“We have 34,000 employees every morning thinking about our guests even better.”
employees who get up thinking about how to serve better than the day before.”

The Power of Collective Ambition

by Douglas A. Ready and Emily Truelove

The latest recession hit hard, and many businesses suffered serious damage. But some came out stronger than ever. There were winners even in industries where you might have expected the most serious blows—luxury businesses like hospitality and beauty, for instance. A handful of players, in those industries and others, not only weathered the storm but found a renewed sense of purpose. How did they become the exceptions?

Look at the Four Seasons hotel chain. In 2008, with the world economy on the brink of recession, the company was already facing a troubling transition. The beloved founder and chairman, Isadore...
Sharp, was ready to step aside from his day-to-day duties and assume more of an advisory role. COO Katie Taylor would become the company’s first CEO. The hospitality industry was in shambles, particularly at the high end, as vacationers canceled and business travelers sought cheaper options. Four Seasons held firm on room rates, but occupancy dropped and the company slashed the staff at headquarters. Sharp’s move added to the concern. Yet under his guidance, Taylor and her team not only got the company back on track but positioned it for leadership once again. Today bookings are up dramatically from 2008, and employee engagement scores are higher than ever.

Or consider Standard Chartered Bank, which thrived even as its peers received bailouts, suffered debilitating reputational blows, or simply closed up shop. Or the beauty retailer Sephora, on the brink of extinction a decade ago and now opening an average of two stores every week.

We have spent the past three years studying companies across industries that have defied conventional logic. We developed and administered a survey to 45 companies around the world; interviewed dozens of CEOs, senior executives, and midlevel managers; and conducted workshops to construct a model that captures how they’ve succeeded.

That model is expressed in what we call collective ambition—a summary of how leaders and employees think about why they exist, what they hope to accomplish, how they will collaborate to achieve their ambition, and how their brand promise aligns with...
their core values. These companies don’t fall into the trap of pursuing a single ambition, such as profits; instead, their employees collaborate to shape a collective ambition that supersedes individual goals and takes into account the key elements required to achieve and sustain excellence.

In this article, we’ll describe those elements and why they matter—and why one matters most of all. (Spoiler: It’s purpose.) Drawing on the companies we’ve studied, we’ll show how some of them focus on two priorities—what we call the glue (collaborative engagement) and the grease (disciplined execution)—to achieve their collective ambition. Our hope is that their journeys will inspire you to do the same.

**The Elements of Collective Ambition**

We’re not starting from scratch with the concept of collective ambition. For decades, organizational scholars have studied what makes for a company that is both sustainably profitable and engaged with employees and other stakeholders. But many organizations tackle engagement in a one-off fashion or define it too narrowly (for instance, as the degree to which employees feel engaged with their work) rather than creating a compelling story of the company’s future and a collaborative process for building the capabilities to achieve it.

So, what elements does a company’s collective ambition comprise? Some are drawn from prior studies; others we’ve gleaned from our recent research. All seven must be carefully integrated. They are as follows.

**Purpose:** your company’s reason for being; the core mission of the enterprise.

**Vision:** the position or status your company aspires to achieve within a reasonable time frame.

**Targets and milestones:** the metrics you use to assess progress toward your vision.

**Strategic and operational priorities:** the actions you do or do not take in pursuit of your vision.

**Brand promise:** the commitments you make to stakeholders (customers, communities, investors, employees, regulators, and partners) concerning the experience the company will provide.

**Core values:** the guiding principles that dictate what you stand for as an organization, in good times and bad.

**Leader behaviors:** how leaders act on a daily basis as they seek to implement the company’s vision and strategic priorities, strive to fulfill the brand promise, and live up to the values.

Clearly defined, these elements can help leaders spot areas of misalignment and launch initiatives to address them. They might find, for example, that although leaders are energized by the concept of community impact, their bonuses are pegged to top-line growth. This disconnect may make it hard to inspire them to behave in a way that suits the organization’s purpose and vision. (See the sidebar “The Seven Elements in Action” for an example of how a global biopharmaceutical firm defined these elements.)

We use a design of concentric circles to represent collective ambition. We think of it as a compass. Purpose is at the center. The outermost ring contains the leader behaviors that enable progress. Vision, brand promise, strategic and operational priorities, and values lie in between, along with the targets and milestones that will measure your progress in each
element. As you can see in the exhibit “The Four Seasons Compass,” the hotel chain clarified its once-fuzzy vision by assigning to it the targets of achieving a first-choice ranking among guests, being the best employer, and being the industry’s number one builder of sustainable value.

The Glue and the Grease
Shaping a collective ambition isn’t simply about crafting an inspiring story. The point is to build engagement as a means to an end: to make the purpose personal. In other words, shaping your collective ambition is an opportunity to build or strengthen the organizational glue. It’s also a chance to launch enterprise-wide change initiatives, which require disciplined execution—the grease. Glue and grease exist in parallel, but we’ll describe each in turn.

The glue. The ongoing stability of Standard Chartered Bank despite a grueling recession can be attributed partly to serendipity. The bank had limited exposure in the United States, for instance, where the crisis hit first and hard. But with more than 85,000 employees representing 125 nationalities, SCB used the crisis as an opportunity to bind diverse and dispersed stakeholders by recommitting to the principles that had made it great in the first place. In short, it strengthened its glue.

Going into the recession, the bank had a strong purpose, which was to maintain a positive presence for all its stakeholders, and a vision for the future: to be the world’s best international bank, leading the way in Asia, Africa, and the Middle East. But although employees were clear on why their work mattered, most of the world—including many key stakeholders—couldn’t articulate just what made the bank unique. Its leaders sensed that the performance of SCB exceeded its reputation.

To address this, CEO Peter Sands created a task force in 2009 to travel the world, meeting with thousands of customers, employees, regulators, shareholders, and communities where the bank did business. Diverse as they were, the stakeholders consistently regarded the bank as an ethical partner that was in it for the long haul. The company had stayed put in bad times, such as the Asian financial crisis, when many banks pulled out of certain communities. On the basis of this evidence, SCB articulated its new brand promise: to stay around for the long term and to do good for communities. The bank called it “Here for Good”—double meaning intended. A senior executive in Southeast Asia

Audit Your Collective Ambition
For a quick self-check on how far you’ve come in shaping and implementing your company’s collective ambition, answer the following questions:

1. Does your company have a clear and meaningful statement of its core purpose—why it exists?

2. Is your company’s vision compelling and aspirational yet achievable, motivating employees to contribute their very best?

3. Has your leadership team gone through the hard work of identifying targets, milestones, and metrics that ground the vision in reality?

4. Has your company ruthlessly prioritized the choices it will make to build the capabilities required to win on a sustainable basis?

5. Does your company’s brand promise capture the experience you intend to deliver to stakeholders (customers, communities, investors, employees, and business partners)?

6. Do your company’s articulated values represent what you stand for as an enterprise and as a group of people working together?

7. Do senior leaders’ day-to-day behaviors reflect the leadership behaviors that you say are critically important to your company’s success?

RESULTS
If your company’s total is below 35, you have your work cut out for you. What’s most important is to start an honest dialogue about two or three things leaders and managers will commit to doing now to strengthen the company’s collective ambition.

Once you open up this dialogue, be ready to commit to doing your part to make sure the organization follows through.
explained it this way: “Our local connections are very deep, in part because we make a big effort to develop local talent and also because we’ve been in our markets so much longer than other multinationals. It is not uncommon for me to meet a customer who says, ‘You gave my grandfather a loan 50 years ago, and you’ve stood by my family business in good and bad times. We wouldn’t go to another bank.’”

Sands and his executive team worked to ensure that the new promise was kept. The first priority was to introduce it to employees, the people who deliver the promise day in and day out. SCB held town hall meetings throughout the world; they included a documentary-style video clip showing real people talking about their experiences with the bank, such as a farmer in Sri Lanka who used its services to help fund his children’s education. The clip moved and rallied employees, particularly when it started to appear on television in key markets.

The cynicism that accompanies many rebranding efforts was largely absent at SCB, mostly because “Here for Good” captured what was already there. This exercise was about strengthening the glue that would make the promise real for all stakeholders. To customers, for example, SCB’s commitment is a promise that they will be offered fair deals and treated as partners. Whether lending to cocoa farmers in Ghana (SCB helps sustain employment for more than 70,000 Ghanaian farmers) or to big pharma companies in Europe, SCB assists customers in building their businesses for the long term.

The bank also does business only with customers that comply with a country’s regulatory guidelines. SCB views regulators as partners in building healthy business environments, which in turn lead to great opportunities for the bank—good for business, good for the community. Take the UAE, where many international banks fail to meet the country’s Emiratisation quotas and willingly pay fines. SCB instead thinks of the quotas as crucial to developing local talent. In Nigeria the bank has helped educate regulators on best practices—all in the name of building the region’s human and economic capital.

SCB has also begun to bake “Here for Good” into its core business processes. For example, loan applicants must write a paragraph about why SCB should trust that they, too, will be here for good. A manufacturer seeking a loan for a new factory might be expected to include a commitment to sustainable waste-disposal practices.

SCB’s community initiatives are well entrenched in the company’s brand and culture—a sign that the bank’s promise is more than just words. Whether building health centers for the blind in India, sponsoring the Liverpool Football Club, or giving people time off to volunteer for causes that matter to them (one employee spoke to us of his work at a stable for rescued horses), SCB is part of the fabric of the communities in which it operates. Seeing colleagues get involved in philanthropic efforts is energizing, employees say, and builds their allegiance to the bank.

Although the new brand promise has had an overwhelmingly positive effect, SCB’s executives are realistic—cautious, even—about claiming victory. “We have been here for good, and we want to be in the future,” an executive notes. “At the same time, we’re trying not to be too brazen about it because we don’t want to become a target or have people waiting for us to fail. We have demonstrated that a bank can be a force of great good, but we also know the limits.” In other words, you can’t prepare for all unanticipated consequences. A manufacturer applying for a loan might commit to sustainable waste disposal but end up selling a product that includes a potentially dangerous chemical.

In its rebranding initiative, SCB included all the components of our collective ambition compass, with a similar intention of integrating and aligning purpose, vision, targets, strategic and operational priorities, brand promise, core values, and leader behaviors. All were integral to the effort. The bank’s campaign was a good fit because, as Sands said, “‘Here for Good’ is not only true of Standard Chartered already but also aspirational and, quite frankly, inspirational for us all.” It was the organizational glue that reminded people why they came to work every day. Going forward, the bank’s challenge is to remember, not abandon, its roots.

Standard Chartered Bank’s new brand promise—“Here for Good”—captured what was already there.
The grease. Collaborative engagement, the glue, creates a unified culture prepared for disciplined execution—the grease that drives productive change.

Let’s look again at Four Seasons, during the fraught time when Katie Taylor took over as CEO. She first needed to strengthen the glue, so she took a team of executives out of their day jobs for six months and charged them with visiting guests, employees, and stakeholders around the world to get an up-to-date picture of the business. The team’s presentation of what it had learned confirmed that guests valued the luxury experience and employees had a shared sense of purpose. But the presentation was theoretical and, as one employee put it, “overly intellectual.” Employees were unmoved, left without an idea of how to translate the findings into day-to-day efforts. Organizational glue is important but insufficient: Without everyday solutions, new promises are easily abandoned.

Working with our compass, Taylor and her team organized their findings in a more tangible framework, consistent with the company’s purpose and values but with a bias for action. Now Four Seasons was ready to create the grease—a methodical plan, detailed in a series of work initiatives that were aligned with the company’s purpose: to create the world’s best hospitality experiences.

As Taylor put it: “We have 34,000 employees who get up every morning thinking about how to serve our guests even better than the day before. So while all of this trouble is swirling around us, our brand promise of providing the most exceptional guest experience wherever and whenever you visit us is instilled in the hearts and minds of our dedicated employees. They are the ones who fulfill that promise day in and day out.”

Putting Purpose First

Whether you use the compass we’ve provided or some other tool to create your company’s story, we recommend that you place purpose at the heart. Purpose is the center around which vision, strategy, brand, values, and leader behaviors must orbit. Remember—a purpose doesn’t have to be about saving the world. Providing excellent entertainment or banking services is just as meaningful a purpose as improving health care in emerging economies—as long as it is an authentic representation of why your company exists. A purpose statement is your starting point for differentiation and engagement.

Let’s consider how Sephora, one of the world’s leading beauty retailers, developed its purpose. The company was founded in France in 1969 by Dominique Mandonnaud. He thought that shopping for cosmetics should be fun, so he designed Sephora’s stores to be entertaining places where customers could test products before buying them. The concept took off—and so did competitors’ adeptness in copying it. Sephora increased the number of brands it carried, hoping to differentiate itself. But the company soon learned that carrying a wide range of cosmetic, fragrance, and skin care brands in addition to its private label was not enough to stay ahead of the pack. It needed something hard to copy.

Sephora is part of LVMH, the world’s leading luxury products group. In 2003 LVMH was consid—
ering selling Sephora because of its troubles but instead brought in a new CEO, Jacques Levy, to turn the company around. After studying customers’ preferences, Levy and his senior team realized that Sephora’s competitive advantage wasn’t in the store layout or the brands it carried; it was in the fun and playful shopping experience the company had always delivered. In a nod to the past and an acknowledgment of what future success would require, Levy and his team crafted a new purpose statement: “To provide customers with the most entertaining shopping experience of the retail industry—giving them a moment of relaxation and discovery, enabling them to experiment and play with their beauty.”

Although purpose is the source from which all the other elements of collective ambition flow, it is critical to integrate all seven elements. For example, Sephora determined that if its purpose was to provide an entertaining shopping experience, its strategy should be to deliver exceptional service—not conventional great service but service in line with the company’s core values of freedom, emotional connection, excellence, and boldness. Purpose, strategy, and values play a role in everything Sephora does. Consider the training at Sephora University, which encourages employees to use their own means to reach desired ends. For example, a booklet that explains the “Sephora Management Style” provides a list of principles, examples of how current employees are successfully demonstrating each principle, and a space for trainees to write how they will do the same. A trainee might consider applying a product to customers’ faces or to her own to help people play with their beauty and have fun in the process.

One of the world’s largest food companies, Danone, and its U.S. business, Dannon Milk Products, provides another example of the centrality of purpose. Launched during World War II, Danone enjoyed relative vigor in the early 2000s as Americans embraced low-carb diets, but growth fell off again with the financial crisis. In 2009 Danone appointed the Argentinian Gustavo Valle president and CEO of the U.S. business. Valle had engineered a turnaround in Brazil by focusing employees on vision and purpose, and he wasted no time in pursuing this approach at Dannon. His idea was not to project the past onto the future but to see the future as one of boundless possibility—and then to act as if the company were already there.

Valle declared a goal of tripling Dannon’s business by 2014 by focusing on culture, communications, and cross-unit collaboration. “If we want to become the largest business unit of Danone, we have to start acting like it,” he said. “And if I want to be the CEO of a multibillion-dollar business, I have to start acting like one, too….There’s a big opportunity. And if we want to seize it, we have to work differently.”
Since then, Valle has established the Danone Leadership College, which includes workshops emphasizing employees’ responsibility for their own contributions to Dannon’s transformation. It’s a work in progress, but by framing initiatives in terms of purpose, Valle has effected some cultural change. For instance, there’s evidence of mind-set shifts inside functional areas: The vice president of supply chain told us that he would be willing to accept less efficiency if it meant helping sales. “We’re more in it together,” he said.

Dannon is easing up on the notion of a zero-sum game (growing by stealing market share from others) and focusing instead on building the category. The company’s marketing efforts have shifted as well, from one-way campaigns that dismiss consumer complaints about, say, aspartame or sugar in yogurt marketed to children to social media campaigns that engage consumer feedback. It’s early days, but Valle sees his vision as achievable, as long as employees adhere to the company’s purpose and work together to bring it to life.

There’s no easy path to excellence, no guru who can show you the way in an hour’s speech. It’s up to you and your team. The good news is that it’s not terribly complicated. Commit to collaborating to shape a powerful story about why people should come to work and how they can pull together to build a future. The glue and the grease—combined with a dose of good old-fashioned discipline—will allow the team to unleash your company’s collective ambition.

Douglas A. Ready is a professor of leadership at the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill, and the founder of ICEDR, the International Consortium for Executive Development Research, a global network of leadership development professionals. Emily Truelove, a former researcher at ICEDR, is a PhD student at MIT Sloan School of Management. She is the coauthor of a book on the relationship between leadership and innovation, to be published by Harvard Business Review Press in 2012.

Harvard Business Review and Harvard Business Publishing Newsletter content on EBSCOhost is licensed for the private individual use of authorized EBSCOhost users. It is not intended for use as assigned course material in academic institutions nor as corporate learning or training materials in businesses. Academic licensees may not use this content in electronic reserves, electronic course packs, persistent linking from syllabi or by any other means of incorporating the content into course resources. Business licensees may not host this content on learning management systems or use persistent linking or other means to incorporate the content into learning management systems. Harvard Business Publishing will be pleased to grant permission to make this content available through such means. For rates and permission, contact permissions@harvardbusiness.org.