Managing Stakeholder Relationships

Lesson 3

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Collaboration and Conflict

Using collaborative techniques to build stakeholder relationships

How to manage stakeholder conflict when it arises

Collaboration

As we saw in the first lesson, one of the benefits of working with stakeholders is the knowledge they bring to the organisation, either in the form of outside expertise or employee skills.

This knowledge can be used to 'collaborate' to solve problems or create new ideas and products that benefit both parties. You'll recall that this is one of the higher levels of engagement set out by Friedman and Miles.

Collaboration (cont.)

For example, a university might collaborate with a pharmaceutical company to develop treatment for a new disease. And if the treatment is successful, hospital emergency teams will need to collaborate on how to deliver it safely to patients.

Collaboration also happens at a lower level, where the goal may simply be to gain feedback and engage stakeholders in a project more fully.

However, while more people can bring more ideas to address a problem, working together as a group can be a complex undertaking.

For example, some ideas in a group project may be given more time than others simply because they've come from a contributor with higher status. Or the group may dismiss ideas that don't agree with the majority opinion.

Brainstorming

Due to these drawbacks, several practical techniques have evolved over time to channel the creativity of group members, and improve the collaborative process.

'Brainstorming' is one such popular method. Here, the participants - often members of the same work team - agree to voice as many ideas as possible without judgement, encouraging everyone to respond freely to an issue. Once all the responses have been collected, the group starts to evaluate the quality of the ideas. The point is to air a diversity of opinions so that more 'safe' ideas, or those of more dominant group members don't hinder debate.

However, traditional brainstorming can easily become chaotic. It requires strong leadership, and a structure to keep the group focused and on track.

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Six Thinking Hats

Psychologist Edward De Bono developed one such collaborative technique in the 1980s. His method is a form of brainstorming, but it imposes some discipline on the process by assessing the issue from six different perspectives. It's known as the Six Thinking Hats approach, because each perspective is represented by a metaphorical 'hat' in a particular colour.

Together, the group examines the problem from each perspective and then switches 'hats' to look at it from a different angle, until all perspectives have been considered. It's especially useful in collective decision making.

White and Red Hats

The 'white' hat requires the group to use logic - drawing on factual evidence to examine the issue and propose solutions.

The 'red' hat compels members to listen to their intuition and express their emotions. These can be both positive and negative, and take into account how people outside the group might feel about the issue.
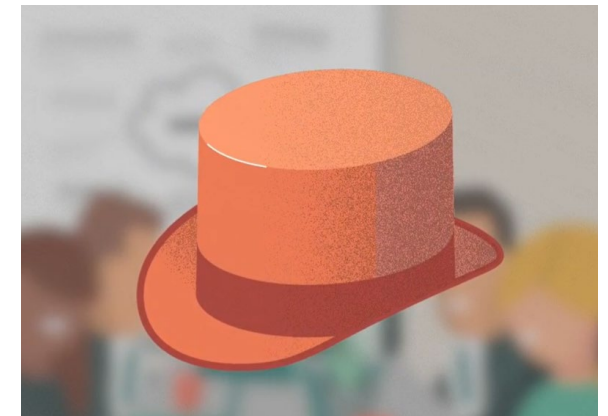
Green and Yellow Hats

The 'green' hat demands creativity - to think 'outside the box' and search for alternative solutions.

The 'yellow' hat calls for optimism - here the participants are asked to focus purely on the positive outcomes of their plans.

Black and Blue Hats

Conversely, during the 'black' hat phase the group members explore the difficulties of the situation, and the weaknesses of their ideas. They may debate contingencies for worse case scenarios.

The sixth and final hat is blue. This hat belongs to the group leader, who stays neutral and moderates the discussion. Because the leader stands apart from the process, their perspective remains the same throughout.

The Goal of the Thinking Hats

The goal of the Thinking Hats approach is for everyone in the group to adopt a particular viewpoint, even if it is not their usual pattern of thinking. This can help them see all sides of an issue, without prejudging other approaches, or competing with one another.

Although it can be used by just two people, the method works best when a larger group needs to make a decision. A bigger group will likely generate more diverse opinions, and therefore more solutions.

The Goal of the Thinking Hats (cont.)

So for example, the hospital team debating how to deliver a new treatment will benefit from the views of doctors, nurses, physical therapists and administrative staff. However, by asking them to examine the situation from all angles, it encourages empathy and cooperation rather than conflict.

The Six Thinking Hats is often applied to problem solving among teams - that is, with internal stakeholders. However, it's also important to gather input from external stakeholders, especially when the organisation's plans have the potential to negatively affect them.
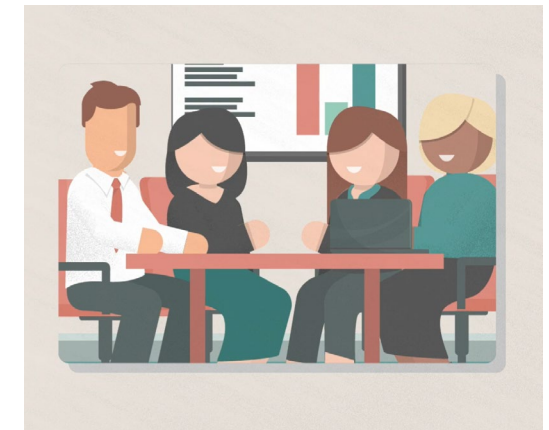
Collaborating with Stakeholders

So far we've discussed collaboration as a method to encourage innovation and better decision making.

However, collaborative working is also a form of engagement; it may be used to develop stronger stakeholder relationships. This applies to both internal and external stakeholders.

For example, a manager making major changes to a team process will want to consult everyone on the team on how the changes should be implemented. This is one way to get the team's 'buy-in' to the new process.
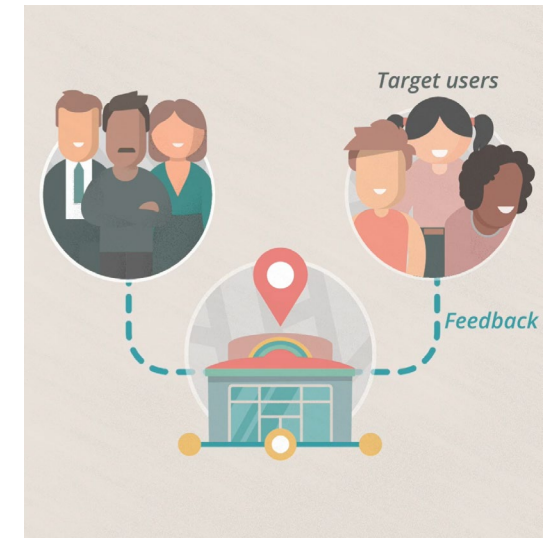
Collaborating with Stakeholders (cont.)

With external stakeholders, buy-in is often sought when the organisation is planning a complex project.

For example, a council may ask local teenagers to collaborate on a new youth club. The council is not necessarily after the young people's 'expertise.' But it will want their opinions, because they are the target users of the club. Asking them for feedback will cultivate their support, and make sure they are happy with the project's eventual outcome.

Explaining Expected Outcomes

Collaboration in such cases will take the form of discussions with each stakeholder group, and where possible, all stakeholders together.

These discussions have two goals. The first is to explain the outcomes expected from the project, and exactly what it will deliver. This will help manage expectations among stakeholders. If stakeholder hopes for the project are unrealistic, they may feel disappointed as it unfolds, and stop supporting it. Or if they were hostile at the outset, they may never come around to backing it.

GOAL 1

Explain the outcomes expected from the project, and exactly what it will deliver

Understanding Stakeholder Priorities

The second goal is to understand what is important to stakeholders in the course of the project.

As we've seen, stakeholder ideas may improve the project's outcome. Conversely, if the organisation neglects stakeholder opinion, their plans are much less likely to succeed.

This is especially true of primary stakeholders, or those with high levels of power.

GOAL 2

Understand what is important to stakeholders

Considering a Wide Range of Views

However, as we noted earlier, it's important to consider a wide range of views, because different stakeholders will have differing needs.

The council's ambitions for the youth club may be quite different from what the young people using it would prefer to see. The opinions of parents, and tenants of the leisure centre where the club will be located may be different yet again. If all these expectations are understood early on, however, there's a greater chance to reconcile them.

To guide such complex discussions, the manager in charge will need outstanding two way communication skills - they'll have to be good listeners, as well as good presenters of information.

The MoSCoW Model

It may also be helpful to use a formal framework. The MoSCoW model is one well-known collaborative approach that can help organisations clarify what stakeholders need and expect from a project.

MoSCoW is an acronym that stands for Must, Should, Could and Won't - with the two o's added to make it easier to pronounce. It was first developed by Dai Clegg of Oracle Consulting, to help managers 'cut to the chase' when assessing stakeholder needs.

Musts

To apply this method, managers first ask stakeholders which outcomes a project or plan **must** deliver.

The CMI describes 'musts' as essential outcomes - if these aren't secured by the end of the project, it will have failed.

For instance, parents contemplating the new youth club may insist on adult supervision of their children at all times. The teenagers, on the other hand, may prioritise comfortable seating areas and space to practice sport.
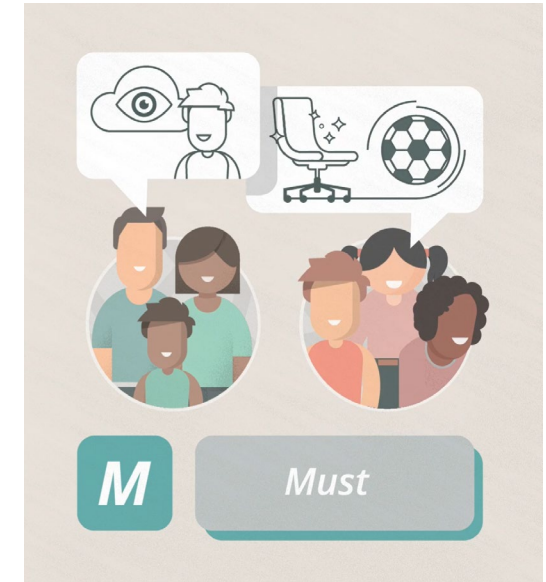
Shoulds

Next, stakeholders are asked about the outcomes and deliverables that the project **should** provide.

These elements are important, but if the worst came to worst, they could be delivered at a later date. For the young people who will attend the centre this might be a projection screen to show films. Although high on the wish list, it could wait, as they could make use of other facilities in the meantime.
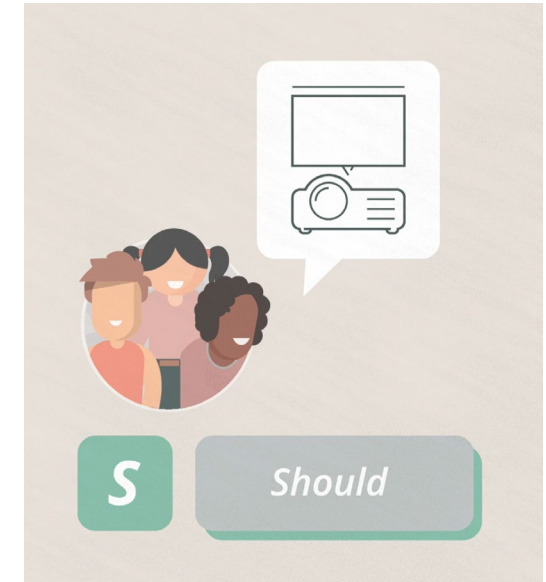
Coulds

Third, stakeholders are prompted to consider which outcomes **could** be achieved.

The CMI describes these as 'nice to have,' but ones that could be shelved if the project's timescales or resources come under pressure. For the youth club members those might include arts and crafts lessons. They'd like to see them offered eventually, but they are not high priority right now.
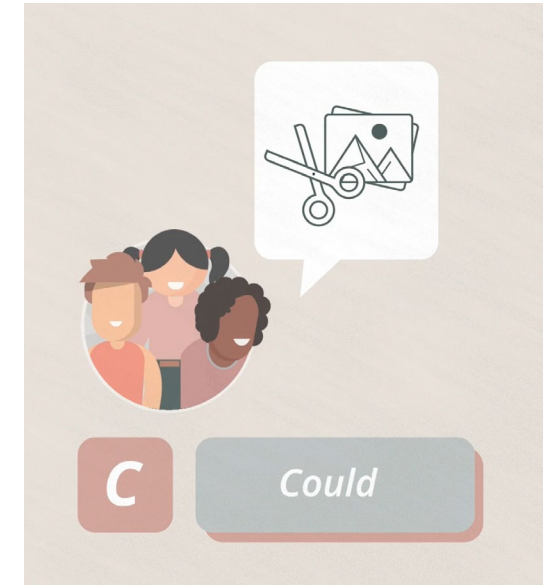
Won'ts

Finally, stakeholders are asked to agree on what the project **won't** deliver - at least this time. All parties might agree that there is no need to provide a tea and coffee station, or catering for the youth club.

The stakeholders' answers to these questions can provide real clarity for the organisation, but also for the stakeholders themselves. The process forces them to consider what the project truly involves, and how it will change their circumstances. It's also a way to air differences about the plan before they escalate into conflict.
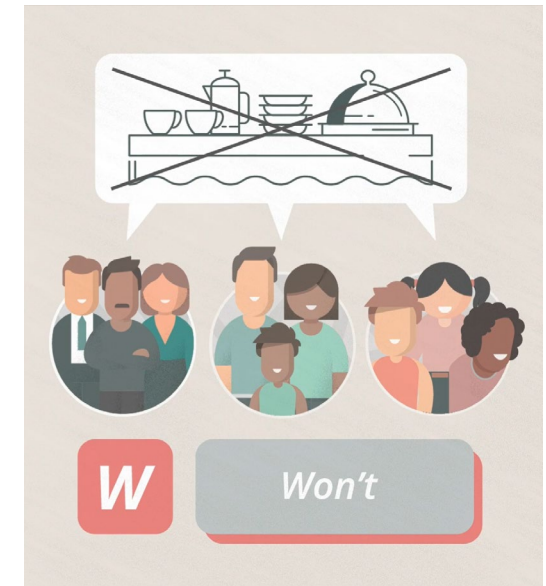
Conflict with Stakeholders

At its best, the process of collaboration can generate new ideas that improve how both organisations and their stakeholders operate.

However, even in the most balanced and cooperative of relationships there will be times when conflict arises. We touched on conflict between the organisation's stakeholders in lesson 1 - you'll recall that this kind of friction can lead to a 'conflict of interest' for a company as it tries to satisfy all parties.

Conflict with Stakeholders (cont.)

A second type of conflict occurs when there is a difference between the interests of the organisation and the stakeholder. Such conflict is inevitable on occasion, and if handled early and well it can be the catalyst for positive change. For example, by letting a manager know that a workload is too high, it can spur better use of resources across a whole team.

However, if left unresolved, conflict may start to undermine the organisation's goals. For this reason, it's important for managers to try and resolve any emerging conflict before it escalates.

If the problem is discovered early, it may be possible to 'negotiate' a solution to it.
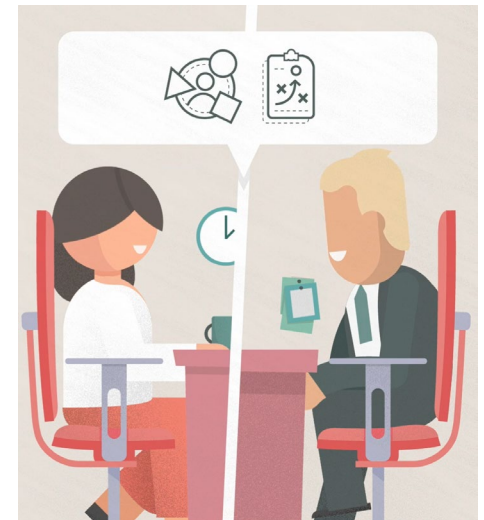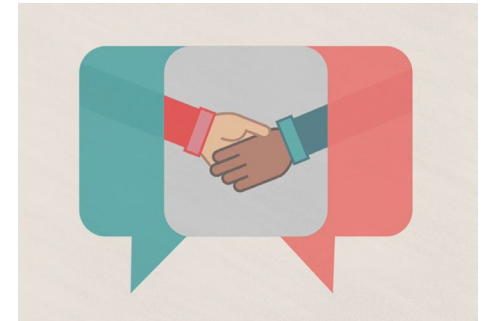
Negotiation

As we saw in the first lesson, negotiation is a dialogue aimed at reaching an agreement between two or more parties. It allows each side to present their arguments, and in turn to consider the arguments of the other side.

We've seen this idea applied to contract negotiations, where the goal is to protect each party's interests. However, negotiation can also resolve the problems that occur when those interests collide.

Negotiation is typically informal, with the parties dealing with each other directly, though sometimes a trained negotiator may be hired.

If the stakeholder is a group, they will often choose a representative to negotiate on their behalf. In either case, the process requires both skill and well thought out tactics to be effective.
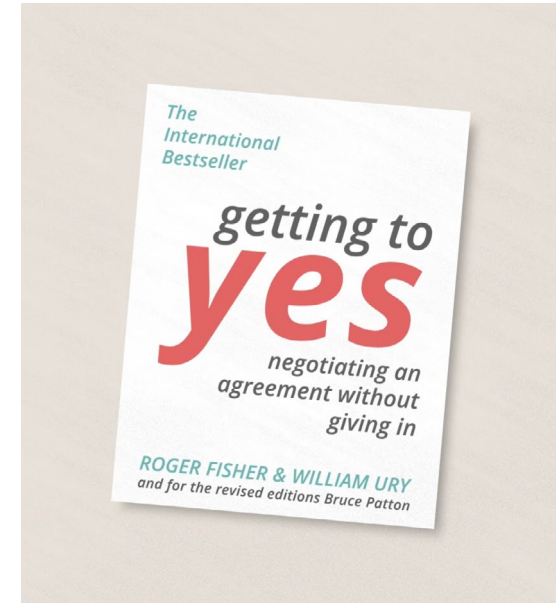
Successful Negotiation

In their book 'Getting to Yes,' negotiation experts Roger Fisher and William Ury devised four principles for successful negotiation. These make up the basis of their Interest-Based Relational Approach, or IBR.

The principles are:

- Separate people from problems
- Focus on interests rather than positions
- Invent options for mutual gain
- Insist on using objective criteria

The International Bestseller

getting to yes

negotiating an agreement without giving in

ROGER FISHER & WILLIAM URY
and for the revised editions Bruce Patton

Successful Negotiation (cont.)

The idea behind the first principle - separate people from problems - is to keep the negotiation as free from emotion as possible. Negotiations in which feelings take over can quickly get personal; sticking to the issue at hand will keep the conversation on track.

The second principle - focus on interests rather than positions - is a reminder that underlying every party's negotiating position are their specific interests.

Understanding what drives the other party can help a negotiator more effectively persuade them to change the position.

Seperate people from problems

Focus on interests rather than positions

Invent options for mutual gain

Insist on using objective criteria
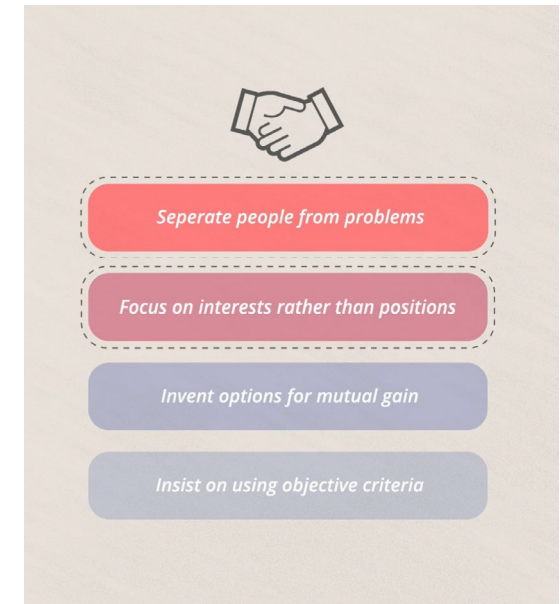
Successful Negotiation (cont.)

The point of the third principle - invent options for mutual gain - is to explore all ideas that may satisfy both parties, not just settle for the easiest solution. This may result in a creative compromise, like a trade, which could be the difference between success and failure.

Finally, the fourth principle, 'insist on objective criteria,' demands that the negotiating parties agree on the evidence they will use to guide their decisions. Negotiations can break down if the two sides bring up different sets of 'facts' to support their positions.

A better strategy is to agree which criteria will be used - for example, expert market analysis - and seek out the most objective sources of it. This means knowing the topic of negotiation well, and having the skill to assess the quality of the evidence.

Seperate people from problems

Focus on interests rather than positions

Invent options for mutual gain

Insist on using objective criteria

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Successful Negotiation - Example

For example, imagine the owner of a sporting goods shop, Rick, has been confronted by a regular supplier, who complains that his product - golf clubs - is being poorly displayed. Rick doesn't want to move the clubs as they would replace his top selling items. But he also doesn't want to lose the supplier, so he agrees to negotiate.

He soon discovers that the supplier is experiencing low sales across his product range. Rick realises that the supplier's driving interest is rescuing his business, so he offers him a one month promotion - with large signage - in place of changing the display.
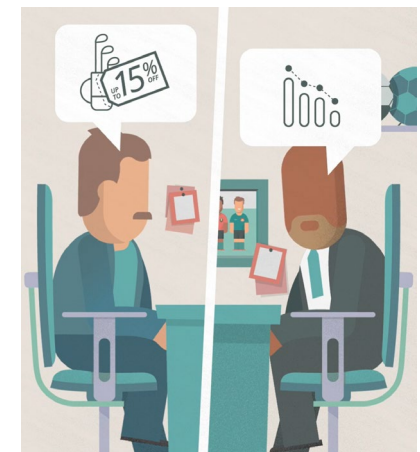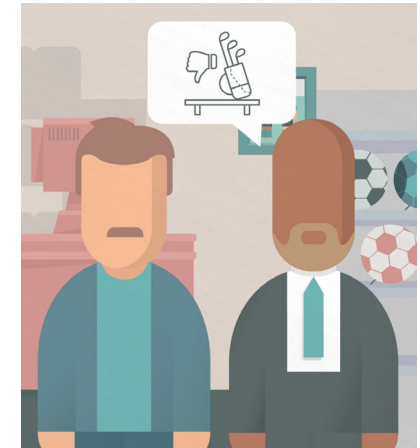
Successful Negotiation - Example (cont.)

He backs his offer with statistics from a retail association report showing a promotion can result in better sales than positioning in the store. The supplier agrees because he trusts the source of Rick's data - and knows that in this scenario both parties will increase their sales.

The key to successful negotiation is to understand that it's not a zero sum game; the point is not to 'win' at the expense of the other side. The solution should work for both parties, so the more insight a manager has into the stakeholder, the more successful it's likely to be.
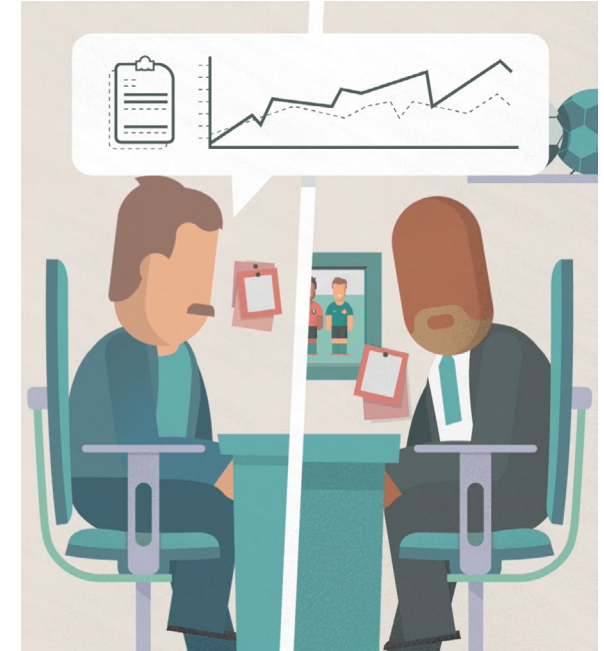
Negotiation and Influencing

Influencing and negotiation are essential skills for effective management and leadership, and should form a critical part of every leader's toolkit.

They enable managers to build strong relationships with their teams, resolve conflicts, drive change, build consensus and motivate individuals towards shared goals.

By mastering these competencies, leaders can create a positive work environment, foster trust and inspire innovation, all while navigating the complexities of interpersonal dynamics. Read more about negotiation and influencing in this lesson's associated information sheet.

Workplace Conflict

We've now looked at conflict between the organisation and its external stakeholders. However, conflict can also arise between the organisation and internal stakeholders - for example, employees.

Employees are a key stakeholder group for a company - without their work it would not exist. However, this group is made up of individuals with differing backgrounds, abilities and personalities. Such differences - and the needs and expectations they create - will sometimes be a source of conflict.
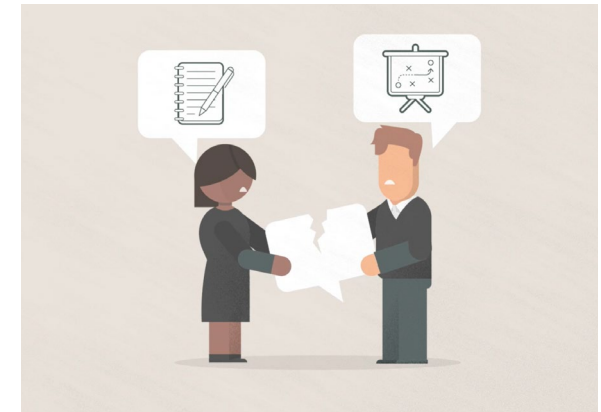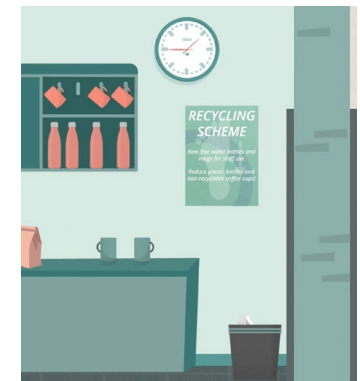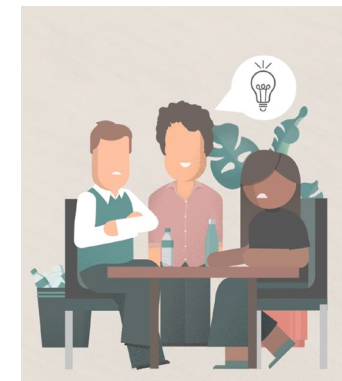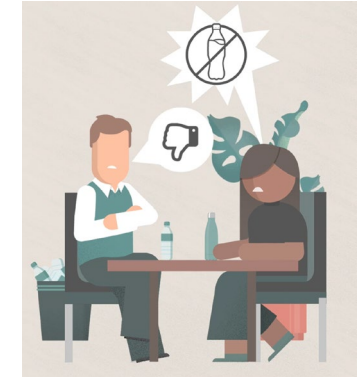
Workplace Conflict (cont.)

As we saw earlier, a small dose of workplace conflict can be productive, because it provides the organisation with valuable information. Some employee grievances can uncover otherwise hidden problems, and with the help of management may lead to creative change.

However, prolonged, unresolved conflict can be very damaging for a company - especially if it ripples out beyond the individual, and affects the morale of a larger group of employees.
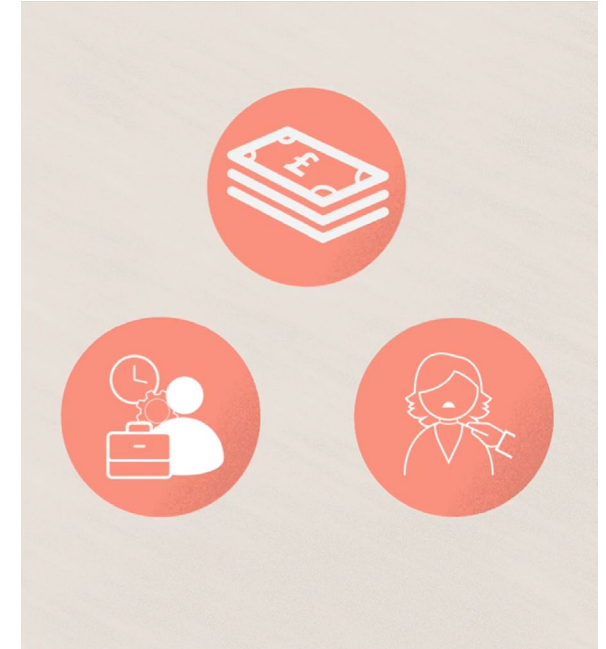
Workplace Conflict (cont.)

Conflicts may involve practical issues like pay or working conditions, or touch on interpersonal issues like harassment.

But all must be handled with sensitivity by managers. Because employees have so much at stake in the company - and vice versa - a dispute with an employee can have a disproportionate impact on all parties.

Approaching Conflict

The Advisory, Conciliation and Arbitration Service, or ACAS, is a non-profit group which offers advice on workplace issues.

They recommend that managers first approach conflict by scheduling an informal chat with the individual or group in question. As ACAS points out, 'giving people the time and space to express their feelings and concerns can often help to clear the air.' This may sometimes be enough to defuse the situation, if the problem isn't too serious.

Conducting an Investigation

However, if conflict persists, or escalates further, managers may need to conduct an investigation.

At this point the manager will continue to listen to the stakeholder, but also consult with their colleagues, supervisors and the HR department. They will keep notes of any exchanges, and evidence that comes to light.

The idea is to get as full and objective a view of the problem as possible, so that both sides can agree a way forward. This may be accompanied by a structured negotiation, following a similar framework to the Fischer and Ury model we explored previously.
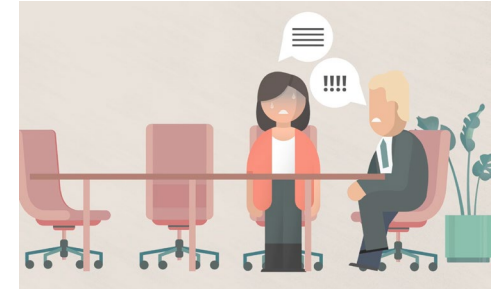
Seeking External Help

If no progress is made in negotiations, managers may find it useful to seek external help. Outside intervention can ease tension between the negotiating parties, and sometimes present the problem in a new light.

The most popular form of third party intervention is known as 'mediation.' In this process, an independent, impartial person helps the two parties reach a solution that is acceptable to everyone. Although mediation may be used at any level of dispute, it's often applied in more serious cases - such as those involving discrimination. It's also a common tool in negotiations between management and its unionised workforce.

In these cases, the mediator will often be a trained professional. In less serious situations, a mediator can be any outside party with the skills to defuse emotion around the conflict, and get to its underlying causes.

Arbitration

It's important to note that mediation is not legally binding; the mediator gives advice but does not issue a judgment. However, it is possible for two parties to negotiate a legally binding resolution. This process is known as 'arbitration.'

Unlike a mediator, an arbitrator will not meet in person with the two parties. They will look at evidence submitted in writing, and make a decision, or 'award,' based on this information. As the stakes for all parties are higher in a binding decision, arbitration is used only in serious disputes.

Alternative Dispute Resolution

The methods of conflict resolution we've described in this lesson fall under the umbrella of 'Alternative Dispute Resolution,' or ADR. They're so called because they are alternatives to the final resort for managing conflict: the court system.

Both ADR and the courts can be used to address internal or external disputes with stakeholders. However, it's worthwhile to pursue ADR first, because it's in everyone's interest to avoid the time, expense and possible brand damage of a court case.

So, we've seen how different engagement techniques can impact on stakeholder relationships. In the next lesson we'll examine the impact of engagement on the organisation's performance, and learn how this impact is measured.

Recap

In this lesson, you have learned about:

- Using collaborative techniques to build stakeholder relationships
- How to manage stakeholder conflict when it arises