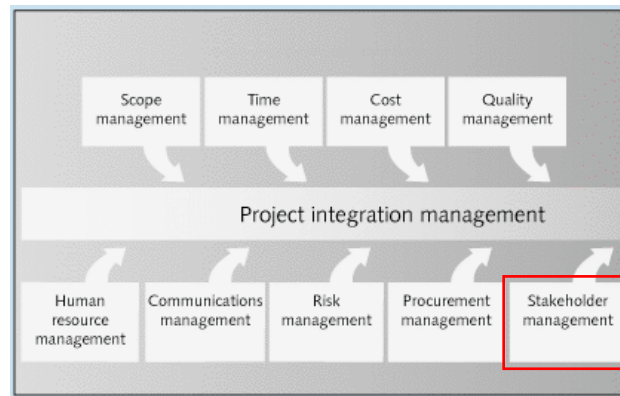# Project Stakeholder Management

Importance of Project Stakeholder Management

▶ Stakeholders are all people interested in your project outcomes. Their interests may be contradicting.

▶ Key stakeholders make a decision to start a project, and whether or not the project has been successful

▶ 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 2013
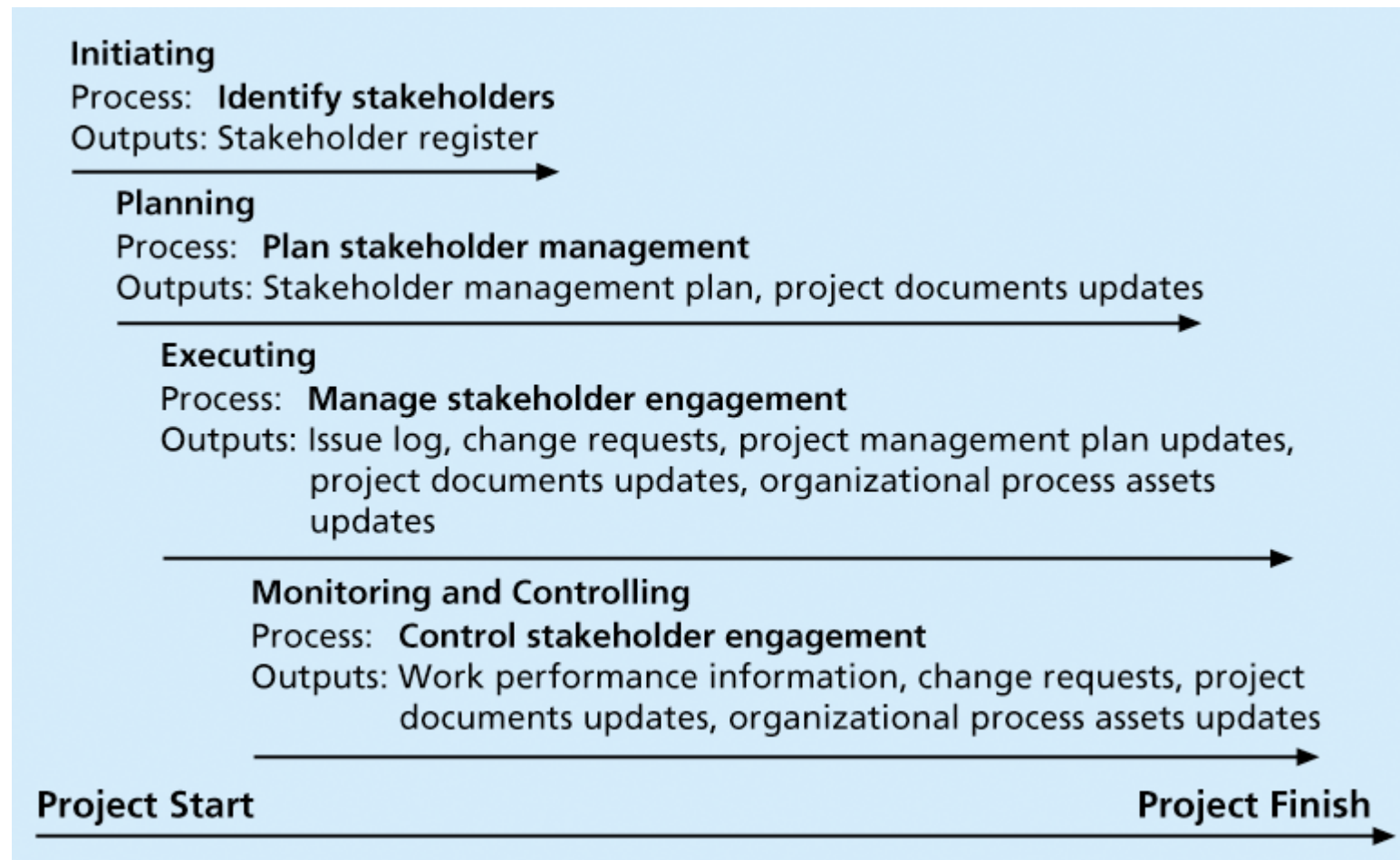
▶ The purpose of project stakeholder management is to

  ◦ identify all people who are affected by a project
  ◦ understand stakeholder expectations
 ◦ effectively manage stakeholders

Figure 13-1. 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**

Identifying Stakeholders

- *Internal* project stakeholders generally include the project sponsor, project team, support staff, and contractors. Other internal stakeholders include top company management, functional managers

- *External* project stakeholders include 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, shareholders and concerned citizens

- *Key stakeholders* have power to prevent the project from achieving its major objectives
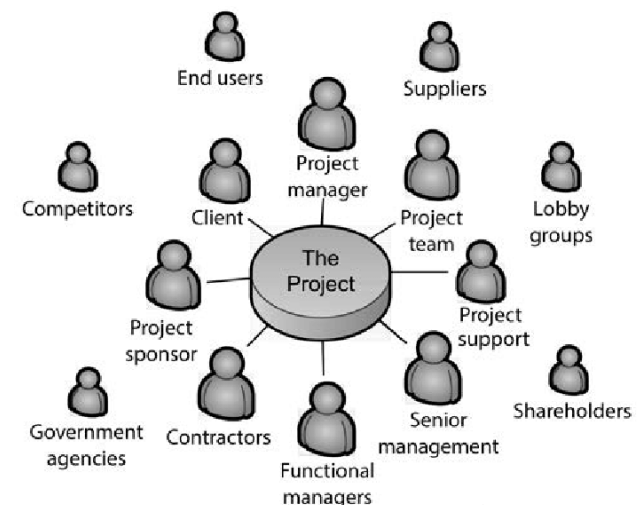
Stakeholder Register

▶ 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?

Table 13-1. 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

The register includes only basic stakeholder information (no sensitive information)

Classifying Stakeholders

▸ After identifying key project stakeholders, you need to use different classification models to determine the most appropriate approach for managing stakeholders

▸ A **power/interest grid** can be used to group stakeholders based on their level of authority (Power) and their level of interest in you project outcomes
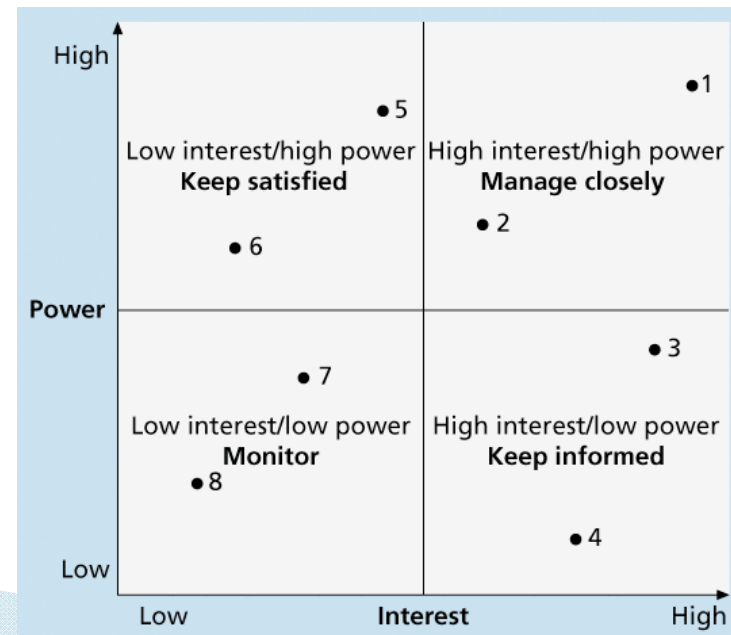
Stakeholder Engagement Levels

▶ PMBOK Guide recommends to classify the stakeholder engagement level

- ◦ Unaware: Unaware of the project or its potential impact on them
- ◦ Resistant: Aware of the project , but are reluctant to support it
- ◦ Neutral: Aware of the project yet neither supportive nor resistant
- ◦ Supportive: Aware of the project and supportive and wish it to succeed
- ◦ Leading: Aware of the project and its potential impacts and actively engaged in helping it succeed

▶ As a project manager you need to develop strategies how turn "unaware" and "resistant" categories into the "neutral" and "supportive" categories.

Planning Stakeholder Management

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

▸ The plan can help the manager to anticipate needs of stakeholders and address them before they negatively affect the project

▸ The Stakeholder Management Plan can include:
  ◦ Stakeholder analysis summary
  ◦ Current and desired engagement levels
  ◦ Communication requirements that provide input for preparing the Communications Management Plan
  ◦ Risk analysis to provide input for the Risk Management Plan
  ◦ Management strategies selected for each stakeholders

Sensitive Information

- Because a stakeholder management plan often includes sensitive information, it <u>should not</u> be part of the official project documents, which are normally available for all stakeholders to review
- In many cases, only project managers should prepare the stakeholder management plan
- Some parts of the stakeholder management plan are not written down, and if they are, distribution is strictly limited

Table 13-2. 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.

This is a very sensitive document

Managing Stakeholder Engagement

- ▸ All strategies described in the Stakeholder Management Plan need to be implemented, followed and updated
  - ◦ enable plans
  - ◦ anticipate risks and opportunities
  - ◦ minimise opposition and meet expectations
- ▸ Project success is often measured in terms of customer or sponsor satisfaction who rank scope, time, and cost constraints in order of importance
- ▸ Sponsor/customer ranking of constraints can be reflected in an Expectations Management Matrix to clarify expectations and provide guidelines

Table 13-3. Expectations Management 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 #	Description	Impact	Date Reported	Reported By	Assigned To	Priority (H/M/L)	Due Date	Status	Comments
1	Need require-ments cate-gorized as mandatory and optional	Cannot do much without it	Feb. 4	Ryan	Stephen	H	Feb. 8	Closed	Require-ments 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

Controlling Stakeholder Engagement

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

- Key stakeholders should be invited to actively participate in a kick-off meeting rather than merely attending it
- 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.
- Important stakeholders can be invited to be members of the project teams
- Update the Stakeholder Management Plan, Stakeholder Register and Issue Logs

Chapter Summary

▸ Managing stakeholders is now a knowledge area in the PMBOK® Guide.

▸ Processes include:

  ◦ Identify stakeholders

  ◦ Plan stakeholder management

  ◦ Manage stakeholder engagement

  ◦ Control stakeholder engagement

Chapter 13: Project Stakeholder Management