



## **HOW DOES ECOLOGICAL LEADERSHIP FIT INTO YOUR WINNING STRATEGY?**

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Business leaders world-wide are contending with volatile, fast changing market conditions, where opportunities and threats emerge and challenge the status quo at rapid-fire pace. Not only is technology the new driving-force of social interactions, consumer groupings, communication, education and awareness, but the social and natural environments are also fragile, leading to shocks that threaten business as usual.

The notion of a triple bottom-line has been in leadership vocabulary for a number of years already. Milton Friedman, the advocate of free market economics, whose bold quote in the New York Times Magazine on 13 September 1970, that “the social responsibility of business is to increase its profits”, appears to be obviously out of touch today. To claim, as he did, that “the business of business is business”, is to miss the central relationship between the environment within which business operates, the customers and stakeholders who are affected, and the financial bottom-line.

The triple bottom-line recognises that shareholders are best served, and business resilience is more assured, when the core strategy recognises and nurtures the social and environmental relationships that the business has with its operational activities.

Ecological leadership speaks to our greater selves. Robert Bly offers us a translation of the poem by Antonia Machado from the 1800's, titled “The Wind, One Brilliant Day”:

The wind, one brilliant day, called  
to my soul with an odor of jasmine.

"In return for the odor of my jasmine,  
I'd like all the odor of your roses."

"I have no roses; all the flowers  
in my garden are dead."

"Well then, I'll take the withered petals  
and the yellow leaves and the waters of the fountain."

The wind left. And I wept. And I said to myself:

"What have you done with the garden that was entrusted to you?"

It is those haunting last words that issue a call to all of us, especially those of us in leadership roles: What will we have done with the garden that was entrusted to us? Our stakeholders are paying more attention to how we answer this question than ever before.

Business leaders need to engage in a systematic and ongoing stakeholder analysis, to attune and respond to current and potential needs and concerns of stakeholders, both within the business and in the larger operating environment. There are a few key elements for consideration in this regard:

1. Define stakeholder groups with care, to avoid missing out on voices that need to be heard.
2. Stakeholder assessment goes well beyond a focus on our customers, and includes suppliers, the community, government, society in general and anyone who may support or object to our products, services or activities.
3. Much can be learned from a careful competitor analysis.
4. Be careful not to undervalue the internal intelligence within the organisation, and incorporate the voice of internal stakeholders.
5. Review the key social and environmental concerns that appear to be connected in some way with the organisation. Can a concern be turned into a winning strategy? As a cosmetics business, The Body Shop turned a potential vulnerability around the general outrage of testing cosmetics on animals into the basis for a global business ethos and empire.

Strategy formulation has transformed utterly since the days of Milton Friedman. The pace of change is so much faster. The nature of innovation is more extreme. For a winning strategy to be sustainable, we must think in terms of radical innovation; incremental change is a given. Strategy formulation must be founded on a triple bottom-line, where the social and environmental benefits provide a clear rationale for stakeholders, overwhelmed with choice, to continue to support the company over time.

Gary Hamel, in his book, *The Future of Management* (2007), provides a set of essential principles for developing winning strategies that are resilient in today's environment. They include the following:

1. Business resilience in the face of relentless change is about variety, or having lots of strategic options.
2. We need to pilot options in an innovation pipeline, both to manage risk and to test for radical innovation.
3. We need to avoid the disconnect that suggests that "radical" implies a high or unacceptable risk. A radical innovation may not be high risk, and may not equate to a long or uncertain payback, or a large amount of cash. The pilot process of the innovation pipeline is intended to identify these options. An idea or option may be radically innovative if it has the power to change:
  - a. customer expectations
  - b. industry economics
  - c. the basis of competitive advantage
4. We need to continually look for opportunities to get inside our competitors' renewal cycles, and get ahead in the race for innovation.
5. We need to recognise the temptation that prevails in management, based on principles that were formulated in the industrial age, to over-emphasise the value of optimisation, incrementalism and efficiency, at the expense of new ideas and change. The danger of focusing on efficiency alone is the danger of irrelevance.

6. It is critical for business leaders to create a culture that values courage, creativity, imagination and passion, to support a winning strategy that is innovative and aligned with stakeholders.

Building a winning strategy today is much less about long-term planning, and much more about a process of engaging our awareness of the volatility and change taking place within and around the organisation. We need to understand our stakeholders and their needs. And we need to reflect deeply on the impact of the organisation's activities on the social and natural environments, with a view to making a positive contribution to society and the environment, and, ultimately, to ourselves as leaders.

About the author

Dr Grant Sieff is CEO of the IC Growth Group, a research, strategy and leadership development consultancy. He teaches at leading business schools as a visiting professor and senior lecturer. Grant has worked as a vice-president for Citibank in Australia and a partner for Accenture. He consults to leaders at the top levels of organisations across African continent and abroad.

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