

HOUSTON BUSINESS JOURNAL

Strictly Houston. Strictly Business.

Week of August 17-23, 2007

Purpose is fundamental to the growth of emerging companies

Emerging companies often find themselves faced with the “shortage” dilemma; shortage of capital, shortage of personnel, shortage of competencies, shortage of time, shortage of leadership. The list can go on.

The challenge for growing companies is to find the right starting place from which to build, channel energies to produce value and knock down those shortages one by one.

Purpose: The starting place for any organization is purpose. Purpose is the reason why people get up every day and go to work. It should be the driving passion behind the company.

Purpose has to be something other than growing the company and making money. It has to resonate with all stakeholders — equity holders, employees and customers.

Although purpose should not be an edict from senior management, it is senior management’s responsibility to embrace purpose as the foundation for value creation and engage all stakeholders in the conversation.

Effective senior management will collaborate with the key members of the organization, the board and equity holders to set purpose. Once set, an effective communications strategy must be employed to gain the genuine support of all constituents. And purpose must be consistently reinforced as the foundation for decision-making, strategy and action.

As a word of warning, if the CEO or the board merely declares the purpose of the organization without an inclusive dialogue with other stakeholders — and particularly the employees — it is unlikely that people will work cooperatively in pursuit of the purpose.

Core values: The next challenge is to develop core values. Core values are those operating principles in an organization that drive behavior. They are to be distinguished from the personal values everyone brings to work every day.



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If a company does an effective job of identifying and articulating its core values, those values will serve as the barometer for internal and external interaction. Core values can be the fabric of the organization and the framework for accountability.

Those critical few (four to six) values can also provide a context for setting strategy, assessing performance and resolving conflicts. Core values, like purpose, are most effectively embraced if they are developed in a collaborative process involving all stakeholders.

Once core values are adopted, senior management must “walk the talk.” If senior management fails to do so, the fabric of the company can be compromised.

Strategy: The second pillar from purpose for building an organization is strategy. Strategy is a very popular topic among business consultants, but is often misunderstood in terms of importance to business success. Strategy can be meaningless absent a foundation in purpose. As important, in order to be valuable, strategy requires decisive and effective action.

In the context of purpose, strategy consists of the three to five key initiatives the company must accomplish with the intention, over a committed period, to fulfill the company’s purpose. It is this commitment to developing purposeful strategic initiatives that separates valuable from wasteful strategy formulation.

An effective approach to developing strategic initiatives is to consider the organization from four perspectives — internal, external, present and future. Inside this analytical perspective lies the beginning of answers to the shortage challenges.

Any successful organization needs to develop competence in all four quadrants. In order to achieve competence, key strategic initiatives should be identified in each quadrant to facilitate organizational development. Some examples of strategic initiatives in each quadrant are:

- Internal/Present: Infrastructure, technology, systems and processes.
- External/Present: Current customers, capital formation.
- Internal/Future: People development, leadership development.
- External/Future: New business development, research and development.

Action: Nothing is more important to the development of any company and solving the shortage issues fast than action. Not just any action, but disciplined, focused and intentional action. A favorite expression — “strategy without execution is meaningless” — is very true in an organization facing shortages.

Where are time, money and talent best allocated to achieve the highest return on investment? Where are those resources best directed to further the purpose of the organization?

A collaborative process led by senior management is crucial to identifying the key action steps that must be taken to achieve the strategic initiatives within the designated time frame. Identify the critical action steps and identify who is going to do what by when. However, merely identifying the action steps is simply not enough. A system of accountability, where there is regular reporting and monitoring of action is imperative. Things have to get done timely. Making this happen is the job of the CEO.

Outcome: The end game of all of this hard work is reaching an outcome — a destination. All good companies have a clear destination. It could be an exit strategy, a vision for growth, a series of financial goals or even a social or community accomplishment. The link between purpose and that destination, or outcome, is all of the work that is done in between.

Operate consistent with core values, develop valuable strategic initiatives, and execute focused action plans with discipline and accountability. These are the keys to solving the shortage problem, to attracting, developing and retaining great people, to attracting capital resources, to developing great leaders, to sustaining growth and profitability and to achieving the ultimate desired outcome.

BILL BOYAR is chairman of law firm Boyar & Miller in Houston.