

## **Balancing the Needs of Publics (Stakeholders)**

For this task, you need to assume that you are the CEO of a firm that has just made a \$1 million after-tax profit. That's great news because the firm had not been making any profits for several years now. But there's also some bad news, as the various 'publics' (four supportive stakeholders) now want "their share".

*As you are taking the role of the CEO for this exercise, how would you balance their needs?*

### **What the Stakeholders Want (or demand?)**

**The Union says:** "We represent the workers. We haven't had a pay rise in 3 years. Your staff have worked hard and have stuck by the company in tough times. They deserve a 10% increase. That's only about \$250,000 per year for the firm. Otherwise, there will be lots of labor and union problems."

**The Owners say:** "No profits for 3 years, that's a long time to wait. I think we've been far more than reasonable. Now it's time for some decent dividends. I think about 25% of profits is fair, that still gives you money to invest. Otherwise, it could be time for a new management team at the top!"

**The Main Supplier says:** "We've done you guys a great deal for three years. You know you wouldn't be here without us. We stuck by you, now it's time to do the right thing and pay us a fair price. I think another \$250,000 per year would bring us to market price. Otherwise, we'll drop you and I doubt another supplier would want to deal with you at those prices!"

**The Local community says:** "Your factory's pollution is making the local people sick. Fix the problem! I've heard that the new machinery will only add \$250,000 each year in costs. That's nothing compared to legal costs. Fix the problem now, otherwise you'll be hearing from our solicitors."

### **Student Discussion Questions**

1. How would you balance the needs of the firm's publics (stakeholders)? Would you have any priorities? How much money would you allocate to each of them (if any)?
2. Are there any implications of ignoring some or all of these stakeholders?
3. In what ways could the interests and goals of these stakeholders affect marketing strategy (if at all)?