DEVELOPING STAKEHOLDER ENGAGEMENT MATURITY IN
APM TERMINALS MANAGEMENT BV:
AN INTERNATIONAL CASE STUDY

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https://mosaicprojects.com.au/PMKI-TPI-077.php

Abstract

This paper will report on the work undertaken by APM Terminals Management B.V. (APMT), a traditional multinational transport company, to introduce effective stakeholder engagement practices into its container terminal operations. Driven by changes in organisational strategy within its parent company, A.P Moller-Maersk, APMT management recognised that effective stakeholder engagement could contribute to its success through creating a commercial advantage in its on-going operations and initiatives for expansion into new ports. The paper reports on the implementation of the *Stakeholder Circle*® methodology to achieve this strategy through more effective stakeholder engagement and competitor analysis. The case study is of interest in two areas, the first is reporting on a successful, on-going project to introduce and support a significant culture change in a major organisation. The second aspect of interest is reporting on the successful adaptation of a project management tool to general organisational business use.

Keywords

Introduction

In 2006 APM Terminals Management B.V. (APMT), a subsidiary of A.P Moller-Maersk (APMM), entered a new state of open competition driven by changes in organisational strategy within its parent company. The corporate business development activities of APMT management led by Mr. Klaus Rud Sejling identified 'effective stakeholder engagement' as a factor that could potentially deliver a significant commercial advantage to APMT in this new competitive environment, both in the operation and in the execution of projects for the expansion of their existing terminal facilities, and in the acquisition and development of new container docks. 'Effective stakeholder engagement' is described as an understanding of who APMT's stakeholders are, and how best to manage the impacts of APMT's activities, whether operational or enterprise, on these stakeholders or the stakeholders' impacts on APMT's business success. An early management decision emphasised a change in mind-set particularly addressing stakeholders who were outside the organisation. Before this initiative commenced the existing culture was totally internally focused, a legacy resulting from APMT's previous position within the APMM organisation as its sole provider of port facilities. To facilitate the decision to develop this stakeholder engagement mind-set, a small project team was established in The Hague in 2006 to investigate available technologies and methodologies. Their research led to a decision to adapt the *Stakeholder Circle*® methodology to APMT's needs and early in 2007 an agreement was reached between Dr. Lynda Bourne, the developer of the methodology, and APMT to assist the APMT project team adapt and implement the principles of the methodology, and to assist with the project to create the desired culture change in APMT's operations around the world.

This paper will describe the culture change project, and is organised as follows: the first section describes the APMT organisation, and the business drivers for implementing the change program to focus on developing a stakeholder mind-set. This description is followed by details of *Stakeholder Circle*® methodology and its application in the internal project to introduce the idea of stakeholder engagement, including internalising the methodology and developing the capability to guide the intended culture change. The third section of the paper will look at the larger issues of planning and delivering a culture change in a large, geographically dispersed organisation. In this section the challenges and level of effort needed to achieve a business culture of effective stakeholder engagement is described. This is tied to an understanding of the 'readiness' of an organisation to successfully implement stakeholder engagement processes and practices.

The final section will discuss how the change program delivered 'success' both in adapting a project management methodology to organisational initiatives and to changing the mind-set of APMT people. This section describes the progress of delivering training, managing ongoing training and support, and the management support and reinforcement of the goals of the program to ensure its continued growth and development as an essential part of the culture in the competitive terminal infrastructure business. Both the APMT team members and the authors reinforce the now generally accepted view that successful projects require a significant focus on the so-called 'soft skills' of leadership, motivation and stakeholder management (Thomas, Delisle and Jugdev, 2002; Watkins 2003). The other key lesson is to recognise that the effort needed to introduce a significant culture change such as this one is more that just a series of training workshops; that what is required is a period of consolidation after the initial implementation, overt management support for continued use of the methodology, continuous delivery of training and central in-house expertise (Olson and Eoyang, 2001).

APMT – the Business

APM Terminals Management B.V. (APMT) is a fully owned subsidiarily of the A.P.Moller - Maersk Group (APMM) located in The Hague, The Netherlands. Today APMT is the second largest container terminal operator in the world, operating more then 50 container terminals. The company is closely affiliated with the Maersk Line, the largest container shipping company with over 550 dedicated container vessels. APMT offers its services to dozens of international container shipping companies handling over 30 million containers in 2007 (based on ownership share in the terminals).

The company's history in terminal operations began a half century ago with the first A.P. Moller facility, which opened in Brooklyn, in the Port of New York in 1958 to handle general cargo. In 1975 the group established its first dedicated container terminal, at Berth 51 at Port Elizabeth, New Jersey.

APMT was established as an independent terminal operating company within the Copenhagen, Denmark-based A.P. Moller-Maersk Group in 2001. In 2004, APMT moved its headquarters to The Hague, Netherlands. Initially APMT was set up to provide its affiliated shipping line, Maersk Line, with additional terminal capacity to augment its existing infrastructure. This part of the business became so successful that the outlook was widened to a mission to develop multi-use terminal facilities that could cater to the needs of all carriers, including competitors of the Maersk Line.

Today the company provides services to more than 60 shipping lines with over 19,000 personnel worldwide. APMT was recognized by industry magazine Containerization International as the 2006 "Best Global Container Terminal Operator".[1]

Drivers for the stakeholder engagement 'mind set'

With pressure from the market and its competitors, APMT had to develop relationships with other key customers and other external parties. In early 2006 APMT launched a strategic initiative to focus on stakeholder engagement (SHE). SHE was defined by APMT management as a proactive management of relationships with stakeholders both internally and external to the organisation through a proactive approach that involves understanding the expectations and requirements of stakeholders. This knowledge and understanding can then be used to improve APMT's competitive advantage. Management recognized that a number of business opportunities for growth had been lost because relationships between the company and important stakeholders outside the organisation, such as various governments and port authorities, had not been developed or sustained. Without these relationships the company had no basis for understanding the expectations and requirements of

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[1] This information was sourced from Wikipedia at http://en.wikipedia.org/wiki/APM_Terminals, and from APMT personnel.

important external stakeholders (decision makers), and were not able to develop clear strategies to manage the relationships and win the bids to develop terminal infrastructure in these areas.

As a result of this strategic decision to give more attention to stakeholder engagement, an initiative was created to provide the Business Development community with the skills and tools necessary to help them be more successful in the new competitive environment and to incorporate stakeholder analysis and engagement in the culture of APMT Business Development. The necessary tools were seen to be based on existing stakeholder methodologies that supported identification and prioritisation of stakeholders and a process to understand their expectations and requirements in a structured and consistent way. A small team was set up to research the market and identify a methodology that best met APMT's needs

Implementing the program

The investigations of the team in The Hague resulted in the *Stakeholder Circle*® methodology being selected for adaptation to the APMT environment. The *Stakeholder Circle*® methodology had been developed as a result of experiences managing complex high-profile projects in large organisations in Australia and South East Asia. In developing the methodology, Dr Lynda Bourne had recognised a need to understand better how to avoid the occasions of project failure caused by lack of senior management support; and how to avoid the 'nasty surprises' when stakeholders who had previously been perceived to be unimportant, unexpectedly caused a project to fail through withdrawal of support, moving resources onto other projects, or just through lack of commitment to the project's success. These unexpected problems could come from many sources: senior management (upwards), suppliers, Governments, end users, the public (outwards), the project team (downwards) or sideways - the peers of the project manager who could be in competition for scarce resources (Bourne and Walker, 2003). Beginning with a focus on which stakeholders are impacted by or can impact the work at the current time, and then applying a prioritisation process, the methodology develops a list of key stakeholders who are important for any particular phase of the work. Having identified who these important stakeholders are, the foundation is built to develop targeted communication plans to engage these stakeholders in the most effective way. The final is to measure how effective the communication has actually been, through measuring trends in the degree of success or lack of success in the stakeholder engagement activities.

The Methodology

The *Stakeholder Circle*® methodology is a five-step guided process to identifying the *right* stakeholders for any stage of the work and to gather information about each stakeholder leading to targeted and appropriate communication to ensure that the expectations of the stakeholder and the needs of the project are most effectively fulfilled. The five steps are:

- Step1 – identify (the *right* stakeholders for 'now');

- Step 2 – prioritise to them for most effective engagement of the key stakeholders;

- Step 3 – visualise this community through graphical display of key data;

- Step 4 – engage stakeholders through understanding their *attitude* to the work or its outcomes and then to develop targeted communication based on this analysis;

- Step 5 – monitor the effectiveness of the communication.

Additional aspects of the methodology[2] ensure that there is sufficient understanding of the needs and expectations of the stakeholders through identification of the two aspects of the relationship between

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[2] More details can be found at the web address: https://mosaicprojects.com.au/PMKI-TPI-075.php

the work and its stakeholders - how is each stakeholder important to the work or its outcomes, and what does he/she expect from success (or failure) of the project. This is 'mutuality', identifying the two-way nature of any relationship (Bourne and Walker, 2008). Once the key stakeholders have been identified and the communication Plan has been developed, the strategy relating to the 'who, what, when and how' of delivering the tailored messages planned for the important stakeholders must be converted into action.

Monitoring the effectiveness of this communication effort, and providing essential data for corrective actions if required, is the final step of the *Stakeholder Circle*® methodology. Each time the stakeholder community is re-assessed and the engagement profile updated, any changes in the gap between the current profile and the optimal profile must be considered. This movement (or lack of movement) provides an indicator of the current communication plan's effectiveness in influencing the attitudes of key stakeholders. Where the communication is being effective, the current plan should be maintained, where it is not working, the communication plan should be changed. If there has been a widening of the gap between the current profile and the optimal profile, this is a strong indicator that the communication strategy developed for this stakeholder is not having the desired effect; it should provide the evidence needed to try a different approach. If there has been a closing of the gap between the current profile and the optimal profile, this may indicate that the communication strategy is working and encourage its continuation. (Walker, Bourne and Rowlinson, 2008).

Adapting for APMT

The methodology was originally developed to meet the needs of projects. To adapt to the specific needs of APMT, the methodology had to be slightly modified. In recognition of wider application beyond projects, reference was changed to specify 'work or its outcomes' rather than 'project' and 'manager and team' rather than 'project manager'. This wider view of the influence and impact of stakeholders on work other than projects was the catalyst to application of the methodology in other types of organisational change. It has now been applied successfully to organisational initiatives such as change programs, mergers and acquisitions, competitor analysis, predictive analysis of the potential for success or failure of organisational activities such as product development or long and complex programs of work.

The APMT team and Dr Bourne worked together to adapt the material to meet the needs and language of the organisation, developing a 1.5 day workshop that was eventually presented to staff and managers at The Hague and each of the APMT Regions: Beijing, Singapore, Rotterdam, Charlotte (North Carolina), Muscat (The Oman), Panama, and Capetown (South Africa). The workshop material contained a presentation of the theory and a Case Study based on the type of work that APMT staff would be involved in, with additional material on communication tools and techniques and problem solving. A Master Class was offered where a local 'project' was used to illustrate how the methodology could be applied in local conditions thus consolidating the theory and illustrating its potential for practical application in each Region. The workshop participants were given access to the training and additional supporting material through the organisation's intranet and were encouraged to use the methodology on their projects and other work. The contact details of core team were publicised to provide any further assistance on using the methodology. A Quick Reference Guide was developed with a summary of the techniques and definitions contained in the methodology. While the methodology was adapted to APMT's specific requirements the core concepts remained constant. The foundation of consistency of analysis and reporting supports a reduction in the subjective nature of any decisions made by people about people – essentially at the core of any move to understand, develop and maintain relationships.

For *step 3 – visualise*, APMT management decided to develop a spreadsheet to graphically report on each stakeholder community identified through the use of the methodology. The reasoning behind this decision was a consideration that the organisation needed a simpler, 'low threshold', means to

visualise its stakeholders than the more complex database that had been developed to support the implementation of the *Stakeholder Circle*® methodology. At the time of writing more then 160 APMT people have attended the workshops. The methodology and the workshops are now in the training programs for new management employees, including the MAGNET[3], MAGNUM[4] and MISE[5] programs.

Planning and Delivering a Culture Change Program

APMT articulated its stakeholder engagement mission as: "In 5 years time, the market will acknowledge
that APMT successfully delivers its business objectives through the practice of world class stakeholder engagement." To achieve this ambitious objective the program to develop a 'stakeholder engagement mind-set' began with an intense training program to assist APMT staff in understanding the importance of stakeholders. The theme of this training was that building and maintaining relationships with key stakeholders was essential to success in the highly competitive area of port infrastructure development and services.

To promote and develop a 'stakeholder engagement mind-set', additional support for this change was needed. APMT management provided strong leadership through the following actions:

- The implementation team recognised that they first had to use the methodology themselves to develop a 'stakeholder engagement' foundation. Without an understanding of the expectations and requirements of their own stakeholders both upwards – to senior management, sidewards – with their peers, and outwards – stakeholder groups and individuals outside the project team, their efforts to implement this major change would have been much more complicated and demanding;

- Ensuring that all APMT Business Development staff and management attended the workshops;

- Supporting the idea of the 'Master Class' focus on resolving real issues for every Region using the methodology;

- Overtly providing support from senior levels of the organisation: the Chief Operating Office Peder Sondergaard was quoted in the Introduction to each workshop: "APMT can no longer only rely on broader APMM Group stakeholder relations. We must proactively develop stakeholder engagement competencies to meet the demands of our growing business and beat our competition. Historically stakeholder engagement has paid off for the Group - and it will pay off for APMT in the future!";

- The Senior Management team and the Leadership Team of APMT BD attended workshops modified to a one-day format;

- An internal 'expert', Mr Arthur Schoof has now been appointed to provide support and ongoing training in the methodology;

- Strong encouragement to all APMT people to use the methodology to understand and therefore develop relationships with their important stakeholders;

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[3] MAGNET is APM Terminals' management programme designed to identify and develop future terminal managers. It is a two-year programme with two-week class modules held at different locations worldwide together with real, on-the-job terminal training.

[4] MAGNUM (Maersk General Management) programme is APM Terminals' new management training initiative. The programme is designed to increase general business knowledge, as well as knowledge about terminals, and to enable participants to gain experience at a number of terminals in our network.

[5] Maersk International Shipping Education (M.I.S.E.) is a two year trainee programme through which future leaders are developed for the A.P. Moller - Maersk Group. The M.I.S.E. experience combines practical and theoretical education with broad international exposure and vast career opportunities.

- Inclusion in management KPIs in some Regions;
- Publication of information about the SHE program and its progress in the company-wide magazine *Quaywords*.

Over the period from February 2007 when the agreement was finalised between APMT and Stakeholder Management Pty Ltd, the organisation has continued to develop the culture of stakeholder engagement moving from a focus on internal (and primarily upward) stakeholders to a consideration of stakeholders outside the organisation - suppliers, competitors and partners. This improvement is measurable not only anecdotally but also through an increase in stakeholder management maturity as measured by the Stakeholder Management Maturity Model (SRMM®) (Bourne, 2008).

Understanding an Organisation's readiness

SRMM® is a structured approach that enables an organisation to identify its level of 'readiness' for the introduction of stakeholder engagement practices and to identify areas of potential improvement. The 5 levels of SRMM® are:

1. Ad hoc: some use of processes;
2. Procedural: focus on processes and tools;
3. Relational: focus on the stakeholders and mutual benefits;
4. Integrated: methodology is repeatable and integrated across all programs and projects;
5. Predictive: used for health checks and predictive risk assessment and management.

By identifying the level of 'readiness' of the organisation to implement stakeholder engagement practices and processes, and following the guidelines appropriate to each level of 'readiness' implementation of stakeholder engagement can be more effective by reducing the chances of failure caused by selecting either too ambitious or too low-level approaches. Table 1 below shows the guidelines for organisations to ensure that their implementation of stakeholder management processes and practices is appropriate for the identified level of 'readiness'.

This table relates to the five steps of the *Stakeholder Circle*® methodology, however, it can be adapted to suit any stakeholder management methodology. In the case of APMT in early 2007 before implementation of the *Stakeholder Circle*® methodology, its level of 'readiness' was at level 1 – ad hoc. A re-assessment at the time of writing (mid 2008) shows a remarkable improvement – the organisation is approaching level 3 – relational, having achieved a 'focus on stakeholders and mutual benefits' as part of their business strategy.

SRMM Stage	Features	Methodology Steps	Reporting / Tools	Comments
1. Ad hoc: some use of processes	One area recognises the need for improved SHM	Generally focuses on simplified selected steps. Sometimes just Steps 4 and 5	Self-developed tools - Word templates - Spreadsheet lists	Requires continuous and significant management 'push' to maintain impetus
2. Procedural: focus on processes and tools	SHM introduced as part of implementation of consistent processes (perhaps result of CMMI assessment)	Sometimes all five steps but truncated and simplified	Standardised tools - Word templates - Spreadsheets with macros - Simple database	Require continuous and significant management 'push' to maintain impetus
3. Relational: focus on the stakeholders and mutual benefits	Recognition of usefulness for competitor analysis, or support for mergers/acquisition	All five steps implemented. Move towards valuing insights / information in decision making	Fully functional tools - Spreadsheets with macros - Sophisticated databases	Useful for specific applications or events; rarely with an intention of continuous application
4. Integrated: methodology is repeatable and integrated	'Business as usual' application using the full methodology for all projects and selected operational work	Steps 1 – 5 with Step 4: engage and Step 5: being vital for evidence of success	Graphic reports, visualisation, engagement profiles, etc, used in management reports and KPIs	The methodology and tool are used as a demonstration of repeatable application within that part of the organisation
5. Predictive: used for health checks, predictive risk assessment and management:	Implementation of the full methodology and supporting tools	Steps 1 - 5. 'Lessons Learned' & comparative data. Integrated data across programs, etc.	Trend reporting, pro-active risk identification (unusual profiles) Comparison between projects and different categories of work	Organisation – wide and complete focus on continuous improvement as competitive advantage

Table 1 – SRMM® guidelines

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Conclusion

This paper described how APM Terminals Management BV (APMT) identified a business need to understand how to build and maintain robust relationships with their key stakeholders in their increasingly competitive environment. The implementation team selected the **Stakeholder** *Circle®* methodology and adapted it to the needs, language and culture of the organisation. They published clear objectives, and with explicit management support began an awareness and training program that reached out to existing APMT people and managers in all their Regions. Through a continuous program of incentives and exposure to the details and benefits of stakeholder engagement, the implementation team and APMT management are able to report a successful beginning to this ambitious program. The use of the methodology and change in behaviours have already positioned the company to have a greater level of success in international tenders through understanding their competition as well as the key stakeholders of each bid. Stakeholder engagement is no longer, in the words of APMT management, 'fluffy'! Through a comprehensive program to develop and implement a 'low threshold' tool and application the process of stakeholder engagement has become tangible.
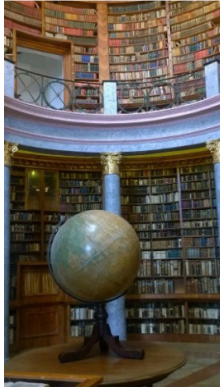
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