



Rethinking Construction Stakeholder Management In the Construction Industry

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Agenda

- Do Construction projects fail?
- Decreasing the chances of failure
- Increasing the chance of success
 - Whatever 'success' means
- The *Stakeholder Circle*TM methodology
- Applying the methodology

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Do Construction projects fail?

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Wembley Stadium



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Wembley Stadium

- Commenced September 2002 for FA Cup final 2006
 - March 2006 a loss of £106million
 - One month (!) behind schedule
- Multiplex:
 - “Change of steel contractors”
 - “Global steel shortages and rising prices”
- Other analysts:
 - Multiplex bid too low to get the work and expected contractors and suppliers to also accept low costs
- Safety – one worker killed; other incidents (falling beam) stopped work

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Sydney Opera House



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Sydney Opera House

- Opened in 1973
 - The Opera theatre was reported as an “aesthetic and acoustic disaster.”
- Engineering technology unproven
 - Utzon did not plan or document the project – ‘keeping it all in his head’
- Vision took time to realise causing delays and cost escalations
 - 10 times the original estimate: A\$102 million
- Change of Government caused Utzon to leave the project and Australia
 - The designs were significantly changed

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Success or Failure?

- Over time over budget
- Success or failure?
- The element of time
- What changes?
- Perception
 - Of public
 - Of analysts
- Stakeholders

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Stakeholders Defined

Stakeholders:

- Individuals or groups who:
 - May have an interest in the outcomes of the project
 - May have rights or ownership
 - Can contribute through knowledge or support
 - Are impacted by, or can impact the outcomes of the project

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Why Stakeholders matter



- They giveth and they taketh away!
Money, people, support
Without funding
- Without the right team members...
- Without practical support and advocacy...



But their influence and involvement fluctuates



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Managing Stakeholders

How to understand:

- Who are stakeholders?
 - At any particular time in the project
- Who are key?
- What are their expectations?
- How to build and maintain relationships
 - Support
 - No sabotage

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The Stakeholder Circle™

A methodology supported by software

- Shows a project's or organisation's unique stakeholder community
 - Identifies key stakeholders and their needs and expectations
 - Allows/supports analysis of this community
- Supports development of appropriate communications strategies

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The Methodology

1. Identifies all stakeholders
 - For any particular time
2. Prioritises these stakeholders
3. Maps the key stakeholders
4. Supports the project team develop an engagement strategy
 - For all identified stakeholders
5. Provides mechanisms for monitoring effectiveness of communications

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Supported by software

The software, a relational database

- Collects all data necessary for prioritisation and engagement
- Performs prioritisation calculations
- Develops reports
- Guides team through stages of developing their communications plan
- Supports changes to stakeholder community as conditions change within and around the project

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Steps 1 and 2

1. Identify the list of stakeholders
 - Why they are important to the project
 - Don't forget the managers
 - What they require from the project
 - Their expectations
2. Relative importance
 - Ratings of:
 - Power, proximity
 - Urgency ('vested stake' 'Importance to')

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Results of Steps 1 and 2

- A ranked list of project stakeholders
- Knowledge of:
 - Expectations
 - Importance
 - Influence on the project

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Step 3 - Visualise

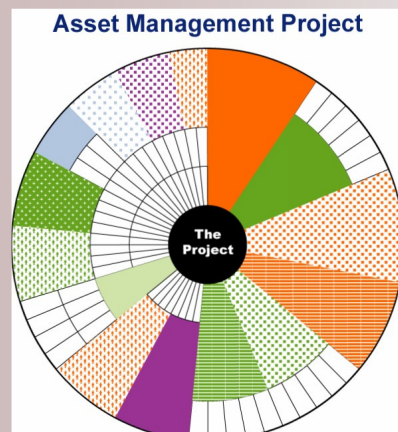
- The list can be converted into a map of the stakeholder community
- Through this map, the project team can see who is “on the radar”
- This is the *Stakeholder Circle*

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Reading the Stakeholder Circle

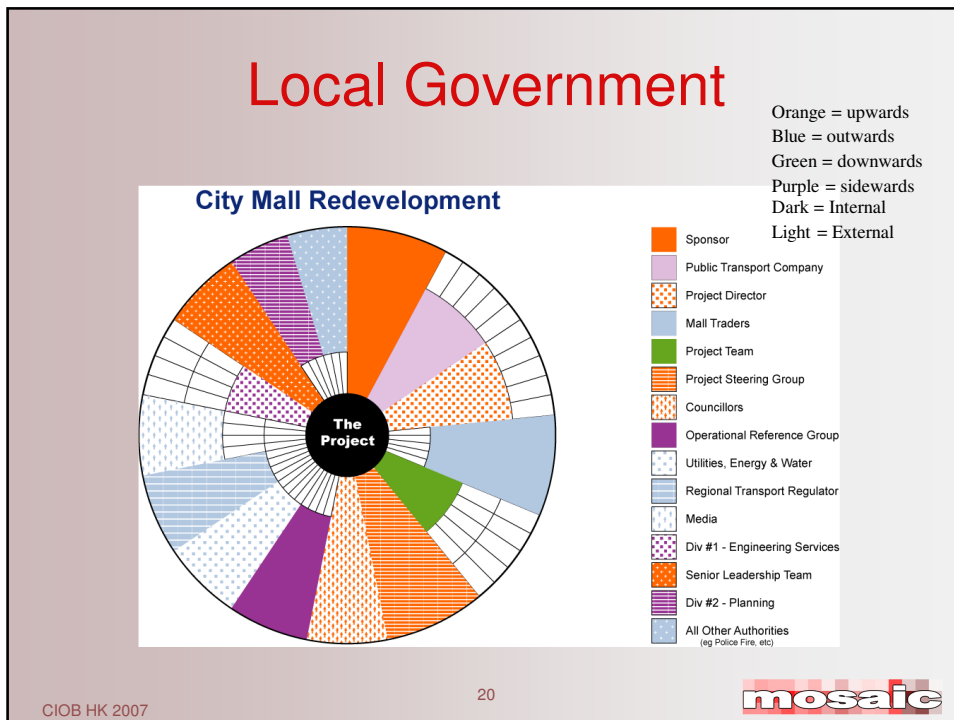
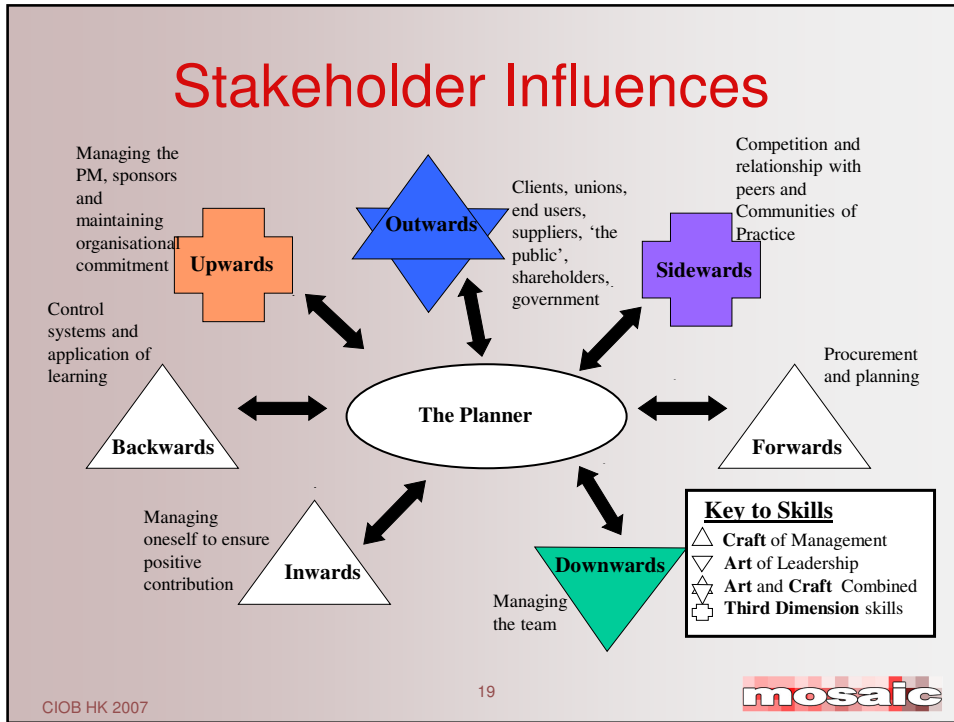


- If the wedge cuts the Circle = power to ‘kill’ the project
- The larger the size of the outer edge the more influence
- The closer to the centre the closer to the project

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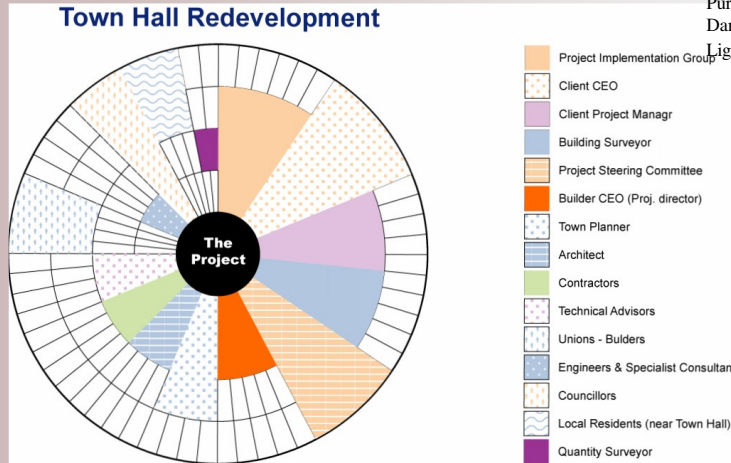
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Commercial PM organisation

Orange = upwards
 Blue = outwards
 Green = downwards
 Purple = sideways
 Dark = Internal
 Light = External



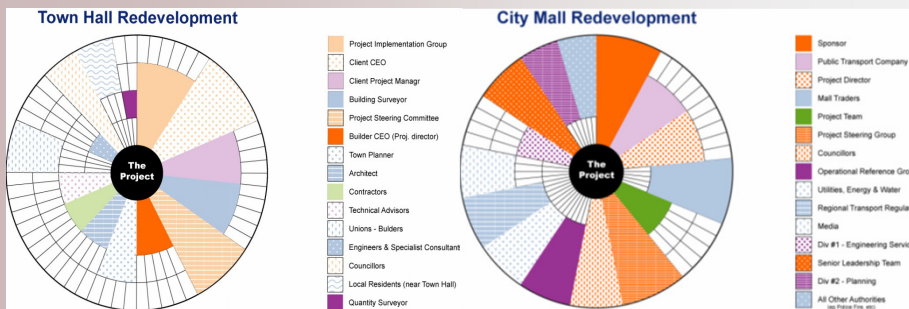
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Construction Project – two perspectives

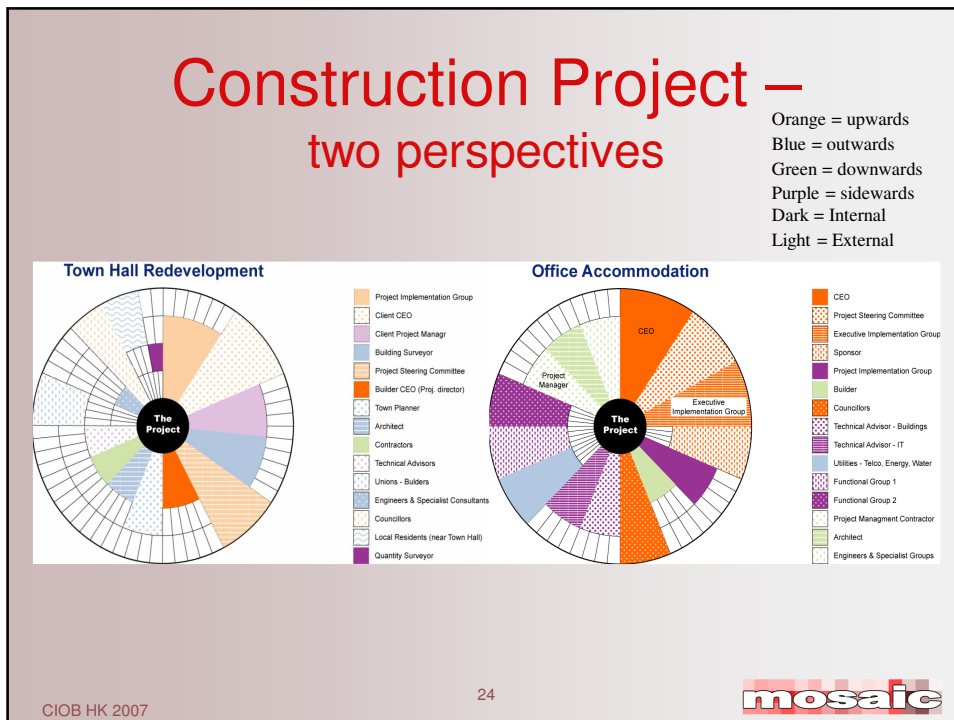
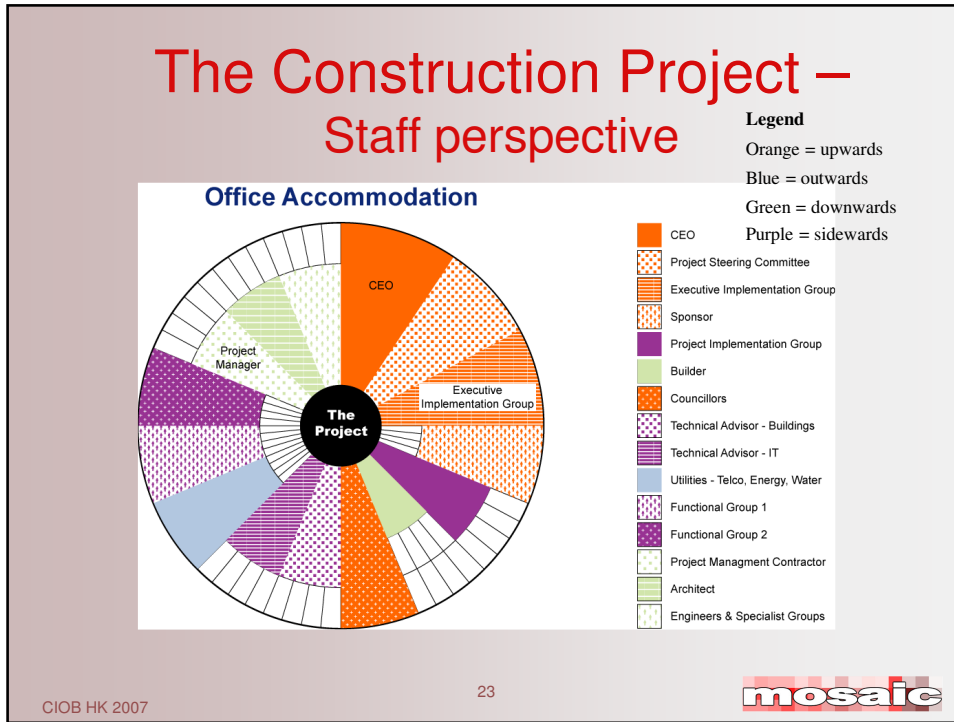
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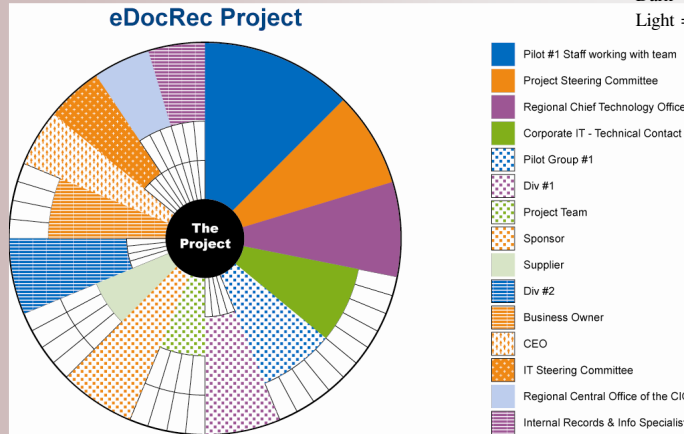
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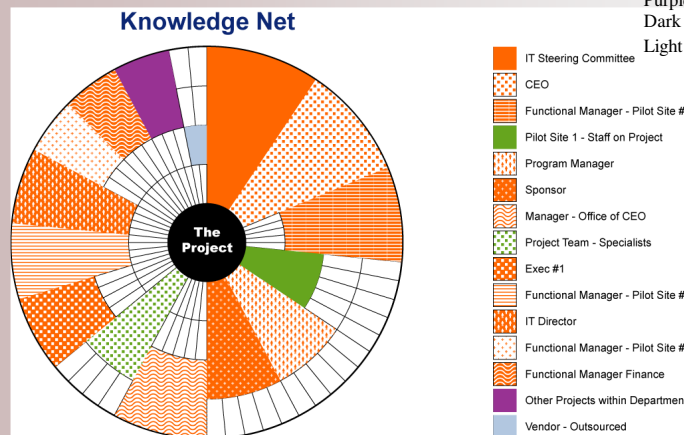
Department 1

Orange = upwards
 Blue = outwards
 Green = downwards
 Purple = sideways
 Dark = Internal
 Light = External

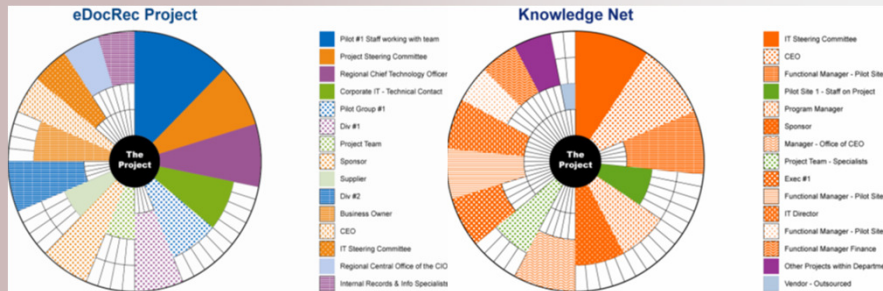


Department 2

Orange = upwards
 Blue = outwards
 Green = downwards
 Purple = sideways
 Dark = Internal
 Light = External



Corporate Projects two perspectives



For more on the **Stakeholder Circle**[®] see: www.stakeholder-management.com

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Engagement

Supports focus:

- On the communication needs of key stakeholders

Supports understanding of:

- *Who* is important and *why*
- Best ways to ensure the plan is aligned to the project's strategy
- How the plan can support successful projects/programs

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Stakeholder Engagement

- Identifying and prioritising a project's stakeholders is only the first step
- Gaining key stakeholder's support and maintaining interest is essential
- Developing an engagement strategy is the next step
- A Communication Plan developed from this strategy
- Effectiveness must be monitored

Engagement Profile

Before developing the Communication Plan the team must define and agree on:

- Levels of stakeholder support
- How receptive are stakeholders to :
 - Messages
 - Messengers

Levels of *Support* (for project)

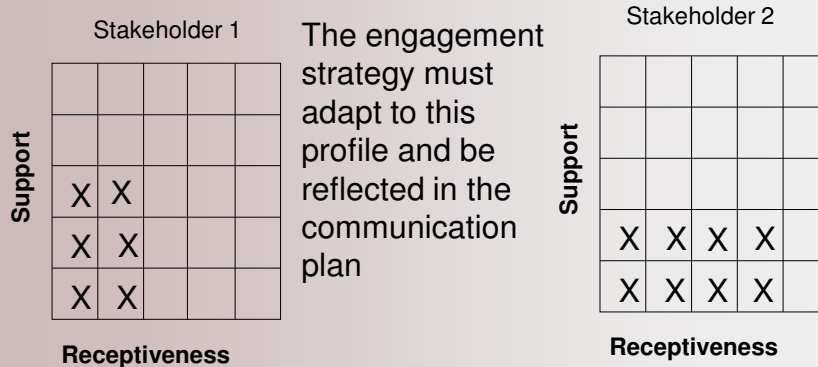
5. Active support
4. Passive support
3. Non-committal
2. Passive opposition
1. Active opposition

Levels of *Receptiveness*

5. High – Direct personal contacts
4. Medium – Indirect personal access
3. Ambivalent – Receives reports
2. Not interested – On mail list but unlikely to read reports
1. Completely uninterested – Refuses to accept reports

An Engagement Profile

The engagement profile of each stakeholder is built by the team based on their assessment of receptiveness to the project's message and perceived support for the project



The engagement strategy must adapt to this profile and be reflected in the communication plan

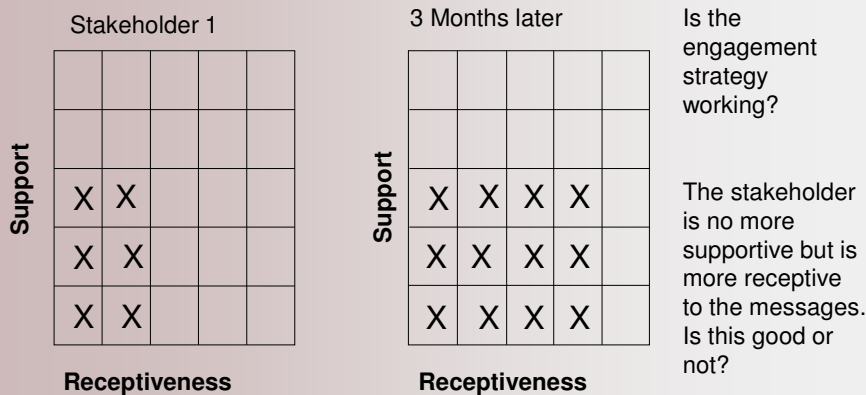
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An Engagement Profile

Over time, with subsequent reviews it is possible to note and analyse changes in this profile



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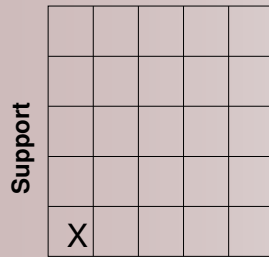


An Engagement Profile

What happened here?

Stakeholder loss of power?

6 Months later



Responsiveness

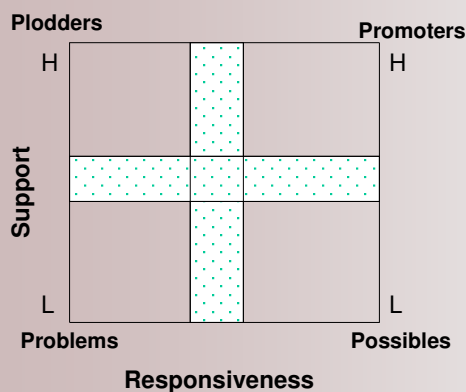
This stakeholder is even less interested and less supportive than before

The engagement strategy must be reviewed and re-assessed to raise the stakeholder's responsiveness and level of support

Another project becomes more important?

Overall Engagement Matrix

Individual measures can be aggregated



This summary data could show general receptiveness and support of specific groups of stakeholders

Improvement can be measured by monitoring both aggregate data and individual data

Overall Engagement Matrix

Individual measures can be aggregated

		Plodders			Promoters		
Support	H	0	0	0	2	0	H
		0	0	2	3	1	
		0	1	5	2	0	
	L	0			4	0	L
					Possibles		
					Responsiveness		

This summary data could show general receptiveness and support of specific groups of stakeholders

Improvement can be measured by monitoring both aggregate data and individual data

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Engagement Profile

- Measuring support, interest and receptiveness to message
- Baselining
- Evidence of success OR
- Indication of need to try something different
- Data to monitor and measure improvements

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Value to the Organisation

Reduce wastage of scarce resources:

- \$\$\$\$
- People and skills
- Encourages project team to understand and 'buy-in' to an organisation's culture
 - Project team career advancement

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Value to the Stakeholders

- Stakeholder requirements expectations and needs are:
 - Understood
 - Managed
 - Negotiated with other stakeholders
 - Used to focus communications

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Questions Please



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WEB-SITE for papers

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