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## The Art of Leading and Creating Impact

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The global ecosystem game is on. The players are diverse. They come from different national and organizational cultures. Their positions are sometimes well-defined, but more often not. The impact created by ecosystems is strongly dependent on the collaborative capabilities of the people of the participating partners. The key question for success is: “How do we best use the superpowers of the organizations and their people?”



### Understanding ecosystems: Defining the playing field

When ecosystems work, they create value that no single organization could create alone.

Life used to be a lot simpler. Today, when the world is complex and dynamic, collaboration is the norm. It is virtually impossible to possess all resources and capabilities needed to address grand challenges such as environmental issues, aging populations, or responding to unpredictable market conditions and changing customer needs. Whether we want it or not, new innovation and business ecosystems are emerging. They challenge organizations and people to develop their collaborative capabilities to ensure value creation.

**Business ecosystems** are about cooperation and competition. They involve co-developing capabilities to support new products, satisfy customer needs, and eventually incorporate the next round of innovations into products and solutions.

**Innovation ecosystems** are more exploratory and long-term. They are about combining individual offerings into coherent, customer-facing solutions or creating completely new solutions to solve

complex societal problems. They often aim to create new knowledge through joint research and collaboration in experimental projects, as is the case with *knowledge ecosystems*.

Ecosystems are all unique. They can focus on industry verticals to solve customer challenges together. They can involve companies developing new technologies and solutions for long-term competitiveness. They can consist of cities and municipalities engaging with companies and research institutions to solve grand challenges. Their structures and governance models vary depending on the purpose and partners involved. They take different shapes and forms. They can be value-chain type and focus on solving a specific problem. Or they can be more fluid and focus on generation of new knowledge or simply learning together as an attempt to solve a part of a complex problem or to prepare for the future.

Benefits of collaboration in the ecosystems include faster time to market, learning, and creation of new capabilities that at best can increase creativity and enable solving grand challenges.

In business, the dominant approach to tackling challenges is typically rational: we opt for hard facts and technical solutions without letting emotions disturb decision-making. While data and AI can help, decisions are still mostly made by people. And they are not only rational.

Emotions can help us connect with other people. Feelings are an inherent part of people's overall well-being as well as their capabilities to solve complex problems as individuals and organizations. In the learning ecosystems, theory can meet practice by building levers for businesses and verifying theories in real life.

Success in ecosystems is built on rational decisions related to defining the purpose, setting objectives and measuring impact. Emotional considerations, as well understanding and appreciating people's diversity and different situations, can help bring the ecosystem projects to the desired goals.

## Defining purpose

Well-defined purpose is about clarifying the problem that the ecosystem is trying to solve, and the initial view of what success looks like. Ecosystems are born out of a

desire to solve problems and to create value and impact that a single organization cannot accomplish alone. Organizations, however, don't work together; people do. Hence collaboration in ecosystems is all about people. Most of us like predictability and routines. We want to be in control and understand what we are supposed to do.

Few of us like to fail. Working in ecosystems can be highly uncomfortable, unless there is something that people can relate to both rationally and emotionally. Jointly defined and internalized purpose helps align the organizations and sets the boundaries of the ecosystem and the partnerships.

Well-defined purpose is about clarifying the problem that the ecosystem is trying to solve and determining the initial view of what success looks like. Purpose outlines the

objectives and an initial view of the expected impact. Rationally, purpose considers profit: the financial foundation, the importance of people and the planet, and the broader socioeconomic and environmental objectives that organizations can no longer ignore. It provides a sound basis to align the ecosystem and related organizations and people in a systematic way.

Emotionally, a well-articulated purpose connects and energizes customers, partners and employees of participating organizations in the ecosystem. Professional people with zeal can achieve extraordinary things together. Structuring the chaos around the purpose contributes positively to well-being and reduces long-term stress. It ensures the renewal and innovation that are essential for value creation in constantly changing business environments.

While the purpose marks the logical starting point of the ecosystem journey, it's crucial to understand that ecosystems are dynamic and changing. In real life, ecosystems rarely proceed from one phase to another as planned. They may need to take a step back to iterate and then reiterate. Partners may come in and leave. People may change. Building ecosystem leadership capabilities by focusing on purpose as well as the rational and emotional elements of the journey provides a way to take a snapshot of various situations, to revise the initial purpose and the augment the capacity to adjust. Purpose acts as a foundational element of the “art” of leading ecosystems for impact.

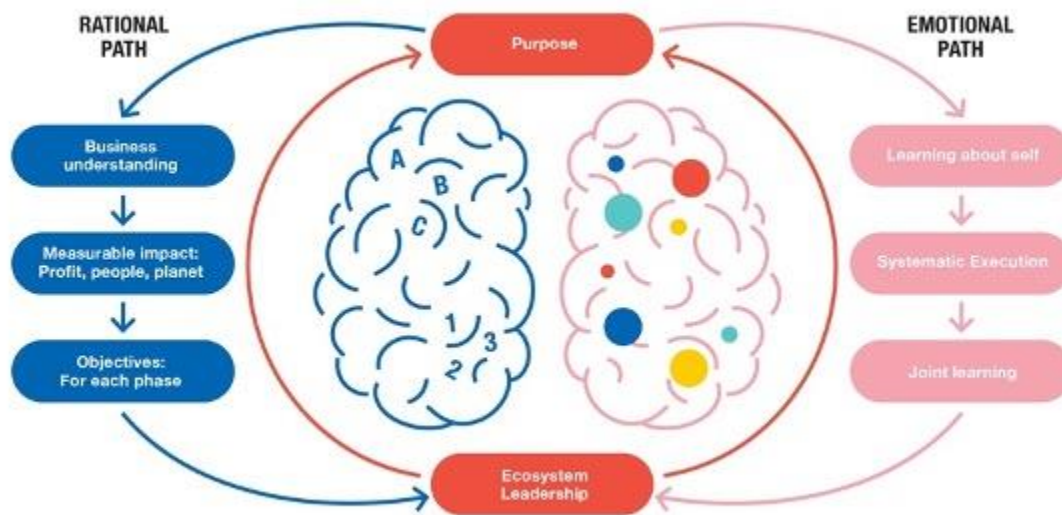


Figure 1: Purpose, feeding the rational motivation and engaging the emotional side.

[\[click to enlarge\]](#)

## Organizing for the future

Traditional structures or leadership styles are challenged. What worked in the past might be irrelevant today.

The world is full of unsolved problems and the triggers for the ecosystems vary from determined individuals to multi-player organizations announcing grand challenges to be solved. Each ecosystem is unique. Getting started is not only about the idea. It's about key people who have the capability and capacity to bring the initial ideas together, to define shared purpose in a compelling and engaging way. Key people also understand that the purpose and goals continue to evolve along the way of the ecosystem journey, as do the roles within the team.

This means careful selection of the ecosystem partners. Organizations must evaluate along several axes to identify those who share the passion to solve problems and the courage to explore the unknown, have the necessary skills, can manage the uncertainty and accept flexible organizational setup and positions in the ecosystem. Partners may represent organizations of different sizes with very different cultures and personalities.

This calls for trust created by framing the challenge rationally so that it makes sense to all partner organizations—and at the same time engages and excites individual people to create the emotional connection. This connection forms the foundation for successful collaboration and personal commitment to deliver. It also prevents “power games” between participants from diverse backgrounds and organizations of different sizes. Structure creates safety. A continuously evolving ecosystem calls for the “art” of creating governance structures that are both flexible and safe. In this context, flexibility means staying true to the nature of ecosystems by letting ideas and people bloom. Structure provides just enough strategic focus from individual organizations' point of view and psychological safety from the personal point of view. Keeping governance systematic while avoiding overly rigorous management and reporting practices helps keep the participating organizations updated and the teams in the ecosystem aligned and committed.

When ecosystems grow, the initial scope and teams might need remodeling. This may mean changes in the necessary skills, personalities and roles, or new partners joining and other partners leaving—and shifts in power. Some may win while others give up. It also introduces a moment to revisit both the purpose for the intended direction and the “superpowers” to get there. This can mean that the initial key team needs to hand over their “baby” to others who have more suitable capabilities to bring the ecosystem forward. It's the grand challenge of dealing with the egos.

Giving up control comes from open discussion intended to create understanding about where each partner organization is in their own business and in regard to the ecosystem and where they are aiming to go. Trust and the ability to discuss the situation and need for adaptation are built on giving and receiving feedback. Even experienced leaders need constant feedback. Depending on personalities or roles, this might mean frustration and disappointment to individuals. However, the change is inevitable.

Framing discussion with purpose helps partner organizations and people ensure quality in strategic decision-making. Reinforcing commitment to purpose will help avoid frustration and cynicism and increase motivation among people. A strong culture of dialogue and joint story that the ecosystem partners build during their common journey helps nurture constructive dialogue that advances success.

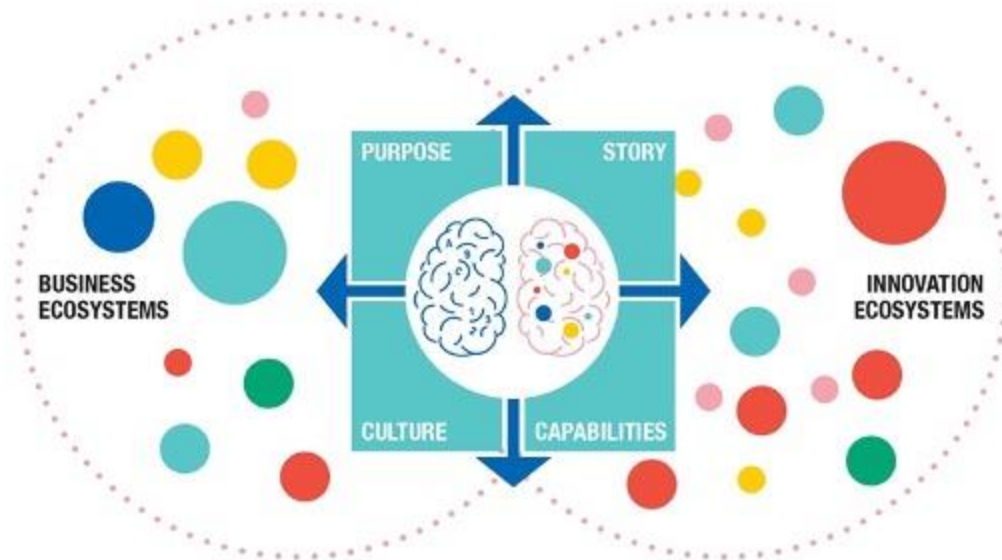


Figure 2: Elements of the art of leading and creating impact in evolving ecosystems.

## Impact: GOOOOOOAAAL

*What you measure is what you get!*

Measuring ecosystem impact and managing it systematically is probably one of the hardest things to do. However, collaboration that creates impact has one thing in common.

Context matters for understanding the big picture. Clearly defined objectives are the key to measuring impact. In ecosystems, three levels of objectives are equally important: ecosystem, organization and individual. Together they form the context in which impact is created.

Systematic follow-up is essential to building trust and keeping objectives aligned to purpose in every phase of the ecosystem journey. Systematic follow-up ensures progress and enables taking corrective actions if they are needed. It provides grounds for celebrating wins and keeping up the momentum.

In the end, impact is created by people. Small things like recognizing people and performance matter the most.

Rationally, impact is measured in terms of profit, people and planet. The related objective-setting includes financials and people in the form of systematic feedback collection from customers, partners and employees. Planet-related objectives link to the environmental and broader, measurable socioeconomic impact that oftentimes is underpinning the ecosystem purpose in the first place.

Emotionally, the rational elements serve as a foundation for execution. They provide for the continued commitment of the partner organizations throughout the journey and help to attract future partners. Fundamentally, ecosystems are about people, learning and renewal, and achieving together.

The rule of thumb for setting objectives, leading execution and creating impact is simple: transparency and fairness rule. Putting effort into not only objective-setting but also into the quality of dialogue in the process through which they are set are the keys to impact.

The art of leading and creating impact in ecosystems is based on recognizing both the rational and emotional sides all the way along the ecosystem journey.