All successful public relations work is built on the foundation of good working relationships. These relationships foster trust and open communication, which are essential for good PR practice as they are key aspects of profit growth for an organisation.

In this unit we will examine your working relationships with colleagues and stakeholders, and how to consult with these groups of people in order to inform your strategic decision making. You will gain an insight into conflicts of interest and how to identify opportunities to improve your working relationships.
1 PR stakeholders

When working in PR you will encounter a number of different stakeholders. Stakeholder management is one of the key tenets of PR. Stakeholders are the people or organisations who may have a material, professional, legal or political interest in the activities and performance of you and your organisation. There are three main types of stakeholder.

- **Internal** – people and departments within your organisation. They are your colleagues. They rely on or use the work you produce – for example, your manager is a stakeholder and other departments who require the services of the PR department are stakeholders.
- **External** – people and organisations outside your organisation. They may be customers, clients, suppliers and other key individuals or organisations who take an interest in or are affected by your work.
- **Interface** – stakeholders who function both internally and externally – for example, an organisation with a large trade union presence or shareholders who are also employees. You may not find these in every organisation.

You can find more details about stakeholders in Figures 13.1.1, 13.1.2 and 13.1.3 (page 3), and in Tables 13.1.1 (page 4) and 13.1.2 (page 5).

It is important to remember that reputation management is at the core of PR. When undertaking any campaign, you must carefully consider who all the stakeholders are and think about what their views might be in relation to your campaign. This is the crux of good planning and is essential when issue and crisis planning.

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**Link**
You can find more about crisis planning in Unit 16: Understanding the use of public relations in issues and crisis management.

**Figure 13.1.1: Internal stakeholders**

**Figure 13.1.2: Interface stakeholders**
2 Stakeholder roles, responsibilities, interests and concerns

Corporate governance

Corporate governance is a set of rules that defines the way in which an organisation operates. It is the job of internal PR to communicate to the organisation as a whole what these expectations are. They should be adhered to from the board of directors down and should include legal and regulatory behaviours as well as corporate ethics.

Boards of directors should lead by example and should show their stakeholders through their own actions and deeds how to behave. This ensures that all internal stakeholders are acting with a common purpose and that external stakeholders are clear of what this is. Although in external PR, corporate governance is most often discussed as a campaign or project for a client, you will find that firms may have informal governance rules of their own.

Conflict between stakeholders

Conflict can occur between internal stakeholders. Conflict in agencies may appear when different teams are working on different accounts and need the same resources at the same time – for example if teams need to use key suppliers at the same time, or if the account director is expected to be at simultaneous team launches. These are relatively minor conflicts that can be resolved easily by communicating clearly and reaching compromise. In the long term, a larger conflict may appear if one team feels that another is being favoured by senior management. This is why it is important that senior management manage conflict by communicating clearly why decisions are made.

Conflict between external stakeholders can also occur as stakeholders have different priorities and see projects in different ways. For example, a large supermarket chain may wish to open an additional store within a small town to gain maximum profit. However, members of the local community may not want...
this to happen. Local councillors may be keen to have the store to attract other retailers, but other councillors may be concerned about traffic noise and pollution. It is the PR professional's job to liaise with all of the stakeholders, map out their conflicts and find 'advocates' within each group. These advocates will be the people best placed to work on compromise and help the project move forward.

### Table 13.1.1: Internal stakeholder roles

<table>
<thead>
<tr>
<th>Internal stakeholders/colleagues</th>
<th>Roles and responsibilities</th>
<th>Importance of a good relationship</th>
<th>Concerns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Team members (colleagues)</td>
<td>Carry out roles as outlined for project. Need to know how they are performing in their role and if there are any changes to be made in their work in plenty of time for them to do it.</td>
<td>Pleasant working atmosphere and a clear understanding of who is responsible for which task and how they are all interdependent for the positive outcome of the campaign. Also provide future networking contacts throughout your career.</td>
<td>That there is discord in the team and campaigns are not completed.</td>
</tr>
<tr>
<td>Internal customers</td>
<td>The chief communications officer (CCO) or senior managers ensure you receive the correct information and data to work with and translate the needs and wishes of the directors into actionable points.</td>
<td>A clear understanding of the needs and corporate history (sometimes referred to as corporate memory) will help ensure that you act in a clear, consistent and professional manner at all times, which will help build the organisation's reputation.</td>
<td>Senior management may keep certain confidential aspects of business dealings to themselves, fearing a leak of information – this will lead to poor issues and crisis management.</td>
</tr>
<tr>
<td>Line managers (account managers)</td>
<td>Define clearly what the campaign is and identify colleagues and team members' parts in it.</td>
<td>Clear communication from your line manager reduces communication blocks from senior managers. They are able to offer help and advice in the completion of your project.</td>
<td>That staff/team members do not feel valued and become unhappy in their work. That team members do not communicate with stakeholders in a consistent manner if they have not themselves received clear consistent messages.</td>
</tr>
<tr>
<td>Senior managers</td>
<td>Strategically plan campaigns. Make decisions. Are accountable to clients. Add value to the organisation with their strong communication of leadership values.</td>
<td>Improved productivity and output from team members. Model their good practice and pass on corporate memory (the use of organised client folders, etc.).</td>
<td>That the organisation has no clear direction and no understanding of their stakeholders' needs and how these can be met by the organisation.</td>
</tr>
<tr>
<td>Other departments</td>
<td>Involved in different areas of campaign planning from staffing to budgeting and organising of materials.</td>
<td>Improved access to information to better understand business decisions and networking opportunities for long-term career planning.</td>
<td>That departments will not work harmoniously together for the outcome of the campaign, and so this will eventually fail.</td>
</tr>
</tbody>
</table>

### Key term

**Corporate memory** – remembering what the organisation has communicated in the past.
### Table 13.2.3: External stakeholder roles, interests and concerns

<table>
<thead>
<tr>
<th>External stakeholders</th>
<th>Roles and responsibilities</th>
<th>Importance of a good relationship</th>
<th>Concerns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clients (if in an agency or freelance)</td>
<td>Receive your ‘PR’ service for which you are contracted.</td>
<td>Payment for work done. A good reputation for the organisation you represent.</td>
<td>Can withdraw their custom if unsatisfied.</td>
</tr>
<tr>
<td>The organisation’s clients or customers (secondary customers)</td>
<td>Receive the goods or services that your organisation offers.</td>
<td>Must understand and meet the needs of these stakeholders in order for your client’s business to succeed and/or make a profit.</td>
<td>If they are unhappy with your organisation then their business will suffer; in turn you may lose their business.</td>
</tr>
<tr>
<td>Journalists</td>
<td>Write stories about your organisation or its products and/or services.</td>
<td>Will be likely to cover news stories that you suggest in a positive manner.</td>
<td>May write negative stories about your organisation or its products/services.</td>
</tr>
<tr>
<td>Industry experts</td>
<td>Can comment on your organisation or its products/services and add an air of third-party authority.</td>
<td>May speak positively about your organisation or its products/services when asked to do so.</td>
<td>May speak negatively about your organisation or its products/services.</td>
</tr>
<tr>
<td>Key opinion leaders</td>
<td>Exert a strong influence over the buying or thought patterns of an organisation’s customers.</td>
<td>They will be willing to try out your organisation’s products/services, or understand its ideas and pass this information on to others.</td>
<td>May speak negatively about your organisation or its products/services, or simply ignore them.</td>
</tr>
<tr>
<td>Local community</td>
<td>May provide staff or customers for the organisation or have an interest in its buildings and any by-products of production.</td>
<td>Ease of doing business. Building a good reputation for organisation.</td>
<td>Can feel aggrieved by, for example, redundancies, building expansion and lack of care for the local environment.</td>
</tr>
<tr>
<td>Government bodies</td>
<td>Legisllate to regulate what organisations can do.</td>
<td>Good corporate governance may also influence the regulatory environment.</td>
<td>Can impose fines and other penalties on organisations that refuse to comply with legislation.</td>
</tr>
<tr>
<td>Shareholders / investors</td>
<td>Provide funds for the organisation’s operations and/or growth.</td>
<td>They will continue to provide funds by investing in the company.</td>
<td>Expect an appropriate return for their investment; if not they may sell their shares which could negatively affect an organisation. Shareholders also have the right to vote at company meetings and good communication will help ensure they vote in line with the management.</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Provide the resources needed during a campaign, e.g. designers or printers. Require clear communication about exactly what you need and when, and how and when the supplier will be paid.</td>
<td>You will receive good-quality resources at reasonable prices.</td>
<td>May withdraw supplies and pass on negative information about an organisation that deals with them in a reckless or unprofessional way.</td>
</tr>
<tr>
<td>Trade unions</td>
<td>To protect the pay and working conditions of employees. They can make it easier to communicate with staff and arrange training opportunities.</td>
<td>Recognising unions can contribute to the organisation being seen as a good employer.</td>
<td>May ask members to strike or work to rule, which would affect the productivity of the organisation and may also create a negative organisational reputation.</td>
</tr>
</tbody>
</table>
3 Stakeholder importance

Stakeholder influence on success

Stakeholders can have a direct impact on the success or failure of your project. At the beginning of a project you should assess who the important stakeholders are. It is impossible to please everyone all the time, so you must assess who will have the most impact on your campaign. You may need to consider ranking stakeholders by their importance or influence on the success of a project, then dividing them into direct and indirect stakeholders:

- who have a direct influence on your PR campaign or project
- who have an interest, but not a direct influence.

It is important to know at the start of any PR campaign who can help you get your campaign off the ground and who might try to prevent this.

By doing this you can ensure that your campaign responds to the needs of specific target groups, both those stakeholders who have a vested interest in the campaign working, and those who might wish that it does not.

For example, if you are planning a campaign that involves the use of a new pharmaceutical drug, you may be unsure how the medical community might react to it. You would need to assess who might want to be actively involved in your campaign and become your allies. By involving these allies from the start, and by engaging one or two more sceptical professionals in your discussions, you would be more able to start a discussion and have a more positive outcome.

In order to assess stakeholder importance you should draw a stakeholder map. This identifies stakeholders and anticipates the ways in which they may be affected by organisational decisions and how they would react to them.

Take it further

Visit [www.mindtools.com/pages/article/newPPM_07.htm](http://www.mindtools.com/pages/article/newPPM_07.htm) to find out more about stakeholder analysis.

It is also important to remember that your stakeholders include internal stakeholders – your colleagues – and you should make yourself a separate map outlining their influence on you and your project. This is an especially useful exercise at the beginning of your career when your internal stakeholders may not always be immediately apparent to you. In the example of the pharmaceutical drug above, you may find that one of your senior colleagues can assist you when
working with the regulatory bodies that would be involved, or that they might have an in-depth knowledge about medical professionals whom you could contact.

**Checklist**

When creating your stakeholder map, ask yourself the following questions to help you identify the more influential or important stakeholders.

- Who will be affected positively or negatively, and to what degree, by what you are planning to do?
- Who runs any organisation with an interest in what you are planning to do?
- Who influences opinions about your project? (For example, the media, a key opinion former or an internal member of staff.)
- Are any regulatory bodies involved in what you are planning to do?
- For which stakeholders involved does the project meet their needs and interests (internally and externally)?
- Internally, who has been involved in any similar projects in the past?
- Whom do you have existing good business relationships with who might be involved in your project?
- Who has the power of veto (the final right to say no) over any given situation within your project?

**Stakeholder control**

There are different ways of assessing stakeholder importance but you should remember that a stakeholder is anyone with an interest in your organisation and how it performs. You should also never forget that many stakeholders hold a degree of power or influence which they can exert over your organisation or internally over your project.

**Take it further**

Go to [http://businesscasestudies.co.uk/asda/meeting-stakeholder-needs-through-community-involvement/introduction.html](http://businesscasestudies.co.uk/asda/meeting-stakeholder-needs-through-community-involvement/introduction.html) to read more about meeting stakeholder needs through community involvement.

In the example above of the new pharmaceutical drug, a national pressure group might have an interest in the release of the pharmaceutical drug and be unhappy with its production in some way. They might therefore ask all of their members to exert some influence over your organisation, perhaps by demonstrating outside it. From a PR point of view this may cause negative stories in the media and so your organisation’s reputation may suffer. Internally a colleague may feel that they have more experience in this area and they may want to take over and run your project differently from you.
You may also see two different types of stakeholder come together to exert power over an organisation. For example, if the employees of an organisation are unhappy with their working practices, they may join together with the relevant trade union to exert a joint power over the organisation. This could potentially happen within large public sector organisations where unions have a strong presence.

Within the hierarchy of any organisation, you will find that different internal stakeholders exert different types of power and influence. Within a PR agency, senior management will have control of the resources you need, such as staffing or budget (the final decision on budget is made by the external client, but this will be communicated down the hierarchy so senior management can ensure that all other strategic goals are met from the same budget), or the knowledge and skills base required to ensure that correct procedures are followed and efficient suppliers are utilised. By managing your stakeholder relationship with senior management you will ensure that they enable you to complete your project in the easiest and most efficient way possible. You will also have to manage your stakeholder relationship with your colleagues, who will be providing the labour and resources (once agreed by senior management) to make your project work, as they will also have other commitments to manage.

While different stakeholders within an organisation have the same common purpose at a general level – the overall success of the organisation – at a more detailed level they may have different priorities in terms of reaching that goal. It will always be difficult to manage different stakeholder expectations, as it is extremely unlikely that all stakeholders will have the same interests and demands as each other. However, by prioritising your stakeholders to each situation, you have a greater chance of succeeding with your project in the long term.

**Power of veto**

A key stakeholder to identify is the one that holds the power of veto – the person who has the final authority to say no. At different stages of your career this may be the account manager, account director, COO (chief operating officer) or client.

Their decision to veto may initially have been made simply because experience has taught the stakeholder that your plan will not work, if you are inexperienced. As you progress through your career and gain experience, it will be important to improve your persuasion and negotiating skills to ensure this veto is not used against you too often. However, you must remember that the power of veto exists for a reason and that in your professional conduct you must accept this gracefully and try to learn why it has been used. By establishing this, you can put measures in place to try to ensure that you will not meet the same problem again.

When it is your client who has exercised the power of veto, it can be more difficult to find out their reasoning. If your client is a small organisation, you may have already mapped all the relevant stakeholders, but if your client is part of a large organisation, they too will have different internal stakeholder issues and conflicts arising on a daily basis. Managing client relationships is an important part of PR agency work. If you can identify your client’s stakeholders and what they need to keep them happy, you will have displayed a valuable skill in helping your agency retain the client for future business.
Time and goal relevance

The final thing to consider is that the importance of particular goals and the stakeholders involved in achieving them may change over time.

Once again using the example of the pharmaceutical drug product launch, at the outset of your campaign one of your key stakeholders will be the ABPI (Association of the British Pharmaceutical Industry) – the regulatory body that governs the promotion of pharmaceutical products. Remembering this will be of key importance to ensure that your launch plans are within their guidelines. Also at the beginning of your campaign, in the planning process you will work closely with the stakeholder with responsibility for the budget for your campaign so that you know exactly how much you have to spend, and what the expected outcomes from spending this money will be.

After your campaign has passed the regulatory framework the regulator becomes an interested party, who still has influence over your campaign. However, if you now make no major changes to your campaign planning, the regulator is unlikely to exert that influence; as such their importance to your campaign has now decreased.

Likewise, once your budget is agreed, this stakeholder will have limited direct importance until the end of your campaign when you report on your spending. You should remember that you may need to ask for more funding, or to purchase something outside of your agreed guidelines, at which time this stakeholder becomes important again. This is the perfect example of why you need to keep clear records as part of your stakeholder management programme. The financial stakeholder is unlikely simply to give you more money unless you can show how you have spent the budget so far and what the benefits of the extra spend will be.

Again your suppliers will have varying degrees of importance over time within your campaign. In the example above you may wish to produce leaflets and posters in support of your campaign. Your supplier will be of key importance to you to ensure you have a well-designed and on-message leaflet/poster and that it is delivered within the time frame for your campaign. Once these materials have been delivered this supplier will decrease in importance. Remember, however, that it is still very important to manage your stakeholder relationship even when they are no longer of direct importance to you. This ensures professional conduct at all times and helps to maintain a good relationship for future work.

This is especially true when you consider media relations. This is one of the key aspects of PR and it is the cornerstone of many successful campaigns. It is unlikely that one journalist will cover reporting for each client you work with; you will find yourself making working relationships with many journalists and bloggers over your career. The key to good long-term stakeholder relationships with journalists and bloggers is to keep a contact database with information on the journalist, including notes such as who they work for (many journalists work across several different publications), what types of story they are interested in, how they best like to be contacted, which of your press releases and launches they have been interested in previously, etc. By keeping this information you will be able to maintain your stakeholder relationship so that when they are important to your campaign (e.g. likely to cover a story positively reflecting your
client or organisation), then you will be able to use your ongoing relationship and positively meet their interests.

Stakeholder management is a time-consuming activity and you should ensure that you balance the time you spend on it with other activities.

A skilled communicator will always follow up and keep in touch with stakeholders they have worked with and not simply ignore them when their ‘usefulness’ for a project has expired. LinkedIn is a particularly useful tool for managing these relationships.

In order to review your business relationships, you must first have had a concrete plan of what you hoped to achieve (see Figure 13.1.4). This plan should include SMART objectives (discussed later in this unit) and enable you to plan exactly what you hope to achieve from your working relationships.

You then need to communicate to your colleagues and stakeholders that you are looking for feedback from them as to how they view your working relationship. Finally you must then act on this.

**Portfolio activity**

To complete the assessment for this unit you will need to demonstrate that you can identify stakeholders and their relevance to your organisation, establish working relationships with colleagues and stakeholders, and create trust and mutual respect with colleagues and stakeholders. To prepare for the first part of your assessment, consider your PR work and complete the tasks below.

1. Identify the stakeholders for your organisation or your client’s organisation who are involved in at least one project you are currently working on.
2. Evaluate the roles, responsibilities, interests and concerns of these stakeholders. How does corporate governance affect the decisions they make and how they interact? Are there any potential sources of conflict?
3. Assess the importance of the stakeholders you have identified. Are they critical to the project’s success, and if so, how? Does their importance to the project change depending on the stage of the project?