

Abstract

This article focuses specifically on how and why managers might go about using stakeholder identification and analysis techniques in order to help their organizations meet their mandates, fulfill their missions and create public value. A range of stakeholder identification and analysis techniques is reviewed. The techniques cover: organizing participation; creating ideas for strategic interventions, including problem formulation and solution search; building a winning coalition around proposal development, review and adoption; and implementing, monitoring and evaluating strategic interventions. The article argues that wise use of stakeholder analyses can help frame issues that are solvable in ways that are technically feasible and politically acceptable and that advance the common good. The article concludes with a number of recommendations for management research, education and practice.

Key words

Stakeholders, strategic management, strategic planning, coalition, common good, smart practice

WHAT TO DO WHEN STAKEHOLDERS MATTER

Stakeholder Identification and Analysis Techniques

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INTRODUCTION

The word 'stakeholder' has assumed a prominent place in public and nonprofit management theory and practice in the last 20 years, and especially in the last decade. The term refers to persons, groups or organizations that must somehow be taken into account by leaders, managers and front-line staff. Research and writing on the subject has both contributed to the rise in the use of the term and to knowledge about what it might mean in practice. Ironically, while the term has passed the 'tipping point' into common use (Gladwell 2000), and the notion that key stakeholders must be attended to is an idea 'in good currency' (Schon 1971), there is relatively little in the public and nonprofit literatures on exactly how to systematically identify and analyze stakeholders.¹ This article is a beginning response to that deficit.

R. Edward Freeman, in the now classic text *Strategic Management: A Stakeholder Approach* (1984), defined a stakeholder as 'any group or individual who can affect or is affected by the achievement of the organization's objectives' (1984: 46). Typical definitions of stakeholder from the public and nonprofit sector literatures include the following variants:

'All parties who will be affected by or will affect [the organization's] strategy' (Nutt and Backoff 1992: 439).

'Any person group or organization that can place a claim on the organization's attention, resources, or output, or is affected by that output' (Bryson 1995: 27).

'People or small groups with the power to respond to, negotiate with, and change the strategic future of the organization' (Eden and Ackermann 1998: 117).

'Those individuals or groups who depend on the organization to fulfill their own goals and on whom, in turn, the organization depends' (Johnson and Scholes 2002: 206).

The sample definitions from the public and nonprofit management literatures differ in how inclusive they are. To Eden and Ackermann stakeholders can only be people or groups who have the power to directly affect the organization's future; absent that power, they are not stakeholders. Their definition is similar to many in the business management literature (Mitchell *et al.* 1997; Jones and Wicks 1999), and makes sense for their purposes, as they are writing for both business management and public and nonprofit management audiences. In contrast, Nutt and Backoff, Johnson and Scholes (who also address a primarily business audience) and I urge consideration of a broader array of people, groups or organizations as stakeholders, including the nominally powerless. While there is no explicit ethical content in any of the four definitions, Nutt and Backoff's, Johnson and Scholes's and my definitions would seem to be more compatible with typical approaches to democracy and social justice, in which the interests of the nominally powerless must be given weight (Lebacqz 1986; Lewis 1991;

Boyte and Kari 1996; Stone 1997). The decision about how to define stakeholders therefore is consequential, as it affects *who* and *what* counts (Mitchell *et al.* 1997). In the case of public and nonprofit management, it therefore would appear to be wise to begin any stakeholder identification and analysis procedures with a more inclusive definition (Lewis 1991).²

While specific stakeholder definitions vary, this literature concurs in the need for stakeholder support to create and sustain winning coalitions³ (Riker 1962, 1986; Baumgartner and Jones 1993), and to ensure long-term viability of organizations (Eden and Ackermann 1998; Abramson and Kamensky 2001; Bryson *et al.* 2001), as well as policies, plans and programs (Bryson and Crosby 1992; Baumgartner and Jones 1993; Roberts and King 1996; Jacobs and Shapiro 2000; van Schendelen 2002). Key stakeholders must be satisfied, at least minimally, or public policies, organizations, communities or even countries and civilizations will fail (Huntington 1996; Friedman 2000).

WHY STAKEHOLDER ANALYSES HAVE BECOME SO IMPORTANT

Stakeholder analyses no doubt have always been important. For example, Barbara Tuchman (1984) in her sobering history *The March of Folly: From Troy to Vietnam* recounts a series of disastrous misadventures that followed in the footsteps of ignoring the interests of, and information held by, key stakeholders. She concludes 'Three outstanding attitudes – obliviousness to the growing disaffection of constituents, primacy of self-aggrandizement, and the illusion of invulnerable status – are persistent aspects of folly'.

The story continues with Paul Nutt's *Why Decisions Fail* (2002), a careful analysis of 400 strategic decisions. Nutt finds that half of the decisions 'failed' – that is they were not implemented, only partially implemented or otherwise produced poor results – in large part because decision makers failed to attend to interests and information held by key stakeholders. Other quantitative and qualitative studies report broadly similar findings with respect to the importance of paying attention to stakeholders (e.g. Bryson *et al.* 1990; Bryson and Bromiley 1993; Burby 2003; Margerum 2002). Failure to attend to the information and concerns of stakeholders clearly is a kind of flaw in thinking or action that too often and too predictably leads to poor performance, outright failure or even disaster.

Stakeholder analyses are now arguably more important than ever because of the increasingly interconnected nature of the world. Choose any public problem – economic development, poor educational performance, natural resources management, crime, AIDS, global warming, terrorism – and it is clear that 'the problem' encompasses or affects numerous people, groups and organizations. In this shared-power world, no one is fully in charge; no organization 'contains' the problem (Kettl 2002). Instead many individuals, groups and organizations are involved or affected or

have some partial responsibility to act. Figuring out what the problem is and what solutions might work are actually part of the problem, and taking stakeholders into account is a crucial aspect of problem solving (Bryson and Crosby 1992; Bardach 1998). Fashioning effective leadership and governance of policy domains becomes in large part the effective management of stakeholder relationships (Hecl 1978; Aldrich and Whetten 1981; Feldman and Khademian 2002; Radin 2002). Said differently, we are moving into an era when networks of stakeholders are becoming at least as important, if not more important, than markets and hierarchies (Powell 1990), even if those networks are often 'operating in the shadow of hierarchy' (Hanf and Scharpf 1978), or 'in the shadow of markets' (Milward 2003, personal communication).

Governmental and nonprofit reforms across the world are also prompting the need for more attention to stakeholder analyses (Peters 1996; Light 1997; Osborne and Plastrik 1997, 2000; Barzelay 2001; Kettl 2002). An emphasis on markets, participation, flexibility and deregulation all imply the need for more focused attention on a wider array of stakeholders (Peters 1996). The need to manage relationships has become such a part and parcel of the need to govern that Feldman and Khademian (2002) assert that 'to manage is to govern'. And it is hard to imagine effectively managing relationships without making use of carefully done stakeholder analyses.

This article focuses specifically on stakeholder analyses likely to be useful to public managers, either to help their organization perform better directly, or to help create an 'authorizing environment' (Moore 1995) that will indirectly improve organization performance – for example, through changing the organization's externally imposed mandates, funding sources, decision-making protocols or accountability mechanisms. The article is organized around what would appear to be the implicit theory that underlies most of the public sector-oriented strategic management literature (e.g. Nutt and Backoff 1992; Bryson 1995; Moore 1995; Poister and Streib 1999). Figure 1 summarizes and restates this theory in simplified form. The arrows in the figure represent propositions and mean 'may lead to' or 'helps create' or 'helps foster'.

Figure 1 specifies a set of relationships based on the idea that the overriding purpose of public organizations is to create public value (Moore 1995; Frederickson 1997) through meeting the organization's mandates and fulfilling its mission. In turn, meeting the mandates and fulfilling the mission depend on satisfying a set of functions, or completing a set of crucial activities.⁴ Specifically, meeting the mandates and fulfilling the mission should result from 'producing fundamental decisions and actions that shape and guide what the organization is, what it does, and why it does it', which is my own definition of what strategic planning is (Bryson 1995: 4–5). Producing these decisions and actions requires organizing participation; creating ideas for strategic intervention (which in turn depends on formulating problems and searching for solutions); building a winning coalition around proposal development, review and adoption; and implementing, monitoring and evaluating strategic interventions. Each of these main activities may contribute both directly and in various sequences to producing

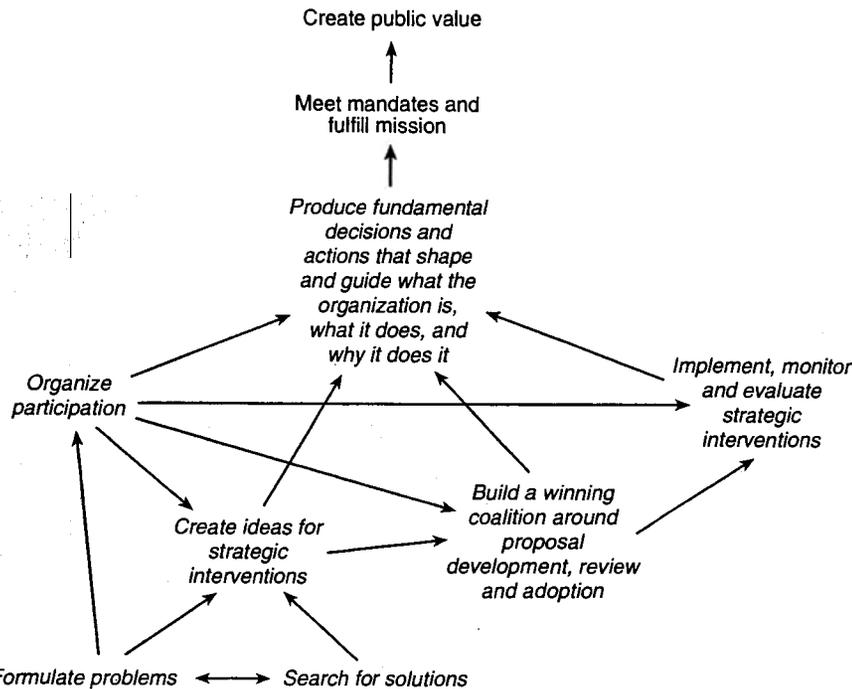


Figure 1 The implicit theory that underlies most public sector-orientated strategic management literature

fundamental decisions and actions. For example, there may be a complex interaction between formulating problems and searching for solutions, with the two jointly contributing to organizing participation. In other words, people often need to be convinced that there is something that can be done about a problem before they will participate.

Attention to stakeholders is important throughout the strategic management process because 'success' for public organizations – and certainly survival – depends on satisfying key stakeholders according to their definition of what is valuable (Bryson 1995: 27; Moore 1995).⁵ As Rainey argues, 'Public agencies are born of and live by satisfying interests that are sufficiently influential to maintain the agencies' political legitimacy and the resources that come with it' (1997: 38). If key stakeholders are not satisfied, at least minimally, according to their criteria for satisfaction, the normal expectation should be that something will change – for example, budgets will be cut, elected or appointed officials will lose their job, new initiatives will be undermined, and so on.

Attention to stakeholders is also needed to assess and enhance political feasibility (Meltsner 1972; Eden and Ackermann 1998; van Horn *et al.* 2001), especially when it comes to articulating and achieving the common good (Bryson *et al.* 2002; Campbell

and Marshall 2002). Finally, attention to stakeholders is important to satisfy those involved or affected that requirements for procedural justice, procedural rationality and legitimacy have been met (Eden and Ackermann 1998; Suchman 1995; Alexander 2000). Note that what is being said does *not* imply that all possible stakeholders should be satisfied, or involved, or otherwise wholly taken into account, only that the *key* stakeholders must be, and that the choice of which stakeholders are key is inherently political (Stone 1997), has ethical consequences (Lewis 1991; Cooper 1998) and involves judgment (Vickers and Vickers 1998).

Because attention to stakeholders is so important, stakeholder analyses become important. If they can help public organizations better fulfill their purposes, then there is much to commend them. Specifically, stakeholder analyses should be undertaken because they can make important contributions to creating value through their impact on the functions or activities of strategic management.⁶ Said differently, I would hypothesize that *strategic management processes that employ a reasonable number of competently done stakeholder analyses are more likely to be successful – that is, meet mandates, fulfill missions and create public value – than those that do not.*⁷ At a minimum, stakeholder analyses should help public managers figure out who the key stakeholders are and what would satisfy them. Ideally, the analyses will help reveal how ways of satisfying those key stakeholders will also create public value and advance the common good.⁸

The next section discusses a number of stakeholder identification and analysis techniques. Figure 2 shows how the stakeholder identification and analysis techniques

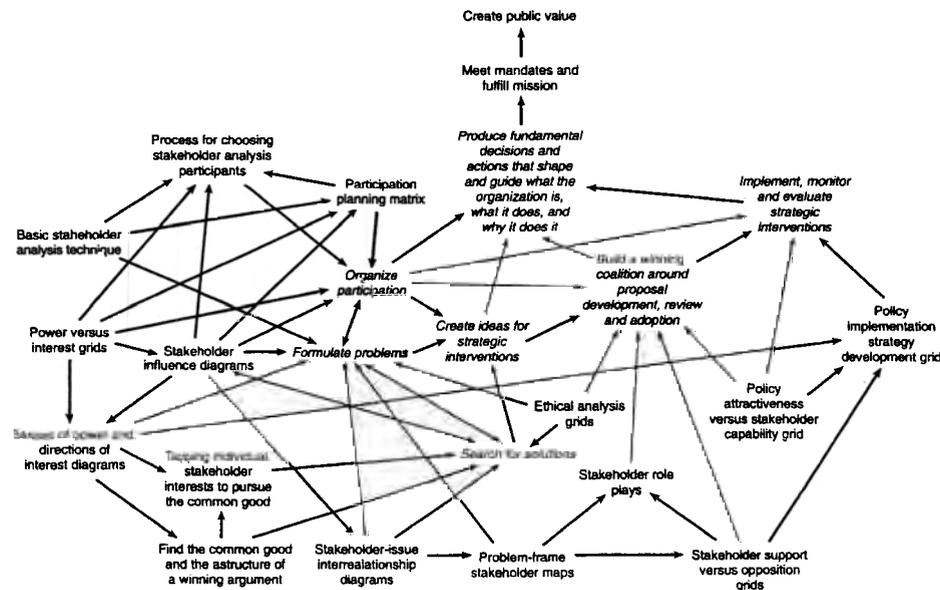


Figure 2 How stakeholder identification and analysis techniques can support strategic management

fit with the simplified public-sector strategic management theory summarized in Figure

AN ARRAY OF TECHNIQUES

This section presents fifteen stakeholder identification and analysis techniques in enough detail for readers to get a good idea of what is involved in using them. The techniques are grouped into four categories: organizing participation; creating ideas for strategic interventions; building a winning coalition around proposal development, review and adoption; and implementing, monitoring and evaluating strategic interventions. All of the techniques are fairly simple in concept and rely on standard facilitation materials such as flip charts, marking pens, tape, colored stick-on dots and so on. All it takes to do them is some time and effort – an expenditure of resources that typically is minuscule when compared with the opportunity costs of less than adequate performance, or even disaster, that typically follow in the wake of failing to attend to key stakeholders, their interests and their information.

Organizing participation

Stakeholder analyses are undertaken for a purpose and that purpose should be articulated as clearly as it can be before the analyses begin – while also understanding that purposes may change over time. The purpose should guide the choices concerning who should be involved in the analyses and how. Typically, stakeholder analyses are undertaken as part of policy, plan or strategy change exercises; or organizational development efforts. Different analyses will be needed at different stages in these processes.

Deciding who should be involved, how and when in doing stakeholder analyses is a key strategic choice. In general, people should be involved if they have information that cannot be gained otherwise, or if their participation is necessary to assure successful implementation of initiatives built on the analyses (Thomas 1993, 1995). There is always a question of whether there can be too much or too little participation. And the general answer is yes, but the specific answer depends on the situation, and there are no hard and fast rules, let alone good empirical evidence, on when, where, how and why to draw the line. There very well may be important trade-offs between early and later participation in analyses and one or more of the following: representation, accountability, analysis quality, analysis credibility, analysis legitimacy, the ability to act based on the analyses or other factors, and these will need to be thought through. Fortunately, 'the choice' actually can be approached as a sequence of choices, in which first an individual or small planning group begins the effort, and then others are added later as the advisability of doing so becomes apparent (Finn 1995).⁹

Five stakeholder identification and analysis techniques are particularly relevant to helping organize participation: a process for choosing stakeholder analysis participants; the basic stakeholder analysis technique; power versus interest grids; stakeholder influence diagrams; and the participation planning matrix.

Choosing stakeholder analysis participants

One way to approach the task is to use a five-step process in which a decision can be made to stop any time after the first step. You might stop, for example, because you have enough information and support to proceed, timelines are short, the analyses are too sensitive or for some other good reason. The steps are as follows:

Someone or some small planning group initiates the process by doing a preliminary stakeholder analysis using, for example, the basic analysis technique, power versus interest grid, stakeholder influence diagram, or participation planning matrix discussed later. This step is useful in helping sponsors and champions of the change or development effort think strategically how to create the ideas and coalitions needed for the effort to reach a successful conclusion. This step is typically 'back room' work (Eden and Ackermann 1998). Necessary informational inputs may be garnered through the use of interviews, questionnaires, focus groups or other targeted information-gathering techniques in this and subsequent steps, or in conjunction with the other techniques outlined in this article.¹⁰

After reviewing the results of this analysis, a larger group of stakeholders can be assembled. This meeting can be viewed as the more public beginning of the change effort. The assembled group should be asked to brainstorm the list of stakeholders who might need to be involved in the change effort. Again, the basic analysis technique, power versus interest grid, stakeholder influence diagram or participation planning matrix might be used as a starting point.

After this analysis has been completed, the group should be encouraged to think carefully about who is not at the meeting who should be at subsequent meetings (Finn 1995). The group should consider actual or potential stakeholder power, legitimacy and attention-getting capacity (Mitchell *et al.* 1997). The group should carefully think through the positive and negative consequences of involving – or not – other stakeholders or their representatives, and in what ways to do so.

After these conversations have been completed, the 'full' group should be assembled – the group that includes everyone who should be involved in the stakeholder analyses. The previous analyses may need to be repeated, at least in part, with the full group present in order to get everyone 'on the same page' and 'bought in' and to make any needed corrections or modifications to prior analyses.

Last, after the full group has met, it should be possible to finalize the various groups who will have some role to play in the change effort: sponsors and champions, coordinating group, planning team and various advisory or support groups (Bryson and Roering 1988; Friend and Hickling 1997: 257–65).¹¹ The planning team is the group most likely to use the stakeholder analysis techniques described below, but other groups may be asked to use one or more of the techniques as well.

Note that this staged process embodies a kind of technical, political and ethical rationality. The process is designed to gain needed information, build political acceptance and address some important questions about legitimacy, representation and credibility. Stakeholders are included when there are good and prudent reasons to do so, but not when their involvement is impractical, unnecessary or imprudent. Clearly, the choices of whom to include, how, when and why are freighted with questions of effectiveness and value, and are perhaps fraught as well. There is no way of escaping the need for wise and ethical judgments if public value is to be created and the common good advanced (Vickers and Vickers 1998; Frederickson 1997).

The basic stakeholder analysis technique

The basic analysis technique is described in Bryson (1995: 71–5). It offers a quick and useful way of: identifying stakeholders and their interests, clarifying stakeholders' views of a focal organization (or other entity), identifying some key strategic issues and beginning the process of identifying coalitions of support and opposition. Bryson describes how this technique was used to bring about major change in a state department of natural resources in the United States, because it showed participants how existing strategies ignored important stakeholders – who refused to be ignored – as well as what might be done to satisfy the stakeholders.

The technique involves several steps. If a large group is involved, the steps typically are undertaken in a sequence beginning with small-group exercises followed by large-group plenary discussions:

- Brainstorm the list of potential stakeholders.

- Prepare a separate flip chart sheet for each stakeholder.

- Place a stakeholder's name at the top of each sheet.

- Create a narrow column down the right side of each sheet and leave the column blank.

- For each stakeholder, in the area to the left of the narrow column, list the criteria the stakeholder would use to judge the organization's performance (or list what the stakeholder's expectations are of the organization).

Decide how well you think the stakeholder thinks the organization is doing from the stakeholder's point of view. Use colored dots to indicate a stakeholder judgment of *good* (green), *fair* (yellow) or *poor* (red).

Identify and record what can be done quickly to satisfy each stakeholder.

Identify and record longer-term issues with individual stakeholders and with stakeholders as a group.

Additional steps might be included such as:

Specify how each stakeholder influences the organization.

Decide what the organization needs from each stakeholder.

Rank the stakeholders according to their importance to the organization. When doing so consider the stakeholder's power, legitimacy and attention-getting capacity (Mitchell *et al.* 1997).

Power versus interest grids

Power versus interest grids are described in detail by Eden and Ackermann (1998: 121–5, 344–6) (see Figure 3). These grids array stakeholders on a two-by-two

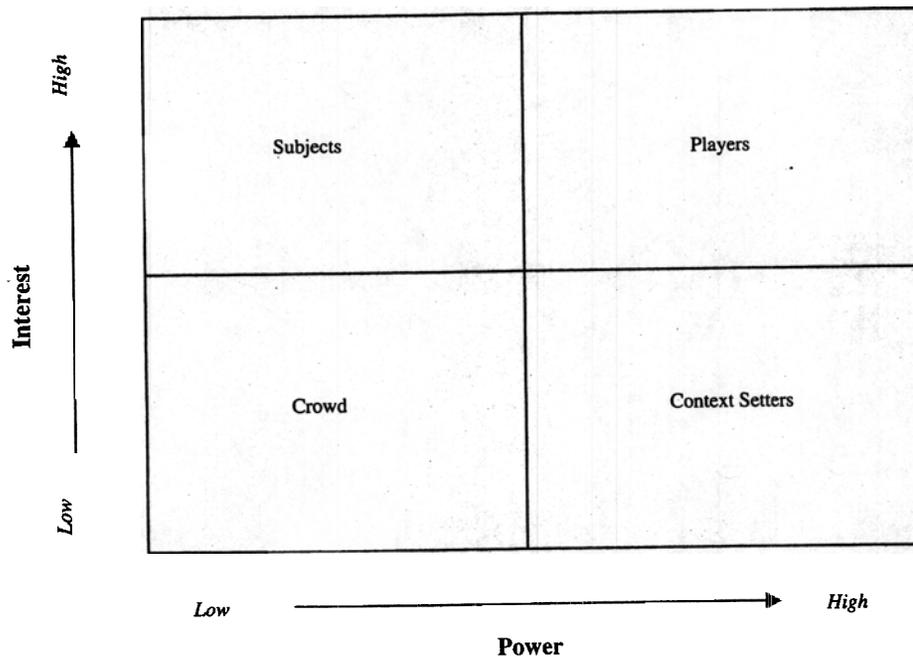


Figure 3 Power versus interest grid
Source: Eden and Ackermann (1998: 122).

matrix where the dimensions are the stakeholder's interest (in a political sense as opposed to simple inquisitiveness; see Campbell and Marshall 2002) in the organization or issue at hand, and the stakeholder's power to affect the organization's or issue's future. Four categories of stakeholders result: *players* who have both an interest and significant power; *subjects* who have an interest but little power; *context setters* who have power but little direct interest; and the *crowd* which consists of stakeholders with little interest or power.¹²

Power versus interest grids typically help determine which players' interests and power bases *must* be taken into account in order to address the problem or issue at hand. They also help highlight coalitions to be encouraged or discouraged, what behavior should be fostered and whose 'buy in' should be sought or who should be 'co-opted'. Finally, they provide some information on how to convince stakeholders to change their views. Interestingly, the knowledge gained from the use of such a grid can be used to help advance the interests of the relatively powerless (Bryson *et al.* 2002). A power versus interest grid is constructed as follows:

Tape four flip chart sheets to a wall to form a single surface two sheets high and two sheets wide.

Draw the two axes on the surface using a marking pen. The vertical axis is labeled *interest* from low to high; while the horizontal axis is labeled *power* from low to high.

Planning team members brainstorm the names of stakeholders by writing the names of different stakeholders as they come to mind on a 1.5" × 2" (2.5 cm × 5 cm) self-adhesive label, one stakeholder per label. Alternatively, if the basic analysis technique has been performed, the names should be taken from that list. Guided by the deliberations and judgments of the planning group members, a facilitator should place each label in the appropriate spot on the grid. Labels should be collected in round-robin fashion, one label per group member, until all labels (other than duplicates) are placed on the grid or eliminated for some reason.

Labels should be moved around until all group members are satisfied with the *relative* location of each stakeholder on the grid.

The group should discuss the implications of the resulting stakeholder placements.

Stakeholder influence diagrams

Stakeholder influence diagrams indicate how the stakeholders on a power versus interest grid influence one another. The technique is taken from Eden and Ackermann (1998: 349–50; see also Finn 1995, and Bryson *et al.* 2002) and begins with a power versus interest grid. The steps in developing such a diagram are as follows:

The planning team should start with a power versus interest grid and then for each stakeholder on the grid suggest lines of influence from one stakeholder to another.

A facilitator should draw in the lines with a soft-lead pencil.

Two-way influences are possible, but an attempt should be made to identify the primary direction in which influence flows between stakeholders.

Engage in a dialogue about which influence relationships exist, which are most important and what the primary direction of influence is.

Once final agreement is reached the pencil lines should be made permanent with a marking pen.

The results and implications of the resulting diagram should be discussed, including identifying who the most influential or central stakeholders are.

Participation planning matrix

In a sense, all of the techniques considered so far are relevant to planning for stakeholder participation. The participation planning matrix, however, is specifically designed for this purpose. The matrix adapts contributions from the International Association for Public Participation, specifically their notion of a spectrum of levels of public participation,¹³ and the strategic management functions used in this article to organize techniques. The levels of participation range from a minimum of simply informing stakeholders through to empowerment in which the stakeholders or some subset of them are given final decision-making authority. Each level has a different goal and makes a different kind of promise – implicitly if not explicitly (see Figure 4).

The matrix prompts planners to think about responding to or engaging different stakeholders in different ways over the course of a policy or strategy change effort. As a result, the benefits of taking stakeholders seriously may be gained while avoiding the perils of inappropriately responding to or engaging stakeholders. The process for filling out the matrix is as follows:

Begin using this matrix relatively early in any change effort.

Fill out the matrix with stakeholders' names in the appropriate boxes and then develop action plans for how to follow through with each stakeholder.

Revise the matrix as the change effort unfolds.

Creating ideas for strategic interventions

Creating ideas for strategic interventions involves problem formulation and solution search, but also depends on understanding political feasibility. Effective problem formulation, in other words, depends on clearly understanding stakeholders and their

Strategic Management Function or Activity:	Stakeholders to Approach by Which Means:				
	Inform	Consult	Involve	Collaborate	Empower
	Promise: We will keep you informed	Promise: We will keep you informed, listen to you, and provide feedback on how your input influenced the decision.	Promise: We will work with you to ensure your concerns are considered and reflected in the alternatives considered, and provide feedback on how your input influenced the decision.	Promise: We will incorporate your advice and recommendations to the maximum extent possible.	Promise: We will implement what you decide.
Organizing Participation					
Creating Ideas for Strategic Interventions (including Problem Formulation and Search for Solutions)					
Building a Winning Coalition Around Proposal Development Review and Adoption					
Implementing, Monitoring and Evaluating Strategic Interventions					

Figure 4 Participation Planning Matrix

Source: Adapted from the International Association for Public Participation's Public Participation Spectrum of levels of public participation (<http://www.iaps.org/practitionertools/spectrum.html>) and Bryson's (1995) Strategy Change Cycle.

interests, both separately and in relation to each other, so that problems can be formulated in such a way that they have a chance of being solved in practice (Wildavsky 1979). As a result, techniques relevant to organizing participation also have something to contribute to the process of problem formulation and solution search. In turn problem formulation in conjunction with solution search can have an impact on organizing participation. Six additional techniques are particularly relevant to creating ideas for strategic interventions. They are: bases of power and directions of interest diagrams; finding the common good and the structure of a winning argument; tapping individual stakeholder interests to pursue the common good; stakeholder-issue interrelationship diagrams; problem-frame stakeholder maps; and ethical analysis grids

Bases of power – directions of interest diagrams

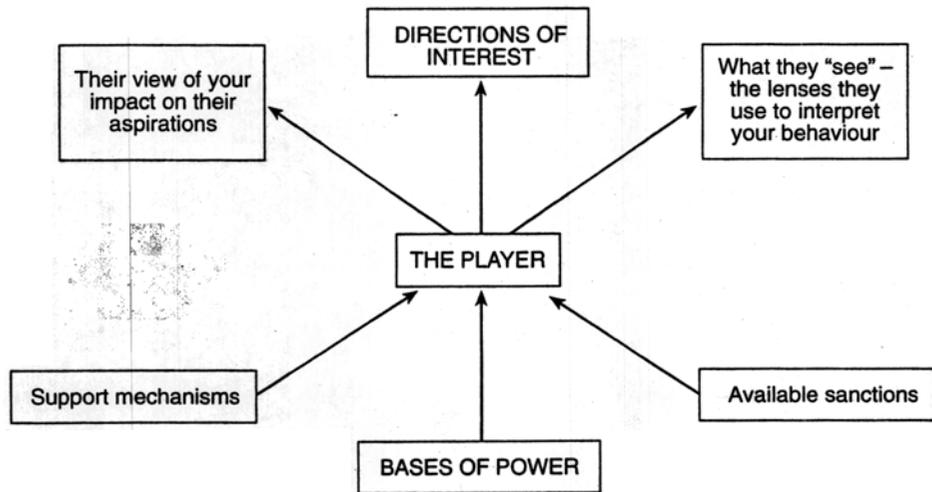
This technique builds on the power versus interest grid and a stakeholder influence diagram and involves looking more closely at each of the stakeholder groups, including the most influential or central stakeholders. A bases of power – directions of interest diagram can be created for each stakeholder. The technique is an adaptation of Eder and Ackermann's 'star diagrams' (1998: 126–8, 346–9; see also Bryson *et al.* 2002)

A diagram of this kind indicates the sources of power available to the stakeholder, as well as the goals or interests the stakeholder seeks to achieve or serve (see Figure 5). Power can come from access to or control over various support mechanisms, such as money and votes, or from access to or control over various sanctions, such as regulatory authority or votes of no confidence (Eden and Ackermann 1998: 126–7). Directions of interest indicate the aspirations or concerns of the stakeholder. Typically the diagrams focus on the stakeholder's bases of power and directions of interest *in relation* to a focal organization's purposes or goals; that is, they seek to identify the powers that might affect achievement of the focal organization's purposes.

There are two reasons for constructing the diagrams. The first is to help the planning team find the common ground – especially in terms of interest – across all of the stakeholder groups. After exploring the power bases and interests of each stakeholder, the planning group will be in a position to identify commonalities across the stakeholders as a whole, or across particular subgroups. This search will allow the group to find the *common good and the structure of a winning argument* (see next technique). Second, the diagrams are intended to provide background information on each stakeholder in order to know how to tap into their interests (also see later) or make use of their power to advance the common good. For example, background information can be used in stakeholder role plays (also see later) to further understand stakeholder reactions to specific problem frames or proposals for change.

A bases of power – directions of interest diagram may be constructed as follows:

Attach a flip chart to a wall. Write the stakeholder's name in the middle of the sheet.



Source: Bryson Lokkesmoe and Cunningham 2002; adapted from Eden and Ackermann 1998: 127.

Figure 5 Bases of Power-Directions of Interest Diagram

The planning team then brainstorms possible bases of power for the stakeholder and the facilitator writes these on the bottom half of the sheet.

Based on discussion within the group, arrows are drawn on the diagram from the power base to the stakeholder, and between power bases to indicate how one power base is linked to another.

The planning team then brainstorms goals or interests they believe the stakeholder has. The facilitator writes these on the top half of the sheet. Arrows are drawn from the stakeholder to the goals or interests. Arrows are also used to link goals and interests when appropriate.

A thorough discussion of each diagram and its implications should occur.

Finding the common good and the structure of a winning argument

Bryson *et al.* (2002) created this technique and used it successfully to help develop a viable political strategy for producing better outcomes for young African American men in a large county in the United States. The technique builds on the bases of power–directions of interest technique. Bases of power–directions of interest diagrams can be explored in depth to determine which interests or themes appear to garner support from a significant number of stakeholders. Members of the planning team will need to search for these common themes, which are called *supra-interests*. For each theme, the team should construct a label that appears to capture or integrate the specific interests that comprise it. The identification of common themes is a subjective

exercise calling for creativity, discernment and judgment. After identifying these themes, the team should then construct a map that indicates what appear to be the strongest relationships among the supra-interests. The final map thus will represent the supra-interests that tie together the individual stakeholders' interests as well as what the relationships among the supra-interests appear to be.

The map is called *the common good and the structure of a winning argument* because it indicates – at least in part – what the common good is for this group of stakeholders, as well as how arguments probably will need to be structured to tap into the interests of enough stakeholders to create a winning coalition. In other words, if persuasive arguments can be created that show how support for specific policies and programs will further the interests of a significant number of important stakeholders, then it should be possible to forge the coalition needed to adopt and implement the policies and programs. Being relatively clear about goals or interests – while not always necessary (Bryson and Crosby 1992; Bardach 1998; Huxham 2003) – does help when it comes to producing successful programs and projects (Nutt 2002). Difficulties thus can focus on means to achieve specific goals, rather than on conflicts over those ends. Conflicts over means can be resolved through interest-based bargaining and through the creation of pilot projects or small experiments to identify the most effective approaches (Nutt 1992).¹⁴ In addition, the structure of a winning argument outlines a *viable political rhetoric* around which a *community of interests* can mobilize, coalesce and co-align to further the common good (Majone 1989; Stone 1997).

Tapping individual stakeholder interests to pursue the common good

Developing a viable political rhetoric is a key visionary leadership task (Bryson and Crosby 1992: 45 – 50) and should help public leaders, managers, staff and their collaborators understand how they might 'pursue significance' for themselves and their organizations (Denhardt 1993). What still remains is the task of understanding how *specific stakeholders* – either separately, in coalitions or in co-aligned groups – might be inspired and mobilized to act in such a way that the common good is advanced. A further analysis is needed in order to understand how *each stakeholder's interests* connect with the *supra-interests*.

Specifically, a set of diagrams is needed that shows how each individual stakeholder's bases of power – directions of interest diagram links to the supra-interests (Bryson *et al.* 2002). Once the diagrams are constructed, it is possible to see how policies, programs and projects would need to be found, tailored or sold in such a way that individual stakeholders thought their own interests were advanced. Developing these diagrams is a kind of research intended to help create and market social programs successfully (Andreasen 1995; Kotler *et al.* 2002). The research is designed to understand the audiences well enough to satisfy both their interests and to advance the common good. Program design will be enhanced as a result of more clearly understanding stakeholder interests, and effective one- and two-way communication strategies may be created through developing and testing out these diagrams with key informants in the target audiences.

The techniques discussed so far have at least implicitly if not explicitly approached problem or issue framing in terms of the 'common good' by searching for themes, concerns or goals shared by key stakeholders. The analyses have tended to downplay the significance of opposition – including opposition to the common good so defined. The techniques discussed next begin to highlight how opposition might need to be taken into account.

Stakeholder-issue interrelationship diagrams

Stakeholder-issue interrelationship diagrams help show which stakeholders have an interest in different issues, and how the stakeholders might be related to other stakeholders through their relationships with the issues (see Figure 6). The resulting diagrams help provide some important structuring to the problem area, in which a number of actual or potential areas for cooperation – or conflict – may become apparent.¹⁵ An arrow on the diagram indicates that a stakeholder has an interest in an issue, though the specific interest is likely to be different from stakeholder to stakeholder, and those interests may well be in conflict. The arrows therefore should be labeled to indicate exactly what the interest is in each case. In Figure 6, stakeholders A, B, C, D, E and F all have an interest, or stake, in Issue 1, while subgroups of stakeholder A have a further issue between them, Issue 2. Stakeholder A is also related to stakeholder E through their joint relationship to Issue 3, and to the other stakeholders on the map through their connection with Issue 3. In an actual case, the arrows should be labeled, so it is clear exactly what the interests are, and whether they are in conflict.¹⁶

A stakeholder-issue interrelationship diagrams may be constructed as follows:

Start with a power versus interest grid and stakeholder influence diagram, and perhaps with the basic stakeholder analysis technique.

Tape four flip chart sheets to a wall to form a single surface two sheets high and two sheets wide.

Planning team members should brainstorm the names of stakeholders by writing the names of different stakeholders as they come to mind on a 1.5" × 2" (2.5 cm × 5 cm) self-adhesive label, one stakeholder per label. Alternatively, the names may be taken from one of the previous analyses.

The planning team also should brainstorm issues that appear to be present in the situation at hand. These also are placed on self-adhesive labels, preferably of a different color.

The issues are placed on the flip chart surface and stakeholders are arrayed around the issues. Any given stakeholder may be involved in more than one issue.

Arrows should be drawn in indicating which stakeholders have a stake in which issues; the content of each arrow – that is, the stake or interest involved – should be identified.

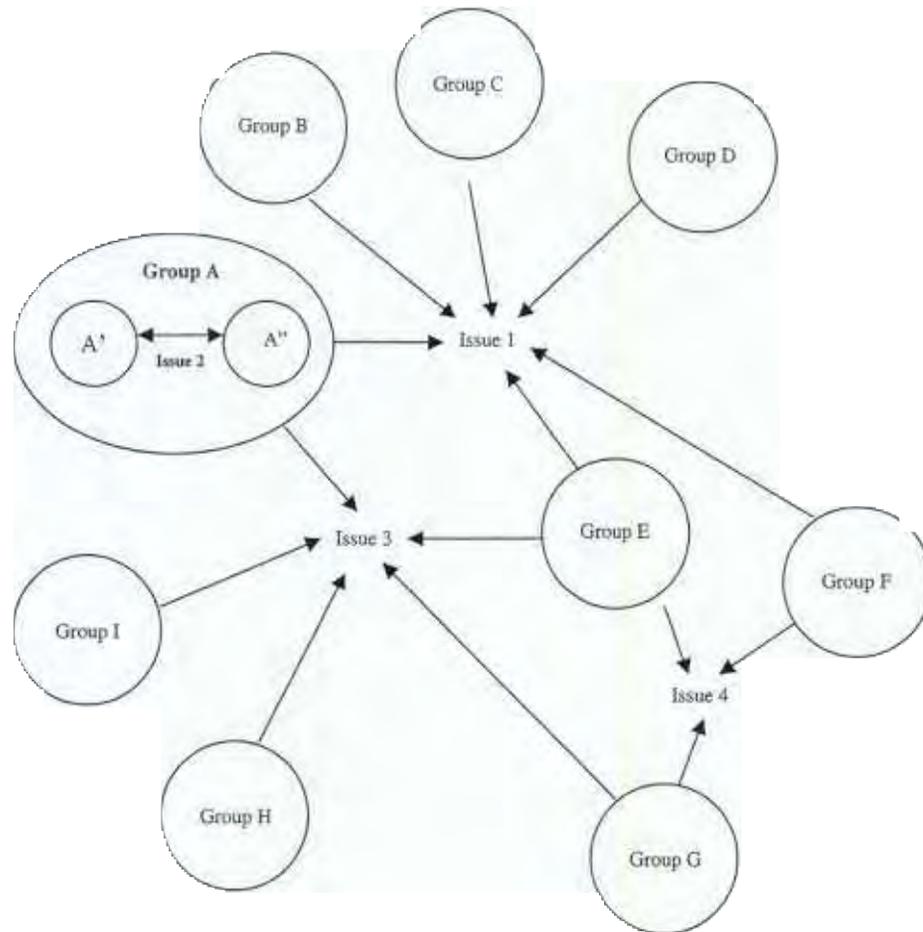


Figure 6 Stakeholder-Issue Interrelationship Diagram
 Source: Adapted from Bryant 2003: 196, 264

A thorough discussion of each issue, stakeholder and arrow should occur, and any implications for the framing or reframing of issues and management of stakeholder relationships should be noted.

Problem-frame stakeholder maps

The problem-frame stakeholder mapping technique was developed by Anderson *et al.* (1999) and is adapted from a technique developed by Nutt and Backoff (1992). The technique is especially useful in helping develop problem definitions likely to lead to a winning coalition. Careful analysis is usually necessary to find desirable problem

definitions that can motivate action by a coalition of stakeholders large enough to secure adoption of preferred solutions and to protect them during implementation (Rochefort and Cobb 1994; Schon and Rein 1994; Jacobs and Shapiro 2000). A crucial first step in this analysis is to link stakeholders to alternative problem definitions through a problem-definition stakeholder map (see Figure 7). Ideally, once a 'winning' frame has been identified, specific policy proposals can be developed within that framing.

The following steps may be followed to construct a problem-frame stakeholder map:

Tape four flip chart sheets to a wall to form a single surface two sheets high and two sheets wide.

Draw a two-by-two matrix on the surface using a marking pen. The vertical axis on the left above the horizontal line in the middle is labeled *support* from *low* at the horizontal line to *high* at the top of the axis. The vertical axis on the left below the horizontal line in the middle is labeled *opposition* from *low* at the

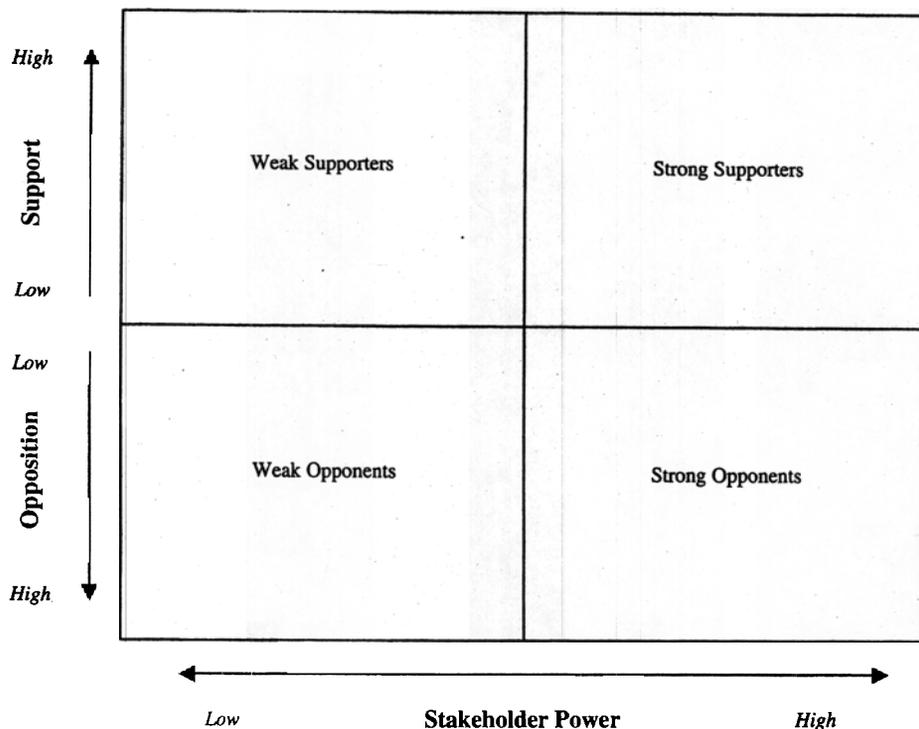


Figure 7 Problem-Frame Stakeholder map

Source: Anderson Bryson and Crosby 1999; adapted from Nutt and Backoff 1992 198.

horizontal line to *high* at the bottom of the axis. The horizontal axis across the bottom is labeled *power* from *low* on the left-hand side to *high* on the right-hand side.

Next on a different set of flip chart sheets the planning group should brainstorm and write down the various problem frames or definitions that might apply to the case at hand. The whole range of frames or definitions should be recorded including those favored by known critics or opponents. The snow card technique, nominal group technique or other brainstorming method can be used. Next, on yet a different set of flip chart sheets the planning group should brainstorm the list of potential stakeholders likely to be implicated by the range of problem definitions.

Stakeholders' names then should be placed on 1" × 1.5" self-adhesive labels, one stakeholder per label. Alternatively, if the basic analysis technique has been performed, the names should be taken from that list.

For each problem definition consider the likely policy changes based on this definition and then array stakeholders on the matrix that was created in the first two steps.

Guided by the deliberations and judgments of the planning group members, a facilitator should place each label in the appropriate spot on the grid.

Labels should be moved around until all group members are satisfied with the *relative* location of each stakeholder on the grid.

The group should discuss the implications of the resulting stakeholder placements. Particular attention should be given to the stakeholders who show up in the right-hand quadrants for all definitions of the problem. In other words attention should be devoted to the more powerful stakeholders. Emphasizing a problem frame that increases the number of strong supporters and reduces the number of strong opponents facilitates formation of a winning coalition.

Ethical analysis grids

Attending to stakeholders and to the common good certainly can be thought of as contributing to ethical behavior. But more is required in order to ensure the ethical appropriateness of whatever actions are ultimately taken. Lewis (1991) proposes use of a grid to clarify and prompt a dialogue about *who* and *what* counts ethically. Use of the grid helps fulfill both deontological (duty-based) and teleological (results-oriented) obligations. Results of the analysis should indicate which proposals or options should be eliminated or altered on ethical grounds. A somewhat modified version of the grid she proposes will be found in Figure 8. The basic process for using the grid is simply to fill it out as a planning team and to discuss the results. It may be wise to involve others in this discussion as well. In general Lewis' admonition would be to pursue the common good and avoid doing harm.

Stakeholder Name and Category:		Description of Stake:			
Internal s/h					
External s/h and direct effect					
External s/h and indirect effect					
Factors and Score:		High (3)	Medium (2)	Low (1)	None (0)
Dependency of s/h on government (e.g. inaccessible alternative services)					
Vulnerability of s/h (e.g. potential injury)					
Gravity (versus triviality) of s/h's stake					
Likelihood remedy or relief will be unavailable					
Risk to fundamental value					
Policy impact on s/h					
Total scores – Do they indicate obligatory action or relief?					

Figure 8 Ethical Analysis Grid
 Source: Adapted from Lewis 1991: 122.

Techniques for proposal development review and adoption

Once stakeholders and their interests have been identified and understood, it is typically still advisable to do additional analyses in order to develop proposals that can garner adequate support in the proposal review and adoption process. Three techniques will be considered here: stakeholder support versus opposition grids, stakeholder role plays and policy attractiveness versus stakeholder capability grids.

Stakeholder support versus opposition grid

These grids build on problem-frame stakeholder maps by using the same grid and basic process. But this time specific proposals – rather than problem frames or

definitions – are assessed in terms of stakeholder support, opposition and importance. Nutt and Backoff (1992) developed the technique. The steps are simple. For each proposal:

A separate grid is constructed.

Stakeholders' names are brainstormed and placed on self-adhesive labels, one name per label.

The labels are placed on the grid in the appropriate places.

The results are discussed in terms of the viability of specific proposals and of stakeholders requiring special attention. Specific tactics should be discussed and deployed based on the analysis.¹⁷

A serious question concerns how large a winning coalition should be. The political science literature on policy adoption tends to emphasize the idea of a *minimum* winning coalition, since creating a larger coalition is likely to entail having to make so many concessions or trades that the proposal gets so watered down it cannot achieve its original purpose (Riker 1962, 1986). On the other hand, the literature on collaborative planning argues that a larger coalition probably should be pursued, since sustained implementation requires broad-scale support and the minimum winning coalition may not provide it (Margerum 2002; Bryant 2003). Obviously, in any specific case a thoughtful discussion should focus on answering this question.

Stakeholder role plays

Eden and Ackermann (1998: 133–4) show how role plays, in which different members of the planning team play the role of different stakeholders, can be used to develop proposals that are likely to address stakeholder interests, effectively build a supportive coalition and ensure effective implementation. Role plays have the special benefit of really enhancing the planning group's capacity to understand how other stakeholders think. Role plays build on the information revealed in bases of power–directions of interest diagrams, as well as perhaps the problem-frame issue maps and stakeholder support versus opposition grids. In some cases, it may be wise to use role plays to inform the search for solutions and problem-formulation processes.

A stakeholder role play involves the following steps:

Each member of the planning team reviews the problem-frame stakeholder maps and stakeholder support versus opposition grids if they have been prepared.

Each member of the planning team assumes the role of a different stakeholder.

With the stakeholder's bases of power – directions of interest diagram as a guide, each team member should answer two questions from the stakeholder's point of view about any proposal:

How would I react to this option?

What would be done that would increase my support or decrease my opposition?

Use flip chart sheets to record the responses.

Do the exercise more than once and keep modifying proposals to increase their robustness and political viability.

Policy attractiveness versus stakeholder capability grid

This type of grid is discussed in Bryson *et al.* (1986: 73–6; see also Bryson 1995: 197–8, 283–4) and involves assessing the attractiveness of policies, plans, proposals or options in general against stakeholder capacities to implement them (see Figure 9). The grid indicates proposals that are likely to be implemented successfully, because they match stakeholder capacities, and those that are likely to fail because of lack of capacity. The technique is therefore especially useful in shared-power, no-one-in-charge situations where planners are necessarily led to focus on the proposals that are likely to be implemented successfully. Proposals that are high in attractiveness and capacity certainly should be pursued. Proposals that are otherwise attractive but do not match up well with stakeholder capacities will require a substantial build-up of stakeholder capabilities in order to be implemented. Where to find the resources for the build-up should be explored and discussed during the proposal development review and adoption process. Low-attractiveness proposals are best discarded.

The process for constructing one of these grids is:

Construct an attractiveness versus capability grid on flip chart(s).

Develop criteria to assess the attractiveness of proposals from low to high (in terms of mission, goals, results, outcomes or stakeholder-related criteria) and capabilities necessary for successful implementation from low to high.

Have a list of proposals and a list of stakeholders ready.

Write proposals on self-adhesive labels of one color, one proposal per label, and place on the grid in the appropriate position after considering both the proposal's attractiveness and the various stakeholders' capacities to implement it.

Discuss results and any implications for building necessary capacity among stakeholders, or for getting unattractive proposals off the agenda.

Record results of the discussion on flip chart sheets.

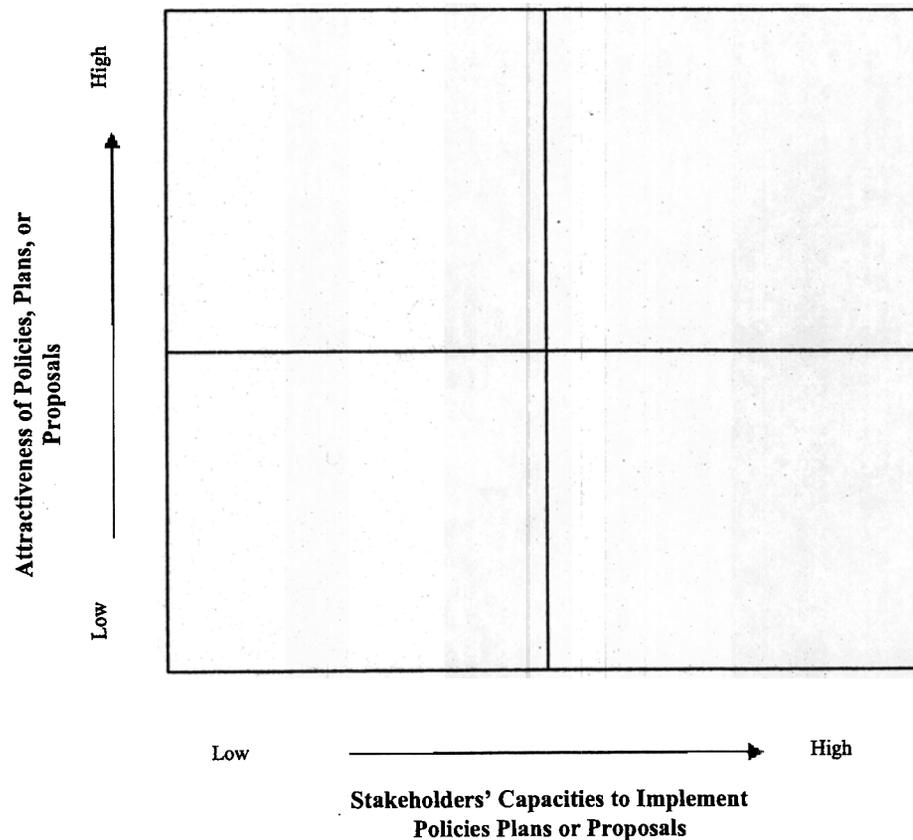


Figure 9 Policy Attractiveness versus Stakeholder Capability Grid
 Source: Bryson, Freeman, and Roering 1986 73-6; see also Bryson 1995 197-8 284-4.

Techniques for policy implementation

In a sense, all of the techniques considered so far are relevant to policy implementation, since they are concerned with helping develop proposals likely to garner significant stakeholder support. But it is still important to focus directly on stakeholders during implementation (Goggin *et al.* 1990; Nutt 2002). Developing policy implementation strategy development grid can help planners and decision makers gain a clearer picture of what will be required for implementation and help them develop action plans that will tap stakeholder interests and resources. The technique is adapted from Meltzer (1972) Coplin and O'Leary (1976) Kaufman (1986) and Christensen (1993) and builds on information revealed by previously created bases of power-directions of interest diagrams, stakeholder support versus

opposition grids, stakeholder role plays and policy attractiveness versus stakeholder capability grids (see Figure 10).

The process for filling out one of the grids is fairly simple:

- Create a grid either on a single flip chart sheet or flip chart sheet-covered wall.
- Assemble previously done bases of power-directions of interest diagrams, stakeholder support versus opposition grids, stakeholder role plays and policy attractiveness versus stakeholder capability grids.
- Fill out the policy implementation strategy grid.
- Discuss next steps and prepare action plans.

Stakeholders	Stake or Interest	Resources	Action Channels Open to Stakeholder	Probability of Participation and Manner of Doing So	Influence – as a Product of Resources and Participation	Implications for Implementation Strategy	Action Plan Elements
Supportive Stakeholders							
Opposing Stakeholders							

Figure 10 Policy Implementation Strategy Development Grid
 Source: Adapted from Meltsner 1972; Coplin and O’Leary 1976; Kaufman 1986; and Christensen 1993.

This completes the discussion of specific stakeholder analysis techniques. As can be seen, a wide variety of techniques is available for performing the basic functions of strategic management. Each technique provides a different kind of information that can at times be of tremendous assistance.

CONCLUSIONS

In his classic work on policy analysis, the late Aaron Wildavsky (1979: 5–19) argued that one of the keys to effective policy change was ‘creating problems that could be solved’. In other words, policy analysis is a kind of art in which problems must be solvable, at least tentatively or in principle, in order to be understood and addressed effectively. ‘Solvable’ means both that good ideas worth implementing have been found or created *and* there is likely political support for implementing them. To be really useful, policy analysis thus requires linking *technical rationality* with *political rationality* in order ‘to mobilize support for substance’ (1979: 1). A number of authors have argued that stakeholder analyses are a key to identifying problems that can and should be solved (e.g. Freeman 1984; Bryson 1995; Eden and Ackermann 1998) – particularly in situations where no one is wholly in charge, but many are involved, affected or have some partial responsibility to act (e.g. Bryson and Crosby 1992). Each stakeholder analysis technique presented in this article is designed to help public and nonprofit managers or groups think and act strategically over the course of a policy or strategy change cycle in such a way that good ideas worth implementing can be found *and* implemented.¹⁸

Some might argue that stakeholder analyses involve a lot of rigmarole that produces not too surprising results. For example, Mintzberg *et al.* (1998: 250–1) put little faith in them, although their criticism seems to be based on a very limited understanding of the full range of available stakeholder analysis techniques. On the other hand, we have Nutt’s (2002) masterful study of 400 strategic decisions that indicates a failure to attend carefully to stakeholder interests and information can easily lead to disaster. Given Nutt’s evidence, and given how relatively simple and cheap the technology is, doing stakeholder analyses certainly would appear to be a clear candidate for what Bardach (1998) calls a ‘smart practice.’¹⁹ I would go further and assert that *not* doing stakeholder analyses would often appear to be a ‘dumb practice.’

But whether the practice really is *smart* depends on which techniques are used for what purposes, when, where, how, by whom and with what results. Each of the techniques has a different purpose and reveals some things, while hiding, or at least not highlighting, others. Like any other technique designed to aid strategic thinking and acting, stakeholder analyses must be undertaken skillfully and thoughtfully, with a willingness to learn and revise along the way (Lynn 1996:

Bardach 1998). For some small change efforts, a one-time use of one or two techniques may be all that is necessary; for larger change efforts, a whole range of techniques will be needed at various points throughout the process. Hybrid techniques or new techniques may need to be invented along the way. The key point is the importance of thinking strategically about why, when, where, how and with whom the analyses are to be undertaken, and how to change direction when needed.

It is also worth noting that stakeholder analyses can be used to advance causes that many people would believe do not serve the common good or create public value. Stakeholder analysis never should be seen as a substitute for virtuous and ethical practice, although they may be a part of promoting such practices. Conceivably, one way to avoid outcomes that do not create public value is to begin with an inclusive definition of stakeholders, so that the net of considerations about who and what counts is cast widely to begin with. Another step appears to be undertaking enough stakeholder analyses to prompt the kind of 'strategic conversation' (van der Heijden 1996) needed to discover a morally and ethically sound version of the common good to pursue. In the end, the analyses certainly do not guarantee that public value will be created, but they may provide information that helps.

Finally, there is quite an agenda for research, education and practice around stakeholder identification and analysis. Very little research has been published on which techniques work best under which circumstances and why.²⁰ Indeed, critics might argue with considerable justification that at present there is no overwhelming body of evidence indicating that stakeholder analyses *do* help produce desirable outcomes. In addition, there is little work linking stakeholder identification and analysis techniques with stakeholder influence techniques, although there are interesting exceptions to this generalization (e.g. Nutt and Backoff 1992; Jacobs and Shapiro 2000; van Schendelen 2002). Finally, there also is a very limited literature in public and nonprofit management linking stakeholder analyses to developments in political theory, management theory and ethics, although again there are interesting exceptions (e.g. Healey 1997; Margerum 2002; van Schendelen 2002). Each of these topics deserves serious research attention.

In terms of education, stakeholder analyses are either not taught, or else are taught in a very limited way, in schools of public policy, administration and planning. Students should be introduced to the range and uses of the various techniques. And practitioners would appear to have a more limited knowledge of stakeholder identification and analysis techniques than they should. They, too, should be introduced to the range and uses of the various techniques. In sum, a variety of stakeholder analyses appear to be very useful tools for improving public and nonprofit management, creating public value and advancing the common good, but there is a great deal of work to be done in terms of research and education before that promise is fully understood and realized in practice.

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NOTES

- 1 Exceptions would include Nutt and Backoff (1992); Boschken (1994, 2002); and Provan and Milward (2001).
- 2 Regardless of which definition is chosen, however, it is possible to see that a concern for stakeholders occupies a central role in the humanities and social sciences. While the term *stakeholder* may be essentially a management term, it points to an extremely broad range of *actors* who are attended to by a broad range of subject matter disciplines relevant to management. For example, the literature in political science highlights interests, publics, constituencies, citizens and formal office holders, among other possible stakeholders (e.g. Dahl 1990; Baumgartner and Jones 1993; Roberts and King 1996; Sabatier and Jenkins-Smith 1999).
- 3 The exact size of what constitutes a 'winning' coalition is an issue. The political science literature focused on policy adoption emphasizes the 'minimum winning coalition' (Riker 1962, 1984), while the literature on collaborative planning emphasizes the importance of a larger coalition for successful implementation (Margerum 2002). Winning thus may mean something different for successful policy adoption than it does for successful policy implementation.
- 4 See Barzelay (2001) and Barzelay and Campbell (2003) for the use of functional arguments in public management research.
- 5 Note that 'key stakeholders' also include 'insiders' such as public managers and employees, as well as 'outsiders' such as political overseers and funders.
- 6 These analyses may be seen as building on, or taking inspiration from, many of the techniques and insights of social network analysis (Aldrich and Whetten 1981; Wasserman *et al.* 1994) for specifically managerial purposes.
- 7 What constitutes a 'reasonable' number of competently done stakeholder analyses is clearly open to debate. My own view is that a 'bedrock' set of analyses includes the process for choosing stakeholder analysis participants, basic analysis technique, power versus interest grid and stakeholder influence diagram. Beyond that, it is difficult to say what 'reasonable' might be. There will always be a trade-off between the benefits and costs of doing more analyses, particularly given human cognitive processing limitations.

- 8 Beyond that, I argue that competently done stakeholder analyses would appear to be a potentially 'smart practice', which Bardach defines as a 'method of interacting with a situation that is intended to produce some result; ... [and] also involves taking advantage of some latent opportunity for creating value on the cheap' (1998: 36). Stakeholder analyses are smart because they are generally easy to understand; do not need to be time- and resource-intensive, particularly when matched against the costs of potential failure; and would seem to go hand in hand with the 'craft' of creating public value (Lynn 1996: 89–108; Bardach 1998: 19–51, 306–23). Stakeholder analyses in practice may be hard to implement for a variety of reasons, but that should not diminish their status as a potentially smart practice. The challenge may be, for example, 'how to get everyone in on the act and still get some action' (Cleveland 2002), or how to avoid cooptation (Selznick 1947) to the point that the mandates, mission and creation of public value are unduly compromised. Or the challenge may be how to have enough stakeholder representatives so the stakeholder interests and perspectives are not misunderstood (Taylor 1998).
- 10 It is important to make sure stakeholders are identified at the right level of aggregation, meaning at a level that makes sense from a strategic perspective (Eden and Ackermann 1998). For example, usually 'the Government' is not a stakeholder, but some parts of it might be. 'The Government' thus is typically a kind of 'phantom stakeholder' (Huxham 2003).
- 11 The full group also might be the group invited to participate in a major planning exercise structured through use of a large-group interaction method of some sort (Holman and Devane 1999; Bryson and Anderson 2000).
- 12 Note that in some cases it may make sense to construct an identity versus power grid, as identity as well as interest can motivate stakeholder action; see Rowley and Moldoveanu (2003).
- 13 See <http://www.iap2.org/practitionertools/spectrum.html> (accessed 15 April 2003).
- 14 Interest-based bargaining is far more likely to result in successful outcomes than position-based bargaining (Fisher and Ury 1981; Innes 1996; Thompson 2001), or trying to impose solutions (Bryson and Bromiley 1993). See Bryant (2003: 190–7), in which these diagrams are called 'preliminary problem structuring diagrams'. It is possible that the network of relationships around an issue or set of issues is itself a problem. For example, the issues involved in fighting terrorism (or drug smuggling, or illegal arms trafficking) in part involve dealing with networks of terrorists organized around their own issues (Raab and Milward 2003).
- 17 Nutt and Backoff (1992; see also Bryson and Crosby 1992: 378–80) also propose a set of tactics to deal with the different categories of stakeholders. Note that not all good ideas can be implemented and not all ideas that can be implemented are good. The trick is to find or develop good ideas that do or can have adequate support, and that is where stakeholder analyses can help. See fn. 8, *supra*. The same might be said of all of the various activities that might comprise the 'micro' aspects of policy or strategy change efforts; see Johnson *et al.* (2003) and the 2003 Special Issue of the *Journal of Management Studies* 40:1.

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