

The Real Purpose of Chocolate and Diamonds



Back in the mid-1800s, two brothers in Birmingham, England, inherited their family's failing confectionery. Facing bankruptcy, George and Richard Cadbury experimented with a strategy that by today's standards would be considered disruptive: rather than scale back, they doubled down, investing their personal wealth into producing a higher-quality product and higher-quality existence for their workers.

During a time when most "chocolate" treats were scarce in real cocoa and abundant in additives, the Cadbury brothers eliminated all adulteration, selling pure, chemical-free, rich, indulgent chocolate. The investment in quality paid off. Business boomed. When the time came to expand their factory, George and Richard, devout Quakers, did something else radical for their time: they built a village for their workers. Nestled in a meadow next to a stream, Bournville, as it was called, had football and cricket pitches, tennis and squash courts, a swimming pool, and a bowling green. There was a community kitchen. The company began

hosting employee parties and providing paid sick days and pensions. What had become a profitable enterprise became a purposeful one, and Cadbury would go on to become an international household name.

In her book, *Reimagining Capitalism in a World on Fire*, Harvard Business School professor Rebecca Henderson argues win-win scenarios like Cadbury's are precisely why it makes good business sense for companies to pursue purpose in addition to sheer profit. Modern-day data supports it: a study published in the journal *Organization Science* concluded that strategies that closely align with environmental and social governance principles have better shareholder returns. It's been a slow progression often marked by two steps forward, one step back, but the movement toward purpose-driven business models may finally be accelerating across industries.

Just recently, Pandora, the world's biggest jeweler by volume, announced the company is making the move to selling only lab-produced diamonds, avoiding potential scandals involving slave labor, political conflict, and environmentally disastrous mining practices. It's because, says

CEO Alexander Lacik, "it's the right thing to do." For ethical and business reasons, synthetic stones are now outpacing mined diamonds in industry growth. And a bonus: a Bain & Company report found synthetic diamonds are up to 10 times less expensive than mined diamonds.

Henderson defines an "authentic purpose" as a shared, clear set of goals for a company "that reaches beyond simply making money and is rooted in deeply held common values." When done well, a firm's mission statement becomes intertwined with its strategy. The purpose-driven

they want to work for companies that support their own sense of purpose.

As more examples of companies adopting a triple bottom line emerge, the business case for purpose-driven operations will only grow stronger. Euromonitor, a global market research firm, predicts in its annual trends report that consumers will continue to increasingly favor companies that make the world safer, cleaner, and more equitable. For companies to recalibrate, though, their leaders will need to set the new direction. Executives must first identify their

"It's the right thing to do."

company, Henderson finds, is more open to new possibilities and thus poised to innovate and meet changing consumer demands more readily, a viewpoint that was borne out during the pandemic.

Maybe now, almost 200 years since Cadbury revolutionized the triple bottom line, the idea that people, planet, and prosperity can coexist will finally migrate from the British countryside to the mainstream. The marketing consultancy Edelman has found that almost three-quarters of the world's population expects businesses to address today's big problems. And increasing numbers of young people say

personal compelling purpose, whether that's the threat of climate warming, employee welfare, or the welfare of their loved ones.

Pandora's CEO attributed his decision to abandon the ethically questionable practices of the diamond business to his grandchildren. "I'm leaving this earth one day," Lacik told reporters after the announcement, and he hopes to leave it in better shape than what we've "created in the last 50 years or so." And at least for one day, he left the company in better shape, too: following the announcement, Pandora's shares jumped 7 percent. ▀

Illustration: Getty Images / Paul Campbell; Author portrait: Astrid Nippoldt