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If the reason for a company's existence is just profit, they won't be very profitable. Eventually, the company probably won't exist. The dollar sign isn't a cause. It doesn't stir the soul. Operating margins and returns on investment don't excite and inspire. As an ultimate objective on its own, the pursuit of profits is hollow and unsatisfying. Such naked greed is one-dimensional. It comes from, and leads to, the naked selfishness of "what's in it for me?"

Few people today want to buy from, work for, or partner with a company that's only out for itself. That's like taking a set of elaborate architectural drawings for a huge, luxurious dream home in to your team or organization and saying, "If you all work real hard, someday this will be all mine." A few years ago we came across a mixed-up manufacturer that had produced a slick little logo and published this mission statement -- "In Pursuit of Profits." We haven't heard of that company for a few years now. I don't think they're in business any more.



If a company isn't profitable and financially strong, it won't exist long enough to serve any other purpose. We need clear financial objectives, goals, and priorities. We can't afford waste and inefficiency. We need strong feedback and measurement systems to eliminate the "nice to do" activities and focus everyone on doing only the "need to do" work that produces profitable results.

That's the paradox to be managed; companies that exist only to produce a profit don't last long. And companies that don't pay attention to profits can't exist to fulfill their long-term purpose. Pursuing profits without a higher purpose or pursuing a purpose without profit are equally fatal strategies. These aren't either/or positions to choose between. They're and/or issues to be balanced. We need to get them in the right order. Many studies have shown that profits follow from worthy and useful purposes. Fulfilling the purpose comes first; then the profits follow. Profits are a reward. The size of our reward depends on the value of the service we've given others.

This month's issue features research on companies that are managing the purpose-profit paradox so that everyone benefits. You'll also find insightful thoughts from leadership researchers and thinkers on the purpose-profit paradox. A lifelong personal purpose of mine has been to help make people better for organizations and organizations better for people. That's one of the reasons we partner with Zenger Folkman. Their leadership development work is on the leading edge. You'll find more information in this issue on their upcoming Leadership Summit.

Developing a personal, team, and organization purpose that's aimed at serving others adds a richer sense of meaning to our lives. It taps into the deep craving we all have to make a difference. We need to feel that the world was in some way a little bit better off for the brief time we passed through it.

Good Companies Are Changing the World and Everyone Profits

In his 1990 book, *Creative Work: The Constructive Role of Business in Transforming Society*, Stanford's Willis Harman wrote, "Business, the motor of our society, has the opportunity to be the new creative force on the planet, a force which could contribute to the well-being of many... the modern corporation is as adaptable an organizational form as has ever been invented, so that in a time of fundamental change it may be expected to be on the cutting edge."

Professor, researcher, and author of *Appreciative Inquiry*, David Cooperrider says Harman was one of his early mentors. At a conference last year, Cooperrider provided powerful evidence to showing **"business can be a creative force for positive changes in our world"**.



This month *Fortune* magazine published their annual "Change the World" list. The 56 companies on this year's list had revenues of \$1 billion or more and were chosen for measurable social impact, business results, and degree of innovation. The researchers found, "there is ample evidence to suggest that companies that focus on long-term sustainability outperform those with a shorter-term outlook. Institutional investors are getting the message too."

One of the top companies on the list is DSM, a Dutch nutrition and materials company. "This former chemical company went 'green' and its stock took off...DSM is in the business of improving the planet and the lives of the people on it." When CEO, Feike Sijbesman, took over a decade ago he "branded DSM's playbook: People. Planet. Profit." He overhauled the company by swapping unsustainable businesses for more sustainable ones. The company's stock is up 61% since he took over and "profits have recently soared."

Shortly after Sijbesman became CEO DSM had just begun a major partnership with the World Food Programme when the 2008 financial crisis hit. "At the annual shareholders' meeting in 2010, one man questioned the resources DSM had dedicated to helping WFP. Sijbesma was appalled; many of WFP's donors had already slashed their contributions, while needs had grown. He refused to spend a penny less on the work. After he said so, applause broke out, and one woman in the audience stood and cheered, 'That's the kind of company I want to invest in!'"

This example and *Fortune's* annual Change the World list is very closely aligned with the research reported in ***Good Company: Business Success in the Worthiness Era***. "When we compared pairs of *Fortune* 100 companies within the same industry, we found that those with higher scores on the Good Company Index outperformed their peers in the stock market over periods of one, three, and five years."

That's also what the researchers behind ***Firms of Endearment: How World Class Companies Profit from Passion and Purpose*** found. These companies outperformed Jim Collins' Good to Great companies by ratios as high as 3 to 1 by "aligning the interests of all in such a way that no stakeholder group (customers, employees, suppliers, communities, and shareholders) gains at the expense of other stakeholder groups; rather, they all prosper together."

Mark Kramer, coauthor of *Creating Shared Value* (with Harvard's Michael Porter), and Justin Bakule are the researchers working with *Fortune* to build the annual Change the World list. They conclude, "as the bar for social impact and business value gets raised, we believe that each iteration of the Change the World list gets stronger with well-established and new companies alike proving that purpose and profit can go hand in hand. And we

think that is a good sign because, despite today's breathless headlines, businesses are making real change in the world: reducing greenhouse gases, increasing economic opportunity, and promoting better health."

Thoughts That Make You Go Hmmm on... The Purpose/Profit Paradox

"Prosperity is only an instrument to be used, not a deity to be worshipped."

- Calvin Coolidge, 30th American president

"If a for-profit entity is only profit seeking, then you're not going to be a long-term profitable company. That's kind of a paradox of business, I think."

- Satya Nadella, CEO, Microsoft

"The Great Recession has prompted a painful reckoning. As a pause in the materialistic party that has lasted since the beginning of the industrial age, the downturn has helped us see that the bash hasn't been all that satisfying and can't continue if we want our species to survive. We're setting the bar higher for ourselves and the companies in our lives."

- Laurie Bassi; Ed Fraumeni, Lawrence Costello, and Larry Costello, *Good Company: Business Success in the Worthiness Era*

"Trying harder to make money often leads to making less money. To put it another way, the most profit-driven companies are usually not the most profitable, whereas most companies that are highly profitable are not principally focused on profit making."

- Rajendra Sisodia, Jagdish Sheth, and David Wolfe, *Firms of Endearment: How World-Class Companies Profit from Passion and Purpose*

"Facebook has a simple, if grandiose mission: 'To give people the power to share and make the world more open and connected.' Zuckerberg, whose wooden public speaking style has improved with practice, is mind-numbingly efficient about slipping the statement into everyday conversation, as well as his speeches and interviews."

- Adam Lashinsky, "The Unexpected Management Genius of Facebook's Mark Zuckerberg," *Fortune* magazine

"Profitability is a necessary condition for existence and a means to more important ends, but it is not the end in itself for many of the visionary companies. Profit is like oxygen, food, water, and blood for the body; they are not the point of life, but without them, there is no life."

- James C. Collins and Jerry Porras, *Built to Last: Successful Habits of Visionary Companies*

"We're learning that the profit motive, potent though it is, can be an insufficient impetus for both individuals and organizations. An equally powerful source of energy, one we've often neglected or dismissed as unrealistic, is what we might call the 'purpose motive.'"

- Daniel Pink, *Drive: The Surprising Truth About What Motivates Us*

"Profit and profitability are crucial -- for society even more than for the individual business. Yet profitability is not the purpose of, but a limiting factor on business enterprise and business activity. Profit is not the explanation, cause, or rationale of business behavior and business decisions, but rather the test of their validity."

- Peter Drucker, *The Essential Drucker*

"Unlike any of their competitors, Apple has successfully challenged conventional thinking within the computer industry, the small electronics industry, the music industry, the mobile phone industry and the broader



entertainment industry. And the reason is simple. Apple inspires. Apple starts with Why."

- Simon Sinek, *Start with Why: How Great Leaders Inspire Everyone to Take Action*

"Except for the financially desperate, people do not work for money alone. What also fuels their passion for work is a larger sense of purpose or passion. Given the opportunity, people gravitate to what gives them meaning, to what engages to the fullest their commitment, talent, energy, and skill. And that can mean changing jobs to get a better fit with what matters to us."

- Daniel Goleman, *Working with Emotional Intelligence*

A Rare Chance to Build Your Talent Management Agility

Is your organization looking to?

- Change your culture by improving leadership development
- Define extraordinary leadership in the digital age
- Create a feedback driven culture
- Leverage internal talent for better results
- Integrate talent management and HR processes
- Increase the coachability of your workforce
- Make the most of hidden pools of talent
- Boldly drive a high-performing leadership culture



Leadership and culture development are top priorities for most organizations. Yet study after study shows most efforts are failing to shift behavior and lift performance. We can't keep doing the same thing and expecting different results.

Zenger Folkman has been on the leading edge of big changes in talent management with many large and innovative global companies. On November 7 and 8 ZF is hosting another Leadership Summit at Robert Redford's Sundance Mountain Resort near Salt Lake City, Utah.

This is a rare chance to mingle with and learn from Jack Zenger, Joe Folkman, senior ZF leaders, and talent development leaders from General Foods and Celgene. You can learn about the latest research, hearing living case studies, explore new approaches with participants from around the world, and sharpen your development toolkit. In addition to the two-day Leadership Summit, you can also attend ***The Extraordinary Leader, The Extraordinary Coach, Leadership Levers, BOLD Leadership, or Leadership Speed***. And you might want to be certified to deliver *The Extraordinary Leader 360 Assessment Certification* or *The Extraordinary Coach* workshops.

Zenger Folkman's Leadership Summit is an unusual opportunity to meet and engage with some of the world's top thought leaders and luminaries in the human performance industry. New research provides the foundation for each speaker presentation. Working sessions follow during which attendees and speakers gather in groups for brainstorming and group activities. A unifying summary provides deeper understanding of new ideas and solutions. Having attended many ZF Summits, I know that attendees are inspired by fresh insights and tools, and will leave each session with actionable plans to leverage new concepts immediately back on the job.

You likely won't spot The Sundance Kid himself -- and definitely not Butch Cassidy -- strolling the grounds, but the Sundance Resort Redford built with the movie money is a uniquely natural and beautiful venue you won't find in most conference centers or hotels.

Click [here](#) for more information and to register.

Tweet Reading: Recommended Online Articles



This section summarizes last month's LinkedIn Updates and Twitter Tweets about online articles or blog posts that I've flagged as worth reading. These are usually posted on weekends when I am doing much of my reading for research, learning, or leisure. You can follow me on Twitter at

<https://twitter.com/JimClemmer>

My original tweet commenting on the article follows each title and descriptor from the original source:

We can get old or grow old. Leaders on the grow continually enrich themselves and their teams/organizations.

"Do Leadership Skills Decrease With Age? 3 Ways To Maintain Your Leadership License" -- Jack Zenger

www.forbes.com

"Rather than improving over time, there is a steady decline of performance in leaders from age 25 until retirement. Learn three ways to maintain your leadership effectiveness."

Zenger Folkman research shows persuasion is less about talking at and more about partnering with people.

"Six Keys to Becoming a Great Persuader" -- Joe Folkman

www.forbes.com

"As you look at these six keys, it's clear that utilizing a few of them will cause others to be less defensive about their position and open to discussion."

These coaching approaches apply to any performance improvement and career development conversations.

"7 Tips For Coaching Someone More Experienced Than You" -- Jack Zenger

www.forbes.com

"Many leaders have found that some coaching conversations can become awkward when the subordinate is a seasoned professional. Learn seven ways to improve your coaching skills."

Read *The Leader Letter* in Weekly Installments



The items in each month's issue of *The Leader Letter* are first published in my weekly blog during the previous month.

If you read each blog post (or issue of *The Leader Letter*) as it's published **over twelve months you'll have read the equivalent of a leadership book**. And you'll pick up a few practical leadership tips that help you use time more strategically and tame your E-Beast!

Feedback and Follow-Up

I am always delighted to hear from readers of *The Leader Letter* with feedback, reflections, suggestions, or differing points of view. Nobody is ever identified in *The Leader Letter* without their permission. I am also happy to explore customized, in-house adaptations of any of my material for your team or organization. Drop me an e-mail at Jim.Clemmer@ClemmerGroup.com or connect with me on [LinkedIn](#), [Twitter](#), [FaceBook](#), or my [blog](#)!

May the Force (of strengths) be with you!



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