



# Strategy — What's Purpose Got to Do With It?

Purpose is often defined in associations as their mission and explained through the mission statement. The organization takes this mission and defines what that means in terms of decisions, values, and behavior, both on the part of staff and leadership.

According to a recent article in *The Economist*, "strategy is basically about two things: deciding where you want your company to go, and then how you want to take it there."

With this in mind, think about the average fast food franchise. Drive down main street in most cities and one sees a barrage of choices. Although the basic food may differ, these companies share a similar vision of *'where they want to go.'* They are all operating on a basic goal of cornering market share and increasing profits for the company, and ultimately, the shareholders. However, the *'how they want to take it there'* probably differs from one fast food

place to the next. Each has its own strategy of how to achieve its vision, how to get *'where they want to go.'*

Sometimes one franchise is so successful, that the "how" is imitated by others. The McDonald's Happy Meal<sup>®</sup> is a good example of this. Doesn't almost every fast food outlet now have some version of the Happy Meal<sup>®</sup>? In fact, the term Happy Meal<sup>®</sup> has become like Kleenex<sup>®</sup> or Q-tips<sup>®</sup>, a branded product that has become the generic term used to define all similar products.

Initially, the Happy Meal<sup>®</sup> was an innovative product that strategically and uniquely positioned McDonald's in the fast food lineup, and successfully

captured the children's market segment. It's fascinating how McDonald's capitalized on a target market that had no money by understanding who the real decision makers were in many families. The Happy Meal has matured to being included on the pedestrian menu board with all the other offerings, albeit an important offering representing a significant product share compared to other menu items.

McDonald's story is a great example of strategy in action. Not only can we see how it has defined *where they want to go* and *how they wanted to take it there*, but it is an example of using the four Ps of strategy: Purpose, Passion, Placement, and People. In this article, we will look at the first "P," Purpose, with a focus on how associations, organizations in the social sector, can use examples and ideas from successful corporate models.

### **Purpose – A Strategic Foundation**

Every organization has a purpose, whether for profit or not for profit, corporation or association, and made up of shareholders or stakeholders. The distinguishing feature is whether an organization understands its purpose, makes decisions that are guided by the purpose, and models that purpose through its values and behaviors.

If an organization's purpose is its strategic foundation, then that foundation needs to support everything the organization does. Purpose is often defined in associations as their mission and explained through the mission statement. The organization takes this mission and defines what it means in terms of decisions, values, and behavior, both on the part of staff and leadership. An example of how organizations define their mission and model it through the behavior of others can be seen in both the corporate and association sectors.

In the ASAE & The Center for Association Leadership's book, *7 Measures of Success: What Remarkable Associations Do That Others Don't*, one of the components of the measures is a commitment to

purpose. Within that commitment is the first measure: "A customer service culture." When one thinks of exceptional customer service two names typically come to mind: Nordstrom and The Ritz-Carlton. Both organizations feature outstanding customer service in their mission statements. This service is modeled from the very beginning of the employee training process. There are six sections in the Ritz-Carlton Gold Standards of employee promise and service. One of the better known sections is the credo which states, "We are Ladies and Gentlemen Serving Ladies and Gentlemen." This credo states concisely not only the purpose of the organization, but the expectation of employee behavior and the high level of respect expected for each other.

The Nordstrom employee handbook is the other iconic example of how simply the purpose of the organization can be communicated. The mental model for most employee handbooks is a tome with multiple dividers, disclaimers protecting the organization from possible poor employee behavior, and a raft of legal rhetoric that the average employee will never read, much less remember. Nordstrom's employee manual focuses on its strategic purpose for exceptional customer service by providing a statement on a single 5X8-inch card. The card states the strategic purpose of the organization: "outstanding customer service" and encourages employees to "set personal and professional goals high." The concise employee manual has a single focus, stating only one rule: "Use your good judgment in all situations ... There will be no additional rules."

These are two legendary examples of how organizations communicate and instill their purpose and values from the very beginning of the employee experience. Both organizations set the expectation that employees should model the behavior stated within their strategic purpose. For Nordstrom, this has translated into "urban legend" status with stories of managers acceding used trees

as returned merchandise, referring customers to competitors for something Nordstrom does not stock, and providing extensive research for hard-to-find items. The Ritz-Carlton's superior service has placed them consistently in the top echelon of luxury hotels. There is now an immediate expectation of an exceptional customer experience at any Ritz-Carlton property.

### **How does this translate to the strategic purpose for associations?**

If we accept that an association's strategic purpose should be apparent to those outside of the association, in this case, through the behavior of staff or members modeling the purpose, then we should see similar examples from within the association and non-profit sectors.

What does this look like? For example, a member of an association approaches the information booth at a large convention and asks the direction to an education session. The traditional way of giving directions at a convention is to provide a map and maybe offer some obligatory hand directions. However, if an association sees its purpose as including exceptional member service, perhaps The Ritz-Carlton approach would be more appropriate. In this situation, The Ritz-Carlton response would be to walk the person to the meeting room and offer them a bottle of cold water along the way.

Many associations may express the wish to communicate a positive "customer service" message to their members. It is usually agreed that a high level of service is wanted and/or needed. And it is obvious that if an association's



volunteers and professional staff modeled a superior service behavior to the membership, they would communicate an important message. What is not consistent is what "excellent" service looks like. What does the exceptional member experience look like?

In one association, providing a map and pointing to the conference room may be the highest level of service. In another the bar is set as high as the Ritz Carlton model. The Ritz Carlton behavior broadcasts that not only are member service and needs recognized as vitally important to that association, but that service is an important part of the core values of the organization, and that exceptional service is modeled at an extremely high level. The important point is that the association that provides this level of service has made the conscious decision that this is part of fulfilling the purpose of the organization. It becomes an integral part of how an organization continues to carry out its mission.

### **Member service may be only one focus of an organization.**

Whatever the focus, effective associations both define and embrace the practice of modeling their purpose and values. In these associations, the core values ground the strategic purpose. As Jim Collins & Jerry Porres write in *Built to Last*, "In a visionary company, the core values need no rational or external justification. Nor do they sway with the trends and fads of the day. Nor do they shift in response to changing market conditions." Within the association community, organizational values, coupled with understandable and well-communicated strategic purpose, provide clarity when new ideas or concepts are presented by the membership. In organizations that are often led by leadership that changes annually, it is imperative that core values and strategic purpose are in place so that they can anchor the strategic planning process and be used to define whether new ideas and programs have merit.

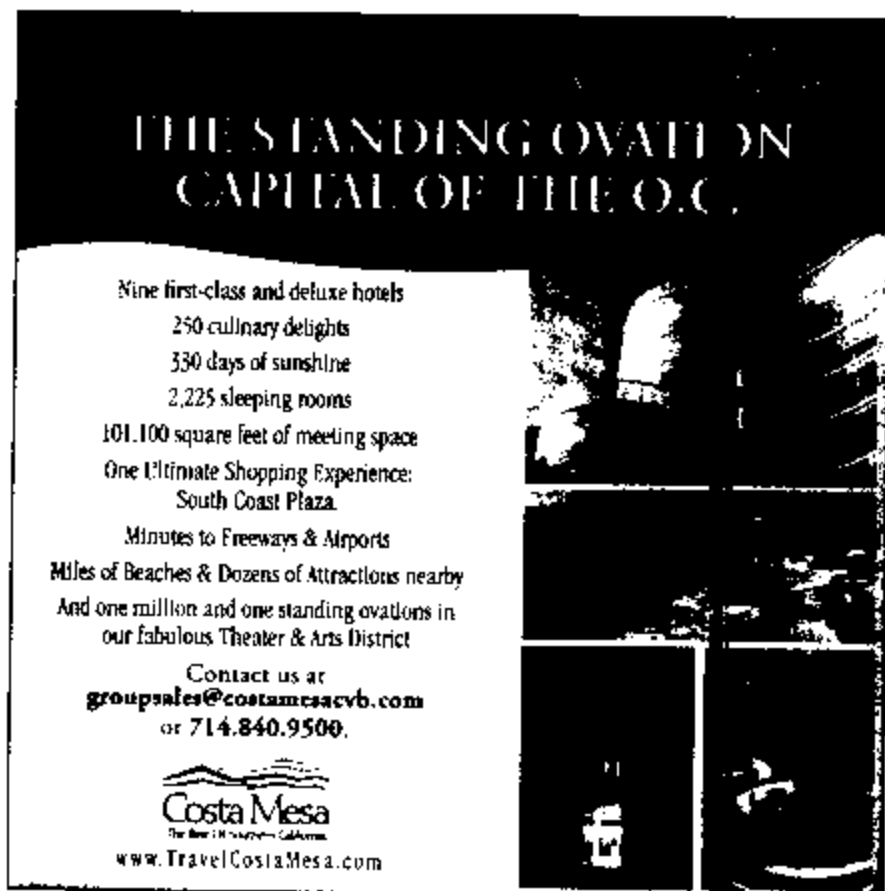
Defining core values should include the examination of what those values look like in practice. This guides an organization toward being able to inspire the behaviors that exhibit the values and strategic purpose. One activity Leadership Outfitters has added to the strategic planning process is to lead an organization through defining core values by looking at what behaviors and actions support those values. Through this process the organization can confirm if it really stands behind their defined core value.

For example, if an organization states that within its strategic purpose is a value of "building community internally and externally," yet there is no cooperation among staff departments or volunteer committees, then leadership must examine whether that is really a value of the organization. Associating behavior with the values guides the organization with a collective understanding of how the values could or should be demonstrated. Simply, this first "P" of strategy, Purpose, must be communicated in everything an organization does and should be supported by the values and behaviors of everyone within the organization.

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*For information on the other "Ps" of strategy contact Steve or Jill at Leadership Outfitters, [swafford@leadershipoutfitters.com](mailto:swafford@leadershipoutfitters.com), 310-428-6795 or [jmc-crory@leadershipoutfitters.com](mailto:jmc-crory@leadershipoutfitters.com), 249-430-0770. Leadership Outfitters is a consortium of content experts providing interactive leadership development and strategic thinking solutions to the association community. Steve is Vice Chair for CalSAE's Board of Directors and serves on the Membership Committee and Southern California Council. Jill is a frequent content leader for ASAE & The Center and serves on their Professional Development Council and Greater Washington Leadership Council.*

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