

Responsible Leadership

Leadership comprises social responsibility

ZOE editor Dr. Brigitte Winkler talks with Markus Hipp, Member of the Board of Directors of the BMW Foundation Herbert Quandt, about the social responsibility of leaders and how the BMW Foundation supports responsible leadership on a global scale.

ZOE: Mr. Hipp, one focus of the BMW Foundation Herbert Quandt is on building a global network of leaders who assume social responsibility and who, as Responsible Leaders, work towards a peaceful, just and sustainable future. What is so special about your approach?

Hipp: Our Foundation takes as its explicit target group mid-career leaders, who we see as a significant lever for change. In our experience, many leaders at this point in their lives have a lot of professional and personal responsibility and are extremely busy. Therefore, it is important to figure out what works for their schedule and where and how to get them to work towards a better future. This can include changes in their professional or personal environments, but the motivation needs to come from the leaders themselves and fit the phase of life they are in. Therefore, we do not take a moralistic stance in our various programs or networks, but aim to be open and open-minded. We want to inspire the leaders to want to take the next suitable step and to stimulate their interest in growing as a person.

ZOE: How do you go about doing this?

Hipp: In the last few years, we have developed a special methodology that we continually keep refining. We organize a variety of leadership programs and formats for approx. 30–50 people. The participants are carefully curated to make sure that the groups are radically diverse. In our experience, this is an essential prerequisite to get certain processes going. For example, we make sure to invite only one or two participants from the same context. This way, we avoid having the usual small-group shop talk among peers. The only thing our participants have in common is that they have influence and power in their role as leaders – whether in the public sector or in business, social innovation or the arts. Given this international,

ethnic, gender, and professional diversity, the participants immediately sense that the focus is on who they are as a person, not primarily on their professional context and expertise.

Moreover, we have observed time and again that it takes special places to create change and spaces of trust. So, we very carefully choose the venues for our events. In addition, our teams, together with experienced facilitators, create an individual design for each multi-day encounter format. Our formats generally take place over three to four days. The participants experience them as a mix of introspective elements – that is, questions that they ask themselves as persons, as individuals –, inputs, and contributions that emerge from the group's diversity, the encounter with other organizations or the history of the places that stimulate visual learning. Or from the fact that we explicitly engage with specific topics, such as the UN 2030 Agenda and the Sustainable Development Goals (SDGs) or other, even more specific key areas of the Foundation. As a matter of principle, we try to generate maximum interactivity between the participants. We do not work with external experts but with the assets and knowledge of the participants. We want them to have a joyful, cheerful attitude, a fascination for meeting other Responsible Leaders. For me, it's always an overwhelming experience to see that it is possible – e.g., during our Responsible Leaders Forums – to create a space of trust between 30 or 50 people within a very short period of time, thus enabling the participants to address the topics that concern them most.

ZOE: What social challenges need to be urgently addressed? And what role does Responsible Leadership play in that?

Hipp: As a Foundation, we have deliberately decided to support the Sustainable Development Goals of the United Nations 2030 Agenda and to adopt them as our basic values and issues. The 17 SDGs are a historic milestone, through which the inter-

national community, together with NGOs as well as the business and the scientific communities, has described the world's social challenges and formulated concrete goals. From our perspective, it therefore makes sense not to come up with new goals but to help realize these goals and to ask ourselves, as an organization, what special focus, competencies, and resources we can contribute to achieving these goals.

During the next three years, we will focus in particular on six goals: Goal #8: Decent Work and Economic Growth; Goal #9: Industry, Innovation and Infrastructure; Goal #10: Reduced Inequalities; and Goal #11: Sustainable Cities and Communities. In our view, a precondition for these goals is the big, overarching Goal #16: Peace, Justice and Strong Institutions.

For example, a major concern for us is to make sure that the European Union and the successes it has helped us achieve in terms of peace and justice do not fall apart. We explicitly deal with this topic in an event series entitled «Refocusing Europe», which we connect to the SDGs. Comprised of several so-called European Tables, which focus on issues such as identity or security and take place in different EU countries, the series culminates in the Munich European Forum, which aims to develop recommendations for action and promote new initiatives that strengthen Europe.

Another fundamental objective of the Foundation is to enter into partnerships to achieve these goals, which has been formulated as Goal #17 of the SDGs. We need completely new forms of collaboration. This starts with the leaders' readiness and ability to search for new solutions across sectoral and organizational boundaries. This is why the target group of Responsible Leaders and their opportunities to influence are so important for us.

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ZOE: What have you achieved so far? What is still open, and what do you want to achieve in the next few years?

Hipp: During the last fifteen years, we have intuitively and generically developed a methodology to design leadership programs that stimulate leaders to engage more deeply with their social responsibility and possibilities for action. Based on the feedback from our leaders and the subsequent changes we have noticed, we know that we manage to inspire and create functioning networks among our Responsible Leaders. We know of several concrete impact stories where we have enabled them to find ways to re-orient their organization towards social responsibility or to serve pro bono on advisory boards or

other boards of outstanding social enterprises or public social innovations. Our approach is not your traditional Foundation approach. We serve as an intermediary. Our impact and input are not always immediately visible or measurable; rather, it is about processes. But processes, in human beings or in organizations, often take time until you realize that something new is emerging from them. We are currently developing a descriptive and analytical model for demonstrating that our work and our financial investment in the common good is money well invested and has major leverage.

I am very proud that we, in coordination with our various boards, have managed to move away from a more intuitive business model, as you often find it with start-ups, towards an organizational DNA and a clear strategic focus. Our three working areas – Inspire, Connect, and Invest – feed directly into this focus. On the meta-level of impact, we, together with other comparable international actors, advance the fundamental discussion on the social responsibility of people in privileged positions of leadership. It is devastating to see that the financial crisis, to mention just one example, was ultimately due to a radical failure of leadership and the fact that outstanding leaders did not base their actions on values.

ZOE: Leaders are generally under big pressure to achieve their business goals. Now the topic of creating value for the common good becomes an additional dimension. What does it take for leaders to be able and willing to assume social responsibility? What can your Foundation contribute?

Hipp: The privilege of my job is that I travel a lot and come into contact with numerous networks around topics such as the new economy, social business, and social entrepreneurship. What I am observing worldwide is that the mental separation of business success and social responsibility can no longer be maintained and that a far-reaching rethinking has begun. The global B-Corps movement is an exciting example. (Editor's note: B-Corp certified companies are defined by a new way of doing business: They balance profit and positive impact. At the core is the B-Corps certification, which helps the organization evaluate and improve its social impact.) Big corporations, too, are becoming increasingly or newly aware that entrepreneurial activity has to consistently contribute to creating a better society. This has long been built into our German model of the social market economy that is still too little known in the world.

So how can we successfully reflect on the social dimensions of our actions while at the same time dealing with the big pressures at work? I am observing in many companies that they are searching for ways to tap into these new paradigms. They sense that it is becoming more important strategically to show that a company really contributes to society, whether by paying taxes, organizing its product and sustainability chains, or by

consciously reflecting on the collateral damage caused by its products and services. We still have parallel worlds today. On the one hand, there is a powerful global movement of companies who increasingly face up to their social responsibility. On the other hand, there are still many who hold on to old answers. Which trend will prevail: a new, more holistic dimension of entrepreneurial activity or the continued reliance on old, reckless ways of doing business, as is, unfortunately, still the case in many countries? I am optimistic, so my guess is that it will be the former.

ZOE: How can leaders take action? What are important steps to turn good intentions and ideas into concrete actions?

Hipp: I believe the very first step is for leaders to ask themselves honest questions: Am I in the right place? Is my personal and professional context basically okay or do I support something that has no real future? Do I have sufficient possibilities to influence my environment and change something for the better? And if so, are there communities that can help me recharge my batteries emotionally and with which I can discuss methods and approaches to really advance change? Through our programs, we create spaces for such reflections. Suddenly, the participants are confronted with these essential questions, the answers to which can yield valuable insights and transformational power.

Second, we invite most of our first-time participants to join our community so that they can keep re-experiencing the trusting exchange and strengthen their motivation to change.

ZOE: The BMW Foundation supports movements all over the world that help Responsible Leaders bring about long-term changes in their organizations, environments, or the initiatives they participate in. What is your approach?

Hipp: We provide members of our networks with access to other professional networks and movements that they can get involved in or that can help them generate change in their organizations or personal environment (e.g., the global Pro Bono Network, which we co-founded). For example, if you are an entrepreneur and want to elevate social and societal responsibility in your company to a whole new level, we connect you with movements such as B-Corps, Sistema B, or the League of Social Intrapreneurs who help you advance change processes using their own methods and approaches. Sometimes, we actively support the first steps, but mostly it is our goal to strengthen the self-efficacy of the leaders.

ZOE: What movements do you think will be particularly relevant in the future (e.g., to support the Sustainable Development Goals of the United Nations 2030 Agenda)?

Hipp: What currently fascinates me most is the global change of perspective that we are experiencing. Many dynamic movements come from the global South, from Africa and Latin America. There, the social pressures are so high that well-educated, young people use incredibly creative ways to develop better solutions for the future. New forms of collaboration between social actors are emerging. The real innovations and ideas for change do no longer come from the highly developed Western societies. We see how Asia has changed and developed in the last 30 to 40 years. I am observing this with great curiosity but also with a lot of ignorance. I think that the decades-long sole hegemony of the U.S. American model is over. If we look at the technologically disruptive innovations coming from Silicon Valley, we notice that unfortunately the underlying social and business models are often still very traditional. When it comes to social and entrepreneurial developments, the exciting things are happening in other parts of the world.

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In addition, what I see on all continents is that Europe with its rules-based social model and its generally positive standard of living still carries a lot of power. The world is still very curious about the model of the European Union. It has helped us stabilize peace as a basic prerequisite for any further development.

Markus Hipp – Short Bio

Markus Hipp has been a director of the BMW Foundation Herbert Quandt since 2006. After studying philosophy with the Jesuits in Munich, he taught for two years at the Universities of Budweis and Brno in the Czech Republic as a lecturer of the Robert Bosch Foundation. In 1996, he, together with friends, founded the association MitOst e.V. that fosters cultural exchange, active citizenship, and sustainable urban development in Central, Eastern, and Southeastern Europe. After first work experiences in marketing and publishing, Markus Hipp in 1998 became assistant to the executive director of the Robert Bosch Stiftung, where he helped develop the Central, Eastern and Southeastern Europe program area from 2000 until 2006 and established the foundation's Berlin office from 2002.

Together with the founder Helga Breuninger, he developed the «Campus Paretz» for social innovation. In addition to his professional activity, Markus Hipp is involved pro bono in numerous organizations and social enterprises, such as the global Impact Hub Network or Germany's biggest donation platform, betterplace.org.

ZOE: We already talked about the trend that leadership also means assuming social responsibility. Are you also observing other trends?

Hipp: I can only describe my subjective observations and insights from the many conversations I have had, and it would be wonderful to be able to draw on robust figures. I see the emergence of a generation of well-educated young leaders who want to find and develop sustainable and socially responsible forms of entrepreneurship in a much more radical way than previous generations. This gives me hope. In the last six decades, mankind has massively changed the planet Earth. The explosion of knowledge and of the digital sector can help us find other ways.

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Another strong movement is the desire to find new meaning in one's work. All over the world, we see the breakdown of traditional forms of belonging, such as family, local, national, and ethnic contexts. As a result, there is a longing for new forms of inclusive communities. If it is possible to build inclusive rather than ideologically or religiously defined communities, if we do not exclude that which is foreign and unfamiliar or seek to destroy other communities, this would have an enormous impact for a peaceful world.

ZOE: You yourself have gained varied experiences as a social entrepreneur. What does it take to effectively implement and realize ideas? What advice or what recommendations would you give to social entrepreneurs?

The BMW Foundation Herbert Quandt

The BMW Foundation Herbert Quandt promotes responsible leadership and inspires leaders worldwide to work towards a peaceful, just and sustainable future. Through its programs, the Foundation inspires leaders to take their social and political commitment to the next level, to network with others through its global BMW Foundation Responsible Leaders Network, and to collaborate to achieve the Sustainable Development Goals of the United Nations 2030 Agenda. The Foundation invests capital in impactful organizations and encourages leaders to embrace venture philanthropy and impact investing as effective tools for social change.

Hipp: In 1996, I, together with some friends, founded the association MitOst that fosters cultural exchange, active citizenship and sustainable urban development across cultural, linguistic and sectoral borders in Central, Eastern and Southeastern Europe. Based on this personal experience and the discussions and collaborations with lots of social entrepreneurs, I realized only in hindsight how important it is to build a functioning organization. In the beginning, social founders are always driven by their social purposes. Often, they do not realize that they become entrepreneurs and that they need to develop a business and organizational model and find long-term funding.

Most difficulties emerge during the first three to five years after founding a business. This is when you realize, perhaps as a result of external consultancy and input, that you need to invest the necessary time and resources into the structural foundations that will help you spread and scale your social product professionally, lastingly, and sustainably. This is why organizations such as Ashoka are so incredibly helpful. Today, there is a veritable ecosystem of support. This is important so that social innovations can grow stronger through size and scaling.

In addition, one should know the societal system one is seeking to impact and the framework conditions very well. We live in a highly developed social welfare state with well-established, often very successful organizations that are sometimes, however, resisting innovation. So what we have here is an interplay of innovation systems run by very different actors and in different stages of development. You need to know the existing structures to find the right sources of support and the right networks. We have wonderful examples of how big players can help innovative approaches reach a whole new level of scale. Take, for example, the Generationsbrücke Deutschland whose growth the BMW Foundation has accompanied for more than ten years. Generationsbrücke Deutschland initiates regular, long-term and well-prepared cross-generational encounters between elderly care home residents and young people. Today, the concept is established in more than 100 elderly care homes and the approach is scaled via charities, Caritas, public sponsors, and cities. On the one hand, it takes a certain human resources policy on the part of the social entrepreneur to recruit employees from this context. On the other hand, big players need to think about how to integrate social innovation systems into their structures. Especially with highly decentralized organizations such as Caritas, this is a real challenge.

ZOE: What approaches or principles of change management have proven helpful when it comes to implementing social innovations?

Hipp: Individuals or foundations that want to get involved in a societal issue should undertake a systematic environmental and stakeholder analysis in cooperation with scientific institu-

tions or consulting and scouting partners in order to find out what competitive approaches, target groups, and key actors are already out there. I frequently see that philanthropists, believing that they know the right solutions, do not take the necessary care and time to do that, thus immensely underestimating the professionalism of the field.

In the field of philanthropy, we at the BMW Foundation advocate a venture philanthropy approach. Rather than launch our own projects, we identify promising founder teams that need financial support to let their ideas unfold dynamically. The most innovative ideas often emerge in close proximity to the problem, and these solutions are completely different from somebody coming in from the outside.

However, it is not enough to have dynamic social entrepreneurs. You also have to identify those within the system who, as intrapreneurs, «open the door from inside,» so to speak. Instead of immediately taking action for action's sake, it is worth having thorough environmental and systems analyses of stakeholder and participatory processes. Instead of running their own projects, more and more community foundations deliberately choose the role of an independent societal intermediary between the public sector, civil society, and business. They invest in processes rather than in projects. Processes are expensive and not as sexy as concrete projects, but they are incredibly effective. For example, you can have a community foundation that launches a project on the topic of euthanasia. But you can also initiate a longer-term process where you bring together, in a moderated environment, all those affected by the topic in a city in order to network with those already active in the field and to more intelligently use resources, improve the division of labor, and generate progress based on existing projects. In my view, this is a smarter approach than starting another new project.

ZOE: How does your Foundation's mission fit in with the corporate philosophy of BMW? Isn't there a contradiction between the Foundation's mission and the current business model of BMW?

Hipp: BMW wants to fulfill people's need for mobility, which has been a key element in our societal development. From this intention and work, there have, over time, emerged problems that could not be predicted and that need to be addressed. The BMW company stands for innovation. The company's management has known for a long time that it takes a radical change towards completely new forms of mobility in the future. This is why it strongly promotes topics such as electromobility or «efficient dynamics.» For the company to be fit for the future and for its corporate foundation to remain credible, BMW has long engaged with these issues. During the company's centenary in 2016, BMW emphasized that it deliberately wants

to strengthen its independent corporate foundation as part of its CSR strategy. Thanks to its independence, the BMW Foundation is able to confront BMW with societal developments and changes in value that the company would fail to perceive (at this early stage) based on its own logic.

I believe that big corporations, through their resources, expertise, and process competence, can help shape many positive changes in our societies. If there is the political will to innovate and change, we need many strong players that together help shape positive social change. You cannot eradicate people's need for mobility. But we need to find new ways to increasingly limit and, in the medium to long term, put an end to mobility's negative impact on the planet.

ZOE: Your Foundation is also active in the field of impact investing. What opportunities does this topic offer and what role does it play in the context of Responsible Leadership?

Hipp: We at the BMW Foundation realized early on that our accumulated capital, which yields return, gives us great leverage. In the past, there was a clear separation between our investments and the financial support we gave to initiatives. Of course, this leads to major contradictions, making the entire business model untrustworthy. We are observing all over the world that companies are changing and that they see their purpose in changing society for the better. For this, we need new investment products and funds that explicitly help bring about positive social change while being profitable at the same time. In a first step, you should screen your assets and explicitly exclude those that help finance irresponsible companies.

If we develop secure and profitable investment options that also serve the common good, we create an enormous lever for social change. Our Foundation expressly invests increasing parts of our assets this way and we also promote this paradigm of impact investing worldwide through imparting knowledge, entering into partnerships (e.g., with the Toniic network), and building an ecosystem around this issue. This way, Responsible Leaders can contribute to society as Responsible Investors.

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ZOE: Big social challenges cannot be solved by individuals. How is it possible to successfully promote cooperation across organizational and societal sectors?

Hipp: This takes us back to our Responsible Leaders approach. Based on my more than 30 years of experience in the field, I know that we need to invest much more time in building colla-

borations. When it comes to our own partnerships with other networks, we initially invest a lot of time in the personal encounter, in order to create really deep trust between the key persons who are ultimately to cooperate. Personal encounters based on a deep understanding for what the other person is doing and why he/she is doing it is the prerequisite for good collaboration and agreement. Of course, this also works if we use the classic direct transactional negotiation. But we have noticed that the latter does not fully exploit the potential of collaboration. Basically, it often remains a process where two egotistical interests meet and negotiate to generate something else. But if you start off with a deep personal encounter, then you indeed create something like a new sphere, jointly developing a new solution that ultimately means profit and growth for both. In the final analysis, it is about the ability of key people, of leaders to open up at a personal level and engage with other people, points of view, approaches, and organizations with curiosity.

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ZOE: What is your personal motivation in all that? What are your wishes for the future?

Hipp: I just turned 50. It is an age when you reflect a lot. I am keeping a diary and occasionally I read what I wrote years ago. My personal motivation is indeed to continue to grow through the inspiration I gain from and together with others. I studied theology and philosophy with the goal of helping to make the world a better place for more people. This is my personal motivation, which itself has undergone changes, moving away from a more theological, faith-based background to a more skeptical attitude when it comes to faith-based answers in this world. I have a vision of a better world, so I am fascinated by this momentum of transformation, which is inclusive and requires people to communicate across all kinds of borders and different backgrounds if we want the planet to survive. And this is what keeps motivating me, both personally in my local context and in my international job. But I believe that we can only do our job well and generate change if we do so in an atmosphere of joy, serenity, and ease. The complexity of the world is difficult enough, and if you let yourself be affected by certain figures and facts, then the biggest danger is cynicism, because that means that you might as well do nothing.

I myself am constantly radically reflecting on whether I am still in the right place, and on whether I can do good with the things I know how to do well, while limiting the damage caused by the things I don't do so well. The energy level it takes to start each new day with new courage doesn't get easier the older one gets.

ZOE: Peter Senge has emphasized that the development potentialities of an organization are connected to the personal development of its CEOs or responsible leaders.

Hipp: I would absolutely agree. For me, it is one of the happiest experiences to identify people with whom you can grow. One definitely needs to keep this basic motivation alive.

ZOE: Mr. Hipp, thank you for the conversation.

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