

Integrated thinking in action:

A spotlight on Munich Airport
(Flughafen München GmbH)

Case studies from the <IR> Business Network's Integrated Thinking & Strategy Group

The Integrated Thinking and Strategy Group (a special interest group of the IIRC's <IR> Business Network) brings together some of the world's most innovative companies so that they can collaborate, learn from each other, challenge each other's thinking and share leading practices between themselves and those who follow them.

Integrated thinking is ingrained in the discipline of making a deliberate and coordinated effort to connect the organization's strategy, governance, performance and prospects. It is the active consideration by an organization of the relationships between its various operating and functional units and stores of value – its resources and relationships - that the organization uses or effects to create value over the short, medium and long term.

It is used by businesses to improve decision making, accountability and communication. It is therefore essential to the development of strategy and provides a valuable connection to the board.

The project aims to assess how integrated thinking is embedded within organizations through a series of interviews to understand:

- What led the organization to embed integrated thinking
- How they used integrated thinking to shape their strategy
- How integrated thinking has helped them deploy their strategy
- What the benefits have been.

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Overview

30-second snapshot into integrated thinking at Munich Airport

Flughafen München GmbH, founded in 1949, operates Munich Airport along with its subsidiaries. The Bavarian air traffic hub is Germany's second biggest airport. As a full-service operator it provides services in every area of airport management.

Integrated thinking has supported the organization's incorporation of non-financial and financial capitals into its business model since 2010.

Munich Airport relies on a strategic sustainability programme to ensure its business activities are sustainable. This involves a cross-functional and cross-departmental group of employees, who are in charge of the implementation, monitoring and assessment of sustainability aspects.

“In the beginning we had separate sustainability and corporate strategies. We realized this did not make sense - we wanted to integrate sustainability aspects within our corporate strategy and show this integration to our stakeholders. Our main driver was our willingness to understand, assess and integrate sustainability aspects in our strategy. Integrated thinking and reporting have been important guidelines throughout the process.”

Hans-Joachim Bues

Senior Vice President, Corporate Communications and Politics

Deep dive into integrated thinking at Munich Airport

10 minute read

What led Munich Airport to embed integrated thinking?

Previously, the airport had applied two separate strategies concurrently: a corporate strategy and a sustainability strategy. The team identified the importance of establishing one holistic, integrated strategy which clearly presents the value creation process of the business and implemented integrated thinking and reporting to achieve this goal.

Concurrently, Munich Airport began integrating financial and non/pre-financial information in its reporting, also using a tool to make financial and non-financial data more tangible. Additionally, Munich Airport aligned its report to the International <IR> Framework, so that it could demonstrate its holistic approach to value creation for stakeholders.

How did Munich Airport approach integrated thinking?

Munich Airport ran a series of internal strategy workshops at management and board level to analyze and identify the impact of the airport's business processes on sustainability factors. This top-down approach has helped create a strong organizational culture where everyone is sensitive to the importance of these issues.

Working on its reporting alongside this process enabled Munich Airport to evaluate the processes it uses to collect information. The team used the <IR> Framework to better articulate the business model and map the outputs and impacts effectively.

Munich Airport found that by adopting integrated thinking and integrated reporting together, they were mutually beneficial for driving a better understanding of the key issues it needed to address to ensure it had a holistic, sustainable strategy for value creation.

Much of the pressure to develop this holistic strategy came from within the organization, as back in 2010 the demand for integrating sustainability factors into the core strategy was not as prominent as it is today.

STRATEGY 2025

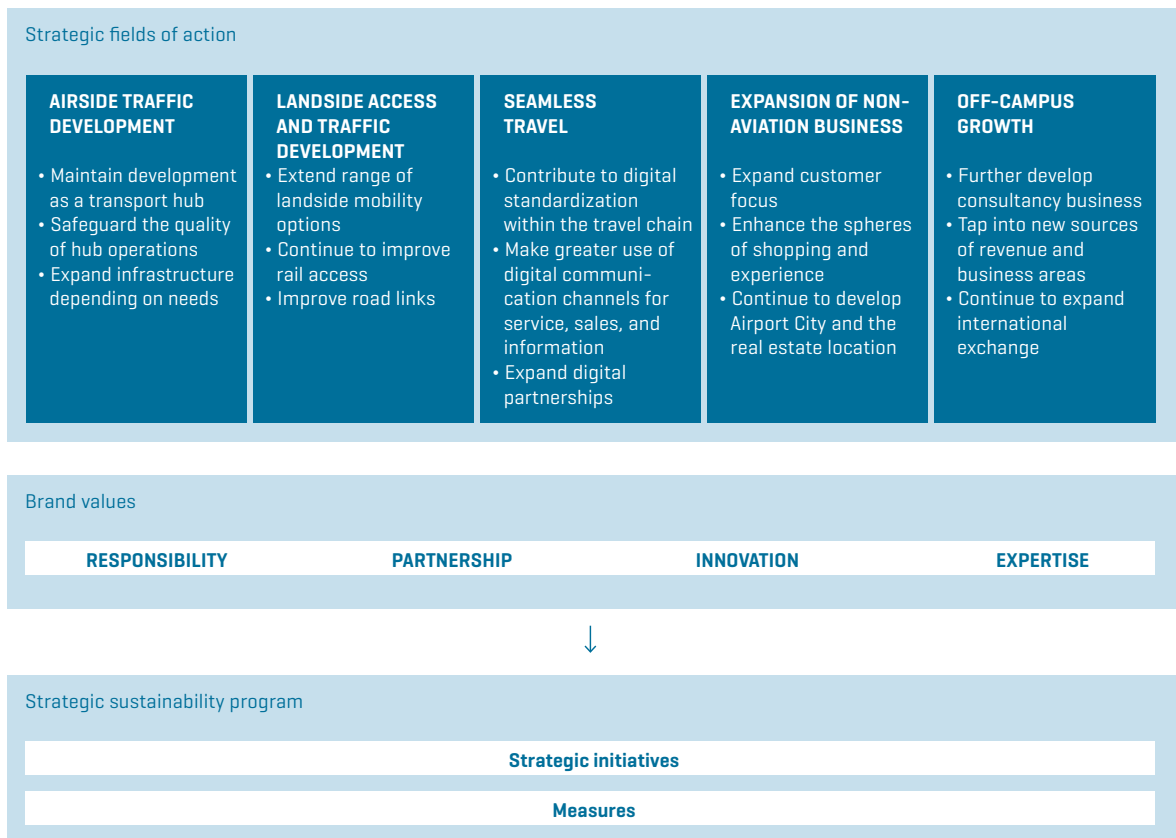


Figure 1

For a detailed view please consult Munich Airports' [Integrated Report 2019](#)

How has integrated thinking helped Munich Airport articulate its strategy?

Integrated thinking is embedded in Munich Airport's 2025 Strategy, which focuses on the airport's drive to become a sustainable international air-travel hub, and was launched as a direct result of a range of internal strategy workshops.

The main outcome of the workshops was the identification of five fields of action, which dominate the strategy: **1) airside traffic development, 2) landside access and traffic development, 3) seamless travel, 4) expansion of non-aviation business and 5) off-campus growth** (see figure 1).

The five fields of action were identified through a scenario analysis of the future of aviation and stem from talks with company stakeholders. The initiatives and measures in the sustainability programme also play a major role in implementing the strategy and thus in ensuring the airport's future viability. Similarly, Munich Airport measures the success of implementation using defined key performance indicators (KPIs).

Part of the yearly strategy process is also to define key issues for sustainable development, their incorporation into the management process and their implementation across the organization. However, the bigger picture is not neglected: Munich Airport further attaches importance to collaborating with external stakeholders when reviewing the findings of the annual strategy process. In order to do justice to its integrated approach, the group opens dialogues with organizations from the aviation sector, but also other industries.

“Back in 2010 we started to look for a different approach. We deemed it necessary to adopt an approach that could take into account both financial and non-financial aspects of our corporate strategy. This process was supported by our organizational culture that had been sensitized to the importance of sustainability through several strategy workshops. These workshops were built on the reporting frameworks which were used back then (mainly GRI Guidelines). Indeed, when we started working on the integration of sustainability aspects within the business, we started thinking about sustainability and what it meant to us as an organization. We started thinking about structuring sustainability as to make it a transversal enabler of the business.”

Dr. Monica Streck

Head of Strategic Sustainability Management at Munich Airport

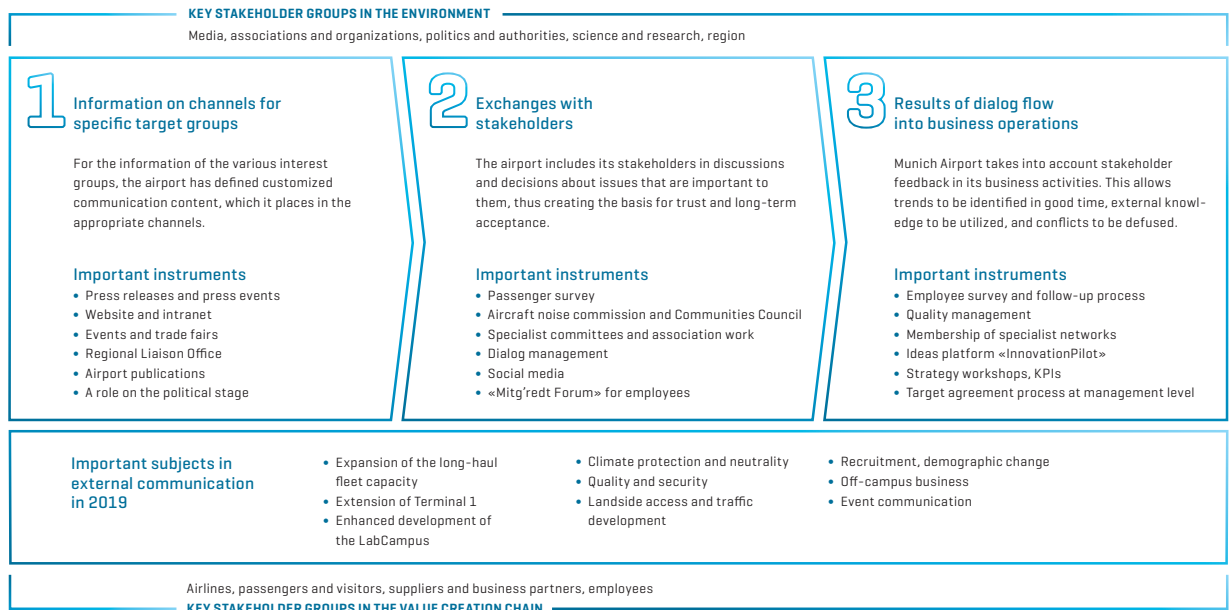


Figure 2

For a detailed view please consult Munich Airports' [Integrated Report 2019](#)

How has integrated thinking helped Munich Airport deploy its strategy?

The execution of Munich Airport's 2025 strategy relies on internal processes undertaken to ensure the sustainability angle is taken into account in all business activities. This can only be achieved through the intensive reflection of all stakeholders' opinions by a three-step process as set out in figure 2.

Firstly, specific target groups, such as passengers and visitors, airlines or business partners, are informed through several and appropriate communication channels – via the company's website, press releases or also physical events like trade fairs. Secondly, stakeholders are approached in a more direct way and are invited for interaction, for example through passenger surveys or by opening dialogues through social media. Finally, the results have a direct impact on the business operations and are embedded in the strategy workshops. This allows external knowledge to be utilized – and does the integrated thinking approach real justice.

Following this, the board and management teams are confronted with the insights and requested to report on their individual work progress during the year.

All in all, the final results are published in the strategic sustainability programme that is part of the yearly reporting cycle.

“We communicate intensively with a number of stakeholders. It is incumbent upon us to take external expectations on board, for example of different social groupings, and to address trends and sentiments. In this way we can help the company to understand what the public or specific stakeholders expect of us.”

Hans-Joachim Bues
Senior Vice President, Corporate Communications and Politics

How has embedding integrated thinking benefited Munich Airport?

Integrated thinking has transformed Munich Airport's strategy and organizational culture. It has helped them develop one holistic strategy that incorporates all of the drivers of value, both financial and sustainability-related. But there is still a long way to go to fulfill all those targets.

This case study summarizes the journey of integrated thinking at Flughafen München GmbH and was developed through the conversations that Hans-Joachim Bues, Senior Vice President, Corporate Communications and Politics, and Dr. Monica Streck, Head of Strategic Sustainability Management, at Munich Airport had with Professor Cristiano Busco, LUISS and Roehampton University, and Elena Sofra, IIRC.

“We have an integrated approach to our strategy definition. It is the outcome of the several workshops carried out internally, which had a cross-functional reach. The cross-functional work that we ensure with the definition of our strategy is embedded in the organization and reflects the integrated thinking approach of the company.”

Dr. Monica Streck
Head of Strategic Sustainability Management
at Munich Airport

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