Bite-Sized Training™
Stakeholder Management

MindTools®

Stakeholder Management
Bite-Sized Training

Contents

1.   Introduction

The more successful you become, and the larger the projects you run, the greater the number of people who are impacted by your work, and the greater the number of people who can influence it.

These people are your stakeholders. Some of them will want to help you, while others may undermine you, and bring your projects to a shuddering halt.

Your boss and your clients are significant stakeholders. Others can include your team members, your suppliers, political organizations, your family, and so on – in fact, anyone who has a stake in your success or failure.

Your stakeholders can clear your path to success when you treat them well. When you fail to consult them, ignore them, or take them for granted, however, they can put obstacles in your way.

Stakeholder management is the process that you use to identify the key stakeholders in your projects, and then win their support. Once you know who you need to get support from, you can develop a clear plan to make sure that you actually get it. This makes it much easier to achieve your objectives.

This **Bite-Sized Training™** session helps you to understand how to manage stakeholders. In the next hour or so, we'll look at:

- Why stakeholder management is so important.
- How to perform a stakeholder analysis.
- How to devise an effective plan for communicating with stakeholders.

By the end of this session, you'll have learned how to manage the stakeholders in your projects, so that you can keep them positively engaged with and supportive of your work.

2. Why Stakeholder Management?

Who exactly do we mean when we talk about stakeholders? Is this everyone that you come into contact with when doing your job, completing a project, or executing a task?

No – stakeholders are the people who have a legitimate interest in, and influence over, the outcome of your work. The most common groups of stakeholders that come to mind are customers, suppliers, co-workers, and shareholders. But, there are many others that you need to consider. A good general question to ask is, "Who has the power, whether direct or indirect, to affect or influence this project?"

By answering this question, you can determine:

- Whose opinions matter.
- Who's likely to support your efforts.
- Who's likely to object or put obstacles in your way.
- Who can help you to gather the necessary resources.
- Who you should be communicating with regularly.
- What contingency plans you should have in place to gain or maintain your stakeholders' support.

3. Identifying Your Stakeholders

B efore you can decide how best to manage your stakeholders, you have to understand fully who they are.

The most obvious stakeholders are the people you work with and for. However, there are many others who have legitimate concerns about, or interests in, your work.

Just as some people will support your project, and want to do what they can to help you be successful, there will likely be a few who might hinder it or may even oppose your efforts completely. Don't forget to consider these people as well. Stakeholders can have positive or negative influences on your work, so you want to identify and manage both groups. As the saying goes, keep your friends close, and your enemies closer!

Common groups of stakeholders include:

- Managers/supervisors.
- Senior executives.
- Co-workers.
- Future employees.
- Current and prospective customers.
- Family members.
- Shareholders.
- Alliance partners.
- Suppliers.
- Lenders.
- Government.
- Trade associations.
- Media.
- Interest groups.
- The public.
- The community.

These questions will help you to identify stakeholders for your particular project:

- Who will be affected by the project or change?
- Who will you consult before you start implementing your project?
- Who can influence the project, but is not directly involved with it?
- What external groups or organizations are affected by the project? (Are there specific people who you need to contact?
- Who is interested in the project's success?
- Who will support the change?

- Who might be opposed to the change?
- Does making the change have any political, environmental or social consequences? Who will be affected?

Example

Seb is the owner of "Little Trikes," a retail outlet that specializes in children's bicycles.

Little Trikes has been in operation for three years, and has grown significantly. As a result, its Point of Sale (POS) software is no longer sufficient, and Seb needs to find another product that will deliver the features that he needs.

The company isn't capturing sufficient data about things like what sells well, when stock is running low, and what items are sitting in the stock room for too long. This creates lots of extra work for Seb's staff, and the company's processes aren't as efficient as they could be. As a result, Little Trikes isn't making much profit, and some of its investors are getting worried.

Seb recognizes that such a change will be quite big for his employees and customers. So he wants to make sure that the transition to new POS software is as smooth as possible. He decides to develop a stakeholder management plan right from the start.

He identifies the following stakeholders:

- Employees – the people who use the POS software. They are going to be directly impacted by the changes.
- Customers (current and prospective) – with an efficient POS system, Seb will be able to provide better customer service and offer better deals.
- Suppliers – they depend on Little Trikes to make their own sales.
- The POS software provider.
- Investors – they have a stake in Seb's business.

While analyzing his stakeholders, Seb realizes that Bob, his most senior employee, has a more significant involvement with the current software than anyone else.

Over the years, Bob has got to know the software "inside out" and has even created manual systems that go some way to compensate for its shortcomings. Because of this, he is the "go-to" person for information on inventory and stock ordering.

Seb acknowledges that Bob enjoys a greater status due to his extra work with the current system. If this is suddenly taken away from him, Bob may become resentful of the new POS software implementation. Seb realizes that – unless he is fully on board with the change – Bob could impact the success of his project.

To counter this, Seb provides Bob with in-depth training in the new system and a key role in training other staff members. He involves him in the process from an early stage and keeps him up to date with developments regularly.

Action:

Use the space on the next page to brainstorm the stakeholders for an important project that you're working on currently.

Tip:

Remember that, although stakeholders may be both organizations and people, ultimately you will communicate with people.

If you have a number of stakeholder organizations or groups that have complex relationships with one another, use an Influence Map to get a visual representation of the people who influence your project, and their relationships with one another. This will help you to identify and communicate with the correct individuals.

| List of Stakeholders: |
|---|
| 1. |
| 2. |
| 3. |
| 4. |
| 5. |
| 6. |
| 7. |
| 8. |
| 9. |
| 10. |
| 11. |
| 12. |
| 13. |
| 14. |
| 15. |

4. Prioritizing Your Stakeholders

N ow that you know who your stakeholders are, you need to decide which of them will influence the success of your project the most.

This part may seem a bit cold and calculating – after all, most of your stakeholders are people interested in your success. However, your time is limited, so you need to think strategically, and spend the most time and effort on the people who will have the largest impact.

The main question you should ask when you are prioritizing your stakeholders is, "Who has the power or the interest to further my project objectives, or to block them?" The more power and/or interest that your stakeholders have, the higher you should prioritize managing your involvement and communication with them.

The Power/Interest Grid (see Figure 1, below) is a useful framework for prioritizing your stakeholders in this way. Map them out on the grid, based on their power to affect your project's objectives and their interest in doing so.

Figure 1: Power/Interest Grid
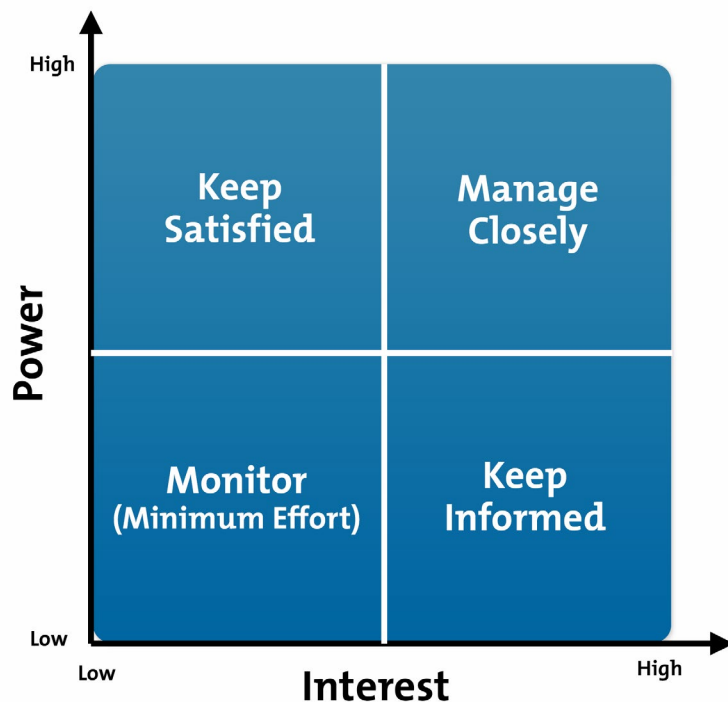
For instance, your boss will likely have a lot of power over your work and high interest in it. Meanwhile, your spouse may have high interest in it, but he or she is unlikely to have much power over its outcome.

Then, look at the quadrant of the Power/Interest Grid that your stakeholders fall into, and decide on appropriate levels of communication.

Example

Seb has drawn up the following Power/Interest Grid for his POS project:

Figure 2: Power/Interest Grid for Little Trikes POS Project
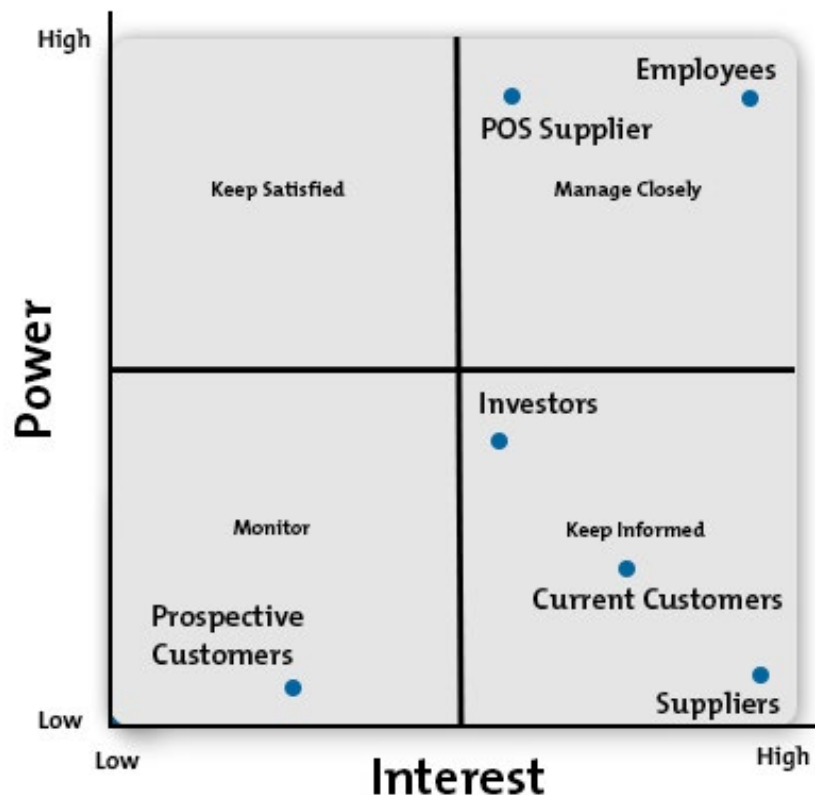
Here is the analysis that Seb used to plot each stakeholder group:

- Employees – high interest and high power. If Bob and the other team members aren't fully on board with the new system, its success will be jeopardized.
- Current customers – moderate interest, moderate power. They may not be particularly interested in the project, and the power they hold over a successful implementation is not necessarily high.
- Prospective customers – low to moderate interest and low power.
- Suppliers – high interest and low power. They don't control the changes that Seb makes, but his changes have a high impact on their operations.
- The POS software provider – high interest and high power.
- Investors – high interest and moderate power. Seb ultimately has control over his business, but he needs to keep them satisfied.

Using Your Power/Interest Grid

Next, let's look at how you should manage your stakeholders, based on where they are on the Grid:

- **Manage closely (high power and high interest)** – these are the people who you need to be engaging with continuously.
- **Keep satisfied (high power and low interest)** – here you have to balance your efforts to keep their support against becoming a nuisance factor. Be persistent but not pushy, and be aware of the cues that these people send you about how much contact is too much.
- **Keep informed (low power and high interest)** – these people can be counted on for moral support and motivation when things aren't going so well. However, they can also be the ones who put doubt in your mind. Keep them in the loop, but don't focus your energies on them.
- **Monitor (low power and low interest)** – keep your eye on these people. Their level of power and interest may change.

Action:

Print out the Grid below, and map out the stakeholders that you identified on page 6. To prioritize each one, think about how much power they have to oppose you, or to help you to achieve your objectives, and assess their level of interest in your project.
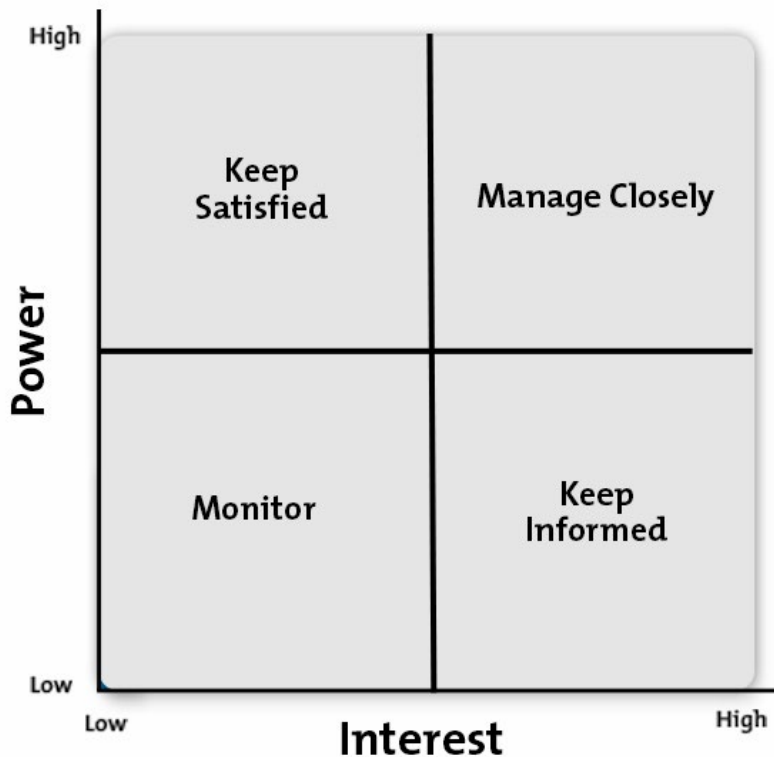
5. Categorizing Your Stakeholders

You now know how much power and interest your stakeholders have. Your next question is, "Will they use that power and interest for or against me?"

Here, you're looking at your stakeholders' motivations:

- Why are they interested in your work?
- How are they likely to use their power to affect its outcome?

Color-Coding Your Stakeholders

The Power/Interest Grid is a great way to represent your stakeholders, but how you manage each of them will depend on where they fall on it.

You can get an immediate view of who to keep in close contact with, and what approach to take while doing this, by color-coding each stakeholder.

So, you identify whether a stakeholder is:

- Green – wholeheartedly supportive of the project/your work.
- Yellow – supportive, but with reservations.
- Red – not supportive and/or obstructive.

Action:

Take some different colored pens, and color-code each stakeholder on your own Power/Interest Grid appropriately.

6. Your Stakeholder Communication Plan

T he Power/Interest Grid shows you who you should be communicating with, and how much effort you should put into those relationships. But it doesn't show you how to expend that effort. To figure that out, you need to create a communication plan.

Your goal here is to communicate as effectively as possible with your stakeholders. You want to know what you could be doing more of, less of, and differently, to win more support or to neutralize any objections.

Action:

For the project you identified for yourself, choose several stakeholders from your Power/Interest Grid, and fill in the Communication Planning Worksheet on page 14. Use the steps on the following pages to guide you.

Completing Your Communication Planning Worksheet

Follow these steps to complete the Communication Planning Worksheet:

- Fill in the Stakeholder name column.
- Fill in the Communications Approach column. (Use approaches from the Power/Interest Grid: manage closely, keep satisfied, keep informed, or monitor.)
- Identify the key interest that each stakeholder has in your project. Why is he a stakeholder? What is he interested in?

Then, in the Status column, indicate whether the person is:

- An advocate – is actively helping you to succeed (advocates will have been highlighted in green on your Power/Interest Grid).
- A supporter – is supporting your efforts to succeed (green or yellow on your grid).
- A critic – doesn't support your plan (red on your grid).
- A blocker – is trying to thwart your plan (red on your grid).

Next, identify what you want from each stakeholder. Determine how much support you want, what you see their role as, and what actions you want from them.

In a perfect world, what would each stakeholder do for you? Make sure that you answer this in terms of the person's capability, and the influence that she has.

For instance, can she:

- Provide objective opinions?
- Help to identify ways to solve a problem?
- Provide education or training?
- Provide resources?
- Provide guidance?
- Follow directions?
- Influence others?

Next, figure out what message you want to send to your stakeholders to persuade them to support you in the way that you want. Essentially, this is the benefits section of a sales pitch. What will you say to persuade someone to help you?

Identify:

- Why he should support/help you.
- What's in it for him.
- How he will help you or the organization.
- What support you're willing to provide in return.
- How you can appeal to his good nature or willingness to "give back."

Finally, work out what you need to do and say to get your stakeholders' support:

- How will you communicate with them? How often?
- How will you monitor your progress?
- What will you do to evaluate your success?
- How will you convince people who aren't totally keen?
- How will you raise stakeholder interest?
- How will you keep stakeholders engaged?
- How will you allocate the time you spend with high power/high interest stakeholders and others?

This part of your plan requires careful consideration. For now, take one or two of your high power/high interest stakeholders who support your project, and work out an action and communication strategy. The key to a good plan is balancing the need to keep in touch with your stakeholders with the need for them to not feel pressurized or imposed upon. If you start with a high level of communication, try to pick up on any signals people might send out if they feel uncomfortable with this.

Now look at one stakeholder who doesn't support your project. Develop a plan to "manage" this person, too. At the very least, you'll want to neutralize any negative impact that she can have on your project's success. Can you think of anything you can do to win her over? Is there some way to engage her, and find a benefit for her in helping or supporting you?

Implement Your Plan

The final step is to put your plan into action. It may seem like a lot of work at first, but you'll begin to see the benefit when your project runs more smoothly. After all, you will have anticipated many of the obstacles that would otherwise have halted its progress. And remember, your plan is dynamic. Make sure that you update your approach as circumstances change. The roles that stakeholders play are bound to change and evolve, and the scale of their power and interest can shift too.

An important aspect of stakeholder management is to stay on top of developments and to communicate these promptly, so don't lose touch with people. Your stakeholders will be of real benefit to you if you learn to manage your relationship with them effectively.

Communication Planning Worksheet

Stakeholder:	Comms Approach:	Key Interests:	Status:	Desired Actions:	Message to Convey:	Actions and Communications:

7. Key Learning Points

S takeholder management is all about effective communication.

Once you know who your stakeholders are, and what sort of position they hold in terms of helping you to achieve your goal, your primary responsibility is to keep in contact with them at a pace and to a degree that is appropriate.

By using a stakeholder communication plan, you can effectively manage relationships with people who have the power and influence to make or break your plans.

This takes a bit of upfront planning and preparation. But, there's significant value in knowing who your stakeholders are and the specific role each will play in your success, and in having a plan to communicate with them . This will ensure that you maximize their support along the way.