

*An excerpt from*

# WHY *is a* VERB

*How Well-Managed Teams  
Turn Purpose  
into Productivity*



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EXCERPT FROM CHAPTER 8: "PRINCIPLES"



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# CHAPTER 8

## *What Managers Must Do*

*“We cannot make anything grow. But we can foster environments where things want to grow.”*

MARCUS BRIDGEWATER

**T**HE NEW CEO, “FRED,” WAS NOT HAPPY.

Earlier that year, his family-owned commercial construction firm, “BuildCo,” had published its first purpose statement.

Fred’s father, the former CEO turned chairman, was no fan of what he saw as management fads. He’d warned that the whole effort would be a waste of time and money.

Looking to make his own mark, Fred had plowed ahead. He’d hired a marketing agency to run the process. His senior leadership team had been interviewed, along with customers, suppliers, and employees.

To Fred’s delight, the organization quickly rallied around the resulting mission. “We Build Proud Owners” aligned with BuildCo’s customer service philosophy, reflected the research, and sounded fresh. Even his dad grudgingly agreed it could have been worse.

Six months later, however, Fred was struggling to make sense of another BuildCo first: its employee survey.

Managers at all levels expressed strong satisfaction with the

words now inscribed on the company's workwear, scoring it an average 4.6 out of 5.

Yet the share who said they got value from the mission at least once a week? A paltry nine percent.

"So everybody loves this thing, but nobody uses it?" Fred fumed to an adviser. "What are we supposed to do about that?!"

"Maybe," said the adviser, "we should use it."



The comment was not meant to be glib. The adviser was just highlighting the circularity of Fred's problem, which a recent Bain & Company survey had found to be far from uncommon (chapter 2), while underlining a simple truth: Even the greatest missions do not put themselves to work.

It was no surprise that BuildCo's leadership liked the mission. They had found great value in the articulation process. The idea that its services should produce a specific emotional benefit for clients was a powerful, actionable insight.

What they had yet to figure out, however, was how to operationalize such insight as a source of ongoing value creation. There's only so much magic one can get from words alone. As Netflix's Reed Hastings points out, Enron inscribed "Integrity" on its walls even as it engaged in history-making fraud.

Managers and employees need to *use* purpose statements, not just admire them.

But what does that actually mean?

## THE PRINCIPLES OF BUSINESS PURPOSE

Let's recap what we've learned so far about how purpose delivers value at various levels:

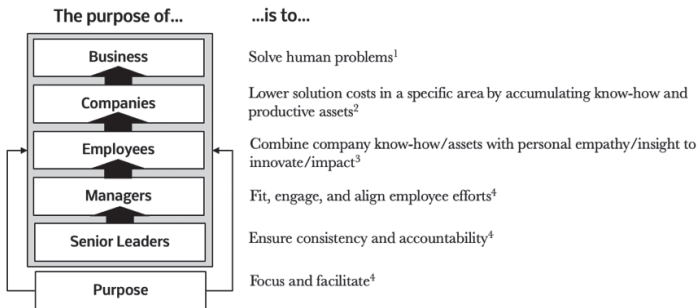
1. The purpose of business as a practice is to solve human problems (chapter 4).

2. The purpose of companies is to lower transaction costs in a specific area (effectively, “solution costs”) by accumulating know-how and productive assets (chapter 5).
3. The purpose of employees is to combine company know-how and assets with personal empathy and insight to innovate and have impact (chapter 6).

To understand what leaders can do to make this happen, we must add a few more principles, which we’ll elaborate in this chapter:

4. The purpose of managers is to fit, engage, and align employee efforts.
5. The purpose of senior leaders is to ensure management consistency and accountability.
6. The purpose of purpose itself is to focus and facilitate all of the above.

For reference, here is a visualization:



Sources: 1. Eric Reinholcker, Nicholas Georgescu-Roegen. 2. Ronald Coase. 3. Adam Smith. 4. Authors

*Exhibit 8.1 The principles of business purpose*

Source: Stephen Butler and Karissa Price