

1. Introduction: Why is portfolio strategizing vital for attaining sustainability ambitions?

Portfolio strategizing aims to improve the fit between an organization's sustainability ambitions and the way its strategy is implemented in practice. It involves critically reassessing existing choices, implementation challenges and emerging opportunities, in order to narrow the gap between 'intended' and 'realized' strategies.

Strategizing should thereby be understood as an organizational 'journey' (Mintzberg et al., 2009) and dynamic process – *strategizing in action* – that seeks to link "aspirations and capabilities, issues and answers, problems and solutions" (Bryson, 2021), enabling organizations to respond more effectively to sustainability and resilience challenges. As strategizing unfolds in conditions of complexity – through continuous interaction with internal and external stakeholders, and as part of broader organizational positioning and transition processes – it is often difficult to determine in advance what constitutes an optimal or resilient portfolio configuration. Strategic choices may turn out to reinforce or undermine beneficial interactions between portfolio components, build or erode relational capital, and strengthen or weaken future strategizing capacity. Decisions to strengthen, reduce or terminate specific activities can have significant consequences for the coherence, effectiveness and resilience of not only the portfolio, but also of the entire organization, the configuration and governance of its value chain, and the business ecosystem in which it operates.

Accordingly, developing a *future-oriented* sustainability portfolio requires organizations to move beyond a narrow focus on currently material issues, and adopt a more *forward-looking* perspective in four – partly overlapping and interconnected – key domains [see ***Portfolio Management for Sustainability: 4 Dimensions***]:

- Their product and service mix portfolio
- Their stakeholder (and partnership) portfolio
- Their issue portfolio
- Their country portfolio

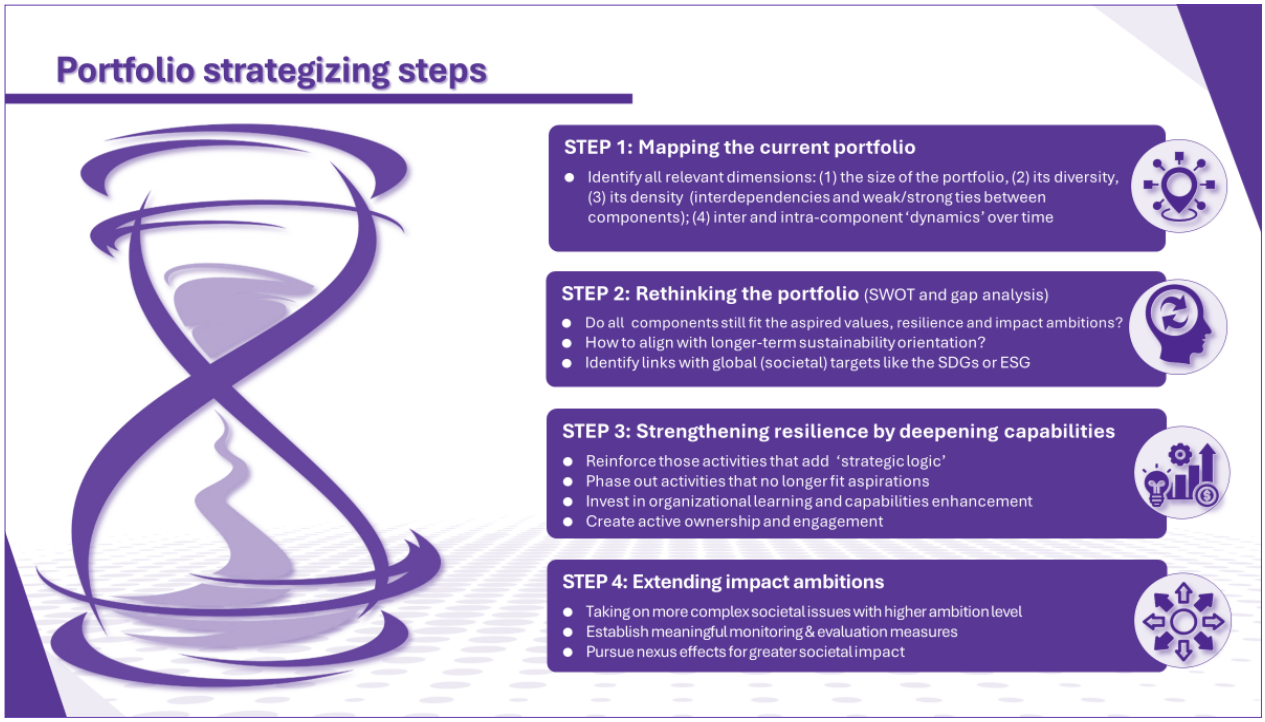
This approach shifts the central strategizing question from portfolio 'optimization' alone, to a much broader challenge:

How can societal targets and sustainability ambitions be used to reconfigure organizational portfolios in ways that enhance resilience, sustainability and leverage societal impact?

Portfolio strategizing can then be viewed as a structured process for continuously assessing and reconfiguring vital portfolios to improve their contribution to sustainability goals and long-term organizational resilience.

2. What sequence to adopt for portfolio strategizing?

Portfolio strategizing can be approached as a sequence of analytical steps to reassess and gradually 'redraw' the organization's portfolio and facilitate (re-)configuration decisions. Guiding questions along four consecutive steps can help navigate portfolio decisions in working towards greater activities fit: (1) mapping, (2) rethinking, (3) strengthening, (4) extending.



Full figure in Annex

▶ STEP 1: MAPPING THE CURRENT PORTFOLIO



The first step in portfolio strategizing is to develop a clear understanding of the organization's existing portfolio. Portfolio mapping provides a method for creating a systematic overview of current activities to reveal how well they align with the organization's sustainability ambitions. It serves as the foundation for subsequent decisions on portfolio optimization and reconfiguration.

Portfolio mapping focuses on four dimensions:[1]

- **Size** – the number of portfolio components;
- **Diversity** – the variety of actors, activities or issues represented;
- **Density** – the strength and interconnectedness of relationships within the portfolio;
- **Dynamics** – how the portfolio evolved over time.

Together, these dimensions provide a comprehensive picture of the current portfolio and enable the construction of a portfolio map – often in the form of an infographic – that can be used as holistic stepping stone to identify strengths, weaknesses, gaps and opportunities for future development.

[1] See also Section 12.4 of 'Principles of Sustainable Business' – pages 866-890 – for a further elaboration of 'Portfolio Management' and 'Portfolio Strategizing' – in particular in the domain of Partnership Portfolio Management (PMM).

Portfolio Size

Portfolio size refers to the number and scope of activities included in the portfolio, whether these involve products and services, stakeholders, societal issues, countries of operation or partnerships. As portfolios grow, organizations face increasing coordination and span-of-control challenges. This is particularly relevant when dealing with a large number of sustainability issues, stakeholders and stakeholder expectations. Decisions about portfolio size therefore depend on prioritization and materiality choices: which societal developments are considered vital, what issues hence deserve particular attention, at what ambition level, and through which engagement strategies?

To keep the portfolio manageable, it was suggested that every organization should typically identify two or three major components crucial for future success, five to seven that are important at an operating level and, potentially, dozens of tactical areas (Bamford and Ernst, 2002: 38). Prioritizing as such should ensure that managers give enough attention to an organization's most relevant sustainability issues.

Portfolio Diversity

Portfolio diversity reflects the variety of actors, resources, perspectives and capabilities represented in the portfolio. A diverse portfolio can enhance organizational effectiveness by bringing together complementary competences, resources, networks, legitimacy and forms of expertise. Diversity reveals the breadth of potential benefits an organization might obtain from a multifaceted portfolio – for instance in terms of resource contributions, knowledge accumulation, relational capital, reputation, local embeddedness and internationality of partners (Wassmer, 2010). Optimization of the present portfolio then requires balancing breadth and focus. The portfolio should be sufficiently diverse to address complex sustainability challenges while remaining coherent enough to generate synergies across activities and partnerships.

Portfolio Density

Portfolio density concerns the intensity and degree of interconnectedness of relationships within the portfolio. Dense portfolios are characterized by strong and reciprocal connections among activities and stakeholders. Less dense portfolios contain looser and more occasional relationships. Both types can be valuable. Strong ties often facilitate trust, coordination and collective action, whereas weaker ties can provide flexibility, innovation and access to new networks. Assessing density requires attention not only to direct relationships but also to the wider ecosystem in which the portfolio operates. Understanding these interdependencies helps organizations identify opportunities for collaboration as well as potential vulnerabilities.

Portfolio Dynamics

Portfolios are not static. They evolve through the creation, modification and termination of activities and relationships. Changes may result from learning processes, strategic decisions, shifts in stakeholder expectations, regulatory developments or changing societal conditions. Portfolio dynamics are influenced by factors such as trust, goal alignment, conflict management, partnership performance and entry or exit decisions. Because changes in individual relationships can affect the performance of the portfolio as a whole, organizations should monitor how patterns of interaction develop over time and assess their implications for sustainability objectives.

The Portfolio Map

The portfolio map can be portrayed as a – creatively designed – graphical (poster) representation of findings. It combines the dimensions of size, diversity, density and dynamics into an integrated representation of the organization's portfolio at a given moment in time. A well-constructed portfolio map helps identify:

- Patterns and concentrations of activity;
- Gaps and blind spots;
- Overlaps and redundancies;
- Coordination challenges;
- Opportunities for synergy and learning.

The map provides a basis for assessing whether the realized portfolio reflects the organization's intended sustainability strategy. Ideally, the portfolio should exhibit a clear ***strategic logic*** and support the organization's sustainability ambitions in a ***coherent*** manner. In practice, however, many sustainability activities emerge through decentralized initiatives, local experimentation and bottom-up processes. Portfolio mapping therefore helps reveal mismatches between intended and realized strategies and identifies areas where greater coordination, institutionalization or strategic focus may be required.

Portfolio Mapping Dimensions by Portfolio Type

PORTFOLIO TYPE	KEY MAPPING DIMENSIONS
Product-Service Mix Portfolio	▪ **Size:** number of distinct offerings, product families, service types and markets served. ▪ **Diversity:** spread of business lines (diversification) and degree of market differentiation of the product-service portfolio (e.g., in terms of different functions, value propositions, revenue models, technologies). ▪ **Density:** the extent to which portfolio value is concentrated in the interconnectedness among offerings rather than in the offerings considered independently (e.g. through shared resources, components, capabilities, technologies or overlap in customers, channels and value-creation processes). ▪ **Dynamics:** the rate, direction and pattern of change in portfolio composition and the relationships among its offerings over time (e.g., in terms of introduction, growth, withdrawal, replacement, variant proliferation, expansion, contraction, diversification, consolidation, bundling or integration of offerings, movement up/down the value chain).
Stakeholder Portfolio See Video 4, Q12 on stakeholder and partnership portfolio mapping, ***HERE***	▪ **Size:** number and range of stakeholders involved (societal triangulation) ▪ **Diversity:** differences in stakeholder interests, ownership (agency) structures, organizational logics and issue orientations. ▪ **Density:** strength of relationships within and across stakeholder groups: weak and strong links. ▪ **Dynamics:** changing stakeholder interactions, influence patterns and emerging trends over time.

Partnership Portfolio See Video 4, Q12 on stakeholder and partnership portfolio mapping, ***HERE***	▪ **Size:** number of distinct partnerships and participating organizations. ▪ **Diversity:** variety of partners and governance arrangements across public, private and civil-society sectors. ▪ **Density:** nature and intensity of collaboration, ranging from philanthropic and transactional relationships to integrative and transformational partnerships. ▪ **Dynamics:** evolution of partnership configurations, objectives and interaction patterns over time.
Issue Portfolio See Video 2, Q1 on 'societal position: what values to create and levels of failure' ***HERE***	▪ **Size:** number of issues confronting the organization, linked to Scope 1 (organization-internal), Scope 2 (value chain), and Scope 3 (societal relationships). ▪ **Diversity:** nature of issues in relation to levels of failure & responsibilities, influence, and societal position (e.g., agency questions related to double materiality analysis and materiality matrix). ▪ **Density:** interconnectedness of issues and their impact on the organization and its activities; identification of strong and weak nexus effects. ▪ **Dynamics:** issue lifecycle analysis (triggering event, issue growth, issue development, issue maturity, post-maturity and regulation) in relation to public attention, stakeholder pressures and external drivers (e.g., changing stakeholder expectations, controversies, new regulations, etc.).
Country Portfolio See Video 2, Q2 on country portfolio spread and CSR regimes, ***HERE***	▪ **Size:** geographical spread of activities (e.g., assets, investments, employment, sourcing, R&D and financing relationships across countries. ▪ **Diversity:** degree of internationalization, reflected in indicators such as the Transnationality Index (TNI) and spread of distinct CSR regimes. ▪ **Density:** strength of coordination and integration of operations across countries and regions. ▪ **Dynamics:** responsiveness to changes in regulatory environments (CSR regimes) and other external drivers



Key Strategizing Question:

To what extent does the current portfolio provide a coherent and future-oriented basis for achieving the organization's sustainability ambitions across countries?

▶ STEP 2: RETHINKING THE PORTFOLIO



Once the current portfolio has been mapped, the next step is to critically assess whether it remains aligned with the organization's sustainability ambitions and the societal challenges it seeks to address. Portfolio mapping reveals what currently exists; portfolio rethinking evaluates whether the existing configuration is still appropriate for the future.

This stage moves beyond optimization and asks *more fundamental questions about purpose, direction and societal relevance*. It challenges organizations to reconsider existing priorities, identify gaps and inconsistencies, and assess whether current portfolio choices continue to support their long-term sustainability and resilience ambitions.

Key questions include:

- Do all portfolio components still align with the organization's values, impact ambitions and resilience objectives?
- Does the portfolio support the organization's longer-term sustainability orientation?
- How well is the portfolio aligned with broader societal agendas such as the Sustainable Development Goals (SDGs), Environmental, Social, and Governance (ESG) priorities or other sustainability frameworks?

Identifying Gaps and Misalignments

Portfolio gaps can emerge in several ways. First, the issues addressed by current activities, partnerships or stakeholder relationships may no longer correspond to the organization's most material sustainability challenges. Second, the ambition level, intervention approach or expected outcomes may no longer reflect the organization's values, positioning or societal role. Third, the portfolio may lack the stakeholder diversity and complementarities required to address complex sustainability challenges effectively.

The presence of significant gaps often suggests that portfolio decisions have evolved incrementally through operational or tactical considerations rather than through a coherent *strategic* logic. Frequent portfolio changes without a clear rationale may reinforce this observation. Gaps may also indicate deeper organizational challenges, including limited senior management support, weak internal coordination, insufficient absorptive capacity or a low degree of institutionalization of sustainability activities. In such situations, improving portfolio performance requires more than optimization alone; it requires rethinking the underlying or revealed portfolio strategy (if at all existing).

Reassessing Materiality and Societal Relevance

Rethinking places societal issues and serving societal needs at the center of the strategizing process. This requires organizations to revisit the assumptions that underpin their current materiality assessments and stakeholder engagement strategies. Important questions include:

- Which societal issues have traditionally been considered material?
- How are these priorities reflected in the existing portfolio?

- Do current activities, partnerships and stakeholder relationships contribute to the outcomes the organization seeks to achieve?
- Which issues are likely to remain strategically important in the future?
- Which emerging issues deserve greater attention?

Such reflection encourages organizations to *move beyond historical priorities* and consider how future societal expectations, sustainability transitions and resilience challenges should influence portfolio design. A key consideration is whether the portfolio generates *the scale of societal value and impact* that the organization intends to create. If not, changes in issue prioritization, product-service mix, stakeholder engagement, partnership configuration or geographic presence may be necessary.

Using Societal Agendas as a Reference Frame

A forward-looking portfolio should not only reflect organizational priorities but also respond to broader societal needs. Integrative frameworks such as the Sustainable Development Goals (SDGs) can provide a useful reference point for evaluating whether existing portfolio choices remain relevant in a rapidly changing environment. By comparing the current portfolio with wider societal ambitions, organizations can identify overlooked issues, emerging opportunities and areas where greater impact can be achieved.

Using societal agendas as a reference frame broadens the time horizon of strategizing and strengthens the societal legitimacy of portfolio decisions. It also helps organizations move from a reactive interpretation of materiality *towards a more proactive and future-oriented sustainability strategy*. It also makes it easier for organizations to align with governments in the countries the organization is operating in.

From Mapping to Reconfiguration

Rethinking the portfolio often leads to reconfiguration decisions. Some activities, partnerships or country positions may need to be strengthened because they contribute significantly to the organization's long-term ambitions. Others may require redesign, consolidation or discontinuation because they no longer fit the intended strategic direction. The objective is not merely to improve portfolio efficiency, but to *increase coherence* between:

- Sustainability ambitions;
- Issue priorities;
- Product-service offering;
- Stakeholder relationships;
- Partnership activities;
- Organizational capabilities; and
- Societal expectations.

A portfolio that has been critically rethought is better positioned to support the subsequent strategizing step: strengthening its resilience, coherence and long-term impact potential.

Examples of Rethinking Questions by Portfolio Type

PORTFOLIO TYPE	KEY RETHINKING QUESTIONS
Product-Service Mix Portfolio See Video 3 ***Q4***, ***Q5*** and ***Q6*** on aligning with societal needs to improve operational resilience See Video 2 Q2 on value chain positioning ***HERE*** See Video 4 Q10 on relevant metrics (key indicators or illusions?) ***HERE***	▪ **Rethink the challenges and opportunities ahead**: how to serve fundamental yet *unmet* customer needs while contributing to resolving societal challenges? [**Q4**] ▪ **Rethink the existing business model, business case and related value proposition**: what strategic shift would/should the organization aspire? [**Q5**] [**CANVAS +**] ▪ **Rethink the transition phase the organization is in**: what challenges does it face if it would continue its existing product-service mix? [**Q6**] ▪ **Rethink the organization's position in various value chains** in view of its long-term sustainability ambitions: how will changes in the product-service mix affect the organization's scope of action as well as its value chain relationships? [**Q2**] ▪ **Rethink the value of metrics used**: what Key Performance Questions (KPQs) should be asked in order to decide on effective changes in core parts of the product-service portfolio? [**Q10**]
Stakeholder Portfolio	▪ **Rethink stakeholder-issue fit**: does the stakeholder portfolio adequately reflect the organization's long-term sustainability orientation? ▪ **Rethink prioritization**: how well are diverse stakeholder relationships aligned with organizational values, resilience objectives and impact ambitions? ▪ **Stress test**: what do triggering events reveal about weaknesses in the present stakeholder map and effective ways to address them? [**Q3**] ▪ **Identify needed stakeholders**: what (potential) relationships linking with societal frameworks – such as the SDGs or ESG agendas – need to be reinforced?
Partnership Portfolio	▪ **Rethink partnership-fit**: do existing partnerships still support the organization's sustainability ambitions and desired impact? ▪ **Rethink partnerships-issue fit**: are all strategically important issues adequately addressed? ▪ **Rethink prioritization**: which partnerships or activities should be strengthened, redesigned or phased out? ▪ **Identify needed partners**: which additional stakeholders could enhance societal relevance and impact?
Issue Portfolio See Video 2 Q3 on triggering events and organizational stress-testing ***HERE*** Classic case studies on 'controversies' and MNC-NGO conflicts can be found ***HERE***	▪ **Rethink the portfolio of issues**: which topics should be prioritized as 'material' to the organization's long-term sustainability and resilience ambitions? ▪ **Rethink interdependencies**: what (reinforcing or constraining) interlinkages exist between topics? ▪ **Rethink how 'salient' issues match** with the organization's stakeholder approach and partnership relations, or undermine it. ▪ **What do *conflicts with advocacy groups* reveal** about the longer-term reputation, trust level and resilience of the present business model and the organization's way of operating? [**Q3**]

See Video 2 Q1 on (shared) responsibilities for (societal) value creation ***HERE***	▪ **Rethink the organization's societal 'license to operate'**: are governance arrangements, contractual structures and responsibilities on each of these issues 'fit for purpose'? What shared or joint responsibilities can be identified that have been disregarded before? [**Q1**] ▪ **Identify opportunities in the management of issues** for upgrading or redesigning products, processes, functions and sustainability practices. ▪ **Which standards, certifications or codes of conduct** should guide future issue management?
Country Portfolio	▪ **Rethink the country portfolio**: what local presence would be best fitted to address future sustainability challenges and opportunities? ▪ **Scope and spread**: does the internationalization strategy (and related country portfolio) align with the organization's sustainability and resilience ambitions? ▪ **Which national CSR regimes create the greatest opportunities** for societal value creation and collaborative action? ▪ **Which countries present the greatest sustainability-related risks** or constraints? (See, for instance, the CSR Risk Checker tool).



Key Strategizing Question:

How should the portfolio be reconfigured to better align organizational ambitions, societal needs and long-term sustainability and resilience goals across countries?

▶ STEP 3: STRENGTHENING THE PORTFOLIO



After rethinking the portfolio and identifying the activities that best support the organization's sustainability ambitions, the next step is to strengthen the portfolio's capacity to deliver meaningful on strategic priorities with greater, lasting impact. Strengthening focuses on improving portfolio quality, resilience and management capabilities. It involves *reinforcing activities that contribute to a coherent strategic direction, addressing identified weaknesses, and building the organizational capabilities* required to manage increasingly complex sustainability challenges. Strengthening implies that organizations must understand not only the individual components of the portfolio, but also the dependencies and interdependencies that determine how the portfolio functions as a whole.

The objective is to create a portfolio that is:

- Strategically coherent – greater alignment and coordination among portfolio components;
- Organizationally embedded – sustainability objectives firmly integrated into organizational structures and processes;

- Balanced in its responsibilities and ambitions – covering all levels of societal engagement: (1) preventing failure, (2) minimizing negative externalities, (3) optimizing positive externalities, (4) engaging in collective action;
- Resilient in the face of societal change – the ability to absorb, adapt and recover from shocks
- Legitimate in the eyes of stakeholders and society – a strong societal 'license to operate'.

Key actions should therefore include:

- Reinforcing activities, relationships and investments that contribute to the portfolio's strategic logic.
- Phasing out those activities and relationships that no longer fit organizational ambitions.
- Investing in organizational learning and capability development.
- Creating active ownership, engagement and accountability throughout the organization.

Building a Balanced Portfolio

Strengthening begins with creating a more balanced portfolio. A 'balanced' sustainability portfolio reflects an appropriate distribution of responsibilities and ambitions. It combines commitments aimed at **avoiding harm** – preventing failure, minimizing negative externalities – with initiatives focused on **doing good –** optimizing positive externalities, engaging in collective action – in a proportionate way. [More information on 'having' and 'taking' responsibilities can be found in Sections 5.2 and 5.3 of *Principles of Sustainable Business*, and in the video clip ***here***]

An excessive emphasis on positive contributions while neglecting the organization's responsibility to prevent or mitigate negative impacts creates significant credibility risks. Organizations may become vulnerable to accusations of greenwashing, SDG-washing, cherry-picking or moral self-licensing if their 'doing good' initiatives are not supported by a demonstrated commitment to addressing harmful impacts. At the other extreme, organizations that attempt to address too many societal issues simultaneously may experience fragmentation of resources, attention and capabilities. This so-called 'sucker syndrome' (see Box 5.1 in the book) can reduce effectiveness and undermine meaningful impact.

A balanced portfolio therefore reflects a realistic and proportionate combination of:

- Avoiding harm and doing good objectives;
- Having and taking responsibilities;
- Risk mitigation and opportunity creation;
- Organizational capabilities and societal expectations.

Such balance enhances both the credibility and effectiveness of the portfolio.

Building a Resilient Portfolio

Balance is a necessary but not sufficient condition for resilience. A 'resilient' portfolio aligns organizational priorities with *societal needs*, priorities, and sustainability challenges. It recognizes that long-term organizational success depends on the health and resilience of the wider social and ecological systems within which the organization operates (see Chapter 7 on 'organizational resilience' and dealing with '***triggering events***').

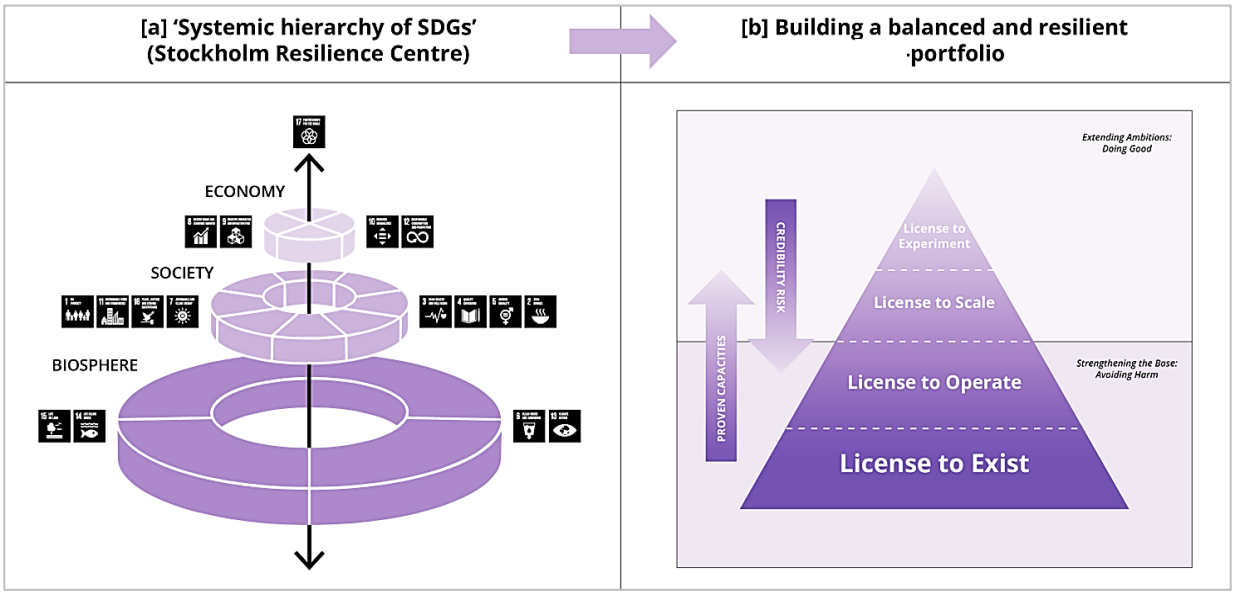
Two frameworks are particularly relevant in this regard. First, Raworth's *Doughnut Economics* (Raworth, 2017) highlights the need to operate within an "ecologically safe and socially just space" to ensure that social foundations are secured while respecting planetary boundaries. Second, the Stockholm Resilience Centre's *Systemic Hierarchy of SDGs* emphasizes the foundational role of ***biosphere-related goals***: ecological sustainability provides the very basis – the 'safe operating space for humanity' – upon which social wellbeing and economic prosperity depend (Figure 1a).

Consequently, a resilient sustainability portfolio should:

- Give due weight to 'biosphere-related' priorities (such as SDGs 6, 13, 14 and 15);
- Support 'social development' priorities (including SDGs 1, 2, 3, 4, 7, 11 and 16);
- Pursue 'economic development' objectives (including SDGs 8, 9, 10 and 12) within these broader ecological and social boundaries.

Portfolios that focus predominantly on economic objectives while neglecting ecological and social dependencies are likely to be more vulnerable, less adaptable and more difficult to legitimize over time. A resilient portfolio, however, is much better able to timely anticipate, absorb, respond and adapt to changing societal conditions while continuing to create value for both the organization and society. [More on making the societal agenda leading in the video clip, ***here***].

FIGURE 1 Matching societal needs and sustainability-portfolios



Source: Van Tulder & Van Mil (2023), page 877.

Strengthening Societal Legitimacy

A portfolio that is both balanced and aligned with societal needs and priorities adds legitimacy to an organization's sustainability efforts. A useful way of understanding societal legitimacy is through a hierarchy of societal licenses (Figure 1b).

At the foundation lies the organization's **license to exist and operate**, which depends on its ability to prevent harm, address negative externalities and fulfil basic societal responsibilities. Building upon this foundation, organizations may earn a **license to scale**, enabling them to expand activities

that create societal value. At the highest level lies a **license to experiment**, allowing organizations to pursue novel transformative sustainability initiatives.

These licenses are cumulative rather than interchangeable. Organizations cannot sustainably pursue ambitious sustainability innovations if they fail to maintain credibility at the foundational level. Consequently, strengthening legitimacy starts by ensuring that the portfolio adequately addresses core societal responsibilities before extending towards more ambitious sustainability objectives. Higher-order societal licenses are only robust if they are based on a proven capacity to appreciate and serve basic societal needs.

Deepening Capabilities

The conditions for strengthening a portfolio's sustainability impact depend on the organization's ability to integrate, develop and adapt its competences. Portfolio management capabilities are closely linked to the concept of 'dynamic capabilities', absorptive capacity, and to processes of organizational learning, adjustment and upgrading. They reflect the organization's ability to make effective use of learning effects and to manage dependencies between the organization's internal and external stakeholders in a productive manner. Well-developed portfolio management capabilities add 'decision-making intelligence' as well as 'operational performance' to the strategizing process. They provide a stronger foundation for the next strategizing step: extending impact ambitions and pursuing broader systemic change (see Table 12.3 in the book).

Examples of Strengthening Questions by Portfolio Type

PORTFOLIO TYPE	KEY STRENGHTENING CATEGORIES
Product-Service Mix Portfolio See Video 3 Q7 on identifying organizational 'barriers to change', ***HERE*** See Video 4 Q10 on 'strategizing maps' ***HERE*** See Video 4 Q11 on organizing 'internal change' among functional areas of management/ departments, ***HERE*** See Video 4 Q9 on sustainable leadership, ***HERE***	▪ **Overcoming organizational barriers**: identify obstacles, routines and critical thresholds that must be overcome to strengthen the internal cohesion of the product-service mix portfolio (contextualize for the transition phase the organization is in). **[Q7]** ▪ **Internal alignment for change**: which functional areas of management should drive business model innovation and prioritize what activities to divest from and where to invest in, to enhance the organization's value creation potential? **[Q11]** ▪ **Design 'strategizing maps'** for each functional area (see sections 11.3–11.9 of *Principles of sustainable Business*), in order to identify potential 'leverage points' and synergies across functions and departments. **[Q10]** [***Internal alignment maps per function***] ▪ **Empower customers and suppliers** to become co-designers of product-service sustainability enhancement. ▪ **Sustainable leadership styles**: what mindsets, capabilities and spheres of influence are needed to shape, drive and consolidate change – within the organization, value chain, business ecosystem and industry. [**Q9**]
Stakeholder Portfolio	▪ **Reinforce stakeholder relationships** that contribute to the organization's strategic direction. ▪ **Phase out** relationships and activities that no longer support sustainability ambitions. ▪ **Invest** in organizational learning, stakeholder engagement capabilities and internal ownership of sustainability objectives.

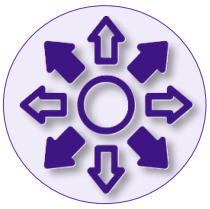
Partnership Portfolio	▪ **Strengthen partnerships** that generate significant collaborative value and support long-term sustainability goals. ▪ **Discontinue ineffective partnerships** where strategic alignment is lacking. ▪ **Internalize learning** and 'collaborative value' from partnerships and develop dynamic capabilities that enhance effective partnership and issue-impact management.
Issue Portfolio See Video 4 Q12 on aligning with societal stakeholders to gain a broader societal license to operate, ***HERE***	▪ **Resilience**: is the organization able to timely anticipate, absorb, respond and adapt to changing societal conditions while continuing to create value for both the organization and society? ▪ **Inside-out:** strengthen issue prioritization capabilities. What issues have the greatest 'leverage' for action, related to the organization's 'sphere of control' and 'license to exist'? ▪ **Outside-in:** enhance alignment with societal goals and agendas (SDGs, energy transition, etc.). Prioritize those societal issues that create the greatest positive externalities and 'license to scale', because of policy and stakeholder support [**Q12**] ▪ **Select issue platforms:** identify and prioritize relevant issue-related platforms that help deepen and strengthen the organization's issue commitment. ▪ **Strengthen internal (dynamic) capabilities** for coordinating issue management and product-service lifecycle analysis. What internal coordination mechanisms, key metrics and infrastructures should be created?
Country Portfolio See Video 3 Q8 on strategizing in alignment with multilateral initiatives ***HERE***	▪ **Continuous monitoring**: regularly assess and identify major (potential) sustainability risks and transition challenges across countries. ▪ **Align country strategies** with the organization's overall sustainability ambitions and responsibilities. ▪ **Develop coherent internationalization strategies** supported by the necessary capabilities and governance mechanisms while engaging with selected multilateral initiatives (e.g. GRI, OECD Guidelines, ILO). [**Q8**] ▪ **Strengthen credibility** through responsible corporate citizenship and sustained societal legitimacy across national contexts.



Key Strategizing Question:

How can the portfolio be strengthened to enhance its coherence, resilience, legitimacy and capacity for long-term sustainability impact?

▶ STEP 4: EXTENDING IMPACT AMBTITIONS



Once an organization has strengthened the coherence, resilience, legitimacy and performance capacity of its sustainability-aligned portfolio, it is better positioned to expand its societal ambitions and pursue broader forms of impact. A robust portfolio provides the capabilities, credibility and stakeholder support needed to address more complex sustainability challenges and contribute to *systemic change*. Extending impact ambitions involves moving beyond improving individual activities, stakeholder relationships or partnerships. Instead, the focus shifts towards identifying opportunities to *increase the scale, scope and transformative potential of the portfolio as a whole* by using the organization's **power base** – its positioning, resources, spheres of influence – to productively leverage positive change (see Chapter 10 – 'Making it Powerful' – of the book, and the video clip ***here***).

The objective is to develop a portfolio that not only responds effectively to current sustainability challenges but also actively contributes to shaping more sustainable and resilient futures. Organizations that successfully extend their impact ambitions are better able to:

- Scale successful sustainability initiatives;
- Mobilize broader stakeholder coalitions;
- Address systemic sustainability challenges;
- Generate positive interactions across sustainability goals;
- Contribute to transformative societal change.

Key actions include:

- Taking on more complex societal challenges and higher levels of ambition;
- Establishing meaningful monitoring and evaluation systems;
- Leveraging interactions within and across portfolios to create greater societal impact.

Moving Towards Transformative Change

As organizations gain experience, knowledge and legitimacy, they may become better capable of addressing challenges that were previously considered too complex, risky or resource-intensive. Such ambitions often require a *systems perspective*: rather than focusing on isolated sustainability issues, organizations try to understand how societal, environmental and economic challenges interact and how interventions in one area can influence outcomes elsewhere. This perspective encourages organizations to ***identify strategic leverage points*** or '***nexuses***'– those areas where targeted interventions can generate amplified positive effects and spill-overs across multiple sustainability objectives.

Key strategizing questions include:

- Which additional societal goals could strengthen the portfolio's impact?
- Which successful approaches can be scaled across partners, sectors or countries?
- Which stakeholders are currently missing but essential for achieving greater impact?
- Where are the key leverage points that could improve both effectiveness and efficiency?
- How can interactions among portfolio activities be mobilized to accelerate progress towards sustainability goals?

Although the answers to these questions always depend on context, three complementary pathways for extending impact ambitions can be distinguished: 'Broadening', 'following through', and 'exploring portfolio nexus effects'.

Broadening the Issue Scope

The first pathway involves expanding the portfolio towards additional societal goals that are closely connected to existing priorities. Many sustainability challenges are interdependent. Progress on one issue often depends on progress in related areas. Broadening the issue scope therefore enables organizations to reinforce positive interactions or reduce unintended negative consequences.

The ***SDG framework*** – with its 17 Global Goals and 169 targets – provides many opportunities to broaden the scope of the portfolio. For example:

- Advancing health and well-being (SDG 3) often depends on access to nutritious food at affordable prices (SDG 2).
- Biodiversity protection, sustainable forestry and ecosystem restoration (SDG 15) – critical for ecosystem services – are closely linked to sustainable agricultural practices (SDG 2.4).
- Renewable energy transitions (SDG 7) benefit from investments in skills development, education and decent work (SDG 8).
- For more examples of SDG interlinkages, see ***here*** and ***here***

By strategically expanding the issue scope, organizations can create more integrated portfolios that generate stronger and more durable societal outcomes.

Following Through on the Internal Nexus

The second pathway focuses on strengthening connections within the organization itself. Different functional departments often contribute to sustainability objectives through their own initiatives and priorities. The purchasing, operations, finance, innovation, marketing and human resources departments may all support sustainability efforts, although ***not always in a coordinated manner*** (see Chapter 11)**.**

Certain sustainability targets act as internal convergence points where multiple departments have shared interests and responsibilities. These ***cross-cutting priorities*** represent opportunities for strategic leverage, because they connect top-down sustainability ambitions with bottom-up initiatives (see video clip on 'internal alignment', ***here*****).** Internal alignment can then seriously accelerate and reinforce sustainability impact by enhancing internal efficiency and effectiveness.

For example, if multiple departments contribute to responsible consumption and production (SDG 12), targeted interventions aimed at reducing waste, improving resource efficiency or adopting life-cycle and circular economy principles may reinforce change efforts throughout the organization – with greater impact and more efficiently. Portfolio strategizing should therefore identify and strengthen these internal nexus points, as they often represent the most actionable pathways for accelerating organizational transformation.

Exploring Portfolio External Nexus Effects

The third pathway involves analyzing interactions among the societal goals, stakeholders, partnerships and activities represented across the entire portfolio. This integrative perspective recognizes that sustainability outcomes rarely result from isolated interventions. Instead, they

emerge from complex interactions among multiple actors, issues and systems. Understanding the nature, strength and dynamics of both positive and negative interactions under context-specific conditions is an essential first step in identifying ***cross-cutting intervention points*** (ICS, 2017). It enables organizations to:

- Anticipate unintended consequences;
- Identify trade-offs and tensions;
- Uncover opportunities for synergy;
- Improve goal consistency;
- Strengthen their 'Theories of Change' linked to monitoring and evaluation techniques;
- Increase the effectiveness of resource allocation.

At the portfolio level, analyzing such interactions generates what may be termed '**intervention intelligence'**: a deeper understanding of where and how interventions can create the greatest societal value. This intelligence supports more coherent decision-making by helping organizations identify:

- Critical leverage points;
- Priority sustainability issues;
- Effective governance arrangements;
- Opportunities for cross-sector collaboration;
- Possibilities for scaling successful interventions.

An ***actionable nexus-oriented perspective*** therefore strengthens the organization's ability to deliver on both materiality and impact ambitions while maximizing the societal value generated by the portfolio.

Examples of Actions to Extend Impact Ambitions by Portfolio Type

PORTFOLIO TYPE	KEY ACTIONS FOR EXTENDING IMPACT AMBITIONS
Product-Service Mix Portfolio	▪ **Scale and scope**: identify opportunities for integrating extended portfolios of interconnected products/services that generate stronger and more durable societal outcomes. ▪ **Create greater internal and operational alignment** across functional areas to manage trade-offs, leverage potential synergies, and accelerate organizational change processes. **[Q11]** ▪ **Extending external alliances** in product-service development: collaborating with vital players from the business ecosystem to set new sustainability standards, reap network effects, and achieve greater reach. ▪ **'Open innovation' and 'co-creation':** focus relationships with stakeholders on co-designing new products and services that meet real societal needs, creating new markets for sustainability. ▪ **Develop monitoring and evaluation systems** capable of identifying and assessing the societal impact of the product-service mix, internal and external 'nexus effects' and innovative experiments, to maximize impact.

Stakeholder Portfolio	▪ **Address more complex societal challenges** that require higher levels of stakeholder engagement and collaboration. ▪ **Use strategic power bases** such as convening power, agenda-setting power and coalition-building capabilities. Design and communicate an empowering '**sustainable corporate story**' to build alignment on impact ambitions. [**Q13**] ▪ **Develop meaningful monitoring and evaluation systems** and pursue stakeholder-based nexus effects to maximize societal impact.
Partnership Portfolio See Video 3 Q8 on using one's 'power base' to leverage positive change ***HERE***	▪ **Address increasingly complex sustainability challenges** that require advanced partnership configurations and higher levels of collaboration. Design and communicate an empowering '**sustainable corporate story**' to align and deepen commitment on impact ambitions. ▪ **Build relationships with strategically important stakeholders** *beyond* the traditional coalition of 'willing' partners. Use 'smart powers' to leverage change. [**Q8**] ▪ **Strengthen monitoring, evaluation and learning systems** that are sensitive to complexity and geared towards long-term impact.
Issue Portfolio	▪ **Broaden the issue scope** to reinforce positive interaction effects – or to reduce unintended negative consequences – across sustainability issues. ▪ **Address more complex (systemic) issues** that require enhanced internal management of 'nexus effects'. Identify critical leverage points. ▪ **Aim at gaining a 'license to experiment'**: address more complex societal issues together with stakeholders as a means to identify future opportunities for more sustainable and resilient operations. ▪ **Leadership challenge**: actively support prioritized issue-related platforms to exercise 'thought leadership' and mobilize partners around selected issue agendas [**Q9**] [**corporate sustainable story**] ▪ **Establish dynamic materiality capabilities**: develop a meaningful monitoring, evaluation and learning system that keeps track of changes and trends in global issue developments; actively engage in pilots and experiments to proactively address issues and leverage external nexus effects.
Country Portfolio	▪ **Develop robust metrics** for assessing societal impact within and across countries. ▪ **Scale successful sustainability initiatives internationally** and align home- and host-country sustainability ambitions. ▪ **Engage proactively in multilateral sustainability initiatives**, including the SDGs, the Paris Agreement, biodiversity frameworks and 'living wage' or 'living income' programmes.



Key Strategizing Question:

How can the four portfolio types be leveraged to generate greater societal impact, address systemic sustainability challenges, and contribute to transformative change?

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WHERE TO FIND FURTHER GUIDANCE ON 'STRATEGIZING'



Video series: The video series *Strategizing in a VUCA world for Sustainability and Resilience* is aimed to help students develop 'Strategizing Posters'. It builds on the book *Principles of Sustainable Business* and serves as a navigation guide to help students, researchers and policymakers explore the contents of the book and unlock the tools, analytical frameworks and techniques available on its accompanying website.

The video series consists of five parts, covering thirteen so-called 'strategizing questions' along a reflective cycle that helps students develop strategizing posters. Visit: https://www.principlesofsustainablebusiness.nl/videos/

For academic teachers and lecturers: Transcripts of the video series – as well as other teaching resources including transcripted webinars – are available via the Teachers Resources website (registered access, verified educators only!)

Portfolio strategizing steps



STEP 1: Mapping the current portfolio

- Identify all relevant dimensions: (1) the size of the portfolio, (2) its diversity, (3) its density (interdependencies and weak/strong ties between components); (4) inter and intra-component 'dynamics' over time

STEP 2: Rethinking the portfolio (SWOT and gap analysis)

- Do all components still fit the aspired values, resilience and impact ambitions?
- How to align with longer-term sustainability orientation?
- Identify links with global (societal) targets like the SDGs or ESG

STEP 3: Strengthening resilience by deepening capabilities

- Reinforce those activities that add 'strategic logic'
- Phase out activities that no longer fit aspirations
- Invest in organizational learning and capabilities enhancement
- Create active ownership and engagement

STEP 4: Extending impact ambitions

- Taking on more complex societal issues with higher ambition level
- Establish meaningful monitoring & evaluation measures
- Pursue nexus effects for greater societal impact