

2017 Corporate Public Affairs Oration
delivered by
Professor David Grayson

Why are we here? Reflections on personal and organisational purpose

Ladies and Gentlemen, Good evening,

I think that all goes to prove that this is live, and that it is not pre-recorded. Wayne sent me a message just a few moments ago to say ‘shall we let them enjoy themselves with their dinner for a little bit longer, or had we better have your speech now?’

So you’ve had your few minutes longer ladies and gentlemen, and it gives me great pleasure to deliver the 2017 Oration.

I am disappointed and frustrated beyond imagination that I cannot be with you in person this evening, but as you heard from Wayne, circumstances intervened.

But it is a great pleasure to be giving this oration; I know I follow in some very distinguished footsteps.

I’d like to begin tonight by acknowledging a great Australian. She is no captain of industry; she has never held elected office, she is not a great media celebrity or sports star. But for me, Helen Johnson is a great Australian hero, because, for the last twenty-four years, she and her husband, and her family, have been caring for their profoundly disabled son Ben.

Now, for me, it is a great example of somebody who hasn’t just accepted their fate, but who has embraced it, and has actually found a purpose in life, not just in caring for her own son, but for becoming an amazing ambassador for carers across Australia. She is an ambassador for Carers Australia, a great advocate, she is a vice president of Carers Victoria, that I was unfortunately unable to meet in Canberra at the Australian parliament on Tuesday, but Helen very kindly substituted there for me.

And Helen is a wonderful example of that old adage the happiest people in life are not those who have the best of everything, but those who make the best of everything they have.

Now tonight I want to explore the inter-relationship between individual purpose, like Helen’s, and organisational purpose.

THE WORLD WE ARE IN

Today is a year ago to the day, since the United Kingdom voted in our European Union referendum. In my judgement we made a profoundly wrong choice. If you are a political junkie, you may already have read a fascinating book by the political editor of the Sunday Times in the UK: Tim Shipman. It’s called ‘All Out War’, and it’s a brilliant analysis, with access to all the key players, about how the referendum campaign unfolded, about the mistakes and the techniques that were used by both sides. It’s exceptionally even-handed, I strongly recommend it¹.

¹ All Out War: The Full Story of How Brexit Sank Britain’s Political Class Paperback 2017 by Tim Shipman (William Collins)

But, if we are really to understand, the Brexit vote and Trump victory in the States, and other populist movements. I think we need to look instead at another book, which came out very recently as well. And that's by another journalist, David Goodhart, for many years with the Financial Times. And David Goodhart's book is called, 'The Road to Somewhere'². And, in 'The Road to Somewhere' he explains that in societies like the United Kingdom today we have roughly 50 per cent of the population who are 'somewheres', people who are deeply rooted in community, who have a strong attachment to history and to groups, almost like tribal loyalties, who tend to be less educated. And, 25 per cent of our population who are the 'anywheres'. People who could be just as happy and contented in London or in Shanghai or in Melbourne or in New York or in San Francisco. Who are generally better educated. Much less attached to community and place, who value autonomy and openness. The reality is according to David Goodhart in his book, that the last two or three decades it's been the 'anywheres' who have dominated politics, media and society, and they have consciously, or otherwise run society for their own interests.

And the David Goodhart thesis, which I concur with, is that essentially our Brexit vote and the Trump victory were the rebellion, the reaction of the 'somewheres' against the 'anywheres', and the arrogance of the 'anywheres'.

And those of you in the room, and I imagine there will be many of you, who are fanatical devotees probably, of the Edelman Trust Barometer, which has been running now since the millennium, will know and will, I suspect recognise many of the David Goodhart ideas. The 2017 Edelman Trust Barometer makes very important reading. Because in there they identify across the world, a decline in trust since the first time they have been doing the barometer: a decline in trust simultaneously, in all of the sectors of society that they look at. Business, governments, civil society and the media, and they identify a profound loss both of trust and a fear and a concern about the future. They identify that many of the people they have surveyed are profoundly concerned about the pace, and depth of change; that they are deeply concerned, with a sense of injustice, with a lack of hope, with a lack of confidence, a desire for change. They have a fear of globalisation and of the eroding of traditional social values. All of those things, I think, are all part of a picture that those of us in business, or working closely with businesses, need to understand and respond to. Incidentally, for those of you who are wanting a bluffers guide, to 'The Road to Somewhere' there is a very good 2 minute YouTube video from the BBC's NewsNight, in which David Goodhart explains his core thesis, and it's well worth a quick 2 minutes³.

Now the 2017 Edelman Trust Barometer, identifies a series of key things that businesses need to do just in order to do no harm, to get a basic licence to operate. And these are not rocket science. It's about not transferring profits around the world to aggressively avoid tax, it's about not getting executive remuneration so out of line with the average worker in the organisation. It's about not moving jobs aggressively to the other side of the world, not compromising on product or service quality through reducing jobs, it's also in that Edelman Trust Barometer 2017 about not bribing and being alert to corruption⁴.

But, those are the things, they say, that are just to get the licence to operate. We have to go much further if business is to thrive in the 21st century. And that's especially true if you accept the

² The Road to Somewhere: The Populist Revolt and the Future of Politics Hardcover –2017 by David Goodhart (C.Hurst & Co)

³ <https://www.youtube.com/watch?v=jya7nThQp8I>

⁴ <http://www.edelman.com/trust2017/>

argument, as I do, of the Canadian writer Don Tapscott in his book ‘The Naked Corporation’, which outlines that everything is ‘for the record’⁵. Alastair Campbell, my only British predecessor in giving the Oration, is on record talking about everything should be regarded as being on the record. And if we are in the era of the Naked Corporation, then companies better well be ‘buff’. And by buff, that means being coherent and consistent in all that they do.

John Browne, the former CEO of BP in its heyday, when for a brief time it was one of the world’s very largest businesses - John Browne wrote a book - two years ago now - called ‘Connect’ in which he argued that if major businesses in particular wished to re-engage with societies in which they operate and do business, and from which they draw a licence to operate, then they will have to, first of all, understand their most material social, environmental and economic impacts. Secondly, they will have to identify a broader societal purpose. Thirdly they will need to apply, world-class management skills, to the application, and the embedding of that purpose. And fourthly, they will need, in his words, ‘to radically engage with a whole range of stakeholders, who they may have never in the past have thought necessary’⁶.

WHERE I AM COMING FROM

Now, perhaps at this point, I should just pause, and explain my personal background. You heard a very nice introduction and bio from Wayne a few moments ago, but so you understand where I am coming from, I am pro-markets, I believe in the power of profits, I think capitalism is the default mode of human behaviour, I am, in many respects now, in my country an endangered species, which is a One Nation, pro-European Tory.

But, I also recognise that business, as usual, is not viable in the changed zeitgeist that we are now in.

PURPOSE

Now, I chose my title for this Oration 16 months ago. I thought I was being a little bit prescient, and a bit ahead of the times. Now you can barely move in business circles, or management circles for talk about purpose.

Indeed there was a consultant Andy Salt, who wrote a blog that Paul Polman from Unilever was quoting approvingly a few days ago. And, in this blog Andy Salt writes ‘it’s getting hard to avoid the ‘P’ word, CEO’s say they’ve got it, millennials say they want it, managers try and work out what it means for them, and celebrities, try to avoid looking like Kendall Jenner. Thousands of articles, and conferences, and away-days are being devoted to purpose and the questions it raises. What is our purpose? Do we need a purpose? Is purpose compatible with profit? Will people believe us? Or accuse us of purpose wash?’ And in all this talk, writes this blogger/consultant Andy Salt ‘we risk over-complicating what really should be a very simple question “why does this business exist?”’⁷.

And he might have added any number of new books about purpose, I personally in the last three months alone, have done reviews for publishers on four different books on purpose, two of them written by personal friends of mine. And there are lots of different consultants’ reports coming out almost, it feels, week by week.

⁵ The Naked Corporation: How the Age of Transparency Will Revolutionize Business Paperback –2012 by Don Tapscott (Free Press)

⁶ Connect: How companies succeed by engaging radically with society Hardcover –2015 by John Browne, Robin Nuttall, Tommy Stadlen (WH Allen)

⁷ <http://salt-communications.com/blog/2017/06/what-does-purpose-do-for-business/>

Now, it's interesting because for several decades there has been a very simple idea of 'What is the purpose of businesses'. And that is the Milton Friedman, and the Chicago School of Economics idea, that the purpose of business is maximising shareholder value. Well, let me quote what one of the most distinguished Financial Times Op-ed writers Martin Wolf had to say about this. He wrote in the Financial Times 'almost nothing in economics is more important, than thinking through, how companies should be managed, and for what ends. Unfortunately, we have made a mess of this; this mess has a name, it is Shareholder Value Maximisation. Operating companies in line with this belief, not only leads to misbehaviour but may also lead to militate against the true social aim, which is to generate greater prosperity'.⁸

And so I think it's interesting, and in the words of Rebecca Henderson, a distinguished professor at Harvard, we are now in an era where businesses are being encouraged to think about a pro-societal purpose.

FINDING BUSINESS PURPOSE

I think there are four immediate things that all businesses could be doing about purpose. The first is, it starts with top leadership, it starts with the board, and so does the board have a mindset for purpose and sustainability? I am now, as Wayne said, a business school professor. I still have to pinch myself some days to remember that I am, but I am, so we have to have a 2x2 matrix. So visualise a 2x2 matrix with one axis about the role of the board and the other axis, about your view of managing risks and opportunities around social, environmental and economic impacts. And where I would argue you would want to be, is in the top right-hand quadrant, where you have the mindset that the role of the board is not only to monitor but is also to mentor. And on the axis of managing your social, environmental and economic impacts, this is not just about risk mitigation, but it is also about opportunity maximisation.

Peter Drucker, shortly before he died expressed it very clearly, every great social problem, and global issue is a business opportunity in disguise.

So the first thing I think companies need to do is to look and say, is 'is our board really with the program?'

'Does our board really have a mindset, around purpose and sustainability?'

We have a White Paper which we published from our centre with the organisation Business in the Community here in the UK on that very topic, if anyone wants to drill down some more⁹.

The second thing linked to boards, is about a company establishing a stakeholder advisory group, or experts advisory group to help the board and the senior management team to really understand, what are both the risks and opportunities of the social, and environment and economic impacts that the organisation has. I am struck by the number of leading global companies which have established such advisory groups.

⁸ Opportunist shareholders must embrace commitment, Financial Times, 26 Aug 2014

⁹ Towards a Sustainability Mindset: How Boards Organise Oversight and Governance of Corporate Responsibility, David Grayson & Andrew Kakabadse, 2013, <http://www.bitc.org.uk/our-resources/report/towards-sustainability-mindset-how-boards-organise-oversight-and-governance>

Thirdly, organisations need to set evidence or science based targets, again we have just published an Occasional Paper on that topic from the Doughty Centre at Cranfield¹⁰.

And, the fourth immediate thing I think is for big business in particular, and for organisations more broadly to think about, how do we frame and understand our corporate purpose and strategy in the context of the way in which we are doing business, and the way in which the Sustainable Development Goals are emerging. I have personally been pleasantly struck, by the speed with which the Sustainable Development Goals have been taken up.

But, if business really wishes to continue into the indefinite future then it needs to do what Charles Handy, a great social philosopher and management guru said in 1990 at a seminal lecture at the Royal of Arts in London. Each business needs to define for itself, its own purpose¹¹. And there are now some tools available to help a business to do so. Here in the UK we have a fascinating and superb organisation called Blueprint for Better Business, which provides a framework, and group of principles to help businesses to develop and understand their own purpose, and to implement that through the organisation¹².

Again I've been struck by the take up globally, as a kind of vanguard movement, of the concept of the B-corp or the Benefit Corporation and I know relatively recently in Australia you have B-Lab Australia and New Zealand coming into existence, and advocating amongst other things, reforms to the Companies Act of Australia 2001, to give explicit recognition to the idea of a benefit corporation, in law, in your corporate jurisdiction. We have similar debates going on here in the UK. We were expecting in our Queen's Speech yesterday some announcement about corporate governance reform, but that along with many other issues will wait for another day, but that is another matter beyond my paygrade for this evening!

PURPOSE PAYS

I think the exciting thing now, when it comes to business purpose is that we have some hard evidence that implementing a pro-societal purpose actually pays as well. So Unilever for example, has been really explicit in really living its founding purpose. Paul Polman taking over in 2009, has played a profoundly important role in debates about the role of business in modern society, particularly in the context of sustainable development. And they've actually reported just a few weeks ago that of their top forty global brands, those are brands which have an average global sale of a US\$1 billion or more, then of those forty global brands eighteen of them have already adopted a societal purpose, for the individual brand, as well for Unilever. And, those eighteen brands are significantly out performing the rest of Unilever. They actually grew fifty per cent faster in 2016, than the rest of Unilever, they represented 60 per cent of Unilever's growth last year¹³. And this is corroborating what we know from earlier seminal books, like the 1994 classic 'Built to Last' by Collins and Porras, or the 2003 'Firms of Endearment' by Rajendra Sisodia, or more recently Freya Williams

¹⁰ Will evidence-based management shape the future of Corporate Sustainability Reporting, Palie Smart, Sara Holmes, Steve Evans (2016) <https://cranfield-ac-uk-som.cld.bz/The-Doughty-Centre-Report>

¹¹ Charles Handy, What is a company for? RSA (1990) <http://www.growthinternational.com/resources/Charles+Handy+1990.pdf>

¹² <http://www.blueprintforbusiness.org/>

¹³ Making Purpose Pay: Inspiring Sustainable Living, Unilever, 2017 https://www.unilever.com/Images/making-purpose-pay-inspiring-sustainable-living-170515_tcm244-506419_en.pdf

with her 'Green Giants'. All of these are telling us, that actually adopting a broader societal purpose and living that purpose can actually pay, and I think that is particularly important as it links back to individual purpose, it links back to the attraction, development and retention of talent. Daniel Pink told us in that remarkable book 'Drive', what motivates people, what gets people out of bed in the morning - three things he said. It's about autonomy, the desire to steer your own ship; it's about mastery: the ability to be able to steer that ship well; and it's about purpose, knowing that your journey has some wider, broader meaning¹⁴.

INDIVIDUAL AND ORGANISATIONAL PURPOSE

The Deloitte Millennial surveys, and lots of other surveys of millennials in particular tell us that millennials are looking for organisations that can combine profit with purpose, they believe that you can do well and do good simultaneously.

Yes of course I know, "for some there will always be the mating call of the Porsche," but I think that is much less where people are today than it was in the past, if it was in the past either.

So I think there is a profoundly important argument for businesses to think about their purpose in the context of attracting, retaining and retaining the talent of millennials. Remember the Harvard Policy Institute tells us that by 2020 half of the global working population will be millennials. Seventy five per cent by 2025.

Now, you can probably see, even through the distortions of this Skype link, that I am not a millennial. But, I too want my work to have meaning and to have purpose, and I'm also part of a growing phenomenon, about people looking for later careers with purpose. We just published an Occasional Paper with one of our visiting fellows Anita Hoffman in our centre. Anita is a very experienced executive search coach, and mentor for board members and C-suite executives.

Anita was noticing for several years that she was interviewing a thousand to fifteen hundred executives every year, and she was finding that many of them were talking about switching careers, sometimes quite fundamentally. Because they were looking for legacy, later in their lives, and in their career. And in her paper 'Later careers with purpose' for the centre, which she is turning into a book coming out in the autumn, she talks about how individuals and organisations, can attract and retain the later life talent as well.¹⁵

Even more important, given the idea that we now have to expect longer, fuller working lives. There's two business school professors in the London Business School Lynda Gratton and Andrew Scott, who have just written a book entitled the "100 year life", which basically says forget study, work, retire, that's very anachronistic; we're now in an era where we will constantly be refreshing, recharging perhaps upskilling, getting some new skills, maybe going off to travel around the world, as Australians have done for many years on their grand tours and so on, but actually the old models will

¹⁴ Drive: The Surprising Truth about What Motivates Us - 2011 Paperback by Daniel H Pink (Riverhead Books)

¹⁵ Later Careers with Purpose, Anita Hoffmann, 2016, <https://www.cranfield.ac.uk/.../purpose-driven-leader--purpose-driven-career.ashx>

change, and in the context of having to prepare yourself to manage your career for a much longer period the opportunities for finding a career with purpose are going to become much greater¹⁶.

CONTINUING THIS CONVERSATION

And so the challenge I think is to align individual and organisational purpose. And as I said I am bitterly disappointed I cannot be with you this evening, not least because it's always so much fun to, come and go around the tables after the presentation and to engage, and debate, and to have challenge and the 'ah but' argument, the critic who's over there in the right hand corner of the room who is absolutely frustrated by what this Brit has been saying for the last few minutes, and who really wants to take me on. And it's deeply frustrating I can't engage in that face to face. So let me make this offer, first of all if you have any questions or challenges you can Tweet me if you're on Twitter @davidgrayson_ and send me any questions, or you can give your questions to the Centre team and they will collate them and send them through, so that we can share them. And depending on when my surgeons say I am fit enough to travel, I am hoping I might be able to come to Australia in early October for an international carers' conference, in my role as the Chairman of Carers UK, and if so I would be delighted if someone could host a get together or conversation.

SOME QUESTIONS TO PONDER

But, for tonight let me leave you with a few questions.

First of all, to those of you from companies:

- Has my organisation already got a societal purpose?
- And if it does, is it just a catchy phrase?
- Or is it authentic, embedded, and lived?
- If not, do we need to get a broader, deeper societal purpose?
- Do we have the resilience to really stick with it?
- And do the hard graft, to really make it embedded?
- And if we think we have one, do our employees recognise it? There's a new book coming out in two weeks by Neil Gaught which talks about how out of the few organisations with purpose, most of the employees do not know what it is, outside of the senior management team¹⁷.
- And if we are honest with ourselves that there is a gap between what we think as senior executives think as an organisation, and our employees understanding of that, how are we going to fill that gap?

And for all of us in the room tonight, either physically or virtually as in my case, then what are my purposes? Have they changed over time?

Helen Johnson was only able to fulfil all of her purposes because of her remarkable employer Westpac, who have superb carer policies as part of their employee family friendly policies, and as a part of their responsible business approach overall. But she has been able to grow her purposes over time.

¹⁶ The 100-Year Life: Living and Working in an Age of Longevity 2016 by Lynda Gratton, Andrew Scott (Bloomsbury)

¹⁷ CORE: How a Single Organizing Idea can Change Business for Good Paperback – 26 Jul 2017 by Neil Gaught (Greenleaf)

- How might I grow my purposes over time?
- Do I find my key purpose in my work, and if not, why not, and what am I going to do in order to change that?
- Can I job craft? Can I become a social intrapreneur to push ideas forward through my organisation that I believe will help my organisation to develop societal purpose, and at the same time also fulfil my own sense of purpose?¹⁸

Why put off what you could do now until it might be too late? It's not the amount of years in your life that counts, it's the amount of life in your years.

And for any entrepreneurs, or would be entrepreneurs:

- am I going to lead a purposeful business? And how can organisations, like B-Lab Australia and New Zealand help me on my journey?

CONCLUDING MY ORATION

So let me conclude with another of my heroes, apart from Helen Johnson, Charles Handy whom I quoted earlier. When he closed his 1990 lecture for the RSA 'What is a Company for' he closed with these words, 'in a time of change we must always question whether the things that that used to work will work as well in the future. We must not be slaves to our history but trustees of our destiny. Our businesses are too precious to be lost because we have not dared to question the past or to dream the future. Let us start now, before it is too late'.

Ladies and gentlemen,

Thank you very much.

David Grayson's latest book: "TAKE CARE: How to be a great employer for working carers" is published by Emerald Publishing 2017

¹⁸ Social Intrapreneurism and all that Jazz, David Grayson, Melody McLaren, Heiko Spitzeck, 2014, Greenleaf