THE WAKE-UP CALL

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From Shareholder Value to Stakeholder Value: Why Stakeholder Management Determines Business Success Today

By Christian Rook

For a long time, it was widely accepted that companies are primarily accountable to their **owners**. “**Shareholder Value**” was the prevailing dogma, embraced by countless corporations, executives, managers, and consultants. Running a business was seen first and foremost as m**aximizing returns** for shareholders. The logic was simple: if the owners do well, the company will do well.

But today, this perspective **falls short**. At the latest since the turn of the millennium — and even more so in today’s crisis-prone and interconnected economy — it has become clear: companies do not survive through **balance sheet optimization** alone. They survive through **trust and solid work**. And trust arises both internally and externally. It is built among all the people and institutions that have a direct interest in the company — t**he stakeholders.**

Who are these STAKEHOLDERS?

Stakeholders include customers, employees and managers, suppliers and partner companies, owners and shareholders, banks and other financiers, regulatory bodies, the media, and society at large. Each of these groups can play a decisive role in a company’s survival — or actively accelerate its downfall. This insight is at the heart of my method, which I have used to guide companies through severe crises for over 30 years.

An Example: A Customer as the Tipping Point

In a previous project — a machinery manufacturer with around 300 employees — the crisis started quietly. A handful of major customers became dissatisfied: delivery deadlines were missed, and quality issues piled up. One of these customers — a global market leader in its field — suddenly reduced its orders without much explanation. When asked, they said: “We no longer believe you can get this under control.” Behind the scenes, they had already secured a secondary supplier — without informing the company.

This decision had far-reaching consequences. Within weeks, revenue plummeted dangerously. Other customers followed — some out of concern, others because they saw the exit of the “lead customer” as a warning sign. The mood in sales turned sour. Production responded with short-time work. The bank demanded additional collateral.

What seemed like a purely operational challenge — delivery reliability! quality! — was, in truth, a loss of trust. A single stakeholder had turned away. And the entire system began to falter.

Stakeholder Value before Shareholder Value

In such moments, it becomes clear why stakeholder management must never be an afterthought. Focusing on shareholder value — the financial benefit for owners — only makes sense when the foundation is intact. And the foundation is functioning, resilient, and trust-based relationships with stakeholders. Because: if stakeholder value is created, shareholder value will follow automatically.

A well-designed method, therefore, does not start with the balance sheet but with the problems perceived by the stakeholders. It starts with identifying where trust has already been lost.

Such a method should first analyze:

- What are the explicit and implicit expectations of customers, employees, banks, or suppliers?
- Where have trust deficits emerged but not been addressed?
- Who ultimately decides whether the company survives or fails?

The Power of Stakeholder Groups

- Customers terminate contracts or switch to competitors — often long before revenue declines become measurable.
- Employees reduce their effort to the bare minimum or leave the company, especially in key positions — rendering the organization dysfunctional from within. News of the company's problems spreads quickly, making it harder to recruit new talent.
- Suppliers and partners switch to advance payments, stop critical deliveries, or impose tight deadlines — instantly disrupting operations.
- Owners and shareholders lose trust in management, block necessary investments, or withdraw strategic support.
- Banks and financiers tighten credit conditions or demand immediate repayments — often with serious liquidity consequences.
- Regulatory bodies impose stricter requirements, shut down operations, or levy fines — potentially accelerating crises dramatically.
- Society — from the general public and media to local communities — can undermine reputation and acceptance through negative press, protests, or social media backlash.

Those who understand this will approach restructuring differently: focusing not on efficiency first, but on connectivity. Not just on actions, but on dialogue. Not on power, but on trust. Stakeholder management is not a soft skill — it is hard, systematic leadership work. And in the end, it is often the decisive difference between rescue and failure.

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