

1 FUNCTION DESCRIPTION

The Strategic Planning & Business Development (SPBD) function is responsible for surveying external threats and opportunities, identifying industry and market trends and supporting the CEO and senior management in regularly updating the strategic vision and positioning of the company. As such, SPBD plays an important role in defining the company's future portfolio of products and markets, its key financial and business goals and the specific business development guidelines for the different business units. In some companies, this is an independent and identified functional unit, whereas in others it is a function of the office of the CEO.

2 VALUE PROPOSITION

SPBD will naturally have to play a key role in any effort to transform sustainability from a peripheral business activity mostly aimed at mitigating risks, reducing costs and protecting the brand, to an integrated part of the company's core business strategy and value proposition. SPBD also supports the definition of priorities based on which capital annually is allocated, and is therefore also important in securing the necessary investments to achieve more tactical and short-term sustainability goals.

The deliberate and proactive pursuit of sustainability integration is increasingly seen as essential to the core purpose of SPBD. Sustainability-driven market differentiation strategies have already demonstrated their potential as a source of growth and new market creation, and sustainability-driven innovation has shown its potential to disrupt entire industries. Understanding long-term sustainability trends affecting the industry, addressing related risks and seizing new opportunities is key to maintaining and strengthening a competitive advantage.

3 STRATEGIC INTEGRATION

Strategic integration of sustainability is ultimately about creating a vision of 'shared value' where human needs and global societal challenges are seen as opportunities for the company to enter or create new markets by delivering pertinent products and solutions. It should be made a priority to systematically pursue the opportunities for market differentiation and value creation that sustainability offers.

The SPBD should base its strategic planning on a proper understanding of sustainability-related trends, risks and opportunities. It should align around an understanding of how the business increasingly relies on actors other than investors and customers, and work closely with Sustainability, Marketing, Government Relations and other functions that are directly exposed to the changing expectations and preferences of the company's stakeholders.

4 OPERATIONAL INTEGRATION

The SPBD function should in close collaboration with Marketing, Sustainability and other functions continuously scan for unmet needs and societal challenges that based on the core competences have the potential to be turned into new markets and customer segments. The comprehensive set of Sustainable Development Goals launched in September 2015 can potentially be used as a framework for such scanning, helping the company to identify previous "blind spots".

The SPBD function should systematically obtain information and knowledge on sustainability to identify and monitor trends and development that may face the companies with new risks and opportunities and have implications for the competitive rivalry and the broader business environment. Considering the complex and often interrelated nature of sustainability-related trends, this may well be coupled with a more long-term scenario planning exercise, opening the strategic planning process to the prospects for exogenous developments to fundamentally shift the market forces over for example a 10-year time horizon.

As an integrated part of the initial part of the strategic planning process, SPBD should routinely engage with the Sustainability function to update a stakeholder map and materiality assessment. Similarly, the setting of both long- and short term sustainability goals should also be an integrated part of the strategic planning process, and the sustainability goals should ideally be on par with and fully integrated into the broader set of business and financial goals.

At the execution level, priority sustainability issues should also be included in the investment decision process and social and environmental plans associated with a specific projects should be considered part of the initial investments in business development, rather than considered costs.

5 CULTURAL INTEGRATION

Strategic thinkers are characterized by their ability of abstract reasoning. They have clear view of the "big picture", including the positioning of the company within the competitive landscape, and are used to deal with complex trends and linkages in the long term.

Thus, strategist will typically be open to explore innovative ideas and to question the traditional boundaries of the business. SPBD will typically approach new ideas through the lens of value creation approach, rather than through a lens of obligations, risks or costs. For SPBD, sustainability should thus be approached as a source of business opportunity and the potential to enter or create new markets, framing these opportunities in data, trends, and forecasts relevant to the company's strategic planning efforts.

In further integrating sustainability into the core strategy, companies can leverage the traditional strengths of building relationships of business development professionals and direct it toward a broader set of stakeholders. Managing market stakeholders like customers, suppliers, intermediaries, distributors as are critical to business development, but so is increasingly non-market actors like regulators, media and civil society organizations.

6 EMERGING TRENDS AND INNOVATIONS

Moving from "product" to "service"

Consumers pay for the services that a product provides without the responsibility of repairing, replacing or disposing of it. The company takes full ownership of the lifecycle of the product, which was previously a customer responsibility. These business models are built on a shared-asset proposition, effectively reducing resource and environmental footprints. A recent report from the Economist Intelligence Unit (EIU) found that over one-half of companies have either changed or are in the process of changing how they price and deliver goods and services, with the biggest change being the introduction of subscription options for goods and services (implemented by 40% of respondents).

Corporate impact venturing

Large companies have traditionally found it challenging to bring innovations to markets and new and promising sustainability-driven innovations do not always match the company's current strategic focus or demonstrate a sufficient market size. A promising trend is for companies to establish corporate impact ventures that further develop and bring new technologies or solutions to market.

Inclusive business models

Inclusive business models provide opportunities for people living at the Base of the Pyramid to step into new roles as suppliers, distributors, retailers or customers. Inclusive businesses expand access to goods, services and livelihood opportunities for low-income people in commercially viable and scalable ways while developing product and business model innovations that have the potential to tip the scale of competitive advantage in more developed markets.

Proliferation of non-market strategies

Strategy literature has long been interested in the issue of non-market strategy. That is, developing and executing strategies for managing a firm's non-market arena composed of actors as diverse as governments, NGOs, media, regulators, development banks and citizens in ways that will support the core business strategy. This trend of building non-market strategies invite firms to care about their reputation, values and social impact while transforming their strategic mindset from strictly competitive toward coalition-building, multi-stakeholder engagement, and civil society involvement.