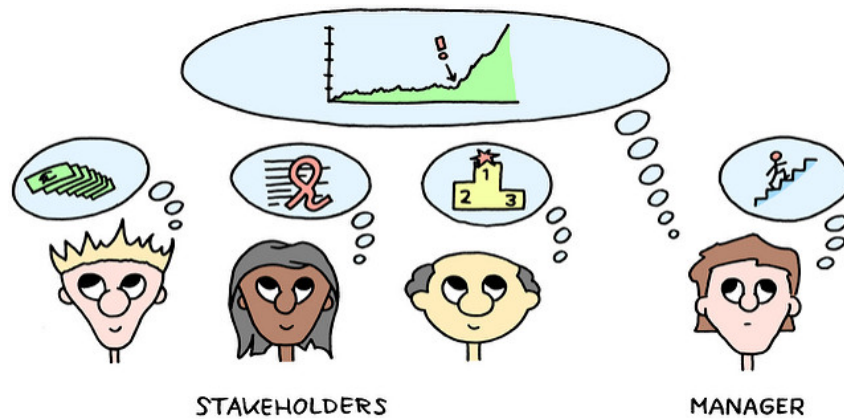# CAPM Chapter 13:
Project Stakeholder Management

Figure 13.1. **Stakeholders and project managers have personal and shared goals from a project, so stakeholder management is an integral part of project management (Appelo, 2010).**

Judy Wong understands that the stakeholders in her brake pad production line upgrade project at Waterloo Automotive Components can have a significant impact on whether the project successfully meets its objectives. Some stakeholders will have strong views and the power to influence project activity. For example, Judy knows that the major car manufacturers that WAC supplies need to be assured that they will continue to receive their parts on time, meeting the requirements of their lean manufacturing systems. The new line will need to be reliable and flexible enough to supply the variations in demand that the customers might have. These are major customers and Judy is aware that keeping them informed about the project progress is important. If they lose confidence in the project they will quickly put pressure on the senior management team of WAC to stick with the old system.

The maintenance engineers will also have a strong influence on the project. Although they are not part of the project team, they will be consulted about the update designs and any design changes that may be needed as the project proceeds. A quick and well thought out response from the maintenance engineers on these occasions will make the project go much more smoothly, reducing costs and ensuring that it is completed on schedule.

The automotive manufacturers and the maintenance engineers are two of the stakeholder groups that Judy will include in her stakeholder management activities. Some stakeholders will have more power and some will have less and their interests in the project may vary widely. Effectively managing them will play an important part in ensuring that the project is completed successfully.

The Project Stakeholder Management processes in the PMBOK are:

13.1. Identify Stakeholders

13.2. Plan Stakeholder Engagement

13.3. Manage Stakeholder Engagement

13.4. Monitor Stakeholder Engagement

The project manager works to ensure that all project stakeholders are effectively engaged with the project, using the communication tools that are most effective for this purpose. As the project proceeds, some stakeholders will become less important and some will increase in importance. Changes to the project may cause new stakeholders to emerge. Project stakeholder identification and engagement continues throughout the project.

It is important that project managers identify all of the stakeholders for their project. Often, the network of stakeholders is too narrowly defined and important stakeholders are omitted who later have a damaging impact on the project due to a failure to address their interests. In the WAC project the stakeholders may include suppliers and customers of WAC, WAC employees, the local community (especially if there is likely to be a change in employment levels as a result of the updates to the production line), the local media, company shareholders (especially if the project has a large budget), etc.

Effective stakeholder engagement will also need the participation of all project team members — their activities should take into account the stakeholder management being done, and be consistent with it.

The application of project stakeholder management will vary from project to project. The extent of the stakeholder diversity, their range of interests and influence, the complexity of the relationships with them and the technology available for communications will be different in each project.

In agile or adaptive project environments the stakeholder management that is undertaken will be influenced by the higher degree of change that takes place as the project proceeds. This requires close engagement and the use of co-creation, working with stakeholders on planning and implementation to minimize risk and develop effective working relationships. Transparency of project activity is an important element in agile projects.

13.1. Identify Stakeholders
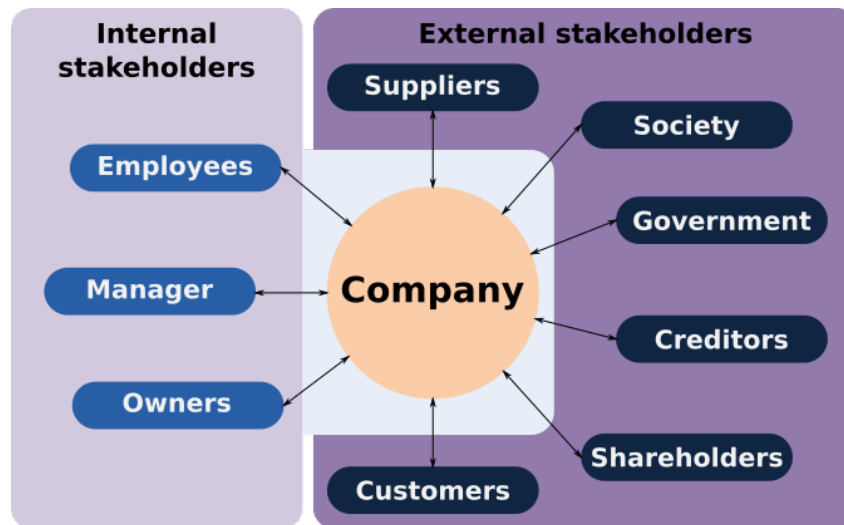
Figure 13.2. **Types of stakeholders in the company (Grochim, 2008).**

Judy Wong wants to ensure that all of the stakeholders in the WAC are managed effectively. First, she must identify who they are. The Identify Stakeholders process will help her to do that. This process identifies who the stakeholders are, their interests and power and therefore their potential impact on the project. It should be undertaken at the beginning of a project, often when the project charter is developed and then during the project when needed, often at the beginning of each project phase.

13.1.1. Identify Stakeholders: Inputs

The project charter includes the key stakeholders in the project. Business documents that assist in the identification of stakeholders include the business case and the benefits management plan, which describe the project objectives and have an initial list of project stakeholders and may also include the beneficiaries of the project who would be included as stakeholders.

The project management plan, which may not have been prepared when the identification of stakeholders is first undertaken, but may be useful later, can include information on stakeholders in the communications management plan and the stakeholder engagement plan. Other project documents with information on who the stakeholders are and what their interests may be can include the change log, the issue log and the project requirements documentation.

Project agreements will be with people and organizations who are involved with the project and are therefore stakeholders.

Enterprise environmental factors that may assist stakeholder identification include the political environment, the organizational culture and the geographical distribution of the project (which may influence the expectation that stakeholders will have to influence the project). Organizational process assets may include the stakeholder register, registers from past projects and the lessons learned repository.

13.1.2. Identify Stakeholders: Tools and Techniques

Experts can assist in stakeholder identification through their knowledge of politics and culture in the organization, the industry in which the project is being undertaken and the skills and expertise of project team members.

Data gathering to support stakeholder identification can include the use of questionnaires and surveys in interviews, focus groups and other data collection techniques. Brainstorming and brain writing may also be used.

Data analysis techniques that can be applied to assist interpretation of the data gathered can include stakeholder analysis, a technique that categorizes stakeholders according to their "stakes" in the project. Stakes include their interests in the project, rights (which may be legal or moral), ownership of property or other resources, knowledge or contribution to the project.

Data representation techniques can include stakeholder mapping which visually categorizes stakeholders according to their levels of power, interest, influence and impact on the project. An advanced application of this technique is the stakeholder cube which categorizes stakeholders on three dimensions. Salience models, based on power levels, can also be used.
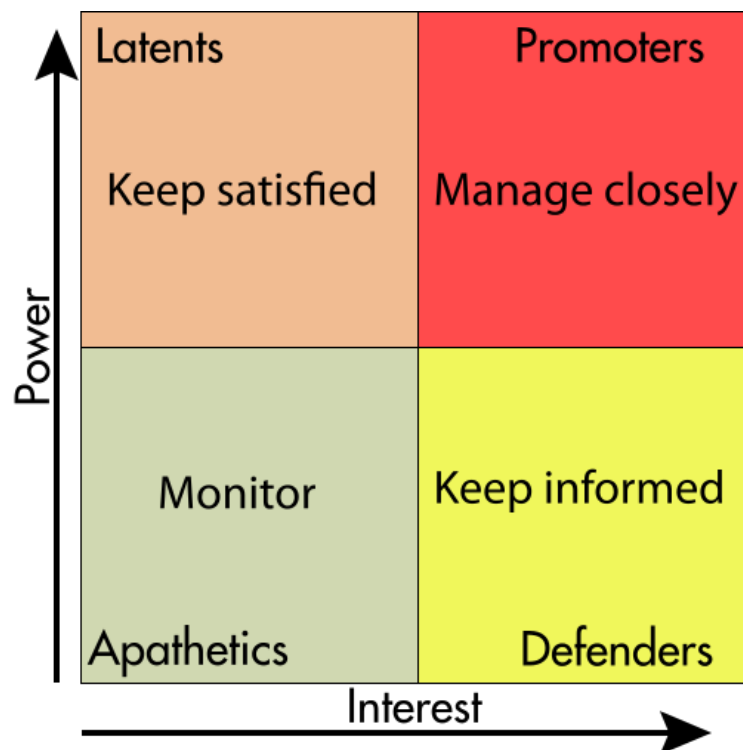
Figure 13.3. **Stakeholder matrix based on power and interest (Zirguezi, 2014).**

Directions of influence models classify stakeholders according to the nature of their influence on the project — is it upward to senior management, downward to people working on the project, outward to different stakeholder groups or sideward to peers in the project. Finally, prioritization of stakeholders may be necessary where there are many stakeholders and relationships are complex.

Meetings with stakeholders to understand their interests may also take place.

13.1.3 Identify Stakeholders: Outputs

The stakeholder register is an output of this process it provides information that identifies the project stakeholders, an assessment of their interests, power and influence and any classification that may be being used in the project.

Change requests may be made as a result of stakeholder identification that is undertaken as the project proceeds and which require changes in the project management plan or other project documents.

13.2. Plan Stakeholder Engagement

The approach that will be used to manage stakeholders is developed in the Plan Stakeholder Engagement process. As Judy has been starting her project to update the production line, she has applied the stakeholder identification process and has prepared the first version of her stakeholder register. It will be updated as the project proceeds and some stakeholders are removed from the register and new ones are added. Judy now applies the plan stakeholder engagement process to developing a plan for the management of the stakeholders in her stakeholder register. When the register changes in the future or when changes are made to the project that impact stakeholders she may make changes to her plan.

13.2.1. Plan Stakeholder Engagement: Inputs

The project charter provides information about the project that may be used in planning stakeholder engagement. It describes project aspects that may impact the plan.

The project management plan elements which may impact the stakeholder engagement plan include the resource management plan (detailing team member and other stakeholder responsibilities), the communications management plan, (describing project communications strategies that will be influenced by and influence the stakeholder engagement plan) and the risk management plan that may highlight risk concerns of stakeholders.

Other project documents that may be consulted include the assumption log, the change log, issue log, project schedule, risk register and stakeholder register. Project agreements will describe aspects of the relationships with contractors and suppliers that will be included in the plan and may be managed through the procurement services of the organization where the project is being conducted.

Enterprise environmental factors that will influence the plan may include the organization's cultural, political and governance environment, stakeholder risk tolerances, existing communications channels in the organization, etc. Organizational process assets that may be considered include policies that will impact the communication methods used (such as those for social media), policies for information storage, the organization's software communications tools and others.

13.2.2. Plan Stakeholder Engagement: Tools and Techniques

Knowledge and skill in dealing with the political environment and culture in the organization may be helpful in preparing the plan. Analytical techniques and various ways of communicating may be used as well as information from previous projects.

Data gathering techniques can include benchmarking of stakeholder engagement activities in similar projects in other organizations. Data analysis techniques that may be helpful include assumption and constraint analysis, which will enable better understanding of the conditions that may influence the engagement plan. Root cause analysis assists understanding of the motivation of stakeholders and the development of plans to manage this.

Decision making techniques that can be used include prioritization or ranking which enables appropriate attention to be focused on stakeholders based on their power and influence.

Data representation techniques that can be used include mind mapping and the stakeholder assessment matrix which compares current and desired levels of stakeholder engagement.

Figure 13.4. **Stakeholder decision matrix example (Rosenfeld Media, 2017).**

Meetings will be used to enable collaboration between those involved in preparing the plan.

13.2.3. Plan Stakeholder Engagement: Outputs

The stakeholder engagement plan is the main output of this process. It becomes part of the project management plan. The level of detail and complexity that it involves will depend on the nature of the project.

13.3. Manage Stakeholder Engagement

The work that is done with stakeholders, to understand and manage their relationship with the project is guided by the Manage Stakeholder Engagement process. This process manages expectations, addresses needs and issues and enables the involvement of stakeholders in the project. In the WAC production line upgrade project, the engagement with WAC customers may be managed through enabling customer participation in the design of the new line, regular updates on progress as the work is done, consultation on any changes that may be needed as the project proceeds and briefing on the changes to the line when they are completed. It may continue after the work is done with follow up meetings to ensure that the customer is satisfied with the service that they are receiving from the new line.

This process is designed to maximize the positive contribution that is made by stakeholders and minimize their potential negative impact on the project.

13.3.1. Manage Stakeholder Engagement: Inputs

Inputs to the manage stakeholder engagement process include the project management plan, which provides details of the project communications management plan, providing information on how communications can be conducted with stakeholders, the risk management plan, the stakeholder engagement plan and the change management plan. These describe how stakeholder expectations will be managed and how changes resulting from this management might be incorporated in the project.

Project documents that may be used in this process include the change log, issue log, lessons learned register and stakeholder register. These provide information on issues which have arisen in the project, how these were addressed and who the stakeholders are that these might be addressed with.

Enterprise environmental factors that can influence this process include the organization culture, politics and governance, stakeholder tolerance of risk, existing communication channels, etc. Organizational process assets which support engagement include corporate policies and guidelines on communications and information on work done in previous projects.

13.3.2. Manage Stakeholder Engagement: Tools and Techniques

Expert judgement is used to understand the environment that the project is being conducted in, its politics and culture (both inside and outside the organization). Experts may also assist with development and implementation of communications strategies, knowledge of work with stakeholders in previous projects and in working with vendors and suppliers.

Communications skills will be used to understand stakeholder concerns and to communicate effectively with them about these. These may include the ability to conduct effective conversations, identify issues, manage meetings and prepare reports and surveys. Interpersonal skills in managing conflict, working with different cultures, negotiating, conversing and political awareness may also be used.

Ground rules may be established for team and stakeholder engagement behaviour and meetings may be used to facilitate effective interaction.

13.3.3. Manage Stakeholder Engagement: Outputs

Change requests may be created as a result of this process. Engagement may lead to changes being proposed that address concerns that stakeholders have, or which improve project performance based on stakeholder suggestions or activities.

Updates may be required to the project management plan due to changes made as well as to other project documents.
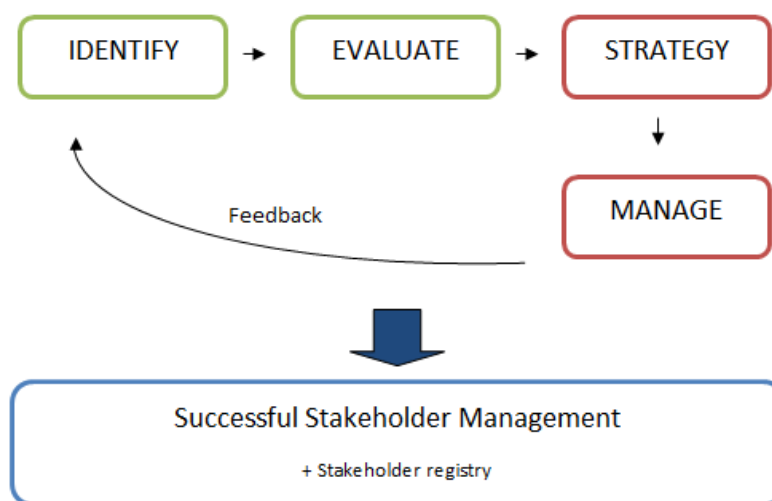
Figure 13.5. **The iteration used for stakeholder management (VY-ProjM, 2011).**

13.4. Monitor Stakeholder Engagement

As stakeholder engagement proceeds it should be monitored to ensure that is effective. Modifications to the engagement activity should be made where this is necessary to enable successful completion of the project. This is done throughout the project.

13.4.1. Monitor Stakeholder Engagement: Inputs

The project management plan is used as an input to this process. It describes how the project team will be managed, how communications with the stakeholders will be undertaken and their needs and expectations addressed.

Other project documents that may be consulted include the issue log, lessons learned register, project communications, risk register and stakeholder register. These describe the issues and key events in the

project that may impact stakeholders, the communications that have taken place with them, how risks affecting stakeholders will be addressed and details on the stakeholders themselves.

Work performance data may describe stakeholders' attitudes towards the project and how they have been engaged.

Enterprise environmental factors that may affect this process include the organization culture and politics, the stakeholder tolerance of risk, existing communication channels and the geographical location and distribution of project resources and facilities. Organizational process assets that may be used in monitoring stakeholder engagement include the organization's policies on communications and management of data and information on work done on previous projects.

13.4.2. Monitor Stakeholder Engagement: Tools and Techniques

Data analysis can be used in this process to determine the approach that will be used when changes are required in stakeholder engagement activity — such as alternatives analysis, root cause analysis (which is intended to identify why existing practices are not working as planned) and stakeholder analysis, to understand their views.

Decision making techniques may support decisions on changes to stakeholder engagement activity. This may include multicriteria decision analysis and voting. Data representation to support decision making may include the stakeholder engagement assessment matrix.

Communication skills used may include feedback to ensure understanding of stakeholder views and presentations to provide information to them.

Interpersonal and team skills used may include active listening, cultural awareness, leadership, networking and political awareness. Meetings may be used to facilitate effective discussion and decision making.

13.4.3. Monitor Stakeholder Engagement: Outputs

Outputs from this process include work performance information that describes how effectively stakeholder engagement is proceeding. Change requests may be made to improve engagement and updates may be made to the project management plan and other project documents as a result of these changes.

References

Appelo, J. (2010, November 23). FIGURE 09.1 Goals per stakeholder and a shared goal from the manager. Retrieved April 18, 2018, from https://www.flickr.com/photos/jurgenappelo/ 5201843170/in/album-72157625328824303/ and licensed under CC BY 2.0.

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1. Which knowledge area focuses on continuous communication with stakeholders to understand their needs and expectations, addressing issues as they occur, managing conflicting interests and fostering appropriate stakeholder engagement in project decisions and activities:
   A. Project scope management
   B. Project communications management
   C. Project stakeholder management
   D. Project risk management

2. Which process communicates and works with stakeholders to meet their needs/expectations, address issues as they occur, and foster appropriate stakeholder engagement in project activities throughout the project life cycle:
   A. Identify stakeholders
   B. Plan stakeholder management
   C. Manage stakeholder engagement
   D. Control stakeholder engagement

3. The technique which systematically gathers and analyzes quantitative and qualitative information to determine whose interests should be taken into account throughout the project is:
   A. Stakeholder analysis
   B. Stakeholder planning
   C. Communications network planning
   D. Communications analysis

4. Which stakeholder classification model describes classes of stakeholders based on their power, urgency and legitimacy:
   A. Power/interest grid
   B. Power/influence grid
   C. Influence/impact grid
   D. Salience model

5. In the power/ interest grid below, how should you manage stakeholders in quadrant C:

		Level of interest	
		Low	High
Power	Low	A	B
	High	C	D

   A. Keep satisfied
   B. Monitor
   C. Manage closely
   D. Keep informed

6. What is the main output of the identify stakeholders process:
   A. The stakeholder register
   B. The stakeholder management plan
   C. The stakeholder communications plan
   D. The stakeholder analysis

7. Which of the following is not an input to the plan stakeholder engagement process:
   A. Stakeholder register
   B. Organizational process assets
   C. Project management plan
   D. Project document updates

8. Which of the following is not an enterprise environmental factor in the plan stakeholder engagement process:
   A. Organizational culture
   B. Lessons learned database
   C. Organizational structure
   D. Organizational political climate

9. At which point in a project is it more likely that senior stakeholders will need to be highly engaged in order to clear away any obstacles to success:
   A. At the end of the project
   B. At the beginning of the project
   C. During the execution activities
   D. When dealing with vendors

10. Which stakeholder engagement level has the stakeholders aware of the project yet neither supportive nor resistant:
    A. Resistant
    B. Supportive
    C. Neutral
    D. Leading

11. In the chart below, which stakeholder has the desired level of engagement:

Stakeholder	Unaware	Resistant	Neutral	Supportive	Leading
Stakeholder 1		C		D	
Stakeholder 2				D-C	
Stakeholder 3	C			D	

A. Stakeholder 1
B. Stakeholder 2
C. Stakeholder 3
D. None of the stakeholders are at the desired level of engagement

12. How should the project manager regard the sensitivity of the stakeholder management plan:
   A. It should be treated like any other project document
   B. It should be made freely available to stakeholders
   C. Precautions should be taken with it due to its sensitive nature
   D. It should only be available to the project team

13. Which of the following is not an output of the manage stakeholder engagement process:
   A. Project document updates
   B. Change requests
   C. The issue log
   D. Organizational process assets

14. When is the ability of stakeholders to influence the project greatest:
   E. At the final quarter of the project
   F. At the beginning of the project
   G. During the execution of the project
   H. During the closure of the project

15. Which of the following interpersonal skills is not appropriate to managing stakeholder engagement:
   A. Building trust
   B. Resolving conflict
   C. Team building
   D. Active listening

16. Which of the following management skills is not appropriate for managing stakeholder engagement:
   A. Facilitating consensus toward project objectives
   B. Modifying organizational behaviour to accept the project outcomes
   C. Negotiating agreements to satisfy the project needs
   D. Developing the technical skills of the project team

17. Which of the following is not an organizational process asset that might be updated by the manage stakeholder engagement process:
    A. Stakeholder notifications
    B. Project records
    C. Lessons learned documentation
    D. The stakeholder register

18. The process which monitors overall project stakeholder relationships and adjusts strategies and plans for engaging stakeholders is:
    A. Manage stakeholder engagement
    B. Monitor stakeholder engagement
    C. Plan stakeholder management
    D. Identify stakeholders

19. Which of the following is not an output from the monitor stakeholder engagement process:
    A. Organizational process assets updates
    B. Work performance data
    C. Wok performance information
    D. Change requests

20. Which organizational process asset that is updated by the monitor stakeholder engagement process is described as information formally or informally provided by the project team to any or all stakeholders:
    A. Stakeholder notifications
    B. Project reports
    C. Project records
    D. Project presentations

Processes in Project Stakeholder Management knowledge area

- Identify Stakeholders
- Plan Stakeholder Engagement
- Manage Stakeholder Engagement
- Monitor Stakeholder Engagement

When Project Stakeholder Management processes are used

Continually throughout the project

Who participates in stakeholder engagement to ensure it is effective

All project team members

Identify Stakeholders process

Process in Project Stakeholder Management knowledge area for identifying stakeholders, their interests and power and therefore their potential impact on the project

When Identify Stakeholder processes are used

At the beginning of a project, often when the project charter is developed, and then as needed

Identify Stakeholders inputs

- Project charter
- Business documents (business case and benefits management plan)
- Project management plan elements (communications management plan and stakeholder engagement plan)
- Other project documents (change and issue logs and project requirements documentation)
- Project agreements
- Enterprise environmental factors
- Organizational process assets

Identify Stakeholders tools and techniques

- Expert judgement
- Data gathering techniques (questionnaires, surveys, interviews, focus groups, etc.)
- Brainstorming and brain writing
- Data analysis techniques (stakeholder analysis)
- Data representation techniques (stakeholder mapping, stakeholder cube and salience models)
- Direction of influence models
- Prioritization of stakeholders
- Meetings

Stakeholder analysis

Identify Stakeholders process data analysis technique that categorizes stakeholders according to their "stakes" in the project

Stakes

Stakeholders': interests in the project, legal and/or moral rights, ownership of property or other resources, knowledge or contribution to the project

Stakeholder mapping

Data representation technique in Identify Stakeholders process which visually categorizes stakeholders according to their levels of power, interest, influence and impact on the project

Stakeholder cube

Data representation technique in Identify Stakeholders process which is an advanced application of stakeholder mapping which categorizes stakeholders on three dimensions

Salience model

Data representation technique in Identify Stakeholders process which is based on power levels

Directions of influence model

Technique in Identify Stakeholders process which categorizes stakeholders according to the nature of their influence on the project: upward to senior management, downward to people working on the project, outward to different stakeholder groups or sideward to peers in the project

Identify Stakeholders outputs

- Stakeholder register
- Change requests
- Project management plan changes
- Other project document changes

Stakeholder register

Output of Identify Stakeholders process which provides information that identifies the project stakeholders, an assessment of their interests, power and influence, etc.

Plan Stakeholder Engagement process

Process in Project Stakeholder Management knowledge area for developing the approach that will be used to manage stakeholders

Plan Stakeholder Engagement inputs

- Project charter
- Project management plan elements (resource, communications and risk management plans)
- Other project documents (assumptions, change and issue logs, project schedule and risk and stakeholder registers)
- Project agreements
- Enterprise environmental factors
- Organizational process assets

Plan Stakeholder Engagement tools and techniques

- Expert knowledge
- Analytical techniques
- Communication skills
- Information from previous projects
- Data gathering techniques (benchmarking)
- Data analysis techniques (assumption and constraint and root cause analyses)
- Decision making techniques (prioritization or ranking)
- Data representation techniques (mind mapping and stakeholder assessment matrix)
- Meetings

Stakeholder assessment matrix

Data representation technique in Plan Stakeholder Engagement process which compares current and desired levels of stakeholder engagement

Plan Stakeholder Engagement output

Stakeholder management plan (main output)

Manage Stakeholder Engagement process

Process in Project Stakeholder Management knowledge area for managing and understanding stakeholders' relationship with the project, their expectations, needs, issues and involvement in order to maximize their positive contribution and minimize their negative impact

Manage Stakeholder Engagement inputs

- Project management plan elements (communications, risk and change management plans and stakeholder engagement plan)
- Project documents (change and issue logs and lesson learned and stakeholder registers)
- Enterprise environmental factors
- Organizational process assets

Manage Stakeholder Engagement tools and techniques

- Expert judgement
- Communication skills
- Interpersonal skills

Possible uses for communication skills in Manage Stakeholder Engagement process

- Conduct effective conversations
- Identify issues
- Manage meetings
- Prepare reports and surveys

Possible uses for interpersonal skills in Manage Stakeholder Engagement process

- Managing conflict
- Working with different cultures
- Negotiating
- Conversing
- Political awareness

Manage Stakeholder Engagement outputs

- Change requests

- Project management plan updates
- Project document updates

Monitor Stakeholder Engagement process

Process in Project Stakeholder Management knowledge area for monitoring and ensuring the effectiveness of stakeholder engagement, including modifying activity when needed to enable successful completion of the project

When to use Monitor Stakeholder Engagement process

Continuously throughout the project

Monitor Stakeholder Engagement inputs

- Project management plans
- Other project documents (issue log, lessons learned, risk and stakeholder registers and project communications)
- Work performance data
- Enterprise environmental factors
- Organizational process assets

Monitor Stakeholder Engagement tools and techniques

- Data analysis techniques (alternatives, root cause and stakeholder analyses)
- Decision making techniques (multi-criteria decisions analysis and voting)
- Data representation techniques (stakeholder engagement matrix)
- Communication skills
- Interpersonal and team skills
- Meetings

Monitor Stakeholder Engagement outputs

- Work performance information
- Change requests
- Project management plan updates
- Other project document updates

Example enterprise environmental factors that are inputs to Identify Stakeholders process

- Organization's political environment
- Organizational culture
- Geographical distribution of the project activities

Example organizational process assets that are inputs to Identify Stakeholders process

Stakeholder register and registers from past projects

Example enterprise environmental factors that are inputs to Plan Stakeholder Engagement process

- Organizational culture
- Organization's political environment
- Organization's governance environment
- Stakeholder risk tolerances
- Organization's communications channels

Example organizational process assets that are inputs to Plan Stakeholder Engagement process

- Organization's communications policies
- Organization's information storage policies
- Organization's software communications and other tools

Example enterprise environmental factors that are inputs to Manage Stakeholder Engagement process

- Organizational culture
- Organizational politics
- Organizational governance
- Stakeholder risk tolerance
- Organization's communication channels

Example organizational process assets that are inputs to Manage Stakeholder Engagement process

Organization's communications policies and guidelines

Example enterprise environmental factors that are inputs to Monitor Stakeholder Engagement process

- Organizational culture
- Organizational politics
- Stakeholder risk tolerance
- Organization's communication channels
- Geographical location of stakeholders
- Distribution of project resources and facilities

Example organizational process assets that are inputs to Monitor Stakeholder Engagement process

- Organization's communication policies
- Organization's data management policies

Test Your Knowledge — CAPM Content Chapter 13 Answers

1. C
2. C
3. A
4. D
5. B
6. A
7. D
8. B
9. B
10. C
11. B
12. C
13. D
14. B
15. C
16. D
17. D
18. B
19. B
20. D