

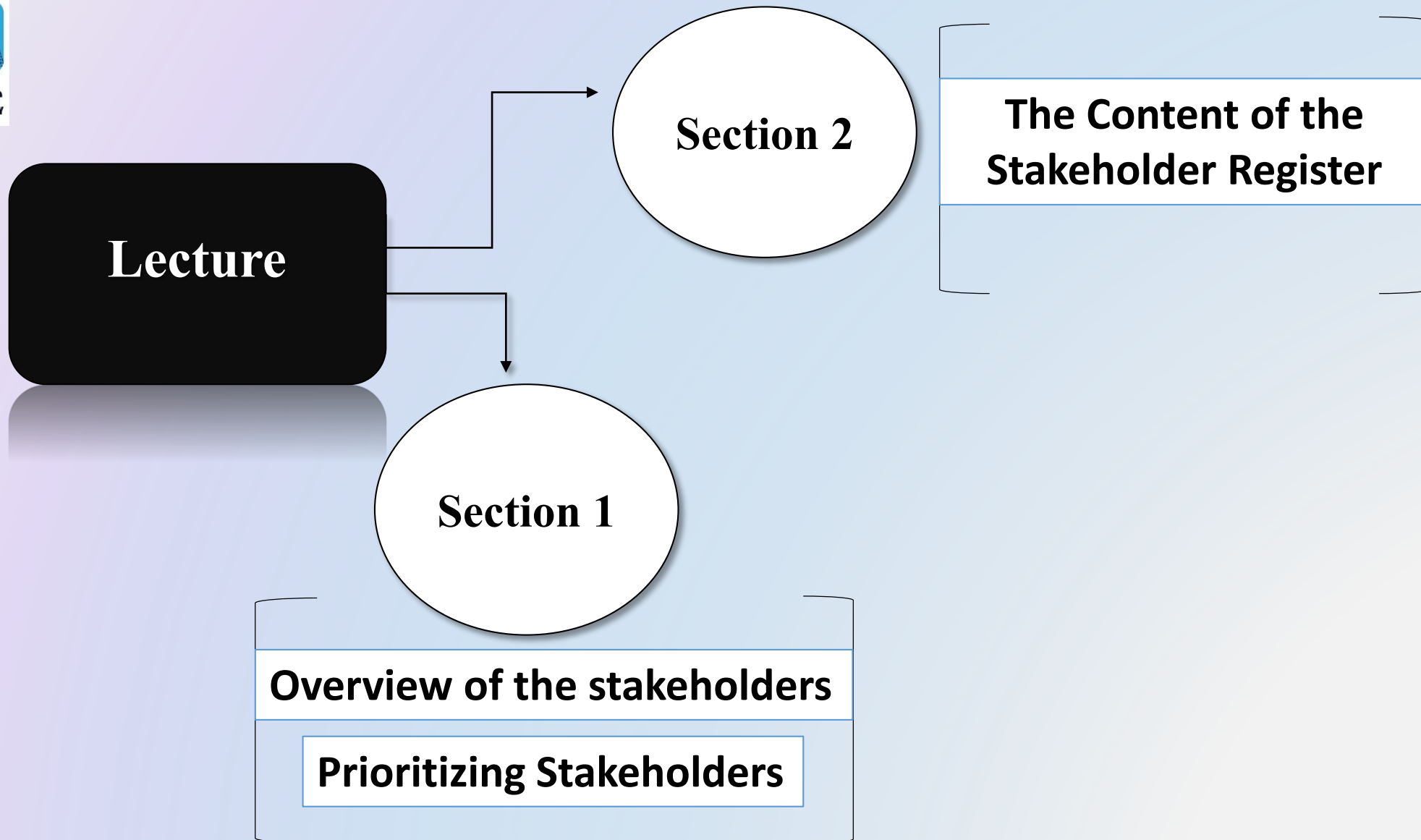


Understanding Stakeholders

Chapter 9

PMG101

Project communication



Section one

Overview of the stakeholders

What is the definition of a project stakeholder?

“Individuals and organizations who are actively involved in the project, or whose interests may be positively or negatively affected as a result of project execution or successful project completion.”

Who are the stakeholders in a project?

As we've already seen in the project stakeholder definition above, a stakeholder is anyone with an interest or investment in your project. But when you actually start to map that out, you might be surprised by how long the list can be.

That's because investment in your project can take a number of different forms. It can be the company's money, an executive's sponsorship or a manager's resources. It can also apply to the end user or customer, as their needs are a critical consideration when it comes to steering your project.

Types of Stakeholders in project management

Government

Contractors &
Subcontractors

Top Management
Project Team Members
Your Manager
Peers
Resource Manager
Internal Customers

External
Customers

Suppliers

Types of Stakeholders in project management

Top Management

Top management may include the president of the company, vice presidents, directors, division managers, the corporate operating committee, and others. These people direct the strategy and development of the organization.

On the plus side, you are more likely to have top management support, which means it will be easier to recruit the best staff to carry out the project, and to acquire needed material and resources; also visibility can enhance a PM's professional standing in the company.

On the minus side, failure can be quite dramatic and visible to all, and if the project is large and expensive (most are), the cost of failure will be more substantial than for a smaller less visible project.

Overview of the stakeholders

Some suggestions in dealing with top management are:

Develop in-depth plans and major milestones that must be approved by top management during the planning and design phases of the project.

Ask top management associated with your project for their information reporting needs and frequency.

Develop a status reporting methodology to be distributed on a scheduled basis.

Keep them informed of project risks and potential impacts at all times.

Types of Stakeholders in project management

The Project Team

The project team is those people dedicated to the project or borrowed on a part-time basis. As project manager you need to provide leadership, direction, and above all, the support to team members as they go about accomplishing their tasks. Working closely with the team to solve problems can help you learn from the team and build rapport. Showing your support for the project team and for each member will help you get their support and cooperation.

Some difficulties in dealing with project team members include:

Because project team members are borrowed and they don't report to you, their priorities may be elsewhere.

Types of Stakeholders in project management

The Project Team

They may be juggling many projects as well as their full time job and have difficulty meeting any deadline.

Personality conflicts may arise. These may be caused by differences in social style or values or they may be the result of some bad experience when people worked together in the past.

Types of Stakeholders in project management

The Project Team

Managing project team members requires interpersonal skills. Here are some suggestions that can help:

- Involve team members in project planning.
- Arrange to meet privately and informally with each team member at several points in the project, perhaps for lunch or coffee.
- Be available to hear team members' concerns at any time.
- Encourage team members to pitch in and help others when needed.
- Complete a project performance review for team members.

Types of Stakeholders in project management

Your Manager

Typically the boss decides what our assignment is and who can work with us on our projects. Keeping your manager informed will help ensure that you get the necessary resources to complete your project.

If things go wrong on a project, it is nice to have an understanding and supportive boss to go to bat for us if necessary. By supporting your manager, you will find your manager will support you more often.

Find out exactly how your performance will be measured.

When unclear about directions, ask for clarification.

Develop a reporting schedule that is acceptable to your boss and Communicate frequently.

Types of Stakeholders in project management

Peers

Peers are people on the project team or not, who are at the same level in the organization as you. These people will, in fact, also have a vested interest in the product. However, they will have neither the leadership responsibilities nor the accountability for the success or failure of the project that you have.

Your relationship with peers can be impeded by:

- Inadequate control over peers.
- Political maneuvering or sabotage.
- Personality conflicts or technical conflicts.
- Envy because your peer may have wanted to lead the project.
- Conflicting instructions from your manager and your peer's manager.

Types of Stakeholders in project management

Peers

Peer support is essential. Because most of us serve our self-interest first, use some investigating, selling, influencing and politicking skills here. To ensure you have cooperation and support from your peers:

Get the support of your project sponsor or top management to empower you as the project manager with as much authority as possible. It's important that the sponsor makes it clear to the other team members that their cooperation on project activities is expected.

Confront your peer if you notice a behavior that seems dysfunctional, such as badmouthing the project.

Be explicit in asking for full support from your peers.
Arrange for frequent review meetings.

Establish goals and standards of performance for all team members.

Types of Stakeholders in project management

Resource manager

Because project managers are in the position of borrowing resources, other managers control their resources. So their relationships with people are especially important. If their relationship is good, they may be able to consistently acquire the best staff and the best equipment for their projects. If relations aren't so good, they may find themselves not able to get good people or equipment needed on the project.

Types of Stakeholders in project management

Internal Customer

Internal customers are individuals within the organization who have projects that meet the needs of internal demands.

The customer holds the power to accept or reject your work. Early in the relationship, the project manager will need to negotiate, clarify, and document project specifications and deliverables.

After the project begins, the project manager must stay tuned in to the customer's concerns and issues and keep the customer informed.

Types of Stakeholders in project management

Internal Customer

Common stumbling blocks when dealing with internal customers include:

A lack of documentation for what is wanted.

A lack of knowledge of the customer's organization and operating characteristics.

Unrealistic deadlines, budgets, or specifications.

Hesitancy to sign off on the project or accept responsibility for decisions.

Changes in project scope.

Types of Stakeholders in project management

Internal Customer

To meet the needs of the customer, client or owner, be sure to do the following:

Learn the client organization's buzzwords, culture, and business.

Clarify all project requirements and specifications in a written agreement.

Specify a change procedure.

Establish the project manager as the focal point of communications in the project organization.

Overview of the stakeholders

Types of Stakeholders in project management

Government

Project managers working in certain heavily regulated environment (e.g., pharmaceutical banking, military industries, etc.) will have to deal with government regulators and departments. These can include all or some levels from city, through county, state, and federal, to international.

External Customer

External customers are the customers when projects could be marketed to outside customers.

Types of Stakeholders in project management

Contractors, subcontractors, and suppliers

There are times when organizations don't have the expertise in-house or available resources, and work is farmed out to contractors or subcontractors. This can be a construction management foreman, network consultant, electrician, carpenter, architect, and in general anyone who is not an employee. Managing contractors or suppliers requires many of the skills needed to manage full-time project team members.

Types of Stakeholders in project management

Contractors, subcontractors, and suppliers

Any number of problems can arise with contractors or subcontractors:

- ✓ Quality of the work.
- ✓ Cost overruns
- ✓ Schedule slippage

Many projects depend on goods provided by outside suppliers. This is true for example of construction projects where lumber, nails, brick and mortar come from outside suppliers. If the supplied goods are delivered late or in short supply or of poor quality or if the price is greater than originally quoted, the project may suffer.

Depending on the project, managing relationships can consume more than half of the project manager's time. It is not purely intuitive; it involves a sophisticated skill set that includes managing conflicts, negotiating, and other interpersonal skills.

Examples of stakeholders in a project

The stakeholders in each particular project will vary depending on the type of project and industry, but here are a few examples of the types of stakeholders in project management you might need to consider:

- Project manager
- Team members
- Managers
- Resource managers
- Executives
- Senior management
- Company owners

- Investors
- Sponsors
- Financiers (the people)
- Suppliers
- Vendors
- Consultants
- Customers
- End users

Section one

Prioritizing Stakeholders

The importance of Prioritizing stakeholders

Ensures that the project plans are a reflection of the real needs and priorities

Develops an environment of trusts by allowing the voices of the stakeholders be heard and their issues be known

Makes the project accountable to the stakeholders

Enables the voices of the stakeholders to be heard and by doing that the level of trust in the relationships increases.

The importance of Prioritizing stakeholders

Promotes transparency in the actions of the project and ensures that the project is held accountable for its actions.

Increases ownership by stakeholders who feel the project is taking in account their views and motivates them to sponsor the project, which ultimately leads to sustainability.

Is a key strategy to win support to the project, to gain commitment to the project, and ultimately to increase the chances for sustainability after the project has been completed.

Prioritizing Stakeholders

Now that we've gained a solid understanding of the prioritization of tasks and risks, we can now address stakeholders: how to find them, what effects they can have on the project, and how they're affected by the project.

When it comes to finding stakeholders, the following guidelines are important to remember:

- Finding stakeholders is a team effort: Like risk identification, a more complete list requires everyone's participation. Brainstorming can be an effective tool here.
- Start early and revisit often: The team should use early project activities such as feasibility studies and requirements gathering to search for stakeholders. As the project progresses, stakeholder identification should be revisited often.

Prioritizing Stakeholders

Now that we've gained a solid understanding of the prioritization of tasks and risks, we can now address stakeholders: how to find them, what effects they can have on the project, and how they're affected by the project.

When it comes to finding stakeholders, the following guidelines are important to remember:

- Stakeholders can be groups: One common mistake is to try and identify every individual stakeholder by name. If groups of people have a similar relationship to the project, identify and manage them as a group until circumstances require a change.
- Keep a record of stakeholders: A typical format for this is the stakeholder register.

Section Two

The Content of the Stakeholder Register

The Content of the Stakeholder Register

Term definition

The stakeholder register is simply a table containing information about a project's stakeholders. The following is an example of what a basic wedding stakeholder register may look like:

ID	Name	Title	Info	Notes
3	Julia	Mother of the Bride	Santa Clara, CA	Visiting 3 weeks before
4		Parents of Bride & Groom	Orlando, FL	
5	Maria	Maid of Honor	Local	
6	Phil	Best Man	Local	
7		Wedding Party		
8	Delicioso Catering Co.	Caterer	555-1234	
9	Rev. Smith	Officiant	555-5678	
10	Uncle Joe	Guests		Likes parties
11	Bride/Groom's Family	Guests	RSVP List	
12		Guests	RSVP List	

The Content of the Stakeholder Register

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10	Uncle Joe	Guests		Likes parties
11	Bride/Groom's Family	Guests	RSVP List	
12		Guests	RSVP List	

You can find the following information on a stakeholder register:

- Names
- Titles
- Roles
- Interests
- Power
- Requirements
- Expectations
- Type of influence

The Content of the Stakeholder Register

The Stakeholder Register

You can divide the stakeholder register information into four categories:

Stakeholder Identification

Stakeholder Assessment

Stakeholder Classification

Stakeholder Communication

The Content of the Stakeholder Register

Stakeholder Identification

In this section, you will note the following:

- Name
- Title
- Contact information
- Role in the project/organization

This is an important section. There are many stakeholders and you may not interact with them all frequently. A few may be unknown to your team members and this information will be useful if you need to contact these stakeholders.

The Content of the Stakeholder Register

Stakeholder Assessment

Here you will record your assessment of each stakeholder, such as:

- Their requirements
- Their communication needs
- Their communication frequency
- Their expectations
- Their influence on the project
- Their interest and power

Project management is about stakeholder satisfaction and understanding your stakeholders' requirements, expectations, communication needs and their influence on the project. It will help you complete the project with minimal obstruction.

The Content of the Stakeholder Register

Stakeholder Classification

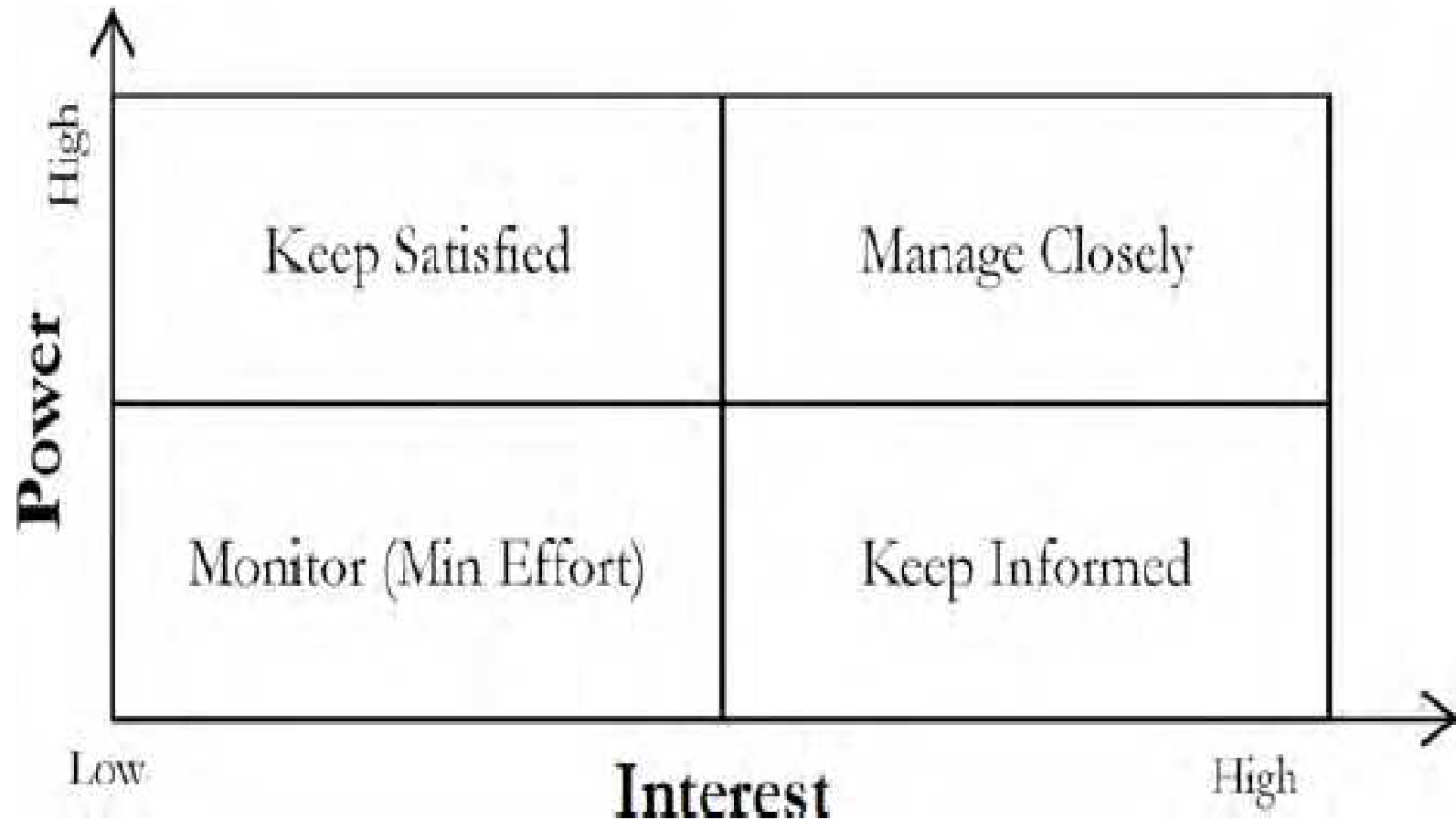
Generally, stakeholders will fall into one of four classifications:

- **Manage closely:** These stakeholders are the most important. They need to be fully engaged and will require the greatest efforts on your part.
- **Keep satisfied:** Also high in importance, these stakeholders need to be engaged because of the dramatic effect that they can have on the project.
- **Keep informed:** These stakeholders care about the project's outcome but do not represent as much risk to the project.
- **Monitor:** Although they currently represent little risk, it's important to monitor these stakeholders in case their role, interest, or risk level changes.

The Content of the Stakeholder Register

Stakeholder Classification

Generally, stakeholders will fall into one of four classifications:



The Content of the Stakeholder Register

Stakeholder Engagement Assessment Matrix

It facilitates tracking the stakeholder's progress throughout the project. Often stakeholders must be moved from the Unaware and Resistant columns to the Neutral or Supportive column during the course of the project. When this is the case, they require significant planning and resources, and I might add, solid execution of the plan.

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

C = Current D = Desired

The Content of the Stakeholder Register

Stakeholder Engagement Assessment Matrix

Every Stakeholder falls into one of the following five categories based on level of support for the project:

Unaware

They are not aware of the project and its potential impacts on them.

Resistant

They are aware of the project but not in support of it.

Neutral

They are aware of the project but have no opinion regarding their support for it.

Supportive

They are supportive of the project and wish it to succeed.

Leading

They are actively engaged in project success and willing to lend assistance to help it succeed.

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

C = Current

D = Desired

The Content of the Stakeholder Register

Stakeholder Engagement Assessment Matrix

Every Stakeholder falls into one of the following five categories based on level of support for the project:

Within the *Plan Stakeholder Management* process, classifies each stakeholder into their current status (C), and their desired status (D).

This facilitates tracking of stakeholder buy-in activities. If a stakeholder, for example, is currently in the “unaware” category but needs to move into the “supportive” category, this process can be actively tracked until the “C” and the “D” are in the same column.

Often, stakeholders start out in the “unaware” or “resistant” categories but must be moved into the “neutral” or “supportive” categories. These are difficult situations that require active management to change a stakeholder’s mind.

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

C = Current D = Desired

The Content of the Stakeholder Register

Stakeholder Communication

Every stakeholder project has unique communication needs and requirements, hence they require their own unique communication strategy. This strategy should be detailed in the communications plan, but include the following details:

- Sender and Receiver
- Content
- Method of delivery
- Frequency
- Timing
- Reason for communication

The Content of the Stakeholder Register

Stakeholder Communication

Reason for Communication

Every communication addresses an underlying need. Expressing that need within the plan often addresses the core issues that can guide future decision making and ensure the communications plan is effective in carrying out its purpose.

Frequency and Timing

Frequency and timing of stakeholder communication has tripped up many projects that have otherwise done everything right.

For example, telling a stakeholder that you wish to annex some of their land might get a favorable response when performed six months prior to the transaction, but if the communication is performed one week before the transaction the stakeholder will be offended and the project will be jeopardized. To put it another way, poorly timed communications not only lose their value, they can become negative in value (create their own problems).

The Content of the Stakeholder Register

Stakeholder Communication

Resources

Many communication channels, like web portals, open houses, newsletters and the like require resources and a budget. Commensurate upon the size of the project, these resources are defined in the communications plan. They include:

- **People:** The manpower required to produce the communications
- **Materials:** Items which are used up in the production, such as paper
- **Tools and Equipment:** Items which are required to produce the communications and returned in the same condition, such as a printer
- **Facilities:** The buildings which must be leased, purchased, or rented to house the people and equipment to produce the communications.

The Content of the Stakeholder Register

Stakeholder Communication

Confidential Information

Not all projects have confidential information, but I would suggest that there are very few projects that don't have to deal with some form of information control, like trade secrets, employee salaries, information protected under Freedom of Information and Privacy legislation, and the project budget itself. In the construction industry, the information underlying every project budget is a corporate secret that is rigorously protected from competitors.

The Content of the Stakeholder Register

Stakeholder Communication

Constraints

It may seem trivial and unlikely to affect you, but many project communications have legislative constraints that impact them. For example:

- Investor communications should not contain sensitive insider information.
- Project team communications are governed by a host of union, safety, and labor legislation.

The Content of the Stakeholder Register

Stakeholder Communication

Escalation Process

Some projects don't have a lot of bad news to give to stakeholders, but this is not the norm.

For this reason, an escalation process can be established in the communication plan prior to any conflicts taking place.

The Content of the Stakeholder Register

Stakeholder Communication

Types of Communication

They must be communicated with on their own terms and given personal attention. Each stakeholder should have a detailed plan that includes the following types of stakeholder communication:

- Phone conversations
- Team meetings
- Presentations
- Notice boards
- Newsletters, magazines or e-magazines
- Letters to staff
- Press releases
- Annual or progress reports

The Content of the Stakeholder Register

Stakeholder Communication

Types of Communication

They must be communicated with on their own terms and given personal attention. Each stakeholder should have a detailed plan that includes the following types of stakeholder communication:

- Emails and intranets
- Web portals
- Focus groups
- Consultation meetings
- Face to face, formal or informal meetings with stakeholders
- Social media

Thank You