

About BSR

A leader in corporate responsibility since 1992, BSR works with its global network of more than 250 member companies to develop sustainable business strategies and solutions through consulting, research, and cross-sector collaboration. With offices in Asia, Europe, and North America, BSR uses its expertise in the environment, human rights, economic development, and governance and accountability to guide global companies toward creating a just and sustainable world. Visit www.bsr.org for more information.

Who Is This Approach For?

This executive introduction to Engagement Strategy:

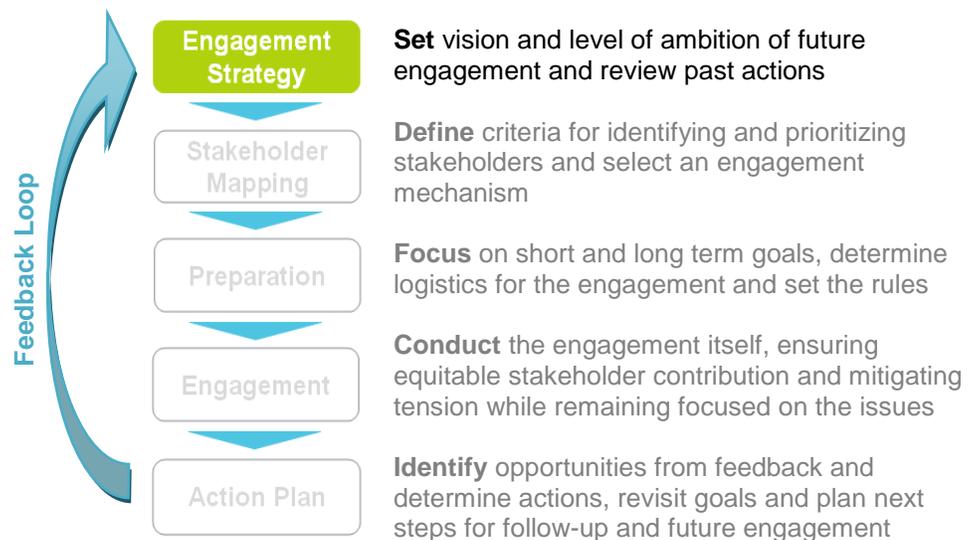
- Presents the BSR approach to stakeholder engagement.
- Highlights the benefit of engagement as a process.
- Defines the preliminary steps of strategy building.
- Complements BSR's consulting expertise.

Introduction

Thought leaders and influencers from government, civil society, and the private sector play an important role in creating and maintaining business value. As their influence evolves, companies must take a strategic and structured approach to stakeholder relations. BSR has developed a five-step approach to show how corporations can initiate and sustain constructive relationships over time and throughout their organization, creating shared value by engaging early and often.

This paper focuses on Step 1: Building an Engagement Strategy.

BSR's Five-Step Approach



There Is a Step Zero

Before developing an engagement strategy, you must first understand what stakeholder engagement means to your company. Although often used as a byword for public relations or reputation management, engagement is something else. It requires a shift in corporate mindset and a change from treating stakeholders' issues as outside concerns that need to be managed to serious topics that merit dialogue. The implication is that stakeholder perspectives should inform your company's strategy and operations if properly embraced. However, the level of knowledge about stakeholder engagement may vary among key individuals within your company, and there may be a need to develop internal capacity before launching engagement activities.

Action: Reach out internally and build a baseline understanding around stakeholder engagement—a prerequisite to developing an effective strategy. This helps avoid the risk of being unprepared to listen to stakeholder insight or

guidance, and the risk of unintended greenwashing. It also helps identify internal champions and owners of future engagement activities. These individuals are your internal stakeholders; collaborate with them as you build your overall strategy.

Stakeholder Engagement

Over the past 20 years, stakeholder engagement has come to be viewed as essential to fostering more responsible and sustainable business practices. In the 1990s, it emerged as a new method for understanding and addressing a broader set of social and environmental, as well as economic interests when planning and implementing corporate activities. Eventually, corporations developed tools and guidance to support them in designing systematic and effective engagement processes.

—Excerpt from BSR’s “Emerging Trends in Stakeholder Management”

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.

Building a Strategy

With internal alignment and a common understanding of stakeholder engagement, you can move on to building a strategy. The following steps allow you to:

- » Focus on where stakeholder engagement can have the biggest impact on your strategy and operations.
- » Streamline processes to define and lead cost-effective stakeholder engagement activities.
- » Learn from past experiences to assess ambition and clarify objectives
- » Measure the value of investing in engagement.
- » Understand and manage stakeholder expectations.

1.1 HISTORY OF ENGAGEMENT

The first step is to look at your company’s history, as lessons learned from the past efforts will help focus the current strategy.

Action: Look at your past engagements and answer the following questions:

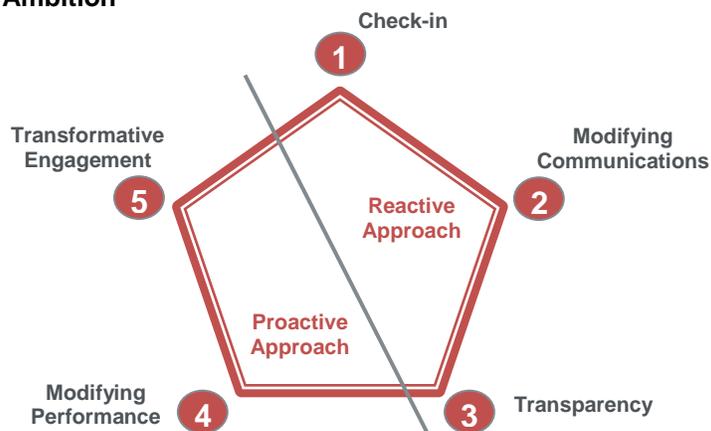
- What:** Were our previous attempts successful? Did they fulfill our objectives? What performance indicators support this assessment? What mistakes did we make during our past engagements? What did we miss?
- How:** Were the formats appropriate? Did they address stakeholders’ concerns? In what ways can we achieve the same objectives using resources more effectively?
- 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?

1.2 LEVEL OF AMBITION

Nothing is worse than you and your stakeholders (both internal and external) misunderstanding expectations from the outset. As a second step, this ambition diagram helps you assess the level of expectation for a given engagement activity.

You can situate all future activities along this level of ambition. Eventually, the chosen level of ambition will help you decide which stakeholders require a priority level of engagement during the stakeholder-mapping process.

Levels of Ambition



Action: Using the diagram, decide on your level of ambition for this engagement:

Check-In	Maintain current communications practices.	Engagement will help companies check in and refine level of disclosure on topics where there are already communication practices in place.
Modifying Communications	Adapt communications to meet stakeholder expectations.	For instance, identify new topic areas that require reporting.
Transparency	Provide assurance to satisfy stakeholder concerns.	For instance, identify ways to ensure levels of confidence and trust around information shared with stakeholders.
Modifying Performance	Change some business processes and practices in response to stakeholder feedback.	For instance, obtain new ideas to meet specific needs.
Transformative Engagement	Fundamentally change business strategies and models.	For instance, gather intelligence to operate major transformational changes in a business model.

1.3 SET A VISION: WHY ENGAGE?

The third step is to understand the motivation behind engagement. Setting a vision clarifies the specific business and sustainability objectives you are trying to achieve.

Action: Answer the following questions to understand your objectives:

- What is our **priority** in engaging stakeholders at this phase? Reacting to external pressures? Developing strategic insights? Protecting our reputation? Seeking innovation? Building relationships?
- What is the **scope**? Consider issues and geography as boundaries. Perhaps the engagement needs to be granular.
- Where** does engagement fit in our organization? Who *could* be a natural owner? Who *should* be an owner? (CEO; Finance; Business units; etc.)

Interested in Learning More?

For more information about BSR stakeholder engagement consulting services, click [here](#).

For case studies covering our range of consulting services, including stakeholder engagement, click [here](#).

1.4 WHO HAS A STAKE?

Your strategy should define filters for your choice of stakeholders. In a broad stakeholder engagement process, a full stakeholder mapping may be required, which Step 2 in this series will address. However, some engagement activities can guide the focus of your stakeholder group selection, such as community engagement, which might focus primarily on local actors rather than international organizations.

Action: As you define objectives, note the broad stakeholder groups you might be addressing during engagement.

1.5 HOW: WHAT TACTICS TO USE?

Finally, how you engage depends upon a number of factors including how ambitious you are, whether the engagement is self-initiated or a response to outside events, and what resources are available. Engagement could either be a single event or take place within a standing dialogue mechanism such as a stakeholder advisory board. Both approaches have value but they respond to different needs further discussed in Step 2.

Action: Consider the impetus for this engagement process: If this is an inside initiative and you are looking to fundamentally change your business model, you might consider developing an ongoing, company-wide engagement strategy. If an outside event triggered the response, one meeting may be a fitting engagement strategy.

Further, the resources at your disposal also shape your engagement strategy. For example, a more ambitious strategy costs more.

Action: Use this table to visualize cost intensity for each level of ambition.

Level of Ambition	Assigned Staff	Required Time	Internal Alignment	Format	Moderation	Feedback	Average Cost
Check-In	\$	\$	\$	\$	\$	\$	\$
Modifying Communications	\$\$	\$	\$\$	\$\$\$	\$\$\$	\$	\$\$
Transparency	\$\$	\$\$\$	\$\$	\$\$\$	\$\$\$	\$	\$\$\$
Modifying Performance	\$\$\$	\$\$\$\$	\$\$\$\$	\$\$\$	\$\$\$	\$\$\$\$	\$\$\$\$
Transformative Engagement	\$\$\$\$\$	\$\$\$\$\$	\$\$\$\$\$	\$\$\$	\$\$\$	\$\$\$\$	\$\$\$\$\$

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

Top Three DOs and DON'Ts

- DO:**
- Link engagement strategy to business strategy.
 - Focus internally before externally (find champions).
 - Learn from past experience. Consider what has proven successful and why it has.

- DON'T:**
- Decide on stakeholders before deciding on your objectives.
 - Jump directly to choosing an engagement format.
 - Ignore internal concerns.

Have You Developed a Sound Strategy?

At this point, certain questions in your strategy, such as how to finally choose stakeholders and an engagement format remain unanswered. These questions will be addressed in Step 2.

Action: Check that you have reviewed your engagement history, decided on a level of ambition, and clarified business objectives for the engagement. If you have, you can move on to Step 2 of the BSR Five-Step Approach: Stakeholder Mapping.

BSR Qualifications

With more than 15 years at the intersection of corporate practice and civil society concern, our leadership position in practical implementation, theory, and training will help your company successfully engage with your stakeholders.

Contact

You can more read about BSR's stakeholder engagement consulting services [here](#), or you can contact BSR at:

Americas: Eric Olson
eolson@bsr.org

Asia: Jeremy Prepisci
jprepisci@bsr.org

Europe: Farid Baddache
fbaddache@bsr.org