

THE CASE FOR PURPOSEFUL LEADERSHIP

Hubert Joly

My eight years as Chief Executive Officer (CEO) and later Executive Chairman of Best Buy were an inspiring and fulfilling adventure. The company that Amazon was supposed to kill became once again a thriving, growing retailer, partnering with Amazon itself and staffed with dedicated, fired up employees. By June 2019, Best Buy had recorded six straight years of growth, earnings had tripled, and the share price, which slouched toward single digits in 2012, reached \$80. Media reports spoke of how we “defied expectations,” “broke the mold,” and “rescued the company.” I felt I had accomplished what I had set out to do when I passed the CEO baton to Corie Barry and her leadership team. Then in June 2020, I stepped down as chairman.

During my time at the company, I was able to put into practice what I had learned earlier in my career, and I also learned an enormous amount from the people of Best Buy. I learned about work, about the nature and role of companies, about what lights the kind of fire within employees that results in exceptional performance. I also learned about leadership.

I learned that much of what I had been taught at business school and as a consultant and young executive is either wrong, outdated, or incomplete. I learned that the purpose of a company is not to make money, contrary to what the 20th century economist Milton Friedman wanted us to believe. I learned that the old top-down approach to management—having a few smart executives formulate a strategy and its implementation plan, then tell everybody else in the company what to do while crafting incentives to motivate them—rarely works. And I learned that the model of the leader as a smart, powerful, superhero is outdated.

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Through all my experiences, culminating in the incredible years at Best Buy, I have come to believe—to know—that *purpose* and *human connections* constitute the very heart of business. And I believe they should be at the heart of the necessary and urgent refoundation of business now under way. Capitalism as we have known it for the past few decades is in crisis. More and more people hold the system responsible for social fractures and environmental degradation. Employees, customers, and even shareholders expect much more from corporations than a blind pursuit of profit. Disengagement at work is a global epidemic. More recently, a new civil rights movement and the Covid-19 pandemic have accelerated the need to rethink our system if we want to tackle the enormous challenges facing us.

Business can be a force for good in this fight and is uniquely positioned to help address some of the world's most pressing issues. A growing number of business leaders agree. But they and I know from experience that it is hard to do. I have written *The Heart of Business: Leadership Lessons for the Next Era of Capitalism* as a playbook for leaders ready to abandon old paradigms and eager to lead with purpose and humanity. In this article, which is adapted from this book, I focus on the case for purposeful leadership.

Debunking Three Myths About Leadership

I grew up influenced by three myths about leadership that have shaped how I initially thought about the answer to these questions and the business world more broadly.

Myth #1: Leaders Are Superheroes

Growing up, I thought successful leaders saved the day pretty much on their own, by figuring out all the answers. Being smart—and making sure everyone else knew it—seemed to be the mark of great leaders.

Recently, though, the infallible leader prototype has lost much of its appeal. First, projecting infallibility, strength and authority at all times comes across as inauthentic and distant. Also, it is easy for successful hero-leaders to start believing that they are smarter than everyone else, untouchable, and, ultimately, indispensable. It is easy for them to be seduced by power, fame, glory, and money, which is a dangerous and slippery slope.

Myth # 2: People Are Born Leaders

When Lloyd Blankfein was still CEO of investment bank Goldman Sachs, I heard a speech he once gave at the Minneapolis Club. Blankfein shared with us that, every day while shaving, he asked himself, “Is it today? Is it today that the world is going to realize that I am not competent for this job?” Here was one of the most successful bankers in the world, and he was doubting his own abilities. Most leaders I know—myself included—suffer from the same imposter syndrome.

That syndrome is born in part out of the misguided belief that leadership is an innate ability, emerging out of a level of intelligence, self-confidence, and charisma that you're born either with or without. If it were true, there would be just a few exceptional beings who could do the job, and the rest of us would be out of luck. Research suggests it's not true, though; so do the lives of great leaders.

I believe that most of the attributes often associated with “innate” leadership—from strategic thinking to eloquence—can be learned.

Myth #3: You Cannot Change

During my time at Best Buy, one of our executives was convinced that people do not and cannot change. I vehemently disagreed, because I am a living proof that people can change. The way I lead today is

remarkably different from 30 years ago. I once believed that leadership was about a top-down management approach driven by data and analytics; I now focus on purpose and human magic. I once strove to be the smartest person in the room and solve all problems; I now focus on creating an environment in which others can flourish and find solutions.

A New Leadership Model

As I eventually concluded that leaders are neither born nor superhumans, I realized that I was free to decide what kind of leader I would be. The notion that companies are not soulless entities, but human organizations made of individuals working together in pursuit of a common purpose implies that we need to change what we expect of leaders, at all levels. What is required now is an approach that puts purpose and people first—what I call purposeful leadership. Such leadership can be summed up in five “Be’s”.

Be Clear About Your Purpose, the Purpose of People Around You, and How It Connects With the Purpose of the Company

When recruiting leaders, I used to ask candidates about their experience and the skills they had developed over time, their career goals and whether they would be a good fit for the organization. These felt like the most important considerations.

I now spend more time seeking to understand a candidate’s dreams and purpose. “What gives you energy?” I ask, “What drives you?”

“My purpose,” says Barry, now listed among the most powerful women by *Fortune* magazine and one of the youngest *Fortune* 500 CEOs, “is to leave something a little better than when I found it—and that’s true in my community, in my family and at Best Buy.” Corie is very clear about her own purpose in life, and how it connects with Best Buy’s mission to enrich lives through technology. Before becoming CEO, she was instrumental in shepherding the company into new

directions such as healthcare, in line with her own as well as Best Buy’s purpose.

During the Covid-19 pandemic, many of the business leaders I spoke with saw the crisis as a key moment for them to be clear about their purpose and connect it to their company’s. They understood, to put it in Churchillian terms, that this could be and should be their “finest hour.” They knew that their performance would be judged by how their company and its leadership were fulfilling a higher purpose and looking after its multiple stakeholders, not by the company’s share price and or whether it was hitting its earnings-per-share guidance.

Be Clear About Your Role as a Leader

In 2014, two weeks before Black Friday—one of the busiest days of the year for any retailer—law enforcement authorities contacted Best Buy to tell us we might have suffered a data breach. This was potentially catastrophic, and I was deeply concerned. What should I do? Vent anger and frustration? Dive into problem-solving mode?

Instead, I reminded myself that my role was to be a thermostat and set the temperature, in this case to upbeat and positive. “No one would wish this two weeks before Black Friday,” I told our crisis management team. “But this gives us an opportunity to make a big difference and be the best version of ourselves—starting with myself. You are all incredibly qualified and talented, and I look forward to working with each one of you so we can create the best possible outcome. Now let’s get on with it.”

Luckily, the FBI’s call turned out to be a false alarm. But it was a good reminder that a leader’s main role is to unleash what I call “human magic” by creating an environment in which everyone is inspired and able to give their best. This includes creating energy and momentum—especially when circumstances are dire. It is to help others see possibilities and potential. Creating energy, inspiration, and hope: I would have dismissed this idea 30 years ago, but it is essential to the role of purposeful leader. Put another way, supposedly by John Quincy Adams, sixth President of the United

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on the frontlines.*

States: “If your actions inspire others to dream more, learn more, do more and become more, you are a leader.”

Be Clear About Whom You Serve

“If you believe you’re serving yourself, your boss, or me as the CEO of the company, it’s OK, it’s your choice,” I once said to the officers of Best Buy. “But then you should not work here. You should be promoted to customer.” I meant that there was no room at Best Buy for people whose main purpose was to advance their career. One smart executive, who was recruited on the basis of his expertise and experience, ended up leaving Best Buy in large part because his personal ambition drove him. That he was primarily serving himself put him at odds with his colleagues.

Some leaders think that having sharp elbows and listening to their ego will serve their career. But is this the kind of person you want to be? “The best leaders do not climb to the top,” says my friend Jim Citrin, who leads Spencer Stuart’s North American CEO practice: “they are carried to the top. And serving others is how it happens.”

As a leader, you must serve the people on the frontlines, driving the business. You serve your colleagues. You serve your board of directors. You serve the people around you, first by understanding what they need to give their best, so you can do your best to support them.

Be Driven by Values

When I worked for McKinsey & Company, I sought some leadership advice from one of my partners, Russ

Fradin, who later became the lead independent director of the Best Buy board. “Tell the truth and do what’s right,” he said.

For the most part, we all agree on what is right: honesty, respect, responsibility, fairness, and compassion. On paper, every company has great values. But values are no good if they remain on paper. Being driven by values is doing the right thing, not just knowing or saying what is right. A leader’s role is to live by these values, explicitly promote them and make sure they are part of the fabric of the business.

I am proud of how values guided Best Buy’s leadership during the Covid-19 crisis. In most states, Best Buy was deemed to provide an essential service—helping people working and learning from home to have the right equipment and support—which justified keeping stores open. Demand soared, but it had to be balanced with a more basic and fundamental priority: the safety and security of employees and customers. When employees worried about their safety and customers became understandably nervous, Corie and her team closed stores without hesitation. Within days, Best Buy pivoted its operating model to contactless curbside pickup. There was no way of knowing how closing down stores would impact the bottom line, but that didn’t matter; what mattered was doing the right thing first.

Be Authentic

On June 11, 2020, I stepped down from my role as Chairman of Best Buy. In many ways, it felt like a bigger step than passing the CEO baton the year

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before. Although I would keep cheering, admiring, and supporting Best Buy and its people, I no longer had any formal role at the company. After eight wonderful years, I emptied my office. Since the country was in the midst of the Covid-19 pandemic, I had to say goodbye electronically. “I love you!” was the title of the email I sent to our senior leaders and our board members, with whom I had worked so closely. Above all, I wanted to express how I felt. And, in the words of English writer A. A. Milne, I felt lucky to have something that made saying goodbye so hard. I shared similar emotions in a farewell video to all Best Buy employees. “Au revoir, my friends,” I concluded. “I am keeping you in my heart.”

Laying bare my heart and my soul in this way would have been unthinkable a few years ago. I have been told that the longest journey you’ll ever take is the 18 inches between your head and your heart. It is a long and arduous journey indeed. Like many leaders of my generation, I long believed that emotions were not meant to be shared in a business context. But vulnerability is at the heart of social connection, and social connection is at the heart of business. I had a lot to unlearn, and it took me a lifetime to embrace the fifth, and for me by far the hardest, “Be”: be yourself, your true self, your whole self, the best version of yourself. Be vulnerable. Be authentic.

Conclusion

Rethinking how we lead is essential to the refoundation of business and capitalism we so desperately and urgently need. Rethinking how we lead is essential if we are to make purpose and human connections the heart of business.

Becoming a purposeful leader starts with ourselves, articulating and remaining connected with what drives us, who we are and who we aspire to be. This itself requires ongoing introspection and reflection. We cannot be authentic and truly connect with others without deeply connecting with ourselves. To help people around us succeed and become the best version

of themselves, we have to strive to be the best version of ourselves as well, day after day.

So, start with yourself. Be the leader you are meant to be. Be the change you want to see.

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Hubert Joly is a senior lecturer at Harvard Business School and the former Chairman and Chief Executive Officer of Best Buy. Joly has been recognized as one of the top 100 CEOs in the world by the Harvard Business Review, one of the top 30 CEOs in the world by Barron's, and one of the top 10 CEOs in the U.S. by Glassdoor. He is the author of The Heart of Business – Leadership Principles for the Next Era of Capitalism. Through his foundation, he has endowed the Joly Family chair in Purposeful Leadership at HEC Paris, where he actively collaborates with the faculty.