



The Global CEO Advisory Firm

Teneo Insights

People, Brand, Business

Defining Company Purpose in the New Normal

Stephan Merkens

May 2020

Saying that COVID-19 has wreaked havoc on the global economy is a gross understatement. Everywhere we look, we see evidence of one of the greatest economic downturns in recent history and a looming recession/depression that is threatening to completely disrupt global commerce. The pandemic has had a serious impact on the financial reporting for many US businesses, with a predictably negative first quarter for a number of brands and a potential replay for Q2 on the horizon.

Each day brings another round of uncertainty with which to grapple. Unending news streams and conflicting advice and recommendations hound us continually on social and digital media. In this new normal, where certainty and reassurance are scarce, individuals are looking to brands to provide reassuring narratives that reflect an effort to change the current situation and help the world recover. In fact, a recent poll showed that 70% of U.S. consumers want to know what the brands they support are doing to address social and environmental issues. And 46% said that they pay close attention to a brand's social responsibility efforts when they buy a product. ([Markstein & Certus Insights 2019](#)). When an organization chooses to prioritize purpose, it provides differentiation from peers, allows for more robust growth, and transformation, and, can help develop a more loyal customer base and more engaged employees.

Purpose also has financial benefits. The Global Leadership Forecast 2018, by DDI World, found that purposeful companies outperformed the market by 42% financially. And purposeful companies have been shown to outperform the S&P 500 by an impressive 10 times. An increase in clarity of purpose can also increase ROA by as much as 3.89% per year.

Having a clear purpose inspires and motivates employees and creates a culture that leads to higher levels of performance and productivity. Inspired employees also tend to be more innovative and creative. A global talent trends survey found that the highest-performing employees are three times more likely to work for a company with a strong sense of purpose. ([Mercer 2018](#)).

The Potential Power of 'Purpose?'
To understand the power of company purpose, we first need to look at the role purpose plays in a typical corporate messaging strategy. Most brands at some time or another will have created a mission statement, which describes what business the organization is in. A vision statement says what the organization wishes to be like in the future, and the accompanying set of values describes the desired culture. The purpose statement and associated messaging are intended to take all of the other statements into consideration and provide context – purpose statements answer the question “Why do we do what we do?” Jeff Bezos once said, “Your brand is what other people say



Stephan Merkens
Managing Director
stephan.merkens@teneo.com

about you when you're not in the room." Purpose is the clearest and most direct way of influencing how people perceive your brand and what they are saying. To be truly purposeful, a brand needs to invest in insight and content that helps provide context and bring life to your purpose.

Key Considerations for Building a Purposeful Brand:

Here are some initial considerations to help refine or reframe your purposeful brand:

- **Chose a Comfortable Level of Purpose**

The first thing that any company must do when considering purpose is to decide on the level of commitment that the company is willing to make to support a purpose initiative. Too often, companies develop grandiose purpose statements and end up falling short on delivery. This can lead to growing distrust from customers and stakeholders, and at worst, can trigger activists who see an opportunity to sow discord. When deciding on a scale, apply an industry-out lens based on feedback from key stakeholders to help determine where your brand sits. Some consumer brands have built their entire company around purpose. Companies like Patagonia are arguably at the most proactive end of the purpose spectrum, but that doesn't mean that all brands must follow suit. Purpose exists at different levels for different organizations, and it's up to companies to choose a purpose that is attainable and truthful for its audiences.

- **Walk the Walk**

If you've already engaged and developed a purpose for your company, it's important to periodically test how well the purpose narrative and its associated elements are performing (mission, vision) to ensure

that you're not just paying lip service to the content and are carrying through with the promises that have been made. A great way to do this is to assess relevance using brand audits focused on earned, owned, paid, and shared content. Looking at all internal and outward-facing channels provides the ability to see not only discrepancies but also to identify and realize opportunities to develop cross channel storylines. Another important activity is tracking the perception and sentiment of key messages to determine message effectiveness. This exercise often helps uncover any issues with the current narrative that needs to be addressed.

- **Revisiting your Current Narrative Messaging**

It's important that during this time, that all the messaging that you put out into the world to represent our company reflects who you are and where the company is going. COVID-19 has provided an opportunity for companies to press ctrl-alt-delete on their current narratives, reflect on how the company is changing during this time, and to infuse narrative elements with an increased sense of purpose. It's also a chance to take a hard look at and address any outdated features and references of the current narrative that may contradict the newly defined purpose. Perhaps it's moving away from a purely financial talk track and instead of shining a light on an organization's efforts on employee welfare or strengthening sustainability, ESG and sustainability messaging – this is a chance to reinforce ideas and actions that support a stronger purpose. The more that we can weave purposeful content through an existing narrative, the more natural and genuine a company's message will become, and the more it will inspire stakeholders to rally around that purpose (and the company).

- **Create Proactive Storylines to Support Your Purpose**

Purpose initiatives are typically multifaceted, and this should be reflected in the content shared with audiences. A multi-channel content strategy built around purpose will typically leverage multiple storylines and be designed to resonate individually with each member of the audiences that you hope to engage. These storylines should scale in order to build long running and engaging stories to support the purpose narrative.

The effects of COVID-19 will likely be with us for the foreseeable future and as brands deal with the realities of uncertainty and risk, articulating purpose effectively will be fundamental in how brands conduct business, retain their customer base, and serve their communities in a more meaningful way.



Teneo is the global CEO advisory firm.

Working exclusively with the CEOs and senior executives of the world's leading companies, Teneo provides strategic counsel across their full range of key objectives and issues. Our clients include a significant number of the Fortune 100 and FTSE 100, as well as other global corporations.

Integrating the disciplines of strategic communications, investor relations, digital advisory, diversity & inclusion, management consulting, physical & cyber risk advisory, financial advisory, corporate governance advisory, political risk advisory, and talent advisory, Teneo solves for the most complex business challenges and opportunities.

teneo.com