

Purpose as a profit centre

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Abstract

The world is changing, forcing companies to adjust their views, behaviours and business models. During the industrial era, companies focused on the core product. Today, in the post-knowledge era, consumers need to be able to relate to the brand. SAP's purpose – “We help the world run better and improve people's lives” – becomes crucial. If SAP is not able to transform into a purpose-led company, we will lose our relevance in the market and will not survive as a business. Hence, I analysed the following: How can I, with an improved understanding of SAP's purpose and promise, support the Managing Partners (Global Account Leaders) to strengthen their business conversations?

Based on my research I concluded that a purpose-driven approach is the new normal. Purpose is a profit centre as it builds reputation, drives innovation and engages employees, customers and consumers. The lag indicators show a significant impact on business performance, employee retention and customer preference with a purpose-driven approach. The interviews with customers, partners and colleagues allowed me to implement the right lead indicators at SAP's Platinum Customer Unit to secure success. The actions described in this report are implemented as per January 2019 and are already leading to change. The full research paper was originally produced in 2018.

During one of the meetings with SAP's Corporate Strategy team we discussed the Maslow pyramid (Maslow 1943: 370-396) and how it links to the maturity of partnerships. We wondered if purpose is considered as the highest level in the pyramid? Looking at the self-actualization level of the Maslow pyramid it describes what a person comes to find as “a meaning to life” (Kotler 2006: 244). What do our strategic customers truly value, what is their meaning for existence and how can SAP support them in achieving this?

What is my concern?

Only if SAP can successfully translate its purpose and promise into business impact are we able to drive the business transformation at our customers. This is supported by Forbes research (Conner 2017): “Customers aren't just looking to buy something. They are looking to buy into something and that something is your brand. But they need more than just a good product to develop brand loyalty: 64 percent of consumers point to shared values as their main reason for working with a brand, and 90 percent expect companies to operate responsibly to address social and environmental issues.”

The organizations that are served by the Platinum Customer Unit (PCU) are SAP's flagship customers; hence we need to ensure that we adopt purpose-driven engagements better and faster than our competition. With this we will create state-of-the-art references that will contribute to the success of the SAP organization, the PCU and my own. If we are not able to transform, we will lose our relevance in the market and will not survive as a business. Given the strategic nature of the PCU, we need to lead by example and, hence, I decided to analyse the following: How can I, with an improved understanding of SAP's purpose and promise, support the Managing Partners (MPs) to strengthen their business conversations?

My approach

To meet my objectives, I have analysed my understanding of SAP's purpose and promise, and how this brand narrative is perceived externally. During my research I have focused on minimizing the impact that bias has on my qualitative research, for example by reviewing results with peers. My project approach is based on action research for which I used the process of action enquiry (McNiff 2010).

Research I – SAP internal analysis

I have conducted six interviews with colleagues who

have experience with SAP's brand narrative and ensured I respected the ethical principles by McNiff (2010: 40). During these interviews I focused on listening to really understand, keeping in mind Autobiographical Listening and Responding by Stephan Covey (1989). My experiences from previous research helped me to avoid sharing my own opinion in the conversations.

Before embarking on this journey, my impression was that SAP's "purpose" was primarily supporting a marketing story: high-level statements around how we create a better world, mainly shared by our board. My view has meanwhile changed. The interviews made me aware that we are currently faced with a purpose continuum.

The rise in importance of purpose is based on a shift in the way that companies are talking about their responsibility to the world. In the 80s and 90s, businesses focused primarily on corporate social responsibility (CSR) and sustainability. The key driver was government regulation and hence a focus on risk and compliance combined with donations and volunteering. More recently in the late 90s and 2000s, CSR elevated to sustainability, focused on efficiency rather than regulation. Now corporate responsibility is growing more towards innovation.

In the last decade "purpose" is more used by companies to explain why they exist. Transformation is the key driver and businesses are increasingly being looked at as agents of positive change. They have the expertise, resources, R&D and the innovation that can deliver solutions at scale and make a difference. Communities like B-Corporation (B Corporation 2019) confirm this new reality; "Society's most challenging problems cannot be solved by government and non-profits alone."

These findings opened my eyes, as it means that purpose-driven has become the new normal. Purpose is now a profit centre as it builds reputation, drives innovation and engages employees, consumers and customers. Bakey (2018) shared the following statement: Customer Value = Economic Value + Purpose. Reflecting on that statement I agreed and challenged myself even more by asking the question: can we quantify the value delivered from a purpose driven approach? To find an answer to this question I have searched for proof. Below are the main lag indicators I have found, and which changed my

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opinion on the value of purpose-driven.

A purpose-driven culture drives business performance:

- 6% increase in share price (Project ROI 2015)
- 20% increase in sales (EY 2016)
- A purpose-driven culture is more meaningful for employees:
- 1.4X increase in employee engagement and retention (Project ROI 2015)
- 5.3X of millennials are more likely to stay at a company with a strong connection to their employer's purpose (PwC 2016)
- A purpose-driven culture builds customer preference:
- 87% of Americans will purchase a product because the company advocates for an issue they care about (Cone 2017)
- 9 out of 10 companies would switch brands to one associated with a good cause (Harvard Business Review 2015)

The *New York Times* (Sorkin 2018) also elaborated on the importance of "purpose" by sharing that BlackRock, one of the largest and most influential investment management firms, is giving CEOs a warning and a call to action. If they want to receive support from BlackRock and succeed in the future, they must not only deliver financial performance but also make a positive contribution to society.

So what does this mean to the PCU and will this resonate with the MPs in our organization? This triggered me to invite Erik Lossbroek (VP Sales, SAP US) to reflect on the outcome of my interviews and avoid bias. Erik shared his experiences when applying a purpose-driven approach with his customer Starbucks confirming the growth in sales and customer preference: "It has elevated our relationship and as a result we are now aligned and engaged at an unprecedented level." My alignment with Erik resulted in the following conclusions below: >



- **Purpose deck** – The SAP purpose deck is spot on. It connects the purpose of a customer and that of SAP, resulting in shared values.
- **Brand image** – Purpose-driven forces you to truly understand your customer and provides the opportunity to link it to the SAP Brand Narrative. This will change the brand image of SAP.
- **Your core** – Be aware of “greenwashing” by only driving it from a marketing perspective. Focus on our core (software) business to help the customer achieve its purpose.
- **Relationships** – Purpose-driven will enable us to grow our network outside IT at customers. We need these business stakeholders to grow our business as the investment power is shifting more to the business.

Being a Global Account Director myself for years, the guidance from Erik resonated very well. It confirmed that a purpose-driven approach is in the heart of our (future) customer engagements. It strengthened my determination to find the right lead indicators to secure success within the PCU.

Research II – the external perspective

As Emirates Group is currently undergoing a transformation in which they want to focus (more) on the passenger journey, I was curious to understand the role of purpose. My interview with a senior Finance Executive was inspiring. I also interviewed Mark Moffat (Partner at PwC) as he is engaged at many of our customers (eg Royal Dutch Shell) to support their transformation projects.

Emirates – a customer’s perspective

According to him, the importance of purpose has increased over the past years. However, he wonders if it is a hype or truly the new reality? Sharing the lag indicators from my internal analysis he is not convinced these are a result of purpose-driven behaviour alone. The executive shared his concern with regard to being purpose-driven and accepting an impact on your business model – like Adidas producing sport shoes out of ocean plastics, but what about all the other models in their portfolio? How far will a CEO go to achieve the company purpose? Will they accept a (temporary) decline in revenue or margin?

With regards to SAP, we are still perceived as a classical IT company. We need to showcase the proof around how we make the world run better and improve people’s lives. Emirates Group does not have a purpose statement but is focused on CSR activities like the Emirates Airline Foundation that cares for children in need. The Finance Executive would value a genuine approach from SAP on how to collectively make the world run better and improve people’s (their passengers’) lives. During the interview I started to reflect on his words. I imagined Emirates Airlines and SAP joining forces, supporting a higher purpose (eg bring people together while saving our planet). To my belief that would significantly strengthen our partnership.

PwC – a partner’s perspective

PwC’s purpose (to build trust in society and solve important problems) is very relevant. According to Mark, the momentum is now, as customers are always asking about it. It lives and breathes within organizations more than ever before. It’s a licence to operate. Especially their high-end strategy assignments require a purpose-driven approach. They link customer values to their own and find a common ground. Based on their core business, they try to find a unique proposition to support their clients. Mark is convinced that, “If you do something that impacts the emotional level, relationships

become deeper.”

This statement opened my eyes, it completely described the value. An example that Mark shared is one of their customers that decided to focus on solving diseases in Africa. PwC linked their purpose to this initiative and supported the customer free of charge. Now they meet the company’s CEO on a regular basis to discuss new (commercial) assignments. The purpose statement is also supporting PwC in their “war for talent”. By adopting purpose more, it resonates better with employees, customers and potential clients. Mark mentioned that SAP is not at the right level when it comes to purpose adoption. Purpose has not yet landed within the SAP account teams; it’s mainly driven by our CEO.

Research III – personal reflections and considerations

Looking back at my research I asked myself the question, did my understanding of SAP’s purpose and promise improve? And can I accelerate our performance? The answer is yes.

During the past months purpose became very close to my heart. No longer did I have the feeling it was primarily a marketing story, but that we need to live and breathe it more to secure our future as a company. It was during a family dinner that I realized I was also bringing up this topic with family and friends.

During these conversations I received valuable feedback: a solid purpose statement should go one level deeper than your customer. Focusing on your customer’s customer (eg, the passengers of Emirates) is how a true partnership will come to life. Nicolette (2012) also stated the importance of the third-box thinking approach: “Begin by understanding what it is your customer’s customers are looking for. Next, you need to understand how your customer can most effectively satisfy their customers’ needs. Finally, you need to understand what capabilities you have that align with your customer’s strategy for satisfying their customers. It isn’t about persuasion; it’s about alignment.”

The Golden Circle

As part of my research I was introduced to the Golden Circle model by Sinek (2009: 39), which explains the need to always start with the WHY: “By WHY, I mean what is your purpose, cause or belief? WHY does your company exist? WHY do you get out of bed every morning? And WHY should anyone care?” The HOW (the actions to bring the WHY to life) and the WHAT (the tangible manifestation of our WHY) will follow naturally. The Golden Circle also maps with how our brain works.

As Sinek (2017: 17) states: “The outer section of the Golden Circle – the WHAT – corresponds to the outer section of the brain: the neocortex. This is the part of the brain responsible for rational and analytic thought. The middle two sections of the Golden Circle – the WHY and HOW – correspond to the middle section of the brain, the limbic system. This is the part of the brain responsible for all our feelings, like trust and loyalty.” As SAP’s purpose clearly links to our WHY, it confirmed to me that leading with purpose will influence the trust and loyalty of our PCU customers.

Research IV – support the Managing Partners

I have shared my findings with PCU colleagues Paul Elliott (Managing Partner) and Michiel Elshof (Service & Support Partner). They both mentioned that the purpose deck will support them to build new relationships with different stakeholders. With this differentiation we can win the game.



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I agreed with them. We have collectively looked at the most valuable lead indicators (input measures). Johnston & Marshall (2016: 411) elaborates on the importance of these input measures: "A focus on the efforts (behaviours) themselves affords the sales manager the opportunity to evaluate and coach the salesperson during the relationship selling process into making changes that can positively affect the output (results)." Below are the lead indicators being implemented at the PCU.

1. **Purpose Community** – We are creating a PCU (Learning for Life) community targeted at the C-level of Platinum customers. The goal is to re-imagine our partnerships to overcome the challenges in the workforce domain like:
 - We aspire to a world with zero unemployment
 - We put people at the heart of digital transformation
2. **Account planning** – The 2019 Account Planning Template for the platinum accounts now includes a chapter covering joint purpose and shared values, keeping the customer's customers in mind. Every PCU account team will have been using this approach in January to find their personal WHY and build their plan for 2019+ that needs to be embraced by their customer. Our shared values will also be included in our Memorandum of Understanding agreement to be signed by both parties.
3. **Purpose-driven demand generation** – Our Global Marketing department will provide purpose profiles per PCU account for 2019+. This helps the MPs to link the customer's purpose to ours and find common grounds.
4. **MBOs (management by objectives)** – MBOs are part of the MP's annual compensation plan. For 2019 we included the goal to establish at least one joint-purpose initiative with their customers.
5. **SAP Executive Social Sabbatical** – Platinum Customer executives will be invited first for our two-week global pro-bono volunteering assignment in 2019. This experience will help the MPs to take their customer relationship higher and demonstrate our purpose commitment to make the world run better and improve people's lives.

We are currently implementing these lead indicators. The PCU team already experienced a change in my behaviour with the account planning process and via their 2019 MBOs. On 29 January I presented my findings with the Colgate account team in New York. They acknowledged the value of purpose and hence will adopt a shared-value approach. I am looking forward to capturing more response during the account planning reviews that are planned for February timeframe.

In addition, the below lag indicators were being monitored to validate our success:

- **Short-term (Q1/Q2 2019)** – focusing on the four rolling-quarter opportunity value in our CRM system that is currently at 3.2x target and needs to grow to 4x target.
- **Mid-term (Q2/Q3 2019)** – Conduct interviews with Platinum customers to investigate if they have experienced a change in our behaviour.
- **Long-term (Q4 2019)** – The innovation adoption should increase – monitor the PCU Innovation Adoption Report that highlights the sales and consumption trend.

Significance of my research

This research completely changed my view on purpose. By breathing and living it more I concluded that I am adopting purpose almost automatically. Often, I am reminding myself of the words from Mark Moffat: "if you do something that impacts the emotional level, relationships become deeper".

We should make sure to impact the emotional level of our customers; this differentiation will enable us to transform our partnerships. And so, despite my scepticism at the start, I undertook the journey. I found the true value of purpose and adopted it into my behaviour. I realized this is a great example of a growth mindset as described by Ragan (2016): "You are in control of your abilities."

So what? My research is only a small, but important, step in adopting a purpose-driven approach within the PCU. It is crucial that the MPs bring this purpose-driven strategy into action as it needs to live at an individual level to succeed. By implementing the lead indicators, we have a great start of a bigger and ongoing journey.

As the PCU leads by example I am confident that, with our changed approach, the entire SAP organization will also benefit soon. It will enable us to collectively create a better world together with our customers and with that the power of this action research is its emphasis on personal accountability towards a greater good. As stated by McNiff (2010: 190) "The troubles of the world and its future salvation lie in how we choose our values, logics and epistemologies, and our commitments to personalised and collaborative forms of being and knowing."

References

The list of references accompanying this paper is too long to reproduce here. If any reader would like to receive it, please contact the editor.



About the author

In 2020 Alf Janssen will join the Dutch Management Team as Sales Director Strategic Accounts for the Netherlands. He joined SAP in July 2000 and is currently the Sales & Strategy Lead of the Global Platinum Customer Unit, hosting the top 20 customers globally. Leading the Dutch Strategic Customer Program (SCP) sales team, he is tasked to build sustainable, purpose-driven and innovation-based partnerships with selected customers in the Netherlands. In previous roles he was Global Account Director for Unilever, Phillips and ASML. Janssen is currently participating in the Consalia Masters programme at Middlesex University.

