

Stakeholder Relationship Management

A Maturity Model for
Organisational Implementation

LYNDA BOURNE

GOWER

Effective Implementation

This chapter describes elements necessary for the successful implementation of the *Stakeholder Circle* in an organisation. Many of the ideas and discussions included in this chapter have already been described earlier in this book. For maximum usefulness to an organisation attempting to implement this methodology, they are summarised here. The chapter is organised as follows: first a summary of the value of the *Stakeholder Circle* methodology to an organisation. This is followed by a discussion of factors for successful use of the methodology at the activity level. Finally, factors for successful implementation at an organisational level are discussed as a transition to Chapter 8's discussion of maturity models, and their application in stakeholder relationship management.

Value of Stakeholder Engagement Methodology

The value of using a structured stakeholder management methodology, and in particular the *Stakeholder Circle*, can be considered from a number of different perspectives:

- the organisation;
- the stakeholders;
- the activity itself;
- the activity's manager and team.

Each of these perspectives is described in more detail.

VALUE TO THE ORGANISATION

Chapter 1 discussed how people (stakeholders) are crucial to the successful delivery of any organisational activity. Successful activities are those whose important stakeholders perceive them to be successful. The identification of the right stakeholders and the development of targeted communication to meet the needs of the activity and the expectations of stakeholders, will lead to a higher level of commitment and support from these stakeholders.

Stakeholders are more likely to support activities that they think will succeed; and are more likely to withdraw support from activities that they perceive are not succeeding. Therefore, it is essential to communicate relevant information to important stakeholders to provide them with the perception the activity is being well managed. This can be achieved through targeted communication that is aligned with their expectations and their information requirements.

If key stakeholders are committed to the success of the activity and fulfil their responsibilities to contribute to its success, the organisation will achieve additional value through:

- higher chance of *on time/on budget* delivery;
- ability to achieve business strategies more effectively.

ON TIME/ON BUDGET DELIVERY

Delays to implementation of activities usually occur through:

- essential senior management approvals being delayed;
- sponsor advocacy not provided when it is needed;
- promised resources not supplied when needed;
- supplier delivery promises not met;
- other people-related issues.

The result will often be that the activity's progress is delayed through hidden agendas within the organisation. If stakeholders are more engaged, and committed to a particular activity, and their communication needs are being met there is less chance that these issues will negatively impact progress of the activity. Delays to the work will incur additional expenditure, and impact the budget.

ACHIEVING BUSINESS STRATEGIES

Research has shown that organisations that have aligned their projects and other activities to their business strategies tend to be more successful financially (KPMG 2005). This means that decisions about:

- what activities should be given approval to proceed;
- how resources (funds and people) are allocated;
- how frequently the work of the activity is reviewed;

are made within the leadership team and are based on alignment to the organisation's current business strategies. Engagement of these decision-makers will be enhanced through provision of the information they need for assurance that the outcomes of the activity will continue to contribute to the organisation's business strategies.

VALUE TO THE STAKEHOLDERS

People (stakeholders) are essential to the successful delivery of the activity and its outcomes.¹ Building and maintaining robust relationships and maintaining an appropriate level of communication to stakeholders will ensure that:

- they receive information they require;
- they are consulted;
- their needs and requirements are 'heard', and where possible, actioned.

1 Chapter 1 – see discussion of Heathrow Terminal 5.

VALUE TO THE ACTIVITY

Alignment of risk management practices and stakeholder relationship management practices highlight the significance of managing relationships for success.² Engagement can be achieved through:

- understanding:
 - who is key and who is important in a dynamic environment;
 - how best to deliver essential information to engage the stakeholders.
- feedback on work that is being done or should be done to successfully deliver the activity – communication *from* the stakeholder;
- early warning about impending events or decisions that may affect the success of the activity – also communication *from* stakeholders;
- effective handling of (people) risk through targeted communication.

VALUE TO THE TEAM

Both the team and the team's manager will benefit from the application of stakeholder relationship management processes and practices in the following ways:

- they learn about operating more effectively as a team;
- they gain a sense of achievement through more successful communication and stakeholder engagement;
- they learn more:
 - from each other through discussion and consultation;
 - through working with stakeholders who know more about the subject, the politics, and the environment.

² Chapter 1 – people and their actions are the main source of risk for any activity.

How Stakeholder Engagement Methodologies Contribute

Methodologies can contribute to success and therefore add value in the ways just discussed through:

- structure;
- support for decision-making;
- performance reporting;
- issue management.

STRUCTURE

A structured approach such as the 5 *steps* of the *Stakeholder Circle* methodology provides the team with assistance in stakeholder relationship management through:

- Providing a structure to enable the team to gather information about the relationship as the activity moves through its planning and subsequent phases.
- Easy progression from *step 1: identify* to *step 5: monitor*. While there are guidelines about information collection that best suit the specific steps of the methodology, progression to the next *step* is not dependent on gathering all the information defined on the previous *step*. It is essential however, to have gathered all the necessary information *before* developing and implementing the communication plans;
- Applicability to all types of organisational activities. Any activity that involves people and groups of people within and outside the organisation benefits from the application of a stakeholder relationship management methodology. The structure enables the team to develop a consistent means to communicate effectively with important stakeholders.
- The process of data collection and analysis is incremental, meaning that each set of information has a better chance of being

valid. This approach is in contrast to stakeholder relationship management process and practices that require large leaps of judgement about stakeholders without a structured foundation to assist them.

- Managing stakeholder relationships and gathering essential data for communication can also be successfully developed as an incremental process when an organisation or team uses a selection of the *steps* in the early stages of its use within an organisation. From a pragmatic perspective, it is better for the team to focus on a few aspects of stakeholder relationship management, be successful with that selection of processes, and then retrofit other *steps* when the team is ready to do so. This pragmatic approach is the basis for SRMM which will be described in detail in Chapter 8.

SUPPORT FOR TEAM DECISION-MAKING

The application of any methodology in a consistent manner provides a more effective means for successfully implementing work in an organisation. This is particularly so with stakeholder relationship management. As has been stated earlier, making decisions about other people is difficult and in a business situation, no one person can know enough about another to guarantee effective communication and relationship management. The *Stakeholder Circle* methodology, with its emphasis on team decision-making and team allocation of communication responsibilities, attempts to minimise subjectivity through insistence on team reviews and also through emphasis on the consistent set of ratings for different attributes of each stakeholder. The methodology encourages a team focus (not the individual heroic approach) through the following:

- the team contributes to the analysis (*identify, prioritise, engage*);
- members of the team will be assigned communication tasks;
- members of the team are encouraged to participate in analysis and decisions about managing stakeholder relationships.

This consistent foundation for decision-making also assists the team through an emphasis on regular reviews and documentation of decisions about managing stakeholder relationship. Chapter 4 described the tools available:

- paper-based or MS Word templates to gather historical information about each stakeholder, whether individual or groups;
- a worksheet or database that can assist with providing:
 - guidance on information to be gathered at each *step*;
 - assistance in calculations;
 - storing data on each review to support trend analysis and other reporting;
 - more effective and time-efficient means to make changes to the stakeholder community when necessary.

PERFORMANCE REPORTING

Performance reporting in stakeholder relationship management has two main streams:

- trend analysis;
- documentation and audit trails.

Trend analysis has already been discussed.³ The previous discussions can be summarised:

- It is not easy to gather data about people (stakeholders).
- It is not possible to make objective statements about people (stakeholders).
- In the *Stakeholder Circle* methodology the baseline will be the first engagement profile developed in *step 4: engage*, or the

³ Chapter 6 – trend analysis is useful when measuring intangibles.

first engagement profile developed after a major change in the importance of a stakeholder (see Figure 6.6 in Chapter 6).

- Subsequent assessments can show effects of team effort over a measured period of time through changes in the gap between current *attitude* and target *attitude*, in the engagement profile of a stakeholder.

Documentation storage and audit trails are essential for effective management of any activity. Documentation also serves as history for new team members to learn about the activity and its stakeholders. Audit trails are essential for 'health checks' and other evidence of efficient management of the activity and its stakeholders. The essential elements of documentation and its benefits are summarised as follows:

- The *Stakeholder Circle* methodology produces records of information gathered about stakeholders for the entire time the activity is being worked on.
- Graphics produced from *step 3: visualise* and *step 4: engage* provide records that are easy to create and interpret.
- Comments can be included in stakeholder data.⁴

ISSUE MANAGEMENT

Issues that will affect the successful delivery of the activity will fall into the following categories:

- Changes to the organisation, or the environment outside the organisation that will affect the activity, the team and its stakeholders. These should have been considered through risk management and if they occur the appropriate risk management strategy should be invoked:
 - changes to structure or leadership;

⁴ It is important that the team is aware of the need to ensure that all records maintained about stakeholders are always expressed in business language. No personal remarks should ever be recorded. It is also important to consider privacy and confidentiality issues when discussing circumstances of stakeholders and recording information about them. The ratings that have been allocated will usually provide sufficient detail for audit trails of decisions made and communication implemented for stakeholders.

- changes of government;
- re-adjustment of organisation budgets that will affect the activity's budget.
- Conflict:
 - within the team;
 - between the team and its stakeholders;
 - between key stakeholders.
- Misunderstandings or miscommunications, leading to the need to resolve the ensuing conflict through negotiation or conflict resolution.

The first category may be able to be managed through risk management strategies, or intensive communication campaigns to try to restore equilibrium for the activity. The other two categories require negotiation, conflict resolution or other types of specialised communication to resolve. Information collected about stakeholders and the environment of the activity can be very useful in preparing for these specialised communications. The following structure is also useful as a basis for resolving conflict, raising issues to senior management for their consideration and resolution or negotiation.

AN APPROACH FOR ISSUE RESOLUTION

- Know what the issue (really) is. The team should be able to describe it in one short sentence.
- Know what an acceptable resolution is – also described in a short sentence.
- Define (multiple) steps to achieve this acceptable resolution.
- Use the data collected about the stakeholders and the environment.⁵

⁵ This approach is also useful for briefing senior management about issues that concern them and particularly when action is needed from senior management for the resolution of the issue.

The following section will focus on the factors necessary for successful use of stakeholder relationship management to ensure successful implementation of the activity.

Successful Use of the Methodology for an Activity

The factors essential for successful application of the *Stakeholder Circle* methodology for an activity's stakeholder relationship management are:

- committed team;
- committed senior management;
- careful selection of projects or other activities for its initial introduction;
- long-term strategic use;
- central support, such as a Programme (or project) Management Office (PMO);
- universal application;
- consistent use across the organisation;
- outputs considered as guidelines for decisions.

COMMITTED TEAM

The commitment and loyalty of individual members of the team are enhanced through inclusion of the team in:

- decision-making;
- work to engage stakeholders;
- knowledge-sharing about stakeholders and the political environment.

COMMITTED SENIOR MANAGEMENT

Research shows that projects (or other organisational activities) can only succeed with the overt, sustained support from senior management.⁶ Support can take the form of:

- advocacy with peers in the organisational hierarchy for survival of the activity in the political environment;
- involvement through high levels of *support* and *receptiveness*;
- consistent funding;
- consistent supply of appropriate resources (people and other) to the work of the activity.

CAREFUL SELECTION OF ACTIVITIES

It is important to carefully select activities in the early stages of implementation of the *Stakeholder Circle*. Generally, high-profile projects, programmes that are universally recognised as connected to delivering business strategy, marketing or change programmes are ideal candidates for early adoption. Single implementation of structured stakeholder management methodology such as *Stakeholder Circle* methodology requires:

- strategic (not tactical) focus;
- the team's acceptance of the need to regularly review the membership of the stakeholder community;
- sufficient personnel to manage planning, implementation and reporting on stakeholder engagement activities;
- ancillary support, such as project administration staff to take some of the administration load off the team;
- budget sufficient to incorporate these additional personnel and responsibilities.

⁶ Chapter 1 – factors for successful change in an organisation.

Long-term strategic activities are preferred because early focus of a consistent process for stakeholder relationship management should be strategic for the following reasons:

- Projects (particularly small projects) are essentially *tactical* and often do not have sufficient capacity to continue reviews of stakeholder community:
 - Team members tend to get caught up in the tactical issues and conflicts, and may neglect or postpone the essentially strategic reviews of the stakeholder community.
 - Generally project managers of these small projects do not have the experience and knowledge to understand the need to maintain relationships.
- Long timelines allow team members to incorporate culture of stakeholder relationships into team practices:
 - through the experience of what happens when stakeholders are engaged and/or neglected;
 - through observing the actions of more experienced team members or peers.

CENTRAL SUPPORT (PMO)

A central support unit such as a PMO is essential for the support of an implementation of processes and practices. PMOs can assist with facilitation of team decision-making in areas such as:

- initial identification and analysis of stakeholders;
- decision-making on resolution processes for issues that may occur;
- providing training;
- centralised expertise;

- support for the tools in use;
- documentation development, storage and retrieval.

UNIVERSAL APPLICATION

Stakeholder relationship management is an appropriate discipline to support many organisational activities, whether corporate social responsibility (CSR) activities, marketing or change management or projects to deliver business strategy. Such diverse use is beneficial to an organisation because:

- Project management disciplines are now the accepted way for organisations to deliver projects, programmes and other activities to achieve business strategy.
- Project managers and project teams may not necessarily have knowledge, experience or resource capacity for managing stakeholder engagement.
- Other organisation activities often are directed or managed by more senior and experienced people who understand the importance of relationship maintenance in the following activities:
 - marketing;
 - sales;
 - competitor analysis;
 - mergers and acquisitions;
 - account management (organisational relationship management);
 - change management;
 - supply chain managers;
 - strategic planners.

CONSISTENCY OF APPLICATION OF PROCESSES AND PRACTICES

The more consistent practices and processes, the more efficient the organisation through:

- a single set of training;
- a central pool of experts;
- effective transfer of personnel from one activity to another;
- application of *lessons learned* to the whole of an organisation's endeavour (if shared).

Factors for Successful Implementation at an Organisational Level

Successful implementation of change programmes involving new processes and practices such as implementation of stakeholder relationship management within an organisation require consideration and application of the following factors:

- The effort of implementation should be aligned with the ability and capacity of the organisation to absorb the change.
- Its introduction should be treated as a change programme, and managed with project disciplines.
- A business case defining the benefits to be achieved must be developed, approved and sponsored by a senior champion.

IMPLEMENTATION ALIGNED WITH READINESS

The introduction of new processes and practices needs to be aligned with the capacity and capability of an organisation, and its personnel, to accept any impacts of this change. This is the readiness of the organisation, and will vary with each organisation. Therefore for the successful implementation of the new processes and practices contained within the *Stakeholder Circle* methodology,

it is essential to match the implementation programme with the organisation's ability to absorb the new processes and practices:

- If the processes and practices to be introduced are too advanced or too complex, it is likely to generate a high level of resistance resulting in a reduced chance of successful implementation of the change.
- If the processes and practices to be introduced are perceived to be similar to existing processes and practices, resistance may take the form of 'We are already doing this, why would we change?'

It is also essential to be able to measure benefits of improvements initiated through implementation. The following is a suggestion on the process to accomplish measurement of the implementation effort:

- Establish a baseline (define a start date of the improvement programme).
- Measure progress through stages of improvement (achievement of agreed milestones against the plan developed for the improvement).
- Track effort to provide the basis for subsequent business cases for further extension or more, deeper implementation (measure effort and resources for this task as a specific project or activity within a project).
- Track expenditure and effort expended to do so (measure of cost of the effort).

The benefits are less tangible. They include improved:

- reputation for being 'good to do business with';
- reputation for being ethical;
- reputation for social responsibility;
- customer/client retention and repeat business.

A RECOGNISED CHANGE PROGRAMME

It is essential that an implementation of stakeholder relationship management that introduces new processes and practices is treated as a change programme. It should be managed as any change programme is managed. Some suggestions for such a programme are:

- Ensure funding and resources are available.
- Get agreement for the objectives (success criteria) of the programme.
- Develop a plan with milestones and deliverables.
- Ensure engagement of the stakeholders of the change (perhaps using the methodology that is being implemented).
- Communicate frequently and regularly.
- Monitor the effectiveness of the communication (*step 4: engage; step 5: monitor*).
- Review progress and celebrate successes.
- Conduct a *lessons learned* review at the end of the programme and ensure that these learnings are added to the knowledge assets of the organisation.

Conclusion

The intention of this chapter has been to serve a number of purposes in assisting organisations to implement a stakeholder relationship management methodology, in particular the *Stakeholder Circle* methodology. The first purpose was to summarise the factors necessary for successful implementation of the methodology; the second was to provide the transition from using the *Stakeholder Circle* methodology for the success of one organisational activity to implementing the methodology as a universal tool for the organisation as a whole, or for significant parts of an organisation, such as a functional area or a division.

Chapters 8 and 9 will focus on the analysis, planning, implementation and review necessary for successful organisational implementation of a stakeholder relationship management methodology.