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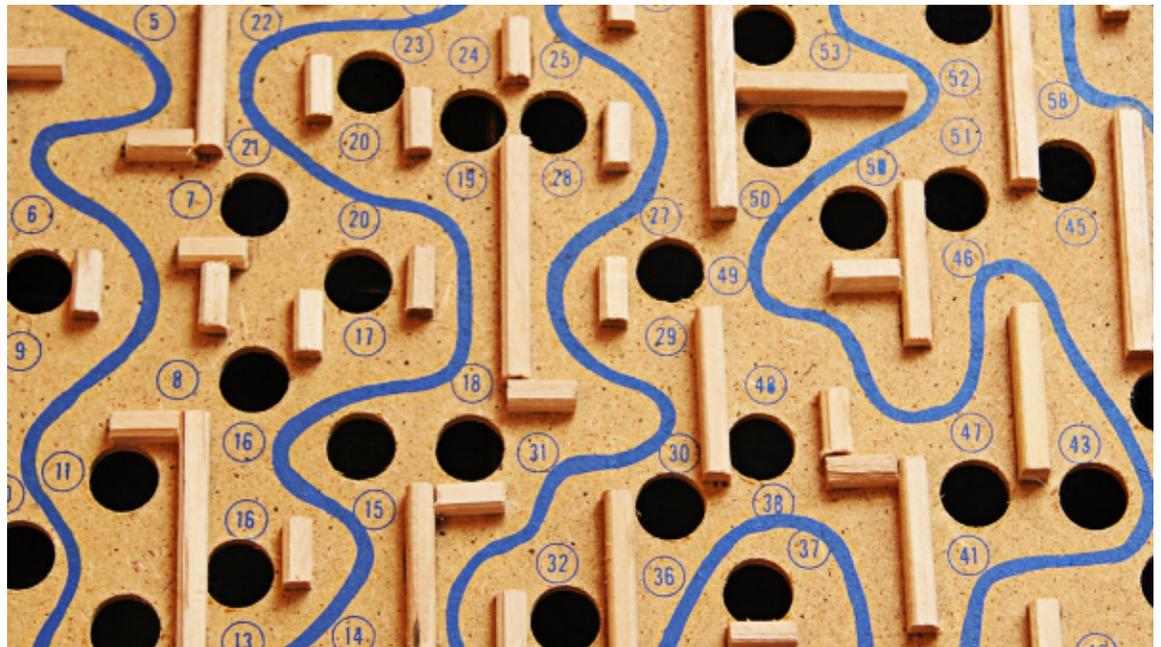
The Best Companies Know How to Balance Strategy and Purpose

by Laurent Chevreux, Jose Lopez and Xavier Mesnard

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Most companies have articulated their purpose — the reason they exist. But very few have made that purpose a reality for their organizations.

Consider Nokia. Before the iPhone was introduced, in 2007, Nokia was the dominant mobile phone maker with a clearly stated purpose — “[Connecting people](#)” — and an aggressive strategy for sustaining market dominance. Seeking to extend its technological edge (particularly in miniaturization), it acquired more than 100 startup companies while pursuing a vast portfolio of research and product development projects. In 2006 alone, Nokia introduced 39 new mobile-device models. Few imagined that this juggernaut, brandishing vast resources with such steely determination, could be quickly brought down.

In retrospect, it seems inevitable. Nokia was so immersed in executing its *strategy* that it lost sight of its *purpose*. When Steve Jobs [introduced the first iPhone](#) as “a leapfrog product that is way smarter than any mobile device has ever been, and super-easy to use,” Apple started “connecting people” at astounding new levels. Nokia’s purpose had been co-opted, making its myriad strengths irrelevant. The once-dominant Nokia soon lost much of its market cap and was eventually acquired by Microsoft.

Nokia is far from alone. In fact, history is filled with similar stories. The pepper trade, for example, was disrupted not by a better spice but by refrigeration. It hardly mattered anymore if your pepper supply chain was the best designed and most efficiently run, if your customer base was elite, or if the quality of your pepper was second to none. Your purpose — preserving food — had been co-opted. All the strengths you had worked so hard to build no longer mattered. Today, broadcast and cable television, print journalism, taxi cabs, and (over the longer term) oil and gas are among the industries facing formidable challengers determined to co-opt their purpose.

To safeguard your company at the level of purpose, you must make strategy the servant rather than the master. Strategies are time-bound and target specific results. Your purpose, in contrast, is what makes you durably relevant to the world. Strategy is but one of several important means to operationalize your purpose. Intrinsic human connection to your purpose is even more important.

The human capacity to operationalize a purpose is evident in the sublime unspoken synergy of a great athletic team, the interplay of a fine symphony orchestra, or the vibrant functionality of a healthy community. Even so, very few companies excel at operationalizing their purpose, which organizes human effort at a deeper level. A company fully operationalizing its purpose would be quintessentially attuned to its world, moving continually toward opportunity, systematically challenging the obvious, and wordlessly yet synchronously making the minute adjustments each situation demands. We can cite no pure examples of such companies, as few seem to grasp the fundamental importance of truly operationalizing their purpose. But we can highlight some ways to get there:

Know your purpose. What companies have achieved such clarity of purpose? SpaceX comes close. Serial entrepreneur Elon Musk (whose ventures include Tesla, and formerly PayPal) lamented the slow recent progress of humans into space and concluded that the big hurdle was cost. “If one can figure out how to effectively reuse rockets just like airplanes, the cost of access to space could be

reduced by a factor of a hundred,” Musk explains on the SpaceX website. Everyone at SpaceX knows their company exists to make space radically more accessible. That purpose is bigger than the company itself, providing natural cohesion, and it demands expansive thinking, driving innovation and progress.

For your declared purpose to have authentic relevance and power, it must ring true not just on the surface but down to the marrow. We have observed companies doing this to a certain degree. At Nestlé, Peter Brabeck-Letmathe introduced [Creating Shared Value \(CSV\)](#) as the operationalization model for fulfilling Nestlé’s Corporate Social Responsibility commitments. Counseled by Harvard professor Michael Porter, Brabeck-Letmathe engaged the organization in designing the “CSV pyramid,” with three overarching ambitions: (1) Enable healthier and happier lives (focusing on nutrition, water, and rural development); (2) develop thriving, resilient communities (focusing on sustainability); and (3) steward resources for future generations (with a focus on having zero environmental impact in operations). As Brabeck-Letmathe declared in Nestlé’s [2016 CSV report](#), which quantifies the company’s annual progress across a comprehensive set of key performance indicators: “Creating Shared Value is our way of delivering a long-term positive impact for shareholders and society, through everything that we do as a company.”

Aim for the golden mean. As your people embrace and internalize your company’s purpose, they will face many choices that feel irresolvable. But you can’t make trade-offs when it comes to purpose. This is, instead, the time to aim for the golden mean. In [Aristotle’s philosophy](#), the golden mean is the desirable middle between the extremes of excess and deficiency. In operationalization, this means focusing on the “and” rather than the “or,” such as asset building *and* enhanced dividends; long-term performance *and* short-term cash; empathy *and* authority. Unilever CEO Paul Polman, for example, was rising above a trade-off mindset when he told us: “We see that sustainability drives growth, cuts costs, reduces risk, and helps us serve a multitude of stakeholders.”

Develop corporate plasticity. Corporate plasticity is the ability to collaborate in the pursuit of a common objective and rapidly reconfigure to face new challenges — which is of course essential to operationalizing purpose in the real world, where conditions constantly change and people’s actions may yield unintended as well as intended consequences. Plasticity needs to be actively nurtured by leaders who free people to be guided not solely by management dictates but also by the company’s clarity of purpose. Jorgen Vig Knudstorp, the CEO who revitalized the Lego brand, often [told his employees](#), “Thank you for doing all the things I never told you to do.”

Actively lead operationalization. Personal leadership is indispensable to operationalizing your purpose. You must consistently and authentically voice an inspiring external ambition, be the principal architect of a master plan to engage and align your organization, and provide your people all the means necessary to fulfill your shared purpose. Much is required of you and your company to make your purpose real. And nothing is more fundamental to your success.

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