

The Strategic Importance of Stakeholder Management

“Birds of a Feather” – Discussion Notes

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Birds of a Feather Session Topic Information	
Topic Title:	The Strategic Importance of Stakeholder Management
Topic Description:	Stakeholders make or break a project, and often Project Managers do not spend the time to effectively manage the stakeholder relationship – to the project's disadvantage. This session will cover tips and techniques from the session host and will solicit ideas.
Facilitator Name:	Sohail Thaker, MBA, PMP
Facilitator Bio:	<p>Sohail Thaker is an Associate Partner with Ethier Associates. Sohail brings over 22 years experience to the firm, with his last 10 years consulting with Ethier. He has previously worked in Africa, India and Europe, has an MBA and a PMP. Sohail has extensive experience in project management (traditional, Agile and Scrum), program management, business analysis, business process innovation, change management, and facilitation.</p> <p>Sohail has been managing projects for many years and has managed stakeholders using his understanding of how to identify and then meet their expectations.</p>
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Understanding Stakeholders

Discussion

Stakeholders make or break a project, and often Project Managers do not spend the time to effectively manage the stakeholder relationship – to the project's disadvantage. To be successful, Project Managers need to learn how to leverage the stakeholder relationship and how to balance their competing needs.

Stakeholders: Definition

The individuals and groups who depend on the Project to fulfill their own goals and on whom, in turn, the Project depends on, are called Stakeholders.

- Important to know about the differing expectations and differing definitions of project success that each stakeholder possess
- Determine to what extent they could or would exert their influence?

Power

- Extent that they are able to persuade, induce, or coerce others into following certain courses of action
- Exert power through direct authority, lobbying, or taking a position

Sources of Power

- Hierarchy – formal power, informal power, access to senior decision makers
- Control of strategic resources (e.g. budget, people) and the relative percentage in comparison to others
- Possession of knowledge and skills (e.g. specialized information)
- Control of the environment (e.g. physical, communications network in organization)
- Involvement in strategy implementation (e.g. participation in corporate direction setting)
- Representation in powerful organizations (e.g. membership on influential committees)

Group Discussion:

- What are some of the status symbols that help us identify who has power?

Stakeholder Management

PM Responsibilities re: Stakeholder Management

- Understand stakeholders
- Manage stakeholders
- Meet needs and expectations of stakeholders
- Maintain engagement - customize communication based on the above
- PM needs to possess the following excellent and mature communication skills:

○ Verbal	○ Unambiguous
○ Written	○ Accurate, honest & complete
○ Presentation	○ Audience sensitive
○ Concise / Clarity	○ Courageous



Danger Signals

PMs – pay attention to Danger Signals from stakeholders

- Interference with project (without consulting with PM first)
- Not providing support when needed
- Not attending key meetings
- Poor communication – too many layers between PM and stakeholder
- Making unfounded commitments & promises

Group Discussion:

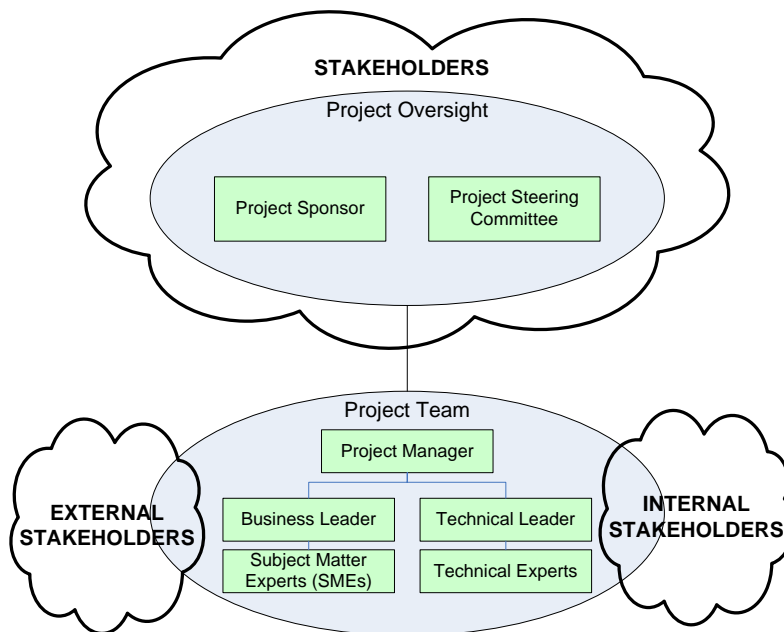
- What other “Danger Signals” should the PM be looking for?

Impact of Stakeholders on Projects

Projects

- Projects are temporary endeavors
- Given the organizational structure of projects, and the impact that stakeholders have on projects, Project Managers:
 - Have little formal authority over stakeholders
 - Must use personal power to influence
 - Are responsible for regular, planned & ad-hoc communication
 - Must establish a good relationship with the project sponsor
 - Must maintain ongoing relationships with stakeholders

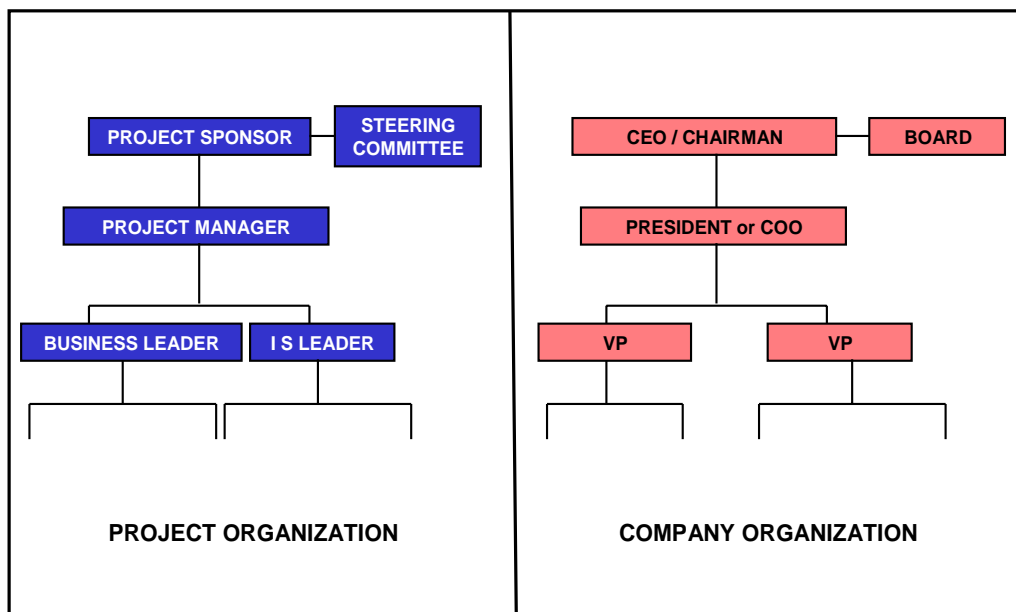
- Typical Project Organization Structure



- Examples of Internal vs. External Stakeholders

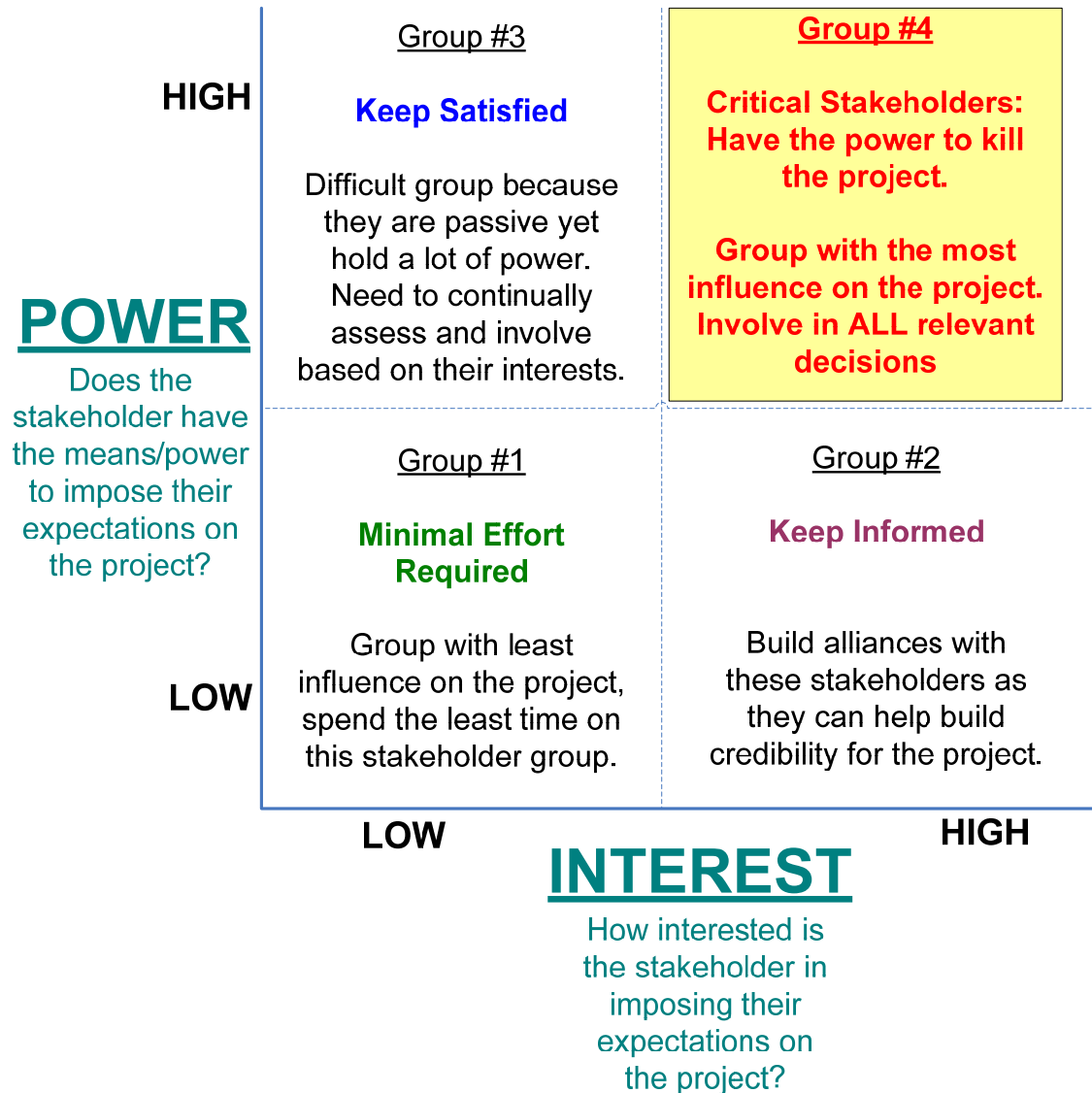
Internal Stakeholders	External Stakeholders
Project Sponsor	Customers
Functional Departments (e.g. Marketing, IT)	Regulatory / Government
Corporate Leadership	Competitors
Other Project Teams	Joint Venture Partners
Employees	Vendors
Unions	Investors / Shareholders

- Organization Structure - the project will tend to take on a structure and maturity similar to the organization.
 - Understanding the corporate structure (and its stakeholders) can help when trying to identify stakeholders for a project.
 - Recognize that the company organization structure is long-standing and is supported by established lines of communication, formal and informal. The project is temporary and does not have the advantage of these established lines of communication.



Stakeholder Analysis

The following diagram can be used to get an understanding of the stakeholders in terms of two metrics; Power and Level of Interest.



Stakeholder Analysis - Recommendations

- 1) Use the above analysis technique to understand the current stakeholder landscape
- 2) Identify current position and priority of stakeholders
 - May need to break large groups into smaller groups (e.g. IT)
- 3) Identify supporters and opponents
 - Identify what each stakeholder needs/expects from the project, risk tolerance, level of support, agenda for support or opposition
- 4) Determine if repositioning is required?
 - If repositioning a stakeholder is required - determine what needs to be done to shift power?
 - e.g. Involve stakeholder in early stages of planning
 - e.g. Invite stakeholder group - team members to key planning meetings
- 5) Maintain engagement
 - Similar to risk management, use this analysis when planning stakeholder communication
 - Prepare specific communication strategy per group
- 6) Maintain currency
 - Update the stakeholder analysis for each stage of the project
 - Update to reflect changes to the stakeholders (e.g. people leaving, added)
- 7) Critical stakeholders / steering Committee – train on roles & responsibilities
 - If stakeholders are on the Steering Committee - help them understand their role
 - Provide them with training on project governance/oversight so they can be successful
 - Don't assume they know how to oversee a project

Group Discussion:

- What challenges have you faced with managing stakeholders?
- How do you manage stakeholders that are in resistance?
- What skills have you seen, are necessary, to successfully manage the stakeholders?

References:

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