

URL: <https://ecorner.stanford.edu/clips/purpose-for-startups/>

Harvard Business School professor Ranjay Gulati advises aspiring founders that prioritizing purpose from Day Zero can open up extraordinary possibilities for startup ventures. Prioritizing purpose, he finds, can help founders craft a narrative that attracts investors and employees alike. But more than just serving as a sales pitch, he emphasizes, purpose can shape decisions around hiring, promotion, and even finding product-market fit.



Transcript

- Are you saying at day zero, 00:00:06,130 when a company's very survival is at stake that a founder needs to prioritize their precious limited time to thinking about purpose.. And then if so, we're in a school of engineering, everybody loves to measure things, if the definition of purpose is this animated idea, you can measure unit economics, you can measure product market fit, how do we measure, the purpose? - Both excellent questions.. 00:00:28,930 So, first of all I think is, I have nothing against product market fit.. I think we need that.. We need to understand unit economics, we need to understand the engine that is gonna build a business around us.. I think what happens is we start narrow very quickly and I think we then do miss out on the opportunity to think expansively about our business.. What space are we in? What are the problems we wanna solve? We get caught up in the product market fit and sometimes we abstract away adjacent problems we could be solving.. So we miss this adjacencies in our markets, we miss opportunities around in adjacent areas.. So I think purpose is a wonderful vehicle to also sharpen your product market fit in an expansive way.. I think it also is a wonderful way to talk about it..

Founder, entrepreneurs selling all the time, selling their business to not only venture capital to raise money, but also to new employees, to everybody.. How do you talk the talk? Let me tell you about product market fit.. No let me tell you about my expansive notion of what my business is all about.. So even from a.... It's building a narrative.. It gets you to build a narrative, you wanna call it a elevator pitch, whatever you wanna call it, but now you come to the next part of it Ravi, how do you measure yourself? Like, how do I know am I.... How am I measuring my purpose over here? How am I doing on that? Very hard question.. And I think this is where it gets subjected very fast.. I think the only way to start to imagine ask ourselves this question is, to what degree am I living our purpose? How much do we reference and talk about our purpose when we think about our strategy and our product market fit? When we are hiring people and employees and even thinking of promoting people, how often do we think about purpose orientation? When we onboard new people, do we talk about our purpose? Is it something that is just wallpaper or is it lived purpose? How clear are we about our purpose in our communication with our customers and our ecosystem partners? I think it is subjective inherently, I think it's also.... It's never too early, it gives you the....

I mean I told you at a very basic level, it gives you a narrative to talk about, but I think that makes it shallow purpose..

That's all you're doing.. I need a sales pitch.. Thank you, Ranjay, I got it.. I got the two learner you wanted me to.... All this is about elevator pitch.. That's all you wanna talk about.. Elevator pitch, yes but what if you took the elevator pitch seriously? What if you tried to translate that into something bigger? You are unlocking huge possibility...