

DOING BUSINESS IN THE 21ST CENTURY: PART II **– Engagement Leadership and Enhanced Relationships** **Fundamental to Sustaining Effective Business –**

In an earlier article, I outlined “Strategic Relational Engagement” (SRE), a comprehensive process I’ve devised to effectively engage stakeholders, which is critical to achieve productive, profitable and sustainable business. Engagement leaders use SRE to introduce change, win trust, and inspire buy-in from a broad spectrum of internal and external stakeholders in order to conduct business effectively in the 21st century. – Nadine B. Hack, Executive-in-Residence, IMD

Nelson Mandela is an archetypical engagement leader. After 27 brutal years in prison, he emerged as a fervent advocate of engaging with the very people and institutions that oppressed him and others in South Africa’s movement for democracy. When he was released in 1990, he spent the next four years in negotiation with the stalwarts of the apartheid regime. As President, he continued to ensure that all faces and voices of his country were represented in government, business and other institutions. Mandela helped people of disparate cultures, even some of whom had a history of violent enmity, to see that only by actively engaging with “the enemy” (something most had previously been unwilling to do) could any of them achieve their ambitious goals.

We can learn much about engagement leadership from President Mandela, but it would be defeatist to think that one must be an extraordinary person like Mandela to be a successful engagement leader. Leaders are, at heart, ordinary people who are willing and able to stretch themselves and others to achieve extraordinary outcomes.

Engagement Leadership

Keep in mind that engagement leadership and its specific skills, behaviors, and mindsets are first and foremost *human* qualities. The extremely powerful African concept of Ubuntu focuses on affirming your humanity by recognizing the humanity of others and, on this basis, establishing respectful relations with them. South Africa emerged from apartheid not only because Mandela called for restorative rather than retributive justice, but also because Ubuntu was so central to the national psyche that it enabled people who had been enemies to embrace and buy-in to his call.

Essentially, the motivation for and value of being an engagement leader in 21st century business should be your personal desire to engage with others in order to play a key role in making a positive difference when challenges arise. If you have that desire, you are not alone, and neither are the people you want to engage. A rich body of research (not to mention eons of human experience) shows that people yearn for engaged relationships with others, particularly in group endeavors including all aspects of business.

Age-old teachings espousing that people find purpose and meaning in life through relationships with others have now been affirmed in every field of study. Neuroscience supports the idea that engaging relationships are vital to achieving anything. Mathematical studies show that an ability to cooperate is the secret of humanity’s success. Business journals reveal that enhanced engagement between employees and customers has a direct, outsized effect on company performance. Thus, for your company to be sustainable, you must foster relationships with many different types of people.

Philosophers from Confucius to Aristotle to Rumi to Oprah have talked about human relationships. A Welsh proverb tells us, “He who would be a leader must be a bridge.” What I call engagement leaders are indeed “bridges” connecting divergent types of people for the benefit of each and all. They know that deeply engaging internal and external stakeholders in the co-creation of business changes and new initiatives is vital for any strategic action plan to be properly executed. “Hell is other people,” declared Jean-Paul Sartre. But a good engagement leader finds Heaven in them.

It is because of an appreciation of connectedness that an engagement leader (along with whatever other leadership styles he or she may employ) has a distinct advantage in sustaining business success in the interconnected 21st century. His or her ability to foster relationships improves business productivity, profitability and sustainability while simultaneously satisfying *stakeholders* – which leads to greater satisfaction on the part of *shareholders*.

Engagement leaders are the prototype 21st century businesspeople, with skills and temperaments ideal for doing business effectively. To be successful in today's world, where diverse stakeholder boundaries expand daily – and exponentially – it is imperative for leaders to build and strengthen relationships even among those who may initially mistrust each other, or who simply have never worked together in the past.

Enhance Your Ability as an Engagement Leader

In three real-life cases, I review the role of various engagement leaders involved in creating and sustaining strategic relational engagement (SRE) among stakeholders. The cases explore gaining and increasing engagement buy-in from three key types of stakeholder groups:

- I. **Internal** stakeholders (e.g., board, management, employees)
- II. **External** stakeholders (e.g., customers, suppliers, partners, organizations pursuing the same goal by differing methods)
- III. Potentially **adversarial** stakeholders (e.g., regulators, watchdog groups, shareholders)

After participating as a change management consultant in each of the following cases, I walked away with what I believe are some valuable lessons. I hope they will help you to more effectively deal with your current business challenges and opportunities.

I. Role of Engagement Leader with Internal Stakeholders

Business leaders want to build on, expand and sustain their company's success. Insightful ones know that engaging their internal stakeholders is vital for assuring that there will be buy in and ownership throughout the organization to achieve ambitious (or even basic) goals.

While leaders usually have explicit frameworks for other internal processes, they often do not have a clear engagement action plan. The following example demonstrates how engagement leaders aligned internal stakeholders at a critical juncture in their company's history. While this case is about a family-owned business, the core principles of increasing internal engagement apply to other corporate structures.

Case I: The Patriarch Always Ran the Show

Challenge: Instituting change and improving the organizational structure to save a struggling company, at which a strong founder led for 40 years without engaging others in key decisions.

First Engagement Leader: Andreas Müller, oldest son of founder/family patriarch, Jürgen Müller.

Outcome: By successfully engaging with his father, other family and non-family employees, and board members, Andreas revived the company and simultaneously increased profits and morale.

From its home base in Germany, Müller Holdings had operations throughout the world and it had customers on virtually every continent. This family-owned business had reached its fifth decade when its founder, Jürgen Müller, cognitively knew it was time to share responsibilities with the next generation who held board and senior management positions. But emotionally, he wasn't ready to let go because of his doubts that any of his family members could run his "baby" and he certainly wasn't about to consider non-family members.

Jürgen personally made every key decision, directing family members to execute them. The board of directors (a handful of family members) rubber stamped all his decisions. Senior management – also all family members – jumped into action whenever Jürgen had a new idea. Thus, despite the company's tremendous success, Müller Holdings had no real institutional structure. Although the company had thrived over four decades, it was now carrying serious debt and facing declining revenues taking them consistently further into the red, a matter of grave concern to the founder.

While he still didn't understand that the slump was a direct result of a lack of broad engagement in the future success of the business, he allowed his oldest son, Andreas, to enlist a change management consultant to help form a strategy to focus strictly on the financial issues. After an early discovery phase, the consultant helped Andreas grasp that he had to address a larger engagement problem. They identified several people with the requisite strategic relational engagement (SRE) skills who could be trained to be engagement leaders. With some basic SRE framework guidance, they could then achieve buy-in among a broader spectrum of internal stakeholders, thereby motivating them to collaborate in saving the company.

All too often, a CEO or an executive team come up with the "perfect" strategy, only to see it wither away because of lack of buy-in by the people who actually have to execute it. So, whether your company has a gifted facilitator internally, or, must contract an external advisor at the start, you need to set up a structure and process for enabling engagement leadership to flourish. This is the only way to translate vision into action. As Peter Drucker, one of the most influential thinkers on management theory and practice, famously said, "Culture eats strategy for breakfast."

Next Generation Knew It Was Unsustainable

Andreas realized his aging father could not solely sustain the company into a quickly-evolving future. Substantial changes had to be made. But first, Andreas had to convince Jürgen it was time for him to loosen the reins, which was no easy feat. After spending a lot of time discussing the company's future, Andreas eventually won Jürgen's trust and became one of the first of several engagement leaders at Müller Holdings, albeit within a limited scope initially.

Whether you work in a family-owned business or a multi-national corporation, you may have experienced the challenge of trying to drive someone in leadership to recognize the time has come to let go and open up what they've long held close to the vest. Resistant leaders may appreciate the reality, sometimes dire, but may still feel too threatened to accept initiatives that don't originate with them. As an engagement leader, you often have to start with small steps and show early successes before they can adopt larger changes.

Additionally, you must *reassure* them that you have their and the company's best interest at heart, and that your actions won't diminish their stature or impact. Even in the quagmire of deeply internal family dynamics, Andreas had that ability. But it is not always the "heir apparent" who has these skills. As the process of change began, several people at all levels of the Müller organization emerged with or developed skills to serve as engagement leaders. Through this iterative process, increased engagement started to achieve buy-in throughout the hierarchy.

Taking the First Steps

An engagement leader can work from *any* position to *create a level of comfort* for peers, subordinates and even superiors. They can put themselves in another's shoes. Whether working horizontally or vertically, an engagement leader earns trust by giving others a sense of belonging, empowerment and validation. In turn, each newly-engaged stakeholder then forms expanded concentric circles of trust to create a *larger sense of shared purpose and benefit*.

Andreas knew that the center of his circle was Jürgen, whom he convinced to begin a next-decade plan. He was wise enough to initially appeal directly to his father's pressing desire to increase revenues and decrease costs. Andreas' *sensitivity* to start engaging with Jürgen on an issue the founder cared about allowed Jürgen to *feel comfortable* with ultimately allowing his heir and others – starting with a concentric circle of immediate family and building out from there – to start pursuing a more ambitious plan for the future survival of the company and restructuring it accordingly.

This is an example of how an engagement leader using strategic relational engagement (SRE) can unite disparate parties (even within the same organization) with differing interests to participate in a larger shared effort. This was exemplified at Müller Holdings because Jürgen accepted the planning process for specific tactical reasons, while Andreas knew they would uncover larger strategic opportunities for the company's sustainability and viability. By commencing with the least threatening activity, they ultimately conducted a complete transformation of their global business.

"My father cherished the company he created and retained power to protect it. He became willing to relinquish some of that power in order to address our dire financial straits. And I was right in believing we could engage in a much more comprehensive change process if we were victorious within those initial parameters." – Andreas Müller, CEO, Müller Holdings

Since Andreas was dealing with "the boss" – in this case, his father – he was especially respectful of Jürgen's position as founder. With the assistance of a change management consultant, Andreas began to *gently nudge his father towards seeing the bigger picture*. You may have been in the position of wanting to initiate a really big change, and perhaps you, too, learned that the proverbial longest journey starts with the smallest step. Having SRE skills increases the likelihood that, as an engagement leader, you will *take the right steps with the right people in the right order*.

Moving Forward

To implement the change process, Andreas set up some early "easy wins," using the family's previously untapped skills to earn his father's confidence that the next generation truly could keep things running smoothly, if given the authority. Andreas began by proposing that Jürgen remain as Chairman of the Board while Andreas became CEO. Other senior positions were filled by trusted family members with the right skill sets: nephew Gerhard became COO, daughter-in-law Anja became CFO, and other family members were given new senior management roles and responsibilities.

As important as their ability to perform operational functions was, the new executives had to have equal ability to effect change. They were chosen because they knew how to use SRE engagement leadership skills to align others around fulfilling specific missions to achieve the company's overall goals. They were all good listeners, open to constructive critique and insights, first from their counterparts and then their subordinates. This sparked renewed, palpable excitement among a greater number of internal stakeholders at all levels of the business – and this energy was transmitted from the top to the bottom and back up the chain, reinforcing itself in the process.

Together, they created an institutional structure that encouraged cross-functional collaboration among senior leadership and their respective teams. At a weekly senior management meeting, these executives shared updates and gave each other support and honest feedback. Immediately following each meeting, the executives discussed the topics covered and decisions reached with their respective teams, from whom they sought the same level of support and candor. They began visiting their operations globally, many of which were managed by non-family members who, for the first time, were invited to participate in this give-and-take engagement.

The positive, synergistic impact of this far broader engagement was immediately felt. Team spirit, which had been lagging in the face of growing debt and a stalled business, was sparked and then began to flourish. With subsequent iterations of shared information and feedback from affected stakeholders continually informing the next set of decisions, *a sense of ownership permeated the entire business structure*, encouraging employees throughout the hierarchy. This new spirit of engagement had the desired financial effect Jürgen wanted, and it also created a much more innovative environment because stakeholders at every level genuinely felt invited to participate.

Expanding Stakeholder Engagement

Great ideas started to be presented from all over the world. Throughout the company, they continued to refine SRE processes so the wisest decisions could be made systematically. People who had earlier felt they were simply cogs in a machine now felt empowered, because they were being actively engaged and their inputs were affecting company decisions. Senior management benefitted from many formerly untapped employees who now felt a real stake in the future of the company because of being validated. This made the family feel more confident about expanding efforts towards even greater inclusiveness, which in turn engaged larger numbers of their non-family internal stakeholders. This substantially contributed to a quicker turn-around to profitability and progress.

Now the company had something it greatly needed: an *institutional capacity* to move forward. This capacity was strengthened further when they created a genuine, functioning board – the next stage of enhanced engagement. With Jürgen at the helm, board members were assigned explicit obligations as committee chairs of finance, nominations, governance, operations, etc. Most striking about this new development was that close friends who had financially invested in the company were invited to serve on the board for the first time. The newly constituted board began holding regular meetings of its working committees, a basic good governance procedure they had never used before. As a result, long-time allies shifted from being passive supporters to becoming active advocates. This broadened the spectrum of expertise and energy the company needed to regain its footing.

These new people felt empowered to step up to the plate as engagement leaders. For example, Dieter Schroder, a long-time investor who'd always felt side-lined (and slighted) by the Müller family, was now the finance chair of the newly constituted board. He made enormous contributions to the company's financial stability and also identified and recruited other non-family investors to help shape the company's future with their own respective areas of expertise. At first, Jürgen resisted bringing in "outsiders" (as he viewed all non-family members), but because he was so impressed by what Dieter had accomplished in a short time, Jürgen began to trust Dieter's recommendations about potential new board members. This is a great example of the power of engaging more stakeholders, based on concentric circles of trust. The concept of "family" was broadened to include anyone who cared.

"I always admired my friend Jürgen and supported him to the degree he allowed, but I knew he had never fully trusted me, as I was not in his family. Once he allowed me to play a greater role in the

company, I unleashed my energies on behalf of helping him save what I'd watched him create over many decades.” – Dieter Schroder, board finance chair, Müller Holdings

A New Era for an Old Company

Based on what engagement leaders – some whom might have been expected to serve this role (e.g. son Andreas) and others who were a pleasant surprise (e.g. non-family member investor Dieter) – did to align stakeholders through SRE, the re-engaged organization went from being severely in the red to breaking even *in the first year after this reorganization*. Over the next three years, revenues rose substantially and costs were cut each year. They were able to do this through ideas that emerged from many sources – again, some anticipated and others truly unexpected. Ever since, Müller Holdings has achieved significant annual growth and profitability. Jürgen Müller is now extremely trusting and proud of his children, other employees and board members, all of whom are confident the company will perform strongly well into the future. Everyone has bought in to a shared commitment to engaging each other as a core principle of shareholder involvement.

“I spent my life building this business and I was not about to let it be run by ‘strangers,’ despite their qualifications. Six years after we commenced a phased-in transformation initiated by my eldest son, I now trust those around me beyond just my family to sustain my legacy.” – Jürgen Müller, founder/chair, Müller Holdings

Many have worked in environments where the person at the top, or even the entire senior management team, is fearful of anything other than policies or procedures they themselves put in place. In fact, that person might be you as the head of a particular business line, region or even an entire company. In typical command and control mode, they (you) simply did not take advantage of opportunities that didn't originate with them (you). Taking lessons from Müller Holdings, perhaps you now have a better understanding of how you might introduce (or be introduced to) new and better ideas by engaging others. Or you might now know how to expand the scope of your company's success by more fully engaging a broader spectrum of its internal stakeholders.

KEY POINTS about ENGAGEMENT LEADERS and INTERNAL STAKEHOLDERS

Relationships and trust are foundational

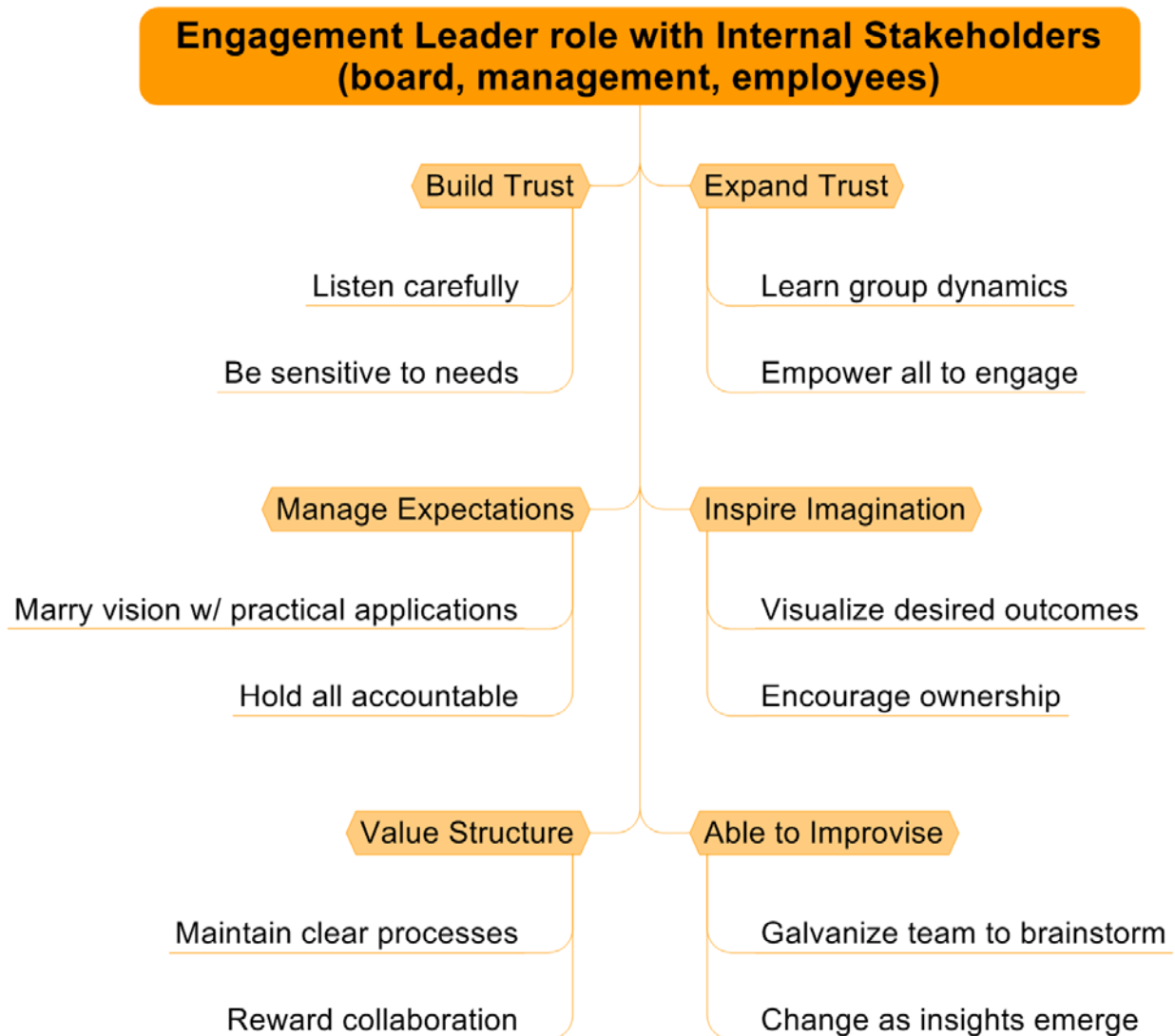
- Build trust with key stakeholders by listening to them and incorporating their input
- Expand engaged relationships throughout organization through chains of trust

Harness emotional intelligence

- Be sensitive to those whose status is changing (up, down or sideways)
- Use creative psychology, especially within a tight-knit structure

Create structural support

- Develop systematic mechanisms that value and reward stakeholder collaboration
- Engage global offshoots, helping them understand, buy into and support change



II. Role of Engagement Leader with External Stakeholders

In today's world of increased competition and new market and technological demands, maintaining strategic relational engagement (SRE) with *external* stakeholders (e.g., customers, suppliers, partners, etc.) is now more challenging and more important. To sustain SRE with those outside your organization, having engagement leaders is critical to respond to – and, ideally, anticipate – *stakeholders' needs and shareholders' expectations*.

While most business leaders know they must keep external stakeholders engaged and may even have a strategy to do so, they often don't have *action plans* to deal with emerging obstacles to these relationships. But in the highly interactive, ever-changing environment of business in the 21st century, developing the skill set to address the evolving needs of external – including non-market – stakeholders is vital for success.

The following example portrays vital lessons learned by engagement leaders who did *not* achieve everything they'd hoped for in a multi-sector partnership that was challenging to sustain. But, each partner did gain knowledge about the significant problems a diverse group of stakeholders may face, *even* when they have an initial shared intent to sustain engagement that they've since applied to create productive relationships with external stakeholders. Their insights are broadly applicable to extracting positive synergies (or not) from outside your organization.

Case II: Forming an Alliance to Combat Child Malnutrition

Challenge: Bring together an international corporation, a United Nations entity, and a global NGO with local business, government, NGO and community participants, to address child malnutrition

Engagement Leaders: (some of many during the years this multi-sector alliance developed)

- Doug Baillie, former CEO of Hindustan Lever, and several other Unilever Asia executives
- Peggy Dulany, founder Synergos Institute, and other Synergos staff/board members
- K.S. Murthy, CEO Bhavishya Alliance, and several other Bhavishya staff/board members
- V. Ramani, Director-General state government agency, and other government leaders
- Armida Fernandez, founder Indian NGO, and leaders of several other India-based NGOs.

Outcome: Efforts to combat child malnutrition in India continue, albeit in a more limited way than initially envisioned. The difficult but important lessons learned while trying to make this challenging partnership work have allowed all involved to be more successful with their respective endeavors.

At the Starting Gate

In 2005 Unilever launched a cross-sector multi-stakeholder initiative called the Partnership for Child Nutrition (PCN) with UNICEF and Synergos, an international NGO with the mission of reducing poverty and increasing equity around the world. The objective of PCN was to tackle child malnutrition by identifying and implementing creative solutions. PCN decided to begin its work in Maharashtra, India's second most populous state (96 million), with 40% of the children malnourished. Engagement leaders knew from experience that without local ownership, PCN could never address the many barriers it faced in its quest to provide solutions for child malnutrition. So they embarked on engaging local and national leaders from India's business, government and civil society. These stakeholders would form the Bhavishya Alliance, an Indian institution that would organize PCN's efforts in India. Peggy Dulany, founder and chair of Synergos, was one of the initial engagement leaders who assured that the globally-envisioned PCN became the locally-owned Bhavishya through the proper outreach to local stakeholders.

"Synergos comes from the Greek root meaning 'working together.' We connect leaders to change systems. We believe each individual in each group has something vital to offer, so we listen and from them, rather than dictate to them." – Peggy Dulany, founder/chair, Synergos

Given Unilever's history, the work in India resonated strongly with its employees. The challenge was to establish an agenda and build trust and credibility with its partners. In order to do this, Unilever had to demonstrate transparency and deliver tangible results.

"This was a matter of co-existence or no-existence." – Tex Gunning, then President, Unilever Asia

Building Credibility and Trust

As a first step, the PCN/Bhavishya coalition created a map of stakeholders that needed to be involved and then invited them to participate in the Maharashtra Change Lab, where a unique methodology to deeply engage people in solving complex problems was used. Each constituency came with a sincere desire to improve child nutrition. To make this work, they had to be willing to open themselves up to a wide spectrum of different perspectives. The key to making this a success was identifying an engagement leader for each group who had the (a) credibility to engage those within their own constituency; and (b) capacity to engage with other constituencies that had differing perspectives, levels of knowledge and expertise.

Two experienced social development professionals, K.S. Murthy (the current CEO of Bhavishya) and V. Ramani (the then Director-General of Maharashtra's government agency, Rajmata Jijau Mother-Child Health and Nutrition Mission) recognized that developing and sustaining multi-stakeholder relationships among constituencies with traditional suspicions of each other's motives and methods involved resolving complex cross-cultural issues. They realized that relationships must be continually nurtured over time and each stakeholder needs to have a clear vision of shared goals. So, they started with "community learning journeys" to introduce stakeholders to each other and "system learning journeys" so stakeholders could understand each other's underlying structures and identify possible leverage points for change. Both journeys involved visits to local sites to learn from those with the most at stake and often the greatest insights. This began a process of building trust and identifying where it was lacking. By using more indigenous methods – meditation, walking and storytelling – they were able to break down the barriers and achieve a level of buy-in that the globally led Change Lab had not yet been able to accomplish. They began to build greater trust based on locally-attuned insights, rather than solutions created by well-meaning "outside" partners.

Start Small and Build on Victories

Bhavishya learned that forming and sustaining a multi-sector partnership requires deep relational and operational skills from multiple perspectives. Investing time and effort to understand and respond to power dynamics is also critical. Engagement leaders, who recognized that fostering trusting interpersonal relationships is the vital catalyst for successful collaboration, emerged from each sector. They held small team meetings with various stakeholder representatives to air their differences and work towards achieving consensus on the next steps forward. They also created a "governing council" with representatives from each constituency, which had regular meetings and almost day-to-day interactions so stakeholders with disparate perspectives could negotiate with each other in good faith.

Bhavishya agreed it had to "get it right" in small pilot projects first if they wanted larger successes. The engagement leaders used their strategic relational engagement (SRE) knowledge, skills and influence to mobilize their respective constituencies, as well as their managerial/operational capacities to focus on a set of rural and urban pilot projects. While more modest than the original goal, they became more effective at reaching realistic targets and learned how to replicate them for future successes. They currently have several programs where not only are children being fed but also mothers are being taught about nutrition and communities are being taught about sanitation, all of which are factors that contribute to solving child malnutrition.

"We have successfully piloted multi-sectoral partnerships that can potentially reduce malnutrition among children on a large scale." – K. S. Murthy, CEO, Bhavishya Alliance

One of the challenges Bhavishya encountered was the personnel changes at each organization. Just because a prior stakeholder representative bought into the goals, it did not mean his or her replacement would automatically buy in. This required recreating the entire process of building

trust; it was an iterative process. Thus, engagement leaders came to understand that in addition to securing individual commitment, they also had to have formal agreements with each stakeholder group to sustain engagement despite personnel changes. The memorandums of understanding that businesses, government agencies, NGOs and others signed kept stakeholders at the table even when personal relationships were strained. Among vital issues covered in these agreements was ongoing funding. Prior to that, there had been a lack of clarity about who would fund what activities after initial grants were depleted.

“To take the child nutrition initiative to the scale we want, government agencies and corporations need to make an ongoing commitment to the partnership, which we continue to actively pursue.” – V. Ramani, member of Bhavishya’s governing council

Co-create Value / Visualize Success / Inspire Imagination

In 2007 representatives from the coalition created by Bhavishya met in Maharashtra’s capital Mumbai. Some were willing to look squarely at their own biases and be open to other’s perspectives. Several of the NGOs were initially skeptical about Unilever, believing the company’s motive was simply to promote their products. In the years following, as Unilever representatives demonstrated their commitment to truly tackle the problems of child malnutrition, the skeptics came to trust them more. Unilever believes its brands and services can help improve consumers’ lives. Thus, it approaches these types of partnerships with a strong business perspective. Achieving a win for all stakeholders is paramount for the company, and it is a longstanding view as its founders were pioneers in this space. As more companies are learning, corporate responsibility today is not just about serving society via ancillary activities; it’s about creating partnerships in which everyone at the table wins. Today, a larger number of corporations, NGOs and governments are embracing this philosophy and co-creating value.

Engagement leaders from each constituency emerged to help others in all groups believe in the value of staying engaged. Armida Fernandez, a respected leader of the NGO Sneha Urban Health, took a group of executives to pilot projects in Ward H (a small political district) in Mumbai, to show activities of home-based centers for nutritional education, health care services and girls’ empowerment training. These centers were in a slum and several of the business leaders/funders became overwhelmed with a sense of helplessness. They could not see a connection between their grandiose plans and what was happening in this setting. With the help of the local practitioners, who conducted their work with remarkable intelligence and attention to detail, Armida adeptly facilitated an afternoon-long dialogue in which she took the visitors on the same journey she had been on so that they could see beyond the setting and understand the real progress that was taking place at the centers. This engaging dialogue lifted their spirits and made them believe there was greater potential for success, as Armida knew it would.

Engagement by business leaders at the grassroots level requires strong emotional competencies such as the ability to perceive reality without the filter of one’s biases and a strong sense of humility with the capacity to listen to others and learn. It also calls for equally strong practical competencies like the ability to organize and lead a compelling meeting, develop functional pilots and maintain effective ongoing communications. Fortunately, because Bhavishya practices engagement leadership, they not only identified people with those skill sets, but also empowered them to lead the initiative.

Moving Forward

Engagement leaders from each sector led partnership members through difficult discussions to reach consensus on complex issues through formal and informal mechanisms. They continued to deal with a complex web of social, cultural political and economic forces to find solutions. Just as Armida didn’t let the executives lose confidence in the project by engaging them in dialogue when they were at an on-site visit, at virtually every stage of the journey, other engagement leaders found creative ways to keep stakeholders at the table when they were ready to give up.

“A critical key personal learning in working with the coalition was to never allow the group to forget why we had come together in the first place. Keeping this at the forefront of all discussions was a

good way of focusing the mind and ensured petty differences we put to the side in the interests of the bigger goal.” – Doug Baillie, the then CEO of Hindustan Lever

In analyzing what went right and what went wrong with early efforts to work together engagement leaders from Unilever, UNICEF and other global entities as well as with India’s government agencies, businesses and NGOs, uncovered key building blocks critical to creating and sustaining a partnership. Stakeholders must be aware of the diverse positions of the different sectors. It’s crucial that they invest the time and resources to soften tensions that can arise among stakeholders and constantly reinforce trust. They must create strong management and governance systems for the partnership. They need to test new relationships through pilots to assess their strength. And formulating explicit agreement on responsibilities is essential.

For you to use these building blocks to create and sustain successful engagement with external stakeholders, you must become more of an engagement leader, identifying and nurturing others who as change agents / bridge builders can collaborate across boundaries and influence/negotiate with a broad range of people. And, most important, you/they will learn from mistakes and apply them to improve efforts to succeed in tackling complex issues despite systemic problems.

KEY POINTS about ENGAGEMENT LEADERS and EXTERNAL STAKEHOLDERS

Strong relational skills

- Gain credibility with your own stakeholder group by earning trust through example
- Engage with those from other stakeholder groups; have tolerance for differences

Equally strong practical skills

- Develop systematic mechanisms to keep all stakeholders engaged through difficulties
- Use excellent management to maintain clear processes among stakeholder groups

Learn from mistakes

- Be able to correct course when a fissure erupts, to keep stakeholders aligned with goals
- Be flexible to adapt to changing situations, applying new strategies and tactics as needed

Engagement Leader role with External Stakeholders (suppliers, customers, partners)

Earn Credibility with Own Constituency

Set example of openness

Reward cooperation

Gain Credibility with Other Constituencies

Assess their view of what you offer

Co-create value with them

Develop Protocols

Formalize agreements

Keep clarity of process

Inspire Imagination

Visualize desired outcomes

Encourage ownership

Build on Victories

Use pilots to have success

Expand wisely to scale

Learn from Mistakes

Keep clear focus

Adapt to needs

III. Role of Engagement Leader with Adversarial Stakeholders

Even in adversarial situations, effective engagement leaders can cultivate catalytic drivers and create catalytic teams empowered to build chains of trust with an ever-broader spectrum of internal and external stakeholders. Less effective leaders might simply use public relations crisis management tactics to “put a lid” on damage done by groups attacking their company. They might also try to discredit the attackers, or do some “window dressing” activity to off-set accusations.

But good engagement leaders, through their strategic relational engagement (SRE) insights and abilities, make a concerted effort to actually engage with the very people attacking them. In learning more about the objections of their adversaries, they hone the skills to negotiate an agreement that aligns goals. Let’s examine how this played out in the case of a well-known, multi-national corporation that turned an extremely hostile situation into a cooperative effort that yielded benefits to all involved. How did adversaries become allies? What concrete steps did they take? While this case involves a multi-national, the dynamics/insights apply to businesses of all types.

Case III: Turning Adversaries into Allies

Challenge: The Coca-Cola Company had to respond to AIDS activists’ virulent attacks about their policies and practices in Africa while not making fool-hardy investments or unproductive changes

Engagement Leaders:

- Alexander Cummings, then President Coca-Cola Africa and other Coca-Cola executives
- Kate Roberts, director PSI YouthAIDS campaign and other PSI and NGO leaders
- Thabo Mkandla, plant manager, Coca-Cola Fortune and others at SABCO bottling affiliate

Outcome: Africa’s single largest employer gained financial benefits for the company while becoming a better corporate citizen by expanding its AIDS prevention and treatment services

Global AIDS activists were protesting against Coca-Cola at AIDS conferences with signs that read: “Coke kills workers in Africa.” Though Coca-Cola actually had the best practices in Africa for AIDS prevention, protection, testing and treatment of its *own* workers, protesters demanded that the company provide the same services to its local bottling affiliates’ employees. As these separate corporate entities did not contribute to Coca-Cola’s bottom line, the company thought it couldn’t justify expenditures on their behalf, and thus were locked in a stalemate with the activists.

Robert Lindsay, director of the Coca-Cola Foundation, initially saw this as a PR issue and met with international advisors who had strong relationships with NGOs throughout Africa. In interactions with them, he came to see this as a real problem his company had to tackle. With the full support of Alexander Cummings, president of Coca-Cola Africa, an external advisor facilitated meetings among the company and its adversaries to jointly create a concrete solution.

The easiest thing for the company would have been to dismiss the activists or counter-attack them. But Lindsay and Cummings acknowledged they had to meet with activists or the attacks would continue. They followed the Mandela example of deciding to meet with “the enemy” to find solutions that could benefit all. This act of creative bravery revealed Cummings and Lindsay as engagement leaders ready to *take on the non-market stakeholder challenges* that multi-nationals and other businesses face in the 21st century. Ultimately, Coca-Cola did provide AIDS services to their bottling affiliates’ employees – but it was not an act of corporate surrender to social pressure. Instead, they undertook a systematic, phased-in SRE process that started with small overtures to those who were attacking them and built to a full-fledged partnership. You can learn from their process to think about and plan to deal with any adversary with whom you can’t imagine finding common ground (e.g.: activist shareholders, NGO watchdog groups, government regulators, etc.).

“We were struggling against an extremely hostile situation that we really wanted to defuse, but it wasn’t until we agreed to engage with the very people who had been attacking us that we found the solution to our problem.” – Robert Lindsay, President, Coca-Cola Foundation, United Kingdom

Step by step...

This was an iterative process, first bringing together individual catalytic engagement leaders from Coca-Cola and one of the AIDS activist groups to begin talking with each other in a non-threatening environment. Even at that early stage, it took courage for both parties to sit down with (from their perspective) “the enemy.” The external advisor knew Kate Roberts, who led a global campaign, YouthAIDS, sponsored by Population Services International (PSI). Roberts had a background in cause-related marketing and so was not afraid to meet with corporate leaders. And PSI had worked with other corporations globally on other health campaigns. Thus, Coca-Cola was strategically wise in approaching Roberts and PSI first, among the constellation of AIDS activists.

In a carefully developed sequencing plan to invite those most likely to be open to dialogue, the advisor arranged for Lindsay to meet with Roberts. As an engagement leader, she immediately saw the potential for PSI to reach a far larger number of its targeted audience: young people who were most likely to become infected. She already had initiated partnerships with Levi Strauss and MTV Networks International and knew the power these brands had on the attitudes of young people. She knew Coca-Cola had a huge presence in Africa, so she was open to exploring the possibility of engaging with them, even if many of her NGO colleagues might see her actions as collusion. She was willing to brave those accusations if a positive outcome was possible.

Roberts also knew that Kathy Matshebela, PSI South Africa country director, was a pragmatist. It wasn't surprising that Matshebela was at first skeptical. How could she know whether Coca-Cola didn't just want to use PSI's credibility to whitewash its problem? But with years of heart-wrenching, on-the-ground experience under her belt, she was open to the prospect that Coca-Cola might actually be willing to address an urgent problem. So, when Roberts asked her to join the dialogue, she was ready, even while doubtful of Coca-Cola's intent, and agreed to meet Lindsay. Those early private (under the radar) meetings were tentative at best, but as Coca-Cola's Lindsay continued to engage in open dialogue with PSI's Roberts and Matshebela, they began to trust each other's motives. And after several meetings, they agreed to pilot a joint initiative.

The PSI team then helped other AIDS activists understand that while they got media coverage (and catharsis) from blasting Coca-Cola, their attack strategy was not going to change company policy. As Coca-Cola is the single largest employer in Africa, any action they did (or did not) take would have an enormous impact – potentially far greater than the efforts of NGOs and even governments. So, if AIDS activists really wanted workers throughout the continent to stop dying, they could make headway if they found a way to convince Coca-Cola to make changes in their policies and procedures. AIDS activists knew their colleagues at PSI were committed to fighting the spread of AIDS; so, if they were meeting with Coca-Cola, there might be some legitimacy to it.

Matshebela put her reputational capital on the line to convince others – activists working on AIDS via international and local NGOs – they would not be “selling out” by working on a concrete solution with the company they had been vilifying. This was the courageous stand of a true engagement leader, willing to believe “the enemy” could become an ally. As she had earned the trust of her colleagues from other NGOs, they found it easier to test out a working relationship with a corporation they had deeply distrusted. Again, *concentric circles of trust were the building blocks to bridge differences*. However challenging the initial approach, once bridges were built, everyone gained from going the distance across them. As in a physical bridge, traffic flowed in both directions. Each side had to give something to get what they needed from the other.

“Our decision to work with Coca-Cola Africa, along with other NGOs starting with PharmAccess, allowed us to reach significantly more people with our services. This was a great collaboration for us, a real breakthrough in our outreach.” – Kathy Matshebela, South Africa Country Director, PSI

...all become winners

A series of meetings among these engagement leaders gave each confidence that their goals were more aligned than they initially believed, and that they could find ways to work together. During the challenging but fruitful engagement process, Coca-Cola executives became clearer about their benefits from making company policy changes. Indeed, serving its bottling affiliates would be in Coca-Cola's best interests. After all, when those employees became infected, it adversely affected

their supply chain. They also began to understand that the public did not see a distinction among the companies; to them, it was all Coca Cola – which meant that in the public eye, Coca Cola's very brand was at stake. So, they began to negotiate, not from a position of trying to appease others, but from an understanding that they stood to gain a great deal from this engagement.

AIDS activists and Coca-Cola executives began to see eye to eye on the necessity of cooperatively working to stem the AIDS epidemic in Africa. They each realized it was in their enlightened self-interest to collaborate. Both parties then were willing to reach out to other potential allies. One of the first was Thabo Mkandla, the plant manager of Coca-Cola Fortune (CCF), the South African Coca-Cola SABCO bottling affiliate. Just as PSI's Roberts knew that her South African counterpart Matshebela would understand more quickly than others, Coca-Cola's Lindsay thought CCF's Mkandla would grasp the value of partnering rather than fighting. But, Lindsay had to make a compelling case to convince Mkandla to engage in this effort.

Mkandla was busy managing a largely uneducated workforce at his bottling company (CCF). When Lindsay first approached him, Mkandla thought the last thing he needed was to deal with the logistics of a multi-sector corporate social responsibility partnership. But he also knew that his workers got infected at a higher rate than average. Many of his truckers travelled long distances, became sick and died. His turn-over rate was fast, high and costly. So, it was in his pragmatic self-interest to see if something could be done to stop (or at least slow) this process through partnering. He grasped the value and exhibited the attributes of an engagement leader because he had to go out on a limb to convince CCF's executive management that it would be a wise investment to contribute funds to the initiative, as that was one of Coca-Cola's negotiating points.

Based on experience, the advisor knew that people only stay with partnerships when they get something out of them *and* also put something into them. It was for this reason that the entire team agreed to have the bottler's employees contribute something to the funding equation. Their share was extremely nominal, but very meaningful to secure their engagement. *The best plan was not going to be executed unless there was buy-in at the operational level.* Coca-Cola, through PSI and other NGOs, could offer high-quality prevention and protection training, as well as testing and treatment for the workers of their affiliates. But if those workers did not engage through contributing something to the plan, they would be far less likely to take advantage of it, making the companies feel that their investments were for naught. So the formula included them.

"When Coca-Cola Africa asked our bottling company to pilot this project, we were very skeptical about asking our employees to contribute. But, by each worker making a tiny investment, they had a real incentive to use life-saving services." – Thabo Mkandla, plant manager CCF, South Africa

Engaging Changes Everything

Once there was a viable pilot project in South Africa, the early engagement leaders, who had crossed a huge divide to collaborate successfully, reached out to their partners in other African nations. They began where they had the most stable bases, expanding first to Kenya and Egypt. As success built upon success, the initiative ultimately expanded to every nation on the continent over a three-year period, during which benchmark goals achieved in one location were shared with those who were beginning comparable engagement processes in their respective nations.

What engagement leaders from each sector had in common was *a desire to improve the situation and a willingness to engage with each other.* The early conversations among them were not easy; you could often cut the tension with a knife. But as engagement leaders, they had staying power. Perhaps most important, they *discovered the humanity of "the other,"* as those they formerly had demonized showed genuine commitment to solve problems. This principle holds true whether the divide to cross is among competing sectors or between two coteries in the same organization.

Along with using that emotional intelligence, they also created organizational structures to support the interconnectivity they'd launched. Each of them started dialogue protocols with a larger group of stakeholders from their respective constituencies. For example, Mkandla, who was desperate to see his truckers survive, became an engagement leader, systematically reaching out to his workers using the message and materials developed by Coca-Cola and PSI. Over time, as trust deepened, more stakeholders participated in the dialogue. That dialogue started an operational

process that met everyone's needs and ultimately was replicated in all African countries. While there were unique twists to each locale, the core engagement principles remained constant.

The concrete benefits to Coca Cola – financial (i.e. supply chain costs reduced through improved bottling affiliates operation) and reputational (i.e. status as one of the corporate leaders in AIDS work) – supported their desire to do what was right. In the end, they won the triple bottom-line of serving shareholders, stakeholders and society. The bottling affiliates now have a healthier work force. The NGOs providing AIDS services have access to significantly more people. Everyone emerged a winner as a result of the tenacity of the engagement leaders.

KEY POINTS about ENGAGEMENT LEADERS and *ADVERSARIAL* STAKEHOLDERS

Sequence your engagement

- Recognize you may win the larger war by giving up smaller battles to start/sustain dialogue
- Begin with those most likely to see the wisdom of why working with you is to their benefit

Be open to compromise

- Determine what's inviolable versus what you're willing to negotiate
- Stretch to find common ground with those you may not initially trust

Build on small victories

- Use success in pilots to enlarge the scope of what you can achieve in partnership
- Expand to a broader base using early adapters as champions of your mission



CONCLUSION: BECOME AN ENGAGEMENT LEADER IN YOUR COMPANY

Stepping Up to the Plate

The central message from all these cases is that engagement leaders employ emotional intelligence in practical applications. Their purpose is to build stronger relationships to achieve objectives that suit each *and* all: their own organizations, the organizations they work with, and, more relevant than ever in 21st century business, often simultaneously serving the larger society.

I. Engagement Leaders and Internal Stakeholders

The Müller case describes how an initial engagement leader wisely broadened the engagement of a wider spectrum of internal stakeholders for the benefit of their company. As Andreas Müller built out concentric circles of trust, he encouraged more board members, senior managers and employees to offer their input on critical decisions. In turn, they began to feel a greater sense of ownership and control, which resulted not only in financial success, but also improved morale.

II. Engagement Leaders and External Stakeholders

Viva la difference! The Unilever case outlines how engagement leaders can help myriad external stakeholders that share a vision about addressing the same issue fully appreciate that they can serve a greater goal by combining their differences in philosophy and operations. They develop systematic mechanisms to keep people with different perspectives engaged even when there are challenges. Most important, they constantly recreate trust through fostering open, candid dialogue.

III. Engagement Leaders and Adversarial Stakeholders

The Coca-Cola case conveys that rather than dismissing or counter-attacking an adversary, an engagement leader creates ways to find common ground. They know how to identify those most likely to be willing to work with “the enemy” and win them over first. Then, they empower those champions to convince others that stretching to collaborate is to everyone’s benefit. A key factor for this success is the ability to see the humanity in “the other.”

Engagement Leadership: Essential for Doing Business in the 21st Century

As an engagement leader, you will see opportunities or problems with the courage to address them, engaging others along the way. You will accept the validity of differing perspectives, create relationships with a broad range of people, and lead negotiations towards mutually beneficial outcomes. You will recognize opportunities others might miss and have the skills to bridge silos or sectors, creating both business and personal rewards. Engagement leaders create institutional structures to keep disparate people in strategic relational engagement (SRE) and, thus, increase trust and fulfillment *along with* productivity, profitability and sustainability. What could be better?

Note: all the cases described are real, but some identifying names have been changed at the request of the companies and/or individuals who prefer anonymity.

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