



Noble goals are well and good,  
but they often carry a price.

# Should a Company Have a Noble Purpose?

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**W**e live in a post-mission-statement era. These days, the most admired companies are trying not only to develop effective strategies for profit but to make themselves into examples of greatness. They want to inspire pride among employees and customers. They want their companies to be like Mary Kay Inc., with its stated intention “to enrich women’s lives”; or like Merck & Co. Inc., whose “business is preserving and improving human life”; or like British Petroleum, which recently announced a brand-name change to “Beyond Petro-

leum,” signaling a leadership role in moving civilization out of the fossil-fuel era. They emulate Wal-Mart Stores Inc., which says it exists to give ordinary folk the chance to buy the same things as rich people, and the Walt Disney Co., which claims its noble purpose is simply to make people happy.

If you’re a senior executive or a strategic planner, then articulating a noble purpose may seem like a powerful way to energize the people in your organization to break away from your pack of competitors. And it may seem like a way to attract a more committed, more passionate,

and more capable group of employees—people, like teachers, actors, artists, and nurses, who dedicate themselves to lifelong goals. As Charles Handy notes in *The Hungry Spirit*, his 1997 paean to corporate meaning, such people generally demonstrate a level of motivation far beyond anything you're likely to see in the ordinary business world. "They know there are more important things than money," Handy writes.

Even conventional businesspeople, in a full-steam-ahead economy, are drawn to companies that promise them the opportunity to do something meaningful. By setting up a "noble purpose," you might persuade passionate 25-year-old MBA grads to join your company instead of a startup.

But nobility is not something to tackle lightly. For mainstream companies and start-ups alike, it is a difficult path—and once entered publicly, it cannot be easily abandoned. A few companies, like Disney, may be able to "make people happy" by enveloping their employees in a corporate culture that squelches dissent and questioning. But most companies that give voice to a "noble purpose" find that they have opened a door for their employees to think openly about the meaning of their work and its connection to the purpose of the organization.

This questioning raises the pressure on the corporation's leaders, as well as on its people. In itself, it's not a bad turn of events; indeed, it can galvanize a company's people to clarify their goals and prioritize their actions. But if you want your noble purpose to be sustained, either for its own sake or the sake of your company, then you must be prepared for a whole new kind of turbulence.

We saw the promise and the pitfalls of noble purposes firsthand several years ago, when working on a book called *Oil Change*, a corporate oral history (part of a series called "learning histories," named for their use in evaluating the effectiveness of organizational learning and change initiatives). The book described three years in the life of a prominent 20,000-employee American company, dubbed "OilCo" because our agreement prevented us from naming it explicitly. Influenced by Jack Welch's example at GE and by Charles Handy's

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concepts of "subsidiarity," OilCo initiated a comprehensive "transformation" in the mid-1990s, including an in-depth effort at financial literacy, a reassessment of appropriate kinds of leadership, and a governance overhaul in which many parts of the company were spun out as subsidiaries to stand on their own.

One of these new "sub-companies" was one of the old "information technology" departments at OilCo, a

cost center that had handled large-scale computing for the rest of the company. It had been spun off into a new company called OilCo Consulting, with 1,800 people, full P&L accountability, and the chance to sell its services elsewhere—including to OilCo's competitors. In return, OilCo Consulting had to compete with outside vendors (including powerhouse competitors like Andersen Consulting) for OilCo's business. During the first year of the new regime, OilCo Consulting struggled to make its targets. It was now merely a supplier at its own home company, and other potential customers were naturally suspicious of entrusting their computer systems to a supplier with the OilCo name.

### A Defining Moment

OilCo Consulting soon found itself caught up in a sequence of events in its quest for a noble purpose. The purpose was created at the top, tempered in the middle, and transformed—by an intimate conversation over a closed-circuit videoconference in a room full of thousands of people—into a purpose for the whole. The rest of this story is best told in the words of the people who were there, starting with George Russell, one of the senior executives at OilCo Consulting. Russell (a pseudonym, as are other names in this article) was one of several managers who felt disheartened by the "anything-goes" mentality at this new company, which had formerly been oriented toward building long-term relationships. Now the company was making promises it had to struggle to keep, and continually trolling for new business.

**George Russell:** "In the first year of this transition, our first priority became to hold the current customers and start transforming our relationship from a cost basis to a market basis. Holding them was more important than how much we did, or didn't, make on them. We did almost anything to hold them."

**Harry Strachey,** another high-level executive: "About a year later, Martin Bell, the president of our consulting group, brought together the leaders of the old functional organizations: procurement, business processing, administrative services, information technology, etc. Following the example of other parts of OilCo,

we started meeting as a 'leadership team' of 10 people, to work out our 'transformation' process and to think about a longer-term strategy and vision for our new part of the company.

"We asked ourselves what was going to be required to make this a successful company? What strategy would get all 1,800 people of the new company engaged and committed—and would win in the marketplace?"

**Russell:** "In September we put a new 'executive council' in place: 40 senior people who would be responsible for successfully executing the strategy. You can imagine the first time that this group of 40

tried to come together and have a conversation. Each one of them was fighting for survival within his narrow domain.

"We met in December, in a three-day off-site 'learning convention' at a resort called Georgia Pines. Facilitated by consultants, we went through a vision- and mission-defining exercise. The conversations that began to come out were very powerful. We sat around the campfire at night and talked to each other personally about who we were—our backgrounds, experiences, and beliefs. Some things were said that heretofore would probably not have been said in front of some of the more senior people in the organization. For example, who would have believed a year ago that we would be an independent company today? That our leaders would actually dissolve the executive committee and work as a council? We kept asking why we were in business. Would it be enough to simply make money? Or did we want to create something that would live long after we weren't here anymore?"

"On the third day, we had a defining moment. In about an hour, we articulated a noble purpose collectively that went much further than any we had posted individually. To this day, it bonds many of the people who were in the room. We would 'provide solutions that revolutionized the energy industry.'"

**Elizabeth Lutz**, another manager: "By setting out to revolutionize the energy industry, we were setting ourselves apart from the rest of OilCo—and taking on an enormous task. What did our vision mean? Well, OilCo's exploration and production division, for example, had revolutionized the offshore energy business by drilling where people had never drilled before. We felt that, with information technologies, seismic processing applications, knowledge of the oil, gas, petro, and chemical businesses, process control systems, and other competencies, we could similarly bring the energy business into new frontiers.

"The first thing that popped into my mind was: 'People will laugh.' OilCo Consulting was not viewed as terribly innovative; we had a reputation for poor customer satisfaction. People inside and outside of OilCo thought of us as another bureaucratic department of OilCo, not only indisposed to innovation, but unlikely to survive independently. But we knew that technology was a competitive strength of OilCo Consulting, and that we did more than install computers, communications, and software. Through our technology, we could be a catalyst for larger change.

"But did we really have what it took to revolutionize the energy situation? We didn't get to an answer that day, but we did identify the gaps that existed and developed action plans, on the spot. We weren't sure how to implement those plans. But we knew what we were trying to do, and, to this day, you hear it in almost every conversation we have: 'Will that help us revolutionize the energy industry? If not, then why do it?'"

**Philip Burrows**, an external consultant hired to help OilCo Consulting's leaders: "There was something spe-

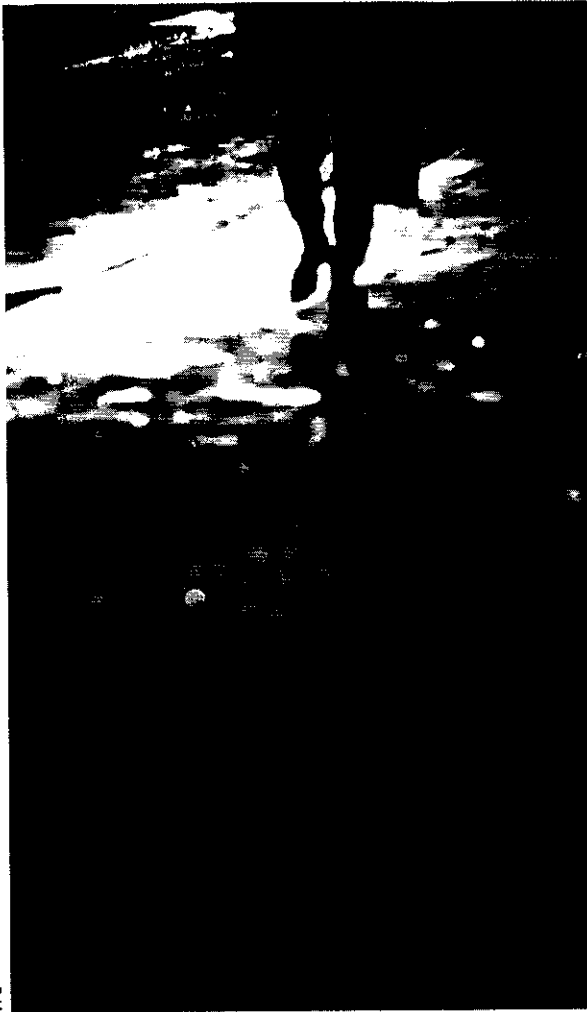


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cial about OilCo Consulting's noble purpose. At first, it looked like just a bunch of words. But as people talked about it, they became more and more enthusiastic about it. They were taking a transformational role for their industry, and that lifted it above their daily work. The noble purpose enrolled people as they spoke about it."

### The Meaning of Noble

The real trial by fire didn't take place until the following spring, however, when the company held a meeting for all 1,800 employees—linked up from around the world by closed-circuit television. Presiding over the meeting was Martin Bell, the president of OilCo Consulting, one of the 10 most senior leaders of the entire OilCo system. In the old, pre-"transformation" company, managers were expected to speak in passionless ways and essentially hew to the "company line," without revealing their personal preferences. Now, there was a new ethic espoused for the company, in which people would be "authentic" and "open" to each other. In the old company, Bell had been known as an autocratic and even Machiavellian leader, prone to displays of hair-trigger temper, and skilled at one-upmanship of his fellow managers. But in the discussions of noble purpose among his top 40 managers, he had been surprisingly quiet, giving tacit support to the idea



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of “revolutionizing the energy industry” even though it had emerged from the conversations of people around him. In retrospect, he made it clear that he saw his role with this new company differently. He no longer could assign people to tasks in the old OilCo manner; he had to inspire and support them. Even with this new attitude, he was unprepared for what would happen when he raised the question of “a noble purpose” with the whole company.

**Martin Bell:** “In May 1996, we held a companywide meeting, using closed-circuit TV to link everyone. Five or six people who report to me stood up and, with great conviction and passion, talked about the company and their roles. I told the audience that, to me, this is a great sign of change: That senior managers in the company can stand up and talk about what our company and its purpose meant to them personally, instead of simply ‘putting on an act’ and reinforcing whatever the senior leadership said.

“Then a project manager named Andy Borkowski challenged me from a remote site. He is a fairly junior individual, so far from me in the hierarchy that I had never talked with him before. ‘I thought about the noble purpose,’ he said. ‘I like the idea. But I don’t think it’s noble enough. What do you have to say about that?’”

**Andrew Borkowski:** “The noble purpose had come through, in our organization, in a series of meetings

where our bosses had explained it to us, just as they had heard it from their bosses. ‘This is your vision,’ they said. But then they added, ‘We want everybody to buy in.’ In every meeting, I had said, ‘I don’t understand what *noble* means. Tell me.’ The response I got bothered me: ‘If you don’t like the word *noble*, just ignore it. Write in another word.’

“But the word meant something to me. Our current ‘noble purpose’ was to revolutionize the energy industry. To me, that wasn’t ‘noble’ at all. It simply meant that we were interested in profits only; the mother company wanted us to return a certain amount of profit, and we would do it—one way or another. In my view, a truly noble purpose would address concerns larger than profits. It would allow me, as an individual, to get up and say, ‘I’m going to work today because I feel good about it. I know that OilCo is contributing to the world, the nation, and the community, and it cares about people. It’s taking care of the environment. I know, deep in my heart, that nothing like the Exxon Valdez would ever happen to us. And if it did, we wouldn’t respond in the same way that Exxon did.’

“So at this teleconference, I finally asked Mr. Bell about it. That was a somewhat frightening thing to do. To speak on closed-circuit TV, they have you go in a room with a telephone. You can hear what’s been said, but you can’t see anything, so you don’t know exactly what’s going on.

“I said that I appreciated the opportunity to speak. I very much appreciate the openness that our company has moved toward. But I told them that I didn’t see the nobility in our noble purpose. ‘What does the word *noble* mean?’ I asked. ‘I don’t know,’ he said. ‘To tell you the truth, I haven’t thought much about it.’”

**Bell:** “I thought about his question for a minute, and then I said, ‘I’m going to have to be honest with you. I just hadn’t thought about it that deeply.’ He had asked a great question. The truth was, I had been at the meeting where we had worked out that noble purpose. I had accepted it. I had endorsed it. But in retrospect, I had not thought enough about it. I was caught right there, with no other answer to give.”

**Burrows:** “There was a remarkable catharsis in that moment, because Martin Bell did not react, as everybody had feared, in the old punitive way. He simply listened. And empathized. That incident caused a quantum shift upward in his leadership credibility, a sense of alignment among everyone there.”

**Borkowski:** “I never heard the end of the conversation, because they disconnected me before the leaders were finished replying. The operation of the phone didn’t work very well. Remember, I was in a closed-off room with a telephone. When I came back out, they told me that people had cheered and clapped, and they were still discussing the noble purpose.

“I didn’t feel like much of a hero. I wasn’t the first one to ever notice that there was no definition behind *noble*. I was just the first one to say it out loud. For weeks thereafter, people I didn’t know would

stop me and shake my hand. That made me feel like I had done the right thing.”

This incident took place four years ago. Andrew Borkowski is still at OilCo, and for a while he enjoyed a series of invitations to take part in some of the high-level discussions about strategy. Within about two years, however, for reasons that have nothing directly to do with the events described here, there was another reorganization. Martin Bell (and most of the leaders of the OilCo “transformation”) retired or left. OilCo Consulting kept its new name but receded back into the OilCo umbrella, returning to its old role as a cost center. New executives, operating from a more command-and-control view, discouraged employees from talking openly about corporate direction. A new wave of cost-cutting ate into the budget for experimentation and collaboration. The idea of revolutionizing the energy industry no longer seemed as relevant.

Ironically, however, the purpose that Andrew Borkowski had suggested—the idea of revolutionizing the industry by bringing technologies that supported environmental sustainability—now seemed even more important. This new “purpose” resonated with the overall business principles of the larger OilCo. And fascinatingly enough, the story of Borkowski’s moment in the video control room continues to linger in the memory of people who were there. To be sure, some felt the incident “was not that profound an ‘ah-ha’ turning point.” But most observers agreed that the event was both memorable and authentic. For any fossil-fuel-oriented company, even on the IT-consulting side of the business, the honorable route clearly requires a willingness to confront and improve environmental impacts. In part, the story resonates because of its *Jerry Maguire*-ish quality: When Borkowski left the isolation booth, he feared he had embarrassed himself; instead, he found himself being applauded. More to the point, this incident gave voice to a feeling held by a lot of OilCo employees: that nobility should refer to something more than merely making money.

### **Profit, Creativity, and a Corporate Calling**

There are, in fact, three different kinds of nobility at play in this simple story:

As economist Milton Friedman has famously argued, there is a “nobility” (and even a social responsibility) inherent in making money—and, specifically, in returning investment to shareholders. Pursuing some “noble,” non-financial aim, Friedman says, often leads to unintended consequences. Noble motives go awry. And even if a noble purpose holds water, he says, it constitutes a form of fraud; for shareholders don’t typically authorize the use of their investment for any purpose other than making money. In that light, corporate environmentalism is an unseen tax without representation—the exact

form of tyranny that prodded America into revolution almost 200 years ago. It’s far more noble to focus on essential tasks (like providing oil), returning as much money as possible to shareholders and employees so they can make their own contributions to charity as their individual consciences dictate.

Indeed, in our learning history, an anonymous OilCo employee made a very similar point: Despite Borkowski’s talk of “concerns larger than profits,” perhaps companies like OilCo can remain pure and noble only when they focus on their essential tasks: providing

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services that customers pay for, and hiring and managing employees to provide those services.

**Regina Bryant**, another employee, looking back in retrospect: “I believe that OilCo can be a very strong company, but can we meet all of the criteria of a ‘noble purpose,’ and still be profitable? I believe that we should follow the letter of the law with our operations. But if you go overboard on something like being a good neighbor, your costs could go up. Who is going to care if you were a good neighbor when you have to close your doors?”

The top 40 OilCo consulting leaders evoked this kind of nobility when they said they wanted to revolutionize the energy industry. They essentially asked themselves: “What can we pull off?” This is the same kind of creative spirit that Apple Computer Inc. expressed when it set out to create “a personal computer for the rest of us.” There is an inherent artistry in saying, “Let’s do something innately important”—and as the OilCo story shows, even a staid petroleum company can aspire to that artistry. Moreover, this noble purpose suggests that Milton Friedman’s argument misses an essential point: A creatively noble purpose is often the only way to succeed as an organization these days.

Most of us aspire to this kind of creatively noble purpose at some point in our lives, but we aren’t used to seeing our workplace as a place where we can release this passion. Instead, we release it at church, on school boards, or in artistic endeavors; perhaps we wait for our “retirement” to become more involved in volunteer organizations. We buy into the myth that large corporations, run by professional management seeking high profits, should be passion-free places, even though our personal experience may tell us that passionate people (such as those who work in small, entrepreneurial companies) are the source of innovation and future profit potential. Ironically, if we were willing to talk openly about this form of nobility of purpose in large corporations, taking advantage of the resources that exist in every large corporation, we could help

create the kinds of creative opportunities that draw in passionate people.

But Borkowski took a still-deeper stand—one that should not be reduced simply to “environmental consciousness” or political ideology. For every company also has a civic calling—something that the world is asking it to do. In this realm, nobility represents the ability to hear the play of forces outside the company, and to divine the leadership needed by the rest of the world.

For any large energy company, there’s quite a lot of “civic calling” being demanded these days. Civilization is poised in transition, moving away from fossil fuels toward new kinds of energy production. Many of our deepest technological and political challenges—including the “leapfrogging” of the developing countries into post-industrial society, the exploration and ultimate colonization of space, and the restoration of enough natural environment to protect the diversity of species on Earth—are also significant energy challenges. If OilCo ignores that purpose, then the best people in the company will drift away—or, at least, their hearts will become numb as their passion drains into more noble engagements elsewhere. Like people at most corporations, they will check their hearts and brains at the door as they go to work.

### Turning Noble Purpose Into Action

In the OilCo Consulting story, these three forms of nobility co-exist. All three forms represent (or *can* represent) a superiority of mind, character, and morals, even if there is a disproportionate cost to “doing the right thing.” To be sure, there are times when they seem to contradict each other—for instance, when making a profit precludes nobility, or when managers feel forced

to act in a cruel and wasteful fashion to keep up quarterly profits. But if the company has truly embraced a noble purpose, then it has taken on the task of reconciling this dilemma. The companies that face this task head-on (Hewlett-Packard comes to mind) seem to develop a wide range of the managerial capabilities that they need to survive in the long run.

The inherent challenge in balancing these three noble purposes is to recognize that each produces a different result over a different time horizon. When profitability is noble, then OilCo will demonstrate nobility on a quarter-by-quarter basis. When revolutionizing the industry or some other creative act represents true nobility, then it will be impossible to judge results until at least a couple of years have gone by. And if OilCo is to seek some kind of role as an environmental pathfinder, then it may take a generation or more to yield both the payback and the perception of nobility.

OilCo does run the risk of marginalizing its position in the industry if its noble pursuit aligns the company in ways that don’t make or support new markets. To accomplish nobility, OilCo’s people will have to step out and take a series of risks, developing new kinds of businesses and ways of serving the world, without any certainty that there will be a return.

Ultimately, corporations can develop genuine nobility the way the rest of us do—in the moment-by-moment decisions that we make. That is why it’s so important to learn to keep each of the three kinds of “nobility” in mind, and to talk about them openly. With all of the turbulence and retrenchment at OilCo, there is one legacy of its noble purpose that stuck: the candor involved in talking about what it means to be noble. “There are a lot more people,” said Borkowski in a recent interview, “who are willing to speak their minds now. It’s more embedded in our fabric.” At stake, in short, is not any particular noble purpose, but the identity of the company as a safe place for its employees to offer their own authentic feelings and aspirations without fear of reprisal. Only a company that takes this leap can aspire to nobility—in any of its forms.

In the hands of less-than-competent leaders, it sometimes seems enough to have tried to do something “noble”—and failed. But consider the hidden costs of failing to achieve these three forms of “nobility,” at least in some way. A defensive strategy to maintain assets and market position in today’s global market is a recipe for mediocrity. It will attract people who have chosen to seek security and mediocrity. A competitive company needs the best people and minds it can find, passionately aligned to create world-class products and services, continually building up and drawing upon the company’s reservoir of experience and resources.

Nobility provides a roadmap for such people. Nobility answers the question: What company will the most enthusiastic and gifted people, both young and old—the people who hold our collective future in their hands—want to work for? ♦



“Where will I be napping?”