

# Stakeholder Management Guideline

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## Overview

Stakeholder is a term for identifying interested parties and dependencies. Within the context of a project, a stakeholder is any person or entity that is expected to either impact the project or to be impacted by the project.

Different stakeholders contribute differently and have different responsibilities towards a project. They will also exhibit different levels of commitment and support.

Obtaining a level of stakeholder participation, commitment and support that is compatible with their responsibility and contribution is a vital step towards successfully completing any change initiative or project.

This requires that stakeholders are actively managed from the beginning and for the entire duration of a project.

## Stakeholder Management Cycle.

The stakeholder management cycle consists of the following steps:

- Identifying, recognising and acknowledging stakeholders
- Analysing and understanding the responsibility, contribution, commitment and support of each stakeholder
- Planning and scheduling any activities that need to be performed to ensure effective participation, commitment and support
- Executing the planned activities
- Monitoring the outcomes, reviewing the stakeholder analysis and plan and taking corrective action.

Although the above steps can be initiated in a logical sequence, they can also occur concurrently and iteratively.

New stakeholders may be identified at any time prior to and during a project, existing stakeholders may be replaced or removed at any time during a project and the contribution and commitment of a stakeholder may change over time.

Stakeholder analysis and planning are typically performed together and periodically. It is recommended to perform a stakeholder analysis and planning exercise at least once for every stage of a project.

An outcome of the stakeholder analysis and planning activity is the Stakeholder Management Plan, which can either be incorporated into the master project plan or managed separately.

The most common and effective types of activity required for stakeholder management are training & development, engaging stakeholders in planning and decision making, communication and managing expectations. A separate section of this document is dedicated to each of these topics, together with a topic on managing large numbers of stakeholders.

## **Types of stakeholders in change management.**

In any project or change initiative there are three types of stakeholder. Each of these has different characteristics in terms of when and how they are identified and managed, the impact they can have on a project and the sort of activity that is required to cater for them. Specific individuals or roles may belong to more than one of these groups.

### ***Enabling Stakeholders.***

Enabling Stakeholders are people that make the project possible and facilitate its purpose, both within and outside the scope of the current implementation. They could include the Board of Directors, heads of business units, a project or programme board, a project or programme director. This group of stakeholders always includes the Project Sponsor, whoever the Project Sponsor reports to and whoever funds the project.

Enabling Stakeholders are generally identified during the Initiation Stage of a project.

### ***Project Stakeholders.***

Project Stakeholders are people that either actively participate in one or more of the activities of the project or that the project depends on for a specific product or service. They have a direct impact on the outcomes of the project.

They include people that represent various aspects of the business in business modelling, requirements management and benefits analysis workshops.

Although Project Stakeholders are distinct from Business Stakeholders (see below), the same individuals may sometimes perform both roles.

Project Stakeholders provide knowledge and guidance on the following aspects of business change.

- Business Processes and Functions
- People, Capabilities, Organisation and Leadership
- Tools, Technology and Data
- Policy and Strategy

### ***Business Stakeholders.***

Business Stakeholders include people or entities that will ultimately be accountable for the realisation of the business benefits. Business Stakeholders can both impact the project and be impacted by the project.

Business Stakeholders are generally identified during requirements analysis and benefits analysis activities, although the key Business Stakeholders could also be identified during the Initiation Stage.

# Identifying stakeholders.

There are four points of a project at which most if not all the stakeholders can be identified:

## 1. During the first interview with the Project Sponsor.

The most critical stakeholder is the Project Sponsor. It is good practice to identify and interview the Project Sponsor prior to initiating a project, investigating various aspects of the project's scope and objectives and of the sponsor's expectations. At this meeting the Project Sponsor should be asked to provide a list of the key stakeholders and an outline of their interest.

## 2. During the scope analysis activity of the Initiation Stage.

When investigating the intended scope of a project a common approach is to distinguish between what is in scope and what is out of scope. This question would normally be addressed during an initial session with the Project Sponsor and key project team members.

It is not unusual at this point to identify certain deliverables, products or services that the project depends on but that cannot clearly be defined as "in scope". Typically this arises for deliverables, products or services that are to be provided *by someone else*. The *someone else* is a Project Stakeholder, and this is an example of an external dependency.

A typical example of this could be requiring access to suitable technical and office environment and clerical support for the project team, usually provided by a facilities management or an office management function outside of the scope of the project. Another example could be depending on standards and procedures to be provided by a technical authority.

## 3. During the activity of planning the project and producing the Project Initiation Document.

A number of external dependencies are identified during the activity of planning the project, analysis risks, critical success factors, other related projects etc.

## 4. During requirements analysis and benefits analysis.

These activities are more focused on identifying Business Stakeholders. The approach used here is to identify the managers responsible for the business areas that will ultimately be impacted by the change or will be accountable for realising the business benefits.

# Analysing Stakeholders.

Once stakeholders have been identified their responsibility, contribution and commitment to the project needs to be analysed and mapped on a matrix so that critical gaps and risks can be identified and appropriate activities identified and planned. The purpose of this exercise is to identify situations where, for example, a critical stakeholder does not agree with the aims of the project, or someone who is very much committed to the project is not contributing as much as they could.

One recommended approach for performing stakeholder analysis is to perform a brainstorm session together with the Project Sponsor and possibly other key members of the project team.

After a first analysis some of the assumptions made about specific stakeholders' contribution and commitment may need to be verified, for example by interviewing them and exchanging statements of expectations, and the stakeholder map and plan updated accordingly.

Each stakeholder should be assessed based on the following attributes:

## 1. Level of contribution to the project.

The degree to which a stakeholder contributes to a project depends on a number of factors, such as the stakeholder's position and power within the organisation, the degree to which the project depends on the particular stakeholder to provide a product or service that is required, the level of "social" influence of the individual and the degree to which the individual is familiar with specific aspects of the business.

Each of these factors can be analysed in more detail during stakeholder analysis. The outcome is summarised into a contribution index, which could have the following suggested values:

- **Critical.** The stakeholder has the power to make the project succeed or to prevent it from succeeding altogether.
- **Essential.** The project can be completed even without an active contribution from the stakeholder, but this would have a serious impact on the quality of what is accomplished, or on the time and cost of accomplishing it.
- **Non-essential.** Although the stakeholder can contribute to the project, this contribution is either not essential or can be more easily obtained from other stakeholders.

## 2. Buy-in, or level of commitment to the project.

Each stakeholder will display a different level of commitment to the project. The range could be represented by the following values:

- **Committed.** The stakeholder has committed to contributing to the project, preferably in writing, and is available to do so. The commitment may be documented in the form of an agreed plan, describing what will be provided and by when, or other forms of written communication (e-mail, memo, letter, contract, statement of intent).
- **Agrees.** The stakeholder is well informed, sees value in what is being done, understands his/her contribution and is willing to provide it, although no formal commitment has been entered into.
- **Involved.** The stakeholder is participating in the work but does not fully understand what it consists of, why it is being carried out or what his/her contribution is. Other higher priority assignments may have a negative impact on their level of participation.

- **Disagrees.** The stakeholder may or may not be informed, but at any rate does not see value in the project and the work being performed, he/she would rather not be involved and in fact would prefer the work not to be carried out at all.

### 3. **Obstacles to contribution and commitment.**

Identifying any obstacles to the full contribution and commitment of a stakeholder is the first step towards identifying any activities that may serve to remove these obstacles. It is therefore a good practice to identify any such obstacles during stakeholder analysis so that they can be taken into account when planning. Obstacles could include items such as:

- Lack of knowledge and information.
- Was not sufficiently engaged during planning and decision making.
- Has not yet been requested to participate.
- Is already committed to another project or responsibility and is not available.
- Cannot be made available due to expected location and duration.
- Does not agree with the changes being proposed, sees the changes as a potential threat.
- Does not have the requisite level of authority to be able to contribute effectively.
- Does not have the requisite skills to be able to contribute effectively.
- Cannot contribute for personal reasons.
- Is in conflict with other stakeholders.
- Is an external provider and no formal agreement has yet been put in place.
- There may be doubts about the capability, stability or availability of an external supplier, consultant or contractor.

## **Creating the Stakeholder Map.**

The Stakeholder Map is a graphical representation of how stakeholders are positioned in terms of contribution and commitment.

One purpose of the Stakeholder Map is to group stakeholders into logical groups so that action plans can be developed and executed more simply for groups of stakeholders rather than for individuals.

Another purpose of the Stakeholder Map is to identify, manage and track high risk situations, such as a critical stakeholder that disagrees with the project. The following diagram shows an example of a Stakeholder Map. In this example, the Chief Auditor is a critical stakeholder and is in disagreement. There also seems to be a pattern of internal and external auditors not being in agreement and possibly preferring one of the software solutions that was not selected.

# STAKEHOLDER MAP

<b>CONTRIBUTION</b>	<b>Critical</b>	Chief Auditor	Sales Manager	Board CEO Selected Software Vendor	Project Sponsor Head of Finance CIO
	<b>Essential</b>	External Auditor	Head of Architecture & Planning	COO	Network Designer
	<b>Non-Essential</b>	Alternative Software Vendor.			Financial Analysts
		<b>Disagrees</b>	<b>Involved</b>	<b>Agrees</b>	<b>Committed</b>
<b>COMMITMENT</b>					

## Developing an action plan

Based on the positioning of stakeholders on the Stakeholder Map and on the obstacles that have been identified, appropriate activities can be listed and included in an action plan.

The main purpose of these activities is to remove the obstacles and influence stakeholders towards the top right hand edge of the stakeholder map (committed), regardless of their level of contribution. For example, the Board, the CEO and the selected software vendor could be encouraged to commit rather than just agree. The level of commitment of the Sales Manager and the Head of Architecture and Planning should also be increased.

Increasing the contribution of stakeholders that are already in agreement or committed also increases the likelihood of a successful project. In the example above the Network Designer, the Financial Analysts and the Chief Operating Officer could be given a more critical role in the project.

Special care needs to be taken when dealing with critical and essential stakeholders that are in disagreement. If it is not possible to obtain their commitment then it becomes necessary to reduce the project's dependence on their contribution (move them from critical or essential to non-essential).

The first step in dealing with disagreement should always be that of listening, understanding and acknowledging issues and concerns. In the example above, the Chief Auditor and the External Auditor may believe that the selected software solution will not be fully compliant, or they may believe that the cost estimates for the project are not believable and will threaten the financial statement. Understanding where they are coming from will make it possible to address their concerns and obtain their commitment.

## Activities available for increasing stakeholder contribution and commitment.

### ***Engaging stakeholders in the planning and decision making process***

The most common and powerful obstacle to stakeholder participation and commitment is lack of stakeholder engagement in the planning and decision making processes. This can cause stakeholders to resist committing to and supporting plans, objectives and strategies that they have not contributed to or agreed to.

On the other hand engaging stakeholders in the planning and decision making processes can be an effective way not only of obtaining their participation and involvement, but also of producing plans and decisions that are most likely to be workable.

Possibly the most effective way of engaging stakeholders in planning and decision making is by inviting them to participate in facilitated workshops and focus groups.

## ***Agreeing and assigning accountabilities***

Stakeholder accountability is possibly the most sensitive and critical component of stakeholder management. Although there is great variation between countries, cultures, industry segments and even individual companies, it is a common anecdote that stakeholders and managers in general prefer to avoid being made accountable for most outcomes. Yet stakeholder accountability is key to effective stakeholder participation and commitment.

The most likely causes of stakeholder resistance to accountability are:

- Not understanding clearly what is asked of whom. A general principle for accountability is that the person accountable for an outcome must be clearly identified, must know of it, must agree to it and must be empowered to deliver it.
- Not distinguishing between accountability and responsibility. Being accountable for an outcome means ensuring that the outcome is achieved, but not necessarily producing the outcome oneself. Accountability means producing outcomes via others, achieving via empowerment.
- Seeing accountability as a potential threat rather than as an opportunity. In some cultures and organisations management attitudes are more focused on the consequences of mistakes rather than on realising new possibilities and opportunities. Avoiding mistakes can sometimes be more costly to an organisation than making them.
- Not believing in the possibility of accomplishing the required outcome. This can be present in cultures and organisations where there is not a strong ethic of teamwork and collaboration. A manager that feels isolated and unsupported can find almost any task daunting.

A significant effort could be required to address the cultural issues that are at the source of stakeholder resistance to accountability, and this is largely outside the intended scope of this guideline.

The other activities described in this section, such as communication, training and development and engaging stakeholders in planning and decision making, should contribute significantly towards reducing stakeholder resistance to accountability.

Notwithstanding this, it is also critical to ensure that every stakeholder accountability is clearly defined, assigned, communicated and monitored. For this purpose it is good practice to utilise formal documents such as stakeholder agreements.

## ***Communicating with stakeholders***

Other common obstacles to stakeholder participation and commitment are:

- Insufficient and/or incorrect knowledge on the part of stakeholders about the context and content of a project and of the role and responsibility of the stakeholders
- Insufficient and/or incorrect understanding and acknowledgement by the project structure of the needs, issues and concerns of stakeholders
- Insufficient level of involvement of stakeholders in the day to day activities of the project
- Incorrect understanding by stakeholders of the accomplishments of the project while it is progressing, accompanied sometimes by a sense of lack of progress or loss of direction and purpose
- Stakeholders not associating sufficient positive value to the potential impact of the project

Communication is the most common and effective way of addressing these obstacles and thus influencing the participation and commitment of stakeholders throughout the duration of a project.

There are different styles of communication available to suit different circumstances and type's o f stakeholders. These include:

- Periodic broadcasts of information about the project, its achievements etc., for example via newsletters, e-mail etc...
- Posting information and announcements on notice boards
- Using discussion databases on the internet/intranet, for example for managing questions and answers
- Holding regular meeting with groups of people with a common interest.
- Distributing the minutes of meeting to key stakeholders
- Holding ad-hoc personal meetings with key stakeholders
- Using a suggestion box or similar device
- Periodic social events, such as evenings out etc.
- Use of training sessions, presentations and workshops to encourage in-depth discussion, gathering feed-back on specific issues and provoke a sense of ownership

Special care should be taken when planning communication actions related to critical stakeholders. It is advisable to select a communication style that is appropriate for their role and position.

A stakeholder's preferred style of communication is highly personal, not all executives prefer short sharp one-on-one meetings; some enjoy and derive great value from being involved in presentations and workshops.

Similarly, some executives do not enjoy being presented with a formal Stakeholder Agreement to sign; perhaps an exchange of notes might be sufficient.

Many people do not like the impersonal nature of e-mails.

The best approach is to ask critical stakeholders which style of communication they prefer.

## ***Training and Development***

Training and development aims at ensuring that stakeholders' contribution to a project or change initiative is maximised through the development of appropriate knowledge, skills and attitudes.

Training and development can be applied to:

- **Individual development.** Developing skills and capabilities that enable individuals to fully participate and contribute to the activities of the project or change initiatives.
- **Team development.** Teams consist of groups of individuals that need to work cooperatively to achieve a common objective. Different teams may be more or less effective at doing so. Team development consists of a set of activities that will cause specific teams to be effective at meeting specific objectives.
- **Leadership development.** A number of critical stakeholders are in positions of leadership, and their leadership style will have a significant impact on their contribution and commitment to the project or change initiative. There is a large body of literature relating to ways and means of developing styles of leadership that are most effective given an organisation's culture and style.

Training and development consists of the following main activities:

- **Gap Analysis:** Investigating the difference between the desired capabilities and the capabilities actually available.
- **Training needs analysis:** defining specific training objectives that will cause the gap to be filled and the desired capabilities to be available.
- **Training planning:** developing a schedule of training activities that meet the objectives of the training needs analysis within give time and cost constraints.
- **Setting training objectives** for individuals and teams: defining specific objectives that can be monitored over time to provide individuals and teams appropriate feed-back on their progress.
- **Training courses and workshops:** formal training provided to groups of participants related to specific topics.
- **Coaching and mentoring:** informal training and support provided to individuals and teams by a more experienced person.
- **Verification and feed-back:** periodically verifying the results obtained (which may include tests and examinations) and providing feed-back, acknowledgement, encouragement and motivation.

The factor that distinguishes training and development activities from other types of activity is that they aim at developing the knowledge, skills and attitude of individuals and teams and that they are based on obtaining and providing feed-back on the results produced against stated objectives and plan.

## ***Managing expectations***

Another potential obstacle to stakeholder participation and commitment is misaligned expectations.

Every stakeholder is likely to have a different viewpoint on the project and to expect different outcomes. Understanding a stakeholder's expectations makes it possible to communicate with the stakeholder in a way that will validate the stakeholder, and therefore maximise stakeholder commitment and participation. If a stakeholder's expectations are not properly understood and managed then there is a risk of causing concern and anxiety, and of losing stakeholder commitment.

One effective way of managing stakeholder expectations consists of discussing and documenting reciprocal expectations with each critical stakeholder, and reviewing these periodically. It is important to discuss not only what the stakeholder expects from the project, but also what the project expects from the stakeholder.

The most critical stakeholder regarding expectation management is the project sponsor. It is good practice to interview the project sponsor at the beginning of the project and clearly exchange a statement of expectations in terms of

- The purpose, scope and objectives of the project
- The indicators of success (what the sponsor needs to be able to observe to consider the project successful)
- The critical dependencies and stakeholders
- The likely duration and cost of the project
- The most critical risks and risk management strategy

Each of the points above should then be re-discussed with the project sponsor during each stage transition. It is likely that the project sponsor's expectations (and those of other critical stakeholders) will change as the project evolves and takes a more definite shape. It is therefore important to acknowledge, understand and address these changes.

## ***Managing large numbers of stakeholders***

Depending on the nature of the organisation, the number of people impacted by a project or programme can vary greatly. In certain cases the number of stakeholders can be very large indeed, such as in the case of projects that impact a large distributed organisation or an entire community.

In these cases special care needs to be taken in choosing means of communicating that are effective for the given audience.

As far as providing information is concerned, this can be accomplished by using various publishing media, such as the internet, e-mail, newsletters, advertising in the press. In some cases it may be appropriate and effective to set up a dedicated web site. These methods have the advantage that they allow each recipient to receive the information at a time and place that is convenient to them, however only targeted media such as letters and e-mail can ensure that the recipient will actually receive the information. It is therefore a good idea to combine the two, publishing the bulk of the information on a web site or newsletters but also using e-mail or normal mail to ensure that key messages are received.

Important announcements can also be made using web-broadcasting (web-casts), video conferencing or special announcements in the press.

A particular type of information that is important to provide to large communities is that related to changes that will impact the recipients. For example, whenever a new version of a system is about to be released all users should be informed of the impending change, what impact it will have on them, what issues have been resolved and who to call for help, advice and additional information. (The Release Note)

In some cases it is also necessary to ensure effective participation of a large number of stakeholders by also giving them an opportunity to post questions and obtaining answers. In these cases a discussion database can be set up either on the intranet or the internet. This could include a section with the most frequently asked questions (FAQs) and generic information about the project. When using a discussion database it is essential to ensure that there is a clear responsibility for reading the questions and ensuring that they are addressed adequately (The Moderator). Creating a discussion database can also contribute to generating a sense of ownership and belonging that is an important contributor to stakeholder commitment.

In other cases, however, it is necessary to facilitate interactive participation by a large distributed audience. In these cases a possible approach is to use key stakeholders in the role of “champions” or “representatives”. The “champions” participate in initial briefings and then conduct meetings with the communities that they represent, answering questions and obtaining feed-back. In these cases it is important to ensure that the champions are adequately briefed and prepared, that all questions are addressed and that all feed-back is captured, reported back and addressed. Communities can also be represented by focus groups and special interest groups.

Community meetings and discussions should be prepared by a newsletter or other publication outlining what will happen, and should also be followed up with a newsletter or other publication acknowledging the feed-back received, presenting the main findings and outlining any follow-up actions that will be taken.

## **Monitoring and managing stakeholders during the course of a project.**

Once an initial stakeholder management plan has been developed and actioned, the performance of stakeholders needs to be monitored and any support required needs to be provided promptly and effectively.

As with all the best battle plans, the stakeholder management plan is unlikely to survive the first action. Based on the outcomes actually accomplished and issues raised it will become necessary to re-align the stakeholder management plan regularly. It is recommended that the stakeholder analysis and the stakeholder management plan be reviewed at least once for each and every stage of a project.

Significant deviations from the stakeholder management plan will need to be managed as exceptions. Examples could be significant deviations in what a stakeholder will deliver, when and at what cost. Other examples could be training and development not producing the desired outcomes, or the key stakeholder leaving the organisation or changing their position of contribution and commitment in regards to the project.

Exceptions should be managed using the same process used for managing any other project issue, such as producing an exception report for the project board, escalating to the Project Sponsor or to the relevant business authority.

Once exceptions have been reported and escalated they need to be managed effectively so that the stakeholders impacted can be empowered to complete on their accountability. The action taken to address exceptions depend on the culture and management style of the organisation, but due care would need to be taken to ensure that they are addressed positively and constructively rather than simply identifying and punishing "mistakes". The willingness of managers to accept accountability for outcomes depends to a large extent on the actions taken to address exceptions.