

MISSION



White Paper: Adding Zeros Through The Discipline of Mission

A White Paper
adapted from

Pulling Profits Out of a Hat

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addingZEROS



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EMOTIONAL CONNECTION: The Love Potion

Adding Zeros Through The Discipline Of Mission

Why don't people like us? More specifically, why don't the people we want to like us like us as much as we like them?

Throughout history, the love potion has been a part of wishful thinking: the ability to make someone bond to you, even if they didn't want to. Especially if they didn't want to. No need to wait for fate or actual emotions: one sip and they're infatuated. Of course, in the many stories that feature this magical concoction, there is no joy in the relationship: the would



be wooer realizes that without true desire, the relationship is an empty one.

The moral of the story is that true emotional connection can't be forced or faked. No one knows how or why it happens, but when it does it's deep and real, built on what each

ADDING ZEROS THROUGH THE DISCIPLINE
OF MISSION

party perceives in the other and how it makes them feel. Not everyone feels the same way about everyone else – and that’s what makes the world go round. We all have a different reason for being, and we look for something in others that can make that resonate within ourselves, even if the thing that resonates in us comes from a company instead of a person.

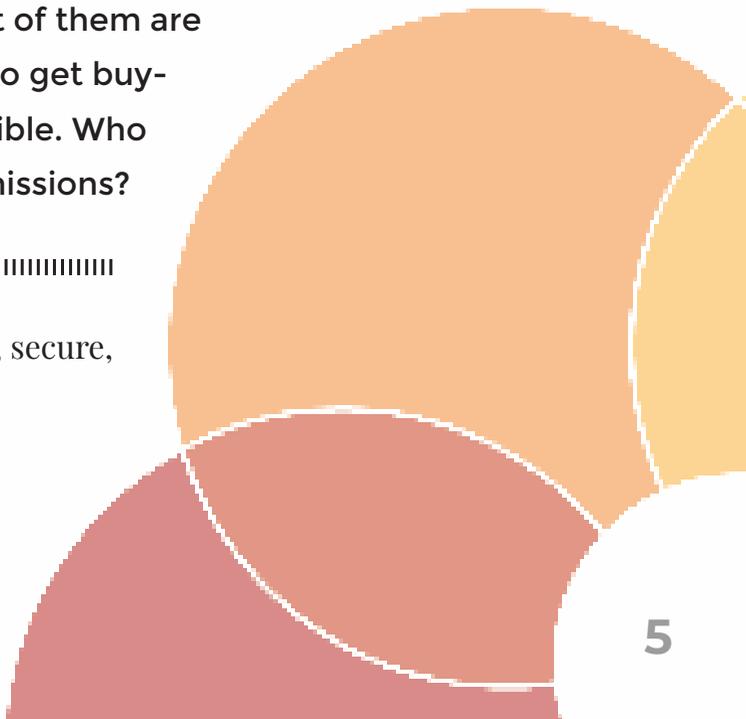
This white paper is adapted from our book Pulling Profits Out of a Hat. It’s part of a series of white papers from the book in which we explore the 5 Disciplines we have discovered that lead to exponential growth at companies. So far we have explored aspects of the disciplines of sustainability, predictability, stability and consistency. Here we look at mission .

Every organization has a reason for being, which is the reason some people become huge fans of some companies. A lot of companies have sincere and serious Mission Statements describing their reasons for being, but a lot of them are feel-good platitudes designed to get buy-in from as many people as possible. Who would object to the following missions?

|||||

To build the Web’s most convenient, secure, cost-effective payment solution.

– PayPal



ADDING ZEROS THROUGH THE DISCIPLINE OF MISSION

Delight our customers, employees, and shareholders by relentlessly delivering the platform and technology advancements that become essential to the way we work and live.

– Intel

To deliver information on the people, ideas, and technologies changing the world to our community of affluent business decision makers.

– Forbes

To be a company that inspires and fulfills your curiosity.

– Sony



To be the global energy company most admired for its people, partnership, and performance.

– Chevron

To create shareholder and societal value while reducing the environmental footprint along the value chains in which we operate.

– DuPont



Some of these statements, from some of the most significant

ADDING ZEROS THROUGH THE DISCIPLINE
OF MISSION

companies in the world, could describe the mission of any number of good companies. We believe these statements are failures because they don't define the company's unique reason for being and offer nothing to help it achieve its goals. What do these lofty statements mean for customers? For stakeholders? For anyone? What do they even say, anyhow? For a lot of reasons, we think esoteric, future-oriented mission statements are a fad that's outlived its purpose.

This is not to say we don't believe in mission. The discipline of Mission is all about fostering and an emotional connection between the company and people: customers, employees, stakeholders, community members. To do this, we believe it's more appropriate to have a Purpose Statement that can answer the question anyone would ask of a company: Why do you do what you do in the here and now?

How to add zeros to Mission

You can increase emotional connection between your company and your constituents by understanding and using these three components of the Discipline of Strategy of Mission:

- Core Values
- Purpose Statement
- Giving back

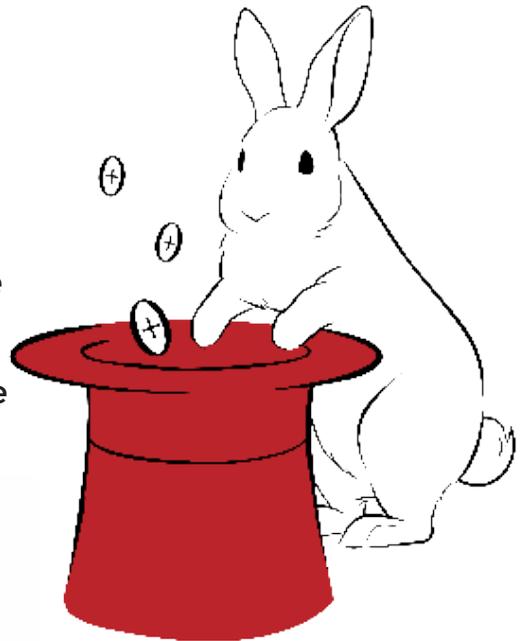
Let's look at each of these now in detail to see how they enable purpose.

CORE VALUES

Core values always exist, even if we didn't sit down and create them. They define our behaviors. Analyze the behaviors of a group, and you'll reveal its core values: the attitudes and guiding principles that govern the actions of that group's culture. And every organization has a culture, whether they openly embrace and shape its core values or not.

The core values for your organizational culture are something the company must explicitly create, lead, and manage because they determine how the employees of a company act and behave toward each other and the rest of the world. Core values also

enable external audiences like customers, suppliers or investors to understand and value who the company is and for what it stands.



THIS IS IMPORTANT: Instead of aspirational or generic statements, base your core

values on behaviors that are already alive in the organization. We need to be willing to hire and fire based on them.

Identify Core Values in 5 steps

- Step 1.** Identify the 5-12 members of your executive team who influence and impact the company. They must be committed to developing and guiding the culture of the organization.
- Step 2.** Hold a discussion session to brainstorm about the behaviors of current team members that you want to see everyone imitate; you might come up with dozens of behaviors observed in 5 to 50 people. Make sure you're describing specific actions ("tells the truth") rather than vague adjectives ("honest").
- Step 3.** Make a list that describes each of the desired behaviors from Step 2, using behavior-based phrases, such as "communicated orally in a well-organized, courteous, and effective manner," so people know

IDENTIFY CORE VALUES IN 5 STEPS

what the company culture expects from them.

Step 4. Sort the list of behaviors by topic, aiming for a set of six to eight themes.

Step 5. Select a word or short phrase to define each behavioral value, then create a short sentence that names them in terms that are meaningful to your organization. Each phrase is a core value that describes the company's desired culture, such as: "We make decisions based on our values and our goals."

Bonus Step 6. Implement core values. Train, communicate, and reinforce these core values in daily practices. See below.

Examples of Core Values

We believe that Zappos' 10 Core Values are exemplary. They simply state the desired behavior and then give a detailed explanation of what that means and what is expected. Any team member at any level or length of service can learn and review the company's culture.

EXAMPLES OF CORE VALUES

Deliver WOW Through Service - WOW is such a short, simple word, but it really encompasses a lot of things. To WOW, you must differentiate yourself, which means doing something a little unconventional and innovative. You must do something that's above and beyond what's expected. And whatever you do must have an emotional impact on the receiver. We are not an average company, our service is not average, and we don't want our people to be average. We expect every employee to deliver WOW.



Embrace and Drive Change - Change is constant, which is why we shouldn't ever fear it, but to also embrace it enthusiastically, and perhaps even more importantly, to encourage and drive it. We must always plan for and be prepared for constant change. Don't be satisfied with the status quo because historically, the companies that get into trouble are the ones who aren't able to adapt with the times.

EXAMPLES OF CORE VALUES

Create Fun and a Little Weirdness – One way that we differ from other companies is that we're not afraid to be a little weird. Weird certainly isn't a bad thing – it can actually be fun! One of the reasons why our company culture is so successful is because our atmosphere is fun and employees are never afraid to be themselves.

Be Adventurous, Creative, and Open-Minded – While you never want to be reckless, it's important to take risks and embrace your creativity. You may end up making mistakes, but if you don't make any mistakes, that only means that you haven't taken any risks. We don't want to be complacent and accept the status quo – we want to aim for more.

Pursue Growth and Learning – We believe that everyone should be constantly trying to grow from a personal and a professional standpoint. By pushing our employees to unlock their full potential, we'll help them achieve a greater level of fulfillment.

Build Open and Honest Relationships with Communication – We strive to create strong relationships between all our members so that everyone feels comfortable to contribute in every way they can. This allows us to have a diversity of ideas, opinions, and viewpoints that give us a better chance of succeeding and making a positive impact as a company.

EXAMPLES OF CORE VALUES



Build a Positive Team and Family Spirit - At Zappos, our team is our family, which is why we place such an emphasis on having a positive company culture. Team members always have a direct influence on one another, which is why we aim to foster an environment that produces positivity.

Do More with Less

- By doing more with less, we mean that there's always room for improvements. We believe in hard work and dedication to stay ahead of the competition (or would-be competition).

Be Passionate and Determined -

Passion is the fuel that will drive us and our companies forward. We're inspired to accomplish what we're doing because we believe in it. We don't take no for an answer, because if we did, we wouldn't be here as a company today.

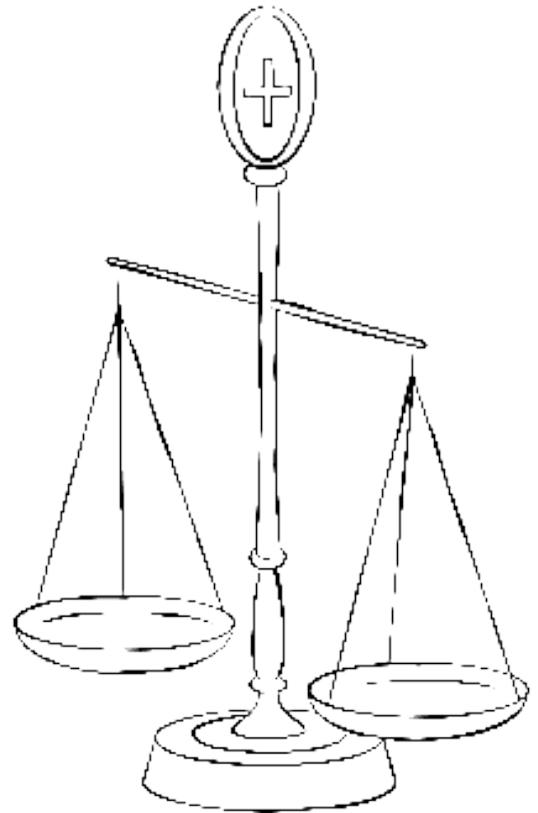
EXAMPLES OF CORE VALUES

Be Humble – Lastly, while we’ve grown tremendously as a company, we’ve learned to take nothing for granted. There’s always challenges that lie ahead and nothing in life is a certainty. It’s important to stay humble, carry ourselves with a quiet confidence, and treat others the same way that we want to be treated.

Six Ways to Implement — Core Values —

When you’ve identified your core values, you’ll be able to live by them every day and implement them into the aspects

of the company where they’ll have the most impact on your culture.



1. Making decisions. When facing difficult decisions, use core values to evaluate options to ensure you’ll support and model them so others will watch and learn from you.

2. Hiring. Use your core values when interviewing to determine

SIX WAYS TO IMPLEMENT CORE VALUES

if applicants fit the culture of the company. When personal values match corporate values, the new hire tends to live the brand and be a great employee.

3. Performance evaluations. Use your core values when reviewing an individual's work-related performance, so that pay increases take into account how well they live the values.

4. Feedback. When providing developmental feedback and kudos, share how well people are living the core values.

5. Personal development planning. When creating individual development plans, identify one or two core values the employee should enhance or improve during the next 90-day period, who will do what, and what behaviors will grow.

6. Firing. Use core values as a basis for firing someone who isn't willing to live by them after getting training and feedback for them, and having had them included in their personal development plans.

PURPOSE STATEMENT

We're not alone on this planet. Much as we might like to think we're unique, we're more like other people than we're different

PURPOSE STATEMENT

from them. That's not to say we're the same as everybody, of course, but we do share our passions, beliefs, and values with other people. According to Jason Burnham, Principal at Experience Innovation Strativity Group Inc., of Hackensack, N.J., this is how we find common purpose.

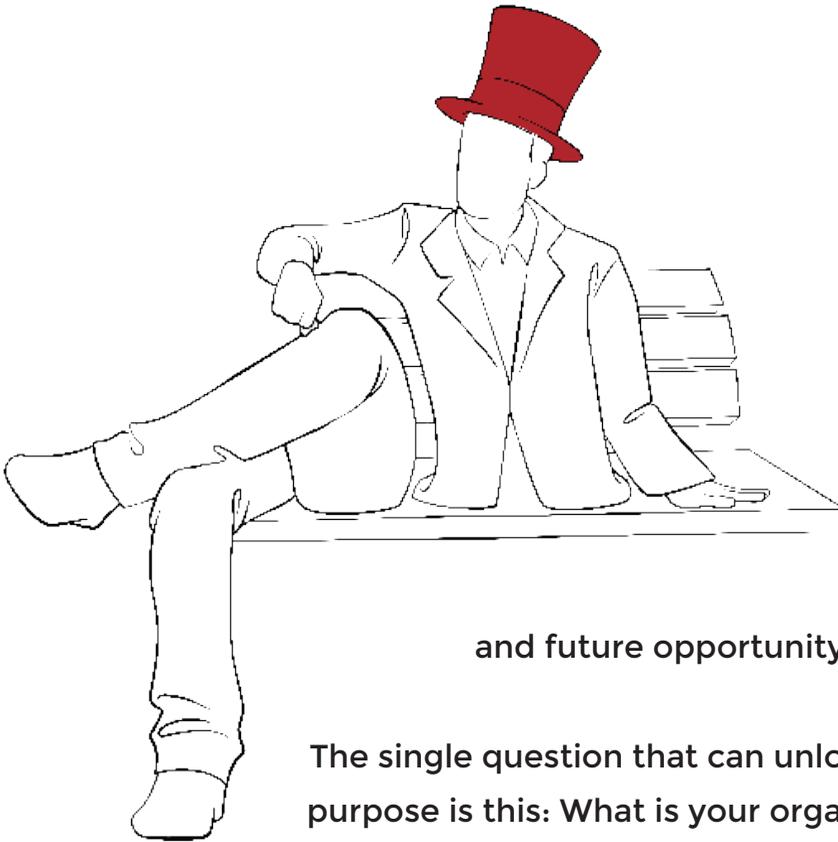
Knowing our purpose in the world helps us answer the why question: why are we here? Burnham believes a person can answer that by leveraging their skills and aligning their needs, values, and aspirations with the impact they want to have on the world.

Businesses also want to have an impact on the world, so leaders should use the power of shared purpose to create an emotional connection to every person in their organizations. Purposeful leaders leverage their common purpose to inspire, unify, and drive collective action to achieve goals.

Purpose-driven brands produce business sustainability and positively impact the world by identifying a purpose common to their stakeholders and customers, and to society at large.



PURPOSE STATEMENT



A purpose statement tells people what ignites your passion and inspires you to be the best you can be. It draws on skills and experience while stimulating personal growth

and future opportunity.

The single question that can unlock your company's purpose is this: What is your organization here to do, besides making money?

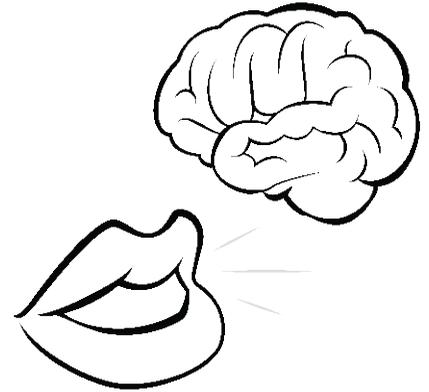
The Thing About Money

Part of leadership is giving people something to be passionate about; a common purpose that gets them excited when they show up for work because they can see that they are doing something of value for themselves and the broader community, every single day. It's challenging to feel passionate

THE THING ABOUT MONEY

about a company that's only focused on making money.

That might seem to fly in the face of truth: many people are passionate about money. Everyone wants it, and when they get it, they want still more. It motivates a lot of people to do a lot of things.



But money is only a short-term motivator.

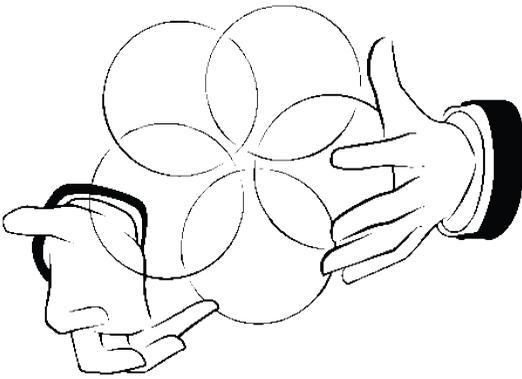
Once there's enough of it to satisfy basic needs or dreams of riches, (most) people need more to inspire them to work so hard. They look for passion. This applies equally to employees and members of the executive team. It's likely that you're doing what you're currently doing for a living because it's about more than money. It's more likely about your purpose.

Making money is the fringe benefit of fulfilling your purpose. When you fulfill your purpose, money flows. When organizations achieve their purpose, adding zeros flows. When you don't know what your purpose is, there can be money problems and worse.

When you have a clear purpose, you'll change the world and all the people and communities with whom your organization interacts. When

THE THING ABOUT MONEY

your entire team believes there's a compelling reason for you to be in business, there's an emotional connection with the organization that motivates and inspires them even when they have frustrations.



A purpose statement has to become something more than meaningless words. A company has to live its purpose with appropriate actions. Southwest Airlines' stated purpose is To connect People to what's important in their lives through friendly, reliable, and low-cost air travel, and this statement

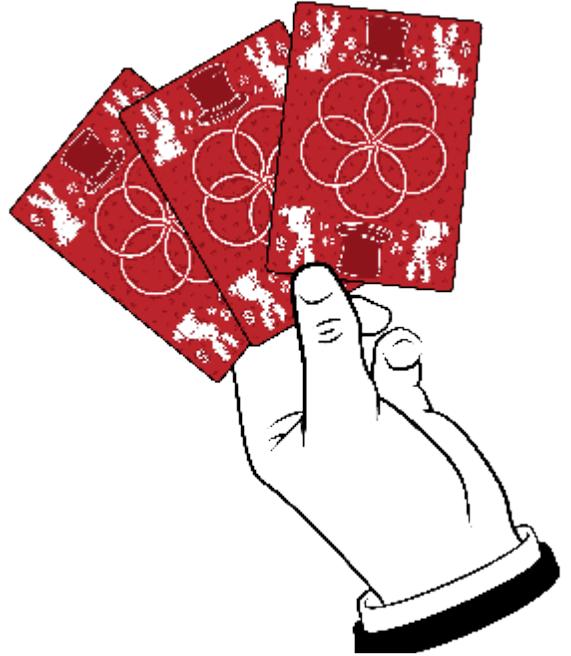
has kept it from charging customers for checked bags. The company would reap immediate profits by doing so, but that would betray its purpose. Southwest differentiates itself and demonstrates its commitment to that purpose in its national advertising campaign, Bags Fly Free.

Here are some examples of purpose statements:

- Empowering people to stay a step ahead in life and in business. – ING

THE THING ABOUT MONEY

- Nourishing families so they can flourish and thrive. – Kellogg
- To help people manage risk and recover from the hardship of unexpected loss. – IAG
- GE people worldwide are dedicated to turning imaginative ideas into leading products and services that help solve some of the world's toughest problems. – GE
- Delivering Happiness. – Zappos
- Google Inc. was founded to
make it easier to find
high-quality information on the
web. – Google



- Wikipedia is a collaborative project to produce a free and complete encyclopedia in every language. – Wikipedia

THE THING ABOUT MONEY

- With great courage, integrity, and love—we embrace our responsibility to co-create a world where each of us, our communities, and our planet can flourish. All the while, celebrating the sheer love and joy of food.
– Whole Foods Market
- Improving Lives – TOMS

GIVING BACK

Let's talk about the work-life balance advocated by many business leaders. It calls for living two separate lives, one filled with passion, one focused on making money, as if people had dual personalities, split down the middle. Who can live like that? It's no wonder organizations are having trouble establishing emotional connections with their employees or the community.

That's why we think the work-life balance idea is a mistake. Ideally, your personal and business lives should not be separated, but integrated, getting rid of the need for balance. When we are truly living out our company's purpose, business and personal life merge and become one, and in that there is balance.

GIVING BACK



A company supports its community in ways much more powerful than an individual could by acting alone. The organization gives to charities, spearheads civic projects, and enables the team to volunteer in the community. The company amplifies the individual's efforts, rewarding him or her for joining a common purpose with others. When an employee's purpose

aligns with the organization's purpose, they are more motivated, more creative, more productive, and more satisfied. When team members think of their work as part of their lives, they can fulfill their purpose and add value to their community through that work.

We can think of no finer example of a company that lives its purpose by giving back than TOMS Shoes. It is a company that makes people want to work for them, invest in them, and buy their shoes. Its purpose statement could be summed up as improving lives, and it exists to fulfill that purpose.

GIVING BACK

While traveling in Argentina in 2006, TOMS Founder Blake Mycoskie witnessed the hardships faced by children growing up without shoes. Wanting to help, he created TOMS Shoes, a company that would match every pair of shoes purchased with a new pair of shoes for a child in need. What began as a simple idea has evolved into a powerful business model that helps address need and advance health, education and economic opportunity for children and their communities around the world. TOMS One for One Program uses the proceeds from its shoe sales to provide shoes, sight, water, safe birth, and kindness (bullying prevention services) to people in need.

Importantly, TOMS measures the impact of its giving, and can track the results of its giving back. For example, TOMS philanthropy is responsible for:

- 700+ jobs supported by TOMS Giving Shoe production;
- 4 countries where 10 different styles of Giving Shoes are produced;
- 20+ companies with a social mission provided with start-up funds by TOMS;
- 100% of TOMS coffee is sustainably sourced;

GIVING BACK

- Over 2 million children have been protected from hookworm with medication and TOMS Shoes provided by our Giving Partners;
- 42% increase in maternal health care program participation as a result of shoe distribution;
- An increase in student enrolment of 1000 in Liberian primary school classrooms after TOMS Shoe distribution began;
- 100 children identified during shoe-integrated health screenings as needing malnutrition care in Malawi; • vision restored to 500,000 people in need.

TOMS also makes it clear that it's their customers who are responsible for this change in the world change, telling them that their purchases

support

economic

opportunity,

gender

equality,

access to

education, and restored independence.



There is no better example of the difference between mission

GIVING BACK

statement and real purpose than TOMS success. In our opinion, this is what business is about: making the world a better place by adding zeros through impact that can be measured using KPIs, just like any other business output.

We think it's important to get emotional sustenance where we work, in the things we do every day, and in the things we do to make our world a better place. Those emotional connections come from fulfilling our purpose, living our core values, and giving back to make the world a better place.

These “deep” concepts articulate why you give back to your community as an organization and as an individual. When you give to your community, you get something in return: the satisfaction of knowing your actions have made a difference to people in the local and global communities. The organization also gets something in return for using their business skills to improve their communities and making



GIVING BACK

them stronger: goodwill from Neighbors and consumers that leads to substantial feedback, referrals, and customer retention.

Business leaders – specifically the executive team – have an obligation to give their time and resources to those less fortunate, thereby setting an example for the rest of the team. We do better as an organization by doing good in the community.

THE MAGIC OF ADDING ZEROS — THROUGH MISSION —

Love potions are supposed to override the natural reactions a person may have toward another, forcing them to feel deeply about someone they otherwise have no feelings for. It's based on an idea that emotional connections are superficial feelings that can be manipulated, and that such manipulations are preferable to actually working to become a person worthy of someone's attention, respect, and love.

Being everything to everybody might seem like a good way to be attractive to a broad demographic, but beauty is only skin-deep. Those attracted to the shiny and new will soon move on to the next thing; those looking for meaningful relationships aren't interested once they see past the veneer.

THE MAGIC OF ADDING ZEROS THROUGH MISSION

As you've seen in this chapter, the strong emotional connections that exist between a company and the people who interact with it and that result from the company's work ethic and values have real benefits for constituents.

MISSION	
Community <i>sustenance</i>	Stakeholders <i>Amplification of purpose</i>

The Community benefits because those connections sustain the community itself, and the Stakeholders benefit because their ability to change the world is amplified.

As you saw in this white paper, the Discipline of Mission adds zeros through

- core values that govern the actions of the organization's culture;
- purpose statements that inspire, unify, and drive collective action to achieve goals; and

- giving back to improve communities and make them stronger.

A company's mission is broader than a calculated formula – a love potion – stating why its customers should love it. A company's mission is the purpose that it lives every day, that gives us energy and gives us desire. Emotional connections are built by sharing that purpose, helping us feel that we're not alone in the world because we're working together to make it better here and now. That is a company's mission.