





















Leonardo Executive Learning Journey

STAKEHOLDER VALUE CREATION STRATEGIES

May 14 June 2021



Consider the impact of the types of capital on business success...

Stakeholders	Types of Capital			
	Financial	Human	Social	Natural
Investors				
Employees				
Customers				
Suppliers				
Communities				

Which capitals are the bottleneck for success today?



Financial capital used to be the bottleneck to success...

- When human and natural capital were abundant and cheap
- When all the necessary social capital could be handled by the owners and the leaders
- When the financial markets (including banks) were not efficient and highly competitive



Today, human and social capital drive business success

- **Human capital** (people's competences and skills) is the capacity to manage complexity, innovate, learn and rapidly/effectively adapt to rapidly evolving environments
- **Social capital** (quality of relationships with/among stakeholders) is the critical element to leverage human capital to succeed on:
 - Product markets
 - Labour markets
 - Resource markets
 - Financial markets





What is strategy?

Three fundamental questions

From “Toward an integrated model of strategy”

1. **Competitive Strategy**. How does my company satisfy customers better than my competitors?
2. **Stakeholder Strategy**. How does my company satisfy its stakeholders better than my competitors?
3. **Growth Strategy**. How does my company grow in size, scope and competence to enhance value creation for all its stakeholders?

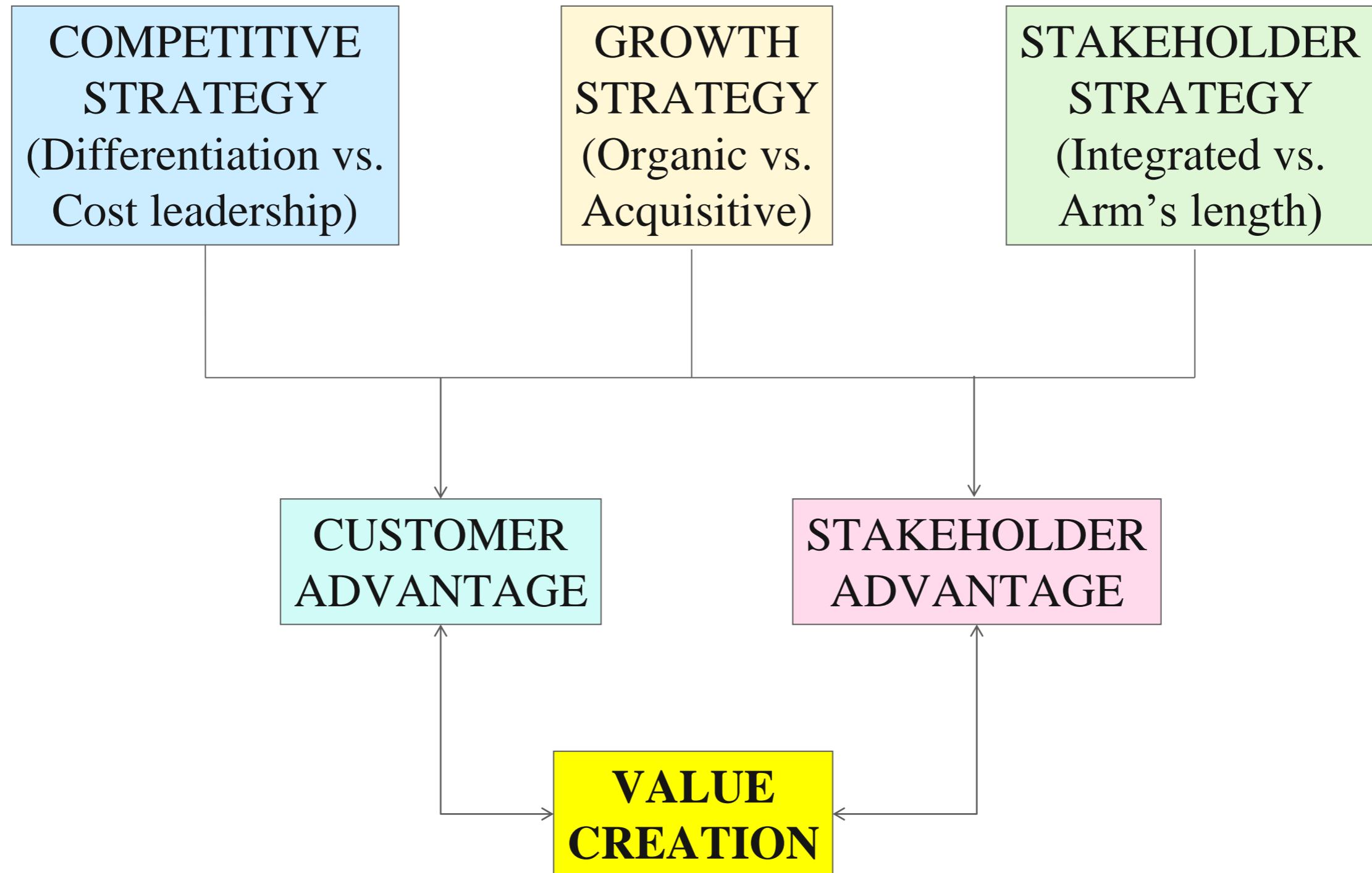
In the beginning...

*“**Corporate strategy** is the pattern of decisions in a company that determines and reveals its **objectives**, purposes, or goals, produces the principal **policies** and plans for achieving those goals, and defines **the range of business** the company is to pursue, the kind of economic and human **organization** it is or intends to be, and the nature of **the economic and noneconomic contribution** it intends to make to its shareholders, employees, customers, and communities”. (Andrews, 1980: 18)*

... and then

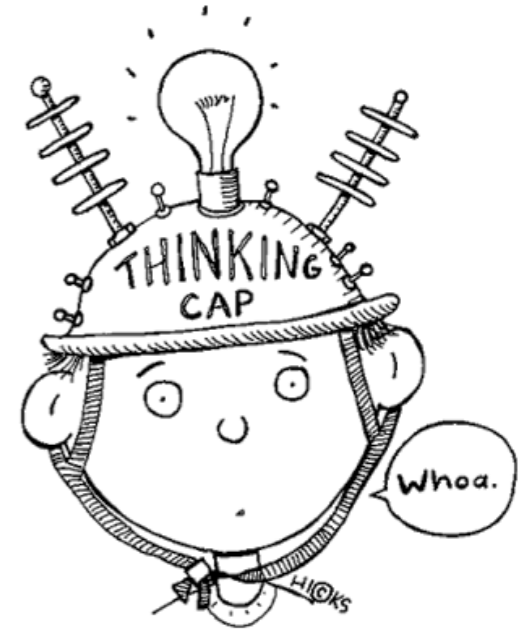
- **Competitive analysis** (Porter, 1980: 1985) **splits up**
 - Industry analysis: enter industries where you can exploit stakeholders, extracting and appropriating value from them
 - generic strategies: either be a cost leader or a differentiator
- **Corporate strategy** (1980s and 1990s): *understand and develop internal resources and competence*
 - What is the best degree of diversification?
 - How do I choose between organic growth and M&A, alliances, etc.
- **Stakeholder logic** (Freeman, 1984 “Strategic management: a stakeholder approach”): **create value for your stakeholders**
 - How do I sense stakeholder needs and engage them to satisfy them

Back to an integrative way to strategize



Q_s & A_s ?

Reflection Questions



Building on your assessments of the needs of your company's stakeholders (last week).

- 1. Stakeholder Strategy.** What does my company do to understand and satisfy stakeholder needs?
- 2. Competitive Strategy.** How does this compare with what my competitors do? What do I do better/worse than them? This gives me the gaps to fill.
- 3. Growth Strategy.** How do I fill these gaps to become the best provider of value for your stakeholders

Suggested Readings for the Week:



1) *6 Steps to Make Your Strategic Plan Really Strategic*

Graham Kenny, HBR 2018

2) *Yes, Sustainability Can Be a Strategy*

Ioannou, Serafeim, HBR, 2019

Discussion

How is success defined
in your industry?

What is stakeholder value in your industry?

