

Introduction: stakeholder management from compliance to opportunity

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- Tools:
 - Turacien Stakeholderweb
 - Comm'ant Business Process DNA
 - Stakeholder Scenarios

Who I am



Joop Remmé

- Background as consultant and teacher at Maastricht School of Management
- Several publications about stakeholder management
- Developed tool for stakeholder analysis and stakeholder management
- Motivated to work on stakeholder issues because of its win/win potential

stakeholder definitions

- SRI (1963): “those groups without whose support the organization would cease to exist”
- Freeman (1984): “a stakeholder is a person or group who can affect or is affected by the achievement of the organizations’ objectives”
- Clarkson (1995): “people or groups who have, or claim, ownership, rights, or interests in a corporation and its activities”
- Worldbank: “Stakeholder Analysis (SA) is a methodology used to facilitate institutional and policy reform processes by accounting for and often incorporating the needs of those who have a ‘stake’ or an interest in the reforms under consideration.”

what these definitions tell us:

- in first instance the step was from only looking at shareholders to also looking at other people who are directly involved in the organization: employees, clients
- the scenario approach to strategy and the system dynamics approach gave a place to stakeholders of varying types
- societal and regulatory demands made it necessary to include new types of stakeholders
- The most recent definitions speak not of the stakeholders of a corporation, but of the stakeholders of processes

possible distinctions & discussion

- primary and secondary stakeholders: inside and outside of the primary processes
- internal and external stakeholders
- are these distinctions still relevant today?
(maybe in one industry more than in another?)
- Freeman/ Evans (1993): "A stakeholder theory of the firm must redefine the purpose of the firm.... The very purpose of the firm is, in our view, to serve as a vehicle for coordinating stakeholder interests."

Stakeholders checklist

- 1) Am I aware of the interests of stakeholders and do I know how important those interests are to them?
- 2) Do I realize how those interests connect with my interests?
- 3) Do I see any other relationships between interests?
- 4) Are certain stakeholders representing other stakeholders? (conflict of interest?)
- 5) Do I understand the perspectives of the various stakeholders?
- 6) Do they understand their own interests?
- 7) Are there attitudes and/or emotions that could impede proper communication?
- 8) In general: am I aware of my assumptions and have I tested them?

Stakeholders Checklist

(Contin'd)

- 9) Which stakeholders are most relevant to me (at the moment)?
- 10) Do I have an established relationship with the relevant stakeholders?
- 11) How do I communicate with stakeholders?
- 12) How much of their wishes can I meet?
- 13) What is the impact of inviting certain stakeholders into a communication-process?
- 14) Is the attention spent on stakeholders correlated with the degree of relevance?

Possible sequence of stakeholder approach

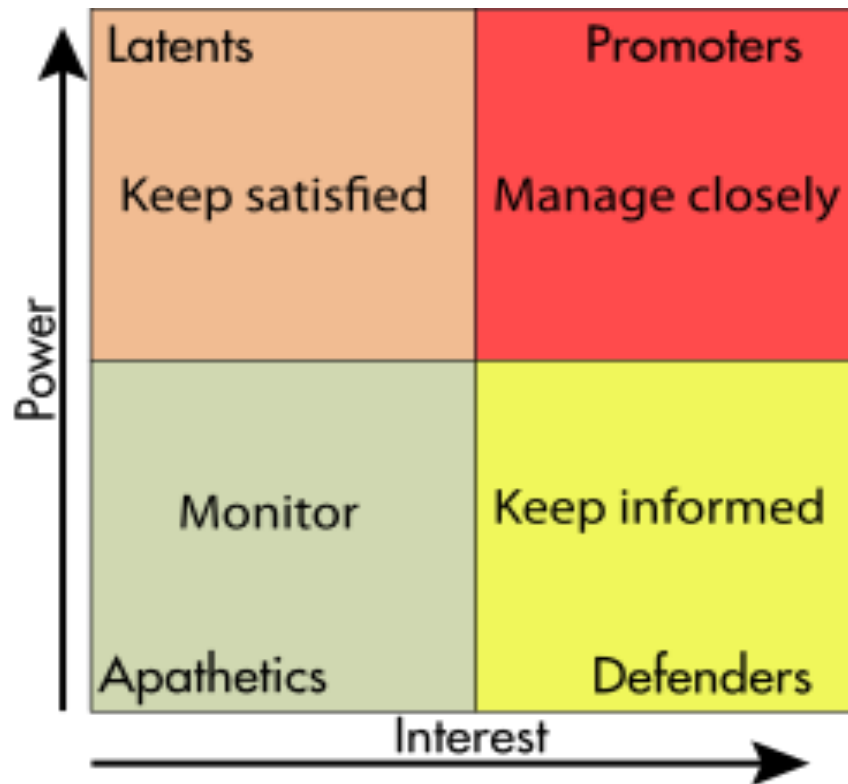
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- 1) Who are my stakeholders (for this project, decision, etc)?
- 2) What do I know about their interests, attitudes etc?
- 3) Are there links between them?
- 4) Which of them require at this moment the most attention and why?
- 5) How is their attitude towards me (adversarial, sympathetic)?
- 6) Setting up communication with the urgent stakeholders, but also with the long lasting stakeholders: dialogue
 - 1) Characteristics of dialogue: non judging, unstructured, discovery
 - 2) Container (Bohm/ Isaacs): designing a safe space
- 7) Developing negotiation from dialogue (how to keep the trust)

Tool for classifying stakeholders

(<http://www1.worldbank.org/publicsector/anticorrupt/PoliticalEconomy/stakeholderanalysis.htm>)

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origins

- in the 1950' s theories were developed in two places simultaneously:
 - Lockheed strategy division
 - Stanford Research Institute
- the focus was on strategy
- in the 1970's it was adopted by the system dynamics researchers
- soon thereafter: corporate social responsibility / sustainability
- Later: compliance

stakeholder today

- certain companies have learned the value of including stakeholders
- ISO and government norms
- some companies are working hard to adjust to compliance and other companies have developed ways to treat stakeholders as opportunities, while also adhering to compliance
- Next to thinking of stakeholders of a corporation, we often think of stakeholders around a particular process or project

influences on the development of stakeholder thinking

- increasing awareness of complexity
- globalization
- increasing concern from society
- changes in the nature of the organization
- Regulation
- Other?

Development of stakeholder thinking

- traditional:
 - strategy
 - CSR
- additional:
 - quality management
 - project management
 - compliance
- Opportunities
 - Stakeholder scenarios
 - Social and business value added

questions to consider

- Does thinking in terms of stakeholders lead to a paradigm shift? If so, how?
- Is there a tension between the need for control on the one hand and the independent dynamics of stakeholders on the other hand?
- Can you empower stakeholders? Should you?
- Can you see win/wins from coalitions of stakeholders?
- What are the stakeholders stakeholder of? Are they stakeholders of the organization, a project, a process, a society?

- Take a complex project or process from your organization
- List the stakeholders
 - traditional:
 - strategy
 - CSR
 - additional:
 - quality management
 - project management
 - Compliance
 - Opportunities
 - Stakeholder scenarios
 - Social and business value added

- Look back at your stakeholder list:
 - Which of these stakeholders offer opportunities?
 - Which do you associate with risk?
 - Which of the two are more numerous, the opportunities or the threats?

Extra: integrity

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- Improving stakeholder relations will improve trust and relationships
- Trust is partly depending on being clear on each other's drives and behaviors
- When the drives and behaviors of stakeholders are (partly) unclear, this may cast doubt on the integrity of the other person (often unnecessarily) and it may put a strain on the relationships.
- Stakeholder analysis can provide clarity on drives and behaviors of stakeholders, and thereby improve integrity.
- The flipside: stakeholders who do not give clarity of their drives and behaviors within a stakeholder analysis bring it upon themselves that their integrity is questioned.
- stakeholder thinking as a way to fight / prevent corruption:
<http://www1.worldbank.org/publicsector/anticorrupt/PoliticalEconomy/stakeholderanalysis.htm>

Extra: Code of Conduct

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- It may be wise to develop a Code of Conduct out of interactions with stakeholders.
- Of course, a specialist may write a Code at his desk, but will it then be a Code that is recognized by the people who use it?
- In the “old days”, a Code of Conduct was used mainly internally, designed by the Legal Department and referred to in employment contracts (“border code”)
- These days, a Code of Conduct is communicated on the website and stakeholders are made aware of it. It basically contains promises that are made towards them. (“aspiration code”)
- Knowing this, it may be wise to talk with stakeholders when designing the Code and ask them questions like:
 - Which issues do you think we should address in order for you to trust the organisation?
 - Which behaviors do you think should be reinforced by the Code and which behaviors should be discouraged?

Extra: Leadership

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- Choice: follow your stakeholders or lead them?
- You obviously can not please all of your stakeholders
- You also can not control them (that much)
- It may require leadership to appease the stakeholder and to find an alternative that is to mutual satisfaction

characteristics that are usually associated with leadership:

- Vision
- The ability to separate what is essential from what is not
- Courage
- The ability to forge and mobilize relationships
- Integrity

Are these not qualities that are required in engaging with stakeholders?

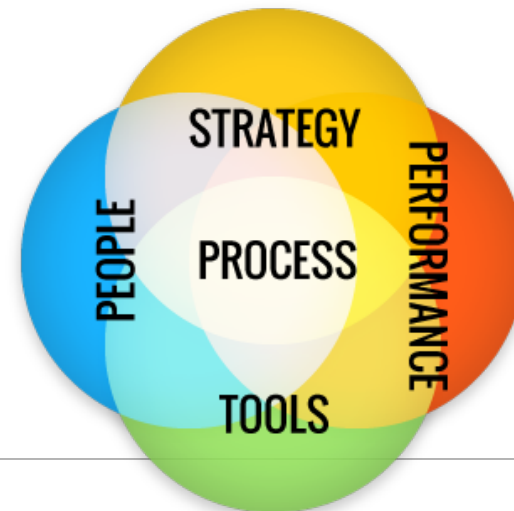
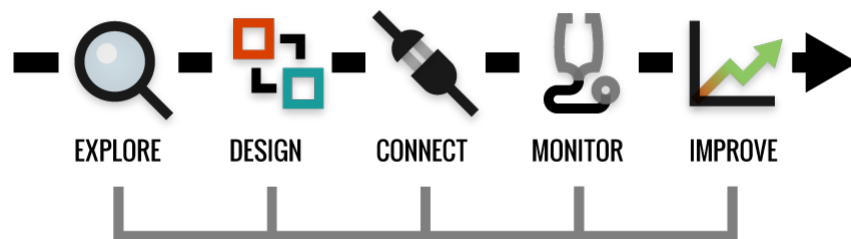
Potential tools

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- Turacien Stakeholder Web
- Commant DNA of the Organization
- Llinxx: Stakeholder Scenarios

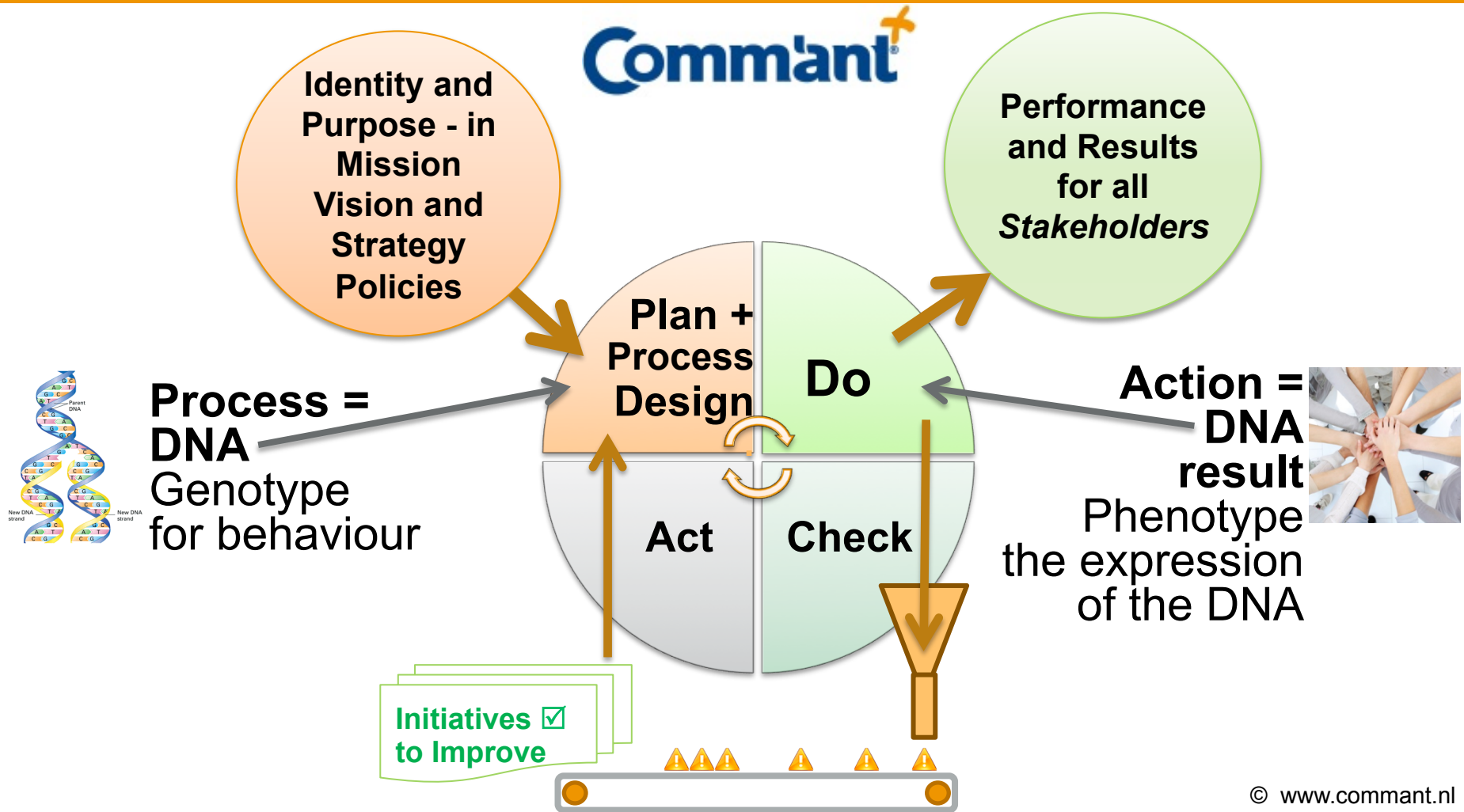
Tools: Comm'ant - Business Process DNA

- Process agreements are DNA for the organization
- Specify: Purpose, Process, Parties with an interest
- Design: patterns of behavior and communications
- Implementation: construct the organization,
train people, reflect, evaluate, learn



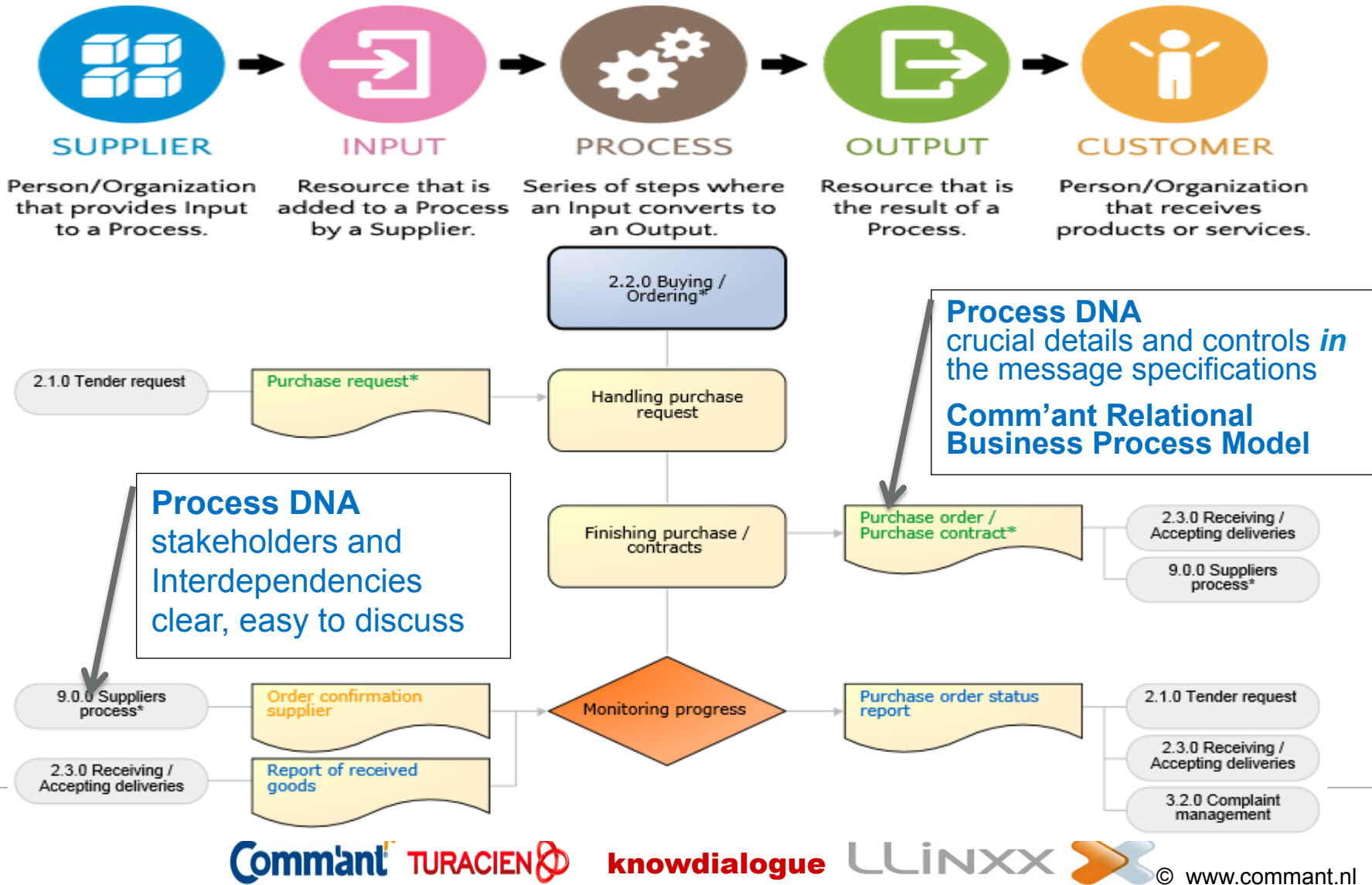
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Tools: Comm'ant - Business Process DNA



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Tools: Comm'ant - Business Process DNA




Stakeholder Scenario tool

Screenshots and charts

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About stakeholder analysis



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About Stakeholder Analysis

- + Stakeholder analysis
- + Stakeholder Scenario planning !!!
- + How to apply this within your organ
- + **Tool for planning**

Case

Stakeholders

Coalitions

Scenarios

Actions

settings

About Stakeholder Analysis

- **Tool for planning**

- This is a webbased application for the Stakeholder Scenario planning.


typical use:

- a stakeholdertraining is organized around a particular issue or process
- prior to the meeting, the participants are asked to complete the StS structure on the web, for as far as they can. The system compiles the entries and indicates overlaps and differences per item
- In the meeting the results are discussed
- Is the overlap given by the system adequate for decision making?
- Do the results tell us whether we know enough about the stakeholders? How confident are we about that knowledge?

additionally this tool might be used for:

- ISO certification
- strategy development
- marketing planning
- training within management development

Stakeholder example: view screen



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About Stakeholder Analysis ▾

- + Stakeholder analysis
- + Stakeholder Scenario planning !!!
- + How to apply this within your organization
- + Tool for planning

Case ▾

Stakeholders ▾

- + Consumer with a relevant medical condition
- + **Consumers**
- + Consumers' Association
- + Legal Affairs
- + Marketing department
- + Media
- + Ministry of Health
- + NGOs
- + Partner company
- + Physician organizations
- + Production department
- + Research & Development
- + Suppliers
- + The organization
- + Wholesalers and large purchasers

Coalitions ▾

Scenarios ▾

Actions ▾

Stakeholders

> **Consumers**

description

- The FMCG company serves a variety of consumers through its brands, who appreciate its combination of quality and affordability.

stakeholder type	> primary stakeholder ?
length of relationship	> many years
communication style	> language style: simple
language	> English
proficiency in language used	> working knowledge
Information lag	> 1. has limited information
Expected behaviour	> unpredictable ?
interests / interests	> price
	> taste
	> image
	> regular supply

relations [?](#)

- > Consumers' Association
- > Physician organizations
- > NGOs
- > Consumer with a relevant medical condition

Stakeholder example: edit screen

Stakeholders ×

> Suppliers ×

description +

- Suppliers of raw materials mostly situated in developing countries, operating under the responsibility of the FMCG company. ×

stakeholder type

☐ problem owner

☐ directly involved

☒ primary stakeholder

☐ secondary stakeholder

length of relationship

☐ recent

☒ several years

☐ many years

communication style

☒ appeasing: pacifying

☐ language style: difficult words

☒ language style: simple

☐ violent

language

> English ×

proficiency in language used


☐ rudimentary

☒ working knowledge

☐ fluent

☐ excellent

Coalition example: view screen



Find

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About Stakeholder Analysis▼

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Case ▼

Stakeholders ▼

Coalitions ▼

- + Consumers and media
- + Development professionals
- + **Marketing and media**
- + NGO, Consumer Association and media
- + Partner influence

Scenarios ▼

Actions ▼

settings

Coalitions

> Marketing and media

members

- > Marketing department
- > Media

circumstances for active coalition

- The marketing wants to reach the market by using the media in exchange for advertising costs.
Both stakeholders have a mutual benefit from this coalition.

helpfulness for problem owner

- > Helpfull

strength of coalition

- > 4. strong

+ More Information

Scenarios (coalitions supporting the outcome)

- > The product goes viral

Scenarios (coalitions opposing the outcome)

- > The product flops

Coalition example: edit screen

Coalitions ⓘ

> Development professionals

members

☐ Consumer with a relevant medical condition

☐ Consumers

☐ Consumers' Association

☐ Legal Affairs

☐ Marketing department

☐ Media

☐ Ministry of Health

☐ NGOs

☐ Partner company

☒ Physician organizations

☐ Production department

☒ Research & Development

☐ Suppliers

☐ The organization

☐ Wholesalers and large purchasers

circumstances for active coalition +

- This coalition is primarily professional. Those in it have a professional concern with the new product. As such, they will influence, and try to influence, others, who do not have the same professional competence, such as marketeers, but who do have a role in making the product a success.

Example scenario: edit screen

Scenarios

> The product flops

description

- In this scenario the sales of the product doesn't go as expected due to several claims covered in the media. e.g. health claims, environmental and child labor claims.

appeal of outcome

- > 3. unfavourable

supporters

oppositions

actions

coalitions opposing the outcome

- > Development professionals (Physician organizations, Research & Development)
- > Marketing and media (Marketing department, Media)
- > Partner influence (Partner company, Marketing department, Research & Development)

stakeholders opposing the outcome

- > Legal Affairs
- > Marketing department
- > Partner company
- > Production department
- > Research & Development
- > Suppliers
- > The organization
- > Wholesalers and large purchasers

Action example: edit screen

Actions ✕

> ✕

description +

- ✕

status

☒ open ☐ in progress ☐ on hold ☐ closed

actionee ▼

> ✕

progress +

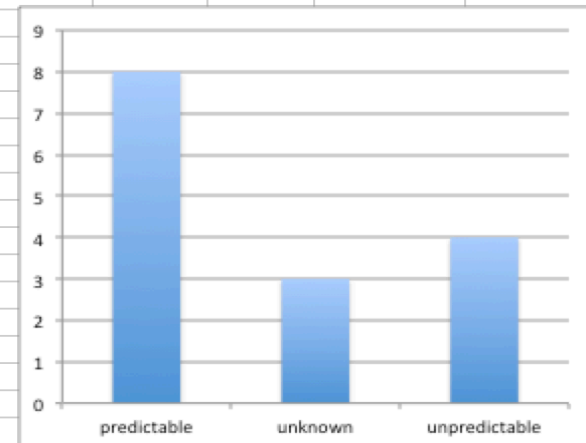
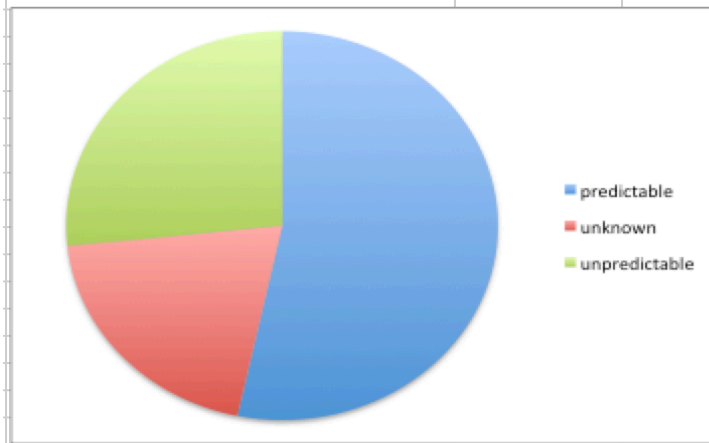
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attachments +

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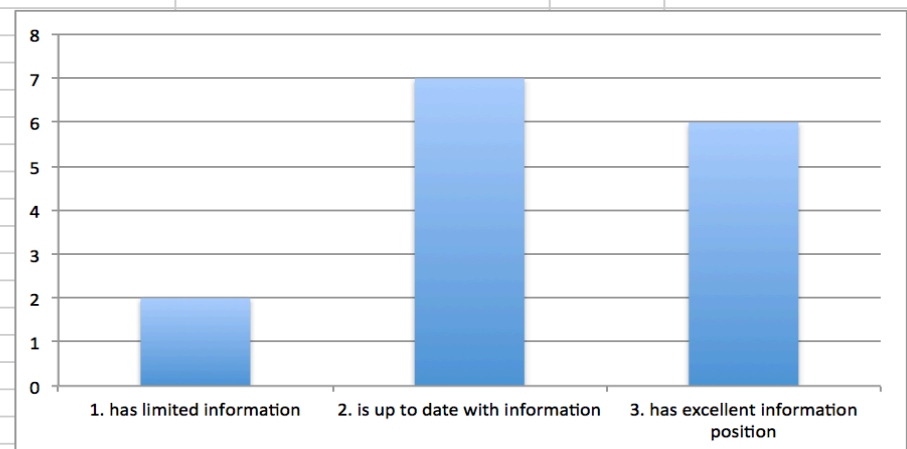
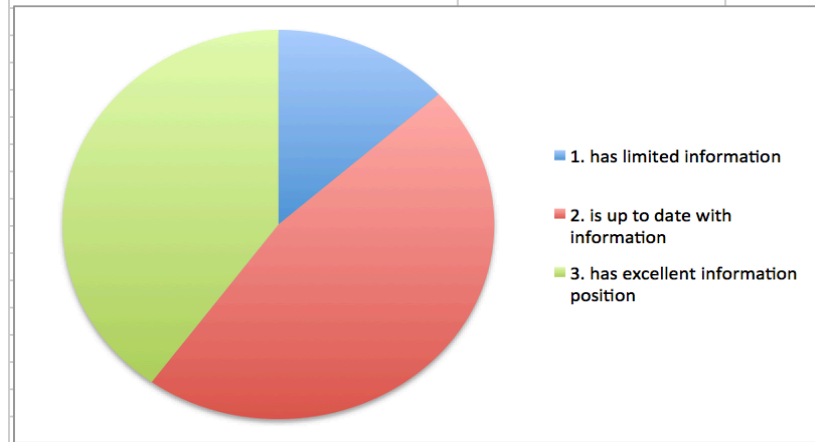
Example charts: expected behaviour

Aantal van stakeholder type	Kolomlabels			
Rijlabels	predictable	unknown	unpredictable	Eindtotaal
Consumer with a relevant medical condition			1	1
Consumers			1	1
Consumers' Association			1	1
Legal Affairs	1			1
Marketing department	1			1
Media			1	1
Ministry of Health	1			1
NGOs		1		1
Partner company	1			1
Physician organizations	1			1
Production department	1			1
Research & Development	1			1
Suppliers		1		1
The organization	1			1
Wholesalers and large purchasers		1		1
Eindtotaal	8	3	4	15



Example charts: information lag

Aantal van stakeholder type	Kolomlabels			
Rijlabels	1. has limited information	2. is up to date with information	3. has excellent information position	Eindtotaal
Consumer with a relevant medical condition		1		1
Consumers	1			1
Consumers' Association		1		1
Legal Affairs			1	1
Marketing department			1	1
Media		1		1
Ministry of Health			1	1
NGOs		1		1
Partner company		1		1
Physician organizations			1	1
Production department		1		1
Research & Development			1	1
Suppliers	1			1
The organization			1	1
Wholesalers and large purchasers		1		1
Eindtotaal	2	7	6	15



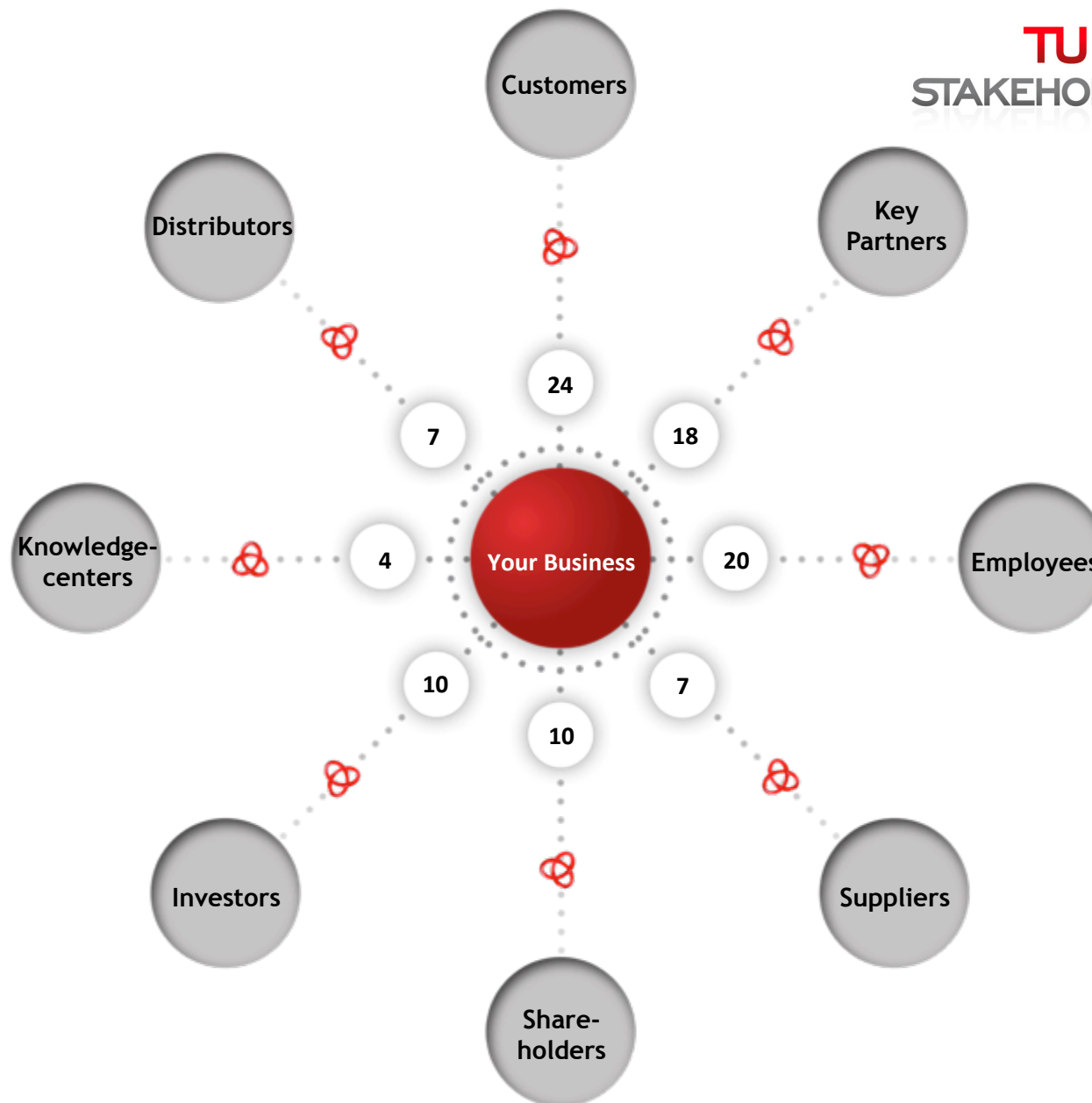
In conclusion

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- How do we go from here?

Overall Balance

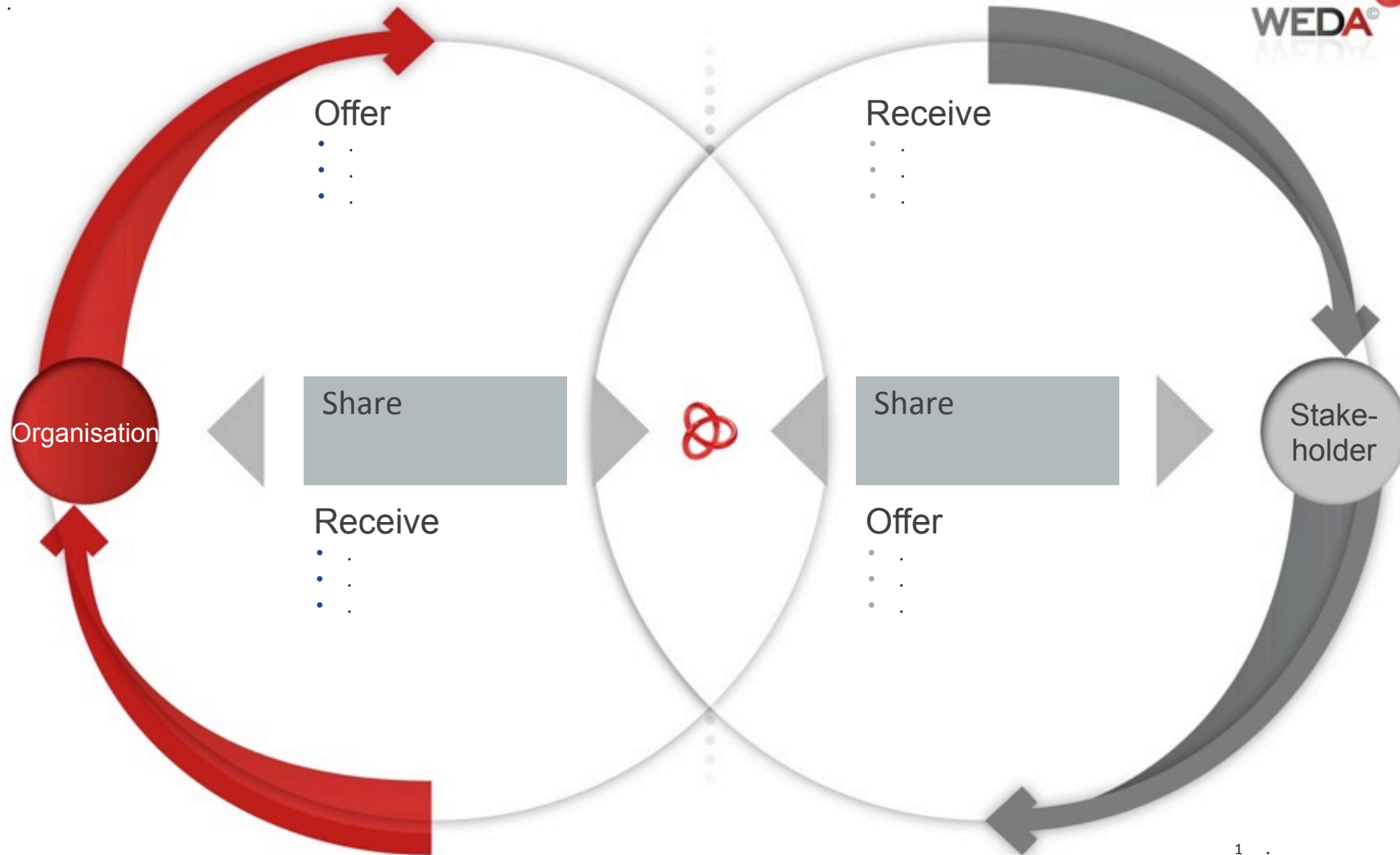
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Balance in relationships

Conditions

- 1 .
- 2 .



1 .
2 .
Conditions

