

CEO Purpose Report

2021

Resilience in the face of uncertainty

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Adaptability. Resilience. Ingenuity. These three words mark 2020 as a year unlike any in our lifetime. They are also words that businesses will most certainly embrace for years to come.

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With the pandemic came the need to adapt. Businesses learned how to manage the health and well-being of employees in a virtual world, pivoting into new products and services in order to survive, and adjusting the expectations of shareholders and management in the face of an unclear future.

Resilience helped those that could still trade to work through the most challenging market they have ever faced. As we enter the recovery phase, it will be our ingenuity that will put our economies back onto a strong footing. Like many, I feel the next decade could be one of the most ingenious we have ever seen.

With purpose providing the drive.

Our latest CEO Purpose Report, not surprisingly, shows that CEOs are more certain than ever on the power of purpose. Purpose drives progress, and we now need progress more than ever.

Purpose passed a tipping point in 2020, with over 25% of CEOs stating they are now purpose-driven and nearly 60% saying they are developing or about to start developing a purpose statement. However, the successful activation of purpose is still a skill that leaders recognize needs developing.

This year’s findings show that purpose, for the first time in the 10 years since Rosabeth Moss Kanter’s seminal article that introduced the topic, is now recognized as an essential growth driver. More than that, purpose inspires employees, amplifies sustainable practices, and builds a better business world. In the minds of CEOs, purpose is no longer a nebulous concept. It is the galvanizing force behind a successful and sustainable business, and it is here to stay.

Dave Allen, Brandpie Founder

II. KEY FINDINGS

#1

Purpose is leading the pack

Purpose is now firmly established as the No.1 factor in driving business growth.

CEOs rank company purpose as the most important factor for driving business growth — more than attracting talent, company culture, employee training, and employee value proposition.

87%

Purpose is a competitive advantage

Purpose-driven companies foster business growth, brand strength, and win in the marketplace.

Nine in 10 CEOs whose company has a purpose statement (87%) say purpose plays an integral role, driving initiatives across the business.

83%

Purpose is amplifying sustainability

Purpose and sustainability complement one another and have a positive impact on companies' bottom lines.

Four in five CEOs (83%) agree that purpose-driven companies are better at navigating sustainability than profit-driven companies.

27%

Purpose is here to stay

Purpose is past the point of early adoption and could replace mission, vision and values in the coming years.

59%

One in four CEOs (27%) say they already have a company purpose, and 59% say they don't have a company purpose but want to make one.

89%

Purpose is a guiding beacon

When it comes to navigating times of uncertainty, purpose serves as the North Star.

Nine in 10 CEOs whose companies have a purpose statement (89%) agree that purpose has helped guide their business through uncertain times — especially during the pandemic.

60%

Purpose is a challenge to activate

When it comes to bridging the gap between defining a purpose and activating it, CEOs are not always sure what to do.

Three in five CEOs who have or want a company purpose (60%) admit that they are uncertain about how to enact their purpose.

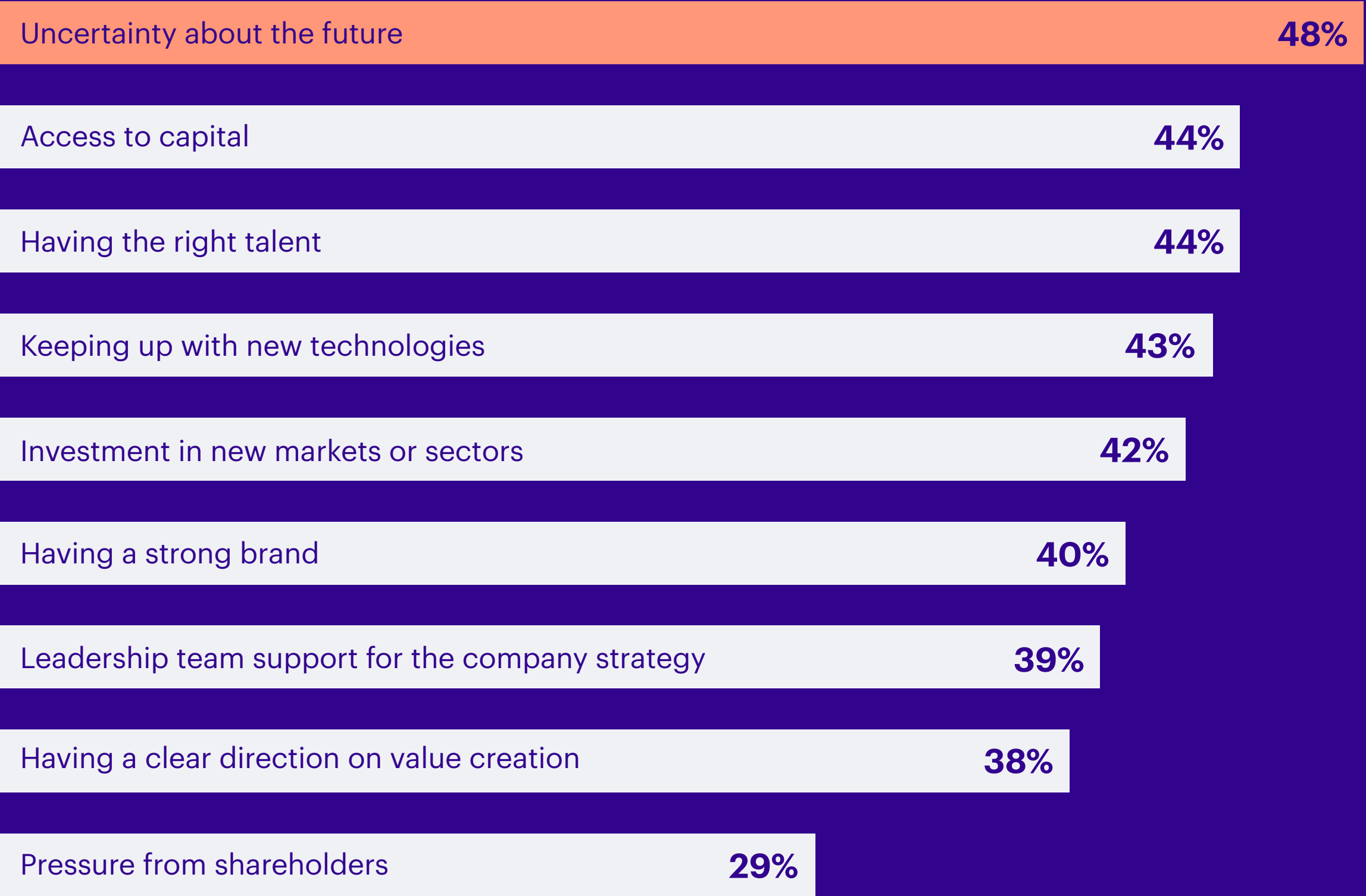
PANDEMIC

Uncertainty: the top business challenge the world over

Though no one could have predicted the COVID-19 pandemic and the tumult it would cause, uncertainty about the future is at the forefront of CEOs’ minds. This year, uncertainty about the future took the top spot as the main challenge that CEOs face, increasing from 27% who saw it as a challenge to achieving business goals in 2020 to 48% in 2021.



Which of these do you see as the main challenges that might prevent you from meeting your business goals over the next five years?



< Compare this with just 27% who cited uncertainty as a main challenge last year.

III. PANDEMIC

Four in five CEOs (79%) say the pandemic affected the way they run their business, increasing their focus on looking inward as they brace for impact from external forces beyond their control. CEOs report that as a result of the pandemic, they are most focused on accelerating efforts to upskill employees (42%) and increase employee engagement (41%).

With CEOs stating that their top priority for their business is to be efficient and well run (39%), it is no surprise that they are accelerating cost savings (38%) while decelerating short-term profit delivery (21%), keeping the business running as smoothly as possible. That said, the pandemic has left an indelible mark on many businesses, with several CEOs sharing their experiences: “We had a loss of profit due to the lockdowns” (CEO, U.S.), “We had to put employees on partial unemployment” (CEO, France), and “My company lost employees” (CEO, Germany). Such experiences will have a clear impact on value creation, in both the short and longer terms.



How has the pandemic impacted the way you run your business?



We had a loss of profit due to the lockdowns.

CEO, U.S.

We had to put employees on partial unemployment.

CEO, France

My company lost employees.

CEO, Germany

Where CEOs stand on the pandemic



of CEOs are accelerating or maintaining their focus on long-term value creation.



of CEOs say the pandemic affected the way they run their business.



of CEOs are accelerating employee engagement efforts.



of CEOs state that their top priority for their business is to be efficient and well run.

CEOs look ahead and continue to drive long-term value creation

Long-term value creation is a critical component for CEOs as their businesses emerge from the effects of the pandemic, with 83% saying they are accelerating or maintaining their focus on this aspect of the business. In fact, business-planning horizons have in general grown longer, compared with a year ago. Forty-five percent of CEOs say their horizon is longer (compared with 27% who say their horizon is shorter and 28% who say it has stayed the same), as CEOs recognize the increasing importance of agility, adaptability and playing the long game in a world that has been turned upside down in the past year — and could do so again in the future.

Long-term value creation, though important, is not a guarantee, especially in a year like this one. This year, CEOs shared their concerns about long-term value creation. They included “the impact of Brexit” (CEO, U.K.), “how to remain stable in the event of a recession” (CEO, U.S.), and “the fear of taking risks because we didn’t know when a pandemic could take place” (CEO, Germany). Indeed, the pandemic caused many CEOs to rethink their strategy and their purpose. Encouragingly, among the 27% of CEOs whose companies have a purpose statement, nearly nine in 10 (87%) said their purpose was the main reason for their business’s success in recent months. Imagine if every business had a clearly defined purpose during these trying times.



What would you say is your biggest challenge when it comes to long-term value creation, especially in the face of uncertainty?



How to remain stable in the event of a recession.

CEO, U.S.

The fear of taking risks because we didn’t know when a pandemic could take place.

CEO, Germany

The impact of Brexit.

CEO, U.K.

III. PANDEMIC

Purpose helped guide businesses through the pandemic

Purpose emerges as CEOs’ guiding lights during these times of uncertainty, with 90% of those with a purpose statement saying that since the pandemic began, purpose has become increasingly important to the success of their business. This group even goes so far as to say that purpose has helped guide their companies through uncertain times (89%) — a true testament to the power of purpose.

These CEOs also agree that purpose has made them rethink how they can make a positive contribution during the pandemic (86%). Explanations of how they have done are as varied as “We are offering free remote courses to those in need” (CEO, U.S.), “We began educating people about [the] precautions they need to take in this pandemic through our platform” (CEO, India), and “We have switched to developing a new coronavirus vaccine” (CEO, China). In this same group, 60% agreed that their organization struggled at the beginning of the pandemic due to a lack of a clearly defined purpose.

It is heartening and inspiring to see how purpose has guided organizations through the most challenging of times. While we hope that the darkest days are behind us, consider the effect that purpose would have if it were embodied not just during the difficult days, but every day. Purpose serves as a guiding light for organizations, through a pandemic or not, enabling them to hurdle the unimaginable and pivot to a more successful and sustainable future.



How much do you agree with the following statements?



(Asked only among those who have a purpose statement, n=187)

SUSTAINABILITY

Sustainability takes on a dual meaning in the face of the pandemic

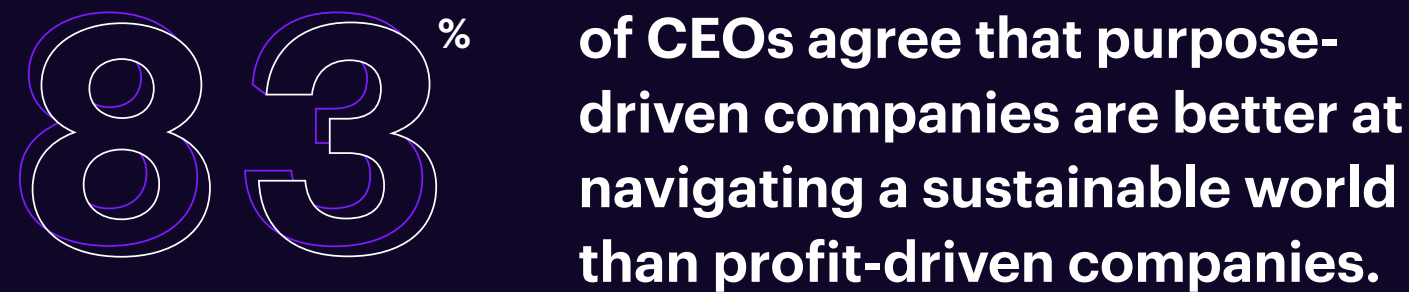
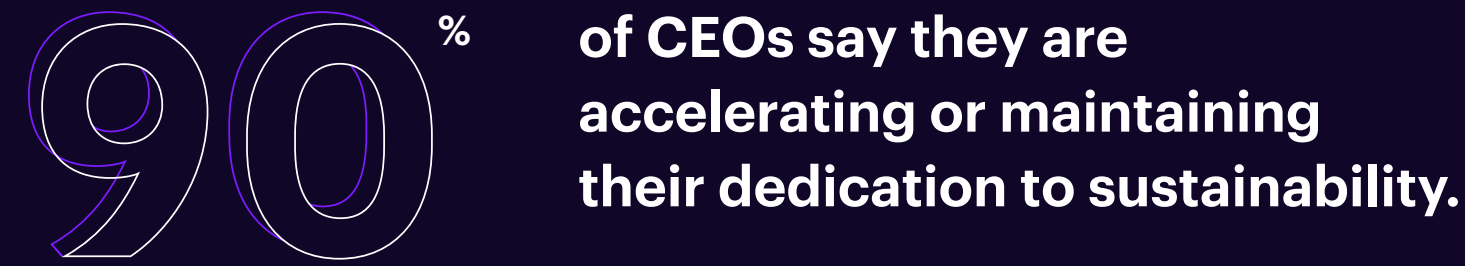
The pandemic allowed CEOs to reflect on what sustainability means to them and their organization. Looking back at the past year, it is easy to see the dual meaning that “sustainability” has taken on, in terms of both making businesses more durable in the long term (sustaining and weathering unforeseen storms) and more sustainable (making a positive impact both on the environment and society at large and in the industry ecosystem through partnerships and through supply and value chains).

In fact, nine in 10 CEOs (90%) said they were accelerating or maintaining their dedication to sustainability; 87% said the same of corporate responsibility. A top priority for one in three CEOs (33%) is to be highly regarded in how they trade, train their people and interact with the community.

Purpose: the new CSR?

Purpose breeds action, especially when it comes to sustainability. The majority of CEOs (83%) recognize that a company’s purpose can help them make decisions that contribute to a sustainable/net-zero world. Furthermore, 83% of CEOs agree that purpose-driven companies are better at navigating a sustainable world than profit-driven companies. About one in four CEOs (28%) say that one of their top priorities for the future is to be sustainable and be net-zero or net-positive.

Where CEOs stand on sustainability

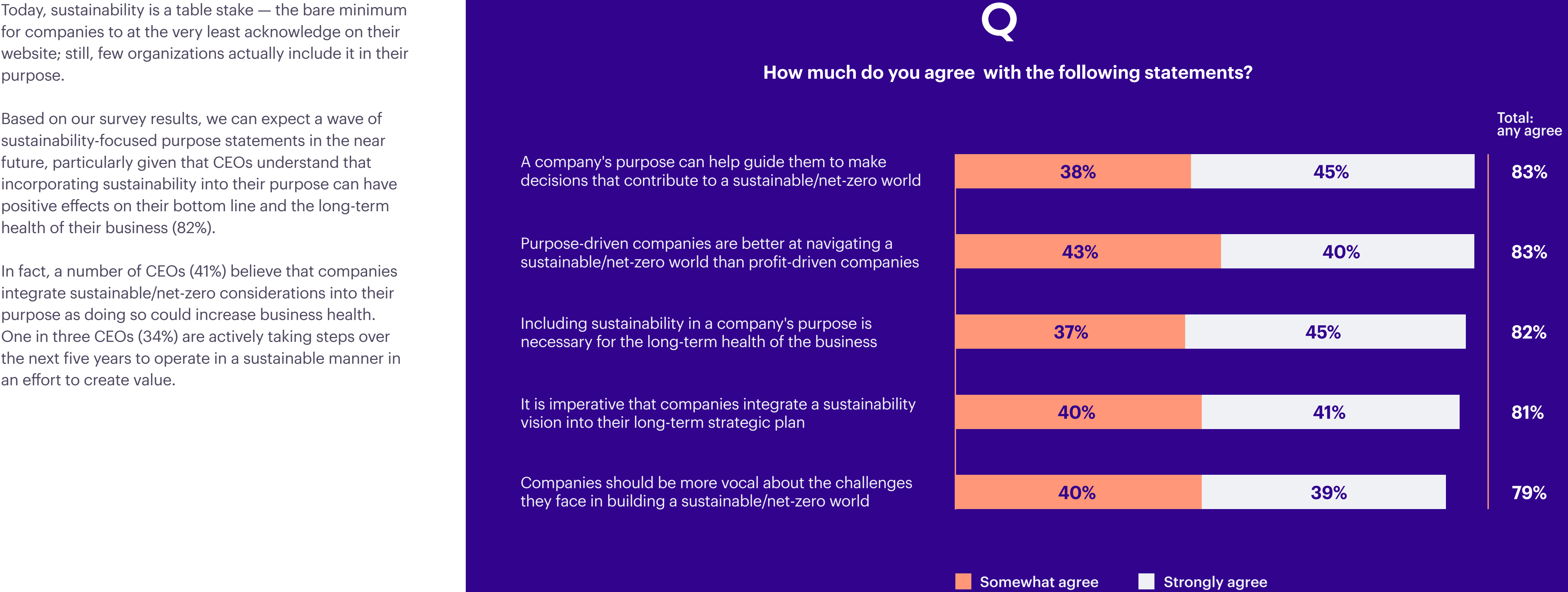


IV. SUSTAINABILITY

Today, sustainability is a table stake — the bare minimum for companies to at the very least acknowledge on their website; still, few organizations actually include it in their purpose.

Based on our survey results, we can expect a wave of sustainability-focused purpose statements in the near future, particularly given that CEOs understand that incorporating sustainability into their purpose can have positive effects on their bottom line and the long-term health of their business (82%).

In fact, a number of CEOs (41%) believe that companies integrate sustainable/net-zero considerations into their purpose as doing so could increase business health. One in three CEOs (34%) are actively taking steps over the next five years to operate in a sustainable manner in an effort to create value.



Enduring and bouncing back from challenges

Beyond enhancing corporate responsibility and making changes that have a positive impact on the planet, there is a sense among CEOs that they want their organization to be able to sustain, endure and bounce back from bouts of uncertainty. If this past year has taught us anything, it’s that only so much is within our control — a statement reflected in CEOs’ future-focused priorities. CEOs cite their top two priorities as having an efficient, well-run business (39%) and making a sensible profit so that they can invest in the future (37%), highlighting the importance of resilience.

Looking externally, partners and peers in a company’s ecosystem and value chain can have a positive impact on an organization when it comes to sustainability, including putting (positive) pressure on companies to act in a sustainable manner. CEOs recognize the positive impact that partnering with companies that are already sustainability-minded can have on their company (39%), as well as the importance of collaborating with companies in industries that are similar to theirs (37%). More than one in three CEOs (36%) agree that pressures from partners or other businesses in a company’s value chain can cause companies to integrate sustainable/net-zero considerations into their purpose. In terms of value creation, 33% of CEOs want to create value in the next five years by building a stronger partner ecosystem.

Where CEOs stand on sustainability



of CEOs recognize the positive impact that partnering with companies that are already sustainability-minded can have on their company.



of CEOs agree that pressures from partners or other businesses in a company’s value chain can cause companies to integrate sustainable/net-zero considerations into their purpose.



of CEOs want to create value in the next five years by building a stronger partner ecosystem.

WORKFORCE

Talent as the living manifestation of a company's purpose

The time is ripe for organizations to step up and clarify what their purpose is — to society, employees, customers, investors and other stakeholders. Purpose is shown to give meaning to life, and as employees spend around one-third of their day with work, it is absolutely necessary for them to understand the “why” behind what they are doing.

When it comes to purpose creation, 50% of the CEOs surveyed say they are encouraging employees at all levels to become directly involved, demonstrating the belief that employees invested in the company’s purpose are more dedicated to helping the company achieve its goals. Employees are also critical when it comes to value creation, with 37% of CEOs saying that attracting and retaining the right talent is one of their top priorities for creating value over the next five years.

But CEOs are also keenly aware that having and retaining the right talent is not a given. Nearly half (44%) say that doing so is one of the top challenges that might prevent them from meeting their business goals over the next five years. With this in mind, CEOs are accelerating efforts to upskill employees (42%) and engage with employees (41%), aiming to support the workforce as their companies pivot to new product or service offerings and improve existing offerings.

CEOs also know the quality of their workforce can have a direct impact on driving business growth. In fact, when it comes to driving business growth, attracting and retaining the right talent was one of the most important aspects, with one in five CEOs (21%) ranking it in the top spot (preceded only by company purpose at 24%). CEOs understand that there is no purpose without people. It is the individuals they employ who enact and embody the purpose — and it goes the other way as well, with one U.K. CEO noting that “company purpose is critical to attracting the right talent to keep the business going.” When their purpose is clear, companies attract the right talent.

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Company purpose is critical to attracting the right talent to keep the business going.

CEO, U.K.

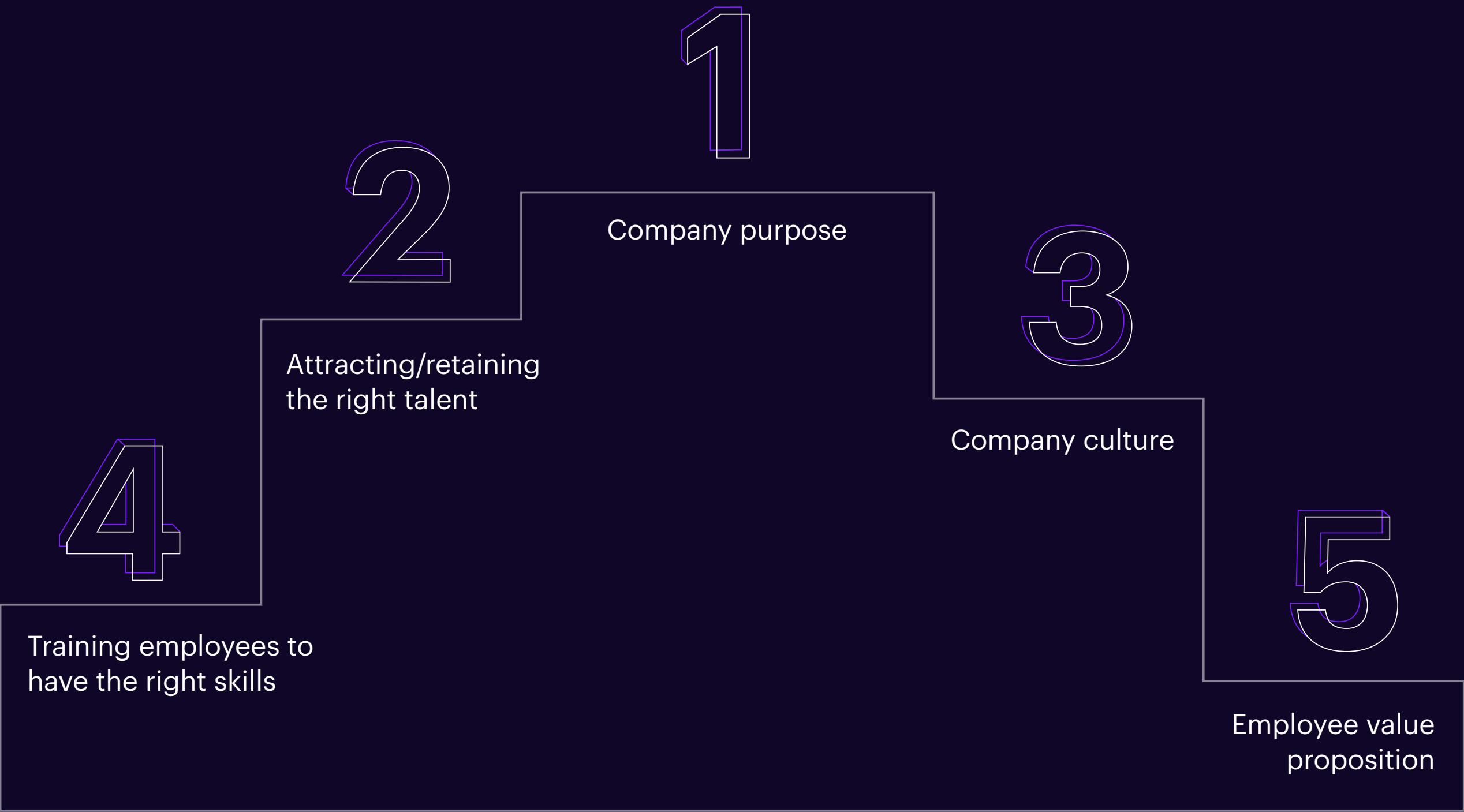
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When your purpose as a company is clear, it is easy to attract the right talent.

CEO, U.S.

Though many CEOs say they are already taking action when it comes to encouraging employees to engage with the company’s purpose, such as giving access to top management to discuss purpose (52%) and educational events where employees can learn more about purpose (51%), 60% of CEOs who have or want a purpose statement admit that they are uncertain about how to enact their purpose. They know purpose is important. They understand that employees need to be involved in creating a company’s purpose. They are dedicated to educating their workforce about purpose. Yet when it comes to bridging the gap between creating a purpose and embodying it, they are not always sure what to do.

CEOs rank company purpose No. 1 when it comes to driving business growth

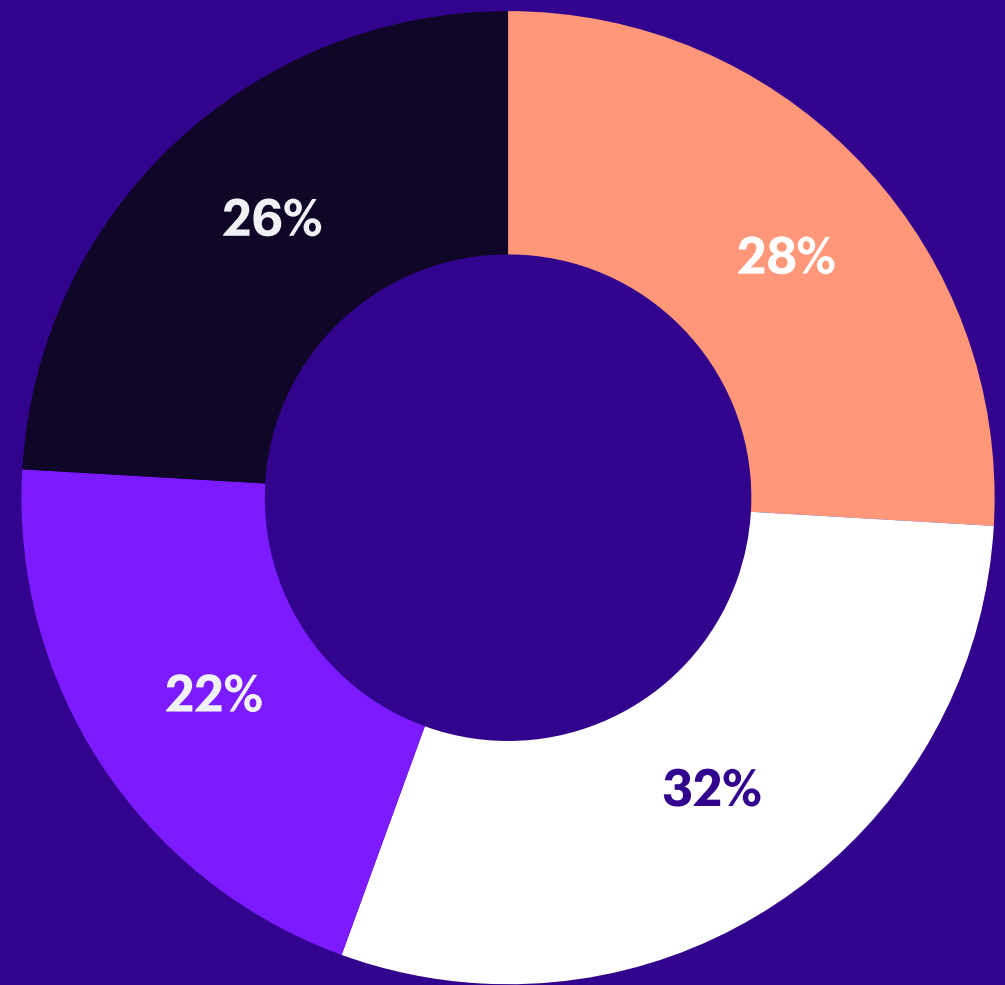


Now is the time to take action and define your purpose

In fact, three in five CEOs (59%) said that they don't have a purpose, but want to define one. And among the 27% who said that their company has a purpose statement, it is clear that there is work to be done in crafting a meaningful purpose statement. Although CEOs say they know employees need to be involved and invested in the creation of a purpose statement, about seven in 10 (68%) feel the weight of responsibility, as the head of the company, to define their company's purpose.

CEOs need to know that they do not have to define their company's purpose on their own — and that it is better if they don't. They can take steps with both their leadership team and their entire workforce to ensure that their company has a solid, actionable and livable purpose statement — one that is understood and embodied by employees and communicated to all stakeholders, shareholders and customers. Though the CEO must live and breathe the company's purpose, serving as a role model for the organization, it is not something that the CEO can build alone. For the employees to buy in to it, they must be involved in its creation.

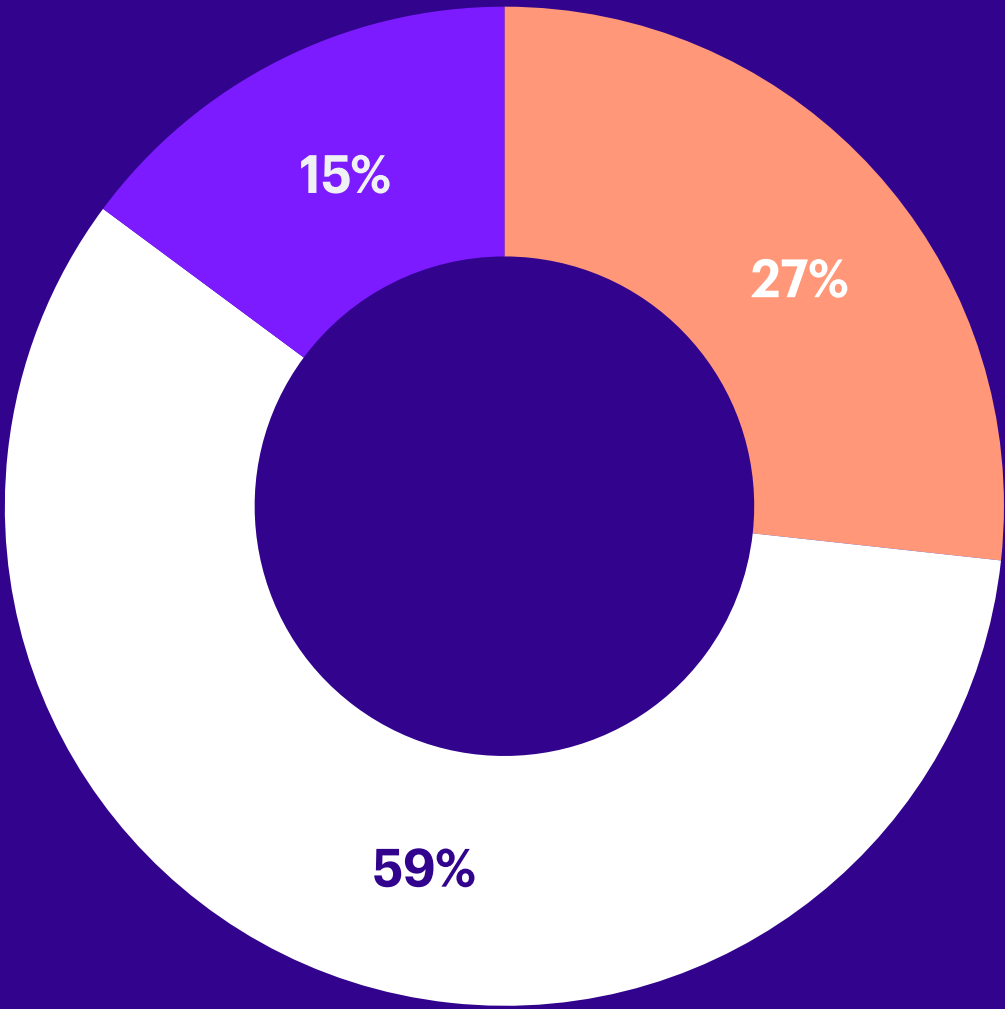
How much do you agree?
**We are uncertain about how to plan
for enacting our purpose.**



- Strongly agree
- Somewhat agree
- Somewhat disagree
- Strongly disagree

(Asked only among those who have a purpose statement or want to create one, n=600)

**Which of these best
describes your company?**



- My company has a purpose statement
- My company does not have a clearly defined purpose statement, but we want to make one
- My company does not have a clearly defined purpose statement, and we do not intend to make one

VI. CONCLUSION

The pandemic has cast a spotlight on the important role that purpose plays during challenging times and in the face of uncertainty.

CEOs of companies with a purpose said that the main reason for their businesses' success in recent months was their purpose — and that their purpose has become even more important as a result of the pandemic.

Whether their companies have (or don't have) a purpose statement, CEOs understand the critical role of purpose in times of relative calm as well as in times of uncertainty. Purpose serves to guide organizations in how they interact with society at large, with partners in their value and supply chains, with industry peers, stakeholders and shareholders, and with every employee within their organization.

Though CEOs know that purpose can have a positive impact on their bottom lines, particularly when it sits at the heart of their business, they are also acutely aware of the fact that a clear purpose can send messages beyond the boardroom. Purpose serves to strengthen their brand, win new customers, attract and retain talent, increase engagement within the company and make a positive impact on society.

But CEOs need help — not just in crafting a purpose statement, but in enacting purpose within their companies, a job that requires action at every level. To embody a purpose, employees must understand a purpose, and to understand a purpose, they must participate in its creation. CEOs must be ready and willing to involve employees in the conversation, relieving the weight of purpose creation from their shoulders and sharing the load with junior and senior employees alike. Once the purpose has been defined, additional steps are needed to activate it, such as educating the workforce, embedding it into business-as-usual practices, and communicating its relevance to customers, shareholders, partners, industry contemporaries and society at large.

Only one step can be taken at a time. But it is clear that purpose can have a tremendous effect, serving to benefit employees, companies and society in general, both in times of chaos or uncertainty and in times of relative calm. We are optimistic that more organizations will realize the value of a purpose, allowing it to be their guiding light and key to resilience, no matter how rough the seas may be.

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It is clear that being connected to stakeholders – establishing trust with them and acting with purpose – enables a company to understand and respond to the changes happening in the world.

From Larry Fink's 2021 letter to CEOs

VII. METHODOLOGY

Working closely with an online panel and survey provider, Savanta, we conducted an online survey among 705 CEOs based in China, France, Germany, India, the United Kingdom and the United States.

China:	n=100
France:	n=101
Germany:	n=100
India:	n=100
United Kingdom:	n=100
United States:	n=204

Respondents were invited to participate in the survey via email and an online survey panel. Research was conducted between Dec. 17, 2020, and Jan. 14, 2021.

Data was monitored to remove any “career respondents,” and geo-IP checks were included to ensure their country was verified. The research was conducted by Savanta, which is a full member of the Market Research Society and abides by its rules, which are based on the ESOMAR principles.

For more information about the methodology, please email Margaret Hoffeecker:

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About Brandpie

Brandpie is an independent consultancy specializing in purpose-driven transformation. Combining the power of culture and brand, Brandpie is uniquely positioned to help CEOs and their team discover, define and activate their company's purpose – unlocking growth and building a sustainable future for their businesses.

We work with complex, multinational corporations, ambitious, fast-growth entrepreneurs and leading NGOs looking to build a purpose-led future.

We work with every sector and have in-depth experience in healthcare, pharma, technology, financial services, consulting, professional services, energy, automotive, aerospace and engineering.

Brandpie has been named as one of the Financial Times' leading Management Consultancies every year since 2018 and B2B Agency of the Year in North America by the Drum in 2019. For more, visit www.brandpie.com

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BRANDPIE

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