

Addendum to Purpose+Profit: How Organisations Will Shape the Defining Challenges of Our Time
Interview with Reto Isenegger, EY Global Strategy Services Leader, Advisory

1. Are you familiar with current ideas around 'long-term capitalism', or 'people, planet, profit' metrics? If so, how do they shape your thinking at EY?

We've come to the same conclusion as you have with your 2x2 purpose and profit matrix (Purpose+Profit book (2017), ed.), stating that it is possible to combine positive impact with profitability. I personally believe that there is no other choice for organizations but to pursue both, especially if you truly care about the long-term value you want to create and therefore aspire to outperform your competitors.

At EY, we've chosen to engage on this journey with our purpose to build a better working world every single day. This is a journey, so you may never reach a final stage, but you will become better and better over time.

2. That is great to hear. Can you tell me how that works in practice within EY?

Beginning a few years ago, Mark Weinberger, our global CEO began driving forward the purpose initiative and the way of thinking. He stated publicly that this was one of the most strategic discussions ever held by and for EY. In the meantime, purpose has become very important to every employee in their daily lives. In practice, there are many things we do to really bring this concept to life. Here are three examples:

First, given the history of EY, we aim to make long-term value measurable. This is critical for companies to also manage and report for the long term. It allows them to care about more than short term value and also quantify social impact over a longer time of period. It's worth noting that, in our view, the value of companies is already shifting. In the past, 80% of a company's value was based on tangible assets like cash, buildings, and more. In actuality, today this is closer to 20%. The rest is deriving from what we call "intangibles" such as brand recognition, goodwill, and more.

Second, we take part in many social initiatives, for example through a program called [EY Ripples](#), where we support how EY impacts entrepreneurs and investors with our services. This initiative came up through our employees and was launched locally. Now, it is embraced on a larger scale as a firm-wide global initiative.

Third, it is not all about external impact. There is something that you'll need to do in your own organization. This has to do with topics like diversity of people, inclusiveness, and other factors. Those factors are all are very important to us.

3. Is there any link in your thinking to the UN goals?

Absolutely. I believe the UN goals are a great mind set and tool to kick-start the thinking and acting within an organization. This is true for us as well. You can't focus on all goals simultaneously, of course, but the UN goals have been the foundation for many of our activities.

4. How is this different from a smart marketing campaign?

EY's purpose to build a better working world is now part of our DNA. The purpose is supported by our initiatives and by the day-by-day work of our employees. As a result, it is much more than "just" a marketing campaign, and we are proud to tell the world about our focus on purpose. As mentioned before, our EY Ripples initiative was originated "bottom-up"; directly from our employees. And besides on a purposeful journey ourselves, we also offer purpose definition and activation as a consulting service to our clients to support them on their own journey based on our own experience. In short: we genuinely embrace and live purpose.

5. How do you see the role of organisations in the 21st century in general?

Organisations will be faced with high levels of uncertainty driven by new megatrends, combined with high levels of transparency and better-informed customers, a direct result of the internet and expansion of social media. In addition, the pressure for long-term value and being impactful not only for the shareholders but to *all* stakeholders will further increase. I strongly believe that, in such a new world, companies need to have a very clear purpose that stands out to all their constituents, including customers, employees and society. Otherwise, companies risk being easily disrupted.

Just to be clear, having a purpose is not only about being a good citizen. It is also about being competitive in uncertain times. What I mean is this: if you just sell your product or service as a functionality, it is easy to be commoditized. Being competitive with purpose as one's rudder is about striving to identify the customer's true needs. Do they need more banks or just more banking? Should automotive companies just be in the business of making cars, or provide mobility? Finding this true purpose is absolutely essential for every industry.

6. If you were to design EY from the ground up for today's world, would you change anything?

EY offers broad services around assurance, tax, legal, transaction, advisory and consulting. Our purpose to build a better working world is enabled by the collaboration across all of those services. This collaboration allows us to ask better questions and solve more complex issues for our clients. As a result, both purpose and our configuration are serving us very well. In a hypothetical situation, if I had to design it again, I would focus to optimize collaboration from the start. While global collaboration across EY is now part of the way we function every day, we had to work it out over time in order to achieve our current maturity level of global collaboration.

7. On to the final question then. You've seen this work in EY and have delivered work for clients. What are the biggest dilemmas you've seen in the actual implementation of this idea?

I see two main things when discussing purpose with clients. First of all, not everybody believes that that a perceived "soft topic" such as purpose will deliver hard financial results. This is despite the fact that our research shows that purposeful companies perform better.

Secondly, it is difficult to find a good balance between a short-term performance and a long-term value view. It is so very tempting to focus only on short-term results. However, successful companies use their purpose as their "North Star" to navigate through these uncertain times. We know this is working with EY, and we have seen it work with other companies.