

# SECTION ONE

WELCOME TO THE PURPOSE ECONOMY

WELCOME TO  
**THE PURPOSE ECONOMY**  
 WITH AARON HURST

HI, I'M AARON.

LET'S TAKE A JOURNEY THROUGH TIME TO EXPLORE HOW WE HAVE CHANGED THE WAY WE WORK AND LIVE.

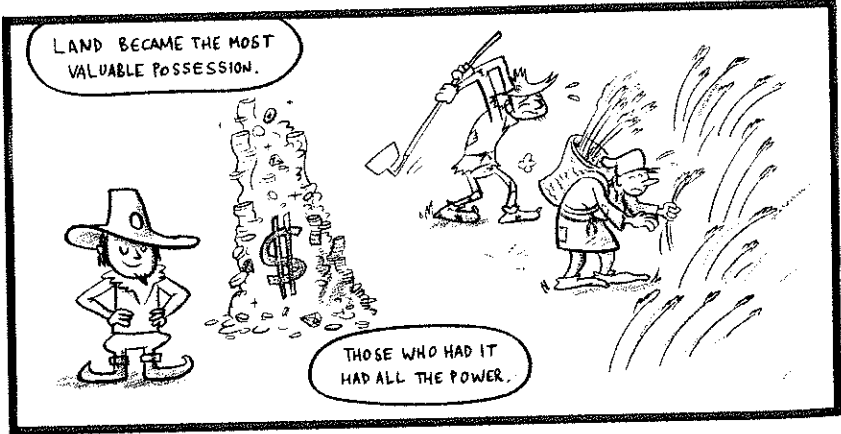
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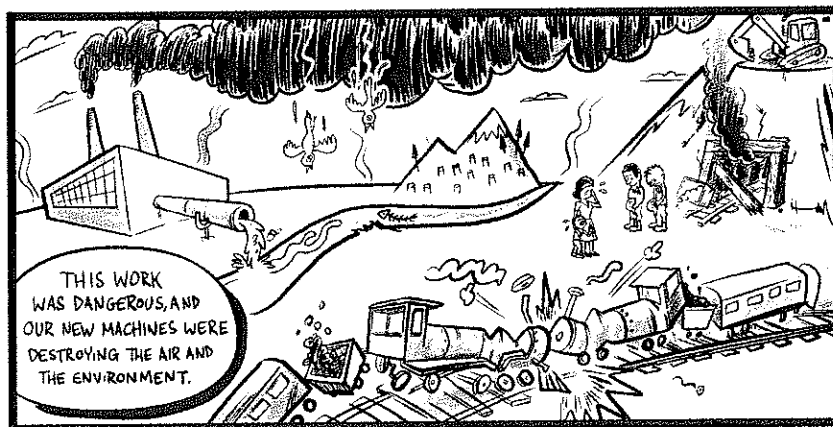
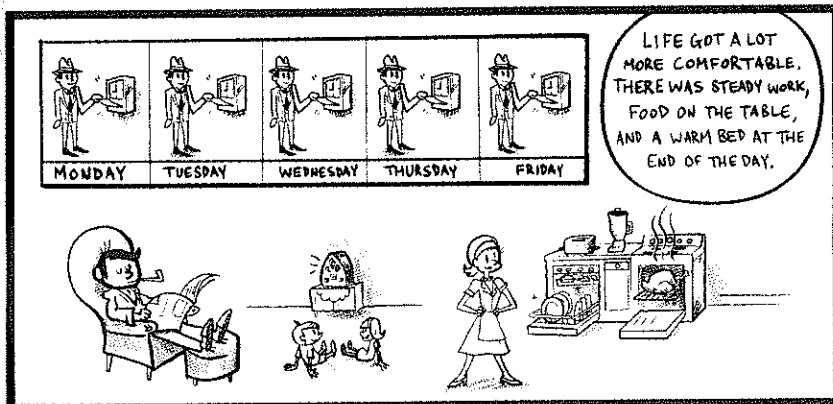
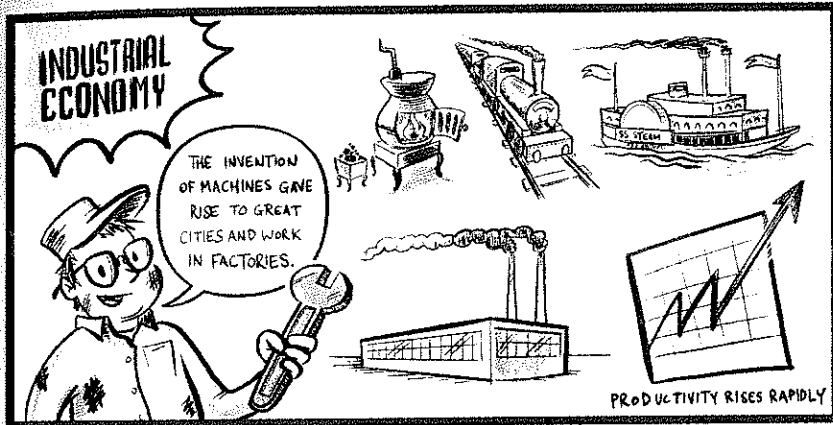
WE HAVE BEEN ON A JOURNEY TO MAKE OUR LIVES BETTER...

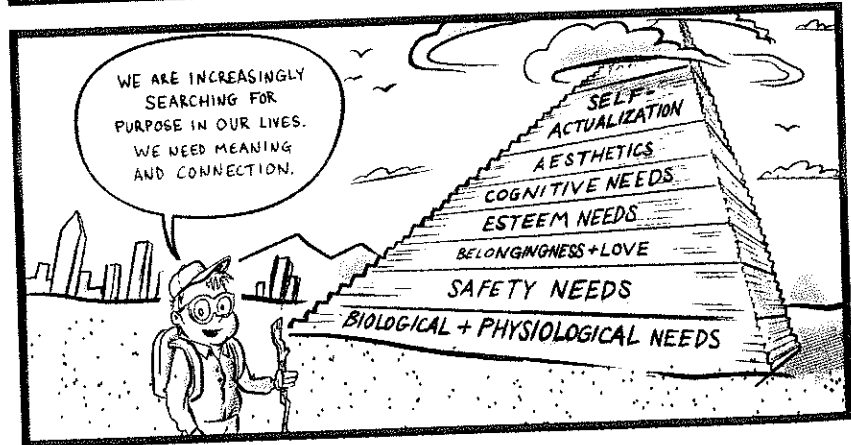
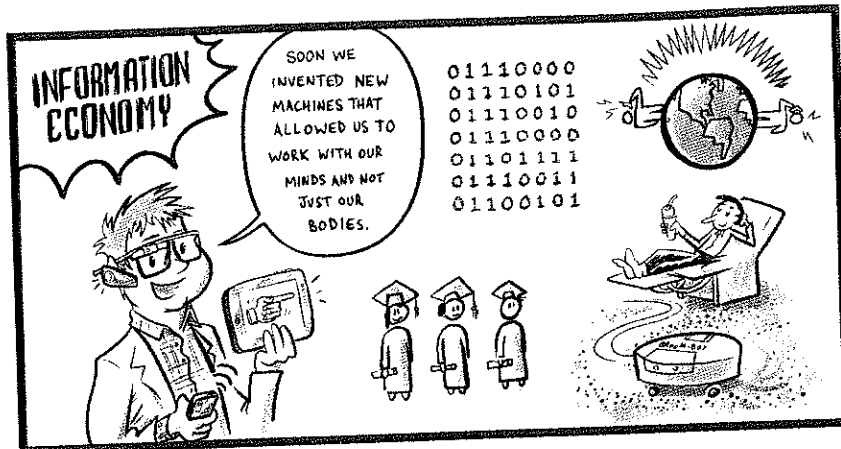
WE BEGAN AS CAVEMEN, WANDERING THE WILD WITH OUR FAMILIES.

HUNTER-GATHERERS

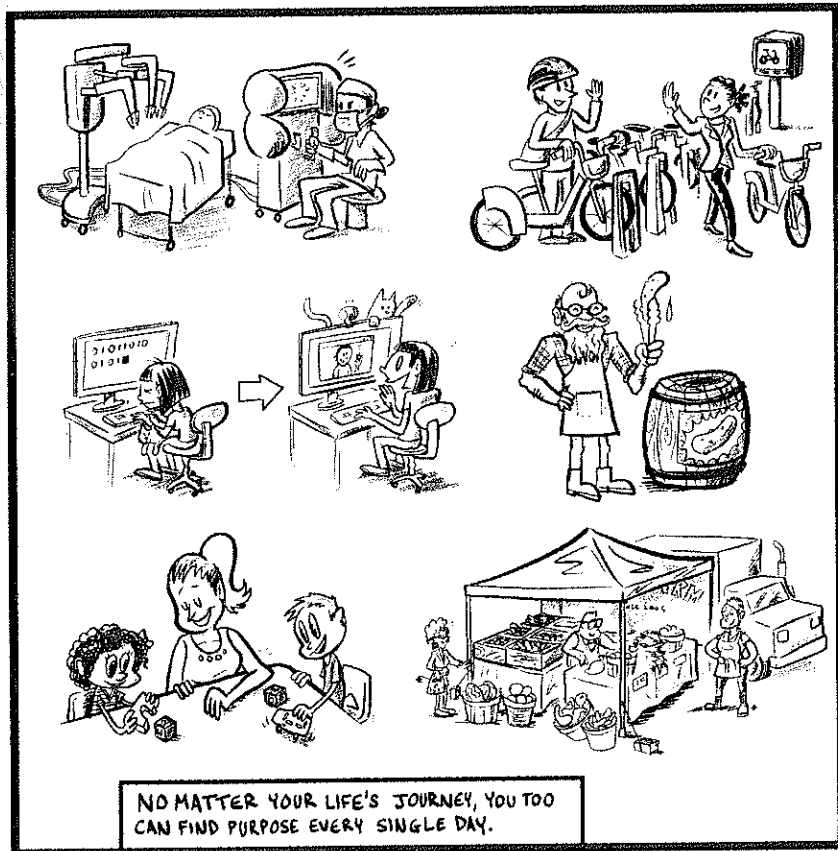
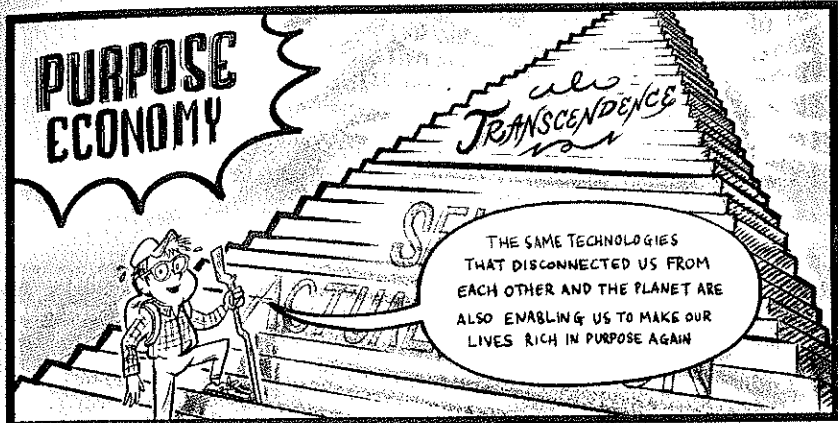
NOMADIC







for those who have access to tech + know how to use it



NO MATTER YOUR LIFE'S JOURNEY, YOU TOO CAN FIND PURPOSE EVERY SINGLE DAY.

## I The Purpose Economy

Every weekday morning at 8 a.m., the Taproot Foundation database emailed me a report of the names, professions, and locations of everyone who had applied to join Taproot's team of pro bono consultants in the previous 24 hours. Usually dozens of names long, the report also included a short essay explaining why the applicant wanted to donate 100 hours of their time to one of our nonprofit partners. In all the years I was at Taproot, I likely read 25,000 of these responses, and while each of them was unique, the motivations were remarkably consistent:

*I'll be honest—my current 9 to 5 copywriting job is not inspiring, and it's not making the world a better place.*

*I love to contribute my professional skills to any worthwhile cause... Money can't buy the sense of fulfillment one feels knowing that you have invested in the hopes and dreams of others through organizations such as Taproot.*

*My passion for helping people is rivaled only by my passion for automating things with computers. I want to combine these two things.*

*I find pro bono work so much more rewarding than a paycheck job. It really helps take my skills and talent to their full potential and get the most of them. It's a personal opportunity to explore and stretch my creative/marketing abilities.*

*I feel blessed to have been able to go to school and succeed in my career, and feel compelled to use the skills afforded by the opportunities I've been given to help deserving organizations that can use the help.*

In just over 12 years, these professionals have enabled Taproot to donate over \$100 million in pro bono services—an average of \$8,000 per volunteer—making Taproot the largest nonprofit consulting firm in the United States. Their payment? Purpose.

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When I say purpose, I mean more than serving others and the planet. Service is certainly at the core, but in speaking with hundreds of professionals and reading thousands of essays, I discovered that there are three other key sources of purpose people seek: a sense of community, the opportunity for self-expression, and personal growth. In other words, they pursue personal, social, and societal purpose.

An extraordinarily powerful force drives the desire to tap into these rich sources of meaning in our lives. Since launching Taproot in 2001, I witnessed that force not only change the lives of thousands of professionals, but also begin to drive a remarkable shift in our economy. This shift gave rise to whole new breeds of organizations, products, relationships, and services that discover innovative approaches to prioritize purpose in people's lives, while often addressing the most intractable social and environmental problems.

This shift is so substantial and pervasive that I now believe we are in the early days of the emergence of a "Purpose Economy"—the fourth American economy in our history. While the Purpose Economy certainly does not dominate our gross domestic product, it is growing quickly. Furthermore, as I will argue in this book, it is likely that in fewer than 20 years, the pursuit of purpose will eclipse the third American economy—the Information Economy.

### Purpose, Purpose—Everywhere

I'm not an economist, a sociologist, or a psychologist. I am an entrepreneur. Entrepreneurs constantly look for opportunities, hoping to find emerging trends or spot inspiration for new products or services. This kind of pattern recognition first helped me see the enormous potential for pro bono and has now helped me discern the underlying thread in what appears to be myriad emerging trends of the last decade's organizations. It has helped me comprehend how they are all driven by the pursuit of purpose: together, they create the Purpose Economy.

For more than a decade, I focused intensely on achieving the Taproot Foundation's mission. When I finally came up for air and reflected on our progress, I realized that the pro bono movement was nearing a tipping point, as pro bono service had started to go mainstream. But I also realized that the organization's success was part of a much larger movement. The public was changing its priorities. New organizations, products, relationships, and services that were once niche were now finding markets.

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These powerful shifts in public desire are changing what we buy, how we buy it, from whom we buy it, why we buy it, and how much of it we buy. We are sharing everything, from bikes and cars to extra rooms in our homes. We can once again buy and sell handcrafted products with ease. Grocery stores now sell more local and organic food, and farmers' markets have popped up all over the country.

In the last 10 years, social innovation has become big business. Conferences and magazines are dedicated to the topic, and legions of consultants and entrepreneurs help individuals and companies adapt to this new way of operating. Under President Obama, the White House now has an Office of Social Innovation and Civic Participation.

Open almost any newspaper or magazine or look at a list of bestsellers, and you'll find evidence of this change in priorities. A whole new genre of "solution journalism" has emerged, with media outlets like the Solutions Journalism Network and GOOD covering social impact solutions, as well as established publications, from *Fast Company* to Germany's *Capital* shifting their focus from business to an expanded focus on business and society. Even *The Economist* entered the game with the publication of Matthew Bishop's *Philanthrocapitalism: How the Rich Can Save the World*.

Harvard professor and corporate strategist Michael Porter launched the "Social Progress Imperative," a global index that strives to look beyond gross domestic product and provides a ranking of countries globally, based on the extent to which they are meeting the social and environmental needs of their citizens. It is one of several similar efforts, including the United Nations' Universal Periodic Review, that focuses on aspects such as human rights and social impact, rather than economic factors in order to evaluate nations' progress.

The conversation about work is also rapidly evolving, with the emergence of new fields of research (such as positive psychology), and new search and recruiting firms focused solely on helping people find meaningful work. Search firms like ReWork, On-Ramps, Idealist, and CommonGood Careers (which uses the catchy tagline, "Will work for social change") are thriving. Books like Adam Grant's *Give and Take* and Martin Seligman's *Flourish* are redefining not just what drives employee engagement and productivity, but what improves employee well-being. These new concepts inspire different approaches to management and careers. Applications from the best talent in the nation have flooded these firms, just as Teach for America has been now for over a decade.

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A generation of Purpose Economy pioneers, like Whole Foods Market's John Mackey and Virgin's Richard Branson, are challenging others to follow their lead to create new frameworks both to do well and to do good, which raises the bar for the business community and turns successful theories into movements. Richard Branson launched the B Team, a coalition aiming to go beyond traditional corporate social responsibility, and instead embrace what they call Plan B: "A plan that puts people and the planet alongside profit." John Mackey and his team are promoting a new model for business he calls Conscious Capitalism, which inspired his book of the same name.

The business case for purpose has been clearly documented and studied. A 2013 study of purpose-driven companies by Raj Sisodia, David B. Wolfe, and Jag Sheth found that they out-performed the S&P 500 market four-fold.

Large corporations have shown signs of new, purpose-focused frameworks as well. Some of the most traditional companies like Deloitte and Pepsi have started to put their toes in the water, as their leaders recognize that, while they can't change overnight, they can develop long-term visions to make purpose a priority. In light of this, they have taken proactive and prudent steps in that direction. Pepsi's CEO Indra Nooyi has framed their north star as "performance with purpose" and begun to make "healthy eats" and the environment core to their success. Deloitte, a consultancy with 200,000 employees around the globe, has made it a priority to embrace a culture of purpose, realizing that successful companies must be "keenly aware of the purpose they fulfill for clients, employees, community, and other groups," and they have integrated those goals into their business' core activities.

In fact, it appears the majority of CEOs now share the vision that purpose is emerging as the new driving force of the economy. They see that understanding the importance of purpose—for employees, clients, and customers—will soon mark the difference between competitive companies from others that fall off the map.

A survey by PwC that was released at the 2016 World Economic Forum indicates that CEOs see the Purpose Economy likely hitting a tipping point as soon as 2020. Among other measures, CEOs expect demand for purpose in the consumer marketplace to increase by nearly 300 percent by 2020. This demand means consumers are putting less emphasis on cost, convenience, and function and increasingly are making decisions based on their need to increase meaning in their lives, and buying products and services that fulfill that need.

Even Morgan Stanley recently got into the game with its announcement of the multi-billion-dollar Institute for Sustainable Investing. Finance is slowly changing to thrive in the new economy. Several states are experimenting with social impact bonds, and others are experimenting with new governance structures to address the financing needs of organizations that don't neatly fit into commercial or nonprofit categories.

Much like technology a few decades ago, purpose has now become a business imperative. In today's world, running an organization without an intentional emphasis on purpose for employees and customers is like running an organization in the early 1990s and failing to implement technology.

Little of this is truly new, of course. Farmers' markets existed long before chain stores. Social impact bonds appeared in Israel in the mid century. During the 1960s in the United States and Europe, there existed several large-scale experiments with communal ownership. *Mother Jones* magazine has reported on social problems and impact for decades. But what we are seeing now is the acceleration and the commercialization of those activities, fueled by new forms of capital, that allow these developments to move from the fringe to the mainstream. We are approaching the tipping point, where the Purpose Economy has matured enough to move from the fringes of society to the heart of the U.S. economy and, increasingly, to those around the globe.

### What Is the Purpose Economy?

The Purpose Economy describes the new context and set of ways in which people and organizations are focused on creating value, and it defines the organizing principle for innovation and growth. Each of the three previous economies was unique to the context and set of conditions of the day, all of which served as forces to impact the markets in each economy. The Purpose Economy is defined by the quest for people to have more purpose in their lives. It is an economy where value lies in establishing purpose for employees and customers—through serving needs greater than their own, enabling personal growth, and building community.

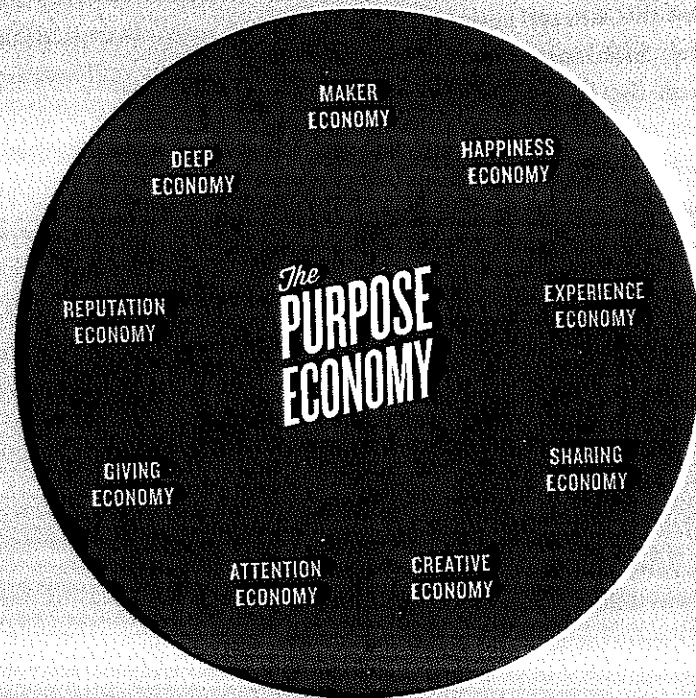
The emergence of purpose as the new organizing principle in our economy is a product of our current moment in time. It is based on where we stand in history today: our current culture, values, education, technological abilities, social organizations, political realities, and the state of our natural environment. Each part of our world has gone through a radical transformation in the last few

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decades, and they are now converging into a new set of processes to change the way society operates.

We can see these changes in many ways through little things in our everyday lives, such as the food we're eating and where we're shopping. They affect how we live and how we work, and they are empowering people to have rich and fulfilling careers by creating meaningful value for themselves and others.

### The Purpose Economy: where movements and markets merge



The Purpose Economy helps explain many of the movements that have gained traction in the last decade, including resource sharing, maker (e.g. do-it-yourself), happiness, reputation, giving, creative, and experience. Together, these movements are the heart of the macroeconomic evolution that points to purpose as the new driver of the global economy.

### Three Types of Purpose

To understand the Purpose Economy, it is critical to understand purpose and how it is created for people. The definition and nature of purpose is often misunderstood. There are three well-researched, core categories that consistently echo through the words of the professionals who applied to the Taproot Foundation: personal purpose, social purpose, and societal purpose. Together, they represent the needs that the new Purpose Economy addresses.

Warren Brown, Kristine Ashe, and Kate Atwood each came to points in their careers when they decided they needed to make a change to increase purpose in their lives. They each created new organizations to realize this need, but each was driven by a need for a different kind of purpose. Their following stories help to illustrate the three types of purpose that are transforming the economy.

#### I. Personal Purpose—Growth

Warren Brown was one of over a million lawyers in the United States. As he describes, “My moment of truth came very late on a Friday night when I was still practicing law. On this night, I was making a cake for one of the senior managers in my office, and I was trying to make it look extra nice.” He was good at his job, but it was only a job—what he really loved was baking with and for his friends. What started as a hobby became a bakery, CakeLove, and later a café, the LoveCafe. Both the bakery and café became wildly successful, and he eventually left his job as an attorney. And yet, just a few years in, Warren wasn’t happy. Despite doing what he loved, he was, in fact, spending all of his time running the bakery. What he loved most was talking to his customers about cake and creating the kinds of amazing cakes that wowed them. As it turned out, his passion had been making cakes, not managing a bakery.

After recognizing the gap between what he was doing and what he wanted to be doing, Warren hired a manager to run his business and refocused his energy on baking and looking for new ways to create cakes. He talked to his customers about what they loved and found that while his customers clearly loved cake, they had trouble eating it neatly. After a little trial and error, a solution emerged: Cake Bites, small cakes baked and served in tiny jars. The Cake Bites were an instant hit, and Warren was soon selling them to Whole Foods. His business boomed. By following his passion, Warren had not only found a profound sense of purpose, but also was able to build a great business in the process. “In living my passion, when I wake up, I’m all go. I’m spiritually amped—ready and willing to dive

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into the satisfaction I get every day from baking.” Passion is a crucial element of purpose.

For Warren, the pursuit of purpose was deeply personal. It began with him recognizing a problem, cultivating the self-awareness to understand what needed to change, and pushing himself to make the necessary changes so that he could grow. It’s no different for our generation. We find purpose when we do things we love, attempt new challenges, and express our voice to the world.

There’s no better example of personal purpose than the remarkable success of Etsy, a marketplace where over a million artists and makers sell their wares. In just five short years, Etsy has enabled thousands of professionals to quit their day jobs for work that is meaningful for them. The company reports that there are now more Etsy sellers in New York City than taxi drivers. By creating demand for handmade goods, from jewelry to art to furniture, Etsy has made it commercially viable for people to do the work that enables their self-expression and growth as craftspeople.

## 2. Social Purpose—Relationships

Kristine Ashe’s family was fractured and living all over the country. She longed to share her life with them, but knew it was unlikely unless she created the opportunity for it to happen. Though she knew very little about farming or winemaking, Kristine decided to buy a vineyard.

Unlike Warren Brown and his connection to the craft of baking, Kristine’s dream was not to make wine, but rather to create a business that would bring her family together and build a community. The wine business had a relatively low barrier to entry and strong community of mentorship—you looked to your neighbors for help. Her hope was that it would be a way to finally bring her family together in one place, all working on the vineyard. It could be a business that was focused on community and relationships.

Remarkably, her field of dreams worked. Kristine built the vineyard around her family, creating a ranch that allowed her to work with her kids by her side. Her extended family also got involved in ways she never imagined. Her sister

moved to the farm, and her brother-in-law now leads the vineyard's operations. Her father even built their website.

Kristine decided to call the vineyard *Entre Nous*, French for "between us." Kristine explained her motivation to create the vineyard: "The connections between us bring the greatest joy, the highest passion, and the most authentic satisfaction in our frequently impassive, impersonal, and impatient world." The work of winemaking was rewarding and pushed her to her limits, but it was the ability to share that work with the people she loved that made it truly meaningful and gave her such a strong sense of purpose.

Research shows that purpose is not a solo act. Michael Steger at Colorado State University has created a Laboratory for the Study of Meaning and Quality of Life. In his study of over 250,000 people, he found evidence that what Kristine had felt applies on a much broader level. When it comes to meaning in life, relationships matter to humans more than anything else. They reinforce our sense of value, require us to engage, and ultimately help us grow.<sup>1</sup>

We often find purpose through social interaction. This constitutes much of the success of Facebook and other social media sites like Tumblr and YouTube. They have made a business of creating a platform for people to express themselves to others in their network and beyond. While social media isn't as rich in purpose as true communion in person with friends, it still enables us to share our journey with others, which amplifies the purpose in our lives. Social media, then, combines personal purpose and social purpose—perhaps the reason for its ever-increasing popularity.

### 3. Societal Purpose—Impact

When NASCAR's Kate Atwood was asked to speak at a camp for kids who had lost a parent, she wasn't expecting her life and career trajectory to change. But, when she found herself in front of hundreds of kids telling the story of losing her own mother to cancer when she was 12 years old, something shifted. It was the first time she had ever shared her story. "Until that day, the death of my mom

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had been about me,” Kate shared with me. “After that day, I knew it was much bigger than myself.”

Later that evening, a little girl about 10 years old tapped Kate on her shoulder and asked, “Are you Kate?” “Yes,” she replied. The girl then continued to tell her the story of losing her own mom and dad in a car accident. “To this day, that moment stands as the time I first brushed up with the power of purpose,” she explains.

“Two years later, at the tender age of 22, this thirst [to find purpose in my life] led me to my boss’ office, to let her know I was leaving the company to start a nonprofit for kids who had lost a parent or sibling.” Kate left NASCAR to start Kate’s Club. For the next 10 years she expanded it, and it became a well-established community for children and teens in Atlanta navigating life after the death of a parent or sibling. It was with Kate’s Club that her personality manifested, both as a survivor of loss and as a kid who just wanted to know that grief changed her life, but did not end it. She learned that your darkest moment can become your biggest gift if you are able to make it about something beyond yourself.

The most powerful source of purpose comes from this concept; purpose comes when we know we have done something that we believe matters to others, to society, and to ourselves. From the small and mundane daily choices we make to systemic and historic impact, we strive to contribute to the well-being of the world around us. Societal purpose isn’t isolated to volunteering and philanthropy, or careers in education and social work. While these often spark feelings of purpose, we can also derive purpose through decisions about how we consume, from decreasing our carbon footprint to buying local produce at the farmers’ market. We can also discover meaning through our daily work, by helping the people on our teams and providing consumers with our products and services.

Seventh Generation makes cleaning, baby, and feminine personal care products that aim to be healthy and safe for the air, the surfaces, the fabrics, the pets, the people within the home—and for the community and environment outside it. Founded in 1988, Seventh Generation was one of the first successful companies to build a brand around creating products and services that help consumers



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better care for the Earth. Investing in environmental sustainability is one of the most powerful (and literal) ways to do something bigger than yourself. By making these products available for the mass market, Seventh Generation enables people caring for their homes and families to make purpose part of their daily routine.

At its foundation, the Purpose Economy creates purpose for people. It serves the critical need for people to develop themselves, be part of a community, and affect something greater than themselves. It may sound utopian, but there is evidence in almost every industry and throughout our culture that this shift is already underway. The Information Economy, which has driven innovation and economic growth for approximately the past 50 years, is only the most recent evolutionary leap in the history of the global economy. We are now in the process of making the next big leap.