



TOOLKIT 10 – MANAGING STAKEHOLDERS EFFECTIVELY

- ❖ **Ensure positive support from your key stakeholders.**
- ❖ **Remove blockages to progress.**
- ❖ **Create partnerships that advance your strategy.**

Stakeholders are those people who can affect or are affected by your business activities including family, investors, customers, key employees, government agencies and potentially many others.

Successful strategies require good analysis (being smart) but their implementation also calls for political skills (being wise). This means getting buy-in to the strategy and its consequences from the people it affects or can affect it i.e., the stakeholders.

Too often good plans are unable to be rolled out because a key stakeholder is not on board. E.g., the bank won't increase their lending, a colleague on the management team does not support the plan, a key customer changes their trading terms, or a supplier significantly increases their prices without any prior warning.

THE LEADERSHIP TASK IS TO:

- Identify all key stakeholders.
- Determine their current position with regards to your business plans; are they supporters or opponents?
- Do the 'political work' in order to get your key stakeholders to buy into your plans.

HERE IS HOW TO DO IT

STEP 1 List all the people who can affect or are affected by your business plans.

	Step 1 Names	Step 2 Rating 1 – 10	Step 3 + - =
Family members			
Key customers			
Suppliers			
Key staff			
Colleagues			
Add your own Stakeholders to this list:			

STEP 2 Now rate the important of each stakeholder out of 10. 1 = low, 10 = a key stakeholder.

Ask yourself: Who could really help me to deliver the plan/get the job done? Who could seriously make it very difficult to implement the plan/get the job done?

Use the scale 1–10 to assess their relative importance.

STEP 3 Review your stakeholder's current position in terms of their current commitment to your business or plans. Try to classify them into:

+ allies

- adversaries
- = fence sitters

Allies are people who will or are currently supporting your business.

Indicators that stakeholders may be allies:

- They have supported you in the past.
- You have a positive relationship with them.
- They are already committed to supporting you in actions not just words.
- You are able to do things for them i.e., win-win.

Adversaries actively oppose your business plan.

Indicators that stakeholders may be adversaries:

- Not supported you in the past (when they could have).
- No relationship exists.
- They have stated that they will not support you.
- You are unable to do anything for them.

Fence sitters are difficult to assess because at this stage they neither support nor oppose you.

Indicators of fence sitters:

- They say they may support you but as yet have not taken any action.
- You have not yet had an opportunity to find out.
- They may be in a difficult political position – should they support or oppose you?
- There are no consequences for them either positive or negative for supporting you.

Clearly to be able to complete step 3 you need to be able to make a considered assessment of the stance your stakeholders might take to your plans.

You may need to have a dialogue with them at the appropriate time in order to assess their position.

Example

Stakeholder analysis – Simon Keats, North Staffs Caravans

STAKEHOLDER	RATING	+	-	=	NOTES
Father	5			✓	Taking a back seat
Brother	8	✓			V. positive to plan
Sales Manager	9		✓		Felt threatened
Service Manager	8		✓		Opposed the plan
Bank	7			✓	
Accountant	3			✓	

STORY – THE TWO AMERICAN PRESIDENTS

One American president was regarded as not the smartest (he hadn't been to Harvard ...) but he was very politically astute i.e., wise. The other was very smart (Harvard and Oxford ...) but when he took office he was politically naïve.

The first president wanted to initiate the 'star wars' initiative. So before he was elected he visited key senators (stakeholders) and identified his allies, adversaries and fence sitters. He found out their interests and promised to help them once he got into office. Once elected he announced his star wars plans and got it through the house without a problem.

The second president announced he was going to improve health care and put his wife in charge of the project. They developed a plan without contacting too many senators. Once elected the president presented his new healthcare plan and most senators voted against it.

Moral: If you don't do the political work and manage your stakeholders well, then the smartest plan in the world may well be opposed.

STEP 4 Determine what needs to be done to:

- Encourage allies to champion your plans for you.
- Deal effectively with adversaries or neutralise their potential negative impact.
- Get fence sitters off the fence.

EXAMPLE–STRATEGIES TO GET BUY IN FROM STAKEHOLDERS THAT HAVE WORKED INCLUDE:

- Make a presentation to them in order to sell your ideas and to get them onboard.

TIP: Be enthusiastic at your presentation – enthusiasm is infectious.

- Listen very careful to their views.
- Simply ask for their help.
- Identify what they want and deliver it for them.
- Negotiate a win-win position with them.
- Find out who they respect and get those people to influence your stakeholders (third party).
- Invite them to help you deliver your strategy.
- Get your allies (+) to help you sell your plans to other stakeholders.
- Be persistent in getting their buy-in. Don't take no for an answer.
- Make sure you keep them informed of progress e.g., banks often assume no news is bad news.
- Finally seek to neutralise their impact if they won't play ball.

STEP 5

Make a stakeholder plan and stick to it. See it as a key role for senior managers to keep key stakeholders on side.

EXAMPLE – STAKEHOLDER PLAN – SIMON KEATS, NORTH STAFFS CARAVANS

- Get brother to work on sales manager (his friend and fellow football fan) to build his commitment to the plan.
- Simon to identify service manager's needs in order to fulfil them and then get him to support the plan.
- Use system slippage toolkit to raise funds to reduce overdraft and get bank support.
- Invite accountant to spend more time in the business to get them to support the business more actively.

TROUBLESHOOTER

POTENTIAL PROBLEMS

SUGGESTED REMEDIES

- | | |
|---|---|
| Adversary proves difficult to manage. | <ul style="list-style-type: none">– <i>Find someone your adversary trusts and values and ask them to help you.</i>– <i>Try talking directly, honestly and passionately to them – this often works.</i> |
| Hard to get people off the fence to support you actively. | <ul style="list-style-type: none">– <i>Try to find out what their interests might be and do something for them. Then they might support you.</i> |
| You don't have the necessary 'political skills'. | <ul style="list-style-type: none">– <i>Find someone in your business that does and get them to help you.</i> |

Managing stakeholders effectively

STAKEHOLDER	RATING	+	-	=	NOTES	PLANS TO MITIGATE ISSUES