

## FOCUSING ON STAKEHOLDER NEEDS

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Recall from Chapter 1 that project stakeholders are the people involved in or affected by project activities. Stakeholders can be internal or external to the organization, directly involved in the project, or simply affected by the project. Internal project stakeholders include the project sponsor, project team, support staff, and internal customers of the project. Other internal stakeholders include top management, other functional managers, and other project managers. Projects affect these additional internal stakeholders because they use the organization's limited resources. Thus, while additional internal stakeholders may not be directly involved in the project, they are still stakeholders because the project affects them in some way. External project stakeholders include the project's customers (if they are external to the organization), competitors, suppliers, and other external groups potentially involved in the project or affected by it, such as government officials or concerned citizens.

Because the purpose of project management is to meet project requirements and satisfy stakeholders, it is critical that project managers take adequate time to identify,

understand, and manage relationships with all project stakeholders. Using the four frames of organizations to think about project stakeholders can help you meet their expectations. See Chapter 13, Project Stakeholder Management, for more information.

Consider again the tablet project from the opening case. Tom Walters seemed to focus on just a few internal project stakeholders. He viewed only part of the structural frame of the college. Because his department would do most of the work in administering the tablet project, he concentrated on those stakeholders. He did not even involve the main customers for this project—the students at the college. Even though Tom sent an e-mail to faculty and staff, he did not hold meetings with senior administrators or faculty at the college. Tom's view of the project stakeholders was very limited.

During the faculty meeting, it became evident that the tablet project had many stakeholders in addition to the IT department and students. If Tom had expanded his view of the structural frame of his organization by reviewing an organizational chart for the entire college, he could have identified other key stakeholders. He would have been able to see that the project would affect academic department heads and members of different administrative areas, especially if he wanted faculty members to develop customized course materials themselves. If Tom had focused on the human resources frame, he would have been able to tap into his knowledge of the school and identify people who would most support or oppose requiring tablets. By using the political frame, Tom could have considered the main interest groups that would be most affected by the project's outcome. Had he used the symbolic frame, Tom could have tried to address what moving to a tablet environment would really mean for the college. He then could have anticipated some of the opposition from people who were not in favor of increasing the use of technology on campus. He also could have solicited a strong endorsement from the college president or dean before talking at the faculty meeting.

Tom Walters, like many new project managers, learned the hard way that technical and analytical skills were not enough to guarantee success in project management. To be more effective, he had to identify and address the needs of different stakeholders and understand how his project related to the entire organization. And unlike the NFL, his college was not being paid to use tablets, as described in the following Media Snapshot.



## MEDIA SNAPSHOT

Prior to the 2014 football season, Microsoft paid the NFL \$400 million as part of a five-year deal to use their Surface as “the official tablet of the NFL.” The Microsoft logo is on the tablets as well as the replay monitors used by officials. The Surfaces replaced banks of printers used in the past to print out images of each play, a slow, wasteful process. The Surfaces run a special app that links with cameras to provide instant video of plays. Users can review plays over and over again and mark up images with a stylus. All 32 NFL teams were involved, and the deal was renewed for a sixth year in 2017. Yusuf Mehdi, corporate vice president at Microsoft, said, “We’re excited to help the NFL change the game with Surface devices being used by players and coaches on the sidelines

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to make more informed decisions, referees using Surface for instant replay to enhance the speed of the game, and teams using Microsoft products in their business and football operations.”<sup>5</sup>

Was it a smooth transition to using the tablets? Not quite. During week one of the season at least two television announcers mistakenly referred to the tablets as iPads, giving Apple unexpected exposure. Microsoft also had to defend the use of tablets after the New England Patriots stopped using them. Coach Bill Belichick “ranted that he was ‘done with the tablets’ during a five-minute-long expression of pure frustration at the Surface tablets and the technology surrounding them. ‘I’m going to stick with pictures, which several of our other coaches do, as well, because there just isn’t enough consistency in the performance of the tablets. I just can’t take it anymore,’ said Belichick, weeks after smashing a Surface tablet on the sidelines.”<sup>6</sup>

## The Importance of Top Management Commitment

A very important factor in helping project managers successfully lead projects is the level of commitment and support they receive from top management. Without this commitment, many projects will fail. Some projects have a senior manager called a **champion** who acts as a key advocate for a project. The sponsor can serve as the champion, but often another manager can more successfully take on this role. As described earlier, projects are part of the larger organizational environment, and many factors that might affect a project are out of the project manager’s control. Several studies cite executive support as one of the key factors associated with virtually all project success.

Top management commitment is crucial to project managers for the following reasons:

- Project managers need adequate resources. The best way to kill a project is to withhold the required money, human resources, and visibility. If project managers have top management commitment, they will also have adequate resources and not be distracted by events that do not affect their specific projects.
- Project managers often require approval for unique project needs in a timely manner. For example, on large IT projects, top management must understand that unexpected problems may result from the nature of the products being developed and the specific skills of people on the project team. The team might need additional hardware and software halfway through the project for proper testing, or the project manager might need to offer special pay and benefits to attract and retain key project personnel. With top management commitment, project managers can meet these needs.
- Project managers must have cooperation from people in other parts of the organization. Because most IT projects cut across functional areas, top management must help project managers deal with the political issues that often arise. If certain functional managers are not responding to project managers’ requests for necessary information, top management must step in to encourage the functional managers to cooperate.
- Project managers often need someone to mentor and coach them on leadership issues. Many IT project managers come from technical positions

and are inexperienced as managers. Senior managers should take the time to give advice on how to be good leaders. They should encourage new project managers to take classes to develop leadership skills and allocate the time and funds for managers to do so.

IT project managers work best in an environment in which top management values IT. Working in an organization that values good project management and sets standards for its use also helps project managers succeed.

### The Need for Organizational Commitment to Information Technology

Another factor that affects the success of IT projects is the organization's commitment to IT in general. It is very difficult for an IT project to be successful if the organization itself does not value IT. Many companies have realized that IT is integral to their business and have created a vice president or equivalent position for the head of IT, often called the Chief Information Officer (CIO). Some companies assign people from non-IT areas to work full time on large projects and increase involvement from end users of the systems. Some CEOs even take a strong leadership role in promoting the use of IT in their organizations and empower employees to use IT effectively.



#### BEST PRACTICE

A major element of good practice concerns **IT governance**, which addresses the authority for and control of key IT activities in organizations, including IT infrastructure, IT use, and project management. (The term *project governance* can also be used to describe a uniform method of controlling all types of projects.) The IT Governance Institute (ITGI) was established in 1998 to advance international thinking and standards in directing and controlling an organization's use of technology. Effective IT governance helps ensure that IT supports business goals, maximizes investment in IT, and addresses IT-related risks and opportunities. A 2004 book by Peter Weill and Jeanne Ross titled *IT Governance: How Top Performers Manage IT Decision Rights for Superior Results*<sup>7</sup> includes research indicating that firms with superior IT governance systems have 20 percent higher profits than firms with poor governance.

A lack of IT governance can be dangerous, as evidenced by three well-publicized IT project failures in Australia: Sydney Water's customer relationship management system, the Royal Melbourne Institute of Technology's academic management system, and One. Tel's billing system. Researchers explained how these projects were catastrophic for their organizations, primarily due to a severe lack of IT governance, which the researchers dubbed *managerial IT unconsciousness* in a subsequent article:

"All three projects suffered from poor IT governance. Senior management in all three organizations had not ensured that prudent checks and balances were in place to enable them to monitor either the progress of the projects or the alignment and impact of the new systems on their business. Proper governance, particularly with respect to financial matters, auditing, and contract management, was not evident. Also, project-level planning and control were notably absent or inadequate—with the result that project status reports to management were unrealistic, inaccurate, and misleading."<sup>8</sup>

The leadership style of the CIO plays a crucial role in gaining organizational commitment to IT as well as motivation and support for IT workers. A survey found that 76 percent of CIOs in companies in Europe, the Middle East, and Africa (EMEA) need to adapt their leadership style to fully embrace digital business. “Command-and-control leadership doesn’t suit this digital world,” said Dave Aron, vice president and Gartner Fellow. “In fact, it can be an obstacle. Vision and inspiration are typically the most powerful attributes of digital leaders. CIOs must accept to flip from ‘control first’ to vision first. In EMEA, 65 percent of CIOs said that they need to decrease their time on commanding IT, while 45 percent of them said they need to increase their visionary leadership.”<sup>9</sup>

Empowering employees at all levels to effectively use IT is also crucial. For example, Hilton Worldwide won a prestigious Customer Relationship Management (CRM) award by enabling its employees to create their own solution for improving customer service and loyalty. In addition to using the company’s Satisfaction and Loyalty Tracking (SALT) customer analytics software to deliver key information in a timely manner, team members created a more personal process to focus on using data to improve the guest experience called HEART: Hear the Guest; Empathize with the Guest; Apologize to the Guest; Resolve the Issue; and Thank the Guest. By following this process along with timely data, Hilton Worldwide dramatically increased its customer loyalty score, which leads to higher profits.<sup>10</sup>

### The Need for Organizational Standards

Another problem in most organizations is a lack of standards or guidelines to follow when performing project management. These standards or guidelines might be as simple as providing standard forms or templates for common project documents, examples of good project management plans, or guidelines for how project managers should provide status information to top management. The content of a project management plan and instructions for providing status information might seem like common sense to senior managers, but many new IT project managers have never created plans or created a nontechnical status report. Top management must support the development of these standards and guidelines, and encourage or even enforce their use. For example, an organization might require all potential project information to be reported in a standard format to make project portfolio management decisions. If a project manager does not submit a potential project in the proper format, it could be rejected.

As you saw in Chapter 1, some organizations invest heavily in project management by creating a project management office or center of excellence, which assists project managers in achieving project goals and maintaining project governance. Rachel Hollstadt, founder and retired CEO of a project management consulting firm, suggests that organizations consider adding a new position, a Chief Project Officer (CPO). Some organizations develop career paths for project managers; some require that all project managers have Project Management Professional (PMP®) certification and that all employees have some type of project management training. The implementation of such standards demonstrates an organization’s commitment to project management.