The Megacommunity Approach to Tackling the World’s Toughest Problems

Three projects in Rome are showing how companies, governments, and other organizations can work together to increase their effectiveness. Innovation as it continues to push the envelope of management practice.

BY FERNANDO NAPOLITANO
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Cybersecurity. Hunger. Energy. Education. These are challenges for civilization that can seem overwhelming. They are deep-rooted and highly complex. They have global reach and global repercussions. And they call for game-changing strides in policy and innovation. Many organizations in many sectors have been working diligently on each of these challenges for years, or decades; many others know they should be.

But in most cases, even the most well-intentioned and capable organizations, when working separately, eventually hit a wall limiting their effectiveness. Consider a large and sophisticated company such as Poste Italiane SpA — which functions as Italy’s postal service and also as a bank and a communications company, providing credit cards and mobile phones. The leaders of Poste Italiane found that despite their state-of-the-art cybersecurity operation, they needed to engage with a suite of partners outside the company to deal proactively with rising security threats. Or consider the World Food Programme (WFP), a voluntarily funded agency in the United Nations system that since the 1960s has fought to reduce hunger. Despite dramatic progress in lowering the percentage of the world’s hungry (it has been reduced by half since the program’s inception), the WFP is now seeing the absolute number of those living in hunger rise as world population increases — and, as a result, it has begun to employ a strategy of working with other organizations to do more. Finally, consider Enel SpA, the world’s second-largest energy company, headquartered in Italy. Enel struggled in the last decade to locate and build new energy infrastructure to keep pace with growing energy demand, while still satisfying environmental and local land-use concerns.

The company found that it needed to reach out and work with other organizations and constituencies to achieve its goals.

These organizations have boldly embraced the megacommunity approach — which calls for companies, governments, and NGOs to reach out across sectors (private, government, and civil society) and join together to take action on compelling issues of mutual importance, following a set of practices and principles that will make it easier for them to achieve results. Like any business environment, a megacommunity contains organizations that sometimes compete and sometimes collaborate. And like any business organization, it requires structure, communication, and governance. It’s an approach that admits that certain crucial problems can be solved only by a combination of organizations (a network of networks, if you will) that can bring many different capacities and points of view to bear.

The concept of the megacommunity (explained in detail in Megacommunities: How Leaders of Government, Business, and Non-Profits Can Tackle Today’s Global Challenges Together, by Mark Gerencser, Reginald Van Lee, Fernando Napolitano, and Christopher Kelly [Palgrave Macmillan, 2008]) has engendered substantial interest on the part of policymakers, business leaders, and others. But because it is a new idea, it must also prove itself in practice. Many questions persist as to how — and how well — the approach might work; what type of leadership it might demand; and how it might change an organization, a company, or an area of public policy. Since 2008, successful megacommunity efforts have begun to demonstrate the ways the approach can succeed, including the three mentioned above: Poste Italiane, the World Food Programme, and Enel. Interestingly, these efforts have all taken root in Rome, which
is becoming a laboratory for megacommunity initiatives among major European cities and between Europe and the United States.

The megacommunity projects being implemented by these Rome-based organizations revolve around the massive global challenges of cybersecurity, hunger, and energy. In addition, some of the organizations involved in these three initiatives have come together to form a fourth megacommunity to address challenges in education. (See “The Fulbright BEST Scholarship,” page 7.) Their experiences can teach others much about how megacommunities are formed and how they function. Companies that have become involved in the projects are discovering that the megacommunity model leads to both good policy and good business. They are also finding that mainstream business advantages result from taking a leadership position. And from these examples, we can begin to perceive a true practical outline of the megacommunity suite of benefits.

Poste Italiane and Cybersecurity

“We had to find a way to react [to threats] immediately,” says Poste Italiane CEO Massimo Sarmi, underscoring the simple yet essential need that led him to the development of a cybersecurity megacommunity. “By definition, we are — and we want to be and we need to be — the most trusted company in our country, because we collect money, we offer financial services, and we deliver the mail, all in a confidential way.”

Poste Italiane executes 35 million transactions a day as a result of its unique business portfolio: It is a postal operator, a mobile phone operator, a bank, and a leading issuer of Visa and MasterCard credit cards. Among other services, the company enables customers to transfer money via their cell phone SIM cards. Cybersecurity is not just a theoretical concern; it is essential to the company’s business success, its sustainability, and its growth.

Under Sarmi’s guidance, the company has developed an in-house cybersecurity operation that acts with speed and precision. In large, sleek rooms, rows of computer-bound staff sit before a master information screen that evokes a scene from a science-fiction movie. They follow everything from mail delivery to ATM transactions — in real time. They track the sources of possible threats worldwide, collect all the data they can, and relay the data to local authorities, while they themselves work to shut down potential security threats. The screen shows maps, bank activity, and tallies of threats in effect and threats extinguished, among other active data.

“We are continuously growing in terms of knowledge, day by day,” says Sarmi. “I am impressed by the ways they [hackers and cyber-criminals] change their behavior from their side, how they react immediately. It’s a daily question of measure and countermeasure.”

But Sarmi came to recognize that no matter how good a job the company was doing on its own, there was only so much it could control. For example, he explains, “Currently, if we identify a false Poste Italiane site, coming from — choose any part of the Web — we have to get in touch with the organization. And we have to ask them, ‘Please, do you know that your server has been compromised and there is a clone now of our site coming from your IP address?’ Without having an internationally defined set of rules, you have to ask for a favor instead of being able to move to protect and immediately stop this mis-functionality. And this is only one example of why we need a legal international
Sarmi concluded that true security for his business and customers could be achieved only through an international, multisector cybersecurity arrangement. Cybersecurity itself was as much a matter of offense as it was defense. For these reasons, he needed a multiplicity of ideas. So he began the process of reaching out. “We started to realize that this phenomenon was global. And there was a question of growing in terms of capability.”

As Sarmi’s experience shows, a successful megacommunity initiator needs to be in the best possible position to attract other important participants. The initiator needs to be among the most motivated members of the community. And he or she needs to have the proper diverse background. Sarmi, given that his background was in telecommunications and given his position at the company, was the perfect initiator for a cybersecurity megacommunity. Furthermore, Poste’s impressive internal cybersecurity operation functions as something of a magnet and showpiece, underscoring Poste’s leadership position in this area. By analyzing 35 million transactions a day, Poste has accumulated enough technology and behavioral science to help put any cybersecurity initiative on a productive path.

The success of Poste’s megacommunity has been rapid and multifaceted, although built around a fairly young set of initiatives. The company has signed a memorandum of understanding with the United States Secret Service and has been asked to join the electronic crime task force in New York City. The perspective and
involvement of law enforcement is key to the development of a cybersecure planet — and underscores the need for companies to recognize which of their problems are global problems, and correspondingly prepare to move outside their sector.

Meanwhile, together with industrial partners such as Enel, Microsoft, and Visa/MasterCard, and with academic partners such as George Mason University and Royal Holloway College at the University of London, Poste recently opened a global Cyber Security Center of Excellence in Rome. This center will promote research into how security is reshaping the Web, as well as provide forensic and training support to its members and to other organizations. The issue that the center plans to address first, according to Sarmi, is “international cooperation, because the problem is global. It’s not national or local.” Sarmi recognizes that to ensure success, all representatives from all sectors must participate. As a result, the Center of Excellence was formed as a not-for-profit organization, a status that makes it possible for government agencies and NGOs to join.

One of the center’s primary goals is to find a way to make the Internet more dynamically secure, to emphasize active defense as opposed to passive (passive as in the use of firewalls). Its ultimate goal is not a meek one: to develop an inviolable cybersecurity network for the world. Very quickly, the implementation of a megacommunity approach can lead to a “scaling up” in attitudes, goals, and partnerships. It unlocks potential. Together, Sarmi and his partners may be forming the building blocks for confronting a massive worldwide threat, yet their efforts remain wholly tied to the vital interests — business and otherwise — of each individual partner.

World Food Programme and Hunger

Having experienced an initial round of possibility and excitement from its megacommunity commitments, Poste Italiane has become involved in other megacommunities. One of the new initiatives it has joined is a fund-raising effort for the world’s largest agency fighting hunger, the World Food Programme, which is also headquartered in Rome.

Like Poste, the World Food Programme found itself hitting a wall as it encountered new global challenges. The organization’s experience provides a look at the megacommunity concept from a different sector perspective. As Nancy Roman, the program’s director of communications and public policy strategy, explains: “We’ve made a lot of progress in hunger over four
The Fulbright BEST Scholarship

Adopting the megacommunity concept creates a contagious sense of involvement that can lead beyond the participating companies’ original intent. As Poste Italiane and Mediaset have become involved with the World Food Programme, and Enel has joined Poste’s cybersecurity initiative, those involved in the Rome megacommunity laboratory have also created a separate megacommunity initiative to improve educational and entrepreneurial opportunities. The result has been the creation of the private sector-backed Fulbright BEST (Business Exchange and Student Training) scholarship. This initiative is part of the U.S. Embassy to Rome’s “partnership for growth” program, which aims to augment foreign direct investment from the U.S.; the U.S. ambassador to Italy is the leader.

With a steering committee that includes Fedele Confalonieri (president of Mediaset), Francesco Starace (CEO of Enel Green Power) and Massimo Sarmi (CEO of Poste Italiane), among many others, the group has created a scholarship designed to improve Italy’s, and Europe’s, economic future. The organization raises funds and provides Italians who have Ph.D.s in science with an opportunity to learn how to start a high-tech company. Those chosen for the scholarship study entrepreneurship for three months in the United States at Santa Clara University in California. Then, they spend an additional three months in Silicon Valley at a startup company, after which they return to Italy, where they are mentored by steering committee members for six months. The scholarship is now in its fourth year. Since its inception, the program has raised €1 million (about US$1.5 million) and scholarships have been awarded to 34 Ph.D.s who have thus far created 14 startup companies.

One Fulbright BEST scholar went on to win a national prize for innovation entrepreneurship that included €60,000 (about US$74,000), with which he will develop and sell an innovative biopesticide.

This megacommunity is made up not only of the organizations we have mentioned but of donors and partners from many different sectors, including the University of Naples, the U.S. Fulbright Commission, and Booz & Company (publisher of strategy + business). As stated on the Fulbright BEST website, among its other achievements, the scholarship program has created “an opportunity to make known an effective model of collaboration between universities, industry, and venture capital.” That is a succinct definition of the megacommunity spirit, and another example of Italy’s burgeoning success as a megacommunity laboratory.

—F.N.

decades. People are sometimes surprised to learn that from the 1960s to now, the percentage of hungry people in the world has dropped from 37 percent to 17 percent. That’s huge progress, but we’ve also seen a big demographic shift and population growth. Now we’ve more than doubled the world population, to 6.8 billion. So the raw numbers of the hungry are rising. And people recognize that, strictly on a charity basis, you’re not going to wipe out hunger among the bottom billion. We need hunger solutions. We’ve got to take a different tack.”

These new challenges are further complicated by a shift in the culture of the government sector. When the World Food Programme was founded in the 1960s, Roman notes, “President Kennedy could sit down with Senator McGovern and determine that they were going to take excess grain and share it with the world. That was something you could pretty much discuss over a coffee or a whiskey at night and have it done.”

But the WFP has found that in recent years, it has been harder to get overseas funding from governments — which are increasingly hamstrung by local demands. Certainly, this development is due in part to the downturn in world and local economies, but Roman also sees it as a function of increased scrutiny in the age of the Internet and 24-hour cable news.

Thus, although the government sector continued and still continues to play a significant role in the WFP, a larger and clearer need began to emerge for new partners. The WFP decided to explore the concept of the megacommunity. Its leaders were drawn to the idea of reaching out to new sectors, to building bridges, and to uncovering where they might find some significant overlap in their vital interests.

“Governments,” Roman says, “have become more parochial. But find me a company that’s in 100 countries, and I will find you a company that understands our issues cold: hunger, water, demographic trends. That’s a real shift. It used to be that government knew
“In the old world, companies wanted to write a check, get a picture in the newspaper, and move on with their business. Today, they want to solve the problems.”

all that. Now, business has it all over government.”

Like Massimo Sarmi, Nancy Roman (who took the operative lead after Josette Sheeran, WFP executive director, initiated the megacommunity effort) proved to have the right, varied background for this kind of outreach. She is experienced in journalism and business, and has worked for both Wall Street and the Council on Foreign Relations. “I recognized very clearly,” she says, “particularly from my experience at the council, the wisdom of building coalitions, and what it can do to advance and further whatever aim you are trying to reach — in our case, hunger.”

Roman has found that the idea of the megacommunity is very much in line with new developments she sees in corporate funding. “I do sense that [those in] the private sector — the big companies — are willing to step up. But the shift that I see is that in the old world, companies wanted to give a million dollars, write a check, get a picture in the newspaper, and move on with their business. Today, they want to be change makers. They want to solve the problems. In other words, there’s no more easy cash; they want to be at the table changing the world. And I don’t blame them. I would, too, if I were a CEO.”

As a result, the World Food Programme has implemented a new operating model for fund-raising. The organization has joined together with Poste Italiane and Mediaset SpA, a major media holding company based in Italy. Mediaset has provided free advertising, which has led to unprecedented awareness of the WFP in Italy. The advertisements are part of an effort to inform the public that fighting hunger is not only a moral issue but also one of cultural stability, and even of national security. Meanwhile, Poste and the WFP are considering offering a “solidarity card” to Poste Mobile customers whereby a percentage of their payments would be donated to the WFP. By joining forces, the WFP has created capabilities impossible for a single player to develop alone. Like Poste’s cybersecurity model, this fund-raising approach is one that was created to be ongoing and that can be scaled up. A second wave is planned for other industrialized countries.

Meanwhile, the building of megacommunity connections to the business sector has resulted in more than money for the WFP. When capabilities come together, participants experience new realizations that can be harnessed in even more dramatic ways. According to Roman, “One of my own realizations has been that we need the innovation and the ingenuity of the private sector. We know what it takes to nourish a child’s mind and body and brain. But we don’t have either the food or the distribution mechanisms to provide it throughout the developing world; we need the corporate world to help us. We need them to innovate with new products. I don’t believe you can solve the big world problems, any of them — demographic trends, urbanization, shortage of water, shortage of food — without the private sector.”

Ultimately, the vital interests of different sectors may not be exactly the same. But that does not have to be a barrier to getting the job done. Like the business sector, the government and civil society sectors need to become more comfortable with the idea of merging capabilities. All three need to put aside their prejudices toward one another. As Massimo Sarmi says, “The biggest obstacle — the basic one — is the ability [to integrate] with different people, different companies, different mentalities.”
The integration of diverse points of view has been a hallmark, in fact, of the first major megacommunity launched by a large corporation: Enel’s energy-related megacommunity initiative.

**Enel and Energy**

In the early 2000s, Enel was frustrated in its attempts to build new energy plants in various parts of Italy. It frequently found itself pitted against local interests, both government interests and those of civil society. Often the conflicts grew out of simple misinformation or a lack of understanding on all sides. Enel decided that a new tactic was needed. So the company adopted a megacommunity approach. “Before the megacommunity,” says Gianluca Comin, executive vice president for external relations, “the time to garner authorization or to build a plant was very long.” By contrast, “In these last two years, 12 new projects have been initiated.”

The concept worked so well for Enel that it created an official megacommunity department within its organization. In Rome, the rest of Italy, and the company’s outposts abroad, about 175 employees work in that department, but the initiative also involves other parts of the company, from the marketing division to the security division. Altogether, 400 to 500 people within Enel are involved in the megacommunity project.

Whereas the World Food Programme has centered its first megacommunity efforts on fund-raising and Poste Italiane on connectivity, Enel has focused on communication and information. According to Comin, “When we began the project two years ago, we started with an analysis, and we used this model to understand better the context in which we are working. The first step was to identify all the people who needed to be involved in the project: the different stakeholders and their different points of view. We did this through our colleagues in the company, and by using media and Internet analysis. Then we put that information on a map.”

Once the stakeholders were identified, Enel worked to reach out to them to make them partners in the megacommunity. For each new energy project, Enel used in-house representatives with different specializations, including communications, public relations, media relations, and sponsorships. These representatives both explained Enel’s plans and position and collected information on potential problems and needs within specific communities that might be affected.

The interaction with stakeholders helped informa-
tion flow in both directions. Enel was now in the position to clear up misconceptions and point out potential gains for all involved. Meanwhile, the other stakeholders could make their issues known, and the company could see that appropriate action was taken to address them. As Comin explains, “It’s a flexible mechanism. You must change because the context changes.”

For example, when Enel proposed a coal plant in the Veneto region, the University of Venice was concerned about the flow of water going back into the Po River. It feared that the water would damage both the fish population and the vegetation. So a technical assessment was conducted with participation from the University of Venice, and the issue was resolved.

Comin — and Enel — found these kinds of studies, developed with a neutral university rather than with organizations that had started as friends of the company, to be very productive. As a result, Enel’s plans now receive strong regional support. Comin is determined to prevent the work of his megacommunity from being seen as propagandistic in any way. “The point is to involve the people,” he says. “This model is not static. You learn every day how you implement it, how to adjust to different conditions, in different situations, in time and in geography. It’s very interesting because [in other projects] you have a platform and a model, and you proceed in a very straight line, making sure all your people work with this view. With a megacommunity, you need to change and continue studying the application to adapt to reality. Reality changes very, very fast.”
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Enel has enhanced its marketing efforts with innovative IT and software, specifically in the way it monitors and measures consensus, and also in the way the data and know-how are shared throughout the company, across functions, and with the CEO. Previously, such information was stored in separate silos within the company, which often proved to be counterproductive.

One of the biggest changes happening in the energy sector is the renaissance of nuclear energy. Enel’s megacommunity experience should prove useful as plans proceed for increased production of nuclear energy. Following the Chernobyl disaster in 1986, the Italians passed a referendum abolishing nuclear plants throughout the country. All plants, finished and unfinished, were shut down. That referendum has now been amended, or more precisely, bypassed, by a new law that allows nuclear energy production. The government is currently in the process of identifying the locations where new nuclear plants will be built.

“We are working with the methodology and the mind-set of a megacommunity for the new nuclear Italian plan,” Comin says. Through the megacommunity models they have developed, Enel expects to gain a thorough understanding of the public’s view of nuclear energy. And the company hopes to be able to communicate where those views are supported by current scientific research and where they are not. “Our goal is to have maximum consensus,” says Comin.

Enel’s leaders want to use not only the tools of communication and the contacts their megacommunity experience has brought them, but also the goodwill that the initiative has engendered. This was one of the unexpected but welcome side benefits of building a megacommunity.

The megacommunity doctrine has had a positive effect on Enel’s public image. “Since we began the megacommunity,” Comin says, “many things have changed: our market approach, the way we monitor and measure consensus, our approach to our colleagues. All of these have changed the image of Enel. But I think the strong result of a megacommunity is a different approach about our external reality, more of a consciousness about reaching out.” In the highly complex world of energy, Comin finds that Enel is able to inform and educate stakeholders in a much more effective and efficient manner. Enel has become a trusted party in this field, while making it clear that compromises have to be struck to combine growth and prosperity with low-cost energy.

As part of the megacommunity initiative at Enel, the company has joined with Harvard University to promote policymaking on climate change through the Enel Endowment for Environmental Economics. It is also involved in Poste Italiane’s cybersecurity initiative, the Center of Excellence (once again demonstrating that involvement in one megacommunity project begets involvement in another, as the organization’s network, awareness, and definition of success expand). Because Enel is the second-largest utility in the world, covering 23 countries, it has its own type of cybersecurity concerns, especially as the world moves toward an interconnected smart grid.

Enel has also successfully launched a quarterly magazine called Oxygen, in both English and Italian, which promotes awareness of scientific thinking and dialogue and highlights its involvement with the megacommunity. All these commitments have strengthened Enel’s position in its field.
The Future of the Megacommunity

As these organizations’ experiences show, the megacommunity is not an idea that fits into the category often referred to as “corporate social responsibility.” It is a matter of extending a company’s core capabilities to lead in more extensive spheres of policy and action. Poste Italiane, the World Food Programme, and Enel have all found that megacommunity involvement broadens their scope; this involvement has enabled them to see that they’ve been involved in issues of global significance all along. And at the same time, it allows them to begin to solve seemingly intractable problems and to eliminate roadblocks to their own success — even potential problems on their own bottom line.

The megacommunity way is proving to be both aspirational and practical, providing a realistic mind-set and a set of tools for advancing success. The leaders of these organizations, in fact, acknowledge that changes fostered by globalization changed their spheres of influence and the competencies required in the social context in which they operate. Their megacommunities, in turn, are helping to shape their respective missions, strategies, processes, and capabilities.

All three organizations have recognized which kinds of megacommunity projects truly reflect where they need to invest their time and effort. As a result, each is climbing certain walls it hadn’t been able to get beyond before. Each effort is also increasingly interconnected with the others. Looked at from that perspective, Rome can be seen as a Venn diagram of megacommunity, with these initiatives and organizations intersecting with one another at different points, each effort giving energy to the others.

“The megacommunity sets up so much potential,” says Nancy Roman, “that it’s just a matter of the hours in the day to exercise all the potential.” At this difficult time in the world economy, many companies, governments, NGOs, and individuals are facing issues of resource shrinkage and withered ambitions. But the organizations discussed here don’t see their situation that way. Thanks to their megacommunity initiatives, they see their community as a large reservoir of possibility. +

Resources


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