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#2

Organisational
purpose reimagined

Unleashing the full potential of sustainability to drive transformational change

Sustainability is at the top of the strategic agenda everywhere. Trailblazing organisations are acting fast to reduce harmful impacts on people and the planet. And even those that have been slower to respond are being forced to act due to regulatory changes and stakeholder demands. Becoming more sustainable is now a given.

However, all organisations face a significant strategic choice: “Will sustainability provide us with the opportunity to rethink fundamental strategic approaches and change everything? Or will we address the issue through an isolated sustainability strategy to get on par?”

Faced with a proliferation of stakeholder requirements, there is a risk that many organisations are merely scratching the surface of sustainability as they try to keep up. But what if we used the sustainability agenda to profoundly reimagine why our organisation exists and how we operate?

We believe that, instead of a “sustainability strategy”, organisations of the future will have a “sustainable strategy”. Instead of taking incremental steps towards what is good for them, they will dare to unleash transformational change towards a brighter future that is better for all of us.

Let us explore the future together and reimagine sustainability.

#2

Organisational purpose reimagined

What if organisations of the future reimagined their purpose by shifting their focus to solving deeply worthwhile problems – and refused to produce whatever their customers really wanted?

In essence, all businesses exist because they solve problems for their customers. They flourish if they either solve problems better than the customers themselves or do it better or cheaper than the alternatives already available on the market.

However, few big businesses think of themselves as problem-solvers. As start-ups mature into unicorns and big businesses, the language and concepts used internally tend to shift towards talking about ‘bringing superior products and services to market’ and ‘the unique competitive advantages of the business model’ applied. Strategic thinking becomes about selling more, selling across, selling up and selling new to maximise the lifetime value of target customers. It is a very different vocabulary if you think carefully about it. Gone are the humble days of solving customer problems. Now it is all about pushing products to customers using brilliant marketing and sales tactics. Companies have gravitated towards ‘inside-out thinking’.

Perhaps this description is a little black and white? Fortunately, big businesses often encounter a moment of truth when they recognise they need to reconnect with their entrepreneurial past. Their ‘outside-in’ starting point, if you will. This is often seen in the form of corporate-wide customer centricity programmes or user-driven innovation efforts launched to really understand the needs of the customer. Perhaps even before the customer itself understands.

Questioning the purpose of customer centricity

In recent years, customer centricity has become something of a science, involving armies of marketers, design thinkers and even sophisticated anthropologists, tasked with understanding what the customer really wants. Or even ‘getting under the skin’ to uncover unarticulated latent needs that the customer itself has yet to become aware of. Getting closer to customers brings the business back to its starting point as a trusted problem-solver for its customers. And solving newly discovered significant customer problems offers the potential to unleash new growth.

But the science of getting back to one’s roots might have a severely overlooked flipside, as the methodologies to return to being customer-centric largely ignore the qualities and characteristics of the problems found. These methodologies seemingly say that if many customers have the same problem and exhibit a strong willingness to pay for a solution, then a company should grasp the opportunity. But as businesses turn their attention to a more nuanced theory of stakeholder value



Case in point:

Lipton reinvents the purpose of the company

Lipton is a British tea brand, owned by Ekaterina, a division of consumer goods multinational Unilever. In line with Unilever's prominent sustainability efforts of building brands with purpose at their core, Lipton undertook to become a credible player with a focus on environmental sustainability.

Repositioning this high-value brand as environmentally sustainable meant reimagining the supply chain of the tea brand and how it sourced produce from tea farmers. To ensure buy-in from customers, Lipton voluntarily entered a partnership with certification provider Rainforest Alliance. Rainforest Alliance now certifies crop farms according to their continually updated standards to ensure agricultural practices align with a vision of protecting local ecosystems and working conditions. This also includes e.g. training on the use of pesticides with a clear goal of overall reduction.

By only sourcing from certified farmers, Lipton continually sets the standard across the industry's supply chain, has enabled the Rainforest Alliance to expand its reach and consequently benefits growers, as they are able to obtain higher prices.

creation, mindless fulfilment of big customer needs seems highly questionable (read more about . Perhaps the marginal utility of yet another product or service becomes negative? Even the basis and fundamental purpose of the organisation might be questionable.

Solving worthwhile problems

A more nuanced approach would ask whether the problems found are truly worth solving. Or if there are bigger and more critical societal problems to be solved beyond satisfying the needs of high-potential customer segments. Putting the classic approach under scrutiny reveals that what is often completely ignored is having a point of view about which problems are worth solving and taking the full stakeholder value creation impact equation into account. Consequently, the approaches recommended implicitly turn businesses into proponents of simplistic mass consumerism: give the customers what they really want and anything they like. Care only about negative externalities and harmful side-effects if the segment (or media) notices them or the government taxes them.

The shift from shareholder capitalism to stakeholder value creation helps us understand that an *outside-in* approach to identifying customer problems that could be solved must always be complemented by a strong *inside-out* perspective about which problems should be solved.

This shift also points to a much bigger question to be asked, with the potential to fundamentally challenge the past. What is the actual purpose of the organisation? To solve customer problems in isolation? Or to help solve much bigger problems that we face across the globe and across multiple stakeholder groups?

Large organisations build unique capabilities, enabling them to achieve amazing results. Sometimes they lose the link to their starting point as problem-solvers. But instead of going back, organisations must move forward, look to stakeholders and shape a purpose that will take them into the future in a new and more meaningful way.

Questions worth considering

What unique capabilities does your organisation possess that could help solve worthwhile problems and tackle critical global challenges?

Do you complement a strong outside-in perspective on understanding customer problems to be solved with a clear inside-out perspective on what is really worth solving?

How have you embedded the shift towards holistic stakeholder value creation in the guiding purpose of your organisation?

What are the fundamental principles that should guide you in the future to create value for all stakeholders and society?

Sustainability
REIMAGINED

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