

The Applying Stakeholder Management Tools for Modelling Business Development

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Abstract: The article provides brief interim findings in design of modern business development models. In the theoretical part of the study it combines one of the well-known change management concept and standard stakeholder management tools. This model was tested on a small business's network partnership. The main results of the model's pilot application for this business structure are: improving the use of resources, identification of new competitive advantages, obtaining an integrated development of model adapted to a particular business network.

Key words: Business development management • Stakeholders • The F. Gouillart and J. Kelly concept of organizational transformation • Small business • Change management

INTRODUCTION

Today businesses grow and develop under numerous global factors: increased competition, less impact of governments and states on the macro-economy and social development, accelerated cycles of various crises, greater uncertainty of the business environment, requirements of transparency and social responsibility imposed on businesses by the contemporary society, growing importance of knowledge as one of the resources in the conditions of ongoing information integration.

These conditions prompt (if not, at times, push) researchers and business decisions makers to look for and apply new methods and tools for business development. One of the options is proactive, anticipatory establishment of a favourable environment conducive to business. Many business organisations treat cooperation with a variety of people and organisations on the social, economic and environmental issues as an important aspect of their business management.

Such synergy is based on the concept of Edward Freeman [1] and the subsequent development, brought to the level of standards [2] and detailed procedures [3, 4]. Stakeholder approach provides researchers and managers of universal management tools suitable for both large corporations and small businesses. Meanwhile, the timid steps towards the organisation of stakeholder

engagement mainly represent reactions to specific events and are limited to the problems caused by the conflicts at one hand.

The Freeman's concept and stakeholder management tools are universal, applicable for corporations and small businesses, as well as for more complex business structures.

Corporations have realised the benefits of a more proactive, broad and continuous dialogue and they contemplate the development of an improved, systematic approach to the problem. The work of corporations within such synergies has proved that this approach can improve the understanding between the parties, as well as to help manage risks and resolve conflicts in a more effective way.

Small business, which is the most responsive to the contemporary challenges due to their better manageability, greater motivation in studying and adapting to the external environment, begins to assess stakeholder engagement as a tool that can foster innovation in the creation of products and in the organisational processes, strengthen the orientation of the strategic decisions towards the stability within and outside the company.

The development of interaction models enables companies to align their social and economic indicators, as well as indicators related to environmental protection,

in line with their overall strategy. The interaction of this kind of companies with their stakeholders involves pooling of resources (“know-how” of financial, human and operational resources). This can help all stakeholders to gain access to information, to solve problems and achieve goals that none of the parties could not achieve alone. Despite the obvious problems associated with the organisation of business stakeholder engagement, the results of the most successful practical examples justify the effort in helping small businesses to be sustainable in an increasingly complex and constantly changing external environment.

However, despite the effectiveness of the achievements in the field of business stakeholder engagement, they are merely an initial set of development tools. The use of such tools alone cannot build a modern model of clear and sensible system of goal settings to achieve the result – the performance of the business mission. Stakeholder management tools should be used in the context of the concepts of development covering all aspects and activities of the business and having at its core constant change.

Research Approach: In creating this model the entire scope of known tools of stakeholder management have applied: identification, grouping, classification of stakeholders, definition of relationships with them, analysis and planning of engagement, motivational research, conflict management, analysis of interactions, etc. In addition, the use of a synthesis of concepts and analysis directions engagement with the stakeholders in each area of development.

Main Research Results: To create a modern business development model the author examined the concept of changes management on the basis of their following beliefs, based on their own professional and life experience:

- A business should be viewed not so much as the conversion of resources into a product using technologies in order to gain profit and repeat the cycle, but rather as an interaction of a unique set of relationships aimed at creating a certain value for the increase of social welfare.
- Development management implies changes management.
- The author firmly believes that any business-process models should be built around the principle of nature-like model.

Keeping in mind the above mentioned assumptions author of the study identified the areas of business development fully corresponding to the elements of the transformation by the F. Gouillart and J.Kelly concept [3].

The study of materials research in the field of stakeholder management based on the Freeman's concept allowed the author to define tools set used to communicate business's stakeholders [4-10].

Tables 1 and 2 developed by the author show details of business stakeholder engagement across the various directions of development.

Reframing and revitalisation are the competences of the key of business figures, the so called “missionaries” who take care of the “sincerity” of the business purposes, of the stakeholders who have maximum responsibility, interest and authority. In these areas every detail should be well thought through. The lion's share of the personal time management of these key figures should refer to business reframing and revitalisation. And the diaries of the key figures should include 2-4 hours for individual reflection and analysis of experiences regarding business development. The business restructuring and renewal activities can be delegated under regular supervision and correction of plans.

The business development model based on the concept of F. Gouillart and J. Kelly F., using the stakeholder engagement management tools was tested on a business structure, which is a network partnership that supplies unique products and services to B2B market. This network partnership was recently established and was in the stage of a rapid growth. The partnership used modern business development methods and tools: strategic analysis, stakeholder engagement tools and others. The procedures were regular, well-developed, in most cases formalised. However, the key figure of the business dealing with the development management began to have doubts as to the completeness and quality of the applied model and a consequential desire to use other models.

The first result of using a development model based on the F. Gouillart and J. Kelly F. concept were as follows.

In the reframing direction the company established common understanding of its objectives among the key figures of the business. The lack of such understanding threatened potential catastrophic consequences. In the revitalisation direction they identified a number of competitive advantages which allowed the company to acquire certain non-financial values: the regularity of operations and improved customer relations.

Table 1: Essence and Tools of Business Stakeholder Engagement during Reframing and Revitalisation

Direction of change	Essence of the direction of change	Predominant type of business stakeholder engagement	Essence and tools of business stakeholder engagement
Reframing - a shift in the company's idea of what it is and its potential			
Achieve mobilisation	Expand the field of motivation and commitment from the individual level to the level of teams and later to the level of the whole organisation, "accumulation of mental energy needed to support the process of transformation"	Inclusion	Multilateral or bilateral movement between the company and its stakeholders. Both sides engaged in the study. Stakeholders and the company take individual steps. Advisory vote Forums involving many stakeholders. Advisory groups. Processes for consensus building. Joint decision-making process.
Develop a vision for the future	Creates a sense of purpose, defines a new meaning of the company	Cooperation	Multilateral or bilateral movement between the company and its stakeholders. Research, negotiation and decision-making on both sides. Stakeholders work together on specific measures. Joint projects, voluntary initiatives involving two or several parties
Construct a system of indicators	A set of indicators and identification of actions to achieve them	Information	One-way communication: from the company to the stakeholders. Bulletins and newsletters, reports and websites. Presentations, conferences and public presentations, Open Days or tours of the company. Roadshows and public demonstrations. Press releases, press conferences and advertising in the media.
Revitalisation – enhancing company growth through improved ties with the external environmental			
Focus on the needs of the market	Ensure the benefits, often new and still unknown, which can inspire consumers and lead to the business growth.	Information	One-way communication: from the company to the stakeholders. Bulletins and newsletters, reports and websites. Presentations, conferences and public presentations, Open Days or tours of the company. Roadshows and public demonstrations.
Invent new businesses	Use the potential, which are often scattered across the company's business divisions. Link them creatively to offer new developments. In many cases it's essential to use the capabilities of other firms, thus creating alliances, partnerships, mergers and acquisitions.	Consultations	Limited two-way communication: the company asks questions, the stakeholders respond. Reviews. Focus groups. Evaluation of workplaces. One-on-one meetings. Public meetings and seminars. Advisory Forum of the stakeholders. Feedback and discussion forums online.
Information technology is changing the rules	In many cases information technologies can become the basis for new ways to compete.	Cooperation	Multilateral or bilateral communication between the company and its stakeholders. Researcher, negotiations and decision-making on both sides. Stakeholders collaborate on specific measures. Joint projects, voluntary initiatives involving two or several parties.

The most extensive changes occurred in areas of restructuring and renewal. In the atmosphere of its rapid growth and aiming to get a result at all costs, the partnership did not pay attention to the effective use of its resources. Applying the stakeholder management tools, the business structure began to create successfully

a system of conflict prevention and a production program agreed to by all the stakeholders.

The partnership resolved to continue using the F. Gouillart and J. Kelly F. model. Now, model's author continues perfecting their model on the basis of this particular business structure.

Table 2: Essence and Tools of Business Stakeholder Engagement during Restructuring and Renewal

Direction of change	Essence of the direction of change	Predominant type of business stakeholder engagement	Essence and tools of business stakeholder engagement
Restructuring – actions aimed at achieving a competitive level of effectiveness in the company			
Construct an economic model	Regular top-down analysis of the company from a financial point of view: from considering the aspects relating to shareholder value, to calculating the costs of activities and determining the service levels. A detailed image of where and how values are created or destroyed within the company.	Transactions. Authorisation.	Limited two-way communication: definition and monitoring of performance in accordance with the terms of the contract. Democratic governance involving the stakeholders. The stakeholders play a formal role in the management or certain decisions are delegated by the stakeholders.
Improve physical infrastructure	Redesign the logistics base	Transactions. Authorisation.	Limited two-way communication: measurement and monitoring of performance in accordance with the terms of the contract. Stakeholders play a formal role in the management or certain decisions are delegated to the stakeholders.
Redesign work organisation	Building adequately controlled integral set of objectives and business processes indicators.	Transactions. Authorisation.	Limited two-way communication: definition and monitoring of performance in accordance with the terms of the contract. Stakeholders play a formal role in the management or certain decisions are delegated to the stakeholders.
Renewal – people acquire new skills, fast-paced knowledge dissemination inside the company, setting new goals in order to adapt to the changing external environment – the company effectively regenerates and renews			
Develop a rewards system	The compensation system should reward people who assume risks, as well as encourage people to tie their future with the company's transformation.	Consultations	Limited two-way communication: the company asks questions and meet the stakeholders. Reviews. Focus groups. Evaluation of workplaces. One-on-one meetings. Public meetings and seminars. Stakeholders Advisory Forum. Feedback and discussion forums online.
Organise individual development	Companies must assume the responsibility for the development of people working for them, encourage them to acquire new skills and cultivate mutual learning. Individual learning promotes self-actualisation of individuals who make up the company.	Inclusion	Multilateral or bilateral communication between the company and its stakeholders. Both sides engaged in research. Stakeholders and the company taking individual steps. Advisory votes, Forums involving various stakeholders. Advisory groups. Processes for consensus building. Joint decision-making process.
Develop the company	Company development and growth builds up a sense of community among the individuals.	Authorisation. Inclusion.	Democratic governance involving the stakeholders. Stakeholders play a formal role in the management, or certain decisions are delegated to the stakeholders. Multilateral or bilateral communication between the company and its stakeholders. Both sides engaged in research. Stakeholders and the company taking individual steps. Advisory votes, Forums involving various stakeholders. Advisory groups. Processes for consensus building. Joint decision-making process.

Such division of four directions into the “two pairs” is deliberate.

CONCLUSIONS

According to author the paper, the comparison with biological objects only highlights the need for concerted action by all elements of the organisational system. And the tools must be chosen by the researchers and decision-

makers themselves. In today's conditions, there are no ready-made recipes for success – there are only certain models and principles.

The business development model is proposed by the s that is based on the organisation transformation of change by F. Gouillart and J. Kelly. It proposes to use the

business stakeholder engagement tools to manage successfully the following news types of organisations: network partnerships, bridging structures, participatory, multi-dimensional, adhocratic organizations and others.

Application of the proposed development model will allow businesses to become proactive, innovative, to grow into a business for which constant transformations aren't a source of painful choices. Instead, such changes shall become grounds for discovering the company's own competitive advantages.

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