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## Profit is Not a Purpose

*When I grow up, I want to claw my way into middle management.*

—Said no 10-year-old, ever

Do you remember the Monster.com Super Bowl ad?

Monster's iconic "When I Grow Up" campaign featured kids saying, "When I grow up I want to be a Yes-man" or "Yes-woman" "Yes, sir. Anything for a raise sir." The Monster ads juxtaposed the dreams of childhood with realities of adult work. Watching an earnest 10-year-old boy say, "When I grow up, I want to claw my way into middle management," reminded people, work was supposed to be better than this.

The rise and fall, and subsequent rebirth, of Monster.com illustrates why a profit focus erodes business, while a purpose focus brings the business to life. Monster.com was founded on the belief that helping people find jobs was a noble endeavor. In their iconic ads, Monster made it clear: "You deserve a better job, and we want to help you find it." Monster founder Jeff Taylor's mantra was "It's half about a better job, and half about a better life." In 2006, Monster.com was one of the 20 most visited websites in the world.

Yet by January of 2011, five years later, Monster Inc. was rated the worst stock of the year. By 2014, things were worse. In that year alone, Monster's shares dropped 43 percent.

What went wrong?

Analysts suggested that Monster's free fall was due to their inability to compete with newer, more nimble, connected solutions like Indeed and LinkedIn. The analysts were right about the outcome, but they missed the root cause. Lack of competitive differentiation and old technology were only symptoms. The root cause for Monster's free fall was they lost their purpose.

In 2007, after Taylor and his team had left, Sal Iannuzzi became the CEO of Monster worldwide. Iannuzzi preached a very different message from Taylor's. Iannuzzi didn't talk about job seekers, or helping people find better lives. Instead, he put the focus on earnings. Without a leader to champion the cause, over time Monster's original noble purpose—helping people have better lives—eroded.

Iannuzzi's Town Hall meeting in June of 2014 illustrates the problem. Monster's stock was at an all-time low. Iannuzzi was announcing the launch of a new strategy and a global rebrand that were intended to reverse their decline.

When Iannuzzi took the stage at Monster headquarters in Weston, Massachusetts, to announce his plans, 800 employees were sitting in the auditorium, and over 4,000 more employees dialed in via webcast from 36 countries around the globe. The employees knew their company was at a critical juncture. Would they be hearing about a new strategy that would jolt their business back to life?

As Iannuzzi began, he talked about the need to increase earnings saying, "Our number one responsibility and focus is increasing shareholder value. That will pay us, that's why we're here." He hammered on the point saying, "That's what we're here to talk about. Everything you're going to hear [today], the emphasis is on how we're going to do that."<sup>1</sup>

The rest of Iannuzzi's presentation was a blur of numbers that concluded quickly. Not once during the entire presentation did

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<sup>1</sup>Thompson Reuters StreetEvents, "MWW: Monster Worldwide Strategy Briefing Day," edited transcript, May 14, 2014.

Iannuzzi talk about Monster's aspirations for job seekers. There was no mention of better jobs and better lives. Instead, he told his team, the single goal of their new strategy was to increase the stock price. Not help customers, not improve the industry, just increase the earnings. Afterwards, one attendee said, "It was as though the oxygen was slowly leaving the room."

When original Monster.com founder Jeff Taylor talks about his time at Monster he says, "The pride of helping millions of people find jobs was real inside the company. We read testimonials from people all over the world at our meetings. It was meaningful."

Iannuzzi's narrative about stock price never touched on pride they might derive from helping people. His presentation at the Town Hall was consistent with the way he routinely discussed Monster in the press. For example, he said to the *Wall Street Journal* in May of 2012, "I owe it as part of my fiduciary responsibility to increase shareholder value any way that I can. That's what the process is all about." This was same story he emphasized on a daily basis to his employees.

Sadly, Sal Iannuzzi is not unique. He's an exaggerated version of what happens in conference rooms and boardrooms every day. How many other leaders have had the same conversation with their teams? How many board meetings and departmental meetings have been exclusively focused on earnings with few or no conversations about customers?

Iannuzzi's focus on earnings was understandable. Like all CEOs, he was under pressure to drive the numbers. He might not be a bad guy. Yet he made a common leadership error. He focused on profit instead of purpose. In doing so, he eroded the driving force that had once made Monster great. Their business was no longer about making people's lives better; it was about making money, end of story.

Monster serves as a cautionary tale. The same scenario could have just as easily happened elsewhere. In fact, it already has. Companies like Blackberry, Blockbuster, Sears, and Toys 'R' Us, who were once giants in their spaces, took gut-wrenching tumbles

when they lost their sense of purpose. It wasn't a loss of earnings that caused the loss of purpose; it was a loss of purpose that caused earnings to decline. In each of these organizations, the leaders were so intent on making money from their existing business model that they lost sight of their companies' true purpose: to improve their customers' lives. With no lens on the customer's world, they were outinnovated, outsold, and outmaneuvered. By focusing on profit instead of purpose, they became dinosaurs.

Under Iannuzzi's leadership, Monster's stock value declined by over 90 percent. Between April of 2007, when he was named CEO, and November of 2014, when he departed, Monster lost 93 percent of its market capitalization, falling from 5.5B USD to under 400M USD. Analysts said he was fired for declining stock value. Insiders know the loss of purpose came first. Fortunately, the Monster story does not end there. Iannuzzi's successor, CEO Timothy Yates, a long-time Monster employee, is taking a decidedly different approach. Yates launched an "All the Jobs, All the People," strategy focused on helping job seekers. Later in this chapter you'll learn how Monster is reigniting their true noble purpose.

The idea that a leader's primary purpose is to drive earnings is pervasive in many, if not most, organizations.

## Unfortunately, It's Also Wrong

Compare the typical "let's rally around earnings" message with the words of these leaders:

- Ryan Holmes, Founder and CEO of Hootsuite, the social media management system that has exploded globally, kicks off their Town Halls saying, "We're more than a social media company. *We empower our clients to turn their messages into meaningful relationships.*"
- Steve McHale, the CEO of Explorys, the health care intelligence cloud company that has built one of the largest clinical

data sets in the world, says, “We unlock the power of big data to improve healthcare for everyone.”

- Bruce Poon Tip, founder of Toronto-based G Adventures, who has become the global leader in adventure travel, says, “Our business model transcends our products. We’re not just a travel company, *We help people discover more passion, purpose, and happiness.*”

As you read the statements these leaders use to describe their businesses, ask yourself, *Who would you rather work for?* A boss who tells you that your sole purpose is to deliver earnings for shareholders? Or a boss who tells you that your true and noble purpose is to make a difference in the lives of your customers?

These three leaders have absolute clarity about how they make a difference in the lives of their customers, as does every member of their organizations. The results speak for themselves:

- Hootsuite has grown 56,000 percent over the past five years. That is not a typo—fifty-six thousand percent. Even after their initial explosion, in the last 24 months they have more than doubled their business.
- Explorys has experienced unprecedented growth year-over-year. The year after they launched their purpose with their team, they grew revenue by 53%. They now work with 26 major healthcare networks, delivering care to 50 million unique patients at 360 hospitals.
- Bruce Poon Tip and his team of “Global Purpose Specialists” (the name adopted by his sales force) have grown revenue by 25 percent every year for the 25 years they’ve been in business. They’re now a \$400 million company. Since implementing Noble Purpose in 2013, they’ve accelerated their growth rate to 35 percent.

These leaders are early adopters. They’re also our clients. You’ll read more about how these three leaders and others have driven exponential growth, leveraging the power of purpose. For now, think about the way these leaders talk about their businesses.

You can tell a money story, or you can tell a meaning story. Think about your own business. Is the driving question, How can we make more money? Or, is the driving question, How can we make a difference to our customers?

As a leader, you're the one who tells your team why the organization exists. In *Selling with Noble Purpose*, I said, "If you treat your customers like a number, they'll return the favor." Now, we'll take it a step further. If you treat your employees like a line item, they'll pay you back in kind. They'll regard you, their jobs, your customers, and your entire organization as expendable resources, something they dispose of the moment something better comes along. Instead of emotional engagement, you'll be left with a transactional relationship, which will permeate every aspect of your organization, including your relationship with customers.

The internal conversation becomes the external conversation. When your story is exclusively focused on financial metrics, you drive towards mediocrity. It's counterintuitive. It's also true. Internal financial metrics do not create a competitive differentiation. A story about profit, revenue, and share price will never jump-start innovation, improve customer service, or inspire employee loyalty.

## **Purpose Drives Profit, Not the Other Way Around**

To illustrate how powerful purpose can be, let's look at a side-by-side comparison. While Sal Iannuzzi and other *show me the money* leaders were telling their teams that increasing shareholder value was their primary goal, Mike Gianoni, CEO of Blackbaud, was telling his team a different story.

Blackbaud is in the tech space, they're a cloud company. They're a firm based in Charleston, South Carolina, that serves the philanthropic community. They describe themselves this way: "Blackbaud combines software and service to help organizations achieve their missions." Their clients include the Salvation Army, The Red

Cross, and thousands of smaller nonprofits. Blackbaud works in over 60 countries to support more than 30,000 customers.

When Mike Gianoni took over as President and CEO in January of 2014, Blackbaud was the market leader. But their stock price was declining, and their earnings were flat. They were seeing early indications that clients were frustrated with lack of updates to their products. Contracts that were once secure were going out for bids. Recurring revenue was dropping.

Many CEOs would have jumped in to rally their team around increasing revenue. Instead, Gianoni chose a different focus. Despite the stock market pressure every CEO feels, Gianoni didn't lead with numbers; instead, he started talking about Blackbaud's clients. Not just who the clients were, but also what they did, and the impact they were having on their constituents and communities.

Gianoni describes the way Blackbaud had traditionally run their staff "All Hands" meetings, "When I first started with the company, for the most part, leaders would stand on the stage, and in a one-hour meeting they would spend 45 minutes on the financials."

Blackbaud's previous leadership had focused on the money story, not the meaning story. Gianoni flipped it. He says, "Now I only spend five minutes on the financials." The new format is, "What's our purpose, how does our work impact clients, are we being effective in serving them, and are we doing okay financially?"

Gianoni says, "It's more important to have our associates understand why we get up and go to work each day. At the end of the day, if you have a healthy culture, if everyone is focused on client success, if your leadership is made up of the right leaders, who have integrity and are building a team that is focused on delighting clients, and our culture reflects decisiveness and an action-orientation, when all that happens, the financials fall into place. The financials are at the bottom of that, not at the top of that."

He says, "That's how companies actually work, that's why we do our All Hands meetings that way."

Gianoni recognized the truism, that profit and other quantitative metrics are lagging indicators. Qualitative metrics like what gets discussed at meetings, how do managers coach, and customer success are what ultimately drive the financial results.

Gianoni started bringing customers into All-Hands meetings. At one meeting, the director of the Wings for Kids program described how her organization teaches emotional intelligence to struggling kids, and the impact it has on their lives. She explained how Blackbaud's software enables them to serve more kids, and raise money, in more effective ways.

Gianoni says, "In that moment, the engineer who built that solution is sitting there saying, 'I helped create something that is making a positive difference in the world.' That's what people go home and talk to their spouses about. They don't go home and talk about EBIDAT and stock price. That's for me and Tony [CFO Anthony Boar] to worry about."

Over the course of a year, the cadence and tone at Blackbaud shifted. Vice President of Sales Patrick Hodges says, "Now we spend more time talking about customer impact than stock price. That's a change from the way it was before Mike joined. The senior leaders still cover stock price. Yet people walk away from the meeting, thinking, 'Damn, I am glad we are doing well, and look how we are helping all these organizations.'"

Hodges's team, which is part of the General Markets Business Unit, articulated their aspirations for their clients by crafting their own purpose statement, "We accelerate your Noble Purpose." One salesperson said, "When our software helps these organizations raise more money, and run their operations more successfully, we are literally helping humanity around the entire world." Hodges says, "In sales you have to get your people feeling good and excited about it. That's half the battle."

Hodges began a weekly *Sell it Forward* email, spotlighting a different client each week. Hodges asked the salespeople to describe clients by answering these questions: *What's the client's*



*mission? What's their ethos? What are their values?* He asks them to describe the impact their solutions have on their clients: *How will this client be better as a result of doing business with Blackbaud? How will the success of our project impact their mission?* Salespeople began to compete to have their clients included. Hodges' *Sell It Forward* emails started spreading across the organization. He was the internal champion who stuck to it week after week.

Gianoni was an avid reader of the Sunday night emails. He would often comment, forwarding along his enthusiasm and compliments for the way Blackbaud was helping their clients fulfill their mission and purpose.

Product development people began to look forward to hearing about clients' organizations. One Sunday night, Hodges' son was ill, and he didn't send the regular email. First thing Monday morning, a product development manager marched into his office, saying, "Where's the email? I need it for my weekly meeting." The product development team was sharing the stories each week; it gave them pride in their jobs, and fueled them to be more innovative. They were motivated to help these clients in bigger, bolder ways. In that moment, Hodges realized that his emails were doing more than just motivating his team, they were engaging everyone.

The *Sell It Forward* emails served as an ongoing sharing system that kept customer impact at the front of the organization on a weekly basis. The marketing team used the customer-impact stories to create more compelling collateral. One year later, when they launched a new product the marketing team focused on how the software would help their clients better accomplish their missions. Hodges says it was a totally different launch, "In the past, we would have spent most of the time on the technical features. Instead, this launch was about client impact, and how we could give our customers the ability to do more good for those they serve."

Eighteen months after Gianoni joined Blackbaud, the organization has an entirely different ethos. They've captured more market share. They've successfully launched a new product. Recurring

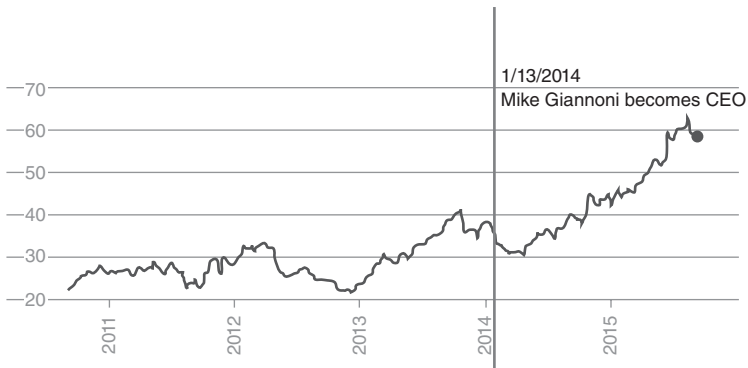
revenue now exceeds 75 percent of total revenue for the first time in the company’s history. That means Blackbaud is keeping their clients and gaining new ones. They have a stable revenue stream that allows them to be even more innovative in the future.

And the ultimate proof: Under Gianoni’s leadership Blackbaud’s stock rose from \$37 a share to \$60 a share, as of this writing (see Figure 1.1).

Blackbaud’s results reveal how a purpose-focus versus a profit-focus plays out over time across an organization.

Mediocre and high-performing leaders focus on earnings and internal metrics. Gianoni and other high performing leaders focus on customers and external impact. While others in his space were talking about money, Gianoni talked about meaning. The difference in results is night and day.

As a post Ianuzzi update on Monster, when I originally wrote about Monster’s loss of purpose for Forbes.com, several Monster employees posted comments about their disappointment that their business seemed to have lost its soul. The article circulated through Monster, and as you can imagine, they weren’t pleased. Imagine



**Figure 1.1 Blackbaud’s Stock Pre- and Post-Mike Gianoni’s Purpose-Driven Leadership**

my surprise when several months later Yates and his senior advisors wanted to meet with me to discuss how Monster can reignite their team around a larger purpose. I've now shifted from critiquing Monster to working with them. Yates and his team are authentic in their desire to help Monster reclaim their mojo, and I'm all in to help them.

Their new narrative is focused on job seekers. During a recent earnings call, Yates shared a tweet from a senior human resources executive at a major technology company, who tweeted out “@Monster—congratulations on getting your sexy back, impressed by your new products and services.” I'm all in for Monster. Reversing their results will not happen overnight. But as Mike Gianoni demonstrated at Blackbaud, when the leader puts purpose front and center, the cadence and tone change, the emotional undercurrent shifts, and the financial results follow.

You may be thinking at this point, I'm not the CEO. What can I do?

Let's look at another scenario. What if instead of being CEO, Gianoni had been a mid-level manager, and he had a *show me the money* peer in the same organization? What if they were both running product development teams? Whose team would be more innovative? What if both were managing big plants, or marketing groups, or sales teams? Whose team would be more emotionally engaged? The leader who talked about money, or the leader who talked about meaning? Whose team would be more dialed in to customers? Who would attract better talent? At the end of two years, which of the two leaders do you think would have better results?

It's tempting to think a high-minded concept like Noble Purpose doesn't apply to people down in the trenches. In our experience, with firms large and small, with individual leaders and CEOs, the results play out in similar fashion, irrespective of size or scope.

Here's how a summary of a profit focus versus a purpose focus plays out over time across an organization.

<b>Action/Event</b>	<b>Profit-Driven</b>	<b>Purpose-Driven</b>
The driving question:	How can we deliver more earnings?	How can we create more value for customers?
CEO message to employees	Your purpose is to increase shareholder value.	Your purpose is to make a difference in the lives of our customers.
Leadership questions	How can we make more money? How can we beat the competition? How can we hold our people more accountable for our metrics?	How do we make a difference? How do we do it differently than our competition? On your best day, what to you love about your job?
Lobby plaque	Our mission is to achieve market leadership and provide a return to our shareholders.	Our Noble Purpose is to improve the lives of our customers.
Board of directors emphasis	Short-term earnings for stockholders/ owners	Long-term value for customers and market
Leadership focus	Quarterly earnings Bonuses Stock price Efficiency measures	Company values Customer impact Industry innovation Employee engagement
Profit	Our end game	A critical measure of how well we're performing against our purpose

<b>Action/Event</b>	<b>Profit-Driven</b>	<b>Purpose-Driven</b>
Typical projects	<p>“Big Lean”—A company-wide initiative to strip costs out of the system.</p> <p>Objectives:</p> <ul style="list-style-type: none"> <li>▪ Reduce product costs</li> <li>▪ Reduce overhead</li> <li>▪ Improve efficiency</li> <li>▪ Intensify vendor requirements</li> </ul>	<p>“Noble Knights”—A task force devoted to improve customer impact</p> <p>Objectives:</p> <ul style="list-style-type: none"> <li>▪ Improve product quality</li> <li>▪ Enhance customer experience</li> <li>▪ Create KPIs to measure progress against our purpose</li> <li>▪ Improve vendor partnerships</li> </ul>
Relationship with vendors	<p>Transactional at best; adversarial at worst</p> <p>Driven by price and terms</p> <p>Meetings to dictate demands</p> <p>Get the best price today</p>	<p>Mutually beneficial</p> <p>Collaborative</p> <p>Focus on customer impact</p> <p>Meetings to generate ideas</p> <p>Create value for both parties</p>
Buzzwords	<p>Cost reduction</p> <p>Lean</p> <p>Accountability</p>	<p>Customers</p> <p>Noble Purpose</p> <p>Passion</p>
Employee focus	<p>Work feverishly to reduce costs and increase earnings</p>	<p>Work feverishly to create value for customers</p>

*(Continued)*

<b>Action/Event</b>	<b>Profit-Driven</b>	<b>Purpose-Driven</b>
Sales focus	Kill the competition Close sales faster Improve margin	Create competitive differentiation Understand customer goals Improve customer impact
Month three results	Earnings are up Efficiency measures have taken costs out Programs are working Employee engagement flat Sales close ratio flat	Everyone understands our purpose All departments know who our customers are and the impact they have on them Customer impact stories shared broadly A few new sales wins due to differentiated story Employee engagement on the rise Revenue and profit likely unchanged
Main topics in meetings	Internal numbers How can we beat last quarter's earnings? How can we become more profitable?	External customer impact How can we do even better for our customers? How are our customers responding?
How management reports results	We collected this much revenue	We helped this many customers
Customers discussed as:	Numbers	People whose lives and businesses matter

<b>Action/Event</b>	<b>Profit-Driven</b>	<b>Purpose-Driven</b>
Marketing message	Feature Benefits Pricing	Customer impact Compelling stories Value
Performance Evaluations	What have you done for us lately?	What are you doing for our customers?
Key metrics	Profit Earnings Productivity	Customer impact Customer retention Employee engagement in addition to profit, earnings, and productivity
Product development focus	What can we do to increase margins on our products and services? How can we beat the competition?	What can we do to add more value to customers? What's going on inside the lives and businesses of our customers? Think big, think crazy.
Customer service focus	Reduce costs Decrease call times Employees have little authority to provide solutions	Solve customer problems Employees have authority to make it right
Internal communication themes	Flavor of the month Ever changing rah-rahs Earnings reports Generic value proposition	Constant reinforcement—We make a difference—even when times are tough Our customers are counting on us

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Action/Event	Profit-Driven	Purpose-Driven
Manufacturing	How much did you make? What did it cost? How could you do it cheaper?	How do our customers rate our products? How can we be better than our competition? Why does your role matter?
Distribution	How cheaply did you get it there?	What can we do to improve the customer experience?
<b>Six-month results</b>	Products the same, or cheapened Customer experience same or declined No compelling sales narrative Employees weary of constant pressure for earnings	Product development breakthroughs Customer loyalty increasing New sales won due to differentiated story and actions Employees are turning into True Believers
Typical motivational quote	“Show me the money!” — <i>Jerry Maguire</i>	“Profit isn’t the purpose of a business, it’s the test of its validity.” —Peter Drucker
Sales mantras	Sell the customer, whether he needs it or not	Help customers achieve their goals
Sales manager questions	When will you close it? How big will it be?	How will this customer be different as a result of doing business with us?
CRM focus	Pipeline management	Customer intelligence plus pipeline



<b>Action/Event</b>	<b>Profit-Driven</b>	<b>Purpose-Driven</b>
Marketing collateral	Product features and price	Customer impact stories that include emotion
Favorite cartoons	<i>Dilbert</i>	<i>Dilbert</i> (it reminds us of the competition)
Production focus	Efficiency	Quality
Most frequently used words	ROI, cost efficiency, productivity	Customer impact, product relevance, differentiation, creativity, innovation
<b>12-month results</b>	Revenue flat Early indicators of customer churn Reduced margins due to lack of differentiation	Revenue trending upward Average customer spend increasing Winning deals away from competition without cutting price
Challenges	Low employee engagement Low customer engagement	Keeping up with demand Staffing to meet growth needs
Customer relationships	Transactional	Symbiotic—both parties need and value the other
Leadership style	Punish mistakes Reward quick wins	Okay to take risks—75 percent success rate means you're stretching
Culture at 18 months	We make money	We make a difference

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<b>Action/Event</b>	<b>Profit-Driven</b>	<b>Purpose-Driven</b>
Market perception	Perceived as a commodity Top talent starting to leave	Clearly differentiated Becoming a destination employer
<b>18-month results</b>	Customers leaving Earnings lagging Stock declining	Customers calling Earnings increasing Stock increasing