fact that Planned Parenthood provides
breast cancer prevention?
3. How should the Komen Foundation handle this public relations crisis? What would you do?

STRATEGIC ANALYSIS: THE 5 IS

Public affairs management is broad in scope and includes issues management and crisis management, and the heart of all three is strategic analysis. In other words, the analysis is used to determine strategies for interacting with stakeholders—PA. Strategic planning is important to businesses,[60] and businesses need to focus on stakeholders when developing strategies.[61]

Integrating market and nonmarket strategies is the primary focus of this entire book, and the text presents nonmarket concepts as integral to stakeholder management. Through a strategic analysis process, individuals develop and use critical thinking skills to analyze business issues and make better decisions in their personal and professional lives.

Researchers have suggested a methodical approach for analyzing stakeholder management. Among the many methods, with some variations, we have developed a detailed process for this text, which your professor may adapt to his or her preference. *The 5 Is strategic analysis stages include: (1) issue identification; (2) interested strategic stakeholders; (3) incentive of stakeholders; (4) information—objectives; and (5) interaction strategies.* A structured framework based on the 5 Is uses a table in case analysis. See the Appendix for a discussion of different case analyses methods and the option of using the Table. In this section, we discuss each of the 5 I stages.

1. Issue Identification

Logically, we need to start our analysis by knowing what the issue is. The sooner the issue is identified (often through issues management), the more time the business has to plan for and deal with it. Some businesses are good at issues management, are proactive, and take nonmarket strategic action to prevent the issue from being brought to the firm. But once the issue affects the business, a PA nonmarket strategy must be developed to deal with the stakeholder issue, even if the strategy is to take no action and monitor the issue. *Issues to business are usually brought to the company by any of its stakeholders because the firm is not meeting expectations and the stakeholder is pressing the firm to take action to meet its special interest.* Thus, PA management is often about solving problems under pressure from stakeholders.[62]

Philip Morris Case Question 4: What are the key issues in this case for PM?

Several of PM's stakeholder groups (consumers, state governments, and the Justice Department) have accused the firm (as well as the industry) of knowingly producing a harmful product and then falsely advertising that product. The situation has been exacerbated by recent public statements by the CEO. The issue for PM is how to minimize the economic damages that may directly (through fines) and indirectly (through depreciated stock prices) affect their stockholders.

The Nonmarket Issues Life Cycle.

Issues go through a life-cycle, as shown in Figure 2.4. *The issues life cycle includes: (1) identification and formation of the issue and public sentiment; (2) interested stakeholder formation; (3) issue brought to business for voluntary action; (4) legislative and regulation formation; and (5) enforcement and litigation.* The issue may be identified through the news media, and the issue may or may not be brought to business.

Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
ISSUE				
Identification and formation of the issue and public sentiment (possibly news media coverage)	Interested stakeholder formation	Issue brought to business for voluntary action (may be skipped)	Legislative and regulation formation	Enforcement and litigation
STRATEGY				
Informational and *societal* strategies to influence the development of the issue	*Informational* and *societal* strategies, developing coalitions	Varies based on the issue and who brings it	*Political* lobbying to prevent or support change	*Legal*—comply with changes and avoid or bring lawsuits
Issue impact on the business increases with time and stages as managers have less ability to influence the stakeholders involved →				

Figure 2.4: The Issues Life Cycle and Strategy Focus

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8. List some business issues and explain the stage of the life cycle each issue is in.

Strategies Change Over the Nonmarket Life Cycle. Note that the following strategies are from Figure 1.4 (p. 22). During the identification and formation of issues and stakeholders, stages 1 and 2, informational and societal strategies focus on affecting the development of the issue including developing coalitions to influence stakeholders for the issue. When the issue is brought to the business, stage 3, strategies vary based on the issue and who brings it to the firm. At the point of legislation and regulation formation, stage 4, political strategies focus on preventing or supporting the changes, primarily through lobbying. Once the law or regulation for the issue has been passed and is enforced, stage 5, the strategic focus is on legal compliance, damage control, and avoiding or bringing lawsuits.

Philip Morris Case Question 5: What stage of the
this case reflect?

This case describes a stage 5 litigation situation in which PM is trying to minimize the damages caused by a series of lawsuits brought by consumers and numerous state governments.

Issue Questions. The two major questions that you must answer during this first step of the analysis are: (1) What is the issue? (2) At what stage of the life cycle is the issue? With this information, you proceed to the second step of the strategic analysis. If you are conducting a case analysis using the Table in the Appendix, this first I analysis goes in column 1.

2. Interested Strategic Stakeholders

Developing stakeholder public policies requires an understanding of stakeholders.[63] A good approach is to first identify the category of stakeholder using Model 1.1. Next, specifically list subgroups by name. For example, which competitors, suppliers, societal interest groups, or government agencies are interested, or have a stake, in the identified issue? If the issue is in life cycle stages 1 or 2, it is not as easy to identify the strategic stakeholders that are critically affected by or that can affect firm performance, as it is in stages 3–5.

Identify Strategic Stakeholders that Are For and Against the Firm. The second part of strategic stakeholder interest is determining which stakeholders can benefit through opportunities the issue presents, and which stakeholders can lose something through the threat of the issue, Will the specific strategic stakeholders be for or against the firm's stance on the issue? For example, if the **Food and Drug Administration (FDA)** wants to make it more difficult for pharmaceutical companies to bring new drugs to the market, several specific societal interest groups and public sentiment may be in favor of the FDA's efforts. However, the industry competitors will be against it, and will likely use the help of industry associations and/or form a coalition to fight new regulations. Business needs to determine which stakeholders it is up against and which stakeholders may support it.

Interest of Strategic Stakeholders Questions. The two questions you must answer are: (1) Who are the specific strategic stakeholders and will they be for or against your firm's stance on the issue?; (2) What do they have to gain or lose by helping or opposing your business? Once you have identified the interested strategic stakeholders, and whether they may help or hurt the business with regard to the issue, the next step is to identify each one's incentive to take action on the issue. If you are doing a case analysis using the Table in the Appendix, this second I analysis goes in column 2. Don't forget to use Model 1.1.

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9. Select a business issue and list the strategic stakeholders and their interests.

3. Incentive of Stakeholders

Even within the business, society, and government categories, different stakeholders can have different expectations, concerns, and requests for firm action to meet their special interest. Thus, you want to determine stakeholder legitimacy, power, and urgency and the likelihood of their taking action to help or oppose the business on the issue.

Legitimacy. What is the firm's responsibility to the stakeholder, and what is appropriate strategic action based on the issue? Regardless of the stakeholder group's legitimacy, the business's decision is often based on stakeholder power and situational urgency.

Power. If stakeholders do take action against the business, how much pressure can they exert? Can stakeholders really affect the performance of the firm? Or if stakeholders do take action to help the business with an issue, how much can they really contribute? Power is more important than legitimacy, because even if you believe stakeholders' issues are not legitimate, if they can hurt or help the firm, the firm needs to take action.

Urgency. If the issue is legitimate and the stakeholder has power, how quickly does a nonmarket strategy need to be developed and implemented? Figure 2.4 can help you answer this question. Generally, the more advanced the stage is, the more urgent the issue.

Likelihood of Stakeholder Action—Costs vs. Benefits. Although stakeholders may be legitimate and have power, the next question is whether the strategic stakeholders will take action to help or oppose the firm on the issue. One popular method in answering this question is the costs vs. benefits approach, which measures the consequences of issue action. Stakeholders weigh the costs and benefits of becoming active by taking action to help or oppose the firm, which may be a conscious or unconscious decision process. Financial incentives often drive action. Economic benefits can come from gaining something new, keeping what one has, or preventing loss, such as having to incur new costs. These benefits are strong motivators to take action, which means that the greater the benefit, the more likely the stakeholder will become active, and conversely, the greater the cost, the less likely. For large businesses, the benefits and costs can be in the millions of dollars. See Figure 2.5 for a list of stakeholders with their incentive measure of costs vs. benefits and powers. (Note that the stakeholders are presented in Model 1.1, p. 5.)

Potential Action, Consequences, and Preferences. Once you have determined the stakeholders that most likely will take action, the next question is what action they will take. Figure 2.5's last column, Power, lists the actions each stakeholder group might take. These stakeholder strategies will be explained throughout the book. You need to determine the consequences of potential alternative courses of action and the preferences of those stakeholders that are concerned about the issue.

Thus, putting the first three Is together, ***strategic stakeholders with incentives can benefit or be hurt by the issue, will be for or against the firm's position on the issue, or may have an incentive (benefit greater than the cost) and will most likely take action to help or oppose the firm on an issue.*** Thus, if the cost is greater than the benefit of taking action on an issue, stakeholders do not have an incentive to do so, and nonmarket strategic action may not be needed with these stakeholders.

Stakeholder	Incentive—Measure of Costs vs. Benefits	Power—Strategic Action Stakeholder Might Take
Market Environment		
Stockholders	Sales and profits Fair return on investment—dividends Increased value of stock	Vote for board of directors Pressure board and managers
Managers/ Employees	Compensation (wages and benefits) Job security and opportunities Working conditions	Union/collective bargaining Work slow down—call in sick Strike
Customers	Price Quality Safety	Buy from competitors Boycott if products or policies don't meet expectations
Suppliers	Gain, or lose, sales to firm Payment, in full and timely Relationship, ethical	Provide needed products Refuse to sell to firm Slow down delivery Sell to competitors
Competitors	May face same issue Fair competitive practices	Complain to regulators File lawsuits
Nonmarket Society Environment		
Societal Interest Group	Monitor firm to ensure compliance with its interest	Picketing Organize demonstrations and rallies Boycott Appeal to press Appeal to government File law suits
Business Associations	Provide research and information	Provide staff and resource help Provide political and legal help
Community and Consumerism	Business creation of value Not hurting environment	People are part of other stakeholder group power
News Media	Inform community of issues Shape public sentiment Shape nonmarket agenda	Provide positive news coverage Provide negative news coverage
Nonmarket Government Environment		
Legislative	Make the laws to help business and society	Make firm practices legal (can do) or illegal (can't do)
Executive	Enforce laws Make and enforce regulations to help business and society	Tell firm what practices it can and can't perform and make firm comply
Judicial	Interpret the law Determine litigation outcome	Can close down business Can change laws Decide who wins lawsuits

Figure 2.5: Stakeholder Incentives and Powers

This process is relatively easy if the business only has one issue with only one stakeholder. Business situations, however, may involve many issues and are usually more complex due to multiple stakeholders who often have differing interests and conflicting incentives and therefore may make incompatible requests of the firm. Businesses need to know what stakeholders want, what action they might take to pressure the firm to give it to them, and what the consequences are to the firm if it does not meet the stakeholders' requests.

Incentive of Stakeholders Questions. The questions for managers include: Are the stakeholders' interests legitimate? Do the stakeholders have power? Is action urgent? At that point, the ultimate questions become Will the stakeholders take action to help or oppose the business on the issue? and, If so, what action might they take? The business must consequently conduct its own costs vs. benefits analysis to predict which stakeholders will become active and take action on the issue. Another consideration is whether stakeholders will join together to form a coalition to help or hurt the business. Nonmarket strategies must be developed and implemented for the stakeholders that have higher benefit/cost ratios and will more likely take action on the issue. If you are doing a case analysis using the Table in the Appendix, this third I analysis goes in column 3. First, be sure to state what the firm can gain or lose. Secondly, state whether the benefit is greater than the cost (B >C), or if C >B, which means the firm will, or will not, get involved to help or oppose the firm.

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10. Using the stakeholders from application 9, identify their incentives and power

4. Information—Objectives

The fourth I is information. *Information* is what people know or believe about the issue and the forces affecting the issue's development. To this point, we have used information to determine what the issue is, who the strategic stakeholders are, and what incentives and strategic action the stakeholders are likely to take. The information we are now considering is used to present the business's side of the issue to stakeholders. Before presenting the business's side of the issue, however, you should write objectives.

Objectives. Without an objective, how do you know what you want to accomplish and whether you have achieved it? ***Objectives state the end result the business wants to achieve in trying to create value for the stakeholders of the issue.*** Writing objectives clarifies what you want to accomplish for the business, and using the writing objectives model helps you write effective objectives to deal successfully with the business issue.

The ***writing objectives model*** is: *To + action verb + singular, specific, and measurable result to be achieved + target date.* The action verb specifies the end result, such as to "increase" sales, "decrease" cost, or "stop" the strike. Singular means only one end result should be in the objective, or have a new objective for each result you want to achieve. Specific means to state things quantitatively, whenever possible, such as to increase sales by $100,000 and to decrease costs by $50,000. Measurable means that you have a system or process of determining whether you achieved the end result. If your objective for this course is to learn a lot, how do you know if you did? If your objective is to get an A in the course, you'll find out if you met that objective by examining your end-of-semester transcript. The target date tells you at what point you should accomplish the objective. Remember to try to create value for stakeholders when writing objectives.

For example, your course objective would be, "To receive an A in Business, Government, and Society at the end of this Fall 20XX semester." A business objective could be, "To end the strike by midnight July 24, 20XX."In some cases, objectives are ongoing and don't require a date. For example, to keep reject rates to fewer than 2 percent, or to prevent a strike.

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>
> 11. Write at least five personal (i.e., school, diet, health, exercise) and professional (job/career) objectives using the writing objectives model.
> 12. Select a business issue and write the firm's objective using the writing objectives model.

Information. Now that you have a written objective for an issue, you need information to back it up or help you meet it. Let's discuss how to classify information, the difference between primary and secondary information, what supportive information is, and what information strategies entail, and how to present the business side of the issue.

Classifying Information: Facts, Assumptions, and Sentiments Information can be classified as facts, assumptions, or sentiments. These classifications are critical for both understanding the issues surrounding a particular business situation (the foundation of a case summary) as well as for providing information that supports a business's nonmarket strategies. Data can be broken down into facts and assumptions and sentiments (feelings derived from facts and assumptions).

Facts. A fact can be proven, whereas an assumption can't. Good PA management is based on facts. Therefore, when analyzing a situation, in order to assert that a piece of information is a fact, you need to examine the source of the information and whether the information can be confirmed from another source. Unfortunately, although facts can be proven, some people will not believe facts due to their biased perception of the information because it doesn't support what they want to hear.

The process starts with examining the source of the information. You first need to determine whether this source is a *strategic stakeholder, a stakeholder, or a disinterested party*. It is usually understood that the more disinterested the party, the more factual the information is from that party, such as an outside source who is an expert on the issue.

Second, once the source of the information has been identified and its level of interest in the business situation determined, its *reputation for veracity and accuracy* must be examined. **The *New York Times* (NYT)** slogan is "all the news that's fit to print," yet even the NYT has come under attack on numerous occasions for being a "liberal" newspaper.[64] Although no source of information is truly objective or always accurate, some sources of information can be considered better than others. An article published in the NYT certainly would be considered far more factual in nature than an article published in ***People*** magazine; both would be deemed more factual than gossip heard at the local barber's shop. As a rule of thumb—always try to determine the relative expertise of the source of information (high, medium, low).

Third, use *data triangulation*—confirming the information presented through a second source of information. The more sources you can locate that present the same data, the more probable the data are factual in nature, especially if the data come from sources with differing interests and agendas. Make sure to determine both the interest and reputation of these sources as well. With all this information gathered about the data sources, you can then make a determination as to whether the information is factual. Figure 2.6 outlines the fact-determination process.

Information Source	Source Interest	Reputation /Expertise	Data Confirmation	Data/Fact Determination
Stakeholders with subgroups 1. Business 2. Society 3. Government	1. Strategic stakeholder 2. Stakeholder 3. Disinterested party	1. High 2. Medium 3. Low	List other sources with interest and expertise ratings	*Guaranteed Fact* Nonmarket sources, disinterested parties, high reputation, multiple sources *Probable Fact* Mixed sources, stakeholder, medium, reputation single or double source *Questionable Fact* Market source, critical stakeholder, low reputation, no confirmation

■ **Figure 2.6:** Determining Whether Information Is Factual in Nature[65]

Assumptions. If information is not a fact, it is an assumption. FreeDictionary.com defines an assumption as "the act of taking for granted . . . something taken for granted or accepted as true without proof; a supposition."[66] If information is evaluated to be at best a questionable fact, as determined using Figure 2.6, then it is an assumption. Firms or stakeholders who act on assumptions as if they were facts tend to create market inefficiencies that negatively impact the stakeholders in a situation—the old adage that when you assume, you make an "ass" out of "u" and "me" can be quite accurate.

Sentiments. Unlike facts and assumptions, sentiments are based solely on the stakeholders' *feelings* about the issue as defined by the facts and the stakeholders' assumptions. Sentiment is the driving force behind stakeholders' actions and interests. The more important the issue is to a broader segment of people, the less likely the business will be able to advance its own interests and ignore stakeholder pressure on that issue.[67]

Ironically negative sentiment (being against something) tends to be a stronger driving force than positive sentiment (being for something), partly because pain avoidance is a stronger lower-level psychological need than pleasure acquisition. Putting it another way, it is human nature to act in opposition to something rather than to support it. (To quote Groucho Marx in the film *A Day at the Races*, "Whatever it is, I'm against it.")

It is essential for business to understand the power inherent in negative sentiment. The business's first priority should be to discern which stakeholders oppose a particular situation and then to develop objectives for dealing with the opposition—in strategic language, deal with threats to the business by taking action, not by inaction, and then build your strategic alliances with supporter stakeholders. Stakeholders that have minimal sentiment toward an issue, on the other hand, will tend to take no position and may be discounted and dropped from a firm's nonmarket strategy.

A Final Word on Classification. As mentioned earlier, business will use information in order to create nonmarket and market strategies so as to ethically create a win-win situation for stakeholders. This information can now be classified into facts, assumptions, and sentiments with the understanding that business will utilize each type of information to implement the strategy and obtain the objectives.

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13. Select a business issue and classify the information about the issue as facts, assumptions, and sentiments.

Primary and Secondary Information. Information can be primary, you gather data yourself, or secondary, other people gather data and provide information to others. Some view primary data as data gathered for your specific interests.[68] Businesses commonly use primary information from within the firm, such as profits and number of employee accidents. Annual reports and company websites are full of their primary data. Businesses also use secondary information that can be obtained from outside sources directly and through business professional/trade associations, libraries, and over the Internet.

Supportive Information. Good *supportive information contains accurate facts and figures and is stronger when gathered or supported by outside sources*. People trust facts and figures over generalizations. For example, to say that lots of people watch our show isn't supportive. People also trust outside sources of information over inside sources. When a business references outside sources of information, it is supporting its case (e.g., saying, "According to the **Neilsen Ratings**, 100,000 viewers watch our show each week"). Here is an example of how supported information can benefit a business. The late Dr. **Atkins** started his low carbohydrate diet some 30 years ago, with some following. Dr. Atkins consistently claimed it was a healthy diet. However, researchers at **Duke University** conducted a study using facts and figures; the results of the study supported Dr. Atkins' health claims, and the diet became a fad.

Information Strategies. *Three information strategies include outside sources conducting research, getting expert testimony, and getting stakeholder support.* The more detached the business is from the generator of supportive information, the stronger the supportive information.

1. **Outside Source Research Strategy.** The federal, state (and sometimes local) governments, conduct research studies and financially support others to conduct studies, such as the U.S. Census. *Professional and trade associations* also provide information to members, who pay membership fees and sometimes a fee for special reports. Secondary sources often provide generic types of information, such as a review comparing all diets. Consequently, businesses sometimes hire outside specialists to conduct research studies to provide specific information relevant to them, which can be expensive. You can hire outside experts, such as university professors, lawyers, certified public accountants (CPAs), and others to conduct research for your company.
2. **Expert Testimony Strategy.** Businesses also get experts, usually for a fee, to give testimonies. For example, **Merck & Co**. retained well-known doctors to state that its painkiller drug VIOXX does not cause a patient to die. On the other hand, the stakeholder lawyer who took Merck to federal **U.S. District Court in Houston**, accusing that VIOXX did cause a patient to die, videotaped a deposition from Dr. Eric Topol, a top U.S. cardiologist, and Edward Scolnick, a former top Merck scientist, who claimed that VIOXX may lead to heart problems. Thus, you may obtain expert testimony, but you also need to be prepared to counter expert testimony against your business.
3. **Supportive Stakeholder Strategy**. Businesses also use the expertise of supportive stakeholders, usually for free. Consequently, determining who is for and against you on an issue is important. Even stakeholders who are against you on some issue may be supportive on another issue when asked. For example, when **Staples and Office Depot** wanted to merge, the CEO of **Office Max** went on record stating that the merger would be good for competition. As discussed, information strategies are critical to PA management.

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14. Describe the information strategy used by a business to achieve an objective.

The Business Side of the Issue. As you know, every issue has at least two sides. Stakeholders commonly contest an issue because they have different information supporting their side. So another important part of information strategy is to predict the information your strategic stakeholders may use against you, and to be prepared to defend your side of the issue with supportive information. Sometimes, stakeholder information is not accurate, and when the business provides its supportive information (facts), the issue is resolved or the interest demand may change.

A business develops its objectives for the issue in an attempt to create value for stakeholders. However, it is not uncommon for the business to believe its actions are legal, ethical, and appropriate, yet stakeholders don't agree. When contested, you present the business side of the issue by focusing on the information that will support that position. The stakeholder approach to business does not mean that you give a balanced presentation supporting the stakeholder against you. Think of it like a court case or a debate. Your lawyer or your side of the debate presents only your position, while trying to discredit others' information, in an effort to persuade the listeners (judge and jury) that your position has the most merit.

Objective and Information Questions. The questions for managers are: What do we want to accomplish, or what is our objective?, What are the facts, assumptions, and sentiments regarding the issue, interest, and incentives?, and What supportive information should we get to present our side of the issue? When dealing with the government, a key message is that your business creates jobs—that's a story that needs to be told.[69] When analyzing cases, be sure to look for supportive information for and against the business you are analyzing and use it to defend/oppose the firm's side of the issue. If you are doing a case analysis using the Table in the Appendix, this fourth I analysis goes in column 4.

5. Interaction Strategies

The reason for strategic analysis is to formulate and implement strategies, which reflect a stakeholder orientation.[70] Based on your analysis of the issue, the interest and incentives of stakeholders, and on having set objectives, with information supportive of your side of the issue, it's time to develop strategies to deal with the issue—the fifth I. PA managers formulate nonmarket strategies that must be integrated with market strategies to coordinate social issues and business goals. *Developing interaction strategies includes generating alternative strategies to meet the objective, forecasting the market and nonmarket reactions and consequences of each alternative, selecting strategies, and implementing and evaluating strategies.*

Generate Alternative Strategies to Meet the Objective. Here you want to be creative and brainstorm several ways to meet the objective. When brainstorming, the major rule is *not* to evaluate the alternatives as you develop them. Just list any strategy that can be used to meet the objective. For a list of nonmarket strategies that may be used, see Figure 1.4 (on p. 22), which includes information strategies. If you are doing a case analysis using the Table in the Appendix, this fifth I analysis goes in column 5 on the second page.

Forecast the Market and Nonmarket Reactions and the Consequences of Each Alternative. Now you evaluate each alternative to estimate public sentiment, or how the market and the nonmarket stakeholders will react if the business takes the strategic action. A simple method is to classify the reaction as being positive, neutral, or negative (+, =, –); the stakeholders are expected to like the action, not care one way or the other, or not like the action. If the anticipated reaction is not going to be positive, the business will need to deal with the opposition. If you are doing a case analysis using the Table in the Appendix, this fifth I analysis part 2 goes in columns 6 and 7.

Philip Morris Case Question 6: What are the market reaction and consequences of PM's nonmarket strategy of continuing to directly fight lawsuits in the courts and in the news media?

The confrontational approach employed by PM has, at least to the current point in time, deflated the price of the stock. The stock is still considered undervalued and a good buy, yet many investors are hesitant to purchase the stock given the inherent risks associated with continuing court battles and the most recent statements made by the CEO. Only time will tell whether mutual funds managers and individual investors will shake off their hesitancy about this stock or whether the analysts' prediction of a rosier future comes to pass.

Select Strategies. After generating and analyzing each alternative, the next thing to do is select the most feasible alternative or combination of alternatives that will meet the business objective for the issue. When selecting alternatives, it is important to make sure that the alternatives are legal and, in your opinion, ethical; if they are not, don't select them. You also need to consider the power of the stakeholders involved with each strategy. If the stakeholder is powerful, you may need to select some alternative to meet the firm's objective and appease the stakeholder. Strategies should also be consistent with the company's policies, procedures, and rules. Your three select options are: yes, no, or wait. If yes, you go on to develop a strategic plan, and, if no, you don't. Selecting to wait is a contingency plan, with what-if scenarios. For example, wait and see if you get sued, and if so settle. If you are doing a case analysis using the Table in the Appendix, this fifth I analysis part 3 goes in column 8.

Plan, Implement, and Evaluate Strategies. After selecting strategies, you need to develop strategic plans to achieve the objective. Then, you implement the strategies. When determining the time frame of strategy implementation, the more details you can provide in your planning, the better off you are. If you are doing a case analysis using the Table in the Appendix, this fifth I analysis part 4 goes in column 9.

The last part of the strategic analysis is to evaluate the strategy implementation. PA professionals are responsible for evaluating progress in developing and implementing issues management strategies. However, no universal approach to evaluation is available. Most businesses view their issues or environment as unique, calling for their own assessment approach. However, PA managers should base their methods of evaluation on best practices of other firms. Also, evaluation is usually not possible when completing case studies because the focus is on developing "your" strategic plan, not evaluating it after its implementation. However, an evaluation plan should be discussed as part of the implementation plan. If the strategy is successful, the issue should be resolved. If not, you may have to return to prior stages. Strategies also need to change over time, as discussed in the section on the nonmarket issues life cycle.

You may need to redefine the issue, interest, and incentives; change objectives; get more information or change information strategies; reassess market and nonmarket reactions and consequences; select new strategies; or do a better job of implementing strategies. And when you change strategies, you need to assess their success at achieving the objective.

Interaction Strategies Questions. Interaction strategies questions include: (1) What alternatives are there to meet the objective?; (2) What will be the market and nonmarket reaction and consequences of each alternative?; (3) What strategies should we select?; and (4) How do we plan, implement, and evaluate them?

See Figure 2.7 for a review of the 5 Is strategic analysis steps. Note that although the process includes five stages, the analysis is not simply linear; in other words, you may work on multiple stages at the same time and return to any stage at any time.

Where Do We Go From Here? The 5 Is strategic analysis is the model to use when analyzing business issues to determine how to strategically deal with stakeholders. However, the rest of this book provides you with more details on how different issues and various strategic stakeholders require different strategies. The other chapters in the "Business" section of the book (Chapters 3 and 4) focuses on employee and owner stakeholders and how firms can be ethical and socially responsible. The "Society" section of the book (Chapters 5–7) focuses on community, consumerism, news media, and societal interest group stakeholders. The "Government" section of the book (Chapters 8–10) focuses on dealing with the three branches of government. The last section of the book

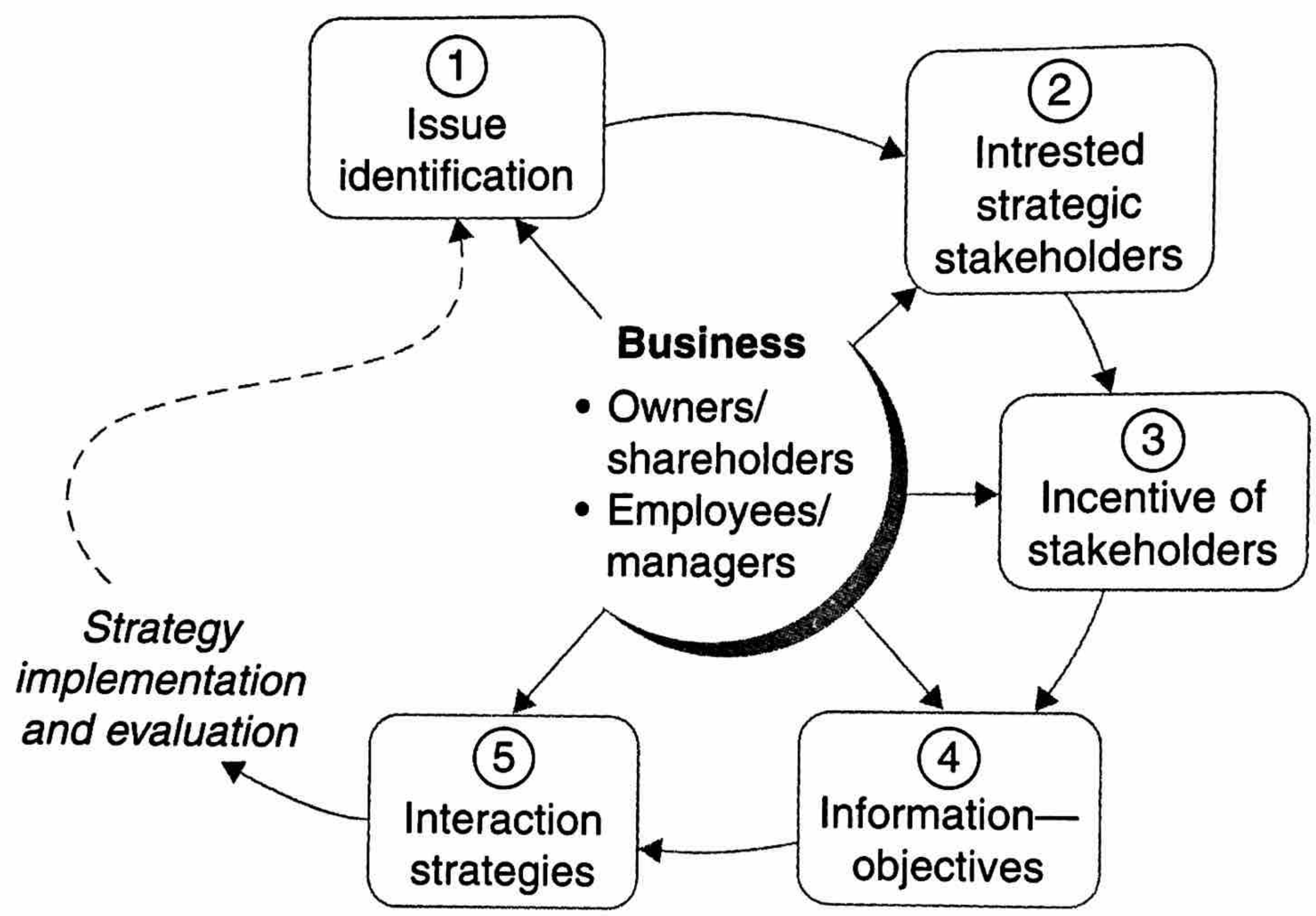

Figure 2.7: The 5 Is Strategic Analysis Steps

(Chapters 11–12) focuses on global stakeholders and technological and natural environmental stakeholders.

Case Studies. The case studies in each chapter give you the opportunity to develop your critical thinking skills and your ability to successfully interact with stakeholders. We recommend reviewing this strategic analysis and applying it when conducting case studies, as directed by your professor, to develop your critical thinking skills. The Appendix includes multiple approaches to case analysis, including the 5 Is Table. You should utilize the 5 Is analysis in your personal life when thinking about business news, and in your professional life as you work and make decisions.

The three phases of issues management are: (1) scanning the environment to identify issues and trends that will affect the business; (2) evaluating the impact issues will have on the firm and ranking issues by priority; and (3) conducting a strategic analysis to develop strategies for dealing with high-priority public affairs issues.

4. **Define *crisis* and discuss the four stages of crisis management, including the 3 As of crisis communication.**
   A crisis is a major unexpected event that has a large negative consequence.

The four stages of crisis management include:

1. Developing a crisis team with a mix of representatives from all sectors of the organization to deal with the crisis.
2. Conducting a risk assessment to determine potential crises, monitoring events to prevent them from becoming a crisis, and planning how to deal with a crisis if it occurs.
3. Managing the crisis by implementing the plan and communicating to: (a) *acknowledge* or admit to the crisis; (b) state the *action* you are taking to contain or repair the crisis damage; and (c) state how you plan to *avoid* a repeat crisis in the future.
4. Analyzing the organization's effectiveness in managing the crisis, with a focus on doing a better job of preventing and managing future crises.

5. **List and briefly describe the 5 Is strategic analysis.**

The 5 Is strategic analysis stages include:

1. **Issue identification**. The business identifies issues of stakeholders who want the firm to take some action to meet their special interest. The business identifies which stage of the life cycle the issue is in to determine the strategic focus.
2. **Interested strategic stakeholders**. The firm determines which specific strategic stakeholders will be for and against its stance on the issue.
3. **Incentive of stakeholders**. The business determines stakeholder: (a) legitimacy (What responsibility does the firm have to the stakeholder?), (b) power (Can the stakeholder help or hurt firm performance?); (c) urgency (Is quick action needed?); and predicts the (d) likelihood (costs vs. benefits) of their taking action, and (e) what action they will take to help or oppose the business on the issue.
4. **Information—objectives**. The firm states the end result it wants to achieve in trying to create value for the stakeholders of the issue. Information is classified as fact (can be proven), assumption (not factual), or sentiment (feelings about the issue). The firm presents its side of the issue, using information facts and figures to meet its objective through information-gaining strategies—outside sources conducting research, expert testimony, and using information of supportive stakeholders.
5. **Interaction strategies**. Developing interaction strategies involves: (a) generating alternative strategies to meet the objective; (b) forecasting the market and nonmarket reactions and the consequences of each alternative; (c) selecting strategies; and (d) implementing and evaluating strategies.

6. **Categorize the issue life-cycle stages with the strategic focus for each stage.**
   The five stages of the life cycle with their strategy focus are: