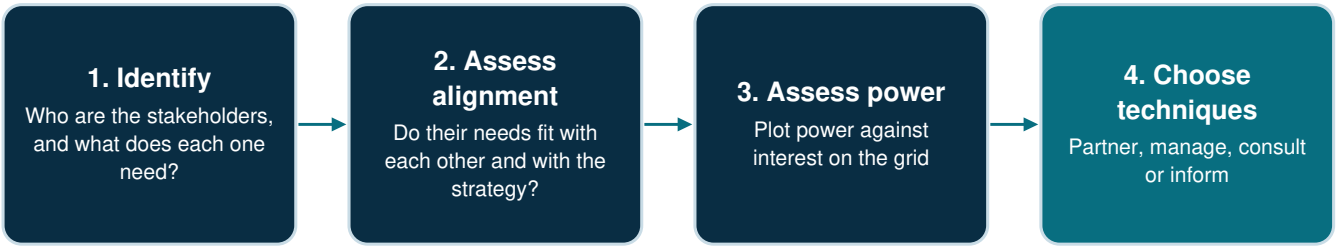
Understanding key stakeholders

MODULE 3 | 3.1 | STUDENT COMPANION

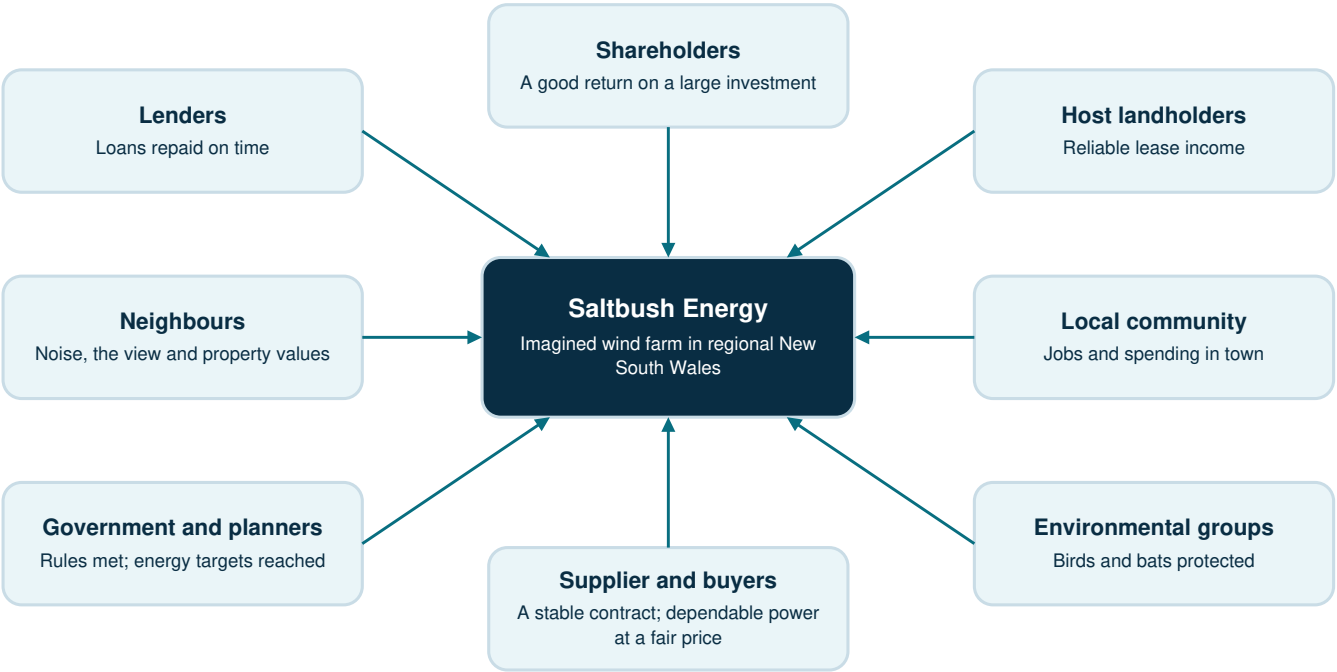
Internal analysis looks at the factors within the organisation's control: stakeholders, current performance (judged through three groups of drivers), resources and capabilities, and finally SWOT and gap analysis. **The CPA** collects, checks and analyses the financial and operational data behind it, and acts as the bridge between data and business intelligence.

Four steps of stakeholder analysis



Stakeholder maps are snapshots: positions can change quickly

Who are the stakeholders, and what do they need?



Remember: include the current leaders in the analysis. Leaders are not immune to self-interest, and some may resist change that reduces their power, so assess their style and adaptability honestly.

The power-interest grid



Saltbush Energy (imagined)

Players
Board, chief executive, major shareholders, lenders

Context setters
State planning authority, grid operator

Subjects
Neighbours, host landholders, environmental groups, employees

Crowd
Electricity customers in the wider region

Four techniques for working with stakeholders

Group	Technique	What it looks like
Players	Partner	Involve them throughout; the chief executive briefs the board regularly so it can govern without micromanaging
Context setters	Manage	Understand and follow their rules; consult early when problems arise; keep channels open
Subjects	Consult	Ask for their views and respond; if ignored, they may band together and gain power
Crowd	Inform	Keep them updated, even though they have little say

Case note: the OpenAI board crisis, November 2023

On 17 November 2023 OpenAI's board removed chief executive Sam Altman. Within three days, more than 700 of its roughly 770 employees signed a letter threatening to leave unless the board resigned and Altman returned, and Microsoft, which had committed about US$13 billion to OpenAI, offered them all jobs. Within a week OpenAI agreed to bring Altman back, under a new board that kept only one of the directors who had removed him. Employees, usually subjects with high interest but little individual power, banded together and became players.

Sources: NBC News and AP, 17 November 2023; Al Jazeera, 20 November 2023; Reuters, 22 November 2023.

Practice questions

MODULE 3 | 3.1 | TRY THESE BEFORE THE WORKED ANSWERS

Question 1 - Stakeholders and their needs

Imagine **Harbour City Aquarium**, a public aquarium owned by a city council and run as a not-for-profit. Describe what each stakeholder group needs.

Stakeholder	What do they need from the aquarium?
Visitors and families	
Schools	
The city council that owns it	
Staff and volunteers	
Marine scientists	
Animal welfare groups	
Local businesses nearby	
Sponsors and donors	

Question 2 - Place them on the grid

Imagine two regional hospitals, **Riverbend** and **Eastvale**, planning to merge into one health service, with some specialist services moving from the smaller town to the larger one.

Stakeholder	Quadrant and technique
The two hospital boards	
The state health department	
Senior surgeons	
Nurses and their union	
Patients in the smaller town	
Local councils	
Suppliers of medical consumables	
The general public	

Question 3 - Conflicts in an automation plan

Imagine **Goldleaf Foods**, a family-owned biscuit maker with 220 staff in a country town. The family shareholders want to automate the packing line, cutting 40 jobs and raising margins. Identify the conflicts between stakeholder needs that this plan creates, and suggest how leaders could manage them.

Worked answers

MODULE 3 | 3.1 | WORKED ANSWERS - ATTEMPT THE QUESTIONS FIRST

Question 1 - Harbour City Aquarium

Stakeholder	Needs
Visitors and families	An enjoyable, educational visit at a fair price; safety and accessibility
Schools	Curriculum-linked programs, safe group visits, affordable excursion prices
City council (owner)	A well-run, financially sustainable attraction that brings visitors and pride to the city
Staff and volunteers	Fair pay or recognition, safe work, meaningful roles, development
Marine scientists	Research partnerships, access to animals and data, ethical care
Animal welfare groups	High welfare standards, transparency, conservation focus
Local businesses	Steady visitor numbers that bring trade to nearby cafes and shops
Sponsors and donors	Visible impact, good governance and recognition

Question 2 - Riverbend and Eastvale

Stakeholder	Answer
Hospital boards	Players: partner closely
State health department	Context setter (or player, as funder): manage closely and consult early
Senior surgeons	Players: their skills are scarce; involve them in designing the new service
Nurses and union	Subjects who can band together: consult early and genuinely
Patients in the smaller town	Subjects: consult; explain transport and access plans
Local councils	Context setters: manage; they can amplify community concern
Suppliers	Crowd: inform about changes to ordering and delivery
General public	Crowd: inform clearly and early

Question 3 - Goldleaf Foods

- **Shareholders versus employees:** higher margins for the family against 40 lost jobs and anxiety among remaining staff.
- **Employees versus the town:** job losses reduce local spending; the community may see the company differently.
- **Customers and quality:** automation may improve consistency, but a disrupted changeover could hurt supply.
- **How to manage it:** consult staff early; offer redeployment, retraining for the new equipment and fair redundancy terms; phase the change; explain the business case honestly; talk with the local council and community; and track morale and quality during the transition.