

The future's right

Purpose and values should be at the heart of purchasers' considerations, argues Mark Goyder, director of the Tomorrow's Company business think-tank. He explains why to Stephanie Robertson

Nicknames are usually along the lines of Aggers, Smudger or Two-Jags, but Mark Goyder has an altogether more serious epithet - Mr Purpose and Values.

Laughing in slight self-deprecation at his moniker, he emphasises: I never get tired of reminding people how important they are.

This philosophy can sound a little vague, so what, in practical terms, does Goyder, director of business think-tank Tomorrow's Company (see 'In the headline' below), mean by purpose and values? And why are they in the interest of companies including BP and Camelot?

First, purpose. Traditionally, a company's purpose is to use its resources (including its people) to make profits, he says. But financial success is only one part of the equation.

"Forward-thinking companies are realising that a clear purpose embracing the wider needs of customers, employees, suppliers and the local communities it operates in, as well as its shareholders, can inspire a commitment to achieving goals."

More importantly, they must be shared by everyone who contributes to long-term success. Why? Because companies are not the profit-driven machines they are often depicted as. Rather, Goyder explains: They're a living organism, where each cell, or employee, influences the whole. The successful companies recognise this.

To the sceptic, this may sound a bit touchy-feely. But Goyder has allies at the sharp end in business. Jeff Swartz, president and chief executive of fashion company Timberland, sums it up: Business is connected to other institutions in society. It has a power and a responsibility that's broader than earning the maximum profit.

And values? This, Goyder says, is comparatively simple.

Corporate values are similar to human principles - they are there to guide a company in how it does business.

It raises the question of why organisations would use purpose and values. He explains staff who feel they're doing something more than just making money are likely to feel inspired, motivated and valued, which increases their productivity and loyalty. Likewise, suppliers that feel valued and part of the team are more likely to work with a company to improve quality or productivity, or keep costs down.

Purchasers can lead this move towards creating organisations with strong ethical purposes and values. They must, says Goyder, learn that success and profitability is not only about cutting costs. Savings can create short-term successes but longer-term problems - for staff, if they involve job cuts, and for suppliers, which may already be on the slimmest of profit margins.

But the Unipart Group has taken a different tack. The automotive parts and accessories company launched the "Ten(d) to Zero" initiative for suppliers and employees. Its aim was to remove waste, improve quality and meet requirements quickly. The programme also invites suppliers to use Unipart's training facilities to learn about techniques such as lean production.

Another example of inclusiveness is clothing company Timberland. It has worked with pressure groups such as Care, which fights poverty and supports suppliers in developing countries by, among other things, paying a fair wage.

What's in it for Timberland? Well, doing so helps to ensure the human rights of all involved in our global value chain, Swartz says. The company has created long-term value by sustaining not only the quality of its products but also its good name and brand.

Similarly, examining a supplier's purposes and values can reveal long-term dangers to the purchaser's company. Goyder explains: As Enron showed so spectacularly, a healthy bottom line can hide a multitude of sins.

"So if you're looking for a new supplier partner, you need to look beyond numbers. You need to ask qualitative questions about the company's culture and see how the rhetoric translates into day-to-day action."

The culture at WorldCom, for instance, was one of fear, where employees felt unable to speak out. This, Goyder says, turned out to be indicative of its imminent collapse.

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However, as the Timberlands of the world show, companies that are prepared to address the ethical challenge posed by the global supply chain through action, rather than paying lip service with cleverly crafted slogans or PR campaigns, get results.

Likewise, the Co-operative Bank regularly measures its ethical health by sending questionnaires to its customers, suppliers and business partners, rather than resting on its laurels as an ethical bank.

But these are the sort of questions that companies must grapple with if they are to thrive in future, Goyder says: Society presents business with some interesting challenges. And tomorrow's successful company will be the one that not only rises to the challenge, but also sets the agenda.

In the headlines: Probing the investment industry

Last year, Tomorrow's Company was in the headlines for its report *Restoring Trust: Investment in the twenty-first century*.

Twenty senior figures from the sector worked for two years to find how it could win back the trust of the public.

Their report, whose launch attracted the national press, concluded that the whole [investment] system is relatively robust.

But, it found the relationships between the various parties in the industry create a complex network - or, in purchasing terms, a complicated supply chain.

Sir Richard Sykes, the former GlaxoSmithKline chairman who led the study, told journalists the industry had suffered an erosion of trust, both internally and externally.

To address this lack of trust, the think-tank recommended greater transparency throughout and creating an industry-wide forum for self-regulation, as well as recommending putting its customers' interests first.

Stephanie Robertson is a freelance journalist

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