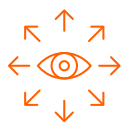


SCALING IMPACT:
HOW C-SUITE
LEADERS CAN
AFFECT CHANGE
BEYOND THEIR
ORGANIZATION

Leaders today face relentless waves of disruption from intertwined sources – economic instability, technological breakthroughs, social movements to redress inequities and the climate crisis to name a few. Amidst new risks and opportunities, businesses have an ever-increasing organizational footprint to manage, and C-suite leaders must grapple with how to affect positive change beyond their own enterprise.

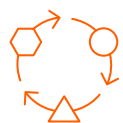


Accountability goes beyond awareness

Leaders in large enterprises make decisions and drive changes that have a far-reaching impact on the economy and the communities in which they operate. This has always been the case but with newly powerful interrelationships between employees, customers and investors, and increased media scrutiny, the broader impact organizations have is under the microscope.

Many leaders have 'grown up' in organizations that have not been held accountable for the effects they have on society, the planet or on macroeconomics. But no business operates in a vacuum and it's becoming less acceptable to ignore this. Being aware of the global issues their business contributes toward is not enough; leaders need to identify when and how to act on that awareness.

Rather than pointing the finger at corporations who are doing wrong, leaders who define success as having a positive impact beyond their organization are setting a new benchmark. There is no existing playbook and different industry challenges and market forces mean there are numerous interdependencies to comprehend. But seeking to understand the expectations of a variety of stakeholders – such as employees, investors and consumers – is a good place to start.



Measures of performance are changing

Boards and executive teams are quickly realizing that relying solely on financial performance to attract investors and shareholders is a dying strategy. Whilst it is widely known that a host of other measures of success related to long-term social and environmental impact are expected to input into decision making, boards and leadership teams are still working out how to put this into practice. Again, there is no singular right way. Leaders will need to explore which environmental, social and governance metrics will be most meaningful for their business. Those who are putting their head in the sand in less regulated industries or services, will put their head up to find that the demands of regulators resulting in change, will influence stakeholder expectations in other areas.



Leadership is more than compliance

Industry regulations are changing to keep pace with digital disruption and societal shifts. Alongside this, consumer awareness and expectations of responsible business practices continue to heighten the scrutiny of organizations and their leaders. There is much more to be done than take pride in managing risk and ensuring one's business does not have a negative impact on the world.

Organizations can set themselves apart by being a catalyst for positive change. Companies that seek to understand these sources of change can anticipate shifts in their commercial and operating landscape. Being a leader of change in your industry or market creates competitive advantage commercially, aids identification of other means of creating value and helps win the hearts and minds of employees and customers.

While there is still some debate about the true efficacy of stakeholder capitalism, most leaders recognize the opportunity at hand to affect positive change. However, many do not know where to begin. Here are four ways C-suite leaders can take action to create impact beyond their organization.

1) ALIGN VALUE CREATION WITH YOUR OWN VALUES

The mandate of creating value beyond the organization's financial performance can feel overwhelming. To identify where you can add the most value, think about the external drivers of change that are most material to the business and relevant to your role, and how that aligns with your own values, skills and the impact you want to create in the world.

If you have deep technical knowledge of nascent technologies and their ethical implications, identify opportunities to join cross-industry groups or regulatory body task groups to champion the ethical use of technology. If your expertise is in environmental sustainability and impact, devise a strategy for building a green organization with a net positive effect on the planet. Getting involved and learning through others will help you stay ahead of emerging trends for your own organization.

2) CHANGE REQUIRES MORE THAN A CHECKLIST

When creating impact, it is important that the intent is genuine. Recent history shows that when organizations make declarations in response to social issues without follow through, it backfires. Stakeholders are quick to spot when statements or actions are purely performative, resulting in anger or erosion of trust in the leader and the organization¹. There has been significant backlash against companies who are perceived to be greenwashing or woke-washing.

Creating value beyond financial performance requires more substantive change than a checklist. Initiatives or partnerships that have impact beyond the boundaries of the organization need to be integrated into strategy and tracked alongside other business priorities and enterprise goals. But to really lead in one's industry, focus on creating impact in the absence of consumer demand. Public cynicism is often validated: in 2020 when calls for action on racial equity were loud, organizations amped up DEI efforts and then deprioritized as protests became less prevalent. As a result, the general public became more sceptical about the sincerity of DEI agendas. But organizations who have continued to invest in DEI despite public pressure waning have been able to signal their genuine motivation to create real change.

3) MAKE A SMALL CHANGE FOR A BIG IMPACT

Making transformative changes can be a powerful way to create impact, but this may be out of scope for many senior leaders. Not every leader has the capacity or capability to successfully lobby to change legislation on ethical issues or create radically innovative products that will transform their industry. Leaders can look to make smaller changes that will have an outsized influence on the world instead. To understand where changes can be made, leaders need to step back and consider how functions of their organization interact with people and planet, to then consider what business changes or new partnerships could create a positive disruption.

Take for example, a senior leader who oversees production and wants to ensure their suppliers meet certain sustainability standards. They may find it difficult to verify supplier credentials, particularly at lower levels of their supply chain where they have less direct oversight or insight. This leader might opt to mandate the use of blockchain technology² across their supply chain to ensure they only buy materials that have been verified as ethical and sustainable. Through robust transparency, the leader may spark a ripple effect that compels other stakeholders to prioritize sourcing the most sustainable materials.

4) USE NETWORKS AND PARTNERSHIPS FOR COLLECTIVE CHANGE

Use your connections to network and collaborate to drive change. Organizations with different purposes but aligned ambitions for positive impact can achieve more collectively than individually.

The accountability for impact beyond your organization can feel a lot to shoulder on one's own. Partnering with others not only makes it feel more achievable, but when you team up with others you bring in different voices and skill sets which is likely to enhance the ideas and execution. This could mean tapping into expertise within the organization or partnering with other companies or institutions in your industry or market. A good starting place to address racial, gender or disability inequities is through education partnerships. Talent inequity often starts downstream in the education system. Think about ways your enterprise could partner with schools or specialist organizations to collectively create better academic and training opportunities for people from disadvantaged backgrounds.

IN A NUTSHELL

The leadership landscape has changed and expanded. Leaders have the opportunity to play a significant role in moving their organizations from neutral to positive impact for the benefit of their people, investors, customers and their communities. By identifying personally meaningful opportunities to have impact beyond their organization, they can scale their leadership to positively change the ecosystem in which their organization operates. This paves the way for sustainable business success and role models what purpose-driven leadership looks to the next generation of leaders. Being attuned to broader context and consequences when making decisions will distinguish the high-impact leaders of the future due to their ability to attract talent, enhance brand reputation and innovate via strategic partnerships.

Notes

1 Words Aren't Enough: The Risks of Performative Policies | Catalyst

2 Proof of Stake | World Economic Forum - Proof of Stake being preferable over Proof of Work as a less energy intensive method and thus more sustainable

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