Wicked opportunities

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Business ecosystems come of age
Wicked opportunities

By William Eggers and Anna Muoio

Overview

As a killer disease, malaria is the world’s third biggest, after only HIV/AIDS and tuberculosis. In 2013, an estimated 584,000 people died of it—90 percent of these deaths in Africa, mostly among children under five years of age. And because 3.2 billion people—almost half the world’s population—live in regions where malaria spreads easily, it is very hard to fight. Scores of organizations are embroiled in the complex search for solutions, sometimes pursuing conflicting priorities, always competing for scarce resources. Despite the daunting challenges, here’s how Bill Gates, who has already spent more than $2 billion of Gates Foundation money on the problem, characterizes the situation: “This is one of the greatest opportunities the global health world has ever had.”

Opportunity? It’s a surprising word even for an optimistic mega-philanthropist to describe a scourge that people have been trying to eliminate, unsuccessfully, for hundreds of years. It’s also, however, a fair statement about what is possible in the 21st century. We’re seeing a trend by which many kinds of “wicked problems”—complex, dynamic, and seemingly intractable social challenges—are being reframed and attacked with renewed vigor through solution ecosystems. Unprecedented networks of non-governmental organizations (NGOs), social entrepreneurs, health professionals, governments, and international development institutions—and yes, businesses—are coalescing around them, and recasting them as wicked opportunities.

What’s behind the trend?

Any attempt to reframe a problem as an opportunity has to begin with an understanding of the nature of the problem itself. Since the 1960s, we’ve had a term to describe public health crises like malaria—and also rising crime, climate change, joblessness, and other persistent ills. They are “wicked problems.” Wickedness isn’t a degree of sheer difficulty. As originally used by urban planner Horst Rittel, it means the problem springs from many diverse sources, is emergent and shifting, and will never have one right answer. (Contrast this with a “tame” problem, which might be very hard but can be absolutely solved with...
straightforward techniques given enough time.) Consider the very wicked problem of access to safe water, sanitation, and hygiene (WASH). Huge parts of the world either lack access to safe water altogether (much of rural Africa and India) or are facing water scarcity (large parts of the West). Awareness of the problem of water has risen to the point that, in 2015, the World Economic Forum named looming water crises the No. 1 risk facing the globe in terms of its potential for negative impact.5

With problems as sprawling and complex as these, progress depends on having some capabilities that are themselves challenging to put in place. Problem-solvers need to be able to comprehend the dynamics of the system, coordinate their responses, and commit the necessary resources. Fortunately the story of the past decade has been positive on all these fronts.

Technology has surged ahead, supporting greater dissemination of information about causes and how they compound one another’s effects. Greater comprehension of wicked
problems is the result. Mobile phones, social media, cloud computing, and data analytics—and, increasingly, the Internet of Things—are making it possible to capture, monitor, and make sense of phenomena from food waste to human trafficking. Powerful new collaboration tools allow ordinary individuals, in communication with peer networks, to conduct “citizen science.”

Many of the same technologies also assist in coordinating responses. Jay Bradner, a medical doctor at a Harvard-sponsored cancer lab, used cloud computing to disseminate a breakthrough in cancer treatment. After his lab created a molecule to target a specific cancer, the researchers consulted a cloud-based network to share the molecule with at least 70 laboratories, swiftly achieving a decade’s worth of research in many directions, and enabling the labs to use the molecule to identify promising treatments in mice for several types of cancer.6

Meanwhile, the commitment of resources to fight wicked problems has had a major boost in recent decades, thanks to the business sector’s embrace of social, environmental, and economic responsibilities. As late as the 1970s and 1980s, private enterprise leaders for the most part were content to leave societal issues to government and the growing ranks of NGOs. They subscribed to Milton Friedman’s philosophy that corporate profits should go purely to shareholders who, as citizens, could support the causes they chose—rather than go to pet charities personally chosen by hired managers. (Hence: “The social responsibility of business is to increase its profits.”) It’s a philosophy with many fewer adherents today. Survey results from Net Impact, the nonprofit that aims to help businesses promote sustainability, show that 83 percent of MBA candidates are willing to take a 15 percent salary cut for a job that makes a social or environmental difference in the world.8

In the battle to eradicate malaria, for example, we find many corporations pitching in. This is not pure philanthropy; it goes toward sustaining the ecosystem in which commerce can thrive. Take Newmont Mining, which received the “Best in the Workplace” award from the Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria in 2011 for its continued partnership with Ghana’s Health Service to reduce the incidence of malaria among its employees, contractors, and local residents. Operating in a region where the prevalence of malaria is high, Newmont has an undeniable business interest in finding solutions.9

Business is even more involved in the quest to solve WASH—because it is essential to their employees, customers, and communities in which they operate along with other stakeholders. We see this happening across the globe: from Nestlé capturing rainwater from warehouse roofs, reducing sanitize flushes in cleaning circuits, and reducing the blowdown rate on cooling towers in its manufacturing facilities in the Murray-Darling river basin in Australia, to The Coca-Cola Company (TCCC) investing in a wide range of water projects (its global “Replenish” water stewardship strategy), to Unilever providing water purifiers to villages in India through its Waterworks program.10 Many multinationals now believe that they must be visibly part of the solutions to wicked social and environmental problems to maintain their social license to operate and earn their “license to grow.”11

We like to call these social-minded companies “multirational multinationals.” They are thinking about the returns they generate along social and environmental, not only financial, lines. As a result, they are finding virtually unprecedented ways to apply their particular capabilities and expertise to challenges that governments and nonprofit organizations have struggled with for decades.

We don’t mean to imply that corporations are the only reason that resources now exist to tackle wicked problems. Private philanthropy to international NGOs now surpasses the monetary contributions of all governments combined.12 But the “transformation” (as leaders at Danone have described it) of many businesses
into entities that integrate social objectives into their profit-seeking operations has been transformative for wicked problems, as well.13

The trend

The same kind of ecosystem thinking that informs modern business strategies, as managers look beyond the walls of their own organizations and traditional supply chains, is also being brought to bear on society’s wicked opportunities. In fact, because complex phenomena like malaria and water scarcity are so broadly challenging and the need for solutions so universally acknowledged, the ecosystems responding to them are even more collaborative, more energetic, and more open.

All this makes wicked opportunity ecosystems fascinating to study for anyone seeking patterns of success. We’ve observed and been engaged in dozens of multisector solution ecosystems tackling complex, entrenched societal problems. As a result we’ve been able to identify five common elements in the ecosystems making the most progress.

A broad range of “wavemakers”

Pursuing wicked opportunities demands the talents and resources of all kinds of players—investors, conveners, multinational companies, innovators, governments, and citizen change-makers. For the businesses involved, where executives are accustomed to making decisions and driving outcomes within spheres they formally control, the level of consensus-building required can seem extreme. But when all these “wavemakers” converge on a shared objective, the effects can be truly transformative.

Take The Coca-Cola Company’s involvement in water stewardship through its Africa Foundation’s Replenish Africa Initiative (RAIN). Its goal—to improve access to safe drinking water for 2 million African people by 201514—demands cross-sector collaboration. The more than 100 partners in the fight include NGOs such as World Vision and major international aid organizations such as USAID. “It’s challenging for one business—even one industry—to make a material difference on its own,” explains Muhtar Kent, Coca-Cola’s chairman and CEO. “Instead, we must rely on partnerships that connect across what I call the ‘Golden Triangle’ of business, government, and civil society.”15 The program replenishes more than 2 billion liters of water to nature and communities annually.16 The hope is that these kinds of innovative collaborations coupled with technology innovation can close the 40 percent shortfall in water supply projected by 2030.17

An ecosystem integrator

So how do you get disparate organizations to work together toward a common goal? It’s vital to have central organizers capable of “holding the whole” and creating the space for aligned action by others. In the fight against malaria, MDG Health Alliance and The Roll Back Malaria Partnership are two such organizations.

Another entrepreneurial-spirited organization at the heart of a problem-solving ecosystem is The Robert Wood Johnson Foundation. As the largest health philanthropy in the United States, with more than $9.5 billion in assets, the foundation is working to create a culture of health in the United States, with especially large investments in reducing childhood obesity. In the words of its vice president of policy, David Colby, “We know partnering with providers, payers, clinicians, consumers, the public health community, policy makers, and others is the only way to effect change at both the macro and micro levels.”18

Or consider what the Global Alliance for Vaccines and Immunizations (GAVI) has done to increase immunizations in the world’s poorest countries. In 2000, there were plenty of new technologies and medicines coming out or already available for children in the West, but in a textbook example of market failure, they weren’t finding their way to these areas of desperate need. That year, the World Health
Organization (WHO), UNICEF, academics, pharmaceutical companies, and various funders, all converged at the World Economic Forum in Davos and agreed it would be useful to have one “roof” under which everyone interested in reshaping the vaccine market could confer. GAVI is that single solution space, and its achievements are the sum of its partners. “Our market-shaping goal is to maintain supply security and strive to achieve the lowest price for currently available products,” explains Dr. Seth Berkley, the CEO of the GAVI Alliance.19 By pooling demand from developing countries for vaccines and matching it with reliable, long-term financing, GAVI has enabled 500 million additional children to be immunized, preventing an estimated 7 million future deaths.20

A portfolio of interventions

Working in concert on wicked opportunities doesn’t have to mean converging on one best solution. More than “moon shots,” this is about buckshot. A full portfolio of strategic interventions has the best chance of hitting the goal.

RE-AMP is just that: a “buckshot” approach to one of the most pressing problems we face today—climate change. Under its banner, 160 nonprofits and foundations across eight Midwestern states have signed on to one goal—reducing greenhouse gas emissions economy-wide by 80 percent by 2050.21 But that’s a target with many bulls-eyes. So RE-AMP created a portfolio of interventions: prevent the building of new coal-fired power plants, shut down existing plants, make renewable power a viable alternative, and reduce energy consumption through significant efficiency measures. The group knew that “unless they coordinated to work on those four levers simultaneously, they wouldn’t make progress,” states Ruth Rominger, an expert on social networks and complexity theory.22

Likewise, in the fight to eradicate malaria, a bevy of strategies and interventions are being deployed simultaneously. Vouchers are giving even the poorest of the poor in Africa access
to life-saving mosquito nets and medicine. Partnerships with the informal retail sector help get the malaria medicines to villages in rural areas. And social marketing campaigns are mounted to boost the uptake of these life-saving products.

An innovation engine

Here’s another part of the wicked opportunity to end malaria: a new low-cost health tool called the RDT (rapid diagnostic test). It allows health workers to detect the disease in a patient within minutes at 99 percent accuracy and for just 50 cents a test. It points to another hallmark of the best solution ecosystems: their strengths as innovation engines.

Innovation, almost by definition, requires an eagerness to upend the status quo—and an ability to rapidly market-test products or services with the potential to do that. Often, it requires thinking out of the box—and sometimes quite literally. Consider the problem of providing extremely low-cost housing for the more than a billion poor people worldwide living at the base of the pyramid. When two professors at Dartmouth’s Tuck School of Business, Vijay Govindarajan and Christian Sarkar, announced a contest to design a $300 house, one entrant (ultimately a winner) didn’t stop at designing that box. “We realized that by analyzing just one house, we were never going to achieve the goal of $300,” says Eric Ho from the Architecture Commons team. “Because of the cost of labor, it’s just not possible. So to circumvent it, we had to create a community.”

In their model, a hundred families together would apply for $30,000 of microfinance loans. Thus a village would invest in machines to build compressed-earth bricks and special roof tiles, two microenterprise projects that could employ villagers while it created housing for them. Prizes and challenges are just one way to generate breakthroughs for societal problems. In recent years, close to a hundred pay-for-success arrangements have connected “buyers” of social outcomes—including governments, foundations, and philanthropists—with solvers of problems around the world.

Market development

Perhaps more common than any other element in the pursuit of wicked opportunities is the belief in well-functioning markets as the key to solution sustainability. Again with reference to malaria, breakthroughs came as viable markets were established for mosquito nets, medical treatments, and diagnostic devices.

Market development is, of course, a strength of great firms—as well demonstrated over the decades in the sales of hygiene products. So it is perhaps no surprise that Unilever would spot the missing market responsible for the deaths of some 1.5 million children a year by severe and chronic diarrhea. The prevention, of course—known for centuries now—is hand-washing. HUL, Unilever’s subsidiary in India, knew it had a product capable of saving lives. The problem was that even simple bars of soap were unaffordable to families earning less than a dollar a day.

The solution was to engage an entire ecosystem. Once the NGOs, banks, and schools concerned with keeping India’s poor healthy agreed on the health benefits of cleansing products, they collectively created the market for them—while also lifting women from poverty with microloans and jobs, improving public health and sanitation, enhancing public health awareness through educational campaigns, and more. For Unilever, making more soap-buying possible is “a marketing program working together, the wicked problems of the world are now within our power to solve.
with social benefits,” says executive Harpreet-Singh Tibb. The company now has over 50,000 women selling its products in more than 635,000 villages, making rural India a $100 million-plus market for Unilever.27

Implications

In a 2013 interview, Unilever CEO Paul Polman responded to a question about food security in a way that reframed wicked problem into wicked opportunity:

The problem is, you talk food security and you hear many different solutions. Some say: How can you have food security if girls cannot go to school? While others say: if I don’t have energy, I can’t have food security. Or, we need to have water because otherwise we don’t have food.

Then a CEO goes, oh my gosh, how do I participate in this? So what you need is leaders who are able to take this complexity and distill it in simplicity, and are actually able to drive that to action. That’s a skill that you have to learn. I’m not good at it either, to be honest, but now we have created some ecosystems, the global Consumer Goods Forum, the World Business Council for Sustainable Development, and WEF, which are able to turn that into a positive flywheel that creates momentum.28

Working together, the wicked problems of the world are now within our power to solve. But it will take business leaders who are committed to social goals and able to work effectively with external partners. It will take foundation donors and impact investors who are open to taking the broadest view of challenges, and willing to convene the whole of the community seeking to overcome them. And it will take government leaders who see the potential of prizes and challenges, social-impact bonds, and pay-for-success approaches to spur innovation, and the power of using large-scale procurement budgets to create markets for them.

What’s next?

Today, attitudes about how to attack social problems have changed dramatically. Citizens, businesses, entrepreneurs, and foundations often turn to each other rather than relying solely on the public sector to coordinate solutions. Tomorrow, we may see more blurring of the sectors as the coordination of their efforts continues. Decades-old divisions of public and private sector responsibilities are likely to become less useful and less justified.

As part of this blurring, expect to see leaders and talent more frequently cross sector lines. And expect the leaders who rise in business to have more encompassing visions and more passionate points of view on the biggest social problems of their era. Whereas in the past, the top business school talent jumped on the express train to high-paying fields such as finance or consulting, in the future more hard-charging achievers are expected to seek ways to marry their business acumen with social impact. Indeed, this is already happening—and leading universities are responding with more courses in social entrepreneurship, social impact investment, social enterprise management, and social innovation.27 These programs are helping to create a new hybrid talent pool that can operate in both the business and social-sector realms.

Leaders in the coming decades will be “tri-sector athletes,” capable of engaging, collaborating, and driving outcomes across all realms, and (to use management guru Peter Senge’s term) “system leaders” who can catalyze change across networks where they lack formal control.28

And for all of us, seeing wicked problems as wicked opportunities will require Seeing beyond how we currently do things. How many of the old ways of doing business—operating in isolation, ignoring entire classes and groups of people, shrugging off ruinous externalities of the market—will we willingly let go? If we are smart, quite a lot.
My take

By Risa Lavizzo-Mourey

Risa Lavizzo-Mourey is president and CEO of the Robert Wood Johnson Foundation and one of the 100 most powerful women in the world, according to Forbes magazine.* Under her leadership, the foundation has directed a $10 billion endowment to build a culture of health and the ecosystem to support it.

The key to making a difference in such a diverse and complex ecosystem is to reframe the task at hand, not as an unsolvable set of wicked problems, but as interconnected opportunities. When we start to align across those linkages we can kick off virtuous cycles of investment and beneficial results. People reduce stress. Blood pressure falls. Heart function improves. Chronic disease rates drop. Communities change. Fresh resources are drawn toward the bright spots.

For instance, in Spokane, Washington, we work closely with local leaders on improving high school graduation rates. Why? Because both they and we know that secondary school education is an essential driver of other healthy choices and opportunities. So as graduation rates moved from 60 percent in 2006 to well above 90 percent we watched the rippling benefits cascade into better choices about diet, physical activity, and even when to start families.

Over the years, the Robert Wood Johnson Foundation has tended to lead from the back. We focus our resources and expertise on spotting the best innovations, piquing the interest of nimble thinkers, and bringing collaborators together in aligned action. We believe in setting a goal that excites people, a true north, and then providing assistance as stakeholders do their own path finding. The customized approaches that evolve—because what works in New York City will not likely work in Oklahoma—are essential to success.

Earlier this year, at the World Economic Forum in Davos, I was tremendously impressed by the shared appreciation emerging for ecosystem approaches to wicked opportunity; approaches that engage communities and reimagine government, while tapping market forces for scaling up. Building something as big as a culture of health requires it. When we succeed, and we will succeed, it will have become obvious that we now live in a world, and probably always have, where health has as much to do with work, family, community, and the connected world at large, as it does with hospitals and clinics.

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