Project Management: Lecture 8
Project Stakeholder Management

The Importance of Good Communications

- Because stakeholder management is so important to project success, the Project Management Institute decided to create an entire knowledge area devoted to it as part of the Fifth Edition of the PMBOK® Guide in 2012

- The purpose of project stakeholder management is to identify all people or organizations affected by a project, to analyze stakeholder expectations, and to effectively engage stakeholders
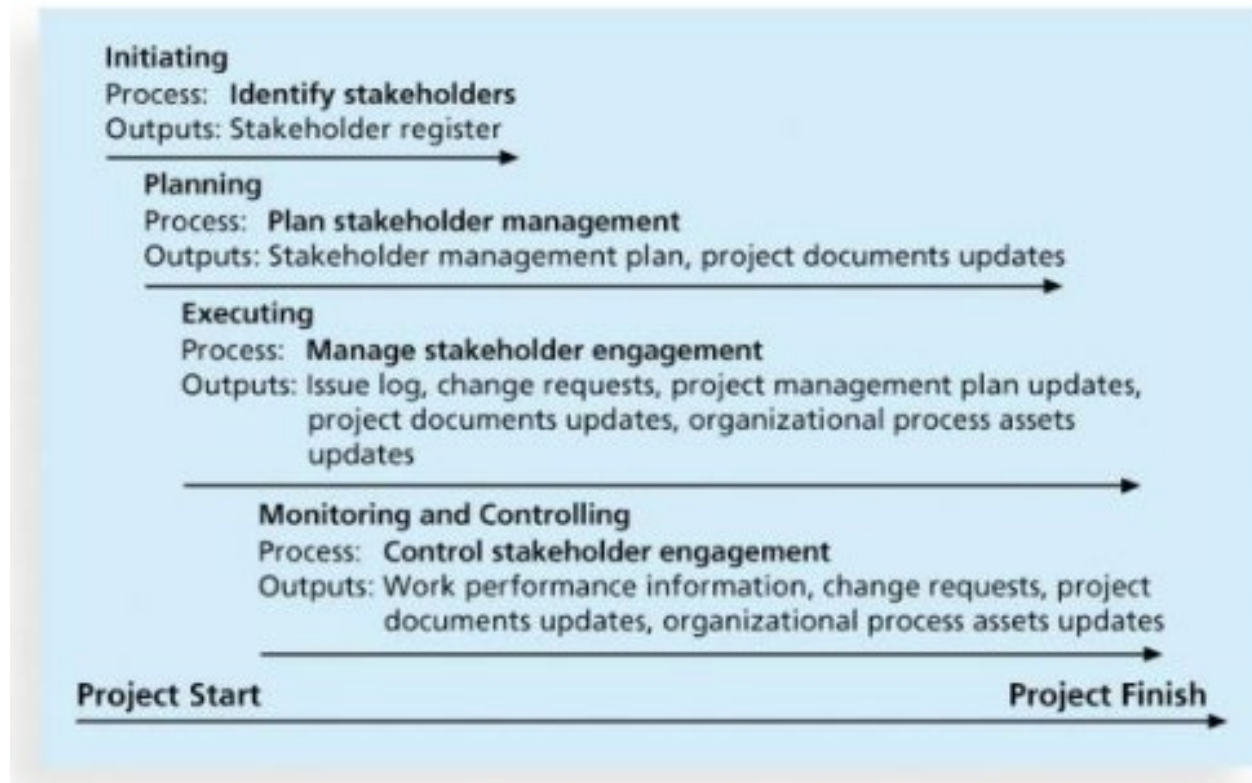
Projects often cause change

- Projects often cause changes in organizations, and some people may lose their jobs when a project is completed.

- Project managers might be viewed as enemies if the project resulted in job losses for some stakeholders.

- By contrast, they could 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

Project Stakeholder Management Processes

- **Identifying stakeholders:** Identifying everyone involved in the project or affected by it, and determining the best ways to manage relationships with them.

- **Planning Stakeholders Management:**Determining strategies to effectively engage stakeholders

- **Managing Stakeholders Management:** Communicating and working with project stakeholders to satisfy their needs and expectations, resolving issues, and fostering engagement in project decisions and activities

- **Monitoring & Controlling Stakeholders Management**: Monitoring stakeholder relationships and adjusting plans and strategies for engaging stakeholders as needed

Project Stakeholder Management Summary

Initiating
Process: **Identify stakeholders**
Outputs: Stakeholder register

Planning
Process: **Plan stakeholder management**
Outputs: Stakeholder management plan, project documents updates

Executing
Process: **Manage stakeholder engagement**
Outputs: Issue log, change requests, project management plan updates, project documents updates, organizational process assets updates

Monitoring and Controlling
Process: **Control stakeholder engagement**
Outputs: Work performance information, change requests, project documents updates, organizational process assets updates

Project Start   **Project Finish**

Project Stakeholder Management Overview

Project Stakeholder Management Overview

13.1 Identify Stakeholders

.1 Inputs
  .1 Project charter
  .2 Business documents
  .3 Project management plan
  .4 Project documents
  .5 Agreements
  .6 Enterprise environmental factors
  .7 Organizational process assets

.2 Tools & Techniques
  .1 Expert judgment
  .2 Data gathering
  .3 Data analysis
  .4 Data representation
  .5 Meetings

.3 Outputs
  .1 Stakeholder register
  .2 Change requests
  .3 Project management plan updates
  .4 Project documents updates

13.2 Plan Stakeholder Engagement

.1 Inputs
  .1 Project charter
  .2 Project management plan
  .3 Project documents
  .4 Agreements
  .5 Enterprise environmental factors
  .6 Organizational process assets

.2 Tools & Techniques
  .1 Expert judgment
  .2 Data gathering
  .3 Data analysis
  .4 Decision making
  .5 Data representation
  .6 Meetings

.3 Outputs
  .1 Stakeholder engagement plan

13.3 Manage Stakeholder Engagement

.1 Inputs
  .1 Project management plan
  .2 Project documents
  .3 Enterprise environmental factors
  .4 Organizational process assets

.2 Tools & Techniques
  .1 Expert judgment
  .2 Communication skills
  .3 Interpersonal and team skills
  .4 Ground rules
  .5 Meetings

.3 Outputs
  .1 Change requests
  .2 Project management plan updates
  .3 Project documents updates

13.4 Monitor Stakeholder Engagement

.1 Inputs
  .1 Project management plan
  .2 Project documents
  .3 Work performance data
  .4 Enterprise environmental factors
  .5 Organizational process assets

.2 Tools & Techniques
  .1 Data analysis
  .2 Decision making
  .3 Data representation
  .4 Communication skills
  .5 Interpersonal and team skills
  .6 Meetings

.3 Outputs
  .1 Work performance information
  .2 Change requests
  .3 Project management plan updates
  .4 Project documents updates

Project Stakeholder Management Overview

Source: PMBOK Guide- Sixth Edition, Project Management Institute, Inc(2017)

Step 1: Identify Stakeholders

▸ **Internal project stakeholders** generally include the project sponsor, project team, support staff, and internal customers for the project.

▸ Other **internal stakeholders** include top management, other functional managers, and other project managers because organizations have limited resources.

▸ External project stakeholders include the project's customers (if they are external to the organization), competitors, suppliers, and other external groups that are potentially involved in the project or affected by it, such as government officials and concerned citizens.

Other Stakeholders

www.projectstakeholder.com lists other stakeholders including:

• Program director

• Project manager's family

• Labor unions

• Potential customers It is also necessary to focus on stakeholders with the most direct ties to a project, for example only key suppliers

Stakeholders Register

➢ A stakeholder register includes basic information on stakeholders:

> • **Identification information:** The stakeholders' names, positions, locations, roles in the project, and contact information

> • **Assessment information:** The stakeholders' major requirements and expectations, potential influences, and phases of the project in which stakeholders have the most interest

> • **Stakeholder classification:** Is the stakeholder internal or external to the organization? Is the stakeholder a supporter of the project or resistant to it

Sample Stakeholder Register

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	External	Project manager	debra@gmail.com
Suppliers	Suppliers	External	Supply software	suppliers@gmail.com

Classifying Stakeholders

➢ After identifying key project stakeholders, you can use different classification models to determine an approach for managing stakeholder relationships

➢ 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

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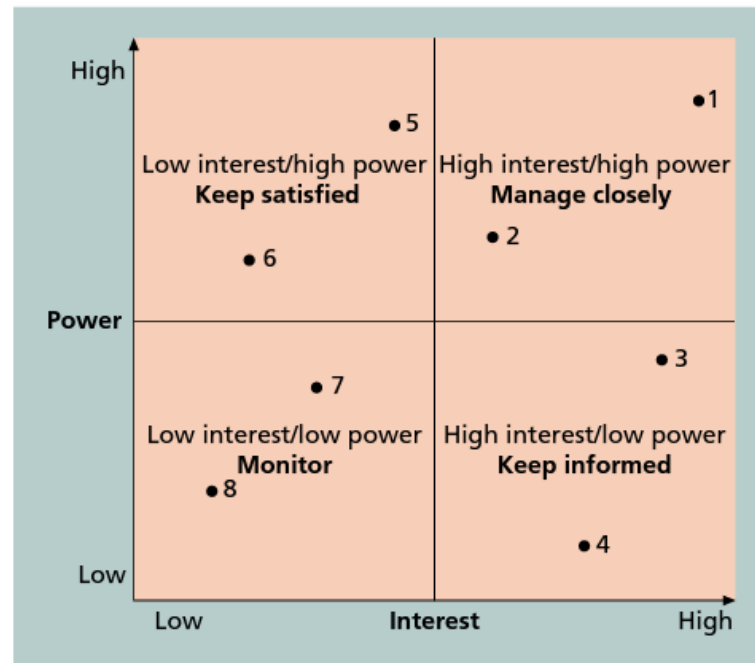
Source: Kathy Schwalbe, *An Introduction to Project Management*, Fourth Edition (2012)

Stakeholders Engagement Level

➢ It is also important to measure the engagement level of stakeholder throughout the project, Stakeholders can be categorized as follows,

- **Unaware:** Unaware of the project and its potential impacts on them
- **Resistant**: Aware of the project yet resistant to change
- **Neutral:** Aware of the project yet neither supportive nor resistant
- **Supportive:** Aware of the project and supportive of change
- **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 also classified as resistant or unaware

Step 2: Planning Stakeholder Engagement

▸ After identifying and analyzing stakeholders, project teams should develop a plan for managing them

▸ The stakeholder management plan can include:

- Current and desired engagement levels
- Interrelationships between stakeholders
- Communication requirements
- Potential management strategies for each stakeholders
- Methods for updating the stakeholder management plan

Sensitive Information

➢ Because a stakeholder management plan often includes sensitive information, it should not be part of the official project documents, which are normally available for all stakeholders to review

➢ In many cases, only project managers and a few other team members should prepare the stakeholder management plan

➢ Parts of the stakeholder management plan are not written down, and if they are, distribution is strictly limited

Sample Stakeholder Analysis

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.

Step 3: Managing Stakeholder Engagement

▸ Project success is often measured in terms of customer/sponsor satisfaction

▸ Project sponsors often rank scope, time, and cost goals in order of importance and provide guidelines on how to balance the triple constraint

▸ This ranking can be shown in an expectations management matrix to help clarify expectations

▸ **Expectation Matrix**

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.

Issue Logs

▸ Understanding the stakeholders' expectations can help in managing issues

▸ Issues should be documented in an issue log, 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 Issue logs can address other knowledge areas as well

Sample Issue Log

Issue #	Description	Impact	Date Reported	Reported 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.									

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 these situations include the following:
- Be clear from the start
- Explain the consequences
- Have a contingency plan
- Avoid surprises
- Take a stand

Step 4: Controlling Stakeholder Engagement

▸ You cannot control stakeholders, but you can control their level of engagement

▸ Engagement involves a dialogue in which people seek understanding and solutions to issues of mutual concern

▸ Key stakeholders should be invited to actively participate in a kick-off meeting rather than merely attending it

▸ The project manager should emphasize that a dialogue is expected at the meeting, including texts or whatever means of communication the stakeholders prefer.

▸ The project manager should also 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.

Stakeholders As Key Project Team Members

▸ On some IT projects, important stakeholders are invited to be members of the project teams

▸ For example, when Northwest Airlines (now Delta) was developing a new reservation system called ResNet, it interviewed reservation agents for positions as programmers on the project team

▸ Northwest made sure that user needs were understood by having them actually develop the system's user interface

Project Management: Lecture 8
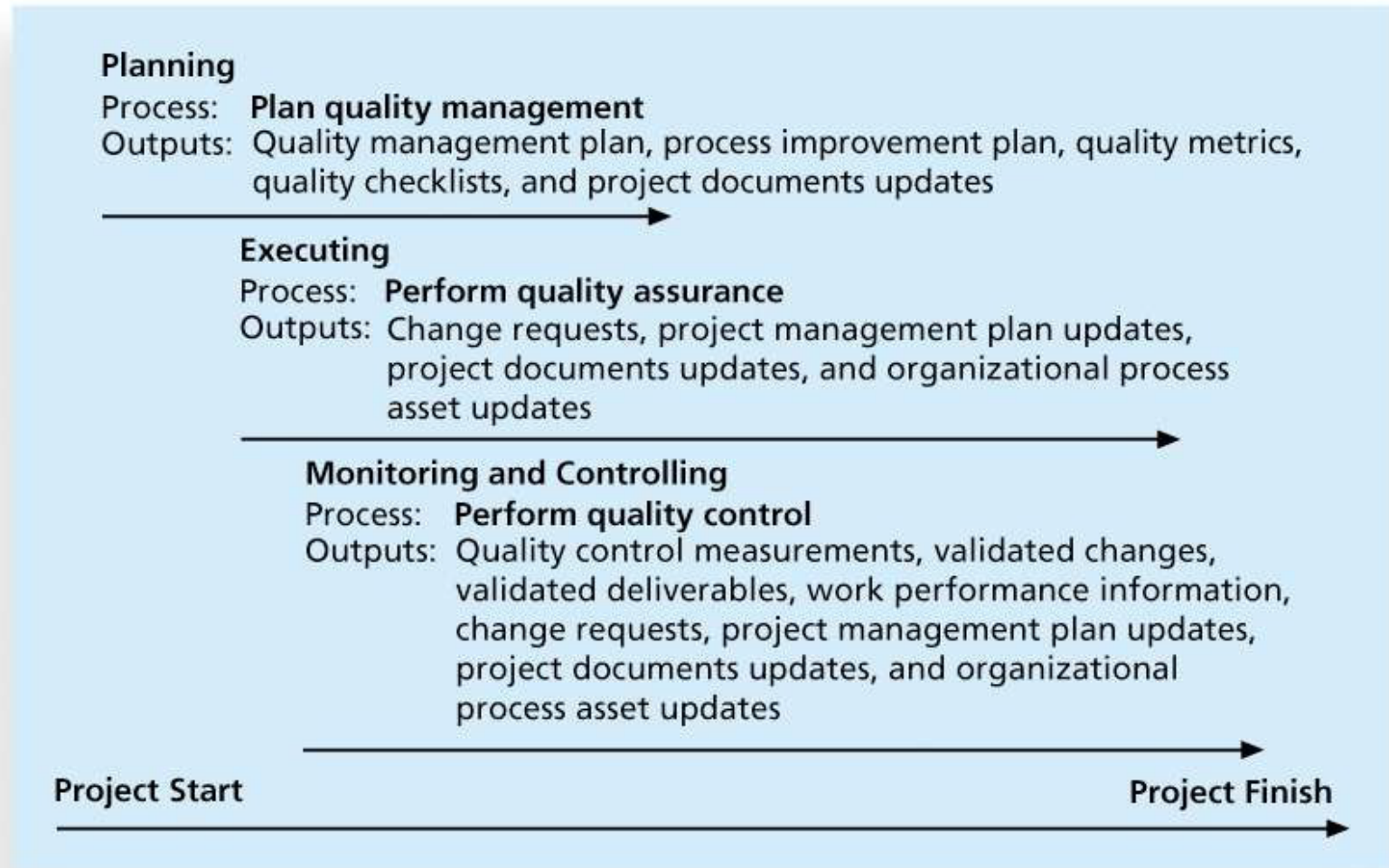**Project Resource Management**

The Importance of Project Resource Management

- Many corporate executives have said, "People are our most important asset"

- People determine the success and failure of organizations and projects

- Despite the health and economic crisis, the technology workforce in Australia grew by 33,400 over 2020, reaching a new peak of 805,525 workers. This represents a 4.3% annual increase.

- By comparison, employment in professional industries grew by 1.3%,while the overall number of people employed in Australia shrank by 1.7%.(ACS Australia's Digital Pulse,2022-2023)/

- Going forwards, the strong overall growth in Australian technology workers is expected to continue. By 2026, we forecast that there will be over 1.1 million technology workers in Australia, representing an average annual growth rate of 5.4%.

- This exceeds the forecast growth rate for the overall Australian workforce, which is expected to increase by 1.2% per annum over the same period

What is Project Resource Management

- Making the most effective use of the people involved with a project
- Processes include:
  - **Planning human resource management:** identifying and documenting project roles, responsibilities, and reporting relationships
  - **Acquiring the project team:** getting the needed personnel assigned to and working on the project
  - **Developing the project team:** building individual and group skills to enhance project performance
  - **Managing the project team:** tracking team member performance, motivating team members, providing timely feedback, resolving issues and conflicts, and coordinating changes to help enhance project performance

Source: PMBOK Guide- Sixth Edition, Project Management Institute, Inc(2017)

Project Resource Management Summary

Planning
Process: **Plan quality management**
Outputs: Quality management plan, process improvement plan, quality metrics, quality checklists, and project documents updates

Executing
Process: **Perform quality assurance**
Outputs: Change requests, project management plan updates, project documents updates, and organizational process asset updates

Monitoring and Controlling
Process: **Perform quality control**
Outputs: Quality control measurements, validated changes, validated deliverables, work performance information, change requests, project management plan updates, project documents updates, and organizational process asset updates

Project Start   **Project Finish**

Step 1: Developing the HR Planning Quality

- Involves identifying and documenting project roles, responsibilities, and reporting relationships
- Contents include
    - project organizational charts
    - staffing management plan
    - responsibility assignment matrixes
    - resource histograms

Sample Organizational Chart for a Large IT Project
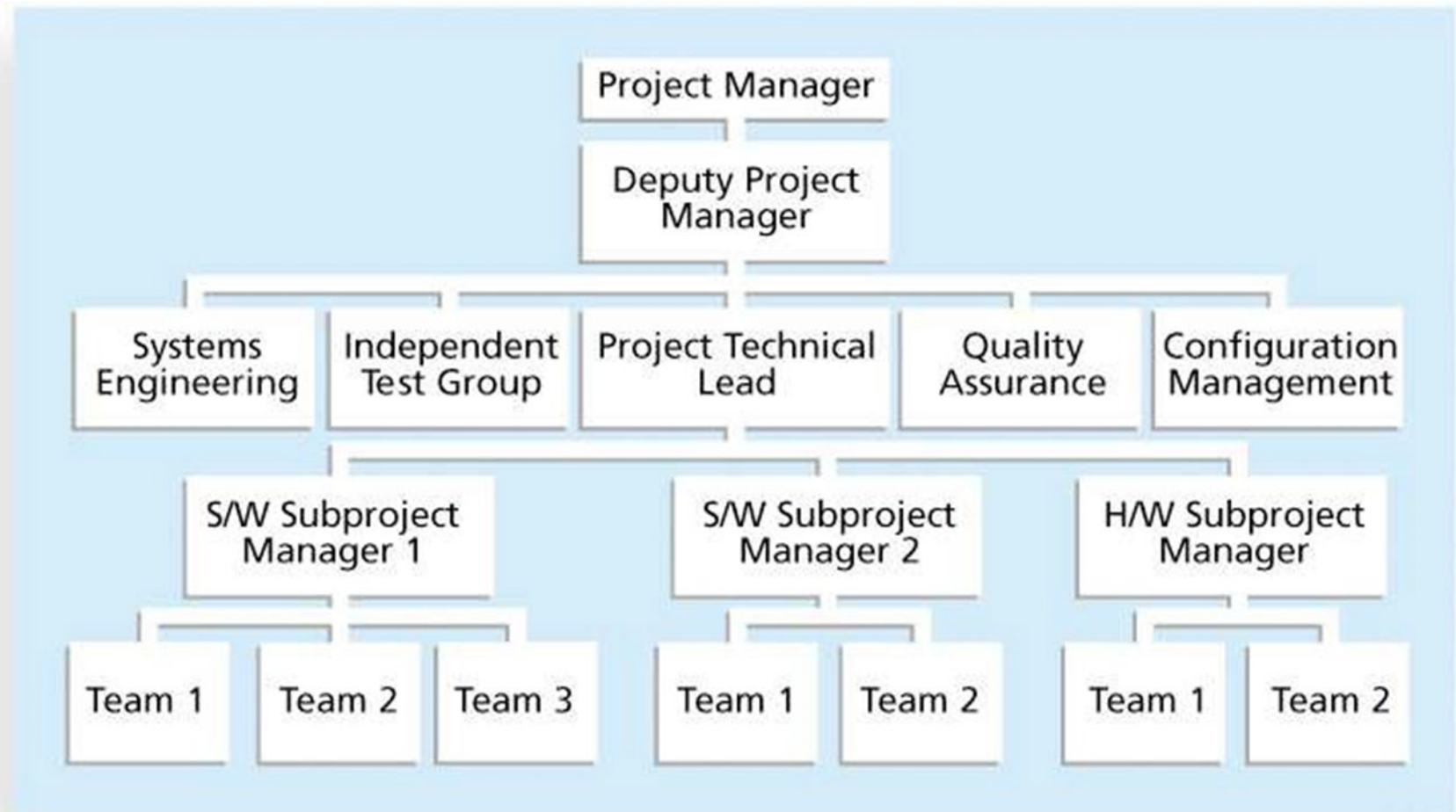
Work Definition and Assignment Process
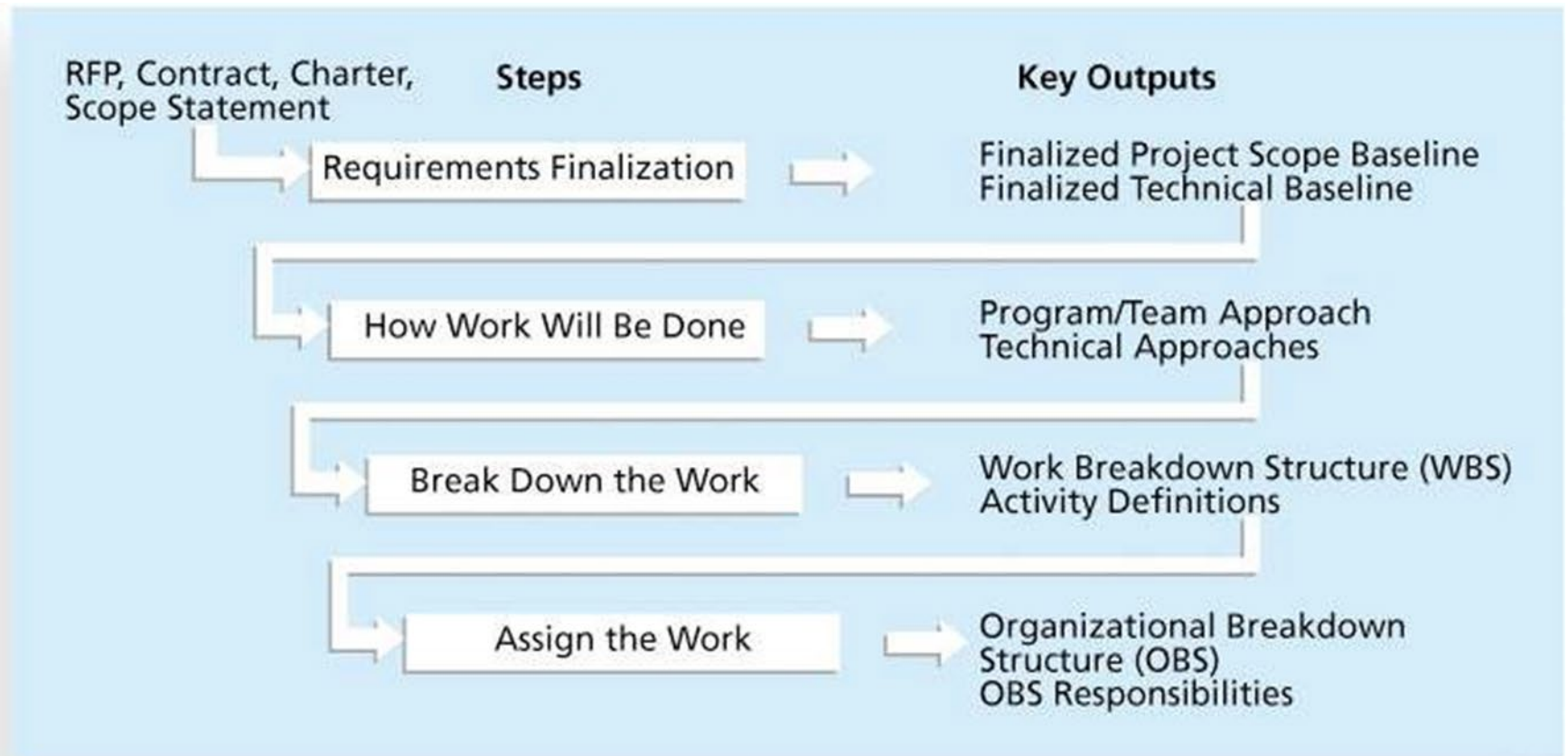
Responsibility Assignment Matrices

- A responsibility assignment matrix (RAM) is a matrix that maps the work of the project as described in the WBS to the people responsible for performing the work as described in the OBS

- Can be created in different ways to meet unique project needs

Sample Responsibility Assignment Matrix (RAM)

WBS activities	1.1.1	1.1.2	1.1.3	1.1.4	1.1.5	1.1.6	1.1.7	1.1.8
Systems Engineering	R	R P					R	
Software Development			R P					
Hardware Development				R P				
Test Engineering	P							
Quality Assurance					R P			
Configuration Management						R P		
Integrated Logistics Support							P	
Training								R P

OBS units

R = Responsible organizational unit
P = Performing organizational unit

Sample RACI Chart

	Group A	Group B	Group C	Group D	Group E
Test Plans	R	A	C	C	I
Unit Test	C	I	R	A	I
Integration Test	A	R	I	C	C
System Test	I	C	A	I	R
User Acceptance Test	R	I	C	R	A

R = responsibility

A = accountability, only one A per task C

= consultation

I = informed

Note that some people reverse the definitions of responsible and accountable.

Staffing Management Plans and Resource Histograms

- **A staffing management** plan describes when and how people will be added to and taken off the project team
- A **resource histogram** is a column chart that shows the number of resources assigned to a project over time

What Went Right?

- In addition to providing technical training for IT personnel, several companies have made significant investments in project management training to provide career paths for project managers
    - Hewlett Packard employed only six registered PMPs in 1997, but by August 2004, it employed more than 1,500 PMPs and was adding 500 more per year
    - While most consulting firms offer a single path to a leadership position, IBM has four to allow their people to succeed by focusing on their strengths and interests in one or more disciplines

Sample Resource Histogram
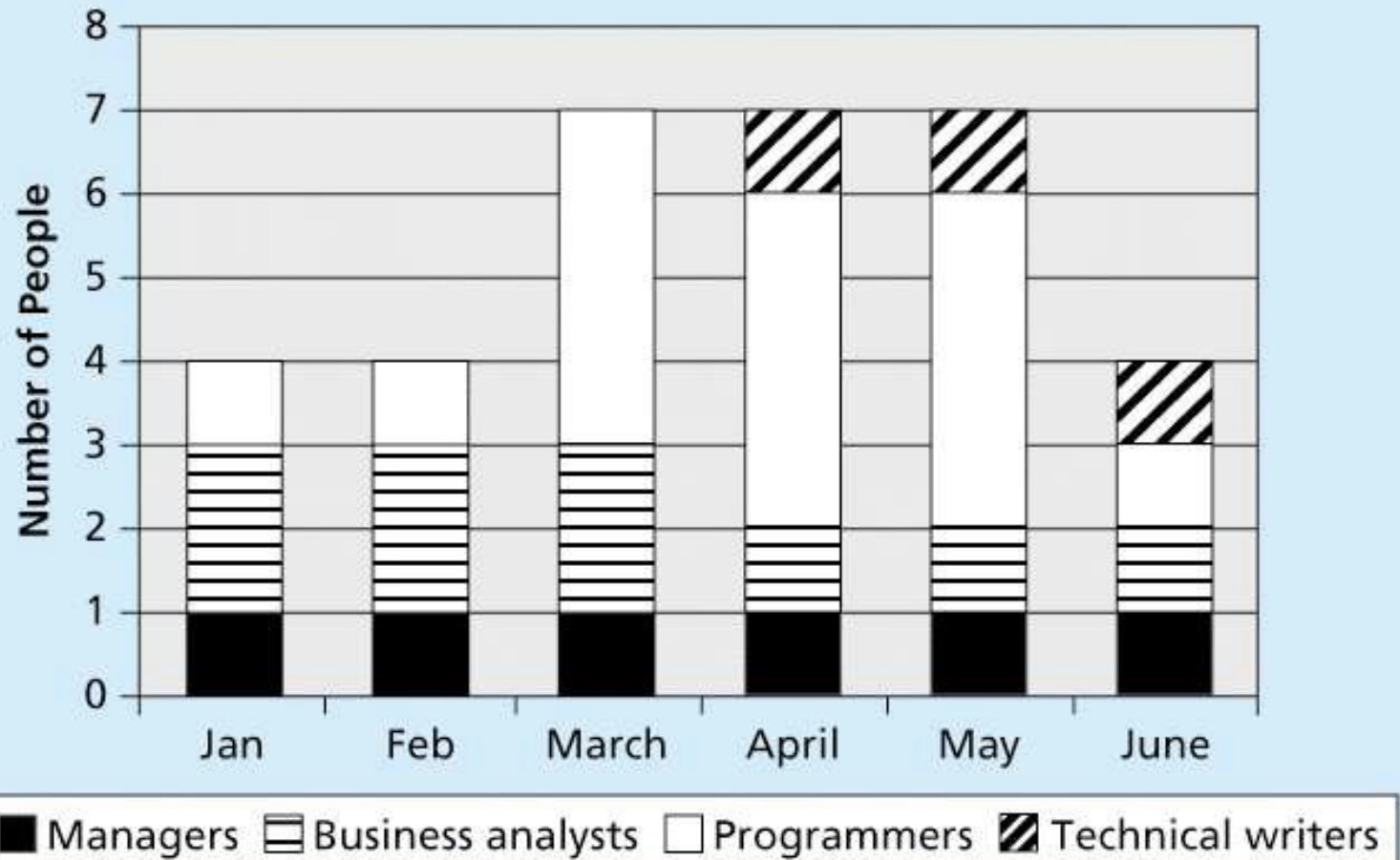
Step 2:Acquiring the Project Team

- Acquiring qualified people for teams is crucial
- The project manager who is the smartest person on the team has done a poor job of recruiting!
- It's important to assign the appropriate type and number of people to work on projects at the appropriate times

Resource Assignment

- Staffing plans and good hiring procedures are important, as are incentives for recruiting and retention

    - Some companies give their employees one dollar for every hour a new person they helped hire works
    - Some organizations allow people to work from home as an incentive

- Enrollment in U.S. computer science and engineering programs has dropped almost in half since 2000, and one- third of U.S. workers were over the age of 50 by 2010
- CIO's researchers suggest that organizations rethink hiring practices and incentives to hire and retain IT talent

Resource Loading

- Resource loading refers to the amount of individual resources an existing schedule requires during specific time periods

- Helps project managers develop a general understanding of the demands a project will make on the organization's resources and individual people's schedules

- Overallocation means more resources than are available are assigned to perform work at a given time
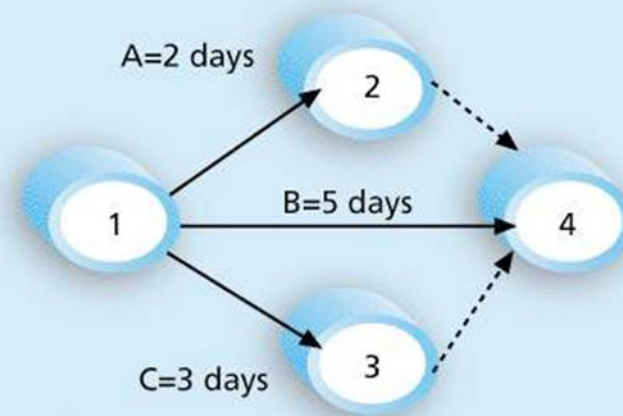
# Sample Histogram Showing an Overallocated Individual
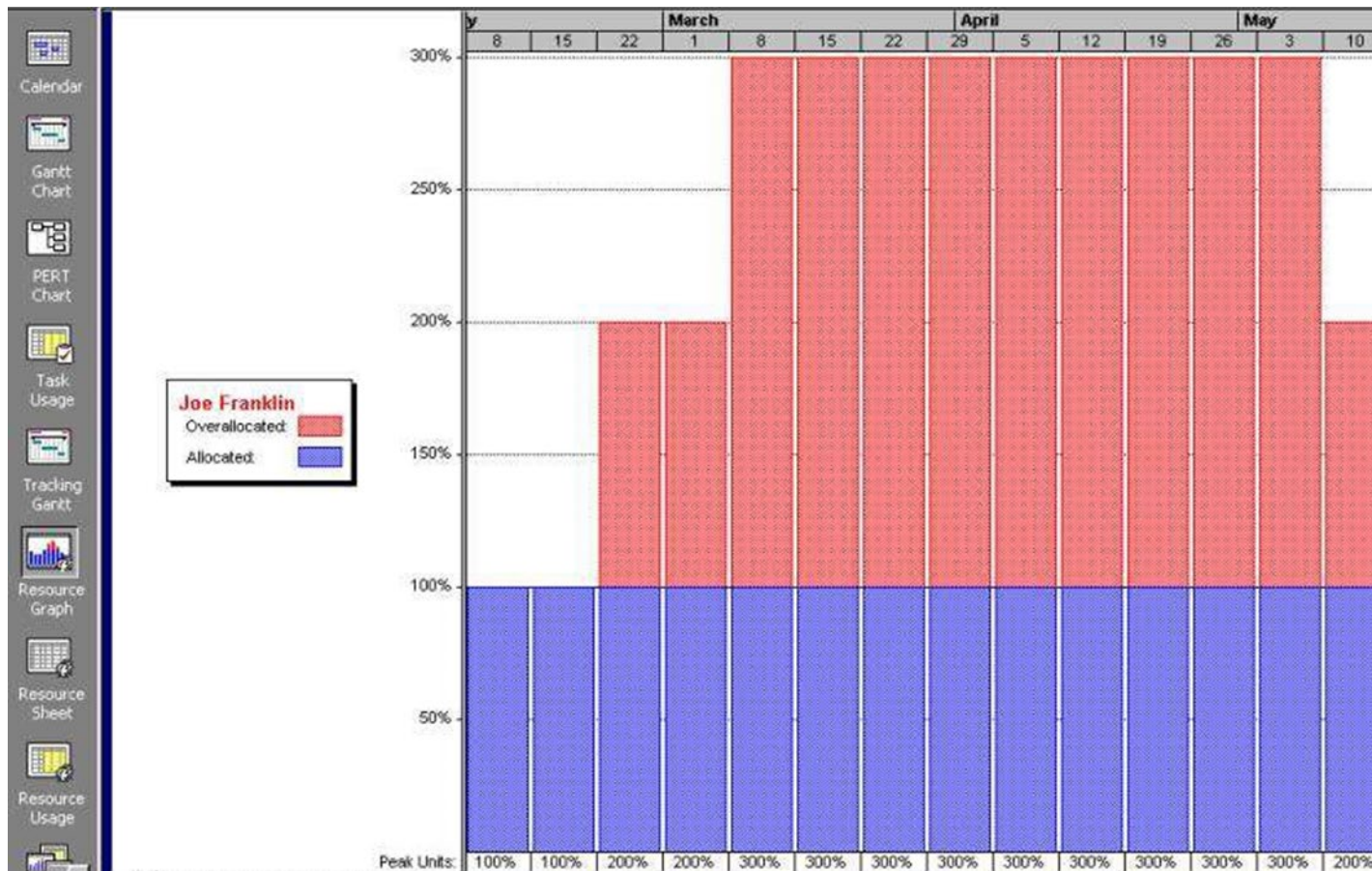
Resource Leveling

- **Resource leveling** is a technique for resolving resource conflicts by delaying tasks

- The main purpose of resource leveling is to create a smoother distribution of resource usage and reduce overallocation
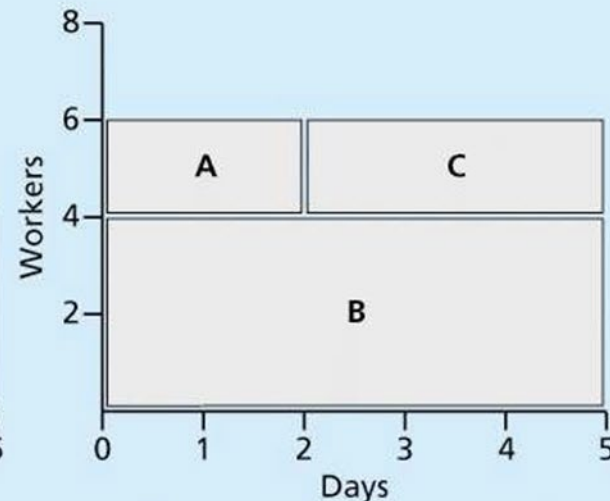
Resource Leveling Example

A=2 days

B=5 days

C=3 days

Project network with Activities A, B, and C and durations as shown. Activity A has 3 days of slack, and Activity C has 2 days of slack. Assume Activity A has 2 workers, B has 4 workers, and C has 2 workers.
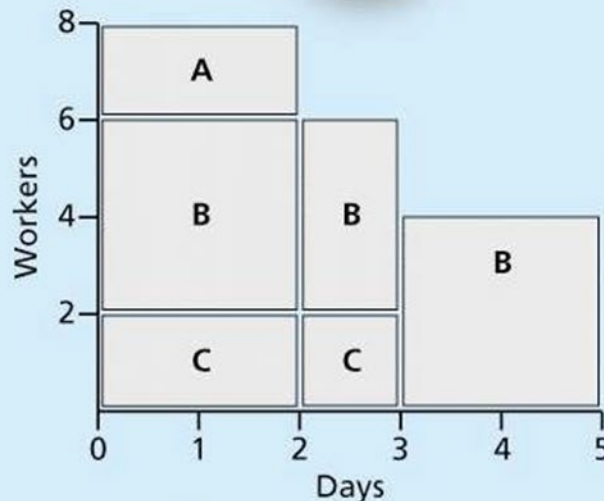
Resource usage if all activities start on day one

Resource usage if Activity C is delayed 2 days, its total slack

Benefits of Resource Leveling

- When resources are used on a more constant basis, they require less management

- It may enable project managers to use a just-in- time inventory type of policy for using subcontractors or other expensive resources

- It results in fewer problems for project personnel and accounting department

- It often improves morale

Step 3:Developing the Project Team

- The main goal of team development is to help people work together more effectively to improve project performance
- It takes teamwork to successfully complete most projects

Tuckman Model of Team Development

- Forming
- Storming
- Norming
- Performing
- Adjourning

Training

- Training can help people understand themselves, each other, and how to work better in teams
- Team building activities include
    - physical challenges
    - psychological preference indicator tools

Reward and Recognition Systems

- Team-based reward and recognition systems can promote teamwork
- Focus on rewarding teams for achieving specific goals
- Allow time for team members to mentor and help each other to meet project goals and develop human resources

Step 5:Managing the Project Team

- Project managers must lead their teams in performing various project activities
- After assessing team performance and related information, the project manager must decide
  - if changes should be requested to the project
  - if corrective or preventive actions should be recommended
  - if updates are needed to the project management plan or organizational process assets.

Tools and Techniques for Managing Project Teams

- Observation and conversation
- Project performance appraisals
- Interpersonal skills
- Conflict management

Conflict Handling Modes

- **Confrontation:** Directly face a conflict using a problem- solving approach
- **Compromise:** Use a give-and-take approach
- **Smoothing:** De-emphasize areas of difference and emphasize areas of agreement
- **Forcing:** The win-lose approach
- **Withdrawal:** Retreat or withdraw from an actual or potential disagreement
- **Collaborating:** Decision makers incorporate different viewpoints and insights to develop consensus and commitment

Conflict Handling Modes

	Low	Medium	High
High	Smoothing/ Accommodating		Confrontation/ Problem-solving Collaborating
Medium		Compromise	
Low	Withdrawal/ Avoidance		Forcing

Relationship Importance (vertical axis) / Task Importance (horizontal axis)

Conflict Can be Good

- Conflict often produces important results, such as new ideas, better alternatives, and motivation to work harder and more collaboratively
- **Groupthink:** Conformance to the values or ethical standards of a group. Groupthink can develop if there are no conflicting viewpoints
- Research suggests that task-related conflict often improves team performance, but emotional conflict often depresses team performance

Five Dysfunction of a Team

- Patrick Lencioni, author of several books on teams, says that "Teamwork remains the one sustainable competitive advantage that has been large untapped"*
- The five dysfunctions of teams are
    1. Absence of trust
    2. Fear of conflict
    3. Lack of commitment
    4. Avoidance of accountability
    5. Inattention to results
- *Lencioni, Patrick, "Overcoming the Five Dysfunctions of a Team," Jossey-Bass: San Francisco, CA (2005), p. 3.

General Advice on Teams

- Be patient and kind with your team
- Fix the problem instead of blaming people
- Establish regular, effective meetings
- Allow time for teams to go through the basic team-building stages
- Limit the size of work teams to three to seven members

General Advice on Teams (cont'd)

- Plan some social activities to help project team members and other stakeholders get to know each other better
- Stress team identity
- Nurture team members and encourage them to help each other
- Take additional actions to work with virtual team members

Using Software to Assist in Human Resource Management

- Software can help in producing RAMS and resource histograms
- Project management software includes several features related to human resource management such as
  - Assigning resources
  - Identifying potential resource shortages or underutilization
  - Leveling resources

Project Resource Management Involves Much More Than Using Software

- Project managers must
    - Treat people with consideration and respect
    - Understand what motivates them
    - Communicate carefully with them
- Focus on your goal of enabling project team members to deliver their best work

Chapter Summary

- Project human resource management includes the processes required to make the most effective use of the people involved with a project
- Main processes include
    - Plan human resource management
    - Acquire project team
    - Develop project team
    - Manage project team

Thank you