



Meaningful CSR?

Engage your stakeholders

Our vision is to make Sustainable Business a Choice
for companies and organizations around the world



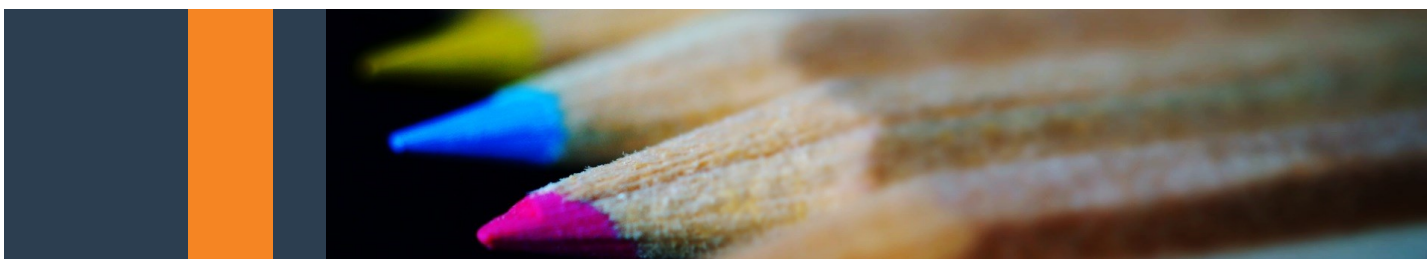
Most companies today regard stakeholder engagement as a vital part of their business strategy, their journey towards sustainability and building a sustainable business.

Who are your stakeholders and what is stakeholder engagement?

Most companies and organizations, are mature enough to identify their stakeholders. Identification and mapping is a demanding process where stakeholders are distinguished between Primary and Secondary, Internal and External and further broken down to subgroups. Stakeholders are those groups and individuals that are affected and affect your business existence, activities and decisions directly or indirectly.

Why such differentiation is important? Mainly because no organization has the resources or the capacity to engage with all its stakeholders equally. Priority needs to be given based on the impact the stakeholders have over the company and the impact the company has over them.

This is the first step for most companies. They then move into preparing a plan to engage with their stakeholders. Such a plan signifies a more formal process by which a company communicates with its stakeholders in order to build trust and understanding on issues of mutual interest. This can vary from local community issues, to product innovation and supply chain. This is where most companies fail. In order to engage meaningfully with stakeholders a company needs to have clearly identified and articulated desired outcomes and goals, related to business strategy and corporate objectives.



Mature companies are in a constant and open dialogue with their stakeholders, seeking and welcoming their feedback in an attempt to make informed business planning decisions and manage risk, build on brand equity and reputation and identify possible new market and product opportunities.

The next step in the stakeholder engagement process requires the evaluation of the engagement methodology and the actions to be taken. In many cases, this requires redefining strategy and approach, including initiatives. This is an exercise to be completed every year, as market dynamics influence the relation between existing stakeholders and the entrance on new.

A strategic approach to stakeholder engagement has a few distinct steps which include 1) identification of the desired outcome and its relation to business strategy and objectives, 2) the definition of scope of engagement and stakeholder identification 3) preparation of engagement plan and 4) evaluation of the process and outcomes.

A good example of product innovation, is BMW's i series of electric cars, are entirely new concepts with the goal of being uncompromisingly sustainable for the next age of mobility. The company has been collecting **feedback from its customers** through an impressive 16-million-kilometer e-mobility field trial for its ActiveE vehicle released in 2012.

Why companies should engage with their stakeholders?

A well prepared and implemented stakeholder engagement strategy is an effective risk management tool and creates value for companies. It guides a company to make informed business decisions and avoid practices which can be detrimental to its operations, brand image and reputation.

We can all recall examples of companies being dragged in the media and then have to spend huge amounts of money on P.R bills in order to restore their reputation and rebuild trust with the consumer.

Such example of bad publicity is Johnson & Johnson, which in 2010 had to recall 136 million bottles of Children's Tylenol, Benadryl, Motrin, and a dozen other products. The source of the trouble was found to be in facilities operated by company division McNeil Consumer Healthcare at sites in Pennsylvania and Puerto Rico.

Engaging with stakeholders can present with new market opportunities and product development capabilities. A great example is how Nike, by creating the Making app in 2013, publishes now its materials sustainability index to the public and allows designers from across the industry to make more sustainable designs and ultimately lower-impact products. Open communication between the company and its stakeholders will lead to new insights relating to innovation and creativity for implementing best business practices.

Principles of engagement

There are great challenges in engaging your stakeholders, but they do not surpass the risks that a company will face if it fails to engage with them effectively.


Below are a few principles that should act as a guidance or a starting point for stakeholder engagement.

Identify your primary and secondary stakeholders and make sure to repeat the process regularly (eg annually)

- Engage with stakeholders in a timely manner, be proactive, transparent and encourage open communication in order to build trust.
- Engage on issues that matter, set clear objectives and be thorough on how engagement will add value to the business
- Choose the appropriate format for each stakeholder (eg personal meetings, open days, conferences, focus groups, newsletters, sustainability report) and make sure that the appropriate resources are available (time, money, people) to ensure success.
- Empower and engage the right representatives from each stakeholder group and ensure that they understand how they will benefit directly from engagement.
- Agree on the rules of engagement from the very beginning and make sure that all parties involved have set realistic goals and expectations.
- Link engagement with the decision making process of your company and most importantly **learn** from the whole process, evaluate the outcome and decide upon the next steps.

It is made apparent that stakeholder engagement requires a clear methodology linked to the overall strategy of the company. As employees are involved in the engagement process that is often informal, as well as formal, their awareness and education in the issues and methodologies is critical.

The benefits of successfully and seamlessly integrating the engagement process are immense! The journey towards building a sustainable business requires that stakeholders will actively engage in sustainable business practices as well. After all, we are as Sustainable as our Stakeholders!



Sustainability Knowledge Group is a global advisory firm dedicated in creating value for businesses through **strategic advisory** and **training solutions**.

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