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Solving the Tech Industry's Purpose Problem



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Solving the Tech Industry's Purpose Problem

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AT A GLANCE

Despite the many transformative innovations it has enabled, the technology industry is experiencing a growing backlash in response to the side effects and unintended consequences of its products and practices. In many ways, the criticism reflects a problem of purpose—not a lack of purpose, but a conception of it that is too narrow, as well as failures in its design and application.

WHY PURPOSE IN TECH MATTERS

Purpose matters for all companies; BCG analysis shows that companies with stronger purpose generate stronger returns for shareholders. But purpose matters especially in tech, with its unprecedented potential to shape the future of the human experience. For society's benefit, tech companies urgently need to broaden their view of purpose to one that recognizes the industry's enormous impacts.

REALIZING PURPOSE 2.0

Resetting purpose can help companies internalize the broader, societal impacts to inform their decision making, design better products, shape their policy positions, and guide their civic engagement. Companies can take four steps to create an expanded view of purpose. While not a cure-all, Purpose 2.0 can help tech companies regain their footing, win back public confidence, and ensure their own sustainability.

OVER THE PAST YEAR or so, the goodwill and unbridled admiration the tech industry enjoyed for so long has begun to evaporate. In the press, in the public sphere, and in dinner conversations around the world, the talk has shifted from adulation to mounting criticism over a growing litany of concerns, among them data privacy, monopolization, security, effects on behavior, disinformation, bias in AI systems, and the potential for job loss due to automation. Governments have taken note—and many are taking action.

The intensifying scrutiny is part of the growing pains for a game-changing industry that is still maturing. It's part of the natural progression for an innovative industry that, like others before it, spent its formative years essentially free from regulatory constraint. For tech, though, it's also the comeuppance for an industry that once could do no wrong. The scrutiny reflects an erosion of trust resulting from inattentiveness, perhaps some amount of hubris, and probably a good measure of naïveté about the side effects and unintended consequences of industry products and practices.

But there's another way of looking at this shift: as a problem of purpose. Not a lack of purpose—whether they think of it this way or not, tech leaders are avid believers in corporate purpose—but a conception of purpose that is too narrow, leading sometimes to failure in its design and oftentimes to failure in its application. And we now see the risk of a growing rift between society at large and the companies that are shaping our future. Given the tech industry's ubiquitous role in the world economy and its all-encompassing influence on global society, this is certainly no small issue. Looking further ahead, this issue is not limited to what we traditionally define as the tech industry: in the future, every competitive business will become, in some fashion, a tech business.

The time is ripe for a reset—to Purpose 2.0. At its core, a company's purpose is why it exists and what need it fulfills in society. When defined narrowly, purpose is embodied only in the products a company sells to the customers it serves. That is Purpose 1.0. Purpose 2.0 takes an expansive view of a company's assets and resources, how it uses them to address broader societal needs, beyond its target customers, and what it should do to manage, if not avert, the unintended consequences stemming from its products and services. Purpose 2.0 recognizes that shareholder returns are a vital part of a company's *raison d'être*, but not the only part. Purpose 2.0 recognizes that the returns from a company's performance are broader, and can be measured and managed using a metric we call total societal impact, or TSI. In an industry grappling with its responsibility for the impact of its products on

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society, we believe Purpose 2.0 can help leaders be thoughtful and deliberate in their choices. Some tech companies are moving in the right direction; others still have their work cut out for them.

Through our work (at BCG and BrightHouse) with leading tech companies, as well as our extensive work on purpose across many industries, we've developed a set of actions that can help tech companies reset their purpose where necessary and ensure that it is properly activated and embedded. While Purpose 2.0 is by no means a complete solution to the challenges the tech industry faces, it is a vital guidepost that can help companies find ways to address these challenges. By affirming—or reaffirming—their core purpose, tech companies can begin to regain the public trust, while spurring business performance. Undertaking Purpose 2.0 is an essential step for tech companies to take, particularly at a time when they are exploring new frontiers.

Tech's Purpose Predicament

Silicon Valley's most iconic companies are known for their ambitious ideas of purpose, typically crystallized in bold mission statements that reflect the aspirations of an industry that, objectively speaking, is shaping the future of the human experience. Take, for example, the stated missions of two of the industry's prominent players: “[To] organize the world's information and make it universally accessible” (Google) and “[To deliver] technology [to] lift humanity and enrich people's lives in all the ways people want to experience it” (Apple).

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THE DISCONNECT

These ambitious aims, however, stand in stark contrast to the tenor of recent public discourse and growing government scrutiny, including fines and regulatory measures. In many ways, the EU has taken the lead in this regard, with its 2018 General Directive on Privacy Rights (GDPR), three antitrust fines of Google, and continued monitoring of social media firms. In the US, consumer data privacy regulation is gaining momentum: in 2018, California passed legislation, which goes into effect in 2020, and, as of this writing, the Federal Trade Commission is preparing to fine Facebook up to \$5 billion for consumer privacy violations related to the 2016 presidential campaign. There are also an increasing number of appeals, from across the political spectrum and even from some tech company founders, for the breakup of companies like Facebook, Amazon, and Google. Several high-profile investors (some of whom helped fund the tech giants) are pressuring companies to address the negative impacts of their products. Even some top tech leaders are advocating government oversight, perhaps conceding that their companies have either strayed from their purpose or have in some way neglected the social compact.

Trust in the tech industry, although high relative to that in other industries, is showing signs of strain, especially in certain quarters. A 2018 Pew Research Center study found that 65% of Americans believe that technology companies “often fail to anticipate how their products and services will impact society.” The same study found that only 25% of Americans think that technology companies “can be trusted to do the right thing most of the time” and that just 3% believe that these firms can be trusted to do the right thing “just about always.” Of particular note, 36% of respon-

dents indicate that the impact of major technology companies and their products and services on society has been “more bad than good.” Some pundits compare the industry’s recent fall from grace to the rebuke the banking industry faced during the financial crisis.

Yet even as public opinion has shifted, tech employees’ enthusiasm for their companies’ purpose is higher than ever. According to a 2018 BCG/BrightHouse survey of 15 leading tech companies, 87% of employees consider their company’s purpose to be “clear and compelling,” 83% say their company “lives purpose with passion,” and 78% claim that their company “addresses a real need [in] society.” Interestingly, 67% agree that their company’s purpose is stronger now than when they first joined the organization, and 62% believe that purpose drives management’s decision making more now than when they joined.¹ These are impressive results by any measure, and they are certainly in line with or better than results from other industries we have studied. (See the sidebar, “About Our Survey.”)

Clearly, there’s a disconnect between what insiders believe and what the industry’s critics perceive. To understand the source of this disconnect, it’s important to first understand what purpose is and what role it plays in tech companies.

WHY PURPOSE MATTERS

Purpose is an organization’s “why.” It lies at the intersection of two fundamental questions: “What are our authentic and distinctive strengths as a company?” and “What human need do we fulfill in society?” A well-designed purpose goes beyond the determination to make great products; it stakes out an ambition to advance society’s well-being.

Purpose matters for many reasons. In a world of constant change and transformation, it provides an enduring North Star and a means of building resilience. It’s essential for an engaged workforce, providing a powerful motivator for those (especially millennials) who seek more than a paycheck. It can improve hiring prospects, and it can mitigate attrition by creating a durable bond with employees—which is particularly important in the technology sector, where the war for talent is fierce. In the digital era, purpose enriches interactions among employees and with customers.

ABOUT OUR SURVEY

In June 2018, BCG/BrightHouse conducted a survey on purpose among employees and management at 15 leading US-based technology companies. We analyzed the responses to 15 statements that gauge the robustness of an organization’s purpose. Our survey was developed through qualitative and quantitative testing at a cross-section of compa-

nies in the finance, consumer goods, and technology, media, and telecommunications (TMT) industries. The 15 statements make up our standard purpose assessment. For this survey, we included about a dozen additional questions, some of them asking about the perceived strength of the company’s purpose over time.

It's also an imperative for leaders who embrace the triple bottom line. (See *Purpose with the Power to Transform Your Organization*, BCG Focus, May 2017.) And, as BCG's Henderson Institute points out, the expectations that a company's contribution to society should go beyond its financial performance will only grow over the next decade.

Purposeful companies also perform better. BCG research shows that companies that look beyond their short-term profits and consider the impact of their strategies and actions in a much broader context tend to score better on financial as well as nonfinancial metrics. (See *The Humanization of the Corporation*, BCG report, February 2018.) In fact, BCG/BrightHouse research shows that companies with high purpose scores enjoy higher-than-average ten-year total shareholder return (TSR).² (See "For Corporate Purpose to Matter, You've Got to Measure It," BCG article, August 2018.) The same is true when we look at technology companies specifically. TSR performance of the publicly held companies in our current survey sample correlates strongly with the purpose scores derived from our survey.³

Tech companies have a grave responsibility to be scrupulous in how they design their purpose and how they live it day to day.

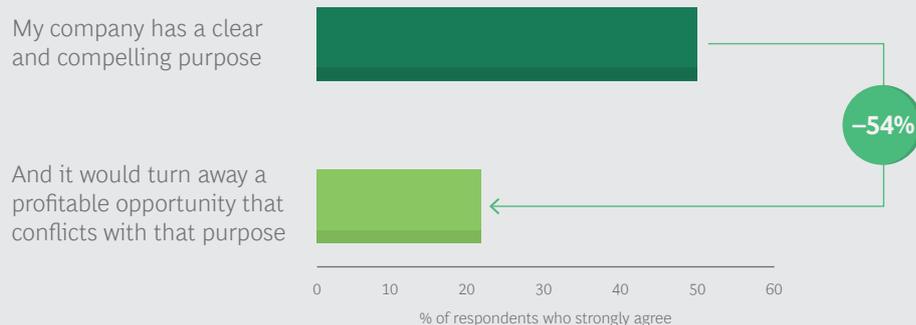
For tech companies, however, purpose matters for reasons far beyond the usual ones. Tech companies—and the industry as a whole—have the potential to shape the future of the human experience, in ways big and small. Technology and the innovation it fuels are major forces for good, and they hold out promise for so much more—from greater worldwide economic opportunity to solutions for otherwise insurmountable issues like climate change and chronic disease. Yet, as the industry's current challenges so clearly highlight, technological innovation can sometimes bring—along with remarkable benefits—some unintended, negative consequences.

Tech companies therefore have a grave responsibility to be scrupulous in how they design their purpose and how they live it day to day. Even if public criticism is not evenly distributed across the diverse tech landscape (which includes everything from semiconductors and cloud services to social media and e-commerce), tech businesses throughout these subsectors have the opportunity to embrace purpose more vigorously. As Microsoft President Brad Smith noted last year, "If you create technology that changes the world, you have to step up to the responsibilities that the world wants you to assume."⁴ Rethinking purpose is only one of the actions that tech companies should take to begin to step up to those responsibilities, but it's an important one.

HOW PURPOSE IN TECH IS FALLING SHORT

Unfortunately, purpose in the tech sector is not living up to its promise, a fact that becomes evident when we dig deeper into our survey data. For instance, although 87% of all employees we surveyed agree that their company has a clear and compelling purpose, just 65% of all employees agree that their company would turn away a profitable opportunity if it conflicted with its purpose—a measure of the extent to which companies have clear, purpose-aligned guardrails around their decision making. Even among only those who "strongly" agree that their company has a clear and compelling purpose, less than half also strongly agree that their company would turn away a profitable opportunity if it conflicted with its purpose. (See Exhibit 1.)

EXHIBIT 1 | There's a Big Disconnect Between Having a Strong Purpose and Living It



Source: BCG/BrightHouse survey on purpose at tech companies, June 2018.

These gaps in employee perceptions of purpose are manifesting themselves in other ways. Consider the recent spate of employee protests concerning certain government contracts that many believe are inappropriate or ethically objectionable. Pressure is even coming from some recruits, who are refusing to stand for interviews at a number of companies because of moral objections to company behavior.

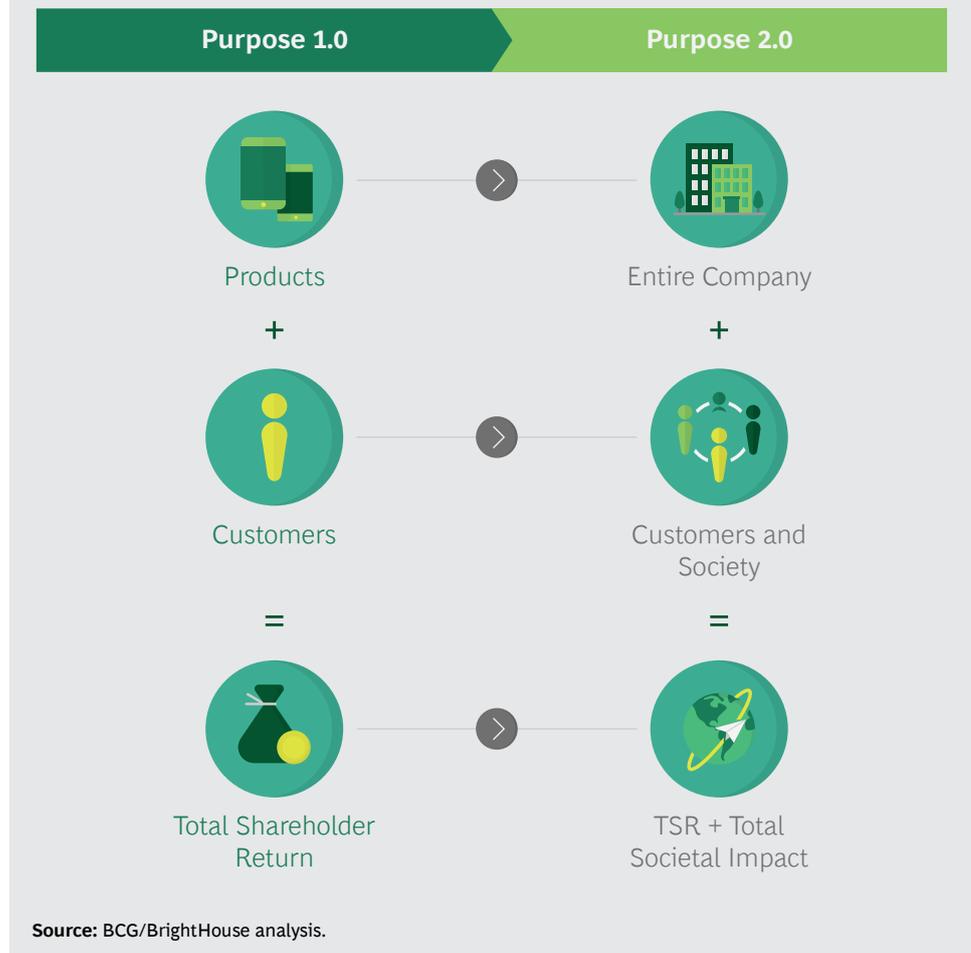
These data and examples point to a pattern we've observed across many tech businesses. Although many companies have instilled a deep sense of purpose in their organizations, how they articulate that purpose and bring it to life can be unclear or incomplete. Purpose is typically reflected in mission statements that are heavily product- or customer-oriented; and in companies with more expansive mission statements, purpose is often operationalized in a way that is predominantly product- or customer-focused.

It's not entirely surprising that this happens, given the pedestal on which tech firms put product. Founders and investors prioritize product-market fit early on, and their commitment to continuous product innovation is what has propelled the hypergrowth we see in most tech success stories. The fact that product and customer are front and center in tech firms' collective mind is a feature, not a bug. But in terms of purpose, it is incomplete.

Toward Purpose 2.0

As the tech industry's role in society continues to expand, a narrow definition of purpose is simply not enough. Companies need an expanded and expansive view, one we call Purpose 2.0. (See Exhibit 2.) Purpose 2.0 recognizes that a company has much more to offer than just its products; it has a community of talents, intellectual property, supply chains, distribution networks, financial resources, and, in the case of tech companies, deep technology and innovation expertise. It also has a voice. All of these assets can be used to support an expansive view of the company's purpose.

EXHIBIT 2 | Purpose 2.0 Expands the Way Tech Companies See Themselves



In addition, Purpose 2.0 acknowledges that customers who use the company’s products and services as intended are not the only ones affected by them. Purpose 2.0 deliberately recognizes that there’s a broader community of affected stakeholders. It also recognizes that even customers who use the products as intended can experience negative side effects; witness the growing concern over screen time. These recognitions challenge companies to think holistically and to consider the potential side effects of their offerings, so they are not caught off guard, “unprepared and ill-equipped for the immensity of the problems” as Twitter CEO Jack Dorsey noted last year.⁵ We are not suggesting that companies should attempt to address all of society’s challenges or that they must avoid any and all side effects. Such a goal would not only be unrealistic; it would impede progress. But internalizing the broader impacts can help companies improve their decision making, shape their policy positions, and guide their civic engagement.

Finally, Purpose 2.0 recognizes that the outcome of a broader definition is not just total shareholder return, a common measure of financial performance, but total societal impact. TSI is not at odds with TSR: the broader economic benefits a com-

pany creates through employment and throughout its ecosystem depend on sustaining a value-creating business. The challenge is to deliver competitive TSR while also having greater societal impact through the company's products and services and the way it conducts business and engages with the broader community. (See *Total Societal Impact: A New Lens for Strategy*, BCG report, October 2017.)

Microsoft is among the tech companies that are taking an expansive view. Over the past few years, the company has launched and extended a wide range of efforts to live up to its purpose “to empower every person and every organization on the planet to achieve more.” For instance, hackathons, once devoted to improving existing products, now also channel employees' energy toward finding solutions to global problems. The company's Rural Airband Initiative is helping catalyze an ecosystem of service providers to bring connectivity to the internet deserts that span large swaths of rural America. Beyond just serving paying customers with useful products, these efforts go further to fulfill the societal commitment in the company's purpose.

How Can Tech Firms Realize Purpose 2.0?

The BCG report *Purpose with the Power to Transform Your Organization* lays out four broad steps for developing and realizing purpose. The steps apply to the tech industry as much as any other, but there are specific ways that tech companies can begin to realize Purpose 2.0, whether starting from scratch or revisiting their existing purpose.

STEP 1: (RE-) DISCOVER PURPOSE

Leaders who are crafting the company purpose for the first time start by studying the company's history and unearthing employees' sentiments to get grounded in the company's ethos. Many tech companies, though, have already defined a purpose, so rediscovery for them is about widening the definition and considering how to apply their purpose in practice. A company's original purpose often stems from the founders' vision for the product. But once a company becomes established, its potential is greater than the sum of its products. With at least one generation, but more likely a few generations, of product under its belt, the company should have a much deeper understanding of its customers and, more generally, of its place in the world. Rediscovering purpose is about thinking big—something that comes naturally to innovative tech businesses—to identify the full range of human needs the company can serve, not just with its products but with any of its resources. Rediscovery requires changing the frame of reference used to evaluate the results of a company living its purpose, such as identifying appropriate TSI measures.

Discovery (or rediscovery) is both an art and a science, something best carried out through divergent thinking. It involves a deep dive into the two key aspects of purpose: (1) who we are, authentically and distinctly, and (2) the societal needs we are best positioned to meet by virtue of our identity. The process is informed by employees (both past and present), customers, and participants in the company's broader ecosystem, often with input from experts and luminaries from relevant fields. For tech companies, it may even be appropriate to solicit the opinions of NGOs and civic leaders who have a stake in a given technology's impacts.

Rediscovering purpose is about thinking big—something that comes naturally to innovative businesses.

Typically, the discovery process involves probing for answers to questions such as the following: What would the world lose if we were gone? What have we done, and what are we doing, when we are at our best? Who, besides our customers, do we reach? Given who we are and the resources we have, what needs are we best positioned to meet? What needs will go unaddressed if we don't change?

For tech leaders, discovery should also include some genuine reflection and deep investigation into the potential for bad outcomes stemming from either how their products are used or how they operate as a company. It's vital for tech firms to consider not just the unintended consequences (real or potential) of their products, business models, and operating models but also how their products might be intentionally abused by bad actors seeking to cause harm. Borrowing a concept from cybersecurity, tech companies might consider a form of "white hat hacking" of their products to better understand how they can be misused. Civic leaders and social pundits are growing impatient with the response "we had no idea" from tech leaders, who increasingly look naive at best or neglectful at worst.

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To be clear, the right answer is not to terminate all business practices that yield undesirable side effects. It is instead about measuring and internalizing the side effects and investigating—in the subsequent phases of defining purpose—opportunities to mitigate and/or offset them.

Helpful questions to ask when considering the industry's broader challenges include the following:

- Given who we are, what societal challenges are we well equipped to address?
- What are all the ways in which we affect society today—or might, in the future?
- What assumptions are we making about how our customers and stakeholders use or engage with our products? Will those assumptions always be true?
- How might our products be intentionally misused by others?
- Given how we've defined who we are, what societal challenges are we likely to wrestle with, and why?

STEP 2: (RE-) ARTICULATE PURPOSE

In the articulation phase, companies draw on the new insights to decide what their purpose should be. To realize Purpose 2.0, leaders should imagine how a newly articulated purpose might mobilize and direct the firm's resources to serve more of society's needs. Companies should look beyond their traditional stakeholders to a broader swath of beneficiaries, as well as to those who are currently (or potentially) negatively affected by the company's actions or products or by the tech industry generally.

Microsoft's take on society is about as broad as it gets. In its goal of "empowering [others] to achieve more," it references "every person and every organization on the planet"—not just some customers. This view partially explains the company's

significant investment in accessibility for disabled users and its philanthropic and employee volunteer work, such as its support of computer science education in underprivileged high schools. It also underpins the company's partnership with the Markle Foundation's Skillful initiative. This program is helping to reskill workers so they can maintain their relevance and value in an increasingly automated economy; it represents one way in which Microsoft is striving to counter a significant industry side effect. Recent company publications (*A Cloud for Global Good* and *The Future Computed: Artificial Intelligence and its Role in Society*) examine the potential side effects of technological innovations and identify possible public- and private-sector actions that could steer these innovations to evolve in ways that make their benefits far outweigh their costs.

Defining the company's purpose, though, is not easy, and it should not be taken lightly. Purpose should be aspirational, or the effort will have little impact. But it should also be realistic, or leaders and employees will disregard it. If leaders aren't prepared to live the purpose, employees will grow disillusioned with it—and possibly with the company itself. Balancing these and other, competing tensions is critical. Above all, a company's purpose must be authentic and “ownable,” rooted in the organization's origins and goals.

The outcome of the articulation phase is a statement that reflects the essence of the company's purpose, expressed in specific and memorable language. Just as important as a clear purpose statement are a handful of carefully crafted purpose principles that help leaders and employees translate the newly articulated purpose into practicable actions. Purpose principles are often as powerful for an organization as the purpose itself, because they provide useful guardrails for employees and leaders, to ensure that their behavior represents the firm fully living its purpose. Typically, the purpose statement does the heavy lifting of inspiring others—inside and outside the company—while the purpose principles do the heavy lifting of directing the actions of employees.

STEP 3: (RE-) ACTIVATE PURPOSE

Articulating a purpose is not enough. Leaders must bring it to life and activate it within their organization. As catalysts, leaders ignite purpose by role-modeling its use through their own behaviors and actions—for example, by referencing it in meetings, citing it as a factor in important decisions, and sharing their observations of how the organization is living its purpose. They also demonstrate it by taking substantive, public action, such as making changes to policies, removing incentives that are inconsistent with the company's purpose, and changing how the company works with its vendors. For tech companies, an important consideration is how they allocate their resources, especially their technology and innovation expertise, to further the goals of their purpose. This includes ensuring that resources are dedicated toward anticipating how their products might be used—or misused—and prioritizing efforts to mitigate inadvertent harm.

In activating purpose across the organization, the goal is to engage employees, to ensure that they understand how to live purpose every day and that they feel the organization gives them license to make decisions that align with purpose. For tech companies in particular, enlisting employees in the effort is essential, and it requires

If leaders aren't prepared to live the purpose, employees will grow disillusioned with it—and possibly with the company itself.

planning for a deep, ongoing level of engagement and immersive discussion. Otherwise, as a number of tech companies have recently discovered, employees may feel compelled to voice their views publicly.

Full engagement with employees means that companies must be transparent—internally and externally, and as often as possible—about their decisions on sensitive or complex topics. Consider, for example, Microsoft’s [post](#) on its “On the Issues” blog that outlines the company’s reasons for continuing to supply digital technology to the US military. The post came in the wake of [Google’s decision](#) to not renew its Project Maven contract with the Pentagon.

Drawing on examples of what has been successful at other companies, tech leaders have a variety of tactics at their disposal for activating purpose:

- **Share your own purpose stories.** Leaders can develop and share their own purpose stories, to illustrate how they themselves live purpose and experience it at work. These stories can be used to foster discussions across the organization about what the company’s purpose means for employees and how the company can live its purpose more consistently.
- **Unpack the company’s purpose principles.** Leaders can help employees pinpoint ways in which they can use the company’s purpose principles to inform their judgments and decision making, to guide them in their interactions with the world, and to serve as guardrails when they evaluate the possible side effects of their decisions.
- **Hold purpose “catalyst sessions.”** Such sessions immerse participants in the discovery and articulation of purpose and feature brainstorming discussions on such themes as “How will purpose impact our words, behavior, and actions?” and “What would it look like if we lived our purpose consistently?”
- **Elevate and celebrate purposeful actions.** Instances of purposeful actions, whether of individuals or teams, can be spotlighted through recognition rituals and social media mentions. By publicizing such actions, leaders encourage more of them.

Purpose 2.0 challenges company leaders to think through the role that living their purpose can play outside the company, as well as inside it. BCG’s Henderson Institute makes the case for “corporate statesmanship,” defined as “intervening in public affairs to foster collective action in support of the common good.” (See “[The Case for Corporate Statesmanship](#),” BCG article, March 2018.)

Unlike corporate social responsibility—taking internal action on such matters as environmental sustainability, conscientious employment practices, diversity, and responsible sourcing—corporate statesmanship involves acting beyond the enlightened self-interests of the company to take a broader role in the economy and society, in pursuit of the greater good. One example is Microsoft’s advocacy for a [Digital Geneva Convention](#), an agreement that would seek to prevent acts of war in the cyber realm from affecting innocent citizens.

Corporate statesmanship involves acting beyond the self-interests of the company to take a broader role in the economy and society.

Although protecting the common good is generally considered the province of government, the immense societal changes the world faces today are beyond the ability of governments alone to navigate; the private sector needs to help. Corporate statesmanship is particularly relevant for tech companies, and not just because of the scale of the industry's impact on society. Governments around the world clearly struggle to keep up with, let alone stay ahead of, the breakneck pace of technological innovation. Tech firms thus have a clear opportunity to take leadership in important domains and address society's needs while helping the public sector stay abreast of the possibilities and challenges that new technologies pose.

STEP 4: (RE-) EMBED PURPOSE

To realize purpose, the entire company, not just its leaders, must commit to living it. Purpose 2.0 must be pervasively embedded to ensure that every employee understands how it should affect their decision making and actions on the job. Establishing the right metrics is also essential. Carrying out purposeful actions is not enough; the company must measure the outcomes and ensure that they align with the organization's purpose.

The recent controversies regarding bias in AI systems are prime examples of why embedding purpose organization-wide and establishing the right metrics are so crucial. Without any explicit directives from management, engineers' work can have an outsized impact on the outcomes for real people. Engineers' intent is not enough; the result of their work is what's important.

Because the systems they design increasingly have ethical consequences, tech companies have a particular need to institute mechanisms that keep pace with the ethical ramifications. Some companies have contemplated appointing a chief ethics officer, while others have created initiatives and panels, such as DeepMind's Ethics and Society research unit. Another illustration is Microsoft's Aether Committee. While the role of Aether continues to evolve as Microsoft deepens its own learning, a key function of the committee is to advise internal teams on the questions, challenges, and opportunities that arise with the development and deployment of AI technologies. The company has also established six ethical principles for AI and is developing a set of implementation guidelines for each. What is clear from these and similar efforts is that they take a lot of work to do well—especially because this field is so new—but that the hard work is required to ensure the right outcomes.

Embedding purpose is thus about hardwiring it into the organization's policies, practices, processes, and investments. Purpose should affect the ambitions leaders set, the questions they ask, the decisions they make, the actions they take, and the outcomes they measure. Purpose should show up explicitly in recruiting and onboarding policies, practices, and materials, as well as in assessments and professional development; it should be a factor in rewards and incentives; and it should be showcased in internal storytelling. Activities such as hackathons, competitions, and volunteering can drive home purpose. In one case we worked with a client to develop a list of all the ways purpose could impact decision making. (See Exhibit 3.)

Ultimately, purpose can be embedded in business processes, with unobtrusive checks and balances that ensure that decisions, as well as new offerings, align with

The controversies regarding bias in AI systems demonstrate why embedding purpose and establishing the right metrics are crucial.

EXHIBIT 3 | Embedded Purpose Impacts a Multitude of Company Decisions



Source: BCG/BrightHouse analysis.

it. The effort needed to establish these capabilities, though, can be significant. But it is necessary if companies are to meet both their aspirations and their obligations.

An Imperative

Increasingly, society is demanding that companies do more than just generate a financial return. They must have a positive impact on the communities they touch. Employees, too, are demanding more; beyond just a paycheck, they seek meaning in their work and the knowledge that they're contributing something to the world. The call for purpose throughout industries and across the globe is a natural response to these new expectations. And nowhere is this call more important than in high tech. No other industry has greater potential for impact—positive or negative. In many ways, purpose is no longer an option; it's an imperative. Without clarifying its purpose in society, a company may find society challenging its license to operate.

AS TECH COMPANIES grapple with an increasingly dark narrative in popular discourse, revisiting purpose offers one important way for companies to regain their footing and win back public confidence. Through the lens of Purpose 2.0, tech companies can take a more expansive view of their role and their impact, while establishing a new North Star to chart a course for reinvigorated business performance.

NOTES

1. These figures combine the “strongly agree” and “agree” survey responses.
2. From a survey on purpose conducted in early 2016 across the technology, consumer goods, and financial services sectors, we analyzed the responses to 15 statements that reflect the robustness of an organization’s purpose. We then created “purpose scores” for each company using the net-top-box method (subtracting “strongly disagree” responses from “strongly agree” responses and dividing by the total number of responses).
3. For the ten tech companies in our survey set that have ten-year TSRs, the R^2 for purpose and ten-year TSR is 0.62.
4. Remarks from an address given at the May 2018 Code Conference sponsored by Vox Media, Ranchos Palos Verde, California.
5. Testimony presented at the September 5, 2018, hearings of the US Senate Intelligence Committee on Foreign Influence Operations’ Use of Social Media Platforms.

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