

We are on a journey to reimagine our world—to move together towards a more sustainable future, one where economic growth is inclusive, technology is trusted, and the fundamental rights of people are unequivocally supported.

Today, organizations are relying urgently on digital technology to adapt and thrive.

With innovation and <u>tech intensity</u>, our partner ecosystem can play a leading role in helping organizations address their needs and enable inclusive economic recovery and growth.

Customers and employees, particularly in today's climate, expect businesses to be aligned with purpose and positively impact communities. Purpose-driven strategies can help unlock new and untapped markets, spark innovation among employees, and build a competitive advantage.

How can we accelerate our capacity for innovation and partnerships that are led with purpose and made for impact?

The road ahead requires collective effort. We don't have all the answers and are on the same journey, learning as we go and broadening our connections and points of reference.

In that spirit, we turn to the social impact sector for inspiration. In this article, we offer learnings from social enterprises and social entrepreneurs who enable a changemaking culture to accelerate and deepen business impact. We also showcase role models and examples from within Microsoft and our partner community who are already leading the way on this journey.

"The purpose of a corporation is to create <u>profitable</u> <u>solutions to the challenges of people and planet</u>—in every community and every country. This is what our customers, partners, and colleagues expect, and it's what the world demands from today's corporations."

- Satya Nadella, CEO, Microsoft

Market opportunity estimated at:

\$12T

for UN's Sustainable

Development Goals

\$26T

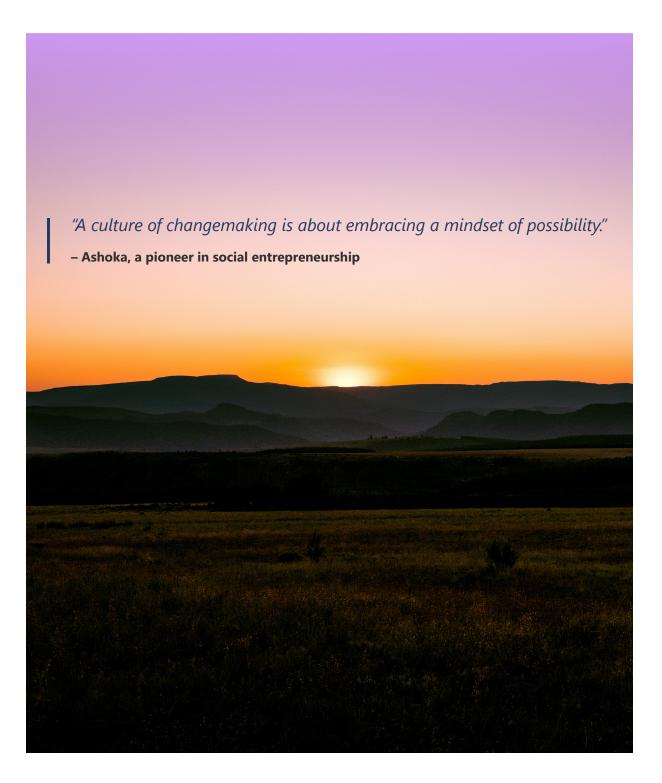
for sustainable solutions

Purpose-driven companies report:

30% higher levels of

higher levels c innovation 40%

higher levels of workforce retention



Enabling a changemaking culture

Ashoka, an international nonprofit, has spent over four decades working with social enterprises, supporting individual and organizational journeys of transformation. After studying the skillsets and traits embodied by leading social entrepreneurs and learning from dozens of their corporate partnerships, they developed a framework for how companies can nurture changemakers and cultivate a changemaking culture.

A **changemaker** is anyone who is taking creative action to solve a social problem. Changemakers identify a specific problem or opportunity, give themselves permission to do something about it, and use a combination of knowledge, resources, and determination to tackle it.

A **culture of changemaking** is an environment that enables a 'bottom-up' meets 'top-down' approach that brings people together, regardless of seniority, to reflect and learn from each other. Unconstrained by traditional roles or hierarchies, team members adopt a **mindset of possibility** and are empowered to leverage their skills for positive social impact. This shift transforms the organizations and its priorities.



Four skills at the heart of a culture of changemaking

Ashoka Changemaker Companies Framework

Cognitive empathy

Changemakers try to recognize and understand other perspectives, looking to spot and learn from patterns over time, and act for the wellbeing of everyone.

Based on a survey of 109 Ashoka Fellows and social impact leaders, McKinsey reported that leaders who exhibit cognitive empathy possess three key capabilities: they **inspire others and build trust** by finding common ground, **develop a broader vision** for the future, and **lead by example** towards this vision. Cognitive empathy requires people to be open and self-aware and assume that others have good intentions.

Collaborative teamwork

A changemaking organization operates in a <u>constellation of non-hierarchical teams</u> that come together around specific problems or opportunities. This fluid model allows employees to **break out of silos** and **expand opportunities** by spreading knowledge across the organization.

This approach is not only important within, but between, organizations. A <u>survey of the 2018 Ashoka Fellowship</u> illustrates the importance of building multi-stakeholder approaches in order to work towards a common goal.



Systemic action

Changemakers who examine complex social and environmental problems as ecosystems and adopt the attitude that every problem is solvable often take systemic action.

McKinsey identifies <u>shared beliefs in systems-changing leaders</u>. They **accept constant change** as a reality and **believe every individual and organization can make a change** within a system if empowered to do so. Taking systemic action requires people to feel empowered to take risks and put forward creative, entrepreneurial solutions that are effective, sustainable, and just.

Shared leadership

A changemaking organization with a shared leadership model focuses on scaling the social impact idea, not necessarily the organization.

Shared leadership encourages replication of models by other individuals and institutions in order to achieve <u>wider positive impact</u>, as seen in 90 percent of Ashoka's Fellows. This <u>collective approach</u> <u>to leadership</u> means that team members are invited to the table as co-creators.

Why changemaking matters

A culture of changemaking can become a powerful source of differentiation by helping you realize and deliver on your organization's (and your customers') purpose:

- Organizational models become more open, flexible, and nimble, allowing teams to <u>quickly adapt and innovate</u>.
- Companies gain a window into future market trends and can more easily identify the right impact goals that align with their core business missions by collaborating with social entrepreneurs.
- Companies can identify and reach <u>new and untapped markets</u>.

Recognizing and nurturing changemaking skills accelerates your organization's capacity for transformation, innovation, and impact.





Spotlight on Transformation

Ashoka's partnership with a major pharmaceutical company over the last decade demonstrates the core value of a culture of changemaking. Guided by Ashoka and its community of Fellows, employees embarked on a journey of internal transformation by collaborating with social entrepreneurs in a host of ways:

- The company's executives have worked with social entrepreneurs to provide strategic on-site support, leading to ongoing collaborations.
- Employees across all businesses, functions, and geographies have engaged in Ashoka's tailored social intrapreneurship course worldwide.

 Ashoka Fellows (social entrepreneurs) and employees have co-created many impactful and innovative solutions that address unmet health needs of vulnerable communities. This work has been a source of inspiration and contributed to strengthening their sense of purpose.

The company's leadership has acknowledged that this journey, and especially the ability to look through the lens of social entrepreneurs, helped employees anticipate market changes and see longer term new market opportunities, especially for serving those in the "base of the pyramid."

How can you enable a culture of changemaking?

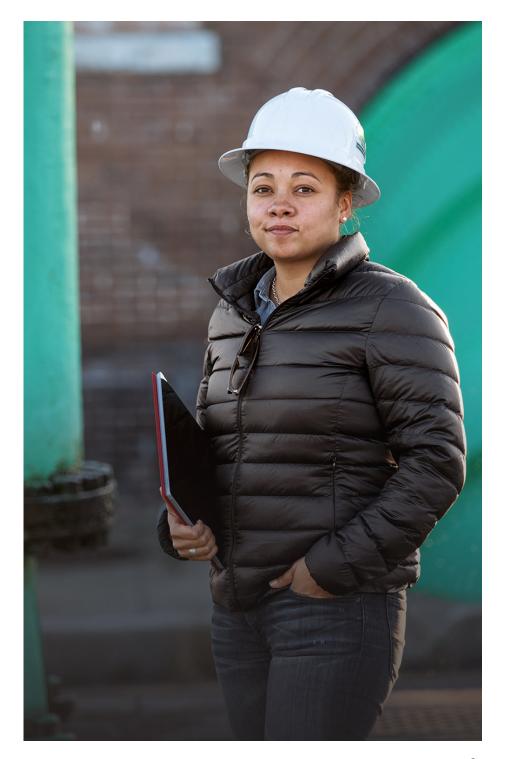
The following strategies can help grow your capacity for changemaking as you innovate and build partnerships to create a more inclusive economy:

- · Embed purpose in how you lead
- Engage with social impact partners
- Encourage social innovation
- Institutionalize the change

We've heard from those of you already leading with purpose that the important thing is to take a step forward and begin this journey.

"Just start. You can't afford to wait. Surprise yourself with the opportunity that this journey presents. The starting point can be transforming your internal culture. Eventually you'll be bringing new skills and a new mindset to your customer base."

- John Mayes, CHRO, SoftwareONE



Embed purpose in how you lead

Purpose and empathy are uniquely linked. Practicing empathetic leadership can help businesses find common ground with their customers and employees and develop win-win solutions.

Insights

- Invest time in defining a 'North Star'—the societal purpose that transcends and transforms the business. Aligned with an organization's core business and core assets, a 'North Star' can fundamentally change the way success is defined by balancing economic and social value creation.
- Listen to employees by establishing regular feedback loops.
 For example, engage in reverse mentoring with employees, especially millennials, who have strong views on purpose.
 Develop and test a purpose-driven strategy.
- Promote a culture where different perspectives are celebrated and supported and people can find belonging and enjoy psychological safety. When people feel included, it can lead to better team decision making and greater collaboration.
- ▶ Partner Example: Fueled by purpose and inspired by her son, who is high-functioning autistic, Margaret Totten made digital inclusion core to the mission of her company, <u>Akari Solutions</u>. She prioritized that value across workstreams, from technical deployments through its change management practice. Akari also developed their own IP with <u>Akari Virtual Assistant</u> (AVA), an intelligent chatbot that leverages Al to enable the lives of users with hidden or situational disabilities.



Spotlight on Impact

Formalizing the company's purpose—to make a **genuine human impact**—was one of the first things Pamela Maynard did when she was the newly appointed CEO of Avanade.

Avanade established a <u>Technology for Social Good</u> initiative focused on becoming a trusted advisor to the non-profit sector. The goal of this collaboration was to provide relevant, innovative, and affordable solutions to address challenges faced by non-profits. This work has fueled development of new IP such as the <u>Avanade Grant Making</u> solution and has also become a platform through which Avanade employees could give back.

The company has shared that having a clear purpose has unified their employees. It has also shifted conversations with clients from being purely focused on technology to being concerned with the broader impact they are having on their clients, customers, and employees.

"As a leader, be prepared to own the strategy from the outset. Champion the purpose and educate the team about it. Your organization, your teams, your employees need to see that purpose coming to life through its leaders and then it will appear authentic, real, and that 'North Star' will feel like it's achievable."

- Pamela Maynard, CEO, Avanade

Engage with social impact partners

Engaging with unconventional partners, including nonprofits and social enterprises, provides opportunities to witness social innovations at scale and changemaking mindsets in action within a system.

Insights

- Enable a transfer of knowledge from social entrepreneurs.
 For example, 97 percent of social entrepreneurs in Ashoka's network focus on influencing societal mindsets and cultural norms through their venture. Bringing social entrepreneurs together with employees can help them adopt similar models and insights into their work.
- Foster a network of peers and allies with the same impact goal, which can help advance your company's internal transformation and reach impact goals.
- Find social entrepreneurs in your industry to co-create your purpose-driven strategy.

These experiences can help individuals and teams learn to take systemic action.

▶ Partner Example: A <u>collaboration</u> among AvePoint, USAID, International Organization for Migration (IOM), and Microsoft led to the development of innovative technological applications that helped government agencies combat human trafficking. This enabled AvePoint to identify a market opportunity. They developed a <u>Citizen Services solution</u> that enables cities and local governments to receive citizen service needs on-the-go and address them guickly.

"Engage with nonconventional partners, your ecosystem, and with the not-for-profit sector. This mix of cultures will be rich and help uncover new ways of doing business and new ways of engaging with society."

- Arnaud Mourot, VP, Ashoka



Encourage social innovation

Purpose-driven leaders have a commitment to social innovation. They launch solutions that address systemic social and environmental issues.

Consider asking yourself and your team similarly big questions, for example: How might we build solutions that **increase access** of a customer's product to an underserved population? How might we enable our customers to **measure their environment impact**?

Insights

- Build impact considerations into your innovation pipeline and grow the percentage of solutions in your portfolio that include social impact.
- Promote an entrepreneurial mindset. Welcome an "ask for forgiveness, not permission" approach.
- Cultivate a culture that rewards and promotes innovative thinking, for example, by including such indicators in performance metrics.
- Encourage cross-functional teams so project leaders can tap talent across departments and other silos.

Building the mindset and instilling business practices that increase social innovation processes can enable a culture of changemaking where everyone is working towards impact goals.



Spotlight on Innovation

It started with a Microsoft engineer inspired to <u>collaborate</u> with a nonprofit focused on helping wounded military veterans recover through gaming. Through multiple hack projects led by different teams of employees, and research and experimentation at the <u>Inclusive Tech Lab</u> (a space formed for gamers with disabilities), the Xbox Adaptive Controller was developed. It was named by Time Magazine as one of the <u>best inventions in 2018</u>.

Those hack projects, among several others, led to <u>Ability Hacks</u> becoming a new category at the annual, global, and companywide Microsoft hackathon. In less than five years, more than 300 Ability Hack projects were submitted. This is how product features such as <u>Eye Control for Windows 10</u>, <u>Microsoft Learning Tools</u>, and <u>Seeing Al</u> got their start.

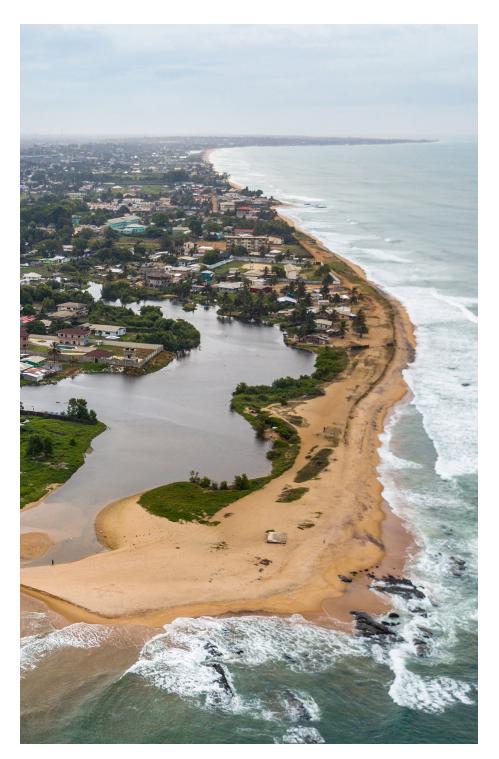
→ Partner Example: To democratize access to the internet for 90 percent of the Indian population who do not speak English, founders of Reverie Technologies developed a language-as-aservice solution. This innovation enabled real-time language translation for digital and mobile content in 11 Indian languages, giving non-English speaking consumers access to the internet in their own language.

Institutionalize the change

To create a cultural shift that is embedded into core business and lasts, Ashoka and others have observed how companies need to embed impact into decision making and performance indicators.

Insights

- Develop social impact KPIs tied to core business activities.
- Seek support from expert social impact organizations on setting meaningful transformation goals.
- Recruit for moral fiber and impact experience, especially in the developing world or other cross-cultural settings. A focus on this value also helps develop cognitive empathy.
- Include aspects of the changemaker skillset in hiring criteria and performance reviews. Ensure transparency and accountability of leaders at all levels.
- → Microsoft Example: To measure the company-wide accessibility program in a more systemic way, Microsoft leveraged best practices in maturity models. We developed an <u>Accessibility</u> <u>Evolution Model</u> that sets targets and assesses progress.



Possibilities

As we support an accelerated pace of digital transformation for our customers and communities, we can work to build technology that is more inclusive and trusted and increases sustainability.

We hope these learnings from the social impact sector and examples from Microsoft and our partner community help fuel this effort. When a company cultivates a culture of changemaking, it experiences deep—and often unexpected—shifts, which can affect everything from hiring to core business strategy.

This journey of transformation lays the groundwork for more purpose-driven leadership that can deepen our collective impact on the communities we serve across the globe.

Learn about enabling an inclusive economy.

Connect with like-minded partners.

About Ashoka

Founded in 1980, Ashoka is the world's leading community of over 3,800 social entrepreneurs in 90+ countries. Their vision is an "Everyone a Changemaker" world where all are empowered to contribute to positive impact. Ashoka's Changemaker Companies team partners with companies and social entrepreneurs to embed social and environmental impact into companies' core business.



We would love your thoughts on this article. Tell us here.

Authentic change starts within. Results ripple far beyond.



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