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Deploying Purpose

Abstract The main challenge of management by missions (MBM) is to bring the purpose to life for employees at all levels, so that it becomes more than just a generic statement. In this chapter, we introduce the concept of “shared missions,” which distribute the company’s missions at all levels of the company. Through the shared missions, the corporate purpose is deployed throughout the company’s various areas, teams and, eventually, each individual.

Keywords Purpose • Missions • Shared missions • Individual missions • Interdependency matrix • Management by missions

As we have seen, communicating corporate purpose can be done via a general statement that reflects the essence of an organization’s aims and reason for existence. The statement is unspecific by definition and not directly applicable to any particular context. There is nothing wrong with

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that. What would be wrong is to imagine that a purpose, so defined, is sufficient to guide decision-making throughout the organization. In fact, strictly speaking, a company's purpose has no particular meaning for the organization's members. What does have a meaning, though, is how each person contributes to the fulfillment of that purpose. For that, we need to clarify what "contributing to the fulfillment of the purpose" means for each role and job.

Also, as we move down the organizational chart, people may identify increasingly less with the company's purpose. The main reason, in most cases, is that oftentimes companies' efforts in communicating purpose to their members consist of repeating a particular catchphrase or set of generic statements. Based on our experience and research, this is simply not enough to make an impact on employees.¹ Despite the amount of management effort and time devoted to communication, the purpose tends to be met with detachment and skepticism.

The challenge is to bring the purpose to life for employees at all levels, so that it becomes more than just generic statements. Because a company's purpose is fulfilled through the combined efforts of all its members, this relationship needs to be spelled out at the individual level. The best way to do this is to make sure everyone in the organization knows how they actively contribute. Thus, we believe that the purpose should be systematically deployed to the company's various departments, teams and, eventually, to each individual.

To help bring purpose into the everyday practice of a company's discrete jobs and functions, we have created the idea of "shared missions" which deploy a company's purpose and missions at all levels of the company.

Shared Missions

Shared missions are the contribution commitments at each level of an organization that is aimed at fulfilling a company's purpose. Just as the corporate missions reflect the purpose in terms of the company's

¹ F. Marimón, M. Mas-Machuca and C. Rey, "Assessing the Internalization of the Mission," art. cit.

Fig. 7.1 Deploying the purpose in missions

commitments to its stakeholders, shared missions show how each unit, team and individual across the organization contributes to the fulfillment of those same commitments. Similarly, like an overarching mission, each shared mission must have content, credibility and urgency.

In other words, it must *share* in the higher-level missions (hence the term “shared missions”). Sharing means participating, taking responsibility for something that is part of a whole. For example, a team member’s missions will be aimed at accomplishing the team missions, and a team’s missions will focus on the corporate missions, which in turn support the purpose of the organization. In this way, by deploying company, team and personal missions, everybody shares, one way or another, in the corporate purpose (see Fig. 7.1).

We can see here that individual missions (or personal missions) complement their team’s missions, and team missions complement the company’s missions. These missions would not be complete if the achievement at the lower level—individual and team—did not imply the fulfillment of the company’s missions and, ultimately, the organization’s purpose.

In practice, defining shared missions at the individual or team level (e.g., areas, projects, departments) requires a process of analysis and reflection. In most cases, we have found that existing organizational

information—job descriptions, organization charts, process designs—fail to answer this question. These tools are usually developed around *what* we do, but do not encompass the ingredients of the shared missions: *why* do we do it?

In companies organized by departments, for example, missions can be structured by operational function (production, logistics, sales ...) or by support function (i.e., finance, administration, human resources). The shared missions of an area or department, in both the operational and support functions, focus on clarifying what each area or department will contribute to fulfilling the company's missions. This exercise will vary depending on a company's purpose and specific missions. Generally speaking, it should cover issues such as its contribution to customers, employees, shareholders, suppliers or even its contribution to society (especially in organizations with a strong social purpose and missions).

To some extent, the shared missions may change the way members of an area or department view their identity and their contribution to the company as a whole. For example, very often shared missions make it clear to employees that customer service is a matter for the whole company, not just certain areas or departments. The same goes for employee development: shared missions bring home the fact that employee development is not the exclusive responsibility of any one area or function, but is shared by all areas and levels of the company.

At the same time, in management by missions (MBM), there is no such thing as an “anonymous” missions, in the sense of missions without an owner. Every mission *belongs* to someone. For example, the company's missions are also the CEO's missions; a department's shared missions belong to the department head. Consequently, many companies that have adopted management by missions have scrapped the terms *employee* and *collaborator* in favor of *contributor*. By referring to employees and other stakeholders (e.g., shareholders, partners) as contributors, they are acknowledging that everyone shares a common purpose. In addition to their specific missions, each manager has a managerial mission: to support the development of their contributors. Every manager must be able to fulfill both their specific missions and their managerial missions.

As a structured, joint exercise, defining shared missions is the first step in changing culture toward an MBM mindset. Each area or department is no longer concerned exclusively with the “what” or the “how.” Its focus is broadened and deepened to encompass the “why” and the “what for.” This brings the company’s purpose to life within the scope of the different functions, teams and individuals.

Criteria for Defining Shared Missions

To be properly defined, shared missions must satisfy general criteria of content, credibility and urgency, as well as three specific criteria:

1. *Criterion of inclusion.* Inclusion means that each shared mission must contribute to the accomplishment of the next higher-level missions and, ultimately, one of the corporate missions. If this criterion is not met, there is a risk that particular teams or individuals may establish missions that diverge from the company’s purpose. To define shared missions, we must take a higher-level mission as our reference point, and ask ourselves: How does my area or department help to achieve the higher-level missions?

- For example, if we want to derive a definition of the shared missions directly from the corporate missions, and these missions are oriented toward customer satisfaction, employee development and a fair shareholder return, then each area will have to ask itself: How does our area contribute to customer satisfaction? How does it contribute to employee development? How does it contribute to providing a fair shareholder return?

Like the company’s purpose and missions, shared missions should not be defined in positional terms; nor should they merely list activities or responsibilities. In defining a shared mission, the aim is to determine exactly how an activity contributes, how it adds value. For example, an internal audit department may put a lot of effort into gathering data and drafting reports; but that is not its shared mission. The question we must ask is: How do those reports help to achieve a higher-level mission?

2. *Criterion of complementarity.* Complementarity ensures that there is a horizontal or process logic among the various shared missions. It is important to ensure that the shared missions adopted by the different areas or functions do not compete with one another. On the contrary, the shared missions at any given level should be complementary in every respect. Taking customer service as an example, a common mission in most companies, management must see to it that each area defines its contribution to their customers in a way that is complementary to the way other areas define theirs. The same applies to other mission contributions, such as the contribution to shareholders, employees or suppliers.

In practice, the complementarity criterion means that shared missions tend to be defined from a process perspective. This way, each area is seen as a value-added generating unit, rather than merely as a performer of certain functions.

3. *Criterion of consistency.* Consistency ensures that shared missions are deployed throughout the company in a coordinated way. This can vary from company to company, but generally involves engaging the key stakeholders, preparing and periodically reviewing each mission and consistently communicating them once approved.

When it comes to approving missions, one way to ensure consistency among missions is to deploy them from the top down, starting with the corporate missions and cascading them to teams and individuals. That said, as agile organization and self-management models start taking shape in companies, other forms of deployment can also be quite effective. For example, at Morning Star, a California tomato processor, each of its 400 or so employees is guided by missions that are approved, not by bosses but by coworkers.² In doing this, the company reinforces its philosophy of autonomous teams where there are no higher- or lower-order missions, only missions connected in a network through the company's missions. Whichever method is used, missions must never be an imposition or an exercise carried out by external consultants. Missions are personal and, as such, they must be created in an environment of openness and trust, so that they inspire true commitment among those responsible for the

²G. Hamel, "First, Let's Fire All the Managers," *Harvard Business Review*, vol. 89, no. 12, 2011, pp. 48–60.

missions. In this regard, for the past few years, we have been using what we call the “WISE” framework, advocating for missions to be wide, inspirational, service-oriented and evaluable.³

Shared Missions in the Organization

In order to implement shared missions, companies need to organize their departments and functions according to how they add value in the fulfillment of the corporate purpose. The difficult thing, though, is to design a truly efficient organization. Shared missions that are not grounded in the company’s internal processes may be fruitless and impracticable when it comes to implementation.

These challenges may be met using techniques and tools familiar to those acquainted with process reengineering, such as process maps or value analysis.⁴ However, there is a crucial difference between many reengineering practices and shared missions. Shared missions do not aim exclusively for economic efficiency, but for the development of purpose and stakeholder relationships. That is why implementing shared missions may entail a certain amount of organizational change, especially where functions or activities are duplicated, add no value or are uncoupled from the logic of the processes that enable the company to fulfill its purpose.

Table 7.1 below shows a generic chart in which the company’s purpose and missions are deployed through the sales, production and finance departments.

Shared Missions in a Corporate Group

Shared missions can also help solve the problems of identity resulting from mergers and acquisitions, which have been so common in recent

³ C. Rey, N. Chinchilla and N. Pitta, “Objectives Are SMART, Missions Are WISE: Employees with Purpose,” IESE Insight, no. 33, 2017, pp. 45–51.

⁴ M. Hammer and J. Champy, *Reengineering the Corporation: A Manifest for Business Revolution*, Harper Business, New York, 1993.

Table 7.1 Example of shared missions

Purpose: "Working together for the common good of all"					
Company missions		Shared missions			
		Sales	Production	Admin. & Finance	Other departments
Customers	1. Serve our customers	1. Exceed customers' expectations and needs	1. Satisfy customers' needs through quality and service	1. Optimize the financing of customer relations	1. ...
	2. Give shareholders a return on their capital	2. Ensure product margins	2. Guarantee cost competitiveness	2. Monitor and analyze return on investment	2. ...
Company	3. Drive continuous improvement of our company	3. Translate customers' needs into proposals to improve products and processes	3. Implement improvements in products and processes	3. Provide the information needed to accomplish the company's missions	3. ...
	4. Promote staff well-being	4. Create a climate of professional development, trust and recognition	4. Foster employee motivation and recognition	4. Foster employee autonomy and ongoing learning	4. ...
Community	5. Make a difference	5. Participate actively in social activities	5. Use resources rationally, respecting the environment	5. Comply with the law and ethical principles	5. ...

decades. Subsidiaries very often find it difficult to formulate and specify their missions because they lack cohesive management or the necessary autonomy. This is the complaint voiced by the HR director of an insurance company that was taken over by an Italian multinational: “Before, we had a clear corporate purpose. We knew who we were and what we were here for. Now, we have largely lost our identity. We lack a clear, shared purpose. I’d even venture to suggest this is the main reason for the drop in productivity we’ve seen in recent years.” Several top managers of subsidiaries have asked us whether, in our opinion, a subsidiary has its own shared missions. We say, yes, it does, in every case. Subsidiaries must try to build and assert an identity of their own, consistent with their history and environment. Based on that identity, they must define their shared missions, that is, how they help to fulfill the purpose of the group or holding company to which they belong.

An example of this is Abertis, a world leader in transport and communications infrastructure. In order to give the needed cohesion and unity to the group, the company uses a purpose chart to deploy the group’s missions to the various business units (Motorways, Airports, Logistics, Car Parks, etc.). Thus, each business unit has its own shared missions, which is linked to the corporate missions and purpose through inclusion, complementarity and consistency.

As globalization becomes the dominant economic model, the way a company deploys its purpose to its subsidiaries or business units becomes increasingly complex and dependent on how the decision centers are organized. This makes it particularly important that the board and top management of large multinationals give subsidiary managers guidance on how to adapt the group missions to the particular environment and circumstances of their country, region or industry.

The Interdependency Matrix

One of the most undeniable facts about an organization is that its people, activities and departments are all interdependent. No doubt, how well each person does his or her job depends to a large extent on how well other people do theirs. Several prominent management thinkers of the

1980s pointed out one of the errors of traditional management systems: “In MBO, as practiced, the company’s objective is parceled out to the various components or divisions. The usual assumption in practice is that if every component or division accomplishes its share, the whole company will accomplish the objective. This assumption is not in general valid: the components are most always interdependent.”⁵ The same applies to the process of deploying purpose and shared missions. It is not enough merely to define how each area contributes to the completion of the company’s purpose (direct contribution). We must also identify how the different areas must cooperate with one another in order to achieve the overall purpose (indirect contribution). This is what defines the interdependency relationships between areas, teams or individuals.

The complete set of interdependent relationships forms the interdependency matrix. The interdependency matrix shows the internal customer-supplier relationships within a company. It is generally not difficult to identify the interdependent relationships between areas, teams or people. In practice, we need to ask ourselves: What contributions do I need from other areas in order to accomplish my shared missions? And we need to ask the other areas: What contributions do others need from me in order to accomplish their shared missions? Normally, company members are well aware of these relationships. However, designing an efficient interdependency matrix requires a solid understanding of the company’s internal processes and a purpose-guided approach that takes all aspects of the company into account. In Table 7.2, we give a simple example of interdependent relationships existing in a multinational company.

In all the companies we have consulted, constructing the interdependency matrix has been the key factor to sustainably improving cooperation between areas. In part, this is because shared missions give “cooperation” a new purpose by orienting it toward the higher end. Building the interdependency matrix is not just a technical exercise; it actually helps clarify the reasons behind the need to cooperate, inviting

⁵W. Edwards Deming, *The New Economics for Industry, Government, Education*, Massachusetts Institute of Technology (MIT), Center for Advanced Engineering Study (CAES), Cambridge, MA, 1993. Another thorough reference on the subject of interdependent relationships can be found in Richard T. Pascale and Anthony G. Athos, *The Art of Japanese Management*, op. cit., ch. 5.

Table 7.2 Example of an interdependency matrix

WHO	WHAT THEY NEED	FROM WHOM	IMPACT ON MISSIONS	SUPPORT COMMITMENTS	STATUS
SALES	Ad hoc agreement on the criteria and timetable for industrialization following the priorities and adjusting to the calendar of projects approved by consensus	PRODUCTION	Impact on customer satisfaction and profitability	Standardization committee at least quarterly	In progress
MARKETING	Optimization of management systems and price communication	INFORMATION SYSTEMS	Impact on the customer relationship	Meetings and monitoring report monthly on the specific activity, with special emphasis on compliance of quality SLA and timeline.	OK
PRODUCTION	Active collaboration in generating, implementing and managing innovation and development initiatives	SALES	Impact on customer missions and employee development	1. Joint validation of key projects 2. Active participation in launches	In progress
INFORMATION SYSTEMS	Greater participation in governing and management bodies (more present in committees and delegate meetings)	LOGISTICS	Direct impact on profitability and teamwork	1. Set KPIs on service levels 2. Possibility of systems participation in operational meetings (as required)	In progress

people to do so out of a sense of purpose. For example, we have found that after implementing the interdependency matrix, many departments rethink the ways they cooperate with other areas and as a result, set new targets for “internal service.”

The benefits of the interdependency matrix, in terms of enhanced cooperation, have far exceeded our initial expectations. We have taken this to some extent as proof that cooperating out of a sense of purpose is

much better than cooperating for other reasons (such as for purely financial rewards or other compensation). For our part, we have concluded that the lack of cooperation that drags so many organizations down is not a question of aptitude but of motives (or reasons) to cooperate. Thus, the interdependency matrix, linked to shared missions, offers a new perspective that can motivate people to cooperate in a structured and systematic way. This new form of cooperation is one of the main benefits of MBM.

Pioneers in Management by Missions

Huf Portuguesa is a subsidiary of the German multinational HUF International, a manufacturer of security systems for the automotive industry. In 2002, in conjunction with fellow subsidiary Huf España, it defined missions for Huf Ibérica—joining both companies under a common purpose—to strengthen the sense of mission and improve the interdependent relationships between them. Jon San Cristobal Velasco, manager of Huf Portuguesa, shares his experience:⁶

"We like to say we're a 'democratic' company," says Jon. "We ask our people lots of questions about many things and we put a lot of resources into internal communication. Communication is a passion for us. Because our management system is to convince. And we put a lot of effort into convincing our people. We don't like the word command; we like the word convince. So, in 1998, we developed a purpose statement. To us, the purpose wasn't stuck in a drawer. To us, the purpose was present in so many practices and, most importantly, it was in the hearts of our people. Because we weren't just working for the shareholder. We were working for our people, for customers and society at large.

"In 2002, we started to deploy the company's missions into departmental missions. The idea spread and eventually all the departments followed suit. Given the company's missions, people were asking themselves: What is the department's contribution to the company's missions? What is the added value? Why do you exist? Why does this department exist? So we went to work on a cascade deployment. Based on the corporate missions, we defined the company objectives, and then we used shared missions to define the department objectives, as well as the individual objectives that we use for the performance evaluation. By doing it this way, company objectives fuel the corporate missions, just as departmental and individual objectives fuel the departmental missions, which serves as inspiration for defining those objectives. And it works!"

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In just a few months, the shared missions were deployed throughout the company, strengthening unity and interdependent relationships between the different areas and departments. As a result of this practice, the term “management by missions” came to be, and members of the company started using it naturally to refer to the new way of managing that was created in an environment of shared missions.

“Developing the departmental missions,” adds Jon, “is one of our most satisfying achievements. We are so lucky to be able to do this... Not to mention how greatly it benefits customers, shareholders, people and society. And in terms of unity. In the surveys sent out to our entire staff, the mean score for unity is 8.4 out of 10; trust is an 8.8; and commitment to the missions, 8.6.”

Since 2002, Huf Portuguesa has consistently been among the country's leaders in the Best Workplaces ranking (developed by Great Place to Work). Despite being hit by multiple crises—from the financial crisis of 2008 to the automotive crisis of 2010, and now COVID-19—year after year the company has achieved excellent return on assets and capital, standing out as one of the most profitable in the group at a global level as well as being its European leader.

Today, Huf Portuguesa, a pioneer in management by missions, remains for many a source of inspiration and a benchmark model of good business management.

⁶ Case study based on the talk by Jon San Cristobal Velasco at the 3rd Meeting of companies of the International University of Catalonia's Chair of Management by Missions and Corporate Purpose, on September 12, 2013.

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