

Stakeholder Mapping & Strategy

A clear understanding of who you interact with and why is key to successful organisations and the effectiveness of their ongoing strategy.

Every organisation deals with others. In order to successfully do whatever it is that the organisation does it will interact, to varying degrees, with a wide range of related parties or "**stakeholders**". That is; those other entities or individuals who provide services and resources to, buy from, are served by, or are otherwise impacted by or interact with, your organisation. These stakeholders will commonly include customers, suppliers, employees, referrers, funders, shareholders, regulatory agencies to name but a few.

Yet when you query some organisations about who are their key stakeholders, beyond a cursory level you often find there is limited detailed knowledge.

Why is this important?

Quite simply; if you are not clear on who your stakeholders are, and their relative importance to your organisation, then you will be unlikely to be maximising their value to your organisation strategically.

A common feature of successful organisations is that they have a clear understanding of exactly who their stakeholders are and how they interact with them. This can include a strategic and systemised approach to their stakeholder interactions to make sure they happen as desired. Creating a Stakeholder Map can therefore be a very valuable strategic exercise for any organisation to be clear on who their stakeholders are.

Stakeholder mapping is sometimes referred to as a tool for mapping influence. It allows you to see where you should be focusing your efforts.

Not everyone is created equal

A client once said to me when we were discussing this concept that "**Everyone their organisation ever dealt with or touched were their stakeholders**". While technically you could say they were correct, I think they were missing the point slightly.

We are all subject to the practical constraint of limited time. Hence to get the best results we need to apply our efforts and limited time to the areas that will give us the best results. Often this is to areas where we can achieve the best leverage for our organisations. Should you focus your limited time on the \$10 relationship or the \$10,000 relationship?

Hence once you have identified your various stakeholders then you need to consider their relative materiality or significance to your organisation. And let me stress that this should not just be assessed through a financial lens. The success of any sustainable organisation involves much more than just financial resources.

For many organisations this may also mean that there are different levels of importance within the same stakeholder groups. The most common business example being rankings of clients. If your organisation has clients then you will undoubtedly have some who are A class clients who are most valuable and some who are D class (who you probably shouldn't have at all if you were being really honest!)

What should your map look like?

In my experience, a visual representation of this stakeholder information is often the most useful. The majority of us humans respond best to visual representations of information. (I have to admit that even as an accountant by training I sometimes groan, and then die a little inside, when I am presented with a long Excel spreadsheet with lines and lines of data). Hence remember the adage that a picture tells a thousand words.

Jump onto Google and search “**Stakeholder Mapping**” images. Helpfully you will be greeted by a huge range of different ways of graphically mapping an entity’s stakeholders. This can be a great way to get some ideas and examples for what may work best for your organisation. There is no one right answer. Instead the key is developing or using something that best works for your organisation. I have been asked for a best practice model but I have to be honest and say that these will (and probably should!) vary in relation to each individual organisation.

One of the advantages of using a graphical model is that as well as identifying who the stakeholders are, you can also often graphically demonstrate how important or influential they are. For example, there is the ‘**rings in a pond**’ model. Imagine a stone dropped into a calm pond. Rings emanate from the centre. The rings closest to the centre are the strongest (read most important and influential) and hence will contain the most important and most influential stakeholder, with the less direct and less important stakeholders in the appropriate outer rings.

Such a graphical model in my experience helps focus the attention to ensure that management is applying the appropriate levels of resource and attention to the appropriate stakeholder relationships.

Such a graphical model is also very useful for governing bodies. Especially as governing bodies are generally less involved in the day to day of the organisation and less regularly involved. Hence a clear map acts as a great strategic reminder.

What’s a good process to follow?

- Involve all management and those in governance in the stakeholder mapping process
- An independent facilitator can be useful
- Explore different graphical models to find the right one for your organisation
- Once your initial map is done – it then needs to be a core part of ongoing strategic planning discussions

Other key tips

- The value is often in the process as much as the result – it can open people’s eyes to the breadth of relationships and reinforce the importance of strategically and systematically considering how you best deal with them.
- Stakeholder mapping if it is to be most useful should not be a one-off exercise – it is something worth revisiting and updating on a regular basis as you should expect changes.
- There is no perfect model or “right answer”
- Systemising your interactions with your stakeholders is a defining feature of successful organisations.

Summary

Stakeholder mapping can be an extremely valuable, and enlightening, strategic exercise. It can help to educate your team, and focus their efforts. If you haven’t yet done it in your organisation the time is now!



About the Author

Craig Fisher FCA is an Audit Partner and Chairman of RSM. Craig has a strong interest in good governance and is also a specialist regarding not-for-profit and charitable entity issues.

Contact Craig on:

D: +64 (9) 367 1654

E: craig.fisher@rsmnz.co.nz

W: www.rsmnz.co.nz