



Stakeholder Relationship Management

The key to successful procurement and supply chain management

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Today

Focus for today:

- My starting point: recurring themes
- Why stakeholders matter
- Which stakeholders matter
- Engaging stakeholders effectively
- How do you know?
- Addressing the recurring themes
- Implementation in your organisation

Recurring themes of this conference

- Managing perceptions of the procurement profession
- Achieving stakeholder buy-in
- Collaboration
- Contracts and risk
- The importance of people at the end of the 'chain'
- Advising upwards and targeted communication



What does success mean to you?



Why stakeholders matter

Heathrow Terminal 5



Why stakeholders matter

Heathrow:

- Construction part went 'well'
- Fewer injuries and deaths
- Completed early and under budget
- Hailed as 'model' for UK construction

Handover to BA different story:

- Essential staff training inadequate
- No contingency for opening week problems

Result: reputation of T5 AND BA tarnished



Why stakeholders matter

Success depends on PEOPLE

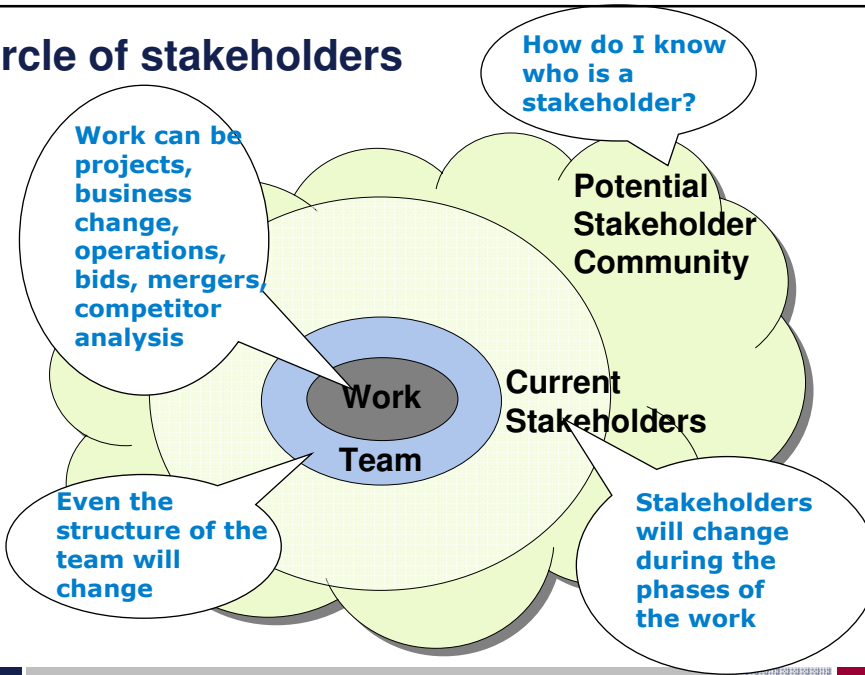
- Managing perceptions of the procurement profession **What are their expectations**
- Achieving stakeholder buy-in **Who?**
- Collaboration **How to reach a 'mutually' acceptable result**
- Contracts and risk **Still about people**
- The importance of people at the end of the 'chain' **Often not consulted**
- Advising upwards and targeted communication **Ensuring that you are 'heard'**



A stakeholder engagement methodology



Circle of stakeholders



The **Stakeholder Circle**® Methodology

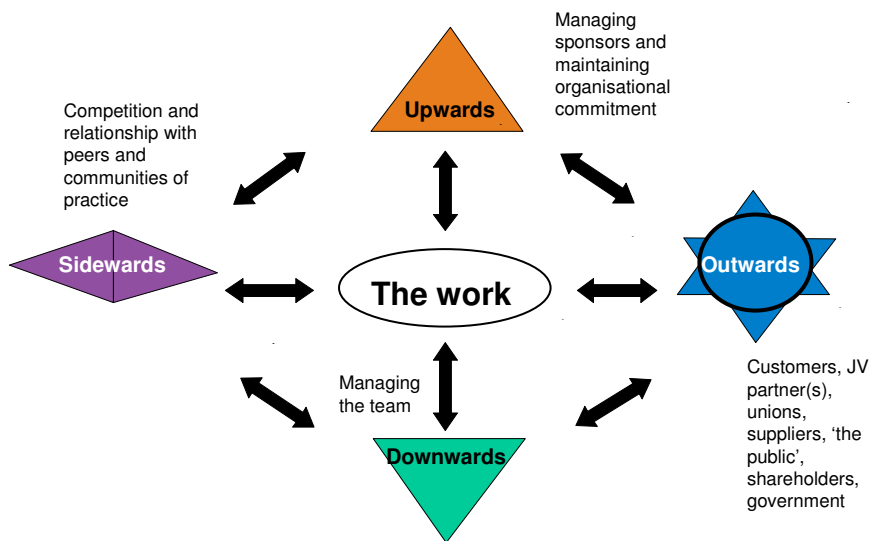
"Are you managing the right stakeholders?"



<ul style="list-style-type: none"> <input type="checkbox"/> Name <input type="checkbox"/> Role <input type="checkbox"/> Direction of influence (U, D, O, S, I, E) <input type="checkbox"/> Importance and 'stake' <input type="checkbox"/> Requirements: 'expectations' 	<p>Team ratings of:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Power <input type="checkbox"/> Proximity <input type="checkbox"/> Urgency <input type="checkbox"/> Index # <input type="checkbox"/> Priority 	<p>Results of Steps 1 & 2</p> <ul style="list-style-type: none"> <input type="checkbox"/> Categorised list <input type="checkbox"/> Excel form <input type="checkbox"/> Stakeholder Circle 	<p>Engagement Profile</p> <ul style="list-style-type: none"> <input type="checkbox"/> Support <input type="checkbox"/> Receptiveness <input type="checkbox"/> Targeted Communication Plan <input type="checkbox"/> Relationship Manager 	<p>'Baseline' communication plan</p> <ul style="list-style-type: none"> <input type="checkbox"/> Subsequent assessment <input type="checkbox"/> Direction of influence (U, D, O, S, I, E) <input type="checkbox"/> Reports
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Information is accumulated from each step

Directions of influence



Mutuality

Stakeholder support can't be assumed

- Project planning includes stakeholder identification
 - How/why they are important to the project
 - What project success means to them
- This is *mutuality*:
 - How the stakeholder is *important to* the project
 - What the stakeholder *requires from* the project (expectations)



Not all stakeholders are equal

• A stakeholder's relative importance is assessed by considering:

- **Power:** is their power to *influence* significant or relatively limited ?
- **Proximity:** are they closely associated or relatively remote from the project ?
- **Urgency:** are they prepared to go to any lengths to achieve *their* outcomes?



Urgency

- Calling for immediate attention
- Concerned with circumstances when:
 - A relationship or claim is time-sensitive
 - The relationship or claim is important or critical to the stakeholder
- Sometimes a 'lone, powerless voice' that strives to be heard
- My research has found that these stakeholders are the source of 'nasty surprises'



Showing who is important

A picture tells a thousand words

- Each person has a preference for how information is presented
 - Pictures
 - Numbers
 - Words
- The effective use combinations of styles



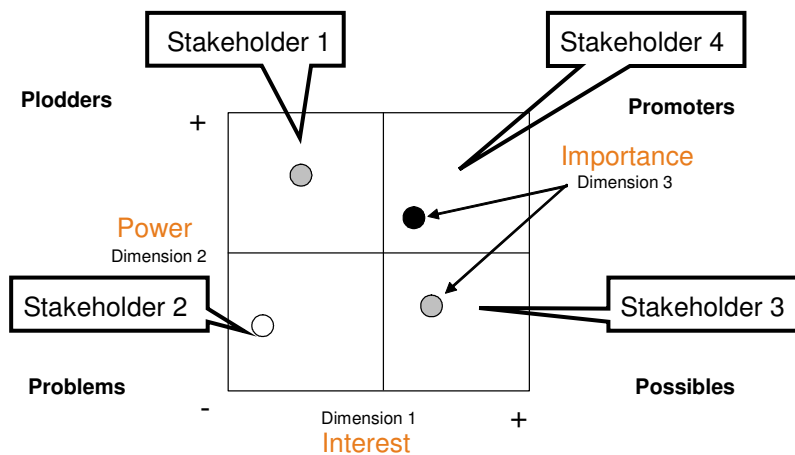
Stakeholder Mapping

Some presentation styles:

- A ranked list of the most important
 - Can you show their influence?
 - 1 or 2 dimensions
- A matrix
 - 2 or 3 dimensions
- A picture - the **Stakeholder Circle®**
 - 5 dimensions

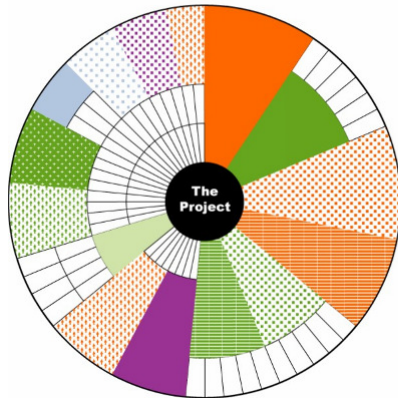


Traditional representations



Reading the Stakeholder Circle

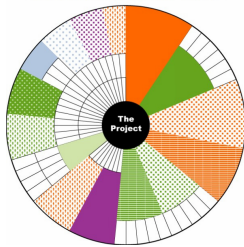
Asset Management Project



- 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

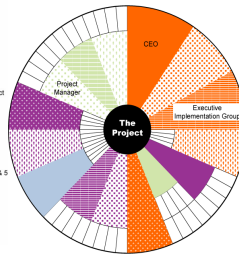
Project Communities

Asset Management Project



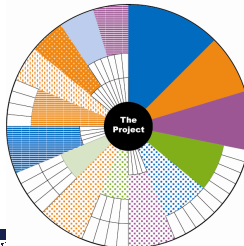
- Sponsor
- Project Team
- CEO
- Senior Leadership Team
- Core Team for Stage 1
- IT Specialists Assigned to Project
- Functional Manager #1
- Information Management Group
- Contractors from Supplier
- Asset Specialists Stage 1
- Asset Specialists Stage 2, 3, 4 & 5
- Auditors
- SAM Supplier
- Functional Manager #2
- Councilors

Office Accommodation



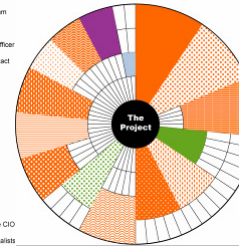
- CEO
- Project Steering Committee
- Executive Implementation Group
- Sponsor
- Project Implementation Group
- Builder
- Councilors
- Technical Advisor - Buildings
- Technical Advisor - IT
- Utilities - Telco, Energy, Water
- Functional Group 1
- Functional Group 2
- Project Management Contractor
- Architect
- Engineers & Specialist Groups

eDocRec Project



- Pilot #1 Staff working with team
- Project Steering Committee
- Regional Chief Technology Officer
- Corporate IT - Technical Contact
- Pilot Group #1
- Div #1
- Project Team
- Sponsor
- Supplier
- Div #2
- Business Owner
- CEO
- IT Steering Committee
- Regional Central Office of the CIO
- Internal Records & Info Specialists

Knowledge Net



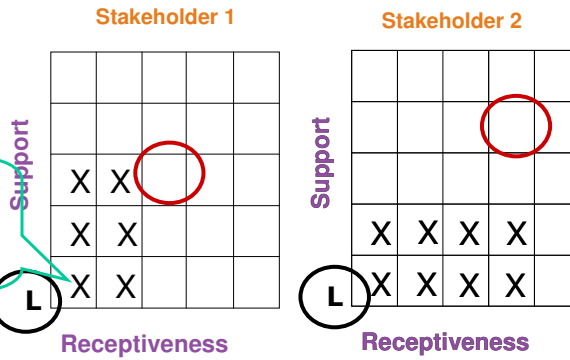
- IT Steering Committee
- CEO
- Functional Manager - Pilot Site #1
- Pilot Site 1 - Staff on Project
- Program Manager
- Sponsor
- Manager - Office of CEO
- Project Team - Specialists
- Exec #1
- Functional Manager - Pilot Site #2
- IT Director
- Functional Manager - Pilot Site #3
- Functional Manager - Finance
- Other Projects within Department
- Vendor - Outsourced

An engagement profile

- Assess each stakeholder's current attitude:
 - Support and receptiveness (X)

The **optimal** engagement position 'o' should also be recorded

This position is always dangerous: active opposition and completely uninterested



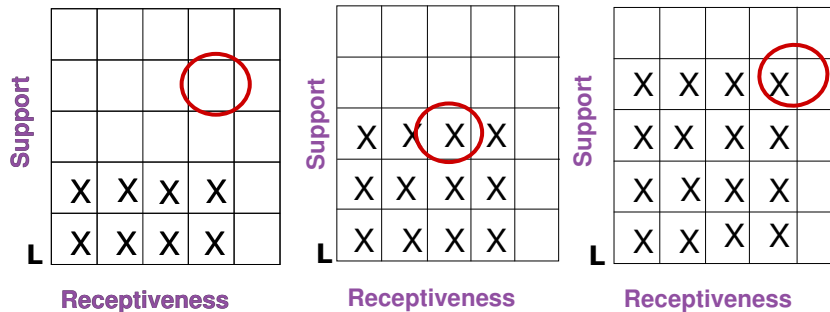
Targeted communication

What is the approach for each of these stakeholders?

less than
Stakeholder 2

better than
Stakeholder 3

equal to
Stakeholder 4



Targeted communication

The team now develops the plans:

- Current engagement profile is equal to or better than optimal profile
 - *Business as usual* (regular reports, meetings)
- Current engagement profile is less than optimal profile. Specific focus on:
 - *Expectations and requirements (WIIFM)*
 - Relationships within the community (U,D,O,S,I,E) and Influence networks



Effective communication

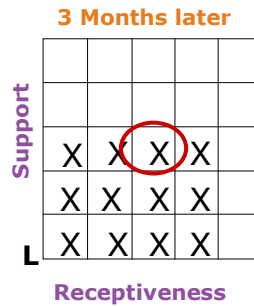
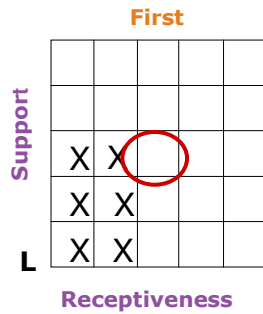
Consider:

- Who, why (the purpose), what (the message), how (the medium), when (timing and frequency), messenger
- Culture
- Personality and personal preferences
- The needs of the work and the expectations of the stakeholder
- There may be a need to adjust the communication



Measuring effectiveness

Monitoring trends provides evidence: if trends show no change in the profile, or movement away from the optimal a different communication approach must be considered



What happened here?

What should happen next?

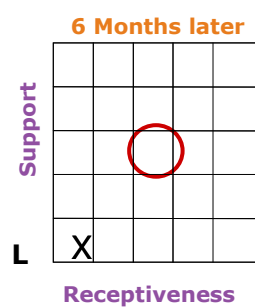
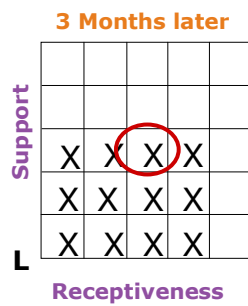


Measuring effectiveness

What happened here?

Stakeholder lost power?

Other work more important?



Addressing the recurring themes



Success depends on PEOPLE

- Managing perceptions of the procurement profession **What are their expectations**
- Achieving stakeholder buy-in **Who?**
- Collaboration **How to reach a 'mutually' acceptable result**
- Contracts and risk **Still about people**
- The importance of people at the end of the 'chain' **Often not consulted – they may be the 'nasty surprises'**
- Advising upwards and targeted communication **Ensuring that you are 'heard'**



Success depends on PEOPLE

- When you know the essential information about your important stakeholders
- Targeted communication results
- The team know who and how to focus their efforts
- Information distribution
- Garnering support
- Conflict resolution
- Negotiations



Implementing stakeholder engagement in an organisation



A pragmatic approach

- Staged implementation of stakeholder engagement
 - Depends on the 'readiness' of the organisation
- An approach that meets current way of doing business



Organisational readiness

SRMM Categories:

- Standard processes
- Central support
- Organisation-wide practice
- Beyond projects (programs, bids)
- Typical 'stakeholder communities'
- Risk handling & 'health reviews'



Organisational readiness

SRMM Stages (thanks to CMMI):

1. Ad hoc: some use of processes
2. Procedural: focus = processes, tools
3. Relational: focus = stakeholders and mutual benefits
4. Integrated: methodology repeatable, integrated
5. Predictive: health checks, other predictive assessments



Organisational readiness

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Organisational readiness

SRMM Stages	Standard processes	Central support	Org-wide use	Beyond projects	Typical 'stakeholder communities'	Risk handling & 'health reviews'
1. Ad hoc: some use of processes	Some	No	No	No	No	No
2. Procedural: focus on processes and tools	Yes	Some	No	Some	No	No
3. Relational: focus on the stakeholders and mutual benefits	Yes	Yes	Some	Some	Some	No
4. Integrated: methodology repeatable, integrated	Yes	Yes	Yes	Some	Some	Some
5. Predictive: health checks and other predictive assessments	Yes	Yes	Yes	Yes	Yes	Yes



How ready is your organisation?



Stakeholder Relationship Management

SRMM Stage	Features	Methodology Steps	Reporting / Tools	Comments
1. Ad hoc: some use of processes	One area recognises the need for improved SHM	Generally focuses on simplified selected steps. Sometimes just Steps 4 and 5	Self-developed tools - Word templates - Spreadsheet lists	Requires continuous and significant management 'push' to maintain impetus
2. Procedural: focus on processes and tools	SHM introduced as part of implementation of consistent processes (perhaps result of CMMI assessment)	Sometimes all five steps but truncated and simplified	Standardised tools - Word templates - Spreadsheets with macros - Simple database	Require continuous and significant management 'push' to maintain impetus
3. Relational: focus on the stakeholders and mutual benefits	Recognition of usefulness for competitor analysis, or support for mergers/acquisition	All five steps implemented. Move towards valuing insights / information in decision making	Fully functional tools - Spreadsheets with macros - Sophisticated databases	Useful for specific applications or events; rarely with an intention of continuous application
4. Integrated: methodology is repeatable and integrated	'Business as usual' application using the full methodology for all projects and selected operational work	Steps 1 – 5 with Step 4: engage and Step 5: being vital for evidence of success	Graphic reports, visualisation, engagement profiles, etc, used in management reports and KPIs	The methodology and tool are used as a demonstration of repeatable application within that part of the organisation
5. Predictive: used for health checks, predictive risk assessment and management:	Implementation of the full methodology and supporting tools tool	Steps 1 - 5. 'Lessons Learned' & comparative data. Integrated data across programs, etc.	Trend reporting, pro-active risk identification (unusual profiles) Comparison between projects and different categories of work	Organisation-wide and complete focus on continuous improvement as competitive advantage



Thank You

Questions please



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