New Venture Creation 3
What we cover

• **Module 1:** Internal and external stakeholders
• **Module 2:** The structure of a selected workplace organisation
• **Module 3:** Basic HR principles in a new venture
• **Module 4:** Implementing a business plan for business operations
Module 1: Internal and external stakeholders
Module 1: Internal and external stakeholders

At the end of this outcome you will be able to:

– Identify internal and external stakeholders
– Categorise stakeholders into internal and external groups
– Explain the difference between internal and external stakeholders
– Clarify requirements for stakeholders
SECTION 1: IDENTIFY AND LIST SHAREHOLDERS

After completing this module, you will be able to:

• Identify internal and external stakeholders
• Categorise stakeholders into internal and external groups
• Explain the difference between internal and external stakeholders
• Clarify requirements of stakeholders
1.1 Identify internal and external stakeholders

• What is a stakeholder?
  – A stakeholder can be described as any person (or group of people) who has an interest (a stake) in the business and its ability to achieve its objectives

• What is an internal stakeholder?
  – A stakeholder inside the business

• What is an external stakeholder?
  – A stakeholder outside of the business
1.1 Identify internal and external stakeholders

- Employees
- Shareholders
- The Media
- Labour unions
- Financial institutions
- Competitors
- Customers
- Suppliers
- Government
- Special interest groups
- The organisation

Variables:
- Social variables
- Economic variables
- Technological variables
- Political variables
1.1 Identify internal and external stakeholders

- **External stakeholders**
  - Suppliers
  - Trade unions
  - Competitors
  - Investors
  - Government
  - Special-interest groups
  - The media
  - Financial institutions
  - Customers / consumers
  - Shareholders
  - The general community
  - The international community
1.1 Identify internal and external stakeholders

- External stakeholders can be divided into the following sub-groups:
  - Social groups
  - Political groups
  - Economic groups
  - Technological groups
  - Physical groups
  - International groups
1.2 Requirements of stakeholders

- Why do we need to understand stakeholder requirements?
  - Project scoping
  - Actual cost estimating
  - Continuous budgeting
  - Project management
  - Software design
  - Documentation and training manuals
1.2 Requirements of stakeholders

• How do you discover what stakeholders needs are?
  – Brainstorming
  – One-on-one interviews
  – Competitive product analysis
  – Task and workflow analysis
  – Feedback
1.2 The requirements of stakeholders

• Process of planning stakeholder requirements:
  – Identify all stakeholders
  – Identify the needs of stakeholders
  – Draw up the requirement specifications
  – Prioritise the requirements
  – Give the requirements attributes for the purposes of tracking and reporting
Activity 1

• Make a list of all the external and internal stakeholders of your college and describe what each of the stakeholder’s requirements are of the college. Use the table on the next page
### Activity 1

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Requirements</th>
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Activity 1

• Then do the following:
  1. Identify common areas
  2. Prioritise the requirements
  3. Draw up specifications for the first three requirements
Activity 2 - Quiz

- Test yourself by answering the following questions
  1. Define “stakeholder”
  2. Name the six sub-groups of external stakeholders
  3. Why is it necessary to identify the requirements of stakeholders
  4. Describe the process whereby a stakeholder’s requirements are identified.
SECTION 2: STAKEHOLDER'S RELATIONSHIPS WITH THE ORGANISATION

At the end of this outcome you will be able to:

- Explain the impact and importance of stakeholders on the organisation
- Differentiate relationships that have an impact on each other
- Describe the importance and implications of inter-relationships
- Explain how to implement strategies to improve stakeholder relationships according to organisational relationships.
2.1 The impact and importance of stakeholders

• What does the business want from each of the following:
  – Shareholders
  – Customers
  – Employees

• What must it give in return?

• What happens if the business doesn’t give stakeholders what they want?
2.2 Differentiate a variety of relationships
2.3 Importance and implications of inter-relationships

• Stakeholders make a contribution in return for an inducement

• What is an inducement?
  – An inducement is something (tangible or intangible) received in exchange for a thing or an action

• What are employees’, shareholders and customers’ inducements?

• What are their contributions?
2.3 Importance and implications of inter-relationships

- **Advantages include:**
  - Access to usable information
  - Positive influence on group norms and solidarity
  - Not breaking away from group norms and making sure that solidarity (oneness) exists
  - Adding business value to the organisational strategic goals. This means that everything that is done in order to make people’s lives better
  - Prediction of future business performance
  - Good governance. This includes the setting of fair and just rules and managing people fairly and equitably equally
2.4 Strategies to improve stakeholder relationships

- Establish a solid Foundation
- Organisational Planning
- Stakeholder strategy
- Building Trust
- Evaluation
- Repeating successes
2.4 Steps to improve stakeholder relationships

- **Steps to develop a stakeholder strategy**
  1. Identify the key stakeholder groups
  2. For each stakeholder group, identify the contributions received from the group and the inducements offered in return
  3. Once the contributions and inducements have been identified, the next task is to prioritize the two, that is, identify the most important contributions and the most important inducements
  4. Then, determine basic ways of testing contributions and inducements
  5. Then, put the measures into effect and determine what they say about the extent to which the contributions received satisfy the needs and requirements of the organisation and the extent to which the inducements provided meet the needs and requirements of the various stakeholder groups
2.4 Steps to improve stakeholder relationships

• **Evaluate and improve relationships**
  – Organisations can benefit from a regular review of their relationships. Using a stakeholder audit, companies can:
    • monitor their performance on relationship goals;
    • speak to stakeholders to gain an understanding of how they view the organisation’s commitments, the relationship-building process and the outcome of those relationships
    • explain and improve performance
    • build employee and stakeholder support
    • increase transparency through the reporting of this information
2.4 Steps to improve stakeholder relationships

- Top priority to improve
- Put in energy to maintain
- Improve where possible, but not a priority
- Leave alone
## Steps to improve stakeholder relations

<table>
<thead>
<tr>
<th>Rank</th>
<th>Stakeholder</th>
<th>Expected outcomes</th>
<th>Measurement</th>
<th>Actions</th>
<th>Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Students</td>
<td>High pass rate</td>
<td>National norms</td>
<td>Committed staff</td>
<td>HODs</td>
</tr>
</tbody>
</table>
Activity 3

1. Divide the class into research teams of no more than 10 each
2. Nominate persons to role-play members of the research team, e.g. chairperson, secretary, etc
3. Brainstorm by identifying all stakeholders; their contributions and inducements
4. Identify basic measures of contributions and inducements
5. Give responsibilities to individuals to research and to report back
6. Set a questionnaire for the above use
7. Draw up timelines and keep to these
8. Audit all stakeholders identified
9. Draw up a quadrant grid to indicate the level of influence of each stakeholder group
10. Draw up individual strategies for each stakeholder identified
11. Put the plan in practice and report back on due dates
12. Role-play the report back as a committee meeting.