Stakeholders for Sustainability

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Stakeholders

- Include all the other companies, employees, communities and fellow travelers who:
- participate in
- care about your company (friend or foe)
- make your market

- If you don't treat them well and help them prosper – you won't prosper

Communication

- Sustainability reporting can help you communicate with them
- There are many ways to categorize stakeholders
    - There are internal stakeholders - like employees
    - And external stakeholders - like environmental and social advocacy groups
- There are also authorizers, business partners and opinion formers
- The best way to identify and organize stakeholders will depend on the type of business or organization

Authorizers

- Government
- Board of directors
- Shareholders
- Financial regulators
- Waste regulators
- EH&S regulators
- Certifiers
- And …

Business partners

- Employees, Unions
- Suppliers, Distributors
- Service providers
- Subcontractors
- Materials producers and waste disposal
- Equipment manufacturers
- Marketers/advertising outlets

Opinion formers

- Journalists
- Community Members
- Special interest groups
- Media - TV, radio
- Bloggers, twitters, You Tube
- Other social networks. Face Book, etc.
- Reviewers
- Consumer test and review groups

Customers and Clients

- Customers and clients
- Users (previous customers)
- Wholesalers
- Distributors
- Retailers
- Service providers
- (installation, maintenance, repair)

Communities

- Factory towns
- Subcontractor towns
- Supply chain towns
- Retailer and wholesaler groups
- User groups

The stakeholder view

- Helps understand sustainability reporting and management interests
- Guides sustainability report content
- Protect reputation and market
- Increases employee engagement and commitment
- Promote values of employees and stakeholders and build reputation
- Reduce risk and legal liabilities

Stakeholders

Traditional ▬ (gray)
True cost ▬ (black)
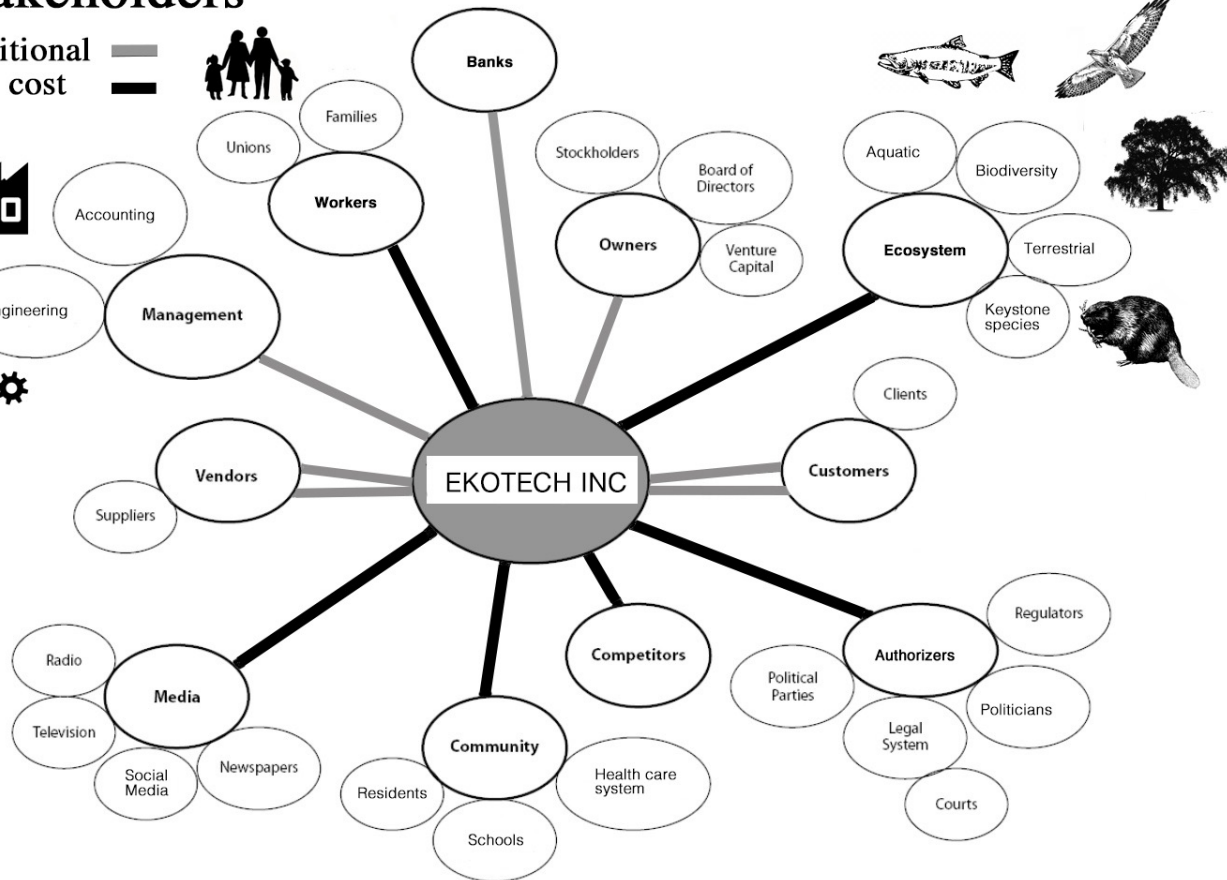
More benefits

- Minimize criticism and foster praise in media, NGOs, user groups and retailers
- Remain competitive – gain a competitive edge
- Work with supply chain and community cooperatively to improve competitiveness!

When stakeholders are ignored

- Ignoring stakeholders can increase risk and liability
- It can also lead an organization to miss new opportunities
- Three examples show the range of problems that ignoring stakeholders can create
  - A building too tall
  - A flawed water supply program
  - Poisoned community relations

A building too tall

Top two stories being removed

- A builder neglected stakeholder input from an important regulator, the Federal Aviation Administration and an active interest group, local pilots
- The building was too tall for the airport zone and the top two stories had to be removed
- This cost millions of dollars and set back opening by many months

Flawed water policy

Lake Mead, running dry

Stormwater flooding

- The San Diego long term water policy program ignores rainwater harvesting, relying on water imported from far away
- The city stormwater management plan also ignores the potential of rainwater harvesting to reduce costly stormwater management
- The two groups never talked
- And failed to reach out to stakeholders

Poisoned water and attitude

- An effort to remove predatory non-native fish from Lake Davis by the California Department of Fish and Game became a public policy nightmare after inadequate consultation with stakeholders

- The furor continues 12 years after the lake was first poisoned

- The results have included anger, fear and frustration of local residents and business operators

- Lawsuits totaling more than $50 million dollars

- A $9 million dollar state settlement fund

Stakeholders

- Identify your stakeholders
- Work with them to improve SR value
- Use sustainability reporting to help identify new opportunities by communicating more effectively with a wide range of stakeholders
- Minimize risk, liability and complaints
- Build support
- Improve the market

The missing stakeholders

- If you review a number of GRI sustainability reports you will start to notice the missing stakeholders
- Company reviews at the Pacific Sustainability Index often note the lack of stakeholder identification and participation
  - http://www.roberts.cmc.edu/PSI/ReportList3.asp
- Often internal stakeholders are missing, particularly employees and unions
- In other cases, important outside stakeholders such as local communities, environmental or social activists are missing
- Ignoring them won't make them go away

Stakeholder identification

- It can be challenging to compile a complete list of stakeholders
- It takes some knowledge of the organization and its operations, processes and activities
- Structured interviews/surveys can help
- Stakeholders can help identify other stakeholders

Stakeholders Characteristics

- Different authors characterize them differently, factors include:
- legitimacy
- power
- influence
- Interest
- support
- urgency
- fiduciary/non-fiduciary
- primary/secondary
- voluntary/involuntary (involved/affected)
- flexibility

Critical Thinking and Diagrams

- It often helps to think of a flow diagram through the organization
  - Where does its authority come from?
  - Who does it influence?
  - What comes in through the supply chain and where does output go?
  - Where does money flow from and to?
  - Who is involved on the organizational chart
  - And in informal links

A stakeholder plot

National Australia Bank
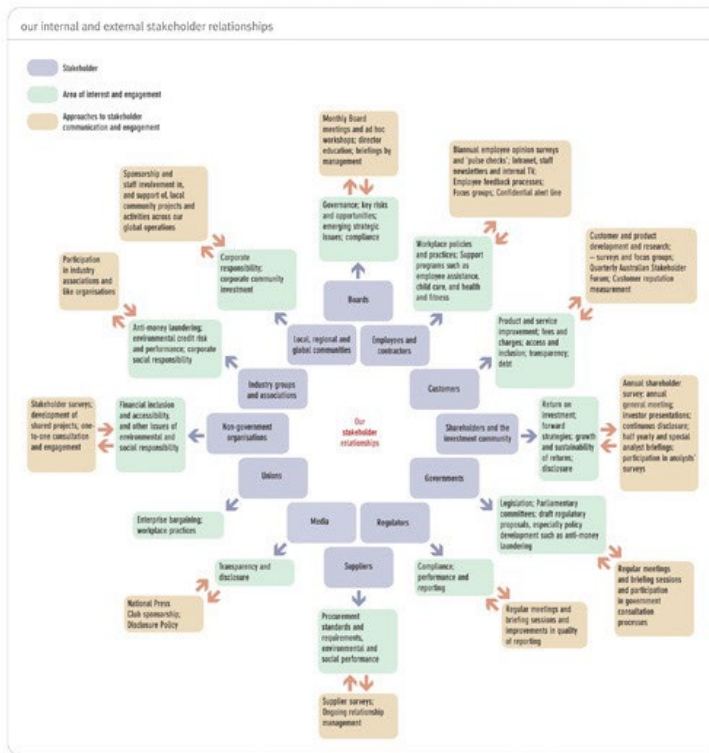
Stakeholder relationships can be clarified by mapping them

Internal stakeholders are often defined as those within the organization or value chain

External stakeholders may include communities, neighbors

Diagrams, maps and more complex plots can be used to better understand stakeholders

Here is a plot of external and internal stakeholders as seen by a bank group

Group thinking is often best

- We often see the world in different ways based on our experience
- Group thinking/brainstorming/team work can help create more complete stakeholder lists
- Systems thinking is important
- Critical thinking can help

Mapping

- Mapping stakeholder interactions and power relations can also help refine stakeholder lists
- It can also help explore stakeholder importance
- And may help set boundaries
- A wide range of tools and systems for stakeholder identification have been created
- Many software packages now address stakeholders

Software

http://www.stakeholder-software.com/
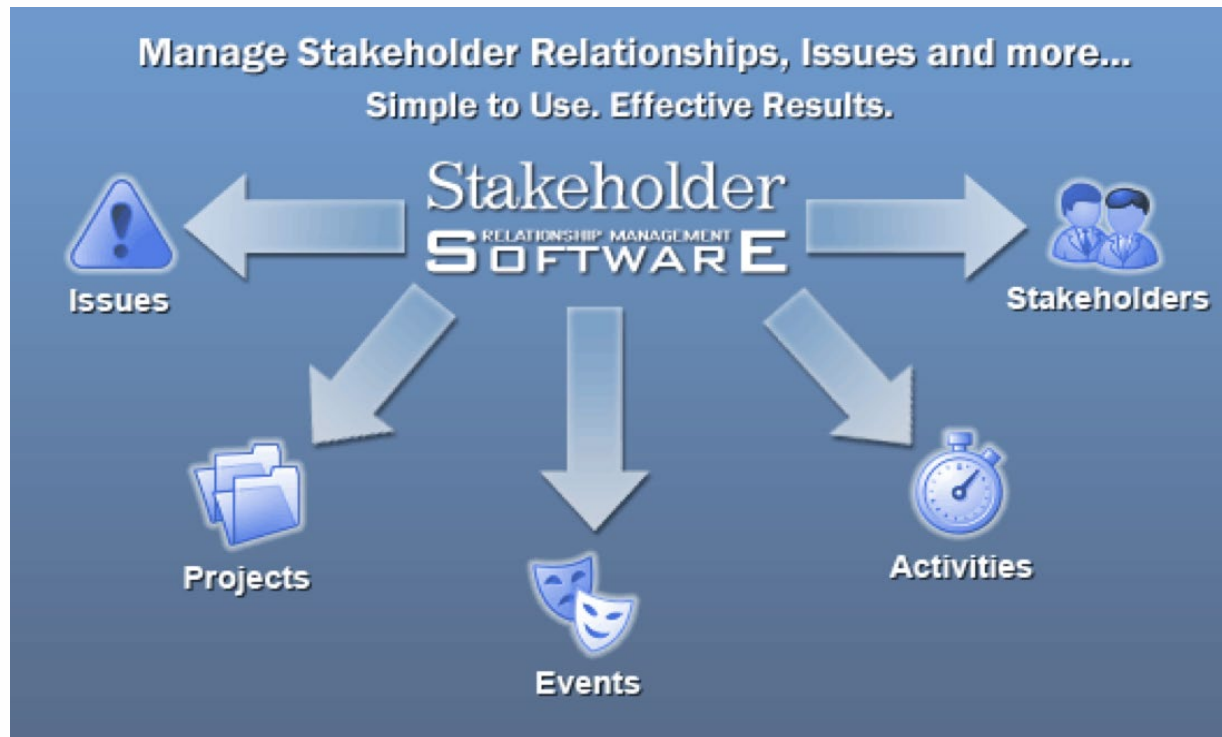
More software options

- http://www.stakeware.com/documents/stakeware_datasheet_0409.pdf
- http://www.stakeholder-management.com/ Stakeholder Circle
- http://www.pmlink360.com/fact_sheet/PMLINK360_fact_sheet.pdf
- http://www.lookoutcrm.com/srms.html
- http://www.inovem.com/SolutionSheets/StakeholderCommPortal.pdf
- http://www.consultationmanager.com/?gclid=CMPp3Myo-JoCFRFWagodlSareA
- http://www.demandmetric.com/content/practical-tools/stakeholder-analysis-matrix
- http://www.stakeholdermap.com/index.html
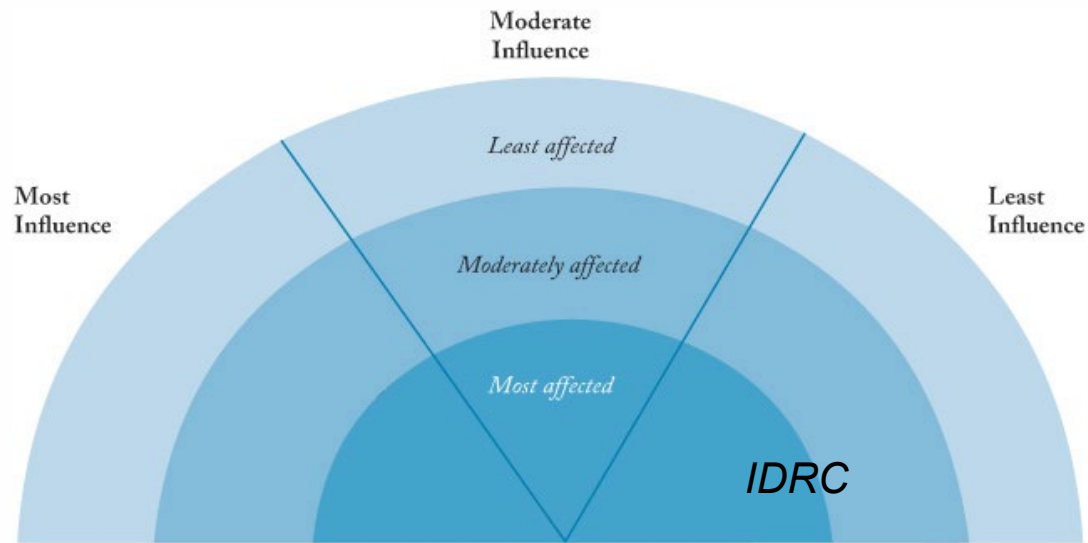- There are also some freeware options.

What else can help?

- Identification by experts
- Identification by self-selection
- Identification by other stakeholders
- Identification using written records and population data
- Identification using oral or written accounts of major events
- Identification using checklists
- Reviewing other GRI reports

What do stakeholders want?

- Interests, characteristics and circumstances
- Identify patterns and contexts of interaction between stakeholders to explore factors conflict and cooperation, and thus to enable the identification of common ground, or prevailing conflicts and potential trade-offs.
- Assess stakeholder power and potential to control decisions that have effects on critical policies and institutions

Stakeholder importance

Moderate
Influence

Least affected

Most
Influence

Least
Influence

Moderately affected

Most affected

IDRC

▪ It can help to place the stakeholders on a diagram like this

Stakeholder engagement goals

- There can be a wide range of stakeholders for an organization bringing with them a wide range of concerns and issues

- Each organization has to decide which issues and stakeholder are most important and when and how different stakeholders should be consulted in different situations

- The value of the dialogue will depend on the clarity of communications and the questions asked or scenarios considered

How best to engage stakeholders in reporting?

- Stakeholder engagement depends on the clarity and transparency of reporting, and the ease of access
- These are goals of the GRI process and for good reason
- Developing a stakeolder engagement plan and identifying who will be responsible for completion of plan elements is very helpful.
- The AA1000 Stakeholder Engagement Standard (AA1000SES) 2005 provides a framework to help organisations ensuring stakeholder engagement processes are robust and deliver results. http://www.accountability21.net/default.aspx?id=228
- One of the great opportunities for the future is the use of internet capability to improve stakeholder feedback, engagement and commitment
- Engagement is likely to vary depending on stakeholder roles

Client/customer

- What are the benefits or costs for the client/customers?
- Are there any others who also benefit or suffer from these effects?
- Are there any other benefits or costs leading to different clients/customers?

Decision Maker

- What are the power resources of the decision makers?
- Are there any other relevant resources; which decision makers use these?
- What are the topics these decision makers can decide on?
- What are the topics these decision makers cannot decide on; what decision makers have this ability?

Designer/developer

- What is the relevant knowledge or expertise of the designers/developer?
- Are there any other designers/developers with similar knowledge or expertise?
- What are relevant problem areas and topics?
- What designers/developers might contribute to these problem areas and topics?

Passively involved

- What are the effects (both good and bad) of the project/product/service on the passively involved?

- Are the interests of passively affected taken into account?

- Are they included in stakeholder communication efforts?

Stakeholder engagement

- When thinking about stakeholder engagement there are two important factors to consider: *what* to ask and *how* to consult stakeholders

- When asking stakeholders, it may be more convenient to ask them about Aspects that are important to them rather than specific Indicators

- This consultation can take place via meetings, questionnaires or surveys sent per email or through the website

- Each organization must determine for itself what would be the most appropriate, effective and feasible form of engagement

Stakeholder monitoring

- Seek feedback on Sustainability Reports
- Monitoring the quality of stakeholder relationships is critical for managing stakeholder engagement
- It is not easy or inexpensive to monitor all stakeholders, but it can be very worthwhile to maintain a check on the more important stakeholders
- Key questions include measures of trust, mutuality of control, commitment and satisfaction
- What do stakeholders like? What do they feel is missing or could be improved?

Resources

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More resources

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More resources

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    - http://www.cica.ca/cica/cicawebsite.nsf/public/E_30July01]
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