

# Your Company's Purpose Is Not Its Vision, Mission, or Values

by **Graham Kenny**

We hear more and more that organizations must have a compelling “purpose” — but what does that mean? Aren't there already a host of labels out there that describe organizational direction? Do we need yet another?

I think we do, and I've pulled together a typology of sorts to help distinguish all these terms from one another.

A **vision statement** says what the organization wishes to be like in some years' time. It's usually drawn up by senior management, in an effort to take the thinking beyond day-to-day activity in a clear, memorable way. For instance, the Swedish company Ericsson (a global provider of communications equipment, software, and services) defines its vision as being “the prime driver in an all-communicating world.”

There's also the **mission**, which describes what business the organization is in (and what it isn't) both now and projecting into the future. Its aim is to provide focus for management and staff. A consulting firm might define its mission by the type of work it does, the clients it caters to, and the level of service it provides. For example: “We're in the business of providing high-standard assistance on performance assessment to middle to senior managers in medium-to-large firms in the finance industry.”

**Values** describe the desired culture. As Coca-Cola puts it, they serve as a behavioral compass. Coke's values include having the courage to shape a better future, leveraging collective genius, being real, and being accountable and committed.

If values provide the compass, **principles** give employees a set of directions. The global logistics and mail service company TNT Express illustrates the difference in its use of both terms. TNT United Kingdom, the European market leader, lists “customer care” among nine key principles, describing it as follows: “Always listening to and building first-class relationships with our customers to help us provide excellent standards of service and client satisfaction.” TNT's Australian branch takes a different approach: Rather than outline detailed principles, it highlights four high-level “core values,” including: “We are passionate about our customers.” Note the lighter touch, the broader stroke.

**So how does purpose differ from all the above, which emphasize how the organization should view and conduct itself?**

Greg Ellis, former CEO and managing director of REA Group, said his company's purpose was "to make the property process simple, efficient, and stress free for people buying and selling a property." This takes outward focus to a whole new level, not just emphasizing the importance of serving customers or understanding their needs but also putting managers and employees *in customers' shoes*. It says, "This is what we're doing for *someone else*." And it's motivational, because it connects with the heart as well as the head. Indeed, Ellis called it the company's "philosophical heartbeat."

For other examples of purpose, look at the financial services company ING ("Empowering people to stay a step ahead in life and in business"), the Kellogg food company ("Nourishing families so they can flourish and thrive") and the insurance company IAG ("To help people manage risk and recover from the hardship of unexpected loss").

If you're crafting a purpose statement, my advice is this: To inspire your staff to do good work for you, find a way to express the organization's impact on the lives of customers, clients, students, patients — whomever you're trying to serve. Make them feel it.



**GRAHAM KENNY**

Graham Kenny is the managing director of Strategic Factors, a Sydney, Australia-based consultancy that specializes in strategic planning and performance measurement. He is the author of *Crack Strategy's Code* (President Press, 2013).

HBR BLOG POST | 9:00 AM September 3, 2014