

Project Team and Stakeholder Management

Prepared by Dr. Adam Yagoub

Lecture 7

PGM 341

**The Project Team's Environment (Stakeholders,
Developing and Using Project Networks)**



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Course Outline

Lecture 1: Determining the Direction and Initial Specifications of a Project.

Lecture 2: the search for the high-performing team.

Lecture 3: Context: Laying the Foundation for Team Success.

Lecture 4: Composition: Getting the Right People on the Bus.

Lecture 5: competencies: Developing Team Skills for High Performance.

Lecture 6: Change: Devising More Effective Ways of Working Together.

Lecture 7: The Project Team's Environment (Stakeholders, Developing and Using Project Networks).

Lecture 8: Leading Project Teams.

Lecture 9: Managing Conflict in the Team.

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Lecture Outline

1. Stakeholders.
2. Developing and Using Project Networks.

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The Project Team's Environment (Stakeholders, Developing and Using Project Networks)

Introduction:

Projects never exist in isolation. They are always connected to a **network of people and organization —stakeholders—**who are affected by them in some way and who want some say in how they are run or what they will produce. Project leaders need to be able to identify these important stakeholders and manage their interactions with the project.

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1. Stakeholders:

Stakeholders are those people, organizational units, and institutions that have a vested interest in the conduct and outcome of the project and can affect it in some way. The most critical stakeholders are those who are most affected by the project and those who have the most say in how it is run and what it produces. Balancing the interests, desires, and needs of so diverse a group is a challenge for any project leader.

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Each project will have its own unique profile of stakeholders, but we will examine some of the more common ones in this section. We look first at three particularly important stakeholders: **project clients**, the **managers of the organization that hosts the project**, and **the project team**. For various reasons, these stakeholders usually have a great deal of say in how a project is set up and conducted. We then examine **external and internal resource suppliers**. Projects depend on others for resources, and so they, too, can affect the project. We give attention next to **regulators**.

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Projects often have to meet regulatory standards, so leaders need to work with those who enforce them. Many projects are intended to benefit others after the project itself is completed. These **end users of the project** need to be addressed as well. Additionally, any implementers—those who may be tasked with executing project recommendations—should be kept in mind throughout the project as partners in the next step of the process. **Finally**, we address a set of stakeholders who are often ignored in the project management literature but who are very important: **political players**—the informal supporters and opponents with whom projects often deal.

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1. project clients

Project clients are those for whom the project is being conducted as well as the ultimate source of resources for the project. The reason why clients sponsor a project at all **is because they want it to address some set of their needs**. Project leaders usually work with clients throughout the project, but their services often differ at the beginning of, during, and at the closing of projects.

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During the course of the project, clients will often want assurances that the project is proceeding as planned. This need is generally best met by structuring milestones into the project at which time progress is noted, formal reports are made, and important issues are discussed. These reporting events require effort, resources, and time and should be included in the project's planning and budgeting.

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This is not to say, however, that client contact can or should be strictly limited to these events. Some clients can be rather high-maintenance, and in any event, project leaders will want to keep their clients appropriately informed about important developments. Every effort should be made, however, to buffer the project team from undue disturbances in their work.

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2. host organization management

Host organization management—higher level managers within the organization where the project is conducted—are also significant stakeholders. The project leader's direct supervisor is one of the most significant of those. In project and matrix organizations, projects are undertaken as the company's business. In such cases, higher management's aims are that projects remain profitable and be conducted within the operating budget and other constraints established for project work.

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Often, as in the case of the Achievement Project, projects are undertaken for the benefit of the organization itself. In these cases, higher management also plays the role of an outside client and can pose the same kinds of challenges presented by clients.

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In all cases, project leaders will want their direct supervisors and higher management to support and champion the projects they lead: to help make sure that the project gets the resources it needs and run interference for the project as it progresses through its life cycle.

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For its part, management wants to know that the project is proceeding as planned. Structured progress reports similar to those given to clients can serve this need. Unexpected problems of strategic importance need to be brought to management's attention quickly, along with options about how to address them. In general, however, higher management expects project leaders to handle routine problems themselves.

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3. the project team

Projects are unique endeavors and require a great deal of problem solving to produce the products or services required. Most often, projects work under strict timelines and budgets. In addition, project personnel often have organizational commitments other than the project itself. All of these characteristics can combine to produce a fair amount of stress on **project teams**—the group of people who are actually carrying out project activities.

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Project teams want to be able to do the project—to bring it to a successful conclusion. Initially, teams want to clearly understand the project and how it is to be done. Toward these ends, leaders need to present the team with clear project objectives and a clear, actionable plan to achieve them. The team also needs the resources required for the project. The most important of these is the composition of the team itself. The members need to possess the knowledge, skills, and abilities required by the project. During the conduct of the project, resources need to arrive according to specifications and when needed.

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As project teams conduct the project, they need to be protected from unnecessary outside pressures that will distract them. Projects have many stakeholders with varied interests, and project leaders need to buffer their teams while they themselves develop the stakeholder linkages appropriate to the team's work.

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Finally, project members do not want to be overcommitted. Project leaders need to be aware of and sensitive to the demands placed on members of their team. In addition to careful scheduling, leaders should work with those outside the project who have a legitimate claim on project personnel to help clear their schedules.

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4. External suppliers

External suppliers are those outside the organization who provide project resources. These resources are often critical to project success and need to arrive on time, as budgeted, and according to specifications. It is not uncommon to find, however, that external suppliers are less motivated by these needs than the project leader. Contrary to popular belief, just because something is paid for does not mean that the project will get what it needs when planned.

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Project leaders should do all they can to ensure timely delivery of critical and unique resources. This can be done by developing contracts with external suppliers and by scheduling lead times into delivery schedules. As delivery times come near, project personnel can check to make sure everything is going according to schedule. It is a good idea, too, for project leaders to establish relationships with their critical vendors.

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5. internal suppliers

Internal suppliers are those within the host organization who supply the project with resources. Personnel and information are the most common resources provided, but things like office space, the loan of equipment, and even raw material might be provided as well.

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Even in project organizations where personnel are routinely assigned to projects, conflicts can emerge over who gets assigned, when, and for how long. In more traditional organizations in which others are imposed on to provide help to a project, the conflict potential is even higher. Providing resources to others often produces problems of scheduling, conflicts between requests from other projects, and the day-to-day demands pressing on the supplier's own unit. Project leaders need to be as sensitive as possible to these issues.

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6. Regulators

Projects often have to meet certain levels of quality in either the products and services the project delivers or in the ways the project itself is conducted. **Regulators** are the people who make sure projects achieve those levels of quality.

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- **External regulators** are usually independent organizations or agencies with formal authority to check up on project deliverables or the conduct of projects. **Building inspectors, for example,** approve or disapprove the structural requirements of building construction. Inspectors from the Occupational Safety and Health Administration make sure the physical welfare of project workers is being addressed.

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- **Internal regulators** work for the host organization and generally attend to the conduct of the project (e.g., **internal auditors and the contracts office**).

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7. end users and implementers

Projects are often designed to benefit others in addition to the sponsoring client. Leanne's project is only one example. Her **project's end users**—those who will ultimately use or benefit from the project.

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Other post project stakeholders are those who will carry out the project's recommendations—**implementers**. For a variety of obvious reasons, the project team is often well suited to implement the products and services they have produced. Clients frequently require initial implementation as part of the project with a period of product and service maintenance thereafter. Other projects, however, recommend post project actions and rely on others to implement them.

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8. political players

Finally, the project leader needs to be aware of another kind of stakeholder: **political players within the host organization**. Political players are those who use their influence to actively support or oppose the project based on their own interests and aims. It has long been known that once you step into a leadership role, you are also stepping into a political arena where competing interests often come into conflict.

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Projects, in particular, can increase political concerns. Projects, after all, are designed to make things happen—to create and put into place something new. This means change—change caused by the simple conduct of the project as well as the change envisioned by the goals of the project itself. Any change will have **supporters** and **opponents**. Rarely mentioned in the project management literature are the political stakeholders who are likely to emerge with the conduct of almost any project.

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Project **supporters** and **opponents** can often be identified by asking a simple question: “Who will benefit and who will lose by the conduct and completion of this project?”

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2.developing and using project networks:

The previous section makes clear that projects never exist in isolation. They are surrounded by many stakeholders who will affect the conduct of the project and determine its success or failure. Being able to work in this larger network of stakeholders is one of the more important assets leaders can bring to their projects. That asset has come to be called **social capital**. **In this section**, we examine first what social capital is and then address how leaders can develop social capital in project work.

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- the nature of social capital

The term “**capital**” is used by economists to refer to any asset that can be employed to produce wealth. Buildings and equipment used to manufacture products, **for example**, are capital assets. **Human capital** is composed of the knowledge, skills, and abilities of a person that can be used to produce things of value such as deliverables from project tasks.

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Social capital comes from a person's connections to others. It is the value someone has because he or she can tap into various social networks to get the resources needed for a job or to help coordinate, assist, or run interference for a project. **A project leader's social capital**, then, is his or her ability to use the resources of others in the furtherance of project work.

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We all know others we can turn to when we are in need of help, and, in turn, we often provide our help to them. That is what **social capital** really is all about. Some project leaders, however, have far more social capital, and more project relevant social capital, than others.

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- developing social capital

Social capital is produced by developing relationships with people who have the resources and influence needed for project success. In the early project planning stage, leaders need to identify all those stakeholders who will play important decision-making and resource-sharing roles for the project. Once identified, project leaders need to self-consciously set up plans to talk at length with these stakeholders about the project.

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Initial interactions are best done face-to-face and one-on-one. These kinds of one-on-one meetings allow for more candid conversations and richer communication. The project leader's agenda includes assessing the stakeholder's interests in the project, his or her likely influence over the project, and the true role he or she will seek to play in it.

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Active listening is a key skill to employ in these meetings. A great deal can be learned, for example, by taking note of the questions stakeholders ask. Their questions reveal their interests, and attention to nonverbal communication can reveal the intensity of those interests. Their knowledge of other stakeholders can reveal their ties to them and, often, the influence of other stakeholders in the project's larger network.

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As the project progresses, project leaders need to spend time working with the more influential stakeholders and those who have access to important project resources. These meetings can happen in formal places like project meetings or less formal places like luncheons.

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