

INFLUENCE, RELEVANCE AND GROWTH FOR A CHANGING WORLD

Governments are struggling to respond to the needs of the people. The media have lost their traditional equidistance. The public impression of competence, and the trust it engenders, has tilted in favor of corporations putting pressure on them to proactively engage.

The Influence, Relevance & Growth (IRG) system based on 10 quantitative parameters offers corporations a new operating model to adapt to a societal context in which policymakers need to be continuously and deeply informed about complex, technologically intensive, and ethically charged issues.

This book is designed to help CEOs and top management align companies and prepare business students for a more realistic perspective of society and how the corporate world can compensate for the overshadowing primacy of politics.

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How to Survive & Thrive with IRG™ Beyond ESG

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Influence, Relevance & Growth For A Changing World How To Survive and Thrive with IRG™ Beyond ESG

Executive Summary

We live in a world characterized by an imbalance among key democratic constituencies: governments, corporations, media and Non-Government Organizations (NGOs). Among these four pillars, the public impression of competence and influence, and the respect it engenders, has tilted in favor of corporations.¹ The Influence Relevance and Growth system (IRG) offers insight and a methodology for corporations to manage that complexity and change. The IRG proposes measurable metrics and actions to support corporations in aligning and supporting policymakers, in managing new stakeholders' expectations and in continuing to generate economic growth while protecting shareholders' value.

The central thesis is that corporations, today, need to transfer know-how and inform policymakers on challenging topics that risk causing societal unrest and market instability. IRG does not suggest, in any shape or form, for CEOs to step into politics.

Since the fall of the Berlin wall 30 years ago, the world of business has undergone a profound transformation. Companies have generated unprecedented wealth, scale, and geopolitical influence. They have acquired state-of-the-art skills and sophisticated management systems. In the process, corporations have, largely if not exclusively, monopolized the pool of available talents.

In contrast, the public sector remained at the margins of globalization. It has lost three decades of fundamental knowhow which is instrumental to effective intermediation between the interests of capital and the well-being of the population. Populism is to a significant extent the offspring of this intermediation deficiency.

The recent invasion of Ukraine by the Russian Federation has brought globalization based on the rule of law to a sudden end. It has added an additional layer of unanticipated complexity for policymakers and the business world. A new vision of the western world will be critical. Value chains will have to be redesigned and new legislation conceived. How the corporate world interacts with policymakers in these unprecedented times will be vital to the continued success of western society, and for those elsewhere who aspire to it.

Companies are metabolizing these unprecedented suites of changes, recognizing them as structural rather than cyclical. Intensifying ESG (Environmental, Social, Governance) is misleading as it was designed for a different environment, not to cope with fundamental social, commercial and political change. This is of a different order of magnitude to eras of change such as the 1990s, when a streak of breakthrough technologies occurred against a backdrop of seemingly endless continuity. What the world faces now is a *changement d'époque*, a change of epoch that signifies a rupture with the past and the beginning of a new era, one with which the corporation must align.

The IRG recognizes this change and that traditional business does not act inspired by a superior sense of justice, sanctity, or social mission. It responds to

¹ Source: Edelman Trust Barometer 2022

necessities. This new environment is such a necessity, calling for corporate skills and processes that go beyond traditional communication or lobbying activities. The IRG also creates the media platforms needed for such broad communication. Enhancing public understanding will increase their buy-in and participation.

On October 10th 2023 in New York a new platform will be launched in cooperation with The Aspen Institute, Aspen Institute Italia, Aspen Romania and Bocconi SDA School Management. CNBC will be the media partners. The goal is to start building a broader audience to enable, overtime, responsible and informed choices.

The IRG considers ten measurable parameters assessing each, including ESG.

It adds consideration of the intersection between the corporation and policymakers. In that way, it measures how a company can become influential and relevant outside the industry perimeter.

The IRG is based on the lessons learned from its application, a methodology involving a four-step process. The company first performs a confidential self-assessment within ten parameters. In the second phase, the artificial intelligence and machine learning IRG proprietary software verifies what the outside world believes the company represents within the same ten parameters. In the third step the company can appraise the difference between the self-perception of the first phase and the reality check. In the fourth step the company, through the IRG, responds by designing and implementing a program to enhance its standing in and positive contribution to society.

History matters, and knowledge acquaints us with both the admirable strengths and the perils of our own culture. We must harness our strength and recognize the perils.

IRG™ 1 10 Dimensions of Influence, Relevance & Growth

1	Company governance measures the soundness of the governance, its board members' capabilities/ fit to support the mission, its structure and related evaluation procedures	1. Strength & Leadership
2	Industry leadership measures the impact of the Corporation within its own sector(s)	
3	Financial influence measures the Corporation's actual and perceived financial strength	
4	Industry power assesses the positioning of the Corporation in shaping the terms of the debate domestically/ regionally and/or globally beyond its own sector(s) and/or adjacent ones	
5	Innovation excellence focuses on the role of the Corporation as a global innovator within the industry	2. Reach out with competence & gravitas
6	World citizenship measures the Corporation's actions, presence, leadership in key national and international fora; addressing globally/regionally/ locally sustainable and innovative themes for societal/industry well being; becoming a thought-leader and sought after partner/counselor	
7	Media strength measures the ability of the Corporation in communicating the 2-3 strategic themes for contributing to the societal well being; in engaging its stakeholders, in promoting its world-citizenship vision in a "statesman like" fashion; in being perceived competent advisor to hone/ address the issues at stake	3. Empowerment
8	Thought leadership the Corporation's capability to contribute to industry / managerial development with cutting edge best practices and opinions, and to make them known to external constituencies. It creates the means/media to share its vision and know-how with stakeholders and, in particular, with policy makers	
9	Social responsibility/diversity/sustainability Corporation's plans and stance in supporting these themes internally (workplace) and externally	
10	Human capital measures the attractiveness of the Corporations as a workplace/employer and its effort in supporting employees' professional growth, in attracting talents, and responding to emerging new needs	

1. Influence Relevance & Growth Index, a US trademark registered by Why Italy Matters Corp. DBA NEWEST Corp.