



Project Stakeholder Management

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Learning Objectives

- Understand the importance of project stakeholder management throughout the life of a project
- Discuss the process of identifying stakeholders, how to create a stakeholder register, and how to perform a stakeholder analysis
- Describe the contents of a stakeholder management plan

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Learning Objectives (cont'd)

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- Understand the process of managing stakeholder engagement and how to use an issue log effectively
- Explain methods for controlling stakeholder engagement
- Discuss types of tools available to assist in project stakeholder management

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Importance of Project Stakeholder Management

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- 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 2012
- The purpose of project stakeholder management is to identify all people or organizations affected by a project, to analyze stakeholder expectations, and to effectively engage stakeholders

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Projects Often Cause Change

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- Projects often cause changes in organizations, and some people may lose their jobs when a project is completed. Project managers might be viewed as enemies if the project resulted in job losses for some stakeholders
- By contrast, they could be viewed as allies if they lead a project that helps increase profits, produce new jobs, or increase pay for certain stakeholders
- In any case, project managers must learn to identify, understand, and work with a variety of stakeholders

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Project Stakeholder Management Processes

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- **Identifying stakeholders:** Identifying everyone involved in the project or affected by it, and determining the best ways to manage relationships with them.
- **Planning stakeholder management:** Determining strategies to effectively engage stakeholders
- **Managing stakeholder engagement:** Communicating and working with project stakeholders to satisfy their needs and expectations, resolving issues, and fostering engagement in project decisions and activities
- **Controlling stakeholder engagement:** Monitoring stakeholder relationships and adjusting plans and strategies for engaging stakeholders as needed

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Project Stakeholder Management

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 internal customers for the project. Other internal stakeholders include top management, other functional managers, and other project managers
- **External project stakeholders** include the project's 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 and concerned citizens

Additional Stakeholders

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- Other stakeholders include, but not limited to:
 - Program director
 - Project manager's family
 - Labor unions
 - Potential customers
- It is also necessary to focus on stakeholders with the most direct ties to a project, for example only key suppliers

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Stakeholder Register

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- 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?

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Sample Stakeholder Register

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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

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Classifying Stakeholders

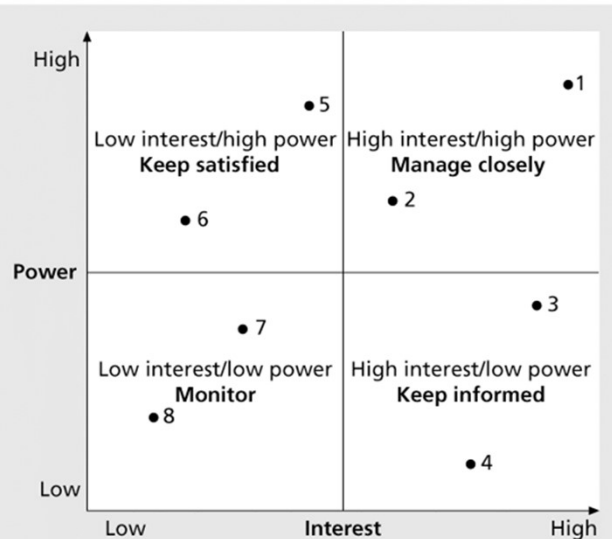
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- After identifying key project stakeholders, you can use different classification models to determine an approach for managing stakeholder relationships
- A *power/interest grid* can be used to group stakeholders based on their level of authority (power) and their level of concern (interest) for project outcomes

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Power/Interest Grid



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Planning Stakeholder Management

- ▶ After identifying and analyzing stakeholders, project teams should develop a plan for management them
- ▶ The stakeholder management plan can include:
 - ▶ Current and desired engagement levels
 - ▶ Interrelationships between stakeholders
 - ▶ Communication requirements
 - ▶ Potential management strategies for each stakeholders
 - ▶ Methods for updating the stakeholder management plan

Sensitivity of Information

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

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Sample Stakeholder Analysis

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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.

Managing Stakeholder Engagement

- Project success is often measured in terms of customer/sponsor satisfaction
- Project sponsors often rank scope, time, and cost goals in order of importance and provide guidelines on how to balance the triple constraint
- This ranking can be shown in an expectations management matrix to help clarify expectations

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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

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- 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 logs can address other knowledge areas as well

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Sample Issue Log

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Issue #	Description	Impact	Date Reported	Reported By	Assigned To	Priority (H/M/L)	Due Date	Status	Comments
1	Need requirements categorized as mandatory and optional	Cannot do much without it	Feb. 4	Ryan	Stephen	H	Feb. 8	Closed	Requirements 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
Etc.									

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Best Practice

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- Project managers are often faced with challenges, especially in managing stakeholders
- Sometimes they simply cannot meet requests from important stakeholders
- Suggestions for handling these situations include the following:
 - Be clear from the start
 - Explain the consequences
 - Have a contingency plan
 - Avoid surprises
 - Take a stand

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Controlling Stakeholder Engagement

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- You cannot control stakeholders, but you can control their level of engagement
- Engagement involves a dialogue in which people seek understanding and solutions to issues of mutual concern
- Many teachers are familiar with various techniques for engaging students
- It is important to set the proper tone at the start of a class or project

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Ways to Control Engagement

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- Key stakeholders should be invited to actively participate in a kick-off meeting rather than merely attending it
- The project manager should emphasize that a dialogue is expected at the meeting, including texts or whatever means of communication the stakeholders prefer. 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.

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Question 1

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Ned Stark is currently managing a bridge construction project that is in the execution phase. During the planning phase of the project, Ned developed a comprehensive stakeholder management plan for the project. However, the frequency of the plan review has not been defined. How often should the stakeholder management plan be reviewed by Ned?

- A. On a weekly basis
- B. The stakeholder management plan cannot be reviewed during the execution of the project
- C. On a monthly basis
- D. On a regular basis; frequency needs to be decided by Ned

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Answer D

As projects progress, project stakeholders, their interests, needs, expectations and engagement levels may change.

The stakeholder management plan should be regularly reviewed by the project manager.

The frequency of the review should be decided by the project manager if that has not been imposed by the top management.

Question 2

Tyrion is the project manager for a factory construction project. Tyrion has recently joined this organization and is not fully aware of the organization's culture and structure. In order to manage his project stakeholders, Tyrion has to understand his project stakeholders better. Which of the following can provide him some historical information regarding stakeholder management on previous projects?

- A. Enterprise environmental factors
- B. The Project management plan
- C. Project charter
- D. Organizational process assets

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Answer D

The project charter and the project management plan do not document lessons learned from previous similar projects.

Lessons learned are stored in the organization's process assets library.

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Question 3

Jon Snow is managing a road network design project for a government agency. He is currently carrying out the Plan Stakeholder Management process for the project. Which of the following documents will provide the list of project stakeholders to Jon for this process?

- A. Enterprise environmental factors
- B. Organizational process assets
- C. Stakeholder register
- D. Project management plan

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Answer C

The stakeholder register, an output of the Identify Stakeholders process, documents all of the identified project stakeholders and related information.

The stakeholder register (an input to the Plan Stakeholder Management process) will provide the necessary information to Jon.

Question 4

The Project Stakeholder Management knowledge area is focused on engaging project stakeholders with the project. What is the objective of effectively keeping the project stakeholders engaged with the project?

- A. To motivate the project team members
- B. To demotivate the negative stakeholders
- C. To manage their expectations so that the project objectives are achieved
- D. Using consistent project management methodology across organizational projects

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Answer C

The core objective for stakeholder engagement management is to ensure that the project stakeholders are kept satisfied and their expectations are being met throughout the course of the project.

Keeping the project team members motivated and using a consistent project management methodology are generic objectives of project management.

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Question 5

Sansa is managing a new supersonic aircraft design project. This is a huge project and the success of this project is very critical for her organization. For such mission-critical projects, which of the following is the most desirable engagement level for all major project stakeholders?

- A. Leading stakeholders
- B. Neutral stakeholders
- C. Resistant stakeholders
- D. Supportive stakeholders

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Answer D

It would be an ideal situation for any project if all of the major stakeholders are supportive of the project.

This will ensure smooth project progress and timely resolution of issues. In the real world this might not be achievable; nevertheless, it is the most desirable state for all major stakeholders.

On the other hand, if all major stakeholders assume a leading role, this will lead to major and serious conflicts.