PROJECT MANAGEMENT

PMP® Certification Training

Lesson 15: Project Stakeholder Management

This course is based on the Project Management Institute, *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)—Sixth Edition*.

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Objectives

▷ Define stakeholder

▷ Discuss key concepts, tailoring, emerging trends and agile/adaptive considerations

▷ Describe stakeholder classification models and stakeholder engagement assessment matrix

▷ List the skills needed to manage stakeholders

▷ Describe the Project Stakeholder Management processes

Stakeholders

The definition of a *Stakeholder is as follows:

> An individual, group, or organization who may affect, be affected by, or perceive itself to be affected by a decision, activity, or outcome of a project, program, or portfolio.

A stakeholder can have a positive or negative impact. Therefore, it is necessary to engage and involve the stakeholders in the project to ensure project success.

Project Stakeholder Management includes the processes required to identify the people, groups, or organizations that could impact or be impacted by the project, to analyze stakeholder expectations and their impact on the project, and to develop appropriate management strategies for effectively engaging stakeholders in project decisions and execution.

Stakeholders: Example

Different examples of stakeholders are as follows:

- Project managers

- Project team members

- Senior management

- Sponsors

- Customers

- End users

- Vendors

- People affected by project's output

- Competitors

- Social groups

- Government and political leadership

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Key Concepts for Project Stakeholder Management

- Use structured way of identifying, prioritizing, and engaging stakeholders.

- Stakeholders can make or break the project success.

- Stakeholder identification should begin immediately after project charter approval and is a continuous journey.

Trends and Emerging Practices in Project Stakeholder Management

- Identify all stakeholders and not just a limited set of stakeholders.

- Ensure all team members are involved in stakeholder engagement activities.

- Review the stakeholder community regularly, often in parallel with reviews of individual project risks.

- Consult with stakeholders who are most affected by the work or outcomes of the project through the concept of co-creation. Co-creation places greater emphasis on including affected stakeholders in the team as partners.

- Capture the value of effective stakeholder engagement, both positive and negative value.

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Tailoring Considerations

- **Stakeholder diversity**: How many stakeholders are there? How diverse is the culture within the stakeholder community?

- **Complexity of stakeholder relationships**: How complex are the relationships within the stakeholder community?

- **Communications technology**: What communication technology is available? What support mechanisms are in place to ensure the best value is achieved from the technology?

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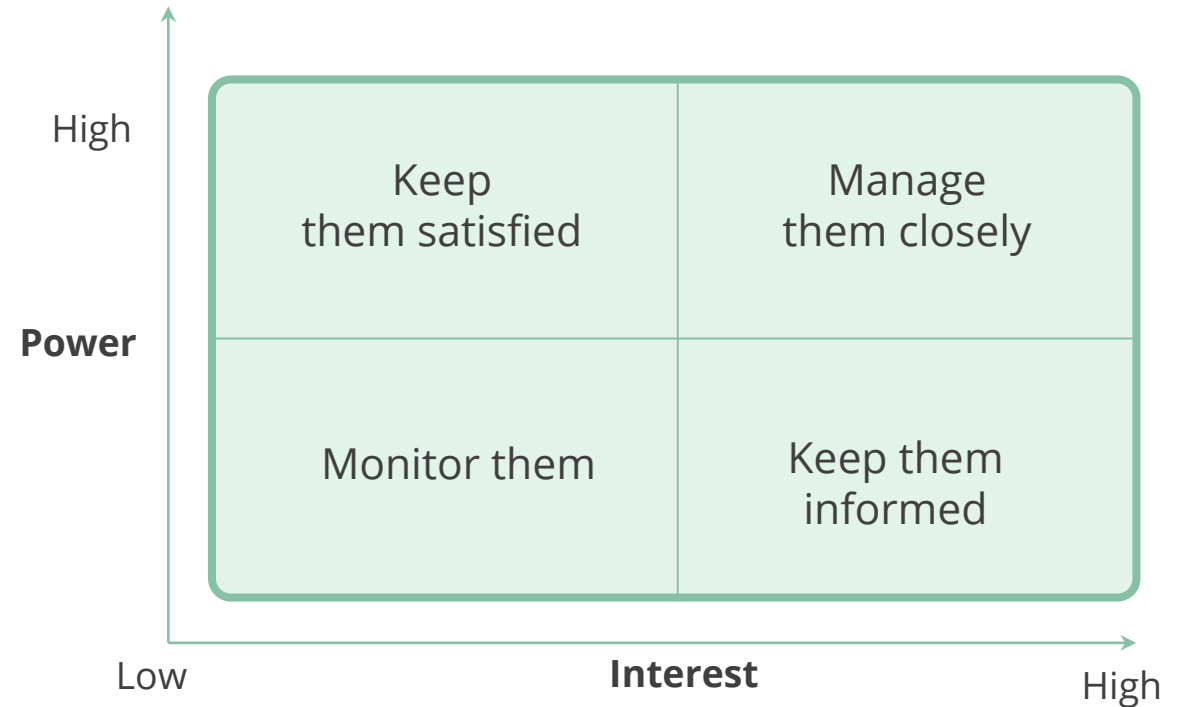
Considerations for Agile/Adaptive Environment

- Actively engage and participate with stakeholders.

- Engage stakeholders directly rather than going through layers of management.

- Engage early, be transparent, and build trust to reduce the cost of changes.

- Use postings on public spaces for visibility.

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Classification Models for Stakeholder Analysis

Stakeholders have power and influence over the project, and the best way to manage each stakeholder is to calibrate a proper classification.

The power, interest, influence, and impact that stakeholders have on projects can be mapped through power/interest, power/influence, or influence/impact grids, and Salience model.

A Salience model describes the classes of stakeholders based on their power, urgency, and legitimacy.

Power

High

| Keep them satisfied | Manage them closely |
| Monitor them | Keep them informed |

Low **Interest** High

Practice creating power grid for business scenarios. This will help in understanding the level of engagement a project manager needs to maintain with various stakeholders.

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Stakeholder Engagement Assessment Matrix

Stakeholder engagement assessment matrix helps in visualizing the current and desired states of a stakeholder's involvement in a project.

Unaware — Stakeholder is not aware of the project and its impact.

Resistant — Stakeholder is aware of the impact and is resistant to change.

Neutral — Stakeholder is aware of the project but is neither supportive nor has resistance.

Supportive — Stakeholder is aware of the project and is supportive of change.

Leading — Stakeholder is aware of the project and is actively engaged to ensure project's success.

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Stakeholder Engagement Assessment Matrix (Contd.)

The table given here shows a sample stakeholder engagement assessment matrix:

Stakeholder	Unaware	Resistant	Neutral	Supportive	Leading
Stakeholder 1	C			D	
Stakeholder 2		C	D		
Stakeholder 3			C	D	
Stakeholder 4			C		D
Stakeholder 5				D, C	

Figure 13-6. Stakeholder Engagement Assessment Matrix

Project Management Institute, *A Guide to the Project Management Body of Knowledge, (PMBOK® Guide) – Sixth Edition,* Project Management Institute, Inc., 2017, Page 521, 522

Stakeholder Management Skills

Project managers need to demonstrate the following traits while managing stakeholders:

Interpersonal Skills

The project manager must possess the following interpersonal skills to manage stakeholder:

- Building trust
- Resolving conflict
- Active listening
- Overcoming resistance to change

Managerial Skills

The project manager has to use the following managerial skills to accomplish the project objectives:

- Facilitate consensus
- Influence people
- Negotiate agreements
- Modify organizational behavior

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Project Stakeholder Management Processes

Knowledge Areas		Project Integration Management	Project Scope Management	Project Schedule Management	Project Cost Management	Project Quality Management	Project Resource Management	Project Communications Management	Project Risk Management	Project Procurement Management	Project Stakeholder Management
Project Management Process Groups	Initiating	4.1 Develop Project Charter									13.1 Identify Stakeholders
	Planning	4.2 Develop Project Management Plan	5.1 Plan Scope 5.2 Collect Requirements 5.3 Define Scope 5.4 Create WBS	6.1 Plan Schedule Management 6.2 Define Activities 6.3 Sequence Activities 6.4 Estimate Activity Durations 6.5 Develop Schedule	7.1 Plan Cost Management 7.2 Estimate Costs 7.3 Determine Budget	8.1 Plan Quality Management	9.1 Plan Resource Management 9.2 Estimate Activity Resources	10.1 Plan Communications Management	11.1 Plan Risk Management 11.2 Identify Risks 11.3 Perform Qualitative Risk Analysis 11.4 Perform Quantitative Risk Analysis 11.5 Plan Risk Response	12.1 Plan Procurement Management	13.2 Plan Stakeholder Engagement
	Executing	4.3 Direct and Manage Project Work 4.4 Manage Project Knowledge				8.2 Manage Quality	9.3 Acquire Resources 9.4 Develop Team 9.5 Manage Team	10.2 Manage Communications	11.6 Implement Risk Response	12.2 Conduct Procurements	13.3 Manage Stakeholder Engagement
	Monitoring and Controlling	4.5 Monitor and Control Project Work 4.6 Perform Integrated Change Control	5.5 Validate Scope 5.6 Control Scope	6.6 Control Schedule	7.4 Control Costs	8.3 Control Quality	9.6 Control Resource	10.3 Monitor Communications	11.7 Monitor Risks	12.3 Control Procurements	13.4 Monitor Stakeholder Engagements
	Closing	4.7 Close Project or Phase									

Table 1-4. Project Management Process Group and Knowledge Area Mapping

Identify Stakeholders

"Identify Stakeholders is the process of identifying project stakeholders regularly and analyzing and documenting relevant information regarding their interests, involvement, interdependencies, influence, and potential impact on project success." It belongs to the Initiating Process Group.
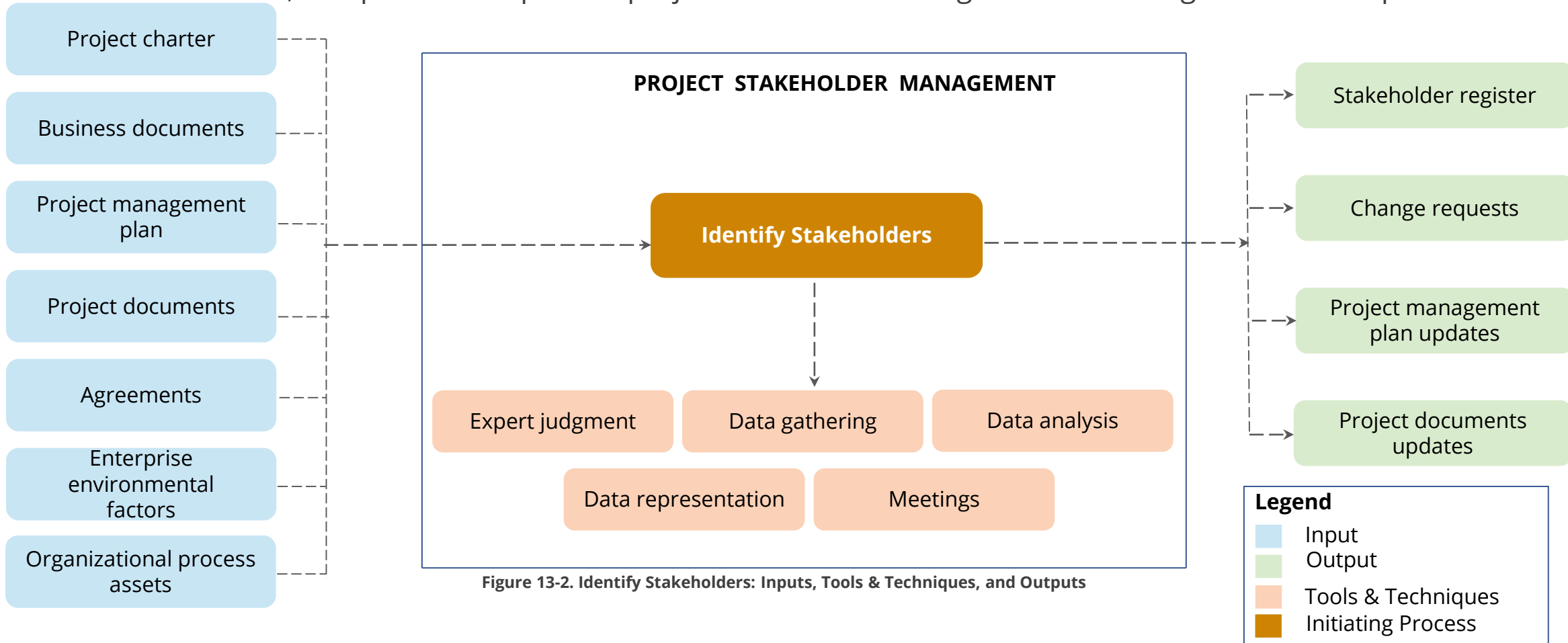

PROJECT STAKEHOLDER MANAGEMENT

Inputs:
- Project charter
- Business documents
- Project management plan
- Project documents
- Agreements
- Enterprise environmental factors
- Organizational process assets

Identify Stakeholders

Tools & Techniques:
- Expert judgment
- Data gathering
- Data analysis
- Data representation
- Meetings

Outputs:
- Stakeholder register
- Change requests
- Project management plan updates
- Project documents updates

Figure 13-2. Identify Stakeholders: Inputs, Tools & Techniques, and Outputs

Legend
- Input
- Output
- Tools & Techniques
- Initiating Process

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Plan Stakeholder Engagement

"Plan Stakeholder Engagement is the process of developing approaches to involve project stakeholders based on their needs, expectations, interests, and potential impact on the project."
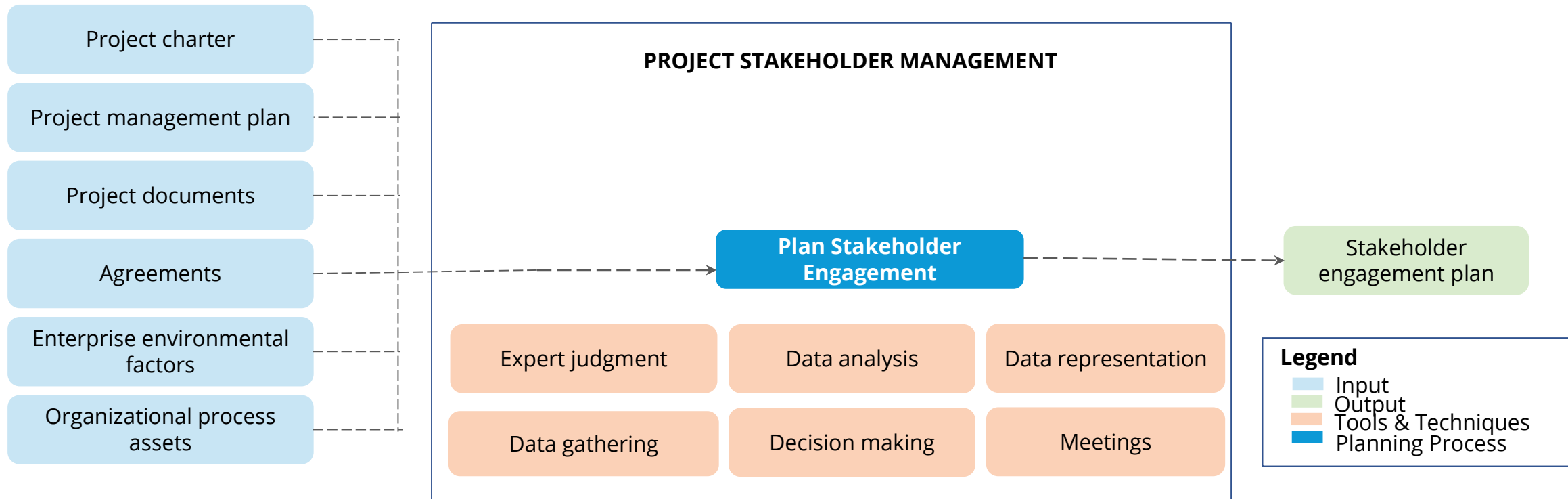
It belongs to the Planning Process Group.

PROJECT STAKEHOLDER MANAGEMENT

Inputs	
Project charter	
Project management plan	
Project documents	
Agreements	
Enterprise environmental factors	
Organizational process assets	

Plan Stakeholder Engagement

Stakeholder engagement plan

Tools & Techniques		
Expert judgment	Data analysis	Data representation
Data gathering	Decision making	Meetings

Legend
- Input
- Output
- Tools & Techniques
- Planning Process

Figure 13-4. Plan Stakeholder Engagement: Inputs, Tools & Techniques, and Outputs

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Manage Stakeholder Engagement

"Manage Stakeholder Engagement is the process of communicating and working with stakeholders to meet their needs or expectations, address issues as they occur, and foster appropriate stakeholder involvement. It belongs to the Executing Process Group."
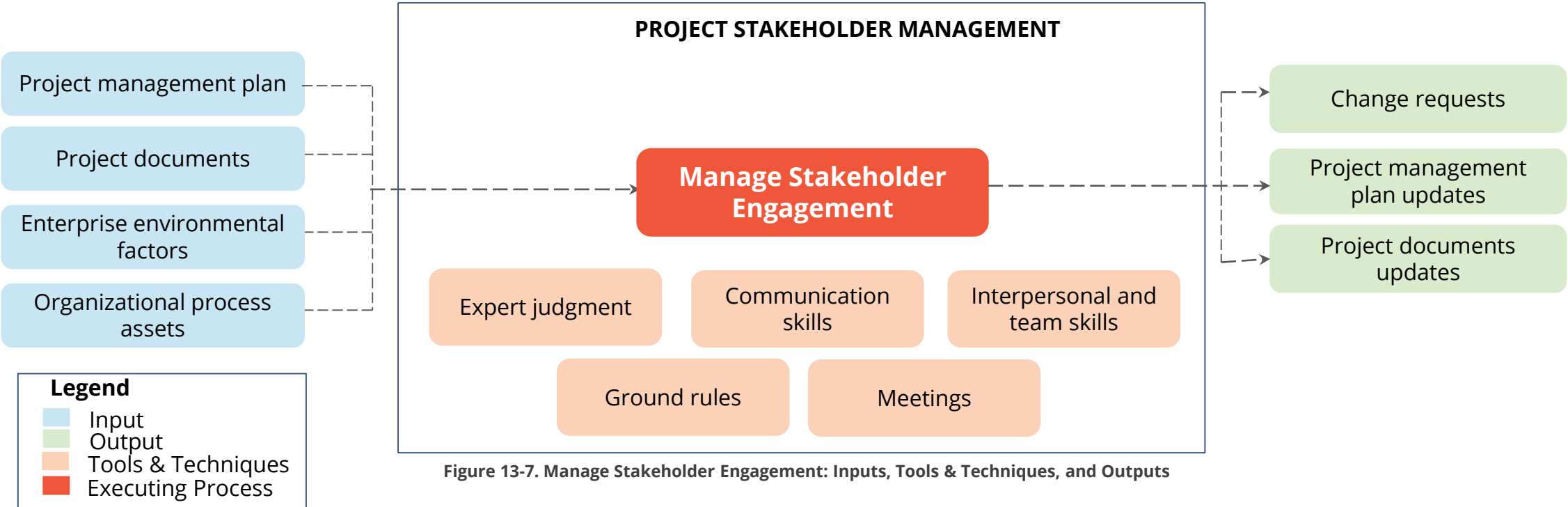
PROJECT STAKEHOLDER MANAGEMENT

Project management plan

Project documents

Enterprise environmental factors

Organizational process assets

Manage Stakeholder Engagement

Expert judgment

Communication skills

Interpersonal and team skills

Ground rules

Meetings

Change requests

Project management plan updates

Project documents updates

Legend
- Input
- Output
- Tools & Techniques
- Executing Process

Figure 13-7. Manage Stakeholder Engagement: Inputs, Tools & Techniques, and Outputs

Study the process of managing stakeholder engagement to answer concept-based questions.

Monitor Stakeholder Engagement

"Monitor Stakeholder Engagement is the process of monitoring project stakeholder relationships and tailoring strategies for engaging stakeholders through modification of engagement strategies and plans."

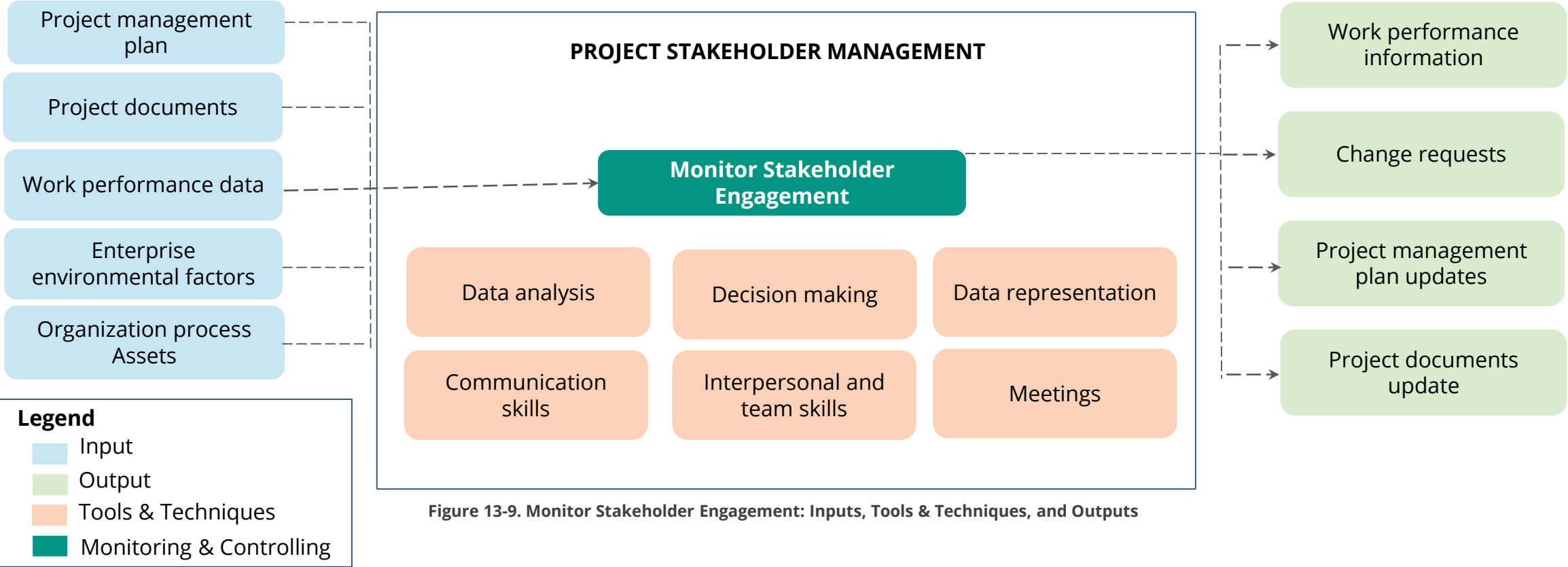It belongs to the Monitoring and Controlling Process Group.

PROJECT STAKEHOLDER MANAGEMENT

Inputs:
- Project management plan
- Project documents
- Work performance data
- Enterprise environmental factors
- Organization process Assets

Monitor Stakeholder Engagement

Tools & Techniques:
- Data analysis
- Decision making
- Data representation
- Communication skills
- Interpersonal and team skills
- Meetings

Outputs:
- Work performance information
- Change requests
- Project management plan updates
- Project documents update

Legend
- Input
- Output
- Tools & Techniques
- Monitoring & Controlling

Figure 13-9. Monitor Stakeholder Engagement: Inputs, Tools & Techniques, and Outputs

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Key Takeaways

▷ Stakeholder is an individual, group, or organization who may affect, be affected by, or perceive itself to be affected by a decision, activity, or outcome of a project.

▷ The different stakeholder classification models are power/interest, power/influence, or influence/impact grids and Salience model.

▷ Stakeholder engagement assessment matrix helps in visualizing the current and desired states of a stakeholder's involvement in a project.

▷ Project managers need to demonstrate certain interpersonal and managerial skills to manage the stakeholders and accomplish the project objectives successfully.

▷ The four Project Stakeholder Management processes are Identify Stakeholders, Plan Stakeholder Management, Manage Stakeholder Engagement, and Monitor Stakeholder Engagement.

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Additional Reading

(Refer to the exercises provided in the PMP Classroom Exercises)

- Exercise 23

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Quiz

1. The power/interest grid is a tool that helps to:

A ▶ Assign more authority to the interested stakeholders

B ▶ Assess the correct type and level of engagement desired with different stakeholders

C ▶ Identify as many stakeholders as possible

D ▶ Identify ways to make the project more interesting

Quiz

1. **The power/interest grid is a tool that helps to:**

A ▶ Assign more authority to the interested stakeholders

B ▶ Assess the correct type and level of engagement desired with different stakeholders

C ▶ Identify as many stakeholders as possible

D ▶ Identify ways to make the project more interesting

The correct answer is: **B**

The power/interest grid is a tool to determine the most appropriate type of engagement with a stakeholder based on an assessment of their degree of influence and their interest in the project.

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Quiz

2. **Which of the following is the best/preferred level during the stakeholder engagement?**

A ▶ Unaware

B ▶ Resist

C ▶ Neutral

D ▶ Support

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Quiz

2. Which of the following is the best/preferred level during the stakeholder engagement?

A ▸ Unaware

B ▸ Resist

C ▸ Neutral

D ▸ Support

The correct answer is: **D**

Support is the best level of engagement.

3. **A project has been in execution for many months, and you have been regularly sending updates to all stakeholders per the communications management plan. Suddenly, at a phase-gate review, one of the stakeholders complains that she has not been informed about the changes in the project. What is the best thing for you to do?**

A ▸ Send her the copies of past correspondence to prove that she has been informed

B ▸ Escalate the issue to the stakeholder's manager

C ▸ Review the stakeholder and communications management plans

D ▸ Ignore this comment and continue working on the plan

Quiz

3. A project has been in execution for many months, and you have been regularly sending updates to all stakeholders per the communications management plan. Suddenly, at a phase-gate review, one of the stakeholders complains that she has not been informed about the changes in the project. What is the best thing for you to do?

A ▶ Send her the copies of past correspondence to prove that she has been informed

B ▶ Escalate the issue to the stakeholder's manager

C ▶ Review the stakeholder and communications management plans

D ▶ Ignore this comment and continue working on the plan

The correct answer is: **C**

It seems like either the mode of communication was not appropriate or the stakeholder might not have understood those communications about the project. So, the best thing to do is to review these plans and see if any changes are needed.

Quiz

4. **A project manager has recently been assigned to a long running project and wants to know the key influencers on the project and their level of involvement. The best document to get this kind of information is:**

A ▸ Stakeholder register

B ▸ Stakeholder management plan

C ▸ Project staffing plan

D ▸ Project management plan

Quiz

4. A project manager has recently been assigned to a long running project and wants to know the key influencers on the project and their level of involvement. The best document to get this kind of information is:

A ▶ Stakeholder register

B ▶ Stakeholder management plan

C ▶ Project staffing plan

D ▶ Project management plan

The correct answer is: **A**

The stakeholder register lists the stakeholders on a project and their involvement with the project.

Quiz

5. **What is the best way to manage stakeholders who are extremely supportive and have a high level of interest in the project but do not have a large influence on the project?**

A ▶ Ignore

B ▶ Keep them informed

C ▶ Use them as champions

D ▶ Manage them closely

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Quiz

5. What is the best way to manage stakeholders who are extremely supportive and have a high level of interest in the project but do not have a large influence on the project?

A ▸ Ignore

B ▸ Keep them informed

C ▸ Use them as champions

D ▸ Manage them closely

The correct answer is: **B**

The low power, high interest stakeholders need to be kept informed, but they cannot necessarily become champions due to their low degree of influence in the organization.

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Quiz

6. **Which of the following is NOT an input to the Monitor Stakeholder Engagements process?**

A ▸ Issue log

B ▸ Project management plan

C ▸ Work performance data

D ▸ Change requests

Quiz

6. Which of the following is NOT an input to the Monitor Stakeholder Engagements process?

A ▸ Issue log

B ▸ Project management plan

C ▸ Work performance data

D ▸ Change requests

The correct answer is: **D**

Change requests are the output of the Monitor Stakeholder Engagements process.

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7. Which of the following techniques can be used by the project manager while identifying stakeholders for a project?

A ▶ Stakeholder Selection Matrix

B ▶ Expert Judgment

C ▶ Communication Skills

D ▶ Interpersonal Skills

Quiz

7. Which of the following techniques can be used by the project manager while identifying stakeholders for a project?

A ▶ Stakeholder Selection Matrix

B ▶ Expert Judgment

C ▶ Communication Skills

D ▶ Interpersonal Skills

The correct answer is: **B**

Expert Judgment is a technique for identifying stakeholders. The Stakeholder Selection Matrix is not a recognized *PMBOK*® term, and Communication Skills and Interpersonal Skills are techniques used to Monitor Stakeholder engagement.

Quiz

8. Henry is a long-time employee of a large organization. He is a subject matter expert in the Accounts Payable function and is a passionate supporter of the new financial system that is being implemented. Henry is respected in his department even though he is an individual contributor without a lot of formal authority. How would you classify Henry on a Power/Influence Grid?

A ▶ High Power, High Interest

B ▶ High Power, Low Interest

C ▶ Low Power, High Interest

D ▶ Low Power, Low Interest

8. **Henry is a long-time employee of a large organization. He is a subject matter expert in the Accounts Payable function and is a passionate supporter of the new financial system that is being implemented. Henry is respected in his department even though he is an individual contributor without a lot of formal authority.**
How would you classify Henry on a Power/Influence Grid?

A ▶ High Power, High Interest

B ▶ High Power, Low Interest

C ▶ Low Power, High Interest

D ▶ Low Power, Low Interest

The correct answer is: **C**

As an individual contributor, Henry would have low power but high interest in the success of the project.