

Outline

- Importance of Project Stakeholder Management
- Four Main Processes
 1. Identifying Stakeholders
 2. Planning Stakeholder Engagement
 3. Managing Stakeholder Engagement
 4. Monitoring Stakeholder Engagement
- Using Software to Assist in Project Stakeholder Management

Opening Case (1 of 2)

Debra Hughes took the risk of becoming an independent consultant after working her way up the corporate ladder for 10 years. Her last firm was downsizing and cut her entire strategic IT consulting department, but the firm offered her a transfer that would require her to travel about 80 percent of the time. With two small children, she did not want to travel, so she jumped at the chance to work independently.

One of her colleagues knew an IT director at a local oil company, and he offered her a contract that paid three times what she received as an employee. The problem was that the initial contract was only for two weeks. However, after she proved her value by successfully managing the first project, the company kept her on, giving her bigger and bigger projects to manage.

Her current project was to evaluate and then implement a project management software solution so the new VP of Operations, *Stephen*, could oversee the upgrade of oil refineries in several countries. The refinery upgrades were estimated to cost over \$200 million. Debra worked with an internal analyst, *Ryan*, and Stephen to determine requirements and their approach to choosing a new software solution. They needed to award a contract to a supplier within two months and then integrate the new system with their other systems, especially the accounting systems, as quickly as possible.

Opening Case (2 of 2)

Unfortunately, *Chien*, the IT director who hired Debra and authorized her paycheck every week, was very upset with her recommendation. He called her into his office and started yelling at her.

“How could you make this recommendation? You know it goes against what I think is best for IT at this company. Ryan made a totally different recommendation than you did. You consultants think you can come in and shake things up, not worrying about what happens to us after you’re gone. Get out of here before I say something I shouldn’t!”

Debra quietly left Chien’s office, worrying about what to do next. She knew that her recommendation would please Stephen and be in the best interest of the entire company, even though it was *not* the choice that Chien and Ryan were promoting.

Importance of Project Stakeholder Management (1 of 4)

- Stakeholders are an important part of the *P.M.* framework
 - Stakeholders *request* projects, *approve* projects, *reject* projects, *support* projects, and *oppose* projects.
 - Because stakeholder management is so important to project success, the *P.M.I.* created it as the *10th* knowledge area in 2013
- Objectives of stakeholder management
 - i. Identify all people or organizations affected by a project
 - ii. Analyze stakeholder expectations
 - iii. Effectively engage stakeholders in project decisions throughout the life of a project
- Project teams must *maintain a good relationship* with stakeholders and *address issues* as they occur to ensure stakeholder satisfaction

Importance of Project Stakeholder Management (2 of 4)

- Projects often cause changes in organizations, and some people may lose their jobs when a project is completed
 - For example, a project might create a new system that *makes some jobs obsolete*, or a project might result in outsourcing work to an external group to *make the organization more efficient*.
 - Project managers might be viewed as **enemies** by those *negatively* affected stakeholders.
 - They could also be viewed as **allies** if they lead a project that helps increase profits, produce new jobs, or increase pay for certain stakeholders.
- In any case, project managers **MUST** learn to *identify*, *understand*, and *work with* a variety of stakeholders

What Went Wrong?

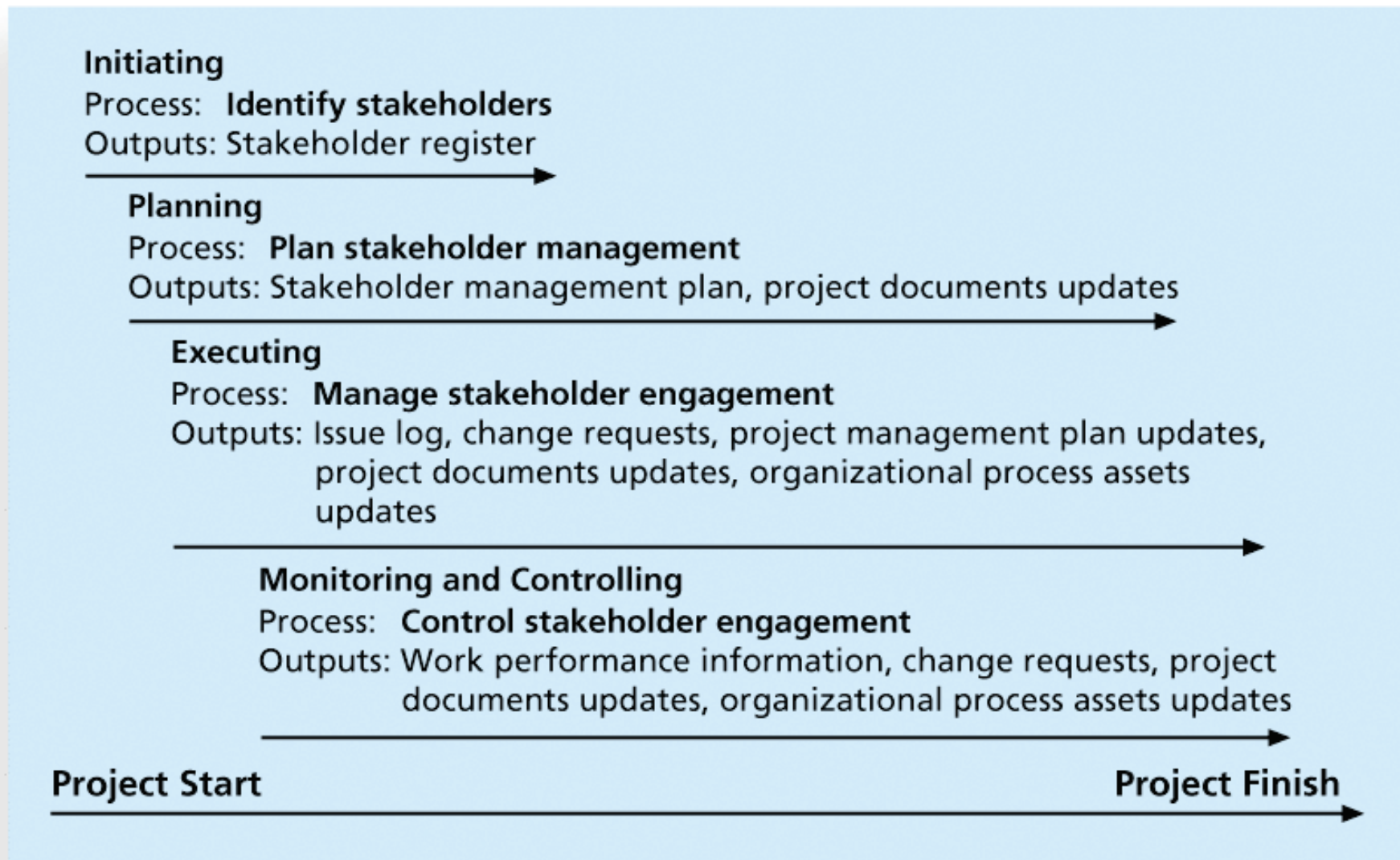
- *Changing the way work is done* can send a shock wave through an organization, leaving many people afraid and even thinking about ways to stop or sabotage a project.
- Situations that can lead to project sabotage
 - ***Buy-in blues***: Top-down support and early buy-in for projects are crucial. Allowing negativity to fester will decrease the likelihood of project success. *Deal with protesters early.*
 - ***Short-term profits***: Cutting costs for immediate payoff will sacrifice the future health of an organization and its employees. *Avoid projects that focus only on the short term.*
 - ***Overachieving***: Trying to do too many things at the same time introduces waste and significantly slows down progress. *Focus on the most important projects first.*
 - ***Lack of respect***: Disrespect people, and they will retaliate. Disrespect customers, and they'll find someone who will treat them better.

Importance of Project Stakeholder Management (3 of 4)

■ Four processes of stakeholder management

1. **Identify stakeholders:** *identify everyone* involved in or affected by a project and *determine* the best ways to manage relationships with them. The main output is *a stakeholder register*.
2. **Plan stakeholder management:** determine strategies to effectively engage stakeholders in project decisions and activities based on their *needs*, *interests*, and *potential impact*. Output is *a stakeholder engagement plan*.
3. **Manage stakeholder engagement:** communicate and work with project stakeholders to satisfy their needs and expectations, resolve issues, and foster engagement in project decisions and activities.
4. **Monitor stakeholder engagement:** *monitor stakeholder relationships* and *adjust* plans and strategies for engaging stakeholders as needed.

Importance of Project Stakeholder Management (4 of 4)



Identify Stakeholders (1 of 6)

- Stakeholders are *internal* or *external* people involved in or affected by project activities
 - *Internal project stakeholders* include *the project sponsor, project team, support staff, and internal customers* for the project. Also include *top management, other functional managers, and other project managers* because *organizations have limited resources*.
 - *External project stakeholders* include *the project's external customers, competitors, suppliers, and other external groups* that are potentially involved in or affected by the project, such as government officials and *concerned citizens*.
- Important to use *formal and informal communications* networks to make sure that *all key stakeholders* are identified.
 - Focus on the *few stakeholders with the most direct ties* to a project and who are *critical to the project's success*.

Focusing on all stakeholders would waste precious time and resources.

Identify Stakeholders (2 of 6)

- **Stakeholder register** documents basic information on stakeholders. It can take various forms and include the following information:
 1. **Identification information**: stakeholders' names, positions, locations, roles in the project, and contact information.
 2. **Assessment information**: stakeholders' *major requirements* and *expectations, potential influences, and phases of the project* in which stakeholders have the most interest.
 3. **Stakeholder classification**: is the stakeholder **internal or external**? Is the stakeholder a supporter of the project or resistant to it?
- Since the stakeholder register is available to other people in the organization, it should **NOT** include **sensitive** information
 - Such as how strongly the stakeholders *support* or *resist* the project or *how much power* they have

Identify Stakeholders (3 of 6)

- Table 13-1 provides an example of part of the stakeholder register for the project described in the chapter's opening case
 - Some stakeholders, such as Debra's husband and children, are not included on this list, even though they are *important* stakeholders to Debra!

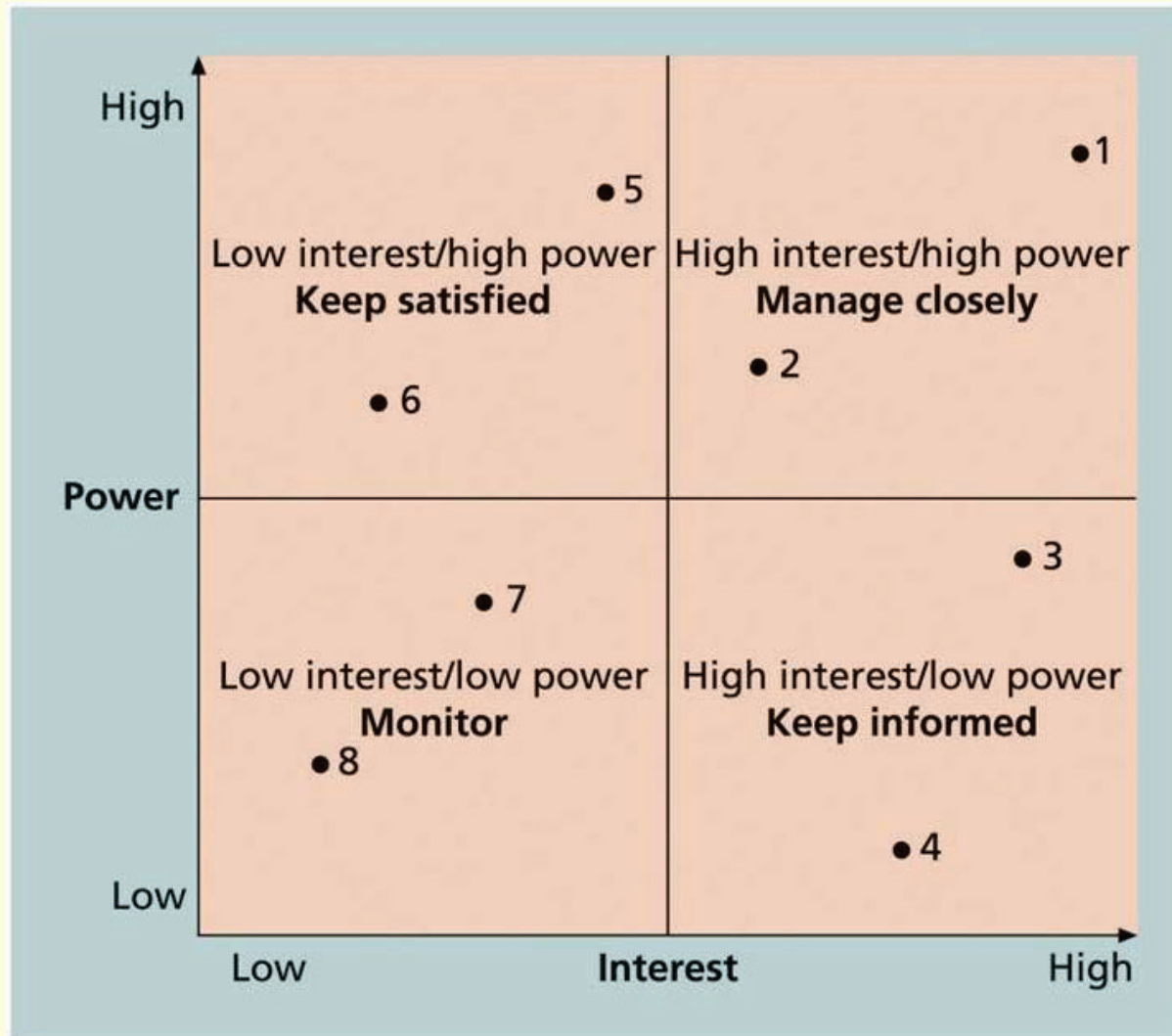
| Name | Position | Internal/ External | Project Role | Contact Information |
|-----------|----------------------|-----------------------|---------------------------------------|-----------------------|
| Stephen | VP of Operations | Internal | Project sponsor | stephen@globaloil.com |
| Betsy | CFO | Internal | Senior manager, approves funds | betsy@globaloil.com |
| Chien | CIO | Internal | Senior manager, PM's boss | chien@globaloil.com |
| Ryan | IT analyst | Internal | Team member | ryan@globaloil.com |
| Lori | Director, Accounting | Internal | Senior manager | lori@globaloil.com |
| Sanjay | Director, Refineries | Internal | Senior manager of largest refinery | sanjay@globaloil.com |
| Debra | Consultant | Internal | Project manager | debra@gmail.com |
| Suppliers | Suppliers | External | Supply software | suppliers@gmail.com |

Table 13-1 Sample stakeholder register

Identify Stakeholders (4 of 6)

- **Stakeholder analysis** is a technique for analyzing information to determine
 1. which stakeholders' **interests** to focus on, and
 2. **how** to increase stakeholder **support** throughout the project
- Different classification **models** can be used to determine an approach for **managing relationships** with key project stakeholders
 - A **power/interest grid** can be used to group stakeholders based on *their level of authority* (power) and *their level of concern* (interest) for project outcomes, as shown in Figure 13-2
 1. Low Power & Low Interest => Monitor
 2. Low Power & High Interest => Keep Informed
 3. High Power & Low Interest => Keep Satisfied
 4. High Power & High Interest => Manage (Relationships) Closely
 - Be careful to control access to this *sensitive* information

Identify Stakeholders (5 of 6)



Source: Kathy Schwalbe, *An Introduction to Project Management*, Fourth Edition (2012)

FIGURE 13-2 Power/interest grid

Identify Stakeholders (6 of 6)

- Important to measure **the engagement level** of stakeholders throughout the project
参与度
 1. **Unaware**: unaware of the project and its potential impacts on them
 2. **Resistant**: aware of the project *yet* **resistant to change**
 3. **Neutral**: aware of the project *yet* neither supportive nor resistant
 4. **Supportive**: aware of the project *and* **supportive of change**
 5. **Leading**: aware of the project and its potential impacts, *and* actively engaged in helping it succeed
- The project team should **take corrective actions** if stakeholders with High interest and **High power** are categorized as *resistant* or *unaware*
- Another common problem with stakeholders, especially project sponsors, is that they support a project *but* have **unreasonable expectations**
 - Can be difficult to say “No” to them, as described in the next Slide

What Went Right?

- Instead of just saying “No” when your project sponsor asks for something unreasonable, it is better to
 - i. explain what is wrong with the request, and
 - ii. present a realistic way to solve the problem at hand
- Christa Ferguson, a *PMP*® and independent program manager, described how she handled a request from a project sponsor to deliver a new tablet device in two months when she knew she would need more time.
 - She knew the *RFQ* for the effort alone would take almost one month. She quickly researched the facts to propose a realistic delivery schedule.

“I created a timeline for the RFQ and requested the companies quoting the job to include a breakdown of the work required with a high-level schedule. Then we could see the project was going to take at least six months to complete.

By creating a factual, data-driven picture of the situation, I didn’t have to explain anything other than what work had to be done and how long it would take. Our sponsor reset expectations once he learned what it took to produce the tablets.”

Plan Stakeholder Management (1 of 3)

- The next step is to develop a **stakeholder engagement plan**
 - Help project teams *effectively* **engage stakeholders** and make sure that good decisions are made throughout the life of the project
 - Can be **formal or informal**, based on the **needs** of the project
- Content of stakeholder management plan
 - i. *Current and desired engagement levels.* If these levels are not the same, the project team should develop a strategy to align engagement levels.
 - ii. *Interrelationships between stakeholders.* There are many interrelationships between project activities and stakeholders.
 - iii. *Communication requirements.* The communications management plan and the stakeholder register should specify stakeholder requirements.
 - iv. *Potential management strategies for each stakeholder.* This critical section can contain very sensitive information.
 - v. *Methods for updating the plan.*

Plan Stakeholder Management (2 of 3)

- Stakeholder management plan should **NOT** be part of the official project documents, because it often includes **sensitive information**
 - In many cases, only project managers and a few other team members should prepare the stakeholder management plan. And parts of it are not written down, and if they are, **distribution is strictly limited**.
- Table 13-2 provides an example of parts of a stakeholder management plan Debra could use to help manage project stakeholders in the *Opening Case*
- Important for project managers to take the time to develop this plan, which helps them meet stakeholder needs and expectations
 - The plan should be updated when **new stakeholders** are added to the project and more information is provided.

Plan Stakeholder Management (3 of 3)

| Name | Power/ Interest | Current Engagement | Potential Management Strategies |
|---------|--------------------|-----------------------|--|
| Stephen | High/high | Leading | Stephen can seem intimidating due to his physical stature and deep voice, but he has a great personality and sense of humor. He previously led a similar refinery upgrade program at another company and knows what he wants. Manage closely and ask for his advice as needed. He likes short, frequent updates in person. |
| Chien | High/ medium | Resistant | Chien is a very organized yet hardheaded man. He has been pushing corporate IT standards, and the system the PM and sponsor (Debra and Stephen) like best goes against those standards, even though it's the best solution for this project and the company as a whole. Need to convince him that this is okay and that people still respect his work and position. |
| Ryan | Medium/ high | Supportive | Ryan has been with the company for several years and is well respected, but he feels threatened by Debra. He also resents her getting paid more than he does. He wants to please his boss, Chien, first and foremost. Need to convince him that the suggested solution is in everyone's best interest. |
| Betsy | High/low | Neutral | Very professional, logical person. Gets along well with Chien. She has supported Debra in approving past projects with strong business cases. Provide detailed financial justification for the suggested solution to keep her satisfied. Also ask her to talk to Chien on Debra's behalf. |

Table 13-2 Sample stakeholder analysis

Manage Stakeholder Engagement (1 of 4)

- MUST understand and work with various stakeholders
 - Project success is often defined as **satisfying the customer or sponsor**
 - Project managers should specifically address how to use various communications methods and their interpersonal and management skills to engage stakeholders
- Project sponsors usually rank **scope, time, and cost goals** in order of importance and provide guidelines on how to balance these goals
 - **Expectations management matrix** includes a list of measures of success as well as **priorities, expectations, and guidelines** related to each measure
 - Table 13-3 shows part of an expectations management matrix Debra could use to help manage key stakeholders
 - The challenge comes when key stakeholders **disagree on priorities**. Project managers must **acknowledge these different priorities** and **make tough decisions about what to do**.

Manage Stakeholder Engagement (2 of 4)

| Measure of Success | Priority | Expectations | Guidelines |
|------------------------|----------|--|---|
| Scope | 1 | The scope statement clearly defines mandatory requirements and optional requirements. | Focus on meeting mandatory requirements before considering optional ones. In this case, following corporate IT standards is optional. |
| Time | 1 | There is little give in the project completion date. The schedule is very realistic. | The project sponsor must be alerted if any issues might affect meeting schedule goals. |
| Cost | 3 | This project is crucial to the organization. If you can clearly justify the need for more funds, they can be made available. | There are strict rules for project expenditures and escalation procedures. Cost is very important, but it takes a back seat to meeting schedule and then scope goals. |
| Technology / standards | 2 | There are several potential solutions available, but only one that meets all of the sponsor's technical requirements, especially for accounting. | While corporate IT standards are important, an exception makes sense in this case. |

Table 13-3 Expectations management matrix

Manage Stakeholder Engagement (3 of 4)

- Understanding the stakeholders' expectations can help in managing issues
 - For example, if the project manager knows that cost is *not* as high a priority as the schedule, it shouldn't be difficult to ask the project sponsor for needed funds, provided that the request makes sense.
- An issue log is a tool used to document, monitor, and track issues that need resolution
 - Unresolved issues can be a major source of conflict and result in stakeholder expectations not being met.
 - PMI lists the issue log as an output of *Project Integration Management*, and updating it is an important output of *Project Stakeholder Management*
- Issues can also be updated in other knowledge areas
 - For example, issues can be documented for requirements, procurement, staffing, and stakeholders must be informed about these issues and engaged in the process of addressing them.

Manage Stakeholder Engagement (4 of 4)

- Table 13-4 provides a sample issue log that Debra could use to help document and manage issues on her project
 - Many project managers **sort issues by priority** and focus on **resolving the high-priority issues first**.

| Issue # | Description | Impact | Date Reported | Report ed By | Assigned to | Priority (H/M/L) | Due Date | Status | Comments |
|---------|--|----------------------------------|---------------|--------------|-------------|------------------|----------|--------|--|
| 1 | Need requirements categorized as mandatory and optional | Cannot do much without it | Feb. 4 | Ryan | Stephen | H | Feb. 8 | Closed | Requirements clearly labeled |
| 2 | Need shorter list of potential suppliers — no more than 10 | Will delay evaluation without it | Feb. 6 | Debra | Ryan | H | Feb. 12 | Open | Almost finished; needed requirements categorized first |
| Etc. | | | | | | | | | |

Table 13-4 Sample issue log

Best Practice

- Project managers are often faced with challenges, especially in managing stakeholders. Sometimes they simply **cannot meet requests** from important stakeholders.
- Suggestions for handling such situations
 1. ***Be clear from the start.*** Project managers should emphasize the importance of their projects to the entire organization.
 2. ***Explain the consequences.*** Project managers should explain the consequences of various decisions. Senior managers may not like a decision, but if you present its logic, they will be more open to accepting it.
 3. ***Have a contingency plan.*** There are many forms of contingency plans.
 4. ***Avoid surprises.*** Be honest about project challenges so that actions can be taken.
 5. ***Take a stand.*** Project managers do *make a difference* in leading their projects, and part of the job is ***acknowledging the need for change***. Step it up saying “*We cannot get this done and this is the way it is.*”

Monitor Stakeholder Engagement

(1 of 2)

- You cannot control stakeholders, but you can monitor their level of engagement
 - **Engagement** involves a **dialogue** (e.g., communication session) in which people seek *understanding* and *solutions* to issues of mutual concern.
- Many teachers are familiar with various techniques for engaging students
 - Important to set the proper tone at the beginning of a class or project.

For example, if a teacher does nothing but lecture on the first day of class or criticizes the first student who offers a comment, students will quickly decide that their best strategy is to keep quiet and maybe not even attend class.

By contrast, if the teacher uses many activities to get all students to speak or use technology to participate, students will expect to be active participants in future classes.

Monitor Stakeholder Engagement

(2 of 2)

- Just like teachers, project managers need to **set the stage** for engaging project stakeholders **early** in the project

For example, key stakeholders should be invited to actively participate in a kick-off meeting rather than merely attend it.

The project manager should emphasize that a dialogue is expected at the meeting, using whatever means of communication the stakeholders prefer. It is also helpful for the project manager to meet with important stakeholders before the kick-off meeting.

- The project schedule should include *activities* and *deliverables* related to stakeholder engagement
 - Such as *surveys*, *reviews*, *demonstrations*, and *sign-offs*.
 - Some IT projects invite important stakeholders (e.g., key customers of IT systems) to be members of the project teams.

Media Snapshot

- Many people today like to interact *via* text messages
 - Ellen DeGeneres, a popular comedian with her own TV show, likes to poke fun at text messages in a segment based on **amusing errors** caused by cell phone auto-correct features
- Besides watching out for **auto-correct errors** when messaging, users must also be careful *whom they reply to* and *what they say in reply*.



Use Software to Assist in Project Stakeholder Management (1 of 2)

- ***Productivity software*** like *word processors, spreadsheets, and presentation* software can aid in creating various documents related to stakeholder management
- ***Communications software*** like *e-mail, blogs, websites, texts, and tweets* can aid in stakeholder communications
- ***Collaboration tools*** like *Google Docs, wikis, and virtual meeting software* can also promote stakeholder engagement in projects
- ***Social media*** can also help engage stakeholders
 - ***Examples:*** blogs, collaboration tools, instant messaging, microblogs like WeChat, Twitter, and Facebook, podcasts, RSS, social networks, vodcasts (video podcasts), webinars, and wikis.
 - Many professionals use ***LinkedIn*** to connect with other professionals. It has thousands of groups for *project management* professionals.

Use Software to Assist in Project Stakeholder Management (2 of 2)

- Elizabeth Harrin, the author of [Social Media for Project Managers](#), describes **the pros and cons** of several social media tools and provides advice for *when to use social media* and *when NOT to use it*.

“Making social media work on your projects can be a project in itself.... Individual, team, organizational, and cultural biases and influences can play a significant part in how far you explore the road to project-based social media efforts and how successful you are.”

--- *Len O’Neal, Online Content and Strategy Manager for PMI*

- Crucial for project teams to monitor stakeholder engagement to meet their needs and expectations, *NOT* to show off the latest technology
 - A lot of stakeholder engagement requires *old-fashioned* techniques like talking to someone!

“A fool with a tool is still just a fool.”

Global Issues

- The U.K. government scrapped its £11.4 billion national healthcare IT initiative in Sep. 2011 after it failed to deliver the promised benefits
 - This project was just one in a series of **high-profile failures** in the U.K.
- In response, the government decided to send its project managers back to school
 - It partnered with the *University of Oxford* and the *Deloitte consulting firm* to establish the Major Projects Leadership Academy (MPLA) in Oxford, England.
 - MPLA aims to reduce the overreliance on expensive external consultants and build expertise within the civil service.
 - MPLA enrolls over 100 major project leaders each year.

*“Three years ago, about **one-third** of the government’s major projects were delivered on time and to budget... now this is nearly **two-thirds**.”* Said Paul Chapman, Head of MPLA

Case Wrap-Up

Debra let Chien cool down a while before entering his office again. She realized that she needed his signature on an important document.

“Are you going to yell at me again?” she asked.

Chien smiled and apologized for being so upset earlier. He was very happy with Debra’s performance and knew that she was an asset to the company. He explained how hard it was for him to try to develop and enforce IT standards, especially when a new VP like Stephen comes in and gets what he wants so easily.

Debra explained that the software solution she recommended was the only one that would integrate well with the various accounting systems at refineries in other countries. She described some of the technical details she learned after meeting with *the Director of Accounting*, and Stephen knew it was essential to keep track of costs well on such a huge project.

Chien agreed that upgrading the oil refineries quickly and cost-effectively was **the top priority** for the company now. He told Debra that he trusted her objective analysis in making the best recommendation. He also told her that it took a lot of guts to go against him and Ryan, but he knew now that it was best for the company as a whole.

Complementary Reading

- Chapter 13 “*Project Stakeholder Management*” of Schwalbe (2018)
- Chapter 13 “*Project Stakeholder Management*” in Part 1 of *PMBOK® Guide* (2017)