, or ethics. It isn't a means to drive equality or a tool to maximize profits. Mourkogiannis explains, "Our generation has a moral challenge—to embrace the power of purpose and to make business the moral institution of our time."

Mourkogiannis makes the case that companies that lack purpose, can never be great and aren't sustainable. In fact, he says there are telltale signs that indicate a company is lacking purpose and therefore, at risk. "When employees and leadership don't walk the talk anymore; when morale is down and you hear comments like 'it

just doesn't feel the same anymore', or 'if we knew why we were really here'..." These represent the moments that company leadership has to stop and ask the tough why-focused questions, and consider its purpose. Purpose is a close synonym to the character of a firm, and these issues represent a lack of character.

Four types of purpose

Once a company agrees that it needs a purpose, Mourkogiannis outlines four moral ideas that he says "Can supercharge a company to greatness and enable it to be competitive all at the same time."

1. Discovery: seeking new possibilities e.g. for technology; IBM, Google
2. Excellence: the thrill of achieving outstanding performance, e.g. Berkshire Hathaway, Apple
3. Altruism: working to make people happy, e.g. Disney, Nordstrom
4. Heroism: doing something to change the world e.g. Dell, GE, Microsoft

"All great companies have strived for one of these," explains Mourkogiannis, "However," he cautions, "It doesn't happen overnight. Greatness takes time." You may live and work with purpose everyday, but according to Mourkogiannis, it takes a certain level of corporate maturity to achieve purpose, and that may translate into a 20 year pursuit. "It requires an ongoing relational alignment between your moral idea, the top executives, and the company strategy overtime." However, the payoffs are considerable if a company achieves its purpose.

The “great companies” have figured out that purpose can be a goal and management tool at the same time. The theory works like this: if you practice it and believe in it, your moral purpose drives everything and also delivers financial rewards. The reasoning is that a purpose will drive a company’s competitive advantage because it will be at the core behind hiring decisions, priorities, communication, business structure and even innovation.

Mourkogiannis explains, “The truth is innovation costs a lot of money and takes a lot of time. Purpose helps a company to innovate because it makes the risk of innovation more palpable.” It’s also a great motivator. Mourkogiannis offers, “The biggest valuation issue we have in

the West is company moral.” There is a lot of individual misery and money lost because so many individuals are just working for a job. “The difference between working for paycheck and living a life of purpose equates to an enormous amount of money because moral issues equal close to 30% of the valuation of a company,” says Mourkogiannis. The bottom line: purpose helps a company to innovate and increases company moral. Both are huge levers for company growth.

The moral of the message for every entrepreneur: Find the true purpose for your company. Discuss it with your colleagues and elevate it above money and every other goal. Take the time to talk about “why”. The evidence suggests if you have a purpose and achieve it, like

Google, Apple, Microsoft, Berkshire Hathaway, Sony, Dell, Nordstrom’s and Nike, your purpose will arm your company for the long term and the money will follow.

These “Executive Insights” are based on monthly presentations provided by leading entrepreneurs at the Northwest Entrepreneur Network (NWEN.org), a non-profit organization dedicated to helping entrepreneurs succeed. The column is written by Cheryl Isen, founder of Isen & Company, a strategic marketing and public relations firm that helps emerging companies increase corporate visibility and brand awareness. Contact Cheryl at (425) 222-0779, Cheryl@IsenandCo.com or on the web at www.IsenandCo.com.