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“Purpose Fuels Performance”

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Tonight I want to explore the proposition that “Purpose Fuels Performance”, that when people believe that they can make a positive contribution in the world, it engages and energises them and has a multiplying impact on their performance and output.

Some of you may be feeling that I really have drawn the short straw to be talking on this topic this week of all weeks – rather like the MPs who were unfortunate enough to appear on ‘Question Time’ last Thursday. Only last Friday an MP’s committee published a report that said that bankers’ compensation systems that rewarded short-term results had led to “excessive risk taking and reckless behaviour”. Additionally the many MPs’ expense stories have reinforced a view that no matter what the rights or wrongs of claims’ systems, selfish motives have driven behaviour. So how can I possibly defend the statement “Purpose fuels performance”?

In fact the public outcry about MPs’ expenses and banking compensation suggests to me that, whilst everyone of us can easily be drawn towards personal gain at the expense of others, there is also a desire to contribute to the greater good. We can all identify with Paul in Romans “when I want to do good – evil is there right beside me”.

So this evening I want to explore the notion that when individuals, organisations and whole nations have a sense of worthwhile purpose or mission in the thing they are engaged in, they are more productive and it makes a beneficial difference to their output and behaviour. In particular I want to look at two main themes:

Firstly, I want to examine the evidence that a rich sense of purpose does make a difference to performance. Is it a nice to have or does purpose genuinely make a difference to results?

Secondly, if having this sense of purpose does make a difference, what are the implications of this in the day to day working and living of leaders? How should this make a difference to leadership behaviour and to how leaders spend their time?

Sixteen years ago I was working with the Gallup Organisation in Europe and we were researching the things which caused employees to be engaged and productive at work. We looked at the millions of items we’d asked on thousands of employee surveys over the years and we identified those that statistically linked to business results, to indicators such as profitability, attendance, productivity, attendance, customer scores, accidents at work, hotel occupancy rates and so on. Of the millions of items we considered, this item “the mission or purpose of my company makes me feel my job is worthwhile” was one of only twelve items that consistently

showed significant statistical linkage with business results. There clearly is some evidence here and we'll return to this later.

In 1997 I read Jim Collins and James Parass' research in a book called "Built to Last". This is probably not as well known as Collins' later work "Good to Great" which many of you will be familiar with. In "Built to Last" Collins and Parass researched the key features that made a difference between companies that came, made a lot of profit and then went, and those that had been successful over at least 35 years. This is what they said:

- ◆ They have a clear purpose centred on positive impact on the lives of others – they never waver from that purpose
- ◆ They have a set of core values that underpin whatever they do and these are not easily changed
- ◆ They are built to last... They will not take short cuts on values or compromise their purpose to get "quick wins"

That "marriage" between enduring value and purpose, Collins and Parass found to be one of the key differentiators of organisations that thrived over generations.

I have adapted the things Collins and Parass identified as a key differentiator between the "Built to Last" companies and "the rest" to demonstrate their key understanding about what had to change and what should never change in enduring organisations. Their research indicated that companies that did not "stay the course" often compromised their values, lost sight of their purpose and became tantalised by a particular strategic objective or business goal that eclipsed their focus on purpose and values. And this is true for individuals as well as organisations.

A good friend of mine is Jonathan Austin, the owner of Best Companies (of Sunday Times list fame) here in the UK. Jonathan himself is a living embodiment of the principle that 'purpose fuels performance'. I first met Jonathan at a working breakfast in West London in 2000 when he talked with passion about wanting to make (in his words) "the world a better place to work." Since then the British 100 Best Companies has come into being and the rest is history. There is overwhelming statistical evidence, that more engaged employees make a positive difference to business results.

The Best Companies Index examines the drivers of workplace engagement and looks at eight factors that drive engagement:

- ◆ Leadership
- ◆ My Company
- ◆ My Manager
- ◆ Personal growth
- ◆ My team
- ◆ Well Being
- ◆ Giving Something Back (company makes a contribution to society)
- ◆ Fair deal

The last two factors show the greatest differentiation between the overall best companies and the rest. I talked to Jonathan about the impact of Giving Something Back he said that if a company did nothing about that then it could lose up to 72% of its employee engagement (aggregated result in UK 2008).

In 2007 I became more fascinated by the work of Tony Schwartz. Tony's background is in sport's psychology. His book "The Power of Full Engagement" is well worth a read and the examples of the impact his work has made on individual and team performance in sport and business is fascinating. His research message about "managing your energy not just your time" is compelling and the topic of a whole other talk. In recent years Schwartz and his colleagues have switched their focus from the performance of sports' stars to the performance of business people, with impressive results. Schwartz and his colleagues focus on building four "well-springs of energy": physical, mental, emotional and spiritual energy. His definition of spiritual energy is not necessarily religious, it is about that desire to "give something back".

Some of the items Schwartz measures to assess "spiritual energy" (HBR Oct 07)

- ◆ I don't invest enough time and energy in making a positive difference to others or to the world.
- ◆ There are significant gaps between what I say is most important to me in my life and how I actually allocate my time and energy.
- ◆ My decisions at work are more often influenced by external demands than by a strong, clear sense of my own purpose.

You can see the link between those and our 'purpose fuels performance' proposition. Schwartz is very clear that unless all four aspects of energy are tapped into then people do not perform at their best. He also contends that physical and spiritual energy streams are massively under-utilised and ignored in most business courses, so these are areas where he majors. The results are impressive. In 2005 Schwartz and colleagues worked with 106 associates in banks in New Jersey to raise their energy levels in all four areas and thus their performance. Those on the programme had a year-on-year increase in deposits that was 20 percentage points greater than the control group's in the first three months of their study. Moreover these sustained the improvement well beyond the pilot.

One thing Schwartz is clear about is that having a sense of purpose helps people to modify behaviour much more effectively than just self-discipline. He contends that when we see the purpose behind what we do we develop rituals – things we do because we know they are right and these eventually become habits.

In the late 1990's I was working with a pharmaceutical company in southern Ireland that made spectacular drugs that saved lives but that had high levels of absenteeism and poor motivation. We decided to find stories of individuals whose lives had been saved or changed by taking those drugs and have pictures of these people around the production plant so the people working there saw that they were not simply making drugs, but saving lives. Sure enough, when Senior Management began to talk about jobs that were about saving lives rather than just performing tasks, levels of

motivation and energy rose and absence rates fell. People need to know they are making a difference to lives!

The desire to make a difference is not confined to the workplace. Over the past decade evidence about volumes of giving on the phone in subscription or charity shows like Children in Need and Comic Relief, indicate that levels of giving go up very significantly when the public have watched a story about the lives of real human beings and can understand how they could help to make a difference.

A Gallup poll question asked, “How important to you is the belief that your life has meaning and purpose?” 84% said it was very important and 15% said fairly important, only 1% said they didn’t know.

At a more local level the company I work with LT Consulting went in to work with a group of social workers four years ago to teach them how they could streamline processes so they could do a better job for their customers, the children they serve. I do hope there are no social workers here who are going to be offended by what I am going to say next, but the Director of Resources said if we could teach social workers not just to develop processes that were less wasteful but to sustain efficiency, to do more with less, then we could do it anywhere. It was like teaching cats to swim! We were asked to work with social workers who were struggling to find enough foster carers for children so children were being sent out of the borough. The starting point of our work was to put them in touch with their purpose and to ask them how they would like to spend their time if they were to really make a difference to children’s lives. Of course their responses were around spending time with the children and their families. That gave them the confidence and determination to learn how to organise their work more efficiently, how to streamline processes and save time and money so that they could spend more of their time with the children.

The results show that they were able to reduce the amount of time and effort taken to process foster care applications (from over 52 weeks to under 24 weeks), increase the number of foster carers in the borough so children did not have to do outside with all the issues that gave rise to, and they were able to sustain it, appointing an extra 4 foster carers in the 2005,, an extra 13 in 2006, an additional 14 in 2007 and an extra 14 in 2007 and an additional 16 in 2008. The impact of this is huge, of course it saves money but think about the bigger impact on lives that can’t be measured. This is the point Schwartz is making when he talks about rituals based on purpose become habits rather than just self-discipline to sustain behavioural change. When people can see a purpose behind their actions they are more easily motivated to behave in different ways and eventually rituals become habits.

Good research in God’s world only shows up what God already knew. Purpose really does make a difference to motivation, energy, engagement and business results. Of course purpose is not the only thing that impacts performance but the fact remains that the impact of purpose on performance is such that leaders cannot afford to ignore it. And this brings us to the second question I wanted to consider this evening – how should the fact that ‘purpose fuels performance’ influence leadership behaviour?

In May 2009 in the Harvard Business Review, A G Lafley, CEO, Proctor & Gamble, reflects on his own leadership and on some of Drucker's last work. He looks at four aspects of leadership that he says are the unique responsibility of the CEO. He reminds readers of P&G's purpose "To touch and improve customers' lives", lamenting that in his early days as a CEO P&G had lost sight of this. One of the four key areas he identifies as the CEO's responsibility is "Defining the meaningful outside" – being aware of the customer group, the market and the needs that the business is there to serve and bring the stories back in to keep people in the organisation in touch with why they do what they do.

When I was working with Birmingham City Council the then Director of Education, Tim Brighouse, modeled the behaviour Lafley was talking about. Stories were told of him bringing bags of doughnuts to the staff rooms and talking to teachers about what they needed from the education department or reading stories and playing with the children. He put people in touch with the outside and helped them to understand why they did the things they did.

We've looked at this Gallup question earlier in the talk "The mission or purpose of my company makes me feel my job is worthwhile". All the Q12 items show a linkage between positive responses to the items and business outcomes. However this item differs from all the other items in a very important way. All of the other items show strong variance within an organisation by manager group. In other words you can be in the same company but your response to an item like "I know what is expected of me in my job" depends on which day-to-day manager or team-leader team you are in. However this is the Q12 where senior leaders uniquely impact the front line. This has important implications for how senior managers spend their time. Senior leaders need to keep communicating the difference people make through the work that they do.

In 2004 Schaffer in his seminal writing on organisational communication said, "Great communication builds a line of sight where people can see the direction; how what they do and how they do it influences the organisation and those the organisation serves." One of the reasons Tim Brighouse still brings smiles to the lips of workers in children's' services in Birmingham eight years on, is because he did just this. He kept in touch with the purpose himself and helped others to do the same.

Schaffer also recognized that communication comes in many forms and leaders have a responsibility for integrity in spoken and unspoken communication. Remembering the MP's committee's comments on bankers' compensation and the impact on their behaviour. Schaffer also says great communication "enhances and aligns intrinsic appreciation and recognition systems so people understand what has value in the organisation. It keeps them focused on their core purpose". If leaders don't reward what they value, followers start to demonstrate what the leaders reward. There needs to be an alignment. Maybe if that had happened in banks, maybe if it had happened in government, we would have had a different scenario.

The importance of leaders communicating purpose is reinforced in the Best Companies research. "There is clearly a big communication issue in Giving Something Back (GSB). Of the 8 factors we analyse, GSB is something of a special case. It is the factor where by far the greatest proportion of employees answer

“don’t know”. This can be seen as a positive result; where a large percentage of people “don’t know”, GSB communication by leaders will make a big difference to engagement. In reality, this may not mean doing anything different or extra, it may not cost anything but involves effectively communicating the work that is already being done” Jonathan Austin Best Companies 2009.

There is strong statistical evidence to support “Purpose fuels Performance”. 2000 years ago a group of John the Baptist’s disciples went to Jesus and asked “Are you the one we have been expecting or are we still waiting?” When asked for evidence of his messiah-ship he didn’t give a number or tell a parable. He didn’t give a theoretical or philosophical response. This is what we read: *In the next two or three hours Jesus healed many from diseases, distress, and evil spirits. To many of the blind he gave the gift of sight. Then he gave his answer: "Go back and tell John what you have just seen and heard: The blind see, the lame walk, lepers are cleansed, the deaf hear, the dead are raised, the wretched of the earth have God's salvation hospitality extended to them"*(Luke 7 21-23 The Message). Jesus put people in touch with his purpose; he showed them lives changed through his work. He showed them that his purpose was and is to transform lives.

Does purpose fuel performance? Of course it does because that is how we have been made and our creator always knew that.