

# ○ Enabler 1

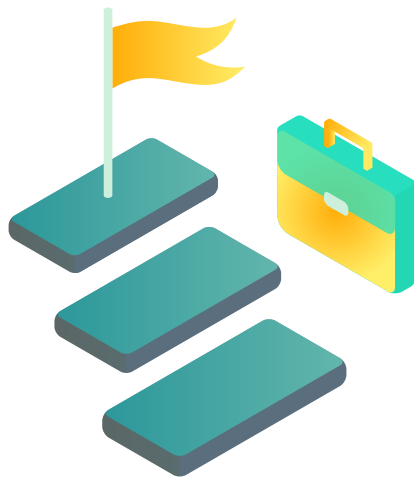


# Creating Purpose Statement



# About Enabler 1

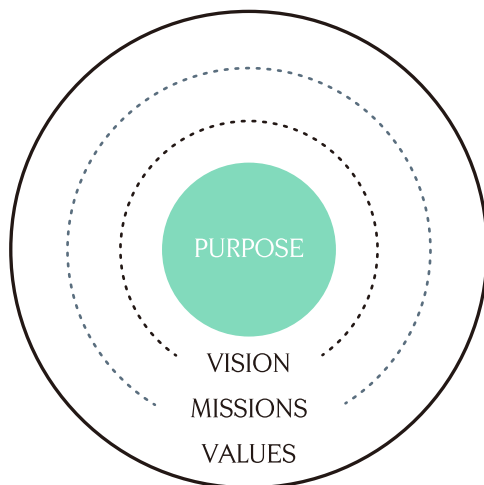
Your company may have a vision and/or mission statement that articulates where you want the business to get to and how you would achieve that. More fundamentally, though, does it have a purpose statement to address why you have founded your business in the first place? If the answer is no, read on as this enabler will guide you to establish a business-aligned and meaningful purpose statement for your company.



# 🔗 What is a Purpose Statement

Purpose statement is a simple sentence or line to communicate why your company exists. Gone are the days that creating value solely for shareholders justifies a company's existence. With the business sector recognising their impacts to environmental and social sustainability as well as the rising expectations from stakeholders, a purpose statement that clearly defines your company's objectives has become more popular.

Figure 3: Relationship between company's purpose, vision, missions and values



**Purpose:** Why your company or brand exists

**Vision:** Where you want to get to by a specific point in time in line with the Purpose.

**Missions:** What bold moves do you need to take to achieve the Vision.

**Values:** How you behave as a brand, what behaviours and attitudes you display

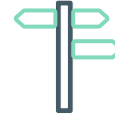
Having your brand's purpose defined is more than marketing gimmick of telling a story to your customers. Rather, the process and product facilitate your company's strategic management<sup>10</sup> as purpose statement:



sharpens a firm's  
business focus



ensures that the interests of  
key stakeholders are not ignored



guides the resource allocation  
process in a manner that  
produces consistency and focus



inspires and motivates  
organisational members to  
exceptional performance



provides a sense of purpose  
and direction



promotes shared values  
and behavioural standards

## Characteristics of Purpose Statement

While each company has its own purpose of existence and focus areas, how it articulates that in the form of purpose statement is similar to one another, with the choice of word and level of detail vary.

<sup>10</sup> Bart, C. K. (1997), Sex, Lies and Mission Statements. Business Horizons, pp. 9-18, November-December 1997, Available at SSRN: <https://ssrn.com/abstract=716542>

Table 2: **Real-world examples of purpose statement**

Company	Industry	Purpose Statement
Patagonia <sup>11</sup>	Textiles, apparel and luxury goods	Patagonia is in business to save our home planet
Kellogg <sup>12</sup>	Food products	Creating better days and a place at the table for everyone through our trusted food brands
Sony <sup>13</sup>	Leisure equipment and products and consumer electronics	Fill the world with emotion, through the power of creativity and technology
MTR Corporation <sup>14</sup>	Transportation and transportation infrastructure	Keep cities moving
HKEX <sup>15</sup>	Finance	To promote and progress our financial markets and the communities they support for the prosperity of all

By referring to the examples above, the purpose statements concisely express the positive changes the companies have a role to make to the underlying challenges in one line. These challenges, or focus areas, can be any environmental or social issues that are of your company's and stakeholders' concerns, and are impacted by your business activities.

<sup>11</sup> <https://www.patagonia.com.au/pages/our-mission>

<sup>12</sup> [https://www.kelloggcompany.com/en\\_US/our-vision-purpose.html](https://www.kelloggcompany.com/en_US/our-vision-purpose.html)

<sup>13</sup> [https://www.sony.net/SonyInfo/CorporateInfo/purpose\\_and\\_values/](https://www.sony.net/SonyInfo/CorporateInfo/purpose_and_values/)

<sup>14</sup> <https://www.mtr.com.hk/purpose-vision-values/en/index.html>

<sup>15</sup> [https://www.hkexgroup.com/About-HKEX/About-HKEX/Our-Purpose-Vision-and-Values?sc\\_lang=en](https://www.hkexgroup.com/About-HKEX/About-HKEX/Our-Purpose-Vision-and-Values?sc_lang=en)

In terms of pattern, they generally pair the action(s) with target stakeholder(s) plus business relevance as shown below:

Positive Change

Action + Targeted Stakeholder (+ Business Relevance )

e.g.

- Patagonia is in business to save our home planet
- Creating better days and a place at the table for everyone through our trusted food brands
- Fill the world with emotion , through the power of creativity and technology
- Keep cities moving
- To promote and progress our financial markets and the communities they support for the prosperity of all

No matter how you are going to frame the purpose statement, it should be:



Simple  
(easy wording,  
clear structure)



Concise  
(to the point, no  
more than 20 words)



Outcome-oriented  
(focus on  
business impact)



# Make Your Purpose Statement

Having read the above information, you are now ready to create a purpose statement for your company. The process of creating the purpose statement is divided into three parts:

- 1.** engaging stakeholders,
- 2.** forming problem statement and business case, and
- 3.** writing purpose statement and consulting internally.

Depending on your commitment and desired level of practice to business sustainability management, you can choose where to start as indicated by the tags below:

**Part 1** – Engaging stakeholders

As senior or top management, while you may have some initial thoughts about the purpose of your company, you may want to start with understanding how your stakeholders perceive the business and what challenges they wish your company to address. You can start by engaging your staff and customers through interview or focus group to brainstorm some ideas. Through this process, you should be able to generate a list of problems that you can make use of in Part 2.

**Questions to ask:**

By what means should I collect feedback from the stakeholders?

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What are the common topics that the stakeholders are concerned about?

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What are the challenges that the stakeholders think my company can address?

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To frame your company's purpose, firstly you need to identify the challenges that are relevant to your business. Secondly, you have to determine your company's role on these challenges with regard to the products, services or brand influence. You are recommended to choose the challenges that your business can directly address. This process will facilitate you to pinpoint one to two most relevant area(s) that form the basis of your purpose statement.

The list below puts forward some of the sustainability problems which may be related to your business.

Table 3: **Examples of sustainability challenges** <sup>16 17 18</sup>

Environmental	Social
<ul style="list-style-type: none"> <li>• Renewable energy</li> <li>• Energy efficiency</li> <li>• Pollution prevention and control</li> <li>• Biodiversity conservation</li> <li>• Clean transportation</li> <li>• Sustainable water and wastewater management</li> <li>• Climate change adaptation</li> <li>• Green and/or circular economy</li> <li>• Green building</li> <li>• Sustainable forestry</li> <li>• Desertification, land degradation and drought</li> </ul>	<ul style="list-style-type: none"> <li>• Affordable basic infrastructure (e.g. clean drinking water, sewers, sanitation, transport, energy)</li> <li>• Access to essential services (e.g. health, education and vocational training, financing and financial services)</li> <li>• Affordable housing</li> <li>• Employment generation</li> <li>• Food security and sustainable food systems</li> <li>• Socioeconomic advancement and empowerment</li> <li>• Rural development</li> <li>• Poverty eradication</li> <li>• Violence against children</li> <li>• Sustainable tourism</li> <li>• Sustainable cities and human settlements</li> <li>• Disaster risk reduction</li> </ul>



With your company’s purpose identified, you can make use of the “Action + Target Stakeholder” pattern to put together the statement. The purpose statement should express the positive outcome(s) your company is trying to create. The following table contains some of the useful words for your company’s purpose statement.

Table 4: **Selected words for purpose statement**

Action		Target Stakeholder	
Help	Create	World	Nature
Build	Connect	Planet	Society
Nourish	Make	Environment	People

After writing the statement, you should go around and ask all your employees for comments to settle any disagreement on the direction or wording. This process will help secure the internal support to your company’s purpose.



# ➤ What's Next

You can make the purpose statement visible in your company's office, portfolio, policies, website, marketing materials, or even tendering documents. You are also advised to review your business actions against the purpose from time to time to measure your progress and adjust.

A purpose statement is nothing but words if your company does not follow through it. You should have sustainability governance structure, policies, programmes or projects that can support the stated purpose. The subsequent enablers will give you more ideas on how to set these up.



# Extended Readings

## For SMEs wishing to do more for sustainability

Engaging both internal and external stakeholders are essential to steer sustainability management within your company. AA1000 has issued a standard about the essentials of conducting stakeholder engagement

(<https://www.accountability.org/standards/aa1000-stakeholder-engagement-standard/>).

## For SMEs wishing to get listed in Hong Kong

Your stakeholders may raise concerns on a variety of sustainability issues but not all of these are material in relation to your company's business focus. You may refer to the materiality table published by HKEX for more information

([https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Environmental-Social-and-Governance/Exchanges-guidance-materials-on-ESG/step\\_by\\_step.pdf?la=en](https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Environmental-Social-and-Governance/Exchanges-guidance-materials-on-ESG/step_by_step.pdf?la=en)).