

## WHAT'S THE BIG IDEA? PURPOSE

Before the crash, it was easy to have pointless conversations with executives, especially in finance, about purpose. 'Profit' or its big brother 'shareholder value' was often to them a complete and sufficient response. It was fruitless to say, as I often did: 'Profit is like health. The more of it you have the better, and you wouldn't want to be without it, but it's not your reason for living.' Go to the gym and you might wonder! That's how it was in finance, like a giant gymnasium for shareholder value. Close the gym and everyone is scratching their heads.

By contrast, in many family firms purpose is found effortlessly. It's in their DNA to know why they are in business, and to create

cultures where all their stakeholders feel connected to an enterprise that does something people value. There is no point in a value proposition that is only calibrated in money – values are human attributes. The trouble starts with executives in institutions who don't have an answer to the question of why they work for this institution rather than a competitor. If you can't say with truthful conviction, this is who I am and this is why I have chosen to work here rather than across the road, purpose will just be another stuck-on self-delusion.

*Nigel Nicholson is professor of organisational behaviour at the London Business School*

