

# Five-Step Approach to Stakeholder Engagement



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## ABOUT THIS REPORT

This report was originally written by Jonathan Morris and Farid Baddache in 2011. The new edition was written by Alison Taylor and Charlotte Bancilhon in 2019, with support and input from Cecile Oger. It has been revised to account for new developments in sustainability and human rights that are driving the need for fresh tools and approaches.

The report is based on our long experience working on stakeholder engagement with companies, a literature review, and interviews with member companies and BSR employees. Any errors are those of the authors. Please direct comments or questions to Alison Taylor at [ataylor@bsr.org](mailto:ataylor@bsr.org).

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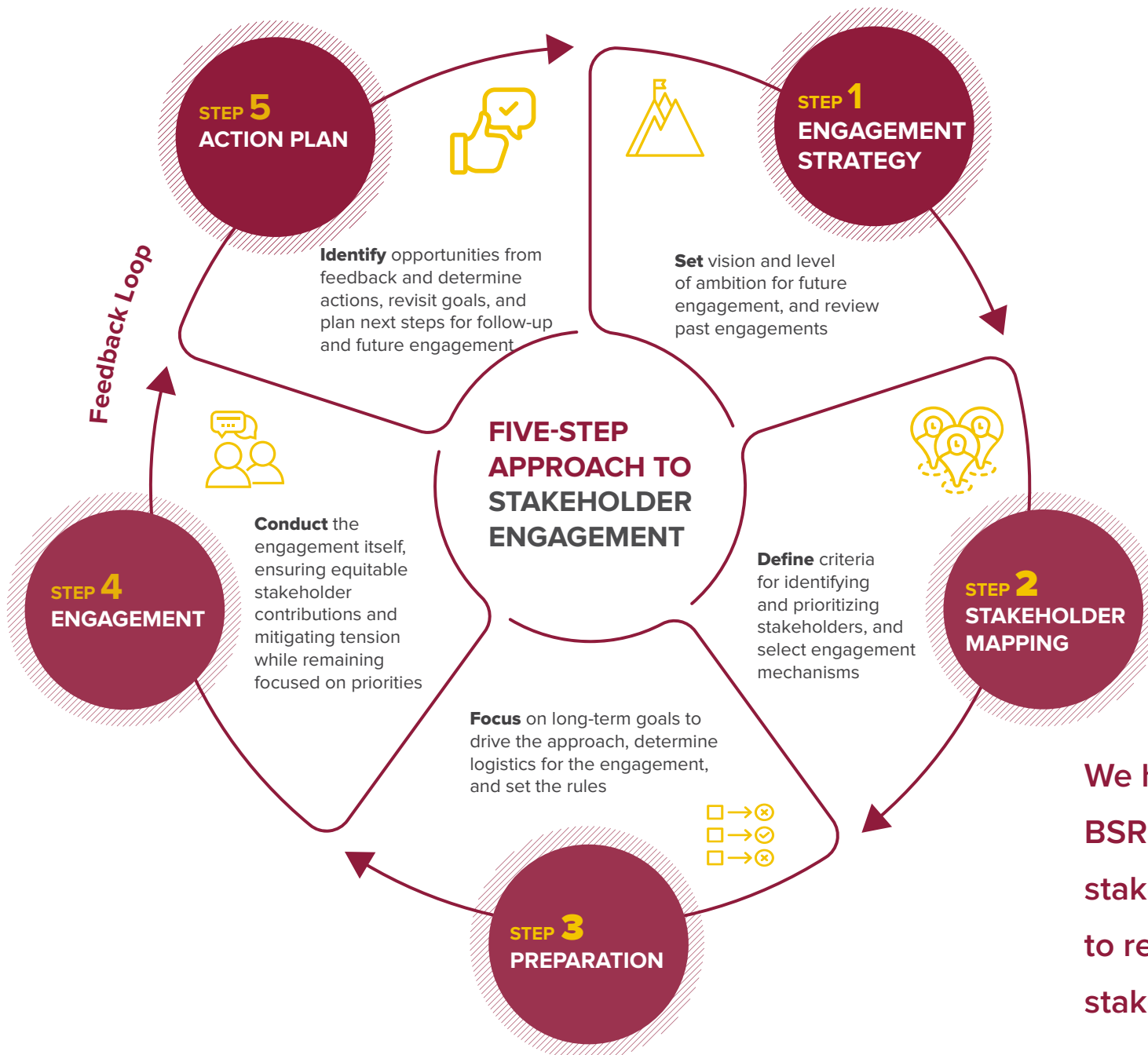
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A photograph of a group of people sitting in a circle, engaged in a discussion. The image is split by a large, diagonal red overlay. On the left, a man with dark hair and a beard, wearing a dark blazer over a red and white checkered shirt, sits on a white stool. Next to him, a woman with short blonde hair, wearing a grey cardigan over a dark top and blue jeans, sits on a white stool, holding a yellow book. On the right, a man with white hair and a beard, wearing a dark suit, white shirt, and red tie, sits on a white stool. In the foreground, the backs of several people's heads are visible, suggesting they are part of the audience. The background is a bright, modern interior with a brick wall and a whiteboard. The word "Introduction" is written in large white letters across the center of the image.

# Introduction

## BSR's Five-Step Approach



We have updated BSR's five-step guide to stakeholder engagement to reflect the even higher stakes at play in 2019.

Stakeholder engagement is—and will remain—a core element of the sustainability toolkit. It is a fundamental component of materiality assessments, which are then used to inform sustainability strategy, reporting, and disclosure. Corporations need strategies in order to understand and respond to existing and emerging societal concerns. Without input from key stakeholder groups, any approach to sustainability will be limited by an organization's self-interest and inward focus.

Stakeholder engagement has never come with higher stakes or been more important. Companies need a robust, defensible methodology and tools that can account fully for a shifting business environment in which social and environmental concerns are increasingly prominent. We have reviewed and revised our original frameworks to account for the rising expectations and widening trust deficit we see affecting relationships between many companies and their stakeholders.

Although engaging with stakeholders is essential, it is far from easy: As companies perceive increasing reputational pressure, they recognize that they must act, but often sign on to an engagement method without understanding it or clarifying their intent. Many mistakenly view stakeholder engagement

primarily as a public relations or communications exercise. They struggle to relate the engagement to their core business activities and find it difficult to build internal awareness and interest in the process. When the time comes to map stakeholders, they talk only to those they already know or to those who speak loudest. Even if they succeed in gathering useful insights from stakeholders, they have difficulty determining what actions to take in response.

These fundamental challenges have become considerably more pressing since 2011. Exponential growth in internet access and connectivity has shifted the terms and avenues for stakeholder engagement. It has spurred the development of powerful social networks in which unfiltered updates on global events can be shared among millions of users in real time, undercutting and diluting the influence of traditional news media. In this environment, disputes about a company's operations can be adopted and amplified by international civil society organizations and even by individuals, heightening their visibility and impact. This can afflict companies with whiplash as they try to anticipate and respond to waves of criticism. At the same time, companies are being drawn into taking positions on sensitive political and social issues, from immigration to climate

**Many mistakenly view stakeholder engagement primarily as a public relations or communications exercise.**

**The investor community has become significantly more focused on the need for companies to consider environmental, social, and governance issues if they intend to survive and thrive over the longer term.**

change, that would previously have been left to public policymakers. We have therefore shifted the emphasis of our BSR framework toward building mutual trust, including the introduction of core stakeholder engagement principles.

Over the same period, we have seen the establishment and maturation of internationally accepted sustainability frameworks: The Paris Agreement on Climate, The Sustainable Development Goals, and the UN Guiding Principles on Business and Human Rights are a few examples. These have made sustainable business efforts more consistent and coherent by codifying the goals and intent of sustainability efforts. The frameworks are driving a shift from exclusive consideration of corporate risk to an understanding of corporate impacts on society. We have therefore incorporated criteria regarding impact and vulnerability in our new framework.

Finally, the investor community has become significantly more focused on the need for companies to consider environmental, social, and governance issues if they intend to survive and thrive over the longer term. This, in turn, necessitates a strategic shift from an exclusive focus on shareholder value to serving broader stakeholder interests. In 2018, Larry Fink, chief executive officer of BlackRock Inc., the world's largest investment firm, made the bold declaration that "to prosper over time, every company must not only deliver financial performance, but also show

how it makes a positive contribution to society." This direct riposte to Milton Friedman's 1970 argument that "the social responsibility of business is to increase its profits" came as a key turning point in mainstream investor thinking on sustainability issues.

In 2011, when we first published this five-step guide to stakeholder engagement, our member companies were asking for guidance on effective implementation of this key element in the corporate sustainability toolkit. In 2016, we wrote a new report, "The Future of Stakeholder Engagement," which called for an overhaul of stakeholder engagement to account for developments in the sustainability and human rights fields. In 2019, corporations face an even clearer need to focus on stakeholder trust in the context of accelerating transparency. This report aims to provide a comprehensive toolkit that incorporates the latest thinking while maintaining the clarity and practicality of our five-step approach. It is designed to provide useful guidance, whether your engagement approach is to stage a one-off roundtable with a few stakeholders or to embrace a comprehensive strategy involving many stakeholders and a variety of engagement tactics.

Use this document as a starting point when approaching stakeholder engagement for the first time, or as a refresher when revising an existing engagement strategy.

STEP 1

# Stakeholder Engagement Strategy

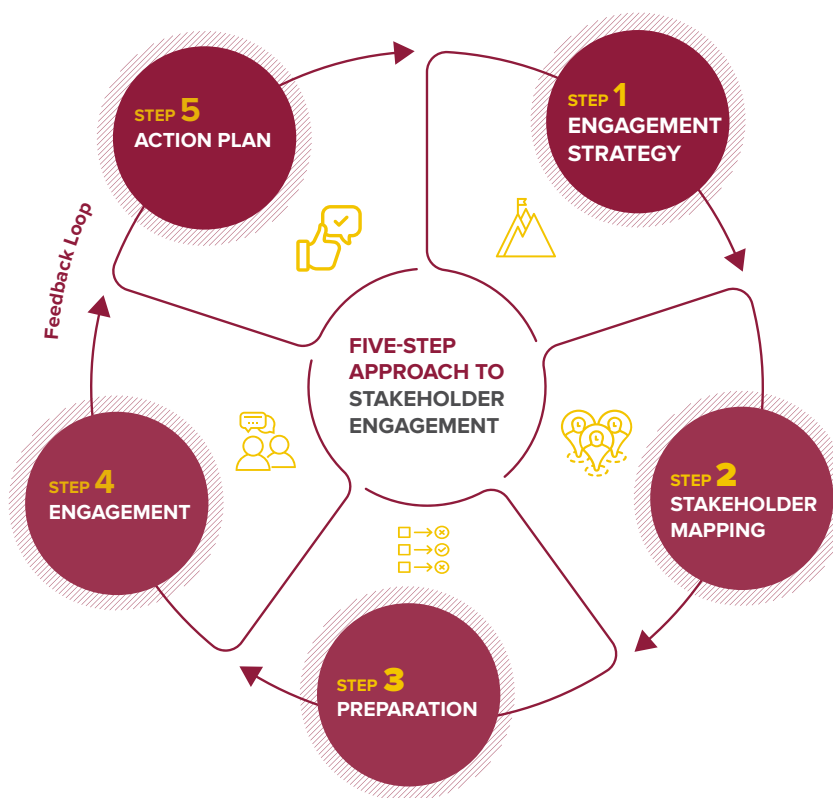


We are in the midst of an increasingly high-stakes debate about the future of the corporation and its nascent shift in focus from shareholder value to stakeholder trust, from risk to impact, and from unrestrained financial growth to sustainable business. For companies, this necessitates a strategic and structured approach to stakeholder relations.

## BSR's Five-Step Approach

BSR has developed a five-step approach to show how corporations can initiate and sustain constructive relationships over time, throughout the organization, creating shared value by engaging early and often—and acting based upon what they hear.

### BSR's Five-Step Approach



#### STEP 1

##### ENGAGEMENT STRATEGY

**Set** vision and level of ambition for future engagement, and review past engagements

#### STEP 2

##### STAKEHOLDER MAPPING

**Define** criteria for identifying and prioritizing stakeholders, and select engagement mechanisms

#### STEP 3

##### PREPARATION

**Focus** on long-term goals to drive the approach, determine logistics for the engagement, and set the rules

#### STEP 4

##### ENGAGEMENT

**Conduct** the engagement itself, ensuring equitable stakeholder contributions and mitigating tension while remaining focused on priorities

#### STEP 5

##### ACTION PLAN

**Identify** opportunities from feedback, and determine actions, revisit goals, and plan next steps for follow-up and future engagement

## There Is a Step Zero

Before developing an engagement strategy, you must first understand what stakeholder engagement means to your company, as well as your goals and level of ambition for this exercise. Although often used as a byword for public relations or reputation management, stakeholder engagement is something else. It requires a shift in corporate mindset and a change from treating stakeholders' concerns as external risks that need to be managed to considering them serious topics that merit transparent dialogue—and a strategic response.

Stakeholders that choose to engage with companies generally expect this interaction to generate change, which is why it is a mistake to treat engagement as a one-way information-dissemination process, rather than as a dialogue. There may not be widespread understanding of this within your company, which may need to develop internal capacity and buy-in before launching engagement activities. The organization should comprehend the business case for stakeholder engagement before committing to a resource-intensive exercise.

### IN PRACTICE

Reach out internally and build a baseline understanding around stakeholder engagement—including the business case. This can help avoid the risk of being unprepared to listen to stakeholder insight or guidance, as well as that of unintended “greenwashing.” It also helps identify internal champions and owners of future engagement activities. These individuals and functions are your internal stakeholders; collaborate with them as you build your overall strategy.



## Who Is a Stakeholder?

A stakeholder is someone who affects or is affected by your company's products or activities. A stakeholder can be either within or outside your organization. Key stakeholder groups include **employees, customers, suppliers, investors, nonprofit partners, and the communities** impacted by your operations.

## MAKING THE BUSINESS CASE:

# The Value of Stakeholder Trust

For example:

Engagement done well is like a savings fund: The value adds up over time and acts as a cushion in times of reputational or fiscal distress. Companies that are more aware of stakeholder interests are more likely to avoid crises because they are better able to anticipate risks and opportunities. A number of compelling studies on the impacts of good community and stakeholder relations across industries and countries have concluded that companies that intentionally build stakeholder trust are more financially resilient over time, across multiple indicators of value.

By now, there is enough evidence to resolve any outstanding doubts as to whether stakeholder engagement is an inherently valuable exercise.

### FINANCIAL RESILIENCE

The value of many years of good stakeholder relations is often proven during times of crisis. A study of U.S. companies found that those with good stakeholder relations prior to entering a cycle of bad financial performance tended to recover more readily and went on to sustain superior financial performance over the long term than companies with poor stakeholder relations.<sup>1</sup>



### RETURN ON EQUITY

Better stakeholder relationships help companies develop such assets as customer or supplier loyalty, reduced employee turnover, and an improved reputation, all sources of competitive advantage and corporate value.<sup>3</sup> A global study found that organizations that make corporate citizenship decisions at the board level are more likely to consider the interests of multiple stakeholders, resulting in better engagement with customers, employees, and external stakeholders. This also brought those companies a higher overall return on equity than was achieved by peers with a less-integrated approach.<sup>4</sup> A detailed study of stakeholder engagement across 26 publicly owned gold mines clearly demonstrated that a sustained focus on increasing stakeholder support enhanced the financial valuation of the mining companies.<sup>5</sup>



### VALUATION

Stakeholder perception has significant effects on corporate valuation. Analysis by McKinsey & Co. determined that 30 percent of corporate earnings are affected by the company's reputation with external stakeholders.<sup>2</sup>

30%

### REDUCTION IN COSTS

Poor stakeholder engagement can lead to a variety of direct and indirect costs to the company. For example, a study of extractives companies identified 33 potential costs associated with preventing, responding to, or managing the outcomes of conflicts with local communities. The most frequent costs were linked to lost productivity from project delays or shutdowns, running in the tens of millions of dollars per week.<sup>6</sup>



Stakeholder engagement needs an overhaul. The practice emerged to help companies build greater trust with societal groups that might affect the delivery and success of their business strategy in a material way.

There is now broad consensus that all companies should engage their stakeholders. However, in most organizations, implementation remains a limited reputational risk exercise that is perceived as providing few benefits.

Excerpt from BSR's "Future of Stakeholder Engagement"



## Building a Strategic Vision

With internal alignment and a common understanding of the purpose of stakeholder engagement, you can move on to shape your strategic vision. The following steps allow you to:

- Focus on where stakeholder engagement can have the biggest impact on your strategy and operations
- Define and lead cost-effective and impactful stakeholder engagement activities
- Learn from past experiences to assess your goals and clarify objectives
- Clarify the business case for engagement
- Understand and manage stakeholder expectations

### 1.1

## HISTORY OF ENGAGEMENT

The first step is to look at your company's history. Lessons learned from past efforts will inform the current strategy.

### IN PRACTICE

Look at your previous engagements and answer the following questions:

**WHAT:** Were our previous attempts successful? Did they fulfill our objectives? What performance indicators support this assessment? What mistakes did we make during our past engagements? What did we miss?

**HOW:** Were the formats appropriate? Did they address stakeholders' concerns? Are there ways we can achieve the same objectives by using resources more effectively? What would we do differently?

**WHO:** What did we learn about stakeholder expectations? Did we address them? Have we provided feedback to our stakeholders? Is the feedback in an appropriate form? Which internal stakeholders need to be more involved? How?

**WHY:** What were the drivers for engagement? Was there a specific context? How might these have evolved over time?

### 1.2

## SET A STRATEGIC VISION: WHY ENGAGE?

The second step is to understand the motivation behind engagement. Setting a vision will clarify the specific objectives you are trying to achieve in business and sustainability.

Since 2011, we have seen corporations increasingly struggle to respond to the urgency and scale of change in the external environment. For systemic issues such as climate change, inequality, corruption, and discrimination, the purpose of stakeholder engagement must broaden its focus on risk management and reputation-building to include partnership and collaboration. More recently, the emergence of regulation in various parts of the world, such as the U.K.'s Corporate Governance Code, displays an increasing expectation by governments that companies will consider and integrate the perspectives of stakeholders.

Companies will benefit from the structured incorporation of stakeholder perspectives into the management of such strategic challenges as political risk, emerging competitors, and the cumulative impact of foreign direct investment in a new region. Even when it comes to gathering stakeholder insights for a materiality assessment, companies are often finding that their most material issues cannot be addressed unilaterally, via direct action, but must rely on partnerships, collaboration, and efforts to influence policy.

All of this suggests the need for a more ambitious approach to stakeholder engagement. While there is still a place for reactive efforts to monitor emerging conversations or respond to critiques, we believe that further effort is best applied to proactive, ambitious efforts that can result in collaboration and concrete change.

✓ IN PRACTICE

Answer the following questions to understand your objectives:

**PRIORITY:** What is our priority in engaging stakeholders at this phase? Reacting to external pressures? Developing strategic insights? Protecting our reputation? Seeking innovation and building new products and services? Building relationships in new markets? Mitigating systemic risk?

**SCOPE:** What is the scope? Let's consider issues and geography to set boundaries. Given increasing transparency, we should consider both global and local exposure—and the interaction between them.

**WHERE** does engagement fit in our organization? Who should be owners (CEO, corporate affairs, business units, etc.)? What is their level of willingness and understanding?

### 1.3 WHO HAS A STAKE?

Your strategy should carefully define the boundaries of your stakeholder landscape. In a broad corporate stakeholder engagement process that envisages longer-term relationships, a full stakeholder mapping may be required; [Step 2](#) will address this below. However, more specific, time-bound engagements may not require a full engagement process because relevant stakeholder groups are already apparent. For example, community engagement exercises need local civil society groups and citizens. A mix of mainstream and socially responsible investors may be well-placed to give feedback on your new reporting approach. Academics and digital rights experts may be best placed to help you navigate how to handle hate speech on your digital platform.



## 1.4 HOW TO ENGAGE

Finally, how you engage will be considered in more detail in later steps, but it is directly informed by your overall vision and level of ambition, whether the engagement is proactive or reactive, and by the resources available. Most important, you need to determine whether this is to be a one-off event or the start of an ongoing, iterative process.

Engagement could take the form of a single meeting or involve the creation of a continuing dialogue mechanism such as a stakeholder advisory board. While both approaches have value, they are responses to different needs.

### IN PRACTICE

Consider the impetus for this engagement process.

If you are mounting a strategic initiative and looking to fundamentally change your business model, you might consider developing an ongoing, comprehensive engagement approach. If an outside event has triggered the engagement, a single meeting may be suitable.

## Are You Ready to Move On?

Check that you have reviewed your engagement history, decided on a level of ambition, and clarified business objectives for the engagement. If so, you can move on.

## Top Three DOs and DON'Ts



### DO

Link engagement strategy to business strategy.

Focus internally before externally (gain buy-in, find champions).

Learn from past experience, both successes and failures.



### DON'T

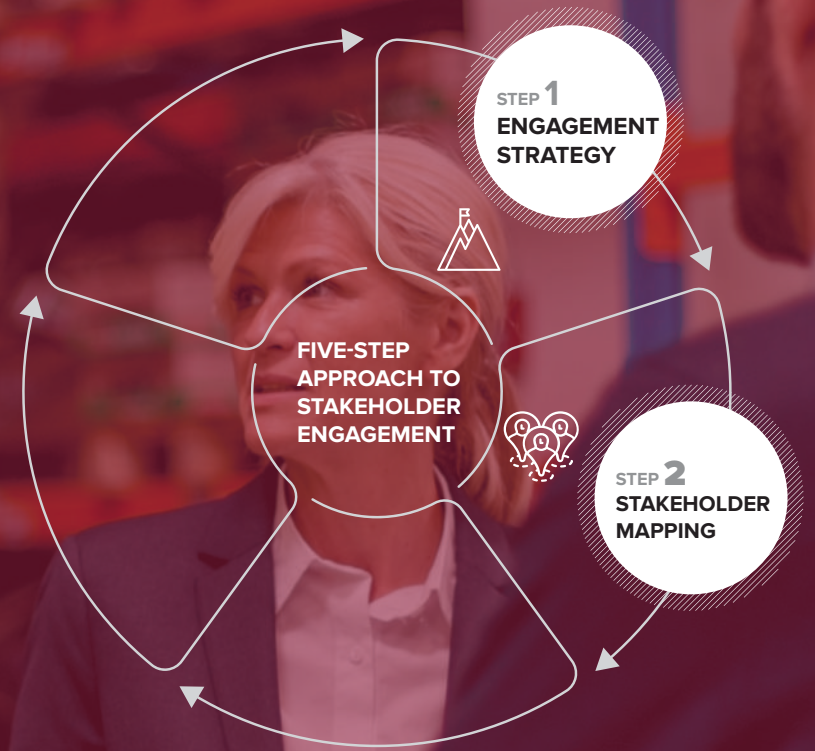
Decide on stakeholders before deciding on your objectives.

Jump directly to choosing an engagement format.

Ignore internal concerns.

STEP 2

# Stakeholder Mapping



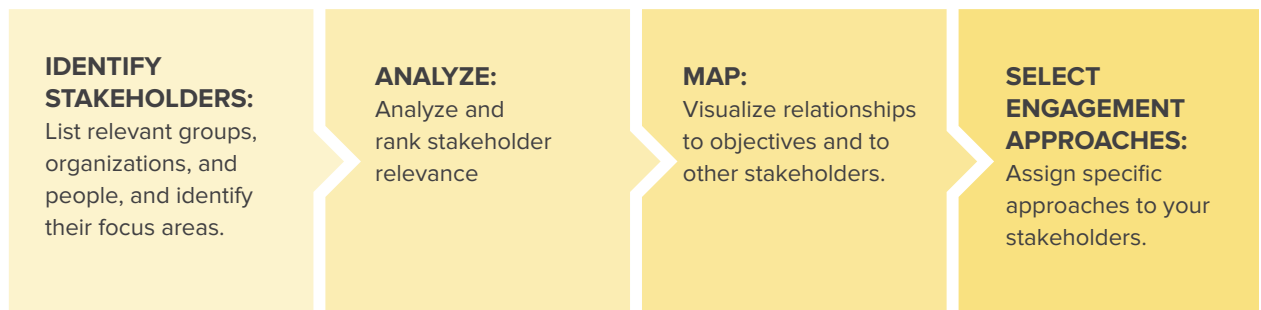
Mapping is an important step to understanding who your key stakeholders are, where they come from, and what their relationship is to your business. To be effective, this process should be informed by your overall strategic vision, as discussed above.

Mapping can be conducted to varying levels of depth. Companies often undertake comprehensive mapping exercises of their entire stakeholder landscape, and then map the results to an engagement approach. Alternatively, for a one-off stakeholder event, the mapping can identify who should attend, given the goals and level of ambition of the exercise.

## What Is Stakeholder Mapping?

Stakeholder mapping is a collaborative process of research, analysis, debate, and discussion that draws from multiple perspectives to determine a key list of stakeholders across the entire stakeholder spectrum. Mapping can be broken down into four phases:

### Four Phases of Stakeholder Mapping



The process of stakeholder mapping is no less important than the result. It depends heavily on the approaches and attitudes of the people participating.

#### ✓ IN PRACTICE

Gather a cross-functional group of internal participants to engage in this process. Identify sources external to the company who may have important perspectives on the issues, and consult these sources for input and participation. Finally, identify an individual (internal or external) who can facilitate your work through the following activities. Capture all your work in writing to help with future steps.

## 2.1

### IDENTIFY STAKEHOLDERS

The first step in the mapping process is to understand that there is no magic list of stakeholders. The final list will depend on your business, its impacts, and your strategic vision. It should not remain static over time, but should change as the external environment evolves and as stakeholders themselves make decisions, shift focus, or change their opinions.



#### IN PRACTICE

Brainstorm a list of stakeholders without screening; include everyone who has an interest in your objectives today and who may have one tomorrow. Where possible, identify individuals—not just organizations. Identify the issues covered by the agenda and focus of each stakeholder.

Use the following list to help you brainstorm:

- **Owners**  
(e.g., investors, shareholders, agents, analysts, and ratings agencies)
- **Customers**  
(e.g., direct customers, indirect customers, and advocates)
- **Employees**  
(e.g., current employees, potential employees, suppliers' employees, retirees, representatives, and dependents)
- **Industry**  
(e.g., suppliers, competitors, industry associations, industry opinion leaders, and media)
- **Community**  
(e.g., residents near company facilities, chambers of commerce, resident associations, schools, community organizations, and special interest groups)
- **Environment**  
(e.g., nature, non-human species, future generations, scientists, ecologists, spiritual communities, advocates, and nongovernmental organizations, or NGOs)
- **Government**  
(e.g., public authorities and local policymakers, regulators, and opinion leaders)
- **Civil society organizations**  
(e.g., NGOs, faith-based organizations, labor unions, and general public)

Here are some additional considerations to help you brainstorm:

**Learn from past and current engagements:**

Look at your organization’s previous and ongoing engagement activities. What were and are the objectives of these activities? Which stakeholders communicate regularly with your company? What stakeholder category (or categories) are they in? Is there an opportunity (or a pressing need) to reach beyond your comfort zone to engage with lesser-known stakeholders?

**Consider the future:** Assess potential stakeholders from new markets, new technologies, new customers, and new interest groups. Depending on your objectives, the relevant stakeholders you need to engage with may not be the “usual suspects” of sustainability; prominent NGOs and responsible investors.

**Ensure diversity:** Make sure to include a rich diversity of stakeholders embodying a spectrum of expertise, attitudes, and geographies. This is an opportunity to reach out and mix the old with the new, including individuals from each of the following stakeholder categories: influencers, collaborators, advocates, critics, and implementation partners.

**Use technology tools—and judgment:** Analyzing your social and online media profile provides unparalleled opportunities to understand who is currently talking about your business and the issues you are aiming to tackle. On key issues, there is often a big gap between sentiment in traditional online media and in social media. Looking closely at these trends can help you understand and anticipate shifts in public opinion.

**Consider your impact:** Still, it is crucial not to prioritize noisy critics over genuine experts. If you focus only on reacting to the loudest voices, you will soon end up with whiplash. It is also important to consider the impacts of your business on stakeholders—not just the risk to your business from stakeholders. Step back and consider who is most impacted by your operations and decisions. This will incorporate the latest thinking on how to drive a meaningful dialogue.

## 2.2 ANALYZE

Once you have defined your landscape of stakeholders, analysis will help you map and understand that landscape. BSR has developed a list of potential criteria you might use to analyze stakeholder organizations, groups, or individuals. Not all of these criteria will be relevant for every engagement, and we recommend an absolute maximum of four distinct criteria:

**Influence:** How much influence does the stakeholder have over your company or project, either directly or via other stakeholders? (You will need to clarify “whom” they influence—for example, other companies, NGOs, consumers, investors.)

**Expertise:** Does the stakeholder have information, counsel, or expertise on the issue that could be helpful to the company, either directly or because they will shape the future of an issue (for example, a recognized expert on circular-economy issues)?

**Orientation:** Is the view of the stakeholder toward the company/engagement/issue a collaborative or combative one? How willing is the stakeholder to engage with the company and the overall process?

**Vulnerability:** To what degree will the stakeholder be impacted by the project, company, or initiative? Is the stakeholder a member of a vulnerable social identity group (for example, children, indigenous peoples), and is there a related human rights impact?

**Capacity:** To what degree does the stakeholder have the capacity to engage at the level desired by the company? To what degree is the stakeholder able to meet the commitments required for the entire engagement?

**Trust:** What degree of mutual familiarity and trust is there between the company and the stakeholder? Is there a track record of both sides adhering to commitments, respecting confidentiality, and engaging in productive dialogue?

IN PRACTICE

Select from among these criteria to create and populate a chart with short descriptions of how stakeholders fulfill them. Assign values (low, medium, or high) to these stakeholders. This first data set will help you later decide which stakeholders to engage—and how. Here is an example:

| Stakeholder | Influence  | Expertise   | Orientation   | Vulnerability   | Capacity   | Trust                           |
|-------------|--|---|---|---|--|---------------------------------|
| <b>A</b>    | <b>High:</b><br>Stakeholder is a key shaper of opinion in this field | <b>High:</b><br>Knowledge in the issue is of value to the company | <b>High:</b> Proactive group that is highly engaged with business | <b>High:</b> The company/project will directly impact the lives of this group | <b>Low:</b> The group has few resources for engagement | <b>Low:</b> Mutual trust is low |
| <b>B</b>    | <b>Medium</b>  | <b>Medium</b>   | <b>High</b>   | <b>Medium</b>   | <b>Medium</b>  | <b>Low</b>                      |
| <b>C</b>    | <b>Low</b>   | <b>Low</b>  | <b>Medium</b>   | <b>Low</b>  | <b>Medium</b>  | <b>Medium</b>                   |
| <b>D</b>    | <b>Low</b>   | <b>Medium</b>   | <b>Low</b>  | <b>Medium</b>   | <b>Medium</b>  | <b>High</b>                     |
| <b>E</b>    | <b>High</b>  | <b>Medium</b>   | <b>Low</b>  | <b>High</b>   | <b>High</b>  | <b>Low</b>                      |



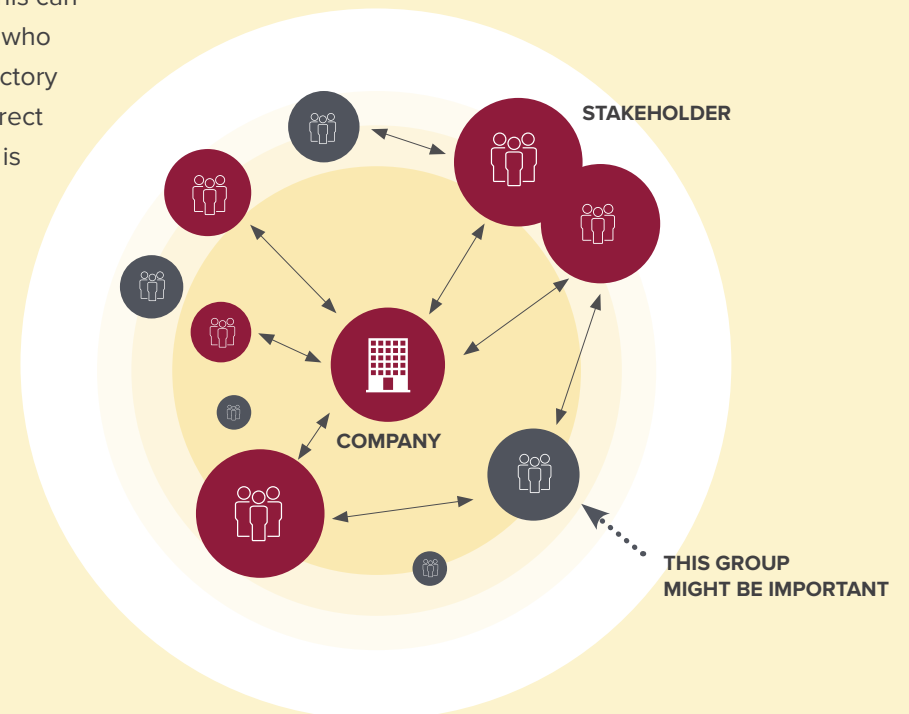
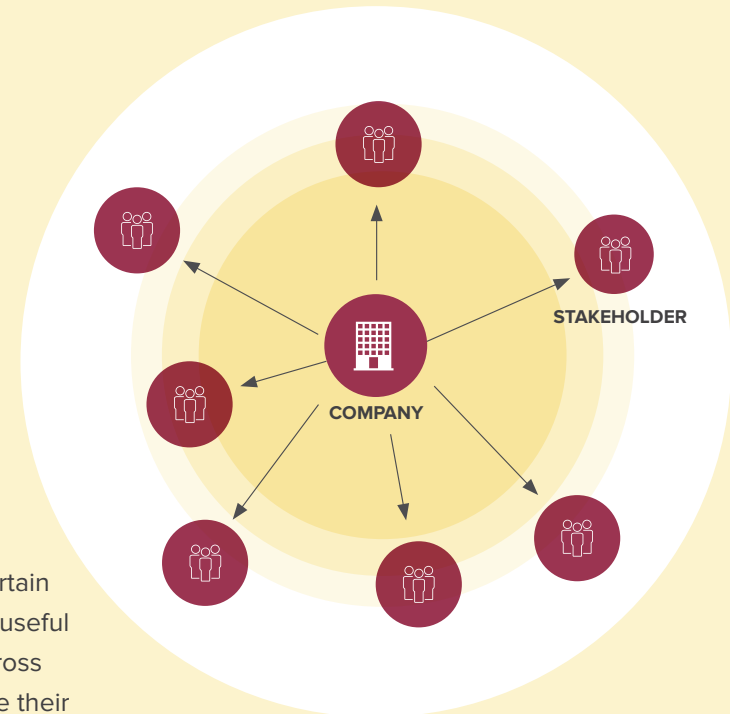
### What analytical criteria are relevant?

- Review your engagement strategy before you select criteria.
- Expertise, influence, and orientation are likely to be relevant for any strategic engagement with key stakeholder groups, such as a materiality assessment.
- Vulnerability and orientation are essential to a project or initiative with any potential for negative human rights impacts, and stakeholders with the highest vulnerability and negative orientation are likely to be a priority for engagement.
- In corporate social-activism efforts, influence, trust, and orientation will help the company anticipate and respond to stakeholder critiques and shape strategic positioning.

## A Note on Influence

For good reasons, companies have tended to identify and prioritize stakeholders that have the most direct influence over the company or project. However sensible, this can be too limiting when the issue, initiative, or project is particularly crucial, or where projected change seems especially rapid or dynamic. It also frequently lands us in an echo chamber of self-reinforcing opinions from the “usual suspects”—often loud, activist NGOs and socially responsible investors.

In these high-stakes, uncertain situations, it may be more useful to map the key players across the ecosystem and explore their influence on each other. This can help identify stakeholders who may shape the future trajectory of an issue, even if their direct influence on the company is currently low.



“

In an era of hyper-transparency, it is harder to decipher who are our stakeholders. We can listen to everything, but we have to be brutal about prioritization. We cannot react to everything.

—BSR Member

”



## 2.3 MAP

Mapping stakeholders generates a visual analysis that you can use to further determine which stakeholders will be most useful to engage with. Mapping allows you to evaluate stakeholders by using consistent criteria, and helps you visualize the often-complex interplay of issues and relationships created in the criteria chart above. Since each visualization can cover a maximum of three criteria, you may need to create a number of visualizations to capture all possible insights.

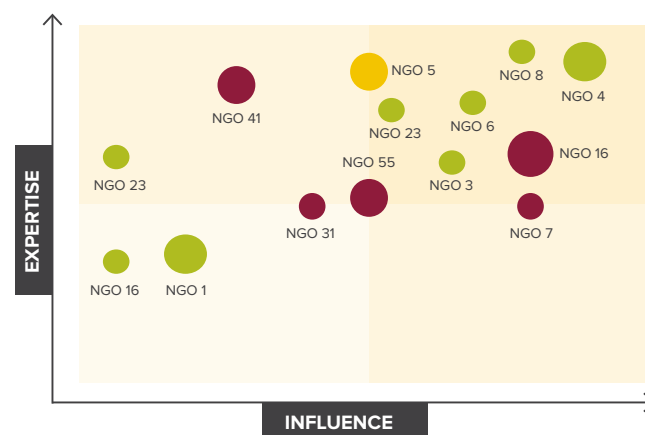
Create a map to identify key stakeholders. You can select up to three of the most relevant criteria for each visualization.

### EXAMPLE 1

#### Expertise, Influence, and Orientation

1. Draw a quadrant, using two axes labeled “Low to High.”
2. Add “Expertise,” “Influence,” and “Orientation” to the criteria chart, as above.
3. Assign “Expertise” to the y-axis and “Influence” to the x-axis.
4. Discuss and debate within your group where each stakeholder falls.
5. Plot the stakeholders on the grid.
6. Use small, medium, and large circle sizes to denote their orientation.

*Note: You will later use quadrants—or a nine box—and circle sizes in building a prioritized stakeholder list.*



**ILLUSTRATIVE EXAMPLE:** Mapping Global NGOs as a Step in the Development of a Strategic Approach to NGO Engagement

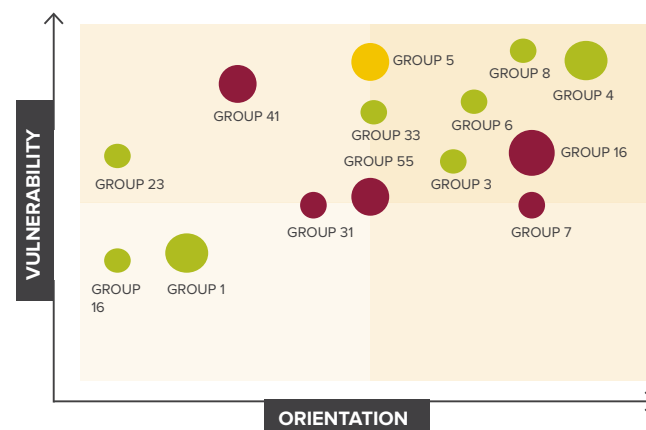
- ASIAN HQ
- GLOBAL
- NORTH AMERICA HQ
- EUROPEAN HQ

### EXAMPLE 2

#### Vulnerability, Orientation, and Influence

1. Draw a quadrant using two axes, the x labeled “Low to High” and the y labeled “Positive to Negative”
2. Add “Orientation” to the x axis
3. Assign “Vulnerability” to the y axis.
4. Discuss and debate within your group where each stakeholder falls.
5. Plot the stakeholders on the grid.
6. Use small, medium, and large circle sizes to denote their influence.

*Note: You will later use quadrants—or a nine box—and circle sizes in building a prioritized stakeholder list.*









**ILLUSTRATIVE EXAMPLE:** Mapping Vulnerability and Orientation of Civil Society Group as a Step to Engagement on Human Rights Impact

- CIVIL SOCIETY GROUP IN SOUTH AMERICA
- CIVIL SOCIETY GROUP IN ASIA
- CIVIL SOCIETY GROUP IN NORTH AMERICA
- CIVIL SOCIETY GROUP IN EUROPE

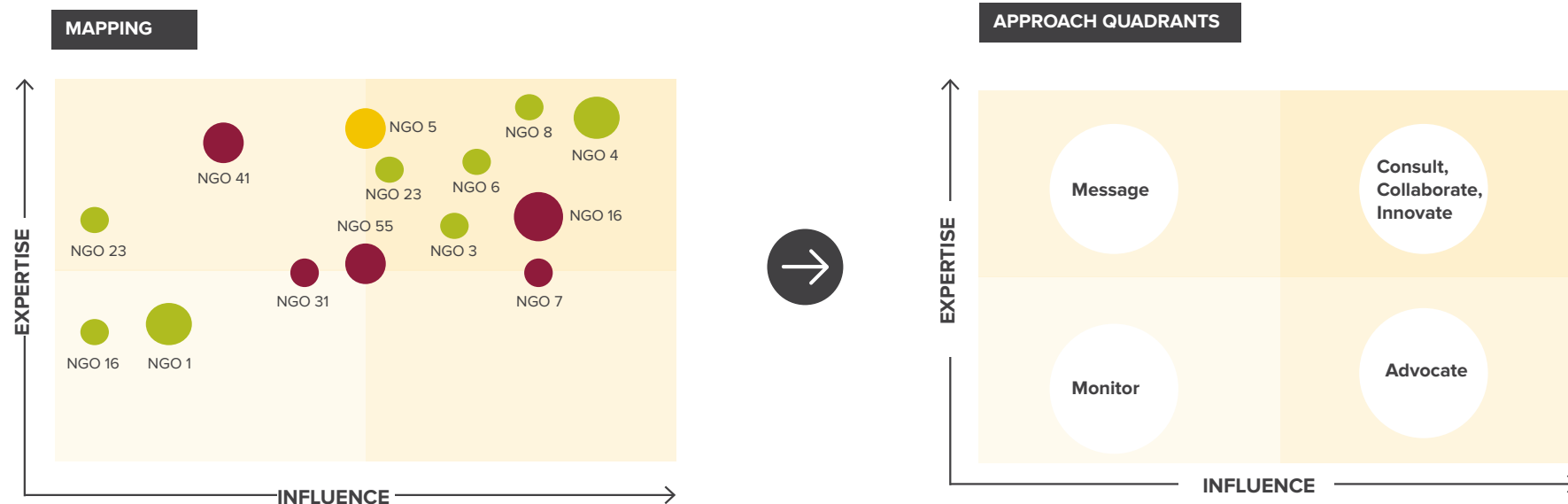
Note: These are illustrative mapping examples, and your approach may vary according to your needs. You may need to vary your criteria, depending on the mix of your stakeholder list. More ambitious objectives may require a more strategic, detailed mapping. Your approach may also be influenced by such outside variables as tools and frameworks already in place at your company. Closely consider your needs at the start.

## 2.4 SELECT ENGAGEMENT APPROACHES

It is not practical or smart to engage all stakeholder groups with the same level of intensity, using the same approach. It is also important to be highly selective in choosing stakeholders for ongoing consultation and collaboration. Being strategic and clear about whom you are engaging with—and why—can help save both time and money. Even more important, it will help you manage expectations. When stakeholder groups are consulted and then express opinions, only to find no action taken, this can significantly undermine the perceived value of the exercise and negatively impact trust and reputation.

|   | ENGAGEMENT<br>APPROACH | OVERVIEW   | EXAMPLE  |
|---|------------------------|--|--|
|    | <b>MONITOR</b>         | Tracking or monitoring stakeholder positions via research or discussion with other parties.  | For instance, track the sustainability issues of greatest concern to selected stakeholder groups to help inform a materiality process.         |
|    | <b>MESSAGE</b>         | Adapting communications scope and messaging to meet stakeholder expectations. Creating and targeting messages to specific stakeholders.  | For instance, identify new issue areas that require positioning and disclosure.  |
|    | <b>ADVOCATE</b>        | Activities to enlist support for a specific effort or position that may have opposition or reflect an actual or perceived imbalance of power. Does not necessarily imply that the company will change its approach or direction. | For instance, clarify a company's position and policy on plastic waste in response to stakeholder criticism.                                   |
|  | <b>CONSULT</b>         | Soliciting explicit feedback or input on a project or plan. Implies an expectation by the stakeholders that the company will make concrete changes based on the consultation.  | For instance, consult a stakeholder advisory board on policy or process changes regarding a company's approach to a particular issue.          |
|  | <b>COLLABORATE</b>     | Initiating or participating in two-way dialogue focused on mutual learning and solutions. Can include co-creation of new ideas and approaches.   | For instance, consult with local community and political groups to determine the most mutually beneficial options for local social investment. |
|  | <b>INNOVATE</b>        | Shared work on common objectives of the company and its stakeholders. Can include co-creation, as well as co-implementation, of new ideas.   | For instance, launch a new product or service in partnership with expert stakeholders.   |

Looking at the quadrant in which any given stakeholder falls, select the appropriate engagement approach for each stakeholder or stakeholder group.



Moreover, the resources at your disposal also shape your choice of engagement approach. For example, a more ambitious strategy costs more. Use this table to visualize cost intensity for each approach.

**NOTE:** This tool provides only a rough estimate. Costs depend on a wide range of variables and can be developed only within the context of a particular industry, company, or issue.

| ENGAGEMENT APPROACH | ASSIGNED STAFF | TIME       | INTERNAL ALIGNMENT | FORMAT     | MODERATION | FEEDBACK | OVERALL    |
|---------------------|----------------|------------|--------------------|------------|------------|----------|------------|
| MONITOR             | \$             | \$         | \$                 | \$         | \$         | \$       | \$         |
| MESSAGE             | \$\$           | \$         | \$\$               | \$\$       | \$         | \$       | \$\$       |
| ADVOCATE            | \$\$           | \$\$       | \$\$               | \$\$       | \$         | \$       | \$\$       |
| CONSULT             | \$\$\$         | \$\$\$     | \$\$\$             | \$\$\$     | \$\$\$     | \$\$     | \$\$\$     |
| COLLABORATE         | \$\$\$         | \$\$\$\$   | \$\$\$\$           | \$\$\$     | \$\$\$     | \$\$\$\$ | \$\$\$\$   |
| INNOVATE            | \$\$\$\$\$     | \$\$\$\$\$ | \$\$\$\$\$         | \$\$\$\$\$ | \$\$\$\$   | \$\$\$\$ | \$\$\$\$\$ |

## Have You Developed the ‘Right’ List?

The key is not to agonize over whether your stakeholder list is “right.” By working through the five steps in the mapping process, you will have created a robust, relevant, prioritized stakeholder list that directly applies to your goals. However, this is not a static process. The list will evolve. Instead of agonizing, focus on whether your list will help you further prepare for your engagement activities.

### IN PRACTICE

Answer the following questions to see if you are ready to move on:

- Is our list focused on relevant stakeholders who are important to our current and future efforts?
- Do we have a good understanding of where stakeholders are coming from, what they may want, whether they would be interested in engaging with our organization, and why?
- How can we further understand and qualify these stakeholders? Through discussions with internal colleagues? Reading reference reports? Analyzing their public profile and opinions?
- Have we given thought to what type of resources (expertise, people, and budget) we need to support our engagement strategy and follow-up activities?

STEPS 3 & 4

# Preparation and Engagement



Preparation will bring the insights you have gathered to fruition. It can also ensure that the engagement itself will support continued dialogue with those most important to your business: your stakeholders.

✓ IN PRACTICE

Before diving in, gather your internal stakeholder engagement team, and develop and communicate short-term and long-term goals for the stakeholder engagement or engagements. Review the core engagement principles discussed below. Refer frequently to these goals and principles for the rest of your preparation process.

## Core Engagement Principles

Since BSR put forth the original report in 2011, the UN Guiding Principles on Business and Human Rights have provided us with a definitive approach for engagement based on impact on rightsholders. And the need to build mutual trust between companies and stakeholders has grown much more pressing amid plummeting public trust in government, business, and the media. These developments necessitated a shift in emphasis. Whereas stakeholder engagement has traditionally determined the level of risk posed to the business by the stakeholder, questions of the impact of a business on the stakeholder are now more pressing and important.

In this context, we believe it is important to establish core principles that govern every engagement. All should satisfy the following principles:

**Focused:** Engagement goals should be focused and relevant in order to ensure alignment. Expectations ought to be clear and realistic.

**Timely:** Engagement should be conducted in a timely manner to ensure that the perspectives of stakeholders can inform the outcome of business decisions that might affect them.

**Representative:** The engagement should be structured in a way that enables the perspectives of diverse stakeholders to be considered. Engagement could include contact with representatives of broader social identity groups, for example, when considering the impact of large mining operations or social media platforms.

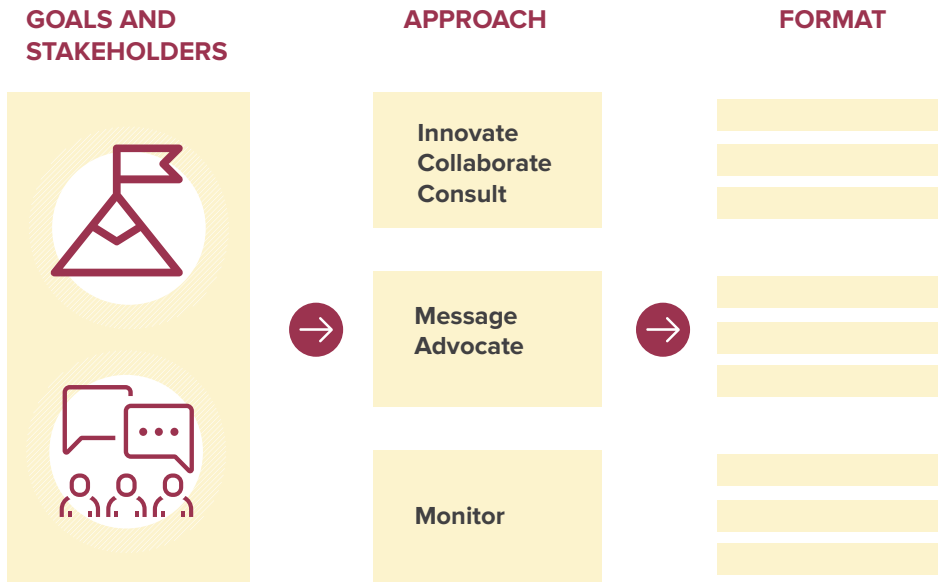
**Inclusive:** Companies should ensure that engagement reaches such particularly vulnerable groups as human rights defenders and political dissidents, as well as women, young people, minorities, and indigenous communities.

**Respectful:** In the context of stakeholder engagement, respecting means listening as well as sharing, and using an engagement approach that is culturally sensitive and accessible to all participants. This means considering context, location, format, and language.

**Candid:** The process of selecting participants should be transparent, and engagement notes, actions, and outcomes should be shared with participants. If full disclosure to the wider public is impossible—given potential risks to participants and to the confidentiality of business decisions—summary outcomes should be disclosed.

## Getting Started

Your actions in the previous steps have all been designed to inform and improve the preparation process. You have defined goals and strategic vision, mapped and prioritized your stakeholders, and selected engagement approaches. Now you need to choose a format that matches your engagement approaches and level of ambition.



Using the results of the stakeholder mapping in Step 2 and your chosen approach, identify relevant formats for engaging specific stakeholders or stakeholder groups. Remember that you can simultaneously engage various stakeholders by using a range of formats. You are not limited to using one engagement format at a time.

### APPROACH

### FORMAT

**Innovate  
Collaborate  
Consult**



Joint venture or partnership  
External advisory council  
Collaboration workshop  
Joint research  
Stakeholder engagement summit

**Message  
Advocate**



Sustainability report  
Survey  
Town hall meeting  
Mass email or newsletter  
Social media outreach  
Conference

**Monitor**



Marketing campaign and tracking  
Online and social media monitoring  
Subscription to stakeholder newsletter or blog



**TIP FOR SUCCESS**

“ I’m a big believer in the age of unlikely alliances and talking to people we don’t usually talk to. There is a herd mentality within organizations. It’s really important to be exposed to people who disagree with you. ”

—BSR Member

## CONSIDERATIONS FOR IN-PERSON ENGAGEMENT

The art of stakeholder engagement does not actually lie in which format you choose, but in how well you match a format to the issue, stakeholder(s), and situation.

The scale, scope, and span of the engagement will vary, depending on these specifics and others. A variety of factors can influence your choice of stakeholder engagement format, including:

**Familiarity** — How well do you know the issue and the stakeholder(s) involved? What has the relationship been in the past? What research and pre-work has been done already?

**Frequency** — Is this one meeting, multiple meetings, or an ongoing dialogue with no defined end?

**Guidance/Facilitation** — Will the engagement be managed directly by the company representatives or facilitated by a third party?

**Participant Profile** — Does the engagement involve one representative, many from the same organizations, or representatives from many different organizations? Are these senior decision-makers, impacted or concerned citizens, potential

plaintiffs, etc.?

**Complexity** — Does the engagement involve one issue or multiple issues? What is the level of seriousness, potential impacts, etc.?

**Trust/Credibility** — How much trust exists between the company and stakeholder(s)? What credibility does each have with the other?

If your chosen format is a verbal exchange with stakeholders, consider the pros and cons of various types of conversations. Decide which approach best matches your objectives, including online discussions, teleconferences, webinars, one-on-one meetings, or group meetings, forums, or events.



## Knowing the Other

The subtlest (and perhaps most important) part of preparing for engagement is understanding that you are a subjective party in the process. No matter how open and objective your company intends engagement to be, each stakeholder will always harbor certain perceptions of you and the other stakeholders involved. Reminding yourself that your company is one player in a dynamic social system—not a central hub whose stakeholders are spokes—will help you proceed effectively.

### IN PRACTICE

Consider how certain elements influence your intended engagement and might change the conversation. Think about your selected stakeholder groups, and attempt to anticipate their perceptions of the criteria that follow below. Then adjust your plans, where necessary. While the stakes are particularly high for in-person meetings, these considerations apply broadly.

**Authority:** In-house versus third-party hosting, placement and number of company representatives versus stakeholders, stakeholders' familiarity with subject;

**Formality:** Dress code, look of the presenter, marketing and display materials, the tone used to address the topic (e.g., passive, direct, apologetic, etc.);

**Atmosphere:** Effect of the venue's atmosphere (e.g., warm, cold, welcoming, stuffy, or dark), "branding" of the event with company logos;

**Facilitation:** Type of facilitation necessary for your intended audience (e.g., engaged, hands-off, leading, listening, interactive, or professorial); and

**Participation:** Dynamic of the stakeholders in the room, approach to fielding remarks and managing disputes, logistics affecting participants (distance traveled, etc.).

If you are planning to duplicate an event in multiple regions or countries, consider that varied locales may present different cultures around stakeholder engagement. Tactics may need to be adapted to fit local practices.

## The Raw Logistics

Logistics are an important aspect of planning your in-person engagement. Review the following list of illustrative points to cover.

### Logistics that will help prepare for in-person engagement:

- Determine if facilitation is needed, and select a facilitator.
- Secure an appropriate facility (if necessary).

### Logistics that will help during engagement:

- Assign participants roles and responsibilities.
- Develop an agenda focused on objectives and outcomes.
- Develop rules of engagement, confidentiality, and a decision-making process.
- Create engagement materials.
- Distribute invitations with practical information to participants.
- Communicate clear objectives, scope, and roles for participants.
- Set up channels of ongoing communication (Twitter feed, voting platform, white boards).
- Plan for catering, paying attention to special needs or diets.

### Logistics that will help, post-engagement:

- Create evaluation criteria and measures for success.
- Develop a feedback plan and mechanism.

## The Engagement

After working through the necessary planning steps, you are on track for a successful engagement with your stakeholders. This is the moment when facilitation truly counts. Coach your facilitator to deliver on the following five points during engagement. If you are planning to facilitate the event yourself, be sure to focus on the following points. Again, many of these criteria apply primarily to in-person meetings, but the ideas apply to other communications, too.

For one-off meetings, the following considerations apply:

- **Help stakeholders prepare:** Make sure that everyone who joins in is aware of your goals, format, envisaged contribution, and any useful background information so the discussion will be as productive as possible.
- **Share stakeholder expectations:** Share feedback from your earlier goal-setting consultation process, or invite stakeholders to share their expectations for the engagement.
- **Allow for equal contribution:** Encourage less-vocal stakeholders to participate in the conversation; create a space in which this is possible and comfortable; respect each party's right to observe quietly if they choose.
- **Focus the discussion:** Dialogues can veer off-topic if not properly focused. Stick to your agenda and remain within the issue's scope. Address whether any exciting, out-of-scope issues will be revisited in the future.
- **Manage cultural dynamics:** Your earlier activities should have prepared you for any tricky dynamics. Still, be wary of potential cultural misunderstandings and be prepared to manage any that arise. Here, there is no substitute for skilled facilitation.
- **Mitigate tension:** Certain topics can prove controversial or provocative, and unexpected dynamics or rivalries may surface among participants. Thorough mapping and preparation will help, but anticipating a range of outcomes is essential.

If you envisage an ongoing relationship and iterative dialogue, there are additional considerations. We tackle them below in Step 5.

## DOCUMENT THE ENGAGEMENT

In order to measure success and build on your efforts for future activities, be sure to capture the following in writing during the engagement: the original purpose and aims of the engagement; the methods used; the participants; a summary of noted stakeholder concerns, expectations, and perceptions; a summary of discussions; and a robust list of outputs (decisions, actions, proposals, and recommendations). This documentary record should be shared with all participants.

## Next Step: Time for Action

Your tactical engagement may have come to a conclusion, but your work is not yet complete. In the final step, you will draw upon the outcomes of your engagement to respond to stakeholder needs and develop lasting relationships. If this particular engagement is part of a larger engagement strategy, you will use what you have learned to improve the process in future activities.

# STEP 5

# Action Plan



Companies often conduct engagements and then fail to document the results and act transparently on the information gained through the exchanges. In this step, you develop an action plan whose key aim is to translate the findings, insights, and agreements from the engagement into deeds—and then communicate these actions to your stakeholders.

Note that the approach described below applies to each individual engagement. For ongoing, repeated interactions, the action plan from one engagement should directly inform the planning and execution of the next, and trust and understanding can be built as you iterate.

## A Dual Action Plan

Begin by creating a clear action plan with distinctly separate consideration of next steps and outcomes for both external and internal stakeholders. This approach will help hone your message for the appropriate audience while avoiding unnecessary clutter in the final document. External actions will focus not just on relationship building and future engagement but also address the concrete actions you plan to take as a result of the engagement. Internal actions will range from improving processes and revising strategy to building additional internal capacity for engagement.

**In this step, you develop an action plan whose key aim is to translate the findings, insights, and agreements from the engagement into deeds—and then communicate these actions to your stakeholders.**

### CREATE AN OVERVIEW

Refer back to your written engagement notes and consider the entire range of issues that came up during engagement. For each issue, prepare a response that explains the rationale behind your decision or next step—especially if your response is to take no action. Your credibility and reliability call for addressing the full landscape of issues, because participants inevitably have different priorities.

### BUILD A PLAN

The issue landscape is a foundation for your action plan. For each potential next step, consider the concerns and perceptions stakeholders expressed during the engagement, as well as key discussion points. Each action should define roles and responsibilities for implementation, along with milestones and a realistic timeline for completion. Before issuing the plan, be sure to consult with those responsible for executing each action.

## Send It Out and Follow Up

Your action plan should also serve as a progress report on goals and objectives, helping inform your engagement strategy. Think back to your original objectives and ambition. Use what you learned from the engagement to address the short-term or long-term goals you had previously set. Incorporate successes into your action plan and analyze any misses or failures to help you set more realistic goals in the future.

It is most critical that you communicate with your stakeholders as transparently as possible. From your action plan, build a public reporting document that tells the whole story and can be tailored to specific audiences. Use this opportunity to demonstrate how your engagement activities and stakeholders affect your business strategy or operations—and their lives. Finally, be sure to invite further stakeholder feedback to improve your engagement strategy in future.

## Considerations for Ongoing Engagement

To tackle strategic or systemic issues of high value to the company, it is good practice to maintain ongoing engagement, for example via stakeholder panels and advisory boards. Here are some key considerations before you move to establish a more formal, ongoing stakeholder engagement mechanism:

**Anticipate and plan:** If you consider ongoing engagement necessary for you to meet your goals, this more ambitious exercise will influence your stakeholder identification and mapping, as well as the trajectory of the ongoing relationship.

**Develop a clear mandate:** There are many reasons to bring stakeholders together on a regular basis, from providing strategic input to co-creating a new initiative. The point is to select one and then use it to guide the entire process, including establishment of a mutual understanding as to how the feedback will be used.

**Composition:** For an ongoing advisory function, trade-offs must be made in terms of breadth and depth on issues, as well as diversity of country

of origin, gender, opinion, and expertise. A clear mandate will help you select the right balance.


**Payment:** If you seek an ongoing commitment from stakeholders, financial compensation will quickly become a consideration. Common practice includes paying honoraria and travel arrangements. Whatever approach you adopt, transparency is key.

**Confidentiality and disclosure:** There should be clear guidelines for confidentiality and the sharing of decisions and key discussion points. You may encounter compelling, conflicting arguments for confidentiality and for transparent disclosure. Pick the one that makes the most sense, and stick to the agreed procedures.

**Effectiveness:** Term limits for panelists can foster evolution and diversity of perspectives. Panel members should be reviewed regularly for effectiveness—at least annually.

An aerial photograph of a winding asphalt road through a lush green forest. A small white car is visible on the road. A large, semi-transparent red shape, resembling a stylized '2' or a loop, is overlaid on the right side of the image. The text 'Closing the Feedback Loop' is written in white, bold, sans-serif font on the left side of the image.

# Closing the Feedback Loop



## BSR's five-step approach to stakeholder engagement will help your company build a successful engagement strategy and develop a set of activities matching key stakeholders' expectations.

BSR's five-step approach to stakeholder engagement will help your company build a successful engagement strategy and develop a set of activities matching key stakeholders' expectations. Further work is needed to keep your stakeholders informed and engaged.

Engagement is ultimately about building ongoing, two-way communication with those most valuable to your company. Even after you have finished a set of engagement activities, you should continue communicating with your stakeholders as part of a long-term strategy.

Try to avoid these typical pitfalls when completing each engagement:

**1. Keep your word:** If you say you are going to keep stakeholders updated, do so. Go a step further and tell them how frequently they will receive updates—and through which channels. This will help avert misunderstandings and set the stage for future engagement.

**2. Manage expectations:** The quickest way to destroy the trust you have built is to raise expectations you cannot meet. Always keep the lines of communication open. Never schedule engagement activities so late in a planning timeline that a given engagement can't shape future actions. Do not pretend to want feedback and then do nothing with it. If your goal is mainly to gather information, make this clear from the outset. Most important, let your stakeholders know how their feedback is to be used. Include the results in future engagement plans.

Once you have completed your engagement activities and developed a robust feedback mechanism, it is time to review the lessons from the latest outreach effort, learn, and plan the next engagement.

## Interested in Learning More?

**Learn more** about BSR stakeholder engagement consulting services.

**Explore** case studies covering our range of consulting services, including stakeholder engagement.

**Share** your comments or questions.



# Endnotes

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