Corporate Value Creation with and for Stakeholders

Prof. Dr. Sybille Sachs

University of Applied Sciences in Business Administration, Zurich - Institute for Strategic Management: Stakeholder View

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Basic assumption of the Stakeholder View

- All stakeholders of a corporation can contribute to its wealth-creating capacity and activities, and are therefore its potential beneficiaries and/or risk bearers.

- The corporation is embedded in a stakeholder network

- Value creation of a corporation is with and for stakeholders

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Methodology

- Qualitative case study (Yin 1994; Eisenhardt 1998)
- Action research
  - Research team accompanies change process towards a broader stakeholder orientation in companies
  - Research team as ‚stakeholder experts'
  - Research team in role of facilitator
- Industries:

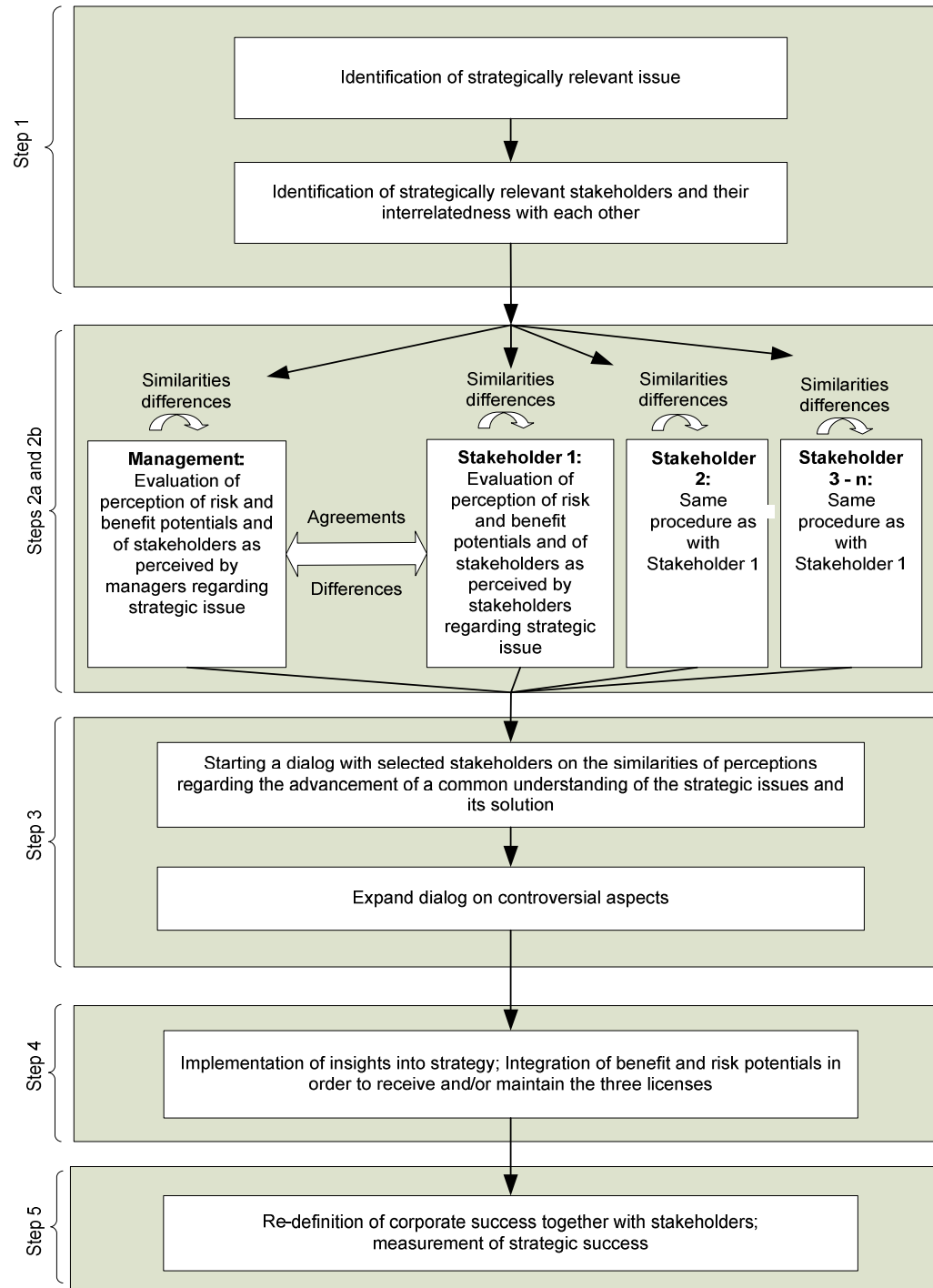 Energy, Pharmaceutical Industry, Financial Services, Telecommunication

Aim of the paper

- How can a company create value with and for their stakeholders?
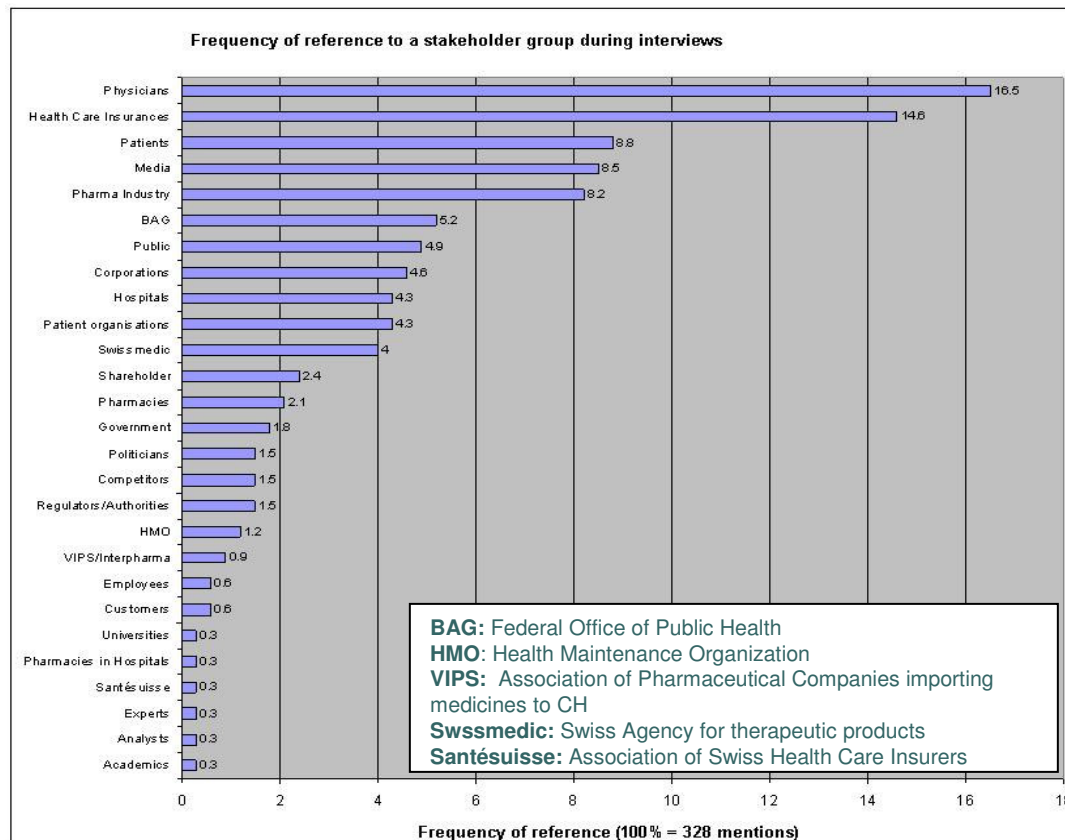- How can a company involve their stakeholders into strategic management?

Illustration by Pfizer CH

Issues: Access to innovative medicine

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Step 1

Identification of strategically relevant issue

Identification of strategically relevant stakeholders and their interrelatedness with each other

Steps 2a and 2b

Similarities differences

Similarities differences

Similarities differences

Similarities differences

Management: Evaluation of perception of risk and benefit potentials and of stakeholders as perceived by managers regarding strategic issue

Agreements

Differences

Stakeholder 1: Evaluation of perception of risk and benefit potentials and of stakeholders as perceived by stakeholders regarding strategic issue

Stakeholder 2: Same procedure as with Stakeholder 1

Stakeholder 3 - n: Same procedure as with Stakeholder 1

Step 3

Starting a dialog with selected stakeholders on the similarities of perceptions regarding the advancement of a common understanding of the strategic issues and its solution

Expand dialog on controversial aspects

Step 4

Implementation of insights into strategy; Integration of benefit and risk potentials in order to receive and/or maintain the three licenses

Step 5

Re-definition of corporate success together with stakeholders; measurement of strategic success

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Step 1: Identification of strategically relevant issues and stakeholders

- *What is the key issue?*
- *Who are the relevant strategic stakeholders and what are the issues they are engaged with as perceived by the firm?*
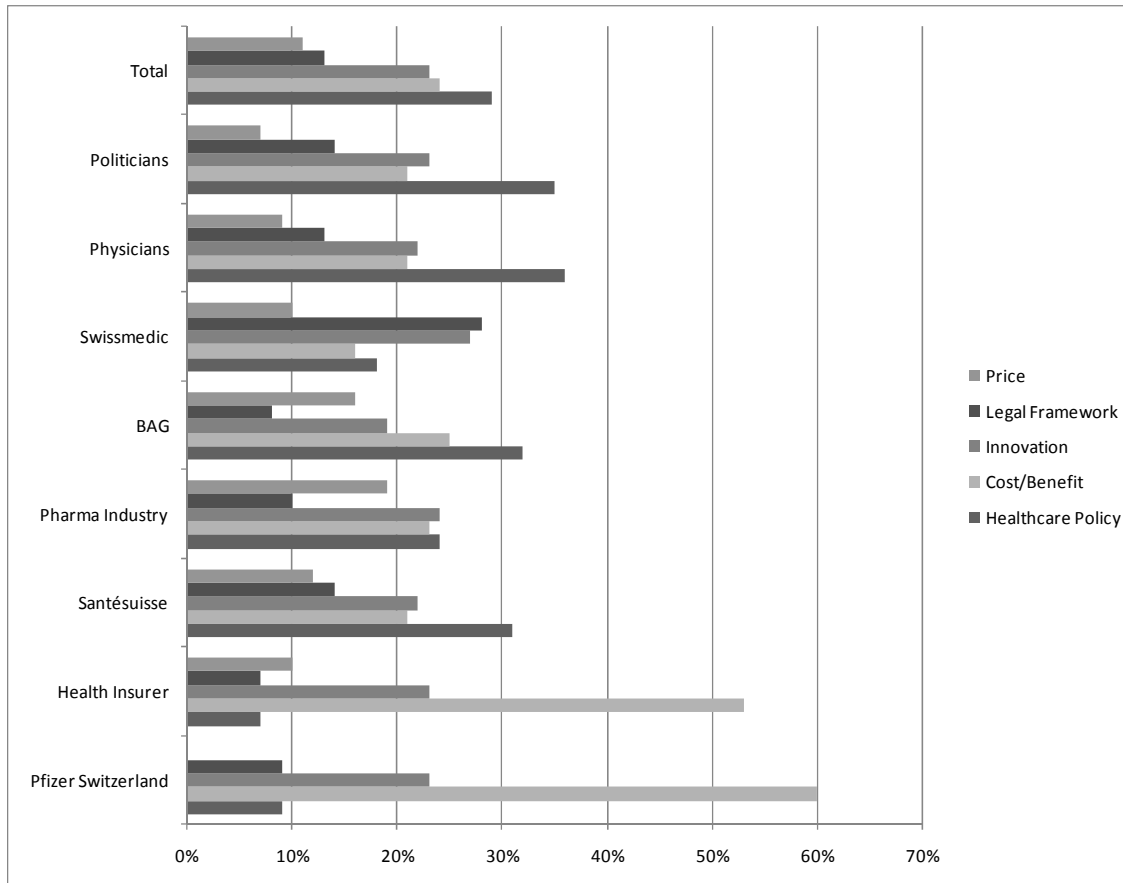

Frequency of reference to a stakeholder group during interviews

BAG: Federal Office of Public Health
HMO: Health Maintenance Organization
VIPS: Association of Pharmaceutical Companies importing medicines to CH
Swssmedic: Swiss Agency for therapeutic products
Santésuisse: Association of Swiss Health Care Insurers

Frequency of reference (100% = 328 mentions)

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Step 2: Perception of issue, risk potentials and benefit potentials

- *How is the selected issue perceived?*
- *What benefit and risk potentials are associated with the stakeholders?*

  - Step 2a: Perception of management
  - Step 2b: Perception of stakeholders

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Frequency of reference to sub-issues in stakeholder interviews
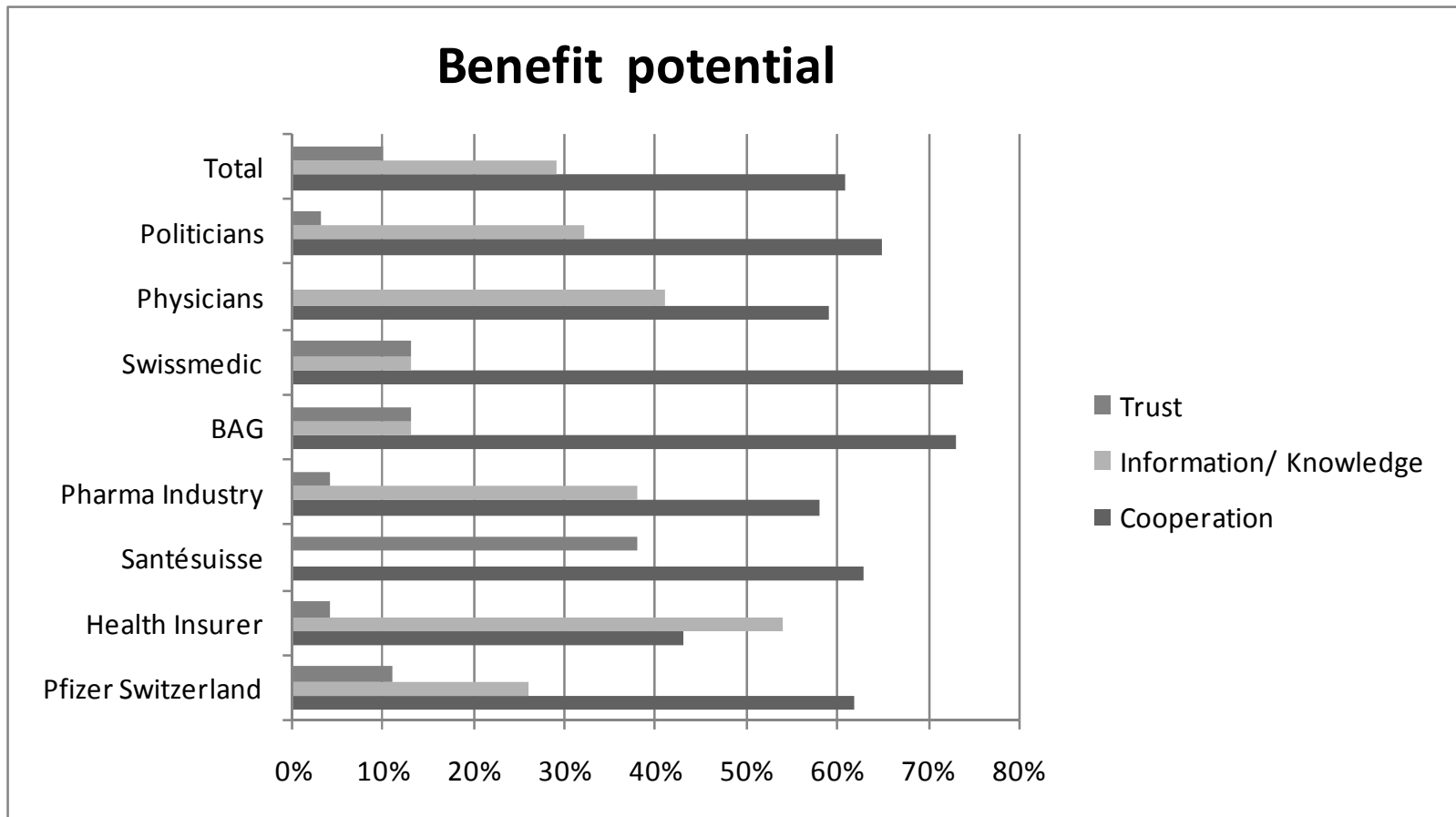## (in percentage)

Ranking of stakeholders as perceived by stakeholders
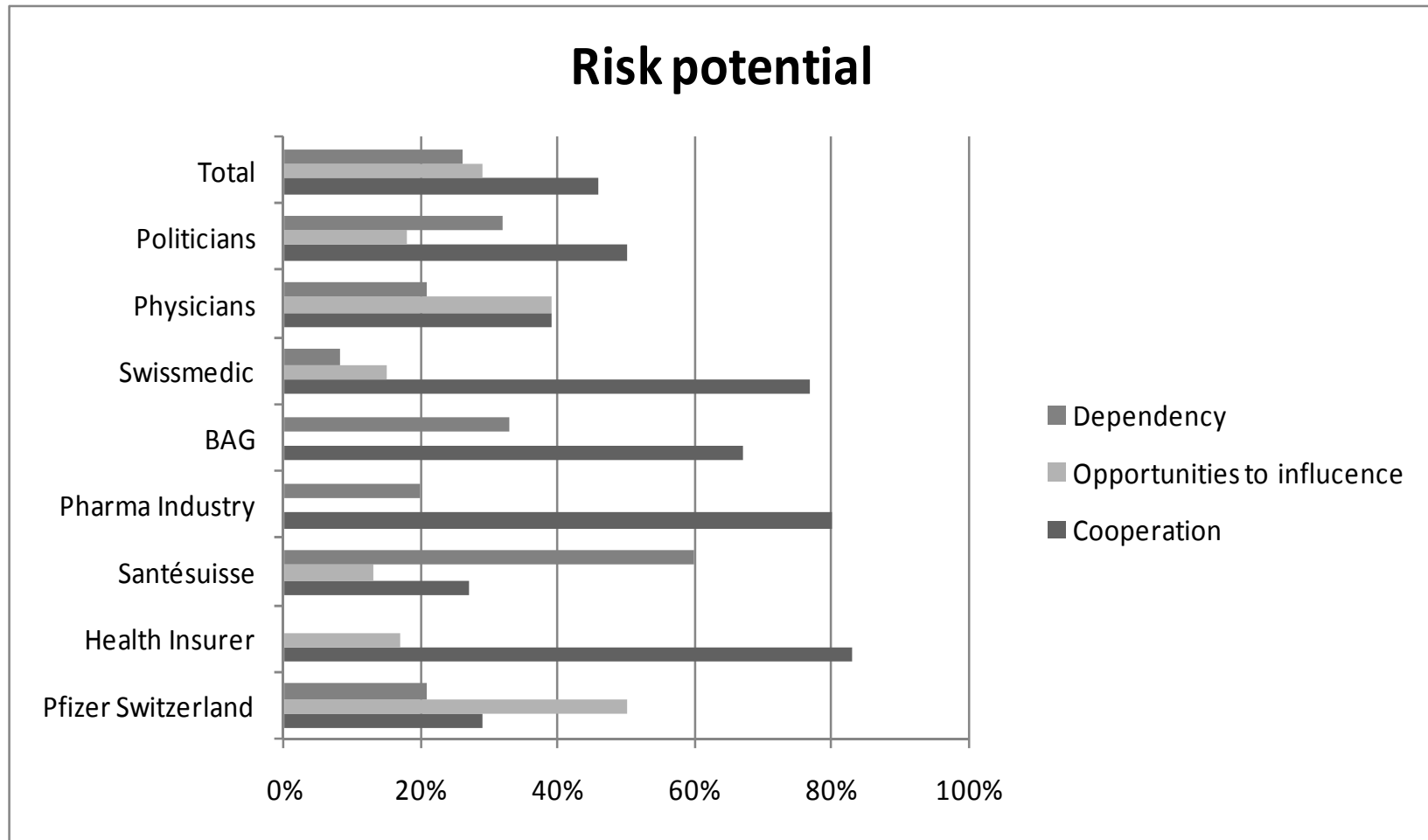## (1 = highest importance, 5 = lowest importance)
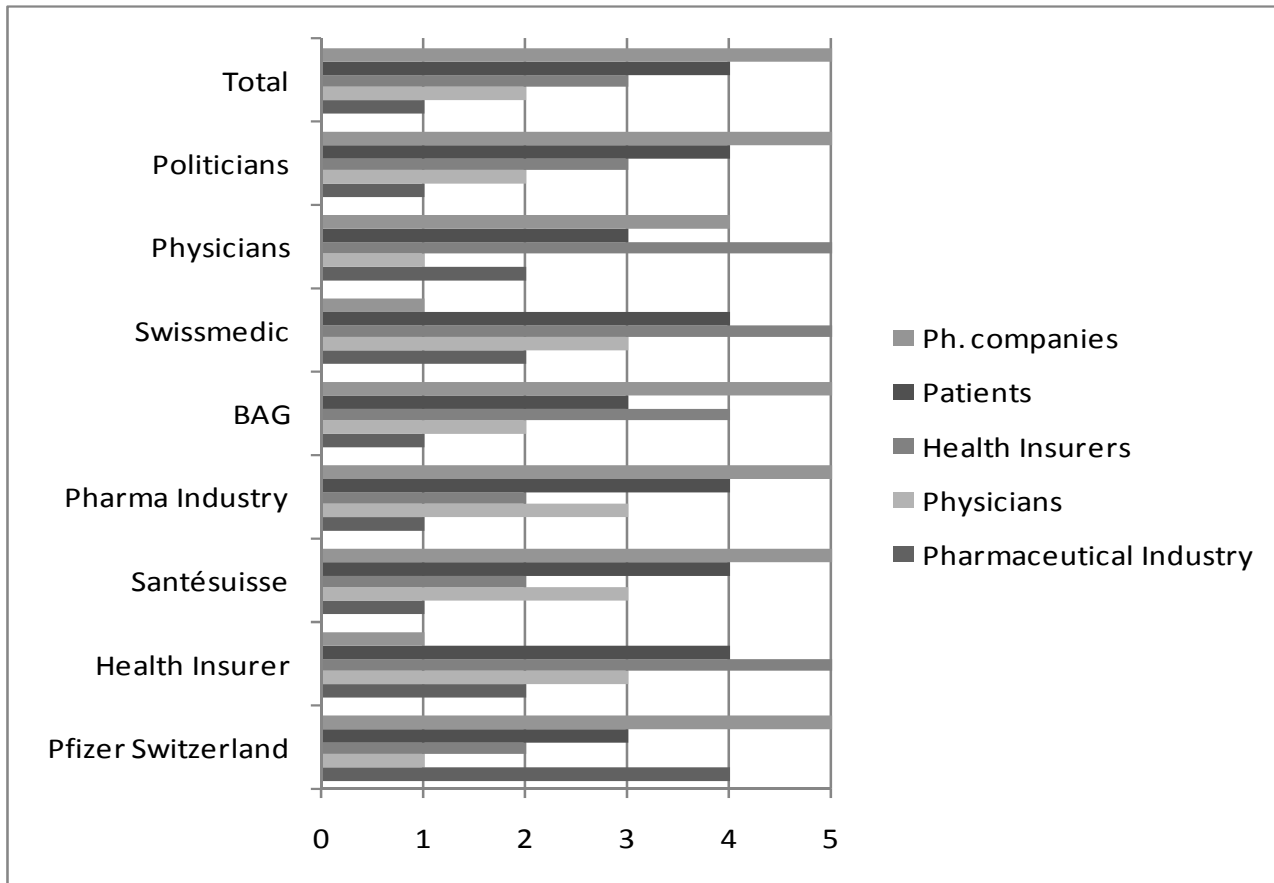
Frequency of reference to benefit potentials in stakeholder interviews
(in percentage)

Benefit potential

Frequency of reference to risk potentials in stakeholder interviews
(in percentage)

Risk potential

Step 3: Starting a dialogue with selected stakeholders

○ *What are the similarities and differences of perceptions?*

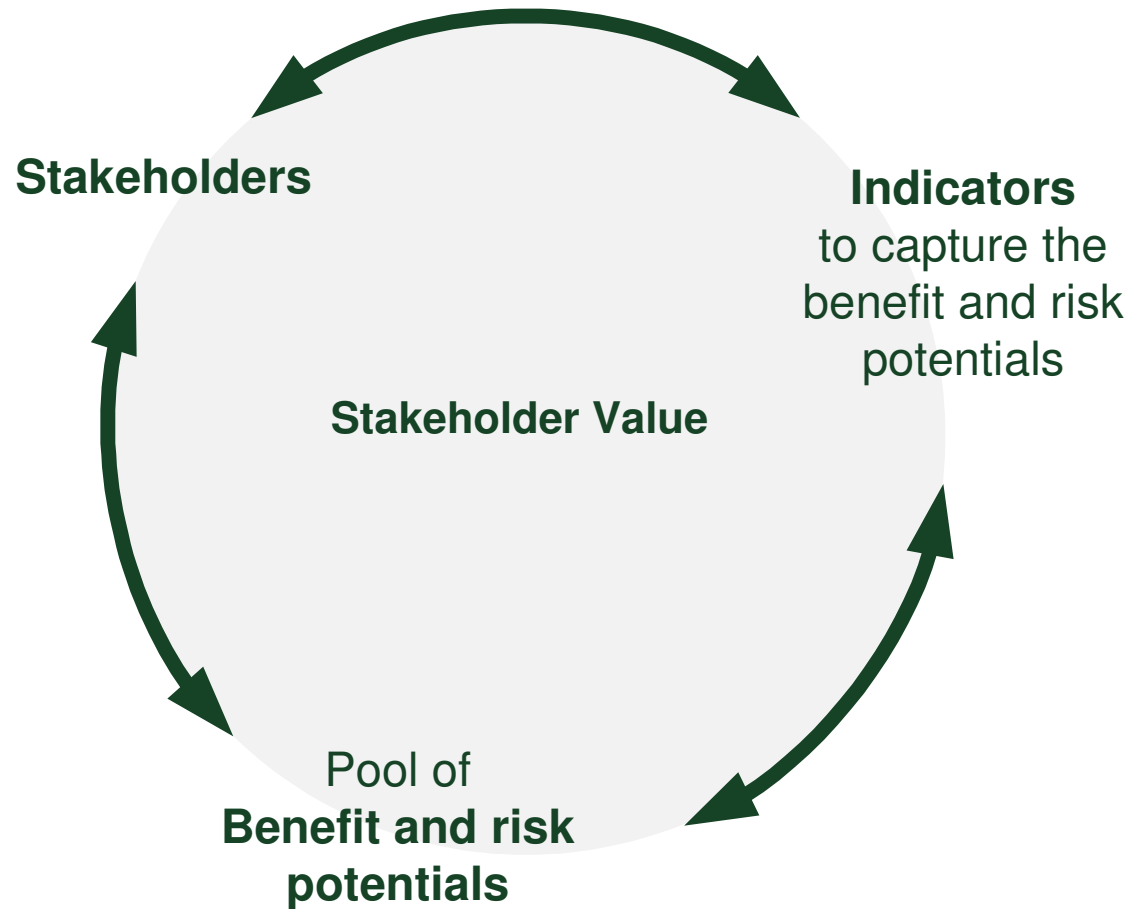|	Similarities	Differences
Similarities	Deepening of the identity	Common ground for solutions
Differences	Common ground for solutions	Recognition of the limits of interactions

Method:

○ Workshops/meetings, facilitated by research team

○ Mediation methods:

　● Starting with perceived similarities

　● Creating common ground and trust

　● Extensions to dissimilarities?

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Step 4: Implementation of insights into strategy

- Involvment of all stakeholders: „traditional and non-traditional customers"
- Shift from a marketing orientation to a „customer orientation" within stakeholder interactions
- Reorganisation to a customer orientation

Step 5: Re-defining corporate success as stakeholder value

Stakeholders

Indicators
to capture the
benefit and risk
potentials

Stakeholder Value

Pool of
**Benefit and risk
potentials**

Examples for indicators

Stakeholders	Performance Indicators
BAG	➢ Time-limits for local price setting in liaison with global pricing & reimbursement ➢ Dossier submission timing o keeping BAG submission deadlines to allow earliest possible approval according to operating plan ➢ Granting of reimbursement approval o Approval date o Price levels o Nature of reimbursement restrictions (if any)
Swissmedic	➢ Dossier submission timing to allow earliest possible approval according to operating plan ➢ Marketing approval o Time for marketing approval for new medicines or line extensions o Deviations of approved label versus requested label (if any)
Pharmacies Pharmacies continued.	➢ Number of customer projects with Pfizer under negotiation ➢ Number of initiated mutual projects ➢ Number and nature of business-relevant customer contacts ➢ Measurable customer behaviour changes in favour of Pfizer

Concluding remarks

○ Resolution of the complex issues, as described above, requires a comprehensive evaluation of the involved stakeholder network.

○ The method described here to involve the parties on a step-by-step basis and on the grounds of their true perceptions of an issue is not only valuable in research terms to enhance the Stakeholder View, but at the same time, is an effective way of aligning different stakeholders.

○ The novelty of this proposed framework indicates building on a common ground of similarities between the stakeholders and mediating the identified dissimilarities in the forthcoming steps.

○ This framework proved to be constructive, though, two main assumptions should be fulfilled as a presupposition in applying the framework:

  ● i.e., all involved stakeholders must be interested in the issue and a possible solution,

  ● and management has to agree to be part, but always not the leader of the process.