Importance of managing stakeholder communications and stakeholder expectations

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Executive Summary

This report aims to demonstrate that managing stakeholders is a complex but important aspect of the software development process, and stakeholders significantly impact the project's success. Considering that stakeholders have the potential to impact the project or may be affected by the project, they are key factors that can influence its success. Thus, it is crucial to identify stakeholders, understand their needs and expectations, strive to meet these requirements, and manage unexpected results when the project does not meet stakeholders' requirements and expectations. In addition to providing evidence to support the central message and demonstrating how stakeholder communication and stakeholder expectations management are handled in general, the discussion also explores approaches to handling projects that fail to meet stakeholders' expectations.

The report concludes that stakeholder communication is most efficient and direct when done in person, and the expectations of stakeholders are best assessed using models of customer satisfaction gaps. The project manager should notify stakeholders as soon as possible when a project fails to meet expectations before delivery in order to redefine expectations and avoid encountering the same issue again. Nevertheless, when the project fails to meet the expectations upon delivery, the project team should explain why they were unable to meet the expectations and rectify the situation as much as possible. Modifying a project or redefining expectations are huge expenses, so the best way to avoid them is to communicate with stakeholders and manage expectations.

Introduction

The purpose of project management is to increase the probability of project success by ensuring that projects meet the needs and expectations of stakeholders [1]. A project stakeholder is someone who is affected by the project's outcome or who has some influence over it [2,3]. Project stakeholders include more than just product managers and team members. Customers that will use the product, businesses or governments that fund the project, and the CEO who gave the project the green light are all stakeholders [4]. Stakeholder expectations refer to what each stakeholder expects to gain from the project, or how they expect it to be conducted. In a software project, managing stakeholders' expectations is one of the most crucial steps. Unfortunately,

these expectations are not always met in full. The project may be delayed or even fail if stakeholders' expectations are not well managed at this point. For a project to succeed, it is very important to manage stakeholder expectations.

The project manager is responsible for managing the stakeholders' expectations in a project. An effective project manager should identify who the key stakeholders are, classify them, and determine their initial expectations before the project begins. This step allows the team to fully comprehend the problem they are trying to solve and gain familiarity with the client organisation. Stakeholders' expectations should be managed constantly throughout the project. As stakeholders' requirements change, the project manager needs to collect their views promptly and discuss how the project team should alter the work plan of the project team. Keeping stakeholders informed about the project's progress and involved in decision-making facilitates progress. If a stakeholder is unsatisfied, the project manager must explain the situation and provide a solution. In other words, stakeholder management is integral to the entire project. How the project manager communicates with stakeholders is also essential. With the right approach, it can accomplish more with less. An effective communication method can increase stakeholder satisfaction and promote a successful project.

Discussion

First, we will discuss how communication is commonly conducted between project managers and stakeholders as well as how good communication contributes to the management of stakeholder expectations.

The project manager can communicate with stakeholders using a variety of tools. The traditional way is to meet face-to-face with stakeholders and exchange ideas at meetings. This method is very efficient, but it needs to have a proper place, and it needs to be done when everyone is free. In recent years, primarily because of the COVID-19 pandemic, more people are turning to online communication options in the workplace. Email, video conferencing, and other methods of communication are available to project managers. These methods are more convenient and do not have location restrictions. People are more willing to express their true feelings in less formal situations. As online meetings tend to be less formal, the opinions that the project manager collects from them will be more helpful to the project's decision-making. In

addition to these informal occasions, project managers can also communicate with stakeholders during non-working hours.

It is important to identify stakeholders and communicate with them within a project. When stakeholders for a project are not identified, it can become difficult or even impossible to outline the project's expectations correctly. Often stakeholders that are 'external' to the project are more commonly forgotten [5] but still provide meaningful insight into aspects of the project. For example, suppose the end-user of the software was forgotten as a stakeholder. In that case, essential UI/UX requirements for the project will not be outlined because they may be beyond the scope of the already identified stakeholders. Smaller stakeholders are often overlooked and forgotten in favour of larger ones, but they are crucial to understanding the project's requirements and constructing the walking skeleton.

Next, we will explore how the project manager manages expectations and evaluates whether the expectations are fulfilled.

Schibi [6] stated that usually, customer satisfaction is assessed based on escalations, urgent calls, ongoing reporting, and issues raised. There are many existing customer satisfaction gap models that project managers utilise to identify gaps between customer expectations and the actual project delivered. Parasuraman et al. [7] developed the gap model of customer satisfaction, widely used in different industries to identify gaps between customer expectations and actual services and improve those services. Despite the model's simplicity, Wright et al. [8] suggest that project managers do a better job expanding on these points and considering a much broader range of factors. According to Wright et al. [8], Parasuraman et al. [7] suggest that the project manager should survey customers again after the event to determine whether their expectations were met using the same weighted criteria.

Before managing and meeting stakeholders' expectations, it is necessary to understand stakeholders' needs and expectations and clarify each other's expectations regarding the project's success [9]. Kirk [9] stated that although it is essential to meet stakeholders' expectations at the end of the project, it is equally important to align their expectations with reality throughout the process, which involves negotiating with stakeholders and resetting expectations.

When managing expectations, one of the issues is that customer needs are based on expectations, yet expectations are often subject to change because of the dynamic environment of

the project [10]. To keep stakeholders updated, notify them of any potential issues, and reduce information asymmetry, Lechler & Gao [10] suggest constant communication between the project team and stakeholders. As Kestel [11] recommended, project teams can also create a mini-project charter to reduce the amount of time spent waiting for the project charter to be available, resulting in out-of-date or off-track results. Besides constant communication with stakeholders, it is also essential to determine how to deal with their fears quickly [11]. There is fear among all participants in the project about what can go wrong and how this may affect their future careers, so the project team must identify and manage these fears [11]. Additionally, it is crucial to periodically evaluate stakeholders' satisfaction to understand the project team's performance and whether improvements are needed. The steps described above should be repeated until the project is considered "done" and is ready to be delivered.

When it comes to managing the expectations of internal and external stakeholders, there are no set differences; rather, it depends on how they are placed on the stakeholder influence grid. For example, a high interest, high influence stakeholder that expects the project to be profitable will have that expectation regardless of whether they are internal to the project or external. It will be up to the project manager to find out what the stakeholder's expectation is and how they would like that information communicated to them.

In following up on our discussion of how communications are conducted and expectations are managed in general, we present some examples of potential expectations and the conflicts that may be encountered.

Each stakeholder brings their expectations to the project, which are heavily influenced by their interests. For example, the CEO is beholden to shareholders, and shareholders expect to profit, so the CEO expects the project to make the company profit [12]. This can cause a conflict with other stakeholders when a project has clear benefits; however, these benefits do not include profit. For example, under the GPL, open-source software development provides transparency and the possibility to tinker with it. However, it also benefits business competitors making it harder to get ahead of the competition [13]. A CEO might also expect that a project can be completed faster than is possible, and as a result, they may set the time frame too low. However, this can often conflict with the team members' expectations around having enough time to complete the project successfully and adequately.

Further, we will demonstrate scenarios where stakeholders' expectations have been misunderstood, unreasonable, or not met.

Once the software development team identifies stakeholders, their expectations and requirements for the project must be understood. The stakeholders' requirements are used directly to construct the walking skeleton of the project, which means they are integral to the project itself. If the team does not understand stakeholder expectations, then the team cannot create the desired software because they would have no idea what the software needs to be able to do. Agile workflows tend to take stakeholder expectations and build the software rigidly around those requirements to provide a 'minimum viable product' (MVP) or a version of the software that handles all of the basic requirements outlined by the stakeholders.

In an agile process, the ability to quickly produce software is essential. Projects that follow this workflow depend entirely on stakeholders for requirements and feedback between builds. Without knowing what stakeholders want, it is impossible to develop software to use successfully. It is also possible for stakeholders to be too strict with their requirements and have unrealistic expectations for the software development team. In this case, it can be detrimental to the project in many ways. The MVP for a stakeholder with high expectations will take much longer to make. If the stakeholder has too high expectations, the MVP can become challenging to implement in one build [14].

There are times when the stakeholders' expectations are realistic, but the software development team still fails to meet those expectations. This can be a challenging problem as the chance of a project continuing or not is primarily based on stakeholders' satisfaction. In an Agile project, if expectations are not met, it can impact the entire project as funding or interest for the project may be reduced if the stakeholders are unsatisfied. In this case, the project manager must communicate with the stakeholders to explain the failure to meet expectations and take some steps to stop it from happening again, or in the first place, if they spot the failure to deliver early enough. Project managers need to communicate with stakeholders and inform them that their expectations will not be met for the next build as early as possible to minimise the impact of failing to deliver the requirements. Next, project managers should redefine expectations for the software's current build and future builds so that it does not happen again. Ideally, the project manager should identify why the team could not deliver and aim to rectify/workaround that

problem in the future. It is best to avoid this situation as much as possible instead of simply rectifying it when it does happen. In order to avoid not meeting stakeholders' expectations, the project manager must maintain communication with the project team and stakeholders [16].

Conclusion

Stakeholder communication and expectation management are vital for a project's success because it is impossible to deliver value to stakeholders without communicating and understanding their needs and expectations. Project managers must first identify and analyse stakeholders to know their needs. Expectations can be managed through constant communication with stakeholders, notifying them of any potential issues and reducing information asymmetry. This communication should be done ideally in person since it is efficient and direct. If this is not possible, a video conference or email will suffice. The project manager can then assess how well expectations were met using customer satisfaction gap models. In a worst-case scenario, if expectations are not met, the project manager should first notify stakeholders early on if possible. The manager then needs to identify why the team was unable to deliver, try to rectify the problem as much, and finally redesign expectations to be in line with the pace of the project. Stakeholders are vital factors that will affect or be affected by a project. Their requirements are the building blocks of the project, and their satisfaction is a critical success factor in project management. Therefore, it is essential to communicate with them, understand their needs and expectations, and see how their requirements have been met.

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