



# “The Role of Boards of Directors in Adopting Purpose”

Jordi Canals | July 21, 2021

RIETI-ECGI-WBF Webinar Series



# CORPORATE PURPOSE: A FRAMEWORK



# Unilever to review business following Kraft Heinz bid

Company pledges to hit higher profit targets after aborted bid raised questions over operations



Paul Polman, chief executive of Unilever © FT montage; Bloomberg; Daniel Jones

# **SOME QUESTIONS ON THE FIRM'S PURPOSE FOR BOARD DIRECTORS**

- **DOES THE BOARD OF DIRECTORS UNDERSTAND THE FIRM'S PURPOSE?**
- **WHICH SPECIFIC CUSTOMER NEED IS THIS COMPANY SERVING?**
- **WHY WOULD TALENTED PEOPLE WANT TO WORK IN THIS COMPANY?**
- **IS CORPORATE STRATEGY CONNECTED WITH PURPOSE**

## **SOME QUESTIONS ON THE FIRM'S PURPOSE FOR BOARD DIRECTORS (2)**

- **WHY DO INVESTORS WANT TO INVEST IN THIS FIRM?  
WHICH TIME HORIZON DO THEY HAVE?**
- **WHAT IS THE IMPACT ON CEO's HIRING?**
- **WHAT IS THE IMPACT ON OTHER STAKEHOLDERS?**
- **WHAT IS THE OVERALL IMPACT OF PURPOSE?**

BUSINESS

## Daniel Loeb's Third Point Calls for More Change at Nestlé

Activist investor presses Nestlé to simplify portfolio, sell stake in L'Oréal and increase buybacks



# **CORPORATE PURPOSE AND STRATEGY: SOME QUESTIONS**

- **HOW IS STRATEGY CONNECTED WITH CORPORATE PURPOSE?**
- **DOES THE BUSINESS MODEL REFLECT THE FIRM'S PURPOSE?**
- **HOW DOES PURPOSE FOSTERS CUSTOMER SERVICE AND INNOVATION?**

## **CORPORATE PURPOSE AND STRATEGY: SOME QUESTIONS (2)**

- **DOES A STRATEGIC DECISION REINFORCE THE SENSE OF PURPOSE?**
- **HOW DOES A STRATEGIC DECISION CHANGE THE CULTURE AND THE RISK PROFILE OF THE ORGANIZATION?**