

STAKEHOLDER ENGAGEMENT:

A Look at Best Practices for Canadian Associations

By Tom McLaren (tom.mclaren@stakeholder.ca)

Stakeholder engagement has become a modern best practice for all organizations and the associations that represent them. Owing to their mandates, associations have always been involved in engaging their members' stakeholders to some extent. But what is new is their level of activity and their leadership in providing enabling tools to raise the bar for all members' stakeholder engagement activities. Very often, leading members want their associations to become active in developing best practices and industry-wide protocols to raise the bar for everyone.

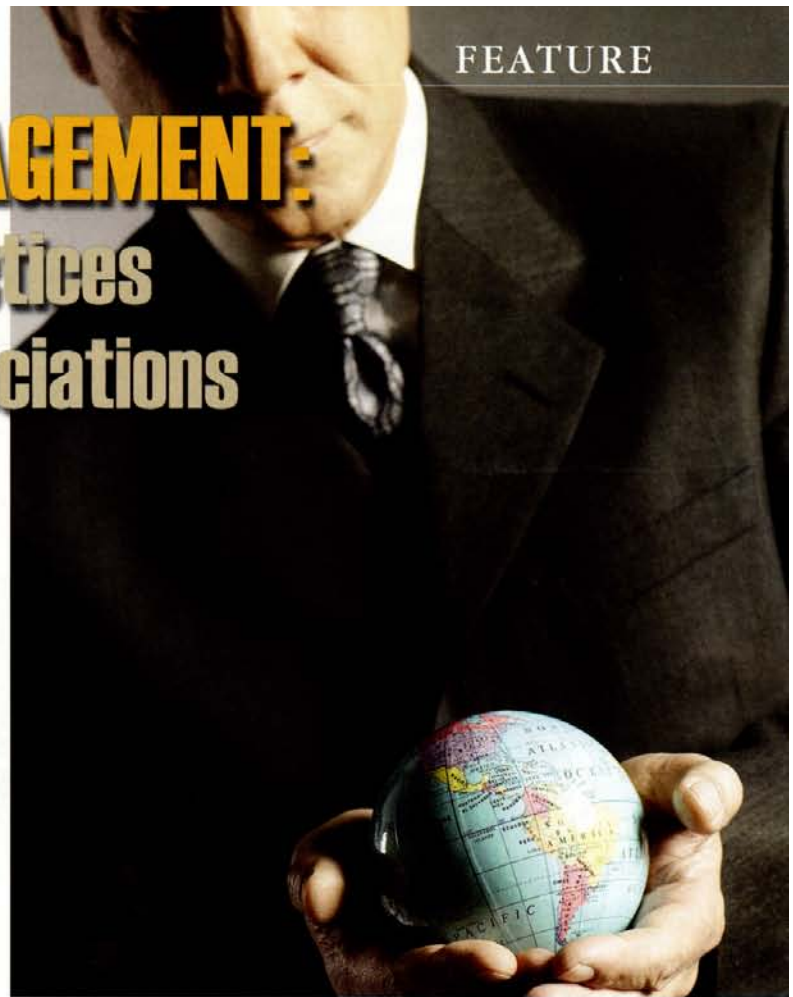
Who are stakeholders?

Stakeholders are "any group or individual who can affect, or who can be affected by, an organization or its activities" and "any individual or group that can help define value propositions for the organization" [*Accountability – The Stakeholder Engagement Manual Volume 1, 2005*].

It is sometimes helpful to think of an organization's stakeholders as being either primary or secondary. Primary stakeholders include the association's members, board of directors and staff – those who have a key relationship and interest in the organization and its success or failure. Secondary stakeholders do not have a direct stake in the association but may have important influences on the organization or its members' ability to achieve their business objectives. These include governments, regulators, and communities where members operate, suppliers, other competing and aligned associations, customers of members, investors in member companies, labour unions, the media, civil society organizations, advocacy groups and non-government organizations (NGOs).

In the past, associations narrowed their focus to the primary stakeholders just listed and rarely concentrated on the secondary stakeholder group with the exception of governments, regulators and the media. Instead, associations left it to their members to deal with many of these groups; because for members, they are of primary and not just secondary concern. But as we will soon discuss, this is changing. Associations are undertaking stakeholder engagement tasks previously reserved for members.

Increasingly we are seeing that a "culture of consultation and engagement" is taking hold as a modern best practice for leading organizations, including associations, and for improving organizational risk management.



What are the key drivers of this new "culture of engagement"?

A multitude of factors, some global, some local, are contributing to this new ethic in our government and business lives.

Since the early 1990s there has been a plethora of international movements that have led to global standards and accepted best practice including climate change, corporate governance, and international labour standards, to name a few. One only has to look at the experience of athletic clothing manufacturer Nike and its foreign sweat shop crisis to see how a stakeholder issue on the far side of the globe can cause a reputation crisis at home. As a result, stakeholder engagement has moved to the forefront and most associations now have global or international counter parts to engage international bodies and global stakeholders.

Unfortunately a crisis is still the most common way that organizations come face to face with their poor or underestimated relationships with external stakeholders. It is also often the trigger for much more rigorous regulatory supervision and compliance standards imposed by government. A web-enabled search of the words "public" or "stakeholder engagement," yields over 1,000 references in Canada's federal and provincial legislation and regulations. Governments, through their regulatory responsibility, are imposing a "culture of consultation" whether one existed previously or not. Government offloading has also had an influence. Faced with mounting deficits and responsibilities, governments are changing the way they regulate industries and professional organizations and voluntary self-regulation is becoming commonplace.

We are also working in transparent organizations with glass walls. As author and corporate guru Don Tapscott has pointed out, "If you are going to be naked you had better be buff". Transparency, engagement and communication builds trust with external stakeholders and secrecy and insufficient communication contributes to suspicion and resistance. All organizations are a computer mouse click away from vulnerability because of whistle-blowers within their organizational midst.

If you are going to be naked anyway, in recognizing their exposure, leading orga-

nizations are looking for ways to involve external stakeholders in their system of governance. This is accomplished through stakeholder appointments to boards of directors, formation of external advisory committees and partnerships of all shapes and sizes.

Associations have a critical leadership role to play in setting the bar for their members in defining and enabling the adoption of best practices in stakeholder engagement. The following examples point out some of the ways the culture of engagement is finding its way into

best practice for leading associations in Canada.

Developing engagement and stewardship standards for members

The Canadian Association of Petroleum Producers (CAPP) is the voice of the upstream oil and natural gas industry representing 150 member companies who explore, develop and produce the majority of Canada's petroleum resources. CAPP does all the things one would expect for its members – public policy development and advocacy, industry statistics, developing codes of practice and so on.

But CAPP has also provided leadership in improving its membership's stewardship performance and responsible development. Called the Stewardship Initiative, the program is a commitment to continuous improvement that CAPP members must uphold in the areas of environmental, health and safety and social performance.

The initiative has a number of elements including communicating openly and honestly with stakeholders, developing tools, processes and training to facilitate continuous improvement, and demonstrating the industry's stewardship through the publication and collection of credible data.

The program evolved over time owing to the concerns of association members who wanted to do better. There was also the recognition that the public did not usually discern between members who were responsible and those who were not – often the entire industry was tarred with the same brush owing to the action of a few. Consequently, collective action through the association was warranted.

According to Brian Maynard, CAPP's Vice President of Stewardship, member companies need to engage with stakeholders in the field as their operations dictate and use the codes of practice at the local level. The association, however, provides an industry-wide role in education, training, information dissemination on best practices, funding research on environmental best practices and measurement. These are difficult for any one member company to develop on its own. "The initiative also helps to create group cohesion," Maynard says, "people like being measured against their competitors and want to come out ahead."

Raise Your Career Profile

Earn Your CAE® Designation

- Further your knowledge & master 44 competencies needed to succeed in the not-for-profit sector
- Increase your earning power: CAEs earn between 13% and 23% more than their non-certified counterparts*
- Change your business card: 50% of Canadian CAEs hold the chief position in their organization

AIR CANADA

MORNEAU SOBECO

RBC Royal Bank

To learn more call
1-800-461-3608 x 235
 or visit
www.csaecae.com/cae

Learn independently, but not alone.
 Interact with other professionals
 through 5 convenient online courses.

csae | scda™

CANADIAN SOCIETY OF ASSOCIATION EXECUTIVES
 SOCIÉTÉ CANADIENNE DES DIRECTEURS D'ASSOCIATION



* According to the 2005 Association Executive Benefits and Compensation Report, "Executives at all levels with the CAE designation earn between 13% and 23% more than those who do not have it."

Setting global industry standards and best practices through Responsible Care.

Responsible Care is now a global initiative that got its start here in Canada through the leadership of the Canadian Chemical Producers Association (CCPA). Its use has grown to 52 other countries and a global Responsible Care Charter is under way. The initiative is the chemical industry's voluntary commitment to work together to continuously improve the industry's health, safety and environmental performance. CCPA has appointed a National Advisory Panel of 16 people who serve as independent advisors to sensitize the association's members to public concerns which relate to the chemical industry and identify opportunities for enhanced information, dialogue and improved relations between members and the public.

Michael Bourque, Vice President of Public Affairs for CCPA says that the association took many years to evolve the Responsible Care program. The driver for their approach makes sense. "When you have a license to operate you need to operate in such a way that you will continue to have that license to operate. A key aspect of Responsible Care is that it does not just focus on direct residents in the surrounding vicinity. The ethic is to get people together who represent the community and let them tell us which stakeholders need to be engaged."

Canada's Real Estate Industry – Making housing more affordable.

Sometimes stakeholders are not always immediately obvious. For example, OREA sees the homeless as a worthwhile stakeholder group even though they are not likely to be members or customers. The Ontario Real Estate Association has formed the OREA Foundation, which provides grants each year for "shelter-related causes" such as boys and girls clubs, emergency shelters, group homes, homeless emergency accommodation and provides generous support to Habitat for Humanity. People in need of shelter are not always identifiable and by going through intermediary groups to provide funding, OREA can engage with this hard-to-reach stakeholder group.

Dealing with Canada's most ethnic stakeholders.

Greater Toronto (and Ontario generally) is said to be the most ethnically diverse area in the world, with over 160 languages being spoken at home. The Ontario Hospital Association (OHA) wanted to engage patients in a dialogue to encourage them to be more involved in their health care. But in Ontario, this means developing communications materials that would be accessible to ethnic groups in their language. The result was the "Your Health Care – Be Involved" campaign which the association enabled by putting patient communication materials, including posters, brochures and wallet cards in the region's 14 major languages – all available on the association's web site for cost-effective high resolution reproduction.

According to the OHA's CEO, Hillary Short, while still fairly new, the uptake of the program is approaching 50 per cent of all hospitals and growing. "The Internet has allowed us to communicate with stakeholder groups that would have been prohibitively expensive without it. It has allowed us to move further into the stakeholder field without incurring the costs needed to advertise." Plans for 2006 include extending the program to include seniors.

Summary and conclusion

As these examples show, associations are carving out a new role for themselves in engaging their members' primary stakeholders and are enabling their members to respond to the emerging culture of external stakeholder engagement that is becoming entrenched as a best practice in for-profit companies, professional associations and in the not-for-profit world. Whether the need is to educate and improve best practices of the entire membership or to directly engage stakeholders on the membership's behalf, forward-looking associations will ensure that they secure the engagement tools and policies needed to succeed.

Tom McLaren, BSc, MPA, is President of Stakeholder Strategies Inc., a Toronto-based management consulting, facilitation, government relations and stakeholder engagement firm.

