

What is the purpose of your business?

If you don't know what the purpose of your business is, and you don't know what the outcomes are that you want to have happen as a result of trading, then you will find it hard to be compelling, or even comprehensible when you talk about your business.

It is very important to recognise that it doesn't matter what the purpose of your business is, provided it makes sense to you and you feel confident about discussing it with other people. There are no wrong answers. However, a given business could choose from a variety of purposes and the key thing is to choose a purpose which is useful to the business.

For example

A client business of mine provides IT support to other SMEs. They do it well, are liked and trusted by their clients and the business is profitable. We were discussing their five year plan, for which knowing what the business is about is pretty important.

Now, in any group of business owners, if they're asked what the purpose of their business is, about half will answer "to make money" (or similar). There isn't anything to object to with that answer other than to ask "is it a useful purpose?", "is it helpful?". Suppose the business wanted to make more money. There is nothing in that description of purpose which would give a clue how to do that.

A more useful approach would be to consider "making money" as an entirely valid outcome of achieving their purpose. Now, it would be possible to say that if they wanted to make more money they should achieve their purpose better, or more often, or bigger, or whatever.

My client, however, said "to provide high quality support within the terms of the service level agreement". An interesting answer – but is it a good purpose? It certainly could be a valid purpose, but surely it is description of what the business does. It's the thing they do which, if they do it well, will achieve their purpose.

In the end, they decided that the purpose of their business was:

to enable their customers to continue to trade in the event of a technical failure.

That was the problem their customers paid them to solve, or better, to avoid. Whether it was running an online shop, or they needed to print a proposal to send to a prospect, the computer going down would have an adverse effect on the business.

With this definition of their purpose, it was easy to see how they could grow the business, and they soon moved into providing telecommunications support.

So, now it's possible to identify three different things relating to your business:

- what the purpose of the business is – for example, what is the client problem the business solves?
- what the business does to achieve that purpose
- what happens as a result of achieving the purpose – what are the outcomes.

Tips on defining purpose and outcomes

(1) have one purpose (at a time). Purposes can change over time, but having more than one simultaneously risks being torn by conflicting demands (literally, at cross purposes) – if purposes are completely aligned, they're probably aspects of a bigger purpose

(2) you can have more than one outcome at a time.

(3) the business can have a purpose and outcomes and you can have a purpose and outcomes. It's important to define both and, particularly for business owners, not to confuse the individual's purpose with that of the business.

(4) purpose and outcomes don't have to be 'clever' or 'unique'. In fact, the more simply they are stated, the better.

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