

5 Stakeholder Management

It is important to develop an understanding of the values and issues that stakeholders have, in order to address them and keep everyone involved for the duration of the project. If a project does not have the necessary support from those providing resources and those who will be utilising the outputs, it is unlikely to be successful. The creation of a coalition of interest and support for the project is important.

This section of the *Tasmanian Government Project Management Guidelines* includes:

- Stakeholder Management and planning - including a definition and classification of Stakeholders
- Stakeholder analysis
- Communication strategies - including planning

5.1 Stakeholder Management and Planning

Definition

The stakeholders in a project are those individuals or organisations whose interests are impacted by, or who can impact the interests of, the project. The potential stakeholder community surrounding a project can be difficult to identify because:

- It is often a large, diffuse and amorphous group
- The interests of stakeholders are usually so varied

Stakeholder Management is the process by which you identify your Key Stakeholders and win their support. Stakeholders can be defined as Key or Non-Key for the purpose of planning management strategies:

- Key Stakeholders are those individuals or groups whose interest in the project must be recognised if the project is to be successful - in particular those stakeholders who will be positively or negatively affected during the project or on successful completion of the project
- Non-Key Stakeholders are those individuals or groups whose needs do not have to be recognised for the project to be successful, but who will be identified as a result of identifying all stakeholders

Classifying Stakeholders

For the purposes of formalised stakeholder management procedures, classifying the Key Stakeholders into groups is a useful tool and allows management strategies for like groups to be developed and implemented.

The management strategies adopted may be formal, informal, detailed or broad, depending on the needs and size and complexity of the project. Stakeholder management activities can consume project resources, therefore these activities should concentrate on what will contribute to the project's success or where lack of communication will lead to failure.

The nature of someone's stakeholding in a project will be peculiar to the circumstances of the project. However, there are a number of generic stakeholder classes within government projects that provide a useful starting point for analysis.

The following table provides a list of classifications that may be adopted by a project to categorise groups of project stakeholders. Classifying stakeholders into groups allows management strategies for like groups to be developed and implemented. It also helps with identifying what the project requires from each group and what actions they should be undertaking.

The list is not definitive, nor will every project use every classification. It may be necessary to break some groups down into sub-categories (eg breaking the outcome-impacted group into those stakeholders that receive a benefit and those stakeholders that receive a dis-benefit (negatively impacted)).

An early review of the stakeholder list is required to identify critical stakeholders who should be involved in all project planning and review sessions. Classification of stakeholders may, and probably will, change as the project progresses.

Group	Group Description	Stakeholders
Review	Groups/organisations that need to review (or audit) the project and its outputs/outcomes	eg Quality Review Consultant, Auditor, Minister of the Crown, Member of Parliament, Budget Committee
Related Projects	Related projects and change activities that will impact on the project	eg can be internal or external to the organisation, government, national etc – identify owners of each
Outcome Impacted	Individuals/groups/organisations/ related projects that will be impacted by the achievement of the project's outcomes	Beneficiaries are those persons to whom target benefits are expected to flow; Impacted are those who will experience some form of penalty (dis-benefit) because of the project
Provider	Groups/organisations that will be required to provide inputs and services to the project	eg can be internal and external, and provide resources, specific expertise or products etc
Output Delivery	Groups/organisations that are responsible for the delivery of the project's outputs	eg Project Team, Consultants
Output Utilisation	Groups/organisations that will be required to implement and utilise the project's outputs to enable the realisation of the project's outcomes	eg Business Owner(s), Business Customer
Outcome Accountable	Client groups that are the corporate owners/sponsors of the project, supporting the delivery of project outputs and realisation of the outcomes/benefits	eg Corporate Client, Project Sponsor, Steering Committee

Table 4: An example of how to identify and classify Stakeholders

While it is a useful tool initially to classify stakeholders into generic groups for the purposes of identification, the individuals or groups within each category should then be identified specifically and targeted in the **Stakeholder Analysis** process. The large *Project Business Plan Template* provides further support in this area.

5.2 Stakeholder Analysis

Those entities that have an interest in a project must be identified and the nature of their interests analysed. To undertake a project without a thorough understanding of every interest that is held in the project is, by today's standards, very risky, but also professionally unacceptable. There are three forms of stakeholder analysis that should be carried out during a project:

- Foundation analysis - performed during project initiation
- Regular updates completed at the end of every phase
- Ad hoc updates carried out whenever events suggest that there has been a change to the stakeholder environment

This analysis is best carried out by the Project Team in consultation with potential stakeholders or representatives of potential stakeholder groups. It includes:

- Identify/review all stakeholders
- Analyse/review nature of stakeholding for each
- Categorise/confirm as key and non-key, and prioritise based purely on your own judgements about the 'importance of the stakeholder'
- Perform/review buy-in analysis for Key Stakeholders, ie what is required to engage them in the project and gain their commitment, and how to communicate with them

#Ref Code	Stakeholder	Key or Non Key	Nature of stakeholding	Key issues for project	Engagement and commitment process	Planned action detailed in?	Who?
			a) What potential impact does the stakeholder have on the project? b) What potential impact does the project have on the stakeholder?		How will we engage this stakeholder and gain their commitment?	<ul style="list-style-type: none"> • Communication Plan • Risk Register • Issues Register • Change Mgt Plan • Work plans • Budget • Resources • Action List 	
1.0 (For Example) Building a community hall	Unhappy neighbour	Key	a) Lobby against Vandalism b) Disturbed	Project can be disrupted or delayed	<ul style="list-style-type: none"> • Set-up Neighbourhood Consultative Committee • One-on-one • Involve champion in consultation • Protect site 	<ul style="list-style-type: none"> • WBS • Action List • Communication Plan • Risk Register 	<ul style="list-style-type: none"> • Project Manager • Marketing Consultant • Contractor

Table 5: An example adapted from a Primer by John Smyrk, Sigma Management Science Pty Ltd⁵

⁵ Smyrk, John (2004) *Primer example - Managing Projects for Outcomes*, Course material

Stakeholder analysis is used for a variety of purposes, including:

- Management of change - as a precursor to buy-in analysis
- Management of risk - threats are often uncovered (directly or indirectly) from an examination of stakeholders
- Management of issues - analysis of stakeholders is one of the most fruitful sources of key issues for a project
- Project promotion and marketing - knowledge of stakeholders helps focus marketing and promotional activities in support of the project

Tactics for achieving and sustaining stakeholder commitment include:

- Active involvement of all who can affect, and be affected by, the project in the definition and planning stages
- Legitimation by the Project Manager of their actions in the eyes of those stakeholders who are affected, or who can affect, the realisation of the project's outcomes/benefits. The Project Manager should establish credibility and engender trust. Apart from having demonstrable skills, expertise and experience, ways of legitimising actions include:

Establishing good personal relationships - expertise alone does not inspire trust and credibility

Illustrating that actions are being driven by the needs of the stakeholders and that their needs and requirements are being considered seriously

Using the recommendations of consultants, or established formal methodologies, to support the project

Involving senior executives as project champions to lend the project authority

- Project communication and persuasion - others should be aware of the project and interested in its proposed outcomes/benefits early in the project, if their cooperation and involvement is required later. Project communication is a particularly important issue for whole-of-government projects. The communication strategy should appreciate differences in separate stakeholder groups and cater for their requirements.

5.3 Communication Strategies

Communication is a major component of a successful project. Two key success factors, as identified by Gartner, are the involvement of the Project Sponsor, through informed and continuing interest, and simple mechanisms for project communications, preferably face-to-face.⁶

The best way to approach communication is to develop a clearly planned approach. Without effective communication, Key Stakeholders could miss out on vital information and may not understand why change is needed.

⁶ Mack, R & Furlonger, J (1998) 'IT Projects Don't Have to Fail'. *Gartner [ID No. DF-05-3821]*: p2

In large and/or complex projects, all communication takes place in the context of an overall communication strategy and plan. It should involve the Agency Communications Manager or a Communication and Marketing professional, depending on the nature of the Key Stakeholders identified and the focus of the project or program of projects.

The Tasmanian Government has developed a Whole of Government Communications Policy and Tool Kit, which can be found on www.communications.tas.gov.au, that provides detailed information templates and tools in this area.

(Refer to the *Project Management Fact Sheet: Developing a Project Communication Strategy*)

It is imperative that any *Project Communication Strategy* that is developed defines:

- Target Audience - think about each stakeholder group and the target audience within them. Determine what their communication needs are:
 - Mandatory (eg Project status reports, steering committee and reference group meetings)
 - Informational (eg Forums, project information on website)
 - Marketing purposes (eg newsletter, one-on-one meetings, presentations on outcomes/benefits, milestone celebrations, project memorabilia)
- Research Requirements - the need for research will vary with the complexity, cost and nature of the project. Determine what types of research will be required.
- Key Messages - what are the three or four key points you want stakeholders to understand and act on? Consider what outcomes/benefits, such as educating, reassuring, informing or consulting, your messages are intended to achieve?
- Communication Strategies - what are you going to do to get your messages across? (eg For a large complex project, is a major marketing campaign required? For a small project, is a presentation to staff that will be affected by the change all that is required?)
- Communication Mechanisms/Tools - which method/tool would be most appropriate to implement your strategies? How are you going to get your messages across, and which tools will suit which Stakeholders?
- Priorities - who will be responsible for implementing each action and when?
- Budget Requirements - what are the costs associated with each action, how much is required and appropriate?
- Monitoring and Evaluation - whether and to what extent the outcomes/benefits have been achieved, and if not, why not?

Types of communication to be considered can be categorised under **Verbal**, **Electronic** and **Written**.

Verbal	Electronic	Written
<ul style="list-style-type: none"> • Presentations/briefing sessions • Networking facilitation • Staff meetings • Seminars/workshops • Stakeholder consultation • Events • Launches • Social gatherings • Visitation programs 	<ul style="list-style-type: none"> • Personal email to identified stakeholders • Possible ListServer • Internet/intranet including: <ul style="list-style-type: none"> ○ Online Forums ○ Fact Sheets ○ Newsletter ○ Web sharing of ongoing project planning by internal and external stakeholders • Fax stream etc 	<ul style="list-style-type: none"> • Mailouts of important documentation • Advertising • Pamphlets and brochures • Information in Agency newsletters etc

Table 6: Types of Communication

(Refer to the *Project Management Fact Sheet: Developing a Project Communication Strategy*)

Tips from Project Managers

Practising Project Managers identified what they considered to be the three most effective means of communication. These were:

- Email
- Internet/intranet
- Face-to-face meetings

It was recognised, however, that not every staff member of an Agency/organisation might have email/internet access. Every Agency/organisation has different communication mechanisms. Cultures and individuals exposed to the same method of communication will respond differently.

Marketing/Communication

A distinction can be made between marketing and communication strategies in that:

- The *Communication Strategy* is aimed at ensuring ongoing commitment and support by all Key Stakeholders for all aspects of the project
- The *Marketing Strategy* is aimed at ensuring Project Customers fully utilise the outputs from the project

While both have an element of ‘selling’, marketing is focused on ‘selling’ the outputs of the project to the Customers. Communication strategies are focused on ‘selling’ the project to the Key Stakeholders. The *Communication and Marketing Strategy* may be one and the same, depending on the nature of the project and its Customers. Examples are available in the *Project Management Knowledge Base*.