**What is ‘stakeholder analysis’ and when might it be useful to management. Describe a relevant model that can be used to identify and prioritise stakeholders.**

Stakeholders are entities that are directly or indirectly, co-directional influencing and affected parties in relation to a business in question.

Stakeholders can influence the business activities of a firm and at the same time are influenced by the business activities of the firm. Stakeholders are unlike and hence, for a certain analysis, management might want to categorise them in to relevance to a certain factor of analysis.

The ‘stakeholder power-interest matrix’ is a model that contrasts the power of a certain entity identified as a stakeholder to their interest about a certain factor of analysis. The intention of this model is to create awareness about the power of stakeholders; i.e. suppliers, customers, competitors, government (and can therefore be tied to porter´s five model) and other entities in regard to an aspect of analysis. Stakeholders are therefore categorised into key players, stakeholders to show consideration etc. An example of that could be the interest the government has about a firm that produces significant amounts of CO2 and their power regarding that factor. In this example, the government is rather heavily interested and has a high degree of power involved, that can arise in form of sanctions on the firm. On the other hand, a firm operating/competing in the same industry, they might have high interest but no power of intervention at all. Therefore, the firm in question should consider government´s possible future interactions that might happen after a certain management decision and if, how and why their interaction influences the business in question.

Stakeholder analysis is very important and should be considered when facing major management decisions. Management has to consider how a certain decision will affect certain stakeholders. Because stakeholder have an influencing power on to the business, management has to consider what certain interest levels can be determined for certain power levels and hence identify possible threads or opportunities arising from management decisions.

**What do we mean by the Business portfolio analysis and why is it important? Please name and explain a basic model that assists organisations in performing such an analysis.**

The Business portfolio analysis looks at cumulative strategic units a business is made up of to analyse the business as a whole considering its constituents. It is important, as it makes a firm perceive points of view regarding the products it produces, and therefore allows them to be relatively objective about their product analysis based upon statistical performance of said products.

A model that explains/visualises this concept is the “Boston-Consulting-Group” Matrix, plotting the market share of a product against the percentage market growth and hence categorising products into their current and potential success. If a business portfolio analysis is based upon success of its portfolio (the accumulated count of its products), then objective optimisation processes can be initiated to influence those statistics, by redirecting a business` resources. Hence, if a firm knows what product is most successful compared to one that’s less successful, it can formulate a strategy to achieve a certain goal. (e.g. promote a less successful good as its profit margin is higher or produce more “fast-selling”/high-demand product).