

Water Corporation Stakeholder Engagement Framework

Summary prepared for the IAP2 Australasian Conference 2009 (22-23 October 2009)

1 Overview

Recognising that the Water Corporation was operating in an increasingly complicated environment and the benefits of effectively engaging with key stakeholders, in 2003 the Corporation's Board identified 'stakeholder alignment' as a significant strategic priority for the organisation.

The Corporation engaged Sinclair Management Consulting to conduct an independent review of the Corporation's external stakeholder management arrangements, in collaboration with its Communications Division. The aim was to evaluate existing practice and implement any improvements that were indicated.

This review followed a period of high regulatory and media scrutiny in relation to the utility's response to a period of prolonged drought and pressure in the in the public arena to urgently identify and progress alternative water sources.

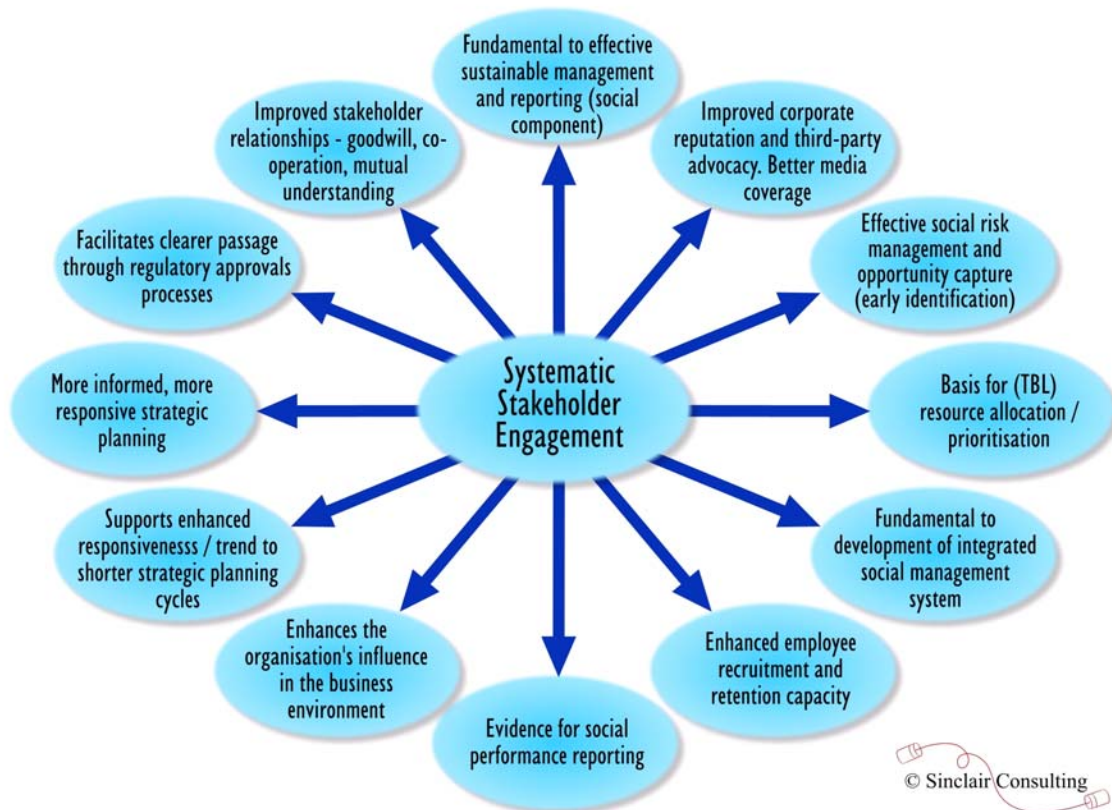
The opportunity existed to develop a comprehensive system for stakeholder engagement, which would deliver the outcomes summarised in the diagram below (*The Business Case - page 2*). Ineffective stakeholder engagement, on the other hand, could severely impact the utility's timely access to resources, undermine strategic imperatives and damage its reputation.

2 Research

Sinclair Management Consulting conducted a series of qualitative research studies to inform the design and refinement of the system, over a four year period:

- *Phase 1* - this research provided the basis for planning and development of a pilot framework for application in the metropolitan area (2003)
- *Phase 2* - was designed to prepare for a roll-out of the system across the State to the Water Corporation's regional locations (2004)
- *Phase 3* - evaluated performance for fine-tuning of the system (2005)
- *Phase 4* - involved external stakeholder research across the State to measure performance, plus internal research to evaluate take-up and the opinions of key staff involved in stakeholder engagement activities (2007).

The Business Case



Phase 1 included comprehensive identification, analysis and ranking of stakeholders in terms of their salience, or capacity to influence the strategic objectives of the organisation. Some thirty stakeholders were identified for depth interviews designed to explore their perceptions with regard to the Corporation's stakeholder engagement performance; emerging issues or differences; values and strategic congruence and related matters.

Research also included:

- A review of relevant strategic documentation.
- An analysis of systematic approaches to stakeholder engagement in Australian and international organisations;
- A literature review to identify trends and best practice in systematic stakeholder engagement; and
- In-depth interviews or focus group discussions with internal managers, who had been designated with responsibility for engagement with an identified group of stakeholders.

The research suggested the need for a corporate stakeholder engagement approach which was:

- Strategic and systematic.
- Aligned with corporate strategic imperatives and integrated with existing systems.
- Subject to regular performance evaluation.
- More consultative and collaborative, facilitating the development of relationships with major stakeholders, enabling early identification of issues and opportunities and effective issues and opportunities management.

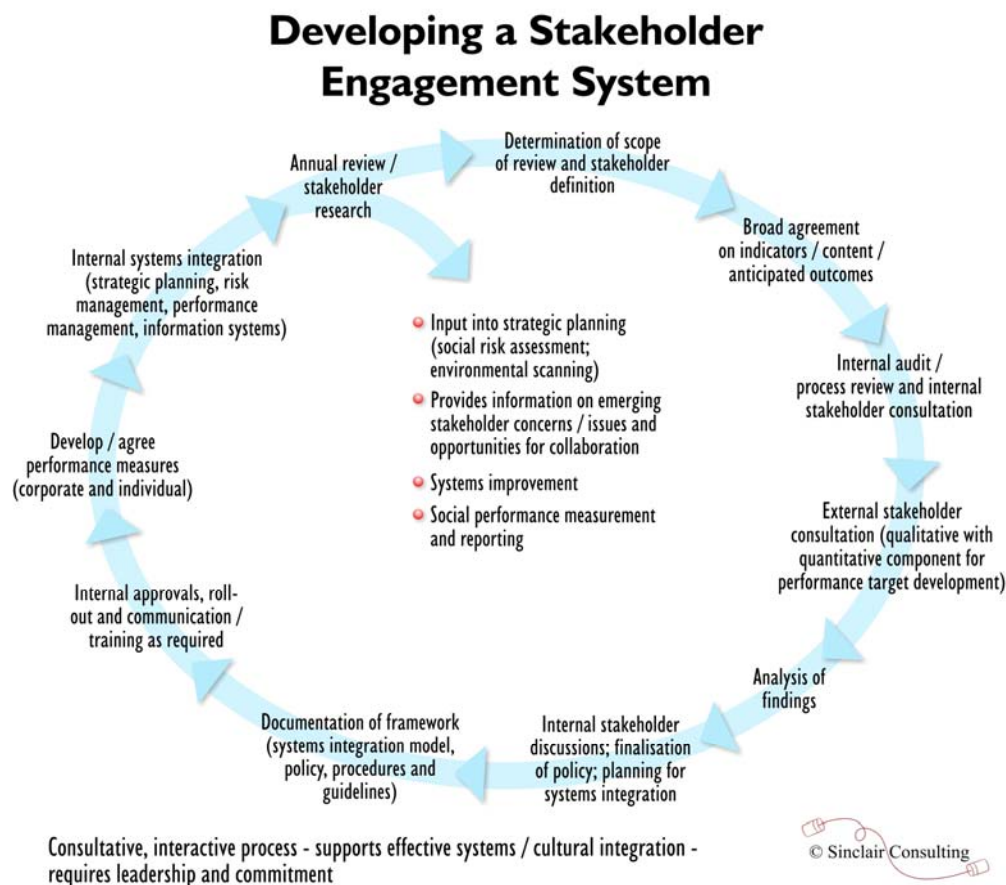
A stakeholder engagement system was designed to address these considerations. It reflected international best practice in this area, moving away from fragmented, issues-based relationship management linked to short-term business goals and designed to 'buffer' the organisation ... to an integrated, on-going approach with a focus on building effective long-term partnerships.

Supporting policies and guidelines were developed and communicated to those involved in the process, which included the Executive, Stakeholder Managers and the Communications Division.

3 Planning

The planning and development process was iterative and research-based. There were three key components, as follows:

- Develop an appropriate system, based on research into international best practice, in partnership with both internal and external stakeholders.
- Integrate it with existing strategic planning and risk/opportunity management processes.
- Roll it out internally in a fashion designed to maximise internal support for the concept - and commitment from internal stakeholders, to a new way of interacting with key external stakeholders.



4 Execution



Implementation of the system involved the five key steps and actions outlined in the above diagram.

The system – called the Stakeholder Engagement Framework - was appropriately resourced, with an effective management structure.

It has been refined and developed over the four-year period, with members of the Corporation's Communications Division responsible for maintaining and tailoring the system in accordance with evolving needs and with organisational change, as well as for ensuring a high level of internal 'take-up' of it and development of It support systems.

The Water Corporation has designated specific General Managers with accountability for stakeholder organisations salient to their divisions. They are required to appoint Stakeholder Managers who are responsible for maintaining effective relationships and internal intelligence reporting.

Each stakeholder group is engaged in accordance with an annual plan with clear objectives, strategies, key messages, activities and accountabilities. A stakeholder engagement policy specifies the level and nature of engagement with stakeholders. A designated Communications Division staff member is charged with managing the system, maintaining and communicating the corporate stakeholder list and assisting stakeholder managers.

5 Results Evaluation

Many benefits of having stakeholder engagement as a core function, combined with the adoption of a strategic and systematic approach, have come to the fore since the Water Corporation's SEF was first introduced. These benefits include:

- Enhanced trust and credibility through improved relationships at various levels of the organization
- Better outcomes for communities, stakeholders and the environment through early and genuine engagement
- Faster approvals, with stakeholder managers fostering foster organisational interaction and playing an important role in issues resolution and new initiatives
- Improved service for major and significant stakeholders through dedicated resources and early and open exchange of information
- Better decision making through corporate intelligence, consistent messages and understanding of organisational position on matters.

The latest research to measure stakeholder perceptions of the Corporation's engagement performance shows steady ongoing improvement. Both internal and external stakeholders, who participated in qualitative and quantitative research, directly link these excellent results to the Corporation's new systematic approach.

Respondents reported a positive cultural shift within the organisation, reflected in a more open and inclusive approach to stakeholder engagement. Relative to other organisations, the Corporation's metropolitan engagement continues to improve significantly with 92 per cent providing ratings of 'good' or better, compared with 88 per cent in 2005 and 54 per cent in 2004, when the system was first introduced.

Review and monitoring is ongoing. The key recommendations for improvement from the latest review centre on the establishment of an effective electronic system for information capture and sharing; integration of stakeholder and community engagement systems (including indigenous Australians); further internal communication and training to advance best practice; and corporate / regional alignment.

An IT system to support the Corporation's community and stakeholder engagement activities is currently being developed.

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