

Baringa's Climate and Sustainability Trailblazers Podcast

Episode 3, Part 1

Emily Farrimond, Baringa: Welcome to Baringa's Climate and Sustainability Trailblazers podcast with me, Emily Farrimond. Today, we're talking about the importance of purpose. From setting a North Star for a company, through to supporting customer and employee retention, purpose plays a critical role. Having put purpose at the heart of Baringa's business many years ago, we are passionate about this topic and I'm delighted to be joined today by Dee Corrigan from A Blueprint for Better Business and Sally Gray from Baringa. Welcome both and thank you for joining me. Dee, could you tell us a little bit more about the purposeful work that you do and what this means for you both personally and professionally?

Dee Corrigan, A Blueprint for Better Business: Thank you, Emily, and thank you Sally for having me here today to talk about my work. I work for a charity, as you mentioned, A Blueprint for Better Business. Our purpose is to help create a better society through better business. I lead in our engagement with large businesses and what that means for them as an organisation and the transformation journey that they go on. I think I ended up working in this area not by design, but more stumbling into it because of a deep and insatiable curiosity that I have to try and understand how the world could work a little bit better and what my role through my career is in that. I used to work in business and marketing communications, but I started to ask bigger and deeper questions as to what the role of businesses is in society when things started to concern me a little bit. So, for example, Brexit, Grenfell Tower, a greater awareness of the impact of climate change and the role that businesses, and the way in which businesses operate, contribute to that. And then that was also coupled with a growing awareness and a growing discomfort, about my own career, managing a team. Always having that pressure to do more with less and the impact that had on me as a manager but also on my team. I was getting some coaching, which was getting me to ask broader questions about what really matters to me rather than what I might be conditioned to think success is. During that time, I took a little bit of a break just to try and get a bit of context. I went travelling, came back, decided to retrain as a coach, not necessarily to do coaching, but I could see how the practice of coaching could be helpful no matter where I went next in my career, not least if I was managing a team again. At that time, the role at Blueprint came up and they were looking for someone with corporate experience, but also that understood what the coaching approach could bring in helping to delve deeper into some of these questions. So, as I said, it was a little bit more of a stumble into this role at Blueprint. But I'm very glad that all of these things came together, and it means a huge amount to me. I don't think I can disconnect what I do in my job from how I want to live my life and the things that I want to see in the world. So, that cognitive dissonance, I think that was there for me previously – I wasn't happy just to sit with that. I wanted to find some way through my work to resolve that.

Emily Farrimond, Baringa: That's a fantastic and fascinating journey, Dee. Thanks for sharing that with us. It feels like there's a lot of parallels to how I wanted to change my life and how I got to where I am today. I think there are many people who listen to this podcast who probably feel that they're in a similar position. Sally, can I come to you and ask you the same question that I asked Dee around purpose and what that means to you both personally and professionally?

Sally Gray, Baringa: Very many echoes. I think this connection of perspective and purpose is very strong. My curiosity was kicked off around 2008. The global financial crisis had kicked off. I was working with financial services organisations and I was struck by the

fact that it felt like no one was asking about the elephant in the room. About what was the role of financial services and what was their wider responsibility to society. A number of years later has brought me here to work both understanding my own purpose, how I can help organisations change, but also working with organisations to look at why they are here. How can they take a broader perspective and take the blinkers off, if you like, and ask a wider set of questions about what they're in service of.

Emily Farrimond, Baringa: That's great. Thanks for sharing that, Sally. If I could come back to you, Dee, and ask a very important question. People are going to have a lot of different points of view in terms of 'what is purpose', 'how do you get it' and 'why is it important.' How do you define purpose and think about it?

Dee Corrigan, A Blueprint for Better Business: I think this is hugely important and probably one of the key learnings from my work. I think a lot of people, a lot of companies, are going on this purpose journey without first asking the question, 'how do we define this for ourselves in our organisation?' And that's part of the work that we do. It's to provide that perspective, to be able to surface what assumptions might be happening in the room, where there might be some disagreements, different perspectives, but to have a healthy dialogue. For me to give the view as to what Blueprint's perspective is on purpose, I think it's helpful to just give a little bit of historical context. The charity, before it was even formed was a group of people just coming together to ask questions about what happened after the financial crisis. Through a series of roundtables, they started to surface that a lot of the assumptions on which businesses were running off were actually just assumptions or ideologies, and there could be different ways of thinking about business. So, the two that they narrowed in on was one, the assumption that the role of businesses is to drive profits and to deliver shareholder returns. The Milton Friedman perspective. So, the idea that the only role of business is to drive profit and then the other idea is that of the reasons for work is that people are assumed to be motivated by money status, in part. This utility maximising perspective of people. And then you put those two ideas together and the thinking is you apply capital to that and you get maximum allocation of capital, essentially. So that's the way, in a very simple way, that large businesses were operating probably since the 1970s, 1980s. So, then the idea as well is, if this is just an ideology, it's not a rule of physics or rule of law, then what are other ideas? And that's where the Blueprint perspective on what it means to be a purpose-led organisation came from. Our view is that the role of business is to deliver value by serving society. Creating products that are truly effective and have an impact, but also services that truly serve. So that's essentially the role of business in society. But coupled with that is also to say, what do we think about human motivation? It's not to say that we don't think that people aren't self-interested and don't care about profit and that they're all power and status, but that's not the only thing. And that culture can largely condition us to think about what's successful. If you really look at various philosophies and schools of thought around human motivation. Relationships matter to us. We're social animals. We want to, for the large part, have some meaning in our work. We want to be able to say what we've done, what impact we've had, and that we care. We care about people. So, it was just to say that we haven't magically happened upon this definition of human motivation. But it's definitely to question the limited perspective of human motivation that has been so deeply embedded in organisations. So, for Blueprint, the two key things are the role of business to deliver value by serving society, the common good, and that people can be motivated by much more than money, status, and power. Coupled with that is to treat people with dignity. Treating people as someone, not as something. Not using people as a means to making profit. That's our perspective on what it means to be a purpose-led organisation. That is encapsulated in what we call our framework and five principles of a purpose-driven organisation.

Emily Farrimond, Baringa: Just to add to that, you talked about impact, you talked about meaning, really on a personal and individual level. In terms of what you think is most important for organisations when thinking about having purpose, is it about the individuals within their organisations? Their customers? What is the most important part from your point of view?

Dee Corrigan, A Blueprint for Better Business: We've got Blueprints five principles of a purpose-driven organisation that talks about customers and suppliers, employees, future generations, the broader community. So, citizenship and shareholders as well as part of that. I don't know if you can prioritise any one group within that. I think there may be decisions that you're making in which the impact on one group has an outsized impact than other groups. I think you have to think about that carefully, but when you start to think about business in this way, you move from the transactional nature of business to seeing business through a relational lens and that the value you're creating as an organisation is often through the quality of those relationships. So, you see business as a relational organisation, not as a transactional organisation.

Emily Farrimond, Baringa: Thank you. That's great. Sally, is there anything you wanted to add?

Sally Gray, Baringa: I was just reflecting on these comments there and what sprang to mind was a more recent focus on stakeholder capitalism. And to your point exactly, Dee, that we are now looking beyond the shareholder to a much wider set of stakeholders. I think it is interesting how we now are at a time where we are not just looking at the employees and shareholders as well, but beyond that into communities. I loved your connection around future generations. Future generations being a clear stakeholder in all of this. I've read some really interesting articles today about stakeholder capitalism, particularly in light of Sainsbury's and the living wage discussion that's going on at the moment with Sainsbury's. I was struck how there is still work to do in us landing this wider stakeholder value and connectivity and the fact that organisations don't exist in silos. They are one node in a much wider ecosystem, and we rely on each other in an interconnected way. I was just wondering whether you had any reflections on stakeholder capitalism and where we are at the moment from a stakeholder capitalism perspective?

Dee Corrigan, A Blueprint for Better Business: As I said at the start, I think a key part of what we need to do within organisations and more broadly is to take time to understand these various phrases. It's not to say that one definition is better than another, but that if you're working together as a group, as an organisation, that you have your interpretation of that. I think there's the potential limitations around stakeholder capitalism and enlightened shareholder value in that it has the potential, depending on the definition and the understanding of it, to still see that the role of business is to maximise profit and that those stakeholders, while you're enlightened in the way that you treat them, are still instrumental to making that profit. So, I think that that is one thing I would highlight. The other thing I would say is Alex Edmans, who is LBS' professor of finance, has this book and this theory around growing the pie. I really like how he's articulated this. I think when people start to move into the space, they see the pie. So, the value of an organisation has been fixed. And so, what you're trying to do in becoming more responsible or, a stakeholder led organisation, is to split the pie more evenly. It's not to say that fairness and being better at splitting value more equally isn't important, but it can get you stuck in this fixed mindset. His view is that a purpose-led organisation grows the pie, so you're growing the pie and then you're growing the share for everyone. But most importantly in that growing the pie,

what you're talking about here is value in its broadest context, not financial value. I think we oftentimes get those things confused, and this is where it's important to think more broadly about how we're measuring our success, or how we're thinking about success, how we're thinking about value. For example, we often hear the business case for purpose. Now, what people equate that to is the financial case. The business case can talk about value more broadly, of which one thing is the financial case, but it's not everything. So, we need to start thinking about value as value and not financial value for money.

Sally Gray, Baringa: Yeah, I completely agree. The Sainsbury case is interesting because obviously it's a call for investors to take a stand at the AGM and back the ShareAction living wage proposal. There's a lot of debate about the fiduciary duty of investors and whether they have a mandate from their clients to take a stand, to take what would be perceived a moral stand as opposed to a financial stand. I really like the way you're counting this as a question of do we need to shift the paradigm to be beyond one of a money-based story? Is this something that's in service of something that's beyond money?

Dee Corrigan, A Blueprint for Better Business: It's not to say that money isn't important, it's absolutely critical. But there's a means and ends point here. So, in our view, the role of business is to serve society. Profit is an important outcome of doing that well, but it's not the reason that you're doing it.

Emily Farrimond, Baringa: I think that's great and thanks for calling out one of my favourite books. For those who haven't read it, "Grow the Pie: How Great Companies Deliver Both Purpose and Profit" by Alex Edmans is a really great book for people who want to educate themselves on this topic.

Dee Corrigan, A Blueprint for Better Business: I often recommend it. I mean, Alex was involved at the start of Blueprint as well. I think we've evolved our thinking from a similar place and now use maybe slightly different language, but certainly there's a connection. I often recommend that book for people working in organisations who are trying to engage with finance departments because he's a professor of finance. It's an excellent book.

Emily Farrimond, Baringa: Thanks for listening to part one. With so much to discuss on this topic we'll pick up the conversation in part two. So please join us to learn about the importance of purpose and how you can grow the pie.