Most of What You Know About Business Purpose Is Wrong



Opinions expressed by *Entrepreneur* contributors are their own.

You're reading Entrepreneur United States, an international franchise of Entrepreneur Media.

Your company's purpose is the valuable reason it exists. Purpose-driven businesses focus on that purpose and align everything else around it — including how and why they make money.

Unfortunately, purpose has become a victim of the jargon machine. The "purpose" label is slapped onto everything that vaguely touches positive impact, likely to seem trendy or to be keyword-friendly.

In fact, I recently read several studies published by different agencies on "purpose" only to discover that they were looking at something different. And these studies aren't alone — I'm regularly making notes in the margins of articles on topics like leadership, HR and innovation that make a case for "purpose" but are in fact making a case for things like diversity or sustainability.

It's not that things like diversity and sustainability aren't important or even relevant to purpose-driven businesses, but that doesn't mean the business has a focused purpose or that it's running in a purpose-driven way.

Four imposters regularly stand in for purpose, despite having different definitions.

1. ESG is not your company's purpose

ESG – which stands for environmental, social and governance – is an evaluation system that companies use to track their performance against metrics in each of these dimensions. Perhaps more importantly, it is a system used by investors and shareholders to assess the company's impact on the world. This affects which companies they choose to invest in and how they track their investments over time.

While environmental, social, and governance issues have a place in the larger principles under which a purpose-driven business operates, sustainability, fair wages or ethical supply chain concerns aren't your company's purpose, and caring about them doesn't make your company purpose-driven.

Related: How to Build More Purpose Into Your Work

2. DEI is not your company's purpose

DEI – which stands for diversity, equity and inclusion – was once a subset of ESG, but it has since become a top priority for many companies and their boards. Because it's so timely, many reports and articles treat DEI as one and the same with purpose.

But it isn't.

A purpose-driven organization treats its people like *someone*, not something, which means your team members are humans first. Your team comes to work as individuals, with unique experiences and diverse perspectives. And they have their own personal purpose as well.

Treating your people as fully-fledged human beings doesn't

mean your company has a purpose or that it’s purpose-driven. It means you and your business are striving to treat your people well.

Related: 3 Reasons Why a Strong Purpose Is a Good Business Idea

3. Nonprofit support is not your company’s purpose

Many businesses support a nonprofit through donations or volunteer hours. These efforts are often held up as a sign that the company has a purpose.

Now, it’s possible that your company has selected a nonprofit to partner with to more effectively enable your own impact — and that can be a component of a sound purpose-driven model.

It’s also possible that your company writes a check on the side or hosts a company-wide volunteer day as a way to offset your less-than-fulfilling business.

Your charitable endeavors aren’t your company’s purpose, and supporting a nonprofit doesn’t make your company purpose-driven.

Related: 4 Ways a Clear Purpose Benefits Your Business

4. Cause marketing is not your company’s purpose

Cause marketing involves a collaboration between a for-profit business and a nonprofit organization for a common benefit. It can also refer to social campaigns put on by for-profit brands. The latter has risen in popularity over the last few years as companies choose to take a stance, making these campaigns — and by extension cause marketing — a top

association with the word purpose.

Cause marketing can be a valuable tool in supporting a nonprofit organization. In fact, I often point out to companies I work with that they can do more and sometimes provide greater value by lending their marketing engine and visibility platform to the nonprofit of their choosing, rather than just writing a check.

However true this may be, cause marketing isn't your company's purpose or the full scope of what purpose is about. Purpose has got to get out of the marketing department if we're ever going to make running a purpose-driven business the way things are done.

Purpose sets your business focus

The four imposters identified above may support your company's purpose, but they aren't it. Your business purpose is your company's fundamental reason for being. It centers on your why – why your company exists, why it does what it does and why what it does matters. To matter, what your company does should provide lasting value.

Your company's purpose acts as a lens. You should be able to take any decision, filter it through the lens of your core strategy, and arrive at something that aligns with your business purpose. In this way, purpose is practical because it provides clear, strategic direction. When you use purpose as a lens, decision-making becomes easier because you're already focused. You know right away what opportunities to turn down, which helps you weed out poor investments of time and energy.

To claim purpose-driven status, you must be committed to both making money AND making an impact, whereby your impact is inextricably linked to how you do business. Profit is not the purpose of your company; profit is the outcome of identifying and effectively pursuing your purpose.

The four purpose imposters should be incorporated in a way that connects to your company’s purpose and makes sense with your business activities. By aligning them with your purpose, you can make the imposters more intentional.

https://www.entrepreneur.com/article/395701