

## Stakeholder Relationship Management: A Case Study

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*Ecco la descrizione di un caso concreto di applicazione dell'srm specificamente collegato alla costruzione di un 'cruscotto' di monitoraggio e di valutazione dei sistemi di relazione con gli stakeholder.*

### The situation in 2000:

Company X operates in a highly dynamic sector of services and has two major competitors.

The Ceo of X is a very articulate and updated manager and wishes to discuss with his executive committee on a regular basis structured information on how his company's major stakeholders perceive the very visible and strongly competitive business, social, cultural and political activities of the three companies.

So far, the director of communications of X, a young and highly sensitive public relations professional whose most previous experience is in media relations, quarterly monitors quantitative media activities and once a year commissions qualitative research on opinions and perceptions of a representative panel of business editors from major media outlets.

In parallel, the director of marketing regularly monitors customer satisfaction indicators. All these instruments are in comparison with the other two competitors, but unrelated one to the other.

### The situation in 2001:

A specialist consultant is called in to devise, develop and supervise a new and more significant monitoring system capitalizing on existing instruments, making them coherent and adding on new analysis so to produce a regular report to the executive committee indicating the status of relationship systems of the three companies with:

- consumers
- media
- political constituencies
- business constituencies

### The situation in 2002:

The monitoring system is considered satisfactory by the Ceo and its indicators, which also include suggestions and implications (previously reviewed by consultant and director of communication) on company X policies, are discussed by the executive committee every three months.

The director of communications, at the beginning of the second year, allows the consultant to also include in the periodic report an analysis of the education and the cultural constituencies, while the consultant's suggestion to extend it to employees and suppliers of X is appreciated but delayed to 2003.

In many company policy decisions taken in these two years of operation the results of the monitoring system were at the base of such decisions.

Also, in the second part of 2002, it was also decided by the executive board to link bonus retribution for some ten company managers also to the results of the periodic analysis.

#### The configuration of the system

- All media (print, radio, tv and Internet) are monitored on a daily basis by appropriately briefed ad hoc services for a quali/quantitative analysis supplied to the consultant on a monthly basis.
- Besides regular and fixed indicators related to space/time/positive/negative/neutral/media type/specific phrases and items/ strategic features related to identified strategies of the three companies, every month also sees new items included and old items excluded according to market dynamics and external or internal major events.
- Once a quarter, qualitative representative samples of the business, political, educative, cultural and media communities are interviewed (with a rotation of some fifty percent of the sample each time) and, besides responding to a fixed questionnaire, interviewees also respond to new added questions in coherence with market dynamics and external or internal major events.
- Once a year a qualitative survey of business editors from all media repeats the same questions of the year before, comparing company X not only to its direct competitors but also to an ample range of benchmark businesses who operate in other market sectors.

#### The configuration of the quarterly report:

The report, presented by the director of communications to the executive committee on a quarterly basis, also integrates the customer satisfaction index (whose results are adapted to fit coherently with the other indicators) and includes some fifteen pages of hot items, comparing results for the three competitors.

Not more than three pages of recommendations are added, after consultation between consultant and director of communications, for action to be taken based on such results.

The committee discusses and takes decisions on these recommendations and each of its components agrees to carry out his/her part of the decision, whose results are subsequently monitored and reported on in the following meetings.

#### Here follow some examples of decisions taken:

- Business community perception attributed a growing tribute to a competitor's thrust to expose other managers besides the sole Ceo. It was decided to make a special effort to expose the whole executive committee of X to business conferences and business media. In six months time X obtained a leadership in the business community perception on this item without losing and to the contrary reinforcing the pre-existing leadership in perception for having the best Ceo of the three.
- Educator community perception of a competitor being more active in standing behind educators for the reform of Universities led to X's decision to activate an ad hoc program to support education reformers. In two quarters, that handicap was recovered and X took on a leadership position.

- Media community perception of company Y being more effective in reporting its financial results (Y is quoted while X is not), led to the decision by X to make a special effort in improvement of reporting standards both in social, environmental as well as in financial performance. A year later, X gained leadership in this item as well.
- Huge resources were put by X on a phased out brand change, but all communities stated that the transition period was too prolonged. The executive committee of X then decided to eliminate one of the foreseen steps planned in the change process.
- Political community perception of X involvement in the solution of a potential environmental threat to society from the whole industry was less powerful than that of both competitors. This feature has now been put in the forefront of X's strategy and it is likely that such perception will change he next six months.

### Conclusion

This case, as much as it has been very briefly described, appears relevant for at least three reasons:

- It without doubt demonstrates that organizational stakeholder relations can be monitored and objectives can be measured, at least from a perception standpoint. This, as long as both objectives and measurement criteria are defined and agreed upon before action.
- The cost of this monitoring system, all included, does not exceed 1.5% of the overall communication budget of X.
- Of course X's budget is huge, but there is no reason to consider this sophisticated monitoring system as a must.
- It's the method that counts and this can be performed in a less costly manner for smaller organisations.
- The important thing is to find a convinced Ceo and a skill-full and persuasive director of communications. And the combination is rare.
- It demonstrates that other top management functions accept the idea of having their own stakeholder relationship systems monitored as long as they directly participate to the conception of the method and to the discussion of results before others make decisions for them to implement. They quite rightly wish to participate to implication discussion and well as implementation of decisions taken. The delay on the extension of the system of employee and supplier communities is due to the fact that the two directors did not participate to the conception of the method, as they joined the company later. Not sufficient attention has so far been put on direct dialogue on this issue between the two, the Ceo and the director of communications, and now it is an uphill struggle to convince them to participate in 2003.
- It demonstrates that a skilled and motivated director of communications can transform his/her role from managerial to reflective, including him/her self participating directly into the 'dominant coalition' of an organisation only by creating what is perceived by his/her peers as added value beyond the stereotypes related to his/her role.

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*Managing stakeholder relationship systems.*

*An italian operational approach to better understanding the reflexive role in public relations?*