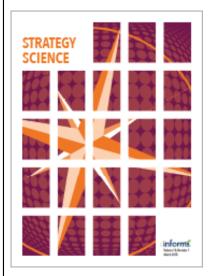
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# Walking the Purpose-Talk Inside a Large Company: Sustainable Product Development as an Instance of Divergent Change

Marissa Kimsey, a,\* Thijs Geradts, b Julie Battilanac

<sup>a</sup>University of Oxford, Oxford OX1 1HP, United Kingdom; <sup>b</sup>Erasmus University Rotterdam, 3062 PA Rotterdam, Netherlands; <sup>c</sup>Harvard University, Cambridge, Massachusetts 02138

\*Corresponding author

Contact: marissa.kimsey@sbs.ox.ac.uk (MK); thijs.geradts@gmail.com, ( https://orcid.org/0000-0003-2647-5277 (TG); jbattilana@hbs.edu, https://orcid.org/0000-0001-5515-6502 (JB)

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Abstract. There is a growing interest in large companies pursuing a new purpose—changing their core reason for being from a singular focus on financial gain to a renewed responsibility to people and the planet alongside profit. Yet knowledge of how a large company can walk that purpose-talk is still in its infancy. In this essay, we zoom in on the development of new sustainable products that embody a renewed responsibility to people and the planet. We conceptualize sustainable product development in a large company as an instance of divergent change and explore: How can sustainable products develop inside a large company in the face of the intense resistance that such a divergent change is likely to trigger? Building on our qualitative study from 2010 to 2019 of four products in a large fast-moving consumer goods company, we unpack two key leadership practices: (1) relaxing metrics for a product team, which (structurally) enables experimenting with a sustainable product separate from the mainstream business, and (2) advocating with gatekeepers, which (discursively) enables anchoring a sustainable product within the mainstream business. Overall, our findings suggest that sustainable product development will not do much to transform a large company if sustainable products remain merely tolerated exceptions.

History: This paper has been accepted for the Strategy Science Special Issue on Corporate Purpose.

Keywords: sustainability • strategy implementation • innovation management • power and politics

## 1. Introduction

The purpose of a company—its core reason for being—is increasingly in question (Hollensbe et al. 2014). Over the past decades, a company's taken-for-granted purpose has been straightforward and singular: maximizing financial gain for shareholders (Brown 2015). However, a growing chorus of voices—from activists, regulators, investors, and employees alike—is calling for large companies to shift from the myopic pursuit of financial gain for shareholders to better serve people and the planet alongside profit (Business Roundtable 2019, Fink 2019, Thunberg 2019, Henderson 2020, Gulati 2022, Serafeim 2022). Now, as more and more large companies are responding with commitments to embrace a new purpose that entails a renewed responsibility to people and the planet, they face the challenge of walking that talk (Kaplan 2019, 2023; Westphal 2023).

In this essay, we look under the hood of a large company trying to walk the talk of shifting its purpose from a singular focus on financial gain for shareholders to a new purpose that includes benefiting people and the planet alongside profit. Specifically, we zoom in on one aspect of this shift, namely the development of new sustainable products created in response to a corporate sustainability strategy not only to be profitable but also,

crucially, to address social and environmental problems in developing countries. Sustainable product development provides a laboratory for exploring the challenges and opportunities for walking the purpose-talk inside a large company, as the development of sustainable products requires shifting from a sole focus on profit to a multidimensional focus on benefitting people and the planet alongside profit. Although sustainable product development is not sufficient for a large company to walk the purpose-talk, it is necessary (Bansal 2005). In our essay, what we call "sustainable products" embody the purpose of a renewed responsibility to people and the planet in not only how these products are made but also for whom (low-income market segments) and why (to address social and environmental problems as well as profit).

Yet altering deeply entrenched norms about the purpose of business generally, and product development specifically, is no easy task. Hence, in our essay, we conceptualize sustainable product development in a large company as an instance of divergent change—that is, a change that challenges existing deeply entrenched norms (Greenwood and Hinings 1996, Battilana 2006). Organization theory suggests that such divergent changes are more likely to trigger intense resistance because they break from taken-for-granted ways of thinking and acting (D'Aunno et al. 2000, Battilana 2011, Battilana and Casciaro 2012). This raises the question: How can sustainable products develop inside a large company in the face of intense resistance that such a divergent change is likely to trigger?

We address this question empirically in our qualitative study, from 2010 to 2019, of four cases of sustainable product development inside one of the largest fast-moving consumer goods companies in the world, which has also been widely regarded as being at the frontier of bold corporate commitments to shift toward the pursuit of purpose that includes benefiting people and the planet alongside profit. Nonetheless, we find intense resistance to developing sustainable products internally because of deeply rooted norms that are incongruent with the company's new purpose. In this essay, we build on our multiple-case study to unpack the components and mechanisms of two key leadership practices that enable sustainable products to develop inside a large company, despite intense resistance. Specifically, we highlight the leadership practices of (1) relaxing metrics for a product team, which (structurally) enables experimenting with a sustainable product separate from the mainstream business, and (2) advocating with gatekeepers, which (discursively) enables anchoring a sustainable product within the mainstream business. Overall, our study is cautionary insofar as our findings suggest that sustainable product development will not do much to transform a large company if sustainable products are merely tolerated exceptions to the mainstream business.

## 2. Theoretical Background

All new product development faces the challenge of overcoming organizational inertia for the sake of innovation and change (Kanter 1985, Tushman and O'Reilly 1996). To avoid prioritizing product refinement over more open exploration (March 1991) in the face of economic short termism (Marginson and McAulay 2008), a long-standing body of research has pointed to the importance of accommodating distinct processes for identifying and implementing novel ideas, tools, and opportunities (Benner and Tushman 2003, Andriopoulos and Lewis 2009). Research has also highlighted the key role of senior managers in adjusting criteria for project screening and managerial performance (Van de Ven 1986, Christensen and Bower 1996) and providing strategic direction (Burgelman 1983, 1984).

Although these studies shed light on what it takes for a large company to develop new innovative products, they have mostly focused on product development for financial gain. Yet does everything that we have learned about product development for the singular purpose of financial gain apply to sustainable product development, which is predicated on a different multidimensional purpose to benefit people and the planet alongside profit?

Research suggests a multitude of particular challenges for sustainable product development inside a large company. To develop sustainable products, a large company needs to depart from taken-for-granted norms to explore new capabilities (Ansari et al. 2012); learn new ways of doing things (Hart and Dowell 2011); and contend with fundamentally different risks (Shrivastava 1995), complexities (George et al. 2016), trade-offs (Battilana et al. 2022), institutional voids (Mair et al. 2012), and nontraditional partnerships (Webb et al. 2010). Moreover, scholarship across the behavioral theory of the firm (Cyert and March 1963), paradox (Smith and Lewis 2011), ambidexterity (Smith and Tushman 2005), and hybridity (Battilana et al. 2017) points to the complexity for organizations to pursue multiple objectives and manage competing demands, especially with different underlying logics at play (Pache and Santos 2010). What is at stake here is shifting the taken-for-granted purpose of business and product development from the singular focus on financial gain to a renewed responsibility to people and the planet alongside profit.

In conceptualizing sustainable product development inside a large company as an instance of divergent change, this essay attends to the existing norms underlying innovation and responses to intense resistance to diverging from the organizational status quo. Entrenched norms shape and constrain how people think and how they act (Meyer and Rowan 1977, DiMaggio and Powell 1983, Douglas 1986, Scott 1995). Although trying to implement any kind of change may trigger some resistance, research shows that attempts to diverge from entrenched norms are more likely to trigger especially intense resistance (D'Aunno et al. 2000, Battilana 2011, Battilana and Casciaro 2012). We thus ask the following research question: How can sustainable products develop inside a large company in the face of intense resistance that such a divergent change is likely to trigger?

#### 3. Methods

FMCG CORP (all names are pseudonyms) was a ripe setting for exploring our research question. Over the period of our study from 2010 to 2019, FMCG CORP was undergoing a transition in its purpose and became widely known as being at the frontier of bold corporate commitments to break with the sole focus on financial gain and instead embrace a new purpose that entailed a renewed responsibility to people and the planet alongside profit. Consequently, FMCG CORP provided an "extreme situation" for study, with the challenges and opportunities of walking the purpose-talk through sustainable product development inside a large company being more "transparently observable" (Pettigrew 1990, p. 275). Since its founding almost a century ago in Europe, FMCG CORP had grown from its roots in a local family business to a giant multinational company. During our study, more

than a billion people consumed its food and home and personal care items every day; internally, four product divisions oversaw marketing for hundreds of brands; and three regional units oversaw sales of more than 100 country organizations within the multinational. At the outset of our study, in 2010, the taken-for-granted purpose of FMCG CORP, like many other multinationals, was to maximize financial gain for shareholders, which was ingrained in internal habits and external expectations and enshrined in targets, metrics, and incentives. However, upon publishing a new corporate sustainability strategy in 2010, the chief executive officer (CEO) publicly challenged the existing purpose of FMCG CORP. The corporate sustainability strategy outlined the ambition of a new way of doing business that would not only grow sales but also raise FMCG CORP's positive social benefits and lower its negative environmental impacts. The premise of the corporate sustainability strategy was a new purpose for FMCG CORP, where: "We want to be a sustainable business in every sense of the word." Specific aims, as articulated by the CEO, included helping more than a billion people improve their health and well-being and halving the environmental footprint

from the production and use of FMCG CORP products within the next decade while doubling sales.

For our study, the sustainable products that we followed were all home care items for low-income market segments in developing countries, specifically: an easyto-use bed net to address vector-borne disease from mosquito bites and avoid creating the toxic gases found in other products (BEDNET), clean water from newly installed boreholes with retail kiosks near rural communities to address excessive time spent by women collecting water and water waste (WATER), a portable toilet with a service model to address limited sanitation access and water pollution (TOILET), and a solar-powered portable laundry washer to address excessive time spent by women doing laundry and water and electricity waste (LAUNDRY). From this sample, we tracked product development both retrospectively (2010-2014) and in real time (2015–2019) as sustainable products were "racing" to the outcome of internal launch (Gehman et al. 2018, p. 288). For each case, we collected data from semistructured interviews (across the corporate ladder) and archival records (public and confidential) that established event histories and insider perceptions. In total, we conducted and transcribed 56 interviews (on average, each

Table 1. Description of Cases and Data

	BEDNET	WATER	TOILET	LAUNDRY
Product	Bed net	Clean water	Portable toilet	Portable laundry washer
Year initiated	2010	2014	2010	2013
Year forced out	NA	NA	2016	2017
Origin	Research and development unit	Product division	Research and development unit	Product division
Social problem addressed	Vector-borne disease from mosquito bites, leading to poor health and low quality of life	Excessive time spent collecting water, leading to female disempowerment	Limited sanitation access, leading to indignity and inconvenience	Excessive time spent doing laundry, leading to female disempowerment
Environmental problem addressed	Toxic gases in other products	Water waste	Water pollution	Water and electricity waste
Revenue model	Sales of bed nets	Sales of water and existing products at kiosks operated by microentrepreneurs near boreholes	Fees from leasing toilets and sales of existing and future products that complement toilets	Sales of washers and existing products that complement washers
Initial geographic target	Southeast Asia	West Africa	West Africa	East Africa
Number of interviews	27 Senior manager (9) Middle manager (18)	16 Senior manager (5) Middle manager (10) Consultant (1)	19 Senior manager (9) Middle manager (10)	19 Senior manager (4) Middle manager (15)
Number of archival records	15 Internal report (1) Internal spreadsheet (1) Public reports (13)	22 Internal report (1) Public reports (21)	20 Public reports (20)	33 Internal reports (9) Internal spreadsheet (1) Internal slides (7) Internal emails (3) Public reports (13)

*Notes.* In total, we conducted 56 interviews and collected 60 archival records. Some interviews and archival records pertained to multiple products and FMCG CORP organization-wide. NA, not applicable.

was 50 minutes) with 36 informants between 2015 and 2019, and we collected archival records comprising approximately 500 pages covering 2010 to 2019. Table 1 elaborates case and data details.

We triangulated our longitudinal primary and secondary data in accordance with grounded theory until reaching theoretical saturation (Glaser and Strauss 1967). Iteratively comparing similarities and differences within and across cases allowed us to apply a pattern recognition logic (Eisenhardt 1989). In comparing cases where sustainable products successfully launched internally (BEDNET and WATER) and those that were forced out of FMCG CORP (TOILET and LAUNDRY), we sought to identify conditions for the internal development of a sustainable product-with launch being the end point of product development in our study. Importantly, in our sample, being forced out of FMCG CORP did not indicate a bad business concept, as both TOILET and LAUNDRY became the basis of viable independent social enterprises after leaving FMCG CORP.1 Iterating between our data and theory, we came to understand sustainable product development inside a large company as an instance of divergent change. As we coded the challenges to sustainable product development and responses within FMCG CORP, the importance of the enabling role of senior managers<sup>2</sup> in the product division stood out. We aggregated our first-order codes to identify their leadership practices that, from our data, enabled walking the purpose-talk through sustainable product development inside FMCG CORP, despite intense resistance.

## 4. Findings

During our study (2010–2019), the context at FMCG CORP seemed to favor walking the purpose-talk; the company had a corporate sustainability strategy supported by an outspoken CEO and was widely regarded as being at the frontier of bold corporate commitments to a new purpose focused on people, the planet, and profit. Yet, in our study, we find intense resistance to walking the purpose-talk through sustainable product development within FMCG CORP because of deeply entrenched incongruent norms inside the company. In our sample, although two sustainable products could launch internally, two sustainable products were forced out before launching. For the sustainable products that could launch internally (BEDNET and WATER), we find that senior managers from the product division strongly enacted two key leadership practices: (1) relaxing metrics for a

product team, which (structurally) enabled experimenting with a sustainable product separate from the mainstream business, and (2) advocating with gatekeepers, which (discursively) enabled anchoring a sustainable product within the mainstream business. In contrast, for the sustainable products forced out before launching (TOILET and LAUNDRY), senior managers only weakly enacted these practices. Table 2 summarizes our evidence of leadership practices and associated product outcome, which we elaborate.

## 4.1. Relaxing Metrics for a Product Team

Despite the corporate sustainability strategy where the CEO set out FMCG CORP's renewed responsibility to people and the planet, the norm at the company remained to focus on and value product development for shortterm profit singularly through incremental improvements to the existing product portfolio (a more appealing detergent fragrance or a more effective cleaning agent) for existing consumer segments (not people with low incomes in developing countries). A senior manager commented, "Even though you have a social agenda, the financial agenda is your number one." Another senior manager noted that what it meant to "do good business" was innovation that would "help us grow faster and make more money." A midlevel manager from research and development (R&D) added, "Innovation is very directly tied to making profit soon and making it through existing product formats," in contrast to "initiatives that are at the border of NGO [non-governmental organization] work." The standard performance metrics for product development continued to be sales growth, high profit margins, and high market share. Short-term profit remained the north star for most product teams, and importantly, these standard metrics of short-term profitability were also embedded in the taken-for-granted innovation process at FMCG CORP, a so-called "stage-gate" process. Product development typically followed predetermined stage gates, from inception to launch, with progress evaluated based on short-term profitability at each stage to decide whether to advance. Because standard stage gates were cautious and rigid, demanding strong quantitative evidence of short-term profit potential before allocating resources for product development, they tended to preclude extensive experimentation to develop new capabilities and learn about new consumer segments (such as people with low incomes in developing countries), where no such data were readily available.

Table 2. Summary of Evidence of Leadership Practices and Product Outcome

	Leadership p		
	Relaxing metrics for product team	Advocating with gatekeepers	Product outcome
BEDNET	Strong	Strong	Internal launch
WATER	Strong	Strong	Internal launch
TOILET	Weak	Weak	Forced out
LAUNDRY	Weak	Weak	Forced out

To work around these norms, we observed that, for our two cases that could launch internally (BEDNET and WATER), senior managers in the product division strongly enacted the leadership practice of *relaxing metrics for a product team*, with the practice components of delaying standard performance targets for a product team and bypassing standard stage-gate criteria for releasing resources for a product team. This leadership practice (structurally) enabled experimenting with BEDNET and WATER separate from the mainstream business, whereas for the cases of TOILET and LAUNDRY (which were ultimately forced out of FMCG CORP before launch), the weak enactment of relaxing metrics inhibited experimentation.

**4.1.1. BEDNET.** BEDNET originated in 2010 when the CEO asked the head of R&D to look for opportunities to prevent the problem of vector-borne disease in Southeast Asia. The midlevel R&D manager assigned to assemble the BEDNET team would then report directly to a senior manager in the product division (originally Ben and then Bob). Initially, however, no one knew how FMCG CORP was going to profit from addressing the problem of vector-borne disease through BEDNET. Senior manager Ben in the product division commented, "We in [FMCG CORP] thought that there could be better solutions ... [BEDNET] started out by saying how can we solve a problem? Not how can we make money." Although BEDNET was expected to be profitable eventually according to FMCG CORP's conventional metrics, Ben and later Bob were patient in creating space for the BEDNET team to experiment flexibly using their power as senior managers in the product division to protect the team from the expectation of proving short-term profitability from the outset. First, the BEDNET team could learn how to address the problem of vector-borne disease in an island protected from the usual norms before figuring out, eventually, how to profit. Ben elaborated on his role in BEDNET:

Prepare the soil, make it fertile, put up some fences to keep animals off, pour a little water, remove weeds occasionally, but let the guys [product team] do the growing. Let the plants grow. You can't shout at the grass to make it grow faster. You can just create the circumstance.

To grow BEDNET from an idea to viable product, Ben and Bob also bypassed standard stage-gate criteria for releasing resources for the sake of figuring out how to address the problem of vector-borne disease. With encouragement from Ben and Bob, the BEDNET team was able to hire consultants to collect quantitative data as well as conduct ethnographies and pilots in Southeast Asia without having first proven BEDNET's profitability. According to midlevel R&D managers, the BEDNET team was able to experiment "in a very lean way" and bypass "all the usual internal processes that our other colleagues would [have to follow]." A midlevel R&D manager commented, "Stages were really agreed with the senior stakeholders,"

with the BEDNET team improvising and cocreating the innovation process and milestones with senior managers. Overall, the strong enactment of relaxing metrics for the BEDNET team enabled experimenting with BEDNET separate from the mainstream business.

**4.1.2. WATER.** WATER originated in 2013 after FMCG CORP issued a rule formally requiring brands with annual revenue surpassing €1 billion to adopt some social purpose (although practically, senior managers had the discretion to act on that rule or not). Senior manager Wendy in the product division took the initiative. She organized internal brand workshops where she and other brand managers agreed on a large washing brand's social purpose—empowering women—and a specific relevant problem for that brand to address—excessive time spent by women collecting water in West Africa. As with BEDNET, WATER too was expected to eventually be profitable according to conventional standards. Yet, with Wendy's protection from immediate sales pressures, the WATER team could first learn how to address the problem of excessive time spent by women collecting water and only afterward figure out how to profit according to FMCG CORP's standard performance targets for profitability. Wendy created an island for the WATER team protected from the usual norms where she noted, "I made sure all the decisions that had to be taken as part of [WATER] were for me to take." Instead of focusing on immediate sales, Wendy evaluated the performance of WATER based on its potential to empower women as well as reduce water waste alongside its long-term potential to build brand equity and pave the way for future market development. Wendy explained:

So payback time is not where [FMCG CORP] capital would need to be paying back in ... because that business case for us wouldn't hold up. That doesn't mean we shouldn't be doing this, because there are other reasons why we do it—lifting communities out of poverty, home building, market development, and being able to do CRM [customer relationship management] type of activities in other markets ... A good brand has products or activities that deliver against the purpose, so it is not just purpose on paper.

To develop WATER, Wendy also bypassed FMCG CORP's standard stage-gate criteria for releasing resources. Instead of adhering to FMCG CORP's standard criteria, Wendy enabled the WATER team to improvise the innovation process and to experiment early and often with a nontraditional business model (kiosks selling water alongside other products in rural communities) without first demonstrating short-term profitability. A brand manager developing WATER elaborated:

With this idea [for WATER] we couldn't follow the [typical stage-gate] path because all the processes ... they didn't fit ... It's good that there's no defined

paths for these projects, that you can kind of innovate in the way you run it.

Overall, like for BEDNET, the strong enactment of relaxing metrics for the WATER team also enabled experimenting with WATER separate from the mainstream business.

**4.1.3. TOILET.** TOILET started in 2010 with the aim of addressing the problem of limited sanitation access in West Africa, an opportunity identified in an analysis by consultants and supported by senior R&D managers (first Tim and then Ted), who were also eager for FMCG CORP to walk the talk of the corporate sustainability strategy. Yet, although Tim and Ted tried, as senior R&D managers they lacked the power to effectively delay the expectations for short-term profit and shield the TOILET team from FMCG CORP's standard stage-gate criteria from their positions inside R&D. (R&D lacked status inside FMCG CORP, not directly controlling the company's most valued assets, its brands. "The biggest and most powerful thing within [FMCG CORP] is the category [product division]. The categories [divisions] have all the money, all the strategy," commented a midlevel R&D manager.) Instead, without a senior manager from the product division (which did control brands) protecting TOILET, it stalled in the face of performance expectations according to standard targets, as well as seemingly endless internal consultations looking for certainty of profitability before releasing more resources for experimentation. For instance, when TOILET became part of a brand, sales pressures from brand managers distracted the TOILET team. A midlevel R&D manager explained:

[TOILET] grew probably five times as slow as it could have if it had focused management ... [The product division managers] are right to be impatient with the fact that it hadn't grown so much in that period, but the way they chose to remedy that and exert that impatience was by pushing for sales initiatives that didn't respect the insights on the ground. That was a huge challenge.

Overall, in contrast to BEDNET and WATER, the weak enactment of relaxing metrics for the TOILET team inhibited experimenting with TOILET separate from the main-stream business.

**4.1.4. LAUNDRY.** LAUNDRY originated inside the product division in 2013. It started from the aim of addressing the problem of excessive time spent by women doing laundry in East Africa, an opportunity identified in an internal brand workshop for a large washing brand that was also supposed to adopt a social purpose after its turnover exceeded €1 billion (following the 2013 formal rule at FMCG CORP). Without any early senior support, midlevel managers took the initiative to develop LAUNDRY in their spare time with slack resources until LAUNDRY won an internal innovation competition and the head of

the product division, Lia, started supporting LAUN-DRY's development. Yet, although Lia protected the LAUNDRY team from FMCG CORP's standard performance targets and stage-gate criteria for a time, she did not shield the team from the short-term sales pressures of the brand's leadership. Although as a portable laundry washer LAUNDRY was supposed to indirectly lead to detergent sales, LAUNDRY was not obviously going to deliver typical profit margins or market share in the usual timeframe. A midlevel manager commented, "You need to sell detergent, that's your role. 'How can you link this with selling more detergents?' That was basically all the time the pushback that we had." The LAUNDRY team abandoned more innovative business models to try to demonstrate quick profit and align with FMCG CORP's standard stage-gate criteria. Trying to make LAUNDRY more "normal" for FMCG CORP, however, hindered its development. A midlevel manager elaborated, "It wasn't going to work with the project that we had in hand. By definition the project needed to be different in order to work. It needed to be completely outside of what we are usually known as in [FMCG CORP]." Overall, the weak enactment of relaxing metrics for the LAUNDRY team also inhibited experimenting with LAUNDRY separate from the mainstream business.

## 4.2. Advocating with Gatekeepers

At some point, all new products at FMCG CORP would have to integrate into mainstream business activity—that is, in a brand within the product division (responsible for marketing) and country organizations (responsible for sales)—in order to access more resources and launch. Yet those in charge of mainstream business units still generally took the old purpose, singularly pursuing financial gain, for granted. The norm at FMCG CORP of valuing product development based solely on the measure of its short-term profitability also worked against sustainable products in need of mainstream homes. The metrics of sales growth, high profit margins, and high market share were not only a north star of performance and the criteria to progress in the typical stage-gate innovation process for most product teams, but these metrics were also the basis of incentives for the gatekeepers in the product division (responsible for marketing) and country organizations (responsible for sales). For instance, a senior R&D manager commented, "You can't have people distracted from the immediate response to business needs for growth." A midlevel manager explained, "Sustainability is important, but if we don't grow the business by 6-7%, then nobody gets a bonus." Another senior manager described most individuals at FMCG CORP: "They're more interested in their bonus. They're more interested in this year's sales. That's the problem with the incentive system. It's short-term."

To work around this norm that was entrenched in existing incentive systems, we observed that, for BEDNET

and WATER (which could launch internally), senior managers in the product division strongly enacted the leadership practice of *advocating with gatekeepers*, with the practice components of labeling a sustainable product as strategic and promoting a sustainable product to be part of a sales portfolio. This leadership practice (discursively) enabled anchoring BEDNET and WATER within the mainstream business, whereas for the cases of TOILET and LAUNDRY (which were forced out of FMCG CORP before launch), the weak enactment of advocating with gatekeepers inhibited anchoring.

**4.2.1. BEDNET.** Senior managers Ben and Bob in the product division proactively sought out a home for BED-NET within FMCG CORP's mainstream business outside the island they had created to enable experimentation. In their conversations with other senior managers in the product division, Ben and Bob brought forward the opportunity to bring FMCG CORP's corporate sustainability strategy to life in tackling the problem of vector-borne disease through BEDNET. Moreover, Bob actually made BEDNET part of the product division's strategy to build the case for its fit inside FMCG CORP by labeling BEDNET as strategic. A midlevel R&D manager commented on the opposition to BEDNET:

The [counter]points they [the product division's board members] made were actually very relevant. Why would you put resources on something that is not on [the product division's] strategy? And you haven't yet defined capex [capital expenditure], etc., that you're going to need. But he [Bob] said to me afterwards, "It's not on strategy now, but it will be in the future." That's a key role. If he wasn't supporting that, that team would just say, "We're not providing resources."

In addition, Bob had extensive conversations about the value of BEDNET with the heads of country organizations. For instance, Bob commented, "We started to see that we had to find a place to start [BEDNET]. We had quite a discussion with our Asian [country organization] ... By then we had some evidence and you know the [senior manager] of [Southeast Asia] was also very supportive." Ben and Bob engaged their peers leading country organizations to promote BEDNET's social and environmental benefits, as well as its financial value, for BEDNET to become part of their sales portfolios and launch BEDNET in their markets. Overall, the strong enactment of advocating with gatekeepers enabled anchoring BEDNET within the mainstream business. After BEDNET demonstrated sufficient profitability in 2017, it prepared for launch in other lowincome market segments in Southeast Asia as well.

**4.2.2. WATER.** Senior manager Wendy in the product division also understood the need for WATER to survive outside the island she had maintained for the WATER

team. Accordingly, Wendy was proactive about building the case for WATER's strategic fit inside FMCG CORP. In particular, when she sought out collaborations with external parties for WATER, she was aware that such collaborations would also elevate the importance of WATER for FMCG CORP's reputation by labeling it as strategic alongside creating momentum. Wendy explained:

At the end of the day it's making it [WATER] part of a multi-party agreement that is not dependent on us [FMCG CORP] anymore, because then you have locked it in in so many different ways, and you have taken the key reason to not continue with it, like it doesn't make financial sense for us, you've taken that out.

At the same time, Wendy was also proactive about engaging internal gatekeepers in the country organization, as well as the product division, to make WATER meaningful to them. A midlevel marketing manager commented on Wendy's ability to promote WATER and make others believe in it: "There was no problem with buy-in and it was because [Wendy] is great at doing that and she would present it back to the leadership and to [the CEO]." In addition, Wendy was proactive about surfacing unspoken elephants in the room about the value of WATER when she sought out senior managers in the country organization. What does WATER have to do with FMCG CORP? What about the bottom line? Wendy brought forward WATER's social and environmental benefits in addition to its financial value. She reflected:

Asking the President of Africa if he wants to put his money on the table next year, he is going to say no ... The question is: Are you going to focus not only on 99 arguments that you could put on the table to kill it, but are you going to focus on the three arguments that are going to make you want to crack it?

Overall, like for BEDNET, the strong enactment of advocating with gatekeepers enabled anchoring WATER within the mainstream business. WATER found support from a country organization in West Africa, and in 2016, Wendy handed over WATER to the country organization for WATER to launch.

**4.2.3. TOILET.** In contrast, senior R&D managers Tim and Ted tried but did not have the power to garner wider support to transplant TOILET into the product division and a country organization, even after consultants recommended that TOILET become part of a large cleaning brand. A midlevel R&D manager in the TOILET team reflected the following:

You realize that you can actually get a lot more done quickly in the early stages if you are pretty under the radar. But the risk is you hit a wall when you finally put your head [up]. Because people don't understand it. You haven't got any buy-in from anyone senior. I did have senior support, but it was very specific and

limited support, in the sense that it was through my limited direct line ... It wasn't a broader support.

When discussing TOILET, a board member of FMCG CORP further cautioned about this challenge for sustainable products:

The only way a project [like this] will get feedback is if someone senior has a personal interest in it, really argues for further investment ... If [FMCG CORP] has a process where you're only allowed to break the rules if you've got a senior manager who has a vision or believes in it, then those projects will only exist by exception.

For the case of TOILET, senior R&D managers Tim and Ted indeed believed in TOILET, but they lacked the power, from within R&D, to get gatekeepers in the product division or country organization to see TOILET as strategic or include it in a sales portfolio. In contrast to BEDNET and WATER, the weak enactment of advocating for gatekeepers inhibited anchoring TOILET within the mainstream business. Ultimately, TOILET was forced to leave FMCG CORP in 2016 to launch from an external social enterprise.

**4.2.4. LAUNDRY.** In turn, although the head of the product division, Lia, had more power than Tim and Ted, she was not proactive about advocating for LAUNDRY to internal gatekeepers. Before Lia became involved, LAUNDRY had won an internal innovation competition, which imbued LAUNDRY with some strategic importance. However, Lia did not seek out other senior managers to convince them to include LAUNDRY in a sales portfolio. A midlevel brand manager commented on the LAUNDRY team struggling to knock on the doors of other decision makers:

The leadership, they have these pet projects that they really like, and they say, "This seems great let's do it," which gives big boost of confidence for the team. But then at day-to-day basis it's always encountering these little blocks that you just need to bang one door after the other.

Ultimately, the weak enactment of advocating with gate-keepers inhibited anchoring LAUNDRY within the mainstream business. As a result, LAUNDRY was forced out of FMCG CORP the year after TOILET in 2017, and also spun out into a separate social enterprise.

## 5. Discussion

The impetus for our study was to better understand what it takes for a large company to walk the purpose-talk amid the recent wave of corporate commitments to a new purpose that entails a renewed responsibility to people and the planet alongside profit. Our research setting of FMCG CORP, one of the largest fast-moving consumer goods companies in the world, seemed to favor walking the purpose-talk, with a corporate sustainability strategy supported by an outspoken CEO and the company widely

regarded as being a leader in bold corporate commitments to purpose. Yet, during the period of our study from 2010 to 2019, we find intense resistance to walking the purposetalk through sustainable product development within FMCG CORP based on deeply entrenched incongruent norms. In spite of this resistance, in our sample, two sustainable products (BEDNET and WATER) could launch internally, whereas two (TOILET and LAUNDRY) were forced out of FMCG CORP before launching. We conceptualize sustainable product development in our setting as an instance of divergent change, and we find that what differentiated our cases where a sustainable product could launch internally from our cases that could not was the strong enactment of two key leadership practices by senior managers in the product division to work around entrenched norms: relaxing metrics for a product team and advocating with gatekeepers. Figure 1 illustrates our findings linking leadership practices and sustainable product development. The leadership practice of relaxing metrics for a product team involves two practice components: delaying standard (short-term profit) performance targets for a product team and bypassing standard (short-term profit) stage-gate criteria for releasing resources for a product team. This practice (structurally) enables experimenting with a sustainable product separate from the mainstream business. In turn, the leadership practice of advocating with gatekeepers involves two practice components: labeling a sustainable product as strategic and promoting a sustainable product to be part of a sales portfolio. This practice (discursively) enables anchoring a sustainable product within the mainstream business.

By conceptualizing sustainable product development inside a large company as an instance of divergent change, we bring forward ways in which norms and the power to break norms shape and constrain the politics of change to walk the purpose-talk. Our findings highlight the highly political nature of trying to walk the purposetalk when existing norms centered on maximizing financial gain for shareholders are still deeply rooted. At FMCG CORP, we saw some workings of distributive agency during sustainable product development, as senior and midlevel managers in product teams worked in concert. However, we also saw that the resistance to sustainable product development was so intense in the face of deeply entrenched incongruent norms that senior managers from the product division, a center of power in FMCG CORP, played an especially important role in creating enabling conditions for experimenting with and anchoring a sustainable product. Yet certainly not all divergent change requires hierarchical power, and hierarchical power is not necessarily sufficient to ensure implementing and sustaining a new purpose (Howard-Grenville et al. 2011). Although our cases exemplify more top-down sustainable product development, future research may look at other settings and the dynamics of

Leadership practices Practice components **Enabling mechanisms** enables experimenting Delaying standard performance targets for with sustainable product Relaxing metrics product team separate from mainstream business for product team Bypassing standard stage-gate criteria for / structural releasing resources for product team Sustainable product launch internally Labeling sustainable product as strategic Advocating with gatekeepers enables anchoring Promoting sustainable product to be part / discursive sustainable product of sales portfolio

within mainstream business

Figure 1. Linking Leadership Practices and Sustainable Product Development

both top-down and bottom-up sustainable product development. We hope that future research will further investigate the challenges and opportunities for navigating the politics of divergent change in order to walk the purpose-talk (Battilana and Casciaro 2021). Doing so is crucial if we are to help companies change their taken-for-granted purpose in lasting ways and hold them accountable.

Our findings also echo and extend the existing literature on product development. Classic research suggests that all new products may benefit from structural differentiation for the sake of experimentation and integration for the sake of coordination (Jansen et al. 2009, Raisch and Tushman 2016). Our enabling mechanisms—enabling experimenting with a sustainable product separate from the mainstream business and enabling anchoring a sustainable product within the mainstream business—ostensibly echo structural differentiation and integration, respectively. Yet sustainable products are radical on a crucially unique dimension: the purpose of a company. Although it is common that new innovative products clash with existing norms, it is not common that new innovative products challenge the very reason for being of business and product development, especially at a time when economic language and assumptions are still in the air (Ferraro et al. 2005). Our findings accordingly suggest that sustainable product development involves particular kinds of work, including creating and maintaining in-between space to depart from existing norms for the sake of short-term profit and learn how to pursue a different purpose of benefiting people and the planet alongside profit. Future research may further unpack what it takes to start and sustain this kind of divergent change in product development across other settings.

It is also noteworthy that even when the leadership practices that we identify were strongly enacted, although they enabled particular sustainable products to launch inside FMCG CORP, they did not imply organizationwide transformation during the decade covered in our study (2010-2019). Senior managers in the product division worked around norms of product development at FMCG CORP still centered on maximizing financial gain for shareholders, but in our study, norms of product development were not dismantled and rebuilt writ large. If norms and the structures that reinforce them within an organization, in particular performance targets and the stage-gate process, do not change, innovation to walk the purpose-talk in a large company faces uphill battles (Olsen and Boxenbaum 2009, Halme et al. 2012, Bansal and Grewatsch 2020). Without altering norms and the structures that reinforce them, we see that sustainable product development can come to depend more on the discretion of passionate senior managers with the power to break norms for a product team and influence gatekeepers. In our study, even one of our products that did manage to launch internally, WATER, was forced out of FMCG CORP the year after it launched when it could not meet conventional levels of profitability. We encourage future scholars to investigate what it takes to move out of the transitory phase, when pursuing purpose remains weird, to reach a juncture where a renewed responsibility to people and the planet alongside profit becomes normal throughout a large company. A growing body of research makes the case for market-level reforms to drive companies to adopt divergent change (Wright and Nyberg 2017, Battilana et al. 2023, Kaplan 2023). Entities external to a company, like public authorities, can play important parts in driving corporate

actions that depart from deeply rooted norms. Although understanding internal organizational factors that can facilitate a transition in purpose is important, future research will also need to account for the roles that the institutional context plays in obstructing versus enabling this transition.

Finally, our findings also speak to the debate around the so-called "business case" for purpose (Hahn et al. 2014, Van der Byl and Slawinski 2015, Kaplan 2023). In one camp of this debate have been the proponents of a business case for doing good, where companies pursue win-win scenarios in which doing good is also more profitable for the sake of more profit. The popular pursuit of what Porter and Kramer (2011) call "shared value" exemplifies a business case view. In a separate camp, generally, have been the proponents of a moral case for doing good, where companies do good for the sake of benefiting people and the planet, which may or may not be more profitable. The provocation of Ergene et al. (2021, p. 1320) to flip the script to make "an ecological case for business" exemplifies such a view. It is notable that, in our research setting, the impetus for FMCG CORP's corporate sustainability strategy was explicitly instrumental (directly answering "why are we doing it?" with "the business case for integrating sustainability into our brands is clear and persuasive"). Yet, at the same time, our findings suggest that, for a sustainable product to develop inside FMCG CORP, it was crucial for senior managers to create and maintain space for experimenting with a sustainable product outside the typical norms of product development to learn how to address social and environmental problems in developing countries amid uncertainty about profitability. Indeed, there were moments when a product team needed to be protected from a purely instrumental perspective. It stands out that, in our study, the pursuit of a business case for purpose still seemed to involve a period of time where the practice of relaxing metrics for a product team could suspend profit pressures. Future research may further unpack consequences of different premises for purpose for organizations and for wider social and environmental impact. As the institutional context evolves, the resonances and implications of a business case are likely to evolve too (Kaplan 2020); although until a major shift in institutional context takes place, companies will continue to face difficult trade-offs in the pursuit of purpose (Battilana et al. 2022). Overall, what is at stake is not only breaking with the entrenched organizational status quo but also breaking with the entrenched institutional status quo. We hope that our essay will be a springboard for more research on divergent change in organizations and institutions to help companies walk the talk of a renewed responsibility to people and the planet alongside profit.

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#### **Endnotes**

- <sup>1</sup> Internal reports for investors showed that TOILET reached a profit margin of 20% in 2018, and consultant reports provided evidence of LAUNDRY's profit potential. Email correspondence also indicated that LAUNDRY attracted new investment partners after FMCG CORP released its intellectual property rights in 2019.
- <sup>2</sup> In our study, "senior manager" refers to one of the top 250 employees in the hierarchy of FMCG CORP (made up of more than 100,000 employees).

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**Marissa Kimsey** is a PhD student in management at the University of Oxford.

**Thijs Geradts** is a program manager in sustainability at a regional government agency in the Netherlands.

**Julie Battilana** is the Joseph C. Wilson Professor of Business Administration at Harvard Business School and the Alan L. Gleitsman Professor of Social Innovation at Harvard Kennedy School.