

Program Management Office

Stakeholder Management

Approach and Plan

# About this document

### Purpose

This document details the process of identifying and managing stakeholders. Definitions, templates and worked examples are all provided.

### Summary of Changes

|  |  |  |
| --- | --- | --- |
| **Version** | **Date** | Summary of Changes/Comments |
| 0.2 | 2 Dec 04 | Initial Draft provided to Richard Priestly for comment. |
| 0.3 | 6 Dec. 04 | Updated version with comments from Richard. |
| 0.4 | 7 Dec. 04 | Updated version with comments from Susan. |
| 1.0 | 10 Dec 04 | Updated with comments from Michael and released for approval. |

Table : Version History

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# Introduction

Stakeholder identification and management is a key skill for all project managers, program managers and executives (collectively called project manager for the purpose of this paper). Stakeholders are individuals who represent specific interest groups served by the outcomes and performance of a project or program. Project managers are accountable for the end-to-end management of their projects, including performance and expectation management of individuals who may be outside their direct control.

Project managers must give due consideration to the people issues surrounding projects and recognise that the appropriate involvement and management of stakeholders is almost always a critical success factor. Project managers should therefore have a formal stakeholder management process that is appropriate for the circumstances of the project.

# The Stakeholder Management Cycle

Stakeholder management plans operate at many different levels across any organisation, from peak executive bodies to individual streams of projects. The stakeholder management cycle, which leads to the identification of stakeholders and the development of a stakeholder management plan, can be applied at each level in the same manner.

The stakeholder management cycle consists of the 5 steps shown in the following diagram.



Although the above steps can be initiated in a logical sequence, they can also occur

concurrently and iteratively. The same steps are then used to review stakeholders and ensure ongoing alignment.

### Step 1 – Identify, recognise and acknowledge stakeholders

Project stakeholders come from all parts of an organisation, and occasionally from the wider community (local activist groups, political parties, unions, residents etc). When identifying stakeholders, consideration should be given to any interested party. Whilst a project may appear to have a very large stakeholder group, there will inevitably be a hierarchy that will simplify the identification of stakeholders. For example, a state-wide clinical system project may appear to include every doctor in its stakeholder group. This would be unmanageable, so the group will need to be reduced by identifying the leaders of doctor’s interest groups, specific influential doctors within the system and so on. Presentations to the wider group may be required during the project, however, key stakeholder activities will be targeted through the hierarchy.

To identify project stakeholders, develop a list of all individuals who will have an interest in the outcomes of your project. Ways of identifying key individuals include:

* Perform a process impact analysis (who is impacted by the current system, who will be impacted by the change introduced by the project?);
* Consider individuals involved in the requirements gathering and scope definition process;
* Undertake a benefits analysis (who will benefit from the solution?);
* Develop a list of standard stakeholders (e.g. Service Desk, technical support, business testers, business owners, Policy Direction professionals);
* Scan local community groups, employer and employee associations, informal employee group leaders (Social Club President) etc.
* Discuss with other project managers and review documentation from similar projects undertaken in the past;
* Discuss the list with the Project Sponsor and other stakeholders as the list develops.

There are two forms that can be used to capture details regarding your stakeholders, depending on the audience and purpose of the table.

The first form, the Stakeholder Plan, is for public use and will often be included in project related documents, such as Business Cases or Project Statements. The Stakeholder Plan will generally be a sub-set of a larger Department, Division or Branch plan.

The second form, the Stakeholder Map, is for the personal use of the project manager and the management team. The Stakeholder Map is used to identify the level of support currently being received by stakeholders and to map actions to maintain or increase that support. The Stakeholder Map is shown below.

### Step 2 – Analyse contribution, commitment and support

##### Contribution

The degree to which a stakeholder is required to contribute to a project to ensure success depends on a number of factors, including the stakeholder’s position and authority within the organisation, the degree to which the project is reliant upon the particular stakeholder to provide a product or service, the level of “social” influence of the individual and the degree to which the individual is familiar with specific aspects of the business. Each of these factors can be analysed in more detail during stakeholder analysis. The outcome is summarised into a contribution index, which has the following values:

* **Critical**. The stakeholder has the power to make the project succeed or to prevent it from succeeding altogether;
* **Desirable**. The project can be completed even without an active contribution from the stakeholder, but this would have a serious impact on the quality, elapsed time and cost of execution. Is able to act as an advocate for the project to peers;
* **Non-essential**. Although the stakeholder can contribute to the project, this contribution is either not essential or can be more easily obtained from other stakeholders. (Note: an individual with a contribution index below Non-essential is not a stakeholder).

##### Commitment

Each stakeholder will display a different level of commitment to the project, even throughout the life of the project. The range of commitment to a project is represented by the following values:

* **Committed (make it happen)**. The stakeholder has committed to contributing to the project, preferably in writing, and is available to do so. The commitment may be documented in the form of an agreed plan, describing what will be provided and by when, or other forms of written communication (e-mail, memo, letter, contract, statement of intent);
* **Supportive (help it happen)**. The stakeholder is well informed, sees value in what is being done, understands his/her contribution and is willing to provide it, although no formal commitment has been entered into;
* **Neutral (let it happen)**. The stakeholder may or may not be informed about the project and while they do not disagree, they are not actively involved in any capacity, or may be indifferent about the project objectives and outcomes;
* **Disagrees (stop it from happening)**. The stakeholder may or may not be informed, but does not see value in the project and the work being performed, he/she would rather not be involved and in fact would prefer the work not to be carried out at all.

Review each stakeholder and determine what their current level of contribution and commitment are, and enter their name in the stakeholder map.



##### Target

Now identify where each stakeholder “needs” to be to ensure an adequate level of contribution and commitment towards the project. This will reflect the ideal or target scenario for the project. Enter each stakeholder’s name onto the map in the target position. If the stakeholders target is further right or upwards draw an arrow from current to target. If the stakeholder is currently in the ideal position, simply circle the stakeholder’s name.

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### Step 3 – Develop an action plan

Identifying any obstacles to the full contribution and commitment of a stakeholder is the first step towards identifying any activities that may serve to remove these obstacles. It is therefore a good practice to identify any such obstacles during stakeholder analysis so that they can be taken into account when planning. Obstacles could include items such as:

* Lack of knowledge and information;
* Was not sufficiently engaged during planning and decision-making;
* Has not yet been requested to participate;
* Is already committed to another project or responsibility and is not available;
* Cannot be made available due to expected location and duration;
* Does not agree with the changes being proposed, sees the changes as a potential threat;
* Does not have the requisite level of authority to be able to contribute effectively;
* Does not have the requisite skills to be able to contribute effectively;
* Is in conflict with other stakeholders;
* Is an external provider and no formal agreement has yet been put in place;
* There may be doubts about the capability, stability or availability of an external supplier, consultant or contractor.

Based on the positioning of stakeholders on the Stakeholder Map and on the obstacles that have been identified, appropriate activities can be listed and included in an action plan.

The main purpose of these activities is to remove the obstacles and influence stakeholders towards the desired state, rather than necessarily all the way to the committed level. For example, whilst it is preferential to have the Director-General, Deputy Director-General, Area CEOs and the selected software vendor Committed, a social, clinical or related business unit leader could be encouraged to be supportive (say, actively promote the project) rather than ignore the project (neutral). The level of effort expended on each stakeholder should be enough to move them to the desired state, and then maintain that state throughout the project.

Increasing and maintaining the contribution of stakeholders that are already in agreement or committed also increases the likelihood of a successful project.

Special care needs to be taken when dealing with critical and desirable stakeholders that are in disagreement. If it is not possible to obtain their commitment then it becomes necessary to reduce the project’s dependence on their contribution (move them from critical or desirable to non-essential). The first step in dealing with disagreement should always be that of listening, understanding and acknowledging issues and concerns.

The following table may be used to identify the actions that need to be taken to increase stakeholders’ commitment to the project

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Stakeholder Management Plan | | | | |
| Stakeholder | Current Level | Target Level | Primary Relationship | Actions |
| Ernie | Critical Neutral | Critical Committed | Bill | * Weekly Meeting one-on-one. * Invite to weekly project briefings. * Attends status and steering committee. * Ian to meet monthly prior to steering comm. * Ask for commitment to fill Acting Chair role when Helen is away. |
| Helen | Critical Committed | Critical Committed | Bill | * Weekly meeting one-on-one. * Hold informal Phase 2 discussions when Paul is in town. * Arrange vendor site visit for January. |
| Peter | Desirable  Disagrees | Critical Committed | Ian | * Discuss inclusion in weekly status meetings (confirm with Helen first). * Provide industry scan documents to show reasoning for decisions to-date. * Increase one-on-one meetings from monthly to fortnightly. |
| Niles | Desirable  Supportive | Desirable  Committed | Bill | * Fortnightly one-on-one meetings to discuss project status. * Understand role and duration. * Understand power base. |
| Byron | Non-essential Neutral | Non-essential Neutral | Pete | * Discuss role of Union Consultative Committee in future planning sessions. * Invite as observer. * Suggest coffee after next status meeting. |

### Step 4 – Action the plan

This step simply puts the planned activities into action, and may include:

* Communicating with stakeholders and keeping them informed of matters that are likely to be of interest to them;
* Obtaining information from stakeholders that will be relevant to the project;
* Managing the expectations of stakeholders;
* Involving stakeholders in all key decisions about the project;

### Step 5 – Monitor the outcomes and take corrective actions

The purpose of this step is to periodically re-assess the position of each stakeholder to determine what further action (if any) is required to keep him or her committed and supportive of the project. This essentially requires a review of steps 1 to 4 to determine whether there are any new stakeholders, where they are positioned in terms of their commitment and influence and what action needs to be taken in relation to them. A similar review of existing stakeholders should also be conducted to determine whether any variations to the stakeholder management plan is required.