Achieving Stakeholder Impact (ASI) study

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> "... I would like to congratulate you for undertaking this new study. It is so important to show that Corporate Multistakeholder Responsibility is better understood and even more widely promoted as the basic corporate leadership concept in the 21st century."
> - ***Klaus Schwab, Chairperson of the World Economic Forum***

ASI Study Objective

The Achieving Stakeholder Impact (ASI) study focuses on winning strategies for pivoting from shareholder primacy to sustained stakeholder value creation, how the value created is measured and communicated, essential leadership attitudes and habits, and the role of brands and Marketing.

2023 ASI Study Approach

- 250+ vision interviews with academics, experts, and senior practitioners.
- 25+ vision interviews with Investors, Board Directors, CEOs, CFOs, CHROs, IR, CMOs, and CCOs.
- 25+ vision interviews per country with local business leaders.
- AI *Hypertrend* analysis to identify key themes, topics, and emerging future trends.
- Comprehensive literature research to identify winning practices and case studies.
- Meta-analysis of published stakeholder growth initiatives and results.
- Parallel AI study recommendation development to inspire new approaches

ASI Study Partners

The Institute for Real Growth (IRG,) Oxford University Said Business School Future of Marketing Initiative, Chinese Business School CKGSB, the Yale Program on Stakeholder Innovation and Management, Spencer Stuart, WARC, KennedyFitch, The UK Marketing Society, the Association of National Advertisers (ANA) CMO Growth Council, The B Team, FGS Global, the Arthur W. Page Society, and the National Association of Corporate Directors (NACD).

Glossary / Terms to be defined

- Stakeholders
- Shareholder primacy
- Value creation
- Sustained: ST and LT
- Material stakeholders
- Impact
- Systemic change
- Partners
- Purpose
- Ecosystem
- ESG

Business Context

- There has been a massive shift in a company's value from tangible to non-tangible assets.
- CEO incentive horizon, tenure, innovation, and company performance have all been declining.
- The last 50 years were a phase of capitalism very different from many previous phases.
- The power of large corporations has increased significantly vs. small companies and employees.
- The generational shift in the workforce, leadership, and investor community will continue.

ASI: We believe that

- The world is an interrelated ecosystem; problems occur when you optimize for just one variable.
- Businesses have been and will remain essential to societal progress and innovation.
- Ultimately, all companies will need to maintain a societal *license to operate*.
- Collaborating with NGOs and the Government can help drive stakeholder value creation.
- The current US ESG political backlash is a speed bump on the stakeholder journey.
- Shareholders do not own the company or have a sole claim on all value created.
- All business activities and deliberations will be transparent.
- All business stakeholders will become louder and more powerful.
- Companies driving long-term strategies outperform companies pursuing short-term strategies.
- More stakeholder engagement and value creation lead to increased innovation.

Therefore, we believe that.

Overperforming businesses deliver sustained stakeholder value with purpose.

That's why the ASI study focuses on *what it takes to pivot from shareholder primacy to stakeholder value creation*.

ASI Hypothesis:

Overperforming businesses deliver sustained stakeholder value with purpose.

Overperforming businesses …

1. Deliver sustained value for *all* stakeholders.
2. Always manage short-term goals in the context of a long-term strategy.
3. Recognize that their customers, employees, and investors are often the same human beings.
4. Understand the impact they have on their stakeholders and vice-versa.
5. Provide transparency of the business's impact on stakeholders.
6. Include representation of all its material stakeholders in strategic decision-making.
7. Guide all strategic decision-making with their corporate purpose.
8. Have a corporate purpose that makes employees and partners proud.
9. Ensure the corporate purpose aligns with at least one of the UN SDGs.
10. Do not prioritize one stakeholder over the other stakeholders.
11. Approach stakeholder value creation as an opportunity instead of a risk.
12. Have a clearly defined value-creation strategy across all stakeholders.
13. Understand the importance of empathy in business.
14. Work interdependently across functions and units to deliver the strategy.
15. Manage stakeholder value creation with shared responsibility and KPIs for all.
16. Align incentive plans with the overall stakeholder value strategy.
17. Empower colleagues closer to their stakeholders to act on behalf of the business.
18. Collaborate more closely with external partners to deliver value for all stakeholders.
19. Lead systemic change to deliver stakeholder value creation.
20. Do not let the fear of being accused of greenwashing limit their activities.
21. Educate and communicate with all stakeholders about the value created.
22. Fully align all their societal impact activities (CSR) with the overall value creation strategy.