

# Purpose, Incorporated:

## Turning Cause into your Competitive Advantage

By John Wood and Amalia McGibbon

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John Wood is a former Microsoft executive who was inspired by a trip to Nepal to give up his job and to found *Room to Read*, an international organisation which brings educational opportunities to over 12 million children in 15 countries. His co-author Amalia McGibbon works for *Social Good & Goodwill* at Facebook. Together they have written a book which encourages people in the business world to pursue grander, more meaningful causes than simply boosting corporate profits. Wood does not exactly tell his readers to follow in his footsteps, though he is clearly proud of his charity and many of his favoured corporate examples are – no surprise! – companies which support *Room to Read*. Instead he wants people to stay in business, but practise it in a different way, a way that he clearly feels is gathering social momentum.

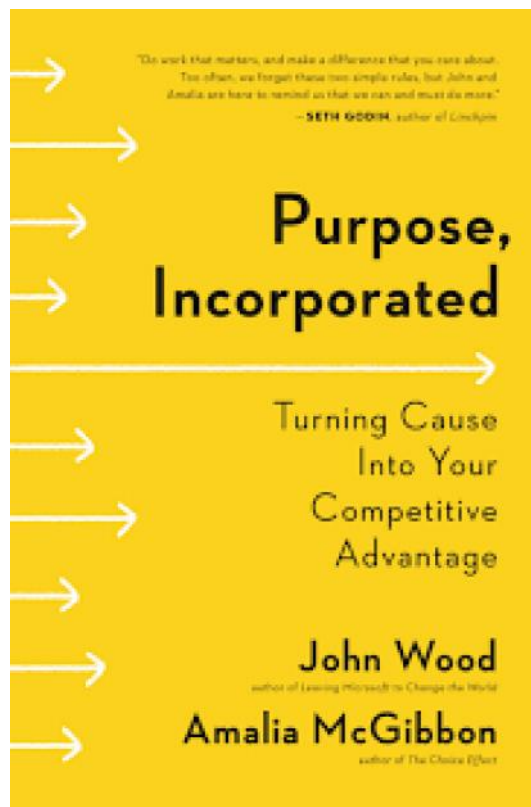
The authors' analysis is that the key to this sea change is the attitude of millennials, who are looking for deeper meaning in their working lives, and this is influencing the choice of companies that they work for. They cite a telling quote from an early Facebook employee: 'The best minds of my generation are thinking about how to make people click ads. That sucks.' In response to this dissatisfaction, the corporate sector is becoming much more sensitive to a fifth P in addition to the classic 4

Ps of marketing: Product, Price, Promotion and Placement. The fifth P is Purpose: hence the title of the book. Wood and McGibbon note a 'blurring of lines' between non-profit organisations, which 'are adopting the best of the business world' and

Tatcha (which makes skin care products), HKBN (having come across this innovative broadband provider on a recent trip to Hong Kong, I was delighted to see it included) and Edwards Lifesciences (which makes valves for people who have heart operations). By 'purpose' the authors embrace not only the product or service which is a company's primary *raison d'être*, but also participation by corporate employees in worthwhile charitable activity. The book could actually have been clearer about this twofold dimension. As a result, a certain confusion results. Thus we are given a positive example of employees being attracted by a company which makes a written pledge that one per cent of the firm's equity, annual profits and employee hours will be dedicated towards improving the state of the world. However, one might ask, what about the remaining 99% and the company's core activity – shouldn't they be concerned, to a greater or lesser degree,

with improving the state of the world? And if not – if the company does not actually enhance the quality of life – should it be in business?

Nevertheless, there is much in this book which is insightful and encouraging. Wood and MacGibbon stress the importance not only of



companies that are defying Milton Friedman's famous adage about the sole goal of business being to maximise profit for shareholders, and seeking objectives that go beyond the bottom line.

They go on to provide several striking examples of contemporary companies doing what they describe, including



Apple's Tim Cook (left) with Steve Jobs

Tim Cook reversed Steve Jobs' veto on corporate philanthropy

Photo: Kimberly White | Getty Images

attracting customers and inspiring employees, crucial though that is, but enlisting the participation of other stakeholders as well. Uniting whole supply chains or (their preferred term) 'ecosystems' in a partnership of purpose is challenging but not impossible, and when it occurs, deeply satisfying. There is a new type of investor – increasingly going under the name 'impact investing' – whose interests embrace social and ecological concerns. It was good to hear that Apple boss Tim Cook reversed Steve Jobs' veto on corporate philanthropy; that Google no longer provides advertising space for payday lenders; and that the Rockefeller Foundation has withdrawn all investments from fossil fuel companies, including Exxon Mobil. What would John D. Rockefeller make of that?

The authors are aware that companies can be hypocritical, that they can make themselves look good when they are anything but. They cite the example of Volkswagen, which was considered a leader in Corporate Social Responsibility until its deceit over diesel emissions was exposed. A recent UK example is the collapsed construction company Carillion, which pursued an unsustainable business model (winning contracts at prices it couldn't deliver) but whose highly impressive values statement can still be found on the Internet. So the authors' penultimate chapter identifies five corporate **sins** which must be avoided:

- Purposeful branding without purposeful behaviour
- Recruiting for purpose but managing for results

- Dropping purpose when times get tough
- Focussing on white-collar purpose to the neglect of blue-collar
- No proof – making idle claims not backed by any evidence

At this point Christian readers may well prick up their ears. The rather unexpected use of the theological word 'sin' is particularly apt, when we remember that the sin for which Jesus reserved the harshest condemnation was hypocrisy: deceiving by false appearance.

*Profit, Incorporated* is an instructive, informative book that suffers from the occasional corporate blind spot, but is seeking to move business in the right direction. Both people who work in business and those who engage with business will benefit by reading it. **FO**



**Richard Higginson** was Director of Faith in Business at Ridley Hall from 1989 until his retirement in 2018. He is now Chair of Faith in Business. He is a founder-editor of *FiBQ* and the author of several books, including *Faith, Hope & the Global Economy* and (with Kina Robertshaw) *A Voice to be Heard*. He is an international speaker on business ethics and the theology of work.