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BOOK CLUB SYNOPSIS

The Heart of Business:
Leadership Principles for the Next Era of Capitalism

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CONTENTS

INTRODUCTION

In Hubert Joly's time as CEO at Best Buy, he realized that what he'd been taught at business school and during his time working as a consultant was "either wrong, outdated, or incomplete." He had been taught that the purpose of a company is to make money, and he'd learned to follow a top-down approach and to see leaders in the mold of a superhero—all of which he later found to be erroneous. Instead, Joly came to see purpose and human connection as the heart of business. This book sets out to articulate Joly's key leadership principles for the next era of capitalism and to show the reader how to put these principles into practice.

PART

I

THE MEANING OF WORK

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CHAPTER ONE

ADAM'S CURSE

Joly introduces this section of the book by saying, "Work can be part of our search for meaning and our fulfillment as human beings. If we each shift the way we consider the nature of work, from a burden to an opportunity, then we can start transforming business."

When Joly joined Best Buy as CEO, he realized that the company had become too focused on selling a product instead of addressing what its customers actually needed. Part of the problem, in his view, was disengagement. Disengagement leads to absenteeism and costs a company greatly in lost productivity.

One of the sources of this disengagement is a long history of thinking about work as a necessary evil or a chore. Today, however, we're living in a VUCA world: one that's volatile, unpredictable, complex and ambiguous. Agility, innovation, collaboration and speed are highly prioritized, and the nature of work has changed. Routine tasks are increasingly being automated, and humans must be better at more creative work. Yet these changes have not yet been reflected in the way we think about work. Says Joly, "This leaves enormous room for improvement at all levels, and I believe that people can be invested in their work across all types of jobs."

Discussing how Best Buy pulled off its turnaround and transformed the customer experience, Joly explains that it was not a matter of changing the sales force, recruiting new people or creating a better incentive structure. "What we did … was unleash the enormous potential that lies dormant when people merely show up for work or are actively hating their jobs. What we did is turn a large number of disengaged people into engaged employees, inspired to care for their customers."

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CHAPTER TWO

WHY WE WORK

Work shouldn't be seen as a chore or punishment; rather, Joly quotes Gibran Khalil Gibran, who said, "Work is love made visible." Work is about doing good, contributing to the common good and nurturing connections. Joly proceeds to quote Viktor Frankl, who argued in *Man's Search for Meaning* that life is a search for meaning and that meaning can be found in work, love and courage.

There are a number of ways to identify one's own meaning or purpose. Joly highlights a few methods, including writing your own eulogy. Another approach, derived from a method coined by Andrés Zuzunaga, is "finding your purpose at the convergence of four elements: what you love, what you are good at, what the world needs, and what you can get paid for." The fundamental goal of each method is to determine what gives you energy, what drives you, what you aspire to and what stands the test of time.

Nevertheless, Joly warns that a number of pitfalls can open up when you explore your purpose:

1. You believe your purpose will magically reveal itself. In reality, your purpose should be approached as a work in progress.
2. You believe purpose must comprise "intrinsically noble activities." In reality, you shouldn't be restricted to jobs that involve saving lives to have purposeful work.
3. You believe your purpose must be "big and wide ranging." In reality, it can be quite simple, starting by considering what drives you and brings you energy or joy.

In addition to uncovering and living their own purposes, leaders are also responsible for knowing and understanding the drivers of those around them. "'What drives you?' is not a question that gets asked often in corporate environments." Yet it would be useful to ask this more often, as it helps us connect with our purpose.

"Applying this very human sense of purpose to work changes how we approach it and therefore how much we engage in it." It doesn't mean that work will always be easy or that we'll never have a bad day, but it does change the way we experience work.

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CHAPTER THREE

THE PROBLEM WITH PERFECTION

There is a distinct difference between performance and perfection. "Aiming for outstanding business performance is a good thing; expecting human perfection is not." This chapter explores why seeking perfection can actually be counterproductive.

One element of perfection is believing that you have all the answers, while only noticing the imperfections of others. This can lead to "adding too much value," which occurs when leaders provide answers or solve problems for their teams instead of empowering their teams to tackle it themselves. The act of embracing imperfection, however, allows each person to focus on improving and to solicit feedback in the areas they're focused on to enable further improvement.

Another problem with expecting perfection—both of yourself and others—is that it hinders collaboration, effective teamwork and leadership. "[We] relate and bond through our imperfections." Good human relations are derived from people being vulnerable and unafraid to admit when they don't have the answers.

Perfectionism is also bad for innovation, as it makes us afraid to fail. Joly quotes Jeff Bezos, who said, "Failure and invention are inseparable twins. To invent, you have to experiment, and if you know in advance that it's going to work, it's not an experiment. Most large organizations embrace the idea of invention but are not willing to suffer the string of failed experiments necessary to get there."

One part of moving away from perfectionism is embracing a growth mindset, which assumes that one can improve through effort and learning. "Mistakes and failures are essential to learning, but they do not sit well with perfectionism, which is instead associated with a 'fixed mindset'—the view that abilities are innate and fixed."

Carol Dweck, who defined the notion of growth and fixed mindsets, calls perfectionism the "CEO disease" because many leaders feel that they need to be perfect to establish their role and superiority—but it often comes at the expense of learning, as they have little incentive to take on new challenges.

Yet another downside of perfectionism is that it makes the world appear to be a zero-sum game. In Joly's view, competing or measuring yourself against your peers is not the most effective way to improve. Instead, he recommends competing against yourself or who you used to be.

Putting these ideas about perfection into action at Best Buy, Joly recognized that it wasn't his job to jump in and solve problems for his team. In many instances, they needed to problem-solve themselves—to understand what the problems were and then own the solutions they devised.

PART

II

THE PURPOSEFUL HUMAN ORGANIZATION

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CHAPTER FOUR

THE TYRANNY OF SHAREHOLDER VALUE

With rising social inequality and a worsening climate crisis, people—especially young people—are increasingly disillusioned with capitalism. Joly suggests that we need to rethink our economic system, noting that a number of changes are already underway.

When Joly was in business school, Milton Friedman's notion that business existed to maximize shareholder value was still gospel. But this belief is the root of many of today's problems. Joly argues that there are four reasons why it's wrong to consider profit the primary purpose of business:

1. Profit is not a good measure of economic performance.
2. An exclusive focus on profit is dangerous.
3. This singular focus on profit antagonizes customers and employees.
4. It is not good for the soul.

Profit isn't a good measure of economic performance because it fails to consider the impact of a business on society. "The full cost of waste or carbon footprint on the environment does not appear on a financial statement." It also can't account for factors that *contribute* to a healthy business, such as motivated and skilled people. None of these elements appear on a company's balance sheet.

Focusing solely on profit is problematic because profit is a symptom rather than a condition—and it is easy to manipulate. An overemphasis on profit has led companies to prioritize short-term gains over long-term success and can lead to corporate scandals. It can also stifle innovation, which is the key to a successful, sustainable business.

Perhaps more importantly, consumers simply aren't interested in a company's profit. They want the company they buy from to be "competent, ethical, and actively improving the society around them." And it's not just consumers—employees and shareholders increasingly have similar expectations.

Finally, while companies must make money to survive, shareholder value is not what drives the people who comprise a company. It's healthy to know how a business makes money, says Joly. "But what is healthier still is to disavow the *obsession* with the bottom line. The true bottom line is this: although profit is vital, it is an outcome, not a purpose in itself."

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CHAPTER FIVE

THE BUSINESS OF BUILDING CATHEDRALS

Companies have three imperatives: people, business and finance, and all of these imperatives are linked. "Excellence on the first imperative—the development and fulfillment of employees—leads to excellence on the second—loyal customers buying your company's products and services again and again. This then leads to excellence on the third imperative, which is making money." In other words, profit is the result of the first two imperatives, meaning that there is no need to choose one at the expense of any of the others.

Yet we should not confuse these imperatives with purpose. Joly quotes Jean-Marie Descarpentries, who argued that the purpose of a company is "the development and fulfillment of its people, and the attention given to the people around them."

With this in mind, Joly developed a way of reconceptualizing business from focusing on profit to purpose. In his view, companies are human organizations consisting of individuals striving toward a common purpose. "When that common purpose aligns with their own individual searches for meaning, it can unleash a kind of human magic that results in outstanding performance."

At the top of his framework is "a noble purpose"—the reason for the company's existence. The noble purpose must be integrated into every aspect of the company. Getting to your own company's purpose is similar to developing a personal purpose. Joly recommends considering the following: what the world needs, what the team is passionate about, what the company is good at and what the company can get paid for.

Employees are at the center of that model because "the secret of business is to have great people do great work for customers in a way that delivers great results." When employees feel like they're in an environment where they can thrive and that treats them as individuals rather than as inputs, they're more likely to do great work. Employees are "at the heart of business," building authentic relationships within the organization and with all stakeholders—*"customers, vendors, local communities, and shareholders"*—contributing to the company's purpose and delivering great outcomes for all stakeholders. Ultimately, the model is all about relationships—every element is interdependent and reinforces the others.

Embracing these principles was fundamental to the resurgence of Best Buy. After Best Buy completed its turnaround in 2015, the company formulated its own purpose: *"to enrich our customers' lives through technology."* Joly argues that this approach works because it opens the business to new opportunities, it inspires, and it encourages sustainable economic activity, all while providing results.

"A noble purpose creates an expansive and enduring vision that opens up new markets and opportunities." The way Best Buy's purpose is articulated expands the company's horizons beyond just selling consumer electronics. This means that even as technology changes, the company can and will remain relevant. It also ensures that rather than trying to measure up to or exceed its peers, the "purpose will keep stretching the company to be the best version of itself."

Having a clearly articulated purpose will offset disengagement, and Best Buy's purpose also explicitly encourages human connection. This provides a "why" that will drive employees. It simultaneously acknowledges that a business can't thrive without a thriving community.

Finally, having such a purpose creates what Raj Sisodia, Jag Sheth and David Wolfe call "firms of endearment," high-performing, profitable businesses "based on purpose, self-actualization, and genuine partnerships that benefit all stakeholders." Their success is a result of—not in spite of—conducting business responsibly.

This idea of purposeful business is related to the concept of stakeholder capitalism that has been gaining traction in the past 10 years. It becomes all the more essential in a world where more than half of the wealthiest entities in the world are companies, not governments. Because of that, Joly argues that companies must be part of the solution to the world's problems. There is nevertheless one issue preventing stakeholder capitalism from truly taking hold: skepticism. Many people remain skeptical of companies' move toward purpose and stakeholder capitalism; they believe it to be lip service. To prove their mettle, companies must strive to close the gap between intention and practice.

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CHAPTER SIX

PUTTING A NOBLE PURPOSE TO WORK

Putting your noble purpose into action requires making it "the keystone of the corporate strategy, embracing and mobilizing all stakeholders, and aligning management practices." This often requires rethinking how you conduct business.

In the case of Best Buy, articulating their purpose did change the way they thought about their business. It led them to identify areas beyond consumer electronics where they could "enrich lives through technology" as the purpose declares. This purpose moved the business away from focusing on transactions to creating solutions and customer relationships.

A company's strategy is often focused on being No. 1 in a category. But, as the success of Best Buy's purpose demonstrates, a noble purpose that is inspiring, meaningful or fulfilling can open the business to more opportunities and be more fruitful. Additionally, we often see false dichotomies when instead we can and should take on an "and" mentality. "We choose employees *and* customers *and* shareholders *and* the community."

Yet it's not enough to articulate your company's purpose. It's equally important to ensure that employees understand what it means for them in practice. At Best Buy, that meant running workshops so employees could see how the purpose related to how they should interact with customers.

This purpose can also bleed into how a company works with its vendors—and its competitors. During Best Buy's turnaround, the company chose to see opportunities for partnering with brands such as Samsung (to launch a store-within-a-store concept) and competitors such as Amazon, which helped save the company. Rather than falling victim to showrooming, they transformed it into an opportunity Best Buy calls "showcasing." Says Joly, "Whereas the world saw Amazon as an existential threat to Best Buy, we saw another mutually beneficial partnership that could become a showcasing success story."

A purpose should also inform how a company engages with and helps the community. Joly argues for engaging in initiatives that are aligned with the company's purpose and ones that its employees care about.

None of the above has to come at the expense of shareholders. By treating shareholders as humans and explicitly communicating your purpose, shareholders will also get on board "because having a noble purpose and looking after all stakeholders tends to result in great outcomes for shareholders." All it requires is doing away with the idea of business as a zero-sum game, and then it becomes much easier to embrace the power of "and." Says Joly, "Business can do well by doing good."

Companies must change their key management practices in order to transition to the noble purpose model. At Best Buy, that meant following the people-business-finance approach, always putting people first. For example, during business review meetings, Joly would discuss people, then customers and then financials—in that order. He also changed the company's KPIs so they weren't solely focused on financials and rankings. This focus on purpose is what enabled Best Buy's impressive revival.

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CHAPTER SEVEN

HOW TO TURN AROUND A BUSINESS WITHOUT EVERYONE HATING YOU

When a company is struggling, it's easy to assume that job cuts, layoffs or restructuring are the surest solution. Joly disagrees, advocating instead for a sharp focus on the people. "When a business is in critical condition, its people are the key to a successful turnaround."

One reason for this is that front-line workers actually know what's going on. At Best Buy, Joly was able to gain a better understanding of what was happening at the company by speaking to employees in the stores than by looking at spreadsheets or having meetings with the executive team. "When a business is in trouble, listening to the individuals on the front line is the best place to quickly identify what 'crazy, goofy, or stupid' things … have been getting in the way." Another area where the people are crucial is on the executive team. Senior management must be held responsible when a business is struggling. With all of this in mind, Joly argues that "when the ship is sinking, reducing headcount comes last, not first."

Joly found Jean-Marie Descarpentries' order of operations for a turnaround useful: Grow the top line, look to decrease non-salary expenses and then try to optimize costs associated with employee benefits. Only if these have been tried and are not adequate should job cuts be considered. This order keeps people at the heart of a "purposeful human organization."

One reason that job cuts should be a matter of last resort is because when you lose employees, you lose their expertise and experience along with them. When it inevitably comes time to hire again—after the turnaround has been completed—it will take longer for new hires to find their footing.

At Best Buy, they mirrored the aforementioned structure. First, they sought to boost revenue. One way they did this was by pledging to match the prices of online retailers. If this increased sales, it would offset the cost of matching prices. They also did a complete overhaul of Best Buy's website and approach to e-commerce, and they invested in training store staff and changing the store's floor plans.

Next, they went after non-salary costs, such as by improving and optimizing returns, replacements and damages. This included giving store employees the power to override policies in instances where they saw anything "crazy, goofy, and stupid." They also restored the employee discount as removing it had damaged staff morale.

Each of these steps helped, but in the case of Best Buy, they were not sufficient. When it became necessary to cut some jobs, the company offered to help people find a different role within the company if they were interested. Joly argues that while all of these tactics may not have been "as dramatic as slashing headcount," they were ultimately more effective.

Another key piece of promoting the turnaround was generating human energy, which was Joly's responsibility as CEO. "It means coming up with a good plan fast; focusing everyone on clear, simple priorities; and making the environment intense but safe. It also means creating urgency with optimism, and showing fast progress, even in small steps."

After Joly joined Best Buy, he had very little time to come up with his turnaround plan. Rather than get caught up in the difficulty of the task ahead, he recognized he didn't need to create a perfect long-term plan. From experience, he knew that turnarounds are "primarily about identifying what drives performance, about operational improvements, and—above all—about action." So, he set about creating a "good enough" plan that would "stop the bleeding," while encouraging Best Buy employees, highlighting shortcomings and outlining a clear set of priorities.

Making decisions quickly was crucial to the plan's success. This both generated energy and also encouraged Best Buy employees. Another essential aspect was simplicity: Joly told people that the only two problems they needed to focus on were falling revenues and shrinking margins.

In addition to energy and optimism flowing freely, challenges also needed to be discussed openly and honestly. "To save a company, bad news has to travel at least as fast as good news. You cannot solve problems if you do not know where they are." This transparency was also intended to empower everyone who worked at Best Buy to be vulnerable and to ask for help. By shedding the need to pretend to be perfect, employees were more likely to engage in genuine human connection. All of this is what Joly calls "human magic."

PART III

UNLEASHING HUMAN MAGIC

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CHAPTER EIGHT

MOVING PAST CARROTS AND STICKS

Financial incentives—or the notion of the carrot and stick, as traditionally conceived—are no longer effective today. While they may work in some areas, they cannot be used to motivate people effectively, in Joly's view. He believes they are outdated, misguided, potentially dangerous and poisonous, and hard to get right.

Part of the problem is that incentives, bonuses, commissions and the like were designed for a different era, when the nature of work was different. They are also extrinsic—rather than intrinsic—motivators. By emphasizing compliance over engagement, they're not the right tools for long-term behavior change. Joly believes such incentives to be potentially dangerous, because they incentivize masking mistakes or faults. Finally, they're often paid out at specific intervals but reflect decisions made much earlier, making them "hard to get right."

But all of this doesn't mean that incentives are inherently unhelpful. Throughout Joly's professional life, he's seen some successful incentives, such as tying bonuses to company performance. Such an incentive "is not meant to motivate. It is meant to communicate and to share the benefits of the outcome."

The more effective way to motivate people is to create "an environment in which *individuals* flourish." Based on Joly's experience at Best Buy, he posits that there are "five key ingredients" for creating such an environment:

1. Connecting individual search for meaning with the company's noble purpose.

2. Developing authentic human connections.
3. Fostering autonomy.
4. Growing mastery.
5. Nurturing a growth environment.

The subsequent five chapters explore each of these ingredients of human magic in more detail.

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CHAPTER NINE

INGREDIENT 1: CONNECTING DREAMS

“[We] could not lead a company like Best Buy from a spreadsheet in our offices.” Bringing out the human magic requires getting to know people from all parts of the business and connecting their dreams to the company’s purpose.

Joly learned this when visiting a Best Buy store. A store manager asked each member of his team what their dream was and worked with them to link that to the bigger picture. This helped bring out the best in everyone, thereby driving the store’s performance. “Getting invested in what the company stands for because it resonates with what makes you get out of bed in the morning is one of the essential ingredients of engagement.”

Over the course of an iterative process, Best Buy identified a number of factors that help foster connection:

- Explicitly articulating a people-first philosophy.
- Exploring what drives the people around you.
- Capturing the moments that matter.
- Sharing stories and encouraging role modeling.
- Framing the company’s purpose in a meaningful and authentic way.
- Spreading meaning.

Joly advocates for articulating the company’s philosophy early and often. As far as drivers are concerned, he proposes starting with each individual’s sense of purpose and exploring how it can align with the company’s purpose at large.

To solidify these elements, it helps to show what the company is doing in practice to bring them to life. One way to do this is through sharing stories. Storytelling "fosters a sense of purpose and connection with where we work and whom we work with." Best Buy shares stories on its blog and in company get-togethers as a way to remind employees of "the company's purpose, how every employee contributes to it, and the difference it makes in people's lives."

Similar to defining and fostering one's individual purpose, a company's purpose doesn't have to be explicitly about saving lives. It's enough for the purpose to be making a difference in a way that matters to employees—not in a way that sounds good according to a third-party consultant. And this purpose can appear in a range of ways. At Best Buy, for example, they injected facets of it in the company's code of ethics.

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CHAPTER TEN

INGREDIENT 2: DEVELOPING HUMAN CONNECTIONS

Humanity is a crucial part of ingredient number two, as well. When people feel respected and valued, they're more likely to be dedicated to their work, leading to better results for the company more broadly.

"To unleash human magic, everyone must feel at home, fully valued for who they are, with the space and freedom to be themselves." Joly enumerates five ways to build an environment where human connections can flourish:

- Foster respect by treating everyone as an individual.
- Create a safe and transparent environment to build trust.
- Encourage vulnerability.
- Develop effective team dynamics.
- Ensure diversity and inclusion.

While a business is a singular entity, it is composed of individuals. Each person should be made to feel important and that they are making a notable contribution to the company's success.

Trust allows employees to feel safe highlighting problems, as they know they will receive help to solve them rather than receive blame. This trust is crucial for true human connection. But building trust isn't easy; it is time consuming and requires transparency, openness and honesty. Having a clear behavior code is also useful.

Another part of the trust equation is vulnerability. Joly quotes Brené Brown, who said, "Vulnerability is the glue that binds relationships together." Vulnerability is *not* about sharing everything, but about sharing that which is relevant and helpful. It's particularly important for those in leadership positions to be vulnerable—to demonstrate shared humanness. The combination of trust and vulnerability helps people help each other.

"To create high-performing teams, the best version of every individual must translate into the best version of the collective." To create a high-performing team, the individual players cannot believe themselves to be superheroes, ready to come in and take on every problem on their own. The individuals also have to be careful not to value caretaking over caring; those who value caretaking will obscure the truth out of the compulsion to be kind. Caring means reacting with openness and honesty.

Diversity and inclusion are at the heart of the concept of celebrating employees as individuals. Engagement and performance improve when people are celebrated as individuals, so diversity and inclusion are business imperatives. "If employees cannot see someone who looks like them among their managers and in the boardroom, they don't feel they have a shot. And if they feel they have few prospects, they cannot be fully engaged and give their best." On the other hand, it's equally important to avoid tokenism. Diversity also allows a company to better understand—and thereby address—the needs of its customers.

Ultimately, all of these components help create a business that feels like a family. "Such strong human connections within the company, added to a sense of purpose, contribute to creating the kind of human magic that creates irrational performance."

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CHAPTER ELEVEN

INGREDIENT 3: FOSTERING AUTONOMY

Contrary to what he had learned early in his career, Joly later discovered that top-down problem-solving can actually be detrimental. “In most cases, decisions cannot—and should not—trickle down from the top.” Relying too much on senior leadership takes power away from individuals and puts undue pressure on leaders. Instead, Joly advocates for the idea of fostering autonomy.

Autonomy is about intrinsic motivation, which leads to better performance. It also allows for creative thinking, which leads to innovation. And perhaps most importantly, people simply don’t love being told what to do.

Joly recommends several ways to “create an environment where autonomy helps generate human magic”:

- Push decision-making as far down as possible.
- Prefer a participative process.
- Adopt agile ways of working.
- Adjust to skill and will.

Pushing decision-making down to the lowest levels in the organization is important, because that is the “place where people have either enough or the best information to make that decision.” As to how decisions should be made, Joly suggests adopting the RASCI framework: responsible, accountable, support, consult and inform. In many cases, a CEO or other executive need not be consulted—they can simply be informed of a decision once it’s been made. Nevertheless, such a decision-making process does not mean that those not directly involved aren't available to help or provide feedback when needed.

Similarly, it is important that the people who are most familiar with a given challenge be empowered to come up with ideas and possible solutions for it. Leaders can ask questions and support the development of a plan, but multiple actors should be involved in the process.

On the other hand, there also shouldn't be too many voices. To increase agility, many companies are "adopting small, autonomous multifunctional teams working in sprints," which accelerates decision-making and changes. They use data and ongoing, real-time testing to inform and drive smaller, more frequent adjustments.

Yet this is not without exception. There may be instances in which the skills of a given team are such that autonomy may not work. "Delegation and autonomy lead to human magic only when people are *both* skilled and motivated." Understanding when this is the case requires being aware of not just skill levels, but also motivation levels and context.

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CHAPTER TWELVE

INGREDIENT 4: ACHIEVING MASTERY

Mastery is not the same as perfection. It's about increasing skill through practice and instruction. A company should be interested in helping its employees grow because, says Joly, "Ironically, a sustained focus on mastery and process, rather than on outcomes themselves, is what consistently delivers the best possible results."

To foster an environment of mastery in the workplace, Joly recommends that leaders:

- Focus on effort over results.
- Develop individuals rather than the masses.
- Focus on coaching rather than training.
- Reassess performance assessment and development.
- Treat learning as a lifelong journey.
- Make space for failure.

When it comes to mastery, consistent practice matters more than the outcome. This is true for a business as well. "Treating profits as a purpose in business undermines the mastery mindset by focusing on results over seeking fulfillment and best efforts as their own end." Mastery also must be fostered on an individual basis. At Best Buy, Joly realized that they couldn't improve productivity and performance if they only looked at these in aggregate. By taking individual abilities and responsibilities into consideration, it became easier to see where there was room for improvement.

Coaching is preferable to training because "it works on practical skills in real-life situations." For coaching to work, it must be frequent and practical, and managers must go beyond their basic job description to make it happen.

Traditional assessments that rely on a top-down grading system don't meaningfully improve the work of employees. Joly believes that assessments should focus on improving strengths and developing potential. They should not focus on behavior or problems. "Mastery does not come from working on your 'weaknesses,' but in relentlessly honing and leveraging your unique combination of strengths." Not everyone needs to be good at everything.

Mastery entails lifelong growth—there is no finish line. It is simply about striving to get better at something you love doing. And striving does not guarantee success, which is why failure is also a key component of fostering mastery.

Joly embraces Jeff Bezos' concept of two types of failure. The first is when one fails in an area in which they have expertise; this type of failure should be avoided. The second type, on the other hand, stems from trying new things and exploring new ideas. This type of failure is an essential part of innovation and should therefore be encouraged.

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CHAPTER THIRTEEN

INGREDIENT 5: PUTTING THE WIND AT YOUR BACK

Growth—or what Joly calls "putting the wind at your back"—is the fifth ingredient of unleashing human magic. Growth "is an imperative. It creates space for promotion opportunities, productivity improvement without job loss, taking risks, and investing. Business growth fosters individual growth and drive, which in turn feeds back into innovation and further business expansion."

There are three critical actions you can take that help lead to growth in trying times:

- Think in terms of possibilities.
- Turn challenges to your advantage.
- Keep purpose front and center.

Looking at possibilities means thinking less about what your business already does and more about what it *could* do. During Best Buy's turnaround, the leaders realized that the company needn't be limited to selling consumer electronics. And while they could come up with plans that would almost certainly succeed, they also needed to include some "big hairy audacious goals." The combination of the two keeps people on their toes without demoralizing them.

Business, like life, is not without its share of challenges. But instead of seeing a challenge as a limiting factor, Joly recommends viewing it as an opportunity for rethinking. The COVID-19 pandemic, for example, drove Best Buy and many other companies to "rethink process, products, and services" and "brought about new ways to tap into unexplored demand and unleash new growth."

Finally, a company’s purpose is intended to be “a horizon line you never reach.” It should emphasize possibilities and opportunities for growth in the way it is articulated.

PART IV

THE CASE FOR PURPOSEFUL LEADERSHIP

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CHAPTER FOURTEEN

HOW WE LEAD MATTERS

Leaders must be aware of—and beware—what drives them, and must not only consider what type of leader they want to be, but also whom they want to surround themselves with in other leadership positions.

While Joly had a number of ideas about what a good leader looked like when he was young, he has come to see many of these to be untrue myths about leadership.

The first myth is that leaders are superheroes—that they must singlehandedly swoop in and save the day. Over time, Joly realized that this is not only disingenuous, but it can also inflate a leader's ego to dangerous proportions. The second myth is that some people are simply born leaders. This belief has led to a crisis of imposter syndrome, when the truth is that most leadership skills can be learned. The last myth about leadership is that people are unable to change—which is simply untrue. Each person is capable of deciding what type of leader they want to be and changing their leadership style when it's needed.

To help you figure out for yourself what type of leader you'd like to be, Joly quotes a graduation speech by Clayton Christensen: "Think about the metric by which your life will be judged, and make a resolution to live every day so that in the end, your life will be judged a success." Consider what drives you, the legacy you hope to have and how you can maintain and sustain your plan.

"I no longer believe that my role as a leader is to figure it all out," says Joly. "Choosing why and how to exercise power, and whom to give it to, are the most crucial choices leaders have to make."

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CHAPTER FIFTEEN

THE PURPOSEFUL LEADER

The final chapter of the book looks at what Joly calls the five “Be’s” of purposeful leadership.

1. **“Be clear about your purpose, the purpose of people around you, and how it connects with the purpose of the company.”**
   Being aware of and then connecting each of these purposes facilitates the creation of an “overarching pull” for everyone.

2. **“Be clear about your role as a leader.”**
   Leaders must set the tone—not measure it. While circumstances are often beyond anyone’s control, a leader can decide how they want to lead and imbue their team with energy and optimism. “You cannot choose circumstances, but you can control your mindset.”

3. **“Be clear about whom you serve.”**
   Joly believes that Best Buy as a business is responsible for serving the whole—not for individual career advancement. A leader shouldn’t be focused on their own pocketbook or fame; they are responsible for serving others. As CEO, Joly saw his role as being responsible for serving those on the front lines, his colleagues and his board of directors, and he worked to understand what each group needed so that he could support them in their endeavors.

4. **“Be driven by values.”**
   Values aren’t helpful if they only exist on paper. “Being driven by values is doing right, not just knowing or saying what is right.” A leader has to live by their values and

encourage others to do the same. And there can't be any exceptions, as a "just this once" can quickly turn into a slippery slope. At the same time, it is important to determine when your values aren't aligned with your environment and know when to leave a workplace.

5. **"Be authentic."**
   A good leader must be themselves, and to do that, they must be vulnerable. Returning to Brené Brown's notion of vulnerability, Joly says that "vulnerability is at the heart of social connection. Social connection, in turn, is at the heart of business. And it starts with each of us."

CONCLUSION: A CALL FOR ACTION

While stakeholder capitalism is beginning to take hold, Joly believes there remains a gap "between understanding and doing." As such, the conclusion includes a call for action for a number of different constituent groups.

For leaders: Start with yourself. How can you be the best leader you can be while helping others to do the same?

For companies: How can you create the right environment? What is your noble purpose, and how can you co-create it with your team? From there, focus on how the purpose can be put into practice by developing concrete initiatives that you plan to pursue.

For industry sector and community leaders: In what areas can you make a difference—for example, racial inequality and climate change—and how can you work toward solving them with your peers?

For boards of directors: How do you approach your responsibilities, and how can you do so in a way that aligns with and promotes a noble purpose for the company with which you're affiliated?

For investors, analysts, regulators and rating agencies: What can you do to increase alignment between your own investment decisions and the principles of purposeful leadership?

For business education institutions: What can you do to help business students become more purposeful leaders—and not superheroes?

ABOUT WORLD 50

Founded in 2004, World 50 consists of private peer communities that enable CEOs and C-level executives at globally respected organizations to discover better ideas, share valuable experiences and build relationships that make a lasting impact. The busiest officer-level executives and their most promising future leaders trust World 50 to facilitate collaboration, conversation and counsel on the topics most crucial to leading, transforming and growing modern enterprises. Membership is by invitation only.

World 50 communities serve every significant enterprise leadership role. World 50 members reside in more than 27 countries on six continents and are leaders at companies that average more than $30 billion in revenue.

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