Coulter Price

A case study on Forming Relationship Strategy

Prepared by Reg Price, Coulter Price Associates Ltd

The client and the problem

The senior executives of a large electricity generator felt they could manage better the relationships they had with their key development stakeholders. These stakeholders were the key people who could either help the company achieve their development and new power generation goals or alternatively, obstruct them. They numbered about 2,000 individuals. Examples of these stakeholders include:

- Landowners of future and existing generation units
- Local government officers and political representatives
- Pressure groups
- Recreational groups and users of facilities likely to be impacted by development
- Existing and potential joint venture partners
- Professional advisors.

An initial review was conducted and it was found that many good things had been done and stakeholders in these relationships were described as “happily indifferent” and generally better than those of competitors. A large number of strong personal relationships were held at a senior level and the CEO himself was a fully engaged relationship manager. A big investment of time had been made in the past, reflecting the fact that relationships was a key focus for the organisation. A relationship system (both processes and technology) already existed.

The company had been growing fast and a new imperative for developing new renewable energy generation was beginning to put pressure on the existing stakeholder relationship management approach. Key issues included:

- There was a feeling that the company was “a bit of a soft touch” and too few of its relationships were not being managed with a win/ win mentality. Some felt that managers needed to “harden up” their relationships as the company went into a more commercially driven development mode
- There was even a fundamental question about the nature of the relationships the company built. Past emphasis had been on building partnerships, but some leaders felt that too much focus on building partnerships meant that opportunities were being missed to build other types of mutually beneficial relationships
- Eighty per cent of the relationship management effort had gone into maintaining good relationships on existing generation sites. Although a good job had been done, there was a major disconnect with future strategic plans. There needed to be a reassessment of how much resource was going into which relationships

- Just a few senior managers carried a heavy stakeholder relationship load. Territorial and cross-functional collaboration around stakeholder relationships tended to be poor, so it felt to the executive like there were many "lone rangers" doing what they felt best. One of the big issues was "who is going to do what" in their stakeholder relationship management
- In the past and when the company was smaller, relationship management (like many of their processes) was "loose/ tight" and much of the communication relied on personal interaction (the so-called "collegial" approach), but it was felt that future company growth would stretch how well this could continue to work. Their stakeholder relationship management needed to be more formalised, but in a culturally appropriate way
- Finally the CRM technology was disconnected from the personal activities of the senior managers in charge of the relationships. As a result, data was not properly maintained and file structures did not reflect future strategy, so even basic functions like list generation were problematic.

The brief for moving forward was simply to help the company form a stakeholder relationship strategy with emphasis on nailing down both the underlying relationship **philosophy** and the **disciplines** required to deliver on it.

Of the four possible relationship strategy scenarios[1] used in the review to evaluate the current position of different companies, the electricity generator fitted into the 2nd scenario- "Glass ceiling": after a successful implementation of the basics the project reaches an internal barrier to further progress.

A RM strategy can help define and agree where to next with an existing installation.

Building and agreeing a Relationship Philosophy:

It was agreed early in the project that the new relationship strategy should have several characteristics:

- A fluid approach needed to be taken so that relationship strategy could respond to future changes in organisational strategy. To achieve this, it was noted that the relationship strategy needed to be based on a relationship philosophy that would need to be widely embraced by the employees at the relationship interface. A responsive approach based on philosophy, rather than systems, can adapt and respond in line with future changes to company priorities

[1] More details can be provided on the framework for assessing the current status of a relationship management programme- see contact details at the end of this case study

- The focus had to be on building the right relationships with the right people without adding to cost. This would mean reallocating resources to fit priorities; not adding expense
- A more strategic relationship management approach must not compromise the need to have the basics (like generating lists for events and functions) done well

Introducing the "Dynamic Directioning" technique for forming a strategy:

When it comes to getting widespread buy-in to a strategy, the process employed to form the strategy is as important as the contents of the plan itself.

"Dynamic Directioning" was used to gather information, get buy-in and set direction. It is a new technique for involving different employees with different values, opinions and priorities, eliciting their views, building them into the total picture and then creating out of all this input a unified way forward. These are the general steps:

- An experienced facilitator is appointed and a group of people in the company who will be responsible for leading and/ or actioning the relationship management initiative is identified
- This group is interviewed individually. By doing it this way, strategic direction can be formed quickly and economically, without the need to find times when the entire group can get together. Time spent in planning meetings is virtually eliminated.
- In the act of finding a direction forward (hence the term "directioning), the facilitator will begin to highlight issues around relationship management where most people in the group agree and also issues where there is poor consensus
- Many interviewees will be revisited several times (hence the term "dynamic") in order to explain where they fit in terms of overall opinion about key relationship management topics. People holding extreme positions get the chance to think more about their views, in the light of what others think. Who gets interviewed when is dynamic- it depends on who holds which opinions and which topics emerge as the key ones that need resolving before moving forward in a unified direction
- Every so often a check point may be required where decisions are made that cannot be resolved by Dynamic Directioning.

The unexpected iterations in Dynamic Directioning make for a very involving and responsive process. The facilitator is actively eliciting ideas, floating them with others, building consensus, highlighting areas of fundamental disagreement and all the time moving forward and documenting all agreed key points. As participants are revisited with the developing story, they can see how they have influenced the group thinking. Nothing builds a sense of involvement and belonging faster!

By selecting a diverse group for interviewing, the Dynamic Directioning process is appropriately “top down and bottom up”. It adheres to the notion that leaders in any organisation should be responsible for specifying the frame of reference for the way forward (top down direction), but the people responsible for enacting it should suggest how it is done (bottom up action orientation).

Two concepts are used to bring together the diverse ideas generated by Dynamic Directioning. The first is the idea of “official” things: like official insights and official values. The purpose of the process is to find points where there is widespread agreement and places where people disagree. Through a series of checkpoints, places of agreement are ratified and points of contention are reconciled. This is published into an “official summary”- official because this is the agreed company line on these issues. As employees come and go, these official statements are much more likely to endure, especially if they are documented into one-pagers.

In our case study process with the electricity generator, a group of about fifteen people involved in stakeholder relationship management were interviewed (ranging from the CEO to site managers). The initial question format quickly self- customised as issues specific to the company come to the fore. Most of the respondents were re-contacted about three times over the course of a couple of weeks (sometimes by telephone later in the process) and were shown how the relationship strategy was developing. At each re-contact point their opinions were sought and points of agreement and contention highlighted. Several of those involved said they really liked the way they could see how their views were reflected in the direction setting as it progressed. As a result of listening so well through the process and building the views of many in, several managers said they were happy to go with the majority over what had been historical sticking points.

The relationship philosophy deliverables of this were:

- A one page summary of the official relationship philosophy of the company, describing the principles which determine which stakeholders are most important and why
- A grouping system for the company’s stakeholders based on how their behaviours could impact future strategy. This represented a huge departure from past approached where all stakeholders were considered to be of equal importance. Four stakeholder groups were identified, each of which was to receive a specific and distinctive type of relationship experience:
    - One was for potential partners for advancing power generation opportunities defined by the company as highest priority (the so-called Hi-P’s)
    - The second was for those people who had the potential to act as barrier for the most key future projects (called the PC’s because these people will

have powerful concerns about an important project that will need to be overcome)
    - The third were important relationships, but not of a strategic priority. The emphasis for this group was to keep the relationship steady, hence the group name "steadies"
    - The fourth group were called "hi-needs" and were those whose relationship was temporarily unsteady for whatever reason and regardless of their priority. These relationships needed to be stabilised
- A practical description of the type of relationship experience the company agreed each group of stakeholder should have. By defining this, it is clearer how much resource is required to deliver the relationship stipulated by the strategy
- A one page summary of the disciplines necessary to enact the relationship strategy and the organisational barriers that needed to be overcome.

Instituting the necessary relationship management Disciplines

The I.D.E.F (Implementation/ Discipline/ Execution/ Feedback) framework was used to organize the road map for how the relationship plan was to be put to action.

Implementation- the establishment of the tools and technological systems that enable the relationship strategy.

At the beginning of the stakeholder relationship management initiative, the power generation company had two CRM systems in operation- one that had been built internally and a second from a software company which certain managers had championed. Neither system worked very well because managerial support was split between the two systems. Few people actively used and supported both of them, so neither system was very successfully implemented. Part of the Dynamic Directioning process was to establish from the ground up what information needs each participant in the process had. In the end, a trial for a third software package was launched which fitted the needs of everyone better.

Disciplines- the consistency of the processes used to manage relationships.

Great emphasis was placed in the stakeholder relationship plan for the power generation company on establishing "routines". These were defined as the consistent way that people in the company were expected to do certain things when managing relationships. The logic was that well instituted ways of doing things would survive the comings and goings of staff and the chance of "fizzle out" in the future should management attention fall on another priority. Examples of the routines adopted include:

- Permanent addition of stakeholder relationship management to the monthly senior managers meeting
- Establishment of a quarterly stakeholder meeting where the CEO reviews progress against the promises made by relationship managers in their plans.
- The adoption of standardised stakeholder relationship planning templates.

Execution- a plan which incorporates the four secrets to successfully executing any plan.

- **Information flows**: poor cross- functional communication about stakeholder relationships had already been recognised as a problem at the beginning of the initiative. This was a difficult, but vital, issue for this company to resolve because the unstructured collegial communication of the past was clearly not the way of the future, given the expected growth. To further complicate things, confidentiality requirements and potential conflict of interest between different teams in the company meant that a "cone of silence" sometimes had to be placed over certain stakeholder relationships. It was observed that poor disciplines in the past and a failing communications process had left managers with little confidence in the whole stakeholder relationship management approach. A decision was taken that the process needed to be trusted and so communication outside of normal reporting routines would only occur when things were not going to plan
- **Decision rights**: a lot of effort went into clarifying the responsibilities of the various people involved in stakeholder relationship management. With so many people in the company involved with stakeholders, right up to the CEO and because of the very informal way relationship responsibilities were distributed, "too many cooks were stirring the broth". People who took responsibility were frequently over-ridden and all-in-all, managing a stakeholder relationship could be a pretty thankless task. Furthermore, those who took an interest or needed some information about a stakeholder were sometimes treated with suspicion. In the plan to establish clearer decision rights, a manager was given the explicit responsibility and clear decision making responsibility for each of the four new stakeholder groups. It was made clear that they were answerable only to the monthly senior management meeting where important developments were to be communicated. Interventions by other managers were to be with the agreement of the person managing the relationship. Budgets were also set for resources to be deployed on each stakeholder group
- **Motivators**: Managers in the company had always been committed to stakeholder relationships, so there was no shortage of motivation. Ironically the challenge became one of overcoming the unwillingness of some managers to hand over long established relationships with stakeholders because they were no longer of the highest priority in the new relationship strategy. In a series of meetings and presentations the CEO and other senior managers emphasised how the key factor for future success was best managing the stakeholders who most strongly influenced the company's

development of generation from renewables. The stakeholder relationship strategy document listed those priority stakeholders and clearly defined which group they were in and how their relationship was to be managed for the future. This strong leadership from the top and demand for focus on new sources of renewable energy was viewed by leaders as the strongest motivator of all in their close management community- more so even than traditional motivators like promotion and money.

- **Structure**: there was a strong feeling that structure was the least powerful tool for bringing about change in the power generator. There were few changes to the organisation's structure, but rather more focus on making responsibilities more explicit (see decision rights above).

Feedback- two areas of feedback were sought. The first was feedback from employees on adoption of the technology and disciplines. Reliance here is placed on introducing fresh "vocabulary" to show who is adopting the new direction and who is not. For example, each of the stakeholders groups were given completely new names that had not been used before in the company (like the "Hi-P's" and "PC's" mentioned earlier). It became immediately apparent who was embracing the new approach to stakeholder relationship management in the company by who was using the new terms and who was not.

The second is stakeholder feedback. A longitudinal listening post was planned to monitor stakeholder opinion and behaviours over time[2]. An important criterion for using this approach was to show that the company was truly listening and also to make getting feedback a positive experience, not a hassle.

Outcomes

The company's stakeholder relationship plan delivered results on many fronts:

- General agreement was reached on the way forward
- A relationship strategy was formed that met the brief and had widespread support
- A road map for delivering on the relationship strategy was set out and agreed.

As a result, the company's priorities for the way in which relationships were managed changed substantially in a way that better reflected the firm's strategic priorities for the future.

The company judged the project a great success for several reasons:

---

[2] A separate case study on the "MirrorWave" tool is available- see contact details at the end of the case study

- Overall stakeholder satisfaction improved despite a changed relationship for most stakeholders. The company took a low key approach to deploying the new relationship strategy, and so by better focussing resources, most stakeholders noticed only an enhanced relationship. Key stakeholders noticed a much improved quality of engagement
- For the company, more time went on successfully developing mutually beneficial relationships that held the key to the company's future. Several key generation development breakthroughs were attributed to the more focussed approach- worth a huge amount to the company's reputation and future cash flow. Greater commercial benefits accrued faster to both the company and these priority stakeholders
- The company's employees felt their relationship management efforts were more unified and they could see why certain priorities were being pursued and why certain relationships were receiving a different type of attention. Relationship fiefdoms of the past were broken down and communication vastly improved
- All this was achieved at no extra cost.

Reg Price
Coulter Price Associates Ltd
reg.price@managepromises.com