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Tears of pride
A conversation with Doug Ready about the longing for purpose

In theory as well as organizational practice, the discussion on organizational purpose currently seems to be en vogue. For many years, Doug Ready has been at the forefront of research in this field. In our conversation, he gives insight into the relevance of the question of purpose referring to a range of practical examples. At the same time, he reveals why the issue is not the only ingredient for the long-term success of organizations.

ZOE: The Academy of Management headlined its annual conference 2016 «Making Organizations Meaningful». It seems like organizational purpose is quite hip at the moment. Doug, you’ve been at the forefront of publishing in that field. Do you have an explanation of why the issue is peaking at the moment?

Ready: I think if we step back a little, it helps to provide a bit of context and perspective. I was realizing in the aftermath of the global financial crisis of 2007/2008 that one of the frightening outcomes of it was that people began to lose faith in not only their leaders, but in the very institutions, that were supposed to regulate how this economy was working. This motivated my Harvard Business Review article on the power of collective ambition.

This lack of faith and trust really has found its way into lower engagement scores, into people not being as committed to the organizations any more. And so I started to get lots of calls from people saying: What’s going on here? So I decided to do a research project, taking a look at what were some of the big challenges that companies were facing. What I found was that that there was a lot of words being spoken by CEOs and their top teams. But that didn’t resonate with how it actually felt inside. So, there was an increasingly large disconnect between what they were hearing and what they were actually seeing and feeling. This led to a sense of people wanting to see much more authenticity come into play in their organizations. So I set out to take a look at organizations that actually were going through transformations by building an authentic culture and climate that had at its core a very powerful compelling sense of organizational purpose.

ZOE: But why is it coming only now? Why the time lag?

Ready: For many big institutions, it’s just taking hold now. When the crisis happened, people were dealing with the individual crisis of actually coming out from the great recession. Many companies went under during this time. And many companies went through very serious structural transformations. So, I think they were taking care of business to make sure that they were not going to go out of business. But when people began to say, this was more serious than just a temporary setback, this was a fundamental loss of trust in both the institutions and the leaders.

And I think it’s like any big change issue. You need to achieve a certain critical mass in order for people to notice a big movement going on. Take a few major well-weathered companies like Unilever for example, where a Paul Polman, the CEO, actually built his business model around their organizational purpose. All of a sudden opinion leaders began to take up the mantle of reinforcing how critically important this was. It was sense of critical mass that has now brought the sense of purpose into the mainstream.

Another example is an organization like Blackrock, the largest asset management firm in the world. Larry Fink, their co-founder, speaks very passionately about their organizational purpose. And then they built the business model around it.
These are very big opinion leaders. When they start talking about this, it becomes contagious. You see it right across the industries. Ernst & Young with Mark Weinberger have a whole practice based on purpose-driven transformations now. They’ve created this entity called the Beacon Institute – a research center based on what it is that organizations care about. They are looking into driving their organizations future-based based on the foundation of purpose. Pascal Soriot, the CEO of Astra Zeneca, led a whole process on the collective ambition article to align their people in times of great transition around their sense of purpose. I think the reason that it’s become more mainstream now, is that rather than being discussed as a sort of soft science, it’s now becoming integrated into the business model of these companies. At the same time, it is not enough to just have even a powerful very compelling purpose statement. That’s just a bunch of words. What matters now is that people are actually trying to say «How do we actually build this into our business model, into the way that we are actually conducting ourselves as an enterprise?» This is very much aligned with the foundations of my MIT class, which is concerned with the question how to build actual game changing organizations. My mantra is: It’s not just being a purpose-driven enterprise, that’s important, but it’s really three capabilities: One is that they have to be purpose-driven as the foundation. They also have to be performance-oriented. And they have to be led by principles.

As Paul Polman would say, you know if we really were a purpose driven enterprise, then why would we even speak about partnering with a manufacturing entity that employs child labor, or has unsafe working conditions. So, that’s how you see a purpose statement works its way into a business model.

ZOE: These three pillars do not seem to be well-built and solid in many organizations. Purposes are forgotten, they can go astray especially over long periods of successful performance. Principles are disregarded. Performance drops. When you encounter an organization based on the three-pillar perspective – where do you start? And how do you actually build organizations around a purpose? Sometimes it looks like you would have to knock down the organization and rebuild from scratch...

Ready: You put your finger right on it. That is the essence of the new leadership. It is to understand that companies and their leaders face an increasingly powerful set of embedded tensions that arise while trying to manage complexity. As a pharmaceutical company for example, who has a purpose statement of discovering important sciences or therapies that save lives, that’s a powerful emotional purpose statement.

Yet they’re also a business that has to be organized in such a way that they have to make profit. And at times that means cost cutting, making top decisions about which therapies to pursue and which ones to drop. So if you’re a leader inside the company, responsible for a therapy that has to get dispensed because of cost considerations, you might very well feel as though the purpose statement of your organization is inauthentic. The leader of the future is someone who has to artfully reconcile those types of embedded tensions, he’s to say: «Well yes, we are a business for example that’s in the business of saving lives, but we are also a business.»

«It is not enough to have a powerful very compelling purpose statement. That’s just a bunch of words.»

When you take this seriously, it’s impossible not to think about the other two pillars, because otherwise it’s just about your words. If I’m the CEO of that pharma company, and I am just talking about this wonderful purpose statement, and yet I’m cutting costs and laying off people, closing down big, aspirational projects, the people inside are going to lose faith and lose trust in the words that I’m saying about my purpose statement. The courageous leader of the future will try as much as possible to integrate the power of that purpose statement with the realities of the performance objectives that they have put in place, and to do it in concert with the guiding principles that the organization has established in terms of how it’s going to do business. The most important leadership challenge within that is to tell a powerful story about how those three pillars interact with one another to appreciate and reconcile, and make explicit that often times the elements of those pillars might be in conflict with one another. The leader’s best work is done when he or she is actually bringing a sense of alignment along those pillars.

ZOE: For the employees, it seems to become increasingly difficult to reconcile these three pillars and make sense of their jobs. What helps to regain that sense of purpose? And whose job is it to support this process?

Ready: At various levels and with different levels of context it is all leaders’ jobs. But it starts with the CEO. And it starts with the top executive team of the organizations, to be able to tell that powerful story. In addition, a dialogue has to start to build a culture and a climate of openness and transparency, so that people can have an honest conversation about the tensions that exist.

In another article about the implementation of collective ambitions we used the example of the Royal Bank of Canada, the RBC Financial Group. The newly appointed CEO, David McKay said as one of his first announcements: «We are a very,
very successful bank. We are very trusted and well regarded around the world. But that’s not enough. I want RBC to matter in the world.» He did not want RBC to be a money machine. So he lead a change that was incredibly open. They launched a whole collective ambition initiative that involved 85,000 people. He took the responsibility for laying out how critically important it was for RBC to state its claim around creating a purpose statement, and to engage each of the eight executive committee members. The start to a series of what they called the champions’ team which opinion leaders from all throughout the company all over the world. They had to lead discussion workshops around the identification of RBC’s purpose, and how that translated into how it was doing business – and with whom it was going to do business. And then they created an online value’s jam to get up the principles side. So they had the purpose statement, they had the business model re-definition through the champions’ team. And they created a really exciting online value’s jam that actually opened up their core values that had been crafted by the prior CEO 15 years ago. This business organization that’s about 150 years old hadn’t written down their values until 15 years ago because they thought they were understood. Now these Principles were openly and successfully challenged.

As an organization gets bigger and more complex, or maybe as it starts to acquire other companies, it’s dangerous to just presume that people understand what your guiding principals and core values are. Even though it had this highly regarded sense of values, RBC opened it up to a value’s jam, where people could say anything they wanted on this two day online platform. First assuming they would get a couple of hundred inputs they ended up with 17,000 inputs and threads from around the world. They talked about what they absolutely loved about the values or principles and what they thought might be a little out of date. Finally, they had an open sort of Ask-me-anything type of session with the CEO and the top team. A huge success.

So, to answer your question at different levels in the organization, what they tried to do is distribute the leadership account-
One of collective ambition, the part that is usually the most difficult is the brand part of it. Because often a brand statement is not enough to be guided by an inner sense of collective ambition as purpose.

**ZOE:** How important is it to have an explicit purpose? Why is it not enough to be guided by an inner sense of collective ambition as purpose?

**Ready:** Certainly in organizations that have a lot of complexity, I think it’s extremely important to become explicit with it and to put it down on paper. A lot of the research that I’ve done over the years indicates that top management teams think that the people down the hierarchy understand the values, that they think they understand the strategy, that they think they understand the purpose much better than they actually do. And part of that is, because they have spent so much time working on it, and then they send out the memo to everybody, they assume that they all get it. And that of course is not the case. All you have to do is go down, even one or two levels, and you can see the importance of having direct conversations about this, but then also committing the outcomes of those conversations to writing so they can function as a social contract.

**ZOE:** Sometimes organizations mistake their brands for their purpose. Or they mistake their signature products for their purpose. Younger generations moving into the organizations often think that these represent the organization’s core purpose and values. They might think that what they represent to the customer is why they exist. When and why is this happening?

**Ready:** When I see companies struggling with the whole notion of collective ambition, the part that is usually the most difficult is the brand part of it. Because often a brand statement is a little bit more of a slogan. In some cases, a brand can be so powerful, that it could serve as the organizational sense of purpose. But this is very rarely the case. The brand usually describes what it will feel like doing business with the company. It explains the experience that is promised by the company. This cannot be equated with the purpose statement. Another big misunderstanding is the confusion of vision and purpose of the organization.

As a way of thinking, I suggest that an organization’s purpose is represented by the question why we exist as an organization. The fundamental rationale of why we exist, or: What hole there would be in the world if we weren’t there. Purpose statements are existential statements about why we exist to begin with. Whereas a company vision is represented by the question: What are our big aspirational goals of what we hope to achieve. Visions are more outcome-oriented. The RBC purpose talks about thriving clients and prospering communities.

«Purpose statements are existential statements about why we exist to begin with.»

**ZOE:** It doesn’t get more fundamental than this.

**Ready:** You know, that’s a very efficient use of words. To some organizations it might sound generic, but it speaks to the very heart and soul of what RBC is all about. They’re all about their clients and they’re all about their communities and helping organizations and people to thrive and to prosper. A purpose statement should not be 200 words. It should be something that people at the lowest realm in the company should be able to repeat easily. This is how you achieve attraction.

**ZOE:** Why do you think out of many questions you might ask seeing an organization and assessing it, why do you think the Why-Question is the most powerful question?

**Ready:** The Why is so powerful, because it’s emotive. When we were doing a project with MIT and Astra Zeneca attempting to sharpen the purpose of the organization, we asked people to go around the room and talk about why they work for Astra Zeneca, and why it is a special place for them. And these are senior leaders, many of them with PhD, many of them with medical degrees. I don’t want to sound melodramatic about it, but by the time they finished going around the room, there wasn’t a dry eye in the place. It brought people to tears, and these were tears of pride. So, if you can get that Why-statement to the point where it really speaks to a kind of existential rationale of why this organization exists, it is emotive and it’s very powerful in that way. And I think that’s why it’s so important, because that emotion is so powerful. If you get people to tap into that, it is a very telling reason for people to want to give their best to that organization, to want to stay with that organization. Paul Polman once said to me that when he runs a senior leadership meeting at Unilever, he’ll always leave an empty chair. The empty chair is to signify our customer. And he would say things like: «Because we are doing increasing amounts of... »
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work in the emerging markets these days, we can make a difference to the life of a poor woman, who is a mother, trying to economize and feed her children and help her be healthy and safe.” And he said that if he gets that statement right, then this whole idea of silo warfare between managers vanishes.

Speaking to the Why makes you elevate your contributions to the company at a much higher level. And it’s drawing upon that emotion that we all feel, because we want to be part of a community, and feel as though our work is valued, and that our work has outcome to the client that we serve. And if you can connect those dots, I think it’s an incredibly powerful motivator.

ZOE: Let’s talk about organizations that have lost their purpose. By which Symptoms do you diagnose a lack of collective ambition and an eroded sense of purpose?

Ready: Most organizations that you’ll see, will characterize the three pillars purpose, performance and principals as a journey that has no end. In my view, this is the big leadership challenge in the future. It is not uncommon therefore for some of those organizations to periodically feel as though they’ve lost their way, even though they’re great organizations.

Something bad happens, some bad actors make some really bad moves in a company. Even if you have a deep sense of purpose and yet you have some renegade division, this can lead to a net result of a powerful loss of engagement, a powerful loss of pride in the organization. Low engagement scores lead to poor performance because people are not giving their best. This then becomes a self-fulfilling prophecy. People don’t like working in organizations that are at the lower end of the benchmarking studies. So it becomes a downward spiral.

Organizations that have lost their way, or that have never really bothered to pursue some of these big questions might survive just fine for a period of time, but I have yet to come across an organization that at some point in this organizational history has not experienced some form of crisis. And at those moments, when an organization that has a powerful sense of purpose, very strong values and working on achieving excellent performance, those are the ones that are going to get through the tough days. The biggest casualty of an organization that lacks a powerful sense of purpose is a lack of pride and engagement for people to want to give their best.

ZOE: The way you talk about this is so passionate. What is the reason why you’re so deeply involved in researching collective ambition and purpose? So let’s talk about your own sense of purpose.

Ready: This is why I go to work every day. I enjoy being able to help not only CEOs and top teams and the leadership of a

Biography – Douglas A. Ready, PhD

Douglas A. Ready is Senior Lecturer in Organizational Effectiveness at the MIT Sloan School of Management, and Founder and CEO of ICEDR (The International Consortium for Executive Development Research). Professor Ready is considered one of the world’s leading authorities on strategic talent management and executive development. He is a repeat member of Thinkers 50.


Doug has been named a member of Thinkers50, the premier global ranking of the 50 most influential management thinkers in the world. He is the recipient of the coveted Marion F. Gislason Award, an honor bestowed to only one person annually for excellence in the field of leadership and executive development. Business Horizons also recognized Doug as one of the world’s top «leadership gurus».

Professor Ready has also taught at London Business School, the Kenan-Flagler School of Business at UNC Chapel Hill, and has guest lectured at various universities and companies in the U.S., Europe, the Middle East, Australia and Asia. He also advises CEOs and top teams on large-scale, enterprise-wide change efforts. He has worked with senior leaders in this capacity around the world.

Professor Ready earned his MPA from Harvard’s Kennedy School of Government and a PhD from Cranfield University in the UK.
company to think deeply about these issues, so that they can touch thousands of people inside their organization. Most people get up in the morning wanting to do good things for their companies. You know, we hear so many bad things all the time, but most people want to do the right thing. They want to feel as though they’re cooperating and collaborating with people. They want to feel as though they’re making the world a little bit better. And I think in the work that I do, if I feel like I can help an organization to build a sense of clarity around that, to put the issues out on the table that might be causing confusion, so that people are more aligned. If I see that leaders are ready to actually execute on their purpose and on their vision and on their strategies and to live their values, that’s a good day for me. In this day and age of digitalization and everybody trying to optimize costs and rationalize that the human touch is so amazingly important. People have to feel the sense of connection with one another and to feel proud of the environments that they are working in. To feel that I helped an organization to make progress in those areas is very motivational for me.

ZOE: Thank you so much for this conversation.