



THESIS RESEARCH REPORT NOTES

Project relationship management and the Stakeholder Circle™

Project
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management

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Lynda Bourne
Stakeholder Management Pty. Ltd, Melbourne, Australia, and
Derek H.T. Walker
RMIT University, Melbourne Australia

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Abstract

Purpose – The aim of this paper is to summarise a successfully completed doctoral thesis. The main purpose of the paper is to provide a summary that indicates the scope of, and main issues raised by, the thesis so that readers that are undertaking research in this area may be aware of current cutting edge research that could be relevant to them. A second key aim of the paper is to place this in context with doctoral study and further research that could take place to extend knowledge in this area.

Design/methodology/approach – Research reported in this paper was based upon action learning from a series of case studies where a project management tool for managing stakeholder relationships was tested and refined.

Findings – The tool is useful in helping the project delivery team identify major influencing stakeholders and visualise their potential impact. This tool then helped the studied project delivery teams to develop stakeholder engagement strategies. While it was initially tested as a planning tool to be used at the early stages of a project it can be used through the whole implementation phase of a project as the flow of major stakeholders and their influence changes during a project.

Practical implications – The tool was further improved during 2006 and commercialised in 2007 and is currently being used by numerous organisations. In observing how it is being used and can be used, it is suggested that over time a useful data base of stakeholder behaviours is being established that can be mined and used to better predict stakeholder types and their likely actions.

Originality/value – This paper provides a summary of cutting-edge research work and a link to the published thesis (see URL www.mosaicprojects.com.au/Resources_Papers_021.html for a pdf (7meg)) that researchers can use to help them understand how the research methodology was applied as well as how it can be extended.

Keywords Stakeholder analysis, Project management, Action learning

Paper type Research paper

Summary of the research thesis

Project success and failure is directly related to its stakeholders' perceptions of the value created by the project and the nature of their relationship with the project team. This dissertation (Bourne, 2005) demonstrates a direct link between the successful management of the relationships between the project and its stakeholders and the stakeholder's assessment of a successful project outcome. The project's success, or failure, is strongly influenced by both the expectations and perceptions of its stakeholders, and the capability and willingness of project managers to manage these factors and the organisation's politics.

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A stakeholder management methodology and visualisation tool, the Stakeholder Circle™ (Figure 1), was developed to assist in this process and was the foundation for this research. The Stakeholder Circle is based on the premise that a project can only exist with the informed consent of its stakeholder community. The methodology supported by the tool provides an effective mechanism for assessing the relative influence of a project's stakeholders, understanding their expectations and defining appropriate engagement procedures to influence the key stakeholders expectations and perceptions to the benefit of the project. Influence is based on power, proximity and urgency which is a well established method of gauging stakeholder influence Cleland (1999, p. 151). The tool has since become commercialised (See URL www.stakeholder-management.com for more details). Key elements of the Stakeholder Circle are: concentric circle lines that indicate distance of stakeholders from the project or project delivery entity; the size of the block, its relative area, indicates the scale and scope of influence; and the radial depth can indicate the degree of impact (Bourne, 2005; Bourne and Walker, 2005c).

Patterns and colours of stakeholder entities indicate their influence on the project – for example, orange indicates an upwards direction – these stakeholders are senior managers within the performing organisation that are necessary for ongoing organisational commitment to the project; green indicates a downwards direction – these stakeholders are members of the project team; purple indicates a sideways direction – peers of the project manager essential as collaborators or competitors; and blue indicates outwards – these stakeholders represent those outside the project such as end-users, government, “the public” shareholders. The final colour coding is dark hues and patterns for stakeholders internal to the organisation and light hues and patterns for those external to the organisation.

The approach leads to identification of risks and uncertainty. The Stakeholder Circle methodology consists of five parts:

- Step 1 – identify;
- Step 2 – prioritise;

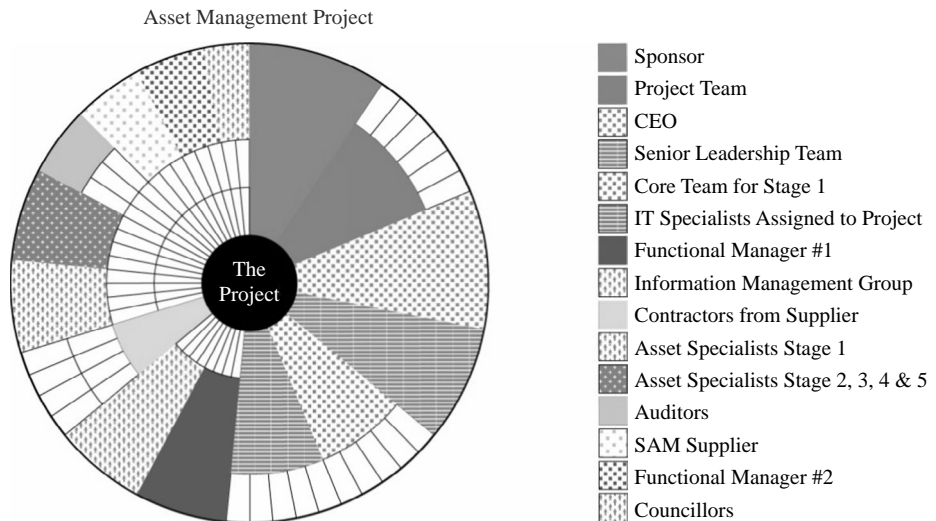


Figure 1.
The Stakeholder Circle™
tool

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- Step 3 – visualise;
 - Step 4 – engage; and
 - Step 5 – monitor (Bourne, 2005, p. 56).

The outcomes from this process is a series of recommendations for action plans that lead to risk mitigation plans, stakeholder engagement plans and while this may appear to generate reactionary strategies to potential negative outcomes from the analysis it actually can trigger proactive strategies as well as being used to accentuate positive traits and trends in stakeholder influence.

This research was designed to improve a project's chances for success by identifying ways to develop effective relationships with these key stakeholders, and through refinement and testing of the Stakeholder Circle, develop an effective way to provide support for the project manager and project team to build and maintain relationships with the right stakeholders at the right time.

There are four themes to the research: the first theme is to identify reasons for project failure and to address them in the methodology as a link between project success and stakeholder management. The second theme is refinement and testing of the Stakeholder Circle methodology and visualisation tool for support of relationship building and maintenance. The third theme is to gauge the methodology's effectiveness in building and maintaining robust project relationships. Finally, the fourth theme is to identify the skills and willingness of project managers to build these relationships with the support of the tool.

This research adopted a qualitative approach. Data were collected through interviews, document analysis, observation and from the results of the iterative refinement cycles of the Stakeholder Circle. Case study descriptions of the six participant projects provided a rich picture of the project and the organisation that supported interpretation of the resulting profiles of each project's unique stakeholder community. The iterative methodology refinement resulted in a practical methodology that has been refined until there were no further adverse comments from the research participants.

Findings from the research can be categorised into three groups. The Stakeholder Circle was evaluated as a valuable tool that can support project teams in identifying the "right" stakeholders to engage; the second was an understanding of the level of capability and willingness of people in different organisations to manage project relationships. Finally, serendipitous findings about the relationship between the profile of stakeholder community as shown by the Stakeholder Circle and the informal power structures of the performing organisation have aroused interest in the project management community.

The research contributed to the body of knowledge in at least five areas. The first three areas are concerned with synthesis of new theory to address gaps noted in the literature. The first area was a synthesis of theory into an interdependent model of project success. This model incorporates a balance of focus on delivery of value, the management of risk and building effective relationships. The second gap was that there was no apparent means of identifying the right stakeholders for the right time of the project lifecycle and no organisational or project culture to encourage it. The refinement of the prototype Stakeholder Circle and its development for practical use addressed this gap. The third gap related to the personal qualities necessary to build

and maintain relationships with key stakeholders. This gap was addressed through an identification of levels of skills and experience building to “wisdom” – the project manager’s willingness and capability to use the Stakeholder Circle to build and maintain robust project relationships for project success.

The final two areas are concerned with practical benefits. The project team benefits from use of the Stakeholder Circle methodology and tool by sharing knowledge about each of the stakeholders, and through the act of building team relationships through negotiating for agreement on the relative importance of each stakeholder. These experiences will contribute to the growth of the project team members along the path to “wisdom”. Their organisations benefit from the increased awareness of the project team members of the importance of project relationship management and how to achieve it. Through the additional knowledge the project team gains the organisation will increase its “knowledge capital”. An additional benefit will arise from a decrease in failed projects with the consequential decrease in wasted funds and resources.

The new approaches to project relationship management in the form of the theory implicit in the Stakeholder Circle methodology and visualisation tool should benefit the profession through improving the chances of project success. These approaches should in turn increase the value of projects to organisations, and with their continuing success, improve the reputation of the project management profession.

Context of the thesis

This thesis was the final and summative (See http://en.wikipedia.org/wiki/Summative_assessment for a description of this type of assessment) submission of work for the Doctor of Project Management (DPM) degree at RMIT University. The doctoral program is structured to provide an online doctorate for practicing project managers that can take part in the program from anywhere in the world. They enter the program with a Masters Degree and a minimum of eight years of experience in PM environments.

The DPM is approximately 33 per cent coursework comprising four core courses undertaken in an online group work mode together with individual assignment assessment. Three of these are compulsory and one is a freely negotiated elective study course. Compulsory core courses are concerned with: PM leadership; knowledge management and innovation; PM procurement and ethics with a strong focus on how procurement processes can be designed and undertaken to maximise sustainable value generation rather than being focused on cost competition; an elective choice course is also part of the core program component. An important adjunct to this coursework is the reflective learning courses. Each of the three compulsory core courses has an associated reflective learning course. These are undertaken on an individual basis (online) where the candidate and supervising tutor agree on how to best extend an aspect or aspects of interest to the candidate related to the core course with a series of readings to either broaden their knowledge of this area or deepen a part of that area and to produce a 5,000-6,000 word individual paper. A number of these papers have subsequently been amended and published as conference papers for example (Bourne and Walker, 2003, 2005b; Bourne, 2004) and refereed journal papers (Bourne and Walker, 2004, 2005c, 2005a, 2006). A research methods course is also part of the coursework component of the DPM. The remainder of the program is devoted to research undertaken, usually by the candidate in their workplace, or else in another PM

setting if they are unable to source the research on the projects they are engaged in. Thus, the nature of research is very much in tune with the idea of a reflective practitioner as espoused by Schön (1983). Further, many of the candidates undertaking the DPM research degree component follow an action learning approach in which they are active participants who help design interventions based upon their knowledge of relevant aspects of PM theory (Coghlan, 2001; Coghlan and Brannick, 2005) that they then fully participate in and make sense out of. This sensemaking (Weick, 1995) is an important facet of the research process.

In the case of this research project, the prime aim was to demonstrate how to improve project success through developing a stakeholder engagement process through development of a stakeholder influence visualisation tool together with a set of strategies that could follow identifying key stakeholders and the nature of their influence. Naturally, there was a further aim for the researcher to demonstrate command of the relevant literature, research methods and to hone their researcher skills.

Discussion and conclusions

This thesis provides an example of current work undertaken in a vital area of PM theory. Stakeholder management has been one of the core soft skills area that has been highlighted as being necessary for PM to advance (Crawford, 2005; Morris *et al.*, 2006; Winter *et al.*, 2006).

The research thesis substantiated that identifying the right stakeholder at the right stage of a project lifecycle did have a positive impact upon the likelihood of project success. It also indicated the kind of skills that PM teams need to develop to better engage with stakeholders. Case study organisations did see the need to develop new skills and changed PM processes to improve stakeholder engagement and took steps to do so. The tool was commercialised and is now being rolled out globally.

Some interesting data resulted from of the analysis of the Stakeholder Circle developed for each participant project and the comparisons with other projects. The stakeholder communities shown by the visualisation tool were quite different, in some cases the same individual had different roles and different levels of importance for the projects that they had involvement with. Other projects from the same sectors showed very different blends of individuals and relative importance in their stakeholder communities. Inferences about meaning of each Stakeholder Circle were made through reference to interpretations of the data collected about the project organisation and the performing organisation during the research. These inferences were presented to the organisations themselves for confirmation of the researcher's interpretations. The prospect that the Stakeholder Circle could be used to provide information about perceptions of the organisation's power structure and the project's connections to the organisation is an exciting one and should be pursued.

Finally, we believe that researchers can benefit from this research as it presents a series of cases where this new tool was developed. The thesis provides a model of how to develop a new PM tool, how to test the effectiveness of these tools and how to also link development of these tools with an effective process of how to use them. Thus, this thesis managed to make explicit some of the tacit knowledge generated about how stakeholders can be better engaged on projects and as a consequence has expanded this area of knowledge in a practical way.

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Corresponding author

Derek H.T. Walker can be contacted at: Derek.walker@rmit.edu.au