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Developing the Business Case for Stakeholder Engagement



Generate accessible, consistent information on stakeholders

- •Which stakeholders withhold or restrict the social license to operate?
- •What are stakeholders' main issues of concern?

Articulate stakeholder strategies, then resource, monitor, evaluate

- •Which stakeholders and issues should be prioritized?
- •Who should be partners in implementation?
- •Around which issues should stakeholder strategies be framed?
- •How to ensure that stakeholder support endures?

Calculate the business value of these strategies

- Estimate the value added of stakeholder strategies
- Embed these estimates into financial and strategic planning

Social License to Operate (SLO)

Which stakeholders withhold or limit the Social License to Operate?





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Social License to Operate (SLO)



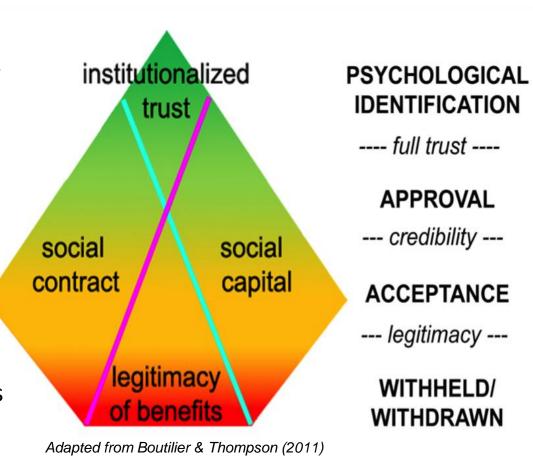
Stakeholder <u>perceptions</u> of the acceptability of a company and its local operations <u>at a moment in time</u>

- Stakeholders' perceptions frame the action options for themselves and therefore constrain the company's action options
- SLO "granted" by the community but revocable. Must be maintained throughout exploration, construction, operations, and closure.
- "...the acceptance and belief by society, and specifically our local communities, in the value creation of our activities, such as we are allowed to access and extract mineral resources.... You don't get your social license by going to a government ministry and making an application or simply paying a fee.... It requires far more than money to truly become part of the communities in which you operate." (Lassonde 2003)

Social License to Operate: Factors



- Institutionalized trust. Stakeholders perceive company to have enduring regard for their interests and reciprocate.
- Social contract. Stakeholders perceive company to respect culture & customs, meet their expectations regarding its role in society, and act fairly.
- Social capital. Stakeholders perceive that company listens, responds, keeps promises, engages in dialogue, and exhibits reciprocity.
- Legitimacy of benefits.
 Stakeholders perceive company to offer a net economic benefit.



Social License to Operate: Measurement



Legitimacy of benefits

- We can gain from a relationship with the mine.
- We need to have the cooperation of the mine to reach our most important goals.

Social capital

- The mine does what it says it will do in its relations with our organization.
- We are very satisfied with our relations with the mine.
- The presence of the mine is a benefit to us.
- The mine listens to us.

Social contract

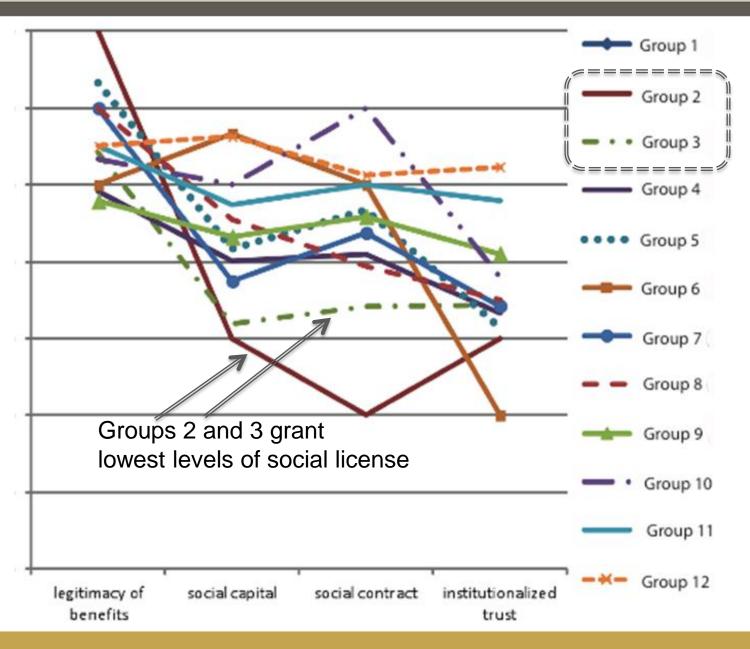
- In the long term, the mine contributes to our well-being.
- The mine treats everyone fairly.
- The mine respects our way of doing things.
- Our organization and the mine have a similar vision for the future.

<u>Institutionalized trust</u>

- The mine gives more support to those it negatively affects.
- The mine shares decision-making.
- The mine takes account of our interests.
- The mine is concerned about our interests.
- The mine openly shares information that is relevant.

SLO Factors by Stakeholder Type

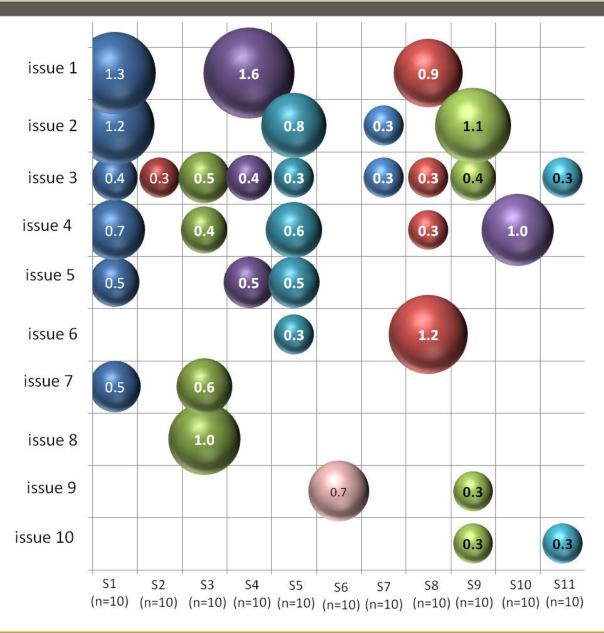








Mid-Level
Concerns by
Stakeholder
Group
(average
mentions
per stakeholder
group)



Prioritization of Issues Using Stakeholder Categorizations

Which stakeholders and issues should be prioritized?





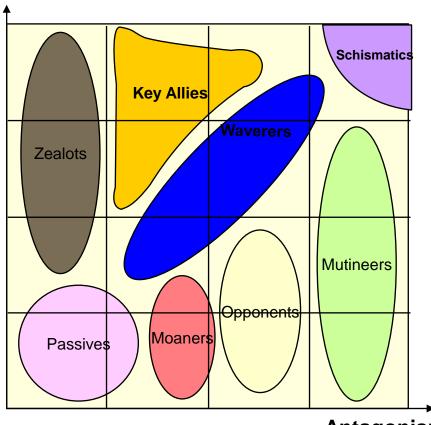
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Salience x SLO



- Key Allies must be given real responsibilities and authority and be used to sway waverers.
- Zealots must be managed carefully so as not to damage other relationships.
- Waverers are targets (for both sides).
- Passives are allies with low salience.
 Keep them informed at low cost to them and give them a sense that they have been consulted.
- Ignore moaners.
- Strategize to defeat opponents & mutineers but in a way that allows them a face-saving way out.
- Not much one can do with unpredictable schismatics. Same problem with your opponents.

Salience (aka Synergy)

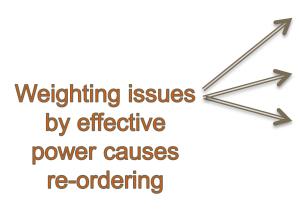


Adapted from d'Herbemont & César (1998), Managing Sensitive Projects Antagonism (= 1 - SLO)

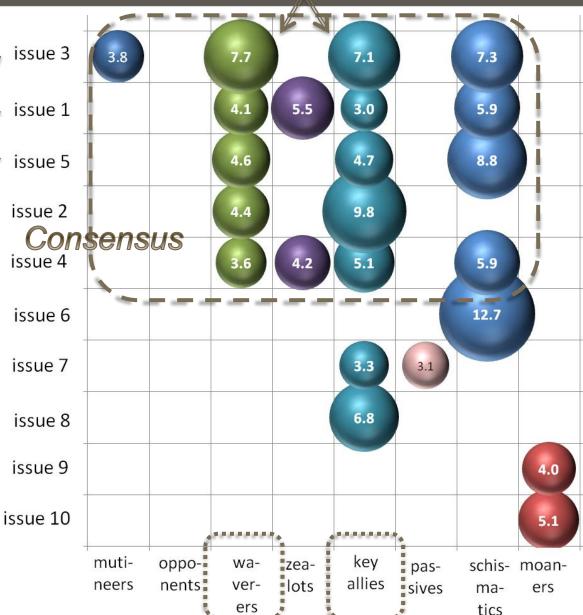
Views of Salience x SLO Groups







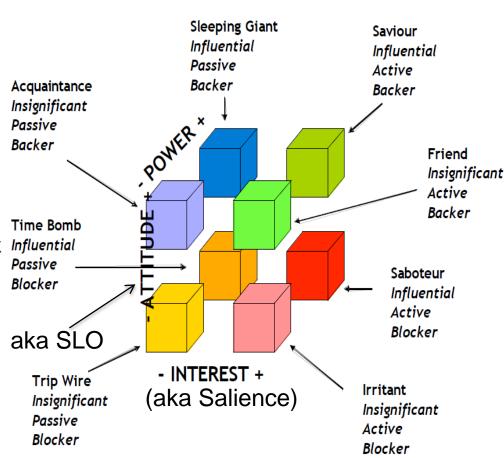
Weighted concerns of Salience x SLO Groups



4. Power x Salience x SLO



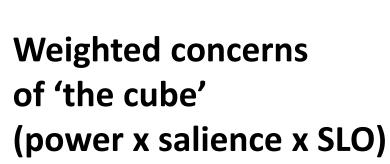
- Savior Pay attention; do whatever necessary to keep them on your side – pander to their needs.
- Friend Use as confidant.
- Saboteur Engage in order to disengage. Be prepared to "clean-up after them."
- Sleeping Giant Engage in order to awaken them.
- Acquaintance Keep informed.
- Time Bomb Understand so they can be "defused before the bomb goes off."
- Trip Wire Understand so you can "watch your step" and avoid "tripping up."



From Murray-Webster & Simon, "Connecting the World of Project Management," PMI World Today 8(11)

Views of Power x Salience x SLO Groups







Stakeholder x Issue Networks

Exactly which stakeholders and issues are linked and how should that influence strategy, partnerships and framing?

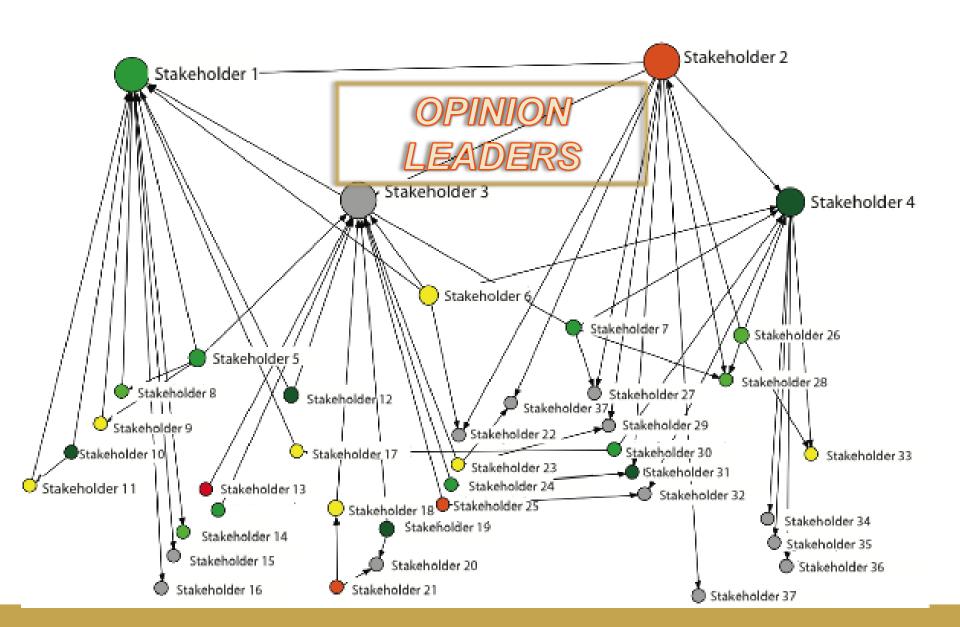




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Most Influential Project Stakeholders



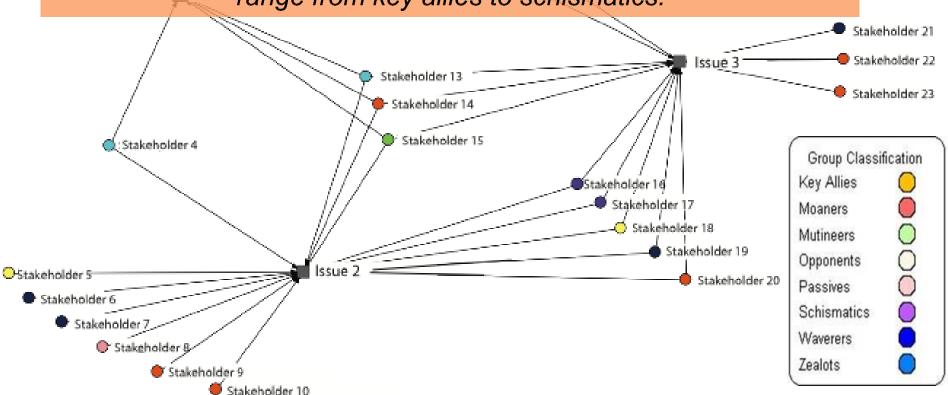


Effectively Powerful Stakeholders



Concerned About the Top 3 Issues

- The number of stakeholders who shared an interest in Issues 2 and
- 3 was higher than for any other pair. There were five stakeholders
- connected to both of these preoccupations and they covered the range from key allies to schismatics.



Strategic
Recommendations
and
Scenario Analysis

What should the stakeholder engagement strategy be?

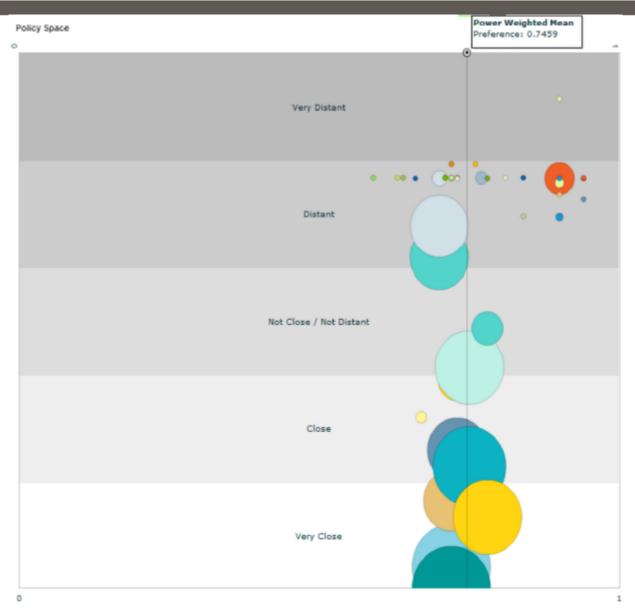




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Scenario Analysis: Status Quo - convergence





Scenario Analysis: Scenario 1 - convergence

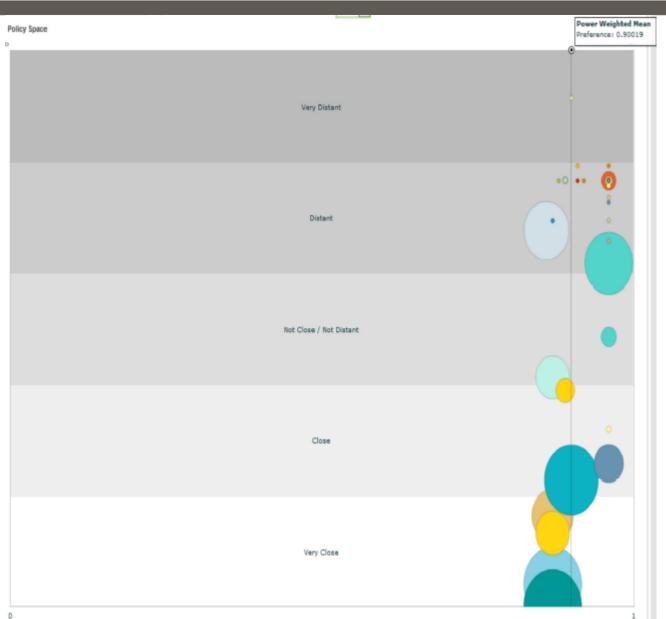




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Scenario Analysis: Scenario 2 - convergence











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FVTOOL & Organizational Transformation



- Prioritize stakeholder engagement strategies relative to each other
- Monitor & evaluate sustainability efforts
 - Track incidents and grievances related to stakeholders
 - Update risk registry
- Use FVTOOL to estimate stakeholder strategy's net value added
 - Prioritize stakeholder engagement strategies relative to initiatives from other functions
 - Incorporate stakeholder engagement strategies into evaluation of potential investment opportunities, acquisitions, & divestitures
 - Integrate sustainability into financial and strategic planning process
- Develop training programs emphasizing importance of stakeholder relationships to business value