

# Stakeholder Analysis

Denne værktøjskasse indeholder følgende værktøjer:

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# Introduction

## Are we treating the stakeholders to our advantage?

### Who are the stakeholders of your company?

All persons or organisations, which are able to exercise an influence on your company, and in one way or another, contribute to the success or survival of your company.

E.g.: Your customers, the owners of your company, your management, your employees, your suppliers of goods and services, the banks, the public authorities etc.

### Why perform a stakeholder analysis?

Precise knowledge of the nature of stakeholder contributions as well as stakeholder needs, demands and expectations are of vital importance to your survival and success. Precise knowledge of any conflicting goals among different stakeholders can give you the foundation for efficient action in due time. In a world of change where successful and synergetic partnerships between people and organisations are a vital and crucial parameter of success, the stakeholder analysis is one of the most important management tools for modern networking organisations and their leaders

### When to perform a stakeholder analysis?

In management literature, stakeholder analysis is used for several managerial tasks:

- Market research
- External or internal projects
- Decision making
- Strategic work

Henrikwbendix.dk has taken an approach that effectively encompasses these fields and includes all the dimensions from the approaches mentioned above. This ensures that, whatever the angle of your needs, the approach chosen here will provide you with the right tools to satisfy your need.

## Author

This Tool-kit is written by **Morten Vibe Petersen** Copenhagen, Denmark, February 2001

If you need advice concerning this theme do not hesitate to contact [hwb@henrikwbendix.dk](mailto:hwb@henrikwbendix.dk)  
Otherwise these toolkits might inspire you:

- **SWOT Analysis - Do we know the situation of the company sufficiently?**

A SWOT (Strengths, Weaknesses, Opportunities, Threats) – analysis is a very useful tool in determining the situation of a company. Both in a strategic analysis and in a more direct practical situation the SWOT-analysis is a good method to state some important questions for the company.

Find it at [www.henrikwbendix.dk](http://www.henrikwbendix.dk) Check “Resources”.

- **Competitor Analysis - Are the competitor as strong as we believe**

Competitor analysis is to be used when preparing important strategic decisions as the introduction of new products, penetrating new markets, major investments etc. Needing a structured gathering and processing of data on existing and potential competitors. Maybe the information exist but need to be systematised and processed.

Find it at [www.henrikwbendix.dk](http://www.henrikwbendix.dk) Check “Resources”.

# User Guide: Stakeholder Analysis

When doing a Stakeholder Analysis you typically try to find answers to questions like

- How do I avoid conflicts of interest between my firm and my suppliers and business partners?
- How do I get the best contributions out of my employees and my network?
- How can I obtain long lasting success in a solid and balanced way?
- How do I make sure, that I keep my promises to all my stakeholders?

The stakeholder analysis builds on the following three assumptions:

Approach to Stakeholder Analysis
<ul style="list-style-type: none"><li>• The degree of your stakeholders' satisfaction is the prime determinant of your success</li><li>• Satisfaction = perception – expectation</li><li>• Only involvement secures engagement</li></ul>

These assumptions simply state that if your stakeholders believe that they are getting more than they expected, they have a positive satisfaction level and vice-versa. If you can manage your stakeholder's perceptions and expectations, you can manage their satisfaction. So the better you communicate with your stakeholders, and the more you involve your stakeholders in a constructive way, the more success you will get.

## The 4 dimensions of henrikwbendix.dk's stakeholder analysis are your 4 needs:

- Need no. 1** Identifying stakeholder contributions and demands/needs.  
Assessing your stakeholders' contribution – reward balance.
- Need no. 2** Identifying stakeholders, their values and attitude and possible conflicts of goals  
Assessing common goals, different, but not conflicting goals and conflicting goals.
- Need no. 3** Identifying stakeholders, their level of contribution and their level of influence.  
Identifying the resource persons, the gray eminences, the hostages and the externals.
- Need no. 4** Identifying stakeholders, their expectations and their perceptions.  
Measuring the vital balance: Satisfaction = expectation – perception.  
Are you promising what you keep – are you keeping what you promise?

## Case: Stakeholder Analysis

The small pharmaceutical firm "Greenline Pharmaceuticals" employs a total of 9 people. It was founded 8 years ago by Peter Blumenthal (PB), age 44. PB has a background as a sales consultant in several large multinational pharmaceutical companies. The staff consists of 5 salesmen, 1 webmaster and 2 clerks. The shareholders of the firm is PB and his wife, (30%) PB's old mother (25%) and the venture capital firm "Futura Invest" (45%)

Greenline produce, sell and distribute their own brands of herbal medicine to retailers as well as direct sales to consumers via the internet. Greenline does not produce directly, but out sources production and logistics to medical factories with spare capacity.

Greenlines' main product is the Norwegian Seaweed Drug (NSD), with a high natural content of minerals and trace elements like selenium etc. Another important product for Greenline is the Exotic Spice Drug (ESD) that broadly consists of hot spices like chili pepper, various curry-ingredients, garlic, parsley etc.

Greenline is a modern, small networking firm, highly dependent on their suppliers and external partners:

- In product development
- In production & logistics
- In sales & marketing
- In promotion

### Need no.1: Contribution & Rewards

**Purpose of the analysis:** To identify stakeholders, their contribution and demands/needs. To provide you with a listing of all the important stakeholders, their contributions and demands/needs. To assess the balance of contributions and rewards.

Need no.1: Stakeholder Contribution & Awards		
Who are my Stakeholders?	What are their Contributions?	What are their Demands/needs?
Management	Management	Acceptable pay Freedom of action Career & personal development Prestige
Employees	Work	Acceptable pay Meaningful work Personal development Good colleagues Loyal management
Customers	Pay for purchase	Function and quality of product as expected. Ethical behavior of the firm Do your customers like your story?
Partners and Intermediaries	Outsourced work, sales & distribution	Acceptable earnings, Learning and development

### Need no.1: Stakeholder Contribution & Awards

<b>Who are my Stakeholders?</b>	<b>What are their Contributions?</b>	<b>What are their Demands/needs?</b>
Suppliers	Competitive products & services	Acceptable earnings
Lenders	Capital	Acceptable return Fair risk
Public authorities	Law & order Public services	Compliance to laws, tax and other contributions to society

To identify your stakeholders, their contribution to your mission and vision as well as their needs and demands are a constant learning process. The payoff of a solid knowledge and understanding of your stakeholders' contribution – reward balance is well worth the effort.

### Case: Stakeholder Analysis

<b>Who are the stakeholders? What are their contributions? What are their demands/needs?</b>
<p><b>Owners &amp; management:</b>  <u>PB &amp; wife.</u> They contribute with their entire existence. PB puts all his working capability into the firm, and his wife works in the firm as a clerk, too. They want a good life, and they hope to be financially independent one day, as the firm grows more solid.  <u>PB's mother</u> contributes with financial resources and moral support. She wants her son and daughter - in - law and her two grand children to succeed both in business and as a family.  <u>Futura Invest</u> contributes with financial resources as well as management advice on the board level. They want long term profitability of their invested money.</p>
<p><b>The employees:</b>  <u>The salesmen</u> contribute with their working input. Their enthusiasm and belief in the products are vital to the firm's success. They demand good pay and influence in their job situation. They need good new products with a good reputation that sell easily as well. They Also want a more comprehensive line of products.  <u>The clerks</u> contribute with their working input. Their ability to effectively execute orders, settle accounts, deal with producers, salesmen and partners are vital. They demand good pay and a stable and reliable workflow without mess and surprises. They don't want the hassle of more products.  <u>The webmaster</u> is developing and running the new homepage, where consumers can order Greenlines' products directly. His creative and technical skills, as well as his ability to cooperate with the "old" staff, are vital for the success of this new initiative. He demands personal development and challenges, as well as a good pay and influence on his job.</p>
<p><b>The customers:</b>  <u>The retailers</u> are selling the product to consumers, thus making their relative success or failure crucial to the growth of the company.. They demand high turnover and good margins. They want a good, safe product with a widely known brand name and profile that satisfy their customers' needs. They also want on time delivery.  <u>The internet customers</u> contribute only with a minor proportion of Greenlines total turnover,</p>

### Case: Stakeholder Analysis

but are potentially very important for the future. They buy the product for their health, faith and beliefs. They demand competitive prices and well-known, safe product. They want safe payments, effective distribution and fair delivery time.

#### **Partners, intermediaries and suppliers:**

The medical producers are producing – and delivering - the products on behalf of Greenline. They want a good price, large orders, simple and straightforward recipes with available inputs and raw materials, fair notice so they can plan the production in due time, and prompt and accurate payment as agreed.

The local Press prints stories about herbal medicine. Greenline is not allowed to push the products themselves – but the local newspapers can write stories about the effect of herbal medicine. The journalists' needs stories written in advance, that can easily be printed in the paper.

#### **Lenders & public authorities:**

The bank plays only a minor role for Greenline, since the borrowings are insignificant.

The Public authorities want compliance with the laws and regulations for herbal medicine.

## Your need no. 2: Assessing Goals

### **Purpose of the analysis**

Identifying your stakeholders in your projects, their values and attitudes and possible conflict of goals. Finding the common goals, the different but not conflicting goals and the conflicting goals.

### Assessing Goals

#### **Identifying questions**

*Who are the stakeholders?* Who are the end users of the project results? Who pays for the results? Who makes the final decision? Who supplies the work and other inputs?

*What are the values and attitude of stakeholders?* What are the areas of interest? What are the possible contributions? Which power positions are there? What motives are driving the stakeholders? What are their attitudes towards other stakeholders? What is the level of activity?

*Are there any possible conflicts of goals?* What areas are possible areas of conflict? How can we deal with the conflict?

#### **Conclusions and measures**

*Common, or shared interests:* You will identify some common goals, where your stakeholders are in mutual harmony in attitude and goals. These interests are vital to communicate loud and clear to the stakeholders. These common interests can be your most important selling points for your project.

*Different, but not conflicting interests:* You will identify different, but non-conflicting attitudes and goals among your stakeholders. It is very important, that the perception of these differences is clear to the stakeholders – there is no conflict, just different interest! Try to find ways where as many interests are satisfied as possible, and when you cannot satisfy them all: Try to establish agreement and acceptance among your stakeholders about a common, fair principle for dealing with the situation.

*Conflicting interests:* You will identify some genuine conflicting interests. Some of your stakeholders will now and then have to swallow some decisions that are in conflict with parts of their interests.

Clear and solid documentation that the benefits exceed the costs in the long run for all your stakeholders is the best way to back up your argument.  
If you cannot provide this documentation, or at least argue convincingly and there are vital, conflicting interests at stake for your stakeholders: *Seriously consider dropping the project!*

## Case: Stakeholder Analysis

### Values, attitudes and conflicting goals.

#### Common, or shared interests

Most of the important stakeholders share a common interest in the success of Greenline, but the means of achieving that success differs somewhat.

Futura Invest wants their long-term investment in Greenline to be successful. They want growth and hope one day to be able to sell their share in Greenline to another firm or maybe a public sale on the stock exchange. They want more new products, a wider range of products, and maybe an external partner who can supplement the firm's thin product line.

The salesmen in the staff of Greenline share this interest. They have achieved good, long relationships with local retailers, and would like to increase sales to those quality customers by supplying a wider range of products.

#### Different, but not conflicting interests

The Customers want to fulfill their needs for herbal medicine that provides them with the vitamins, minerals, trace elements and other essential nutritional elements they believe will improve their physical and mental health.

PB's wife feels PB works too much. They have two children, and if PB should play any significant role in raising them, he must cut down on his working hours and delegate more work to others.

The Clerks want a stable, predictable and simple process in their workload. They are not opposed to more new product as such, but they dislike the complications new products give in the work process. With the present product line there are already problems with on time delivery.

The retailers want low prices and a short delivery time.

Greenline wants high prices for their products and a manageable delivery time.

#### Conflicting interest

There are no directly conflicting interests. There appears to be conflicting interests between the clerks and the salesmen, but it is a spurious one. It is not the new products, the Clerks are opposed towards, but the mess in the work process they can cause.

### Your need no 3: Stakeholder Identities

**Purpose of the analysis:** To identify stakeholders' level of contribution and influence. Identifying who are the resource persons -? Who are the hostages? Who is the gray eminence? Who are external?

Stakeholder Identities		
	High level of influence	Low level of influence
High level of contribution	Resource persons	Hostages
Low level of contribution	Grey eminence	External

**Resource persons** are high in contribution and high in influence. They are pure gold for you. It can be highly qualified specialists, or people with invaluable networking resources. They are the ideal participants in your project work. They are the ideal partners in your strategic decisions. Try to involve resource persons directly in all your areas of work.

**Grey Eminence's** are very important stakeholders, who can influence your work in negative or positive ways, but who do not contribute directly. It can be passive owners/shareholders, lenders/bankers, public authorities, etc. Information, documentation and compliance with their demands and needs are essential for your success/survival. If you are in doubt – ask them!

**Hostages** are contributing, but not influencing your work. Be careful; most people dislike being a hostage! E.g. an employee, who contributes on a high level, will only keep his/her engagement and enthusiasm if he/she get involved and can influence the work. If you identify any hostages, consider the possibilities of making them resource persons by involvement!

**Externals** are low in both contribution and influence, and as such they appear to be of minor importance to you. But attention – new partners and alliances are externals, which have the potential to become resource persons for you.

Case: Stakeholder Analysis
<p><b>Resource Persons</b> PB &amp; his wife and the other 7 employees should all be resource persons. If they are not, they should be made resource persons with high influence and a high level of contribution! Greenline simply cannot effort to have employees, who are not resource persons – but is PB properly involving all of his staff?</p> <p>PB's contacts with the medical producer are resource persons, heavily involved in developing new product for Greenline as well as securing on time delivery of products of a high quality. The journalist' on the local papers, who bring stories about herbal medicine are resource persons for Greenline.</p> <p>The salesmen's best contacts among the retailers are resource persons with great influence on Greenlines sale, their products and knowledge of consumer preferences and tastes.</p> <p><b>Hostages</b></p>



To a certain degree PB's wife is a hostage. She feels, that the firm is taking all of her and her husband's time— and she feels it is not fair to their children

Are the clerks hostages? Are they involved and committed in the decisions about a new product line?  
Are the salesmen hostages? It all depends on their involvement!

Is PB's mother a hostage? As a major shareholder, is she involved enough in the strategic decisions?  
Is the information and documentation sufficient?

**Grey eminence's**

PB's mother and management in Futura Invest represent a majority of shares and can in principle exercise a decisive influence on Greenline. Management of the local papers can decide to stop printing articles that promote herbal medicine. Indeed, if the local press decided to print a devastating story about the product, Greenline could be out of business!

The public authorities can decide to stop the products if they find them violating any regulations or rules. . Is Greenline complying? Is the information provided sufficient?

**Externals**

There might be potential partners out there who are now externals but could one day become resource persons.

**Your need no. 4: Expectation - Perception**

**Purpose of the analysis:** To measure your stakeholders expectations and perceptions towards your outcome (your products, your service, your logistics etc.) as well as in your processes (the way you work and perform, the progress of your projects and the strategy and dynamics of your firm).

Your 4th need is to manage the expectations and perceptions of your stakeholders.

Expectation - Perception Balance		
	Process	Outcome
<b>Expectations</b>	Presenting process documentation Do not over-promise! Involve resource persons	Determine the requirements to qualify, etc. ISO 9000 certification Benchmarking. Do not over-promise! Principle-based contracts and agreements.
<b>Perception</b>	Progress-reports BPR-analysis Keep your promises!	Promote positive aspects of outcome/product Keep your promises

The best way to measure the expectations of your stakeholders is to ask them!

The best way to impact your stakeholder's expectations are information, documentation and involvement.

Do not promise your stakeholders anything unless you can keep your promises!

The best way to measure your stakeholders' perception is to ask them!

The only solid way to balance your stakeholders' expectations and perceptions is to:

**Keep your promises = only promise what you can keep**

### **Case: Stakeholder Analysis**

- An imbalance of expectations and perception has been detected in the problems with on time delivery to the retailers. To often, the delivery time is longer than what has been promised by the salesmen. Action must be taken.
- PB has a domestic problem. His wife and family are suffering from his workload. Maybe senior sales staff can be involved more and take over some of his workload. Action must be taken.
- A major shareholder and several employees want a broader line of products. How does Greenline move strategically in the future - how do we involve relevant resource persons most effectively? Actions must be taken.
- The expectations and perceptions of Clerks and Salesmen do not balance. The balance must be found by involving the staff in strategic decisions. Action must be taken.

# Form 1 - Identifying stakeholders, their contributions and their needs/demands

Need no. 1 tool: Identifying contribution and needs/demands		
Stakeholder	Contribution	Needs/demands

# Form 2: Identifying stakeholders, their values/attitudes and their conflicting goals

Need no. 2 tool: Identifying values/attitudes and conflicting goals			
Stakeholders	Values and attitudes	Goals	Conflicting goals

# Form 3: Identifying stakeholder influence and contribution

Need no.3: Identifying influence and contributions		
Stakeholders	Level of contribution	Level of Influence

**Identified resource persons:**

**Identified gray eminence:**

**Identified hostages:**

**Identified external:**

# Form 4: Identifying the stakeholders' expectation - perception balance

Need no. 4 tool: Identifying the expectation – perception balance:			
Stakeholder	Expectation	Perceptions	Balance +/-

**Stakeholder-balances in debit:**

**Possible actions to solve the imbalance:**

# Checklist: Stakeholder-analysis workshop

## A one-day seminar program for staffs between 4 and 40 persons.

You or your management can run this program without external assistance from an expert consultant. However, since the participants themselves are important stakeholders, an external “neutral” consultant can be of great value in the process.

In what follows, it is assumed that you, the present reader of this text, are coaching the process.

### 8.00

Coffee. Social talk. Warming up with a song or another teambuilding activity of short duration.

### 8.30

*Step 1:* You motivate the participants for the stakeholder analysis. Present the 4 needs and the encompassing principle in an overall approach. (Duration no more than 25 minutes)

*Alternative 1:* If you are a good speaker with fine presentation technique and a high ability to relate to entertaining and illustrative examples you can make it a one-way presentation.

*Alternative 2:* Make an “upside-down brainstorm”

Ask the crowd to imagine how they could treat stakeholders in the worst possible way!

- Never answer the phone, always-late delivery; never pay in due time etc. etc. When the crowd is “warmed up”, the creativity and ingenuity normally grows as the crowd catches on to this “upside down” brainstorm. They should laugh a lot at this stage. All the devious and horrible suggestions how to step on the toes of our stakeholders are noted on a board.

- After 10 minutes, the board is full and you can now present the encompassing principle and the 4 needs. You can now refer to a great variety of examples on how not to do it, given by the audience themselves!

10 min. Break.

### 9.30

*Step 2:* Send the crowd out in small groups of 4-8 people to work with need no 1. (If you are a small firm, you can just do it in one group.) The groups can be heterogeneous – even a random principle for making the groups is acceptable when working with need no 1.

The questions they need to answer are:

Who are our stakeholders?

What are their contributions?

What are their needs/demands? .

Duration 30 minutes.

When the groups return to the assembly, the results of all the groups are reported and noted on the boards/flipper.

10 minutes break.

#### **10.45**

*Step 3:* Again groups are formed, but this time of a more homogeneous nature. This means, that people who work together in projects are grouped together. The questions asked are concerned with need 2:

Who are the stakeholders?

What are their attitude and values?

What are their interests? Are there any common interests? Are there any different, but not conflicting interests? are there any conflicting interests?

Duration 45 minutes

Returning to assembly, reports are taken from all the groups on blackboard/flipper  
Conclude if there is a clear picture of problems of conflicting interest.

#### **12.00 –13.00 Lunch**

#### **13.00**

*Step 4:* The same groups from step 3 work with the questions concerning need no. 3:

Which of our stakeholders has great influence on our project or general work process?

Which of our stakeholders has a high level of contribution to our project/general work process?

Who are the resource persons? Who are the Grey eminencies? Who are hostages? Who are external?

Should there be any changes in this picture?

When the groups return to the assembly, the groups are asked to place a post-it note with the name of the stakeholders in a large X-Y diagram on the wall where the X-axis represent growing degree of the degree of contribution and the Y-axis the degree of influence. (Tool no. 3)

The assembly is now asked: Do we involve the right stakeholders in the right way? Are any resource persons identified used in the right way? Do we inform the relevant stakeholders in the right way? Do we ask them the right questions?

10 min break

#### **14.30**

*Step 5:* The balance between our stakeholders' expectations and perceptions.



The heterogeneous groups from step 2 are sent out to work with two questions:

Identify stakeholders whose perceptions are lower than their expectations.  
How do we solve the problem and make sure it does not happen in the future?

Back in assembly, reports are taken from the groups, and obvious conclusions are highlighted.

### **15.30**

The Final debate is held. Here the overall conclusions of the workshop are reviewed.  
If a clear need for changes in the handling and involvement of our stakeholders is identified, relevant project groups for dealing with the matter are formed. Deadlines and follow-up procedures are also decided at this time.

**16.00** Drinks, snacks & a social chat.

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