Getting it right: using stakeholders to determine road network strategies

Peter Waugh
BSD Consulting Pty Ltd

Phil Charles
Booz Allen & Hamilton (Aust) Ltd

Ray James
Small Business Development Corporation

Gerald Frape
Dialogue Media Pty Ltd

Abstract:

During the 1990s there has been an increasing focus on greater government efficiency, accountability and public responsiveness In order to develop closer relationships with the community and strengthen the organisation's customer focus a Western Australian public sector road agency initiated a pro-active consultation strategy to help determine road network strategies.

Nine *Issues and Directions* documents were released in September 1996 followed up by a series of "consultation workshops" for key stakeholders from peak bodies and government organisations. A total of 12 consultation workshops were held with 170 external stakeholders and 55 key members of the agency over a three-month period An independent evaluator carried out a survey of 10% of the stakeholders who participated.

The consultation process improved communication between the community and the road agency and strengthened relationships with other government departments. Overall, the consultation process contributed positively towards the corporate image of the agency and assisted the organisation to meet its corporate objectives

This presentation will discuss the lessons learned in this consultation process and recommendations for other transport agencies that would like to involve stakeholders in determining strategies.

Contact author:

Peter Waugh
C/- Alan Colegate
Main Roads Western Australia
PO Box 6202
EAST PERTH WA 6892

Telephone: (08) 9323 4594   Fax: (08) 9323 4503
Email: alan colegate@mrwa wa gov au

Increasing demand for stakeholder involvement

During the 1990s there has been an increasing focus on greater government efficiency, accountability and public responsiveness. Accompanying this has been an increasing demand for public sector agencies to meet the needs and expectations of their key stakeholders and customers while increasing value for money. Terms such as "customer focus" and "customer service" have become bywords for government departments seeking to become more "user-friendly".

The increasing demand to meet stakeholder needs and expectations can be likened to customers of commercial organisations seeking higher standards of goods and services. Just as the commercial customer can determine the profitability of a company by choosing to buy or not to buy its goods and services, so too can stakeholders' satisfaction or dissatisfaction with a public sector organisation determine whether its "profitability" is in the "red" or "black".

An important strategy for achieving higher satisfaction (ie "profitability") in government organisations is to involve stakeholders in developing policy and strategies

Sharman (1994) points out that many organisations ignore stakeholders to their disadvantage – listing the consequences of this oversight as:

- Strategic plans either lack focus or are too limited.
- Staff create their own goals and protect their personal interests.
- Senior managers see their messages being misunderstood and staff perceive the organisation to be drifting.
- Organisations are unable to articulate a believable, acceptable set of values, objectives and measurable goals.

Stewart (1994) argues that unless organisations and their key stakeholders share the same values (or are at least not in conflict), they will be unlikely to agree on strategies. By consulting with stakeholders, these values can be identified   Our recent experience indicates that involving stakeholders in determining road network strategies offers organisations:

- A forum to review trends and issues relevant to the agency.
- Advance intelligence on emerging community issues.
- A means of pre-empting problems.
- Opportunities to inform stakeholders and obtain feedback on potentially controversial issues.
- Market research on community priorities.
- An opportunity to identify research needs.

ernment efficiency,
been an increasing
ations of their key
s such as "customer
nment departments

s can be likened to
goods and services
of a company by
can stakeholders'
ermine whether its

"profitability") in
licy and strategies

ceholders to their

staff perceive the

le set of values,

holders share the
ee on strategies
recent experience
strategies offers

on potentially

What is a stakeholder?

Both Grunig (1991) and Sharman (1994) describe a stakeholder as anyone who affects or is affected by the activities of an organisation. Baskin and Aronoff (1992) define stakeholders as those individuals who perceive they have an interest in the actions of an organisation. In this study, stakeholders fall into both categories, being either partners in the organisation's activities (e.g. police or local councils) or members of lobby groups with an interest in the outcomes.

Creating a balanced public debate

Consulting with a range of stakeholders on an issue in workshops involving opposing or competing viewpoints provides an organisation with the opportunity to discuss strategic issues in a "real world" context. In this situation, stakeholders have to argue their cases with each other rather than simply lobby the agency in isolation. This often results in both sides compromising on fixed positions, or at least recognising the viewpoint of their opposition or competitor. Where a stakeholder directly lobbies an organisation in isolation, positions on issues tend to remain unchanged. This can result in competing stakeholders holding polarised views on an issue or the organisation running the risk of creating a "win-lose" situation if it makes a decision either way.

An open dialogue between stakeholders on controversial decisions allows both sides to consider the other's position and the organisation to assume the role of mediator or referee. This allows for a potential "win-win" situation to be resolved

Consulting with stakeholders also creates a more positive relationship between an organisation and influential members of the community. Previous stakeholder research has shown that the closer an organisation is perceived to be to its stakeholders, the less critical they are likely to be of the agency. Even in times of conflict, organisations that have an ongoing dialogue with their stakeholders usually achieve a more balanced public debate on controversial issues.

This notion of symmetrical or balanced communication relationships with key "publics" has been evaluated as best practice in international studies of excellence in public relations involving over 500 organisations (Grunig 1992)

How one Western Australian public sector road agency involved stakeholders in determining road network strategies

Initially, this public sector organisation had a strong, top-down "professional" culture and did not formally consult stakeholders. Its stakeholders and customers were usually told what was going to happen in a spirit of "we know the best solution". Indeed an internal review paper labelled the organisational approach to consultation with the public as one of 'decide, inform, adjust" (Waugh et al 1992). In general, stakeholder

views on the organisation's activities were considered to be of value. Early in the 1990s the government demanded the organisation adopt a more customer-focussed approach, requiring it to involve stakeholders in determining strategic directions.

Setting goals

In line with this new emphasis on customer focus, the organisation set the following external goals:

- Develop closer relationships with the community and strengthen the organisation's customer focus
- Develop strong liaison with other government organisations.
- Articulate the business of the organisation so the community has a better understanding of the services offered and issues involved.

Consequently, a major internal goal of the organisation became:

- Build an open and outward looking organisation providing a cost effective, quality service to the community and government.

Towards greater stakeholder involvement

New directions were set to achieve these goals and these emphasised:

- Analysis of all previous stakeholder and customer surveys and consultations
- Environmental scans to identify key issues facing the organisation
- Restructuring the strategy area to align it with the corporate goals relating to greater customer focus
- Using existing data and stakeholder input to produce a series of *Issues and Directions* documents outlining the issues facing the organisation
- Providing strategy staff with consultation and presentation skills and resources.
- Creating a dialogue with stakeholders on strategic direction

The approach adopted was the establishment of nine strategy areas which allowed for broader stakeholder involvement. While this meant that the drawing together of these strategies into a single State Road Strategy may be more difficult, the increased richness of the stakeholder input would more than compensate for this. The strategy areas were chosen to encompass both broad areas of concern such as road safety and road asset preservation and narrower issue based areas such as freight and cycling and pedestrians.

Part of the overall plan was to set up Stakeholder Reference Groups that would act like a 'board of directors' for each strategy area, thereby making the organisation more directly accountable to the community.

y in the 1990s
ssed approach,

the following

organisation's

has a better

ctive, quality

itions

ng to greater

ind

sources.

allowed for
ther of these
ised richness
y areas were
d road asset
pedestrians

ild act like a
sation more

This approach to developing road network strategies was expected to take at least two to three years and require considerable effort by each of the strategy areas involved. Once the strategic analysis was completed, discussion documents prepared and consultation with stakeholders conducted, implementation of the new strategies would present another set of challenges.

Analysing existing stakeholder and customer surveys

Many government bodies regularly conduct customer satisfaction surveys, staff surveys and environmental scans of public and stakeholder perceptions of their organisation. These surveys can be rich sources of data for analysing public and stakeholder perceptions about an organisation but are often centrally driven and hence not owned nor utilised by line managers.

A review was conducted of all the organisation's existing survey data relating to customer satisfaction and community consultation over the last five years. These included stakeholder feedback studies, reports on consultation processes and staff and customer surveys. Emerging from this review was a list of key community issues that showed that there was a public perception that the organisation was:

- Lacking in strategic planning
- Slow to respond to community demands.
- Experiencing conflict between its stakeholders on key issues.
- Biased towards urban areas at the expense of its rural constituencies.
- Lacking in environmental planning.
- Not well integrated with other government agencies.

The review also highlighted the need for greater stakeholder input into determining road network strategies to ensure that the organisation met its customer focus objectives.

Developing a dialogue with stakeholders

Preliminary discussions with strategy managers in the agency indicated the need to develop formal mechanisms for involving stakeholders in determining the agency's road network strategies. Glenn (1996) emphasised the importance of understanding that stakeholders will participate if they see a benefit for them and can have a stake in the outcomes. This was included in the first steps in this process which were:

- Identifying key stakeholders (including social and environmental groups) to be involved in consultations.
- Appointing a coordinator and project team to develop and implement the stakeholder consultation process.
- Obtaining an initial understanding of individual stakeholder concerns and issues, through desktop research.

- Determining the skills and training required for strategy managers to implement the consultation.

Setting the agenda: the *Issues and Directions* documents

An important development in the stakeholder consultation process was the production of *Issues and Directions* documents to set the agenda for stakeholder involvement in determining the organisation's road network strategies. The *Issues and Directions* documents focused the organisation's attention on the key community issues and served as a tool for establishing a dialogue with key stakeholders. They provided some possible ways of addressing the issues raised but were clearly open for further suggestions and prioritisation. The subsequent stakeholder consultation process involved the following steps:

- Distribute the *Issues and Directions* documents
- Select key stakeholders.
- Conduct the stakeholder consultations.
- Revise the *Issues and Directions* documents into draft strategies.
- Seek feedback on draft strategies from stakeholders and the general community.
- Revise and finalise strategies.

Skills required in conducting stakeholder consultation workshops

Focus group discussions were held with strategy managers and identified the following skills, support and materials were required to conduct the stakeholder consultations:

- Pre-meeting information about stakeholders.
- Professional facilitation and technical support.
- Presentation skills.
- Information materials.
- Negotiation, conflict resolution and listening skills.
- Marketing and public relations assistance.
- Evaluation protocols.

The stakeholder consultation process

The *Issues and Directions* documents were released by the organisation in September 1996. These documents described the main strategic issues faced by the organisation and presented stakeholders with an opportunity to have input into the development of road network strategies for the organisation. The documents were deliberately provocative. They were very successful in initiating debate and encouraging stakeholder involvement in the process. The success was in part due to the perceived break from the very conservative publication policies of organisations in the past.

Over 1000 copies of the *Issues and Directions* papers were distributed to government agencies, key stakeholders, academics, peak bodies and similar agencies in other Australian states. Details on how to provide comments were provided on the last page of the document. Readers were invited to contact a project manager for more information or to send comments to a post box. There were a number of positive responses to the documents from local stakeholders, interstate agencies and international groups

The organisation then sponsored a series of 'consultation workshops' for key stakeholders from peak bodies and other government organisations. Workshops are able to bring together a variety of participants to generate 'group' outcomes such as:

- Lists of issues and assessment of priorities
- Conceptual alternatives.
- Priorities and mutually acceptable plans of action
- Identifying a range of solutions for specific issues or problems

Managing the process

A project manager was employed to assist strategy managers with the planning, implementation and evaluation of the workshops. The project manager was also asked to:

- Provide training in written and oral communication skills for strategy managers
- Evaluate the effectiveness of the consultation workshops
- Publicise the results of the workshops
- Market the resulting strategy documents.

Project officers were assigned to coordinate stakeholder consultations related to nominated strategic topic areas. The project manager assisted the project officers to:

- Identify workshop participants.
- Invite stakeholders.
- Hire professional facilitators
- Conduct the workshops.
- Evaluate the results

Each officer originated a list of potential workshop participants. This list was reviewed to ensure an appropriate range and balance of participants and to avoid inviting some participants to more than two of the workshops. Experience in community consultation indicated that the ideal number to facilitate discussion for each workshop was 12-14 participants. Once the list was agreed, the project officers telephoned participants and invited them to the workshop approximately one month in advance, to allow sufficient time for them to schedule the meeting. A formal letter and background material (Including an *Issues and Direction* document) was then sent to each participant

The project manager then helped the project officers select an appropriate venue and facilitator. Specific venues were selected, away from work sites, to foster creative thinking and open communication. Consultation workshops ran for four to five hours and morning sessions were the most popular. Light refreshments were served on arrival and lunch was provided at the close of the workshop: partly to encourage networking and also to thank the participants for their time and input.

Project officers were encouraged to visit the participants at their worksites or to make contact by telephone at least once before the consultation workshop in order to brief the stakeholders on current strategic directions in the organisation and to build rapport. The initial call, formal letter and the follow-up contact resulted in a 98% participation rate from invited stakeholders, indicating a high percent of acceptability of this initiative.

The Workshops

A total of 12 consultation workshops were held with 170 external stakeholders over a three-month period. The project manager, project officer and facilitator decided the most appropriate approach to take with each group. While facilitation styles and agendas varied between the groups, there were two guiding principles about listening for all the workshops:

- Staff's role was primarily to *listen* to stakeholders.
- Stakeholders were to be given an opportunity to express their views within the first ten minutes of the workshop.

A database was developed for each stakeholder group. Within one week of the workshop a copy of the workshop notes, a photograph of the group and a formal 'thank-you letter was sent to stakeholders. Project officers were asked to describe three or four actions that the organisation would take as a direct outcome of the workshop.

Stakeholder opinions and suggestions were analysed and integrated into 'draft road strategy documents' within six months. A draft strategy document was sent to each stakeholder for comment and an advertisement was placed in a major metropolitan newspaper advising the public that the draft strategy documents were available for public comment. A reply paid response mechanism, a telephone contact and an e-mail address was included in the document.

Results

Within one week of the stakeholder consultation workshops, an independent evaluator contacted each of the workshop participants and conducted a 10-minute telephone interview. At least three attempts were made to contact all participants. A response rate of 70% was the standard set for each workshop.

The majority of participants expressed the view that the consultation workshops were worthwhile and said they were pleased to have input into the development of road network strategies for the organisation. The participants were pleased that the organisation had taken the time and effort to find out the needs of stakeholders and complimented the organisation for the professional and attentive manner in which the workshops were conducted. Participants also expressed the view that the organisation now needed to make sure that it acted on the discussions.

The draft strategies were made available for public comment through a print advertisement. There were 130 requests for various strategy documents. The most popular method for request was telephone (69%) followed by e-mail (15%) and fax (9%). Just over half of the people or groups who requested strategy documents also made a written submission. The majority of these responses were constructive.

Three months after the last workshop, an independent evaluator conducted a random sample of 10% of the stakeholders who participated. The purpose of this telephone interview was to document stakeholder response to:

- The whole consultation process
- The draft strategy documents
- Current expectations of the organisation
- Desired frequency of future consultations or contact

The stakeholders applauded the organisation for the conduct of the consultation workshops and the development of the draft strategy documents. They expressed the view that the strategy documents were "a faithful reproduction of the consultation process." Stakeholders said they expected the organisation to move ahead quickly to implement the strategies and keep them informed of progress. Stakeholders indicated they would like to be contacted two to three times a year for further formal meetings.

Discussion

Two key outcomes of the stakeholder workshops were extensive involvement and positive response.

The organisation was able to successfully involve a large number and variety of key stakeholders in the strategy development process. Following distribution of the *Issues and Directions* documents, 12 formal consultation workshops involving 170 external stakeholders and 55 members of the organisation were held over a three-month period.

External stakeholder responses to the consultation process were very positive. Comments included: "they actually listened and engaged the stakeholders and didn't go in with preconceived ideas" and "They... have come forward in leaps and bounds."

Members of the organisation and external stakeholders were both energised by the process. The consultation process improved communication between the community

and the organisation and strengthened individual relationships with other government departments. Overall, the consultation process contributed positively towards the corporate image of the organisation and assisted the organisation to meet its corporate objectives. It provided an opportunity for stakeholders to learn more about the agency and to have some of their questions answered. The workshops also provided a forum to table issues, concerns and opinions and they provided the organisation's staff with a much better understanding of their 'publics' needs and priorities. Above all the strategies that resulted were broader, more robust and provided a more balanced view of the community expectations for the future road network.

Lessons leaned from the consultation process

Although the consultation process was well received by the stakeholders and the strategy development team, there were some lessons to be learned:

- Involve other parts of the organisation

Not enough of the key internal stakeholders in other parts of the organisation (especially those responsible for program implementation) were involved in planning the consultation process or in the actual consultation workshops. The decision to involve the organisation in a large-scale stakeholder consultation process was made by the Executive Director of the strategy area and the Chief Executive Officer of the organisation. In retrospect, involving more internal stakeholders from other parts of the organisation may have created more ownership of the results of the consultation process and a more responsive climate to incorporating stakeholder input into operational decisions. At the time this project was initiated, however, there was a general distrust of the value of stakeholder input and a belief that the 'professionals' knew best. As the stakeholder workshops progressed, increased interest and involvement of operational staff became more evident.

- Don't accept stakeholders' statements at face value

In some cases, strategy writers accepted suggestions made by stakeholders without analysing, prioritising or eliminating some of the suggestions: all necessary steps in determining strategic directions. In other cases, strategies suggested by one group of stakeholders were in direct conflict with another group. Sometimes these differences were not resolved in the final strategy documents. Determining road strategies necessitates hard decisions. Strategy Managers must be willing to discuss these decisions with stakeholders and argue for decisions based on facts. In most cases stakeholders who have been consulted will make compromises or accept the 'rational' decision.

- Check accuracy of statements against policies

In some cases the key stakeholders did not accurately represent their organisation's

ith other government
sitively towards the
to meet its corporate
ore about the agency
provided a forum to
isation's staff with a
ies. Above all the
ore balanced view of

akeholders and the

nisation (especially
in planning the
lecision to involve
was made by the
e Officer of the
1 other parts of the
insultation process
t into operational
general distrust of
new best As the
nt of operational

eholders without
cessary steps in
by one group of
hese differences
road strategies
o discuss these
In most cases
pt the 'rational'

organisation's

policies. Some of the strategy suggestions were contrary to existing government or organisational policies. This caused some confusion in the organisation and some unnecessary loss of credibility for the stakeholder consultation process. The lesson learned is that stakeholders do not always accurately represent the policy of their organisation and strategy developers need to check statements, made by workshop participants, with appropriate senior staff in these organisations. It also helps if the appropriate senior level staff member attends the consultation workshops. Judicious selection of stakeholders helps avoid this issue. It is best to select stakeholders who are known to represent their organisation and are prepared to argue their point of view.

- Distinguish between road network strategies and operational issues

Project officers responsible for writing the draft strategies were not always able to distinguish between strategies and operational issues. This diminished the overall value of some of the strategy documents and also lead to internal discussions about conflicting roles within the organisation

- Budget adequate resources

Resources required were underestimated and staff expectations were much higher than realistically achievable. Having gone through the process, strategy managers are now wiser and more realistic. Consultation is a steady process that requires patience and persistence as well as adequate resources to be successful

Conclusion

The initial steps outlined to create stronger stakeholder involvement were all successfully implemented, however the two actions necessary to achieve the organisational goals were not successfully put in place. The Reference Groups were established but have not endured largely due to two key factors. The first was the failure of the process to involve and get ownership of the outcomes from the operational areas of the organisation. These areas historically have controlled resource allocations and programming Without their commitment the new strategies could not be implemented. The second reason was the move to reconfigure the organisation to more clearly reflect the "purchaser-provider" model. This effectively has put the process on hold however, there are many lessons to be learnt from the work to date. Included as Appendix 1 is a summary of these which should form a very useful checklist for any organisation wishing to involve their stakeholders in developing road strategies

The strategy documents and the survey results were very encouraging and stakeholder input should continue to be a fundamental and essential component in determining strategic directions for an organisation. It does need to be supported with sound and comprehensive strategic analysis to ensure that all inputs can be placed in the proper context and importance hierarchy. This analysis provides the firm foundation upon which particular trade-offs can be explained to stakeholders and the community.

Achieving customer focus has been difficult for many government organisations but the process described above has the potential to allow this target to be met. Fundamental to applying this process is the complete commitment of the Chief Executive and other key senior staff to stakeholder involvement. Given this, success will still come slowly. There is a need to be patient but determined in the transition from the strategies developed with the stakeholders to the outputs fully reflecting these strategies. This is due to the need for both the organisational culture and operational systems to change to match this new integrated approach.

isations but the
:undamental to
: and other key
come slowly.
the strategies
tegies. This is
is to change to

References

Baskin, O., and Aronoff, C.E. (1992). *Public relations: the profession and the practice.* Third edition. Wm. C. Brown Publishers: Dubuque.

Glenn, William (1996) Community Advisory Panel: Meeting in the Middle, *OH&S Canada*, May/June 1996, V12, n3, pp 18-20

Grunig, James (1992). *Excellence in Public Relations and Communication Management*, Lawrence Erlbaum and Associates, Hillsdale: New Jersey.

Sharman, P. (1994). A stake in the business. *C.M.A. Magazine*. 68 (8), 17-19.

Stewart, J.M. (1994). Future state visioning technique at National Rubber *Company Planning Review*, 22(2), pp 20-24

Waugh P, Rice D, Metropolis P, Colliver R and Teague M (1992) *Review of Community Consultation Practices*, Main Roads WA, Internal Document.

Appendix A

Tips for Involving Stakeholders in Strategy Development

Gaining organisational commitment

- Obtain, and maintain, commitment from the Chief Executive and senior management to stakeholder involvement in determining strategic directions.

- Incorporate a proactive policy of stakeholder involvement in determining strategic directions into the organisation's corporate plan.

- Set performance indicators for strategy teams.

- Appoint a coordinator and select a small project team to manage stakeholder involvement. This team should manage the consultation process and assist senior staff to develop stakeholder involvement

- Educate and train strategy team members on ways to involve stakeholders.

- Involve other relevant areas of the organisation in the planning and implementation of the stakeholder consultations to ensure a corporate commitment to the consultation.

- Improve consultation through monitoring and evaluation.

Establishing relationships with stakeholders

- Maintain a genuine commitment to on-going, two-way communication with stakeholders

- Be willing to change position as a result of listening to the views of stakeholders.

- Keep stakeholders informed of the organisation's activities through regular formal contact (2-3 times per year).

- Communicate the outcomes of consultations with stakeholders in writing and in workshops

- Where appropriate, establish combined stakeholder consultations with other government agencies to rationalise the number of meetings and avoid duplication and "consultation fatigue" among stakeholders.

- Obtain copies of stakeholder's newsletters and journals to inform the organisation about stakeholder issues and to provide channels for publicity about the outcomes of consultation

Managing the consultation processes

- Conduct pre-consultation research among stakeholders to establish agendas and ensure both sides are informed about purpose and key issues before meetings.

- Select stakeholders carefully - request high level staff to attend the consultation workshops.

- Ensure that the consultation process includes stakeholders with competing points of view to encourage real world discussion of issues.

- Give sufficient advance notice for meetings

- Plan the agenda- 4 hour meetings are an effective use of stakeholders' time.

- Provide professional facilitators and technical support in surroundings conducive to productive meetings.

- Ensure that the staffs participating in stakeholder consultations have necessary listening, negotiation and presentation skills

- Use professionally produced visual aids and information materials.

- Document the workshops - record minutes and take professional photos

Consolidating workshop outcomes

- Decide on two or three actions that the organisation will take, immediately, to show that it is committed to the consultation process.

- Send a thank-you letter and group photo to all workshop participants within one week of the workshop. Describe what the organisation plans to do as a result of the consultation.

- Follow up on consultation outcomes, as agreed, to maintain good faith with stakeholders.

Analysing consultation data

- Check data and points of view with senior staff in other organisations to ensure that stakeholders have accurately represented their policies.

- Eliminate data not relevant to desired outcomes of organisation.

- Prioritise data to indicate the best investment options

- Highlight areas of most concern to stakeholders, including potential areas of controversy.

Continuing to improve

- Monitor and evaluate the stakeholder consultation process.

- Review stakeholder lists annually.

- Continually seek new channels to communicate with stakeholders (eg. e-mail, web-sites).

- Conduct an external evaluation of stakeholder satisfaction.

- Ask another organisation to review the stakeholder process