

# Integrated Value Management: Implementing Sustainable Transformation

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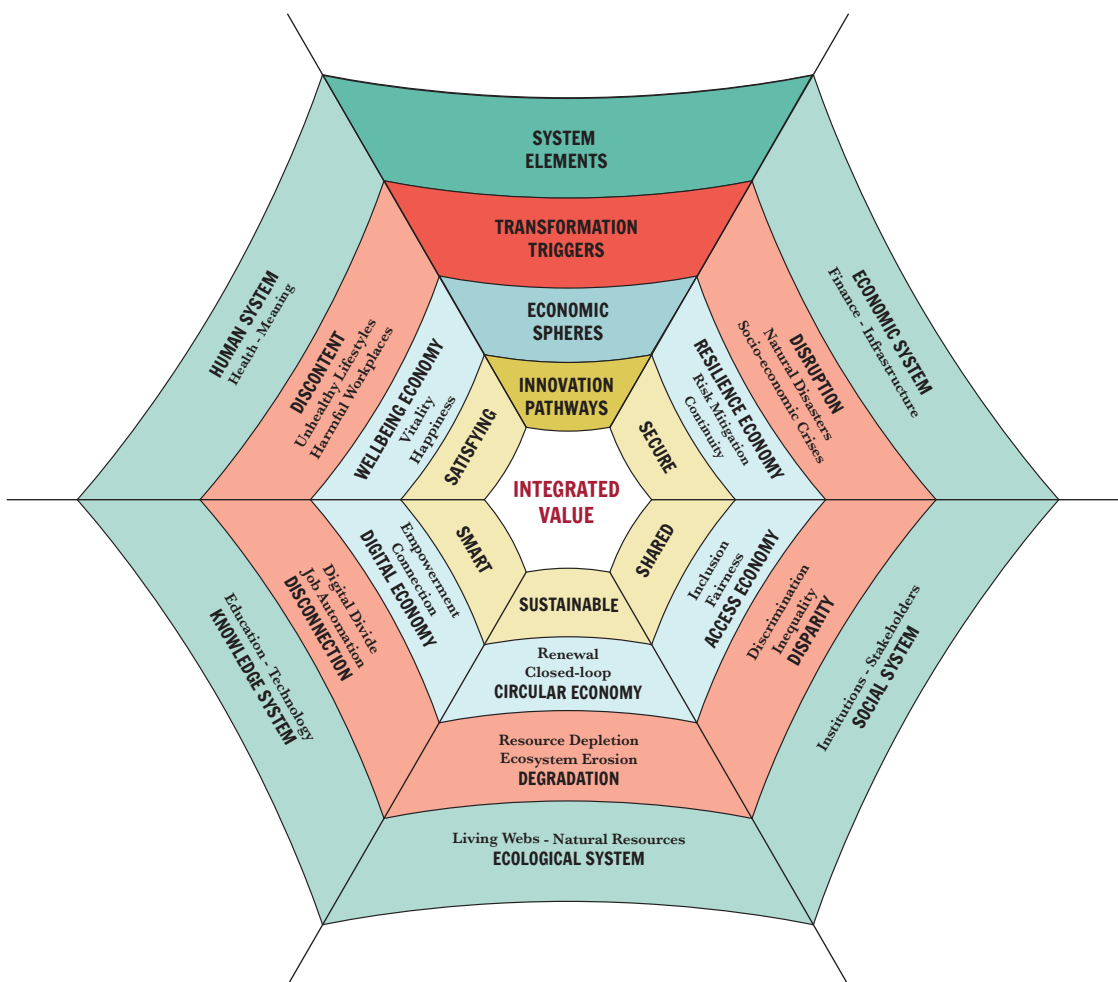
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Integrated value is a way to understand sustainable transformation from a whole-systems perspective. 'Whole-systems' refers to the complex living web of socio-ecological relationships that combine to create, maintain and organize life on earth.

Integrated value as a concept is described in more detail in another paper, but to summarise the framework, it emerges from the intersection of 5 key global system elements: our economic, social, ecological, knowledge and human systems. Within each of these system elements are forces of fragmentation, which can also be thought of as transformation triggers: disruption, disparity, degradation, disconnection and discontent. These transformation triggers result in counterforces of integration across corresponding economic spheres: the resilience, access, circular, digital and wellbeing economies. And within each economic sphere are innovation pathways, which lead to a future that is more secure, shared, sustainable, smart and satisfying.

At the heart of this whole-systems web is integrated value. Integrated value is created when we apply cross-system innovation that makes our world simultaneously more secure, shared, sustainable, smart and satisfying.






















## The Integrated Value Web



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The question then arises, how can we achieve integrated value in practice? One approach is to apply the 7 facets of integrated value management (IVM), which are summarized in the diagram below and described in more detail in the sections to follow.

# The 7 Facets of Integrated Value Management

1. <b>RETHINKING PATTERNS</b>		Systems mapping		Dynamic complexity insights	
2. <b>RE-ALIGNING PARTNERS</b>		Stakeholder assessment		High impact collaboration	
3. <b>RENEWING PRINCIPLES</b>		Values dialogue		Shared synergetic norm	
4. <b>REDEFINING PURPOSE</b>		Strategic review		Bold strategic goals	
5. <b>RE-ASSESSING PERFORMANCE</b>		Value measurement		Integrated value metrics	
6. <b>REDESIGNING PRODUCTS</b>		Innovation catalysis		Breakthrough societal solutions	
7. <b>RESHAPING PLAYING-FIELDS</b>		Policy analysis		Sustainable market incentives	

## 1. Rethinking Patterns - by integrating systems thinking

Organizations are embedded parts in a larger global socio-ecological system. And one of the reasons why organizations go into decline or fail is that they do not have sufficient understanding of the complex, changing patterns that make up their operating context.

For example, organizations may underestimate the significance of gradual shifts in societal norms, or they be unprepared for dramatic disruptive crises. They may fail to see how changes in their complex value chains or public policy frameworks are having ripple effects across their competitive landscape.

Hence, a key facet of IVM is continuously mapping and tracking mega-trends and socio-ecological changes that may affect the long-term performance of the organization, paying particular attention to the relationships between these forces and factors.

The **main goal** of this IV facet is to reach a deeper understanding of the patterns of relationships and trends that define the organization's operating context.

**Key questions** may include:

- What are the major socio-ecological trends that are shaping the organization's context and how are they interconnected?
- Which material sustainability issues (e.g. SDGs) does the organization prioritize, and how are they related to other sustainability issues or SDGs?

Some **tools or approaches** that can be used for this IV facet are scenarios and systems mapping, together with the 5-triggers for transformation elements.

## 2. Re-aligning Partners - by integrating stakeholder perspectives

Our global socio-ecological challenges are typical of ‘wicked problems’, meaning that they are difficult to solve because of their complexity and interconnectedness with other problems, and multiple institutions or systems.

Tackling ‘wicked problems’ therefore requires a collaborative approach. For organizations, this means being open to multi-stakeholder perspectives on sustainability problems and solutions, as well as looking for strategic partnerships that can help to shape systemic responses to these challenges.

Hence, a key facet of IVM is regularly surveying and capturing the material concerns and expectations of their key stakeholders, as well as entering into cross-sector partnerships to advance progress on those material sustainability issues.

The **main goal** of this IV facet is to listen to stakeholders’ perspectives on the most significant areas of impact associated with the organization and to derive priority sustainability issues that could benefit from partnerships and strategic action.

**Key questions** may include:

- How has the organization engaged with its key stakeholders and what are the issues they are most concerned about?
- What are the cross-sector or multi-stakeholder partnerships that the organization uses to tackle the challenges of sustainability?

Some **tools or approaches** that can be used for this IV facet are stakeholder prioritization methods, and stakeholder materiality assessment tools, which can be linked to the 17 SDGs and/or the 5 triggers for transformation.

## 3. Renewing Principles - by integrating synergetic values

Sustainable development is ultimately a normative concept and practice, meaning that it is based on societal norms, which in turn emerge from collectively held values, attitudes and beliefs. For example, there are values around justice or fairness and the sanctity of life.

Organizations also have embedded values, which form the basis for how they behave as an institution and how their employees behave as agents of the institution. Most large organizations have values statements, but these are not necessarily the ‘emergent’ values that are widely held or are manifest in daily actions and behaviours.

Hence, a key facet of IVM is periodically checking what the organization’s emergent values are, and whether they are ‘synergetic’, meaning that they contribute to the healthy functioning of the collective (the team, the organization, the society, the ecosystem).

The **main goal** of this IV facet is to allow the ‘lived’ synergetic values of the organization to emerge through a process of dialogue and then to reinforce these as part of the culture.

**Key questions** may include:

- Has the organization gone through a process of inclusive dialogue with employees and other stakeholders to identify its ‘lived’ synergetic values?
- Does the organization do ethics training or use other approaches to embed synergetic values into the organization’s culture?

Some **tools or approaches** that can be used for this IV facet are values surveys or ethics barometers, as well as facilitated dialogues among employees and other stakeholders, linking to typical synergetic values.

## 4. Redefining Purpose - by integrating strategic goals

One of the reasons for the unsustainable state of our world is the unsustainable economic model of the past 50 years, based on two flawed assumptions: 1) that economic growth can continue indefinitely on a finite planet, and 2) that companies that pursue narrow financial goals will automatically benefit wider society.

In order to move to a sustainable future, organizations therefore need to redefine their purpose from short-term profit maximization or shareholder returns to the creation of long term societal value. They need to be able to demonstrate that their processes, products and services contribute to a fairer society and a more sustainable world.

Hence, a key facet of IVM is reflecting on the strategic aspirations of the organization to ensure that they are aligned – in terms of focus and ambition – with whole-systems health, stakeholders' needs and synergetic values.

The **main goal** of this IV facet is to check whether the organization's purpose is clearly articulated as inspiring, ambitious strategic goals about the benefits the organization plans to deliver to society.

**Key questions** may include:

- Does the organization's strategy and strategic goals clearly express the long-term value they deliver to society?
- Does the organization have sustainability-related policies that give substance to their wider societal purpose?

Some **tools or approaches** that can be used for this IV facet are best-practice benchmarking and strategy workshops, which can be linked to the 17 SDGs and/or the 5 pathways to innovation.

## 5. Re-assessing Performance - by integrating value measurement

How we measure success – at a global, national, organizational or community level – often determines our actions and impacts. The dominance of economic and financial measures in the past 50 years has resulted in many unacceptable impacts on society and the environment.

Organizations have begun to measure and report on 'non-financial' impacts, but these still lack consistency, accuracy and impact on investment decisions. There is now an urgent need to disclose total economic impacts, science-based targets for non-financial performance, externality valuations for socio-ecological costs to society and proxies for intangible value.

Hence, a key facet of IVM is determining and transparently reporting appropriate, holistic metrics that give an accurate picture of the total impacts of the organization on society and the environment, using science- and norms-based approaches.

The **main goal** of this IV facet is to check whether the organization's performance metrics are aligned with whole-systems integrity, as well as its stakeholder needs, synergetic values and strategic purpose.

**Key questions** may include:

- Is the organization using reporting standards and methods that are science-based (recognizing thresholds) and norms-based (recognizing societal expectations)?
- Does the organization have KPIs and associated targets that are ambitious enough to reflect the urgency of change required to address global challenges?

Some **tools or approaches** that can be used for this IV facet are benchmarking reporting standards, footprinting and life-cycle analysis tools, science-based targets and externality valuation methods.

## 6. Redesigning Products - by integrating innovation processes

It is clear that our global challenges – many of which are getting worse, not better – will not be solved through ‘business-as-usual’ incremental approaches. The scale, urgency and complexity of the societal problems we face make innovation imperative.

At the organizational level, this means changing from an approach of minimizing the negative impacts of existing products and services to re-orienting the organization’s core commercial offering so that it becomes a positive part of the solution, aligned with the larger societal purpose that it has articulated.

Hence, a key facet of IVM is applying innovative design thinking to products, processes and business models to deliver high-impact and scalable solutions to our socio-ecological challenges.

The **main goal** of this IV facet is to re-orient the focus of R&D efforts towards designing solutions with societal benefits and to strategically shift the portfolio of products and services towards being inherently sustainable.

**Key questions** may include:

- Does the organization include sustainability as a design principle for product and service innovation?
- What proportion of the organization’s portfolio of products or services provides a solution to socio-ecological challenges?

Some **tools or approaches** that can be used for this IV facet are exponential thinking and design thinking, linked to the 5 economic spheres (resilience, access, circular, digital and wellbeing economies) and the 5 innovation pathways (secure, shared, sustainable, smart and satisfying).

## 7. Reshaping Playing-fields - by integrating progressive policy

One of the reasons why organizations struggle to fully embrace sustainable development is that the macro context is often incentivizing unsustainable behavior. For example, the market’s focus on short-term financial returns and the perverse subsidies of fossil fuels.

In organizations, we also find that many are engaged in political lobbying activities that contradict or undermine their CSR or sustainability departments, managers and policies. Hence, it is important to work on supporting and promoting government policies and market incentives that reward sustainable commercial behaviour.

Hence, a key facet of IVM is to engage in positive lobbying that supports, rather than obstructs, policy reforms that are in line with science-based targets and norms-based societal expectations.

The **main goal** of this IV facet is review the policy (legislative) and market (financial) ‘rules of the game’ and to determine where it can actively promote legal or operational changes that are better aligned to ensure sustainable and responsible outcomes.

**Key questions** may include:

- Does the organization lobby negatively (to block government policy reforms) that would improve sustainable outcomes for society?
- Does the organization lobby positively (to support government policy reforms) that would improve sustainable outcomes for society?

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