



SPECIAL REPORT

# Spanish Executives and Corporate Purpose: Five Keys

Madrid, september 2018

**d+i** developing  
ideas

LLORENTE & CUENCA



## INTRODUCTION

1. KEYS TO REDEFINING CORPORATE PURPOSE

2. CONCLUSION

AUTHORS

## INTRODUCTION

The different contexts in which business takes place are becoming increasingly complex and uncertain, with new competition models, growing social demands, disruptive technology and increasing mistrust. These are the factors causing companies to rethink their long-term strategies. In some cases, it may be considered evolution, and, in others, the strategic approach may be more disruptive, but, in all cases, companies are facing the challenge of explaining to their stakeholders the nature of their future business models to gain their confidence.

Having a [corporate purpose](#)<sup>1</sup> has become a recurring theme in business schools and in management trends' articles. Evidence includes how many of the world's fastest-growing companies have a clearly defined [purpose](#),<sup>1</sup> the wealth of [academic research](#) on the topic,<sup>2</sup> the regular corporate purpose articles by [Harvard Business](#)



<sup>1</sup> Every year, numerous studies are released that confirm this evidence year after year. See Best Global Brands (<https://www.interbrand.com/mx/newsroom/interbrand-lanza-el-informe-best-global-brands-2017/>), or Perfect Store Execution (<https://consulting.kantar.com/>)

<sup>2</sup> We recommend "Corporate Purpose and Financial Performance," Claudine Gartenberg, NYU Stern School of Business, Andrea Prat, Columbia University and George Serafeim, Harvard Business School, June 2016; "The value of corporate culture," Luigi Guiso, Paola Sapienza and Luigi Zingales. Working Paper 19557. <http://www.nber.org/papers/w19557>



[Review](#)<sup>3</sup> and Mark Zuckerberg's one-year roadshow, in which he preached the purpose of Facebook ("bring the world closer together").

Fewer people are finding a dichotomy between results orientation and corporate purpose. Conversely, the novelty here is this story has changed quickly from being focused on engagement (chiefly targeting [consumers](#)<sup>4</sup> and employees<sup>5</sup>) to providing a company with a competitive edge. This is demanded by shareholders, [investors](#),<sup>6</sup> the executives and directors of these very companies, the so-called [proxy advisors](#),<sup>7</sup> etc. and all those who judge whether or not the company has a future; whether its business model is credible or inconsistent; whether or not it will be able to compete in the current context of [complexity and uncertainty](#).<sup>8</sup> Some authors are starting to call this "the [purpose](#) revolution."<sup>9</sup>

---

<sup>3</sup> Although numerous articles have been published, the following are worth noting, due to their impact: "What Mark Zuckerberg Understands About Corporate Purpose," at [https://hbr.org/2017/02/what-mark-zuckerberg-understands-about-corporate-purpose?utm\\_campaign=hbr&utm\\_source=twitter&utm\\_medium=social](https://hbr.org/2017/02/what-mark-zuckerberg-understands-about-corporate-purpose?utm_campaign=hbr&utm_source=twitter&utm_medium=social); "The Type of Purpose That Makes Companies More Profitable," at <https://hbr.org/2016/10/the-type-of-purpose-that-makes-companies-more-profitable>, and "How Marketers Can Connect Profit and Purpose," at <https://hbr.es/responsabilidad-social/1242/tener-un-buen-prop-sito-no-es-solo-marketing-tambi-n-da-beneficios> (in Spanish).

<sup>4</sup> A relevant case is Dove cosmetics' "Real beauty": <https://www.youtube.com/watch?v=9o3CgSRvAo>

<sup>5</sup> It is no longer enough to define only a mission or a vision, and the reason is that until now companies had a business vision or mission and employees a goal of personal development that rarely coincided and that nobody expected to coincide. Today's generations expect the company's purpose to coincide with their personal purpose and will select their job offers accordingly. In a context of war for talent, purpose is the best tool for attracting and retaining talent

<sup>6</sup> A relevant case is Dove cosmetics' "Real beauty": <https://www.youtube.com/watch?v=9o3CgSRvAo>

<sup>7</sup> Of particular significance was the letter "A sense of Purpose" published in January 2018 by leading worldwide investor and Blackrock CEO Larry Fink, reminding future leaders that companies will play a more social role in the future: <https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>. Also worth noting is the open letter of Facebook CEO Mark Zuckerberg, "Building Global Community," seen at <https://www.facebook.com/notes/mark-zuckerberg/building-global-community/10154544292806634/>

<sup>8</sup> Regarding proxy advisors: [https://en.wikipedia.org/wiki/Proxy\\_firm](https://en.wikipedia.org/wiki/Proxy_firm). Wall Street's 2018 Push for Purpose, [https://www.sustainablebrands.com/news\\_and\\_views/organizational\\_change/robert\\_schermers/wall\\_street%E2%80%99s\\_2018\\_push\\_purpose](https://www.sustainablebrands.com/news_and_views/organizational_change/robert_schermers/wall_street%E2%80%99s_2018_push_purpose)

<sup>9</sup> "The Purpose Revolution," John Izzo and Jeff Vanderwiellen: <https://drjohnizzo.com/the-purpose-revolution-book/>. See also "Firms of Endearment: How World-Class Companies Profit from Passion and Purpose," Sisodia, Rajendra S., Wolfe, David B., SHETH, Jagdish N.

“Corporate purpose is no longer a tool to be used for communications or the brand. It has become a definition of long-term ambition”

## 1. KEYS TO REDEFINING CORPORATE PURPOSE

LLORENTE & CUENCA conducted a qualitative study on July 2018 with the participation of 85 executives from large Spanish companies to understand the impact of this revolution on its organizers and to learn what they consider the keys to redefining and successfully adopting corporate purpose in the business model. The following are the main conclusions we have drawn from this study:

### 1. Redefining corporate purpose: an urgent task.

There is consensus among the interviewed executives that definition of corporate purpose is of vital importance to shaping a company's future (“Why do we exist?” and “Where are we going?”). It was even observed 81 percent of the executives believe this definition is an urgent task,<sup>10</sup> although they add that all companies actually have a foundational purpose. In fact, nearly half of the executives stated their companies already have a public purpose that has always been defined, and, if anything, would need to be updated and redefined. In the past two years, their companies


have directed their efforts toward this goal, according to 43 percent of the executives.

2. **From past history to future strategy.** Corporate purpose is no longer a tool to be used for communications or the brand. It has become a definition of long-term ambition allowing a company to explain to all its stakeholders (from employees to investors) its future strategy, value proposition, expertise and abilities. According to the executives who took part in our study, the critical point is the credibility of the purpose associated with the business model. For this reason, they consider corporate purpose a vitally important part of long-term business strategy (they rate it 8.1 out of 10 points) and that it is not an initiative that ends up as a mere brand claim. A good example of this is [McKinsey's](#)<sup>11</sup> purpose and the story “[New at McKinsey](#)” that goes with it.<sup>12</sup>
3. **From communications to leadership.** Leadership in relation to corporate purpose is one of the keys to making a real difference in the business model, according to 75 percent of the interviewed executives. They believe

<sup>10</sup> At the global level, in recent years, 13 percent of companies have reformulated their purpose and 53 percent have completely changed it, according to the report “How Can Purpose Reveal a Path Through Disruption? Mapping the Journey from Rhetoric to Reality” (EY Beacon Institute).

<sup>11</sup> “We help our clients make change happen”: <https://www.mckinsey.com/about-us/overview>

<sup>12</sup> New at McKinsey: <https://www.mckinsey.com/about-us/new-at-mckinsey-blog>



“Leadership in relation to corporate purpose is one of the keys to making a real difference in the business model, according to 75 percent of the interviewed executives”

purpose should be redefined under the leadership of the board of directors and upper management and also be part of the CEO's habitual approach to the business. A recent study published by Corporate Excellence<sup>13</sup> found 69 percent of people think the CEO's main job is to get the company to transmit confidence, ahead of more tangible matters, such as the quality of its goods or services (68 percent) or an increase in the company's profit and share price (60 percent). In the most highly acclaimed companies, such as Google, Tesla and Airbnb,<sup>14</sup> corporate purpose is a tool used by the CEO to inspire the organization and instill confidence in stakeholders. In a practical sense, the executives in our study think Spanish CEOs should make activation of purpose part of their agenda, which is something more frequently seen among American executives. However, this does not mean CEOs should become management gurus but rather they should look beyond mere economic results, have clear ideas and be convincing.

**4. From responsibility to commitment.** Three out of four executives believe that for purpose to actually affect business, it must orient the company's focus of sustainability. In this regard, 81 percent of the participants in our study think purpose should be about a human need or a global challenge that goes beyond a company's policy of corporate social responsibility. Recently, several companies have adopted the sustainable development goals (SDG) adopted by the United Nations in September 2015 as a framework for analysis to define the social impact of their corporate purpose. Two such examples are (1) the industrial group Gonvarri Steel Services, which aligns road safety with its strategic objectives and the expectations of its interest groups through the concept of “emotional driving,”<sup>15</sup> and (2) the infrastructures developer QGMI, which defines its vision in terms of contribution to SDG.<sup>16</sup>

<sup>13</sup> “Approaching the Future 2018”. Annual report on trends in reputation and management of intangibles: <http://approachingthefuture.strikingly.com/>

<sup>14</sup> “For travelers to belong anywhere.” Interesting video from Fortune magazine: <http://fortune.com/airbnb-travel-mission-brand/>

<sup>15</sup> “Emotional Driving,” Gonvarri Steel Services: [http://www.emotionaldriving.com/que\\_es/](http://www.emotionaldriving.com/que_es/)

<sup>16</sup> QGMI's vision is to contribute actively to sustainable development goals by providing all key players with financial, technological, legal and cultural knowledge for the development of infrastructure and service structures projects in emerging economies.” <http://www.qgmi.eu/es/quienes-somos/>

“Corporate purpose is an exercise in corporate empathy that helps companies improve organization, retain talent and strengthen bonds with consumers”

**5. From impact to transformation.** Numerous researchers have shown in recent years corporate purpose is an exercise in **corporate empathy**<sup>17</sup> that helps companies **improve** organization, retain talent<sup>18</sup> and strengthen bonds with consumers. However, this is, above all, a belief crystallized in the opinions of Spanish executives. Of those who took part in our study, 78 percent consider having a clear corporate purpose is profitable and contributes to the company’s business. Specifically, 63 percent of those interviewed believe the main benefit of having a purpose is having an organization that is more aligned and motivated (“everyone in the company united under a common purpose”). In this sense, 69 percent of the participants believe it is paramount to include employees in the process of redefinition of corporate purpose, half of them also believe it contributes to growth and 37 percent believe it may also help to create a new

ecosystem or strategic alliances wherever the aspirations of stakeholders may converge. Nonetheless, 62 percent believe, to make all these promises come true, executives should have specific objectives, commitments or challenges associated with corporate purpose.

## 2. CONCLUSION

Without a doubt, corporate purpose is an indispensable tool for structuring and fine-tuning the story of a business model in times of turbulence. Spanish executives believe having a clearly defined corporate purpose is profitable and contributes to a company’s business. The main risk is it may end up becoming a mere brand claim, in view of which, the executives surveyed believe it is important it be closely aligned with the company’s strategy, be driven by leadership, be genuinely connected to social needs and helps foster strategic alliances, as well as truly generates impact indicators. In short, it is about promoting new leadership based on corporate purpose.

<sup>17</sup> See “Corporate Empathy: a New Focus on Reputation Management,” <https://www.desarrollando-ideas.com/2018/01/empatia-corporativa-un-nuevo-enfoque-en-la-gestion-de-la-reputacion/>

<sup>18</sup> “2016 Global Report on Purpose at Work,” prepared by LinkedIn reveals that, in companies with a purpose, the output of professionals increases by 30 percent. See the research here: <https://business.linkedin.com/content/dam/me/business/en-us/talent-solutions/resources/pdfs/purpose-at-work-global-report.pdf>



## A COMPANY WITH A PURPOSE IS A COMPANY THAT MAKES SENSE

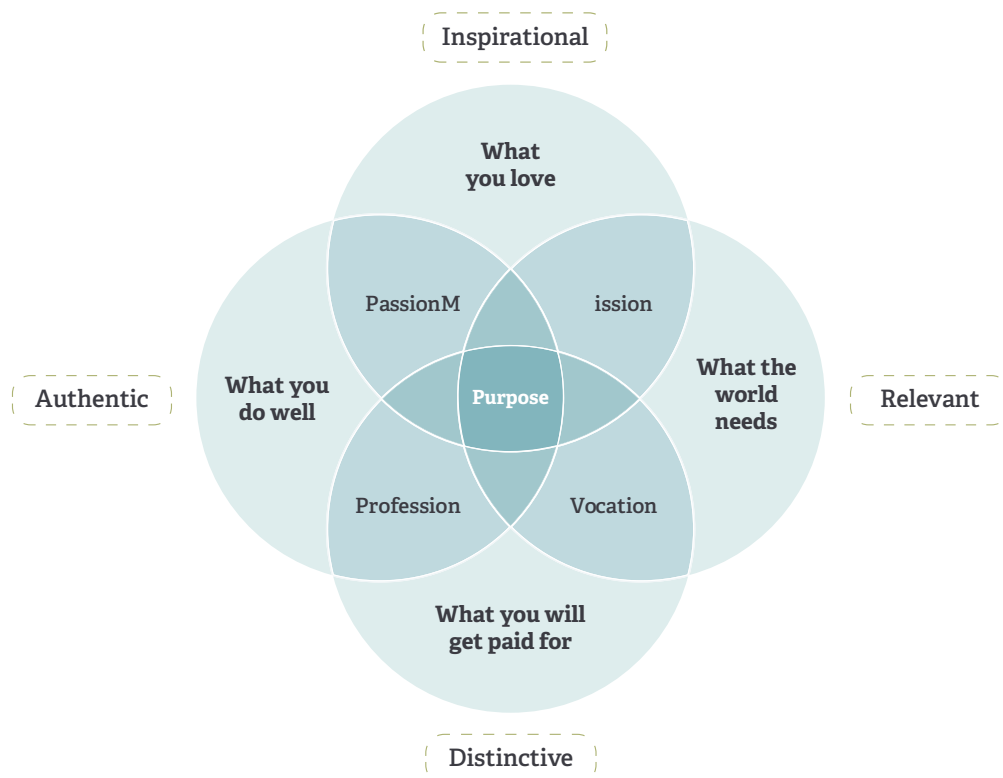
All companies have a story they tell through a **mission** (what they do), a **vision** (their aspiration) and **values** (how they carry out said mission). Most companies were created with a sense of **purpose**; an initial idea of why and to what end they wished to operate in the market, of their impact and contribution.

A purpose is much more than an advertising claim or a

social cause. It is a synthesis of a company's **four strategic dimensions**: what we are good at, what we get paid to do, what moves us and what the world needs.

During times of change, more and more companies update their purpose to orient their growth strategy toward a **leadership challenge** associated with improving the quality of human lives.

The 50 **fastest-growing brands worldwide in 2018** have a clearly defined purpose, and companies with a clear purpose have achieved 10 times more shareholder value than the average for the S&P500. They also have 1.7 times more satisfied employees and are three times more likely to retain talent.



Source: Modelo Ikaigai



## Authors



**Juan Cardona** is Director of the Leadership and Corporate Positioning Area at LLORENTE & CUENCA. Cardona has 20 years of professional experience in corporate communications, reputation and social responsibility and has worked as a communication-strategy consultant for many listed international companies. He has also worked as director of operations at Corporate Excellence and director of corporate responsibility and reputation at Ferrovial.

[jcardona@llorenteycuenca.com](mailto:jcardona@llorenteycuenca.com)



**Jorge Tolsá** is Senior Consultant of the Leadership and Corporate Positioning Area at LLORENTE & CUENCA. Tolsa has over 10 years of experience in research and management of corporate reputation and communications. Before joining LLORENTE & CUENCA, he worked as a consultant at Reputation Institute and as project manager at Foro Generaciones Interactivas (Telefónica). He holds a European Ph.D. in communications as well as a degree in advertising and public relations from Universidad de Navarra. He has also taken a master's course in media research at University of Stirling (UK) on a grant from Fundación Caja Madrid.

[jtolsa@llorenteycuenca.com](mailto:jtolsa@llorenteycuenca.com)





# LLORENTE & CUENCA

## CORPORATE MANAGEMENT

**José Antonio Llorente**  
Founding Partner and Chairman  
jalloriente@llorenteycuenca.com

**Enrique González**  
Partner and CFO  
egonzalez@llorenteycuenca.com

**Adolfo Corujo**  
Partner and Chief Talent and  
Innovation Officer  
acorujo@llorenteycuenca.com

**Carmen Gómez Menor**  
Corporate Director  
cgomez@llorenteycuenca.com

**Juan Pablo Ocaña**  
Legal & Compliance Director  
jpcana@llorenteycuenca.com

## MANAGEMENT - AMERICAS

**Alejandro Romero**  
Partner and CEO Americas  
aromero@llorenteycuenca.com

**Luisa García**  
Partner and COO Latin America  
lgarcia@llorenteycuenca.com

**José Luis Di Girolamo**  
Partner and CFO Latin America  
jldgirolamo@llorenteycuenca.com

**Antonieta Mendoza de López**  
Vice President of Advocacy LatAm  
amendozalopez@llorenteycuenca.com

## TALENT MANAGEMENT

**Daniel Moreno**  
Chief Talent Officer for Europe  
dmoreno@llorenteycuenca.com

**Karla Rogel**  
Chief Talent Officer for Northern  
Region  
krogel@llorenteycuenca.com

**Marjorie Barrientos**  
Chief Talent Officer for Andean  
Region  
mbarrientos@llorenteycuenca.com

**Laureana Navarro**  
Chief Talent Officer for Southern  
Region  
lnavarro@llorenteycuenca.com

## SPAIN AND PORTUGAL

**Arturo Pinedo**  
Partner and Managing Director  
apinedo@llorenteycuenca.com

**Goyo Panadero**  
Partner and Managing Director  
gpanadero@llorenteycuenca.com

### Barcelona

**María Cura**  
Partner and Managing Director  
mcura@llorenteycuenca.com

**Óscar Iniesta**  
Partner and Managing Director of  
Arenalia  
oiniesta@llorenteycuenca.com

**Muntaner, 240-242, 1<sup>o</sup>-1<sup>a</sup>**  
08021 Barcelona  
Tel. +34 93 217 22 17  
Tel. Arenalia +34 660 201 020

### Madrid

**Joan Navarro**  
Partner and Vice-president  
of Public Affairs  
jnavarro@llorenteycuenca.com

**Amalio Moratalla**  
Partner and Senior Director of Sport  
and Business Strategy  
amoratalla@llorenteycuenca.com

**Iván Pino**  
Partner and Senior Director  
of Digital  
ipino@llorenteycuenca.com

**Claudio Vallejo**  
Senior Director Latam Desk  
cvallejo@llorenteycuenca.com

**Ana Folgueira**  
Managing Director Impossible Tellers  
ana@impossibletellers.com  
Tel. +34 914 384 295

**Lagasca, 88 - planta 3**  
28001 Madrid  
Tel. +34 91 563 77 22

### Cink

**Sergio Cortés**  
Partner. Founder and Chairman  
scortes@cink.es

**Muntaner, 240, 1<sup>o</sup>-1<sup>a</sup>**  
08021 Barcelona  
Tel. +34 93 348 84 28

### Lisbon

**Tiago Vidal**  
Partner and Managing Director  
tvidal@llorenteycuenca.com

**Avenida da Liberdade nº225, 5<sup>o</sup> Esq.**  
1250-142 Lisbon  
Tel. + 351 21 923 97 00

## UNITED STATES

**Erich de la Fuente**  
Partner and CEO  
edelafuente@llorenteycuenca.com

### Miami

**Erich de la Fuente**  
edelafuente@llorenteycuenca.com

**600 Brickell Ave.**  
Suite 2020  
Miami, FL 33131  
Tel. +1 786 590 1000

### New York City

**Gerard Guiu**  
Director of International Business  
Development  
gguiu@llorenteycuenca.com

**Abernathy MacGregor**  
277 Park Avenue, 39th Floor  
New York, NY 10172  
Tel. +1 212 371 5999 (ext. 374)

### Washington, DC

**Ana Gamonal**  
Director  
agamonal@llorenteycuenca.com

**10705 Rosehaven Street**  
Fairfax, VA 22030  
Washington, DC  
Tel. +1 703 505 4211

## MEXICO, CENTRAL AMERICA AND CARIBBEAN

**Javier Rosado**  
Partner and Managing Director  
North Region  
jrosado@llorenteycuenca.com

### Mexico City

**Juan Arteaga**  
Managing Director  
jarteaga@llorenteycuenca.com

**Rogelio Blanco**  
Managing Director  
rblanco@llorenteycuenca.com

**Bernardo Quintana Kawage**  
Non-Executive Chairman  
bquintanak@llorenteycuenca.com

**Av. Paseo de la Reforma 412, Piso 14,**  
Col. Juárez, Del. Cuauhtémoc  
CP 06600, Mexico City  
Tel. +52 55 5257 1084

### Havana

**Pau Solanilla**  
psolanilla@llorenteycuenca.com

**Sortis Business Tower, piso 9**  
Calle 57, Obarrio - Panamá  
Tel. +507 206 5200

### Panama City

**Pau Solanilla**  
Managing Director  
psolanilla@llorenteycuenca.com

**Sortis Business Tower, piso 9**  
Calle 57, Obarrio - Panamá  
Tel. +507 206 5200

### Santo Domingo

**Iban Campo**  
Managing Director  
icampo@llorenteycuenca.com

**Av. Abraham Lincoln 1069**  
Torre Ejecutiva Sonora, planta 7  
Tel. +1 809 6161975

## ANDES' REGION

### Bogota

**María Esteve**  
Partner and Managing Director  
mesteve@llorenteycuenca.com

**Av. Calle 82 # 9-65 Piso 4**  
Bogotá D.C. – Colombia  
Tel: +57 1 7438000

### Lima

**Luis Miguel Peña**  
Partner and Senior Director  
lmpena@llorenteycuenca.com

**Av. Andrés Reyes 420, piso 7**  
San Isidro  
Tel: +51 1 2229491

### Quito

**Carlos Llanos**  
Managing Director  
cllanos@llorenteycuenca.com

**Avda. 12 de Octubre N24-528 y Cordero**  
– Edificio World Trade Center – Torre  
B - piso 11  
Tel. +593 2 2565820

### Santiago de Chile

**Constanza Téllez**  
Managing Director  
ctellez@llorenteycuenca.com

**Francisco Aylwin**  
Non-Executive Chairman  
faylwin@llorenteycuenca.com

**Magdalena 140, Oficina 1801.**  
Las Condes.  
Tel. +56 22 207 32 00

## SOUTH AMERICA

### Buenos Aires

**Mariano Vila**  
Managing Director  
mvila@llorenteycuenca.com

**Av. Corrientes 222, piso 8. C1043AAP**  
Tel. +54 11 5556 0700

### Rio de Janeiro

**Cleber Martins**  
clebermartins@llorenteycuenca.com

**Ladeira da Glória, 26**  
Estúdio 244 e 246 - Glória  
Rio de Janeiro - RJ  
Tel. +55 21 3797 6400

### Sao Paulo

**Cleber Martins**  
Managing Director  
clebermartins@llorenteycuenca.com

**Juan Carlos Gozzer**  
Regional Innovation Officer  
jcozzer@llorenteycuenca.com

**Rua Oscar Freire, 379, Cj 111,**  
Cerqueira César SP - 01426-001  
Tel. +55 11 3060 3390



## **d+i** developing ideas

LLORENTE & CUENCA

**Developing Ideas** by LLORENTE & CUENCA is a hub for ideas, analysis and trends. It is a product of the changing macroeconomic and social environment we live in, in which communication keeps moving forward at a fast pace.

**Developing Ideas** is a combination of global partnerships and knowledge exchange that identifies, defines and communicates new information paradigms from an independent perspective. **Developing Ideas** is a constant flow of ideas, foreseeing new times for information and management.

Because reality is neither black nor white, **Developing Ideas** exists.

[www.developing-ideas.com](http://www.developing-ideas.com)

[www.uno-magazine.com](http://www.uno-magazine.com)

## **/amo**

strategic advisors

AMO is the leading global partnership of corporate and financial communications consultancies.

Our best-in-class approach brings together local-market leaders with unrivalled knowledge of stakeholder perceptions, financial markets and cross-border transactions in the key financial centers of Europe, Asia and the Americas.

Providing sophisticated communications counsel for reputation management, M&A and capital market transactions, media relations, investor relations and corporate crises, our partner firms have established relationships with many S&P 500, FTSE 100, SMI, CAC 40, IBEX 35 and DAX 30 companies.

[www.amo-global.com](http://www.amo-global.com)