

# DEFINING YOUR COMPANY'S **TRUE NORTH**

A CONVERSATION ON **PROFIT**, **PURPOSE** AND **SOCIAL IMPACT**

COMPILED BY



NATION  
**BUILDER**  
BUILDING TOMORROW TODAY

*This collection of essays constitute a conversation centered around the ideas of profit, purpose and social impact.*

*Initially attempting to answer the question: “**Why should businesses make a difference?**”, the following couple of articles, titled as questions, paved the way to unpack possible reasons for investing in our country and its people.*

*We hope that what follows not only inform, but also inspire you towards greater social impact, and better business for all.*

Happy reading!

*The Nation Builder Team*

## **Table of contents**

1. Profit, purpose and social impact: how do they fit together?
2. What's profit got to do with it?
3. Profit, the backbone of a successful business... or is it?
4. What's purpose got to do with it?
5. Why profit also needs purpose [resources]
6. Can purpose be void of purpose?
7. Profit, purpose and social impact [resources]
8. Why and what is social impact?
9. Are good intentions alone effective?
10. What have we learned?

Compiled by **Nation Builder**.

Copyright 2014 **Nation Builder**.  
All rights reserved.

The profit, purpose and social impact venn diagram attempts to illustrate the dynamics between the three elements of a sustainable business for good.

It also touches on the negative side of each element, when it exists in isolation of the other two.

This diagram guides our conversation as we move clockwise around from profit, through purpose towards social impact.



## Profit, Purpose & Social Impact: how do they fit together?

South African  
/ˌsaʊθ ˈɑːfrɪk(ə)n/

Patriotic, Tenacious, Diverse, Pioneering, Hospitable, Problem Solvers, Passionate.

South Africans are undoubtedly a passionately patriotic nation (evident from the #loveSA campaign), who have a deep love and concern for their country. This passion to see South Africa prosper to its full potential continuously fuels individuals and businesses to contribute to the development of the economic landscape in South Africa. But where does one start?

Business, which was historically about bottom line profits, is being bombarded with codes of conduct, social responsibility and the new buzzword 'purpose maximisation'. It is no wonder that good intentions so often fly out the window or are mismanaged, resulting in a diluted or ineffective attempt to contribute to social development.

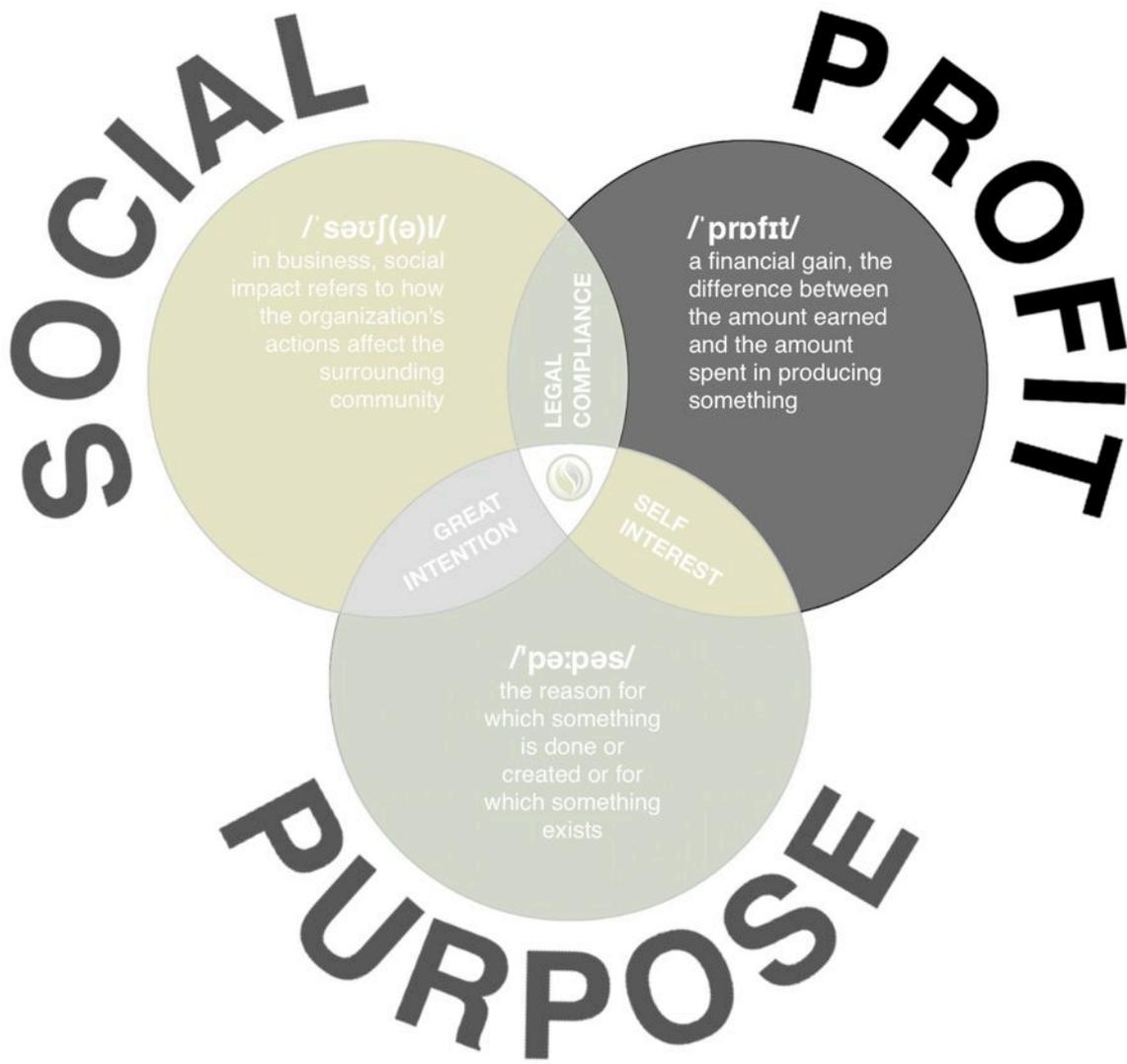
Over the next 3 months we will be unpacking three main aspects that contribute to effectively using one's business as a force for good.

1. Profit
2. Purpose
3. Social Impact

Every month we'll be talking about one of these aspects, explaining in detail how each one is necessary for a functional business. Illustrating the connections between the three, and their interdependencies which together result not only in a functional, but an impactful, future-minded and flourishing business.

By the end of this quarter, business leaders should have a grounded understanding of how a purpose-fuelled, socially-oriented and strategic approach will result in better and profitable business, a more robust economy, as well as a more prosperous society for all South Africans.

# PROFIT



## What's profit got to do with it?

This week we're focusing on the first of three focus areas: Profit.

Along with a clear sense of purpose and realised social impact, profit forms part of the three pillars for any corporate who wants to commit to a better and more sustainable form of business.

Profit is commonly defined as "a financial benefit that is realised when the amount of revenue gained from a business activity exceeds the expenses, costs and taxes needed to sustain the activity. Any profit that is gained goes to the business's owners, who may or may not decide to spend it on the business."

Simply put, it is the business side of business, the one thing no entrepreneurial effort can afford to be without. Profit is what gives any corporate organisation its credibility, without a regularly realised profit, no business can claim to be healthy, growing or making a difference in their sphere of industry. Profit is the first tell-tale sign of health in any corporate entity.

Nation Builder realises that for any business to make a difference above and beyond its own needs, it needs to make a healthy and sustainable profit. It is from the abundance of our own resources that we can invest in those with less, therefore we are totally committed to the business end of your business, and want to see all our members succeed above and beyond their wildest expectations.

If social impact and a more prosperous South Africa for all is where we're heading, a commitment to solid financial management and a regularly realised profit, is a good start.

## Profit, the backbone of a successful business... or is it?

Profitability is the foundation of, and an absolute necessity for, the longevity of any successful business. Many bestsellers have been written on maximising profit and how the billionaires of our time achieved their wealth and built their empires with quite often mercenary views of 'profit at any cost'.

What these profit-centric books and models don't answer is how they keep their competitive edge? How they encourage innovation and discover new opportunities? How they retain leaders and visionaries?

Was it profit alone that inspired their teams?

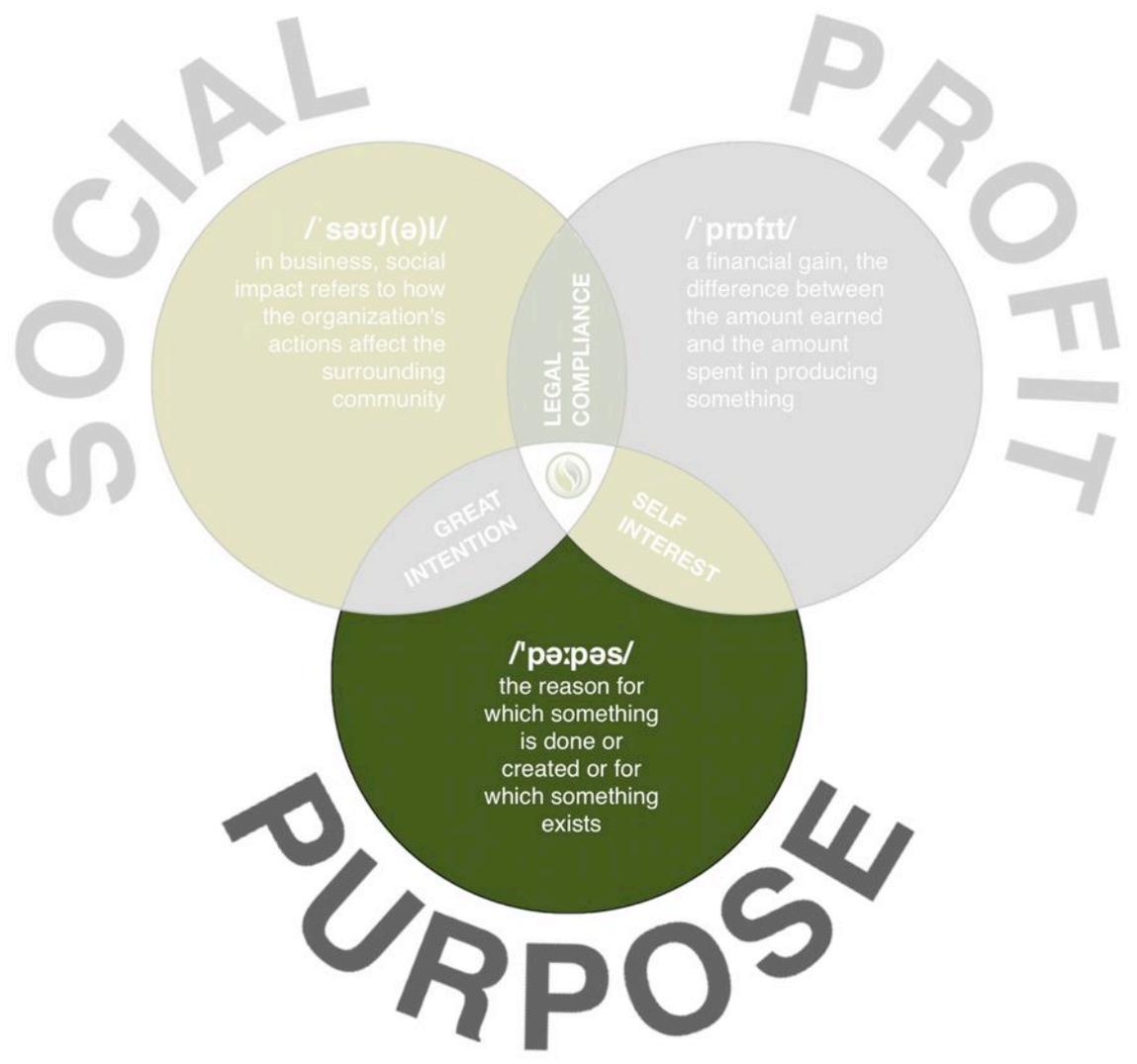
Or did the passion to innovate, stay loyal and seek new opportunities birth from a common purpose, one greater than just profit?

Lisa McLeod, writer for Forbes, writes "People want to make money". "They also want to make a difference. Creating a culture of purpose is how you do both."

Business leaders who have had this revelation of a human bias towards wanting to be part of something bigger than oneself have much greater success in the marketplace due to passionate personnel with a drive to achieve greater purpose.

So is profit alone enough, or should every business seriously consider their purpose as an important aspect of success?

# PURPOSE



## What's purpose got to do with it?

The idea of purpose is generally defined as "the reason for which something is done or created or for which something exists", or "a sense of resolve or determination".

Our idea of purpose is not only what keeps us going, but also what keeps us going in the right direction. For that matter, a lack of purpose does quite the opposite. As Margaret Thatcher famously remarked: "What is success? I think it is a mixture of having a flair for the thing that you are doing; knowing that it is not enough, that you have got to have hard work and a certain sense of purpose."

Turning a profit every month is not the only thing that will ensure a sustainable business enterprise over a long period of time. Although the financial success of any organisation will give it a certain credibility, it is the individual and collective sense of purpose of its people, that will give it longevity. Cultivating a yearning for the vision of what could be achieved and created through the organisation, will keep all involved motivated and directed.

According to a recent survey report by business giant Deloitte, 91% of respondents who said their company has a strong sense of purpose also said their company has a history of strong financial performance. So says Deloitte Chairman Punit Renjen who is an advocate for the power of purpose. "Our research reveals the need for organisations to cultivate and foster a culture of purpose".

In 2003, Dr. Jeffrey Spahn wrote "A New Capitalist Manifesto? Imagining Business in the 21st Century." It focuses on the need to - and value of - balancing profit with purpose, and it contained a prediction: businesses in the future will recognise that the most successful companies are the ones that recognise the relationship, and can strike the appropriate balance, between higher purpose and financial success.

As we can see, there is a growing awareness of the need for purpose in any business, above and beyond the strive for profit.

Have you taken the time to articulate your organisation's or business' purpose?

## Why Profit Also Needs Purpose [resources]

On our journey from profit, through purpose to social impact, we'd like to share some resources with you from the academic and business world. These articles and videos originate from credible sources, including Deloitte Research, The Harvard Business Review, Forbes and more.

This month's resources showcase the emerging awareness of the need for a collective sense of purpose in any organisation or business.

As you read through this list, ask yourself what kind of purpose you are cultivating in your organisation.

Feel free to share this article with other friends and/or colleagues.

1. Why Profit Isn't Enough
2. Balance Profit And Purpose
3. A Purpose Beyond Profit
4. Philanthropy - Profit And Purpose
5. When Profit Is Not Enough
6. Profit's Not Always The Point
7. Purpose Drives Profit And Confidence

For a more extensive list of resources and material, [click here](#) to see our notebook on the subject.

## Can purpose be void of purpose?

Many companies have come to realise that purpose, hand in hand with profit, are key to establishing a sustainable and resilient business. However, purpose is an elusive and hard to nail down objective compared to the quantifiable and well understood concept of profit.

Purpose is defined as 'the reason for which something is done, created or exists.' There are many motivations behind a service or product's existence, but which of these stir enough emotional connection to motivate and inspire great success?

A Forbes article written by Steve Denning compares two 'higher purposes;' one that worked and one that failed. Former US president, John F. Kennedy (JFK) set the goal of taking a man to the moon and back - alive - before the end of the decade (1960s). This was a challenge that inspired and motivated a country to ultimately achieve the impossible. Newt Gingrich, on the other hand, in his presidential campaign a few decades later proposed the establishment of a human colony on the moon by 2020. This statement evoked ridicule rather than the anticipated inspiration. Denning deduces that this contrast in response was due to a shift in societal values from a post-war capitalist society to our current socially sensitive society whose primary concern is 'what human benefits could possibly be achieved by spending all that money?'

A simple yet profound question that points to the essence of what modern society sees as a valid, motivational and inspirational purpose - a purpose that ultimately benefits society rather than a few individuals. Therefore, a purpose void of social impact is most often recognised as self-interest, lacking in inspiration and motivation rather than the desired increase in productivity and loyalty.

Is your business purpose achieving the desired effect, or should you look to include social impact to motivate and connect with your stakeholders?

## Profit + Purpose + Social Impact [Resources Episode 2]

We're continuing our conversation from profit through purpose towards social impact. This week we want to wrap things up concerning the need for a collective sense of purpose, by sharing some of our research and resources with you.

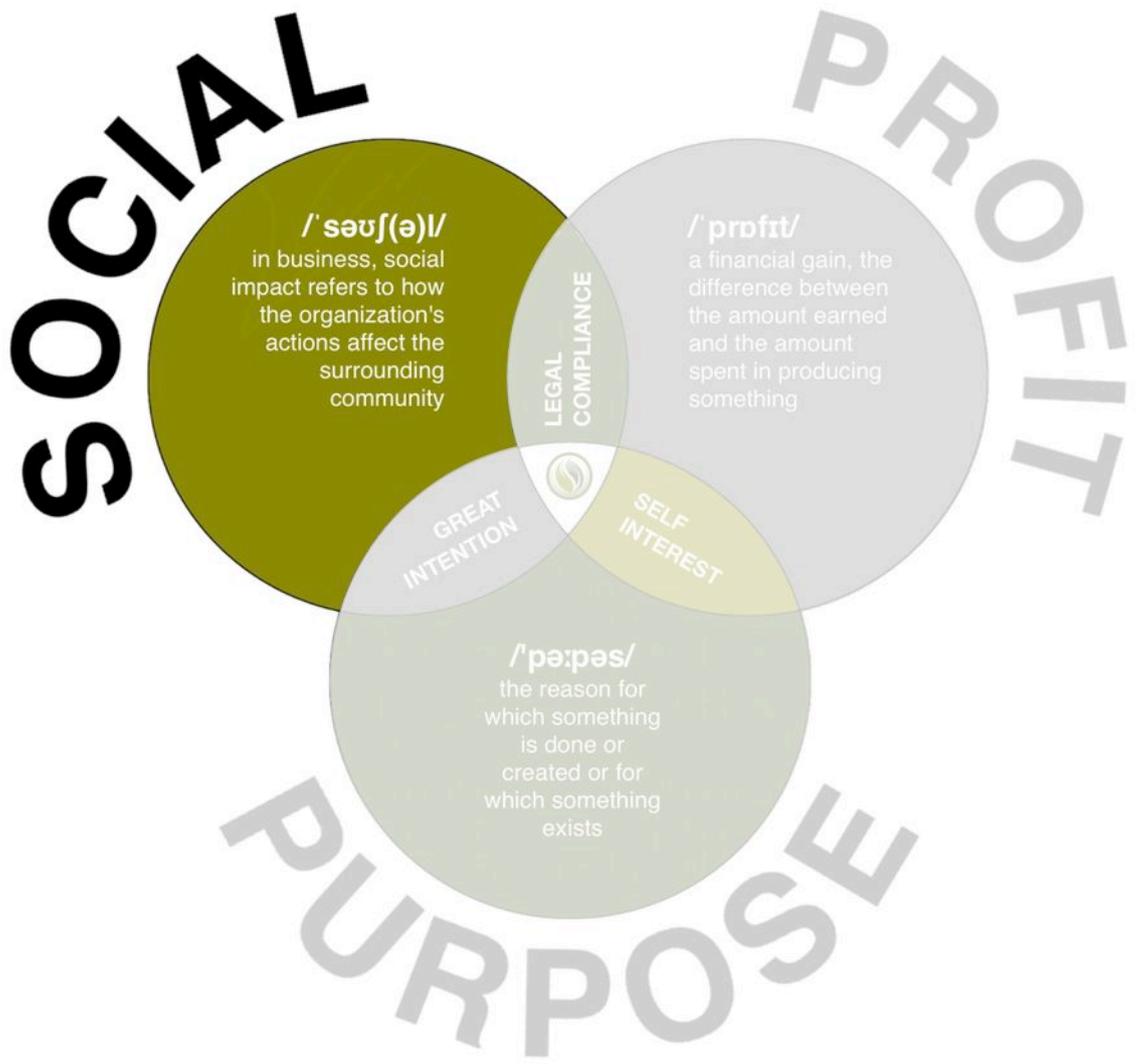
These articles and opinions are from great business publications that we frequent, including the Harvard Business Review and Forbes Online.

Be sure to click through some of the links below, and also feel free to forward this post to colleagues and team members with whom you'd like to engage on the topic.

Also, here's the link to our first resource list on how purpose is connected to profit, if you might have missed that one.

1. Give your Social Business A Purpose
2. Profits from Purpose - The Big Mind shift that Needs to Happen
3. Good Business: Why Just Being Good Is Not Enough
4. Can Business Be A Force For Good?
5. Combining Purpose with Profits

# SOCIAL IMPACT



## Why And What Is Social Impact?

Social Impact is broadly defined by the Center For Social Impact as follows:

"Social impact can be defined as the net effect of an activity on a community and the well-being of individuals and families."

Of course the micro application for that broad definition depends upon both the nature of the society and the desired impact. For our purposes here at Nation Builder, social impact refers to the manner and measure of change, affected upon a community of people by means of financial or other intervention.

It is the way in which any company or organisation succeeds in lifting the standard of living, by creatively and honestly investing in the prosperity and potential of any given group of individuals.

Social impact is far more than the clichéd understanding of what it means to 'make the world a better place'. It is a real-world, on the ground, and hands on approach towards creating opportunities for ordinary men and women to reach their full potential, mostly against all odds and in spite of their current situations.

A bigger and broader understanding of social impact also touches on the idea, that by investing socially in our communities, we also invest in the future frameworks for better and more prosperous business in our country. It is in a metaphorical sense, watering the very tree we have built our tree houses in.

Solid and sustainable social impact is neither removed from those being impacted or those making an impact. In fact, it creates a reciprocal beneficial connection between all parties, whether in the short or the long term.

For businesses and companies to understand and strive towards a bigger and more meaningful social impact, is at the core of what nation building is all about. Being a part of the corporate core of South Africa, that not only cares about profit today, but also about the purpose of investing in future yields, is what will build our country into more than what it is now.

If you want to assess your venture's social impact, or are interested in broadening the scope of how you are investing in your immediate community, feel free to contact us and start the conversation.

## Are good intentions alone effective?

By now I am sure that you have come to realise the power business can have in making a difference in the future of our country, not with traditional capitalist mindsets, but by including the three pronged approach of profit, purpose and social impact.

As we have mentioned before, it is essential for social impact to be coupled with profit and purpose to avoid the perception of self interest, especially to the new generation of leaders who according to Harvard Business Review's book - Passion & Purpose 'Aren't entering business solely for financial gain, but as a way to find meaningful work and make a positive difference in the world.'

It can also be said that businesses focused solely on social impact and purpose without a focus on profit have great intentions, but lack the financial capacity and resources to achieve significant impact without external financial support. On the other hand, businesses that model themselves around profit and social impact without any element of purpose are driven by legal compliance. This often results in impulsive, ineffective contributions that meet bare minimum requirements, achieving diminished impact.

As you can see from this series on profit, purpose and social impact, it is essential that all three elements are addressed in a business's strategy and diffused into the company culture. Omitting just one of these elements often results in quite the opposite effect being achieved, with perceptions and reputation being tainted as well as our country not benefiting in the long-term from business.

As Robert F Kennedy Jr said in 1966 "Few will have the greatness to bend history itself, but each of us can work to change a small portion of events. It is from numberless diverse acts of courage and belief that human history is shaped." It is these acts of nation building which businesses are taking that will write the history of this generation as they focus on using business to make South Africa a better place for everyone.

Contact us to join the ranks of businesses taking our country from strength to strength, using business to build our nation.

## Profit, purpose & social impact - what have we learned?

The past three months we've had an in-depth look at the three concepts that make for a successful and meaningful business, namely profit, purpose and social impact. We've studied each in detail, and also listened to some other voices on the subject.

No organisation qualifies as a bona fide corporate entity without realising a regular profit. This is the backbone of being a business. It is your profit that sets you up for even greater things than merely making money.

The purpose of any organisation answers the 'why' of their existence. Although some might say that profit remains why they exist, we want to argue that there might be even better reasons for being a business. This purpose motivates the employees, informs business decisions, and is what ultimately drives the organisation forward.

Investing in the ground in which any business is planted, is in short what it means to have social impact. No corporate can exist without the help from the community, government and other social entities. Giving back to ensure that these communities thrive and grow, benefits any business not only in the long run, but also yield some very real short term benefits.

Look below for the full collection of essays on the matter, and feel free to share these with any colleagues and friends.

If you have any comments or questions, you can contact us here directly.

Nation Builder is a campaign aimed at harnessing the collective power and influence of businesses, NGOs, government and individuals to affect positive change by responsibly supporting credible organisations that are making a significant contribution to our nation's future.

A strong nation will only be built if we move away from a compliance mentality and recognize the interdependence between business, wealth, economic empowerment, social development and a thriving, stable society.

Nation Builder membership represents leadership, commitment and initiative shown by strategically investing in the future of our nation.

**We invite you to sign up and become a Nation Builder member.**



t | 012 483 8614

e | [nationbuilder@muthobi.co.za](mailto:nationbuilder@muthobi.co.za)

w | [www.proudnationbuilder.co.za](http://www.proudnationbuilder.co.za)