



MICHAEL KRAUSS is president of Market Strategy Group based in Chicago. To read past columns, go to MarketingPower.com/marketingnews and click on "featured contributors."

BY MICHAEL KRAUSS

michael.krauss@mkt-strat.com

Profit Through Purpose

If you think concentrating on growing your profits very likely means sacrificing your ideals, think again.

"Maximum growth and high ideals are not incompatible; they're inseparable," says Jim Stengel, the former global marketing officer of Procter & Gamble who believes that organizations that have a business imperative of improving people's lives outperform the competition three to one. "A brand ideal of improving people's lives is the only sustainable way to recruit, unite and inspire all the people a business touches, from employees to customers," he says. "Without that connection, no business can truly excel."

It sounds like a soft concept to connect purpose to profits, but Stengel argues that he has hard data to back it up. In his new book, *Grow: How Ideals Power Growth and Profit at the World's Greatest Companies*, Stengel describes the results of a 10-year study that he and the global research firm Millward Brown Optimor conducted. "The 50 brands that I profile in this book had a shareholder return of 400% over the past decade versus minus-7.9% for the overall S&P 500," he says. Those brands represent a diverse swath of the marketplace, from Method, Discovery Communications and Zappos, to Pampers, Jack Daniel's, Visa and Motorola Solutions.

"Take a hard look at the quantitative findings and the neuroscience work we

did with consumers who saw these brands stood for a higher ideal. To me, this is about performance. It's not about making people feel good. Those that don't follow it are going to be left behind," Stengel says.

Stengel can back up his quantitative findings with personal experience. Early in his career at P&G, he worked on the marketing efforts behind Jif peanut butter. During a six-year stint, he and his teammates increased profits by 143% by "aligning the business values with moms' values. We became more than a peanut butter maker. We became a partner with moms in their young children's development," he says. Stengel went on to head up an \$8 billion advertising budget and organizational responsibility for nearly 7,000 people. He was a central member of CEO A.G. Lafley's team that reinvigorated the company.

Stengel left P&G in 2008 to consult, speak, write and teach about the concept of achieving profitable growth by focusing on ideals. He now teaches at UCLA's Anderson School of Management, operates the Jim Stengel Co.—working with organizations such as Dell, Brown-Forman, Toyota and Yum! Brands—and serves on the boards of AOL and Motorola Mobility.

In *Grow*, Stengel provides a prescriptive framework, "The Ideal Tree," that business leaders can use to emulate top-performing organizations. "I like the tree metaphor

with two world-class CEOs right now who've said, 'I don't think we know who we are,'" Stengel says.

Stengel examines points of parity and points of difference, and then asks executives to explore five main strategic branches, including:

- **Discover** a brand ideal in one of five areas of human value.
- **Build** the business culture around the ideal.
- **Communicate** the ideal to engage employees and customers.
- **Deliver** a near-ideal customer experience.
- **Evaluate** the business's progress and people against the ideal.

"The tree is really a framework and people learn from frameworks," Stengel says. "Frameworks are guideposts that help us to adopt the same language because great cultures share language."

The 50 high-performing brands that Stengel analyzed had diverse leaders with widely different styles, yet Stengel says that they all excelled at these five "must do" branch activities, which leverage the ideals of the business and enable the business to

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Stengel's "Ideal Tree" provides a framework to guide purpose-driven businesses.

because trees are about growth. They're about ecosystems. They're about strength. They're about sustaining. Great trees are here for centuries, so there is a lot of nice imagery to this framework," he says.

Within the framework, Stengel prompts growth-seeking CEOs to consider the people that their companies serve, along with their shared values and beliefs, and he urges them to define the ideals or higher-order benefits that their companies provide to the world. And such definitions could require some soul-searching, even for well-established organizations. "I'm talking

"bear fruit": to grow and perform.

What's Stengel's advice to young marketers who believe in profiting through purpose but aren't yet empowered to create change within their organizations? "Whether you're at IBM, FedEx or a new start-up, look for ways to bring up these concepts in your daily work. Ask questions like: Is our brand playing high enough? Is our reason for being inspirational enough to our consumers and ourselves? Have we clarified our beliefs and values? At least start the conversation," he says. "Discover your ideal and activate it." **m**