Four O'clock Forum:
Highlights of discussion with Charles Wookey & Maaike de Bie, on 14ᵗʰ October 2020

THE INVESTOR FORUM

Charles Wookey is a co-founder and CEO of *Blueprint for Better Business* and a key contributor to the thinking behind the Blueprint approach, which asserts that people are not solely self-interested and that business is not solely driven by profit.

Maaike de Bie is the Group General Counsel and Company Secretary of easyJet and a trustee of Blueprint.

Blueprint's recent paper 'Purpose for PLC's – Time for Boards to focus' (here) provides a valuable framework to help companies develop an authentic 'inside-out' approach to purpose that shapes strategic thinking and provides a basis to assess concrete progress.

Key Takeaways

- A purpose-led business is one that recognises a business is a social organisation which should seek to have a positive impact on all those that it touches and be a force for good. Profit is not the purpose of business but rather one outcome of a well-run business that makes a positive contribution to society through "goods that are good and services that serve".

- Purpose should help define strategy and give a framework for making difficult decisions (such as exiting profitable, but non-purpose, activities). Being Purpose-led is the instinct to respond in the 'right' way.

- A side benefit of being purpose-led is that it can make it easier to respond to a crisis, such as Covid-19. As an example, easyJet managed to restructure 1/3 of jobs in the UK without compulsory redundancies for either crew or pilots because they had developed a strong sense of fairness within the organisation and so were able to have realistic but constructive conversations with their employees and unions.

- Purpose needs to be embedded into the business in ways that will allow it to outlast the current CEO. The relationship between CEO and Chair remains critical to ensure collective ownership of purpose, to create a deep alignment and a strong foundation for the business. Succession planning then needs to ensure any new CEO will continue with the purpose-led approach. The Board are the trustees of the purpose.

- The Board must consider all stakeholders, not just shareholders, and therefore it needs to encompass many non-financial considerations in making decisions. In practice, directors often have a strong financial background, and so pure financial metrics are a more natural comfort zone.

- You 'can't mandate a mindset', and Board recruitment in a purpose-led business needs to ensure a philosophical fit from the start. Demands on directors have increased, in addition to the effects of Covid-19, and there is a risk that some might question if it is worth being an NED.

- A good example of 'inside-out' thinking is easyJet being the first airline to go carbon neutral, using carbon offset, even though this has no immediate monetary upside. The initial carbon neutrality idea came from the executive and was fully supported by the Board and was based on easyJet wanting to do the right thing by taking a lead in their sector to offset the fuel of all flight across their entire network. They did not feel the need to consult with shareholders. Employees, customers and shareholders have been supportive. The commitment has not been watered down, even in the face of the extreme financial pressure of the Covid-19 crisis on the company.

- How to measure purpose when "what really counts cannot be counted" is a challenge that is still being grappled with. Maximising shareholder value was relatively straightforward, as everyone focused on delivering one number. However, in the Purpose world, things are far more complex and effective proxies need to be developed – including Environmental and Social measures.

- Investors have an important role in talking to the Board, and in encouraging a broader conversation about a corporate's long-term place in society. Blueprint encourages investors to use their principles and a framework developed with leading investors (here) as a guide for more effective purpose-focused dialogue.