Stakeholder Management Pty Ltd

ACHIEVING A SUCCESSFUL ENGAGEMENT

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Introduction

Projects will only be considered successful when their key stakeholders acknowledge they are a success. This acknowledgement requires the project team to effectively engage with each of its key stakeholders to understand and manage their expectations and then deliver the project outcomes to meet or exceed the 'managed expectations'.

Stakeholder expectations are never 'fixed'; effective communication can help change perceptions and expectations to make them realistic and achievable. Conversely, ineffective communications can create the perception of failure in the mind of a stakeholder even when the project is 'on time, on budget and delivering the specified scope'.

Traditional views of project success hinge around the 'iron triangle' of *time, budget and scope,* while they are always important considerations, other factors have more influence on how successful a project really is. The key to project success is ensuring that the needs and expectations of key stakeholders are understood and managed.

This paper will identify appropriate strategies and mechanisms to help project managers and team engage effectively and ethically with their key stakeholders to help create a successful project outcome. It will be organised in the following way: first a brief discussion of the findings of research conducted over the past ten years that identified managing relationships with stakeholders as being central to project success; this is followed by a discussion of a methodology, the ***Stakeholder** Circle*™, that is being used extensively in organisations globally to manage and monitor effective engagement with stakeholders. The emphasis of this discussion will be on the final two of the methodology's five steps: Engage and Monitor – there have been a number of papers published over the past three years describing the first three steps: Identify, Prioritise and Visualise.

Keys to project success

Managing stakeholder expectations plays a key role in understanding what makes projects succeed. Whether it is the perceptions of expectations not met or promises not delivered, or that supporters believe that the support (resources) could be applied elsewhere, the trend of the research is that project success or failure is strongly related to the perceptions of each individual project stakeholder and their willingness and ability to act either for or against the project. These perceptions are not necessarily based on logic but often on the quality of the relationships between the project and its stakeholders.

Other causes of project failure have been identified and summarised as a concept of three interconnected elements of project success: delivery of value, management of risk and management of relationships, as shown in Figure 1 below.

Value is delivered to organisations through managing the 'craft' activities of schedule, budget, quality/scope, through ensuring that the benefits that the project will deliver are realised and through providing accurate, timely, and focussed reporting as the essential tool for communication to project stakeholders. Defining and measuring the value to the organisation is the first of the three interlocking elements of project success. Managing risk through reduction of risk and exploitation of opportunity is the second element. Managing relationships within and around the project is the third element balancing conflicting stakeholder needs and wants. The commonality of these elements is the stakeholder community, without whom the project would not exist and with whom the project team must develop and maintain robust relationships.

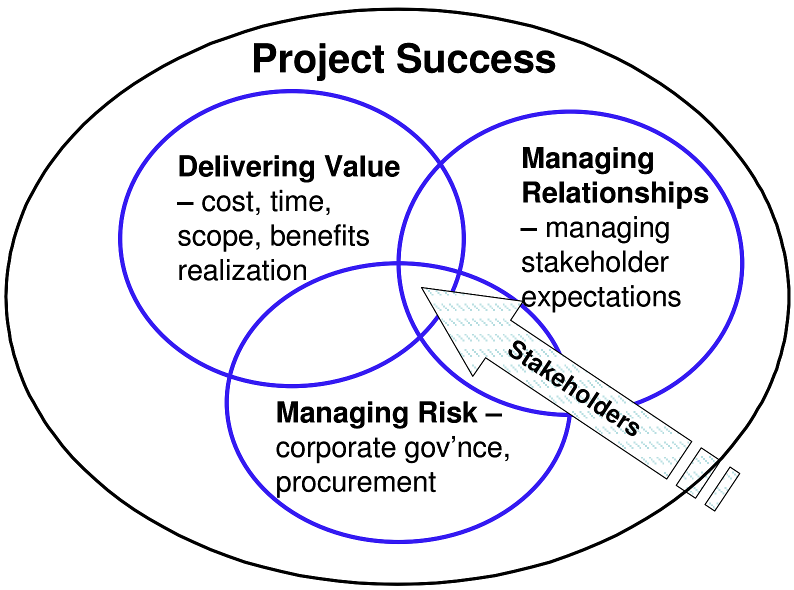

Figure 1 - The three pillars of project success

Projects fail when stakeholders do not support projects, or actively work against their success. Therefore, activities that focus on managing project relationships will increase chances of project success. Within projects, relationships that need to be managed will be relationships between the project and the project stakeholders, both within and around the project team. In developing and maintain these relationships, it is important for the project manager and project team to understand how stakeholders perceive project value (their expectations) and to then align all management aspects of the project and the performance metrics to these expectations.

Stakeholders defined

The definition of *stakeholder* used in this paper is:

> *Stakeholders are individuals or groups who have an interest or some aspect of rights or ownership in the project, can contribute in the form of knowledge or support, or can impact or be impacted by, the project.*

Stakeholders have a *stake* in the outcomes of the project. It could be:

- An Interest, being affected by the work or the outcomes of the project
- A Right, moral or legal
- Ownership of property real or intellectual
- Supply of knowledge or expertise
- Impacted by or having influence on the project or its outcomes,
- Contribution to the success or failure of the project through funding, provision of resources or advocacy.

It is essential to consider what a stakeholder's stake actually is when trying to define how a stakeholder is important to the project.

The Project Environment

Developing robust relationships with an organisation's entire network of stakeholders is essential for the long-term survival of the organisation itself and the success of the project organisations operating within it. These relationships must be managed in ways that best meet stakeholders' needs and expectations.

Project relationships are the relationships between the project manager and the project stakeholders, and between the project stakeholders themselves. These relationships have been defined as 'lookings' (Briner, W, Hastings, C, and Geddes, M, 1996); I have extended this concept as 'directions of influence' and the concept of the *project environment*. The project environment is a seven-element framework forming the network or 'sphere of influence and support' on which a project depends for its very existence: four of these directions of influence are pertinent to defining relationships between stakeholders in the project environment; they are shown below in Figure 2.

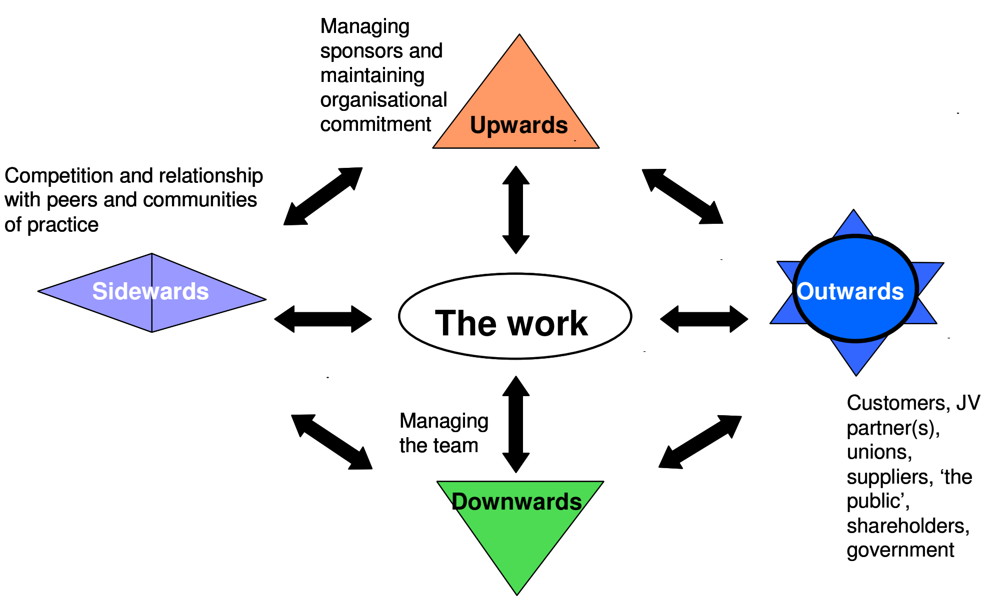

Figure 2 - the project environment – stakeholder influence

Stakeholder influence is described in directions: *upwards, downwards, outwards*, and *sidewards,* and these descriptions have been incorporated into the *Stakeholder Circle*™ methodology to support identification of project stakeholders.

Managing *upwards* is about developing and maintaining robust relationships with those senior managers whose support is vital to maintain organisational commitment to the project. Managing *downwards* is about managing the team; *sidewards* describes the process of managing the project manager's peers to ensure collaboration, rather than competition.

Managing *outwards* involves considering the needs and impacts of a large group of stakeholders outside the project, and often outside the performing organisation. This group will include some (or all) of the following: clients or customers of the performing organisation, users of the solution and their managers, the 'public', ratepayers, voters, lobby or action groups, government or regulatory bodies, shareholders, suppliers of personnel, material or services, families of these stakeholders. Each of these *outwards* stakeholder groups will have different requirements of the project. They are grouped in one 'direction of influence', but it is important to clarify their requirements of the project and their impacts on the project as separate groups. A further set of directions to be identified are *internal* within the performing organisation, and *external* outside the performing organisation.

Knowing each stakeholder's 'stake' in the project and expectations are essential to successful project relationships; knowing the different 'directions of influence' are also essential – project communication will be different in format and content to a senior manager than it will be to a team member.

Identifying Key Stakeholders and their expectations

The remainder of this paper will be focussed on the ***Stakeholder*** *Circle*™ methodology, designed to assist organisations to identify the 'right' stakeholders, and to develop an appropriate engagement strategy and communication plan to ensure each key stakeholder's expectations are understood and managed, thus raising the chance of project success.

The ***Stakeholder*** *Circle*™ methodology consists of five steps:

- Step 1: identify
- Step 2: Prioritise
- Step 3: Visualise
- Step 4: Engage
- Step 5: Monitor

Figure 3 shows the five steps and the processes to achieve them. While each step is vital to project success, the first three have been described in detail in papers published over the past four years The objective of this paper is to provide a more detailed description of the final steps: Engage and Monitor.

The *Stakeholder Circle* Methodology

Are you managing the right stakeholders?

Step 1: Identify	Step 2: Prioritise	Step 3: Visualise	Step 4: Engage	Step 5: Monitor
❑ Name ❑ Role ❑ Direction of influence (U, D, O, S, I, E) ❑ Significance: 'stake' ❑ Requirements: 'expectations'	Team ratings of: ❑ Power ❑ Proximity ❑ Urgency ❑ Index # ❑ Priority	Results of Steps 1 & 2 ❑ Categorised list ❑ Excel form ❑ *Stakeholder Circle*	Engagement Profile ❑ Support ❑ Receptiveness ❑ Targeted Communication Plan ❑ Relationship Manager	❑ 'Baseline' communication plan ❑ Subsequent assessment ❑ Reports

Figure 3 - Steps of the *Stakeholder Circle™* methodology

Before describing the detail of Steps 4 and 5, this section will briefly describe the essential aspects of Steps 1, 2 and 3[1].

Step 1—Identify Stakeholders

First, the project stakeholders are identified and then categorised into groups indicating how they may influence the outcomes of the project: upwards for senior managers; downwards for members of the project team; sidewards for peers of the project manager and outwards for other stakeholders outside the project – such as government, users, and unions; internal or external. The definition of what each individual or group *requires from the project* as well as a definition of the *significance to the project* of these individuals or groups should be agreed and documented at this stage.

Step 2—Prioritise Stakeholders

Next, prioritisation of these stakeholders is undertaken by considering three factors that can assess the relative importance of stakeholders:

- Power - is their power to influence significant or relatively limited?
- Proximity - are they closely associated or relatively remote from the project?

[1] Papers describing the methodology in more detail can be downloaded from https://mosaicprojects.com.au/PMKI-SHM-005.php

- Urgency - what is their stake? Are they prepared to go to any lengths to achieve their outcomes?

Step 3—Visualise Stakeholders

The data from the previous steps is transformed into the ***Stakeholder** Circle™:* one example has been described in figure 4. The ***Stakeholder** Circle™* will be different for each project and for each phase of the project – the relationships that visualisation shows will reflect the project's unique relationships.

Key elements of the ***Stakeholder** Circle™* chart 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 power. Patterns and colours of stakeholder entities indicate their influence on the project — for example, orange indicates an *upwards* direction; green indicates *downwards;* purple indicates *sidewards*; and blue indicates *outwards*. 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 most important stakeholder for this project has been assessed as the Sponsor: this stakeholder appears at the 12 O'clock position; followed by the project team as the second most important and the CEO as third most important.

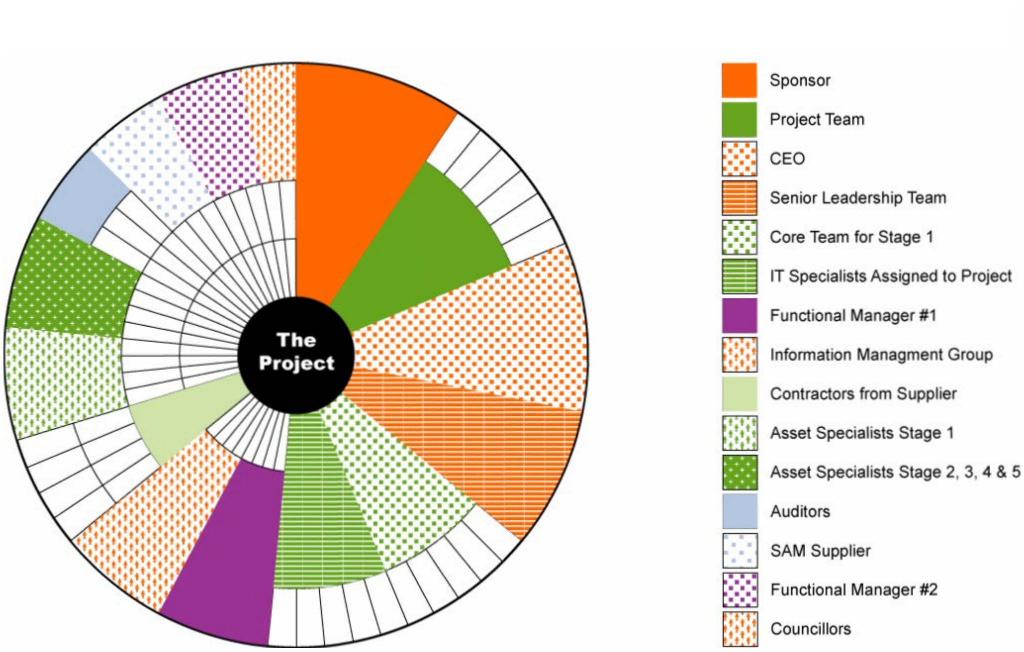

Figure 4 - On output of the Stakeholder Circle tool

Step 4 - Engage Stakeholders

The fourth part of the *Stakeholder Circle*™ tool methodology is centred on identifying engagement approaches to meet the requirements of the project's stakeholders. The top 15 stakeholders, defined as being the most important and influential for the project, should receive special attention, but engagement strategies for all stakeholders must be developed. Their requirements may include intangible outcomes such as enhancement of personal or organisational reputation, and satisfaction of a measure in an individual's key performance indicator (KPI) set for delivery of project benefits.

- The **first part** of this analysis involves identifying the level of interest of the stakeholder(s) at five levels: from committed (5), through neutral (3), to antagonistic (1).
- The **next part** is to analyse the willingness of each stakeholder to receive information about the project and to help to resolve issues: this is receptiveness. The scale is also at five levels, where 5 is – eager to hear about the project and eager to help in resolution of issues, through 3 – neutral, to 1 - completely uninterested.
- The **third part** is to identify the optimal engagement position: the level of support and receptiveness to messages that would best meet the mutual needs of the project and the stakeholder.

If an important stakeholder is both actively opposed and unwilling to receive messages or take action to support the project, he or she will need to have a different engagement strategy from stakeholders who are highly supportive and highly receptive. The 5 by 5 matrix thus developed will become the engagement baseline that is the starting point for measuring the effectiveness of the communication activities of the project; it will also provide the target position for each communication activity.

In Figure 5 below the engagement profiles of two stakeholders are shown.

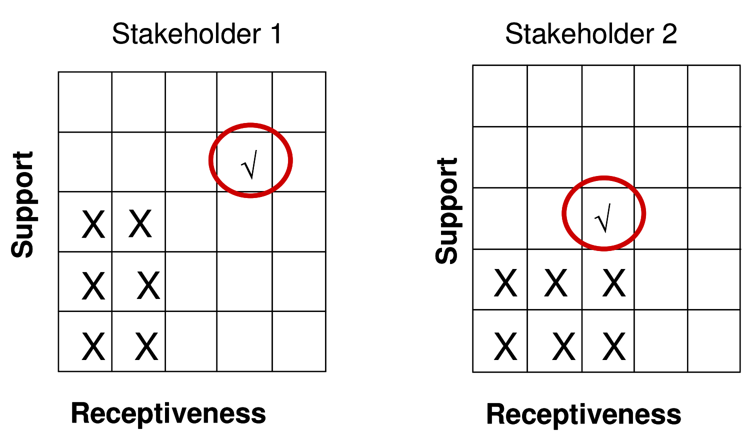

Figure 5 - Stakeholder Engagement Profiles

Stakeholder 1 has been assessed by the team a being neutral for support but not willing to receive project information or assist in the resolution of project issues: the optimal profile is show to be at a level of passive support and somewhat willing to assist in resolution of issues. For Stakeholder 1 a great deal of effort must be spent on planning and implementing appropriate communication to raise the levels of support and receptiveness to the optimal. For Stakeholder 2 , some effort is required to raise the level of support to neutral. If a stakeholder was assessed at having a level of support and receptiveness equal to or greater than the optimal, only general 'business as usual' reporting is necessary

Based on each stakeholder's engagement strategy, a communication plan will be developed, consisting of: specific messages or message forms (reports); how messages will be delivered; by whom; whether formal or informal, written or oral; at what frequency. The frequency and regularity of delivery of these messages will vary with the level of support and receptiveness of the stakeholder as well as the stage of the project. The project manager need not be the only messenger; other members of the project team may be more appropriate to deliver the message; sometimes the team needs to carefully select the messenger for important stakeholders who have a low level of receptiveness to messages about the project.

Step 5 - Monitor Effectiveness of Communication

Once the communication plan has been developed and team communication responsibilities allocated, the principal communication points must be included in the project schedule. Including communication in the project schedule means that team communication activities will be seen as a significant part of the project workload and reported on regularly at project team meetings. This strategy helps encourage the active implementation of the communications plan.

Regular Stakeholder Review meetings, similar to Risk Review meetings, help maintain the currency of the information describing the project's stakeholder community and can highlight information about changes in that community that may trigger re-assessment of the project's stakeholder community and updates to the communications plan.

Re-assessment of the engagement matrix for each project stakeholder (and the overall profile) is an essential part of the stakeholder review processes, whether as part of regular team meetings, or in response to unplanned events around the project.

In the case of a stakeholder that was first assessed as actively opposed and a low level of receptiveness, an engagement strategy and communication plan should be developed to change the engagement matrix to the optimal position for support and receptiveness. If on re-assessment, the engagement profile has not improved, this lack of change will provide the evidence that the current communication is not effective: a different approach must be taken. Where positive changes are noted, the decision may be to continue with the current communications strategy or possibly to adjust the strategy to improve its effectiveness.

This situation is illustrated in Figure 6 which demonstrates the value of comparing a stakeholder's engagement profile over time. Figure 6 shows an improvement in receptiveness over the last 3 months (suggesting the right messenger has built a good personal rapport with the stakeholder), but the stakeholder is still not prepared to support the project (suggesting the contents of the messages are not relevant to the stakeholder), with first hand knowledge of the people, decisions on adjusting the communications plan can be made based on this relatively impartial performance data and focussing on improving the relevance of the messages.

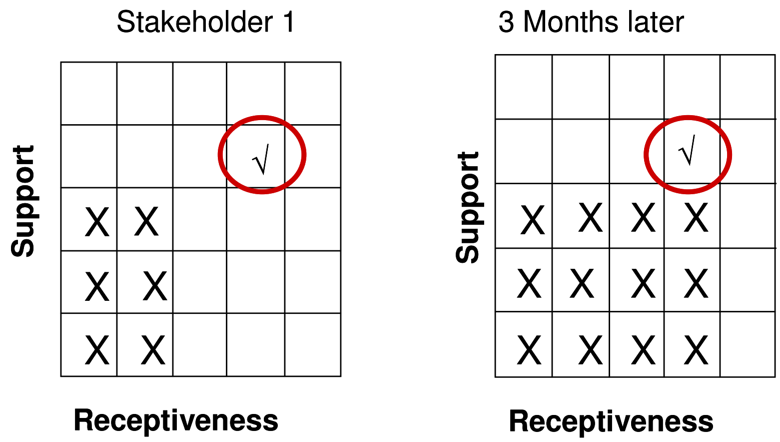

Figure 6 - Monitoring Communication Effectiveness

Achievement of the optimal position for support and receptiveness on the new matrix, or movement towards this position is evidence that the engagement strategy is effective and the communication is achieving its intended objectives. For further details of two case studies on the use of ***Stakeholder** Circle*™ refer to (Bourne and Walker, 2006; Walker, D.H.T, Bourne, L, and Rowlinson, S, 2008).

Conclusion

This paper began with the proposition that a project fails because either all or some members of the project's stakeholder community perceive that it has failed: either important stakeholders do not think that their expectations have been met or the early perception of failure causes these stakeholders to withdraw support from this project in favour of another perceived to be more successful thereby creating a 'failure'. This paper also proposes that the best and most effective way to keep the stakeholder community engaged and supportive of the project is through effective, targeted communication. Targeted communication can only achieved through understanding the composition of the stakeholder community and developing communication to these stakeholders based on information gathered about the stakeholders.

The paper briefly covers the first three steps of the ***Stakeholder** Circle*™ methodology: these steps – Identify, Prioritise and Visualise – have been covered in detail in many papers published over the last four years, and available on the websites shown in footnote 1. The final two steps – Engage and Monitor – are the main focus: establishing a process to focus on engagement through targeted communication to all identified stakeholders, and in particular in the stakeholders identified as 'key'. The final part of the paper provided some guidelines on how to further focus the communication plan and then to measure the effectiveness of this communication and respond accordingly.

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