

Flo van Diemen van Thor

Understanding Stakeholders

Professional perspectives on
working with stakeholders



FLO VAN DIEMEN VAN THOR

UNDERSTANDING STAKEHOLDERS

PROFESSIONAL PERSPECTIVES
ON WORKING WITH
STAKEHOLDERS

Understanding Stakeholders: Professional perspectives on working with stakeholders

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CONTENTS

	About the author	7
	Introduction	8
	Why stakeholders matter	8
	Not another book about stakeholders...	9
	Who should find this a useful book?	10
	The Big Questions this book seeks to answer	11
	How this book is organised	13
1	Define 'stakeholder'...	16
1.1	A very brief history of stakeholder theory	16
1.2	Your own perspective on stakeholders	17
1.3	What stakeholders are not	19
1.4	Engagement, involvement, management...	20

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2	Why stakeholders matter	21
2.1	The need for organisations to understand stakeholders	21
2.2	Functional perspectives on stakeholders	29
2.3	The case for understanding stakeholders in summary	34
3	Identifying stakeholders	36
3.1	Listing stakeholders	36
3.2	Stakeholders per functional group	42
3.3	Getting specific	50
3.4	Who 'owns' the stakeholder?	51
4	Analysing stakeholders	52
4.1	Stakeholder attitudes	52
4.2	Stakeholder mapping	56
4.3	Stakeholder coalitions	67
5	Involving stakeholders	68
5.1	Creating a stakeholder involvement vision and approach	68
5.2	What level of stakeholder involvement is needed?	70
5.3	Involvement methods and approaches	73
5.4	Stakeholder communications	75
5.5	Fair and ethical stakeholder engagement	81
6	Learning on the job	83
6.1	Top Tips for successful stakeholder engagement	83
6.2	Learning from the experts	84
	Templates and Checklists	86
	T1 Universal stakeholder list	86
	T2 Strategic Communications Plan	87
	T3 Communications Activity Plan	87
	Checklist: Creating a clear vision on stakeholder engagement	88
	Checklist: Preparing for Stakeholder Involvement	89

Further reading and resources	90
Stakeholder Theory	90
Leadership and management	90
Project Management	90
Human Resources and Organisational Development	91
Marketing, Communications and PR	91
Customer services and Sales	91
List of Figures, Tables and Checklists	92
Endnotes	93

ABOUT THE AUTHOR

Flo van Diemen van Thor is a developmental coach and communications mentor who specialises in helping people and teams navigate complex organisational change. She gained first hand experience of being on the receiving end of such change through her various roles in account management, marketing and communication in organisations ranging from soon-to-be privatised Royal Mail and a cash-strapped local authority to small consultancies experiencing growing pains.

These experiences proved invaluable once she moved from marketing and communications into Organisational Development, specialising in change communications and stakeholder engagement. Armed with a Master's Degree in Coaching and Mentoring Practice from Oxford Brookes University and her experience as an Organisational Development Consultant in the public and private sector, Flo founded Socius Associates, which develops and delivers change programmes for clients.

Socius also frequently works on leadership development programmes in large organisations, often by delivering executive coaching but also by designing bespoke workshops and managing evaluation of the programme for the client. Clients range from local authorities to universities and emergency services as well as private sector organisations.

Flo's own specialist areas are communications consultancy and executive coaching to senior leaders heading up the change. Whatever the focus of her assignment is, it always comes back to understanding stakeholders: what are people really thinking, which assumptions are being made, how can this challenge be tackled best?

Answers on a postcard!

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INTRODUCTION

No organisation operates in a void.

Running an organisation or business involves interacting with a wide range of interested parties in order to achieve the goals of the organisation. For any organisation these interested parties or 'stakeholders' might include competitors, suppliers and certainly customers who are all making demands on us by presenting their needs and expectations. Often the term 'stakeholder' is associated with external parties taking an interest.

However, there are also internal stakeholders to take into account, including the leadership and governance structure of the business or organisation, but also individuals, groups and teams. On top of this, every organisation needs to navigate conventions, habits, belief systems, assumptions and motivators at play for stakeholders to interpret what is going on and decide how to respond to it.

The degree to which we are aware of and understand these internal and external stakeholder influences the success of an organisation. This in turn depends on its ability to anticipate and respond to them and their needs effectively. Organisations already do this in many ways, and this book seeks to build on this capability: it aims to offer a new perspective on understanding stakeholders.

WHY STAKEHOLDERS MATTER

History provides us with plenty of examples of how ignoring or underestimating these influences can damage or break even the most established of household names, from car manufacturers to banks and technology firms. Governments and national economies can be brought to their knees through not understanding or wilfully ignoring stakeholders.

No matter the type or size of organisation, its vision and mission will need to resonate with its target audiences. From blue chip companies to charities, they need to understand the perceptions, needs and attitudes of their stakeholder base or risk their chances of success.

Products will be developed that fail to meet stakeholder needs because these needs were not understood in the first place. Features and benefits may miss the point in the eyes of the prospective consumer or pricing may be too high or too low for them; the production process may be too long, too complicated or too costly; promotion may be aimed at the

wrong buyer – all these are examples of what may go wrong when an organisation has not engaged sufficiently with enough stakeholders, or with the right ones.

It is legitimate for us to spend time worrying about our strategy for stakeholders because they can affect the accomplishment of our goals and plans.

– R. Edward Freeman,
Strategic Management, a Stakeholder Perspective, p. 23

Attitudes towards stakeholders and stakeholder engagement have changed significantly in the last 30 years. The financial crisis of 2008, the rise of international terrorism and fiscal, environmental and social scandals involving household names such as Amazon, Starbucks, BP and Apple have changed public attitudes towards established organisations.

At the same time, technological innovations such as social media provide previously non-existent platforms to engage with stakeholders, too. Or perhaps more appropriately: social media provide a channel for your stakeholders to interact not only with you, but about you with each other. This a conversation your stakeholders are having about your organisation which takes place online whether you are participating in it or not, and therefore offers opportunities and risks that cannot be ignored.

To sum it up, interacting with stakeholders is unavoidable if an organisation is to achieve its objectives.

NOT ANOTHER BOOK ABOUT STAKEHOLDERS...

So why another book about stakeholders? Surely there is plenty out there already?

Indeed there are many books and online resources about stakeholders and stakeholder engagement to choose from. My ‘problem’ with those is that they are either focused on a specific professional group such as project managers or marketers, **or** they are focused on stakeholder theory. The issue with the former category is that stakeholder tools that are for example used by project managers can be highly effective and appropriate in Human Resources (HR) or Organisational Development (OD) too, and the other way around. Works with an academic or theoretical focus tend to focus on one or the other, but rarely cross over between different organisational functions. Then again, I can’t claim to have read every single publication on stakeholders and may be wrong!

Going back to my reasons for structuring this book the way I have, my own experience and research taught me that the Human Resources section isn't a likely place for a marketing executive to go looking for inspiration on stakeholder engagement. And so they miss out on very useful models and tools used in a different discipline that could inspire another way of working with stakeholders. Sure, many of the stakeholder tools in use by different professions are related or extremely similar, but there are opportunities for cross-pollination, especially where it concerns the way they are applied.

This book will show why and how stakeholders are the following to any organisation, regardless of size and nature:

- Vital sources of competitor, market and customer information
- Potential champions and even collaborative partners
- Barometers measuring mood and attitude inside and outside the organisation
- Sources of inspiration for new or improved products and services

By viewing the above through the lenses of different organisational perspectives we can borrow and apply methods to understand and engage stakeholders from elsewhere and achieve results while potentially saving time, money and effort in the process.

WHO SHOULD FIND THIS A USEFUL BOOK?

For this book to be worth your time reading it, it should therefore cover some questions that are pertinent to doing business and in a broader perspective, the world of work. If running an organisation can be complicated, it follows that work is a complex world in itself for many of us.

This is why the book approaches stakeholders from two perspectives:

- from the organisation's perspective as it operates in its environment
- from the perspective of the individual in their professional role

This book is also aimed at different types of organisations, including commercial enterprise and business and also organisations in education, the not-for-profit sector, or local government and whose success is defined as attainment of goals other than – or in addition to – turnover.

The significance of and focus on stakeholders also varies from one organisational function to another and from one professional group to the next within those functions. Engaging with customers will be a daily 'given' in customer service teams and a completely different affair

if you are a project manager. Marketing managers in organisations have tools and techniques at their disposal to research and involve stakeholder groups and will have very different reasons for doing so compared to managers in Human Resources. A senior leadership team will have entirely different reasons for interacting with stakeholders and their stakeholder analysis will be unique to their purpose, even if the map on the surface looks similar to those found elsewhere in the organisation.

My hope for this book is that it will be read and used by people from across business functions and professions, and that they each find something of value by being exposed to different methods that are in use elsewhere. That also means trying to cater for very different needs, such as those of:

- A marketing manager looking for additional approaches to stakeholder engagement
- A programme manager after more ways to identify stakeholders
- A HR director wanting to understand stakeholder positions before leading a restructure
- A CEO considering merging with another company who needs to investigate cultural fit

The focus will therefore be on tools and methods with discussion on how it can be applied so that you can help yourself from the whole spectrum of options, regardless of which ‘discipline’ the tool originates from.

THE BIG QUESTIONS THIS BOOK SEEKS TO ANSWER

So, what’s in it for you – why would **you** spend time reading this book? Surely Googling for inspiration and some tools to ‘borrow’ goes a long way here?

Sure, there are many resources available online when you go looking for them, and therein lies the problem. How do you know a suitable approach from an ill-advised one? And how do you know what to put into Google first? So, that’s what this book adds. Google is always an option.

This book aims to bring stakeholder tools together from different disciplines for your benefit.

As for the more theoretical texts about stakeholder theory; as interesting these are, they are often far removed from practical application. That is of course not what many of these texts are meant for, but the relevance of theory when looking for inspiration or to find the right tool for a particular question while on a deadline is usually low. Hopefully this book

offers enough theory to give you some grounding in it, but so much as to distract you from what you came here for.

With the above in mind, here are the Big Questions this book seeks to address.

Big question: what are stakeholders and why do they matter?

How do we define stakeholders? What is the value of understanding stakeholders from the perspective of different organisational functions and professional roles? What are the consequences of not engaging (enough) with stakeholders, and what do we risk if we underestimate our stakeholders?

Big question: how to know *what* to know about your stakeholders

Deciding what is worth knowing depends both on your objectives and on what you will do with what you find out about your stakeholders. Answering these questions first will also help to decide how to segment stakeholders and spend time on or with them, using your finite resources in the most effective way possible.

Big question: how to analyse your stakeholders

Stakeholder analysis is crucial to successful engagement. The good news is that it isn't a dark art, and effective ways to map and analyse stakeholders are often simple too. Approaches depend on the level and nature of engagement required with different stakeholder groups, and therefore they vary according to the project. In other words: understanding and involving your stakeholder is a dynamic affair. Tools and templates will be offered.

Big question: how to confidently involve your stakeholders

Engaging with stakeholders can be daunting or even terrifying, and in other situations an energising activity. Solid planning and preparation which bears in mind desired outcomes is central to meaningful stakeholder engagement. What are our reasons for involving them in our objectives? What is must-have knowledge to have about and from our stakeholders, and what is nice to have engagement that is likely to exhaust their patience? Also: when can and even should you ignore stakeholders? Techniques and tips to save time and avoid common mistakes will be included alongside examples from practice to illustrate how these work in real situations.

HOW THIS BOOK IS ORGANISED

We'll start in earnest by discussing and settling on a definition for 'stakeholder' for the purpose of this book. **Chapter 1** gives a brief history of the term but is more interested in how it can mean different things in different contexts.

Chapter 2 is dedicated to making the case for understanding stakeholders. We will have a look at reasons in general why stakeholders matter, and then move on to explore how exactly investing in stakeholders contributes to organisational success. We will also look at how stakeholder motivation works, and finish the chapter by taking a look at how stakeholders matter to different organisational functions.

Chapter 3 gets down to the business of identifying and categorising stakeholders. We will decide on a model for the purpose of this book and look at different classifications that can help find who and what are stakeholders. We will also see how the same list of stakeholders can be regarded differently depending on which part of the organisation is looking.

Chapter 4 is about understanding and analysing stakeholder attitudes and mapping stakeholder positions in relation to organisational objectives. We will explore the ways different organisational functions go about this and discuss the pros and cons of each of these. Practical techniques and tools are offered.

Chapter 5 is about stakeholder involvement. We will start by discussing the importance of developing stakeholder involvement vision before asking what levels involvement is desirable and why. Stakeholder communication features heavily in this chapter, followed by a discussion about fair and ethical stakeholder involvement. The chapter presents tools, techniques and approaches that can be adopted in a variety of settings.

Chapter 6 shares some insights from the experts of stakeholders and concludes with a Top 10 of tips for successful stakeholder engagement.

Templates can be found throughout the book and have been brought together in the back of the book for ease of use.

If you find yourself hungry for more after all of the above, an overview of **further reading and resources** is included in the back.

A NOTE ON TERMINOLOGY AND DEFINITIONS

I'd like to include a note on the use of jargon and definitions in this book. Many people abhor jargon and my aim is to at least demystify professional terminology, if not use plain English instead. However, jargon does have its uses because it can save time once the term is introduced properly and its meaning agreed and understood by all. Often the criticism about jargon is that it is exclusive – it makes people feel they do not know what is meant by something.

As outlined above one of my aims for this book is to encourage borrowing from other professions and organisational functions and to make this easier, it helps to understand some of the specific language used elsewhere. It is my hope that the use of professional terminology is at least explained well where I do use it and especially welcome feedback on this point to help improve subsequent editions of this book.



Where I mention 'product' in the text, I use the term to also cover services. I mostly refer to 'organisations' in the text, these of course include business and enterprise of all types and sizes.

The use of gender in this book random and simply does away with unnecessarily complicating the text.

HOW TO GET THE BEST USE OUT OF THIS BOOK

Like many people, I frequently dip in and out of business books looking for something in particular rather than reading it cover to cover. With this in mind I have put this book together in such a way that my readers can do the same and go straight for the most pertinent parts. The Table of Contents is the obvious place to look up where you need to be in this book.

Before you hop off to consult the Table of Contents, I would like to mention that I have included templates, tools and exercises in all chapters which may also be relevant to your interests even if you were looking for something elsewhere in the book. Templates also have been brought together at the end of the book.

1 DEFINE 'STAKEHOLDER'...

Let us look at definitions first of all, as it would be a waste of your time to read this book and discover it was written with a different view on the term 'stakeholder' than you had in your head all along. In addition, different professions can and do have different ways of looking at stakeholders, while the type of organisation you are a part of also plays a role. We'll be going into these differences in this book.

Before you read on, jot down a few words that describe your own definition of stakeholder. It is not a test, just write down what comes to mind.

1.1 A VERY BRIEF HISTORY OF STAKEHOLDER THEORY

The term stakeholder has been traced back to a 1963 internal memo at the Stanford Research Institute. Its roots appear to go even further back to the early 20th century and the first of what we might call modern management consultants who laid the foundations of Organisational Theory, from which stakeholder theory has emerged in turn.

A much-used definition today comes from professor of Business Administration, R. Edward Freeman, who is often (incorrectly)ⁱ credited with coining the term in 1984. Freeman defines stakeholders as:

any group or individual who can affect or is affected by the achievement of the organization's objectives

Freeman summarised this definition in a generic stakeholder map:

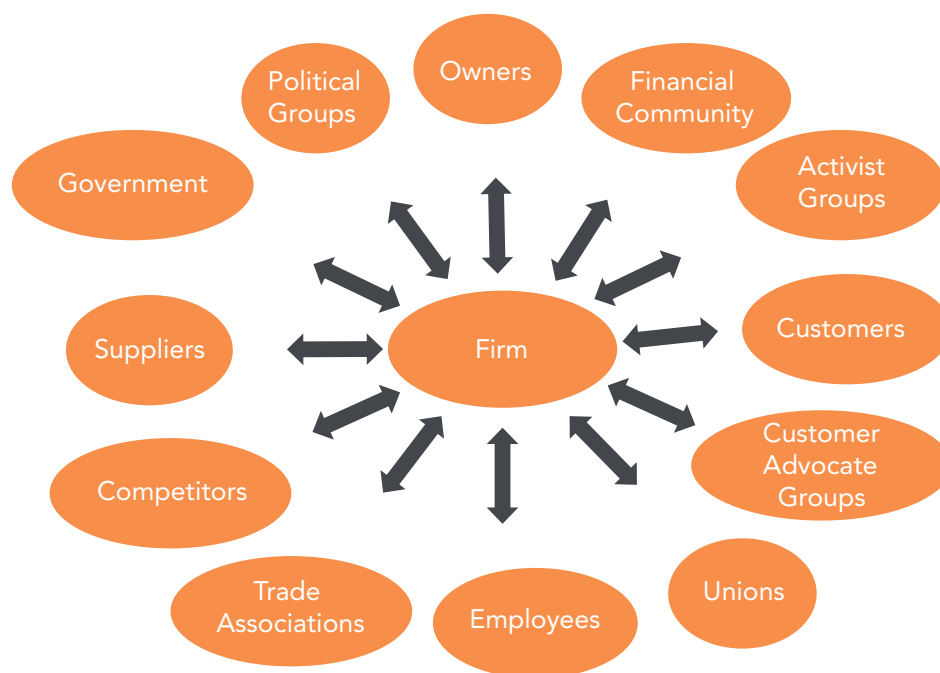


Figure 1.1 Freeman's generic stakeholder map of a very large organisation

Freeman's definition is considered to be a managerial one, and that has opened it up to debate in terms of usefulness in different contexts and also scope. Freeman himself points out that his generic stakeholder map (Fig. 1.1) is only that – a generic starting point which must be taken a step further in order to be meaningful. We will examine the usefulness of this definition for our own purposes next, and follow Freeman's advice for accurate stakeholder mapping in upcoming chapters. Turn to the recommended reading list in the back of this book to find some suggested literature if you would like to deepen your knowledge of stakeholder theory further.

1.2 YOUR OWN PERSPECTIVE ON STAKEHOLDERS

Although Freeman's definition is a very famous, oft-used one with good reason, we must also consider why **you** are reading this book. The reason for this is that depending on your professional role you may have a different interest in stakeholders compared to other professionals reading this book.

Your organisational context also matters. Perhaps you work in local government, or for an NGO; maybe you own a small company or have just joined a blue-chip company in your first full-time job as a project manager: The needs of your organisation are another influence in how to read and use this book. In short, different professional perspectives translate into different interests in stakeholders and stakeholder engagement.

"Within [a] more traditional perspective, responsibilities for various stakeholder groups are assigned to separate divisions. The marketing department deals with customer relations, the Human Resources department deals with employees, the Public Relations department deals with the media, the community relations department deals with local organisations, and the purchasing department handles contracts with suppliers."

– Ann Svendsen, The Stakeholder Strategy. p. 3

This 'division of labour' drives the shape of stakeholder relationships, which are formed by department and not corporate strategy. This division makes less sense than ever before in an age where lines of responsibility are increasingly blurred by globalisation and organisational structures are flattening. At the same time, technological advances make collaborating across distances and departmental boundaries so much easier.

Add to this the expectation of stakeholders that organisations should respond quickly across a huge range of communication channels and it becomes clear that such distinctions as illustrated above are no longer clear or helpful.

This book aims to create opportunities for cross-pollination between professional perspectives. For example, marketing managers' methods for segmenting stakeholders are different from project managers' ways of doing the same. If for example you are a project manager and your aim is to find another way of understanding stakeholders, you'll be interested to see how a marketing manager goes about it, and vice versa.

1.2.1 DEFINITIONS IN CONTEXT

Now that we have established the importance of context and role when considering stakeholders, let's look at a few alternative definitions for stakeholders:

People or small groups with the power to respond to, negotiate with, and change the strategic future of the organization

Parties with an interest in the execution and outcome of a project. They would include business streams affected by or dependent on the outcome

Any person group or organization that can place a claim on the organization's attention, resources, or output, or is affected by that output

The point of the small selection above is to highlight how the perspective of the profession shapes the interpretation of the idea of 'stakeholder'. The first definition comes from management scienceⁱⁱ; the second from the project management method PRINCE2 and the third from public affairsⁱⁱⁱ.

The definition we use while making our way through this book needs to make capturing these different angles possible. Therefore, I suggest that the most neutral definition remains Freeman's, which we will adopt for the purpose of this book:

any group or individual who can affect or is affected by the achievement of the organization's objectives

Thinking back to your own definition from earlier, and the discussion about professional roles and organisational context, how useful is Freeman's definition for your purposes?

How would you tweak Freeman's generic stakeholder map to make it relevant to your own context?

1.3 WHAT STAKEHOLDERS ARE NOT

A common misconception is to confuse stakeholders with shareholders. The latter is an owner of shares in a company. While shareholders are most certainly stakeholders – they will be affected by the organisation achieving its objectives, and wield influence over its ability to do so; stakeholders are not necessarily owners of shares in the organisation too.

Why? Because not all organisations are businesses giving out shares (charities, local government, NGOs), while organisations which do have shareholders also have other parties which are affected by the organisation's activities. Stakeholders who are not armed with formal voting rights can and do influence an organisation's success. A major driver can be financial impact, but ethical issues can also shape stakeholder attitudes.

A famous example is the story of the Brent Spar, the Shell-owned tanker buoy which its owner sought to retire by sinking it into a deep trough off the Atlantic coast of Scotland. In 1995 a high-profile campaign by Greenpeace kept headlines occupied throughout the world for weeks on end until Shell relented under the pressure and reversed its decision with hours to spare. The Brent Spar was later used for materials to build new harbour facilities in Norway.

The Brent Spar case sparked a worldwide debate about whom and what can be stakeholders. Greenpeace argued that the creatures inhabiting the Atlantic seabed were Shell's stakeholders too. Even if Greenpeace's arguments and methods were contentious at times, many consumers agreed and decided to boycott Shell's petrol stations. Public opinion was further influenced by politicians across Europe who openly declared their opposition to the plan and supported the boycott.

The company issued a statement declaring that 'Shell's position as a major European enterprise has become untenable'^{iv} and named political and public pressure as the reason for its decision. The loss of sales due to consumer boycotts was estimated to be between £60 and £100 million^v. Shell's major stakeholder groups which also included oil production companies and the offshore construction industry took opposing views on how the Brent Spar should be disposed of: for oil production, this set an unwelcome precedent and for construction a welcome one: there is money to be made from dismantling obsolete structures.

1.4 ENGAGEMENT, INVOLVEMENT, MANAGEMENT...

The term 'stakeholder engagement' has been used several times already in this book, so it makes sense to pause briefly to settle on a definition. In this book we'll use a widely adopted definition, which is:

Stakeholder engagement refers to an organisation's efforts to understand and involve stakeholders and their concerns in its activities and decision-making processes.^{vi}

Engagement therefore encompasses *both* understanding and involving stakeholders.

Another term, 'Stakeholder management' is often used in project management in particular to describe the processes and planning that drive stakeholder involvement. Because that means something slightly different we'll use the term stakeholder engagement as and when we need to.

In Freeman's definition, it is assumed that the interest the group or individual has in the organisation and its success is a **legitimate** one. Consider who or what might be stakeholder to a:

- police inspector in a drugs squad
- resilience, risk and security consultant
- journalist for a national broadsheet
- tax fraud investigator

2 WHY STAKEHOLDERS MATTER

Now that we have agreed in generic terms what (or rather who) we are talking about when we discuss stakeholders, we need to investigate why they matter in the first place. What is the business case for understanding stakeholders? How does this need vary for different kinds of organisations? We will conclude this chapter by examining more closely how stakeholder matter to different functions in an organisation, and take a look at stakeholders from the perspective of:

- Senior leadership and strategic management
- Project and programme management
- Human Resources and Organisational Development
- Marketing, Communications and Public Relations
- Customer Services and Sales

We will then get more specific about stakeholders' importance when we explore tools and techniques in the next chapters.

2.1 THE NEED FOR ORGANISATIONS TO UNDERSTAND STAKEHOLDERS

The Brent Spar example from the previous chapter has illustrated what might happen when stakeholders organise themselves and exercise the power that they know they have. Political opinion matters to Shell, which needs licences to drill and lay pipes across sovereign territories. It also doesn't bode well for market share and turnover if consumers vote with their feet in protest to your business practices.

The Brent Spar case also illustrates the power of stakeholder buy-in and motivation, two major reasons why organisations need to invest in understanding what drives stakeholder perception and attitude. Motivational drivers can be different for different stakeholders, even if on the surface their attitude appears to be the same. It can also not be underestimated how valuable understanding your stakeholders is in making informed decisions, and knowledge sharing is key in achieving this. This section will explore each of these points in more detail.

2.1.1 STAKEHOLDER BUY-IN

In Shell's case buy-in was a very literal reason to give in to the pressure heaped on the company. Selling goods and services will always be a key objective of businesses, if not the main one for most of them, and an effective driver behind understanding stakeholders.

Different kinds of organisations need different stakeholders to buy into different objectives. Successfully retiring a redundant oil installation; selling cars; encouraging people to give up smoking: each of these objectives involves a unique set of stakeholders to understand.

In order to function, charities and volunteer organisations need supporters, donors, campaigners and volunteers who believe in the cause. Charities and not-for-profits need people who choose to work for them when they could work elsewhere and quite possibly earn more for doing similar work. Without the buy-in of people wanting to support the cause of the organisation in one of the above ways it would simply cease to exist.

Buy-in comes in a different guise in government. Led by politicians who represent the electorate and make strategic decisions, its policies and day-to-day planning are implemented and performed by politically neutral civil servants. For politicians, whether in local or national government, buy-in comes in the form of votes. For civil servants, public support of policies is crucial to carrying out their duties.

Other public sector organisations funding such as national health services and the police rely on political buy-in to obtain a slice of government. They may have unions that support or represent them in addition to wielding direct influence. To achieve this buy-in, these organisations also work to gain public support by campaigning, demonstrating or even risking public opinion by resorting to strike action in an effort highlight issues to an audience beyond the political sphere.

The education sector – schools, colleges and universities – also need stakeholder buy-in for various purposes. They need to attract pupils and students but also funding, partnerships and the best people to staff their establishments. Great teaching staff who are supported by a well-functioning organisation will get great educational results, which in turn will lead to glowing inspection reports and the support from learners and parents. Partnerships with local businesses can enrich the learning experience for students through work experience projects. To build such partnerships those businesses need to have sufficient alignment with the school.

As the above illustrates, buy-in can take many forms and isn't simply limited to turnover and market share. Stakeholder buy-in can make or break organisational objectives depending on the strength or withdrawal of support from stakeholders.

Consider the following scenarios, and what form stakeholder buy-in is likely to take:

- A tech start-up with a unique idea for a new product looking for investment to raise capital to build their prototype. What is the buy-in they need and from whom?
- An events manager at a historic estate surrounded by a national park wants to increase visitor numbers by 10% by organising a summer festival. What does successful buy-in from stakeholders look like?

2.1.2 MOTIVATION

Before a stakeholder buys into an objective and lends it their support, they need to understand why the objective is desirable in the first place. Strongly motivated stakeholders are also more likely to continue to support an organisation in tough times, and can play a key role in gaining the support of other stakeholders – or mobilise them in opposition. Keeping stakeholders motivated is key to holding on their buy-in.

There are various useful theories about motivation which can inspire ways to understand stakeholders. A way to understand motivation is to consider that people are motivated to gain something or to avoid something, known as approach and avoidance motivation.

Avoidance motivation drives us to take action (or not take action) to prevent something unpleasant from happening. We might visit the dentist to avoid getting tooth ache or gum disease, for example.

Approach motivation sees us take action to achieve something that pleases us. Some of us visit the dentist to achieve dental health or a sparkling smile – it's a different driver even if the action looks the same.



Figure 2.1 Avoidance and approach motivation

Motivation can further be understood as being externally driven or **extrinsic motivation**, and internally driven, **intrinsic motivation**. Extrinsic motivation (also known as instrumental motivation) refers to taking an action or decision in order to obtain something. The driver is an external one: someone or something else compels the individual to take action. Intrinsic motivation, which is also known as subjectivist motivation, refers to taking action for the sake of personal satisfaction or enjoyment. The individual's driver is an internal one and the action or decision makes them feel good.

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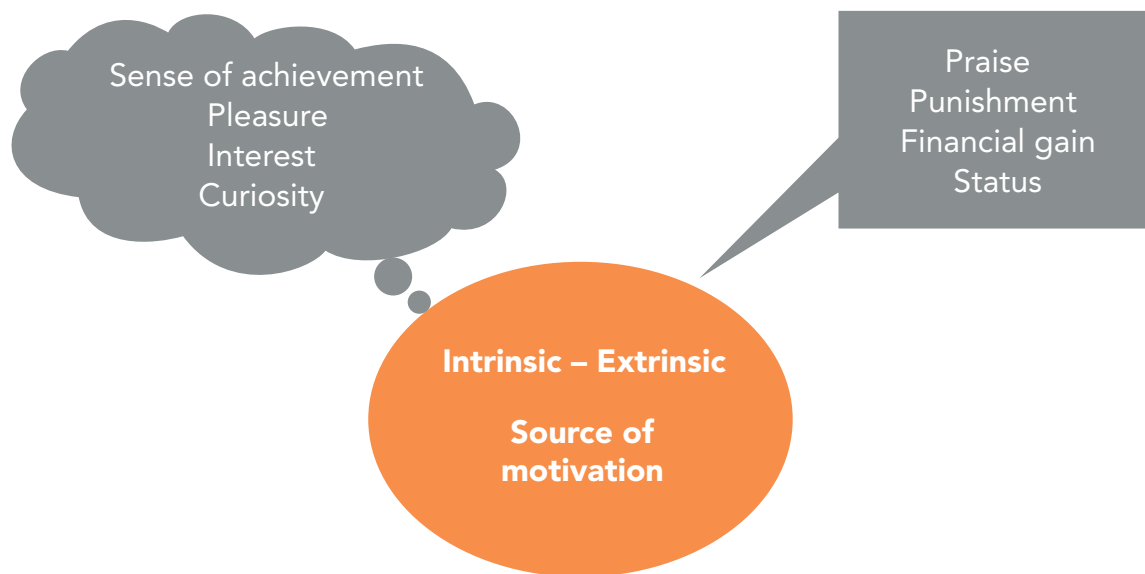


Figure 2.2 Intrinsic and extrinsic motivation

Different individuals are motivated by different incentives: the same incentive can excite one potential stakeholder yet completely turn off another. Some prospective stakeholders' buy-in can be gained with incentives such as discounts or promotions while others appear immune to these and base their buying decisions on other criteria. As any experienced marketer will tell you, promotional incentives can be very effective in certain contexts such as a new product launch. However, talk to a PR professional and they will warn you about the types of incentives that will land you in hot water during an election.

Extrinsic motivation can take a number of shapes:

- Compliance as a result of rewards or punishment, i.e. not speeding to avoid fines
- Seeking the approval of others, i.e. preferring a certain make of car over another
- Adoption of, and identification with goals, i.e. living a low carbon lifestyle to help the environment

Stakeholder motivation: two examples

People who connect with the Alzheimer's Society may do so to find support and solace in the sharing of their experiences. For many people, Apple products symbolise a certain lifestyle. Both satisfy a need to belong and connect to share experiences with likeminded souls, but the way to achieve this belonging can require something different from the Alzheimer's Society compared to Apple Inc when it comes to understanding their stakeholders.

2.1.3 A CLOSER LOOK AT INTRINSIC MOTIVATION

Self-Determination Theory^{vii} describes how we human beings need to satisfy three key psychological needs in order to be intrinsically motivated. These needs are:

- Autonomy
- Competence
- Relatedness

Autonomy in this context refers to the independence of the stakeholder to decide for themselves. Using manipulative tactics aimed at influencing their opinion of your objectives will undermine stakeholders' perception of autonomy and have an adverse effect. Offering options and choice are powerful ways to meet stakeholders' needs for autonomy.

Humans have a need to be recognised as **competent** and positive feedback has been shown to feed our intrinsic motivation. In terms of fuelling our stakeholders' motivation this translates into demonstrating how we value and respect our stakeholders and the contribution they can make to our organisation's success.

The third, **relatedness**, refers to the human need to connect with others. The more stakeholders can identify with your organisation and its objectives, the more likely you are to be the recipient of their motivation and ultimately, their buy-in.

All three needs outlined above need to be satisfied in order for someone to be intrinsically motivated.

2.1.4 THE HUMAN NEED TO CONNECT

Another side of the need to connect is that stakeholders can also satisfy it by connecting with each other. They can go on to form stakeholder coalitions which have the potential to be very powerful. Such alliances can also be made up of unlikely combinations, which makes it all the more important to understand what truly motivates your stakeholders and how: it will help to recognise coalitions that are forming in an early stage. We will discuss stakeholder coalitions and alliances in the next chapters.

To tap into our stakeholders' motivation, we need to do our research. Here are some questions to consider:

- What type of motivation – intrinsic or extrinsic – looks best suited to win the support of your key stakeholders for your key objectives?
- How or where could find out how motivated these key stakeholders are at present?
- What do you know about incentives that have worked and not worked in the past?
- How do your competitors motivate their stakeholders?

2.1.5 INFORMED DECISION-MAKING

Stakeholder participation in decision making can involve formally voting in an election or at a shareholder meeting. They can also do so informally and unprompted or they can engage on invitation. This famous example of Innocent Drinks shows a creative way of informal stakeholder participation in decision making:

We started innocent in 1999 after selling our smoothies at a music festival. We put up a big sign asking people if they thought we should give up our jobs to make smoothies, and put a bin saying 'Yes' and a bin saying 'No' in front of the stall. Then we got people to vote with their empties. At the end of the weekend, the 'Yes' bin was full, so we resigned from our jobs the next day and got cracking.

– www.innocentdrinks.co.uk

However, stakeholders will not necessarily be directly involved in decision making. They can indirectly influence decisions by contributing valuable insight into the organisation and the context in which it operates. This becomes especially important when stakeholders have experience and insight the organisation does not possess itself, as the below example from the public sector shows.

In 2009 Oxfordshire County Council launched a programme to give eligible adults in Oxfordshire greater control over how available funding for their social care was spent. 'Eligible adults' included older people and people with disabilities ranging from sensory impairments to physical disabilities to mental health issues to learning disabilities.

A stakeholder forum was established early on to share and discuss key questions and ask for input from participants, who each brought a unique perspective to view the questions from. The forum had representatives from carers, care providers and people using the services.

Over time conversations evolved into collaborations which led to finding specific solutions to issues that were identified early (or at all) with the help of the forum.

One such issue was finding a suitable personal assistant for people living independently. Such assistants often perform personal care and need to access to their clients' homes, and choosing a qualified, reliable assistant that the client gets on with is crucial. The new freedom to choose care assistants came with the challenge of finding candidates to interview; managing the selection itself and how to do criminal record and financial background checks.

The project team's conversations with its key stakeholders led to a brand-new service which trains, checks and vets people who want to work as a personal assistant in social care and take their profession seriously. The Care with Confidence scheme was rolled out in Oxfordshire and was soon after adopted by several other counties.

Without the input of key stakeholders, a major outcome of the adult social care project would not have been realised, because recipients of care funding may not have been able to spend it as they really wished, and worse, some might have spent it on unsuited personal assistants. The latter would have posed a serious safeguarding risk to the individual as well as to the county council.

2.1.6 KNOWLEDGE SHARING

Knowledge sharing should be a prime objective in stakeholder engagement. Svendsen^{viii} argues that building collaborative relationships with stakeholders should be a long-term strategy. It means letting go of complete control and focusing on shared goals to mutual benefit.

In project management, close involvement of key stakeholders at specific stages of project definition and planning can mitigate or even prevent costly problems from arising. Engaging the right stakeholders at the right time can identify scope creep or misalignment of requirements early on. Such problems are sadly common in project management and they are likely to snowball into funding and resourcing issues, missed deadlines and unmet objectives.

For your organisation:

- What is the decision-making role you envisage for your stakeholders in general terms?
- What decisions do you *not* want stakeholder involvement in and why?
- Which stakeholder(s) do you want or need to be involved in decision-making and why?

2.2 FUNCTIONAL PERSPECTIVES ON STAKEHOLDERS

So far we have set out the case for understanding stakeholders in general terms, and looked at how there might be different ways stakeholders matter to different organisations. The need and way to understand stakeholders differs depending on which part of an organisation is looking at the question. Let's now take a closer look at why stakeholders also matter in different ways depending on which part of the organisation we approach them from.

2.2.1 STRATEGIC MANAGEMENT AND LEADERSHIP

Effective communication and engagement with stakeholders is crucial to any organisation regardless of type or size. It is not only the success of the organisation which is at stake – it is also a deciding factor in the success and power of its leadership^{ix}, which is tasked specifically with taking well-informed, strategic decisions for and on behalf of their organisation.

Strategic decisions are intentional actions which are designed to exert some measure of control over the future (and the present) state of the corporation.

– R. Edward Freeman, *Strategic Management, a Stakeholder Perspective*, p. 86

The potential benefits of senior leaders and strategic management genuinely engaging with stakeholders for the organisation as a whole include:

- stronger leadership and employee engagement
- insights into internal and external stakeholder perceptions about leadership
- scanning for and anticipating organisational needs, issues and challenges
- identifying new (business) opportunities to increase competitive advantage and market share
- managing reputational risk
- testing and defining company values, vision and mission
- avoiding confirmation bias

Senior leaders cannot avoid investing in stakeholders if they are to achieve the above. Stakeholders can and will create their own stories about you as a leader and your organisation if you are not engaged with them by filling in information gaps themselves. An additional effect is likely to be that they will interpret your communications using these stories, and you are very likely to be unaware of this if you were not fully engaged with your stakeholders. Productive stakeholder relations allow stakeholders to check their interpretations with you, and this applies to internal as well as external stakeholders.

2.2.2 PROJECT MANAGERS AND PROGRAMME MANAGERS

Let's start with another definition. The Project Management Institute defines a project as^x:

a temporary endeavor undertaken to create a unique product, service or result.

In the last 30 or so years project management has become more prevalent and complexⁱ. It developed from having a mostly engineering focus to using fully-fledged methodologies to deliver complex change programmes. There are different ways to manage projects or programmes (which are simply put collections of related projects) ranging from a laissez-faire approach to methodically managing them at departmental, corporate or even enterprise level.

Having a clear vision of what a project needs to achieve is one of the key success factors in project management, according to Kotter:

Without a sound vision, the re-engineering project in the accounting department, the new 360 degree performance appraisal from the human resources department, the plant's quality program, the cultural change project in the sales force will not add up in a meaningful way.

– John Kotter, *Leading Change*, Harvard Business Review, 1995

Benefits for the organisation of engaging with and involving stakeholders throughout all stages of projects include:

- Risk mitigation and early identification of issues
- Prioritisation
- Using budget, resources and time in an effective way
- Inspiration and problem-solving – from review to co-design and co-production
- Ethics: ensuring the fair distribution of benefits of the project

Insufficient or ineffective stakeholder engagement is major reason why up to half of projects and programmes fail^{xii}. User input, organisational support, poor communication, outright stakeholder conflict that remains unaddressed, 'scope creep' as a result of unbalanced stakeholder influence and missed warning signals are just some contributing factors to project failure which can be addressed in part or in full through appropriate stakeholder engagement.

2.2.3 HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT

Human Resources (HR) and Organisational Development (OD) can be seen as an organisational barometer. They build and maintain relationships within the organisation but also with its external environment which includes local employment market, professional bodies, trade unions, regulators and legislation.

Creating a clear line of vision between your HR transformation and your stakeholders will help you build the business case for transformation.

– Rothwell et al, *Human Resource Transformation*, p. 25

Effective engagement with stakeholders from the HR/OD perspective has distinct organisational benefits compared to other organisational functions. They include:

- Monitoring employee mood, perceptions and attitudes towards the organisation
- Motivating staff and achieving staff retention
- Monitoring (perceived) reputation as an employer
- Build, manage and nurture industry relations
- Supporting recruitment needs by attracting high-calibre candidates
- Forecasting future organisational needs in response to anticipated external market forces such as new and changing legislation and regulations
- Identification of skills gaps, learning needs and preferences
- Appropriate training and intervention design

Where HR/OD successfully engages with stakeholders in a consistent manner needs can be predicted with increasing accuracy. Mutually strong relationships with key stakeholders can also support staff through change project and programmes such as restructures, mergers and acquisitions and culture change.

Successful engagement with external stakeholders such as unions can also support the aims and objectives of the senior leadership team by building or strengthening the organisation's reputation.

2.2.4 MARKETING, COMMUNICATION AND PUBLIC RELATIONS

Accountability is key for Marketing, Communication and Public Relations (PR). Budgets are finite and reputation is everything for organisations regardless of scope or size. Due diligence is called for, as is being able to measure all along the way and the ability to produce metrics

and intelligence to inform prioritisation. Strategies and plans must rely on methodically gathered knowledge and facts and support strategic decisions at executive level.

For communication and PR a stakeholder orientation is obvious, while the marketing function can additionally adopt a market orientation and/or a pure competitor orientation. As we shall explore further in the next chapter, a competitor orientation is not the same as a stakeholder orientation because the marketing landscape includes stakeholders other than competitors.

Their experience in developing customer relationships well positions marketers to include stakeholder concerns in strategic planning.

– Maignan et al, 'Stakeholder Orientation',
Jnl of Strategic Marketing, July 2011 p. 315

Understanding stakeholders from the marketing, communication and PR perspective is of crucial importance for the organisation in order to:

- Collect facts, knowledge and intelligence to support other strategic business functions
- Uncover new ideas and sources of inspiration
- Communicate effectively with the right audiences at the right time
- Align internal and external messages for consistency across stakeholder groups
- Build and nurture community relations across stakeholder groups
- Identify advocates and champions
- Create opportunities for two-way conversation to flow
- Enhance and safeguard organisational reputation
- Minimise bias in research
- Use time, money and resources wisely

The function of marketing is to understand the market in terms of competitive products and services; consumer trends; supplier and supply chain issues and market segmentation. Building relationships with stakeholders are an explicit part of the brief of marketing, communication and PR. The function can and should play a key role in understanding stakeholders, but isn't the sole 'owner' of the task to understand and engage with stakeholders.

2.2.5 CUSTOMER SERVICES AND SALES

Customer services and sales as a business function – especially the customer services teams and individuals themselves – are the interface between the organisation and those using its products and services. They are in a unique position to connect with key stakeholders to gauge and build motivation and keep these levels up after buy-in has occurred.

Effective stakeholder engagement in customer services has the following organisational benefits:

- Monitoring and measuring perceptions and attitudes towards products and services
- Identifying opportunities for:
 - Product and service improvement
 - New product design and development
 - Reputation management
 - Risk mitigation
- Inspiring consumer/customer confidence and loyalty
- Creating and increasing competitive advantage
- Motivating workforce through success stories, customer feedback and empowerment of staff
- Saving time and resources by anticipating changing needs and preferences in the marketplace
- Effective crisis management by being able to respond quickly and appropriately

It is worth noting that a customer is not necessarily the same as a consumer or end-user of a product or service. Supermarkets are customers of suppliers of consumables ranging from fresh produce to SIM cards, which they in turn make available to buy to consumers. A customer services team may be dealing with business-to business (B2B) customers such as supermarkets, with consumers who buy directly (business-to-consumer, B2C) or both on behalf of the organisation.

Customers can also be internal to the organisation: a HR manager asking the marketing department for employment market data; a customer services director commissioning a customer journey redesign project from the project management office (PMO).

What happens when we treat customers as part of the company?

– Blunt and Hill-Wilson, *Social Customer Services*, p. 117

2.3 THE CASE FOR UNDERSTANDING STAKEHOLDERS IN SUMMARY

When looking through the bulleted lists per organisational function, it becomes clear that there is overlap between areas of expertise. That is precisely the point this book is trying to make: there is much scope for cross pollination between functions, each of which has its own reasons and methods for understanding and connecting with stakeholders. In addition, this also highlights something significant: no-one in an organisation ‘owns’ a particular stakeholder. We will return to this topic in the next chapter.

Regardless of the nature and scope of the organisation – for profit versus not-for-profit; public versus privately owned; small or large – stakeholders hold influence over the ability of the organisation to achieve its objectives, whether it wishes it to be so or not. This makes understanding and engaging with them a necessity for the very survival of the organisation.



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And equally regardless of departmental function, we can conclude that stakeholders can be seen as:

- Vital sources of competitor, market and customer information
- Potential champions and even collaborative partners
- Barometers measuring mood and attitude inside and outside the organisation
- Sources of inspiration for new or improved products and services

In this chapter we have explored how and why stakeholders matter to organisations, and we have also looked at how different functions in an organisation have different reasons to engage with them. In the next chapter we will look at ways we can identify an organisation's stakeholders to map and analyse.

What would the cost to your organisation be if it did not invest (enough) in understanding its stakeholders?

What part(s) or function(s) of your organisation will benefit the most from increased insight into key stakeholders right now?

What do you need in order to focus on the most interesting areas to explore?

3 IDENTIFYING STAKEHOLDERS

Our next step is to start finding out who our stakeholders are and our starting point is to build a list of all stakeholders with high-level categories to serve as a master list. We can refine and expand this master list according to the needs of individual projects that require stakeholder engagement. As we have seen in the previous chapter how and why stakeholder involvement is desirable can vary per organisational function. This is reflected in the selection of specific stakeholder groups as well as in the level of detail we need about them as we shall discuss further in this chapter.

3.1 LISTING STAKEHOLDERS

We cannot engage with stakeholders at all without first finding out whom or what they are: stakeholders can be individuals as well as other organisations. To minimise the risk of overlooking an important stakeholder or group we first build an exhaustive list. Here are some methods:

- Brainstorming alone or in groups
- Tracking down mentions of stakeholders in strategies, plans, meeting notes and reports
- Online searches, for example to discover previously overlooked local groups and competitors
- Asking stakeholders themselves to look through the (relevant parts of the) list and add to it

It helps to involve as many people as you can, bearing in mind any constraints of confidentiality of course. These people can be both internal and external to your organisation.

Here are some useful questions to ask:

Who or what is directly involved?
Who or what is indirectly involved?
Who benefits from the objective we are discussing?
Who or what is or may be adversely affected by our objective?
Who or what might want to block our objective?
Who or what makes key decisions that affect our objectives?

Table 3.1 Brainstorming questions for stakeholder identification

In the above questions the word ‘objective’ can mean a specific task, project, change, decision or activity your organisation wants to get the stakeholder view on.

It is very important to view this and any other stakeholder list as a work in progress, no matter the stage of the project or task it is used for. Stakeholders have a way of *also* coming out of the woodwork when we are not brainstorming about them. Keep adding to the list to keep it updated and relevant – this may also mean removing stakeholders, too.

When brainstorming stakeholders we are very likely to end up with a huge list of names of people and organisations that feels overwhelming, so it helps to apply some methodical segmentation right from the start. By thinking in categories of stakeholders we can minimise the chances of an entire category of stakeholders being overlooked or duplicated. It is useful to choose a generic template to get the thinking going.

We want to make this list as universally applicable as possible regardless of size and nature of the organisation. A high-level list is valuable also because more detailed breakdowns of the stakeholder landscape are not necessarily relevant to each project or to each functional group and can unnecessarily complicate our efforts.

In this book we will use an adapted version of Freeman’s generic view of stakeholders which was introduced in Chapter 1 as our starting point. The changes have been highlighted in Figure 3.1, below:

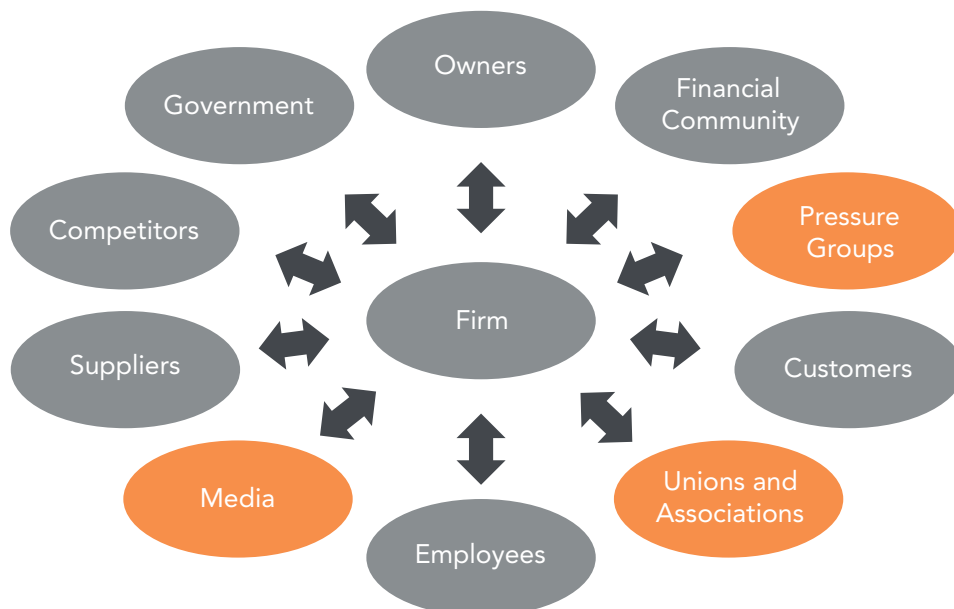


Figure 3.1 Adapted version of Freeman’s generic stakeholder view of a very large organisation

In this slightly simplified model we are bringing together unions and trade associations while customer advocate groups, political groups and activist groups as one group labelled ‘pressure groups’. We’ve also added a key category that was missing before: the media. When we start building our stakeholder landscape in detail those distinct categories will emerge again as and when relevant, so they are not lost from view by relabelling them.

3.1.1 A CLOSER LOOK AT STAKEHOLDER CATEGORIES

Now let’s take a look at each of those categories in order to understand a bit more about them.

Owners Organisations can be owned in many different ways, ranging from venture capitalists to entrepreneurs to co-operatives. Businesses can have shareholders with formal voting rights.

Financial Community The financial community takes an interest in organisations that have an impact on the local, national and global economy.

Customers come in different guises too. Charities have recipients or beneficiaries; retail has consumers, hospitality has guests, religious establishments have worshippers, schools have pupils and parents, businesses can have franchisees, resellers, buyers, internal customers and so forth.

Competitors Compiling a list of direct competitors is relatively straightforward because organisations will know who they are. We also need to think about *what* instead of *who* is competing with our objectives, such as a different project elsewhere in the organisation or new legislation regulating the sale of a product group or the qualifications needed to provide a service. Such legislation is competing with organisational objectives and the success of the organisation as a whole and leads to stakeholders such as regulators and legislative powers.

Suppliers In this category we need to list anyone and anything supplying our organisation with the components of our product or service. This can range from raw materials to end-products or to services that we outsource such as the engineers who install and service the boilers we make.

Pressure Groups is a broad category that can be split into many sub-categories according to need. Pressure groups can be loosely organised collectives of variable size that spring up in response to an event such as protests, or be long-established and highly organised and structured organisations such as political parties. Some exist while an issue is alive and disappear again when it is addressed, while others have established themselves over

generations. Pressure groups are not necessarily democratic organisations and are by virtue of their nature biased in their views.

Unions and Trade Associations can be very niche and small while others are very large and more generic, often as a result of organisations merging over time. Some have political affiliations and others don't. Some collaborate with other unions or bodies on specific issues and others have more formal ties with each other.

Government Think of parish and municipal councils and townships all the way to the European Union and the United Nations.

Employees can be thought of in terms of employment status: current, past, future or prospective; full or part time; permanent or fixed term. We can also consider employees by professional group, location or department or by organisational tier/seniority.

Media Think traditional as well as digital: print, broadcast, user-generated social media.

Once we start populating our different stakeholder categories we might end up with a table that looks like this:

Category	Stakeholder(s)
1. Owners	CEO Shareholders Employees
2. Customers	Consumers/end-users/beneficiaries Resellers Business-to-Business (B2B) International B2B, Consumers and resellers
3. Financial Community	Commercial and Investment Banks National Banks Financial Conduct Authorities and Regulators Analysts
4. Competitors	Named competitors Alternatives to your product or service (sectors)
5. Suppliers	Current Past Potential

Category	Stakeholder(s)
6. Pressure groups	Categories: <ul style="list-style-type: none"> • Environmental • Cultural, religious or ethnic • Cause-related i.e. consumer rights, incidents, projects • User groups • Interest groups • Political groups Local, national, international Internal or external to the organisation
7. Unions and Trade Associations	National/international Specific to professional groups
8. Government	Local National International
9. Employees	Employment status Organisational tier/seniority Professional or vocational group Location Department
10. Media	Traditional Digital

Table 3.2 Universal stakeholder list

All categories can be thought of in terms of local, national or international stakeholders. How does this change the look of your generic stakeholder map?

3.1.2 BASIC STAKEHOLDER SEGMENTATION

Now that we have our universal list with our stakeholders organised into high-level categories, our next step is to consider the stakeholders we have identified so far in two different ways:

1. Internal versus external stakeholders
2. Primary or secondary stakeholders

The first way we can segment the generic view of stakeholders is by considering where they are in relation to the organisation: are they **internal or external stakeholders**? Employment

status is not the only discerning factor for a stakeholder to be considered an internal one. Internal stakeholders can be on the payroll, but we should also include volunteers, trustees and donors; unpaid board members etc. in this category. Some but not all of these will receive a form of remuneration and all are considered to be internal stakeholders.

A second way to segment stakeholders is by considering them as either **primary** or **secondary stakeholders**. The difference is in the level of interest in the organisation: primary stakeholders have a direct interest in the activities and objectives of the organisation and secondary stakeholders have an indirect interest. Primary stakeholders are directly affected by the success of the organisation, for example being paid their salary, receiving goods and services or getting more orders from the organisation. Secondary stakeholders also have an interest in the organisation, and this can be an active interest too, but they or their own organisation are/is not *directly* affected by the organisation and its activities.

This way of considering stakeholders can be very helpful when an urgent need crops up and time is in limited supply, because we already know who our primary stakeholders are.

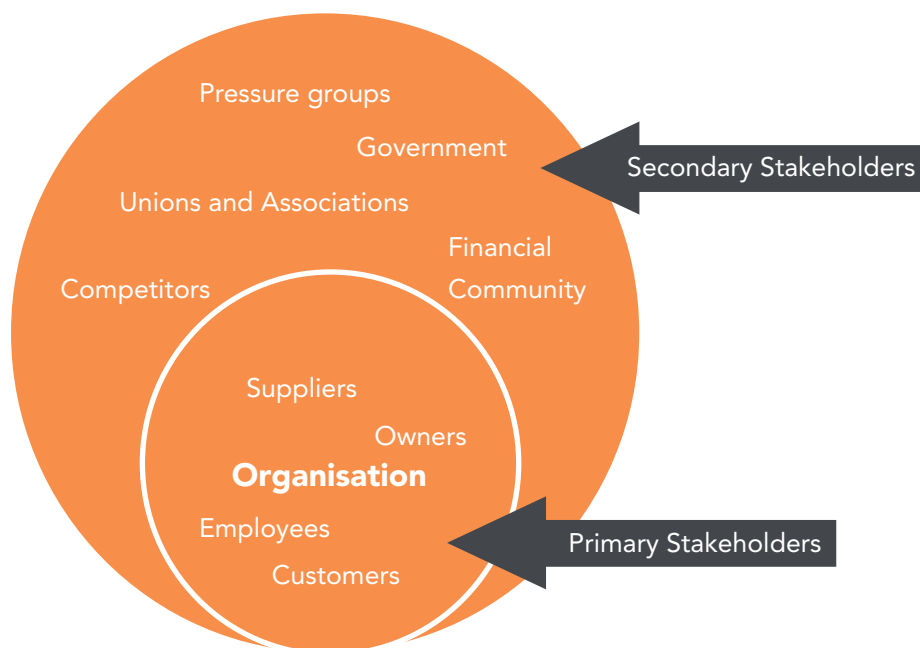


Figure 3.2 Freeman's Primary and Secondary stakeholders

Pressure groups are an interesting example of a secondary stakeholder. Their interest in another organisation can be very direct and active indeed! If a pressure group's aim is to stop an organisation from achieving a certain objective, for example a developer building a skyscraper, the developer cannot disband the pressure group, even if they might very much like to do so.

Conversely, the pressure group would not be able to stop it from operating directly the same way customers, suppliers and employees could. Instead it will use indirect action such as protests, blockades, petitions which, although disruptive, do not impact directly on the organisation achieving its objectives.

3.2 STAKEHOLDERS PER FUNCTIONAL GROUP

We can now deepen our understanding of our stakeholder landscape further by looking at stakeholders through the lens of five key functional groups. We are likely to see that there are similarities, differences and overlaps between them and that is right: we are still talking about the same stakeholders to the same organisation, after all. The differences lie in the relevance of certain stakeholders to different organisational functions and reasons to engage with them.

3.2.1 SENIOR MANAGEMENT AND LEADERSHIP

The perspective of senior leaders and managers – that would be the CEO and executive team and their 'number 1s' – takes in the organisation as a whole and the wide context in which it operates. Their interest in stakeholders is a highly strategic one on behalf of the organisation as a whole with a view to supporting decision making, identifying opportunities, meeting organisational needs, reducing and managing reputational risk and gaining, maintaining or increasing competitive advantage.

This has a bearing in how different stakeholder categories are considered in terms of importance, and what or who belongs in each category. For example, a competitor to Ford can be another car manufacturer but also alternative means of transport. A strategic outlook on any organisation requires that its senior team understands the wider context of the organisation so that it can anticipate that a change in tax laws can lead to more people taking the train to work.

Our Freeman-inspired segmented list may look something like this from a senior leadership perspective:

Category	Stakeholder examples
1. Owners	<ul style="list-style-type: none"> • CEO and leadership team • Shareholders, including pension funds
2. Customers	<ul style="list-style-type: none"> • Consumers/end-users/beneficiaries • Business-to-Business (B2B) • Resellers
3. Financial Community	Individual or institutional analysts, (potential) investors and lenders National banks
4. Competitors	Named competitors Alternatives to product or service or even sector Regulation and legislation Consortia
5. Suppliers	Past, current or potential partners
6. Pressure groups/activists	Internal, local, national, international Structured or informal Occasional or permanent
7. Unions and Trade Associations	National/international Specific to professional group(s)
8. Government	Regulators: <ul style="list-style-type: none"> • Competition and markets • Financial conduct and reporting • Health and safety authorities • Environment agencies Regulators specific to the organisation i.e. food standards, charity commissions, pharmaceutical, security, oil and gas etc.
9. Employees	Professional groups Location Department
10. Media	Trade media Traditional and social

Table 3.3 Senior leadership stakeholder list

‘Ownership’ is considered in both a literal and ethical sense by senior leadership. Someone or something owns the organisation. Ownership also implies being accountable for achieving objectives and accepting the consequences if these are not realised. As highlighted in the previous chapter stakeholders should be considered as local, national and international level as appropriate.

3.2.2 PROJECT MANAGEMENT

The particular interest of a project manager and their team in stakeholders broadly divides the stakeholder landscape in terms of internal and external *in relation to the project*. What matters to project management is how the project impacts on stakeholders and how stakeholders impact (or can impact) on the project in turn.

Hence, if we adapt our stakeholder list to the project management perspective, it might look something like this:

Category	Stakeholder examples
1. Owner(s) of the project	Internal client(s) (need and outcomes) Project sponsor(s) (objectives) Project team (implementation) Beneficiaries (outcomes)
2. Customers	External: <ul style="list-style-type: none"> • end-users/beneficiaries of project outcomes Internal: <ul style="list-style-type: none"> • Client or sponsor • end-users/beneficiaries of project outcomes
3. Financial Community	Dependent on impact on organisational performance
4. Competitors	Alternatives to the project External consultants
5. Suppliers	Specialist consultants
6. Pressure groups/ activists	Internal or external Local, national, international Categories: <ul style="list-style-type: none"> • Environmental • Cultural, religious or ethnic • Cause-related i.e. consumer rights, incidents, projects • User groups
7. Unions and Trade Associations	Specific to professional group(s) impacted by/impacting on project
8. Government	Local, national or international

Category	Stakeholder examples
9. Employees	Impact <i>by</i> project: <ul style="list-style-type: none"> • High, Medium, Low, None Impact <i>on</i> project: <ul style="list-style-type: none"> • High, Medium, Low, None
10. Media	Internal External

Table 3.4 Project Management stakeholder list

Project stakeholders can be internal or external to the organisation, including those that are internal to the project itself. Think about multi-disciplinary teams that bring in specialist consultants from outside the organisation, or projects run by two or more partners.

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3.2.3 HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT

Considering stakeholders from the perspective of organisational and employee development takes a look at the organisation as a whole from the inside out:

Category	Stakeholder examples
1. Owner(s) of staff or organisational need	CEO and executive team Shareholders Employees
2. Customers: internal and external	<ul style="list-style-type: none"> • Front line staff and volunteers • Management including senior leadership • Buyers/beneficiaries of organisation's products or services
3. Financial Community	Dependent on impact of organisational and staff performance and real or perceived organisational assets
4. Competitors	Alternative employers Alternatives options to employment
5. Suppliers	Job Centre Recruitment Agencies Colleges, Universities, Training Organisations Specialist consultancies, i.e. coaching, leadership development, outplacement bureaux, data providers Solicitors and legal advice
6. Pressure groups/ activists	Employee groups Local communities
7. Unions and Trade Associations	Specific to professional groups or sectors
8. Government	Local, national and international lawmakers Regulators: <ul style="list-style-type: none"> • Pensions • Health and Safety
9. Employees	Current employment status: Present, past, leaving and prospective employees Cohorts: New starts, Redundancies, Approaching retirement, Graduates, Apprentices By seniority/pay grade By length of service By location, business unit, department, profession etc.
10. Media	Internal External

Table 3.5 HR/OD stakeholder list

As we saw in the previous chapter, the contribution of HR/OD is to facilitate the smooth running of the organisation from a people perspective. It scans both the internal stakeholder landscape to stay in touch with organisational mood and staff attitudes towards the organisation, and the external landscape to understand similar perceptions of the organisation as an employer. This is obviously highly relevant in recruitment, but is also very valuable information for senior leadership to have, because has a direct bearing on reputation. Internal and external scanning also serves to predict future organisational needs such as investment in training and development, recruitment and the physical workplace.

3.2.4 MARKETING, COMMUNICATIONS AND PUBLIC RELATIONS

Marketing, Communications and PR can be seen as the translators in an organisation: their role is to put out messages in such a way that they are received as intended. They also provide the organisation with market, product and competitor intelligence that is gathered methodically to ensure maximum value. To perform these tasks effectively, these functions need to scan and listen to their stakeholders continuously to know how and when to send messages into the world, and what these messages need to be about:

Category	Stakeholder(s)
1. Owners	CEO Shareholders Employees
2. Customers	Consumers/end-users and beneficiaries Resellers Internal: Project/programme managers; Senior leaders and management; Human Resources External media
3. Financial Community	Analysts Potential investors and lenders
4. Competitors	Direct competitors of organisation's products/services Alternatives to the organisation's product or service
5. Suppliers	Specialist consultants, i.e. researchers, data providers
6. Pressure groups/activists	Categories: Environmental; Cultural, religious or ethnic; Cause-related i.e. consumer rights; User groups Business consortia

Category	Stakeholder(s)
7. Unions and Trade Associations	Professional bodies, regulators and unions governing the marketing, communications and PR profession Consumer associations
8. Government	Regulators: <ul style="list-style-type: none"> • Advertising standards • Competition and markets • Information and data protection
9. Employees	By professional groups; location; department
10. Media	External local, national and international media Channels: print, broadcast, advertising etc.

Table 3.6 Marketing, Communications and PR stakeholder list

Not every organisation has the benefit of a dedicated PR function or a marketing and communications team. That does not mean the function does not exist for those organisations, because the job of understanding and communicating with stakeholders still needs to be done to support the organisation in achieving its objectives. Reliable competitor, customer and market data is key to organisational decision making. Organisations need this information whether a dedicated function exists or not.

3.2.5 CUSTOMER SERVICES AND SALES

The customer service and sales focus is on understanding and meeting customer needs. As the below table shows, 'customer' can mean many things to this function:

Category	Stakeholder examples
1. Owners	<ul style="list-style-type: none"> • CEO • Shareholders
2. Customers	<p>Domestic and international:</p> <ul style="list-style-type: none"> • B2B and B2C • Suppliers • Distributors and resellers; Consortia <p>Internal customers:</p> <ul style="list-style-type: none"> • Senior leadership and management • Project managers • Research and Development
3. Financial Community	<p>Analysts</p> <p>Investors and lenders</p>
4. Competitors	<p>Named competitors</p> <p>Alternatives to your product or service (sectors)</p> <p>Counterfeit products and goods (!)</p>
5. Suppliers	<p>Market data providers</p> <p>Components</p> <p>Service</p> <p>Assembly</p> <p>Stockists</p>
6. Pressure groups/activists	<p>Categories:</p> <ul style="list-style-type: none"> • Environmental • Cultural, religious or ethnic • Cause-related i.e. consumer rights, incidents, projects • User groups
7. Unions and Trade Associations	<p>Specific to professional group</p>
8. Government	<p>Regulators, i.e. Ofcom, Ofwat etc.</p>
9. Employees	<p>Frontline; Back office; Level of seniority; Role</p>
10. Media	<p>Traditional media</p> <p>Social media: 3rd party owned (Facebook, Twitter) or proprietary</p>

Table 3.7 Customer service and sales stakeholder list

Exceeding customer expectation is highly desirable for this function because of its proven effect on customer loyalty, spend and organisational reputation^{xiii}. To achieve this, customer service and sales teams need to have a deep, detailed understanding of the organisation's

customer base, whether this is made up of consumers, recipients of a charity's service or international commercial buyers. They will develop the closest relationships with customers of any function and be the interface with and sometimes literally the face of the organisation as far as customers are concerned.

3.3 GETTING SPECIFIC

So far we have been generic about stakeholders to set the scene, and used different functional lenses to think about stakeholders from the various angles organisations need to approach them. Now we need to get as specific as possible about stakeholders when we draw up our lists of categorised stakeholders.

Here is a simplified example of a populated stakeholder view for aboard games café and shop in downtown St Louis:

Category	Stakeholder examples
1. Owners	<ul style="list-style-type: none"> Ella and Fred Miller
2. Customers	<ul style="list-style-type: none"> Regular visitors to café Passing trade (café and shop) Online purchasers
3. Financial Community	Bank
4. Competitors	Other games retailers in St Louis: <ul style="list-style-type: none"> Department stores Independent games retailers Online games retailers, Amazon, eBay Bars and cafés in the area Alternative ways to socialise: Clubs, cinemas, events
5. Suppliers	Games suppliers Catering suppliers HR and Payroll suppliers Retail hard and software
6. Pressure groups/activists	Consumer rights groups
7. Unions and Trade Associations	Retail Hospitality
8. Government	St Louis Department of Planning Inland Revenue Service

Category	Stakeholder examples
9. Employees	Games coaches Café staff
10. Media	Local and national newspapers: <ul style="list-style-type: none"> • St Louis Post Dispatch • The New York Times Broadcast media: <ul style="list-style-type: none"> • Nine Network; KFTK-FM Social Media: Facebook, Twitter

Table 3.8 Board Game Cafe stakeholder list

3.4 WHO 'OWNS' THE STAKEHOLDER?

It is easy to start seeing certain stakeholder groups as being 'owned' by a particular organisational function, and we might see these stakeholders as irrelevant to our means. After all, is it not the job of our colleagues in Communications and PR to deal with the media? Shouldn't HR be negotiating with unions?

Although certain functions will have closer relationships with particular stakeholder groups, this would be an unhelpful way of considering stakeholders. Here is why.

Activities take place across different parts of an organisation on a daily basis. A single stakeholder can be impacted by several of these at the same time, and not know or care which part of the organisation is involved. If a stakeholder feels adversely affected by an organisation, everyone associated with the organisation becomes a representative in their eyes.

Customer services agents have a first-hand understanding of how this works. For example, when they deal with product recalls which were caused by faulty design based on flawed product research, they know to handle customer conversations carefully. Customers are interested in receiving compensation or a replacement, but generally do not want to hear about who is to blame for the situation.

Stakeholders are everyone's business in an organisation. If there is such a thing as stakeholder 'ownership' a more helpful way of considering this is to think about which part of the organisation has the closest relationships and the richest knowledge about a certain stakeholder group, and mine these to the organisation's benefit. In other words: go visit your functional neighbours when embarking on stakeholder engagement.

4 ANALYSING STAKEHOLDERS

We have identified who our stakeholders are and now we need to know as much as we can about them. This is important, because without understanding their attitudes towards our objectives we may underestimate their potential impact on our plans, and we may also be asking them the wrong questions. These risks can be minimised and may even be avoided altogether by analysing our stakeholders throughout our engagement with them.

In this chapter we will look at different methods of analysing stakeholder attitude and subsequently mapping their positions in relation to organisational objectives. We will run through a number of tools in use by the different organisational functions we have discussed in previous chapters and judge each tool or method on its relative merit for various applications.

4.1 STAKEHOLDER ATTITUDES

Knowing how our stakeholders view our organisation and our objectives helps to decide which stakeholders to involve and anticipate how they may impact on our plans. We will start by looking at the wide context in which you, your organisation and its stakeholders operate and create a picture of current affairs that might impact on your stakeholders and any engagement you undertake with them.

4.1.1 THE WIDER CONTEXT

Stakeholder attitudes and responses are influenced by external factors just as organisations are. External factors also account for approx. 50% of business conditions^{xiv}. A tried and tested tool is the PEST analysis, which is widely used by all types and sizes of organisation.

Below is a simplified example of a PEST analysis for an Anglo-German financial software company headquartered in London:

Factor	Examples of detail:
Political	Local: <ul style="list-style-type: none"> • Mayoral support for foreign investment in London National: <ul style="list-style-type: none"> • Uncertainty around final Brexit deal International: <ul style="list-style-type: none"> • Future relationship of the UK with EU and other trading blocs
Economical	Affordability of housing and general cost of living Exchange rates
Social	Uncertainty around future status of EU nationals in UK Increased expectation of location independent working
Technological	Smart phone ownership Remote access to systems

Table 4.1 PEST analysis of the stakeholder context

As the above shows, the different PEST factors influence each other such as the UK vote to leave the EU and EU nationals' changing attitudes towards working in the UK. For an Anglo-German company which chose to have its main office in London to be near its client base a political vote has social and economic consequences. Technological developments that allow employees to log into systems remotely influence social attitudes towards working, which in London with its high cost of living becomes even more pertinent.

If you already have a PEST analysis for your organisation, ensure you revisit it and complete it with your stakeholders in mind instead of your organisation. If it helps, start with a blank piece of paper, brainstorm about your stakeholder context, and then cross-reference with your organisation's PEST afterwards for fill in any blanks.

4.1.2 NARROWING DOWN THE STAKEHOLDER CONTEXT

Having created a picture of the wider context, we can now zoom in on stakeholders to get a more detailed view on attitudes per stakeholder, whether that is a known individual or an entity such as an organisation. Doing so can help with your engagement because it will tell you more about where your attention is most needed. What do you already know about your stakeholders' attitude?

A useful way to analyse this is by considering the evidence you have per stakeholder to gauge their levels of support:

1. Strong supporter, active champion
2. Coming along
3. Interested to find out more
4. No interest or neutral
5. Complaining
6. Strongly resisting or opposing
- ? Undecided

Using the St Louis board games caf  as an example again, let's say the caf   wants to know what level of support it would get if it expanded into the unit next door and doubled its floor space. Owners Ella and Fred Miller have done their figures and have drawn up floor plans, and the idea looks viable so far. It is time to get some more views on it to take planning to the next stage. The Millers can base their assessment on interactions they have had with stakeholders so far and of course they can simply ask them directly for their thoughts.

This is how their analysis could look:

Category	Stakeholder examples	Support level
1. Owners	Ella and Fred Miller	1
2. Customers	<ul style="list-style-type: none"> Regular visitors to caf�� Passing trade (caf�� and shop) Online purchasers 	1 2 4
3. Financial Community	Bank	?
4. Competitors	Other games retailers in St Louis: <ul style="list-style-type: none"> Department stores Independent games retailers Online games retailers, Amazon, eBay Bars and caf��s in the area Alternative ways to socialise: Clubs, cinemas, events	? 6 4 5
5. Suppliers	Games suppliers Catering suppliers HR and Payroll suppliers Retail hard and software	1 1 3 3

Category	Stakeholder examples	Support level
6. Pressure groups/activists	Consumer rights groups	?
7. Unions and Trade Associations	Retail Hospitality	3 3
8. Government	St Louis Department of Planning Inland Revenue Service	3 1
9. Employees	Games coaches Café staff	1 1
10. Media	Local and national newspapers: <ul style="list-style-type: none"> • St Louis Post Dispatch • The New York Times Broadcast media: <ul style="list-style-type: none"> • Nine Network; KFTK-FM Social Media: Facebook, Twitter	3 2 3 1

Table 4.2 Stakeholder attitudes toward board games café expansion

As we can see, support varies significantly across stakeholder categories and there are also variations within the categories themselves. Unsurprisingly the plans receive enthusiastic support from regular customers and staff and meets with strong opposition from the café's direct competitors.

This analysis helps us to build a more detailed picture of the stakeholder landscape by adding depth to stakeholder attitude, but it also presents us with new questions we must next address. For example, how limiting is the opposition of other games retailers in St Louis to the Millers' expansion plans in real terms? The bank and consumer rights groups are both undecided about an expansion. Do their levels of support matter equally to the plans? Which stakeholders relate to each other on the plans? How does this change their attitudes?

Our next step is to do more detailed stakeholder mapping to get the additional insight into our stakeholder landscape.

Stakeholder support levels are not fixed and can and will change over time. Treat your analysis as a snapshot in time and update it regularly to keep pace with changing attitudes.

4.2 STAKEHOLDER MAPPING

There are different ways of mapping the stakeholder landscape and they each serve a purpose. Some of these methods appear to be quite similar on the face of it and it is worth considering a number of these different approaches on their merits so we can help ourselves to the best suited ones each time.

In this section we will look at ways to map our stakeholders through the lenses of each of our five organisational functions.

4.2.1 SENIOR LEADERSHIP AND MANAGEMENT

As we saw in Chapter 2, a major reason for senior leaders to engage with stakeholders is to scan for opportunities and risks to the organisation and to build strategically fruitful relationships. This strategic outlook of senior leaders and executives puts a specific slant on how stakeholders are regarded and why engagement is desirable.

Understanding stakeholder salience is of strategic interest to the people who make key decisions in organisations. A model that is often used is the **Power, Legitimacy and Urgency model**^{xv}, also referred to as the **Stakeholder Salience Model**.

In this model, **power** refers to the degree to which stakeholders and their claims can influence objectives. **Legitimacy** refers to the desirability and appropriateness of the stakeholder's involvement and **urgency** to the degree to which stakeholders and their contributions require immediate attention. The combination of these three factors determines the prominence or salience of the stakeholder in question.

The model uses eight categories to assess stakeholder salience:

Classification	Stakeholders and stakeholder claims have	Course of action
Dormant	power, no legitimacy or urgency	Keep informed
Discretionary	legitimacy, but no power or urgency	Involve in case of crisis
Demanding	urgency, but no power or legitimacy	Low key involvement
Dominant	power and legitimacy, but no urgency	Keep informed
Dangerous	power and urgency, but no legitimacy	Keep satisfied
Dependent	urgency and legitimacy, but no power	Communicate

Classification	Stakeholders and stakeholder claims have	Course of action
Definitive	power, legitimacy and urgency	Communicate consistently
Non-stakeholder	no power, legitimacy or urgency	None

Table 4.3 Stakeholder Saliency categories

The above classification of stakeholders is helpful to deepen understanding of where engagement needs to be invested most. Without carefully considering the potential impact of stakeholders on objectives, we can waste time and resources on stakeholders with no or insufficient impact on the question. Or, to put it bluntly, the noise level a stakeholder produces is not necessarily equivalent to their saliency in the achievement of our objectives.

The interrelations between the attributes can be represented as in the below figure:

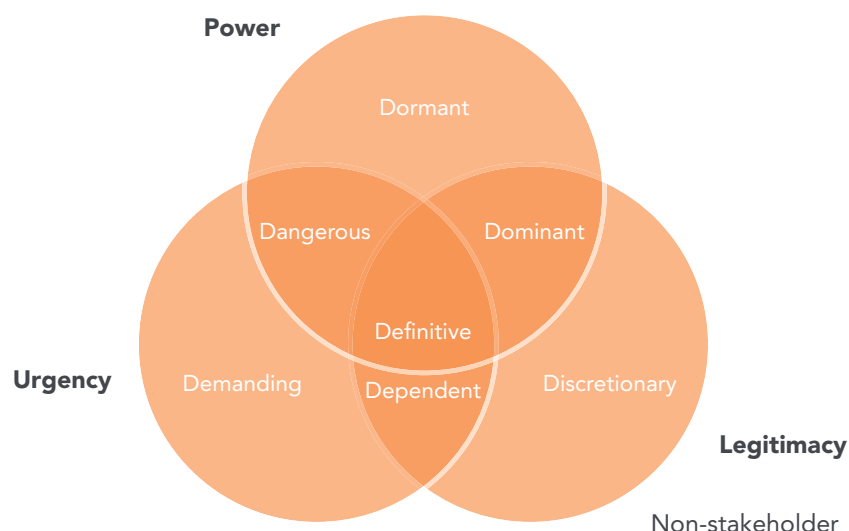


Figure 4.1 Stakeholder Saliency model

4.2.2 PROJECT MANAGEMENT

Project and programme managers are very interested in stakeholder influence from the project's point of view: who is likely to be a help and who is potentially going to throw a spanner in the works? In addition to the Stakeholder Saliency Model, two frequently used models are the **Power versus Influence** and the **Support versus Influence models**. **Influence** refers to the ability to alter attitudes.

A simple grid helps to get an insight into the stakeholder landscape by plotting individual stakeholder positions on the grid according to level, as shown in the below Power versus Influence example:

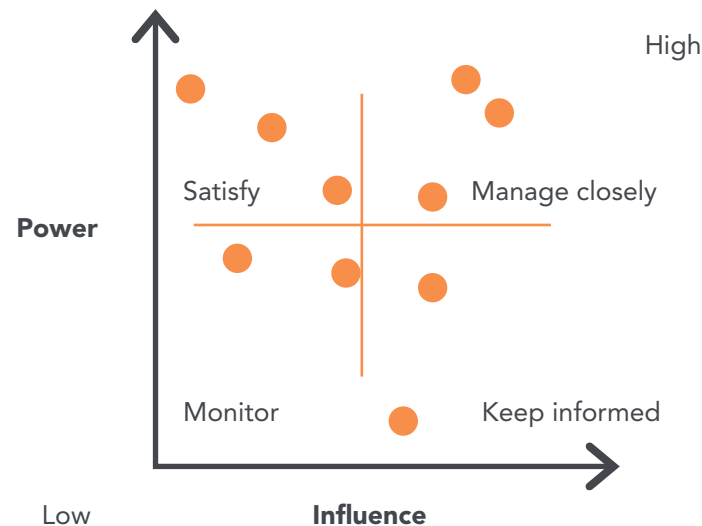


Figure 4.2 Power versus Influence model

This grid can highlight which stakeholders' positions are close to each other and which are wider removed from each other's position. This is interesting information to have, because it can help spot potential stakeholder coalitions and alliances that might form. Doing so adds more information to the stakeholder landscape than the Salience Model allows.

Another important way of mapping stakeholders in use in project management looks at the position or stance of stakeholders in relation to the project's objective. The **RACI or RASCI model** helps to map individual's positions and can inform effective project planning and stakeholder engagement by linking specific tasks to individual stakeholders.

Responsible	Execution of assigned tasks. Can be shared between individuals and teams
Accountable	Final decision and liability
Support	Provides tangible assistance on as-and-when basis
Consulted	Those who need to be consulted prior to decisions are made
Informed	Those affected by the objective but not actively participating in its achievement

Table 4.4 RASCI Model

When using the RACI/RASCI model the main thing is to remember the clear difference between being Accountable ('the buck stops here') and Responsible ('getting the job done').

Support is a useful addition to the RACI model because it breaks down Responsibility further into the main role and stakeholders who work on parts of the job at hand without overall responsibility. Furthermore, discussions can erupt around whether a stakeholder should be ‘informed’ or ‘consulted’.

The below simplified example illustrates how the RASCI model was used during the implementation of a new IT system in a customer contact centre:

Task	Comms Mgr	Programmer	Engineer	IT Manager	CS Team	Team Manager
Final Fixes	I	R	R	A	C	C
Go live	I	S	R	A	C	C
Intranet handbook updates	A	I	I	S	C	R
Implementation feedback	R	S	S	I	C	A

Table 4.5 RASCI Model Illustration

The RASCI model is a very useful planning tool by clarifying roles, but it can be argued it ‘assigns’ roles as opposed to investigate stakeholder attitudes or (potential) contributions to a project. As a stakeholder analysis tool it is therefore limited.

4.2.3 HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT

HR and OD have previously been described as the barometers of mood in the organisation. Their methods are focused on capturing and measuring that mood. A second major focus, especially for OD, is to scan for and predict needs in the organisation for development on individual, occupational and organisational levels. HR/OD build organisational capabilities and core competencies and to do so, these functions need to understand the needs of employees.

To measure both mood and attitude among employees(also known as primary *and* internal stakeholders) as well as uncover development needs many organisations measure **employee engagement**, which the Chartered Institute for Personnel and Development (CIPD) describes as

an internal state of being, both physical, mental and emotional, but many also view it as encompassing behaviour and in particular work effort^{xvi}.

A workforce has the power to support the efforts of an organisation to achieve its objectives – or contribute to its failure. Creating the conditions for optimal employee engagement is a priority for senior leaders and management, because they have a direct impact on productivity, customer satisfaction, revenue growth and staff retention. Understanding how employees are motivated and about what can help the organisation to address any disconnect between itself and its staff. Which factors need addressing to have an intrinsically motivated workforce: connectedness, authority, competence, or a combination of these?

Many organisations choose to measure engagement through staff surveys such as the GallupQ12 Employee Engagement Survey and similar tools. Surveys are usually carried in the form of (online) questionnaires using Likert scales, where answers are graded according to rating or agreement:

I feel my personal contributions are valued	<i>Strongly agree</i>	<i>somewhat agree</i>	<i>neutral</i>	<i>disagree</i>	<i>strongly disagree</i>
	[]	[]	[]	[]	[]

Table 4.6 Example of a Likert Scale

Some also use open questions to capture specific feedback.

To design a good questionnaire it matters to carefully consider what areas are in need of investigation and why. It pays to spend time discussing and choosing categories before carrying out a survey. There is no point in collecting information that will not make a difference to your organisation or your employees and other internal stakeholders. Take care to select or design questions that generate *important* feedback, not merely *interesting* feedback. You also need to take into account repeatability: you may want to carry out another survey in future to measure change. Will the same questions still be relevant in two or three years' time?

Here are some sample questions per category:

Category	Sample question
Organisational culture	Employees are always treated with respect
Strategy and direction	I understand how my role contributes to the company's strategy and goals
Leadership	The senior leadership team has communicated a vision for the future that motivates me
Communication	In this organisation we communicate openly and honestly

Category	Sample question
Work engagement	I feel my job makes a positive difference
Line management	Line manager is approachable and easy to talk to
Teamwork	My colleagues and I openly talk about what needs to be done to be more effective
Career progression	I can see myself working here in two years' time
Training and development needs	I have received the training I need to do my job well
Reward and recognition	I feel my pay is fair compared to people in similar roles in other organisations
Work-life balance	The amount of work I am expected to do is reasonable

Table 4.7 Employee Engagement Survey sample questions per category

Even though there are very clear benefits to using employee engagement surveys, they also have distinct downsides. First of all, surveying people en masse can come across as impersonal and as counter to the very thing an organisation is trying to achieve. Some people will only engage in a survey on condition of complete anonymity, while others still feel reluctant to share their thoughts fully even when guaranteed they will not be personally identifiable. Anonymity also means it is not possible to follow up with individuals, which becomes more pertinent when open questions are used and some feedback clearly needs responding to. Examples are reports of incidents or misconduct in the organisation or innovative ideas that have not been heard before.

A further criticism of surveys is that they do not get to the heart of things but merely reduce employee input to quantitative data to be collected at regular intervals. In this view it is one-way monitoring rather than true engagement and can be used to claim an organisation 'does' employee engagement.

A final weakness of surveys in general is that its questions will be interpreted differently by individual respondents. Their professional and personal context will 'colour' what a question means to them and answer accordingly. This makes results difficult to interpret correctly: treat them with caution.

While there are certainly examples of bad practice using employee surveys, they can also be seen as one of several tools for employee engagement and should be part of a holistic approach to employee engagement.

Carrying out a survey means raising expectations among staff that something will be fed back to them and things will change for the better. Be prepared to receive unanticipated feedback and always acknowledge having heard it. Think about ways you might do this beforehand and tell employees in your invitation to take the survey how and when you will share your findings with them.

4.2.4 MARKETING, COMMUNICATIONS AND PUBLIC RELATIONS

Stakeholders are the lifeblood of this function. Marketing has a strong focus on competitors, markets and products; communication on internal and external audiences and PR puts a specific lens on these with the aim of building mutually beneficial relationships in particular. As one might expect, their stakeholder toolkit is extensive, and we will pick one tool to focus on that will help us understand our stakeholders in yet another way.

A very useful way of looking at how stakeholders are related to each other is **Social Network Analysis (SNA)**, a method that is increasingly in use in Project Management as well. It finds its origins in anthropology.^{xvii} Despite the name this method is not limited to mapping social media interaction, although it can certainly be usefully applied to social media networks. It shows interrelations between nodes which can be made up of organisations, groups or individuals and can give us quite literally a new perspective on our stakeholder landscape by visualising it in 3D.

By showing interrelationships and connections between nodes we can see direct and indirect connections, which in turn can tell us about information flows and barriers to information getting through to our stakeholders. We can also map informal networks, and by labelling the same nodes with different category names we can also see who is for example both a dominant stakeholder as well as a union rep.

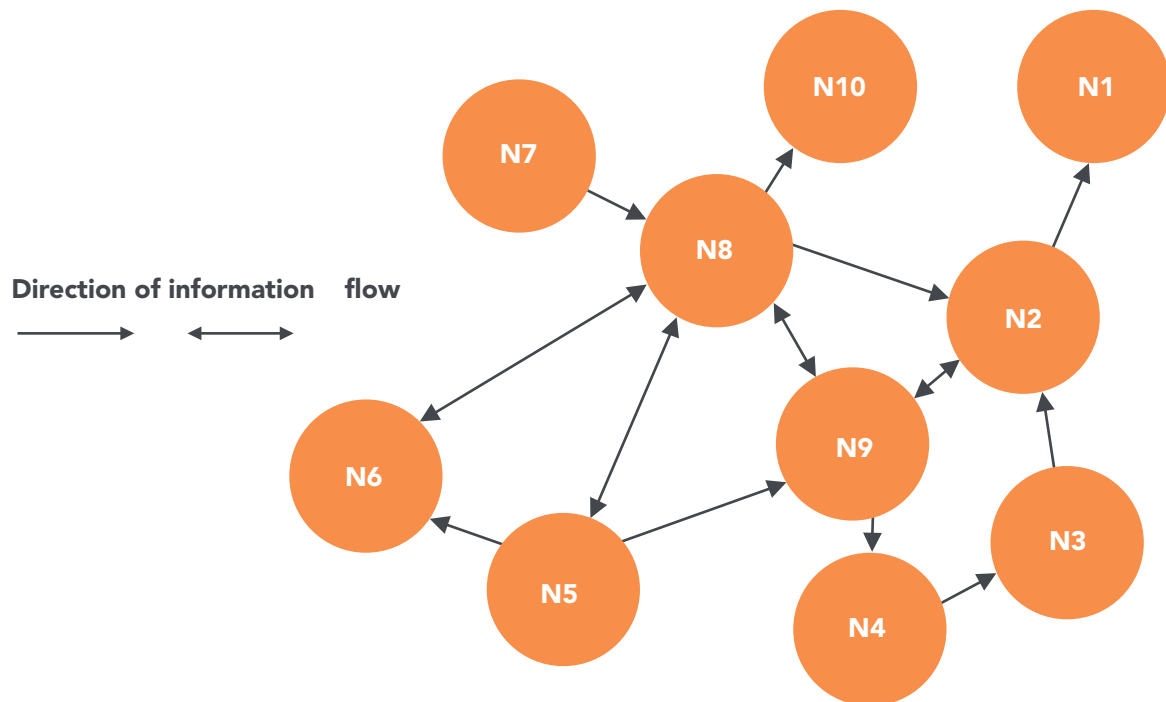


Figure 4.3 Social Network Analysis

The above figure shows now the 10 nodes are networked. We can see that N8 has six primary connections, and in three of which information is flowing both ways. N2 and N9 each have four primary connections, and look to be quite similar. However, N2 has one two-way connection with N9 and receives information from two others, N8 and N3. By comparison, N9 has two-way connections with N8 and N2 and receives information from N5. N9 is also the only connection via which N8 could get information to N3 – via N4.

For the purpose of this book we will consider two aspects of stakeholder networks:

- Network density
- Network centralisation

Network density refers to the potential connections a single node might have compared to how many it *actually* has. In the above example N8 has six actual connections, when it could potentially have 10. That puts the network density at 60%. Network density tells us how long it might take for information to flow from N8 to N3 on the outer reaches of the network: shortest route for information is N8-N9-N4-N3, two longer alternatives are N8-N2-N9-N4-N3 and N8-N5-N9-N4-N3.

Creating a visual of our stakeholders' network density can help identify weak communication links and potential barriers or distortions, in particular when we fill in some names or

functions. If N8 is a CEO, N9 a union rep and N3 a potential business partner we can see the potential for information flow to be impeded or filtered by the time it reaches N3.

Network centralisation refers to the centrality of individual nodes to the network as a whole. If a network is highly centralised the difference in number of connections of the most connected and least connected nodes is relatively small. In our example above three nodes had just one connection and one node has six, the highest number of connections in this network. The difference is five, which makes this network a somewhat decentralised network.

A **centralised network** has the potential to increase the efficiency and speed of information flow because of shorter connections, while it can also offer greater control over message content and minimise distortion of information.

The benefits of a **decentralised network** is that the burdens of information flow can be more evenly distributed. This requires strong connections and message ‘discipline’ from individual nodes.

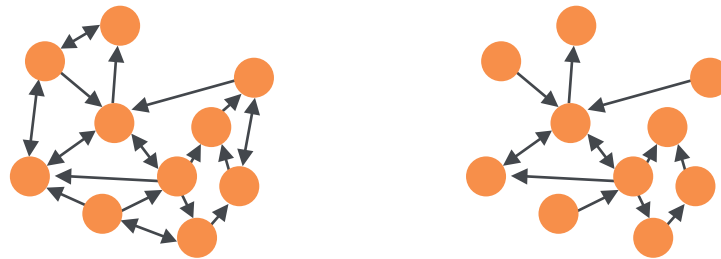


Figure 4.4 Decentralised and centralised networks

So far we have worked with just ten nodes (stakeholders) in the examples above, and it shows how complex a stakeholder map will become when networks are analysed using this method. SNA can elevate stakeholder analysis to very detailed levels using specialist software.

However, the value of taking a flipchart, sticky notes and coloured pens to your stakeholder list cannot be underestimated. The conversations about stakeholder connections that you will have while brainstorming with your team will uncover new insights about your stakeholder landscape *and* about how your team relates to it. The map you create by doing a ‘manual’ SNA will add additional depth to your stakeholder analysis even when done at its most basic level. There are many exciting software solutions available to support SNA on a higher level when it becomes apparent it makes good business sense to invest in it.

4.2.5 CUSTOMER SERVICES AND SALES

Customer services and sales functions are very interested in knowing as much as possible about customers, such as whether they are first time or returning customers, what their Life Time Value (LTV) is and what their buying behaviour is like. Linked to the latter is the Net Promoter Score (NPS), a tool which is also used in PR, and a very useful tool to add to our stakeholder analysis toolkit. It was developed in 2003 to measure customer loyalty to your organisation, brand or products^{xviii} and is widely used by banks, utility companies, recruitment agencies, hospitality and especially retailers.

You will have come across it after a call with a customer services centre or when navigating away from a page you've just placed an order on: you are invited to answer a single question:

On a scale of 1–10, how likely are you to recommend us to friends or family?									
Very likely		somewhat likely		not sure		not likely		very unlikely	
10	9	8	7	6	5	4	3	2	1

Figure 4.5 Net Promotor Score Likert Scale

People who rate their likelihood of recommending you at 9 or 10 are **promoters**; people who respond with 7 or 8 are **passive** and people who respond with a score of 1–6 are **detractors**.

The NPS is worked out by detracting the percentage of detractors from the percentage of promoter:

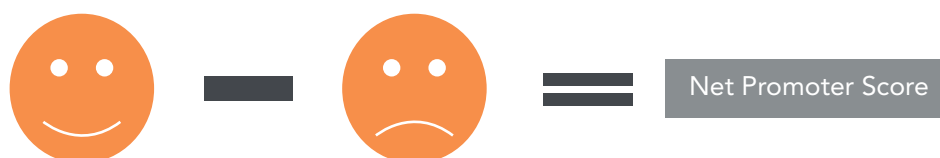


Figure 4.6 Net Promoter Score

If an organisation has 68% of promoters and 28% of detractors, their NPS would be 40%. Net Promoter Scores over 50% are considered good with scores over 80% seen as highly desirable.

The NPS has several benefits, including:

- easy, low cost administration and analysis
- makes a low demand on the respondent's time and effort
- repeatability to track how performance changes over time
- useful tool for comparisons with competitors
- can be used with internal and external stakeholders, incl. measuring employee loyalty

The NPS is a useful tool for finding out where our efforts go. Promoters are those stakeholders who will refer business and have the lowest rates of defection of all. Detractors can also take up a lot of our time with demands, but some will have more impact than others. Knowing which detractors fall into the *dangerous* category and which in the *demanding* category (see the Salience Model in paragraph 4.3.1) helps to ensure resources are spent proportionally on our stakeholders. When considering what to spend our resources on as an organisation, identifying who our promoters are, whether they are drowned out by our detractors and to what degree equally supports strategic decision making.

Unfortunately, the NPS certainly has plenty of limitations. As with other types of survey it is difficult to gain an insight into why a respondent has chosen their rating without asking more questions. Answers are anonymous and amalgamated, so we may know how many promoters etc we have, but not *who* they are and where we can find them. An NPS score can also become 'yet another Key Performance Indicator' if used in isolation.

Even if the NPS is something of a blunt instrument, we can consider its usefulness in context. If time and budget come at a premium and we need a quick insight into broad levels of attitude, the NPS has its use. When used as a standalone stakeholder engagement tool the NPS is very limited, but combined with other mapping and analysis methods it can add more depth to existing stakeholder intelligence by asking a very honest and important question: how supportive are you of what we're here to do?

While the NPS and other quantitative methods look like a quick and easy way to measure performance we should also look at the statistics and ask the question, 'so what?'

If our NPS score is 40% and our nearest competitor's score is also 40%, one could be made up of 58% promoters and 18% detractors and the other of 40% promoters and no detractors. Whose performance is the better one? Were the 18% detractors scoring us at 6 or 1? Was the survey administered in the same way in both cases?

4.3 STAKEHOLDER COALITIONS

As we saw when we explored Social Network Analysis earlier in this chapter, stakeholders are not necessarily isolated from each other and neither do they operate independently from each other all the time. Stakeholders may simply know each other or meet each other as a result of the stakeholder engagement itself. Coalitions can also form when stakeholders belong to more than one category such as the member of staff who owns company shares or the supplier is also a senior union representative.

When the cause or opportunity presents itself, stakeholders may even get organised into alliances or coalitions:

A coalition is an alliance of individual or organizational stakeholders that comes together to address a specific problem or issue and achieve common goals^{xix}.

Common goals are central to coalitions: without these they are either short-lived or fail to form fully. Coalitions can be made up of unlikely combinations of stakeholders and stakeholder categories because the belief in a cause or goal is what unites and drives these coalitions. Traditional stakeholder categories are no obstacle to coalitions forming. In short, it is safe to assume that stakeholders can and do talk to each other, and you may not even know about it.

Spotting stakeholder coalitions early on is crucial to understanding their potential impact on your objectives. Stakeholder engagement needs to carefully take coalitions into account, in particular where it concerns consistency of messaging.

Stakeholder coalitions are different from pressure groups and activists because they are made up of stakeholders from across different stakeholder categories:

- competitors, suppliers and segments of the media in coalition to expose price fixing
- employees in coalition with unions to negotiate contracts
- media and stakeholders from the financial community exposing financial misconduct

5 INVOLVING STAKEHOLDERS

As we saw in previous chapters, it pays to find out as much as possible about stakeholders because it helps us to plan and prepare for more effective stakeholder involvement. Now that we have a broad understanding of who our stakeholders are and what their perceptions and attitudes are we are ready to think about involving them.

Confusingly the term ‘stakeholder engagement’ is sometimes used to describe ‘involvement’. As a quick reminder: by ‘stakeholder engagement’ we mean both *understanding* and *involving* stakeholders in this book, which means that engagement and involvement are not interchangeable terms. ‘Stakeholder management’ describes the processes and planning that drive stakeholder involvement.

Chapters 2, 3 and 4 discussed methods and approaches to understanding stakeholders, and we are now ready to start discussing stakeholder involvement.

We have some important questions to address first:

1. What is our stakeholder involvement vision?
2. What level of involvement do we need from our stakeholders and why?
3. Is our stakeholder *engagement* ethical and fair?

This chapter addresses each of these questions, and discusses useful tools and techniques to help with this.

5.1 CREATING A STAKEHOLDER INVOLVEMENT VISION AND APPROACH

To create a clear vision we must first examine the need to involve stakeholders. What do we need to achieve that we cannot without their help, and how do we decide what the best approach is? How do we involve the right stakeholders? Then we also need to turn our attention to the stakeholder perspective: how do we ensure we involve stakeholders in an inclusive and fair manner?

In order to create a solid vision that all involved will understand, we need to ask some pertinent questions upfront and answer these honestly and fully.

It is not a good idea to involve stakeholders without a clear vision and plan. If we did, we would risk:

- alienating stakeholders by being unclear about what is expected of them *and* how their contribution will make a difference
- our organisation's credibility and reputation if we were perceived to engage inappropriately or without a reason and approach that we can explain clearly
- ending up with stakeholder feedback that is of limited use because we didn't ask the right questions

Here is a short checklist to help create our stakeholder involvement vision:

Question	Sample answer
What is the question that needs answering with the help of stakeholders?	What improvements do our customer service processes need?
What is the desired outcome?	<ul style="list-style-type: none"> - Clear evidence of where improvements will make the biggest difference for customer experience - Cost-effective and manageable solutions - Sufficient evidence to make informed decisions where interests are at odds
Which broad stakeholder group(s) need(s) to be involved?	<ul style="list-style-type: none"> - Customers - Front-line staff - Customer services line management
What is the deadline?	Process redesign start – 4 weeks from today
What do we risk by not engaging stakeholders?	<ul style="list-style-type: none"> - Overlooking issues customers encounter - Falling customer satisfaction - Falling employee morale - Increased costs associated with addressing preventable problems, fines and staff absences - Missed opportunities to connect with customers to find creative ideas for service improvement - Wasting resources on badly informed priorities

Checklist 5.1 Creating a clear vision on stakeholder engagement

Where necessary we need to break our objective down into smaller parts to serve different tasks or questions we want our stakeholders' help with. We can use the above checklist to work our way through each of the separate items.

While using the checklist ensure that all internal stakeholders who need to be part of the conversation have an opportunity to contribute. It helps to build a strong case and is a form of stakeholder involvement itself.

5.2 WHAT LEVEL OF STAKEHOLDER INVOLVEMENT IS NEEDED?

In the previous chapter we have seen that the salience of stakeholders can vary significantly between stakeholder groups *and* over time. We therefore need to match our level of investment in each stakeholder group accordingly.

A second reason for careful consideration of involvement level is that you may assume that your stakeholders are busy people and their time is finite. Some of your identified stakeholders may not even know about your organisation (yet) and those that do may be unaware of your reasons for involving them. Your own and your organisation's time and resources are finite too, and you need to be able to justify how you use them anytime someone asks.

Before settling on your planned approach, consider the possible levels of involvement you will ask of your stakeholders *and* your organisation:

Level	Aim	Communication
Monitor	Monitor views	One-way: stakeholder to organisation
Inform	Share information to educate	One-way: organisation to stakeholder
Consult	Solicit feedback	One-way feedback: stakeholders share, organisation listens
Participate	Working together to understand stakeholder requirements	Two-way and between stakeholders
Collaborate	Working in partnership towards a joint plan making joint decisions	Multi-dimensional between all involved
Co-create	Delegate to stakeholders	Multi-dimensional and formalised

Table 5.1 Stakeholder levels of involvement

You don't want to waste your and your stakeholders' time by collecting nice-to-have data that isn't going to make any difference to achieving your objective. There may be gaps in your knowledge that are OK to have, or OK to leave until later. For example, if stakeholders need to be consulted to find out whether or not an upgrade is needed for software used by certain stakeholders, asking whether they think their hardware is due an upgrade is probably of later concern.

When deciding on the level of involvement be very honest about what might happen if you didn't go out and collect the information you think you need from stakeholders. What will go wrong or will not happen if you didn't involve them? What is the price of doing nothing? Once you have been ruthless about why you need what information from your stakeholders, you are ready to consider what the most appropriate level of involvement is.

Even with the most carefully implemented approach you will have to accept that you will not be able to serve all stakeholders all the time as you ideally would like to. In project management goalposts are notorious for moving and priorities therefore change too.

It is very likely that aspects of your plan will simply not work out as intended and your attention needs to shift. This can mean stakeholders notice and some will respond unfavourably.

5.2.1 DECISION-MAKING AND OUTCOMES

In the above categories we can see different levels in the ownership of the outcomes of involvement. At the highest level of involvement, **co-creation**, stakeholders have responsibility for outcomes and their long-term survival. At the lowest level stakeholders' views are simply collected – this can even be without their direct involvement, for example by harvesting browser data or analysing point-of-sale data – and the organisation has full ownership of what the knowledge gained this way contributes to outcomes.

In the above table we can also see differences in decision making. At the two highest levels of involvement, **collaboration** and **co-creation**, decision-making is respectively shared with stakeholders and handed over in full to them.

The levels ranging from **monitor** to **participate** keep all decision-making firmly in the hands of the organisation. The difference between these first four levels in terms of decision-making lies in the type and quality of information gained from stakeholders and of course the way this information was obtained. This does matter, because a higher degree of involvement of stakeholders in the generation of information and insights, can create opportunities to

deepen knowledge and ask more follow-up questions. However, information gleaned in closer connection with stakeholders can also become more subjective. We will discuss ethics and fairness in stakeholder engagement later in this chapter.

5.2.2 INFORMATION FLOW

A further distinguishing factor between the levels of involvement set out above is about the **direction of information flow**. Here there are some important decisions to be made when settling on the level of involvement:

- What are the gaps in your, and/or your stakeholders' knowledge to address?
- What are the consequences of not filling those gaps?
- How urgent is the need – what time scales do you need to adhere to?

The direction of information flow matters. Table 4.1 shows that two levels of involvement are one way: **monitoring** and **informing**. We could argue that they are not a true form of stakeholder involvement, because neither is a two-way process.

While there is truth in that, monitoring and informing are forms of involvement because information is received and acted on by the organisation and stakeholders respectively. In these particular approaches the organisation may have good reasons for that: perhaps stakeholders wouldn't be able to add anything to the information such as service announcements at an airport. In emergency situations there simply isn't time for more interaction with each other.

An integrated approach: informing and monitoring

One-way information sharing can also be part of an integrated approach to stakeholder engagement. Airlines and train operators are likely to be monitoring social media and other channels to listen to traveller feedback about delays and problems they encounter, helping them to address those problems. It can help anticipate the next problem in an earlier stage.

After the cause of the delays has been addressed, operators may decide to consult with key stakeholders to analyse the customer experience during the delays and find out what can be improved. They may even end up co-creating different ways of dealing with delays with travellers.

Information flow will also be different depending on *who* is engaging with the stakeholders. For example, a CEO has a different relationship with customers compared to a customer services manager. In many cases the latter will be able to engage with customers at a more operational level. A CEO might be engaging to understand customer perceptions overall.

5.3 INVOLVEMENT METHODS AND APPROACHES

The vision clarified and agreed, we now know more about the purpose of the involvement we seek. Our approach also depends on the capability of the stakeholder to get involved and the outcome we are aiming to achieve: the *why* and *what* have been established; now we will address the *how* of stakeholder involvement. Checklist 2 below sets out engagement methods and approaches:

Method	Description	Pros and Cons
Interviews	1:1 or in small groups In person or over the phone Structured or semi structured	+ Rich, qualitative data + Labour intensive (expensive) - Potential for human error/bias
Surveys and questionnaires	Standard questions Structured or semi structured Online or offline	+ Easy to administer + Cost effective + Quantitative data - Impersonal
Focus groups and workshops	Small, facilitated groups Multi-way discussion Facilitator may moderate and prompt contributions	+ Rich, qualitative data + Collect multiple viewpoints - Potential cost and logistics
Public meetings	Topical, often local issues Often has a panel and facilitator Platform for contributions from the audience	+ Involve large numbers + Disseminate information - Data collection - Low individual participation
Forum	Group of people meeting regularly Focused on one issue or topic Representatives from different stakeholder categories attend	+ Regularity keeps momentum + Can focus on local issues - Can turn into 'talking shop' - Potential for bureaucracy
Roundtable	Dialogues aimed at reaching consensus Multi-stakeholder participation 12–20 participants	+ Equal participation + Focus on issues, not people - Requires skilled facilitation - High preparation levels
Symposiums and Conferences	Chaired sessions Structured agenda Expert speakers	+ Involve large numbers + Disseminate information - Data collection - Cost and logistics

Method	Description	Pros and Cons
Action Learning sets	Ongoing in nature Structured sessions Equal participants Joint problem solving	+ Supportive environment + Shared objectives - Longer term commitment - Logistics and potential costs
Online forums	24/7 access Own or 3 rd party forums User-generated content	+ Self-selecting audience + Resource and information sharing - Low control over content - Dependent on access

Table 5.2 Engagement methods and approaches

5.3.1 TAKING CARE OF PRACTICALITIES

Also pay some thought to what stakeholders are likely to ask you when you seek their involvement, as they are likely to have questions such as:

- What will I be asked to do?
- How will you safeguard my anonymity or privacy?
- What reward or compensation are you offering?
- What or who else is involved?
- When you will share your findings? Will I get to see them?
- Can I say no?

Be prepared in advance to answer questions like these as they may have a bearing on involvement. In addition, you can expect practical questions about parking and accessibility, refreshments and duration especially if you are asking stakeholders to travel. A closer look at specific stakeholder groups can help anticipate questions and how you might best plan stakeholder engagement events.

Preparing for a stakeholder involvement intervention	Date completed
Invites sent incl. directions	
Venue booked	
Materials produced	
Facilitators/moderators/scribes available	
Delegate confirmations received	
Session plan signed off	
Before the event:	
Numbers confirmed to venue	
Guest speakers briefed	
Facilitators/moderators briefed	
Session plan and script ready	
Flip charts, pens, paper	
Refreshments ordered	
Post event	
Notes collected	
Findings report signed off and circulated	

Checklist 5.2 Preparing for stakeholder engagement

5.4 STAKEHOLDER COMMUNICATIONS

Consistent and regular communication is absolutely essential to stakeholder engagement, from starting to research who your stakeholders are to involving them in the co-creation of solutions to problems. In fact, *under-communication* is one of the key reasons why so many changes fail as John Kotter outlined in his [famous Harvard Business Review article](#) in 1995 and sadly that mistake is still made in many projects today.

5.4.1 COMMON ISSUES IN STAKEHOLDER COMMUNICATIONS

There are several reasons why projects and initiatives are (perceived to be) under-communicated:

- Failure to recognise the need to communicate
- Waiting for more certainty or information before communicating
- Reliance on single or inappropriate methods and channels
- Inconsistent communication
- Competing messages drowning out your own
- Stakeholders not paying attention

All of the above will harm your objectives and there are remedies to all of them. Let's look at each.

A failure to recognise the need to communicate is indicative of an inability to distance yourself from your project and put yourself in the position of your various stakeholders. Take a step back and keep in mind throughout how easy it is to forget what other people *don't* know about what is happening.

Using the insights you have about your stakeholders, consider your project or objective from their perspective. What does each stakeholder want to know about what's happening? How often do they want or need updates? What will be the best way to communicate with them? Then check your ideas with a sample of each key group.

Waiting for more certainty or information before communicating can have different causes: lack of agreement or delays in getting sign-off on messages, ambiguity and uncertainty, but also plain indecision. A common misconception is that communication should only go out when all the facts and figures are available and agreed.

While it is important to check that information that is communicated is correct, it is far more important to communicate *at all* using incomplete-but-correct information than to remain silent. The reason for this is that stakeholders can and will fill in the blanks in information available to them, make assumptions you do not want them to make and influence perceptions without your knowledge. The worst thing you can do is to underestimate your stakeholders and their understanding.

A carefully agreed plan that includes the broad content of messages should go a long way to preventing delays on sign-off. Simply explaining to stakeholders why all information is not yet available with an indication when this might change will minimise opportunities for rumours to start circulating.

If communicating incomplete information fills you with dread, apply these rules:

- Tell stakeholders what you *do* know and can share
- Always include what you don't know yet
- If applicable, explain what you cannot share (yet) and why this is
- Say when you expect to come back to them to tell them more
- Give stakeholders a way to get in touch and ensure they are responded to when they do
- Never miss your own deadlines

Reliance on single or inappropriate methods and channels can result in some stakeholders being overlooked altogether. It can easily be avoided by using the knowledge you have about your stakeholders to find out how they prefer to be communicated with. Check your ideas with stakeholders to be certain and revisit and adjust regularly. As a rule, never rely on a single method or channel of communication.

Inconsistent communication will damage your chances of achieving your objective because it will at best confuse your stakeholders and at worst turn them into detractors. Careful planning which is agreed and signed off in advance and discipline in carrying out your communications plan will prevent inconsistency.

Inconsistent communication can also be the result of not coordinating message content of communications sent to different stakeholder categories. For example, for some stakeholder groups specific information is more pertinent to others. When stakeholders form coalitions, individuals in these coalitions may be getting different messages from you which may be ambiguous or even contradict each other.

Inconsistencies in messages can be mitigated by getting your core messages right in your strategic approach and checking all individual messages against these. Cross-check information sent to different stakeholders, and signpost stakeholders to other sources of information. Be aware of stakeholder coalitions that may form.

Competing messages drowning out your own can not always be avoided, for example where external sources you have no control over are sending messages at the same time as you. Revisit your PEST analysis to anticipate how and when this might happen. Coordinate your internal or partner communications or even piggyback if appropriate. Increase the frequency of your own communications using all suitable channels and consider repeating if necessary if it becomes clear the message has not reached its intended audience.

Also consider the impact competing messages have on yours, known as the ‘halo effect’. If for example you are announcing the introduction of hot-desking in your team at the same time as a restructure is taking place, some people may not necessarily understand or believe these are two different changes.

Stakeholders not paying attention – this happens. Stakeholders are busy, a few are maybe a bit lazy or not especially interested or preoccupied. Tailor your communications to their preferred channels and formats and ensure you communicate with regularity. Again it isn’t advisable to rely on a single method and in this scenario it is certainly good practice to mix things up to give them plenty of opportunities to hear or see your message.

Don’t be afraid to remind stakeholders of their own responsibilities to keep up with news. You can help them do so by:

- Cross-referencing other sources of information they can access such as the intranet
- Including calls to action, such as booking their place at the staff conference, signing up to your newsletter or responding to a survey
- Highlighting the importance of their involvement

5.4.2 COMMUNICATIONS PLANNING

As mentioned above, spending time to plan communications carefully can prevent common issues and save time and effort later. For effective planning we need to have a good understanding of our stakeholders’ communications needs and preferences: think of large print and Easy Read, making materials available in different languages including Braille and sign language, hearing loops and accessibility of venues.

The reach and appropriateness of methods and channels also needs consideration both from the perspective of the project and that of the stakeholder. For example, Facebook may be used and preferred by many relevant stakeholders, but is a 3rd party owned platform driven by user-generated content (meaning we have low control over information shared here) and is also very public.

To plan effective communications we also have to consider the resources available to us. We may be pressed for time because our project kicks off on Monday, or we may have the luxury of time and people available to help develop the plan. We may also lack the expertise or budget to use certain methods to reach our stakeholders. Be realistic but whatever the circumstances be strategic and thorough in your planning. The following two templates will help.

The below strategic communications plan template is designed to think through the basics of communications planning for a wide variety of projects and objectives. Some of it can be completed with the help of existing information, such as the introduction and key stakeholders. These are then ‘translated’ into broad messages and message content tailored to specific stakeholders.

This approach to planning also helps to think ahead about what comes *after* the project: how will you report back about the success of the project overall and the efficacy of all of your stakeholder engagement? Discussing and agreeing some indicators of success up front is going to help learning from what went well and what can be done differently afterwards.

All this doesn’t need to be a complicated affair. The below template is for a **strategic communications plan**:

1. Introduction
<i>A brief outline of the overall objective, the project or the issue goes here.</i>
2. Communications objectives
<p><i>List the SMART objectives communications aim to achieve:</i></p> <ul style="list-style-type: none"> • <i>Specific</i> • <i>Measurable</i> • <i>Achievable</i> • <i>Realistic</i> • <i>Targeted</i>
3. Key stakeholder groups or audiences
<i>For the purpose of this plan, which stakeholders do you need to include?</i>
4. Key messages
<p><i>List the key messages that your stakeholders need to hear. These should include the vision and can include information to be shared at specific intervals, calls to action, feedback to stakeholders etc.</i></p> <p><i>Also include an outline of messages which are specific to identified stakeholders here.</i></p>
5. Communication channels and methods
<p><i>List channels to be used bearing in mind the levels of involvement you are seeking:</i></p> <ul style="list-style-type: none"> • <i>One-way from or to your stakeholders</i> • <i>Two-way between you and your stakeholders</i> • <i>Multi-way between you, your stakeholders and between stakeholders</i>

6. Measuring progress

Linking to your SMART objectives, list how you will measure progress and success, for example by:

- Tracking feedback received
- Event attendance, number of events organised
- Surveys completed
- Website statistics

Template 5.1 A strategic communications plan

The purpose of a *strategic* communications plan as compared to an *operational* plan is to ensure nothing is overlooked and everything is joined up to core objectives. It uses information you already have about the objective you are aiming to achieve to explain *why* you need to communicate and *what* about.

Now that we have our strategic approach to communications planning we can put together an operational **communications activity plan** and implement it. This plan explains *how* and *when* you will communicate with stakeholders.

Communications activity plans come in many sizes and shapes and varying levels of sophistication. The below template offers the essentials that need to be included in any plan:

Stakeholder	Purpose of Communication	Key message	Method or Channel	Owner	When
Example: Leisure centre visitors using wheelchairs and scooters	Will the proposed service meet customers' needs arising from mobility impairment?	Help us to improve access where we can	1:1 interviews	Flo	5/9 to 31/10/2017
Families with children under 5	Which improvements do facilities need to become suitable for small children?	Help us to make facilities safe and practical for young children	Questionnaire (online and paper)	Flo	15/7 to 31/8/2017

Template 5.2 Communications activity plan template

The **purpose of communication** should be linked to the overall objectives of the project.

The **key message** of the communication activity must be aligned with the core message, which in this case is involving stakeholders to make improvements to leisure centre facilities.

The **method or channel** has to be appropriate to the audience as well as practical.

The plan can also include RASCI categories. This can be especially useful when activities require the involvement of various people, and a mere mention of **owner** is insufficient.

The above template offers the essentials of communications planning. Even though it might look basic, an approach like the above can be highly effective even in large, complex organisations dealing with many different questions. It can easily be adapted to different requirements and expanded to include further categories or breakdowns to match specific messages to specific channels for example.

If there are clear dependencies between messages, it is worth considering using a project management tool to plan communications activities. Standard software such as MS Project can go a very long way to supporting communications planning.

5.5 FAIR AND ETHICAL STAKEHOLDER ENGAGEMENT

We need to pause to consider what risks are involved when we select stakeholders and ask them to become involved in our objective. As Freeman asks, ‘Do all stakeholders have an equally “legitimate” claim to the resources of the corporation?’^{xx} He wants to know how we will behave in a way that is consistent and fair towards all our stakeholders – internal and external; powerful and disengaged – and still ensures our organisation achieves its objectives.

In this context ethics can be summarised as the moral principles that govern an organisation’s behaviour and activity. Often ethics are referenced in some form in an organisation’s mission and vision statement. Corporate Social Responsibility (CSR) strategies are entirely dedicated to setting out a business’s stance on fairness and ethics. They can provide very useful guidance around stakeholder involvement but are conceived from a commercial perspective and focus on commercial success. As part of this, the purpose CSR is seen by some as to strengthen corporate reputation while other CSR strategies are more altruistic in nature. It is worth considering carefully how stakeholders are considered by the organisation in terms of CSR.

The question of what stakeholder engagement is ‘must have’ and what would be ‘nice to have’ is pertinent here. Engaging with one group of stakeholders for the sake of being seen to engage with them is going to damage your relationships once stakeholders start to see that all it is.

Then there is the question of how to involve the right stakeholders and to involve them proportionally. As we saw in the Salience Model, some ‘demanding’ stakeholders may be very vocal, but have low or no legitimacy and urgency yet take up much of an organisation’s time and resources. The importance of carefully analysing stakeholders cannot be overestimated.

Similarly, small stakeholders can be effective just being bigger than another group or coalition isn’t necessarily the same as having more influence. Small, organised stakeholders can be nimble and as knowledgeable and well-connected as their larger cousins. In short: volume and size are unreliable indicators of stakeholder salience and can seriously impede ethical stakeholder involvement.

We have already touched on the difference between pressure groups and stakeholder coalitions. Like coalitions, some pressure groups can have closer ties with the organisation or cause with which they are concerned compared to others. Such coalitions or groups are therefore more involved, giving them a greater voice or at least a better opportunity to be heard.

To ensure fair and ethical stakeholder engagement, consider the following questions:

- How does your organisation define ‘ethical and fair’? Think about:
 - Equality
 - Integrity
 - Valuing contributions
 - Honesty and openness
 - Rules and values governing your daily practice
- What will the organisation commit to, to ensure ethical and fair engagement?
- What do you need to do to be congruous in your efforts to engage fairly and ethically with all stakeholders?

6 LEARNING ON THE JOB

Many people have gone before us to understand and involve stakeholders. Perhaps it is a soothing thought to know others have gone and done it, made mistakes and lived to tell the tale. In this final chapter I'll share my Ten Tips for successful stakeholder engagement and close the book with some learning and advice from different perspectives

6.1 TOP TIPS FOR SUCCESSFUL STAKEHOLDER ENGAGEMENT

1. Be careful what you ask for: engaging with stakeholders means *both* ways. Be receptive.
2. Appreciate your stakeholders and never, ever lie to them.
3. You won't be able to satisfy all your stakeholders all the time – best to accept this reality up front.
4. Keep it simple where you can. You don't necessarily need to invest in expensive solutions or reinvent the wheel.
5. A greater *level* of stakeholder involvement is not always necessary to get a better outcome. Plan carefully every step of the way to preserve your stakeholders' patience and goodwill.
6. Always be communicative, *especially* when there are no real developments to report. If you fall silent when your stakeholders don't expect you to you will be feeding the rumour mill.
7. If it doesn't work, stop doing it and go back to the drawing board. Just because it's in your strategy or plan doesn't mean you must stick with it no matter what.
8. Do see things through – don't just give up at the first hurdle. Building rapport with stakeholders takes time.
9. It's rarely about you personally unless you have caused a national bank to collapse.
10. See the fun in working alongside your stakeholders and celebrate your achievements with them.

6.2 LEARNING FROM THE EXPERTS

On leadership and Management:

"There is no greater motivation than giving a good person his piece of the puzzle to control, but a pat on the back or an award helps."

– Jerry Madden, *One Hundred Rules for NASA Project Managers*, 1995

On project management:

"When project managers effectively communicate realistic information, they create reasonable expectations – and everyone involved is more likely to view the project as a success."

– Lynda Bourne, *'Lost in Translation'*, *PM Network*, 2010

On Human Resources:

"Relationships are generally based on cooperation between employee and employer. [...] The winning stakeholder in a conflict of interests will be the one which has understood the interests of all the other stakeholders."

– Michael Ferrary, *'A Stakeholder Perspective of HRM'*,
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On Marketing:

"Understanding stakeholders is key to developing and communicating a valuable strategic Marketing plan. Our biggest A-ha moment when working with clients is to help them understand not only who their key stakeholders are, but also to understand who in that group has the strongest power to purchase above the others, and who has the highest ability to influence that purchasing decision. This analysis can simply show that you may need to readdress where you are spending your time."

– Tina Marshall, Owner, *Creating Sense*

On Communication:

"The most important thing is to remember that your stakeholders are people, not lines in your stakeholder map. They have hopes, fears and opinions. They want to be listened to. Don't be afraid of them or be tempted to ignore them until your messaging is perfect and you have all the answers."

The earlier you engage with your stakeholders, the more involved they will feel with your project. You will have the best chance of influencing them and achieving the outcomes you want. And you just might be surprised by the ideas and the insights that they bring"

– Lucy Eckley, Owner, Build Your Brand Story

On Public Relations:

"It takes 20 years to build a reputation and five minutes to destroy it"

– Warren Buffet in *The Financial Times*, 2011

On Customer Services:

"Customers perceive service encounters as inherently risky and commonly manifest anxiety and worry during service delivery"

– Dasu and Chase, *The Customer Service Solution*, 2013

TEMPLATES AND CHECKLISTS

T1 UNIVERSAL STAKEHOLDER LIST

Category	Stakeholder(s)
1. Owners	
2. Customers	
3. Competitors	
4. Suppliers	
5. Pressure groups	
6. Unions and Trade Associations	
7. Government	
8. Employees	

T2 STRATEGIC COMMUNICATIONS PLAN

1. Introduction
2. Communications objectives
3. Key stakeholder groups or audiences
4. Key messages
5. Communication channels and methods
6. Measuring progress

T3 COMMUNICATIONS ACTIVITY PLAN

Stakeholder	Purpose of Communication	Key message	Method or Channel	Owner	When

CHECKLIST: CREATING A CLEAR VISION ON STAKEHOLDER ENGAGEMENT

Question	Answer
What is the question that needs answering with the help of stakeholders?	
What is the desired outcome?	
Which broad stakeholder group(s) need(s) to be involved?	
What is the deadline?	
What do we risk by not engaging stakeholders?	

CHECKLIST: PREPARING FOR STAKEHOLDER INVOLVEMENT

Preparing for a stakeholder involvement intervention	Date completed
Invites sent incl. directions	
Venue booked	
Materials produced	
Facilitators/moderators/scribes available	
Delegate confirmations received	
Session plan signed off	
Before the event:	
Numbers confirmed to venue	
Guest speakers briefed	
Facilitators/moderators briefed	
Session plan and script ready	
Flip charts, pens, paper	
Refreshments ordered	
Post event	
Notes collected	
Findings report signed off and circulated	

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LIST OF FIGURES, TABLES AND CHECKLISTS

Figure 1.1 Freeman's generic stakeholder map of a very large organisation

Figure 2.1 Avoidance and approach motivation

Figure 2.2 Intrinsic and extrinsic motivation

Table 3.1 Brainstorming questions for stakeholder identification

Figure 3.1 Adapted version of Freeman's generic stakeholder view of a very large organisation

Table 3.2 Universal stakeholder list

Figure 3.2 Freeman's s primary and secondary stakeholders

Table 3.3 Senior leadership stakeholder list

Table 3.4 Project Management stakeholder list

Table 3.5 HR/OD stakeholder list

Table 3.6 Marketing, communications and PR stakeholder list

Table 3.7 Customer service and sales stakeholder list

Table 3.8 Board Game cafe stakeholder list

Table 4.1 PEST analysis of the stakeholder context

Table 4.2 Stakeholder attitudes toward board games café expansion

Table 4.3 Stakeholder Salience categories

Figure 4.1 Stakeholder Salience model

Figure 4.2 Power versus Influence model

Table 4.4 RASCI model

Table 4.5 RASCI model illustration

Table 4.6 Example of a Likert Scale

Table 4.7 Employee engagement survey sample questions per category

Figure 4.3 Social Network Analysis

Figure 4.4 Decentralised and centralised networks

Figure 4.5 Net Promoter Score Likert Scale

Figure 4.5 Net Promoter Score

Checklist 5.1 Creating a clear vision on stakeholder engagement

Table 5.1 Stakeholder levels of involvement

Table 5.2 Engagement methods and approaches

Checklist 5.2 Preparing for stakeholder engagement

Template 5.1 A strategic communications plan

Template 5.2 Communications activity plan template

ENDNOTES

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