STAKEHOLDER ENGAGEMENT AND MANAGEMENT

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Effective stakeholder engagement and management is an essential part of any non-executive director's (NED's) toolkit. This may be driven by the strategic, legal, or statutory requirements you have to engage with certain stakeholder groups or, just as importantly, driven by reputational considerations.

Taking the time to listen and understand the perspectives of others and using the insight drawn from these stakeholders to inform strategic decisions and scrutinise the actions of an organisation is key. Doing so can both improve the quality of decision-making and insulate you and your organisation from previously unknown or little understood risks.

Stakeholder engagement and management is the process by which you identify, monitor, and build relationships with stakeholders, with the aim ultimately of improving those relationships and of building common understanding of what can be quite diverse perspectives. It typically involves systematically identifying or mapping stakeholders, understanding and analysing their needs and expectations, and where appropriate, building a plan to engage with them.

Let's take a moment to examine the benefits of stakeholder engagement and management on a personal and organisational level.

On a personal level a NED who is able to effectively engage with myriad stakeholders will be able to see the advantages and pitfalls of a number of different perspectives. He or she will then be able to offer these on behalf of those stakeholders in a boardroom context. In doing so, they become more effective scrutinisers of the decisions and actions of the organisation they are entrusted to advise.

Organisationally, the systematic management of stakeholders is becoming ever more important in a world where reputational risk can come from a wide variety of sources.

Stakeholders come in many shapes and sizes, from individuals who hold great influence or expertise over a particular area, to large organisations often with their own reputations and stakeholders to manage. This means engagement can be complex and can often be frustrating, as even when the individuals you are engaging with understand your view of the world, there may be organisational agendas which prevent them from being able to actively support your position.

Big or small, the starting point for all stakeholder engagement should be an understanding of their stance towards your organisation.

Clear mapping of stakeholders to understand their level of influence over your reputational and commercial success and to understand their current view – positive to negative – will enable the organisation to plan and prioritise engagement levels.

Too often, organisations start dialogue with stakeholders from their own perspective, attempting to persuade and recruit support through sheer force of personality. Taking the time to truly understand your stakeholders' starting point in a conversation, their view of the world, their view of your organisation and, critically, the areas where they themselves are under pressure is the key to successful stakeholder management and engagement. Listening will take you a long way.

Like any relationship, it is rare that a one-off meeting will be enough to build mutual trust and understanding, and so consideration should also be given to the regularity of engagement and at what entry points of the organisation this happens.

Alongside this clarity on who owns the relationship within the organisation it is essential to ensure a consistency of engagement and visibility of the interactions with the stakeholder. Many organisations do this through the use of customer relation management tools. These come with a health

warning that they can be expensive and maintaining them can become an industry in itself. A robust stakeholder management process that is well coordinated and built on levels of trust in an organisation can often be just as effective if not more so.

Regular communication amongst those charged with owning stakeholder relationships will help coordinate interactions and assess the status and quality of relationships.

The following questions are designed to help NEDs scrutinise the stakeholder engagement and help challenge executive teams to be more effecting in their stakeholder engagement and management.

So, what should organisations be asking about the way their stakeholder management and engagement is run?

Legal or statutory requirements

- What are your legal and/or strategic objectives to undertaking stakeholder engagement/consultation/management? For example, a government or regulatory consultation on certain issues.

Mapping stakeholders

- Have the organisation's stakeholders been segmented by audience?
- Are the board members clear about the stance of stakeholders towards your organisation today?
- Are they positive or negative towards you and what is their level of influence over your organisation's goals?
- Has this been systematically mapped by the organisation?
- Is this map been regularly revisited and updated by the executive team and the board?
- Who is responsible for mapping stakeholders in your organisation?
- How regularly do the executive or board interact with this stakeholder mapping?
- Are you clear on where you want to get all stakeholders to in terms of their view of your organisation?

Understanding our stakeholders and what influences them

- What has been done to understand what is driving the stakeholders' view of your organisation?
- Is this insight up to date?
- Who and what are the key internal and external influences on your stakeholders?
- Can they be leveraged in any way to move your stakeholders to a more positive perception of you?
- Can you identify any mutual goals or territory where you have common views?

Maintaining the relationship

- How often do the board or executive team need to engage with certain stakeholders?
- Who is responsible for managing that engagement plan?
- Is your organisation appropriately mirroring the seniority of the stakeholders they are engaging with, and are there multiple points of entry into the stakeholder organisation that are being managed?
- What are you doing to check in and see whether your stakeholders feel like they are being listened to?
- Can you point to tangible actions the organisation has done to address the concerns of important stakeholders?
- What is the board's role versus that of the executive in interacting with stakeholders?
- Are the NED's connections being effectively leveraged?
- Are you comfortable with the level of resources that has been allocated to managing stakeholder relationships?
- Are there some stakeholders that have been deprioritised and are you comfortable with the implications of that deprioritisation?