STAKEHOLDER MANAGEMENT RESOURCES

Stakeholder Group Guide

A STEP-BY-STEP GUIDE
Find out what a stakeholder group is, how it can benefit your organization, and how to manage it.

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Chapter 1:
What are Stakeholders?

Stakeholders are parties that have an interest in your organization's activities. They are either affected by or have the power to impact day-to-day operations and performance. This encompasses a wide spectrum of people and organizations involved in your operations: from staff members, volunteers, donors, and board members to government, beneficiaries, other charities, and members of the community. Stakeholders are at the core of any organization.

An organization's long-term success depends largely on stakeholder management and engagement. Ensuring stakeholders are both involved and engaged will contribute positively to your organization's growth and operational efficiency. The importance of this, as well as how you might manage stakeholders effectively, will be expanded upon in future sections.

There are two main types of stakeholders; **internal stakeholders** and **external stakeholders.**

Internal Stakeholders

Internal stakeholders have an intrinsic interest in the success of your organization's strategies and will play a major part in the planning process. Internal stakeholders work within the organization's operations and contribute their skills or labor.

Because the internal stakeholders' strengths and weaknesses can affect your organization's success, it's important to establish a culture that engages internal stakeholders, and a process that allows them to provide feedback. Effective communication is also essential to ensuring that internal stakeholders are aligned with your organization's vision and mission.

Internal stakeholders can generally be categorized into two group: Constitutional Stakeholders and Contractual Stakeholders.

Constitutional Stakeholders

These are stakeholders who have the responsibility of overseeing the organization. They are the key decision-makers and strategists of your organization.

Examples include:
- Board members
- Advisory board members
- Management committee

Contractual Stakeholders

These are stakeholders who have a formal relationship with your organization. This relationship can be formalized in the form of a salary such as in the case of paid staff. In a less formal arrangement, the relationship can be formalized in a verbal agreement between the organization and individuals, such as in the case of volunteers and affiliates.
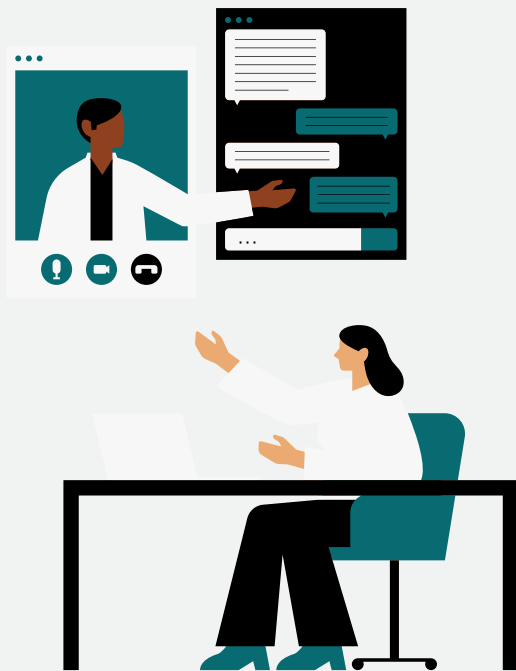
Examples include:
- Paid staff
- Volunteers
- Affiliated organizations

External Stakeholders

External stakeholders are more broadly defined. They are stakeholders who do not directly work within your organization but remain affected by your operations, such as your collaborators, partners, or beneficiaries.

Often, organizations make decisions with input solely from internal stakeholders, resulting in tunnel vision. The perspectives of external stakeholders offer valuable insight that internal stakeholders often lack, due to proximity to the organization. It's important to take a holistic view of your organization's impact by obtaining feedback from all stakeholders.

Examples include:
- Local business
- Local government
- Beneficiaries (clients of your charity)
- Wider community
- Other charities
- Suppliers
- Donors
- Educational institutions

Chapter 2:
Value of Stakeholder Groups
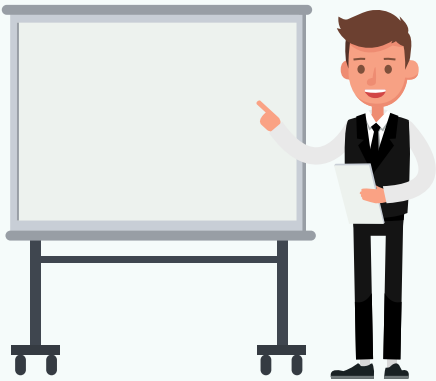
Stakeholders, as discussed earlier, will either impact or be impacted by your organization. As a social impact organization, your ability to generate change in your community will be measured by the outcomes you create for your stakeholders and how they value those outcomes.

It is important to map out different stakeholder groups because they each affect and are affected by your organization in different ways.

When mapping your stakeholder groups, ask yourself: What could each stakeholder group bring to the table?

Internal Stakeholders
Constitutional Stakeholders

- **Subject Knowledge:** They each have a strong understanding of their respective field of expertise.

- **Unique Perspective:** They can apply insights gained from their diverse experiences, whether from the private, public, or nonprofit sectors.
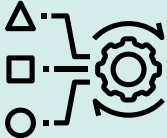
- **Professional Skills**: They can provide professional skills - like legal and accounting - that often are lacking in social impact organizations.
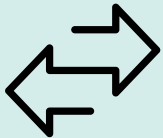
Contractual Stakeholders

- **Diverse Perspectives:** The perspectives that come from the varied backgrounds, industries, and sectors that your workforce brings.

- **Operational Perspective:** The on-the-ground knowledge your workforce obtains from day-to-day work can help you streamline and improve your operations.

- **Skills:** The skills they can offer from their diverse backgrounds are more transferable than you might think!

External Stakeholders

- **Different Experiences:** External stakeholders will work in a different manner and industry than you. This means that they will have a different perspective on your organization.

- **Outside Perspective:** This can help you identify potential issues or solutions which you may not have anticipated.

- **Broader Understanding:** Because of the lack of proximity, they can often help you understand how your organization fits into the wider context of society

Ultimately, it is your organization's executive leadership that is at the crux of decision-making and strategy. However, your stakeholders can enrich your understanding of your organization. Taking into account the diverse perspectives of your stakeholders in your decision-making process will allow you to enhance your organization's programming and service offering, which will increase your impact.

An additional benefit to engaging and managing your stakeholders is that you will likely be able to identify individuals whose feedback is instrumental in your organization's growth, and whose vision is aligned with yours. You may consider inviting these individuals to become members of your advisory board or board of directors.

Chapter 3:
How to Map Your Stakeholder Group?

Now that we have defined the value of creating different stakeholder groups, let's discuss how we can map them.

Your organization, and even the teams within your organization, may have different types of stakeholders, each having different expectations, interests, and influence in your work. So mapping these different stakeholder groups can help you understand your stakeholders, and identify ways to leverage your relationship with them.
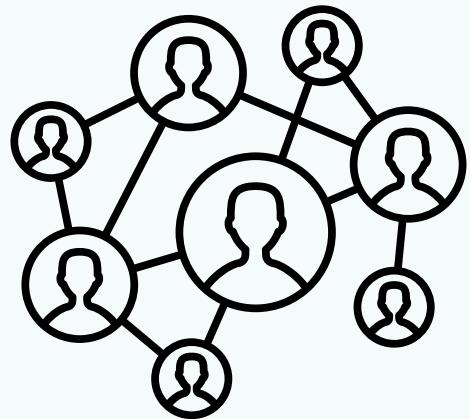
Task your teams to each come up with a list of stakeholders and categorize them. Do the same for your organization as a whole. These discussions should give you an understanding of the level of influence and involvement your stakeholders have in your programs and organization.

Once this is done, you can proceed to map your stakeholders.

One of the tools you can use to map your stakeholder groups is the Stakeholder Mapping Matrix. The level of influence (measured on the Y-axis) and the level of interest/availability (measured on the X-axis) will determine the importance of different stakeholders to your organization and how you should engage them. Feel free to use this free template but do ensure that the template you use best represents your organizational needs.

Keep Satisfied	Actively Engaged
Monitor	Keep Informed

Influence (Y-axis)

Interest/Availability (X-axis)
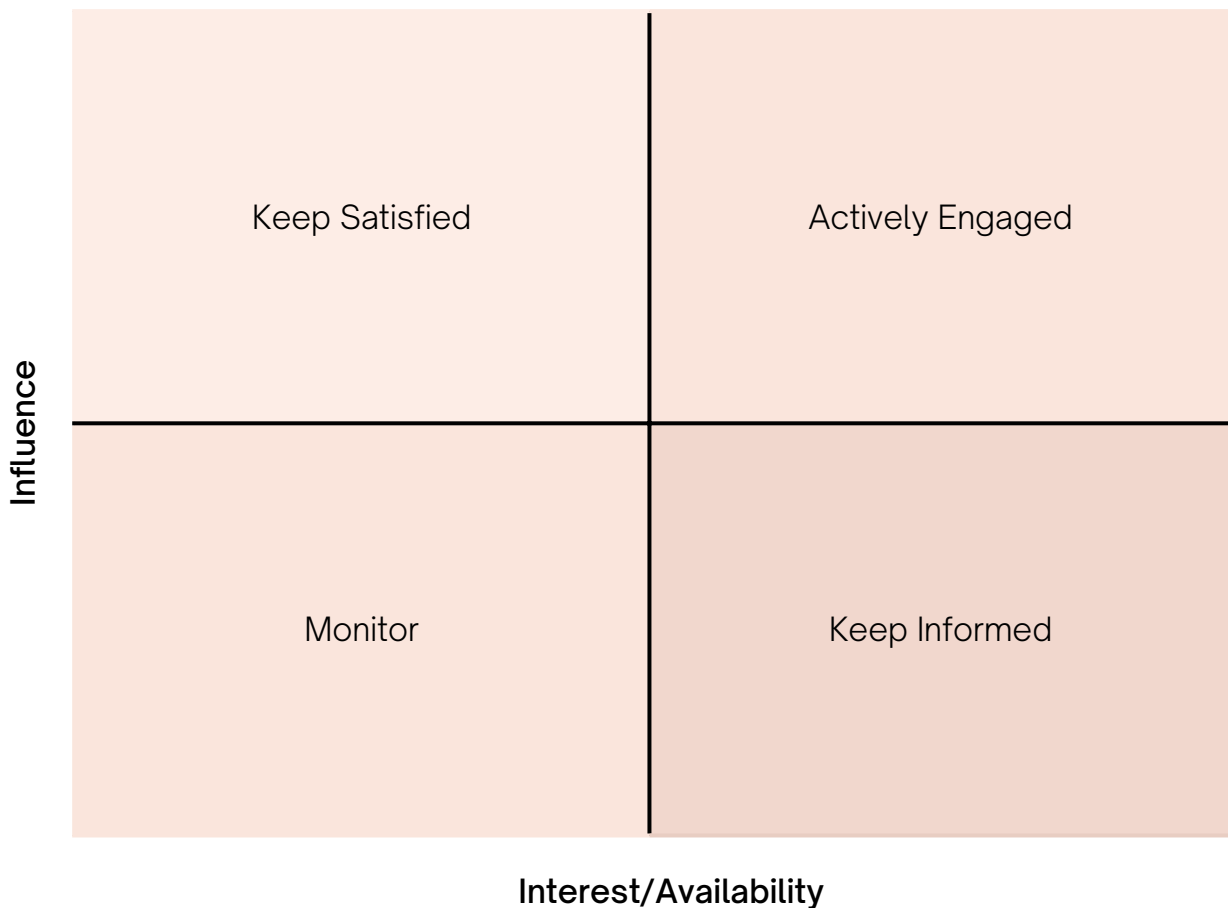
Now that you've mapped out your stakeholders, plan how you will engage with them. Use your map to determine your stakeholder engagement priorities: one of purposes of the map is to align your team's understanding of which stakeholder group to prioritize for active engagement and which to simply monitor. This map should serve as a basis for your stakeholder communication and management strategy.

Chapter 4:
Stakeholder Management

Stakeholder management is important to your organization's success, as it allows you to leverage the opportunities different stakeholders bring by strategically focusing your resources on them. A well-executed stakeholder management strategy will cultivate confidence, goodwill, trust, and strong relationships between your organization and your stakeholders. The way you manage your stakeholders will depend on the level of engagement needed and their influence on your organization as discussed earlier.

Incorporating stakeholder management in your planning process, while time consuming, can allow you to better navigate roadblocks and uncertainties that could potentially lower the efficiency and effectiveness of your organization . Below we will discuss some components of stakeholder management.

Feedback and Data Collection

Collecting relevant feedback from your stakeholders on how your organization currently operates can allow you to make more informed decisions for your organization. You will need to be proactive in gathering this type of information as it will not be simply given to you. Make sure that your stakeholders understand how their feedback will be used to improve your organization and your programs.

Here are some questions you can ask to gauge stakeholder opinion and perceptions. We recommend asking stakeholders for their view of your organization by using the SWOT analysis framework: strengths, weaknesses, opportunities, and threats (SWOT). There are many resources you can reference when collecting and analyzing data from stakeholders, such as this guide.

For Internal Stakeholders:

- What do your stakeholders consider to be long-term and/or strategic issues facing your organization?
- What do they feel your organization does best? How do they feel this can be maximized? If this is something that could be applied to other aspects of your organization, how might you be able to apply it across the board?
- What is their personal view on what success looks like for your organization? How might they measure success for your organization? Where would they like your organization to be in 3 to 5 years?
- What are the challenges facing the organization? Have there been any programs that have not been as successful and if so how can we learn from those programs?

For External Stakeholders:

- Why do you seek our service?
- What changes would you like to see?
- How could our organization improve?
- What is the most valuable change you have seen thus far?
- How important are the outcomes that we seek to provide? What do you believe should be prioritized?

For Other External Stakeholders:

- Why do you fund or contribute to our organization?
- What makes us a desirable partner for collaboration?
- What is your vision for our organization?
- What trends do you think could affect the organization, if any? Are they going to affect the organization positively or negatively?
- What do you think the organization could do better?

Stakeholder Communication

Stakeholders have varied preferences for the means and frequency of communication. When communicating with your stakeholders, be sure to identify their preferred method of communication. If you continually use a non-preferred method, you run the risk of delayed response time and frustration from the stakeholder.

Consider the preferences that stakeholders have in regard to communication frequency. You don't want to antagonize certain stakeholder groups by spamming them with messages if they do not wish to be messaged frequently. On the other hand, you will frustrate other stakeholders if you do not update or contact them regularly.

When determining the frequency and means of communication don't forget to incorporate the internal decisions made during the stakeholder mapping. Communication fosters accountability and trust. Without the right communication strategy, you may not be able to build a fruitful relationship with your stakeholders.

Stakeholder Engagement

Many stakeholders partner with charities because giving back to society is gratifying and rewarding. Stakeholders will often want to be included in the process of decision-making because they are invested in the impact generated by the organization. The key to successful stakeholder engagement is enhancing stakeholder experience through effective communication.

One of the best and easiest ways to do this is by hosting periodic stakeholder meetings. We suggest monthly meetings where key staff present your organization's latest updates and highlights to keep stakeholders informed, answer questions from stakeholders, solicit resources from stakeholders etc.

Strategic stakeholder engagement can retain donors, volunteers, partners, collaborators, government agencies, and others. Similar to the way that businesses manage and nurture their customers through customer relationship management systems, nonprofits can utilize similar systems to provide high-quality interactions while developing long-term, mutually-beneficial engagement.

Responding to Feedback

Stakeholder feedback can improve your organization's service and build goodwill.

Communicating with your stakeholders after you have elicited their feedback shows that you value their input. Avoid using automated and generic messages. Instead, use personalized follow-ups that can stand out and enable you to obtain more granular information. Letting stakeholders know that you have incorporated their feedback into improving your programs can make the stakeholders stay engaged. Alternatively, communicating the limitations preventing you from doing so is also important.

Expectation Managment

Having a clear view on what your stakeholders expect from your organization can help you prioritize your resources and enhance your programming.

Directly ask what they will consider as an indication of success in the context of your program or project. It's likely your stakeholders will have varying, and even conflicting, definitions of success. Some may consider meeting a deadline a success while others may prioritize the end impact instead. It is impossible to incorporate everybody's definition of success, and as such you will need to manage expectations.
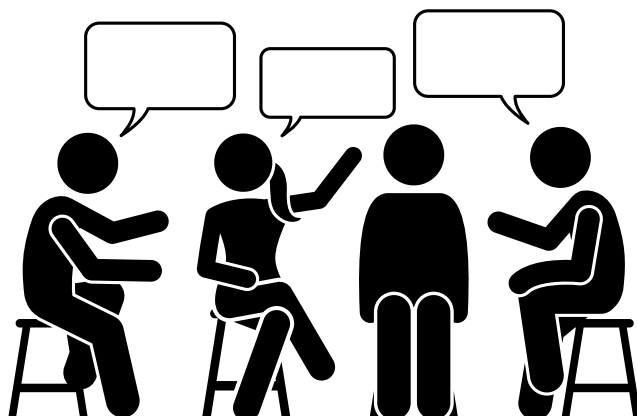
One way to do this is to hold a meeting with all stakeholders and reach a consensus on the definition of success. It is also important to make sure your stakeholders understand that while their feedback is of value, the organization's leaders will take a holistic approach to their decision making and may not be able to incorporate all feedback.

Stakeholder management is a time-consuming task that requires planning, but it is essential to the success of your organization. With effective communication, engagement, and use of feedback you will achieve successful stakeholder management.