

What Makes a Business Authentic?



PURPOSE

Purpose beyond profit is the key to success for authentic businesses. They manage to maintain the perspective that their purpose is more important to them and to their success than profit. They understand that profit is like breathing – you have to do it, but it isn't why you get up in the morning.

Purpose beyond profit is the key to success for authentic businesses

For an authentic business the purpose is also explicit and guiding. It is explicit because being open and clear about your purpose enables others who support the purpose to gather around. It also indicates to those who don't support it that there is no point in being involved. Without an explicit purpose it is assumed, in the prevailing business culture, that your purpose is to exploit resources to redistribute wealth as effectively as possible. So if an organization does have a positive purpose it is all the more important to make it clear. The purpose is guiding because every decision can be checked against the purpose and to see if it contributes to its achievement or not.

Everyone of us knows what our purpose is. It is only ever a question of how long it takes to articulate it. For some people it is a sentence,

for others it may take them years to explain. Any purpose which takes more than a sentence or two to articulate is not very useable in any practical sense or very clearly understood by the individual. Ideally a purpose can be set out in a sentence or two and then it can be used in marketing as well as contractual material (see Integrity p. [xref]).

Juliet Davenport, CEO of UK-based renewable electricity supplier and generator Good Energy, speaks with tangible passion about their purpose of 'working to maintain a habitable planet'. Good Energy pursue this by generating electricity on wind farms, through small-scale hydro power (no dams) and through solar energy. Good Energy is also one of very few generators who buy back home-generated electricity.

Customers of Good Energy are so engaged with this purpose that 600 of them have invested £640,000 in the company enabling them to buy their own wind farm and invest further in renewable energy.

Tim Mead the energetic CEO of Yeo Valley Organics, a major UK dairy company, is so committed to their purpose; 'to promote organic farming' that they have written this into their Articles of Association. This is the legal description of the nature of the business that all companies have to produce when they are incorporated. Their cows are the shiniest I have ever seen and I believe you can taste their commitment in their yogurt.

Purpose for Clare and Dave Hieatt, founders of iconic clothing company Howies, is 'to challenge the way people think about the world'. Howies use their Cardigan Bay headquarters, their way of working and most obviously the T-shirts, their catalogue and Web site to carry their message. Every aspect of the clothing carries the purpose too. Much of the fabric is organic. The clothes are well made in 'happy factories' to designs which are classic and stylish enough not to go out of fashion.

As consumers we generally know, at some level, which businesses inspire us and make us want to support them. Anyone who has thought about themselves and what they stand for will intuitively be able to pick out the products, brands and companies that make them feel uneasy, and those which they support. This is a mix of actual knowledge, even if it is not consciously held, and gut instinct. The knowledge comes from the media and just being aware of what is going on in the world, the gut instinct comes from our interpretation of the way the company presents itself, and our own spin detectors.

Whenever we pick any piece of communication from any source we absorb all sorts of subliminal information as well as the conscious information. These are innate senses developed way back in our evolutionary history. Today those same senses are deployed whenever we meet someone new or take on any piece of communication.

All the time we are assessing the authenticity of the message and the reliability of the deliverer. We apply exactly the same sensory skills when making other choices about products to buy or people to do business with. Why not give it a conscious try? Experiment with products in the supermarket and see how good you are at identifying those which are more authentic or more contrived.

To check your results go to the company's Web site and see what it says about purpose. If there is no explicit purpose stated, look for signs about what they focus on. In doing this remember that actions speak louder than words and that businesses, like people, give away their true intentions through the way they behave rather than the things they say. Authentic businesses do things that are positive; Howies have a library of inspiring books which visitors can borrow from. Happy give away their training manuals on their Web site. Ecover publish their product formulae on their Web site.

Marketing is now a highly developed activity where designers and copywriters know exactly how to communicate specific feelings in packaging, advertising and other material. Our senses are not foolproof and marketers spend millions working out ways to persuade us that their product is the flavour of the moment, but once we are consciously aware of the options and actively seek out the authentic we can become expert at sifting the genuine from the fake.

PROFOUND

Many businesses come up with mission statements. The fashion today, certainly for quoted companies, is to have a mission statement which includes some reference to shareholder value. Many other mission statements talk rather blandly about serving customers. Far too many companies have no purpose at all, which begs the question – why do they exist?

For an authentic business the purpose is profoundly held and is not negotiable to those making the decisions in the business. If they found that they were unable to deliver on their purpose they would not be in the business.

Every decision they make is weighed against this greater purpose so their actions and achievements are guided by whether a particular decision or action delivers on their purpose and not just whether it will make them more money.

It is the profundity of the purpose that generates the motivation among the people within the company and the support of customers and suppliers. It is easy to say that you are in favour of authentic business. To really 'be' a supporter of authentic business requires a whole new level of commitment.

As Gandhi challenged us – ‘You must be the change you want to see in the world’ and ‘to believe in something and not live it is dishonest.’

Being the change and holding your purpose profoundly may require significant personal investment and challenge. The first level of investment may be in research – in learning about the subject or inventing it if it is a new area.

It was their experience in the direct marketing industry that led Doug de Freitas, Tim Harris and Julian Eagles to found permission marketing company Directive 95. Doug, Tim and Julian were so appalled at the enormous waste generated by junk mail and decided to revolutionize direct marketing.

In the UK over there are five billion items and 78,000 tonnes of junk mail going to landfill at a financial cost of £2.14 billion just to get rid of it.

‘You must be the change you want to see in the world’ (Ghandi)

Not to mention the environmental and social costs or the £20 billion pounds annually spent producing it by companies trying to reach and influence all of us in our buying decisions (source: Directive 95).

Directive 95 set themselves the challenge of approaching direct marketing ethically. Their goal was to provide UK businesses with an environmentally sound, ethical method of communicating with people when they want a product or service. They set out to guarantee an advertiser that 100% of their messages will actually be read, by people who want, need and are considering, their offering now.

Their solution is to donate 50% of the revenue raised from advertisers to charity and 25% to the individual for sharing their information and receiving the message. Then with the individual’s permission Directive 95 invite selected advertisers to email or text special offers on the products and services that the individuals have specifically indicated they want to hear about. All communication is routed through Directive95

so advertisers never see details of an individual unless they contact them. Customers don't even have to buy anything to help charity or earn their reward.

Doug's, Julian's and Tim's commitment to their cause and their deep understanding of the issues of direct marketing is impressive. It is hugely challenging creating a new paradigm and Directive 95 have persevered and evolved their model to create an inspiring business that facilitates true permission marketing.

For many authentic businesses their purpose is a direct challenge to a well-financed existing sector which will use all sorts of challenges and discrediting techniques to avoid being out-evolved by a newcomer with different ideas.

As Arthur Schopenhauer observed, 'All truth passes through three stages. First, it is ridiculed. Second, it is violently opposed. Third, it is accepted as being self-evident.' With respect to Schopenhauer, I would add a stage zero where it is ignored.

Unless you hold your purpose profoundly, it is unlikely that you will have the courage and determination to see your project through all these stages. And if you don't see it through, it is unlikely that the changes you hope for will occur.

The second investment is in being the change. This may mean changing your world view and your lifestyle. It may mean moving or adapting to a different way of living or working. A simple example is that Directive 95 have an urgent need to grow their consumer base. However, since their purpose is to eliminate junk mail and pollution advertising, they are obliged to be creative about the ways in which they promote themselves. They also have a need to find good causes and charities to support. With typical creativity Directive 95 have combined the two challenges and come up with a single solution.

They now promote the idea using local authentic franchisees. These are people who work in their local community through schools, youth and community groups, local fund raisers and local good causes. The franchisees earn in direct proportion to the good they do in the community in a business that has a purpose beyond just profit.

They promote Directive 95 as a means of raising money for their own good causes whilst reducing junk mail and helping people realize the value in their personal information.

Having a profound purpose opens up the opportunity to be passionate about what you do, to be excited when you talk about it, to really care that it works and to engage, excite and inspire others with your message. Passion leads to creativity and commitment. If you are passionate about what you do you will have access to huge reserves of that creativity and commitment to overcome obstacles, to find solutions to problems and to persist. Without the passion, you might give up.

Having and working with your profound purpose gives meaning to your life and enables you to love what you do. Love is the ultimate test for any activity or relationship you enter into: can you love your life, your work, your customers, your colleagues? It is possible, so why settle for anything less?

POSITIVE

The purpose to which an authentic business is set is also positive in that it makes a positive social and/or environmental contribution. The advantage of the purpose being positive is the motivation of those within the company and support from outside the company; from suppliers, customers and even competitors.

To understand the scope of positive, I use the Native American belief that our responsibility for our actions extends seven generations forwards. So simply offering uninspiring and exploitative jobs to people does not constitute a positive social purpose.

The purpose of an authentic business is positive by definition because authenticity is about the fundamental purpose of a human being. My belief is that humans are fundamentally good and that no one has an authentic purpose which is negative or destructive. Negative and destructive behaviour is symptomatic of some kind of dysfunction which, if resolved, will lead to positive behaviour.

I am often challenged on this definition of having to be socially or environmentally positive. Challengers believe that it is unreasonable to expect every organization to be socially or environmentally positive. The point is that if you are not able to make a contribution to society or to the environment, what are you doing it for?

You might say – what about entertainment, fashion or financial services? How can they be socially or environmentally beneficial? Do they really have to be? It is the same for any company – if a business wants to benefit from the support of customers, suppliers and others outside the company their purpose must engage and motivate those people. If that purpose can offer benefits outside the company then it will enjoy the benefit of support. Entertainment is very often inspiring or uplifting so why could an entertainment company not be dedicated to inspiring people?

Larger-than-life founder of clothing company Hug, Nick Pecorelli, has a mission to make fair trade fashionable. As a follow up to his time as a speech writer for Gordon Brown, Nick's ambition is for Hug to be a major high street fashion brand which delivers social benefits to producers of the cotton.

After a career in the army and another at Barclays Bank, Charles Middleton UK MD of Triodos Bank took enthusiastically to their ethical commitment. Triodos Bank will only serve customers who offer a positive social, environmental or community benefit. This is beyond ethical, not just screening out negative behaviour but only actually working with positive behaviour.

For a business, industry or sector that offers no social or environmental benefit we have to ask whether we, as a society, want or need them to exist. The tobacco industry or the diamond industry are good examples of highly damaging industries we probably would not miss for long if they ceased to exist (this is not to say that diamonds are bad things in themselves, but the social and environmental cost of their supply to consumers is out of all proportion to their value). They only exist today because we, as consumers, continue to let them. We only let them exist because too many of us have had our confidence badly damaged and still believe that happiness can be bought from the outside.

INTEGRITY

A defining feature of an authentic business is that its profound and positive purpose shines through in every aspect of what it does, whether paying invoices, parting ways with a member of staff, or presenting at a conference.

In this way, everyone coming into contact with the business will experience the integrity of its purpose – the absolute congruence between what it says it stands for, what it thinks, what it believes, and what it actually does.

Everyone working in an authentic business lives and breathes what the company stands for, not because their job and profits depend on it, but because it's what they stand for too.

To arrive at this evolved yet simple state is never a coincidence. It takes a good deal of planning, care, energy and work. It's important that everyone has the chance in an open environment to explore what the business's purpose and values really mean to them.

As people voice their values, it's essential to continue to evolve the purpose in order to add fresh power and vitality to the existing energy. With complete alignment of purpose the energy will flow and it will be

Everyone working in an authentic business lives and breathes what the company stands for ...

exciting to explore all the opportunities that exist within the business to express that purpose.

The outcome is a motivated, committed and inspired team, more so than any other within your conventional competitors. The integrity

that an authentic business will then show to the world will not only win loyalty, but go on nourishing it and strengthening it to deliver its core purpose for all.

Their purpose will be explicit in marketing materials, in contractual and corporate documents and in their actions. Staff, customers, suppliers and partners will understand the purpose they are supporting through dealing with the business.

The starting point for ensuring the integrity of a business is to ensure that the purpose is enshrined in the articles of association if it is a Limited Company or the partners agreement if it is a Limited Liability Partnership (a Limited Liability Partnership or LLP is a new type of corporate structure that may be the most appropriate for an authentic business, see Chapter 2 p. [xref] for more information) – the legal document created when the business incorporates that specifies the reason for the business to exist. The standard articles of association that you will be given by any solicitor prioritize value to shareholders but they can be changed, and that change can deliver greater value to the shareholders and other stakeholders.

With articles of association that are explicit about your profound and positive purpose, you will attract shareholders who support that purpose. These shareholders are more likely to stick by you and enjoy the social or environmental return for longer rather than simply basing their continued investment on their financial returns.

Contracts of employment, recruitment processes and induction for new staff all need to be adapted to ensure that every recruit explicitly understands and commits to the purpose. There is no point in recruiting anyone who does not, since that is the purpose of the business – so why would you recruit someone who did not want to support its core purpose?

Marketing materials and contracts with suppliers and customers can also explicitly state the purpose of the business, helping buyers and suppliers understand your business and choose whether it is one that they want to support or not. Being clear about your purpose can give a company a ‘fan’ base as opposed to just customers. Clothing company Howies and cool drinks company innocent regularly receive fan mail from customers.

The contracts and the documentation are the foundations of a culture of energy and behaviour which is committed to the purpose. Just as it is hard to stand out and display integrity in an environment of mistrust, so it is hard to stand out and be duplicitous in a culture of authenticity.

RESPECT

Exploitation has become the accepted model of modern business – it is apparent in language and actions where businesses seek to exploit customers, staff, suppliers and more; through genetic code, the law, basic human needs and so on. Authentic businesses are by definition respectful, honourable and non-exploitative. They seek to work col-

laboratively with suppliers, staff, customers, and nature in pursuit of their purpose. with profits as the outcome.

A business which respects rather than exploits its supply chain and customers is far more secure, because it has eliminated significant risk factors and built in a contingency of goodwill.

It is a curious anomaly that in the 'information age' and the 'knowledge economy' we are still largely stuck with work practices that were created during the Industrial Revolution.

To many it will seem self-evident that one should respect customers and suppliers, but the current dogma of rationalist business practice is 'that which cannot be measured does not exist' and even some things which can be measured but do not fit with our business plans (such as climate change) do not exist.

Respect is also about trust, and trusting colleagues or staff means not feeling a need to control them. In a great many cases offices are about control. Many companies have offices not so that they can work effectively together but to control staff and make sure they are doing what they are supposed to be doing with their time.

It is a curious anomaly that in the 'information age' and the 'knowledge economy' we are still largely stuck with work practices that were created during the Industrial Revolution. The idea of the nine-to-five day and of paying people for their time is rooted in social legislation to limit the exploitation of workers during the 19th century. Surely we are now capable of paying people not for their time, but for their accomplishments or energy! Surely we realize that nine-to-five is not necessarily the most productive way for most people!

Why do people need to make miserable commuting journeys every day just to send e-mails and talk on the phone – tasks that can easily be accomplished from somewhere else? We will often need to be in the

same location as our colleagues – to collaborate on projects, to share ideas, to update each other on progress, to inspire, teach, learn, care for and to support. But we don't necessarily need to be in the same location to answer e-mails, write documents or to talk on the telephone.

Too often offices are about control. If you feel that you need to control your staff it means that you do not trust them and if you do not trust them why do you work with them?

This respect extends beyond people. An authentic business is also one which respects our environment and other living things, recognizing that we are all part of the same interdependent system, and that by respecting our cohabitants on this planet we also respect ourselves. A company that respects the environment will seek to minimize their environmental impact as well. They will use low impact packaging, renewable energy and recycle as much of their waste as possible. They will *reduce, reuse* and *recycle* wherever they can.

Yeo Valley Organics honoured their suppliers by helping to set up the Organic Milk Suppliers Co-operative (OMSCO) – initially paying them a dividend based on Yeo Valley's profits. This is an interesting way to ensure that relationships are collaborative – by tying revenues of co-operating businesses together. Yeo Valley Organics also respect the cows who supply the milk and the environment in which they live by maintaining healthy hedgerows between fields and organic grazing and feeding for the cattle. They also respect their staff and have an accident rate on their farms and in their factories that is 75% below the industry average.

CEO Tim Mead sees nothing soft about this respectful attitude to business. His belief is that competitive advantage opportunities are everywhere and to make the most of them you have to care about everything.

DISTINCT

Authentic businesses are created from a profound sense of purpose that comes from within the founders of the business. They are a reflection of the lifetime experience of the people who conceived and created them. Therefore they tend to be very individual, distinct, and clear about who they are and what they do. They do not jump on bandwagons and copy others, but follow their own path.

Many exploitation-based businesses bemoan the 'commoditization' of their markets, and the lack of customer loyalty. The individuality of authentic businesses turns this on its head. Even when they are ostensibly in the same market as another business they have a distinct edge or flavour.

An authentic business has not gone down the path of diluting their message or product in an attempt to appeal to a wider audience. They understand that by communicating their message more strongly they may not appeal to the widest market, but they will appeal strongly to their market and that gives them a loyal customer base.

It is very hard, if not impossible, for anyone to excel with acquired talent. Those who excel are basing their performance on their own innate abilities. So why, in business, would anyone seek to create a 'me too' type of operation that was not based on their innate talents? For any of us to excel in any field it is far easier to follow our own path than to try to be like someone else.

Even where authentic businesses do compete with one another there is a distinct identity to each one, which means that they are not interchangeable for customers.

Few electricity customers would distinguish any brand personality for their mainstream electricity suppliers. Customers of renewable special-

ists such as Good Energy, Ecotricity or Green Energy will find it far easier to articulate the differences between them and identify their preferences.

For any of us to excel in any field it is far easier to follow our own path than to try to be like someone else.

SUMMARY

These benefits are not easily quantifiable and those who follow their authentic path in business do not need to measure the outcome of deciding to behave in these ways. They do not work this way because they have spotted an opportunity, they work this way because it is the only way they can work.

I have not created these definitions of authentic businesses – I have simply observed them as common themes amongst the businesses I have worked with. I do not seek to classify businesses as authentic and say that only the ones I have identified are authentic. Authentic businesses are out there and probably always have been. I offer these distinctions simply to make it easier to tell the ones which are authentic from the ones which are not.

