

Communicating with Purpose:

A Field Guide for Communicators in the Age of Stakeholder Capitalism

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How to Communicate With Purpose: Seven Lessons From the Field



If the past 18 months have demonstrated anything, it is that corporate purpose cannot be a buzzword. The COVID-19 pandemic, the global recession, protests over the police killings of Black Americans, and the calls to address systemic racism, inequality and the climate crisis point toward a new and evolving contract between corporations and society. And that social contract brings both a heightened sense of urgency among corporate leaders to act with purpose, as well as increased levels of scrutiny by external stakeholders of those same corporate actions.

Even before 2020, stakeholder capitalism was gaining momentum. Many of the world's most powerful corporations signed on to the [2019 Business Roundtable](#) statement on the purpose of a corporation. They sent their CEOs to the World Economic Forum in Davos to talk about climate change. Investors have been asking about and then began to demand leadership action on issues such as climate and sustainability, not as exercises in corporate social responsibility, laudable as those actions might be, but rather through the lens of risk mitigation to the business. The framework known as ESG (environmental, social, governance) is well established as a means to assess how well corporate leaders are managing systemic and long-term risk.

Stakeholder capitalism and corporate purpose are about both the numbers and the narrative.



The difference now is that the gap between say and do needs to approach zero.

[Balaji Ganapathy](#), global head of CSR for Tata Consulting, remarked, “Today, every company wants to be a purpose-driven enterprise. Purpose is the new tech.” And yet, he adds, becoming a purpose-driven company “is easier said than done.”

Customers, activists, and journalists are using social media to call out companies for failing to live up to their promises. Employee activism is on the rise, particularly among Millennials and Gen Z workers. In the past two years, [Facebook](#) and [Google](#) employees have protested their company policies, both online and in live protests covered by the national news. As noted in recent data by JUST Capital, consumers’ views on capitalism are evolving (see Figure 1).

So, in this era of stakeholder capitalism, corporate and agency-side **communications professionals are being asked to define and activate the corporate purpose narrative** with clarity and authenticity.

The job isn’t just to share the good news of a big philanthropic donation or a sustainability report. How you frame your company’s efforts to

WHAT COMES CLOSEST TO YOUR VIEWS ON AMERICAN CAPITALISM?

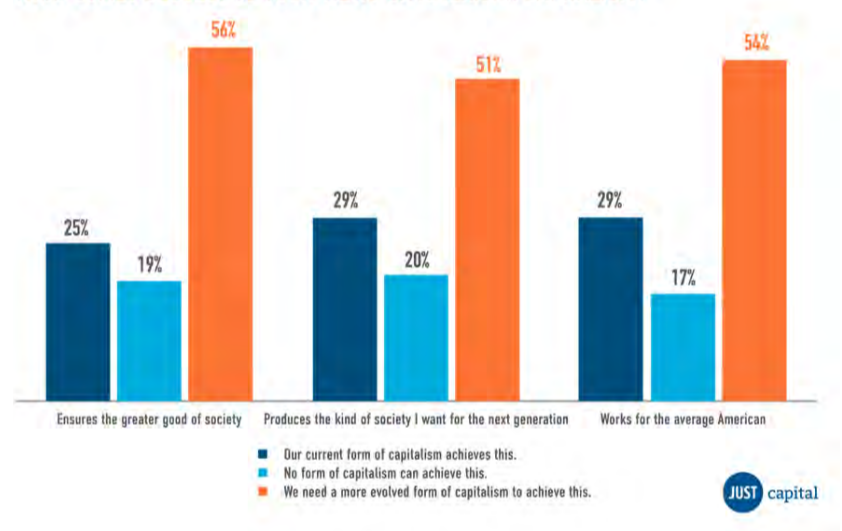


FIGURE 1



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benefit the world resonates both internally and externally.

You're the ones who shape the brand narrative and broadcast it to every stakeholder. You write the annual reports and earnings briefs. You help shape marketing messages for consumers and find opportunities for thought leadership for the C-suite. You help employees feel engaged and share the company's mission in a way that attracts top talent. Stakeholder capitalism is about putting values into action, but actions alone don't convey the why of corporate purpose. It's up to you to put that into words.

Over the course of producing the "[Purpose, Inc.](#)" podcast, the Actual Team interviewed 25 leaders, thinkers, academics and critics on the topic of corporate purpose, ESG, board governance and stakeholder capitalism. We delved deep into what it means for corporations to act with purpose, the need for alignment between the business and purpose, how rising scrutiny by stakeholders impacts companies, the risks of getting it wrong, and the perils of "purpose-washing."

For a company to become an effective change agent in society — whether advancing racial equity or ensuring the country meets climate targets — the process of communicating with purpose means forging deeper and more productive relationships with stakeholders and ensuring the stated purpose lines up with actions. Purpose must be embedded into the entire company, from the boardroom to the front line.

We have distilled the learning from an incredible group of experts into seven strategies for communicating corporate purpose authentically to all stakeholders. We hope you find it useful, helpful and even purposeful.





01.

Leadership's Voice Matters

When it comes to advocating for social change, corporations are uniquely positioned to lead. According to [Erik Wohlgemuth](#), chief operating officer of the nonprofit consultancy Future 500, “Companies have the resources, the human, financial, and intellectual capital to lead. They’ve got these global footprints and market incentives to grow their assets by taking on society’s most audacious problems.”

Leadership and management must demonstrate commitments and board directors play a vital and critical role. [Anthony Goodman](#), an expert in advising boards and CEOs at Korn Ferry, said, “Management is going to do the work around purpose. But there is a clear role for the board as

well, which is to hold management accountable.” Engaging the board, he added, is particularly necessary before taking a stand on a controversial topic, but also on alignment on which ESG goals are material and pose systemic risk to the business. Recent high profile actions by activist investors have caught management teams at Exxon and Shell, to name a few, flat footed on the issue of climate action. To reassure investors that the company is going in the right direction, everyone needs to be aligned and on the same page.

But a key problem in many organizations is a lack of clear direction and understanding of what the company stands for. [Pamela Rucker](#), an expert on digital transformation and corporate strategy

who works with Fortune 500 companies, says that many corporations have long faced an identity crisis. “Their leaders can talk about what the company does, but not why it does it.” This lack of clarity and anchorage about the identity the company wants to present to the world creates a cascading effect through the employee ranks and out to the customer base. “In the same way that what you know about yourself drives what you do in the world and how you act in it, that is also true for organizations,” Rucker said.

As Pamela told us, once companies know their why, then they must rethink their how. “Knowing why they exist helps [companies] figure out the work that they should do every day, where they should do that work, who they should do it for, how they should operate, and how they should treat the people that work for them.”

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—Erik Wohlgemuth





02.

The Business Model and Purpose Must Align

Perhaps the most important alignment within an organization is the deep and abiding connection between purpose and the business itself. The old way of thinking about this issue has long been framed as a problem of serving two masters — shareholders and stakeholders. Yet, where business models and value creation intersect systemic environmental and societal issues, the interests of shareholders and stakeholders actually converge.

There is a strong financial upside to

reorienting your business. [Bruce Simpson](#), Senior Advisor to McKinsey on Purpose and ESG, says that long-termism is where companies create alignment between shareholder and stakeholder interests. Companies that take a long-term view of success — investing in social equity, environmental sustainability, and capital for the coming 5-to-7-year period — are the companies that are creating the next generation of products and services that will attract a new generation of customers and employees. “Over a 15-year period, the revenue of long-term-oriented companies grows 47% faster than



short-term-oriented firms,” notes Simpson.

More and more, Simpson said, we’re seeing companies differentiate themselves through their commitment to sustainability and social responsibility. PayPal, for instance, has examined its data on the economic plight of communities in which it’s financing working capital loans, and increased the company’s services to those communities. HP has ramped up its efforts to incorporate recycled plastic otherwise destined for the ocean, which has translated into [\\$1.6 billion in sales in 2019](#).

The old shortcuts of corporate social responsibility (philanthro-capitalism to some) is not the way to go. [Caroline Rees](#), founder of Shift, notes that companies have embedded into their business models how they create value, but they often do so at the expense of people, and critically some of the most vulnerable people, by externalizing costs onto them. For many years corporations have used philanthropy as a means to mitigate these negative externalities. “Philanthropy won’t solve massive problems like labor abuses in the

garment industry or the environmental impact of manufacturing. It needs to be about how money gets made, not how money is spent,” says Rees.

When embedding purpose throughout the organization, [Alison Taylor](#), executive director of NYU-based research collaborative Ethical Systems, echoes the point about materiality and going through a process of identifying which risks and issues to address based on the divergent interests of stakeholders. Taylor advises executives to be clear about priorities. “Don’t imply or suggest you’re doing amazing ambitious things on 40 things because you aren’t,” cautions Taylor. “You don’t have the bandwidth or the people or the budget. Pick three and do them properly. If one of your three is diversity, equity, and inclusion, it is not enough to look at the number of women on your board or... the racial and gender composition of your senior leadership team. You need to also look at your hiring processes, your promotion processes, your rewards, your community investments, what you are doing or not doing about things like cultural fit and employee referrals, and whether you set various criteria for diverse suppliers.”

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—Caroline Rees

03.

Employees: Your Most Important Stakeholders

When it comes to communicating corporate purpose and infusing it throughout the company, leaders are key players. “They are the culture stewards, the strategic operators for the entire organization,” according to [Brandon Peele](#), founder of Unity Lab. “Leaders must set the right tone — and then share it with the entire company.”

From there, leaders must engage frontline employees, many of whom are out in front of management in terms of their awareness and passion on key social and environmental issues. “When an entire team has the opportunity to bring their whole selves to work, that’s when you see a 30% bump in innovation and a 175% bump in productivity,” Peele said. Those same rewards extend to the ease of recruiting top talent, particularly Millennials and Gen Z workers, many of whom say they want to work for a company that [aligns with their own values](#).

“Leaders must set the right tone — and then share it with the entire company.”

—Brandon Peele



04.

Beyond the Numbers: Diversity, Equity, and Inclusion Requires Action



[Lesley Slaton Brown](#), Chief Diversity Officer at HP, points out that diversity goals and targets are vital, as are inclusion and engagement opportunities and people's sense of belonging. But she cautions, "We're now at a pivotal point where we must focus on the systems and structures that have held back [disenfranchised] groups, and in particular, African-Americans."

Building DEI into the company from the ground up means looking critically at every level of staffing in an organization — as well as the talent pipelines — to remedy disparities in pay and responsibilities. Salesforce, for example, has [conducted pay audits](#) of its more than 57,000 employees since 2015 to eliminate gender, race, and ethnicity gaps in its base salaries, bonuses, promotions, and stock grants. And the company makes the audit results public. Having women and Black, Indigenous, and people of color (BIPOC) leaders at all levels of management is one of the essential ways to ensure that staff have pay equity and equal opportunity to excel.

Diverse representation is vital, but merely naming someone to a board doesn't fix the problem. "It falls on the board chair and the committee chairs really to make sure that they are running the board and the committees in a way that encourages everyone to participate and to contribute the



skills and experiences that brought them onto the board in the first place,” says board expert Anthony Goodman. What matters is taking in the ideas, insights, perspectives, and lived experiences of diverse board members, and acting upon the solutions they recommend. Tying executive compensation to diversity outcomes is probably the single most important way to connect words and deeds.

Creating a workplace culture that values diversity, equity, and inclusion is a must. At Johnson Controls in Milwaukee, VP of public affairs [Grady Crosby](#) told Purpose, Inc. that the company expresses its DEI commitment to new employees as part of onboarding, and managers undergo training to make sure they acknowledge unconscious bias. “From a talent management standpoint, we’re trying to make sure that we see everything that we do through a lens of DEI competency, and trying to make sure all our initiatives look at how they impact our diverse population,” said Crosby. Johnson Controls also extends this work into the surrounding community to strengthen its hiring pipeline by forging strong partnerships with Historically Black Colleges and Universities.

Diversity, equity, and inclusion is often focused too much on disclosing metrics versus taking action.

In an [op-ed in Quartz](#), Alison Taylor, executive director of NYU-based research collaborative Ethical Systems, argues, “Instead of prompting action, disclosures might serve as an excuse for inaction, or help a company to spin a story of gradual, best-effort improvement that distracts us from desires for genuine, ambitious change. Investors, who regularly assess all sorts of corporate talk with a sharp eye toward what actions might follow, know the difference very well. Specifically with respect to race, they need to start repairing their impacts on the world’s Black and Brown communities rather than compounding inequity by setting conditions for others to meet before they will act.”

“We’re now at a pivotal point where we must focus on the systems and structures that have held back [disenfranchised] groups, and in particular, African-Americans.”

— Lesley Slaton Brown

05.

Take a Courageous Stand

Racial justice. Gun control. Immigration. Climate change. With the country becoming politically more divided — and sometimes even stalling out on hot-button social and environmental issues — consumers are increasingly looking to corporations to take a stand. According to the [2021 Edelman Trust Barometer](#), 86% of survey participants said they expect CEOs to publicly speak out on social issues such as pandemic recovery or job automation, and 68% said that CEOs should step in when the government refuses to act.

As [Melissa Anderson](#), co-founder and president of Public Good Software, told Purpose, Inc., “The most important thing to understand is that silence itself is absolutely a statement. It’s a mistake to think that not speaking out means you’re staying safe from criticism.” And merely saying something is not enough. “Rather than making a big statement about what you stand for, consider talking about the plan of action that





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—Melissa Anderson

you are taking as well as empowering others to take action alongside you.”

Bruce Simpson, McKinsey’s senior advisor on ESG and purpose, also cautioned that company spokespeople should do their homework to avoid the appearance of purpose-washing. “CEOs are expected by their employees and consumers to take a stand on social topics,” he said. “However, if they do so, they better have a good story that stacks up with what the company is actually doing in order to be seen to be credible.”





06.

Match Transparency with Accountability

“If we’re out there preaching as a company that says it has a mission to cultivate a better world, accountability is really important. Transparency is a super important component of any sustainability or ESG program worth its salt,” said [Caitlin Leibert](#), former head of sustainability at Chipotle.

Alison Taylor has frequently called out the [disconnect between word and action](#), in what she refers to as the “corporate responsibility façade.” In Coca-Cola’s sustainability report, for instance, the company acknowledges that sugary beverages

contribute to the obesity epidemic and talks up its low-sugar products — yet it spends millions lobbying against soda taxes.

The most common form of reporting ESG data is through standardized sustainability reviews such as the [SASB](#). Anybody can go to the SASB website, look up their industry, figure out what their material risks and opportunities are going to be, and make sure that the company is organized around its material issues, has it on the corporate agenda, and has a plan of action toward making

sustained effort toward those goals.

Communications professionals are often asked to frame the narrative around the numbers. Journalists, consumer advocates and investors want facts to back up good intentions. How much are you planning to donate to community groups — and how much have you given to date? Having a strongly worded DEI policy is great, but how has the percentage of BIPOC managers changed over the past 24 months? Be prepared at every turn to connect the narrative to the numbers.

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—Caitlin Leibert





07.

Give Your Customers Better Choices

Consumers and employees don't just want to be told how a company wants to change the world. They want to be involved in making a difference. As Future 500's Erik Wohlgemuth said, "Companies need to be offering something more tangible to consumers, who are often feeling helpless or disempowered. Brands are beginning to say, 'This is what we care about, and if you care about this, too, here are some ways we can take action together.'"

TerraCycle's CEO, [Tom Szaky](#), has observed that we can't expect individuals to change their

behavior overnight when capitalism has made convenience such a strong motivating force. Rather, he suggests the key to change is using circular economy principles, in which companies take responsibility for the entire lifecycle of their packaging, to give consumers better choices. In other words, companies do the hard work for customers. "Instead of metaphorically pedaling the bike uphill, which is equal to changing behavior — let's ride the bike downhill, and try to play into [the consumer desire for convenient, affordable goods] but do so with business models that are de facto more sustainable."

Chipotle's former head of sustainability, Caitlin Leibert, added that if the company itself does better on environmental measures, the consumer does better simply by walking into the restaurant. "It's not simply enough to hope a customer makes a better choice by giving them information," she said. "It has to be paired with actions and accountability from the organization to set that customer up for success."

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Final Thoughts



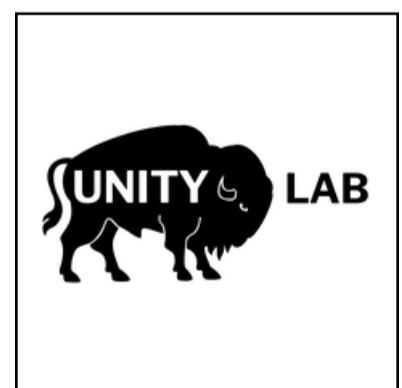
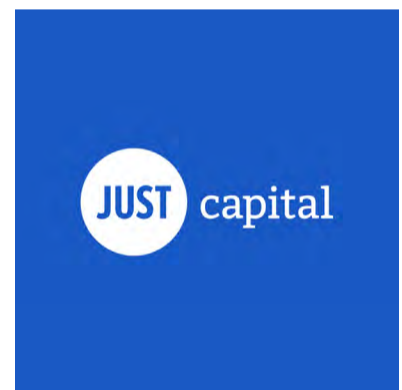
To state the obvious, the issues are complex and the stakes are high. These are challenging times to be tasked with the job of helping organizations communicate purpose. There are no shortcuts. And no easy answers.

Yet, we can keep our guiding principle simple: do the right thing. Then the path becomes clearer and the choices less ambiguous, even if they are often difficult to make. We know what needs to be done.

And far from an exercise in risk mitigation, performative corporate do-gooding, or defensive reputation management, a sustainable corporate purpose, well-communicated and backed with consistent action, is the key to competitive advantage, customer loyalty and employee engagement. Customers, employees, investors and society at large are watching. They expect and demand action.

Acknowledgments

We are grateful to the experts who shared their perspectives on what it means for corporations to act with purpose and the evolving contract between corporations and society. These experts are change agents working toward social justice, environmental protection, pay equity and racial equality.





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Actual is a new kind of integrated communications agency. Known for creative storytelling and cross-channel media activation that drives business impact, the Actual Team helps companies define and activate their purpose narrative to engage stakeholders and effect change.

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