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Five Questions to Identify Key Stakeholders

by Graham Kenny

Suppose you're meeting with a group of managers and staff members to determine who your key stakeholders are. (It's an important task, because with limited resources, your organization or unit can't do everything for everyone.) People will submit their ideas, and in no time at all you'll have a large list – and potentially a nightmare. If you don't focus on the relationships that matter most, management and staff will be running in all directions, not meeting anyone's needs very well.

So how do you produce a shorter, more coherent list? Answer the following questions about each contender you've identified in your brainstorming session. They'll help you direct your organization's energy and resources to the right relationships and activities. The questions and examples are drawn from my years of experience working with a large variety of organizations and management teams.

1. Does the stakeholder have a fundamental impact on your organization's performance? (Required response: yes.)

Example: A manufacturer of trusses and frames for houses decided, on reflection, that a local council wasn't a key stakeholder. Though the council set regulations that the company had to follow, those rules didn't have much of an effect on sales or profits the way, for instance, customers did.

2. Can you clearly identify what you want from the stakeholder? (Required response: yes.)

Example: Members of a law firm's strategic-planning team knew they wanted revenue from clients, productivity and innovation from employees, and continued funding from partners – yet they couldn't specify what they wanted from the community, so that relationship wasn't deemed key.

3. Is the relationship dynamic – that is, do you want it to grow? (Required response: yes.)

Example: A company that ran 17 retirement villages had a dynamic, strategic relationship with current and potential residents. It wanted increased occupancy and more fees for services used. The company's relationship with a university, by contrast, was static and operationally focused. It involved a fixed amount of research funding and co-branding each year. That's all that was needed. Though the co-branding generated broader awareness and may have indirectly yielded more residents and revenue, the university itself didn't achieve key stakeholder status.

4. Can you exist without or easily replace the stakeholder? (Required response: no.)

Example: A professional services firm in HR that had taken out a loan initially listed the bank as a stakeholder. But ultimately, that relationship didn't qualify as key, because the loan could be easily refinanced with another source.

5. Has the stakeholder already been identified through another relationship? (Required response: no.)

Example: A government department involved in planning and infrastructure listed both employees and unions as key stakeholders. But this amounted to double counting: The unions represented employees' interests, and the organization's primary relationship was with its employees.

After you've applied the above criteria, your list will certainly be shorter, but it may still feel a bit unwieldy. If that's the case, see if you can combine categories.

Consider this list of stakeholders for a large practice of brain and spine surgeons:

- Patients: individuals and families who use the services of the practice
- Medical Referrers: general practitioners, other specialists, and emergency departments that send patients to the practice for examination
- Third-Party Referrers: insurers and lawyers who send patients to the practice for an independent medical opinion
- Hospitals: tertiary facilities that deliver surgical and medical services
- Employees: persons other than surgeons who provide their skills to the practice
- Surgeons: specialists who perform surgery within the practice
- Shareholders: individuals, and related entities, who own the practice

Note that different types of medical referrers are grouped together. That's because they all evaluate the medical practice with the same set of criteria: surgery success rate, range of treatment options, waiting time until the patient is treated, reputation among medical peers, proximity of practice to operating hospitals, and likely cost to the patient. But the third-party referrers, for instance, rely on different standards: accuracy of medical assessments, lead time before patient evaluation, amount charged for an expert opinion, professionalism of the practice, and compliance with report deadlines. And the patients look at quality of service (empathy, how clearly the options are explained, waiting time at reception), cost of medical service, payment terms, convenience of practice location to them, perceived surgical skill, and cleanliness and comfort of waiting rooms.

By clustering stakeholders according to common needs, you'll whittle your list down to a more manageable length, increasing the efficiency and impact of your efforts to meet the right groups' needs.

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