Stakeholders and Stakeholder Management

After this lesson you will:

- Be able to identify the project's stakeholders

- Be able to perform a stakeholder analysis

- Be able to develop suitable actions based on the stakeholder analysis
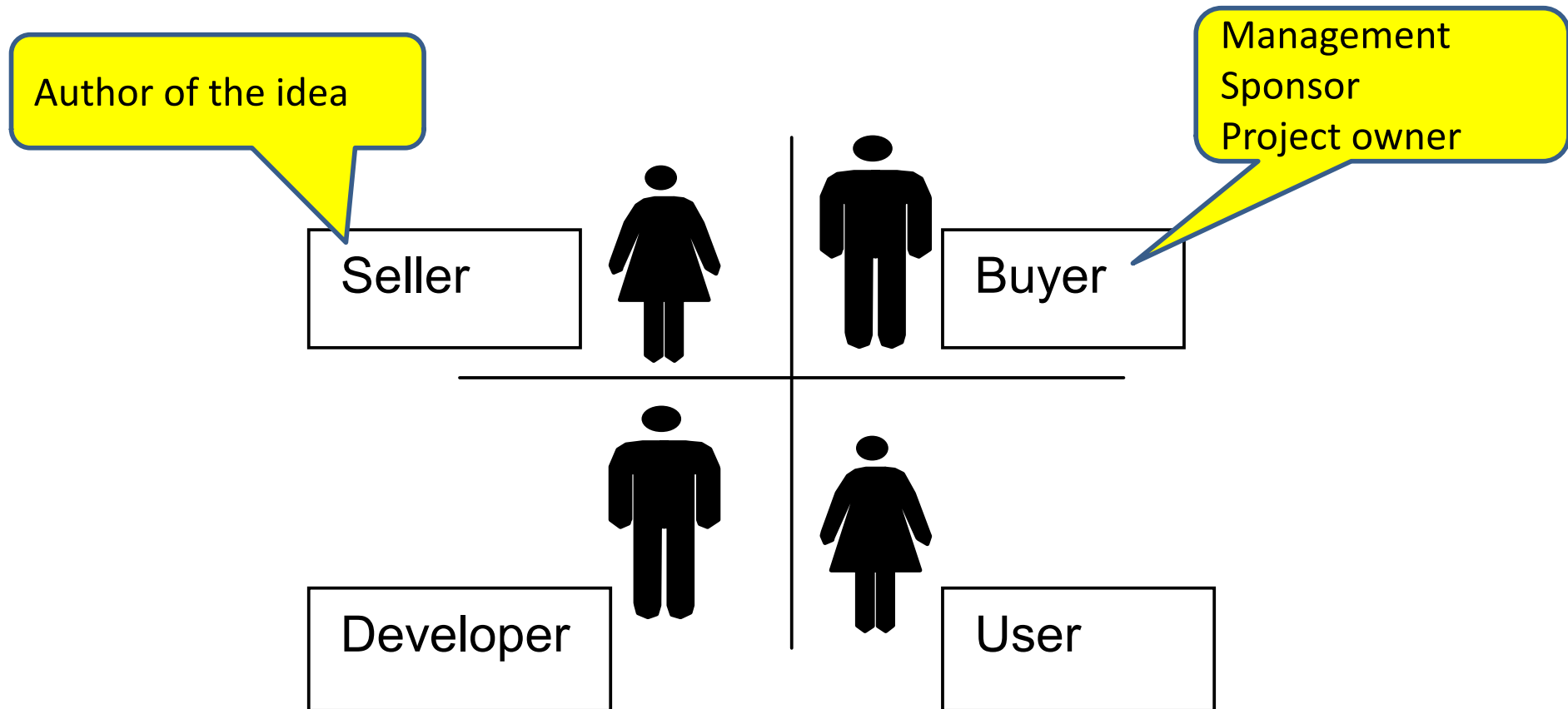
What is a stakeholder ?

A stakeholder is a person or group of persons who have some interest in the project.

- They may:
    - *contribute to the project's development*
    - *have influence on the project's development or result*
    - *be influenced by the result of the project*

- Stakeholders can be:
    - *directly or indirectly involved*
    - *internal or external*
    - *key stakeholders or peripheral to the project*

Examples of stakeholders

- Project owner / sponsor / client / customer
- Users and beneficiaries of the results / product / system
- Participants on the project
- Suppliers of resources / knowledge / skills
- Responsible for the approval of the process and/or product, e.g. QA or authorities
- Competitors / other projects
- Others contributing or being affected

The basic stakeholder model

Steps in a stakeholder analysis

1. Identify the project's stakeholders
    –   and group them (segmentation)

2. Prioritize them by importance
    –   how the project influences them, or how the project is influenced by them
    –   visualize through a Stakeholder map

3. Understanding stakeholders and their agenda
    –   their contribution and/or expected benefit
    –   how is their attitude towards the project

4. Identify potential conflicts and coalition opportunities

5. Create a strategy for dealing with stakeholders
    –   conclusions from step 1-4

Kousholt 2012e: 279-288

Finding the stakeholders

- Find all the stages in the course of the project and the resulting product's life until the product's disposal.
- Then find the stakeholders in <u>each</u> stage.

- For a commercial product the life-cycle stages may include:
  - marketing, contracting, development, distribution to retailers, sale to customer, installation at customer, customer use, customer service, disposal

  - Mikkelsen & Riis (2007), Grundbog i projektledelse, p. 286

Questions to identify stakeholders

- Who is the client or requestor?
- Who pays for the work and the result?
- Who accepts and approves the result?
- Who uses the results?
- Who should accept the way the work is done?
- Who will be affected?
  - be annoyed by, enjoy the benefits of, or experiencing a change of circumstances
- Who delivers effort, knowledge, skills and resources?

Stakeholder analysis

Analysis of the stakeholders can cover a lot of things:

- Interest in the project
- Contributions to the project
- Rewards by participating
- Power base (opportunity to influence)
- Attitude towards the project
- Motives behind attitude
- View upon other stakeholders
- Conflict behavior
- Expected level of activity

Stakeholder maps (1:6)

- Group the stakeholders

- Position them on a stakeholder map in two dimensions either by:

  - Power vs. Interest

  - Attitude vs. Behaviour

  - Necessity vs. Influence

  - Influenced-by vs. Influence-on

- Maybe add colour coding or dot-size as a 3rd dimension
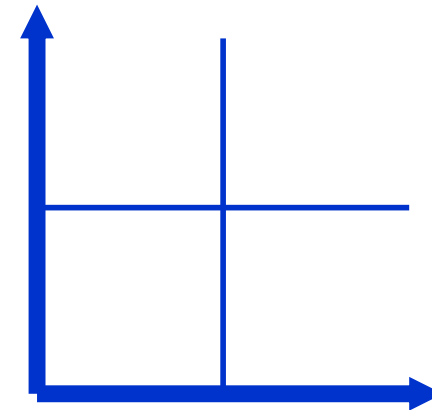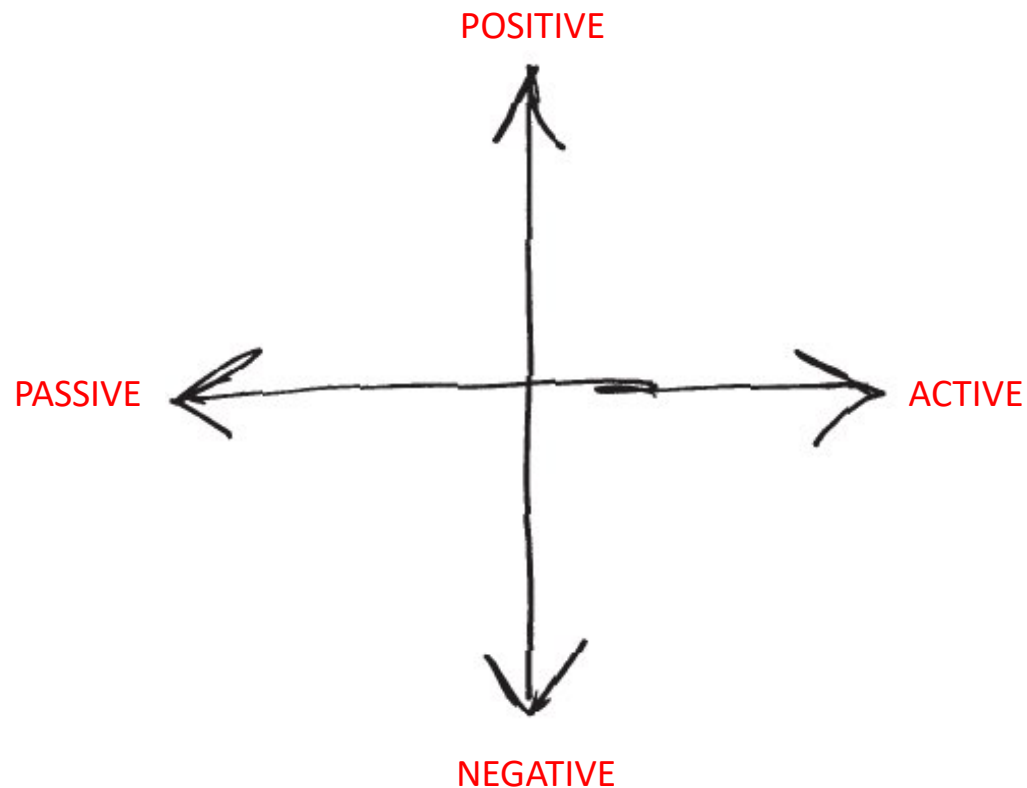
Stakeholder maps (2:6)

Power vs. Interest
re. Eden & Ackermann (1998)
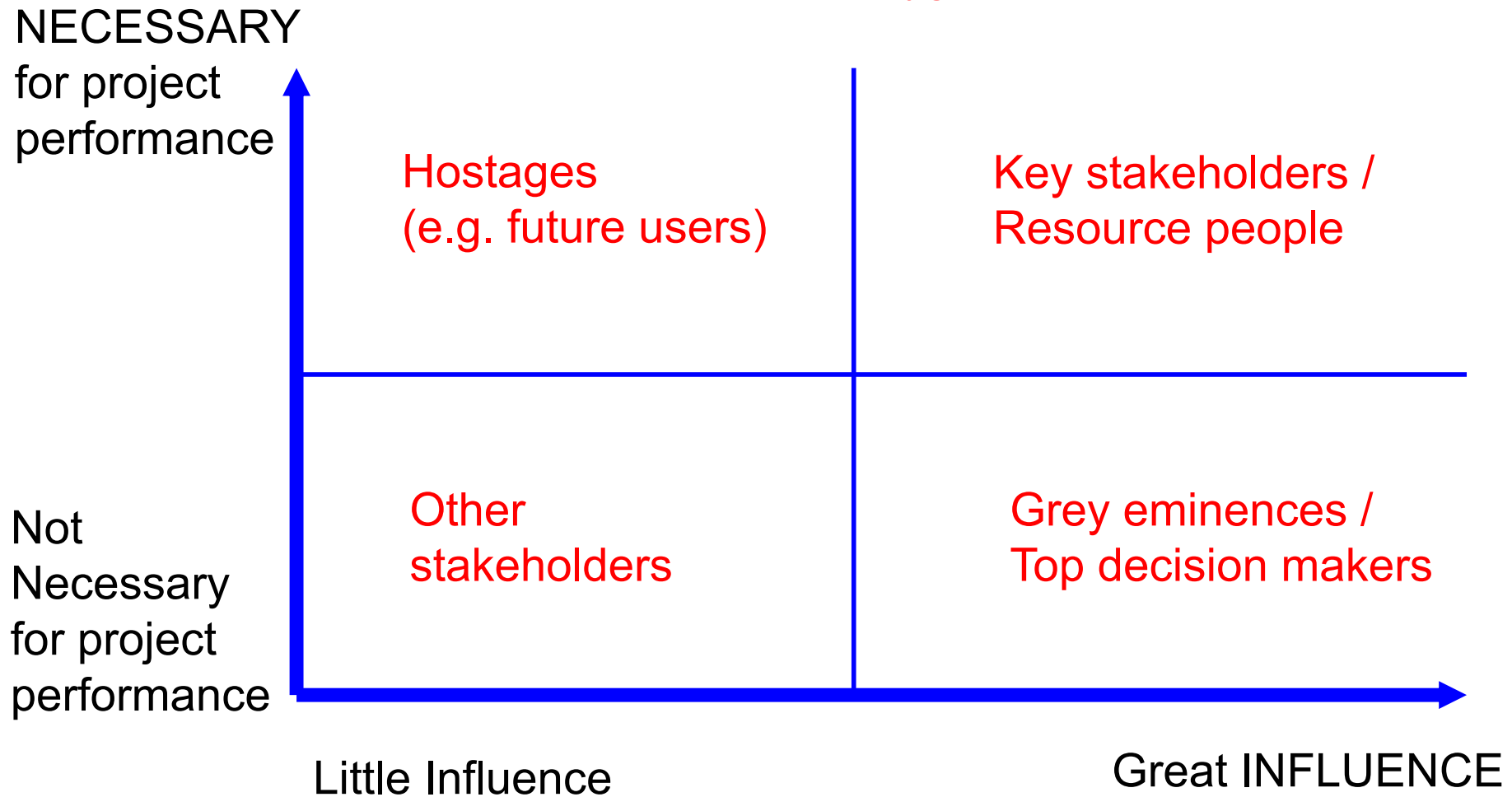
Stakeholder maps (3:6)

Attitude vs. Behaviour
re. Kousholt (2012e: 207, figure 79)

POSITIVE

PASSIVE   ACTIVE

NEGATIVE

Stakeholder maps (4:6)

Necessity vs. Influence
re. Kousholt (2012e: 207, figure 80)

NECESSARY
for project
performance

Hostages
(e.g. future users)

Key stakeholders /
Resource people

Not
Necessary
for project
performance

Other
stakeholders

Grey eminences /
Top decision makers

Little Influence

Great INFLUENCE

Stakeholder maps (5:6)

Influenced-by vs. Influence-on
adapted from Kousholt (2012e: 285, figure 109)

The stakeholder is
greately INFLUENCED BY
the project

Dependents / Subjects   **Equals / Peers**

Uninvolved   **Rulers / Authorities**

The stakeholder is
not influenced by
the project

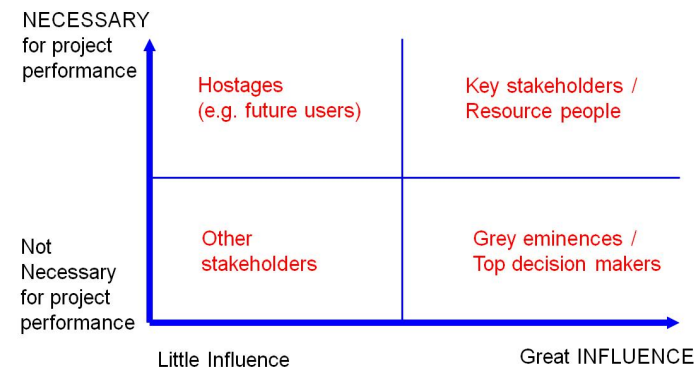The stakeholder
has little influence on
the project

The stakeholder
has great INFLUENCE ON
the project

Stakeholder maps (6:6)

Maybe add colour coding or dot-size as a 3rd dimension e.g:

- Necessity vs. Influence <u>coloured</u> by Attitude

  - Green: Promoter
  - Red: Criticizer
  - Black: Neutral
  - Yellow: Swinging

NECESSARY
for project
performance

Hostages
(e.g. future users)

Key stakeholders /
Resource people

Not
Necessary
for project
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Other
stakeholders

Grey eminences /
Top decision makers

Little Influence

Great INFLUENCE

- Attitude vs. Behaviour with <u>dot-size</u> indicating Power

  - Large dot: Great influential power
  - Medium size dot: Medium power
  - Small dot: Little influential power
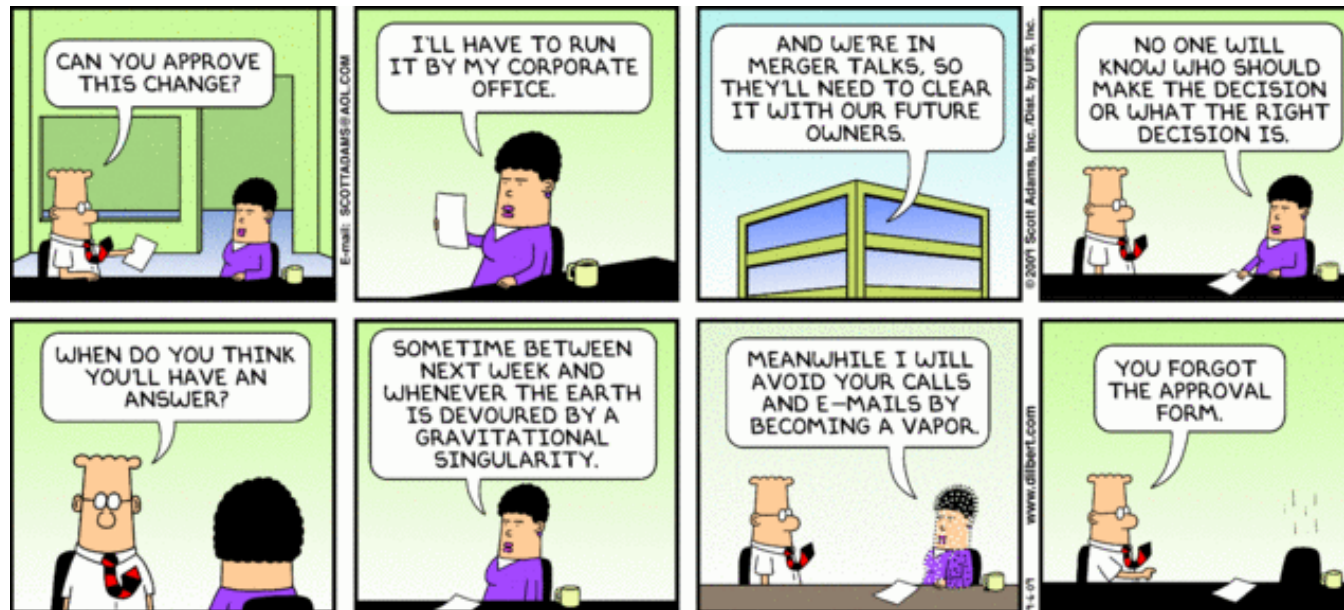
POSITIVE

PASSIVE

ACTIVE

NEGATIVE
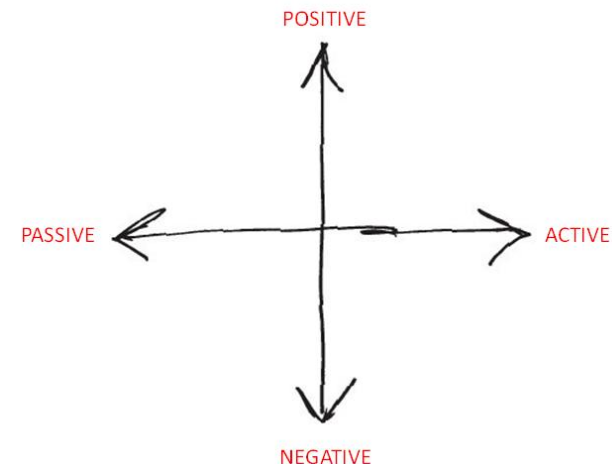
Exercise 1: Stakeholder analysis

- Form groups of 3-4

- Read the SAP case in Kousholt (2012e: 44 & 52)
- Identify 6-8 stakeholders
- Select the 3-4 most important and position them on the stakeholder map:
  <u>Necessity vs. Influence</u> (Kousholt 2012e: 207, figure 80)

- Summary in the plenary

Stakeholder management

Stakeholders make demands ...

- Formal requirements

- Implicit (tacit) requirements

- Expectations e.g. benefits

- Real needs - What will make him/her happy?

Quote from Andreas Munk-Madsen (1996). *Strategisk projektledelse*. MARKO.

Stakeholders can contribute …

- Goals and objectives

- Decisions

- Work

- Knowledge and advice

- Skills

- Influencing opinions and attitudes

Basic stakeholder analysis matrix

	How will they benefit ('what's in it for me')?	What is their attitude towards the project?	What can they contribute with?	How should we deal with them ('take care of them')?
Decision makers ('grey eminences')				
Key stakeholdesr ('resource persons')				
Hostages (e.g. 'future users')				
Other stakeholders				

Note: One line/row per stakeholder within each group

Good advice about identification and analysis of stakeholders

- Brainstorm to get a comprehensive list of stakeholders
- **Analyse the stakeholders – 'keep it simple'**
  - Try to put yourself into the stakeholder's position/context
    - What do they each expect/want from the project?
    - What will be their main success criteria at the end of the project?
  - Try to imagine what you can do to address the stakeholders' expectations and satisfaction
    - E.g. list a number of actions you can perform (including how and when users, management, steering group etc. could be involved; the need for a communication plan? input to the risk analysis?)
- BUT do not believe you can fantasize for everything !

Conflict or harmony ?

- Beware: Stakeholder analysis has been criticized for looking at the world from a conflict perspective that overemphasizes power:

" … a leader of a development project should not overdo the stakeholder analysis. A conflict perspective calls for a politicized behavior. Too much of that kind of behavior destroys productivity in a development organization."

Quote from Andreas Munk-Madsen (1996). Strategisk projektledelse. MARKO.

When should you perform a stakeholder analysis?

- Before the project is started

- Every time there is a change:
  - New stakeholders
  - Change in power balance among stakeholders
  - Change in the attitude of a stakeholder
  - Change in the situation for the project

Exercise 2: Stakeholder management

- Talk together in the groups from exercise 1

- Take the most important stakeholders from exercise 1
- Make a simple stakeholder analysis on these:
  - What do they each expect to get out of the project?
  - What will be the main reason for each of them to be satisfied when the project is over?
  - What is an appropriate action for each of the stakeholders?
- Use the <u>Basic stakeholder matrix</u> presented previously in the slides

- Summary in the plenary

Complete stakeholder check list

- **Stakeholder** – who: name, group, department, company
- **Interest** – what does he/she focus on
- **Importance** – how important/influential is he/she (fx. on a scale of 1-5)
- **Role on the project** – what responsibility, influence, knowledge, activity
- **Impacted by the project** – how will he/she be affected by the project/result
- **Conflict potential** – what negative reactions/actions can be expected from him/her regarding the project <u>and</u> in relation to the other stakeholders
- **Goal** – what he/she perceives as his/her success as a result of the project
- **Actions** – how can/will we ensure the achievement of his/her goals
- **Communication strategy** – when/how do we ensure that the stakeholder has sufficient knowledge of the project
- **Involvement** – how and to what degree should he/she be involved
- **Time of involvement** – when should he/she be involved
- **Responsible** – who ensures/controls his/her involvement/information

Home assignment no. 4

- The description of the home assignment can be found on Moodle under today's subject

- Identify the stakeholders on your project

- Place them on the stakeholder map:
  <u>Necessity vs. Influence</u> (Kousholt 2012e, p. 207, figure 80)

- Perform a stakeholder analysis

- Reflect over the stakeholders, the way they were handled, and how they should be (have been) handled.
  Use the: <u>Basic stakeholder matrix</u> from the slides

- Upload the result no later than Tuesday October 9th at 23:55