

Stakeholder analysis strategy and convergence and divergence management essay



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Prior to implementing a companywide change, it is important to get stakeholders on board. Organisations take their stakeholders into confidence, just to ensure the smooth transition, since they are the one who will be affected by the change. For an organisation stakeholder can be its employees, customers, suppliers, shareholders, managers, government, local community, creditors etc. In order to achieve this goal, stakeholder analyses are carried out.

Stakeholder Analysis

The process of identifying those who will be affected by the actions of organisation. It also enables the managers to analyze the attitudes of stakeholders towards the change. In order to carry out these analysis, following steps are taken:

Identify the stakeholders - in stakeholder analysis the first step is to come up with the list of any who will be affected by the organisational actions, this can include an individual, a group or an organisation.

The possible stakeholders for Gill Construction can be:

new Managing Director

previous MD

senior managers

suppliers

lenders / banks

customers

public

future recruits,

environment protection groups

regulatory bodies

Prioritize your stakeholders - For organisations the list of stakeholders can be very long, in one case of university 20, 000 stakeholders were identified. This doesn't mean that everyone is very important to the organisation. Hence the next step in stakeholder analysis is to prioritize stakeholders. This can be done using Power / Interest Grid. Using this grid, Gill construction can identify their key stakeholders, which can be:

new Managing Director

senior managers

suppliers

lenders / banks

customers

public

environment protection groups and regulatory bodies

existing workforce

Stakeholder analysis strategy

Understand Your Key Stakeholders - this is the last step in stakeholder analysis. It focuses on understanding the key stakeholders, and defines the way they will be affected. It also highlights the interests stakeholders have with the organisation. It answers the following question:

What financial or emotional interest do they have in the outcome of change?

Is it positive or negative?

What motivates them?

What information do they want?

How do they want to receive information? What is the best way of communicating with them?

What is their current opinion? Is it based on good information?

Who influences their opinions generally? Do some of these influencers therefore become important stakeholders in their own right?

If they are not likely to be positive, what will win them around to support change?

How to manage their opposition

How they can influence others by their opinion?

Convergence and Divergence

Another model adopted by management gurus to analyze the stakeholders.

It enables the managers to identify the factors which are opposing the stakeholders and which are supporting it.

Divergence - analysis of the factors which are opposing the change for stakeholders.

The first step is to identify the basic change factors which are causing the opposition, these can be beliefs, values, and goals associated with the stake holders. Managers need to answers like

What are their beliefs about change and which have led them to oppose it?

What are the values being transgressed by change actions?

Are their stress values being triggered?

How is the change affecting their career social goals?

Managers also need into their perception of the change, analyzing this can give them huge edge converting their opposition. They need to answer questions like

What do they think about change?

What do they think will happen?

How do they look at other stakeholders?

Convergence - elements which are supporting the change. It is much focused on those who oppose the change.

Managers need to understand who they are dealing with, what they are capable of and how they can affect them. For example, a regulatory body or HSE will have permission to shut down the work in progress if they find anything in violation of the laws. Also in case of a supply chain, they may also ruin their relationship with the supplier. Banks and lenders will have their leverage over the organisation since a loan was taken for the purchase of new machinery.

Managers need to look into the following cases:

How will the stakeholder be managed? Do they need any leadership or will they just follow?

What made them follow the leadership?

How will they support the change?

How prepared are they for the change?

Evaluate the systems used to involve stakeholders in the planning of change

Stakeholders Circle:

A tool designed to gain stakeholder commitment and involve the key stakeholders in developing a change management strategy. This cycle has six steps and is also known as 'Six Steps Stakeholders Cycle'

Identify the stakeholders - The first step is to identify the key stakeholders, which can influence and have interest within the organisation.

Prioritize the stake holders - Managers need to identify the key stakeholder using the Power-Interest Grid. For Gill Construction these key stakeholders are :

MD

Employees

Management

Customers

Suppliers

Regulatory Bodies

Map the Profile - next step is to map the profile, how will they be affected, what is in the change for them, how they can be supported, what kind of support we can get from them, what are their culture and values. All the questions will be answered at this point

Engagement strategy - At this point a managers need to decide how they are going to address the issues of stakeholders in order to gain their commitment and support. New MD of Gill Construction need to hold a meeting with management of the company. Clearly define what He wants to achieve and what his goals are. Since his goal is to improve the quality of the work done and also expand the business.

It will be then the job of Management to directly contact their respective staff members and explain the situation to them. Ideas for improvement will

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be taken. Meeting and Presentations will be held with suppliers and explain your objective to them. Also Management will seek advice from regulatory bodies to assist them in improving the H & S at workplace. Banks and Lenders will also be taken into confidence. A clear business plan will be presented to them.

Optimise their Support - next step in this cycle is to optimise the support from stakeholders. Managers need to be very clear and specific about their objective to the stakeholder and try to get most out of them. They need to keep good relationships with their lenders/ banks and suppliers.

Monitor - the last and final stage is to monitor the strategy. They need to keep going back to their stakeholders and ensure their support is still with them. If they have any kind of doubts they need to clear them out.

Develop a change management strategy with stakeholders

A strategy will be formed which will help management at Gill Construction to gain commitment from their stakeholders. A general change management strategy involves three steps:

Situational awareness - before a companywide change is implemented, everyone will be made aware of the change and what is going to happen in result of this change. A vision will be created Stakeholders will be informed that how this will effect. Suppliers will be notified about what will be expected of them. Employees will be taken into confidence to avoid panic.

Supporting structures - second step is to structure teams and sponsor coalition. They will be debriefed about who is going to do what. If they will be

let go off, they will be informed at this stage. They will be informed that they need to be trained to operate the new machinery. Bank or Lender will be informed about new purchases and equipment. New policy about H & S will be sent to HSE and they will be informed about it. Suppliers will be contacted and new terms regarding JIT will be set, also material price will be revisited.

Strategy analysis - this stage involves risk analysis to be carried out. What degree of risk is involved in this change. What will happen if this strategy fails. In case there is no progress even after this change, what will we do, what if lenders refuse to pass a load. In case of resistance from stakeholders a resistance to change strategy will be required. Management will give their best to negotiate on good terms with the suppliers and use the bargaining power. Management also needs to convince the bank and lenders to pass the load and take them into confidence.

Create a strategy for managing resistance to change

It is in human nature that whenever they are asked to move out of their comfort zone or change, they resist it. When organisations go under change it is very obvious that stakeholders will be afraid of its outcome. Hence it is very important to manage this resistance because this resistance can raise the risk factor during the change or transition process.

Passive versus Active Resistance

A framework adopted from

Active

Passive

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Being critical

Agreeing verbally but not following through

Ridiculing

failing to implement change

Appealing to fear

Procrastinating or dragging one feet

Using facts selectively

Feigning ignorance

Blaming or accusing

Withholding information, suggestion, help or support

Intimidating or threatening

Standing by or allowing change to fail

Manipulating

Blocking

Starting rumours

Arguing

Managing Resistance

Before a change is implemented it is very important for managers to either eliminate resistance completely or bring it down to a very lower level such that it has a very minor effect. There can be number of ways for managing this resistance. Some of the ways adopted by Gill Construction can be:

Communication – everyone within the organisation should be made aware of the situation. Managers need to communicate openly with all the stakeholders and discuss the issues with them. Even if they are supporting the change management need to check with them back to back to ensure the full commitment. Management need to hold meetings, brainstorming session with the staff and communicate with them. Suggestions will be taken from the staff and their participation will be encouraged.

Training – staff will be provided with appropriate training to build up their skills so that they can operate the new machinery. This will help to eliminate the resistance put up by the operational workforce. Also work-shops will be held with other staff to ensure that they are not left behind. They will be provided with the information and steps involved in this transition will be explained to them.

Feedback – Taking feedback or suggestions from the stakeholders is always the best way to gain their commitment. This shows to them that management is still listening to them and they hold a value to them. Taking feedback about the training is also good to monitor the staff performance.

Develop appropriate models for change

In the current scenario, Gill Construction has newly appointed Managing Director, who is not very happy with the current operational situation of the organization. He wants to improve the internal situation of the organization as well as the product quality. In past there were a lot of incidents related to poor health and safety at work place, this was due to the fact that no one was following the policy. Also there were cases of project being delayed due to the lack of appropriate equipment and machinery. Since the management decided to go under a change they have faced a heavy resistance from Suppliers, and employees. Also there were concerns over H & S policy. The appropriate change management model for Gill construction would be ADKAR model by Prosci.

Awareness - Management need to create awareness among all the stakeholders and communicate the vision to them clearly, this will help to get them on board. Meeting will be held with suppliers and explain to them about the Just - in - Time approach for the material in order to avoid storage costs and material wastage. Employees will be explained that what will be expected of them. They will be informed about the new machinery and equipment and their usage. They will also be debriefed about following H & S policies or they will face fine.

Desire - next step is to get feedback from the stakeholders and see what they desire. Full stakeholder participation will be encouraged. They will also monitor the desire for the stakeholders to change. This will be done using meeting and brainstorming sessions

Knowledge - next step is to educate and train the staff. This will help to motivate the work force and gain their trust. A list will be made regarding the skills and knowledge needed to support the change. If the supplier can provide the stuff on time.

Ability - even if the stakeholders have the skills and knowledge to support the change but do they have the ability to support it. For-example Supplier has the complete knowledge of JIT and has skilled work force but do not have enough sources or ability to carry it out. Same is the case with employees they might have skills to operate the machinery but they might not have ability to work at a certain place

Reinforcement - the last step is to reinforce the sources to retain change. Training should be provided to the staff to motivate them and make them feel empower. Also managers need to look if the current supplier cannot agree on the new terms than a new supplier might be required.

Plan to implement a model for change

Organizational Development

A companywide effort to increase organization's effectiveness. It focuses to change the beliefs, attitudes, values, and structure of the organization, so that it can adopt the change e. g. technological or new market or competitor. OD involves process re-engineering and system re-structuring within the organization to increase the effectiveness.

Business Process Re-engineering- the complete rethinking, redesigning and reengineering of the business process. The process of material delivery or

supply chain will be redesigned. Supplier will be asked to adopt the JIT approach and supply the material at right time. The material will be kept in very low quantity, and if there is need of more material Managers have to inform supplier prior to 3-days. They will demand for more stock when they have 20% of the stock left. Also Management will adopt a strict approach towards H & S policies at work place. If anyone found in violation of these policies will be heavily fined. Customers will be in direct contact with the Project Manager and everything will be done through him. Project Manager will discuss the issues with senior management on weekly basis.

Push-Pull Strategy - In the current system, organization is following the Push Strategy, which means the stock is Supplier driven. The demand for material is sent to the supplier and it is then delivered but it is resulting in overstocking and in some cases delays which is unacceptable.

Hence a new strategy is required, which will be Pull based supply chain. In this strategy the order is placed by the organization in the required quantity, and supplier has to deliver that on time. This will be a mix of Push and Pull. The demand will be given by Gill Construction when the stock reached the 20% mark, and then supplier will be required to deliver the material as demanded.

Develop appropriate measures to monitor progress

Once the change implementation strategy is planned, the next step is to put appropriate measures in place which will monitor the performance. This can be achieved with the use of following:

Goal-based evaluation – the aim of this evaluation is to monitor the performance of change and see if the desired goals have been achieved, this involves:

Formulating clear goals, what we wanted to achieve. The goal was to improve the operational quality and supply chain.

The next step is to align the organizational goals with the change goals. Gill Construction aim is to provide quality service to the client and gaining customer satisfaction, that will be aligned with the goals for change, the change was required to improve supply chain, and also service quality by using new equipment.

Next step is to recognize if we have achieved our goals. The effectiveness of supply chain can be checked by measuring waste levels. Also work force commitment can be seen by appraisals and the percentage of accidents at work place.

Process-based evaluation – it is another tool which measures the effectiveness on the basis of process performance. This checks if the process redesigning has improved the service quality. It will focus on the supply chain process and see if the process has shown its effectiveness. Are the stakeholders happy with the process. The new process for customers to be in direct contact with project manager and not with head office, is it really helping customers or not. Feedback can be taken at this point, which can assists the managers in monitoring the situation.