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# DOING THE OPPOSITE BUSINESS DISRUPTORS

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Conversations with  
*Jeff Dewing*

## EPISODE SIX

### Profit vs Purpose: Redefining Success

#### **Jeff Dewing – Teaser:**

*Well, it's back to the million-dollar question. When someone says I'm starting a business, the first question is why? And if someone says I'm starting it to get rich, then there's a 90% chance you'll fail. If you're starting it to solve somebody else's problem, there's a 90% chance you'll succeed. And by starting a business to solve a problem, by default, it's a purpose-driven business. The question is, what problem are you trying to solve?*

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#### **Sam Walker:**

Hello, and welcome to Doing the Opposite: Business Disruptors - Conversations with Jeff Dewing. It's the podcast where we explore how leadership, culture, and courage can transform business and also life. I'm Sam Walker and I'm here with Jeff Dewing, the CEO of Cloudfm Group, an organisation that he built from the ground up after losing everything. He's also a best-selling author and a keynote speaker.

In this episode, Jeff explains why chasing purpose and not profit actually became the turning point in his leadership journey.

Jeff, you've talked about the fact that you spent years in that corporate life after your first business, and most aspects of your life had actually collapsed, and how that was very much all about just driving numbers, a focus on the numbers. If the numbers were the measure of all the success. What made you realise that actually money couldn't and shouldn't be the measure anymore?

#### **Jeff Dewing:**

Because everything I saw in the organisations I worked for resulted in failure to deliver the services the clients needed because it was all about money, money, money, money. And it was an environment that was a win-lose environment. You know, the clients wanted a win-lose environment, we win, you lose. And it was all about the race to the bottom. And then, of course, when a company takes on a project that looks like they're unlikely to make any money, which is when the client is satisfied, then they spend their entire time working out how do we screw the money out of this contract. And by default, they're gonna have to do that without the client knowing. So you start with deception!

That's when I realised that the environment was forged by people fearing failure, fearing the fact that if they had a problem, 'I can't be honest about it'. So when I started Cloud and brought in the first few senior people, the philosophy I stated was 'you will never get fired for not hitting your numbers'. And it gave a clarity that enabled them to think and believe, 'wow, now I can focus on something that really matters, and that is the outcome of the client's expectation, and not fighting internally to save my job by lying and cheating'.

And for those people that remember Carillion that went monumentally down with a bang, that happened as a direct result of the senior leads of Carillion driving because of shareholder value, driving profit, driving money, driving bottom lines. And what happens, and some people that are in the corporate world will know this or will recall this, every month, every quarter, you have to hit your budgets or your forecasts. And if you don't, then you're in a shitstorm. So if you don't hit your budget for whatever reason, there's some weird turn that's preventing you from hitting your budget, or something's changed. The other measurable financial performance is what's called accrewals. So, in other words, it's work in progress. So here's a load of stuff that I've not been able to bill yet, but if I had to put a value on it, I'd put this on it. And of course, you can make those numbers up.

**Sam Walker:**

Yeah.

**Jeff Dewing:**

And the reality is Carillion ended up running out of cash because the majority of their reported financial performance was based upon work in progress and accrewals that was never going to materialise. So eventually they run out of money. And for a company that size to end up realising that it's got a fraction of what its normal working capital should be, that then immediately went into administration, just shows how dangerous that game is. So that was when I'd learnt through that journey that we'd never do that in an environment that I was building.

**Sam Walker:**

So it's one step, isn't it, to go actually money shouldn't be the driving force behind this business. But how do you discover then what your purpose is and what it should be? What's that process?

**Jeff Dewing:**

Well, it's back to the million-dollar question. When someone says I'm starting a business, the first question is why? And if someone says I'm starting it to get rich, then there's a 90% chance you'll fail. If you're starting it to solve somebody else's problem, there's a 90% chance you'll succeed. And by starting a business to solve a problem, by default, it's a purpose-driven business. The question is, what problem are you trying to solve? How many people do you see opening up sandwich shops? How many people do you see setting up air conditioning installation businesses? Well, what's your purpose? My purpose is to undercut everybody else and make a load of money. Well, that's going to be a challenge, right?

Whereas if someone says, I'm doing this because I want to solve the problem in the oceans, I want to solve poverty in Kenya, whatever it is, if it's a purpose, then the chances of success

are greater. So in our world, because of all the things I've explained about the industry that I didn't like because of the environment it was in, I was very clear on our purpose, and it was another interesting story or journey. I sat down one day and I said to my team, I brought them in, there was about eight of us, nine of us, and I sat them down and said, What's our purpose? And everyone individually told me the purpose, and we were there for about five and a half hours. And it was all right, but in different versions. And I said, Well, if we can't articulate our purpose, how are we gonna transmit that through the business? So that prompted me to set up another three days in a hotel where our objective was how do we understand and articulate our purpose in one sentence that enables us to communicate it? Because if we can't communicate it, how can we expect people to understand what our purpose is? And the people that were in that meeting who are still with me today will tell you that was the most mentally draining three days we'd ever had because we pushed and pushed and pushed. And the outcome we got has been the purpose we've stated since that day, which was in 2015, and it's to restore trust in a failing industry by changing the rules. So it's clarity, clarity, clarity. We break all the rules of what we've done before. The industry is a merry-go-round of going from one business to another business, then back to that same business again, all doing the same thing and expecting a different result, which is by default the definition of insanity. So all of it was about being clear about the purpose. So we wake up every day to restore trust in an industry by changing the rules.

**Sam Walker:**

Well, I wanted to ask about day-to-day. So you talk about this process you went through in landing on your purpose, then you talk about another really intensive period where you're learning how to hone that purpose. What does a purpose-driven business look like day-to-day then?

**Jeff Dewing:**

When you're in a purpose-driven business that's built on transparency and visibility, you can say to every one of your employees and everyone new coming into the business, the good thing about this business is you don't have to have a great memory. They'll say, Why is that? Because you don't have to remember what lie you told last week. So all of it makes it so much easier because people can just say it how it is. And when people have that freedom, the stress that comes away from them, the burden on their shoulders about, oh, I've lied about how many maintenance jobs I did last month, I've got to lie about it again this month. When you can just be honest about it, it's so much easier. And so the way it's done day to day is I don't care what it costs, do the right thing. And it's one of the things that's written on the walls, and I hate people to talk about stuff written on walls unless you live it, but the writing on the wall is to create accountability. And it says, 'I don't care what it costs, do the right thing'. And when people are in that environment, they become giants.

**Sam Walker:**

So do you almost use it as a filter for every decision you make in your business? You have this very clear line of what your purpose as an organisation is. And is it a case of running every decision through that filter?

**Jeff Dewing:**

No, it's about a behaviour, it's a habit, it's an environment, it's a culture. So you can't have a set of processes that you have to diligently follow to create the outcome you're looking at. You have to create an environment where it's natural, it's natural to do the right thing, it's natural to be honest, it's natural to tell the truth about anything and everything. And of course, it works in every direction because you don't only just do that with clients, you do it with suppliers, you do it with your colleagues, with your staff, with your community. So it just becomes this incredible strength and comfort. And everybody just gets sort of 10 foot taller. And of course, people then punch air, they get out of bed, they want to come to work, and they enjoy being with their colleagues because it's easy. There's none of this stress about oh my god, I've got to have a bad day today because I told them last week that I was leaving for a bigger salary, I'm actually not getting a bigger salary, and it's just all this anxiety and stress. And there's a big thing that I believe in passionately, and I won't pretend for one second to be a specialist in this area, but when you talk about stress levels and mental health and mental ill health, one of the things I've learned through some of the stuff we've done in our business is that apart from those that truly suffer mental health issues outside of what I'm talking about now, the amount of mental ill health driven by stress and anxiety at work is off the scale. If you attack the things that people get stressed about at work, they become mentally stronger to then manage some of the other stuff that is not influenced by work, is influenced by home or kids or family or ill family or whatever. But you take that away from the work environment where 90% of the stress is driven, then suddenly these people again become giants, they become better people, they become stronger, they become more resilient. As leaders, we have a massive responsibility to our communities, way, way beyond teaching them how to do a spreadsheet.

**Sam Walker:**

If you have this belief and this purpose-driven value system within your business, have you ever come across a time where a client or a prospective client hasn't actually aligned with that? And then what do you do if you get to that point? Would you actually turn down business because you think I don't think that client is going to align with how we operate?

**Jeff Dewing:**

Well, to answer the second part of that question first, if you look at the size of our organisation and the philosophy I said about a small number of large clients, we've got 14 clients. Now, other FM companies will tell you how they've got 400 clients. That tells you how many we've turned away. So beyond the purpose, what actually is the foundation of your purpose are your values. And people say to me, What are your company's values? I say, My company's got no values. A company cannot have values because a company is a thing, it's not a living environment, right? Your company is the sum of the values of your people. Therefore, you need to decide what the values are of the people you want to bring into the business.

So we articulated through the people that we had in the environment. And again, another three days away in a hotel with representation from across the business, and we established our values 10 years ago, which is humility, integrity, empathy, and freedom. Now it's all very well and good having four values with names, but there can be misinterpretation about what those names mean. So we were very clear what those things mean. So again, we use the walls and we use our computers and screenshots and whatever, where we explain what

integrity means to us, what freedom means to us, what empathy means to us. So everyone is absolutely clear. So you go to anyone in our business, you say, What are your values? They'll name them straight away, and then they can tell you what they mean. So the values are really, really important. And integrity is about always do what you say you're gonna do, be truthful, be true to your word. Humility is we're not always right. There are a lot of times when we're not right. Empathy is put yourself in somebody else's shoes. That's not just a client, it's a supplier, it's a colleague. Put yourself in their shoes, right? Look after how they feel. And then finally, freedom. And it's the freedom to try new things and the freedom to fail. And when you go on that journey, if someone gets something wrong and their manager says, 'Oh, well, you've failed miserably at that', they point at the wall and say, The freedom to fail. It creates accountability. So when you have those values, they're great. Now, when you start to talk to a client or a prospective client, and the prospective client says, 'Oh no, it's a win-lose, we're the client, we spend the money, we're the most important. Therefore, you just have to do what we say'. We say, sorry, you're not for us. And we cut it there. And if they turn around and say, 'Well, look, yeah, okay, we love your value of humility, but just so you know, we're the client, we're Coca-Cola. And I'm not using Coca-Cola, I'm just making the name up. We're Coca-Cola, we're never wrong'. Sorry, can't do business with you. So it is about if you do not share our values, we do not do business.

**Sam Walker:**

Some organisations still think purpose, values-led business, nice to have, right? Nice to have — humility, empathy, freedom. They feel great. Can you pay your gas bill that way? What I suppose is the ROI of purpose?

**Jeff Dewing:**

The ROI of purpose is not driven by the purpose, it's driven by the culture that's executing the purpose. And the culture is what drives the ROI because culture is measured by engagement. Engagement is measured by how your people feel every day of the week. And just to give you some context to that, there is a survey called Gallup that surveys 55 countries every year on a number of areas about how people feel about working in their environment. And in the UK, 11% of people are engaged. That means 89% of people do not want to be where they are. If that's not pushing water uphill, well I don't know what it is. And globally, it's 20%, which means globally, 80% of people don't want to be where they are. And yet we just carry on in a command and control environment, chase the numbers, chase the numbers. But you've got 80% of people coming to work trying to disrupt your business. And this is measured by promoters — people that are promoting your organisation and love what they do. There's the passives, the people on the fence, and there's the detractors, which we call terrorists, who are actively trying to destroy your business. And when we started on this journey, we'd always had a strong culture, but we were about 40% engaged, which means we were four times the norm, but it still was nowhere near where it needed to be. And what was interesting is we went on this journey and we saw 30% of detractors. The first thing a couple of my team said was, let's find them or fire them. Just get rid of them, which is a natural reaction. I said, No, let's convert the terrorists into promoters. That's how we do it. How do we convert? Because these detractors are telling us stuff that we don't want to hear and we don't want to listen to, but it's having an impact on how they feel. And if it's having an impact on how they feel, it's gonna have an impact on how other people feel. And the fact that they're a detractor

doesn't mean that they're a bad person, but they're more prepared to tell us how they feel than some of the promoters are. So let's focus.

Anyway, long story short, here we are eight years later, and we're 85% engaged with one detractor out of all the people we employ. That is culture, and then the compound annual growth of an organisation is driven by your engagement and your culture, and the way I explain that in broad terms, which is more publicly available than it is available in our business, is the most engaged company on the planet, and you can talk about Nike and Adidas and Amazon and Apple, and they've all got great engagement, but they're nowhere near the number one, and the number one is WD-40, and they make oil in a can. Do you think people bust down the walls to go and make oil in a can? It's got nothing to do with a product, right? It's to do with a community, and they have had 20% compound annual growth for 20 years as a result of that culture.

**Sam Walker:**

So, how do you start those conversations with stakeholders, with board members who are probably coming from a really profit-focused environment? How do you begin to win over, as you call them, the terrorists?

**Jeff Dewing:**

When we employ people and we interview people to join the business, we go through a journey, but what we also do is we explain why we exist, why we started, what our purpose is, what our values are, and why it's important to us. And people that come to join us from within the industry say to us, 'Oh my god, that is so refreshing. I've wanted to do that all of my career, but I've never been able to because of the environments we're in'. So they all want the same thing, but they've been stuck in these environments. So you're now bringing on people that believe what you believe. You don't need to convince them, they already believe what you believe. And what they get, and we're back to understanding and measurability and accountability. You can't manage what you can't measure. And when you're measuring engagement, you don't measure 200 people, 500 people. You measure the most important people in your organisation. People join a company, they leave a boss. So you focus on your managers, you get your managers making sure that they are leading with the values and the purpose. And more importantly, through staff engagement, you can see which managers have not got their team engaged. Because if a manager has only got 20% engagement, he's got a problem or she's got a problem. So you don't fire the manager, you then start to support that manager, right? We're gonna have to help you. Where's it going wrong? What have we got to do, what have we got to teach you or train you more in to get these people engaged?

So I'm only managing 20 managers, I'm not managing 500 people, and the managers then manage their teams, but they are accountable because they can see their team's not engaged, so therefore they have to work harder to engage their teams. And the way they engage their teams is remembering one thing. We are not managers. You manage a bank account, you manage a mortgage. You do not manage people, you coach people, and your job is your people are your customers. You serve your people, you are only there to help them do their job. You are not there to tell them how good or bad or shit they are, you are there to say, 'what can I do for you to enable you to be more effective'?

**Sam Walker:**

And is that the key then to keeping purpose authentic as a company scales? Keep focusing on these sort of smaller groups of people and then letting them reach out to the wider organisation.

**Jeff Dewing:**

It's when someone said to me, when we were 20 people and 30 people and we had a great culture, they said, 'How are you gonna keep that culture at 50 people? Right. How are you gonna keep it at 100 people? How are you gonna keep it at 500 people?' I just kept saying it's really easy because it doesn't matter if I've got 5,000 people. If the culture says that the managers have to do these things and they're measured on their success, then you only have to hold the manager accountable and you need to then support that manager.

When you look at a pyramid, you've got the CEO at the top, and then you've got your senior managers, then you've got your middle managers, then you've got your frontline staff. And it's all about instructional stuff coming downhill to the managers — do this, do this. I want this outcome, I want this profit, I want this margin, I want this. And then you go to the frontline staff and you say, You do this, I want this, and I want this, and then suddenly something changes from the client perspective. The client says, Can I have this? Can I do this? Everyone looks back up and back up. Can they do this? Can they do this? Can they do this? And you think, my God. So we turn the triangle upside down. The CEO's at the bottom, senior managers, middle managers, frontline staff at the top. We are here to remove the barriers that are stopping you doing a great job for your next line, the next line, the next line. The frontline staff, we're here to take away all the barriers that are stopping you from doing a great job for the client. So they are our customers. We are there to serve them, not manage them.

**Sam Walker:**

So can profit and purpose truly coexist?

**Jeff Dewing:**

Of course. Because profit is the byproduct of delivering a solution that solves a problem. Clearly, you've got to have structures and great people around to maintain profit, to maintain sustainability, but the profit is the byproduct. When you are solving problems, people are gonna pay you to do that. It's as simple as that. And you have to be profitable to be sustainable.

**Sam Walker:**

Jeff, thank you.

The opposite of profit first isn't profit last, it's purpose first!

Thank you to Jeff. Thank you for listening to or watching Doing the Opposite: Business Disruptors. You can find out more about Jeff and his work at [jeffdewing.co.uk](http://jeffdewing.co.uk). If this episode resonated with you, do share it with someone you think might benefit from finding the purpose in their business or their life.

On the next episode, Jeff and I are going to be discussing corporate responsibility and ESG. Doing the right thing the opposite way. Till then, keep questioning, keep leading, keep doing the opposite.

Thank you to Nichola Crawshaw at Cloudfm and also to Michael Blades at What Goes On Media. I'm Sam Walker and Doing the Opposite: Business Disruptors is a What Goes On Media production.