

3-1-2004

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John Ridley

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### Recommended Citation

Ridley, John (2004) "Talking points: Managing stake holder relations in PPP projects," *Public Infrastructure Bulletin*: Vol. 1: Iss. 3, Article 3.

Available at: <http://epublications.bond.edu.au/pib/vol1/iss3/3>

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# TALKING POINTS: MANAGING STAKE HOLDER RELATIONS IN PPP PROJECTS

*... the community at large must feel positively about the outcomes and develop an expectation about the benefits that will flow.*



As well as money, steel and concrete, PPPs are about relationships with a wide and diverse set of stakeholders. John Ridley of Clifton Group Communication Strategists explains why managing these relationships through a strategic approach to communication is vital to the success of a project.

The political and social context in which public private partnership (PPP) projects are undertaken in Australia today requires that communications activities be fully integrated into the planning process. According to the Reputations Corporation, 'While your PPP may offer creative solutions to financing, building and operating critically needed public infrastructure, at its core is a complex web of relationships: bureaucrats, politicians, media, general public, labour and special interest groups. Your PPP lives or dies on its reputation with these people.'

## COMMUNITY CONSENT

By their nature, projects of this kind involve 'public assets', even if they are privately developed, and will usually evoke a high degree of community interest and expectation. The community will expect to be kept informed. It will also expect to have a say, and will demand it if particular interests are directly affected. Governments will be looking to get maximum political mileage from any development. They will be keen to create a profile for the project and to minimise adverse

publicity. The sheer scale and complexity of such undertakings bring with them many potential issues and risks, whether they be delays, cost over-runs, disruption, accidents or the like. A strategy for heading off or minimising the public fall-out from these issues is essential. Unique to PPPs, as opposed to fully-funded major projects, is the shared project ownership, which brings with it additional complexity and pitfalls.

Government will seek early successes from a high-profile project; yet it is usually determined to demonstrate a high level of consultation in the development of the concept. Unless actively managed, these two requirements, combined with the sceptical attention of the media, may create a climate in which valuable opportunities for raising the public's interest are missed or potentially significant concerns are left unidentified or unaddressed until too late. So a comprehensive, strategic approach to communication and stakeholder management is essential. What does a communication strategy entail?

## STRATEGY CONTENT: ACHIEVE ENGAGEMENT, MANAGE EXPECTATIONS

I want to emphasise at the outset the importance of positioning, of having an overarching theme or brand for the project. It is not enough in the communications field to simply tell people what is happening; that is essential, but it is only half the job. To help ensure that the project is able to proceed smoothly to completion and fulfil the government's public relations needs, the community at large must feel positively about the outcomes and develop an expectation about the benefits that will flow. In short, we must not only inform, but also educate, entertain and inspire. To achieve this, it is essential to develop a public vision for the project and a set of key messages to be incorporated in all significant public information activities.

But there's more to it than that. By definition, stakeholders have something at stake; their involvement is not a disinterested one. With a large and diverse list of stakeholders, there is a need to manage expectations carefully to avoid unwanted and publicly damaging surprises or disappointments. Given that a PPP project invariably takes several years to complete,

it needs to have communications strategies in place at various points in its life cycle, from conception through construction to grand opening and beyond. The strategies must address both internal and external audiences.

Internal audiences include employees and government players who need to understand the rationale behind PPPs and their impact on government finances, personnel, and service delivery. These people will often be at the front line of communication and can be important ambassadors for any project.

External audiences include members of the public and other stakeholders who may be affected by changes in service delivery, who need to be assured that the PPP arrangement is in the community's best interest and who need to understand the benefits they will receive.

Of course, the service being partnered will determine the level and type of communication required but regardless of the project, the communications strategy should clearly indicate the circumstances where public input will be sought. This should be done long before a PPP begins.

## COMMUNICATIONS AT THE CORE

Once the PPP agreement is signed, there has to be open and effective communication between all members of the public private partnership. The inclusion of a communications specialist at all major discussions and planning meetings particularly during the early months of the project has important advantages. That person is effectively the stakeholders' representative at the table. While others are focusing on deals or approvals or timetables or logistics, the communication specialist's job is to ask, 'what does this mean for stakeholders? Are we addressing stakeholder concerns?'

The communication specialist's early involvement in project planning will enable the communications consultancy to quickly develop a sound understanding of the complexities, benefits and philosophy underpinning the project's implementation. They will also help the Project Team and Project Manager to ensure that:

- public information and marketing opportunities are identified early so effective planning for media events and announcements can take place
- all relevant stakeholders are consulted fully and at the right time

- the process itself is appropriate to those stakeholders involved
- the planning process observes the best principles of public disclosure and accountability (see *Partnerships Victoria* for one expression of these principles)
- the concerns and aspirations of stakeholders are properly heard and, where appropriate, feedback is provided in a timely way
- implications from that feedback are translated as needed into changes in the communications program (e.g. refinement of messages)
- communications protocols are developed for emergencies.

The communications consultancy needs to work in closely with the Project Team and Project Manager to ensure a seamless and highly effective process.

## STAKEHOLDER CONSULTATION

One of the more important considerations the project team must address is the preparation of a well-conceived consultation program with key stakeholders. The potential for successful implementation of a public-private partnership is greatly diminished if such a program is poorly conceived and executed.

The benefits of involving the stakeholders early, as well as throughout the process are many. The fear of change and the unknown can be managed by providing an open, transparent process where stakeholders are involved in a meaningful way. The public private partnership proposal can be shaped to better meet the needs of the end users as well as to reflect the concerns of other stakeholders. Innovative and cost-effective ideas and concepts may be identified in the course of the consultation program. The 'other' partners—namely the end users and those involved in providing the service—are brought into the process, and their objectives, concerns and needs can be identified and addressed in the public-private partnership.

As is the case in every stage of the PPP process, the project team should prepare a consultation and communications strategy that involves all of the key stakeholders at appropriate times in the process.

The strategy should facilitate two-way communication between the government and the affected stakeholders. Various methods of engaging stakeholders, of disseminating information and receiving responses should be provided in the strategy. The strategy should include the following:



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- objectives of the consultation and communications strategy
- identification of key stakeholder groups and their interests in the project/servicing initiative
- the key milestones in the project/servicing initiative where consultation and communication is required or desirable
- the time frame and points in the process where the involvement of various stakeholders is required
- the overall approach and methods to be used for informing the stakeholders as well as receiving input from them
- the involvement of the media in the communications process
- how statutory requirements will be met, including notification, advertising, disclosure of agreements.

The extent of the consultation program should reflect the scope of the project and the existing or expected interest in it by stakeholder groups. Larger, more controversial projects should be accompanied by an extensive consultation program that incorporates a variety of approaches and methods over an extended period of time. Smaller or less controversial projects may not require the same level of effort. Stakeholders should be involved as early as possible in the process to avoid difficulties at later stages.

### THE INTEREST FACTOR: GENERATING AND MAINTAINING IT

An important activity with projects like the Spencer Street Station Redevelopment or the current Mitcham-Frankston road is the effort to attract and inform potential project partners. With Spencer Street, this was achieved not only through awareness of the project from media reports but particularly through briefings arranged in consultation with the Property Council of Australia (PCA) and the Australian Council for Infrastructure Development (AusCID). Giving an early indication of government's thinking and expectations in regard to the project helped answer questions in the minds of potential finance and construction partners – and put all players on an equal footing.

As an operating multi-modal transport hub next to a rapidly developing new city precinct, Docklands, Spencer Street is an unusually complex project. This meant that there were many basic questions to be answered about government expectations, scale and relationships before bidders could develop a conceptual let alone a detailed proposal. In addition to

the preliminary briefings, the media was also used to whet the market appetite.

### MEDIA: BOTH TARGET AND TOOL

There are three vital points to always keep in mind in thinking about the media and PPPs. Firstly, the media is both a stakeholder in any project and also a means of communicating to other stakeholders. So you have to think of and service the journalists in these two dimensions. Secondly, government will always have a considerable stake in a PPP project and media management is always a vital political tool. Finally, the media is a commercial activity that lives from selling advertising and publications. This means that journalists and editors are looking for stories that will attract their audience – and generally the more contentious they are, the better.

Given the stake that governments will have in a PPP and government's dislike of controversy, the use of and relationship with the media has to be addressed with careful thought and taking all the parties interests and relationship into account. Government media advisers must be kept closely in the loop and will have a strong voice in how a project is to be presented to the media. This is another example of the great importance of keeping all the team engaged in the communications process.

### CRISIS PLANNING

The project team for a PPP is a hydra-headed beast. The parties in a PPP are certain to have differing interests, priorities, attitudes and expectations – but the team must present as a united entity. The appearance of significant divergence, let alone conflict, is likely to indicate and will certainly be read as a fracturing of the relationships and potential failure of the project.

Communications from the team and its members therefore must be consistent and compatible with each of the parties interests. This requires consultation, care and discipline. Government in particular hates surprises—good or bad—because it puts them on the back foot in managing the issue. This puts a premium on establishing clear communication protocols at a very early stage of the project to ensure all project parties are kept right up to date, achieve unity and consistency of total project communications, and ensure that any public utterances have the endorsement of all the parties.

*continued on page 20*

### TALKING POINTS... continued from page 10

A real challenge comes in managing a crisis, particularly in a complex site such as Spencer Street with so many stakeholders and potential problems. These could include construction problems, transport accidents and today of course, the threat of terrorism, given the number of people who use the facility and its key role in Melbourne's infrastructure.

The total team—government, developer, builder, operators, facility manager—must find a way of ensuring that any incident is a rapidly assessed and reported appropriately in the minimum amount of time. When the minister first hears of an incident from a journalist rather than his advisor, the system has failed badly. Crisis communication planning is another essential early element to be put in place. And then you must practise because PPPs are certainly not exempt from Murphy's Law!

### IMPLEMENTATION – ON BUDGET

The project is underway and proceeding well; what is there to talk about? It will be finished pretty much on time. We all know what we are doing. Let's save some money and forget about communications – and we didn't really put it in the budget to start with!

Nature abhors a vacuum. Leave a space and someone else will fill it for you. 'The train service is going to be shut down for six months.' 'They can't afford to put an MRI machine into the hospital.' 'The road is only going to be two lanes because of cost cutting.'

The community *can* cope with delay and temporary difficulty *if* they are kept informed. The communication focus has to be on the benefits that will be delivered once the project is completed. Silence will only create suspicion, even animosity, potentially making the launch of the project much less successful than it might have been. If there are commercial premises in the project—as at Spencer Street—a positive atmosphere will encourage interest, a competitive market and better rents. If there is a generally positive anticipation about a project, the stakeholders are more likely to be supportive and tolerant.

Good communication pays off in many ways. The community in Australia today is more volatile and fickle than it has even been. People are more impatient, less tolerant. Government is particularly sensitive to this as party loyalty and therefore electoral certainty is effectively a thing of the past. The community is more outspoken in denying its consent when it chooses. Effective communication is a vital

part of the success of any major project today but particularly of a PPP.

Coming from Victoria, I can assure you that the privatisation program of the Kennett government was not well sold and is seen by many in the community as having failed to deliver tangible benefits. PPPs today, therefore, have the added challenge of communicating the 'partnership' and the benefit if they are to be truly successful.

John Ridley (BA, LLB) has been the principal of Clifton Consulting, a communications strategy consultancy, for more than ten years. After an early career in law, he joined the Departments of Defence and Foreign Affairs, with several overseas postings. Later, as Senior Private Secretary to the Foreign Minister, he advised on policy and media relations in Australia and overseas. As Director of Public Affairs for Alcoa of Australia he oversaw sensitive negotiations for the establishment of the Portland Aluminium Smelter. While State Director of the Liberal Party, Victoria, John assumed the role of CEO for the state party, including running federal and state election campaigns, fund raising, and candidate selection and training. He has been a local government councillor, a member of a regional planning authority, and a board member of several major community organisations including the Zoological Board of Victoria. Email: [john.ridley@cliftongroup.com.au](mailto:john.ridley@cliftongroup.com.au)