

Brief

For those too busy:

The latest research, thinking
& news on growth pace and delivery
from around the world

Who is on your side? Is managing stakeholders the most valuable thing a leadership team can do?

In a world of damaged trust we are more dependent than ever on the goodwill of others to deliver our plans. The better connected the leadership is to the rest of the world, the better the team performance.

Traditionally, the first priorities of a CEO have been to manage the top team, manage the relationship with the Board and ensure a coherent strategy. All essential of course.

Recent research suggests it is relationships with stakeholders of all kinds that have been the long-term issue on the rise. So no surprise that recent Conference Board global surveys of CEOs confirms that issues around their people, customers and regulators are the ones that rose up their top 10 priorities (to numbers 1, 4, and 6). Much of this is built on the back of eroded trust (as shown by the Edelman Trust Barometer survey over the years).

Some research now suggests that harnessing the full power of the top team – and delivering true high performance – requires executives using their stakeholder relationships above all else. We looked at both recent and some classic standard material to summarise the key themes about leadership and stakeholder management.

- 1. Why is it so important? To better implement decisions, and to be better informed:** Decisions by the top team get implemented, supported or blocked by others – both internally and externally. Research suggests that the better connected an executive team (beyond just the area each manage), the more they will minimise failed decisions and execution. Up to 90% of executives information comes from informal sources – the more wide-ranging the sources the better informed they (and their decisions) are.
- 2. Two types of purpose with stakeholders – to manage risk, or support growth:** depending on history, context, industry and the strategy of the organisation stakeholder management is on a spectrum. At one end is the need to protect freedom to operate and minimise risk. At the other end is the need to unlock new avenues for growth, increase support for plans and overall improve 'likelihood to recommend'. Effectiveness requires clarity about which is the dominant drive for the business and its strategy.
- 3. What drives stakeholders to recommend? Clarity of intent, relevant added value, strong feedback loop and consistency:** there is benchmark data about what engages stakeholders (internal and external) and these are the key themes:
 - Leaders being very clear about the purpose of their organisation and where it is going
 - Leaders talking to stakeholders with an agenda relevant to them
 - Leaders showing they really listened, and acted as a result (or explain why they did not), report back actions and progress
 - Consistency between what leaders say and the experience on the ground. Most stakeholders, however senior, have direct experience with your organisation or they ensure - through mystery shopper programmes or similar - that they know.
- 4. Leaders can use stakeholder meetings to break down barriers and create networks:** as a leader you will have a more joined-up view of the world. You can spot and encourage collaboration and networks across silos, internally and externally
- 5. Are you measuring the impact on the performance of the business?** In the short term, this means success measures about approach and process – proactive stakeholder identification, assessment and an engagement plan that is led and delivered by leaders. Research suggests you can show that stakeholder engagement improves operational efficiency and growth through speed of decisions and implementation in complex, contentious or other areas. In the longer term, research shows you can measure reputation capital, as part of market capital – showing for example the differences between you and peer group market capitalisation and how much is reputation driven. The FTSE 350 reputation value is £136bn