

IMPACT STRATEGY DESIGN

Key steps to articulating a strategy that contributes to sustainable development

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FOREWORDS

This **Impact Strategy Design handbook** presents the essential frameworks and practices you can leverage to inform your strategy definition process.

The practices introduced in this resource are covered in more detail in Efiko Academy's **Impact Strategy Mentoring track**. This programme is developed to help you articulate the impact strategy of your or any enterprise from A to Z based on 1:1 mentoring, group sessions and e-learning.

If you have any questions or suggestions regarding the topic or the information presented in this document, please contact us at support@efiko.academy.

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WHY DEVELOP AN IMPACT STRATEGY?

“To tap into the estimated \$12 trillion of business opportunities related to addressing SDG challenges, and because the safety of our planet and society largely depends on the contribution of enterprises.”

T. Whelan & C. Fink (2016)



Foster product and service design **innovations**



Drive **competitive advantage** through **stakeholder engagement**



Build **customer loyalty**



Attract and engage **employees**

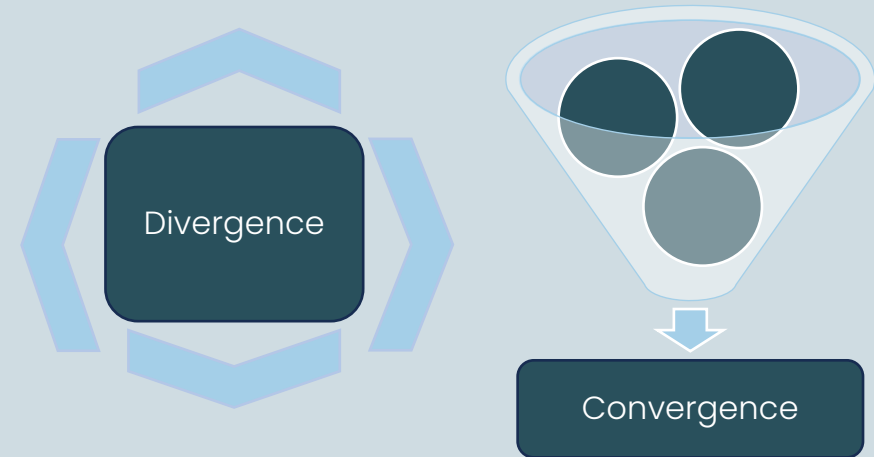


Take responsibility for contributing to preserving thriving ecosystems and nurturing inclusive communities

WHEN TO DEVELOP AN IMPACT STRATEGY?

Impact Strategy design is an **iterative process** to carry out each time an enterprise feels the need to step back and reflect on recent learnings from an execution period.

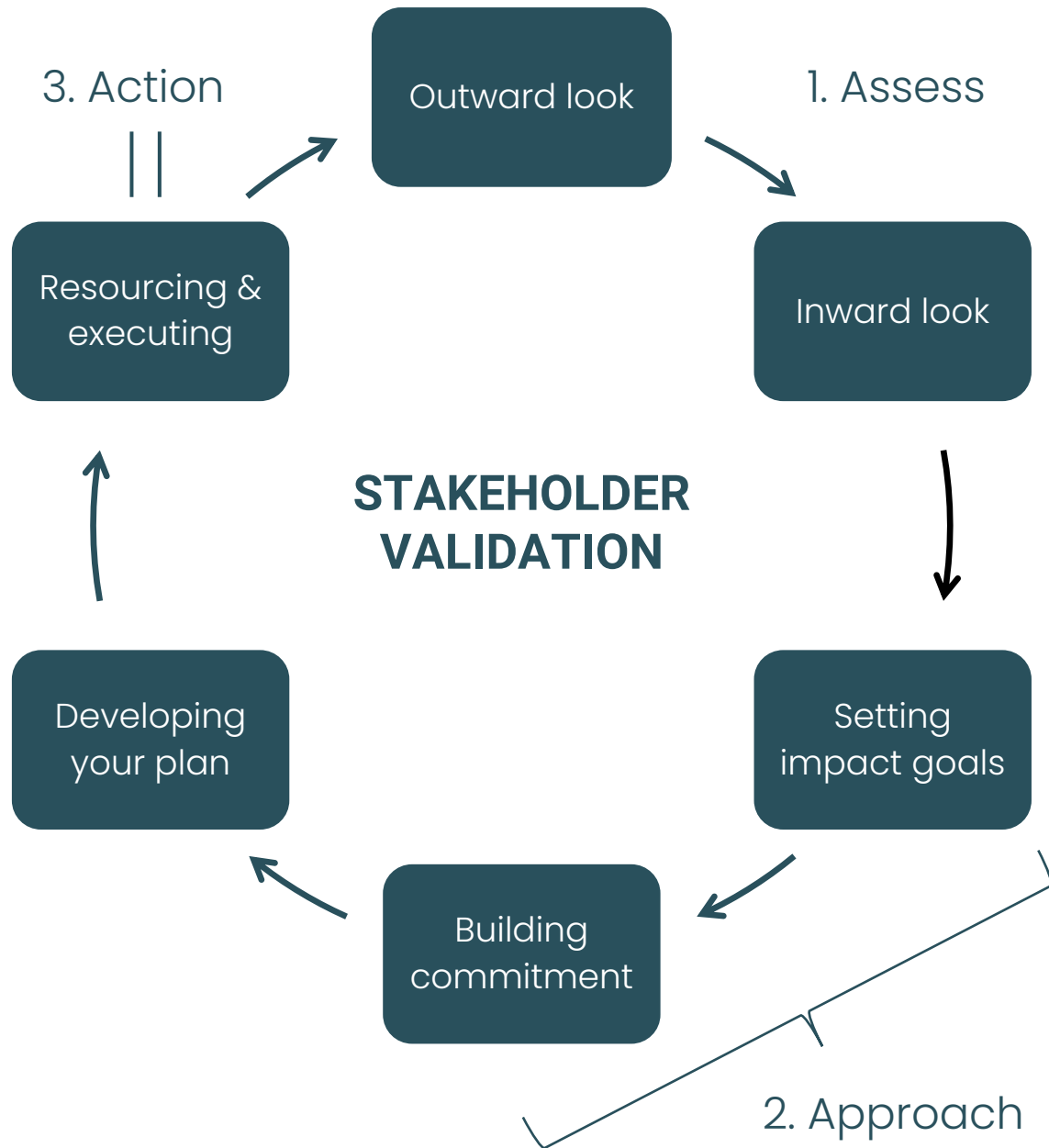
Enterprises frequently **shift from convergent to divergent phases.**



Impact Strategy design starts from a divergent look at organisational and market developments and then moves into a convergent phase to determine the best way forward.

KEY STEPS OF IMPACT STRATEGY DESIGN

Impact strategy development involves **five iterative steps** informed by **active stakeholder engagement**



STEP 1

ASSESS

The first step consists of questioning and reviewing internal practices and external developments.

- 1. Outward-looking:** forming an understanding of how the market and sustainability challenges you interact with are evolving, who's playing a role, and how relationships have evolved.
- 2. Inward-looking:** (re-)assessing your mission and goals, lessons learned from the last execution periods, and your strategic priorities.

This step provides a strong foundation for the design of an effective impact strategy.

ASSESS

1

Outward look Impact challenge

Supportive Frameworks

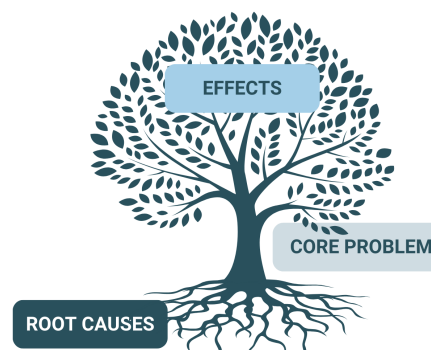
5 Dimensions of Impact

IMPACT DIMENSION

- WHAT
- WHO
- ≡ HOW MUCH
- ⊕ CONTRIBUTION
- △ RISK

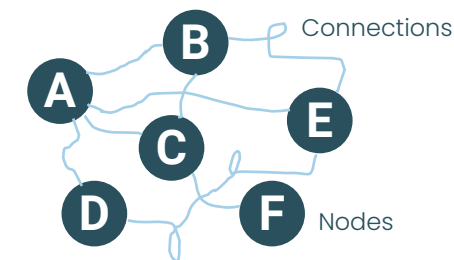
Define the nature, scale and depth of a sustainability challenge

Problem tree analysis



Map the root-causes and consequences of a problem

Systems mapping



Map the relationships between key actors active in nurturing an issue or addressing it

An enterprise that seeks to address one or more sustainability challenges will need to ensure that it focuses on **addressing the parts of a problem where the most positive impact can be created.**

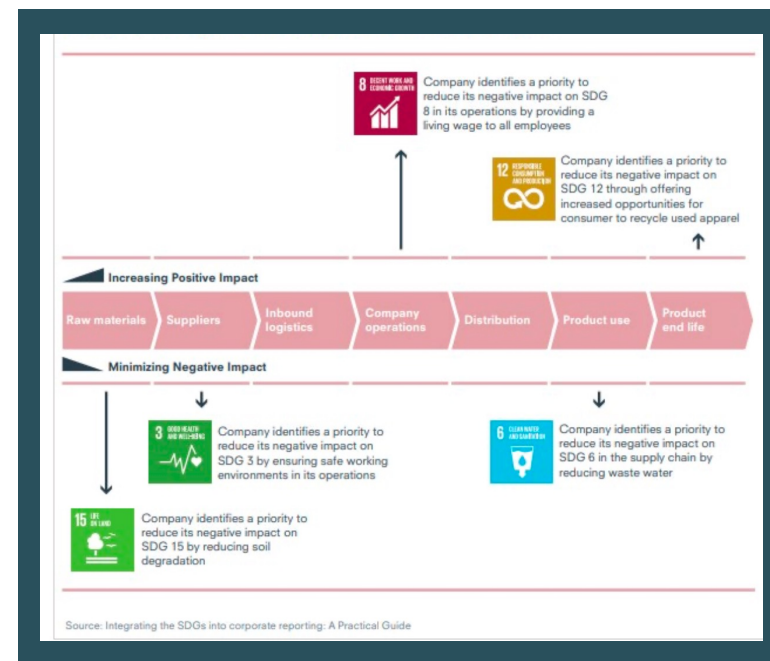
ASSESS

2

Outward look Value chain

All ventures operate within a larger value chain with upstream and downstream stakeholders and impacts. These value chain impacts should be identified and screened for materiality.

Value chain analysis

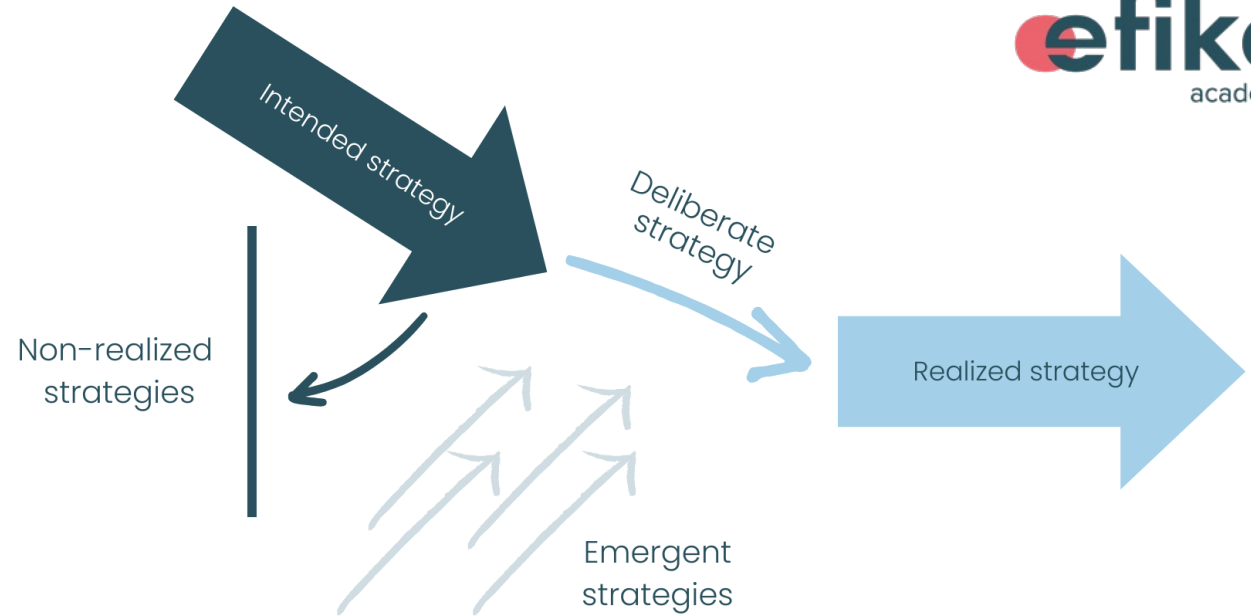


ASSESS

3

Inward look

Review learnings



- What was the intended strategy so far?
- Did the period generate emergent strategies?
- What is the realised strategy and what gaps are in the intended one?
- What did we learn from the execution period?

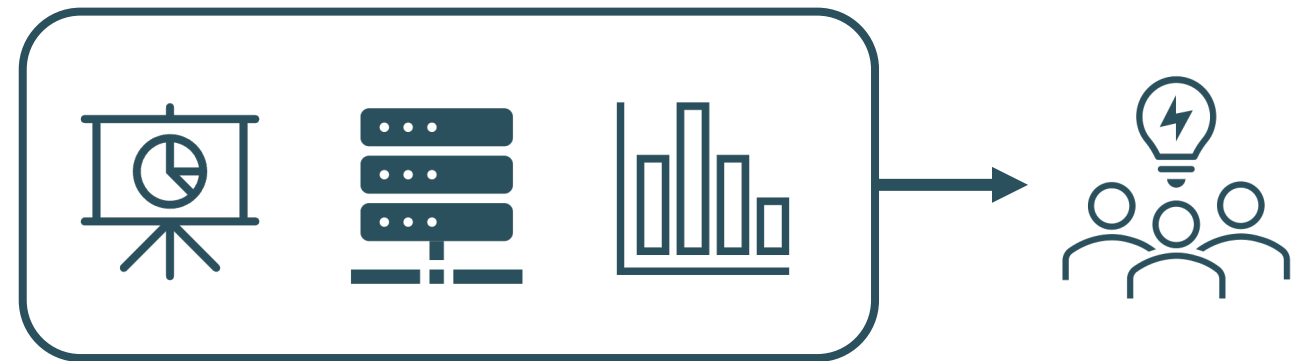
Strategy reflections offer rare opportunities to look back at the *intended strategy*, *realised strategy* and *emergent strategies*.

ASSESS

4

Inward look: Impact data insights

Enterprises that have been collecting data from their clients and stakeholders over the past periods should use strategy design periods as a moment to **extract insights from datasets**.



- Who have you been serving or working with so far?
- What insights do you have into your stakeholders' motivation to engage with you?
- What is the satisfaction and main feedback you have gathered?

ASSESS

For an impact strategy to be actively pursued within an enterprise, it needs to be integrated into the business strategy. This is why business strategy frameworks need to be thrown into the mix!

A few examples:

5

Inward look: Business



P	Political
E	Economic
S	Social
T	Technological
L	Legal
E	Environmental



STEP 2

APPROACH

The second step consists of defining objectives, targets and a plan for achieving your goals. This plan should be grounded on the outputs of the assessment phase.

Key steps:

1. Purpose review
2. Setting impact goals
3. Building commitment
4. Developing a plan
5. Stakeholder validation

This step provides the foundation for robust strategy execution, which is the last stage of the impact strategy design process.

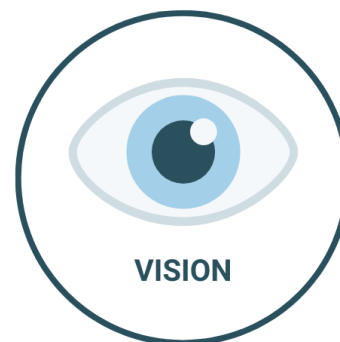
APPROACH

1

PURPOSE REVIEW

RECONNECTING TO THE CORE VISION AND MISSION

Every organisation is set up to address a set of problems experienced by stakeholders and has either an explicit or implicit vision of how the world could become a better place through its activities. Starting from the core purpose of the organisation helps bring the “Why” to life and facilitates goal-setting and planning steps.



VISION



MISSION



VALUES

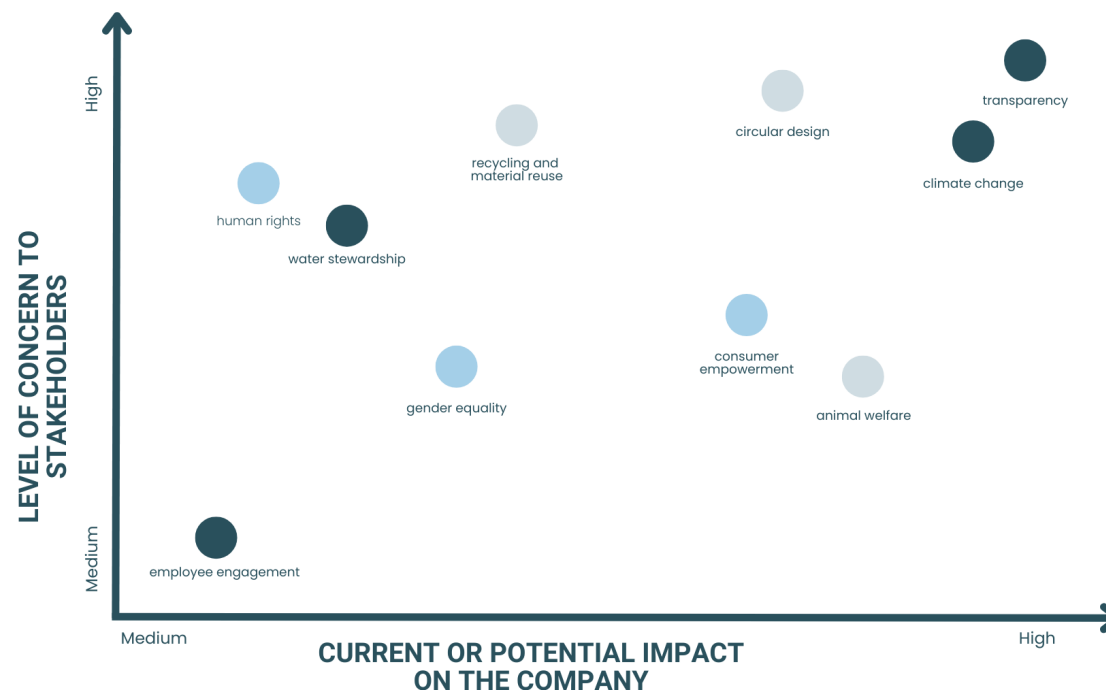
APPROACH

2

MATERIALITY ASSESSMENT

DOUBLE MATERIALITY ANALYSIS

Double materiality is the reference approach to identifying outcomes that need to be prioritised by a venture. The analysis concludes with a set of impacts to actively manage because they matter for the enterprise AND the stakeholders affected by its activities



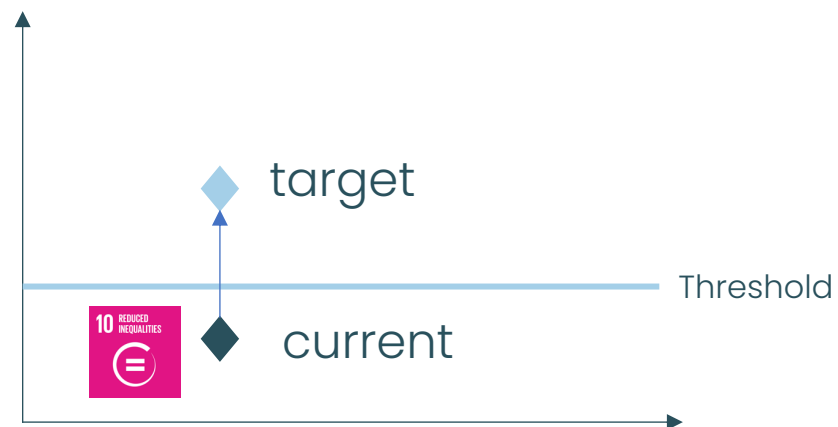
APPROACH

2

SETTING IMPACT GOALS

Material impacts need to pass through **the goal, target and threshold-setting phase**. The aim here is to develop ambitious yet achievable targets for the social and environmental outcomes to contribute to as an enterprise.

Depth or scale of impact



**Thresholds refer to minimum accepted levels for an outcome within a given context.*

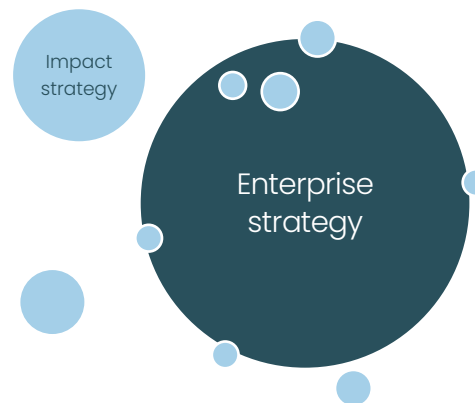
APPROACH

3

BUILDING COMMITMENT

To give every chance for an impact goal to be achieved, it needs to be integrated into your business strategy. This includes referring to your vision, mission, and strategy but also aligning incentives and responsibilities between the board, management and operational teams.

From...



To...



APPROACH

3

BUILDING COMMITMENT

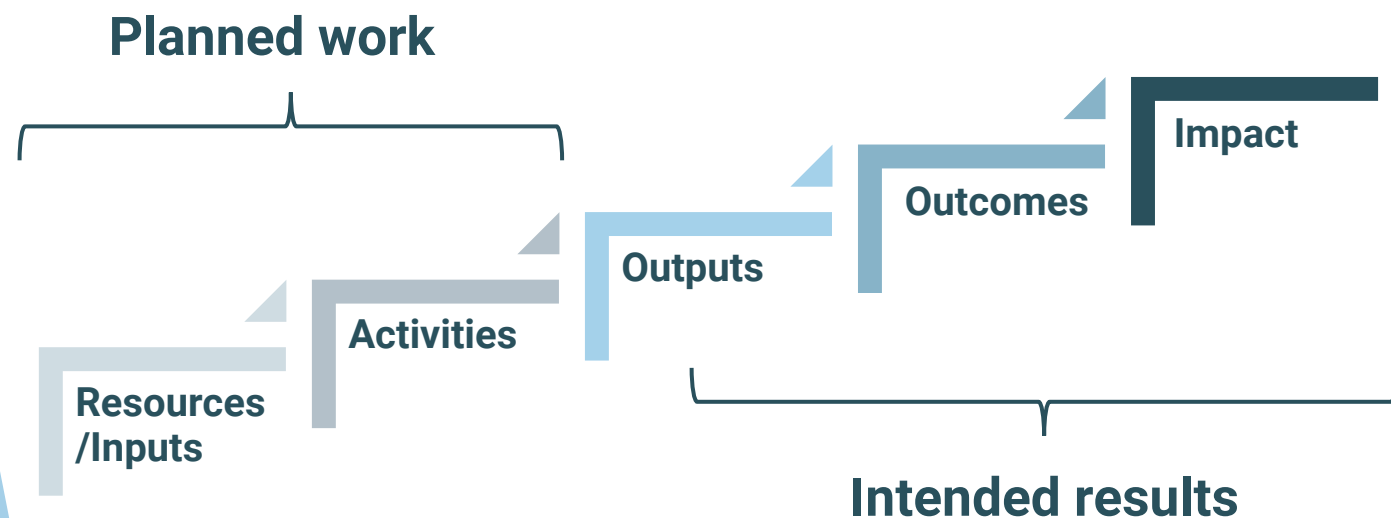
“Culture eats strategy for breakfast”, said Peter Drucker and it still resonates in the context of getting everyone onboard on your impact strategy. This takes awareness raising, promoting a culture of learning from stakeholder voices and a new language to communicate about performance.



APPROACH

4

DEVELOPING YOUR PLAN



Time to link your impact goals to the intermediary outcomes, activities and resources you will need to achieve them. This is exactly what the Theory of Change helps you to do.

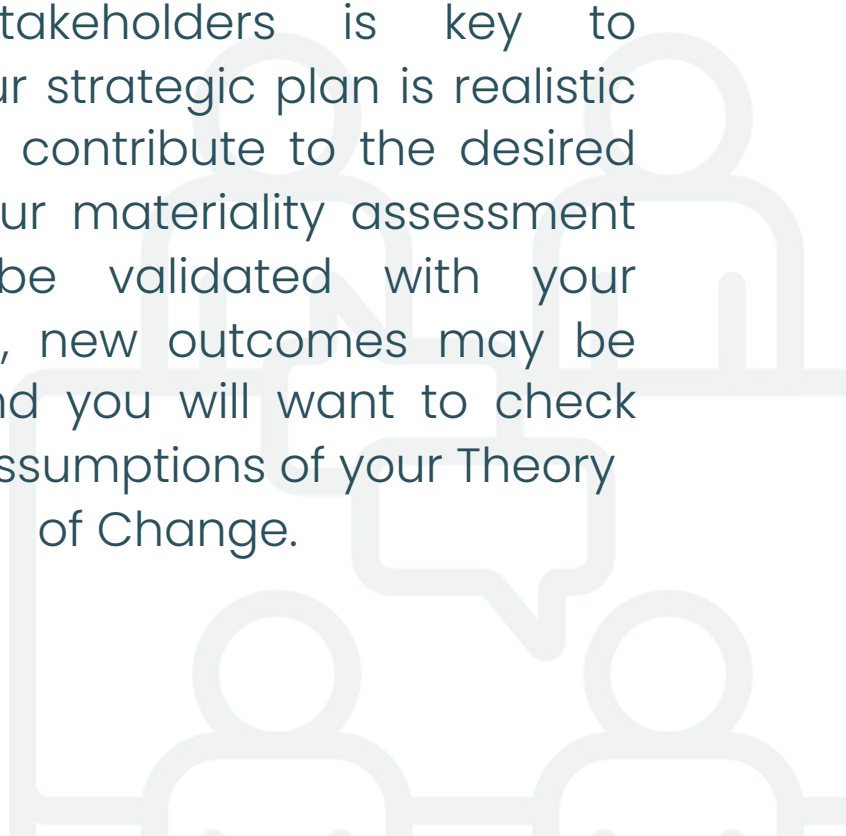
APPROACH

5

STAKEHOLDER VALIDATION

INVOLVING YOUR KEY STAKEHOLDERS TO REVIEW AND CHALLENGE YOUR PROPOSED STRATEGY

Involving stakeholders is key to ensuring your strategic plan is realistic and likely to contribute to the desired changes. Your materiality assessment needs to be validated with your stakeholders, new outcomes may be identified and you will want to check the critical assumptions of your Theory of Change.

A faint, light blue background illustration of several stylized human figures, some with speech bubbles, suggesting a group discussion or stakeholder engagement.

A photograph of two women in an office setting. One woman is wearing a striped shirt and has her arm raised in celebration. The other woman is wearing a dark top and is also smiling and looking up. They are sitting at a desk with a laptop, a coffee cup, a smartphone, and a small potted plant.

STEP 3

ACTION

Now that you have performed a thorough assessment of your organisation and its context, and articulated a stakeholder-validated plan to achieve impact goals, it's time to move back into Doer's modus!

GET IN TOUCH

If you have any questions about your impact strategy or have any recommendations on how to improve this handbook, don't hesitate to let us know!



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Could an **Impact Strategy Design mentoring journey** be something for you?

Book a 30-minute intro call by [clicking here](#) or check out the offer on our website [here](#).

REREFERENCES

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