Stakeholder Relationship Management

A Maturity Model for Organisational Implementation

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Introduction

In early 2008, HM Queen Elizabeth opened British Airways' (BA) new terminal building, Heathrow Terminal 5 (T5), with glowing words. For at least twelve months before that T5 had become part of the mythology of the UK construction industry as a symbol of how the industry had turned itself around. The elements of this miraculous improvement were the introduction of innovative building and contracting practices that resulted in a record low accident rate measured in terms of lost time days and a delivery ahead of schedule and under budget. Yet when T5 was opened for commercial air traffic, chaos ensued! Passengers lost their bags, flights were delayed or cancelled, and T5 was no longer seen as a symbol of innovation, but as a stain on BA's reputation. The theme of T5 is the theme of this book: that the success of organisational change depends on:

- People and their:

    - perception of success or failure;

    - willingness to participate in the vision of the organisation as defined by management.

In the same way the failure of organisational change can be caused by:

- Poor integration of the different parts of the change, for example:

    - the build and develop phase goes well but implementation is poorly executed;

    - the infrastructure is based on complex technology that is totally inaccessible to those who must use it regularly.

- Failure of management to recognise that success criteria should be broader than bottom line considerations:

  – shareholder value is not the only business driver;

  – organisations are now expected to consider socially beneficial behaviours such as sustainability and corporate social responsibility as part of their mission and vision.

The story of Heathrow Terminal 5 will not be analysed in depth in this book, but some aspects of that project will be used to illustrate the point of the book. That point is that many organisations have followed the management ideologies of the bottom line above all else, shareholder value is paramount and the CEO should be a hero. The premise of this book is that for any activity an organisation undertakes, whether strategic, operational or tactical, the activity can only be successful with the input, commitment and support of people – stakeholders. Gaining and maintaining the support and commitment of stakeholders requires a continuous process of engaging the right stakeholders at the right time and understanding and managing their expectations.

The book is intended to provide managers with a framework for successful stakeholder relationship management. Success in managing stakeholder relationships is achieved through a long-term commitment to a structured process focused on:

- identifying stakeholders;

- understanding their expectations;

- managing those expectations;

- monitoring the effectiveness of stakeholder engagement activities;

- continuous review of the stakeholder community.

Creating a stakeholder-aware culture in an organisation requires a structured approach, skilful management and time. As a continuous improvement process, stakeholder management requires understanding and support, or awareness, from everyone in the organisation ranging from the CEO to the short-term contractor. This ensures the concepts and practices of effective stakeholder

relationship management become embedded in the culture of the organisation: 'how we do things around here'.

This book will provide a structured approach to assist organisations achieve these objectives. There are two road maps: the first provides structured guidelines for organisations to identify current stakeholders, and the means to understand and manage the expectations of these stakeholders. This structure is provided by the *Stakeholder Circle*®[1] methodology for stakeholder engagement.

The second road map provides guidance for organisations wishing to implement this, or any other appropriate methodology in the most effective way. The Stakeholder Relationship Management Maturity (SRMM®)[2] model has been developed to assist the implementation of stakeholder management processes and practices that most meet the organisation's current level of readiness for stakeholder relationship management. By using the SRMM assessment guidelines the organisation can understand its starting point for improvement. SRMM also provides guidance on what processes and practices might be most effective at the current phase in the organisation's development. Using a structured assessment process places the organisation in the best position to measure and obtain evidence of the effectiveness of the improved processes and practices.

Many organisations are familiar with the concept of organisational maturity. The three best known are:

- Capability Maturity Model Integration (CMMI): developed by Carnegie Mellon's Software Engineering Institute (SEI) as a tool for assessment and improvement of an organisation's software development processes and practices.

- Organizational Project Management Maturity Model (OPM3): developed by the Project Management Institute (PMI) as a tool for assessment and improvement of an organisation's ability to choose the *right* projects and then do them *right* in a consistent manner.

- Portfolio, Programme and Project Management Maturity Model (P3M3): developed by the Office of Government Commerce (OGC) as a reference guide for structured best project and organisation practice.

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1   *Stakeholder Circle* is a registered trademark of Mosaic Project Services Pty Ltd, Australia.
2   SRMM is a registered trademark of Practical PM Pty Ltd, Australia.

These three models are examples of a structured approach to organisational improvement that matches different stages of development with measurable goals. The CMMI approach is the basis for the concept of assessment, improvement and review that is the foundation of other maturity models. CMMI levels of maturity are defined as:

- initial;

- repeatable;

- defined;

- managed;

- optimising.

Since 2000, I have worked with organisations in Asia, Australasia, Europe and the US to develop ways for them to manage stakeholder relationships more effectively. These assignments involved training and consulting in stakeholder relationship management and the application of the stakeholder relationship management methodology developed as a result of this research. This methodology and supporting software tool, together called the *Stakeholder Circle*, have provided both individuals and organisations with practical insights and guidance in developing plans for managing relationships with stakeholders and monitoring the implementation and effectiveness of these plans.

This book will provide an organisation with resources for understanding and using processes and practices to identify and engage key stakeholders. It is organised in three sections:

- Section 1 is a theoretical framework providing the foundation for organisations to understand the importance of stakeholders to the work of the organisation and the nature of the stakeholder community and its membership.

- Section 2 is a guidebook on the most effective use of the *Stakeholder Circle* methodology to understand relationships that will exist between the activity and the stakeholder community and to develop and implement targeted communication.

- Section 3 describes SRMM and its application in assisting the most effective implementation of stakeholder relationship management in line with the culture of the organisation, its current business drivers and with the readiness of its people to embrace additional change. This section also offers a series of guidelines and milestones for achieving the preferred or most appropriate level of maturity in stakeholder relationship management.

The primary focus of all three sections is to support individuals and organisations in improving stakeholder management in endeavours as diverse as:

- organisational corporate social responsibility (CSR) obligations;

- competitor analysis;

- analysis of parties involved in bids;

- organisational change programmes;

- delivering successful marketing campaigns;

- projects, programs and portfolios;

- implementing new IT applications, including requirements definition, supply chain management;

- organisational support structures such as programme management offices (PMO);

- supporting organisational survival during major restructures, or mergers and acquisitions.

Table *i*.1 on the next page summarises the structure of the book.

Section I: Framework

Section I describes a framework for individuals and organisations to understand who the right stakeholders are at any point in time, and what these stakeholders require from success or failure of the organisation's work or its

Table *i*.1   Structure of the book

Section I: Framework	**Introduction** **Chapter 1: Why stakeholders matter** **Chapter 2: Who can be stakeholders?**
Section II: Guidebook	**Chapter 3: The right stakeholders** **Chapter 4: Mapping stakeholders** **Chapter 5: Measuring stakeholder *attitude*** **Chapter 6: Monitoring the engagement**
Section III: Implementation	**Chapter 7: Effective implementation** **Chapter 8: Defining organisational readiness** **Chapter 9: Implementation guidelines** **Chapter 10: Conclusion**

outcomes. Having identified the most important of these current stakeholders, the methodology supports the analysis, management and ongoing monitoring of relationships in this stakeholder community.

CHAPTER 1: WHY STAKEHOLDERS MATTER

Chapter 1 explores the idea of the importance of stakeholders to the success or failure of projects or other organisational endeavours through a study of a recent construction project – Heathrow's Terminal 5. It provides an argument for why stakeholders matter to the work that delivers the business strategy of an organisation. Through the analysis of this work and the outcomes of the work, it is possible to develop the following thesis: *success or failure depends on the views (perceptions) of stakeholders and also the passing of time*.

CHAPTER 2: WHO CAN BE STAKEHOLDERS?

Chapter 2 describes the emerging realisation of the importance of stakeholders to the success of an organisation, from a financial perspective but also from the perspective of their ability to influence an organisation's activities. It traces the development of the movement to include stakeholder engagement in the work of projects and programs and its gradual take-up in work beyond projects. The results of the analysis described in Chapters 1 and 2 lead to a description of the **Stakeholder** *Circle* – a five step methodology developed to assist project teams and then more recently, to assist organisations in managing stakeholder relationships.

Section II: Guidebook

CHAPTER 3: THE RIGHT STAKEHOLDERS

Chapter 3 describes the first two steps of the **Stakeholder** *Circle* methodology: *step 1: identify* and *step 2: prioritise.* The guidelines in this chapter enable the team to begin the stakeholder identification and prioritisation process. These processes also involve gathering essential data about each stakeholder to build appropriate and targeted communication.

CHAPTER 4: MAPPING STAKEHOLDERS

Chapter 4 describes various forms of stakeholder mapping before describing methods and templates within the methodology to reveal who has been identified as the most important stakeholders at this time. The mapping of *step 3: visualise* provides in one picture multiple dimensions of information about the stakeholder community.

CHAPTER 5: MEASURING STAKEHOLDER *ATTITUDE*

Chapter 5 describes *step 4: engage*, leading the team to analyse and document a view of the *attitude* of each of the community's important stakeholders and to identify where to focus most of its communication effort. Strategies and techniques for fine-tuning development and delivery of communication are also discussed.

CHAPTER 6: MONITORING THE ENGAGEMENT

Chapter 6 defines how to ensure the communication plans are implemented and how to measure the effectiveness of stakeholder communication – this is *step 5: monitor*.

Section III: Implementation

Section III describes Stakeholder Relationship Management Maturity (SRMM), a maturity model that helps an organisation identify its level of readiness to implement stakeholder management and engagement. Understanding its own level of readiness enables the organisation to target the appropriate elements for implementation of a stakeholder relationship management methodology. Too ambitious and the change effort is wasted; too little and the change is ignored: 'We are already doing this!'

CHAPTER 7: EFFECTIVE IMPLEMENTATION

Chapter 7 describes elements necessary for the successful implementation of the *Stakeholder* Circle in an organisation, and introduces the concept of maturity models and the SRMM.

CHAPTER 8: DEFINING ORGANISATIONAL READINESS

Chapter 8 describes the five SRMM levels, and the types of organisation that would correspond to these levels. An organisation should be able to identify its level of SRMM and from that identification plan and implement a programme to improve its stakeholder relationship management processes and practices.

CHAPTER 9: IMPLEMENTATION GUIDELINES

Chapter 9 describes practical guidelines for moving from one level of stakeholder relationship management maturity to another, supported by approaches based on the structure of the *Stakeholder* Circle methodology.

CHAPTER 10: CONCLUSION

Chapter 10 summarises the book and concludes with suggestions for further research.