

Illustration 4.4a

Stakeholder mapping at Tallman GmbH

Stakeholder mapping can be a useful tool for determining the political priorities for specific strategic developments or changes.

Tallman GmbH was a German bank providing both retail and corporate banking services throughout Germany, Benelux and France. There were concerns about its loss in market share in the corporate sector which was serviced from two centres – Frankfurt (for Germany and Benelux) and Toulouse (for France). It was considering closing the Toulouse operation and servicing all corporate clients from Frankfurt. This would result in significant job losses in Toulouse, some of which would be replaced in Frankfurt alongside vastly improved IT systems.

Two power/interest maps were drawn up by the company officials to establish likely stakeholder reactions to the proposed closure of the Toulouse operation. Map A represents the likely situation and

map B the preferred situation – where support for the proposal would be sufficient to proceed.

Referring to map A, it can be seen that, with the exception of customer X and IT supplier A, the stakeholders in box B are currently opposed to the closure of the Toulouse operation. If Tallman was to have any chance of convincing these stakeholders to change their stance to a more supportive one, the company must address their questions and, where possible, alleviate their fears. If such fears were overcome, these people might become important allies in influencing the more powerful stakeholders in boxes C and D. The supportive attitude of customer X could be usefully harnessed in this quest. Customer X was a multinational with

Map A: The likely situation

A	Shareholder M (–) Toulouse office (–) Customer X (+) French minister (–) Marketing (–) IT supplier A (+)
C	B Customer Z German minister Customer Y (+) Frankfurt office (+) Corporate finance (+)

Map B: The preferred situation

A	French minister Shareholder M (–) Toulouse office (–) Marketing (–) IT supplier A (+)
C	B Customer Z German minister Customer X (+) Customer Y (+) Frankfurt office (+) Corporate finance (+)

These questions can raise difficult ethical issues for managers in deciding the role they should play in the political activity surrounding stakeholder management. This takes the debate back to the considerations of governance and ethics discussed earlier in the chapter. For example, are managers really the honest brokers who weigh the conflicting expectations of stakeholder groups? Or should they be answerable to one stakeholder – such as shareholders – and hence is their role to ensure the acceptability of their strategies to other

operations throughout Europe. It had shown dissatisfaction with the inconsistent treatment that it received from Frankfurt and Toulouse.

The relationships Tallman had with the stakeholders in box C were the most difficult to manage since, whilst they were considered to be relatively passive, largely due to their indifference to the proposed strategy, a disastrous situation could arise if their level of interest was underrated. For example, if the German minister were replaced, her successor might be opposed to the strategy and actively seek to stop the changes. In this case they would shift to box D.

The acceptability of the proposed strategy to the current players in box D was a key consideration. Of particular concern was customer Y (a major French manufacturer who operated only in France – accounting for 20 per cent of Toulouse corporate banking income). Customer Y was opposed to the closure of the Toulouse operation and could have the power to prevent it from happening, for example by the withdrawal of its business. The company clearly needed to have open discussions with this stakeholder.

By comparing the position of stakeholders in map A and map B, and identifying any changes and mismatches, Tallman could establish a number of tactics to change the stance of certain stakeholders to a more positive one and to increase the power of certain stakeholders. For example, customer X could be encouraged to champion the proposed strategy and assist Tallman by providing media access, or even convincing customer Y that the change could be beneficial.

Tallman could also seek to dissuade or prevent powerful stakeholders from changing their stance to a negative one: for example, unless direct action were taken, lobbying from her French counterpart may well raise the German minister's level of interest. This has implications for how the company handles the situation in France. Time could be spent talking the strategy through with the French minister and also customer Y to try to shift them away from opposition at least to neutrality, if not support.

Question

To ensure that you are clear about how to undertake stakeholder mapping, produce your own complete analysis for Tallman GmbH against a different strategy, that is to *service all corporate clients from Toulouse*. Ensure that you go through the following steps:

- 1 Plot the most likely situation (map A) – remembering to be careful to *reassess* interest and power for each stakeholder in relation to this *new* strategy.
- 2 Map the preferred situation (map B).
- 3 Identify the mismatches – and hence the political priorities. Remember to include the need to *maintain* a stakeholder in its 'opening' position (if relevant).
- 4 Finish off by listing the actions you would propose to take and give a final view of the degree of political risk in pursuing this new strategy.

stakeholders? Or are they, as many authors suggest, the real power themselves, constructing strategies to suit their own purposes and managing stakeholder expectations to ensure acceptance of these strategies?

Illustration 4.4a shows some of the practical issues of using stakeholder mapping to understand the political context surrounding a new strategy and to establish political priorities. The example relates to a German bank with headquarters in Frankfurt (Germany) and providing corporate banking services from

Illustration 4.2

BP, 'Beyond Petroleum' and the Texas City disaster

Companies have increasingly been explicit about their stance on social responsibility. But in so doing they can increase their vulnerability when things go wrong.

The global energy company BP under the leadership of John Browne has been applauded for developing an explicit code of social responsibility emphasising efficient and sustainable energy, energy diversity, concern for climate change, local development where it operates and high levels of safety. This stance was publicised in an advertising campaign promoting the slogan 'Beyond Petroleum'. Further, as John Browne stated (*Business Strategy Review*, vol. 17, no. 3 (2006), pp. 53–56), 'Our commitment to responsibility has to be expressed not in words, but in the actions of the business, day in and day out, in every piece of activity and every aspect of behaviour.'

It was, therefore, a major disaster, not only to the local community and its families, but also to BP when, in 2005, an explosion at BP's Texas City oil refinery killed 15 workers. In September 2005 BP was given a £12m (€17m) fine by the US Department of Labor for 300 safety violations at the Texas City plant.

The press were unremitting in their criticism. The disaster had happened in the same year as BP profits soared and Browne, himself, was given pay and share remuneration in 2005 estimated at £6.5m. BP's top management were aware of 'significant safety problems' not only at the Texas City refinery but at 34 other locations around the world. They emphasised cost cutting over safety. They didn't listen to people lower down in the organisation; they reported a staff survey that rated 'making money' as the top priority and 'people' as the lowest. Too many jobs have been outsourced to cheaper contractors, and so it went on.

In January 2007 John Browne announced that he would be quitting BP 18 months early to be succeeded by Tony Haywood who had been in charge of BP's exploration and production division.

Passed over was John Manzonei, the board director in charge of refining, with the responsibility of refineries.

In 2005 BP had asked James Baker, former US Secretary of State, to undertake an independent investigation. In January 2007, Baker reported:

BP has not provided effective process safety leadership and has not adequately established process safety as a core value across all its five U.S. refineries. . . . BP tended to have a short-term focus and its decentralized management system and entrepreneurial culture have delegated substantial discretion to U.S. refinery plant managers without clearly defining process safety expectations, responsibilities or accountabilities. . . . The company did not always insure that adequate resources were effectively allocated to support or sustain a high level of process safety performance.

The company relied excessively on monitoring injury rates which 'significantly hindered its perception of process risk'. Incidents and near misses were probably under-reported and, when spotted, root causes often not identified correctly.

BP responded that it planned 'significant external recruitment . . . to increase underlying capability in operations and engineering' and that modern process control systems would be installed at its refineries. But the company's social responsibility stance had taken a battering.

Questions

- 1 How would you categorize BP's stance on social responsibility in terms of Exhibit 4.4?
- 2 Can top management effectively manage social responsibility at local level? How?
- 3 Will the negative publicity around the Texas City disaster affect BP's strategy?

Illustration 4.3

Ethical dilemmas

Managers face a range of different ethical dilemmas that need to be resolved.

Conflicting objectives

You are a Dutch manager in charge of the mining operations of your multinational company in Namibia. You employ mainly local workers on very low wages. Your operation provides livelihood for 1,000 families and is the mainstay of the local economy. There is no other local work other than subsistence farming. You have discovered many safety problems with the mine but the company engineer has advised that the cost of upgrading facilities would make the mine uneconomic. Closing the mine would cause a major political stir and harm the parent company's reputation. But keeping it open risks the chance of a major disaster.

Performance data

You are the recently appointed head teacher of a school that is now improving following a period of very poor performance under your predecessor. It has been made clear that one important performance indicator is pupil attendance levels – that must be brought up to the national average (95 per cent). You have now collected all the data for your regular statistical return and notice to your disappointment that your attendance record has fallen just below your required target. On discussing this with your deputy she asks if you would like her to 're-examine and correct' the attendance data before submission.

Bribery

You are the newly appointed manager in charge of a new sales office in New York set up following extensive market research by your British company. After a few months you discover that none of the company's products can be sold in New York without code approval from an obscure New York authority that is controlled by Local 4 of the electricians' union. Further investigation reveals that Local 4 had Mafia connections.

Shortly afterwards you are visited by Local 4 representatives who offer you a deal. If the company pays an annual 'consultative fee' of \$12,000 (€10,000) (with escalation clauses as sales grew) you will secure approval in six months. The alternative is to attempt to secure approval alone, which informed sources say is unlikely to succeed.

Company policy is opposed to bribery. But the project is a make-or-break one for the company's ventures in the USA and your own career. Given the potential gains \$12,000 is a small amount and would probably be approved if presented 'appropriately'.

Rationing

Rationing is one of the most important issues in many public sector organisations. You are a Swedish doctor working on secondment in charge of a local hospital in rural Nigeria. It receives financial support from the Nigerian government and a European medical charity. However, the medical facilities are poor, particularly supplies of medicines and blood. A bus leaving town has collided with a tourist vehicle. Apart from several fatalities there are four seriously injured survivors. Two are local children (one aged 2, the other 10), one is an elderly leader of a local tribe and the fourth is a German tourist. Unless they have urgent blood transfusions they are likely to die. There is only enough blood for two patients.

Questions

You are the 'player' faced with each of these dilemmas:

- 1 What choices of action do you have?
- 2 List the pros and cons of each choice to your organisation, the external parties and yourself.
- 3 Explain what you would do and justify your actions from an ethical point of view.

Illustration 4.5

Mission, vision and values statements

Can well-crafted statements of mission, vision or values be an important means of motivating an organisation's stakeholders?

Tata Steel

Mission 2007

Consistent with the vision and values of the founder Jamsetji Tata, Tata Steel strives to strengthen India's industrial base through the effective utilisation of staff and materials. The means envisaged to achieve this are high technology and productivity, consistent with modern management practices.

Tata Steel recognises that while honesty and integrity are the essential ingredients of a strong and stable enterprise, profitability provides the main spark for economic activity.

Overall, the company seeks to scale the heights of excellence in all that it does in an atmosphere free from fear, and thereby reaffirms its faith in democratic values.

Vision 2007

To seize the opportunities of tomorrow and create a future that will make us an EVA positive company.

To continue to improve the quality of life of our employees and the communities we serve.

To revitalise the core business for a sustainable future.

To venture into new businesses that will own a share of our future.

To uphold the spirit and values of Tatas towards nation building.

The Metropolitan Police

Mission and values

Our mission: Working together for a safer London.

Our values: Working together with all our citizens, all our partners, all our colleagues:

We will have pride in delivering quality policing. There is no greater priority.

We will build trust by listening and responding.

We will respect and support each other and work as a team.

We will learn from experience and find ways to be even better.

We are one team – we all have a duty to play our part in making London safer.

Villeroy & Boch

Company vision

To be the leading European lifestyle brand with high competence and trend-setting style for high-end design and living.

Five values – one philosophy

I. *Customers.* Our success is measured by the enthusiasm our customers show for our products and services. A constant challenge is to satisfy the high expectations architects, retailers, the trade and end consumers have of the 'Villeroy & Boch' brand. We convince them with competence and experience.

II. *Employees.* In the long run a strong market position can only be achieved by having innovative and committed employees. Our priority task is to motivate them and cultivate their team spirit, encouraging them to achieve personal and joint goals.

III. *Innovation.* If we lay claim to a leading position on the international markets it is not enough to follow trends. Those who want to secure their competitive edge worldwide must recognise and shape trends early on.

IV. *Earning power.* An important concern for us is to maintain the independence of the company and achieve long-term success. The fundamentals for this are a balanced portfolio, earnings-oriented growth, high and constant rates of return and appropriate dividends.

V. *Responsibility.* Not many companies have made regional economic history as well as European cultural and social history. Villeroy & Boch is one of them, and thus bears many responsibilities. We feel obligated not only to our employees, shareholders and customers, but also to the environment and society.

Questions

- 1 Which of these statements do you think are likely to motivate which stakeholders? Why?
- 2 Could any of them have been improved? How?
- 3 Identify other statements of mission, vision, purpose or values that you think are especially well crafted and explain why.