



Advanced

Seven Steps to Successful Consultation

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INTRODUCTION

TOWARDS BETTER STAKEHOLDER ENGAGEMENT

A question that we often ask clients during stakeholder engagement training is “what does successful consultation look like to you?” Answers are varied. For some clients, success means improving their brand image, increased stakeholder support and reduced external risks. For others it is about meeting regulatory or lender requirements, or gaining broad community support to obtain ‘social license to operate’. Although success may look a little different for companies and organisations operating in different market sectors, most of them agree that high quality stakeholder engagement helps achieve better project outcomes.

For this reason, and because proactive stakeholder engagement can sometimes be a difficult (but rewarding) process, we offer some of our lessons learned over the years to help you get started.



Good consultation costs money but poor consultation can cost a lot more.

IFC, 1998



STEP ONE

PLAN AHEAD

Planning is necessary to identify strategies, resources and timelines so the consultation objectives are met.

Before beginning consultation, it is useful to consider:

- What are the strategic reasons for consulting with stakeholders at this stage?
- Who needs to be consulted?
- What are the priority issues (for them and for you)?
- What will be the most effective methods of communicating with stakeholders?
- Who within the company is responsible for what activities?
- Are there any other engagement activities that will occur in the proposed timeframe (perhaps with other sections of your organisation)? Are there opportunities to collaborate to ensure key project messages are consistent and avoid consultation fatigue?
- How will the results be captured, tracked, reported and disseminated?

A Stakeholder Engagement Plan that clearly outlines answers to these key questions helps save time, reduce costs, and keep expectations in check. An example of a stakeholder engagement plan framework is below.

STAKEHOLDER ENGAGEMENT PLAN

Sample Framework

Purpose of the plan—Could be a wide range of objectives from meeting regulatory requirements, building trust and relationships, to gaining broad community support to obtain ‘social license to operate’

Requirements –Are there any regulatory, corporate and internal requirements that need to be met?

Identification of stakeholders –List key stakeholders who will be consulted about the project

A summary of previous engagement activities –This is to identify key stakeholder issues and opportunities to date to shape the focus and boundaries for the engagement plan

Stakeholder engagement program –Outline the strategies, methods of engagement, what information will be disclosed, in what format

Timeline –Provide a schedule for undertaking the program

Roles and responsibility –Outline the team structure, and who will be responsible for what task

Monitoring and reporting –Describe how and when the results of the to engagement activities will be reported back to stakeholders, and any plans involve stakeholders or third parties in monitoring of the engagement activities.

The nature, scale and frequency of engagement should be relative to the level of risks and potential impacts the project is likely to create. Small projects with minimum impact may only require engagement at the “inform” level while projects with high potential significant adverse impacts may adopt a more sophisticated approach to effectively reach the engagement goals. The Equator Principles Finance Institutions require that for projects of the latter nature, the consultation process must ensure free, prior, and informed consultation, and that the company incorporates in their decision-making process the views of the affected communities on matters that affect them directly such as mitigation measures, implementation issues, development opportunities, etc.

The International Association for Public Participation (IAP2)’s Public Participation Spectrum is a useful guide in helping organisations determine which approach and techniques are most suitable for their projects.



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IAP2'S PUBLIC PARTICIPATION SPECTRUM

The IAP2 Federation has developed the Spectrum to help groups define the public's role in any public participation process. The IAP2 Spectrum is quickly becoming an international standard.

		INCREASING IMPACT ON THE DECISION				
		INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL		To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
	PROMISE TO THE PUBLIC	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision. We will seek your feedback on drafts and proposals.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will work together with you to formulate solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

IAP2's Public Participation Spectrum: The stakeholder's role in a consultation process increases from Inform to Empower. The engagement level should reflect the level of risks and potential impacts the project is likely to create.



STEP TWO

GET IN EARLY

Good consultation is about initiating and sustaining constructive relationship with stakeholders over the life of the project.

Early consultation helps establish a foundation for open, respectful and trusting relationships, and sets a positive tone for future dialogue. It also assists you in identifying potential support and risks, and informing strategic choices that can influence future stakeholder relations and project outcomes.

We see an increasing number of clients who engage with the local community and other key stakeholders very early on in the project lifecycle. This is especially evident in the extractive industry operating in rural communities where a large-scale development can have significant impacts on the local people's way of life. They are proactive in sharing information about the project, and are upfront about the uncertainties and unknowns. They find that the early dialogues not only assist in relationship building but also help manage the community's expectations and avoids misinformation and speculations to circulate.

A company can reap many benefits from an early establishment of relationships and communication channels

In a situation where a conflict or crisis arises it is more likely that the local community would give the company the benefit of a doubt if they know who you are and how willing you may be to resolve such problems. An honest mistake can be discussed and rectified on a trust foundation. In an absence of established relationships, trying to initiate contact with the stakeholders in a defensive, reactive or crisis management mode puts you at an immediate disadvantage. It can also create strong negative perceptions that could be quite difficult for you to overcome later down the track.



Don't wait until there is a problem to engage. Initiating contact with stakeholders in a defensive, reactive or crisis management mode puts a company at an immediate disadvantage.



STEP THREE

APPLY BASIC PRINCIPLES OF GOOD PRACTICE

There is no one right way to undertake stakeholder engagement. The consultation process should be project-specific and reflect the nature and scale of the potential impacts.

Regardless of which approaches and methods you choose, you cannot go wrong by applying basic principles of good practice in stakeholder engagement. Here we introduce two references for your consideration: the core values of the International Association for Public Participation and the International Finance Corporation's (IFC) stakeholder engagement guidance. Industry guidelines are also good references such as the Community Development and Engagement Handbook -Leading Practice Sustainable Development Program for the Mining Industry.

According to the IFC, ideally a good consultation process will be:

- Targeted at those who most likely to be affected by the project
- Early enough to scope key issues and have an effect on the project decisions
- Informed, meaningful –disclose relevant project information in a understandable format and the techniques are appropriate to the local culture and customs

- Two-way so that both sides have opportunities to exchange information, listen, ask questions, and have their issues addressed
- Inclusive of gender
- Localised to reflect the local timeframes, context, decision making process and languages
- Free from manipulation and coercion
- Documented to keep track of who has been consulted and key issues raised
- Report back to stakeholders in a timely manner on consultation outcomes and next steps
- Ongoing throughout the project life



Consultation should be free, prior, and informed, and apply to the entire project process and not to the early stages of the project alone

IFC, 2006

IAP2 CORE VALUES

Basic Principles of Public Consultation Good Practice

1. Public participation is based on the belief that those who are affected by a decision have a right to be involved in the decision-making process.
2. Public participation includes the promise that the public's contribution will influence the decision.
3. Public participation promotes sustainable decisions by recognising and communicating the needs and interests of all participants, including decision makers.
4. Public participation seeks out and facilitates the involvement of those potentially affected by or interested in a decision.
5. Public participation seeks input from participants in designing how they participate.
Public participation provides participants with the information they need
6. to participate in a meaningful way.
7. Public participation communicates to participants how their input affected the decision.



STEP FOUR

INCORPORATE STAKEHOLDER FEEDBACK

Consulting people entails a promise that at a minimum their views will be considered in the project's decision making process. Showing that you are genuine in your engagement approach by following up on this promise is key to building long-lasting and trusting relationships. It does not mean that every issue must be acted upon, but the company must make best effort to address key issues through changes in the project design and decisions. Be upfront and honest about the limitations, challenges, and barriers in meeting stakeholder demands. It is part of managing stakeholder expectations and building trust.

Listening and learning from the local community and other key stakeholders also makes good business sense. The saying "Global issue, Local solution" rings true in many situations where you find a simple solution for what is considered a complex issue through tapping into the local knowledge and aspirations. Incorporating community feedback in terms of development needs, benefits and opportunities not only increases the success rate of the impact mitigation plans but also demonstrate the company's commitments, or simply, act of good faith.



Consulting people entails a promise that at a minimum their views will be considered in the decision making process



STEP FIVE

DOCUMENT THE PROCESS AND RESULTS OF CONSULTATION

Documenting consultation activities and outcomes is vital to effectively managing the engagement process

Having a consultation 'log' helps answer basic (but important) questions about the stakeholder engagement activities: Who has been consulted about a particular issue? Where and when did consultation or engagement activities take place? What were the results? More importantly, did the team make any commitments? Have they been followed up on?

The benefits of having a stakeholder engagement system are many. It may be part of the regulatory or lending requirements, or an effective tool to demonstrate that the company listens to the stakeholders and incorporates their feedback in the project outcomes. Some other advantages of having a stakeholder management system are:

- Increase transparency on your stakeholder engagement activities
- Better manage stakeholder expectations by ensuring consistency in key messages
- Help make sure commitments and promises are followed up in a timely manner
- Better share stakeholder information as well as knowledge about stakeholders across the company



- Help make informed and timely decisions on matters that are important to stakeholders that would support the social license to operate
- Help companies avoid and manage legal disputes by providing accurate, reliable records of consultation.

How sophisticated the documentation system is depending on the scale and nature of your project. It can range from a simple excel spreadsheet, an access database, to a more sophisticated stakeholder engagement software tailored for your needs. Click [here](#) or a list of software products related to stakeholder engagement created by members of the

Stakeholder Engagement Professionals LinkedIn group.



STEP SIX

REPORT BACK

Closing the loop in community engagement is vital in building trust and respect with stakeholders. Letting interested parties know what has happened with the feedback provided during consultation, the importance of their contribution to the project, and what the next step will be is a basic principle of good practice, and a common courtesy.

There are also benefits to closing the consultation loop:

- double checking information
- testing the stakeholder's reaction to the proposed management plans or mitigation measures
- obtaining further feedback to refine the plans before implementation
- getting buy-in from key stakeholders for such plans.

This practical approach helps increase the success rate for the next phase of the project.

The process of reporting back to stakeholders about how their concerns or suggestions have influenced the project decisions can help establish credibility, manage expectations and reduce consultation fatigue or cynicism. A company can experience a significant drop in participation rate and an increase in scepticism among the stakeholders if using the “parachute consultation” style, where consultation occurs periodically but the outcomes are not communicated to those who participated.



In public consultation, as in any personal relationship, continuity and familiarity build trust and understanding.

IFC, 1998



STEP SEVEN

EMBED IT AS A
BUSINESS FUNCTION

An effort to establish and maintain long-trusting relationships requires a long-term strategic view.

We see more and more companies embedding stakeholder engagement into their core business. Some companies apply a ‘grass-roots’ approach: their senior managers get involved in community meetings, listen and answer questions raised by the stakeholders, follow up on their own commitments. They personalise relationships through informal events and interactions, and slowly build stronger connections and trust. Other companies apply the ‘organisation wide’ approach: they develop broad engagement strategies, invest in hiring and training staff, implement management system to increase sharing of stakeholder knowledge within the organisation, achieve consistency in their engagement approach across the teams and integrate this function to their everyday business.

Companies that take a systematic approach have better results in terms of time and resources invested, and track and manage stakeholder risks and issues more effectively than ones with ad-hoc approach. And above all, they achieve better project outcomes through quality consultation.



Public consultation makes good business sense. Good consultation can generate financial and commercial benefits for a company



EIGHT

Useful Resources

IAP2, 2017	IAP2's Core Values. International Association for Public Participation, 2017
AusGov, 2016	Community Development and Engagement: Leading Practice Sustainable Development Program for the Mining Industry Handbook. Australian Government, 2016
IAP2, 2014	IAP2's Public Participation Spectrum. International Association for Public Participation, 2014
IFC, 2007	Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Market. International Finance Corporation, 2007
IFC, 2006	IFC Performance Standards. International Finance Corporation, 2006
EP, 2006	The "Equator Principles" –A financial Industry Benchmark for Determining, Assessing and Managing Social and Environmental Risk in Project Financing. The Equator Principles, 2006
IFC,1998	Doing Better Business through Effective Public Consultation and Disclosure –A Good Practice Manual. International Finance Corporation Environment Division, 1998

ABOUT THE AUTHOR

Hoa Tran

Hoa has been Trainer and Business Development Manager at Simply Stakeholders. Hoa has been assisting organisations across a range of sectors in establishing and maintaining their stakeholder engagement systems to achieve consultation goals since 2012. She provides training and advice in stakeholder engagement data management and analysis.

Hoa worked as a stakeholder engagement specialist with 10 years experience in social performance for the resource sector in Australia, Asia and the Pacific. This included social impact assessment, community consultation planning and implementation, training on international best practice in stakeholder engagement, and compliance review of social aspects of projects against recognised international standards such as the Equator Principles and International Finance Corporation Performance Standards.

Hoa is a certified International Association for Public Participation (IAP2) Practitioner. Hoa also holds a Bachelor Degrees (Honours) in Business Management and various certificates such as Social Impact Assessment, and Community Development in Rural Communities.



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Towards Better Stakeholder Data Management

Want to do better at documenting your
consultation process and outcome and not sure
how?

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