

Purpose driven talent

**For fast-growing,
socially conscious
companies, thriving
and staying true to
mission requires
new ways to meet
their burgeoning
need for leaders.**



Introduction

Socially conscious organizations in the consumer sector are on the rise. These businesses include and are as diverse as certified B Corporations, consumer companies with a dedicated balance of profit and purpose, and the broader market of traditional consumer companies that continue to augment their commitments to sustainability and corporate responsibility. The trend is driven in part by the increasing number of successful, founder-led, socially responsible businesses such as TOMS shoes, Method products, and Warby Parker. This development also is driven by employees who attach more emphasis to their company's purpose, social commitment, and sustainability efforts. These employees include millennials, who define success differently than did previous generations; senior executives, who are focused on the legacy of their careers; and everyone in between. Regardless of where organizations reside on the socially conscious spectrum, these purpose-driven companies face a heightened need to align the values and talents of their employees with an organization's social commitment. Achieving this alignment is difficult work, and the practices that organizations deploy to ensure that this alignment occurs differ markedly in their nature and effectiveness.

Talent strategies and practices thus become critical for leaders in these enterprises to meet burgeoning business needs and stay true to their organizations' social commitment. They must step up and augment their early, often instinctual ways of recruiting, retaining, and developing others, especially at the top levels. Fortunately, proven talent frameworks exist for socially conscious companies to adopt.

Socially conscious organizations ascending.

The rise of Certified B Corporations (B Corps) illustrates this important trend in consumer-driven businesses. B Corps are organizations certified by the nonprofit B Lab to meet specific standards of social and environmental performance, accountability, and transparency. There are now more than 1,200 B Corps in 38 countries, B Lab reports on its website (www.bcorporation.net). More and more companies are declaring these values as core to their existence by establishing themselves as B Corps. The well-known consumer brands that have received this certification in recent years include Etsy (2012), Patagonia (2011), Plum Organics (2008), and Seventh Generation (2007).

The number of “purpose-driven” companies is also increasing. Although the term is broadly applied, its impact is very real. “Purpose” was a pervasive theme at the 2015 World Economic Forum in Davos. There, the *Financial Times* reported, leaders of Bank of America and EY (which recently created a “Purpose Institute”), among other companies, promoted the need to operate as a “purpose-driven” organization.

This shift in part reflects the rising influence and values of millennials, who “want to know how they will make a positive difference in the world if they join your business, not by wearing a colorful T-shirt on a special project once a year, but in their actual work,” Deloitte’s global chief executive officer writes (Salzberg 2012).

That said, the embrace of purpose is not limited to millennials, to B Corps, or even to socially conscious companies. More veteran executives, including those in traditional consumer-sector companies, actively are seeking ways to fulfill a desire to enhance their social contributions (Rabinowitz and Karunaratne 2015). As social commitment, purpose, and corporate responsibility become increasingly central to the missions of many organizations, leaders apply more scrutiny to the degree to which the organizational culture aligns with and reflects their stated purpose.

The well-known consumer brands that have become Certified B Corporations in recent years include Etsy, Patagonia, Plum Organics, and Seventh Generation.

The talent equation—alignment is everything.

Socially conscious organizations invest in their people as the critical differentiator to enable their unique business strategies.

To sustain their unique commitment to profit and purpose as they grow (and to actively engage and develop their employees), socially conscious organizations are investing in their people as the critical differentiator to enable their unique business strategies. This can be a difficult investment to manage, given the many pressing priorities leaders face when their company experiences rapid growth. Imagine how the priorities multiplied this spring for Etsy's leaders following an initial public offering in which shares of the online craft marketplace soared nearly 90% in initial trading, leaving the \$195 million company with a market capitalization north of \$3 billion. As companies evolve from founder-driven, entrepreneurial organizations to larger-scale, high-growth enterprises, they must address new and challenging questions to maintain their distinct differentiators:

- How do we activate our purpose, and our profitable business model, throughout our leadership team and employee base, extending beyond the founder's vision?
- How do we ensure our unique culture and approach is not diluted as the organization grows?
- How do we grow the leadership team to help scale the business while continuing to honor and advance the core purpose on which the company was built?

The default mode used to evaluate socially conscious leadership and talent mainly focuses on two dimensions: experience and cultural fit. Evaluating experience is relatively straightforward, typically consisting of scrutinizing a checklist of the candidate's skills and experiences. Evaluations of cultural alignment can be conducted in numerous ways, ranging from the intuitive, "I'll know it when I see it" approach to more rigorous assessments complemented by the "gut-instinct" approach.

In socially conscious organizations, it's even more critical to align not just what you do but to dig deeper into who you are. Experience shows that having a common language and framework to understand talent fosters better alignment with both purpose and business strategy while allowing for consistency and replicability across an entire organization as it grows. As the realm of socially conscious businesses rapidly expands, more organizations likely will be looking for a more rigorous language and a more effective framework to address the difficult questions listed above.

A four-dimensional approach.

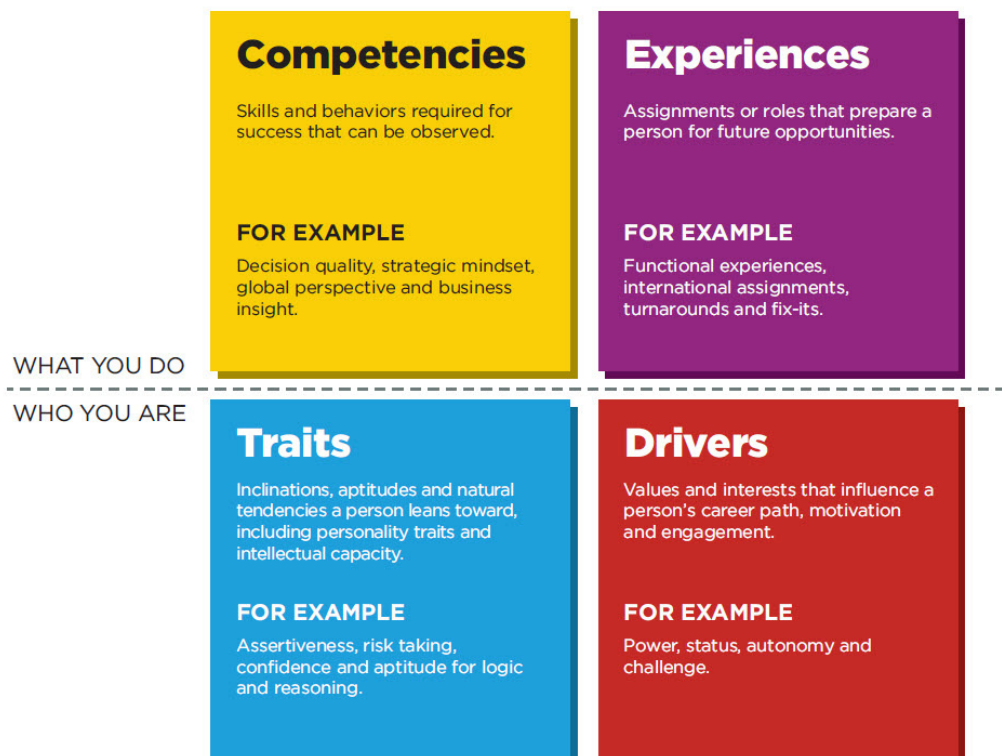
Korn Ferry Institute's recent analysis of more than 2.5 million assessments of professionals and top executives determined human performance in the workplace is governed by four factors or "dimensions": competencies, experiences, traits, and drivers. Research shows these four areas to be highly predictive of performance differences and correlated with all key talent variables, including engagement, retention, productivity, leadership effectiveness, and leadership potential (Crandell, Hazucha, and Orr 2014). Within socially conscious companies, these dimensions provide great insight into how to evaluate the critical fit between employees and their people.

The purpose of the framework is to enable a conversation around gut-level assessments through a more easily shared language that makes leadership selection and talent management more effective and sustainable. The four dimensions include:

1. **Competencies.** These are the essential ingredients of success at work, distilled into their observable skills and behaviors. Competencies might describe management skills that contribute to better leadership, such as resourcefulness, courage, or decision quality.
2. **Experiences.** This dimension typically attracts the most scrutiny in aligning talent needs and contains the qualifications for each management level in diverse functions and industries. It transcends job titles to capture the core impact of an experience. For example, a title of "senior vice president" is less relevant than the experience of leading a turnaround. The former means a promotion occurred; the latter means that person knows how to manage through a downturn, get a shaky initiative back on track, or rectify poor business performance.
3. **Traits.** These refer to personality characteristics that exert a strong influence on behavior and that factor heavily into leadership potential. Traits include inclinations, aptitudes, and natural tendencies a person leans toward, including personality traits and intellectual capacity. Particularly relevant traits to socially conscious organizations include optimism or confidence as well as social astuteness and general cognitive capacity.

4. **Drivers.** These articulate the deep internal values, motivations, and aspirations that influence individuals' choices and ultimately individuals' purpose that guides their behavior, decisions, and path in life. They lie at the heart of critical questions: What is important to me? What do I find rewarding? What drives me at my core? Drivers may fluctuate due to one's circumstances or life stage. Drivers are crucial to cultural fit, employee engagement, talent retention, and uncovering employees' purpose and therefore how to best align with an organization's purpose.

Taking a “four-dimensional” (4D) view of distinctive leadership and talent challenges can help socially conscious companies address the critical need to protect and magnify their unique balance of social and business priorities as they grow. Aligning on these dimensions allows a deeper understanding of the match between an individual's purpose and that of an organization. This shift does not require the substitution of existing talent practices; rather, it is a matter of taking the largely instinctual talent practices that have served socially conscious organization so well and, with intention, applying and strengthening these capabilities via a new framework.



Building talent best practices.

The development of this common language can help improve all aspects of talent management, including leadership selection, promotion decisions, leadership development activities, and related practices.

The process of building a common talent language begins with three recognitions:

1. Each socially conscious company has unique leadership needs;
2. The identification of specific “Who You Are” qualities (i.e., traits and drivers) represents a precise and rigorous way to evaluate alignment when compared to gut-level assessments alone; and
3. The use of a more expansive, detailed, and research-based vocabulary of traits, drivers, competencies, and experiences can benefit a broad range of talent practices and better activate the business strategy.

There are several tangible steps involved in applying this framework and language. A few key considerations include:

- **Deepen the definition of “entrepreneurial.”** Entrepreneurial skills are important qualities for an incoming leader to possess in fast-growth, socially conscious organizations. But this general term comprises numerous specific (and, in some cases, illuminating) traits and drivers. For example, the 4D research shows that entrepreneurial professionals tend to possess higher mental agility than others; they also tend to spot patterns and relationships that others rarely detect. It also shows that the most entrepreneurial individuals rate higher in other trait measures, namely risk-taking and resilience, than others. Entrepreneurial professionals also tend to have unique drivers; they are motivated more by challenges and less by positional titles, authority, and compensation. By qualifying individuals as “entrepreneurial” or not, organizations can miss the opportunity to probe more deeply, peeling back more general filters, to get at the core of what really drives an individual. While this core likely resonates with “gut” feel, digging a layer deeper allows for stronger communication along with shared and scaled values.
- **Inform culture match through leadership competencies.** The need to find, hire, and develop traditional leadership competencies—motivating and inspiring larger workforces, setting strategy, influencing a broader set of stakeholders, putting structures, systems and processes in place, etc.—often gets lost in the shuffle. More emphasis is placed on

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determining cultural match. Both needs are important; in fact, many competencies related to systems and processes can help support and advance the unique culture within socially conscious organizations. By looking at four talent dimensions and their interplay via the 4D model, socially conscious models can determine cultural matches in a more systematic manner.

- **Scale the instincts that have served you well.** Assessing a cultural match through one-on-one interactions is extremely effective—when founder-CEOs and their closest team members have the time to invest in those interactions. The “gut-instinct” component of talent practices can be highly effective; this component, however, is difficult to scale. As the socially conscious company grows, competing priorities multiply and current leaders’ direct involvement with each employee is unavoidably diluted.

In contrast, the deeper, four-dimensional approach to evaluating socially conscious leadership and talent management addresses the unique priorities of a business. It can fortify the important alignment between the expanding employee base and the vision of the founders and key leaders of the business, even as missions and market capitalizations expand in dramatic fashion.

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