

Stakeholder management: systematically steering stakeholder groups in procurement

Stakeholder management refers to the systematic identification, analysis and involvement of all individuals and groups affected by procurement decisions or influencing them. In industrial procurement, one factor above all determines whether procurement objectives are achieved: the ability to involve internal stakeholders such as engineering, production, quality and senior management early and in a structured manner. Those who neglect stakeholders risk blockages, lack of acceptance of supplier decisions and delayed projects.

Key facts

- Stakeholder management comprises the identification, analysis, prioritisation and ongoing communication with all stakeholder groups of a procurement decision.
- In industrial procurement, internal stakeholders such as engineering, production, quality and controlling usually take centre stage, with external ones such as suppliers and authorities added.
- Proven instruments are stakeholder analysis, the power-interest matrix and a documented communication plan.
- Stakeholder management is the foundation for requirement specification creation, supplier selection and the acceptance of source-to-contract processes.
- In practice, success is often evident in the fact that procurement projects run without late escalations and specification changes are identified early.

Definition: stakeholder management

Stakeholder management is the deliberate steering of relationships with all stakeholder groups that can promote or hinder an undertaking – in procurement, for example, a supplier selection, a tender or a specification change. It is not a one-off step but a continuous process spanning the entire project life cycle. The aim is to clarify expectations early, avoid conflicts and win commitments for procurement decisions.

Definition and distinction of terms

Stakeholder management is often equated with supplier management, yet it considers the broader stakeholder landscape, of which suppliers form only one part. While supplier relationship management systematically builds relationships with external partners, stakeholder management is fundamentally aimed at the internal coordination of procurement with functional departments, managers and, where applicable, the works council or supervisory boards. The two disciplines complement each other: without internal stakeholder management, even the best supplier strategies fail due to a lack of acceptance from the functional departments.

Significance for industrial procurement

Procurement typically acts as the link between the requirements of the functional departments and the

supply market. Technical buyers translate the requirement specifications of engineering into tender-ready specifications, align capacities with production and secure deliverability using Available to Promise (ATP) data. If this alignment fails, subsequent changes arise which delay the source-to-contract (S2C) phase or trigger additional costs. Stakeholder management is therefore directly critical to success for adherence to deadlines, material availability and target costing.

Identifying and analysing stakeholders

The basis of all stakeholder work is a complete picture of the relevant stakeholder groups. In practice, it has proven worthwhile to record this in writing at the outset of every major procurement undertaking – such as a project procurement or a supplier changeover – and to update it regularly.

Stakeholder mapping and prioritisation

A proven instrument is the power-interest matrix, which categorises stakeholders by influence and level of impact. Stakeholders with high influence and high impact are closely involved and managed individually; those with high influence but low impact are informed and kept satisfied. Groups with a high need for information but low influence receive structured updates. The mapping should be carried out afresh for each undertaking, as influence and level of impact vary from project to project – production is central in bottleneck management, whereas it is peripheral in a software procurement.

Gathering requirements and expectations

Following prioritisation, interviews or short workshops are conducted to clarify expectations: What technical requirements does engineering have? What budget limits does controlling set? What compliance rules apply to the pre-qualification of suppliers? The results flow into a requirements profile, documented, for example, in a requirement specification. It is important to distinguish between legitimate needs and hardened stipulations – many purported mandatory requirements turn out to be outdated or superfluous during data cleansing.

Methods and day-to-day operational approach

Stakeholder management does not require an elaborate organisation, but it does require a fixed methodology. A simple cycle has proven effective: identify, analyse, communicate, review. Depending on the undertaking – from a supplier shortlist to a global single-source strategy – the effort scales accordingly.

Communication plan and escalation paths

A documented communication plan specifies who is informed about which milestones in which form – for instance, a weekly status email for S&OP (Sales and Operations Execution) alignment, a monthly steering committee for strategic supplier projects or a daily stand-up in a bottleneck situation. Defined escalation paths are equally important: if quality deviates substantially from the supplier PPM target or the backorder rate reaches critical values, it must be clear who is informed when and who decides. In practice, opaque escalation frequently leads to informal parallel decisions that undermine procurement.

Cross-functional teams and RACI

For complex procurement undertakings such as the project procurement of a new production line, cross-functional teams with a clear allocation of roles via a RACI matrix (Responsible, Accountable, Consulted, Informed) have proven their worth. Procurement leads the process, while the functional

departments carry the specialist decisions. This transparency reduces subsequent change-order clauses and change requests, because specifications are consolidated before the contract is concluded. Especially with international teams, a fixed meeting structure with documented decisions helps to avoid misunderstandings across language and time zone boundaries.

Stakeholder management in supplier selection

No process in procurement is shaped more strongly by stakeholder interests than supplier selection. Technical, logistical, quality-related and commercial criteria must be consolidated and weighted – a task that regularly leads to conflicts without structured stakeholder involvement.

Consolidating and weighting requirements

Procurement consolidates the assessments of the various stakeholders: engineering evaluates technical capabilities, quality checks certifications such as ISO 9001 and process capability, for example via PPAP approvals, logistics assesses dock-to-stock metrics and delivery reliability, and controlling compares target costing with the bidders' clean-sheet calculations. Without weights agreed through moderation, experience shows that the loudest voices dominate. A documented weighting matrix creates transparency and protects procurement against later criticism.

Securing decisions

The final supplier decision should be taken in a formalised body in which all relevant stakeholders are represented. This also includes involving management in strategically significant decisions – for instance, on single-source risks or the outsourcing of manufacturing capacity. After the decision, an open communication format towards departments that were not considered helps to build acceptance and reduce resistance during the operational transition.

Key KPIs and success factors

Stakeholder management can only be measured directly to a limited extent, but proxy indicators from adjacent disciplines allow its effectiveness to be assessed well. It is important that the indicators are understood not as control but as a joint steering instrument.

KPIs for process quality

Relevant indicators include, for example, suppliers' adherence to payment term adherence, the rate of on-time deliveries in full (On-Time-in-Full), the stocktaking discrepancy during inventory counts and the dock-to-stock time as a measure of efficient goods receipt. Large deviations often indicate insufficient coordination between procurement, logistics and the functional departments. The number of open change-order clauses in current contracts also shows how well specifications were clarified with stakeholders in advance.

Soft success factors

Alongside KPIs, qualitative indicators count: is procurement involved early in development projects or only brought in at the procurement stage? Are supplier evaluations accepted by the functional departments or bypassed? In practice, successful stakeholder work is evident in the fact that procurement is consulted proactively and that conflicts are resolved before escalation. A simple format for this is regular review meetings with the key stakeholders, in which open points are systematically worked through.

Risks, controls and current developments

In practice, stakeholder management rarely fails due to a lack of methodology, but rather due to a shortage of time, unclear responsibilities and shifting priorities. In addition, digital tools and sustainability requirements are changing the demands placed on stakeholder coordination.

Typical sources of error and countermeasures

Frequent mistakes are: stakeholders are involved too late, requirements are recorded verbally rather than in writing, and responsibilities for decisions remain unclear. Remedies are a stakeholder plan drawn up at the start of the project, minuted decisions and a steering committee with decision-making authority. In bottleneck situations, a systematic bottleneck analysis helps to distinguish between genuine capacity problems and communication deficits. Blocked stock management should also be regulated jointly with quality and production in order to avoid standstills.

Sustainability, digitalisation and compliance

Sustainability requirements bring new stakeholders into play: environmental management, compliance departments and increasingly customers demand evidence, for example on the recyclability assessment of materials or the second-life use of components. Procurement must integrate these interests into supplier selection without losing sight of technical and commercial objectives. At the same time, tools for tendering, contract management and catalogue compliance are digitising the alignment with stakeholders – documented workflows are increasingly replacing email chains. Legal requirements, for instance on supply chain due diligence obligations, should be reviewed legally on a case-by-case basis.

Typical metrics

On-Time-in-Full (OTIF): typically > 95%

Low values often indicate insufficient coordination between procurement, logistics and the functional departments.

Dock-to-stock time: often under 24 hours

Short throughput times demonstrate efficient coordination between procurement, goods receipt and quality.

Supplier PPM target: in practice < 500 PPM

Deviations from the quality target require defined escalation paths with the quality and supplier stakeholders.

Payment term adherence: > 98%

Measures how reliably agreed payment terms are observed and how well procurement and finance are aligned.

Practical example

A medium-sized mechanical engineering company with around 500 employees faced the procurement of a new supplier for hydraulic components. Initially, the undertaking was significantly delayed because engineering submitted additional requirements, production demanded different capacity thresholds and quality required additional certificates. Only after introducing structured stakeholder management was the undertaking completed within a competitive timeframe.

- At the start of the project, a stakeholder map was created that prioritised engineering, production, quality, controlling and senior management by influence and level of impact.
- Requirements were consolidated in a joint requirement specification and confirmed in writing by all functional departments before the tender was launched.
- A fortnightly steering committee with decision-making authority resolved conflicts in a binding

manner rather than bouncing them back to procurement.

- After the supplier decision, a structured transition plan was agreed with quality, production and logistics, including PPAP approval and dock-to-stock integration.

Conclusion

In industrial procurement, stakeholder management is not a soft add-on topic but a hard condition for success. Those who involve functional departments, managers and external partners early, in a structured manner and in documented form avoid subsequent changes, accelerate procurement projects and strengthen procurement's position within the company. The instruments required for this – stakeholder analysis, communication plan, RACI matrix and regular reviews – are simple and inexpensive to introduce. What matters is less the perfection of the method than its consistent application. Companies that internalise this achieve measurably faster and more stable procurement results in practice.

Frequently asked questions

What is meant by stakeholder management?

Stakeholder management refers to the systematic identification, analysis and involvement of all individuals and groups affected by or influencing an undertaking. In procurement, this primarily concerns internal functions such as engineering, production and quality, but also suppliers and senior management. The aim is to clarify expectations early on and to reduce resistance to procurement decisions.

Which stakeholders are relevant in procurement?

The most important internal stakeholders include engineering (technical requirements), production (demand and deadlines), quality (certifications and approvals), controlling (budgets) and logistics (transport, storage, Incoterms). Externally, suppliers, customers, authorities and, where applicable, industry associations are added. The relevance of each stakeholder depends on the specific undertaking and should be reassessed on a project-by-project basis.

How do you conduct a stakeholder analysis?

First, all potentially affected individuals and groups are listed. They are then positioned in a matrix according to influence and level of impact, from which the intensity of communication is derived. In addition, expectations, potential conflicts and possible win-win situations are documented. The analysis should be updated regularly during the project, as influence and level of impact can shift.

Which instruments form part of stakeholder management?

The core instruments are stakeholder analysis, the power-interest matrix, a communication plan, a RACI matrix for role clarity and regular review meetings. For complex undertakings, steering committees, workshops to align the requirement specification and documented escalation paths are added. Digital tools for tendering and contract management support transparency.

How does stakeholder management differ from supplier management?

Supplier management concentrates on the systematic steering of external sources of supply – from pre-qualification via contract management through to supplier development. Stakeholder management covers all stakeholder groups, in particular internal ones as well. The two disciplines are interlinked: without internal stakeholder support, no supplier strategy can be enforced, and without good supplier

relationships, internal commitments lose credibility.

Why is stakeholder management so important in procurement?

Procurement sits at the interface between functional requirements and the supply market. Without early alignment, specification conflicts, project delays and additional costs from subsequent changes arise. Stakeholder management also secures acceptance of supplier decisions and protects procurement against later criticism through documented, jointly supported decisions.