NANO TOOLS FOR LEADERS®

STAKEHOLDER MAPPING: DUE DILIGENCE (PART ONE)

Nano Tools for Leaders® are fast, effective leadership tools that you can learn and start using in less than 15 minutes — with the potential to significantly impact your success as a leader and the engagement and productivity of the people you lead.

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THE GOAL:

Identify key external stakeholders so you can build a reputation and relationships with them.

NANO TOOL:

Doing business in an unfamiliar market exposes you to numerous risks. Understanding what they might be and anticipating them is key to minimizing the threats they represent. Stakeholder mapping helps you aggregate and visualize information about key and potential stakeholders so you can answer these critical questions:

- Which stakeholders matter most?
- Which stakeholder grievances should I stress?
- Which stakeholders should I rely on to introduce me to others?
- How are stakeholders learning about me and how can I influence their opinions?

Once compiled, a stakeholder database allows you to see not only the current stakeholder landscape, but also the likely future evolution of that landscape. But of course no matter how good your stakeholder data and modeling, the personal side matters, too. Expect to modify your plans once you've begun operating in a new environment. Learning and adaptation are always required. So is a communication strategy to introduce your firm to a new audience, publicize your plans, and persuade people of your good intentions. A committed team of employees will be needed to execute those plans. Due Diligence is essential, but it's just one element of an integrated approach to corporate diplomacy.

HOW LEADERS USE IT:

- AngloGold Ashanti hired PRIMA LLC and Boutilier & Associates to help them build a stakeholder database using this process for seven mine sites in six countries across Continental Africa. At each mine site, a local team of interviewers who spoke the local language and knew the region and its customs conducted one-hour interviews with 75-150 stakeholders at each mine site who were identified either by AngloGold Ashanti or suggested by other stakeholders. These interviews began with open-ended questions such as, "Which are the most important concerns for your community/organization right now?," "How does the project affect your group?," and "Which changes or improvements to the project would you like to see?" Interviewers also asked about stakeholders' degree of support for the mine, whether they offered a social license to operate (i.e., whether they believed the mine to be ac-

ceptable at that moment), time they spent on issues related to the mine, which other stakeholders the interviewee may have consulted or coordinated activity with, and whether they knew of additional stakeholders who should also be interviewed. From the interview responses, quantitative data was extracted that could answer the questions "Which stakeholders withhold or restrict the social license to operate?" and "What are stakeholders' main issues of concern?" In an upcoming Nano Tool, we will describe how AngloGold Ashanti used this information in the development of site-level stakeholder engagement strategies that prioritized specific stakeholders and issues and identified potential stakeholder partnerships in the implementation of these strategies.

- The Antamina mine in Peru followed a similar process. In that case, the analysis revealed that the opposition to the mine was rooted in a dispute between two families that stretched back over two centuries. The analysis further showed that there was a group of schools and universities where the two families came together without conflict (many other educational and community groups were clearly affiliated with one family or the other). As a result of this analysis, Antamina shifted its community development expenditure from organizations perceived as favoring one family to those in which both families participated.

ACTION STEPS:

Tap into sources such as social and traditional media, expert assessments, and in-depth stakeholder interviews to create a map of your stakeholders. In addition, many companies already have information on stakeholders' identities, power, positions, preferences, and connections but fail to link that information to engagement efforts. Complaints or grievances recorded in phone calls, emails or in-person conversations can be analyzed using techniques like those described for media. Where those communications are made jointly or identically by multiple stakeholders, connections and cooperation can be inferred.

Some information can be accessed quickly, like news articles available online. Others, like the information on social relationships, will require more time and money to collect. Either way, reliability increases with effort expended.

Use the following steps to create your stakeholder map:

1. **Who are your stakeholders?** Identify the people or groups who have a stake in the outcome of your project and who can influence its success or failure now or later. In other words, include any stakeholder who can ruin your day. The stakes may be direct — someone will get, say, money or a job — or indirect — someone will receive benefits from another person or organization that benefits directly. Even when people aren't affected in obvious ways, they may still care about the outcome. They may associate a project with any number of controversial topics such as imperialism, political favoritism, government intervention in the economy, the loss of traditional values, or environmental degradation. Sometimes, their beliefs might not seem reasonable, but that won't make them any less convinced that they're true.

2. **How powerful are they?** Power seems straightforward, but quantifying it poses difficulties. There's no objective unit of measurement, and people may differ in their perceptions, so it is easier to consider it in relative terms — How does the power of one stakeholder compare with another? Who follows whose leadership? The goal is to assess the resources that an individual or organization has that can influence the success or failure of any project.

3. **Is a stakeholder's disposition towards the project cooperative or oppositional? Are your operations perceived as legitimate?** Like power, it is easier to array stakeholders with respect to their relative degree of support or opposition for your work. Cooperation and conflict are signaled by words or actions. Pledging support and giving time, for example, signal cooperation, while condemning and protesting indicate conflict.

4. **How motivated are stakeholders by the opinions of their peers?** Some stakeholders may be resolute in their opposition even in the face of pressure from family, friends or allies. Others may be swayed by the opinions of peers.

5. **What issues matter to them?** What do they value and what matters less to them? You may be able to bundle issues together in a manner that shifts the overall level of cooperation. If, for example, a stakeholder worries about environmental protection, addressing pollution may help. By contrast, influencing someone else may require attention to schools or healthcare.

6. **How strong are the connections between stakeholders?** Every stakeholder operates in a network of some sort. Through them, stakeholders share information and resources and, at times, work together to achieve common goals. Understanding the structure of a network helps to identify key relationships and influencers — people who touch and can sway many others. For each stakeholder pair identified, your database should contain information on the strength of the particular stakeholder relationship (as compared to that between other stakeholder pairs), the kinds of connections between the stakeholders (financial, informational and social), their joint activities (political, work or social) and their typical means of communication (in-person conversations, phone calls, email, online social network).

7. **Are relationships cooperative or conflictual?** Do they afford each other a social license? Using the same approach as described above, you can capture a stakeholder's disposition towards peers.

By creating an accurate stakeholder map, you and your team can build the relationships and reputations you need to make rapid progress on the projects you lead.

ADDITIONAL RESOURCES:

- *Corporate Diplomacy: Building Reputations and Relationships with External Stakeholders*, Witold Henisz (Greenleaf, 2014). Offers a multi-disciplinary guide that extends far beyond social license, and provides innovative tools and checklists to help global organizations succeed (more information here).

- *A Stakeholder Approach to Issues Management*, Robert Boutilier (Business Expert Press, 2011). The first book to approach issues management from a blended application of advances in stakeholder theory and social network analysis; provides a process for avoiding risks and crises, obtaining essential information for strategy development, and securing the organization's reputation.

- "Tracing Power and Influence in Networks: Net-Map as a Tool for Research and Strategic Network Planning," Eva Schiffer and Douglas Waale. International Food Policy Research Institute (IFPRI), No. 772, 2008. Presents Net-Map, an innovative tool that can be used for research and as an instrument for organizational development and strategic network planning.

- Witold Henisz teaches corporate diplomacy, including stakeholder mapping, in Wharton's *Corporate Diplomacy: Reputation and Crisis Management*; the *Executive Development Program*, and the *Advanced Management Program*.

ABOUT NANO TOOLS:

Nano Tools for Leaders® was conceived and developed by Deb Giffen, MCC, Director of Innovative Learning Solutions at Wharton Executive Education. It is jointly sponsored by Wharton Executive Education and Wharton's Center for Leadership and Change Management, Wharton Professor of Management Michael Useem, Director. Nano Tools' Academic Director is John Paul MacDuffie, Wharton Associate Professor of Management, and Director of the Program on Vehicle and Mobility Innovation (PVMI) at Wharton's Mack Institute for Innovation Management.