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Governance Handbook-
Section 8 Stakeholders

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Legal Stuff

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While the authors have used their best efforts in preparing this handbook and the resources contained within it, they make no representations or warranties with respect to the accuracy or completeness of this document.

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Due to the dynamic nature of the internet, certain links and website information contained in this publication may have changed. The authors make no representations to the current accuracy of the web information shared.

In Queensland, as an incorporated association, most organisations will be subject to the Associations Incorporations Act and its Regulations. The relevant Government regulator is known as the Office of Fair Trading. There is substantial information available on their website about the legal aspects of both the Act and its Regulations and during the service of this guide, it is possible that some information may change to reflect changes in the legislation. We have added some important links here for you to easily remain up to date.

HELPFUL LINKS

[Incorporated Associations Smart Business Guide](#)

(A must for your association, on the laws and how they apply to you in simple to understand terms)

[Associations Incorporations Act 1981](#) (For rules about running an association)

[Office of Fair Trading Queensland](#) (For information about your responsibilities)

[Australian Charities & Not-for-profits Commission](#) (For those who are registered charities)

[Australian Taxation Office](#) (To keep up to date with changes in tax law)

[Department of Justice OFT Fundraising](#) (For information on raffles & donations)

[Australian Consumer Law](#) (What claims you make in advertising and to “sell” membership & activities)

[Workplace Health & Safety Queensland](#) (For your obligations to members, staff & volunteers)

[Fair Work Ombudsman](#) (When volunteers are bullied)



Introduction

Good Governance - two little words full of meaning that should be at the heart of all the work undertaken by your board/committee and your subcommittees.

The Good Governance Health Check guides users through the essential concepts, principles and activities needed to ensure a healthy and productive organisation.

Most incorporated Associations are small, volunteer-driven organisations, with limited resources and in need of practical guidance to meet the many challenges of the modern not-for-profit environment.

The Health Check contained within this Handbook will give you a snapshot of your Association's governance health status and will identify areas where improvement is needed. Levels of understanding and familiarity will vary amongst your board members according to the purpose, structure, scale and sophistication of your organisation, but the Health Check can be applied to any incorporated entity.

And - to help you work smarter not harder - we've included a Toolbox full of simple tips, techniques, templates and examples to help your organisation on its governance journey.

How does it work?

It's simple. The Handbook is divided into 11 sections, starting with the big picture and moving through the detail of specific areas of operation. Each section contains Questions and Toolbox tips, techniques and examples.

Carefully read each question and the explanation. If you can confidently answer "yes", then tick the box. If the answer is "no" or you don't know, then leave it blank for now. You'll get most value from the Good Governance Health Check if you're completely honest. Most questions are objective - they ask for evidence of something factual or tangible.

When the question asks if you have a particular plan or policy or procedure, only say yes if you can actually put your hands on an example or on the finished item. Some questions are subjective - they ask for an opinion or perception. Glossing over problem areas puts your organisation at further risk and means you miss out on important opportunities to diagnose issues and work out solutions. And - hey - it means you're wasting your time and your money - and that's never smart. Honesty is the best policy!

After you've answered all the questions for that section, review your answers. If you find blank check boxes then you have the start of your Good Governance To Do list. It's simple! Good Governance is complex, but the step-by-step Health Check breaks it down into bite size chunks and makes it do-able.

At the end of each section you'll find the Toolbox. It contains tips, techniques and examples relevant to that particular topic. You can work through the Checklist and Toolbox one section at a time or you can come back to the Toolbox after you've answered all the questions in all sections.

Work through all of the sections. You can do this at your own pace - take all the days, weeks or months that you need. The speed isn't important - but achieving continued forward progress is. It's all about having a strategy and the right tools to achieve genuine continuous improvement.

Good luck and good governing!

SECTION 8

Stakeholders

Stakeholders are the people or bodies whose decisions affect you, or who are affected by your decisions. This includes your members, supporters, sponsors, peak bodies, allied organisation's, funders, regulators, clients etc. Recognising and managing these stakeholder relationships is an important part of the business of your organisation.

Stakeholders Checklist



<p>Have your key stakeholders been identified?</p>	<p><i>It's very important for you to know who your stakeholders are and what interest they have in your Association. A register identifying stakeholders (who they are; the nature of their relationship with you; what, if any, commitments have been made; and an idea of mutual expectations) is good practice.</i></p>	<input type="checkbox"/>
<p>Is there a documented plan/ approach to stakeholder management?</p>	<p><i>Stakeholder management is all about relationships and making sure those relationships are healthy and productive. This includes expectations (behaviour), objectives (outcomes) and commitments (actions). Your approach to stakeholders should be guided by your organisation's principles and values.</i></p>	<input type="checkbox"/>
<p>Do you have a stakeholder engagement strategy and communications plan?</p>	<p><i>One of the biggest mistakes made by Associations is to put a lot of time and effort into securing a stakeholder, and then failing to follow up with a solid engagement plan. Stakeholders can become raving fans of your organisation if they are happy with the relationship and how you handle it or they can become your most vocal critics! Understanding your stakeholders and having a robust engagement strategy is a most valuable tool for your Association.</i></p>	<input type="checkbox"/>
<p>Do you have a complaints handling policy and procedure?</p>	<p><i>If you are offering services and activities it is inevitable that there will be the occasional complaint. Handling these complaints quickly and fairly has the potential to turn a critic into a supporter, so having a robust complaints handling policy and procedure is essential.</i></p>	<input type="checkbox"/>
<p>Is there a policy framework within which funding agreements are negotiated?</p>	<p><i>Many programs and activities would be impossible without the support of sponsors or other funders. Having a policy framework that sets the parameters of any funding agreements allows Committee members to negotiate with confidence. Documenting all funding agreements is essential.</i></p>	<input type="checkbox"/>
<p>Do you have a register of funding agreements?</p>	<p><i>It is good practice to keep a register of all funding agreements. This should include who the agreements are with, the terms and duration of each agreement and all obligations to be met.</i></p>	<input type="checkbox"/>



SECTION 8

Tips & Techniques

Stakeholder Management
Stakeholder Engagement
Complaints Handling





TIPS & TECHNIQUES

Stakeholder Management

Stakeholder management is all about creating and building healthy relationships with the people and organisations that you are involved with. The right relationships with the right people can have a significant impact on the success of your activities.

Before moving on to stakeholder analysis and engagement strategies, it's prudent to establish a policy framework for your interactions.

RULES OF ENGAGEMENT

Your policy framework should set out the 'Rules of Engagement' for stakeholders to identify what you value and how you intend to act in your dealings with others.

There is no definitive list, but here are some suggestions for your policy framework.

- **Integrity**

Your commitment to honesty and fairness in all your dealings with stakeholders

- **Transparency**

Your commitment to open and unambiguous processes

- **Consultation**

Your commitment to consult with stakeholders on issues that may affect them or your relationship with them

- **Collaboration**

Your commitment to take a collaborative approach to projects and activities so far as is possible

- **Delivery**

Your commitment to do all the things you say you are going to do

- **Timeliness**

Your commitment to communicate and act in a prompt manner on all issues affecting the relationship

As a rule of thumb, think about how you would like to be treated by others and that will give you a good start in developing guiding principles on how your organisation should act.

ALIGNING VALUES

Another important element in your policy framework is to consider the alignment of your organisational values with those of the organisations you deal with. While you don't have a choice about some of your stakeholders, there are others where the relationship is discretionary (such as sponsors and other partners). You should set some guidelines for the types of organisations you'd be comfortable dealing with and those you would not. For example, if you are a junior sports club then you may not be prepared to form a relationship with companies involved in the production or sale of tobacco or alcohol. Perhaps you are a health promotion association in which case you may hesitate before entering into a sponsorship arrangement with a fast food chain.

In your policy framework you should identify a list of potential partners/stakeholders and/or industries that you will NOT consider forming relationships with under any circumstances. You might then have a further list of those with which you would only proceed with caution and a risk assessment on a case by case basis.

DECISION MAKING

Your policy framework should also clearly specify who makes the decisions about entering or managing stakeholder relationships. For example, the management of minor or routine relationships may be delegated to staff or a Subcommittee, but decisions on major relationships may be reserved for the Committee or Board.



TIPS & TECHNIQUES

Identifying Stakeholders

Everything you do is influenced by the people and organisations you interact with. These are stakeholders and identifying the stakeholders in your organisation is an important activity for the Committee.

WHO OR WHAT ARE STAKEHOLDERS?

Stakeholders can broadly be defined as the people and organisations that fall into two categories:

- those whose are affected by your decisions and actions
- those whose decisions and actions affect you.

Identifying your stakeholders is the first step in developing a plan for managing your stakeholder relationships. To start this process think about all the people and/or organisations that are affected by your work, who have influence or power over it or have an interest in your successful or unsuccessful outcomes.

Here are some common stakeholder categories to consider:

Members	Clients	Staff
Suppliers	Sponsors	Funders
Government	Regulators	Allied Organisations
Interest Groups	The Media	The Public

Once you have these key categories, start compiling your stakeholder register by populating these categories with details of the individuals, companies or organisations you deal with; the nature of your relationship with them; and commitments made.

STAKEHOLDER ANALYSIS

Not all stakeholders are equal and its important that you understand the impact of your stakeholders to the organisation overall and to key programs or projects. This will allow you to prioritise stakeholders and put the greatest effort into those that have the greatest influence.

To do this you can plot your stakeholders on a simple grid that looks at their interest in and power over your organisation. Those with both interest and power are your most important stakeholders and should be given the most effort and attention. Those with low interest and low power are less important and the effort put into these relationships should be reduced accordingly. We will look at further development of this chart when we look at stakeholder engagement strategies.



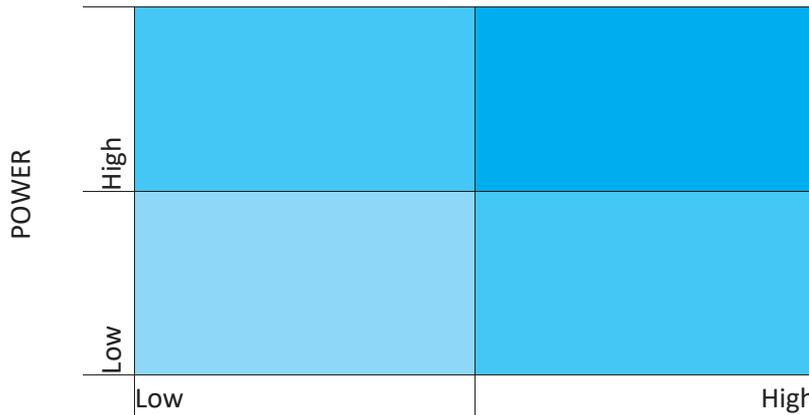


TIPS & TECHNIQUES

Stakeholder Engagement

A lot of time and effort can be spent on managing stakeholder relationships - and rightly so! However, you need to make sure that your efforts are targeted, effective and an appropriate use of resources. Squeaky wheels can demand a lot of attention but, you have to make sure you're not dealing with them at the expense of more important relationships!

The relative importance of stakeholders can be defined in terms of their power and interest.



INTEREST

Plotting your various stakeholders within this chart gives you a good idea of where they sit and how you might manage your engagement with them.



INTEREST

- **High Power, High Interest** - these are the stakeholders that must be fully engaged and you should spend the most time and effort on.
- **High Power, Less Interest** - need to be satisfied but do not need to be bombarded with information and messages. Your engagement should be tailored to suit their requirements.
- **Lower Power, High Interest** - these people want to be kept informed and may like the opportunity to have a say about what you're doing. Individual members often fall into this category. Remember that while individually a single member doesn't have a lot of power over the organisation, collectively they do so don't treat them like mushrooms!
- **Lower Power, Less Interest** - monitor these stakeholders and provide them with an appropriate level of information and activity. Don't bore them with excessive communication but ensure that they have the information they need.



TIPS & TECHNIQUES

Stakeholder Engagement

Also note that while you may plot a Stakeholder map for the organisation in general, you may need to repeat the exercise for specific activities or projects.

For example, if you are holding a conference you may find that a stakeholder who previously fell in the 'keep informed' quadrant may need to be promoted to 'actively engage' for that particular project. You may also have new stakeholders that are interested only in that particular event.

Like most things in associations, your stakeholder map or maps are not static and need review on a regular basis.

UNDERSTANDING YOUR STAKEHOLDERS

Whichever category they fall into, you should make the effort to understand your stakeholders. Why are they involved with you? How are they likely to feel and react to your activities? Some key questions you might ask include:

- What financial or emotional interest do they have in your work? Is it positive or negative?
- What motivates them?
- What information do they want from you?
- How do they want to receive information from you? What is the best way of communicating your message?
- What is their current opinion of your organisation? Is it based on good information?
- Who influences their opinions generally and who influences their opinion of you?
- If they are not being positive about you or your activities, what could win them around?
- If you don't think you can win them around, how can you manage their opposition?
- Who might they influence - either positively or negatively?

The more you know about your Stakeholders, the better you can develop your engagement strategy and ensure that it 'fits' their needs and your resources!

STAKEHOLDERS ARE ALWAYS PEOPLE

It's really important to remember that stakeholders are people. That may seem obvious in the case of individual members etc. but can sometimes get lost when the Stakeholder is a corporate supporter or government agency. While your contract or agreement may be with a corporate or government body, remember that it's the individual, or series of individuals, within that entity with whom you form your relationships.

STAKEHOLDER STATUS

Another thing you should consider is where your stakeholders currently stand in their attitudes towards your organisation as a whole and/or a particular project or activity. Stakeholders can be:

Blockers * Critics * Neutral * Supporters * Raving Fans

Obviously the aim for any organisation is to move your stakeholders along this path so that they all become raving fans of you and your activities. While this may be unrealistic, you can certainly make efforts towards this goal.



TIPS & TECHNIQUES

Stakeholder Engagement

Here are some suggestions on how:

- Always do what you say you're going to do.
- Recognise the individual needs and motivations of your stakeholders and tailor your engagement strategy to suit.
- Under promise and over deliver - not the other way around!
- Go the extra mile to turn satisfaction into delight!
- Don't just talk to your stakeholders - make sure you listen as well.
- Fulfill all contractual or agreed obligations promptly and efficiently.
- Remember that stakeholders are people too.
- Put as much effort into managing and engaging your stakeholders as you did in finding and recruiting them.

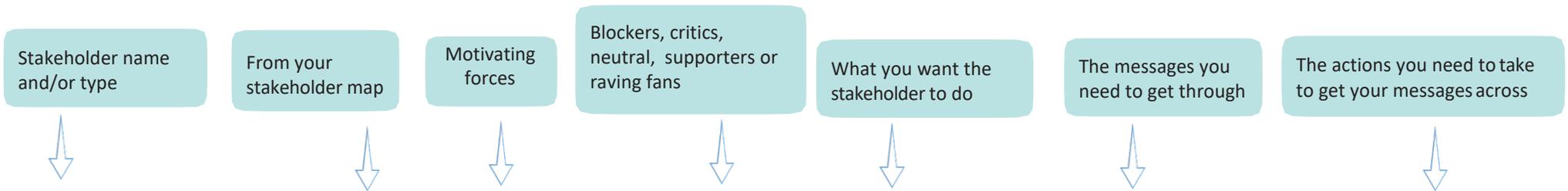
Sound like common sense? It is! Think about how you would like to be treated in a relationship and pay it forward to those you deal with. You may not win them all, but you'll certainly come out ahead!

On the next page you'll find a sample Stakeholder Engagement Worksheet that you can use or adapt for your particular needs.



Sample Stakeholder Communication Worksheet

Preparing a summary on how you intend to communicate with major stakeholders makes sure that you are not leaving important relationships to chance and provides a guide for everyone in the organisation. The summary can be prepared for relationships with the organisation as a whole or for specific projects.



Stakeholder	Contact Name/s	Approach	Key issues and interests	Current Status	Desired Actions	Messages Needed	Action
Members	As per member register	Keep Informed	Member benefits Advocacy Peer support Information	Supporters	Membership renewal Participation	Benefits of membership Advocacy updates Opportunities for interaction Information Hub	Monthly email bulletin Up-to-date and informative website Social media pages Special Interest Group hubs Email alerts
XYZ Company (Major Sponsor)	Brian Jones Susan Smith	Actively Engage	Brand promotion to members Brand alignment Sales results	Supporter	Sponsorship renewal Influence others positively	Benefits of partnership Member engagement with brand Continuing brand alignment Opportunities for further engagement	Quarterly reports Face-to-face meetings monthly Further proposals as appropriate
Government (Project funder)	Zeke Allan Jessica Brown	Keep Satisfied	Alignment with State Strategic Plan Positive results	Neutral	Funding renewal Funding for additional projects	Effectiveness of project Appropriate use of funds Benefits arising from project contributing to State strategic goals	Reporting as per funding agreement Face-to-face meetings every 6 months Further submissions as appropriate



TIPS & TECHNIQUES

Handling Complaints

The only organisations that never get complaints are those that don't do anything! In any active association, complaints will arise from time to time but how you deal with them can make all the difference.

All organisations should have a Complaints Handling policy and procedure that sets guidelines for how complaints are received, processed and resolved. Dealing with complaints quickly, fairly and constructively can turn critics into supporters and enhance the reputation of your organisation. Complaints that are not handled effectively can turn into disputes that may take a lot more time and effort to resolve.

NATURAL JUSTICE/PROCEDURAL FAIRNESS

In developing your Complaints Handling policy and procedure you should always comply with principles of natural justice and procedural fairness. These are really two terms for the same thing - natural justice being the term used in common law and procedural fairness in administrative matters. Principles of natural justice include:

- Providing information to those involved in the complaint on the main points of any allegations or grounds for negative comment made against them.
- Providing people with a reasonable opportunity to put their case.
- Making reasonable inquiries or investigations before making a decision. A decision that will negatively affect a person should not be based merely on suspicion, gossip or rumour. There must be facts or information to support any negative findings.
- Only taking into account relevant information.
- Acting fairly and without bias and taking into account all credible, relevant and disputed issues.
- Dealing with the complaint without unnecessary delay.
- Ensuring that a full record of the complaint and its outcome has been made.

There are a number of steps in the Complaints Handling process. How you deal with each one should be considered and documented in your policy and procedure and should be appropriate to your organisational circumstances.

RECEIVING THE COMPLAINT

The worst thing you can do when receiving a complaint is to dismiss it. Even if the complaint, on the face of it, seems frivolous or petty it should be taken seriously. After all, the person making the complaint feels strongly enough about the issue to bring it to your attention and this in itself is valuable feedback. So here are some steps to consider:

1. **Listen to the complaint.** Ensure that you understand exactly what the problem is and take ownership of it.
2. **Apologise.** Sometimes a simple apology is enough to satisfy someone making a complaint and it costs you nothing to acknowledge their issue and apologise for whatever has caused it.
3. **Don't take it personally.** Remember that in most cases the complaint isn't about you, it is about the actions or decisions of the organisation. If someone is letting off steam just keep in mind that it's not directed at you personally and you don't need to get defensive about it.
4. **Be understanding.** Take the time to feed back to the person making the complaint your understanding of the issues to ensure that you have it right and sympathise with their point of view - even if you don't agree with it! Be calm, courteous and helpful at all times.
5. **Take ownership.** Let the person complaining know that you will take responsibility for ensuring that their issues are resolved.
6. **Find out what is needed to resolve the issue.** Make sure you're clear on what specific actions the complainant wants taken to remedy the situation.
7. **Record the complaint.** Detail the complaint so that you and others know exactly what the problem is and leave space to record the actions taken to resolve it. Keeping these records and reviewing them from time to time allow you to see any patterns that are forming. If there's a pattern of complaint there may be additional action required to avoid further problems.
8. **Check that you have all the facts.** Ensure that you understand all the details while the person is making the complaint and ask questions if necessary to clarify. This will also let them know that you are taking their complaint seriously.



TIPS & TECHNIQUES

Handling Complaints

INVESTIGATING THE COMPLAINT

Quite often a complaint can be resolved in the initial contact whether over the phone, in writing or face-to-face. The complaint may have arisen from a misunderstanding that can be explained to the satisfaction of the person complaining, or a sincere apology may be enough. Sometimes people making a complaint simply want to be heard and will be happy to have made their point.

However, there will be times when the complaint is of a more serious nature and further investigation is required. Here is where you follow the rules of natural justice and ensure that all parties involved have a chance to give their point of view and that any evidence or documentation is considered fairly and impartially.

In your policy you will need to identify who it is who handles these more significant complaints. It may be a specific Committee member or even the President who takes responsibility for resolving the complaint. Whoever it is, they should be familiar with your policy, have the authority to make decisions and the ability to be fair and impartial.

Make sure that you document every step of the process. You will have the record of complaint taken by the person receiving it, but you may require the complainant to also put something in writing and should seek a written response from the person or people being complained about. A record of verbal interactions should also be taken. Often this can be as simple as a diary note or an email to the person you've been talking to confirming that the discussion took place and the main points covered.

RESOLVING THE COMPLAINT

So far the complaint has been received and all the relevant information obtained. You have found out what the complainant wants to happen and, if this is more significant than an apology or other action that can be taken immediately, the complaint has been investigated; all parties heard and all evidence considered.

The person responsible for resolving the complaint will need to decide whether the grievance has merit and consider options for fixing the problem. If it is determined that the complaint has no merit then this needs to be carefully and sensitively communicated to the complainant. Verbal notification of the outcome should be followed up with a written confirmation of the decision and reasons for it.

If it is determined that the complaint has merit then a proposal for resolution should be communicated to all parties involved, discussed with them and then confirmed in writing.



TIPS & TECHNIQUES

Handling Complaints

Some additional points to consider:

1. **Keep your promises.** Don't offer anything that can't be delivered or is outside the scope of individual authority.
2. **Be quick.** The more timely the response, the more likely it is that the matter can be successfully resolved. Matters that linger can fester and escalate.
3. **Follow up.** Make sure you contact the complainant after the event to find out whether they were happy with how the matter was handled and to give them feedback on any actions being taken to avoid the problem in future.

CONSISTENCY

One of the most important aspects of complaints handling is to ensure consistency. The way you deal with one complaint should be the way you deal with them all. Nothing is more likely to undermine your efforts or damage your reputation than if people feel they have been discriminated against.

CONFIDENTIALITY

It is essential that identifying details of the complaint are kept confidential. Names, dates and other details should remain confidential to the people directly involved in the complaint resolution.

However, the requirement of confidentiality has to be balanced against the need for transparency.

Non-identifying details of the complaint, a summary of the issues and the actions taken to resolve the issue in general terms should be available so that everyone in the organisation can learn from the experience and it can be demonstrated that the process was fair and thorough.

DISPUTES

In some cases a complaint can't be resolved by this process and it may escalate to a formal dispute that will need to be handled in accordance with your organisation's dispute resolution policy, or by involving a third party, a mediation, administrative or legal process.

THE CUSTOMER IS (NOT) ALWAYS RIGHT...

Not all complaints have merit. Just because someone makes a complaint it does not necessarily mean that the organisation, its volunteers or staff have done anything wrong. Complaints can be petty, frivolous or even malicious so it should not be instantly assumed that just because someone is 'not happy' any action needs to be taken.

If it is decided, after investigation, that there is no basis for the grievance then the complainant should be informed of this politely but firmly.

Develop your policy, make sure it is consistent, fair and transparent and then stick to it!



Congratulations

You've worked the whole way through the Good Governance Health Check. Take a bow!

It doesn't matter how long it took you to get here - the important point is that you've taken the time and put in the effort to carefully consider how well your Association is performing.

By now you'll have a plan for continuous improvement (Organisation Development Plan - call it whatever you like, we're plain and simple so we like 'To Do List' - but whatever works for your Committee is fine by us).

You'll also have developed a much greater understanding of what good governance really means - in practice, not just in theory and we're confident you'll have a much greater appreciation of its value to any organisation.



If you ever need assistance you can contact us:

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About Us

The original concept and development The Good Governance Handbook and the online Good Governance Health Check are the result of an original collaboration between Kate Hartwig and Kate Reynolds. Leisa Donlan & Adrian Hart from www.goodgovernanceconsultants.com.au have tailored this guide & updated the content specifically for your organisation and the regulatory framework you work in and added a few templates and other information.

We've all been working in the not-for-profit sector for most of our working lives (hooley dooley, that's about 120 years between us!) and we know what works and what doesn't. Our approach - as you can see with this Handbook - is plain and simple - we provide no-nonsense, proven, practical assistance with governance and organisational development.

We've pooled our good, bad and ugly experiences and some of the many publications, tools, tips and techniques we've developed over the years into one, easy to access Handbook. We hope you've found it useful.