

WHITE PAPER

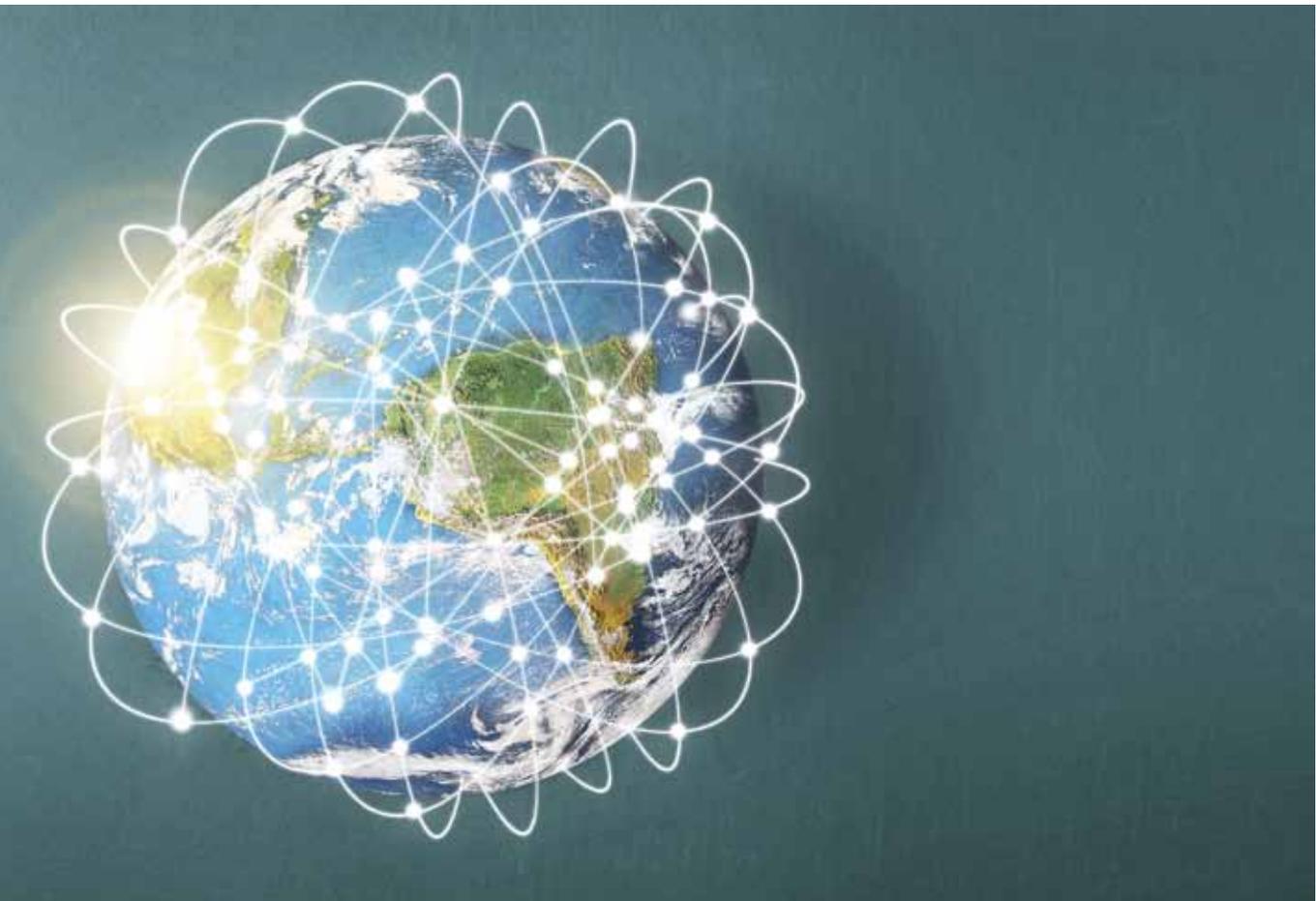
## Exploring Shared Value

Use Inter-organizational Networks as a Strategy for Business Success and Positive Societal Impact



By: Vered Asif and Chuck Palus





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# Introduction

Positive societal impact and business success do not need to be at odds. Increasingly, companies are connecting the two in their strategies for economic success and sustainable growth.

## **Business success + positive societal impact = sustainable growth**

Corporations such as Novo Nordisk, Unilever, PepsiCo, Nestle, Coca-Cola and Wilh. Wilhelmsen are integrating the idea of creating shared value into their business strategies.

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*Shared Value: The policies and practices that enhance the competitiveness of a company while improving the economic and social conditions in the communities where it operates.*

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These companies are connecting and collaborating within a network of organizations, across sectors, all with similar aims in mind: to improve societal well-being while driving economic success. This is made possible by an increasing level of interdependence among markets, communities, and environments around the globe. Everything is connected. Players of all sizes, structures, and missions are beginning to practice strategies for managing and leading within this connected world.

Inter-organizational networks can be key drivers of the leadership strategies needed to create shared value. You and your organization can provide leadership and develop your leadership bench strength by participating in and shaping cross-sector inter-organizational networks. Collectively, these networks can address societal needs, challenges, and opportunities in ways that, working individually, would be impossible.

In this paper, we suggest three steps that you and your leadership team can take to advance your efforts of creating shared value.

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*Inter-organizational networks are defined as a set of organizations related through common affiliations or through exchange relations. Examples of such networks include inter-organizational joint product, strategic business alliances, societal impact, governance councils, or human services networks of education, welfare, police, and hospitals in communities.*

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## Step 1—Identify the business case for shared value.

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Consider the global issue of water, and its implication for businesses that use water. For example, Water is the main ingredient in every product made by the Coca-Cola company. Without renewable, clean water resources, Coca-Cola cannot exist. Seeing this, the company has made a business decision to invest in sustainable water strategies. The results so far have been notable for the business and for society. Coca-Cola has improved its production processes, has become a recognized leader on water issues, and continues to use its influence and networks to protect and create clean water resources for people around the world.

Not all connections between a business need and a societal need are as obvious as Coca-Cola and water. But every business today operates in relationship to broader societal challenges that can make or break the company.

What is the business case for shared value in your organization? What are the key societal challenges that intersect your business? Which are timely for your engagement as an organization? What are probable and possible future scenarios for your organization, given a changing, more interdependent world?

### **Try this exercise at your next strategy meeting:**

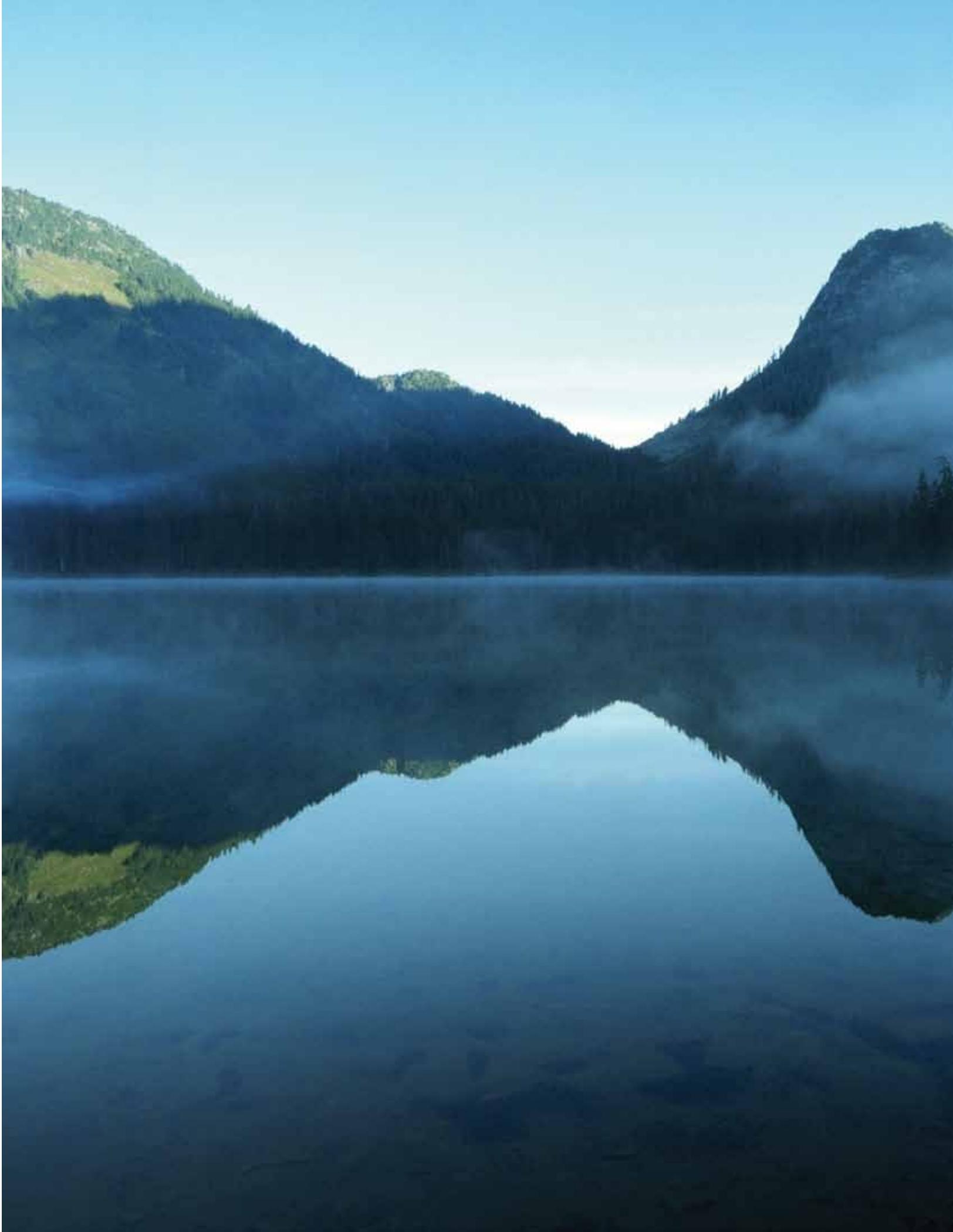
Brainstorm a list of 10-20 (or more) specific situations in which your product or service as a company is produced, sold, and used. Be sure to capture innovative, new, or extreme situations.

Then, fast-forward three years. Imagine the headline of a major news publication or trade journal. The headline touts your company! It has contributed to a major breakthrough that benefits the community and will have lasting effects. The company is praised for its positive societal impact, beyond its business success. What could this story be about? What issue or need could be the good news?

Now imagine a second headline, also three years in the future. The headline decries your company! It—has contributed to a major disaster that harms the community and will have lasting effects. The company is vilified for its negative societal impact, and its business is derailed. What could this story be about? What issue or need could be made worse by your company in some way?

These headlines, both good and bad, are pointers to the key societal issues that will impact your business. Continue your exploration of the societal issues and their business implications by discussing these questions:

- Which are the issues that stand out?
- What is the business rationale and purpose for addressing each specific issue?
- What has been the impact of the organization in each area in the past?
- What does the desired future state look like?



## Step 2—Explore the networks of organizations that are working on the societal challenges that affect your business.

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What was your top issue from Step 1? Or an issue that the team feels most energized and engaged around?

Who else is working on this issue? Which organization are experts, influencers, or activists on challenges related to the issue? Do some research, ask around, and boost your knowledge of the issue and who is currently tied to it.

### **Create an inter-organizational network map.**

Armed with their initial research, have the team map out who's who. On the wall (whiteboard, paper, multiple flip charts), write the name of the issue in the center, add your organization's name, then circle them together.

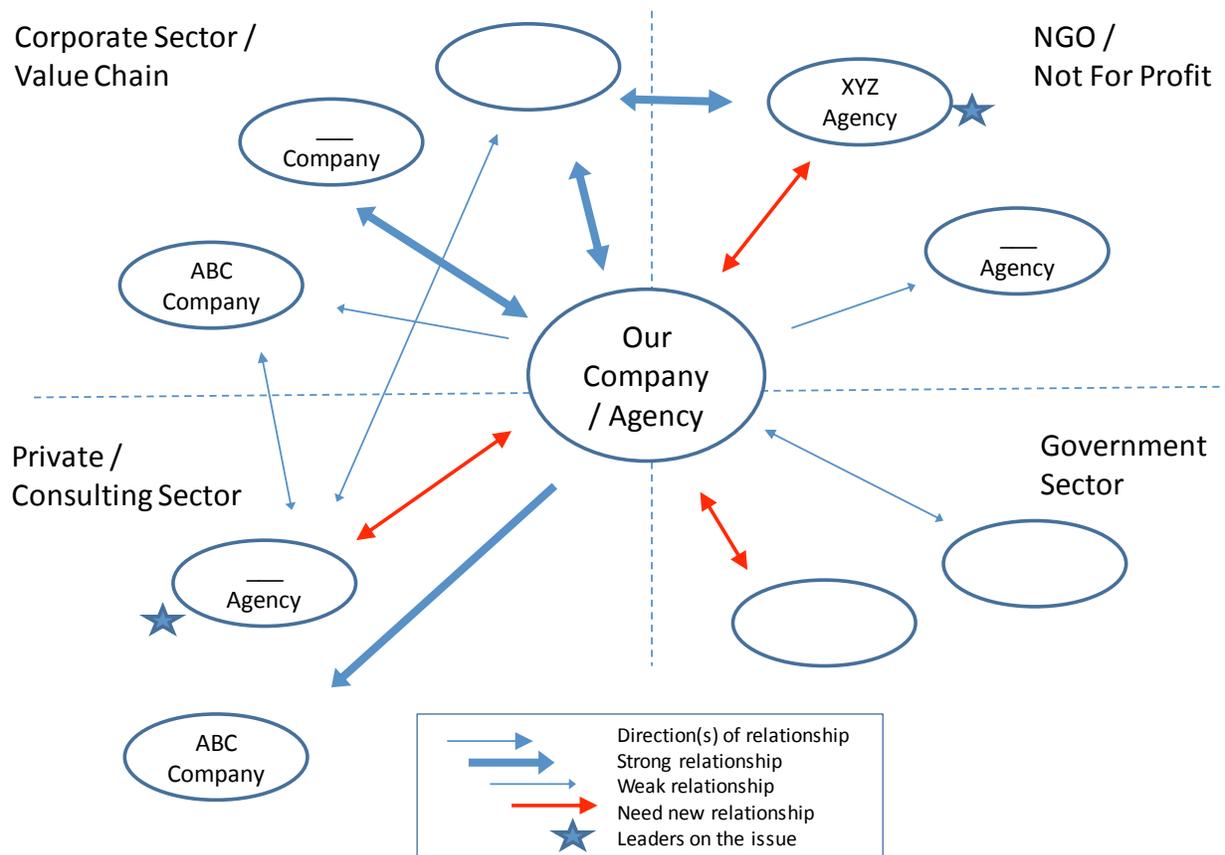
Divide the map into relevant sectors: for example, business, government, NGO, and the private sector. Mark down other organizations in each sector that are already working on the issue. Include competitors. Include critics and antagonists.

Map out relationships using arrows. Draw arrows linking organizations that are already working with each other on your issue. Use a thick line to show strong ties, a thin line to represent weaker connections. Use arrows or stars or some other icon to point to the leaders in the field—those who are providing expertise, direction, and alignment of resources. Put question marks in the unknown portions of the map.

Here are questions to facilitate your team's reflection:

- What impact is this network already having? How is it falling short?
- How well-connected is your own organization in this map? Where would new or better connections be beneficial?
- Who in your organization is managing or even thinking about these relationships with other organizations and other sectors?
- How can you and your organization play a key role in further developing this network?
- How can you and your organization use this network to achieve both the goals of your business as well as societal goals?

Societal Issue: **Access to clean water** (for example)



The next step in mapping this network is to “zoom out” so that your own organization is just one small node in a larger global network. Look at how the network as a whole is connected around this issue:

- Which organizations, and individuals, are the central players?
- Which are increasing or decreasing in influence?
- How is your own organization connected as part of this larger network?

## Step 3—Build a leadership strategy for collaborating in inter-organizational networks.

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Leadership strategy is an organization's implicit and explicit choices about how to develop and leverage the culture and talent it needs for success. The leadership strategy in many organizations is outdated. To operate in more interdependent ways and to forge ahead to create shared value, organizations need to develop a new kind of network-savvy leadership. This new leadership needs to be intentionally defined, developed, and practiced—both inside and outside the formal boundaries of your organization.

**Reflect on what it would take for your organization to be a more effective player, and leader, in the network.**

Take a deeper look at the network map you created in Step 2. As a team, discuss your strengths and weaknesses in collaborating effectively within this network. Identify new collaborators across sectors and regions. Begin to identify pilot projects or events that bring the network together in strategic ways.

As you explore a new leadership strategy, ask your team the following questions:

- How will we build bridges among our partners, and ourselves, so that we can align our efforts?
- How will partners, competitors, and adversaries manage conflicts based in differing goals and commitments?
- How can collaborators support each other's leadership and leadership development?
- How can collaborators jointly develop leadership and economic capacity in the communities they serve?

# What's next?

The journey to create shared value and sustainable growth begins after your team has worked through the three steps:

**Step 1—Identify the business case**

**Step 2—Explore networks of organizations in relevant societal area**

**Step 3—Build a leadership strategy for inter-organization collaboration**

Through the discovery process we've described here, you have set the stage for candid conversations, collaborative learning and dialogue about creating shared value and the leadership strategy required to make it happen.

The process continues as collaborative leadership practices are learned and leadership strategy is implemented within and across departments and levels in your organization, as well as across your inter-organizational network. Collaborative leadership practices developed by CCL and refined through our work with diverse clients and networks include:

**Inside-out Development:** Inside-out development engages the values, beliefs, identity, emotions, intuitions, imagination, and leadership logic, or mindset, of each individual, in the context of their organization and society.

**Boundary Spanning Leadership:** Boundary spanning is the art of seeing, bridging and leveraging five types of group boundaries: horizontal, vertical, demographic, geographic, and stakeholder. Boundary spanning involves three strategies: Managing Boundaries, Forging Common Ground, and Discovering New Frontiers. Specific practices are buffering, reflecting, connecting, mobilizing, weaving and transforming.

**Creating Headroom:** Organizations need to have the time, space, risk-taking, learning, and modeling to “lift up” the entire leadership culture to a new order of thought and action. This requires public learning and “slowing down to power up.” With the headroom to explore, experiment, and practice, people are able to break out of old patterns and try new beliefs and behaviors. Senior leaders especially must create headroom by modeling the new culture and develop.

**Dialogue:** Through inquiry and creative conversation, people are able to build trust, reflect on assumptions and difficult topics, find common ground, and come up with multiple solutions that allow the best ideas to win. In dialogue, people learn to ask more and better questions, pay more careful attention, and explore the perspectives of others. Dialogue helps explore “hot spots”—conflicting or polarizing points of view—without smoothing them over, in a way that builds shared meaning.

When you—and others in your expanding network—use these practices, the collective leadership capacity grows. The idea of making a positive impact on society becomes reality.

Learn how inside-out development, boundary spanning, headroom and dialogue work in practice:  
[Developing interdependent leadership](#)

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