

Many different groups and individuals can have influence over the successful implementation of an organisation's strategies. These groups and individuals are collectively denoted as stakeholders. This article addresses how a structured analysis of stakeholders can enable their better acceptance of the strategy and decisions of an organisation.

Definition of a Stakeholder

The general success and wealth of an organisation is closely related to the interests of certain groups and individuals. These groups and individuals are collectively denoted as stakeholders.

A distinction can be made between **Primary Stakeholders** (such as Owners and Investors) and **Secondary Stakeholders** (such as Professional Associations and Industry Trade Groups) – although where the line is drawn precisely is perhaps not always clear. There are **Internal Stakeholders** (such as Management) and **External Stakeholders** (such as Media). Some individuals can be part of multiple stakeholder groups. In some cases stakeholders may have an explicit, formal organisation, whilst others may not.

However, particular stakeholders' interests are have greater importance at times when certain issues must be addressed, for example:

- Buyers, Customers, Prospects, Partners and Suppliers are important when quality of products is being discussed.
- Government and Regulators are important when dealing with the environment or legislation.

Typical other stakeholders include but are not limited to:

- Banks and creditors
- Employees, works councils and labour unions
- Competitors
- Non-governmental organizations
- Public, social, political, environmental, religious interest groups, communities.

Benefits of Understanding Stakeholders and Stakeholder Management Strategy

The purpose of a structured approach to the understanding of the perspectives of differing stakeholders is to:

Enable a better acceptance by the key stakeholders of the strategy and decisions of an organisation and its tactics for implementation through, for example, new capital projects.

Such knowledge, albeit subjective, enables a strategy to be developed as to how the influences of stakeholders are determined, and the degree to which the stakeholders are communicated with, consulted with, and their views actually taken into account.

It is normally impossible for management to satisfy all demands of all stakeholders completely. Therefore managing becomes a balancing act or even a reconciliation or synthesising act, with the following options:

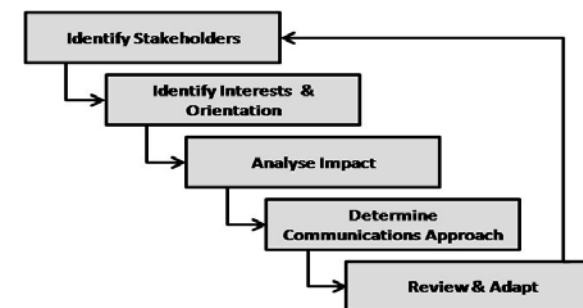
- Focusing on one leading stakeholder group, and satisfying all others to the extent which is necessary or possible. The leading stakeholder group could be the owners or stockholders or even the managers themselves.

or

- Trying to balance or reconcile or synthesize all interests according to their weight, importance or urgency.

Overview of Stakeholder Analysis

Effective Stakeholder analysis is based on a process that starts with identification, moves to analysis and a clear communication strategy and then feeds back into the first step.



1. **Identify Stakeholders:** When identifying stakeholders as many people as possible should be involved and brainstorming is a powerful tool. The different perspectives should ensure that no parties are overlooked.
2. **Map Interest and Impact:** Once all the stakeholders have been identified, the next part of the process is to assess each stakeholder's level of support and commitment, and in some cases, their resistance to the strategy or project. It should be remembered that not all stakeholders will support the changes brought about by the strategy. Stakeholders cannot be considered in isolation as their stances and own communication strategies can influence others. It can be useful to display the results as a maps or

networks, as further described below, as natural groupings may become apparent.

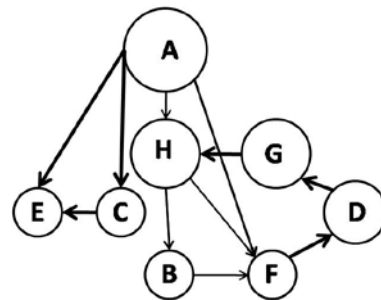
3. **Plan Communications:** The overall approach to each of the stakeholders is determined and the appropriate communication vehicles such as stakeholder boards, consultation groups, “town hall” presentations or use of targeted media, both for internal and external audiences, is developed.
4. **Review and Adapt:** It should be remembered that over time stakeholders may change as groups, for example, form alliances or become more interested in other organisations and their projects. In such cases the analysis should be reviewed for consistency on a regular basis.

Stakeholder Mapping

The first stage in the mapping of stakeholders is the completion of a table such as shown below ideally through brainstorming and where appropriate consultation. The table indicated is relatively simple and more sophisticated analyses will, for instance, include measures as to confidence in the assessment to gain an understanding of risk and opportunity.

Stakeholder	Stakeholder's Interest(s)	Assessment Of Impact	Potential Strategies For Obtaining Support / Overcoming Obstacles

It also interesting to analyse how the stakeholders can influence each other. With the Sponsor of the initiative being A), the circle size indicates the degree of influence, whilst the direction of the arrow and its width indicate the effect of its influence and its relative strength.



Matrices provide a ready method of communicating information about stakeholders and thus how best to develop an integrated Communications Plan. They vary in complexity with two common forms (Gardner et al) shown below:

		DYNAMISM	
		Low	High
POWER	Low	A) Fewer Problems	B) Unpredictable But Manageable
	High	C) Powerful But Predictable	D) Greatest Dangers Or Opportunities

		INTEREST	
		Low	High
POWER	Low	E) Minimal Effort	F) Keep Informed
	High	G) Keep Satisfied	H) Key Players

Communications Plan

As part of the Communications Plan the overall approach to each of the stakeholders should be considered based on a review of the stakeholder mapping. Four generic approaches can be adopted:

- 1) **Partner:** Primary stakeholders (with high influence and importance to success) are likely to provide the ‘coalition of support’ in planning and implementation. As such, they should ideally be partnered to increase their engagement and commitment (revising and tailoring strategy, objectives and outcomes if necessary to win their support).
- 2) **Consult:** Secondary stakeholders with higher influence but lower importance need to be ‘kept on board’. They should ideally be consult with to actively seek their opinions and input for key decisions (and not only those which may affect them directly). It is unlikely that an organisation will alter its strategy as a result of such consultation, but it might well alter it tactics (e.g. the who, when or where of the implementation plan) to maintain higher levels of commitment.
- 3) **Inform:** Secondary stakeholders with lower influence but higher importance need to be kept informed of decisions taken that may affect them directly. It is unlikely that they would play an active role in making those decisions. However, were they to highlight a particular issue with a decision, it is likely serious consideration would be given to refining the decision made.
- 4) **Control:** Control is appropriate where a stakeholder is not important or influential and they need help only to respect any decisions taken. Objections to or issues raised are unlikely to be given serious consideration as they would otherwise divert valuable management attention and resources.

For more information as to how Das Management Services SRL can assist in developing stakeholder management strategies please contact us at office@dasmanagement.com. This article is one of a series at www.dasmanagement.com relating to current business issues.