



Assessing Stakeholder Salience through the view of Lean Enterprise Transformation

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Thesis motivation

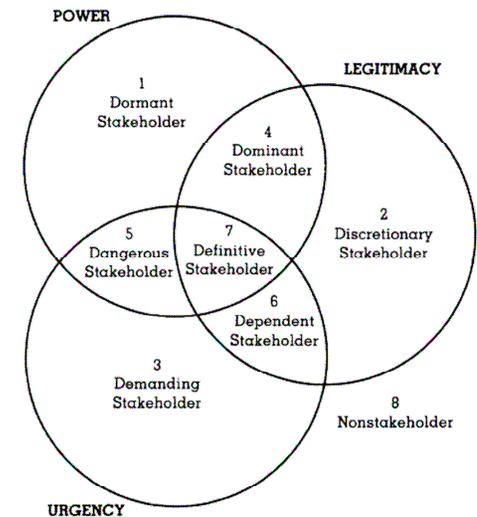
1. Desire to elucidate connections between stakeholder salience and Enterprise Architecture (EA). Specifically with respect to transformations (ie dynamic view of the enterprise)

2. Significant for practitioners to carry-out successful transformation
 - *Second Principle of Lean Enterprise Thinking*: Identify relevant stakeholders and determine their value propositions (Nightingale 2009)
 - Enterprises that are better at engaging the structural, and cultural aspects are more successful at Lean value creation (Roth 2006)

Key Definitions

- Three Lenses(Carroll 2002)
- Stakeholder -" any group or individual who can affect or is affected by the achievement of the organization's objectives" (Freeman 1984).
- Salience - "the degree to which managers give priority to competing stakeholder claims" (Mitchell 1995)
- Power, Legitimacy, and Urgency- (1) power to influence the firm, (2) legitimacy of relationship with the firm, and (3) the urgency of the stakeholder's claim on the firm (Mitchell 1995)
- Salience is dynamic- stakeholder influence is dependent on life cycle stage(Jawahar 2001)
- Epochs and Era's – context and time space (Rhodes, Ross, Nightingale 2009)
- Corporate Social Responsibility
- Core Ideology (Collins ad Porras 1996)
- Institutional and Resource dependency (Oliver 1991)
- Network versus dyadic behavior of stakeholders (Rowley 1997)

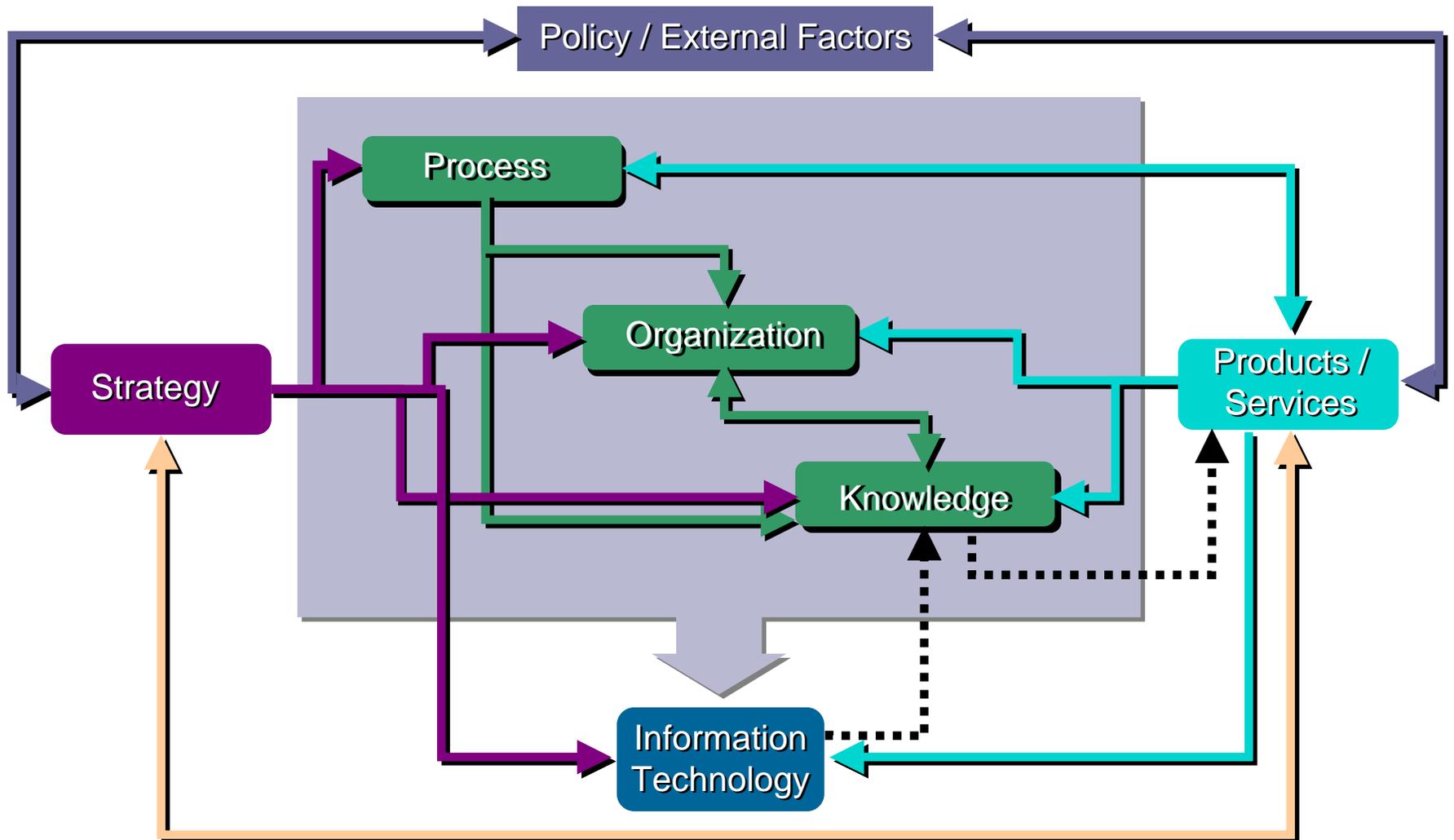
FIGURE 2
Stakeholder Typology:
One, Two, or Three Attributes Present



Literature Review

| Research Question | Relevant Body of work | Rationale |
|--------------------------------------------------------------------------------------------|--------------------------------------------------|------------------------------------------------------|
| How do the most salient enterprise stakeholders affect the Enterprise's Architecture (EA)? | LAI Research | Provides EA framework |
| | Enterprise thinking and industry challenges | Context for research motivations |
| | Stakeholder Theory | Provides stakeholder framework |
| | Enterprise Core Ideology | Connects EA and Stakeholders |
| How do these stakeholder relationships change as the enterprise transforms? | Stakeholder Theory | Provides stakeholder framework |
| | Stakeholder behavior and decision making | Provides theory for Stakeholder relationships |
| | Stakeholders and Corporate Social Responsibility | Connects stakeholder dynamics to enterprise dynamics |
| | Enterprise Core Ideology | Connects stakeholder dynamics to enterprise dynamics |

Enterprise Architecture Views

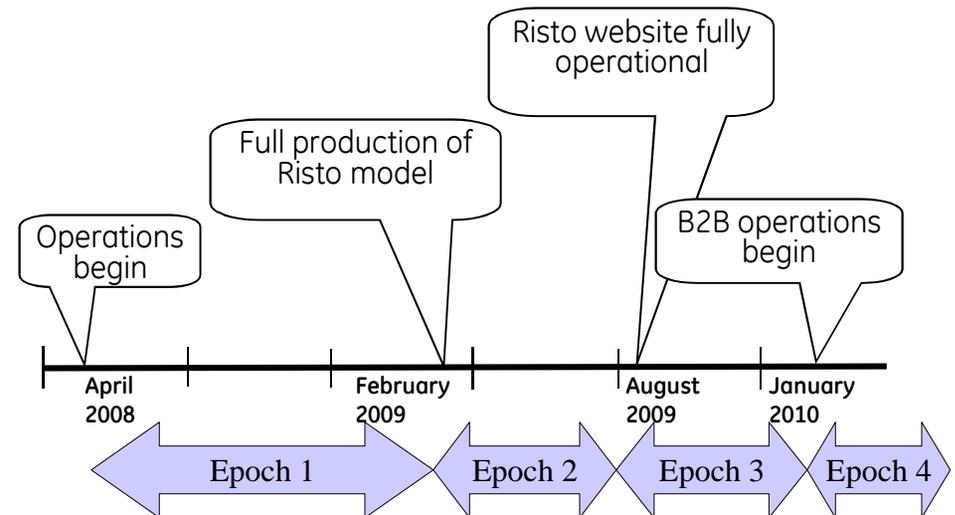
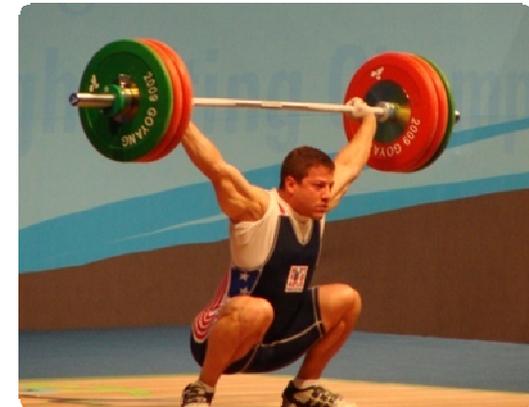


Method

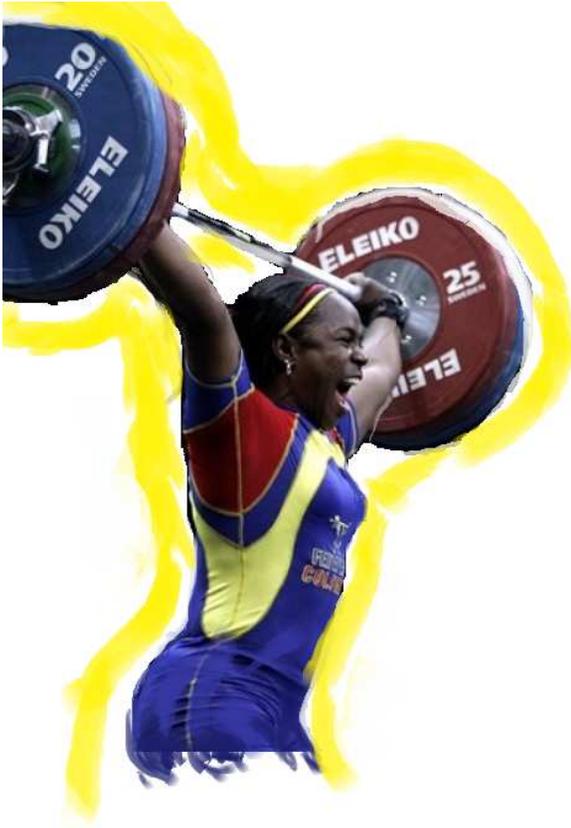


Complete a Case study on fast clock speed enterprise- Risto Sports-- using the EA framework

- Determine stakeholders and values using EA & ESAT to determine affect on architecture
- Map stakeholder in EA views over enterprise epochs
- Assess saliency with Normalized Stakeholder Saliency Index (NSSI) (Grossi 2003)
- Assess Network effects
- Design future state EA
- Interview Stakeholders to assess validity, reliability of Future EA



Enterprise Background



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Risto Goals and Core Values

Strategic goals :

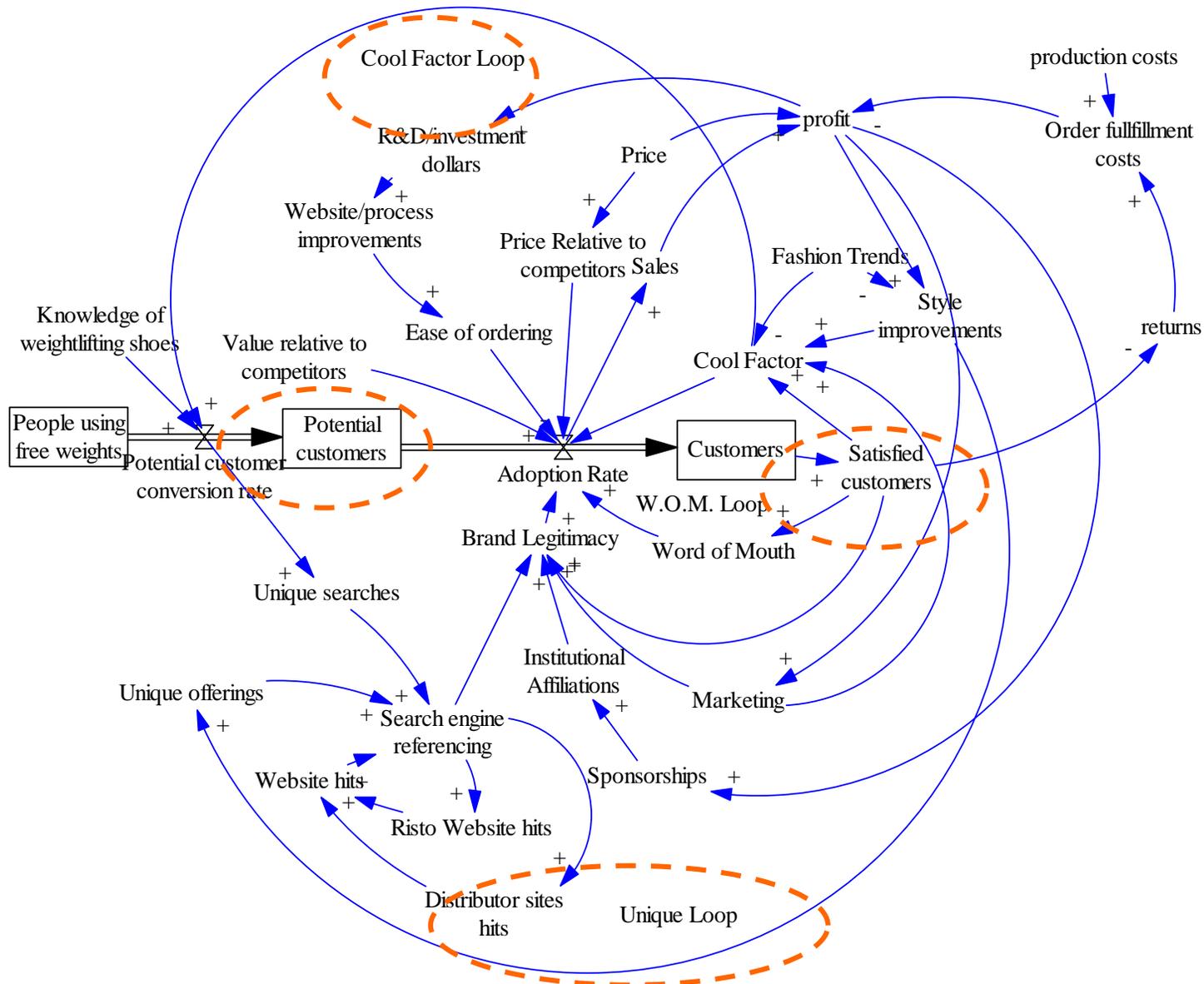
1. Grow market share
2. Gain Legitimacy
3. Grow profitability

Core Values:

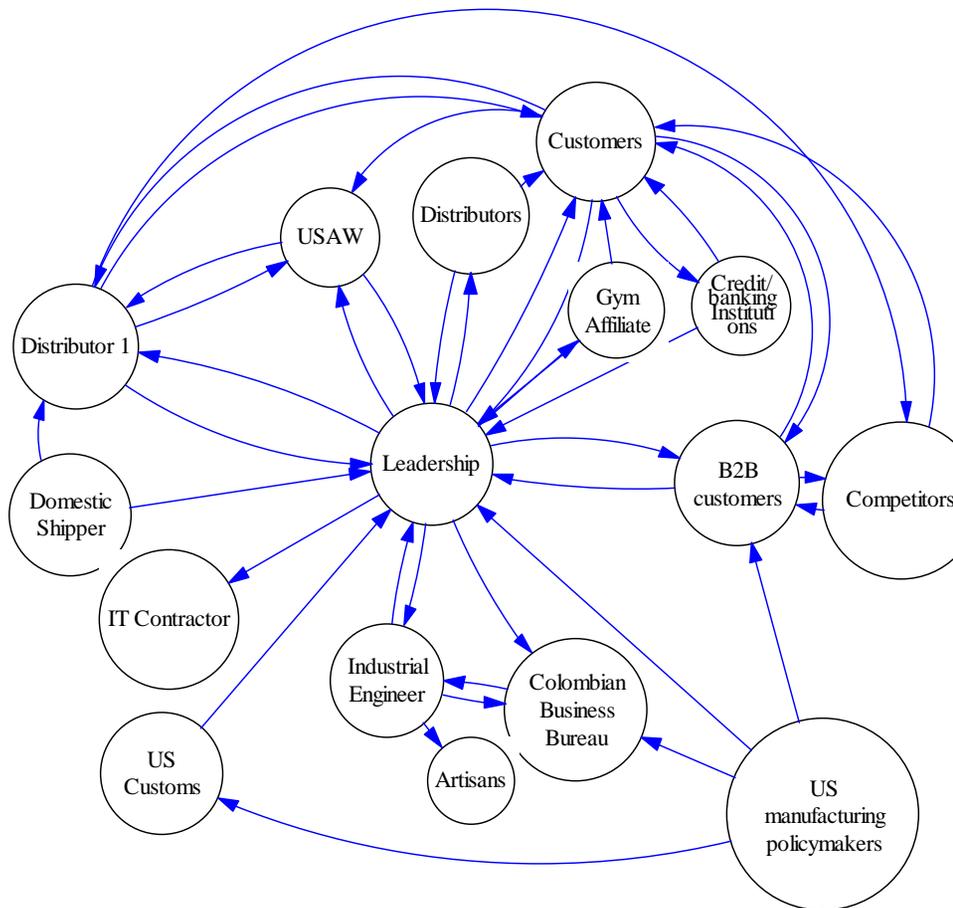
1. *Stronger*: Promote and serve strength sports
2. *Greener*: Sustainable, socially responsible products and services
3. *Leaner*: Aspire to be a Lean Thinking Enterprise
4. *Better*: Highest quality and exceptional value



Background- Growth Strategy



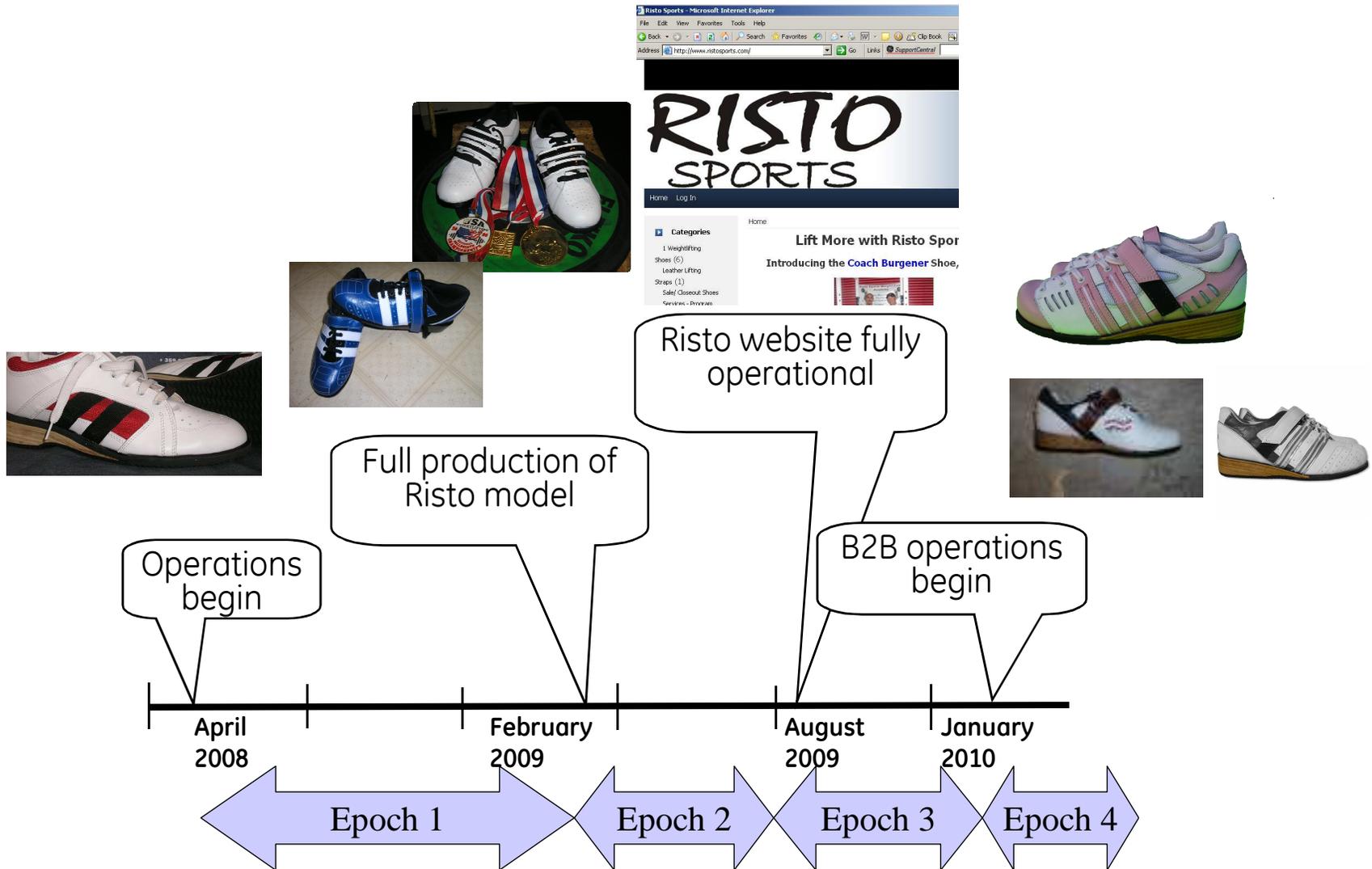
Background-Stakeholders



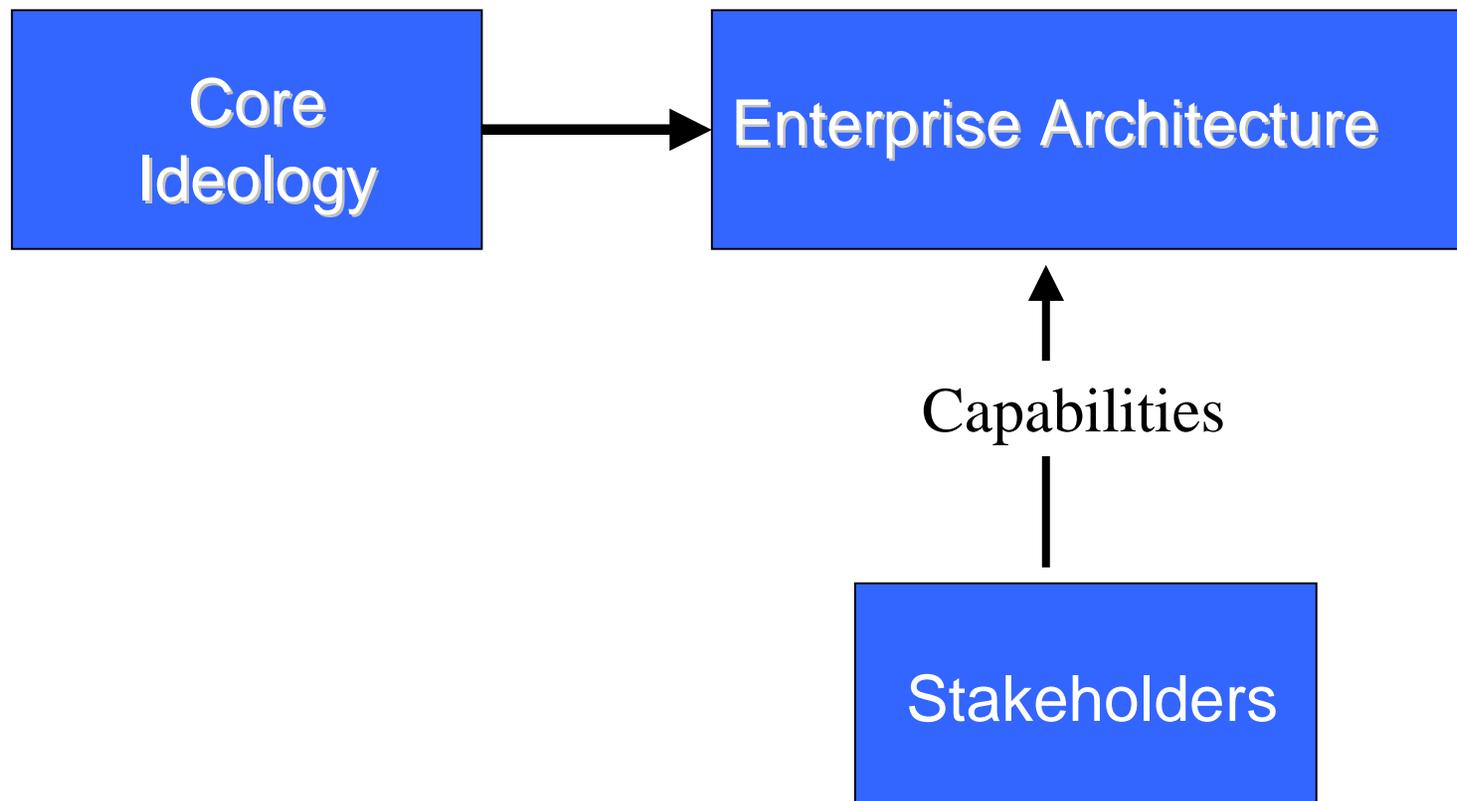
| Strategy View | Policy View | Information View | Knowledge View |
|-----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Leadership Customers B2B Customers Industrial Engineer Artisans Distributor 1 Distributors USAW Colombian | US manufacturing Policymakers Colombian Business Bureau Banking Institutions Artisans Customers Leadership Gym Affiliate | Leadership IT contractor Customers Industrial Engineer Artisans Distributor 1 Distributors | Leadership Industrial Engineer Artisans B2B Customers Customers Distributors Distributor 1 IT Contractor Colombian Business |
| Process View | Organization View | Product View | Services View |
| Leadership Industrial Engineer Customers Distributors Distributor 1 B2B customers IT Contractor | USAW Leadership Customers B2B Customers Industrial Engineer Distributors Distributor 1 Gym Affiliate | Industrial engineer Distributors Customers B2B Customers Competitors USAW Artisans | Leadership Customers Gym affiliate |

Stakeholder Network model, January 2010

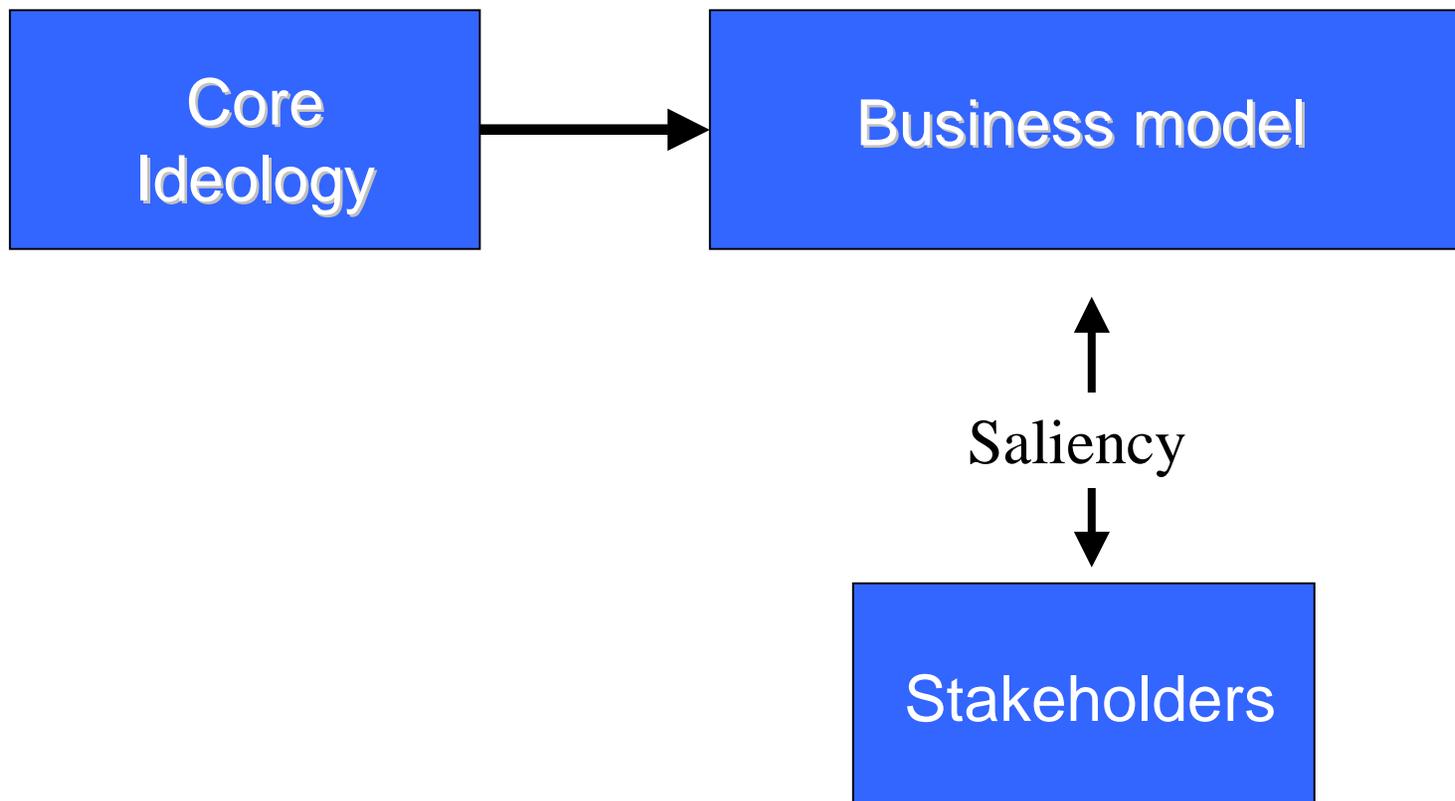
Part I- Epochs & Evolution



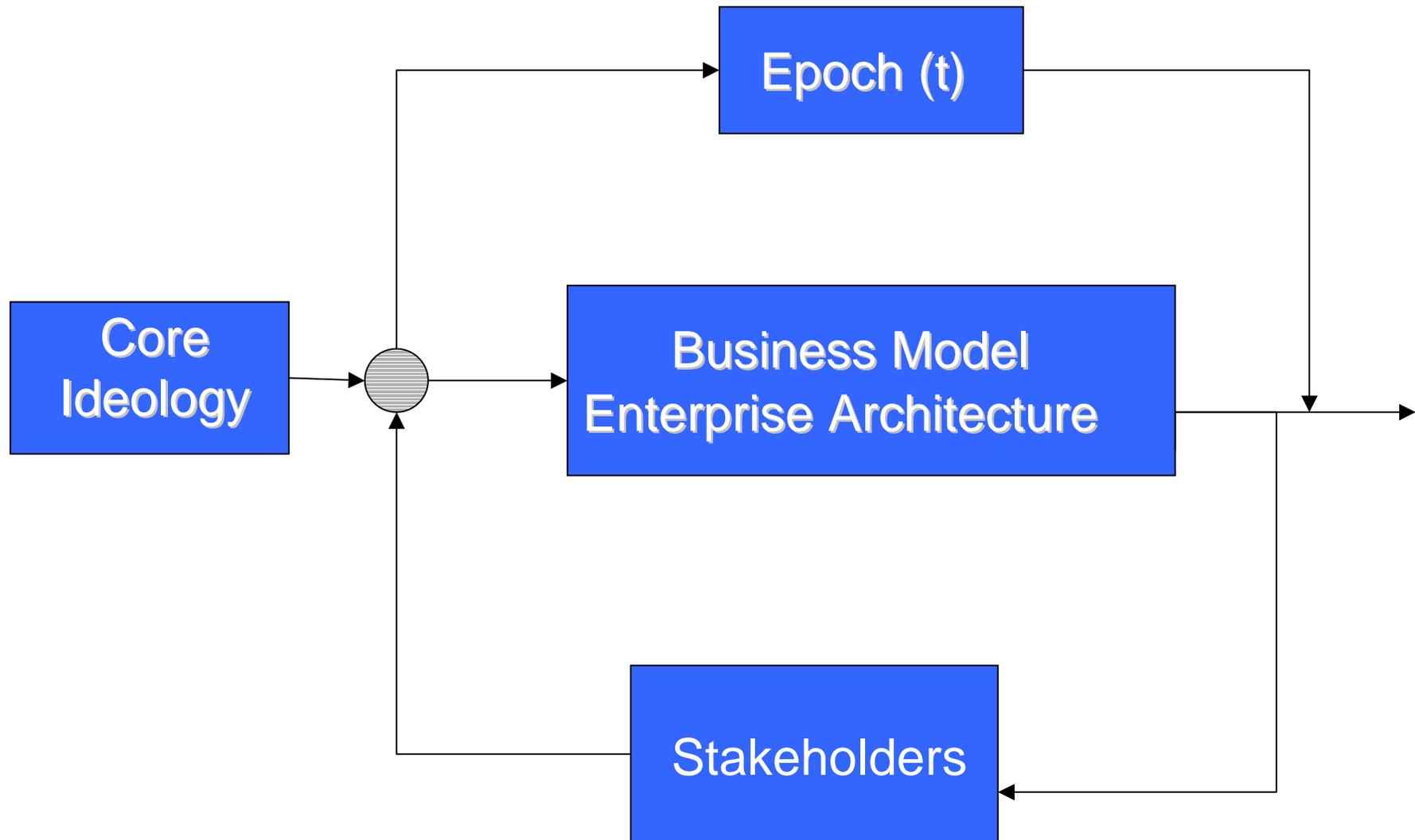
Part I- EA Space & Stakeholders



Part I- Business Strategy Space & Stakeholders



Part I- Time Dependency & Constant Inputs



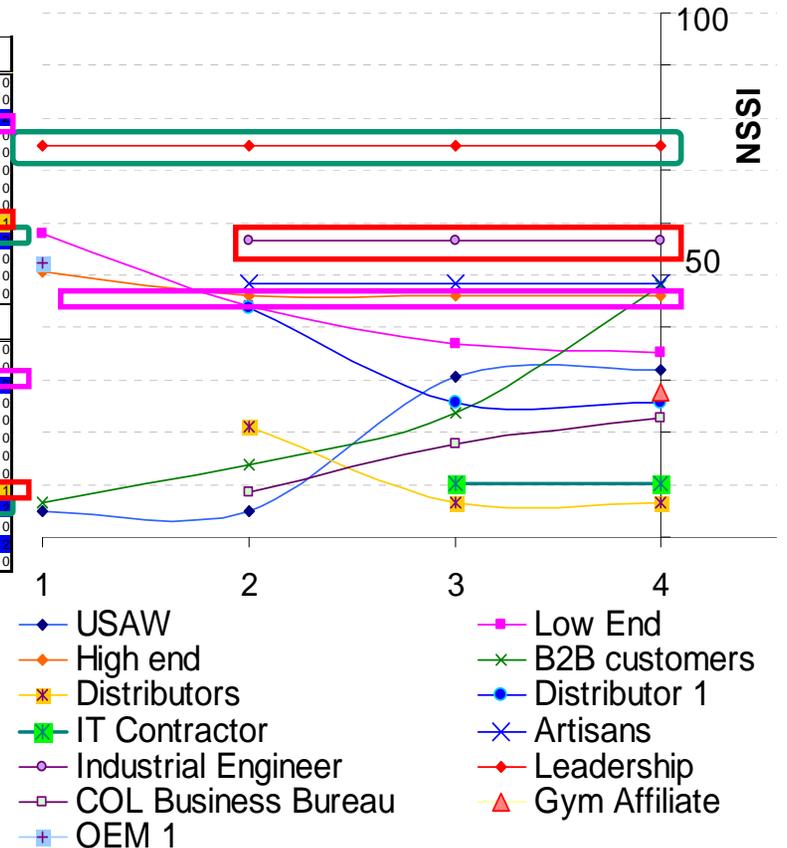
Results & Analysis

| Stakeholder | Epoch 1 | | | | | | | | Epoch 2 | | | | | | | |
|---------------------|----------|----|-----------|---------|--------|---------|-----|---------|----------|----|-----------|---------|--------|---------|-----|---------|
| | Strategy | IT | Knowledge | Product | Policy | Process | Org | Service | Strategy | IT | Knowledge | Product | Policy | Process | Org | Service |
| USAW | 1 | 0 | 1 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 1 | 0 |
| Low End | 2 | 2 | 2 | 1 | 1 | 1 | 1 | 0 | 2 | 2 | 2 | 1 | 1 | 1 | 1 | 1 |
| High end | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| B2B customers | 2 | 1 | 1 | 0 | 0 | 0 | 1 | 1 | 2 | 1 | 1 | 0 | 0 | 1 | 1 | 0 |
| Distributors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 0 | 0 | 1 | 1 |
| Distributor 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 1 | 1 | 0 | 1 | 2 | 2 | 0 |
| IT Contractor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Artisans | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 2 | 2 | 2 | 1 | 2 | 2 | 0 |
| Industrial Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 |
| Leadership | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| CB Bureau | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 0 |
| Gym Affiliate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OEM 1 | 2 | 1 | 1 | 2 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| Stakeholder | Epoch 3 | | | | | | | | Epoch 4 | | | | | | | |
|---------------------|----------|----|-----------|---------|--------|---------|-----|---------|----------|----|-----------|---------|--------|---------|-----|---------|
| | Strategy | IT | Knowledge | Product | Policy | Process | Org | Service | Strategy | IT | Knowledge | Product | Policy | Process | Org | Service |
| USAW | 1 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 1 | 0 |
| Low End | 1 | 2 | 2 | 1 | 1 | 1 | 1 | 0 | 1 | 2 | 2 | 1 | 1 | 1 | 1 | 1 |
| High end | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| B2B customers | 2 | 1 | 2 | 1 | 0 | 1 | 1 | 0 | 2 | 1 | 2 | 2 | 0 | 1 | 1 | 0 |
| Distributors | 1 | 1 | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 1 | 1 | 1 | 0 | 1 | 1 | 0 |
| Distributor 1 | 2 | 1 | 1 | 0 | 1 | 2 | 2 | 0 | 2 | 1 | 1 | 0 | 1 | 2 | 2 | 0 |
| IT Contractor | 0 | 2 | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 2 | 1 | 0 | 0 | 1 | 0 | 0 |
| Artisans | 1 | 2 | 2 | 2 | 1 | 2 | 2 | 0 | 1 | 2 | 2 | 2 | 1 | 2 | 2 | 0 |
| Industrial Engineer | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 |
| Leadership | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| CB Bureau | 0 | 0 | 1 | 0 | 2 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 2 | 0 | 0 | 0 |
| Gym Affiliate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 1 | 2 |
| OEM 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

View presence
 None=0 Moderate=1 Strong=2

Normalized Stakeholder Salience with Enterprise Epoch



Part 1- Conclusions

Core mission and purpose will drive results

Stakeholders must meet your needs dependent on the Epoch
dependent on Epoch context

- Stakeholders trade value with respect to business model

Stakeholders add capabilities to your enterprise (EA)
dependent on Epoch context

- Salient stakeholders permeate each view

Most salient stakeholders are ones that your architecture &
Strategy is inextricably dependent

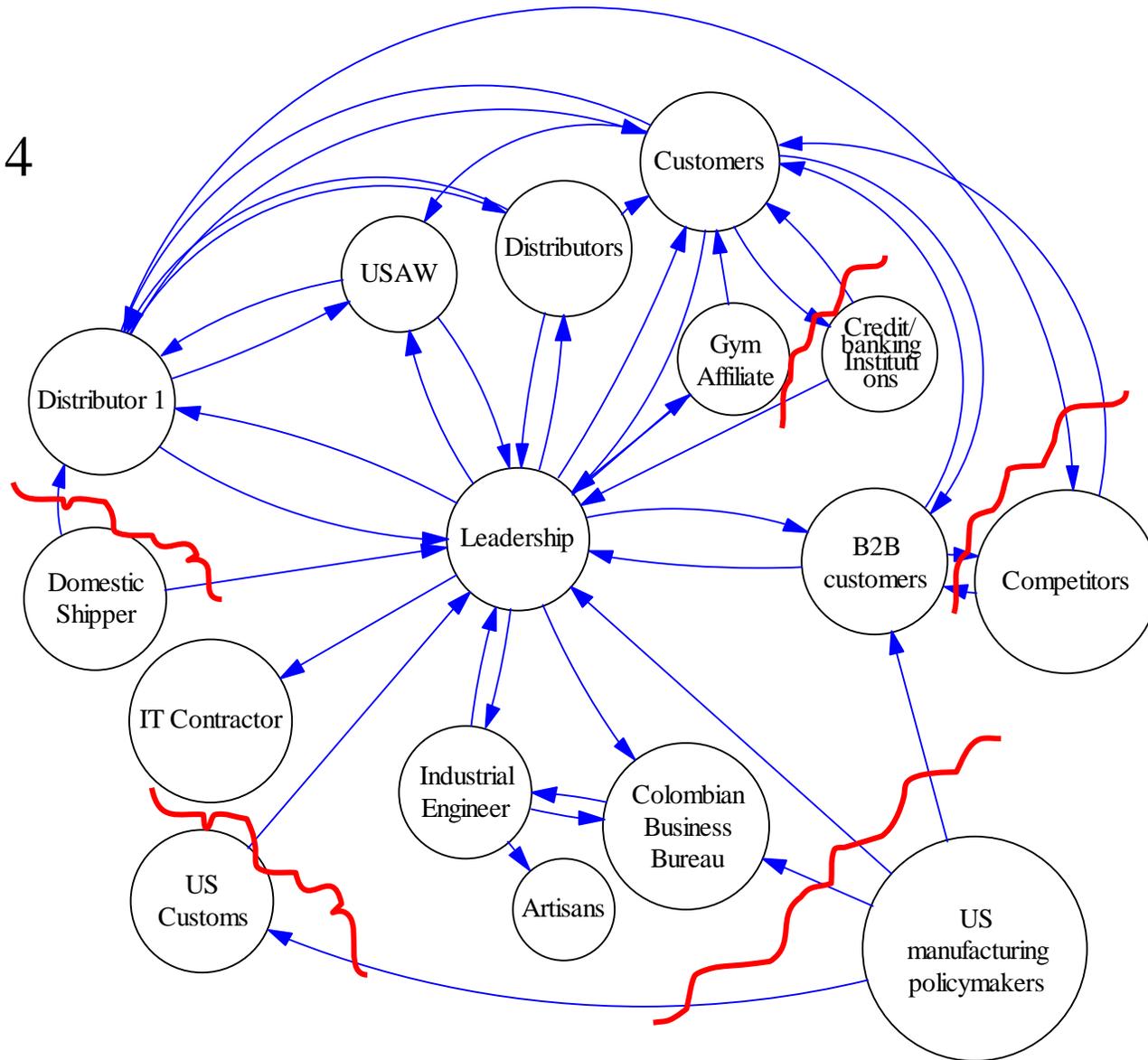
Part II- Network Effects

Examine how stakeholders linked to each other, resource dependency and institutional power, how relationships evolve with EA & business model

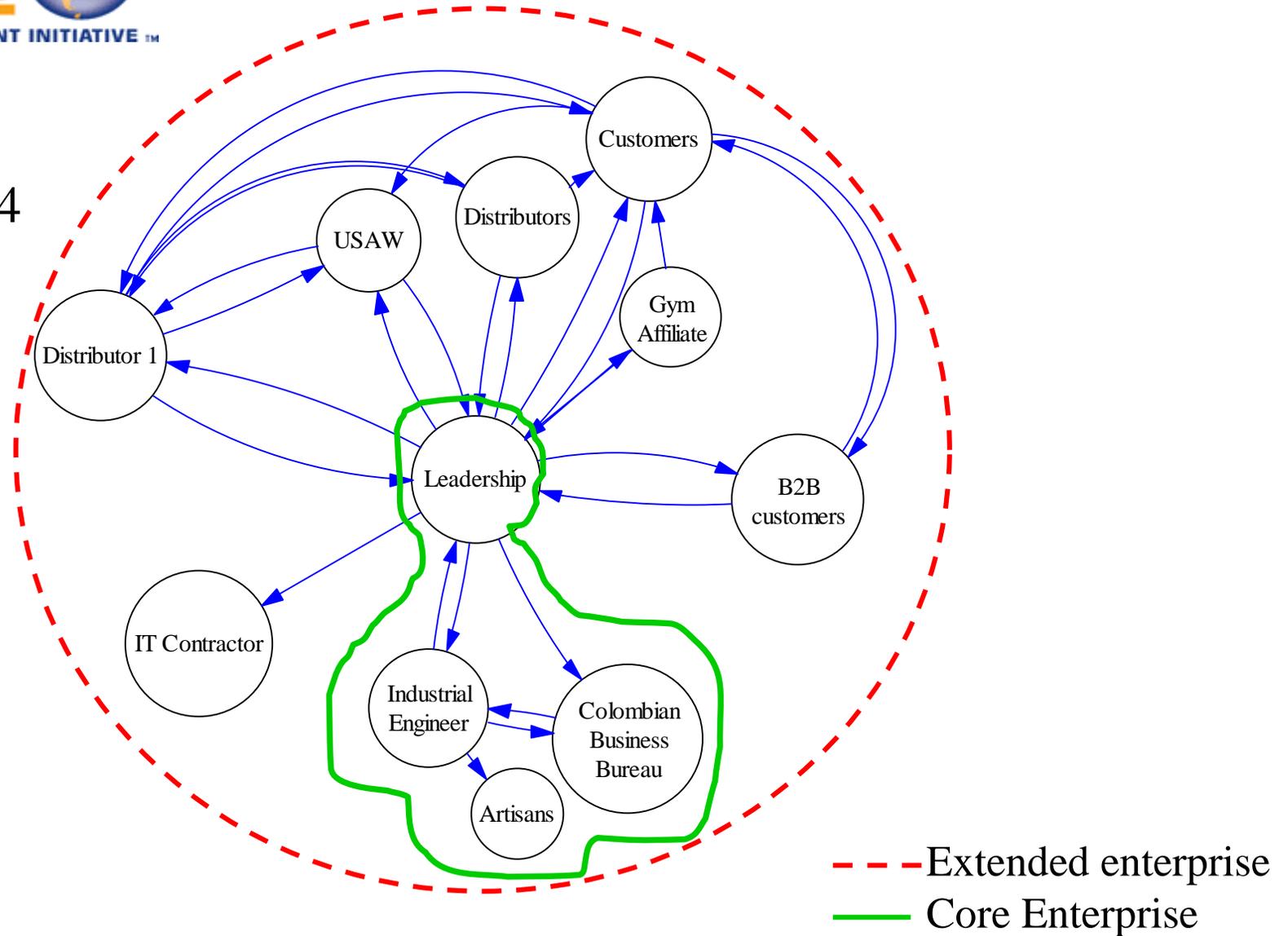
Per Part 1, define Core and Extended Enterprise on stakeholder saliency

Part II- Network Effects

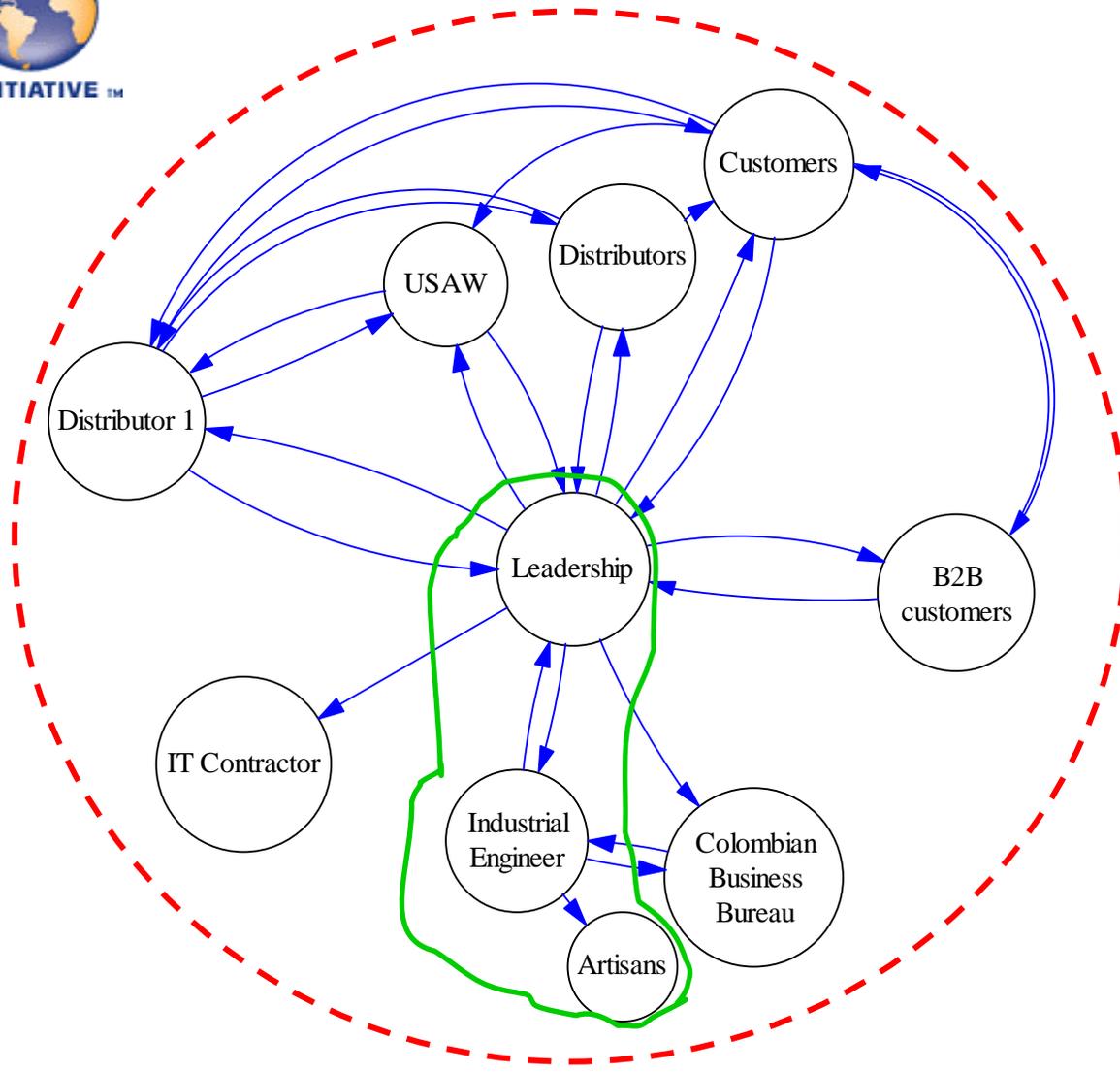
Epoch 4



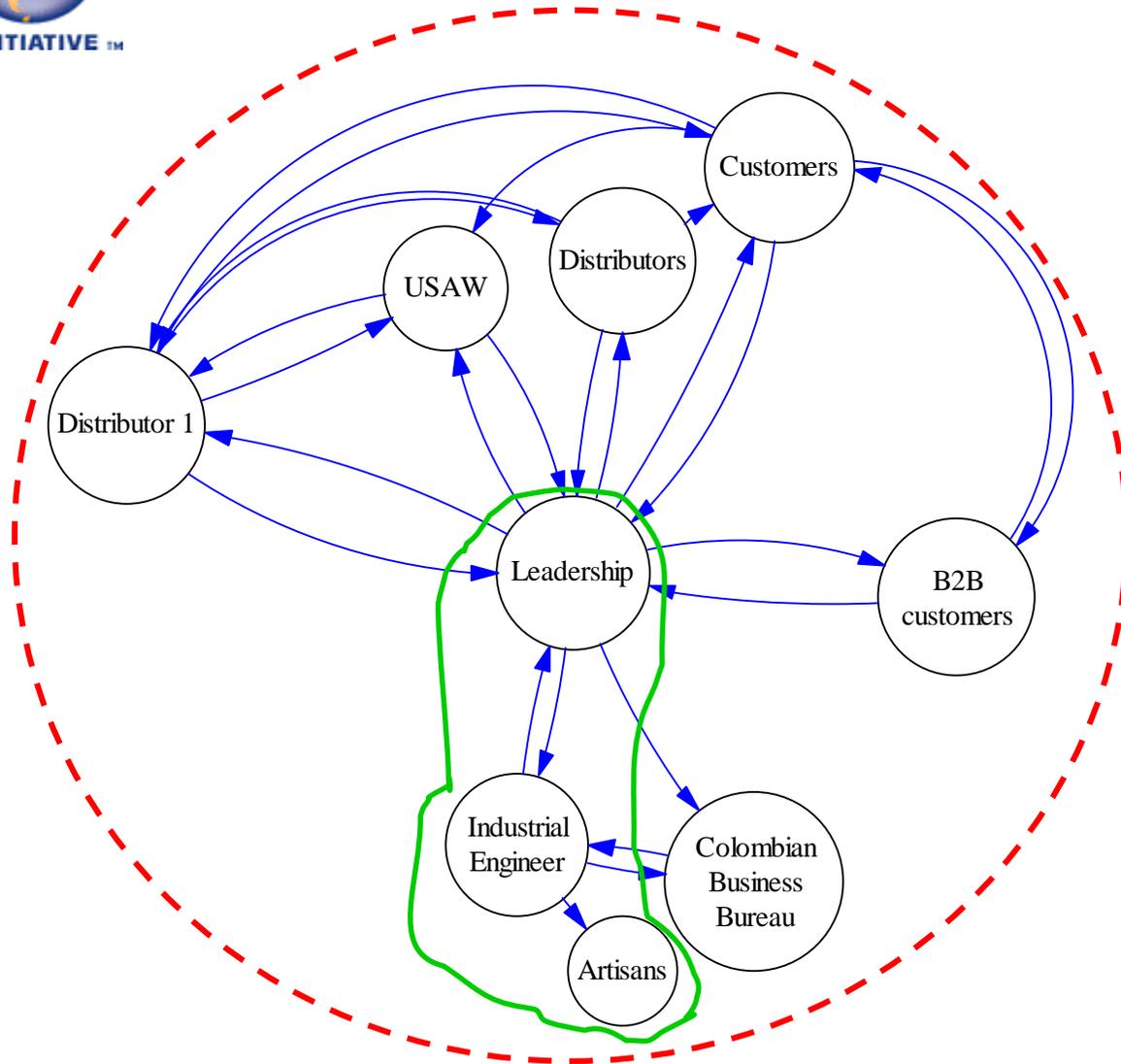
Epoch 4



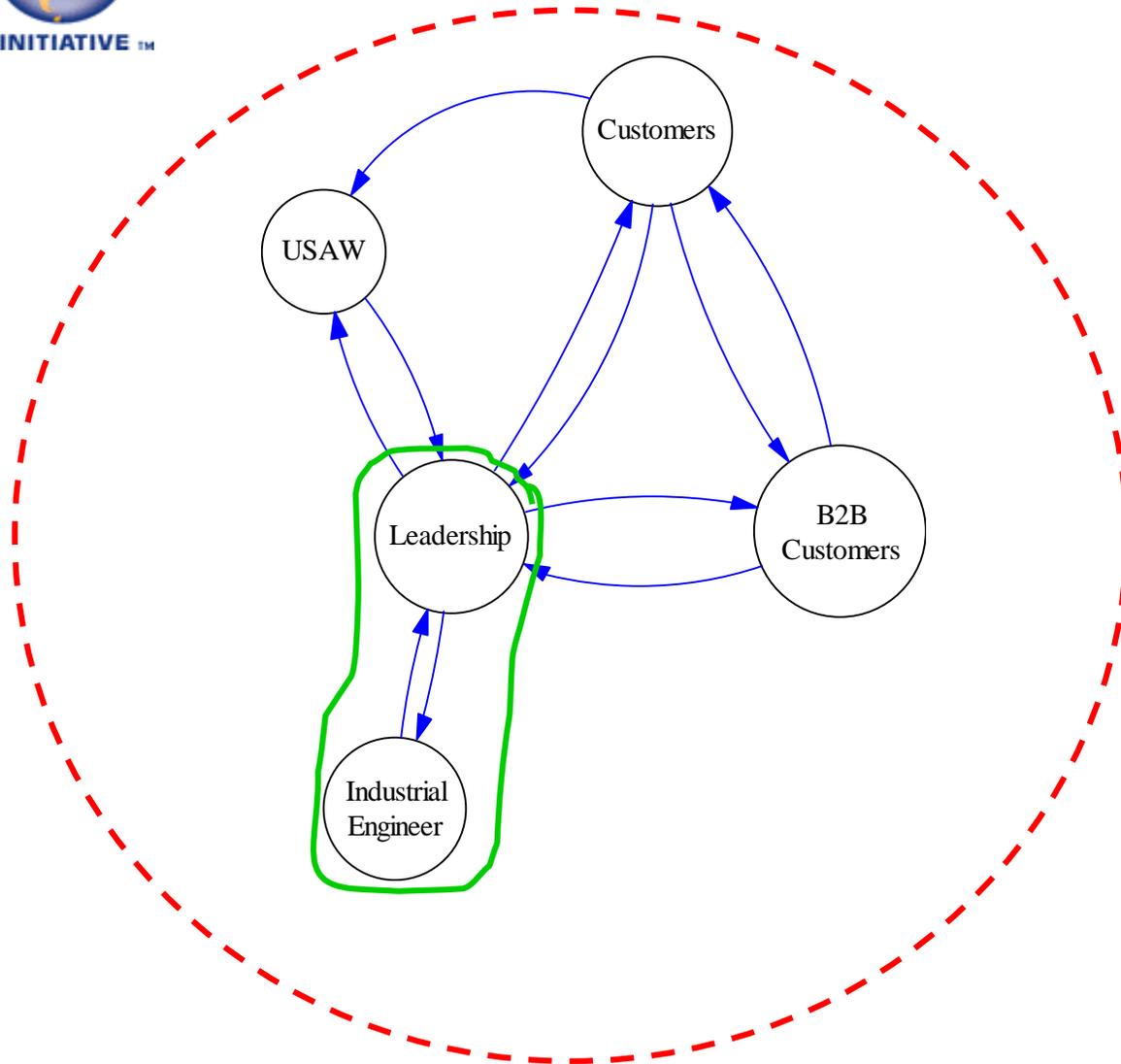
Epoch 3



Epoch 2



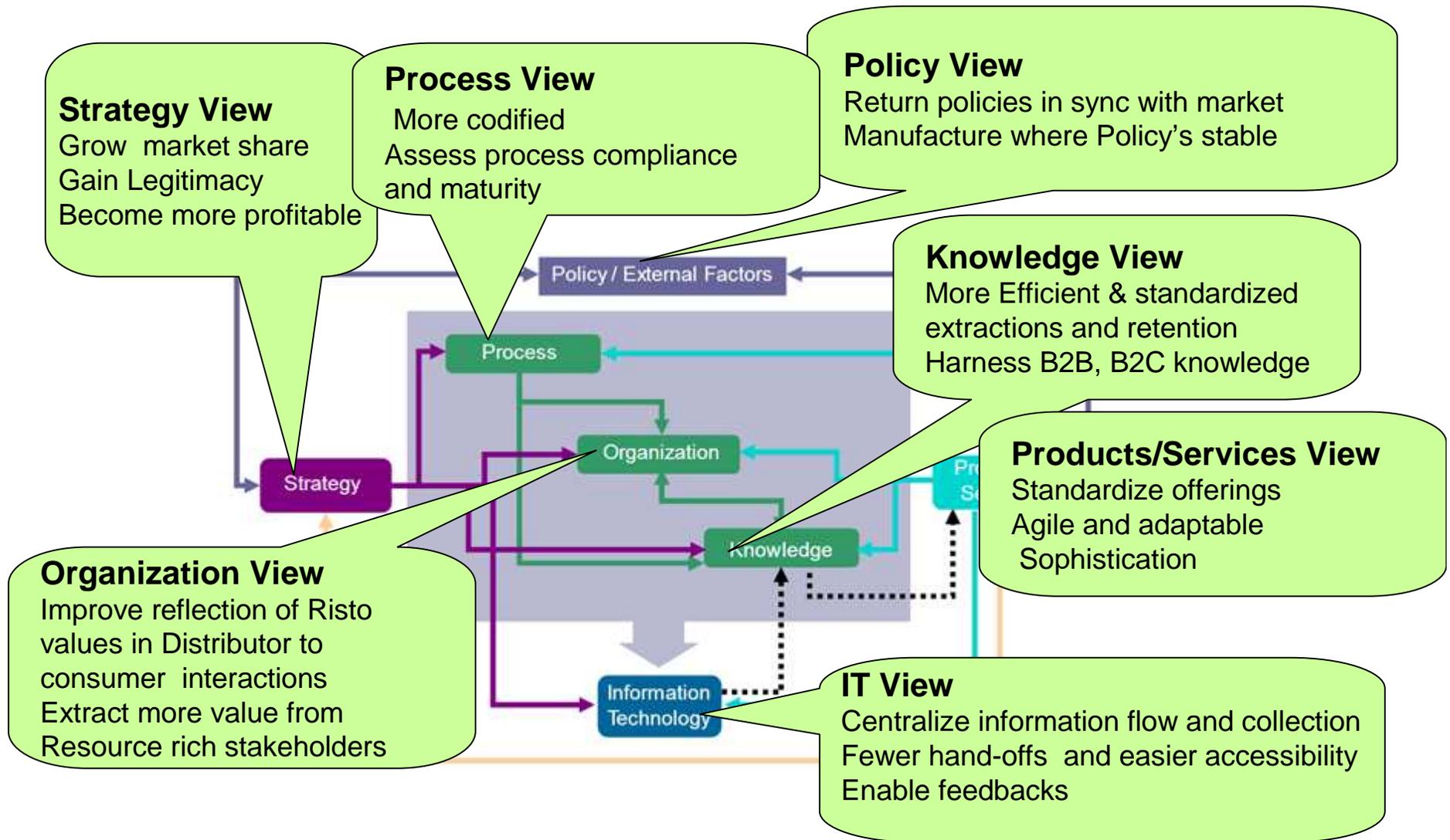
Epoch 1



Insights on Network

- Most salient stakeholders are Core enterprise
- Extended enterprise comprised of less salient stakeholders, saw most delta in NSSI across states
- Core stakeholders high centrality
 - Control decision making and information flow
 - Control via resource dependency through cluster linkages
- Most dense where learning and information flow needed to occur quickly
 - Harnessing customer W.O.M., or communicating with shop
- Network appropriate for organization seeking higher legitimacy & institutional power

Part III- Designing Future Epoch

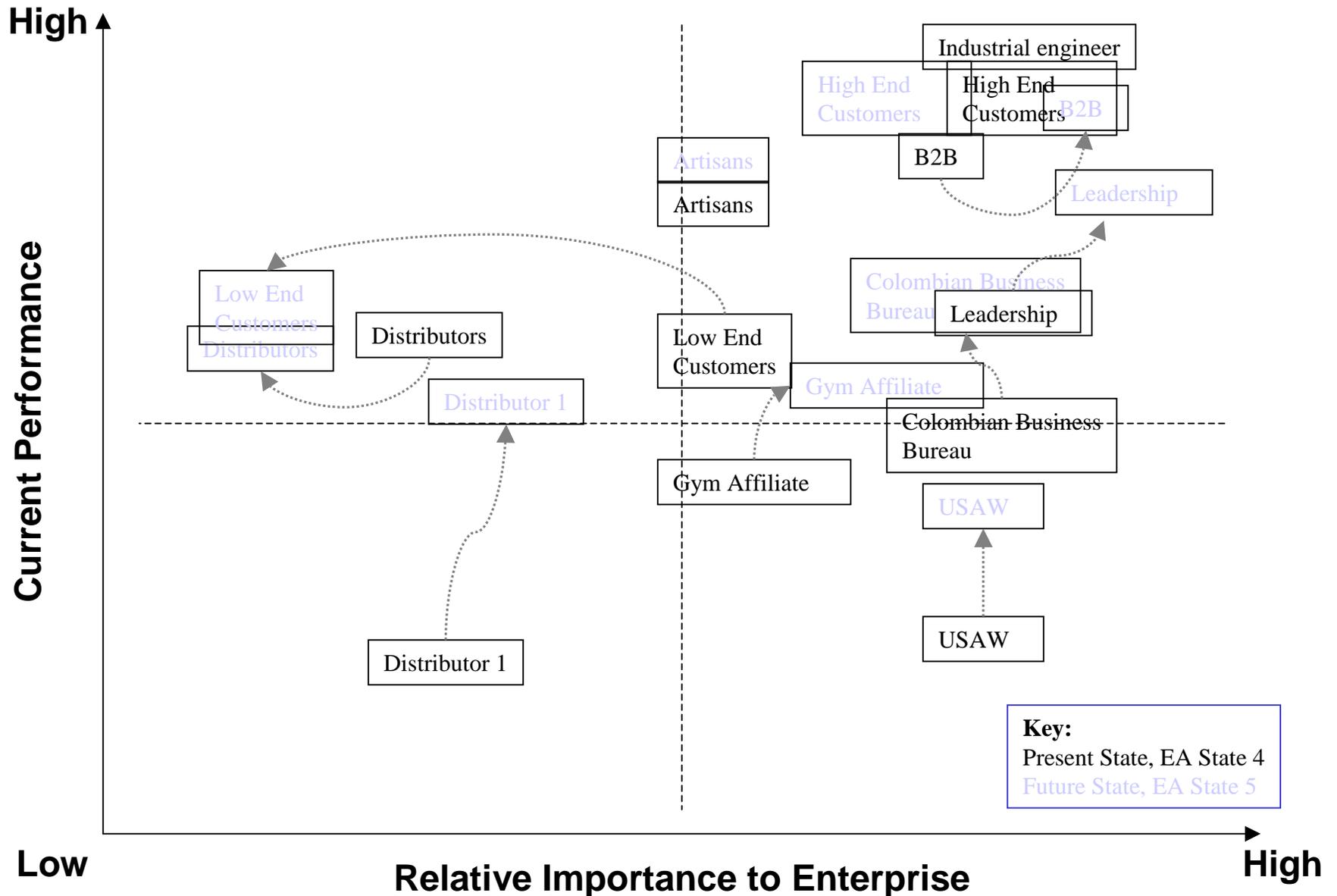


Part III- Value Delivery Gaps

EA Gap Analysis by Stakeholder and View

| Stakeholder | Epoch 4 - B2B Operations Begin | | | | | | | | |
|---------------|--------------------------------|----|-----------|---------|--------|---------|--------------|---------|--|
| | Strategy | IT | Knowledge | Product | Policy | Process | Organization | Service | |
| USAW | 1 | 0 | 0 | 2 | 0 | 0 | 1 | 0 | |
| Low End | 1 | 2 | 2 | 1 | 1 | 1 | 1 | 0 | |
| High end | 2 | 2 | 2 | 1 | 1 | 2 | 1 | 2 | |
| B2B | 2 | 1 | 2 | 2 | 0 | 1 | 1 | 0 | |
| Distributors | 1 | 1 | 1 | 1 | 0 | 1 | 1 | 0 | |
| Distributor 1 | 2 | 1 | 1 | 0 | 1 | 2 | 2 | 0 | |
| IT | 0 | 2 | 1 | 0 | 0 | 1 | 0 | 0 | |
| Artisans | 1 | 2 | 2 | 2 | 1 | 2 | 2 | 0 | |
| IE | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | |
| Leadership | 2 | 2 | 2 | 2 | 1 | 2 | 2 | 2 | |
| COL BB | 1 | 0 | 1 | 0 | 2 | 0 | 0 | 0 | |
| Gym Affiliate | 0 | 0 | 0 | 0 | 1 | 0 | 1 | 2 | |

Mapping Future State Stakeholder Value Delivery





Part IV- Accuracy of Management's perceptions

- Interviewed lowest and highest salience stakeholders, perceptions of management and other stakeholders
- Shows Risto Sports living-up to Core Ideology
- Confirms Gap Analysis
- Reveals context

Part IV-Excerpts

Artisans

- Improved living standards, work/ wage predictability
- Pride in sending products to USA
- Insensitive to deadlines
- “Gringo from Miami”
“we have to ship shoes for the Gringo”

IE

- Able to buy a house
- Growth of product design
- “quality is better than China”.
- “always looking for new, better quality materials”
- Checking on Artisans
- Uses local materials

COL BB

- USA is the “first commercial ally of Colombia”
- Conscious of China
- Controlling of small business & hard currency

D1

- Doing Risto a “favor”
- Not core market

USAW

- Need “10-15[companies like] Ristos”
- Can “contribute more” to Risto



Conclusions

- Core enterprise stakeholders are most salient and present in each view, they define Core Ideology
- Extended enterprise stakeholders may not be salient in every view, tied to the enterprise by the values and capabilities they add
- EA and business Model determine the stakeholders endogenously
- Core enterprise less affected by context/EPOCHS, only constant in the Enterprise system is Core Ideology
- On Corp. Social Responsibility, the enterprise must possess core values that management truly believes-in and abides consistent with well being of society
- Benevolence *IS* possible, it all depends on how the enterprise constructs its values and relationships and defines externalities
- Much of an enterprise's work is "invisible work" (Daniels 1987), employing human relationships in political and cultural context (Carroll 2002)

Questions?

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