

Project Management

Lecture 4 – Stakeholder Management

Dr. Andre Samuel

Previous Lecture

- Project Methodology:
 - Project Management Institute (PMI) PMBoK
 - Prince 2
 - Agile

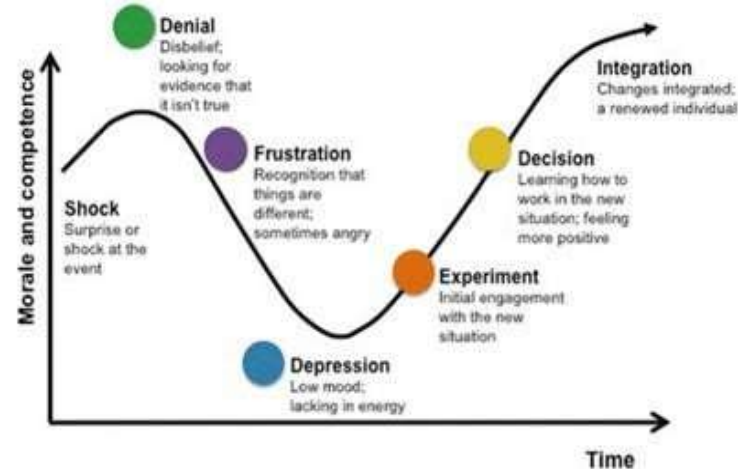
In this Lecture

- Stakeholder Management:
 - Identifying stakeholders
 - Stakeholder Analysis
 - Managing Expectations

Objective of Stakeholder Mgt

- To curtail stakeholder activities that might adversely affect the project
- To integrate stakeholder perspective into the project's formulation process
- To facilitate the project team's ability to take advantage of opportunities
- To encourage stakeholder support for project purposes

The Kübler-Ross change curve



Create Alignment

Maximize Communication

Spark Motivation

Develop Capability

Share Knowledge

Stakeholder Management Process

1. Identification of Stakeholders
2. Stakeholder Analysis:
 - Determine their requirements and influence
 - Predict their behaviour (gaze into a crystal ball)
3. Develop appropriate Strategies
4. Manage and influence those requirements and perspectives by implementing the strategy

Stakeholder Defined

- A Stakeholder is any individual, group or organization :
 - that shares a stake in the project
 - that can influence or be influenced by the project.
 - who have an interest in the project process or outcome
 - whose interest may be positively or negatively affected as a result of the execution and outcome
 - who are actively involved in the project

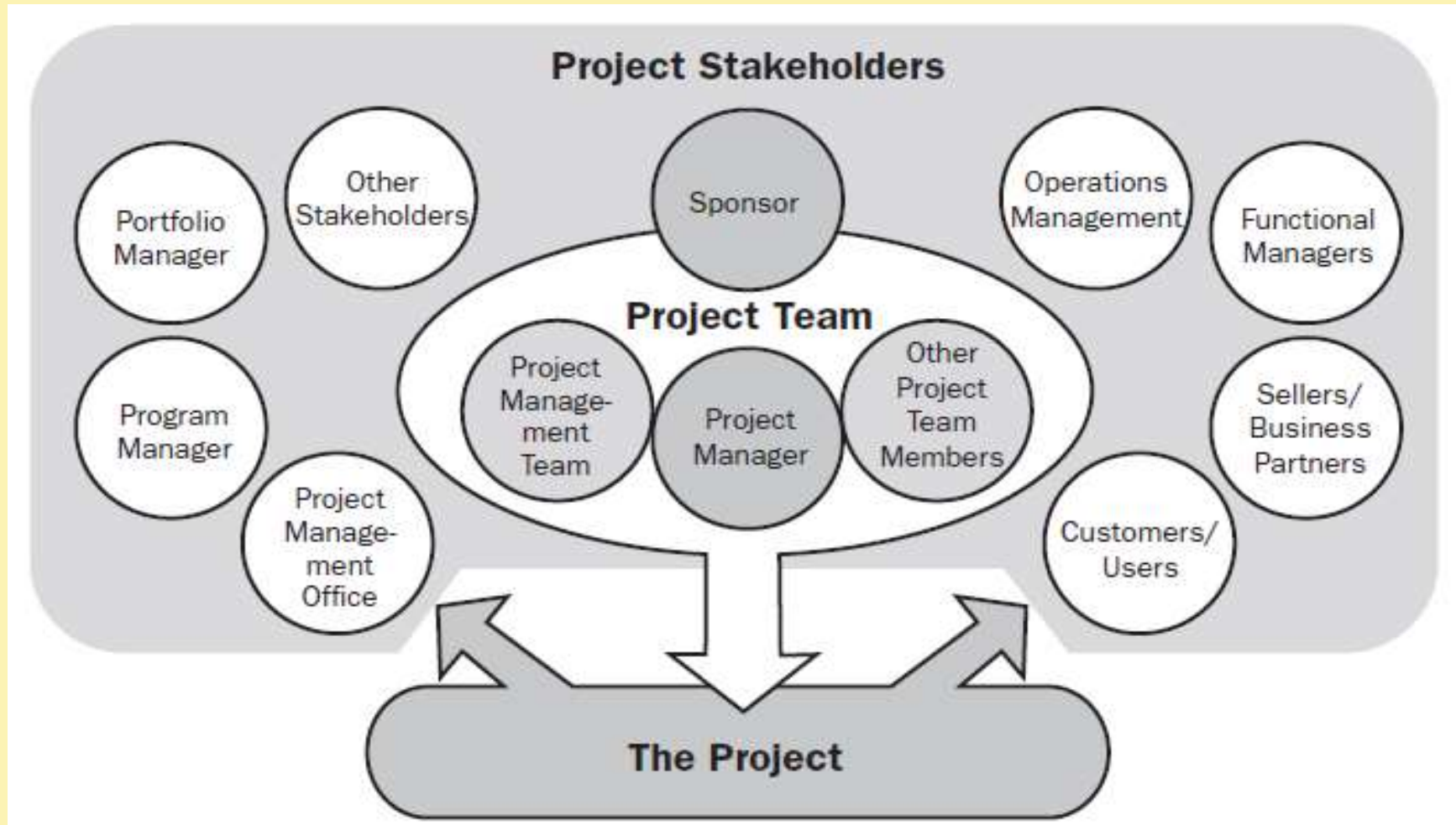
Source of information for Identifying Stakeholders

- Project Charter:
 - project sponsor(s), customers, team members, groups and departments participating in the project
- Procurement Documents:
 - the parties in that contract are key project stakeholders.
 - Other relevant parties, such as suppliers, should also be considered as part of the project stakeholder list
- Governmental or industry bodies or regulators

Categorization of Stakeholders

- Internal Stakeholders
 - Usually play a supportive role
 - Project Manager has some degree of authority and influence
 - Should be kept well informed about project's status
- External Stakeholders
 - May not be supportive but rather adverse
 - Not usually subject to the legal authority of the project manager
 - Information should be provided on a “need-to-know” basis
 - But keep communication channels open

Relationship between Stakeholders and the Project



- These stakeholders require the project manager's attention throughout the project's life cycle, as well as planning to address any issues they may raise.
- The project manager should manage the influences of these various stakeholders in relation to the project requirements to ensure a successful outcome
- An important part of a project manager's responsibility is to manage stakeholder expectations, which can be difficult because stakeholders often have very different or conflicting objectives.

Team Discussion

- Using the Library Project Handout:
- Discuss and identify the key stakeholders of the project

Stakeholder Register

- The main output of the Identify Stakeholders process is the stakeholder register.
- This contains all details related to the identified stakeholders including, but not limited to:
 - **Identification information:** Name, organizational position, location, role in the project, contact information;
 - **Assessment information:** Major requirements, main expectations, potential influence in the project, phase in the life cycle with the most interest; and
 - **Stakeholder classification:** Internal/external, Supporter/neutral/resistor, etc.
- The stakeholder register should be consulted and updated on a regular basis, as stakeholders may change—or new ones identified—throughout the life cycle of the project.
- PMI (2013, pg. 398)

Example Stakeholder Register

Project: CRMO Rationalization Project
Project Sponsor: Steve Kenny
Project Manager: Rodney Turner

<i>Stakeholder</i>	<i>Objectives</i>	<i>For/Against</i>	<i>Influence</i>	<i>Informed</i>	<i>Communication strategy</i>
Board	Expand operations Improved customer service Improved profitability	For	Hi	Must be	Regular briefing Explain solution and benefits
Operations managers	Improved customer service Excellent support	For	Med	Must be	Regular briefing Explain solution and benefits
Maintenance managers	Operation that works Maintain position and influence	For	Hi	Yes	Seek opinions Regular consultation Confirm solution with them
Maintenance staff	Ease of operation Maintain jobs	For	Med	Not at start	Briefings/company newspaper Consultation Explain solution
Operations staff	Support their work Minimum disruption	Ambivalent	Low	Not at start	Briefings/company newspaper Explain solution
Customers	Good service	For	Low	Not at start	Customer newsletters
Local community	Minimum disruption to environment	Ambivalent	Low	Low	Local newspaper advertisements

Turner (1999)

Alternative Stakeholder Register Template

Stakeholder	Their interest or requirement from the project	What the project needs from them	Perceived attitudes and/or risks	Actions to take

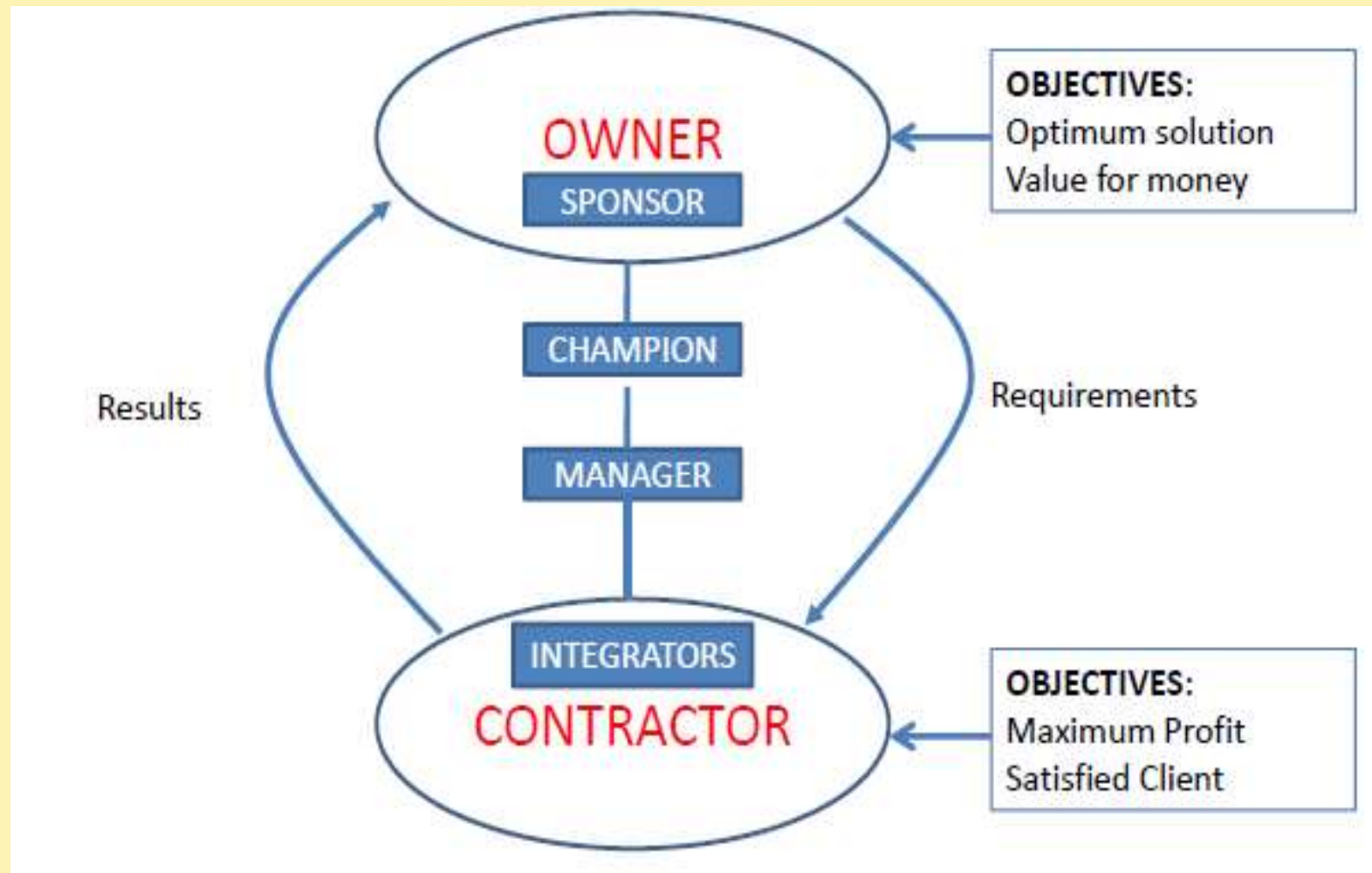
Stakeholder Management

- S M assumes that success depends on taking into account the potential impact of project decisions on all stakeholders during the entire life of the project
- Project managers must consider how the achievements of the project's goals and objectives will affect or be affected by stakeholders

Therein lies the challenge

The Owner/Contractor Model

Turner (1999, pg.50)



Stakeholder Analysis

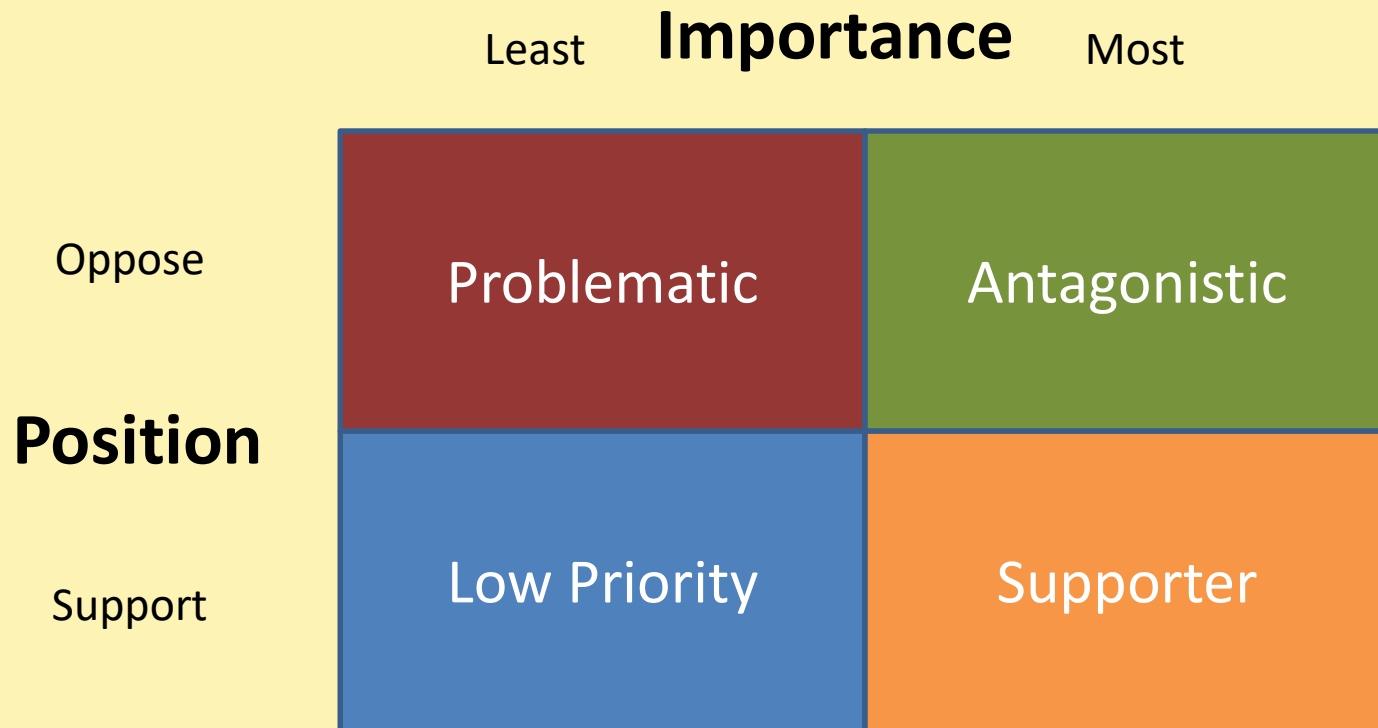
- **Identify all potential project stakeholders** and relevant information, such as their roles, departments, interests, knowledge, expectations, and influence levels.
- Analyze the **potential impact or support** each stakeholder could generate, and **classify** them so as to define an approach strategy.
- Assess how key stakeholders are **likely to react or respond** in various situations, in order to plan how to **influence them** to enhance their support and mitigate potential negative impacts.

Classification models used for stakeholders analysis

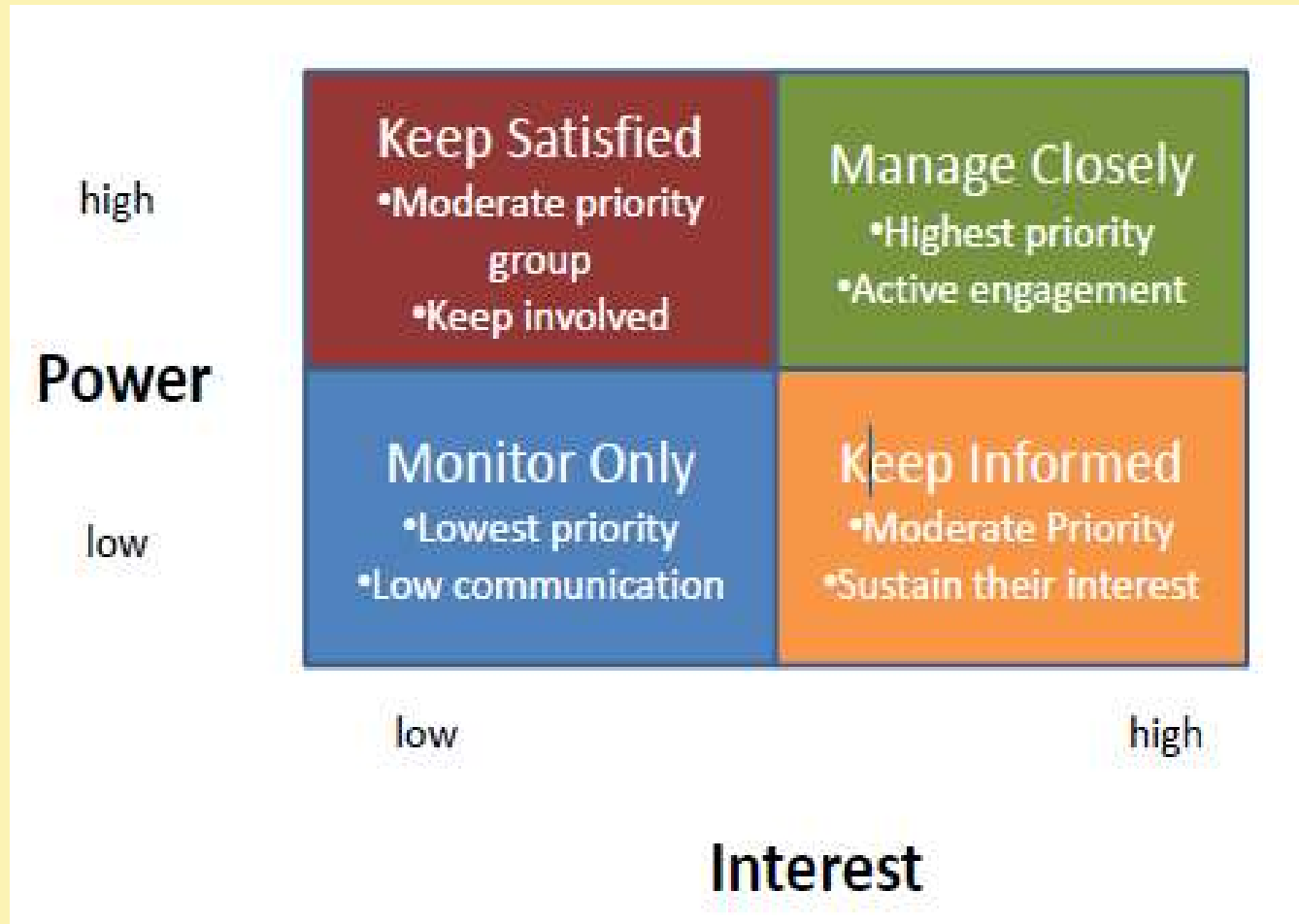
- **Power/interest grid**, grouping the stakeholders based on their level of authority (“power”) and their level or concern (“interest”) regarding the project outcomes;
- **Power/influence grid**, grouping the stakeholders based on their level of authority (“power”) and their active involvement (“influence”) in the project;
- **Influence/impact grid**, grouping the stakeholders based on their active involvement (“influence”) in the project and their ability to effect changes to the project’s planning or execution (“impact”); and
- **Salience model**, describing classes of stakeholders based on their power (ability to impose their will), urgency (need for immediate attention), and legitimacy (their involvement is appropriate).

The Position/Importance Matrix

Nutt and Backoff (1992) and Bryson (1995)

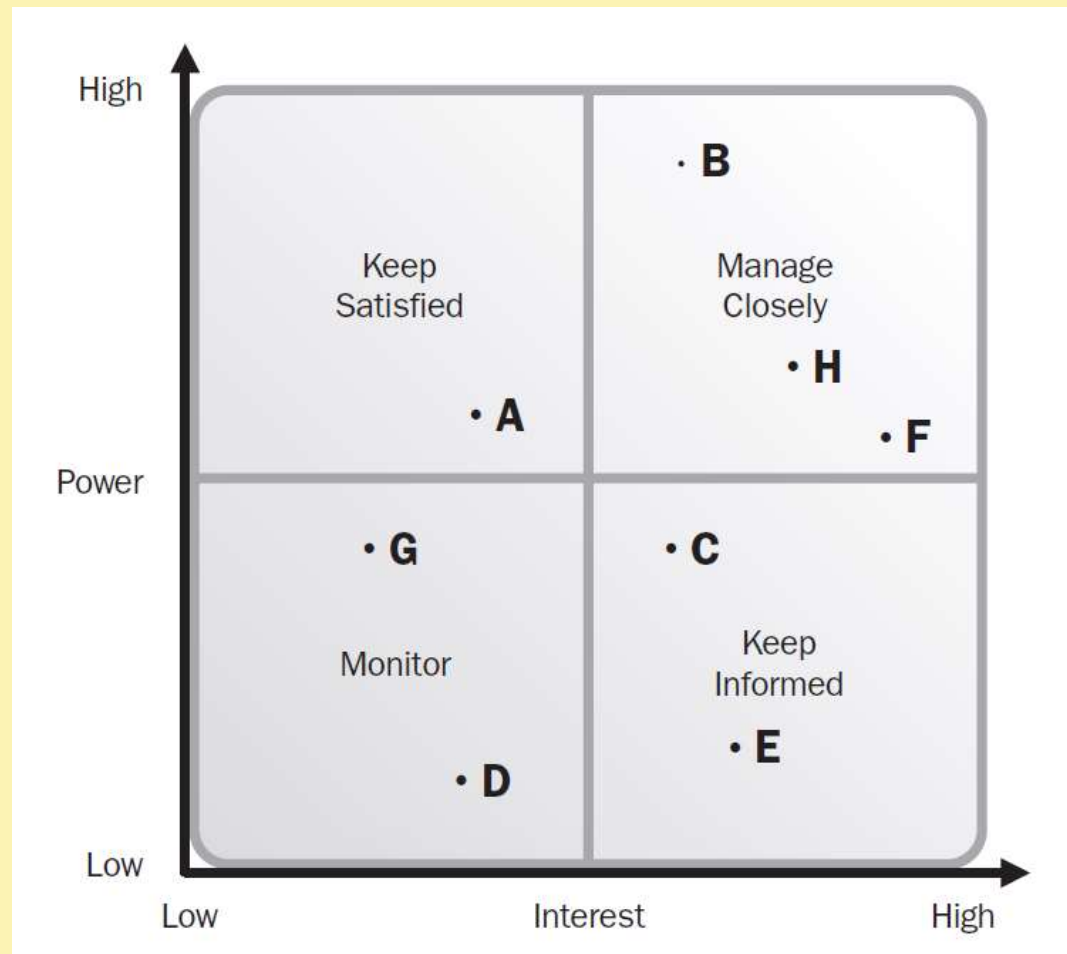


Power : Interest Stakeholder Matrix Maylor (2010,pg. 83)



Power/Interest Matrix with Stakeholders

A-H representing the placement of generic stakeholders



Engaging Stakeholders

- The process of developing appropriate management strategies to effectively engage stakeholders throughout the project life cycle
- The key benefit of this process is that it provides a clear, actionable plan to interact with project stakeholders to support the project's interests

Engagement level of the stakeholders

Can be classified as follows:

- **Unaware**- Unaware of project and potential impacts.
- **Resistant**- Aware of project and potential impacts and resistant to change.
- **Neutral**- Aware of project yet neither supportive nor resistant.
- **Supportive**- Aware of project and potential impacts and supportive to change.
- **Leading**- Aware of project and potential impacts and actively engaged in ensuring the project is a success.

Stakeholders Engagement Assessment Matrix

- C- indicates the current engagement
- D- indicates the desired engagement

Stakeholder	Unaware	Resistant	Neutral	Supportive	Leading
Stakeholder 1	C			D	
Stakeholder 2			C	D	
Stakeholder 3				D C	

Bottom Line

- Failing to recognize or cooperate with stakeholders whether supportive or adverse may well hinder a successful project outcome
- Stakeholder Mgt is thus a necessity, allowing the project manager to maintain better control