Leadership Strategies for Societal Impact

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Center for Creative Leadership®

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Water

Access to clean water had become a front-and-center issue for the global conservation group World Wildlife Fund (WWF), The Coca-Cola Company, and inventor Dean Kamen. Separately, they each viewed the challenges.

Separately, they made strides and spearheaded new efforts to address water quality and access.

Separately, they concluded they needed new ideas and new partnerships and new mindsets to achieve complex, even lofty goals.

Today, the three very different organizations—along with a network of other partners—are investing in long-term clean water strategies and seeking to improve water access in the short run.

Together, they are seeking to recognize the interdependence of organizational success and positive societal impact while developing the leadership required to be effective while ensuring their own organizational interests.

Water is the main ingredient in every product of The Coca-Cola Company. Without water, Coca-Cola would not exist. This clear connection spurred the company to create a Clean Water Strategy. Among other goals, Coca-Cola intends to replenish all the water used in its beverages by 2020. Coca-Cola's partnership with the World Wildlife Fund, which began in 2007, has improved water efficiency in Coca-Cola bottling plants, reduced the company's carbon emissions, conserved some of the world's most important freshwater basins, and promoted sustainable agriculture. Both organizations are deeply committed to the partnership, so they can continue their work and extend it, convening influential partners to help meet the world's water needs. Kamen and his R&D firm DEKA, best known for the Segway personal transporter, invented the Slingshot water purification device that can provide clean water where it is desperately needed. Putting the technology into action was the challenge. Kamen says:

"For years, we looked for a partner who could help us get the Slingshot machine into production, scale it up, bring down the cost curve, and deliver and operate the units in the places where the need is greatest. Now we have that partner with Coca-Cola, which brings unparalleled knowledge of working, operating, and partnering in the most remote places of the world."

In collaboration with Coca-Cola, the Slingshot is now providing drinking water in locations in Africa and Latin America, and plans for large-scale distribution are in the works.

Coca-Cola collaborates with dozens of organizations as part of its Clean Water Strategy. Reflecting on their collaborative approach to tackling a large-scale, global challenge, Muhtar Kent, chairman and CEO of The Coca-Cola Company, and Carter Roberts, president and CEO of WWF, wrote:

"The outcomes of our partnership show that change is possible, and that business can make an enormous contribution to water conservation. But none of us can make large-scale, lasting change alone. It's going to take a worldwide effort by every sector of society. Water connects us. Whatever our business, whatever we do, and wherever we do it, we share a mutual dependence on water. Proper stewardship of the world's water is well within our reach. Let's let water unite us in seizing this moment, in bringing our best to solving the world's pressing water challenges. Our destiny, after all, is a shared one. And our response in this pivotal moment will ultimately determine whether we all sink or swim."

Stories like this are becoming more common as more organizations are realizing their success is closely tied to solving larger societal problems. There is increasing understanding that we need more Coca-Cola/WWF caliber initiatives and partnerships to improve societal well-being. It is central to the self-interest and core strategies of all kinds of organizations—corporations, nonprofits, governments—to achieve positive societal impact on a far-ranging array of complex issues.

We are hearing from more companies who are asking new questions:

How does our organization impact society? How should it impact society?

Is our growth as a business, nonprofit organization, or government agency healthy and sustainable in a changing world?

What is our strategy for creating positive societal impact?

As organizations ask these questions, they are increasingly collaborating with other organizations, across sectors, to find answers. Novo Nordisk, Unilever, PepsiCo, Nestle, the Forest Stewardship Council, and the Global Fund to Fight AIDS, Tuberculosis, and Malaria are just some of the organizations taking a collaborative approach to their societal impact efforts.

CCL, too, has moved more aggressively in this direction in recent years, both through our core work and our growing Leadership Beyond Boundaries initiatives.

As organizations chart a new, collaborative course, they see a great need for the development of effective leadership parallel to their evolving strategies, structures, and processes.

At CCL, we are beginning to understand what effective leadership looks like in these situations. We engage and collaborate with people and organizations from various sectors. We work with large corporations and small businesses, nonprofits and NGOs, government agencies and international organizations, educational institutions, citizens and youth—and often with several of these groups together. We are learning how leadership is developed in this emerging context.

This paper offers a three-phase approach to developing a leadership strategy for societal impact:
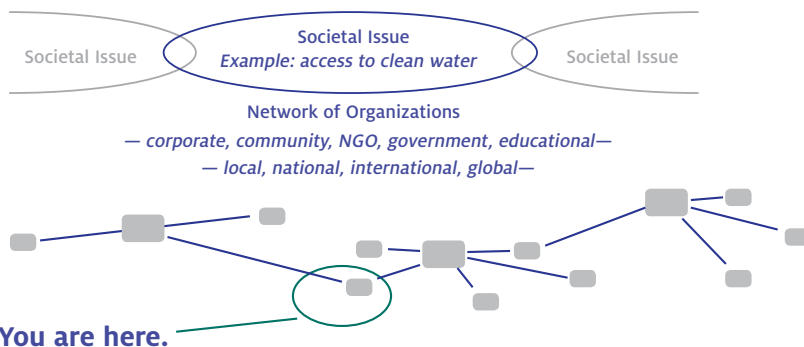
Phase 1: Begin with discovery

Phase 2: Form a four-level leadership strategy

Phase 3: Design leadership solutions across four levels

We introduce the three phases and related practices. We take a look at "putting it all together"— how the three phases build on each other.

First, let's look at the context in which this work is taking place.

CCL's approach is one of co-inquiry and co-creation.
While we draw on all our capabilities and experience,
we don't have all the answers to the challenges in
this emerging space of collaborative, interdependent,
societal-level leadership. We welcome your ideas.

Societal Issue

Societal Issue
Example: access to clean water

Societal Issue

Network of Organizations
— corporate, community, NGO, government, educational—
— local, national, international, global—

You are here.

Leadership Strategy Key Questions:

How will we create the required shared direction, alignment, and commitment for impact on this societal issue?

What leadership development is required? How will this development be enacted?

How will we collaborate with other organizations in the network?

How will collaborators in the network connect their leadership strategies?

What's going on?

For-profit businesses are increasingly realizing their long-term interests in creating positive value for the societies where they operate. They see that organizational success depends on making a positive impact on key societal challenges such as food and water resources, poverty, governance, employment, education, opportunity, disease, and conflict.

These organizations also find it necessary to understand, develop, and mobilize their leadership capabilities in new ways to be both profitable and responsive to societal challenges.

Twenty-first century capitalism is by strategic necessity becoming more conscious, more moral, and more connected, according to retired Coca-Cola CEO Neville Isdell and other pro-capitalist reformers. *Connected capitalism* is still being invented, and already it's clear that a sustainable planet, lifted up from poverty, requires leaders in the form of consumers, advocates, politicians, and citizens who are themselves more conscious, moral, and connected.

Michael Porter's framework for *creating shared value* (CSV) is one approach that merges—and holds in tension—organizational self-interest and societal interest. Porter defines CSV as the policies and practices that enhance the competitiveness of a company while improving the economic and social conditions in the communities where it operates. Companies often embrace the concept of creating shared value when they identify societal problems that create economic costs in the firm's value chain.

Another framework is that of *corporate social responsibility* (*CSR*). Moving beyond the concepts of philanthropy or conservation, a responsibility agenda targets societal issues in the context of the organization's long-term vision and sustainability. Companies may pursue a *triple bottom line*, where the focus is on positive financial results while ensuring environmental and social sustainability. Leadership and cultural development have been identified as key factors driving success for companies using a CSR framework.

Connected capitalism, CSR, and CSV all highlight the need to engage across a variety of boundaries, requiring partnerships among corporations, NGOs, local and international government bodies, community agencies, media, and so on. This requires organizations from all sectors to explore new ways of working and to embed their commitment to positive societal impact into their approach to leadership and leadership development.

PHASE 1: Begin with discovery

A *leadership strategy for societal impact* is a variation that recognizes the interdependence of organizational success and positive societal impact and develops the leadership required to be effective on these terms.

The key feature that distinguishes a *societal* leadership strategy is the focus on leadership both inside *and* outside of the organization in support of addressing specific societal needs and results.

Such leadership strategies are typically plural— no single strategy exists on its own. Societal impact requires collaborations within networks of organizations and communities, each pursuing its own agenda, business strategy, and leadership strategy with an eye on the others.

Creating a societal leadership strategy begins with **discovery**. A discovery process takes a close look at the realities—the opportunities and challenges—facing the organization. The process

drives dialogue on the topics of mission, business strategy, leadership, society, and impact. It clarifies how these topics are understood *within* and *beyond* the organization.

The *internal* lens of the discovery process is to highlight the nature of the leadership required to achieve the organization's mission, given the challenges and opportunities present. The *external* lens for the discovery process is to assess the societal spheres, desired impact, and requisite leadership development, including stakeholders, partners, customers, competitors, and even antagonists, working on challenges locally and globally. The internal and external elements are intertwined; the process is iterative.

DAC: Making Leadership Happen

We take a whole-systems view of leadership. Our emphasis is not limited to leadership emanating from certain individuals or even only individuals. When we talk about effective leadership, we focus on the outcomes of leadership: direction, alignment, and commitment (DAC). Leadership is thus understood as the shared beliefs and practices that create and sustain DAC. DAC makes it possible for people to work together willingly and effectively to realize collective achievements.

Questions that guide the discovery process include:

- *What is the mission and vision, and how are those changing or enduring?*

- *What are the external and internal challenges and opportunities faced by the organization in achieving its mission? What are the relevant societal challenges and opportunities?*

- *What are the key strategies of the organization: historically, currently, and going forward?*

- *What kind of shared direction, alignment, and commitment is needed for our own organizational success as well as success in addressing societal challenges? Where will this kind of DAC come from?*

The discovery data is gathered and analyzed collaboratively among all stakeholders within the networks of interest.

PHASE 2: Form a four-level leadership strategy

The formation of a leadership strategy flows from the discovery process. To create a *leadership strategy for societal impact*, we need to think more systemically and act more collectively than is the norm in most organizations and with most leadership development efforts. This means that leadership must be developed within and across all levels or scales of human activity—individual, group, organizational, and societal.

Key stakeholders and subject-matter experts answer these questions:

- *How will we practice leadership and leadership development, both internally and externally—at the four levels—to realize the mission of our organization, including positive impact on societal challenges?*

- *What leadership capabilities are required to achieve the mission/business strategy?*

- *Where are the gaps between the current leadership skill sets and the leadership capabilities needed for the desired future?*
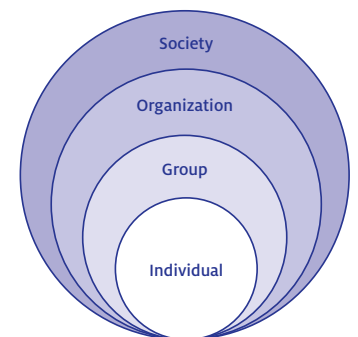
The process of forming a leadership strategy requires understanding the importance of each of the four levels: individuals, groups and teams, the organization, and networks of organizations. How could each level be a potential target for development?

Level 1: Developing Individuals

Individual development starts "from the inside out." This means that each person has an evolving inner self and social identity that is the foundation for leadership development. Each person is on a path of potential growth and maturity.

The list of individuals *within* an organization who may be developed for leadership roles should include practically everyone. All employees play some role in shaping and maintaining shared direction, alignment, and commitment. Everyone is a part of the broader system of leadership.

That said, senior leaders within organizations remain critically important. They must step up and go first, as role models, by engaging in development for themselves and the senior team. When the senior team is aligned around the new strategy and leadership imperatives, then leadership development typically moves to the middle and then the front lines of the organization.

Organizations must also look *externally* for opportunities to develop individual leaders. As leadership becomes more open and democratic, more people must be trained as leaders and citizens. For example, Coca-Cola helps small business owners in Latin America develop modern management skills so they can compete with big-box retailers.

Another example of external individual leadership development is the increasing interest in developing the next generation of leaders through education systems and community groups. A growing global movement supports the formation of young people—younger than 18—as leaders, emphasizing the maturation of character in the form of discipline, communications, learning agility, self-awareness, and adaptability.

Key Practice: 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 his or her organization and society.

Level 2: Developing Groups and Teams

Group and team development is a big part of the leadership capability of any organization or community. High-performing teams get things done. Leadership of these teams is *both* distributed among members *and* focused in a few outstanding leaders. A leadership strategy needs to spell out what kinds of teams are needed and how they will be developed.

While developing leadership capacity *within* groups and teams is important, it is not enough. The ability to create DAC *among* various groups and teams, spanning difficult boundaries, is key for creating societal impact.

Trust within and among groups is critical. Building trust takes time, persistence, and goodwill. Trust can too easily be broken—especially when working in unchartered territory with unfamiliar partners.

For example, leadership strategies at Coca-Cola emphasize the importance of the establishment of trust and mutual respect, in order to foster collaboration and interdependence—both internally across teams in Coca-Cola and externally with the WWF teams, the DEKA project teams, and their many other collaborators.

Key Practice: Boundary Spanning

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.

Level 3: Developing the Organization

Culture sets norms on everything in an organization: how to share bad news, whether to take risks, whether and how people are developed and promoted, how people interact with one another, how problems are solved. When people say "it's just the way things are around here," they're talking about culture. Leadership culture is the part of the culture that sets norms for leadership.

Fully implementing a strategy for societal impact often means changing how the organization is managed—its policies, systems, and processes—as well as how decisions are made, what takes priority, and what people understand about how they are to go about doing their jobs .

Here's a key organizational leadership challenge:

Where strategy conflicts with culture, culture always wins.

Leadership culture is the self-reinforcing web of individual and collective beliefs and practices in a collective (group, organization, community, etc.) for producing the outcomes of shared direction, alignment, and commitment. Beliefs unconsciously drive decisions and behaviors, and repeated behaviors become leadership practices.

Leadership cultures can be understood in terms of the three essential leadership logics as they guide collectives of people creating direction, alignment, and commitment:

Interdependent

Leadership is a collective activity.
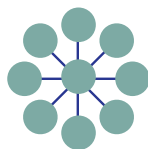
Independent

Leadership emerges out of individual expertise and heroic action.

Dependent

People in authority are responsible for leadership.

Leadership development tied to societal impact typically requires an evolution to more interdependent cultures and mindsets among the collaborating organizations and their members. *Interdependent leadership cultures* are characterized by practices driven by the belief that leadership is a collective activity that requires mutual inquiry and learning. In general, interdependent cultures can be thought of as collaborative cultures. Other characteristics associated with interdependent cultures include the ability to work effectively across organizational boundaries, openness and candor, multi-faceted standards of success, and synergies being sought across the whole enterprise. Interdependent cultures are successful in adapting to rapid changes in which it is necessary to work inter-systemically, internally as well as with external partners and collaborators across the value web.

Well-considered and clear leadership strategies—both internally and externally—are needed to guide these transformations, or else old patterns of management and leadership will prevail.

Key Practice: 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 developing their own more interdependent leadership abilities.

Level 4: Developing Networks of Organizations

Impact at the societal scale requires multiple organizations working toward similar ends. Networks of organizations—some with close ties, some loosely aligned—have the potential to solve problems and enact change in ways no single organization or small group can.

But working within networks of organizations involves working with different missions, cultures, and leadership strategies. Some of these will inevitably be in conflict with one another.

In collaborating with partners for societal impact, leadership strategy questions include:

- *What are the key similarities and differences in the cultures of the partnering organizations?*

- *What are the strengths and weaknesses with respect to each partner's leadership capabilities?*

- *How will we build bridges among our partners, including ourselves, so that we can align our efforts?*

- *How will partners, competitors, and adversaries manage conflicts based in differing goals and commitments?*

- *How can partners support each other's leadership and leadership development?*

The structures for collaboration and leadership development within networks vary—and in many ways are untested or evolving.

One option for realizing collective impact is to set a unified leadership strategy which integrates the shared work of the organizations. In this approach, a single "backbone" organization formally unites the partners around a common agenda, shared measurement systems, mutually reinforcing activities, continuous communication, and backbone support organizations. For example, John Kania and Mark Kramer cite the case of Strive, which was a backbone organization around which other individuals, groups, and organizations could galvanize action:

Strive, a nonprofit subsidiary of KnowledgeWorks, has brought together local leaders to tackle the student achievement crisis and improve education throughout greater Cincinnati and northern Kentucky. In the four years since the group was launched, Strive partners have improved student success in dozens of key areas across three large public school districts.

Why has Strive made progress when so many other efforts have failed? It is because a core group of community leaders decided to abandon their individual agendas in favor of a collective approach to improving student achievement. More than 300 leaders of local organizations agreed to participate, including the heads of influential private and corporate foundations, city government officials, school district representatives, the presidents of eight universities and community colleges, and the executive directors of hundreds of education-related nonprofit and advocacy groups.

Another example comes from Steve Waddell:

"Global Action Networks (GANs) are a specific type of network. These are global, multi-stakeholder networks organized around specific critical issues such as climate change, poverty, health, education, and security. They do this by integrating seven characteristic. GANs are:"

Global and multi-level . . . local, regional, global

Entrepreneurial action learners . . . developing new tools, processes, and relationships

Public goods producers . . . producing for public benefit

Diversity-embracing . . . collaborating across sectors (business-government-civil society), linguistic, ethnic, north-south, and other boundaries

Inter-organizational networks . . . individuals have a role, but organizations are the key participants; neither hierarchy nor markets provide the principles, values, or capacity

Systemic change agents . . . working on transformation, reform, and scaling up

Voluntary leaders . . . participants make commitments to push the boundaries of enhancing environmental, social, and economic outcomes

In the backbone model, the more fluid GANs, or any other multiple-organization network, there is much to be negotiated over time, much to be resolved in dialogue. Mutual trust and respect are the keys to success and must be built carefully.

Key Practice: 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.

Potential Leadership Development Targets for Societal Impact

Level	Internal to the organization	External to the organization
Individual **Key Practice:** **Inside-out Development**	Senior leaders New managers All employees	Customers Citizens Suppliers Youth Under-served populations Potential employees Early adopters
Group/Team **Key Practice:** **Boundary Spanning**	Functional teams Social networks Cross-functional groups Senior leader team Task teams Innovation groups	Innovation labs Social networks Partner groups Professional associations Agencies NGO teams Corporate teams Government teams Task forces Special interest groups
Organizational **Key Practice:** **Creating Headroom**	Culture (beliefs and practices) Vision Systems Policies Governance Metrics	Partner/collaborator/ institutional/supply chain Culture Systems Policies and practices Governance, government Metrics
Societal/ Networks of Organizations **Key Practice:** **Dialogue**	Thought leadership Ethical/moral worldview Global citizenship Societal bottom line Future scenarios Sustainability	Community fabric/culture Backbone organizations Business community Value chains Brand Fields of practice Global standards Cross-sector capacity Media Politics Activism

Note: This list is typical but not exhaustive. Targets for development must be specified in each context, based on discovery.

PHASE 3: Design leadership solutions across four levels

A leadership strategy represents a set of choices in developing leadership in support of mission and strategy. **Leadership solutions** are the specific means for enacting the leadership strategy.

If a leadership strategy for societal impact addresses four levels of leadership, then leadership solutions for societal impact must be implemented at the same four levels. Like leadership strategies, leadership solutions are plural—multiple, overlapping, beginning, and ending as needed.

Key questions for designing leadership solutions include:

- *How will the required development happen? How will we close the gaps in leadership capability?*

- *How will we mobilize and align the resultant leadership capabilities?*

- *How will we collaborate with other organizations? How will collaborators in our network connect their leadership strategies for greater impact?*

Leadership solutions at four levels tend to be complex. While planning for leadership development at all four levels is essential, it is neither practical nor necessary to tackle leadership solutions at all four levels at the beginning. Usually, organizations have a context of leadership development to learn from and build upon. The best way to implement leadership solutions is to stage them over time, with earlier prototype versions yielding to improved designs in a process of ongoing and collective learning. Initial steps will gather momentum as early leaders learn, practice, and enact new behaviors.

Start with the individual level of development. What are some initial steps to develop key leaders in this direction? Start with a few "ready now" individuals as an experiment and create a short prototype leader development program that directly addresses DAC for the new strategies.

Next, focus the senior executive team on its own development as a change-leadership team. Are senior executives prepared to lead the new strategies? Often it is wise for key leadership teams to "go first" in the work of shifting to new beliefs and behaviors. Otherwise role models are lacking and trust is at risk.

Continue by addressing the leadership culture of the organization; then consider how outside partners and collaborators can be brought to the table.

But what do those specific leadership development efforts look like? How do needed capabilities become understood, learned, and practiced? How do capability gaps get filled? Plug and play leadership solutions for this kind of development do not exist.

The process of creating leadership solutions for societal impact requires design thinking.

> **"Designers don't see problems as problems.**
>
> "We see problems as opportunities to make something better . . . we're hard-wired that way.
>
> "Today's world is more connected and complicated than ever before. The types of issues we're faced with have moved beyond complicated to what some call *wicked problems*—multidimensional, nonlinear challenges like obesity, water scarcity, global warming, and the international debt crisis. We can't really solve these problems; we can only chip away at them. They require all of us to *think like designers* with a new level of optimism as we design solutions for a dynamic and uncertain world."
> — David Butler, Vice President of Innovation, Coca-Cola
>
> http://www.coca-colacompany.com/stories/10-questions-with-david-butler

Design thinking means using the mindset of a designer to approach and solve complex challenges. Designers focus on useful solutions that are well-suited to the context. Design thinking means that careful attention is paid to the real experiences of real people.

For example, CCL utilizes design thinking in building our Leadership Beyond Boundaries initiatives (see page 2). This means immersion in the field, learning about people and their challenges, identifying solutions and obstacles, harvesting and co-creating ideas, prototyping and refining of promising methods and tools, ongoing evaluation of results, all leading to better designs and solutions.

Design thinking is a basic component of innovation.

Design thinking, as it applies to co-creating leadership solutions, involves six capabilities:

Paying attention: Preconceptions often get in the way of good design. Design thinking starts with paying attention to the actual conditions for which

a solution is intended. Think of it as "seeing with fresh eyes." Paying attention to how people live, work, and socialize helps reveal what motivates individuals at a deeper level. Paying attention often benefits from a *beginners' mindset*—relaxed, patient, observant, non-judging, and open to multiple perspectives.

Personalizing: Much of leadership development starts from "the inside out." It comes from the heart and mind of each person, out of direct experience— and out of your own self as a designer. A design-centered leadership solution starts with immersing yourself in the user's world. What are the personal needs of the customers of leadership development? Seek resonance and empathy with their experiences and points of view, learn what motivates them, and—in the process—identify new insights for the design and details of leadership development solutions.

Imaging: Seeing is not enough: good designers/ leaders imagine and help others imagine. *Imaging* helps designers visualize and understand the parameters of a challenge or opportunity through

the eyes of the end user. The most important tools here are metaphors and images of all kinds—stories, photos, sketches, art, vivid ideas. Imaging can also enable a diverse group of individuals to deepen their conversations, create shared understanding, and generate collective solutions.

Serious play: Good design includes a lot of serious play including brainstorming, experimentation, and rapid prototyping. The design process seeks to stress-test new insights and ideas before a final product or service is introduced into the marketplace.

Collaborative inquiry: The design and operation of leadership solutions is collective work. Considerable time must be spent in having shared experiences—and building trust and respect—with diverse stakeholders. Mistakes will be made, naturally. Evaluation and learning must become a collective and continuous activity feeding back into all stages of the design process. One of the most important tools is dialogue—a kind of creative conversation that takes a lot of practice and patience.

Crafting: One must consider the whole as well as the parts. *Synthesis* is the goal and *analysis* takes a back seat. It all must work together, over time, and adapt to changing contexts. Design thinking is an iterative series of activities where continuous learning and feedback is built into the process. It is about learning from mistakes, testing assumptions, and revising observations and insights to find more innovative and adaptive solutions. This is about learning and practicing the craft of designing leadership developmental processes for societal impact.

The Three Phases: Putting it All Together.

Like business strategies, leadership strategies are based on a thorough analysis of the current situation and an informed view of the future. The objective of the strategy is to close the leadership gap between the current state and the desired future state.

Leadership strategies for *societal impact* have a dual purpose:

1. To build the organization's internal leadership capabilities and capacities to tackle complex strategic issues, including those related to societal context.

2. To develop leadership capabilities and capacity externally, across boundaries, across multiple strategies within the network, and in targeted areas of society, for addressing specific societal challenges.

Coca-Cola's **leadership strategy** around the issue of water resources is largely implicit and woven into the organizational fabric. Like all good leadership strategies for societal impact, it engages at the four levels of leadership:

- **Individual leaders** throughout the organization and its networks, including the crucial roles of CEO Muhtar Kent and his predecessor and mentor Neville Isdell. Another example is a six-week individual development program for rising leaders, taking them to markets all over the world to work with local executives, learn the systems, and engage in complex problem-solving.

- Cross-functional action-learning **teams** operate at both local and global scales; they are trained in design thinking workshops followed by rapid, iterative prototyping in the field with diverse local stakeholders on shared value projects.

- The **culture** of Coca-Cola continues to be hyper-aware of its relationships to consumers and communities, and the importance of positive leadership in those communities. The company has a rich legacy of stories that it uses to focus and refocus the culture around strategic issues. For example, former CEO Neville Isdell's recent memoir narrates an inspiring history of the company while making the case that the company has a long-standing commitment to creating shared value for society and the business.

- Coca-Cola is immersed within a **network of organizations** dedicated to water and wildlife conservation, such as the WWF. The company develops leadership capabilities at the societal level around human rights policies and practices in the workplace.

The final key to Coca-Cola's leadership strategy operates *outside* the formal boundary of Coca-Cola. Special initiatives develop leaders and teams in the communities, and within and across the sectors in which it operates (corporate, nonprofit, and government).

As Coca-Cola's experience shows, the process of "putting it all together" is iterative, ongoing, and complex.

The three phases we offer here—discovery, strategy formation, and leadership solutions—give organizations a path, or at least some guidelines, for creating a leadership strategy for societal impact.

Creating Leadership Solutions for Societal Impact: Three Phases

Phase 1: Discovery	**Internal** to the organization	**External** to the organization
Vision, mission, and organizational strategies	Observing the **internal state of the organization**, and its leadership capabilities required by its evolving mission. Including culture, employees, competencies, policies, systems, and structures. What are the organizational/ business strategies? What is the existing/implicit leadership strategy for achieving the vision/mission/ strategies? What is the internal (business) rationale and purpose for addressing societal challenges?	Assessing the **societal challenge for which impact is desired**. Including stakeholders, partners, competitors, antagonists, challenges locally and globally. What are current economic and environmental realities? Where is it advantageous and timely to make a difference in society? What kind of shared DAC is needed to tackle this challenge?
Challenges in enacting the mission and strategies	Internal challenges? External challenges?	What are the critical interdependencies of the organization within society, in light of its mission?
Past, present, and future	What societal value has been created by the organization in the past and present?	What are probable and possible future scenarios given a changing world?

Phase 2: Leadership Strategy Formation	Internal to the organization Observing and accessing —	External to the organization Observing and accessing —
What are the leadership capabilities required to enact the mission/ organizational strategy and serve society?	Individual competencies as citizens, leaders, followers, talent. Talent pipeline Functional and regional group development Group boundary spanning Leadership culture	DAC capabilities needed within targeted parts of society: Individuals, citizens, members, leaders, groups, organizations, networks of organizations, institutions, values chains/webs, stakeholders, and constituencies.
What are the gaps between existing leadership capabilities and the future required capabilities?	What new shared beliefs and practices are required? Initiatives to address gaps in leadership capabilities within the organization.	Do people have the training to become full participants in democratic and economic processes? Does education prepare people to be citizens and leaders in their community?

| Phase 3: Leadership Solutions	Internal to the organization	External to the organization
What are the steps required to close the gaps in leadership capability?	To enhance internal capabilities: Individual development programs and processes Hiring and retention Group development Internal boundary spanning Transformation, or evolution of the leadership culture Creating headroom with the senior team for learning and dialogue, in support of the desired culture	To enhance the leadership capabilities in society to meet shared challenges: Individual development among target populations Developing networks of organizations working towards on the same and related challenges. External boundary spanning Building capacity of partner organizations Community development and education Supporting local economic clusters Building capacity in government and NGOs Innovation in social systems, practices, and beliefs Creating headroom for bigger thinking in the larger societal dialogue around target issues.
Evaluation of outcomes	Measurement and evaluation are coupled to learning and dialogue Discovery provides initial measurements as part of ongoing evaluation	Use of societally informed logic models in designing outcome based experiments.
Learning from outcomes	Feedback to ongoing discovery and strategy Improvement of leadership development systems within the organization	Dialogue across boundaries, among diverse interests and conflicting strategies. Constructively engaging deep conflict.

THE CHALLENGES AND THE POSSIBILITIES

Efforts to enact Corporate Social Responsibility or create shared value are often viewed with skepticism by employees, partners, customers, community members, and other stakeholders. Some doubt and misgiving is well-founded. British Petroleum had strategies for social and environmental responsibility when the Deepwater Horizon rig exploded in the Gulf of Mexico.

Another challenge to enacting strategies for societal impact is that organizations often disagree about big priorities as well as specific actions. Bridging those differences isn't easy. It is difficult to assess the net societal value of any commercial enterprise. In fact a strategy may result in both the creation and destruction of societal value. Walmart, for example, has a number of strategies for creating more positive social impacts, such as an organic produce initiative and improving its carbon footprint. Yet, the massive retailer has many critics. The societal leadership strategies of Walmart are not often aligned with those of other organizations working on related social issues. The long-term societal effects of its strategies remain to be seen.

As the thinking and practice of collaboration for creating shared value evolves, we suggest that an agile approach is needed. We see that an effective leadership strategy for societal impact will involve multiple perspectives within a network of both tight and loose ties. It will include both collaborators and antagonists, from a variety of sectors, each with their own version of a business strategy and a leadership strategy. It requires flexibility and learning as each collaborator is—more or less—successful in inside-out development, spanning boundaries, creating headroom, and holding dialogue with other organizations.

The challenge is to engage effectively and reflectively in this dance of interdependence.
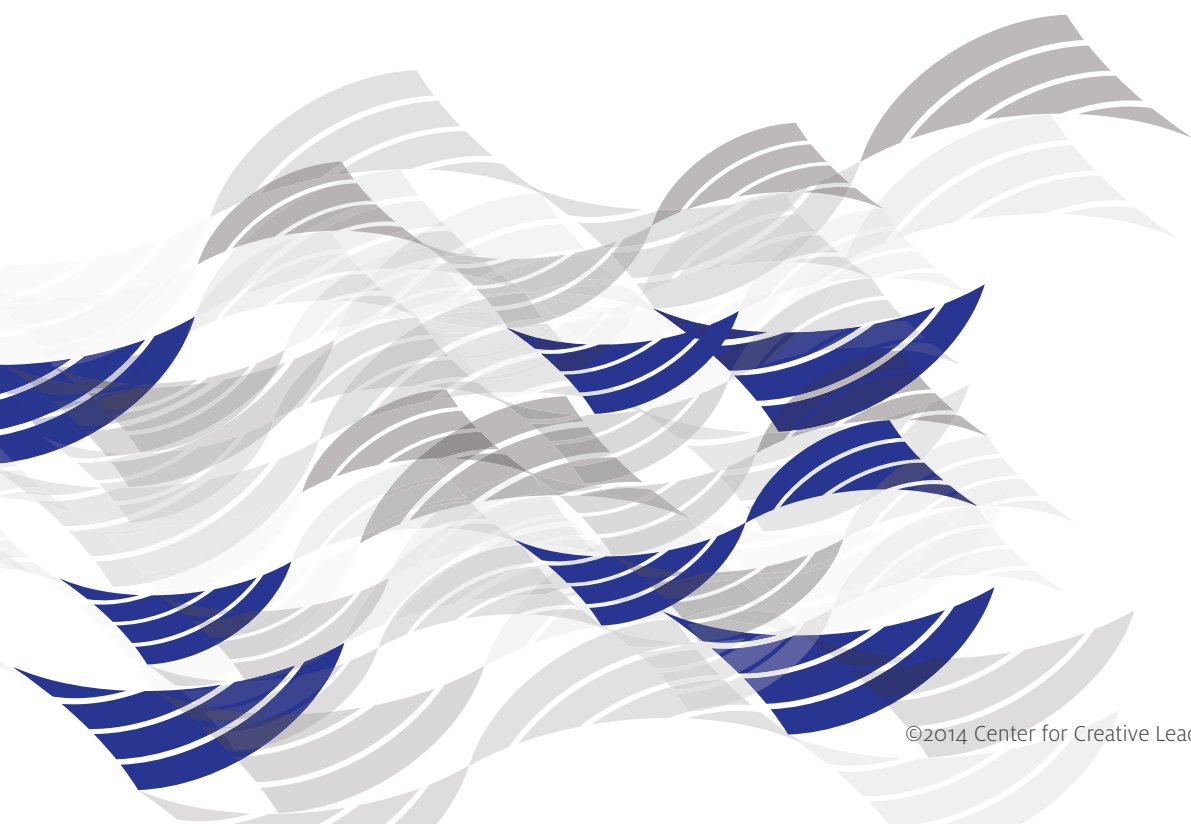
Glossary

Leadership: We take a whole-systems view of leadership. Our emphasis is not limited to leadership emanating from certain individuals or even only individuals. When we talk about effective leadership, we focus on the outcomes of leadership: direction, alignment, and commitment (DAC). Leadership is thus understood as the shared beliefs and practices that create and sustain DAC. DAC makes it possible for people to work together willingly and effectively to realize collective achievements.

Leadership culture: The web of beliefs and practices that realize collective organizational outcomes of direction, alignment, and commitment.

Dependent-Conformer leadership culture: Authority and control are held at the top; success depends on obedience to authority and honoring the code; mistakes are treated as weakness; and feedback is not values.

Independent-Achiever leadership culture: Authority and control are distributed through the ranks; success means mastery of systems that produce results; mistakes are opportunities to learn; and feedback is valued as a means to enhance advancement.

Interdependent-Collaborator leadership culture: Authority and control are shared based on strategic competence for the whole organization; success means collaboration across all systems for shared results; mistakes are embraced as opportunities for organizational learning; and feedback is valued as essential for collective success.

Leadership strategy: An organization's implicit and explicit choices about the leadership culture, its beliefs and practices, and the people systems needed to ensure success—a strategic intent includes the whole organization.

Business strategy: A business strategy is a plan that clearly articulates the direction a business will pursue and the steps it will take to achieve its goals.

Leadership capabilities: The capabilities required of leaders when acting together, such as; providing direction, demonstrating alignment, and generating commitment as a collective leadership team.

Leadership strategy for societal impact: A newly emerging variation of leadership strategy, which recognizes the interdependence of organizational success and positive societal impact, and which develops the leadership required to be effective on these terms.

Design thinking: *Design thinking* means using the mindset of a designer to approach and solve complex challenges.

Corporate social responsibility: The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. (*Making Good Business Sense* by Lord Holme and Richard Watts, 2000)

Creating shared value: The policies and practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities where it operates. (Potter)

Boundary spanning leadership: The creation of shared direction, alignment, and commitment across group boundaries of various kinds (horizontal, vertical, demographic, geographic, stakeholder). Boundary spanning involves three strategies: Managing Boundaries, Forging Common Ground, and Discovering New Frontiers.

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