



Whitepaper

Internal Transformation to a Purpose-Driven Organisation

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Introduction



Transformations to purpose-driven companies become the new normal

We live in an era of rapid and profound transitions. As a result, the role of business in society is also changing. In my opinion, one of the key transitions a company that moves with the times must undergo is shifting its focus from shareholder value to stakeholder value. This means moving beyond solely focusing on economic value towards aligning their entire business to contribute to a wider purpose. More concretely, this implies that companies no longer have a sustainability strategy, but that sustainability is embedded in their overall

business strategy. I am grateful to see that both at high-level international discussion forums, such as the World Economic Forum, and nationally among the members of VNO-NCW, more and more leaders are willing to put purpose at the core of their business. However, good intentions are not enough. Becoming a truly purpose-driven organisation often requires an internal transformation of a company's culture and principles of doing business.

All eight multinationals united in the Dutch Sustainable Growth Coalition (DSGC) – AkzoNobel, DSM, FrieslandCampina, Heineken, KLM, Philips, Shell and Unilever – are undergoing such internal transformations in their own organisations. As a coalition, one of our key objectives is to share our sustainability knowledge and practices with the broader business community and society. I am proud that all DSGC companies have decided to share their experiences on this transformation

journey to become more purpose-driven. This whitepaper provides the reader with key themes and approaches that these companies have used to initiate and drive their internal culture transformation. It also openly discusses best practices and challenges they faced in the process. By sharing this publication, we sincerely hope to inspire other business leaders to go with us on this journey and to strengthen the position of the Dutch Economy to capture the opportunities the societal transitions offer. Only together can we accelerate the ambitions to reach the United Nations Sustainable Development Goals by 2030, which offer us a window of opportunity and a new outlook on the future: one of sustainable prosperity and opportunities for all.

Jan Peter Balkenende

Chairman of the Dutch Sustainable Growth Coalition (DSGC)

Why Companies Need To Embed Sustainability



Up until recently, the success of a brand or company was inextricably linked to the profit it earned and the value it provided stakeholders. And, logically, the profit it earned was dependent on factors such as revenue growth, rising sales figures and the quality of the products sold. However, times have changed. In this day and age, a company that is solely focused on pursuing financial gains and economic growth is unlikely to enjoy success in the long run.

The reason for this lies with the magic word these days: sustainability. Over the past decade, sustainability and the purpose-beyond-profit paradigm have become key values and important brand differentiators for many companies. In fact, one could argue that, today, sustainability equals success. And indeed, many corporate leaders agree: 99% of all CEOs – with more than \$1 billion in annual revenue – surveyed by UN Global Compact in 2019 believe sustainability will be important to the future success of their business. The fact is, though, not all companies of today are steering a fully sustainable course. Not yet, at least. Fortunately, many businesses have at least started – or are currently starting – their journey towards

becoming a more sustainable, purpose-driven organisation.

One of the core beliefs of the Dutch Sustainable Growth Coalition (DSGC) is that a clear purpose and sustainability ambitions need to be at the forefront of any organisation's mission, values and strategy. To offer up a definition, purpose is the reason why something exists. For companies, it is the foundation of every experience. It is the underlying essence that makes a brand relevant and necessary on a bigger scale, beyond just the benefits provided by its products and services.

The power of a purpose

Purpose-driven brands are successful brands. Companies that are positioned to thrive, and help the world thrive too, are those that not only consider the interests of their shareholders, but focus on their stakeholders – their employees, customers, society and the environment. At the recent World Economic Forum annual meeting, held in Davos, the "Davos Manifesto 2020" was

launched, calling upon all companies to engage their stakeholders in shared and sustained value creation. To achieve this, the manifesto says, businesses and governments need to reimagine their purpose and scorecards.

Notably, Unilever found that purpose-driven brands grow 69% faster than brands without purpose and contribute to 75% of a company's growth. Essentially, companies without a clear, authentic, credible purpose – one that is strongly aligned with the personal purposes of customers and employees – tend to get left in the dust and lose their license to operate.

Consumers and employees as the most important stakeholders

Another crucial development worth noting is that modern customers and employees are now insisting that companies welcome



purpose-driven transitions. Today's consumers make carefully considered choices to buy from companies that stand for a purpose they personally identify with and that reflects their values and beliefs. Businesses that fail to step up, pay the price. "More than half (53%) of customers who are disappointed with a brand's words or actions on a social issue complain about it. That is not surprising. Customers have always complained. What is different now is that 47% walk away in frustration, and 17% are not coming back... ever." (Accenture, 2018)

Prospective employees are an important audience in this respect, too. For jobseekers, the broader purpose of a company has become a key consideration when deciding on a preferred place to work. Set in motion by millennials, the trend now is for employees to demand that their employers have a clear purpose beyond profit, and ideally one that reflects their own personal purpose. Workers of today are driven to fulfil their personal missions through their jobs too, and businesses need to recognise this fact. As it has become increasingly tough for companies to attract and retain the right candidates, it is now crucial that they meet the purpose requirement and help employees find greater meaning. It is key to winning the battle for talent.

Taking ownership of sustainability

These are some of the key reasons why businesses are being pushed to embrace sustainability as a key priority. There is a growing recognition that they need to truly embed it in their organisational structure. However, they cannot do so simply by establishing a department as the "sustainability branch" or adding a sustainable spin to their slogan. If their purpose is not genuine, clearly communicated or upheld, it is unlikely to have the desired effect. What is needed is an internal culture change – one that extends far beyond merely amending KPIs, tweaking the brand or launching the odd campaign. Only when sustainability is embedded in the core business strategy – only when it is truly owned – does it become an intrinsic part of an organisation's DNA. For this to happen, employees at all levels need to not just accept new policies and processes, but fully embrace the strategy and feel deeply convinced that they serve the right purpose. Above all else, the change has to be genuine. Greenwashing – or more appropriately, "purpose-washing" – will not support sustainable growth and is likely to damage a brand more in the long run. That is, organisations of today cannot just talk the talk; they must walk the walk, too – they must champion authenticity, transparency and honesty. Employees and consumers will not accept anything less, and, truth be told, neither will investors.



Investors demand change too

In current times, investors are demanding insights on not just the financial returns of companies, but their non-financial performance too. Like other stakeholder groups, investors are shifting their focus to more purpose-driven companies. A great example of this shift in action comes in the form of a letter that Larry Fink, CEO and co-founder of investment management corporation BlackRock, sent to clients in January 2020. The letter could be a tipping point for sustainable investing, as Fink explained to all BlackRock investors that, as of then, sustainability would be at the centre of the company's investment approach. He subsequently prompted all companies, investors and governments to prepare for a significant reallocation of capital.

Before we dive into the transformation journey examples from the DSGC members, we will start with the obstacles that these companies faced while navigating their sustainability transition.

Overcoming Hurdles Along The Way



Rome was not built in a day. Great things, like a purpose-driven transformation journey, take time and are almost always peppered with challenges. The Katzenbach Center – experts on organisational culture, teaming and informal organisation – name three major obstacles that tend to hamper transformation efforts: “change fatigue”, “companies’ skill at driving transformation” and lastly “the way transformation initiatives are selected, planned and implemented by senior managers without much input from lower-level employees”. Below are the top three challenges that the DSGC companies faced on their sustainable transformation journey.

Challenge #1:

Aligning all global units, departments and governance bodies

The bigger the company, the more difficult transformation proves to be. Larger organisations have to deal with the challenge of engaging huge numbers of employees, while also implementing change through various different organisational levels and in multiple different corporate cultures, markets and governance structures. Every distinct market, culture and governance context requires a different approach and adopts a different pace when adjusting to new policies

and practices. Needless to say, this can be an operational nightmare, and you have to consider challenges that arise from legislation and market fundamentals, too.

Challenge #2:

Making sure all employees are genuinely aligned

One of the biggest challenges faced by organisations is ensuring that each and every one of their staff members, across all layers of the company, truly buy into the business’s new purpose, fully understand what it means for their specific role, and are willing and empowered to embed it in their everyday work. Some people are slightly more “conservative” in their way of thinking and working, and it can be difficult to fundamentally change views, perspectives and routines. We have offered up a few examples of how this challenge can be tackled in this whitepaper.

Challenge #3:

Lack of urgency and differing views on sustainability

It is important to remember that sustainability is not as pressing of an issue in certain countries,

and therefore, it is more difficult to ingrain related practices there. Unfortunately, there are still nations that lack awareness or conviction on the topic of sustainability, and therefore staff here may be less willing to alter operations and strategy in order to become a future-proof organisation.

How to overcome these challenges?

With these challenges in mind, we identified the following million-dollar questions:

“What steps can you take to ensure that your company as a whole – not just its top layers – embraces and acts in line with the new purpose-driven strategy? How can you make sure sustainability becomes part of the business’s DNA? What role can company leaders play in kickstarting the sustainable transition and what is the best way to activate them? How can business units translate a global strategy into tangible business or operational targets?”

In the following sections, we attempt to answer these, and many other, questions.

Roadmapping The Journey To Culture Change



Embedding sustainability in an organisational culture in an authentic, far-reaching way is by no means easy. It is a journey that comes with obstacles and challenges, and, importantly, typically takes a lot of time. Fortunately, several organisations are already walking this path and their experience may serve as an example for others. Although each of their journeys was different, all of these companies aspired to achieve the same goal: to change their organisational culture so as to embed a (more) sustainable purpose. This whitepaper reviews their milestones, achievements and challenges.

Despite differences, all of these companies' journeys featured three key themes:

- 01 Aligning the formal organisational structure of the company**
Understanding which elements of your operating model need to change in order to fully ingrain sustainability in your practices. This also involves considering what the impact of change will be on the stakeholders involved, and how you intend to measure the outcomes of your sustainability transformation.
- 02 Empowering employees to strive for sustainable business**
Encouraging and supporting responsible leadership commitment across all layers of your organisation to strongly advocate the right mindset for sustainable development, while promoting sustainable behaviour and actions.
- 03 Making sustainable behaviour as tangible, visible and measurable as possible**
Showing all staff members the way forward by making it very clear what is expected of them and what sort of actions they should be taking. This involves providing a platform for employees to showcase sustainable behaviour and, thereby, prompting all other staff to get actively involved in the transformation.

It is important to note that, while the above themes are essential components of the transformational journey towards becoming a purpose-driven organisation, they certainly do not always play out in this order. This is the sequence that is often encountered by businesses, but it is by no means a guaranteed roadmap to success. What is certain, however, is that in order to successfully transform into a purpose-driven company, all three of these "boxes" must be checked, even if the order varies.

With these themes in mind, this whitepaper reviews the transformational journey of the eight Dutch multinationals that make up the DSGC: AkzoNobel, DSM, FrieslandCampina, Heineken, KLM, Philips, Shell and Unilever. It specifically explores the actions these companies take on their way towards a sustainable, purpose-driven future, and aims to inspire other businesses by sharing their learnings and challenges.

Aligning The Formal Organisational Structure

Where are we going?

Why do we want to go there?

How do we get there?

These sorts of questions set the scene and stimulate the kind of thinking that companies need to do in order to define their mission, core values, ambitions and goals. Businesses must firmly entrench their purpose for lasting impact – so that new ambitions and associated behaviour become the norm, or even better, part of the DNA of the company.

The commitment to embed sustainability in a company's operating model, organisational goals and strategy is essential. As an example, a business could incorporate sustainability principles in its human resources processes – how it attracts, develops, engages and retains employees and managers – and design its human-capital practices in such a way to support its core values and strategy. This could involve training employees in sustainability processes and rewarding those who showcase sustainable behaviour.

In order to lead by example, many organisations have established what is now widely recognised as a "Sustainability Council" or "Sustainability Department". Such entities are typically designed to support the company's purpose and align operations throughout the organisation to contribute to that goal. They often do so by sharing knowledge and expertise, developing innovations, providing practical tools and facilitating training, all to ensure that the organisation as a whole stays focused on reaching its targets by anchoring sustainability practices in the formal organisational structure. It has been found that including senior leaders in an organisation's Sustainability Council can accelerate the realisation of its purpose-driven strategy. Importantly, by setting up a central sustainability body, companies create a closed feedback loop, connecting the board and employees at all levels, that ensures that sustainability is not forgotten, side-lined or given little thought, but rather remains an intrinsic part of businesses' DNA, operations and portfolio.

PHILIPS

Linking the earnings of the company's top 5000 executives to its sustainability targets

Sustainability-related KPIs are also an indispensable part of Philips' Healthy People, Sustainable Planet strategy. The company's objective is to make the world healthier and more sustainable through innovation, and to maximise its impact in the social and ecological dimensions. The first step was to align everyone at the company on the strategy. To do so, the company expressed its vision in a concrete corporate strategy, and subsequently translated this into a narrative communicating its strategic necessity to all stakeholders. Leadership was actively involved in this process and was empowered to co-drive the transformation. Once that was done, new policies were defined, shaped and reshaped. One such new practice was to apply formal incentives: For the past few years, the earnings of Philips' executives – the company's top 5000 – have been linked to the organisation's sustainability targets. Further to this, all employees' KPIs have, in fact, now been connected to the business's sustainable ambitions. In this way, sustainability is not just an extraneous add-on in the company's performance management program, but a core pillar of it.



Shell's ambition to be a net-zero emissions energy business

Shell is a big company and we supply around 3% of the energy the world uses. We want to play our part and contribute to the global effort to tackle climate change as we provide energy the world needs.

We must also have a sustainable business model that is in tune with our customers. That is why Shell has set itself an ambition to become, by 2050 or sooner, a net-zero emissions energy business, in step with society and its customers.

Shell will work towards this ambition in three ways. The first way is by being net-zero emissions on all the emissions from the manufacture of all our products. Secondly, we seek to reduce the carbon intensity of the products we sell. Shell's medium-term ambition is to reduce the Net Carbon Footprint of our energy products by 30% by 2035, instead of 20%. And this means our long-term ambition is now to reduce the Net Carbon Footprint of our energy products by 65% by 2050, instead of 50%. The third way is to work with sectors which use energy to help establish pathways for them to follow towards net-zero emissions. And for those

customers who still have emissions as they near 2050, we will work with those customers to find a way to mitigate those emissions.

The business plans we have today will not make Shell's ambition a reality. Over time, those plans will have to change, as society and our customers also change. If we achieve our net-zero emissions ambition, Shell will be a radically different company by 2050. What we sell will have changed. And that change will continue.



The beating heart of FrieslandCampina's sustainability strategy

Dairy cooperative FrieslandCampina has a Sustainability Council comprising various board members and several directors of business units. This committee is the beating heart of FrieslandCampina's sustainability strategy, which, from here, radiates outwards into all layers of the organisation. Waarde in de Keten ("Value in the Chain") is the strategic approach that FrieslandCampina has adopted to structure the company in such a way that it realises its sustainable ambitions. At gatherings attended by a large number of people linked to the organisation – farmers, marketers, research and development professionals, and finance practitioners, for instance – knowledge and best practices relating to the achievement of the company's sustainability goals are shared. To truly create "Value in the Chain", ideas for new products, processes and operational strategies are discussed and, subsequently, implemented.

The cooperative DNA of FrieslandCampina strongly influences its approach to sustainability. The company speaks of "cooperative sustainability" because it collaborates with others to create long-term impact and focuses less on individual short-term gains. Key to the concept of cooperative sustainability is the act of setting transparent, measurable standards so that

others can work towards set sustainability goals too. It is crucial to measure and monitor actions and results in order to promote improvement in the field of sustainability and reward member farmers for their efforts. The Biodiversity Monitor that FrieslandCampina developed jointly with WWF and Rabobank is a typical example of cooperative sustainability. This methodology monitors soil fertility and the impact that all of the more than 12,000 FrieslandCampina dairy farms are having on the environment. Farmers who score high on this monitor are rewarded with a surplus on the rate that FrieslandCampina pays for their milk; similarly, farmers with a lower biodiversity score earn less. Through this sort of system, FrieslandCampina encourages responsible practices and helps to ensure that sustainability is entrenched in its supply chain. To foster more widespread change, this monitor is made available to other organisations too, so that they can also incentivise farmers who make efforts to safeguard biodiversity.



Empowering Employees To Strive For Sustainable Business

Has the entire workforce bought into the **new direction**? If employees are engaged and feel committed to our purpose, how do we ensure that they **inspire and motivate others** to come aboard?

When an organisation has defined a clear, purpose-driven strategy, it needs to spread the message so that it permeates all layers of the business. It is also important that the company communicates its new approach in an authentic and transparent way. The human factor is key in any transformation. Change does not happen by simply presenting new targets or ways of working to employees and having them accept this at face value. Rather, transformation is only possible when staff truly embrace a new game plan and feel a deep inner urge to adapt – when they really buy in to the proposed strategy. When change is embraced and sustained through all layers of an

organisation, the value of the transformation can be fully unlocked.

The question is, how does a company motivate and encourage employees to join in, wholeheartedly, on the transition? Top-down adoption and promotion of a new purpose and strategy is a good start, but in reality, it is never enough. If new practices are to trickle through all levels of a company, all employees must be engaged, and this requires responsible, effective leadership. Notably, excellent communication, compelling storytelling, authenticity and unwavering commitment are also critical.



Not just the *how*, but the *why* too

A gripping narrative that clearly communicates a company's new purpose can be a real game-changer when it comes to internal (and, of course, also external) buy-in and adoption. A strong message from the CEO of an organisation can be an effective means to motivate, empower, and engage staff. In July of last year, DSM's departing CEO Feike Sijbesma shared his personal story about DSM's transformation. It took the form of a six-minute video in which Sijbesma explains how he feels about the widespread inequality that plagues the world and shares tales of his travels with the United Nations to countries like Somalia, Ethiopia and Bangladesh. The video is a powerful combination of highly emotive storytelling and factual details about how DSM transformed from a polluting coal mining company into a global sustainability leader in the fields of nutrition, health and sustainable living. To add impact, the narrative was brought to life with beautiful, at times very moving, footage.

The video was watched by hundreds of thousands of people. In just six minutes, it showed DSM's employees – a 23,000-strong workforce – that change was truly necessary. Aside from the well-balanced combination of fact and emotion, it managed to clearly convey the story and reasoning behind DSM's strategy. This is powerful because it is not enough to get employees' buy-in on "how" an approach will be rolled out; they need to fully grasp the "why", too.



Fundamentally altering people's mindset

In order for staff to collectively share an ambition, they need to feel directly involved, moved by and excited about the possibilities. When KLM launched a campaign asking people to fly responsibly, it got tongues wagging everywhere. An airline that was asking customers to fly less often? Paradoxical, but admirable. By giving wings to KLM's Fly Responsibly commitment, KLM aimed to convince customers, colleagues and the entire aviation industry to make traveling by air more sustainable. The launch of the initiative in the summer of 2019 caused quite a stir. It began with a one-page open-letter advertisement published in all of the world's leading newspapers that saw KLM's CEO, Pieter Elbers, invite all players in and outside of the aviation industry to join KLM in building a more sustainable tomorrow. It created great momentum and was a powerful kickstart to an initiative that set out to change the hearts and minds of millions. Above all else, the initiative aimed to touch people both inside and outside the organisation and motivate every single individual to adopt a more sustainable lifestyle – even, or perhaps especially, those who work in the aviation industry.



Spreading the message through all layers of an organisation

In as much as a poignant video is a very powerful way to truly inspire employees, there needs to be regular communication from, and engagement with, leadership. As it is nearly impossible for an executive to reach all individual staff members, it is critical that line managers are involved and supported to spread the message. Philips has taken this approach. Recently, the company's CEO, Frans van Houten, delivered an impactful speech on sustainability and the business's associated strategy, together with key business and market leaders. Thousands of employees worldwide followed the live broadcast. Following this, staff members across the globe participated in several half-day workshops, led by local market leaders. Together they built on local insights and discussed challenges that need to be addressed. At the same time, a virtual "Community of Practice" was launched to serve as a place where discussions could continue, and experts could connect and collaborate. By actively engaging and equipping management and local ambassadors, the company happened on a very effective way to diffuse the organisation's sustainability strategy throughout all of its different markets and locations.



Embedding the sustainability purpose across functions

The content of Heineken's sustainability program is summarised in the company's Brewing a Better World strategy – one of the five pillars of the company's overarching ambition. By working according to the tribe philosophy, the company can support collaboration between participants across the various functions within the head office and breweries so that they jointly work towards achieving the goal of Brewing a Better World. Essentially, the tribe approach sees all employees step outside their normal reporting lines to join multidisciplinary teams that collectively run a programme. The power of the tribe lies in its multidisciplinary nature.

Ultimately, Heineken aims to cross-functionally entrench sustainability as an integral part of business in the minds of its employees around the world. Heineken's sustainability team has launched several programs, including 'Drop the C' (2018) and 'Every Drop' (2019), aimed at optimising internal engagement and collaboration. The latter is Heineken's 2030 program that aims to safeguard the health of local watersheds by, for example, reducing water consumption in all of Heineken's breweries across the globe. Drop the C, on the other hand, is a company-wide program that aims to reduce the organisation's carbon footprint. For a large multinational like Heineken, which operates in so many different countries and cultural contexts, it can be challenging to execute such programs. For this reason, good governance is essential.



Clash of the Titans

A group of FrieslandCampina trainees organised the first "Clash of the Titans" a few years ago. It is now an annual event that sees new recruits – divided into multidisciplinary teams – take on the challenge of formulating solutions to sustainability-related questions and conundrums, like "How to make FrieslandCampina climate neutral by 2050". All viable suggestions are then implemented throughout the company. Some of the winning ideas that have come out of this initiative include a new Green Code of Conduct that guides responsible employee behaviour, and a unique decision-making tool that is used to quantify the impact of sustainable operations and thereby support upper management in making sustainable decisions. In addition to the above, young farmers are also empowered to experiment with new ideas that contribute towards FrieslandCampina's cooperative sustainability mission. The organisation has been supporting farmers in this way for years, and one of the results was the development of an energy scan. This tool gave member farmers extensive insight into their energy use and highlighted opportunities to switch to cleaner energy sources. This development laid the foundation for FrieslandCampina's solar, wind and manure mono-fermentation renewable energy projects.



Making Sustainable Behaviour As Tangible, Visible And Measurable As Possible

How do staff members know exactly what behaviour is expected of them? How do we translate a high-level purpose into concrete actions linked to specific functions and roles? How do we ensure that new purpose-driven behaviour is not temporary, but rather remains entrenched in the organisation's culture?

The next step after empowering employees is to actively encourage them to display the desired purpose-driven behaviour and provide a platform to showcase related actions. Encouraging something as abstract as sustainable behaviour, and making it tangible and visible to all, can be

a challenging task. Through their journeys, the DSGC companies have learned that to achieve this goal, it is crucial that upper management lead by example and personally engage in the desired behaviour. They need to do this in the most tangible, concrete way possible, and make

sure it is evident to all layers of the organisation. In addition, it is important that employees are supported with all the necessary tools and resources they need to integrate new practices into their working day. Often, this requires a practical training session or workshop to bring them on board and encourage their own personal, purpose-driven transformation.

The more employees are actively involved and feel personally committed, the more driven they will be to contribute to change, and the more likely they will be to take specific actions. Ambassadors play an important role in embedding desired behaviours in an organisation by setting a clear example. Companies should, therefore, invest in establishing an internal ecosystem of representatives to show everyone else the way forward. In this section of the whitepaper, we examine a few case studies that show how the DSGC companies have defined desired sustainable behaviour, made it more concrete and provided platforms to showcase related actions.



Translating the global agenda into tangible business goals and practices

DSM drives its purpose “Creating Brighter Lives For All” and sustainability ambitions along three axes: improving operations, enabling customers and advocating for environmental and societal causes. Most importantly, the company wanted to ensure that their new purpose would be made as tangible and measurable as possible in every business group and function. Leadership’s aim was that employees would incorporate the company’s bigger purpose into everything they do. With this in mind, all business units were asked to create their own Brighter Living Agenda. More specifically, each unit was challenged to consider what the new approach means for their line of business and to translate it into concrete targets, actions and proof points. For DSM, this proved to be an invaluable step in the process: by translating the global agenda into tangible business goals and practices – per unit, market, product and position – the company is successfully making the desired behaviour concrete, visible and measurable.



Empowering a small group to set off a chain reaction

While many companies opt to mobilise internal resources and draw on internal knowledge to drive transformation, some look outward for assistance, too. Shell, for example, brought in external help to drive the importance of its strategy home and secure widespread staff support. The company decided they could benefit a lot from the teachings of Jan Rotmans, renowned author and professor of transition studies and sustainability. They signed up 20 Shell employees for a Rotmans course on disruptive change. Through these lectures, the multinational hopes to encourage employees to shift their views on the issue, to embrace a new mindset in their work and to collectively think of ways to translate theories of transition into concrete business action. Moreover, the idea is that this group will then help to push the organisation’s transformation in the right direction, and inspire, inform and encourage as many colleagues as possible along the way. Effectively, the aim is that these 20 “chosen ones” act as ambassadors and set off something of a chain reaction, convincing more and more co-workers to come aboard as they interact with them.



Fundamentally shifting the mindset of employees

KLM is integrating its purpose into all layers of the organisation and is doing so by making the transformation personal for KLM employees, and thereby fundamentally altering their mindset. The company achieved this by introducing the “KLM Compass”, which reflects its purpose, identity, goal, offering and spirit. The framework is supported by 16 preferred experiences for customers and employees. The company launched the concept by running a series of interactive “immersion sessions” aimed at touching the minds and hearts of all staff members to motivate them to personally embrace the KLM purpose. So far, 25,000 KLM employees have completed the workshops. KLM is convinced that big campaigns are worthwhile, but only if organised to engage employees personally on the purpose so that they care truly about its message. The board is well aware that transformation can be a lengthy process for an enormous multinational like KLM.



Unilever

Personal Purpose Journey

At Unilever, executives are also aware that transition processes can take years, however they know the results are bound to be fruitful. Similarly, they acknowledge the pivotal role that company leaders play in kickstarting the transition towards a future-fit and purpose-led organisation. In a nutshell, the business’s strategy is set out to decouple growth from environmental footprint, while enhancing positive social impact. Going forward, Unilever intends to build on its century-old commitment to responsible business.

“It’s not about putting purpose ahead of growth, it is purpose that drives growth.”

The 155,000 employees – in over 100 countries – are key to the long-term success of Unilever. They deliver the growth strategy and represent Unilever’s purpose in action. Their insight and innovation drive the company to anticipate and act on the trends shaping our industry and our world.

Together, they’re redefining the future of work – more diverse, more inclusive, highly skilled and high-performing. And as a company, they’re redefining the way business is done. That’s how they’ll make sustainable living commonplace.



Facebook @ Work as a platform for promoting and concretising strategy

In mid-2017, Heineken globally rolled out an online team collaboration tool called Facebook @ Work to connect employees, improve communication and cooperation, and to learn about, share and reinforce best practices. Since adopting the platform, Heineken has found that Facebook @ Work is an effective way to share and showcase sustainable actions and achievements. Aside from the board using Facebook @ Work to translate abstract strategic concepts into a language that all employees understand, it also serves as one of several places where they can further define the company’s strategy and make it tangible for employees. Currently, they use it to, for example, host open online dialogues for broad audiences or broadcast speeches and Q&As with the company’s executives. The Brewing a Better World page on Workplace counts 1400 active members, while the Sustainability News Group and Drop the C pages both serve as platforms for around 500 engaged members from all over the globe to share practical, implementable ideas on how to make the company more sustainable.

Outcomes: Truly Making An Impact



What makes a purpose-driven transformation successful? First and foremost, success is when a transition leads to long-lasting changes in organisational culture and in employees' mindset, assumptions and behaviour. These less quantifiable (but no less important) outcomes then typically give rise to measurable results and tangible accomplishments linked to the new purpose-driven strategy. Examples include changes to business inputs, supply contracts and product portfolios. That said, it is important to remember that success is a moving target and the journey towards it is never quite done.

Let us explore a few examples of the impact achieved by companies' transformations below.

AkzoNobel

The proactive search for alternative solutions

Since 2013, AkzoNobel has embraced Environmental, Social and Governance (ESG) reporting. Moreover, while it had been leading in terms of sustainability for some time already, the company's decision to sell the Specialty Chemicals business in 2018 enabled it to truly redefine its sustainability vision and strategy. Under the new People. Planet. Paint banner, AkzoNobel commits to developing products and technologies that have a positive impact on society and the environment. That means it sets out to not just comply with (new) regulations, but also proactively look for alternative solutions, both alone as a company, and collaboratively with suppliers, markets, governments and clients. AkzoNobel makes firm demands of its suppliers and insists that the products they offer meet certain standards. Currently, 40% of the products used by the company have a sustainability benefit, and 20% of them are best in class in this regard. The business aims to become carbon neutral by 2050 and hopes that entrenching these new products and practices in its operations will help it achieve this goal.



Building brands with a purpose

Unilever has also set out on a sustainability-focused mission and is determined to exclusively develop purpose-driven brands. Ben & Jerry's is an example of one such brand. The ice cream brand has adopted a three-part mission that aims to create prosperity for everyone that is connected to the business: suppliers, staff, farmers, franchisees and customers alike. In recent years, Ben & Jerry's has run campaigns raising awareness about climate change ('If it is melted, it is ruined'), advocating LGBT-rights and drumming up support for refugees. Unilever's drive to do well by doing good presents a win-win situation for the company: As stated before in this paper, the figures show that brands with a purpose grow nearly 69% faster than those without a clear purpose. So, further investing in brands with purpose is both a natural and sensible choice for Brand Managers at Unilever.

AkzoNobel



Giving recycled paint a new life

AkzoNobel's operations were turned upside down when a significant portion of the company was sold – a decision that fundamentally changed the business's sustainability profile. Reaching a point when they could claim their portfolio comprises 40% products with sustainability benefits and 20% products that are considered to be the most sustainable in their class was a joint effort. It required involving customers, suppliers, all markets and governance bodies. By showing all these stakeholders the way forward and insisting that they too contribute to sustainable targets, AkzoNobel has managed to make a real and lasting difference. An important milestone was when the company banned lead compounds from all its products in 2011. It also changed the game when, in 2019, it became the first major paint manufacturer in the world to introduce a product made from 35% recycled paint (Dulux Evolve). The new paint is a manifestation of AkzoNobel's ambition to close the loop on paint waste. Moreover, it is an example of how the company, as a leader in its industry, continues to set the pace.


Maritime biofuel pilot

The DSGC is living proof of the power of the collective. While each participating organisation has accomplished much on their own terms, the coalition has enjoyed significant success, and has, most notably, worked as one to incentivise one of its main supplying markets to operate more sustainably. Convinced of the urgency to act against climate change, all companies joined forces with A.P. Møller-Maersk to run a biofuel pilot in March 2019. This project saw the ship Mette Maersk, one of the largest container vessels in the world, sail on a blend comprising 20% biofuel made from used cooking oil. This was the first time such a high-percentage biofuel blend was used in an ocean container vessel of this scale. In total, carbon emissions were reduced by 1500 tons and sulphur emissions by 20 tons on the round-trip. These amounts equate to the yearly emissions of over 200 households or those of a car that has driven 12 million kilometres – around the world 300 times!

This pilot showed that cleaner ocean shipping is both technically and economically possible, as well as ecologically desirable. Following this project, Maersk launched a commercial offer they have called "ECO Delivery", which has already been taken up by clothing retailer H&M. Through passion and deep commitment from all the DSGC companies, suppliers are encouraged to embrace more sustainable practices. Maersk's ECO Delivery is a great example of the types of initiatives that the DSGC hopes to give rise to in the future.



How Your Company Can Follow Suit



The aim of this whitepaper is to give an insight into how some of the world's leading companies have navigated the journey towards embedding sustainability in their organisational culture and strategy. We sincerely hope that you feel inspired and encouraged to follow a similar path and achieve significantly in this area.

By no means do we want to imply that launching, structuring and executing a successful purpose-driven transition is easy. Redefining organisational values; aligning formal structures; ensuring all employees, customers and shareholders buy in to the new game plan; and subsequently empowering staff to not only display the desired behaviour but wholly embrace a new mindset – it all takes time, and each transitional phase is inherently complex. Notably, any transformational journey and the process of defining a company's true purpose starts with some fundamental questions about the business's mission, values, goals and strategy. These questions – and even more importantly, the answers to these questions – play a vital role in fostering a culture of sustainability.

13 questions to kickstart your sustainability journey

1. Does our company currently have a clearly articulated view on sustainability that is expressed within our mission, values, goals and strategy?
2. To what extent do we consciously balance short-term profit ambitions against investments in resilience – in people and innovation, for instance – that are more likely to pay off in the long term?
3. What is our ambition, and what direction do we want to take as a company?
4. Is our leadership team completely aligned on the company's purpose?
5. Do all layers of the organisation buy in to our new purpose? Do they understand what it means practically for their respective roles and feel intrinsically empowered to embed it in their daily operations?
6. How will our purpose be operationalised in our business processes, foundational structures and KPIs?
7. What changes do we want to make to the company? What does our new organisational structure look like, and how will it impact roles and responsibilities?
8. Is reskilling necessary, and how do we build this into our talent strategy?
9. How do we want to implement organisational changes and how do we ensure that they are embedded in all layers of our organisation?
10. Who are the early adopters in the organisation who can help to ignite the transformation?
11. How can we make changes measurable, tangible and visible?
12. What challenges do we anticipate during implementation, and how can we tackle these obstacles?
13. How do we implement an effective build-measure-learn feedback loop?



The next steps

Now that you have read this whitepaper, and now that you are aware of the sort of questions you should be asking, we hope that you feel inspired and motivated to answer them for your organisation. It is key to remember that true sustainability can only be achieved when every person working within a company exhibits desired behaviours not only in role but also out of role. It is the energy and drive of employees who are willing to go the extra mile that contribute to the innovation and creativity a company needs to transform. It is that spark in employees that not only injects purpose into the organisational culture, but also ensures that purpose seeps into their private lives and ignites an effect beyond imagining. This is how you accelerate a process that can ultimately make a big difference not just to the success of your company, but to the future of our planet.



Bibliography and Colophon

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