

What you NEED to know about Project Stakeholder Management

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Abstract

A stakeholder is anyone whose interests can be positively or negatively affected by the project, and who may be able to affect the success or failure of the project. Whilst traditional Project Management focuses on the tools and templates that allow us to complete the creation of the product or service being delivered, the discipline of stakeholder management has a focus on the human dynamics; managing relationships and communications. This paper presents the stakeholder management process that successful project managers use to gain support from others and ensure that their projects succeed where others fail.

Section 1: Introduction to the concepts.

Section 2: References to stakeholder management in the PMBOK®

Section 3: A framework for stakeholder management

Section 4: Brief case-study

Section 5: The practice of 'leading yourself'

Section 6: Conclusion

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1. Introduction

Projects cut right across organisational boundaries and cause changes to established practices and systems. Change usually creates winners and losers. Some people may end up out of a job when the project is completed. You, as the Project Manager, may well be viewed as 'the enemy' even though it is not your project. If the project could be described as 'belonging' to someone, it would most likely be the Sponsor (the person who provides the funding for the project and expects to have their objectives satisfied). You are merely the person in charge, making sure all the work gets done. It is unlikely that you had any major influence over the selection of the project, but still you are the focal point for all activities and responsible for the outcome.

We will now examine a logical and field-tested process that enables the project manager to identify, classify and manage the expectations of stakeholders, starting with an analysis of the stakeholder management process as described in the PMBOK®.

2. Stakeholder Management and PMBOK®

Stakeholder management appears throughout the PMBOK® Third Edition, with specific entries in these sections:

Chapter 2: Project Lifecycle and Organisation

Stakeholders have varying levels of responsibility and authority when participating on a project and these can change over the course of the project's life cycle.

Chapter 5: Project Scope Definition

Stakeholder analysis identifies the influence and interests of the various stakeholders and documents their needs, wants, and expectations. The analysis then selects, prioritises, and quantifies the needs, wants, and expectations to create requirements.

Chapter 8: Project Quality Management

The PMBOK® reminds us that increased stakeholder satisfaction may be achieved by meeting quality requirements. This also produces less rework (which means higher productivity) and lower costs.

Chapter 10: Project Communications Management

Stakeholder management refers to managing communications to satisfy the needs of, and resolve issues with, project stakeholders. The project manager is responsible for stakeholder management. The project team performs stakeholder analysis.

3. A Framework for Stakeholder Management

3.1. Stakeholder Identification

Stakeholders don't walk around wearing "I'm a stakeholder" name tags. Some stakeholders may not even realise that they are stakeholders. Equally, some people might claim to be stakeholders when in reality they just want to get some free benefit out of your project without any of the responsibility of participation.

Ask 'who will be affected either positively or negatively by the project'? Identify the organisation, business unit and department, and individuals. Remember that stakeholders are individual people. Include suppliers, subcontractors, other dependent projects, competitors, information holders such as regulatory agencies and competitive information services.

As I conduct stakeholder identification workshops, I have realised that the list of stakeholders can be VERY large! Do not make the mistake of limiting the identification of stakeholders to only those people who are involved during the course of the project, but include the people who have to live with the project deliverable.

Key stakeholders on every project include:

- Project manager
- Customer
- User

- Performing Organisation
- Project Team Members
- Project management team
- Project Sponsor
- Influencers (people or groups that can influence the course of the project)
- Project Management Office (PMO)

Tip: Stakeholders come and go. For example, you may have a supplier who is critical to the project but who only has one deliverable. They must be identified and managed accordingly, and their presence re-evaluated regularly.

3.2. Classifying and Partitioning Stakeholders

Some stakeholders are so critical to the success of the project that you need to immediately respond whenever they have an issue or concern. Others need attention but not so urgently. And some just need to be kept informed. You need to map out all the stakeholders on your project, partition them according to their interest and amount of influence they can bring to bear, and manage them accordingly.

- Group stakeholders by the amount of **influence** they have over your project
- Group stakeholders by the amount of **interest** they have in your project

Begin the assessment yourself, with help from the sponsor. Later on you will need to refine this as you get to know the people better, and you receive their feedback.

Group stakeholders into the following categories by order of influence and interest:

Key Players (high influence / high interest)

These people have the power to kill the project at any time, typically by withdrawing funds or simply stopping the project. They can include the project sponsor, senior managers, even your organisation's Chief Executive Officer and board of directors. Manage them closely.

These people can actually be your allies at a time of crisis, if for example you find yourself working on a doomed project that no longer has any meaningful business value; the key players are the ones who have the power to bring it all to a halt. And if they can't – or won't – then it is time for you to ask to be reassigned.

Important Stakeholders (high influence / low interest)

These are individuals who are able to delay the project or to ensure the project is ignored once it is delivered. They have in-depth knowledge of the business area that will be affected by the project and need to be heard throughout the process. Their needs, issues and expectations need to be listened to and acted upon. Keep them satisfied.

Affected Stakeholders (low influence / high interest)

This group needs to be kept informed about what is going on and how it will affect them. Use all the appropriate communication tools like email, presentations, memos, publicity campaigns and so-on. Keep them informed.

Other Stakeholders (low influence / low interest)

This group will not expect to get detailed reports but need to be watched in case their situation changes and they move into one of the other groups. Monitor them.

I find it useful to create a spreadsheet as a database of stakeholders and use this to assign them into the correct category and then to manage them.

3.3. Stakeholder Expectations and Requirements Assessment

Having identified and classified the project stakeholders, we now move on to the process of determining their expectations. In most cases this can be achieved simply by asking them. Address larger groups using a panel, forum or focus group.

Assess stakeholder's expectations by asking what demands will the project put on them and their staff? Can they accommodate the project in the required time and with the given budget?

Determine the win-win conditions for the individuals. These are the conditions that enable a positive outcome for the individual concerned, and may be different to the goals or objective of the project. Put simply, what can you do to keep them happy? If you really cannot keep them completely happy, then at least try not to upset them!

Tip: Unquantifiable requirements, such as customer satisfaction, are subjective and entail a high risk of being successfully completed.

3.4. Communication Strategies

The huge number and diversity of project stakeholders can make the task of communicating with them seem overwhelming. Project managers spend 80% to 90% of their time communicating. We need to resolve issues, get buy-in, approvals, feedback, reports, and so-on. We need to manage the creation and distribution of all the information about the progress of the project, the schedule, issues, action items, earned value and many more.

The most valuable advice I can give here is the following:

- **Get your stakeholders involved as soon as possible**
- **Create a win-win situation for all crucial stakeholders**

Early involvement will help to create that desirable property of 'ownership of results' and fosters the value of collaboration. Ownership means that stakeholders need to take responsibility for the project in clearly defined ways.

People will inevitably act in their own narrow self-interest, so always check that they are delivering on their promises.

Tip: If it seems that some stakeholders aren't being very supportive of your project, there is a possibility that they simply don't know how they can help. Ask them.

All of the above steps will lead to a greater *understanding* of the project stakeholders. This allows for more effective communication and ultimately fewer problems for you to deal with.

3.5. Stakeholder Influence Management

By definition, stakeholders have influence – both positive and negative. You need to be aware of, and able to manage, their influence. Why is this? Well, they can take action to sabotage your project, for example:

- Always finding fault with deliverables
- Not providing feedback on interim deliverables and milestones
- Delaying the approval process for people and equipment
- Not providing direction
- Stealing your team members and assigning them to other projects
- Engaging in politics to undermine your authority
- Making a case against the project in public
- Starting a competing project

People will resist change, regardless of how well you package and present it. You need to ensure that the customer accepts the final product, but you will not be able to convince people all by yourself. Using this process of stakeholder management will help to educate people that the final deliverable is worthwhile and will really be a win-win situation for everyone. Educate them about the *benefits* of the product of your project.

Here are some general pointers for you to use, that will help you to manage their influence.

- Make people feel important. Every person involved in a project is important to its success. A great way to gain commitment is to help them see the importance of what they are doing.
- Keep people informed. No one likes surprises. Tell them what they need to know, when they need it. Remind team members about issues that are coming up and notify them if any plans change.
- Know what stakeholders expect. The more you understand stakeholder's needs, the better equipped you will be to meet their expectations.
- Inform them about what requirements will be met, and what requirements will not be met, and the reasons why.
- Involve them in the creation of lessons-learned.
- Be honest, and follow the code of professional conduct.

Some of your stakeholders are very powerful people, but you know more about the project than anyone else. It's your job to manage expectations and help to make the right decisions. If objectives are unrealistic or in conflict, point them out and get agreement on what's important. Help stakeholders to find solutions to problems as a way of getting them involved.

Remember to regularly *evaluate* the success or otherwise of your stakeholder management strategy, including a re-assessment of their interest and influence.

4. Case Study

One of the projects I led involved installing satellite navigation systems in vehicles for a vehicle recovery service in Australia. The primary reason for deploying this system was to allow for more efficient use of resources, so the nearest breakdown truck could be sent to the scene. Most Singapore taxis now have a similar system.

Unfortunately the breakdown truck drivers did not perceive it that way. They assumed (partially correctly) that 'the management' would be able to see all their movements throughout the course of a day, and thereby be able to discipline the drivers if they made any unauthorised journeys. We overcame this resistance by explaining that:

- The system would not track them all day but only when they were actually called to attend a job.
- If their vehicle broke down in a remote area or if they were attacked by someone, then they would be able to make an emergency call for assistance, with their location accurately pinpointed.

We also took the step of installing a specially designed navigation antenna with a very low profile, almost invisible on the vehicle. This had the effect of 'out-of-sight-is-out-of-mind', so the driver was not acutely aware of this new piece of intrusive hardware on his truck. This won them over and they became supporters of the new system.

5. Self Management

Any discussion of stakeholder management would not be complete without mentioning the value of self-management on the part of the project manager. This is the practice of 'leading yourself'. You must be self-directed under changing and unclear conditions. You cannot hope to stabilise the world around you, but you must stabilise yourself. If you are constantly overstressed, anxious, lacking in self-discipline and without vision then you are out of control and will have little credibility with those around you. You might be able to get people to comply by virtue of your position, but will not be able to motivate under stressful conditions.

I've come to the realisation that every plan I have ever made, no matter how careful and detailed, always gets derailed by REALITY! This is why we do risk management and prepare contingency plans that can be used when reality shows itself. Don't bother trying to get reality to fit to your plans, because it won't. What you must do is to navigate reality and don't try to change it.

5.1. Sources of feedback

Here's a surprising thing – just because you are constantly surrounded by other people, you will not necessarily receive continuous feedback from them. You cannot simply wait for feedback to

come to you. Team members will not usually openly criticise the project manager although they may make remarks behind your back if they don't like what you are doing. Customers are also unlikely to volunteer feedback as they only experience the outcome of the work and not the process. Functional managers are not directly involved in the operations of the project team, so they will not be a good source of feedback. So the best source of feedback is yourself.

There are also various Personal Value Profile tools that can be used to analyse your own (and your team's) strengths, weaknesses and personal traits. These tools are not a complete substitute for genuine feedback but they can be helpful in identifying areas where you have weaknesses that can then be addressed by coaching, mentoring and training.

5.2. How to learn from feedback

When you do get feedback from others, use it to evaluate the kind of power you have over them, and don't ignore other people's opinions. Work hard to create an open environment where people can feel free to offer negative feedback.

Recognise how you can get other people to co-operate and perform:

- Formal (Legitimate) Power - (Power based on one's formal position within the organisation)
- Punitive (Coercive) Power - (Employees threatened with penalties and consequences)
- Reward Power - (Giving incentives for a job well done)
- Expert Power - (Being influential with one's expert knowledge)
- Referent Power - (Reference to higher authority or someone in higher position)

5.3. How to be more introspective

After a meeting, take some time to reflect on what happened. Did you create a positive and encouraging environment or was everyone arguing? Did the team members leave the meeting feeling positive and encouraged? What could you have done differently? Do you have some personal biases that may be influencing your behaviour?

5.4 Focus on results

This means you need to shift your focus from tracking individual tasks to completing deliverables, and requires an appreciation of the difference between activities and goals. Recognise that completion of tasks may not be a true indication of progress. Allow your team the ability to deviate from the strict procedures when they don't work.

5.5. The value of finding a mentor

Enlist the help of someone you trust, whose opinion you value, and who will give you honest feedback. The best mentor is a mature and caring person who is committed, responsible and a good listener. A mentor will encourage you to advance and achieve great things.

6. Conclusion

Good stakeholder management will foster a sense of joint ownership, prevent politics from slowing down your progress, keep resources available to the project, keep information and feedback flowing, and enhance cooperation to achieve the desired outcome.

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