

MEGA PROJECTS, MEGA PROBLEMS

(The Critical Need for Effective Stakeholder Management)

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Patrick Weaver PMP, FAICD, FCIQB,
Director, Mosaic Project Services Pty Ltd

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Mosaic Project Services Pty Ltd
PO Box 5150
South Melbourne VIC 3205 Australia
Tel: +613 9696 8684
Email: Info@mosaicprojects.com.au
Web: www.mosaicprojects.com.au

Introduction

The ability of people to protest has increased exponentially with the advent of mobile communications and social media. In 2010, a single dedicated person can quickly generate a large protest movement.

Mega-projects will inevitably create opposition. The larger the project, the more opponents it is likely to generate. Traditional construction management has focused on the ‘iron triangle’ of time, cost and scope. Today, this is not enough, in many parts of the world, ignoring the social aspects of a mega-project will cause it to fail!

Effective stakeholder management is mandatory for mega-project success in all advanced economies and in most emerging economies. If the project is sufficiently controversial, the protest movement can quickly spread globally. The key steps for effective stakeholder management are:

1. Identify all of the stakeholders that matter at this point in time – who’s who and who’s important.
2. Prioritise the stakeholders.
3. For important stakeholders assess their wants and expectations. Then develop specific communication plans.
4. Develop general PR communications for the wider audience
5. Implement the communication plan(s)
6. Reassess the stakeholder community at regular intervals.

Two tools developed to assist in this process are the *Stakeholder Circle*® methodology and the SRMM® maturity model. These tools will be discussed within the framework of managing mega construction projects to optimise the stakeholder relationships in and around the project and minimise risk exposures.

Introduction

The ability of people to protest has increased exponentially with the advent of mobile communications and applies equally to political, environmental and social movements. By focusing protests onto any of these areas, an effective protest movement can seriously impact the development of a mega-project.

Mega-projects will inevitably create opposition, as Spike Milligan is quoted to have said: “Money can’t buy you friends but you can get a better class of enemy”. Construction teams that ignoring the social aspects of a mega-project in 2010 will cause the project to fail!

Effective stakeholder management is mandatory for mega-project success in all advanced economies and in most emerging economies. This paper will outline a methodology for effective ‘stakeholder management’ and show how can it contribute to a profitable project outcome?

Stakeholder management encompasses the project team (workers, managers, clients and customers), the project supply chain and a wider community who are directly affected by the work of the project, the outcome of the project or perceive their interests may be affected in a positive or negative way by the project or its outcome. This wider community encompasses politicians, ‘the public’ and the media as well as people directly or indirectly impacted by the work or its outcomes.

Managing the project team within the 'iron triangle' of time cost and output has been the focus of construction management for at least the last 2000 years. More recently, effective engagement with the 'supply chain' has been a focus of reports including those by Latham (1994) and Egan¹.

The recognition of the need for effective stakeholder management is now emerging as a key focus of effective project and construction managers. Primarily due to pressures from two different sources; one is the increasing recognition on the part of organisations and governments of the need for sustainability, corporate social responsibility and social awareness. The other is the enhanced ability for opponents and protestors to mobilise and directly influence the direction of a project, or exact retribution on the project's owners or promoters at a later date. Other branches of project management have already recognised this imperative and now include Stakeholder Management as a key topic, Construction Management and the CIOB *Code of Practice for Project Management for Construction and Development* is lagging significantly behind authorities such as the *PMBOK® Guide* and APM BoK 5th Edition.

Fortunately for all types of stakeholders, including both the proponents of the project (supporters) and the opponents of the project, the art of stakeholder management remains the same. The project team need to identify and understand their key stakeholders, and then work to positively influence them to reduce opposition and enhance support. The only ethical way to change stakeholder perceptions and expectations to the benefit of the project is targeted communication within effective relationships. The skill is focusing on the right people at the right time.

This paper will outline the processes needed to support effective communication through the analysis of a case study – that of the construction and opening of Heathrow Terminal 5. They are two separate projects: one considered very successful and the other considered to have marred the reputation of British Airways staff and management because of the first disastrous week of operation.

The first section will analyse the factors, both positive and negative, that led to development of perception of the success of the first and failure of the second. The next section is an analysis and application of 'learnings' about the importance of people, and their engagement, to any activity that an organisation undertakes. The third section describes a structured methodology, the Stakeholder Circle, which provides guidance for teams to identify which of an organisation's stakeholders are the 'right' stakeholders for any particular time in the project or activity and to define the best approach to communicating effectively for maximum collaboration. Finally, there is a discussion of common problems that projects encounter when seeking to accomplish successful outcomes in an environment that requires collaboration amongst all parties for success.

The Case Study

Heathrow Terminal 5

The saga of Heathrow's Terminal 5 (T5) covers many years and many stages. The focus of this paper is on two of these stages:

- Construction of the terminal for British Airport Authority (BAA), supported by enlightened contractual arrangements;
- British Airways (BA) begins operation and opens its facilities to the public.

¹ Rethinking Construction (The Egan Report, 1998). Download from:
<https://mosaicprojects.com.au/PMKI-XTR-005.php#Overview>

Construction

The £4.3bn Heathrow T5 project has been acknowledged as ‘most successful UK construction project’ due innovative project management practices which focused on collaboration. This collaboration is achieved through an emphasis on integrated teams, early risk management to anticipate, manage and reduce risks associated with the project, and an acceptance by BAA of total risk in all contracts, rather than the previously common adversarial approach of contract negotiation.

Under the ‘new’ approach to construction project management resulting from the Egan Report (Egan 1998), T5 had been completed on time and within budget at the human cost of two fatalities, compared with a project of this size managed under traditional arrangements which would potentially have resulted in average time overruns of two years, 40% budget overruns and six to eight fatalities. This change in BAA’s culture was described as a ‘watershed’ (Potts 2006), creating an environment for early problem-solving, sharing of information and collaboration.

Understanding and managing the wider stakeholder community was an important part of the project’s success from the lengthy enquiry process through to effective engagement with the media and others during construction, culminating in the public triumph of the Royal opening on 14 March, 2008 by HM Queen Elizabeth.

The start of operations

T5 was designed exclusively for BA’s use. Features of the new terminal included seamless check-in designed to eliminate queuing; improvements in punctuality because all BA flights would arrive and depart from one terminal; state-of-the-art baggage system using technology already in use at other airports that would streamline the retrieval of passenger’s baggage.

T5 began operating in 27 March, 2008. From the first day flights had to be cancelled, passengers were stranded, and over 15000 pieces of baggage were lost. An enquiry conducted by the House of Commons Transport Committee in 2008 described a series of issues and blunders resulting from poor planning and inadequate preparation of BA staff (House of Commons Transport Committee 2008)

The Chief Executive Officer (CEO) of BA, Willie Walsh, stated in an interview:

T5 chaos was in part the result of calculated risk taken by the airline’s management.... The company had known there were problems with the building from September when BA began to move in its staff and test systems. It was not 100% complete ... managers had reviewed their decision to open as planned on March 27 on a weekly basis and had decided that the problems caused by delaying the move to [October]would be greater than those caused by pressing ahead. ²

Staff arriving for their morning shifts at T5 on that first day, encountered a number of issues³: a scarcity of staff car parking places, with staff overflow car parks closed; delays in passing through security; unfamiliarity with the new terminal building and the new systems.

The House of Commons report (2008) provided additional information:

- Baggage handlers claimed that they had not been adequately trained and did not have any support or backup even on this first day;
- BA asked for volunteers to make up additional numbers to provide this support, but due to low morale staff were not prepared to attend on their day off;

² business.timesonline.co.uk Airline tie-ups loom as crunch hits; May 18, 2008 Dominic O’Connell

³ www.bbc.co.uk “What went wrong at Heathrow’s T5?” 31 March, 2008

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- Staff did not know what tasks they had been given on that day;
- Check-in staff continued to add bags to the system, causing the new baggage handling system to overload, because baggage handlers were not removing them quickly enough off the belts. *There was no over-ride switch to stop the belts!*

The actual failures and delays that caused the disaster were all of relatively short duration, none lasting more than half an hour. However the compounding and escalating effect of these minor disruptions within the complex, closely coupled systems that makes up the baggage system for an airline caused a ‘normal accident’⁴ of major proportions.

An analysis

The construction of the terminal was acknowledged as a success from a time, cost, scope and quality perspective, but also from the perspective of the *soft skills* of proactive management of risk and reduction of disputes and conflicts. There was a focus on collaboration: the project owner, BAA, recognised that reducing conflict and the use of integrated teams would increase productivity. This arrangement was later known as the ‘T5 agreement’ and intended to be the blueprint for all future major UK construction projects, in particular the preparation for the London Olympic Games in 2012. The innovative focus on collaboration reflected the inclusive flavour of the development of the Egan report – inviting representation and input from other industries, and excluding representatives of the construction industry (Crane 2010).

Inadequate staff training for the opening of T5 was a clear indicator of BA’s lack of understanding of the importance of training and preparation of staff for implementation. There was no contingency on that first day, no recognition that something might go wrong:

- Management did not ask staff to come early to counteract the effect of any potential delays in entering a building they had not entered before;
- They did not offer overtime or offer to pay for additional staff, merely asking staff to come on their day off to help out;
- The baggage handlers appear to have not been trained at all – they did not know how to work within the new processes or technology;
- The baggage handling system appeared to have no backup system to support the new complex system.

The only effective counter to ‘normal accidents’ in closely coupled systems is ensuring there is sufficient resilience in the overall system to mitigate problems and prevent them compounding into a disaster. The opening of T5 could have been successful and BA’s reputation could have avoided a multi million\$ hit if the organisation had been prepared to invest in training, having staff come in early and having additional spare management capacity on hand for emergencies.

What does the experience of the T5 construction project and its opening tell us about success and failure?

- BA’s reputation was damaged from the events of T5’s opening. Its failure was a failure to manage the people side – poor preparation of the people responsible for operation of the facility.
- BAA has suffered as well. If T5’s success were to be judged just on the completion of the construction project it would continue to be known as a success. But the perception of the travelling public and many other stakeholders is still that T5 “does not work”.

⁴ The combination of features within a system including interactive complexity and tight coupling make it inherently vulnerable to such accidents, hence their description as ‘normal’. See: *Normal Accidents: Living with High-Risk Technologies*, by Charles Perrow, Basic Books, NY, 1984

Lessons Learned

Whether the focus was on the successful construction of T5 or the ‘unsuccessful’ opening, the common element of both the success and the failure was the ‘soft skills’ of project management – stakeholder engagement and effective communication. On the one hand the focus of the construction project on collaboration, integrated teams, proactive risk management and long-term contracting relationships; and on the other hand, the absence of recognition of the importance of people, indicated by the failure to prepare the staff for the immense changes of working within the new building and its infrastructure, involve staff through adequate training and include contingencies on the first couple of days of operation.

The examples of both T5 projects illustrate the importance of proactive risk management, development of long-term contractual relationships, and stakeholder engagement.

Increasing the chances of success

The success of the implementation of the Egan Report on the construction of the terminal has been attributed to the results of the extensive consultation to develop the report and ensure its acceptance by the UK construction industry (Crane 2010). Understanding the stakeholder community of the construction project in the widest possible sense and also understanding what the expectations of these stakeholders were, were both crucial to its success and also to the recognition (or perception) of its success. It is clear that BA management were focussed on meeting a specific opening date for the terminal, neglecting those stakeholders who were instrumental to success (staff) and the users of the facilities (the travelling public).

We don’t know who the project manager was for the opening: the public face of BA at the time was the CEO, Willie Walsh. He has been quoted in the House of Commons report as knowing there were risks in opening before all the infrastructure was complete, but management *had decided* that the problems caused by delaying the move would be greater than those caused by meeting whatever obligations dictated opening at the scheduled date.

The common theme for both projects is stakeholder engagement: when stakeholders are engaged and informed they are instrumental to success; when they are not engaged and informed, success becomes elusive. The next section of this paper will explore the concepts of stakeholder engagement and effective communication

Stakeholder Relationship Management

Stakeholders are defined as:

Individuals or groups who will be impacted by, or can influence the success or failure of an organisation’s activities (Bourne 2009).

Stakeholders may be groups or individuals who supply critical resources, or place something they value at risk through their investment of funds, career or time in pursuit of the organisation’s business strategies or goals. Alternatively, stakeholders may be groups or individuals opposed to the organisation or some aspect of its activities.

By definition, a stakeholder has a stake in the activity. This stake may be:

- An interest in the outcome, an individual or group affected by the work or the outcome, whether direct or indirect;

- Rights (legal or moral);
- Ownership, such as intellectual property rights, or real property rights;
- Contribution in the form of knowledge (expertise or experience) or support (in the form of funds, human resources, or advocacy (Bourne 2009).

The methodology⁵

The *Stakeholder Circle* methodology is based on the concept that success of an organisation's activities to achieve its business strategies and objectives (often projects) depend on the engagement and involvement of the stakeholder community. Figure 1 shows the relationships between the activity and its stakeholders. All decisions or understanding of the relationships are made from the perspective of the project manager or manager of the activity. Surrounding the activity itself is the team; often overlooked in many stakeholder engagement processes, just as it appeared to be by BA management. Surrounding the team is the community of stakeholders that has been identified as being important to the success of the activity at the present time. The outermost circle references potential stakeholders: those who may, or will, be important to the success of the activity at a later stage.

By differentiating current stakeholders and potential stakeholders in this way, confusion about which stakeholders are important at that moment and how best to manage the current relationships will be minimised, while ensuring that planning for future relationships is managed effectively. The stakeholders in the outer circle may also be considered in risk management planning because they may cause the activity to be at risk of failure in the future, or these stakeholders may need to be considered in an organisation's marketing plans, as potential customers.



Figure 1 the *circle* of stakeholders

Managing stakeholder relationships

The *Stakeholder Circle* is a five step methodology that provides a flexible but structured approach to understanding and managing relationships within and around the activity. The methodology is based on the concept that an activity can only exist with the informed consent of its stakeholder community, and that managing the relationships between this community and the activity will increase the chances

⁵ For more on the *Stakeholder Circle* methodology see:
<https://mosaicprojects.com.au/PMKI-TPI-076.php>

of success. The stakeholder community consists of individuals and groups, each with a different potential to influence the activity's outcome positively or negatively. The team must develop knowledge about this community and appreciation of the right level of engagement. This information will help define the appropriate level and content of communication needed to influence stakeholder's perceptions, expectations and actions. Stakeholder relationship management is complex and cannot be reduced to formula, each person is unique and the relationships between people reflect that uniqueness and complexity.

The *Stakeholder Circle* is a five step methodology that enables the team to accumulate information necessary for the engagement of its stakeholders:

- Step 1: identification of all stakeholders;
- Step 2: prioritisation to determine who is important;
- Step 3: visualisation (mapping) to understand the overall stakeholder community;
- Step 4: engagement through effective communications;
- Step 5: monitoring the effect of the engagement.

The next section of this paper describes the *steps* of the methodology and how to apply them for increased understanding of the specific and unique community of the project or activity and to provide guidance on stakeholder relationship management practices.

Implementing the methodology

Step 1: identify

Step 1: identify consists of three activities:

1. Developing a list of stakeholders;
2. Identifying *mutuality*:
 - a. How each stakeholder is important to the work of the project; and
 - b. What each stakeholder expects from success (or failure) of the project, or its outcomes;
3. Categorise: document each stakeholder's:
 - a. *Directions of influence*: these are *upwards*, *downwards*, *outwards*, and *sideways*,
 - b. Relationship to the organisation - whether they are *internal* to the organisation or *external*.

The output of this step will be a list of all stakeholders that fit the definition of stakeholder.

How many stakeholders? Beware of 'STAKEHOLDER MYOPIA'!

Some organisational activities are large and complex, and may affect many stakeholders. For example, construction of public facilities or national infrastructure projects will affect private citizens, landowners, and the natural and historical environment. For such projects, it is essential to recognise and accept that there will be large numbers of stakeholders identified. There is often an unconscious boundary on what a 'good number' of stakeholders can be – this is *stakeholder myopia*. It is important for the team and for their management to understand that while the initial number of stakeholders identified may appear unwieldy or overwhelming, *step 2: prioritise* provides a structured and logical means to prioritise the key stakeholders for the current time.

Mutuality

The application of mutuality to stakeholder relationship management addresses the two-way nature of any relationship whether personal, family or work-related. Two additional questions must be asked to gauge and then document both characteristics of each stakeholder:

1. “How is this stakeholder important to us? What is their stake?”
2. “What does this stakeholder require from the success or failure of the work’s execution or its outcomes?”

The answer to the first question establishes that this person or group actually is a stakeholder and what their potential contribution to the project’s success (or failure) may be. Generally, a stakeholder is important to the project because he or she is an important source of funds, personnel or materials or can impact the success or failure of the project through either action or inaction.

The answer to the second question establishes the stakeholder’s expectations or requirements of the success or failure of the project. Generally a stakeholder will have expectations of either personal or organisational gain through either the success or failure of a particular organisational activity. An understanding of the two parts of the relationship with the stakeholder community is crucial to subsequent steps in the stakeholder mapping process and to developing targeted communication strategies.

The final task in *step 1: identify* is to categorise the listed stakeholders according to the type of influence that they can have on the work or its outcomes, or that the work and outcomes can hold over the stakeholders. This is the start of the refinement of the raw list of stakeholders into more manageable information.

Directions of influence

There are two sets of influence to consider:

1. Is the *direction of influence* of the stakeholder *upwards*, *downwards*, *outwards* or *sideways*? These influences are shown in Figure 2.
2. Is the stakeholder part of the organisation or outside it: *internal* to the organisation or *external* to the organisation?

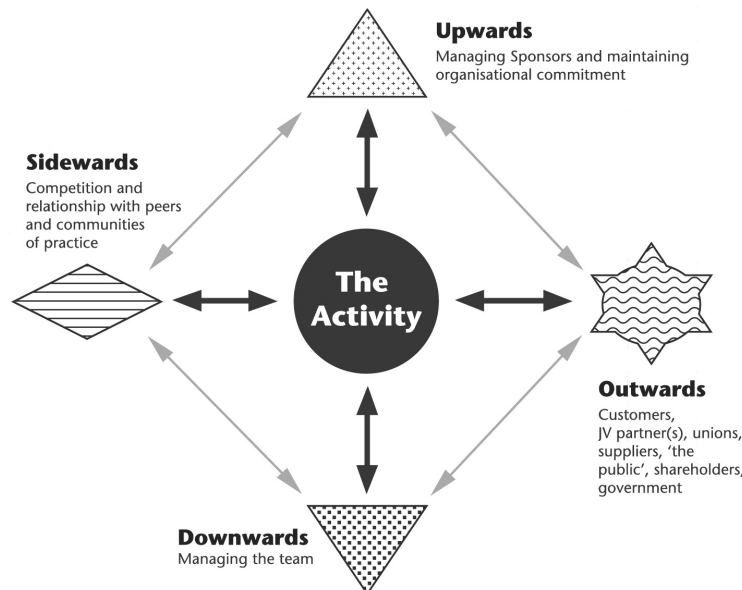


Figure 2 - Directions of Influence

Upwards defines the influence that senior management, especially the sponsor, exert over the activity. *Downwards* denotes team members, whether full-time staff, consultants, contractors or specialists who work with the manager to achieve the objectives or outcomes of the activity. *Outwards* stakeholders are those outside the team and will include individuals and groups such as: end users, Government, regulators, the public, shareholders and lobby groups. Finally *sideways* stakeholders are peers of the manager, industry groups and managers within the organisation who are considered to be at the same level professionally. Categorisations for *internal* and *external* are primarily directed to the information necessary for planning communication.

Step 2: Prioritise

Most stakeholder management methodologies rely on an individual's (or the team's) subjective assessment of who is important. The approach adopted in the *Stakeholder Circle* methodology attempts to provide consistency in decision making about stakeholders. It does this through a structured decision-making process where team members agree on and rate the characteristics of stakeholders to assess their relative importance.

How to understand who is important

The results from *step 1: identify* are the starting point for *step 2: prioritise*. For complex high-profile activities, the unranked, unrefined list can be quite large⁶. *Step 2: prioritise* provides a system for rating and therefore ranking stakeholders. The ratings are based on three aspects:

- *Power*: the power an individual or group may have to permanently change or stop the project or other work;
- *Proximity*: the degree of involvement that the individual or group has in the work of the team;
- *Urgency*: the importance of the work or its outcomes, whether positive or negative, to certain stakeholders (their stake), and how prepared they are to act to achieve these outcomes (stake). *Urgency* is difficult to define and rate consistently⁷ and has been further divided into two sub-categories: defining the *value* of the stake to the stakeholder and then defining the level of *action* that the stakeholder is prepared to take to attain that value.

The team applies ratings to each stakeholder, for 1 – 4 for *power*, and *proximity*, (where 4 is the highest rating) and 1 – 5 for each of the two parts of *urgency* – *value* and *action* (where 5 is highest).

Why choose these prioritisation attributes?

The three attributes of *power*, *proximity* and *urgency* are the essential elements for understanding which stakeholders are more important than others. The definition of *power* used in *step 2: prioritise* describes the relative power to 'kill' or 'save' the work or activity, or cause permanent change. It is not necessary to identify the type of power that a stakeholder wields, it is essential only to understand the extent to which the stakeholder has power over the continuation of the work itself, the extent to which he or she must be consulted, or at the lowest level, that he or she has no power at all.

Rating for *proximity* provides a second way of identifying how a stakeholder may influence the work or its outcomes. Its contribution is the acknowledgement of the importance of regular, close and often face-to-face relationships in influencing the outcomes of the work. The immediacy of this relationship contributes to trust between members of the team, and more effective work relationships as the team members understand the strengths and weaknesses of those they work with on a regular basis

⁶ In working with organisations using the *Stakeholder Circle* methodology and software for mapping and managing stakeholder relationships, the author has assisted in projects that have over 100 stakeholders (both individuals and groups) identified in the first step.

⁷ During the 12 months research in development of this methodology in 2003, it became evident that the concept of *urgency* was too multi-dimensional for consistency. Once the concept was developed in two parts – *value* and *action*, it was possible to apply the new ratings consistently.

(Granovetter 1973). An individual's ability to access independently all other members of the team (Rowley 1997), develops a stronger team culture, and enhances the team's ability to achieve group goals. Groups work best when they have met each other (face-to-face) at least once; and that they work even more effectively if co-located⁸ (McGrath 1984).

Urgency is based on the concept described in (Mitchell, Agle and Wood 1997) whose theory described two conditions that may contribute to the notion of urgency:

1. Time sensitivity: work that must be completed in a fixed time, such as a facility for the Olympic Games;
2. Criticality: an individual or group feels strongly enough about an issue to act, such as environmental or heritage protection activists.

In the *Stakeholder Circle*, *urgency* is rated through analysis of two sub-categories: the *value* that a stakeholder places on an outcome of the work, and the *action* that he or she is prepared to take as a consequence of this stake. The inclusion of *urgency* in the prioritisation ratings balances the potential distortion of an organisational culture that identifies stakeholder with a high level of hierarchical power as most important. If *power* and *proximity* are the only measures, stakeholders such as the 'lone powerless voice' who can cause significant damage to successful outcomes if ignored, will not be acknowledged.

The index number

The stakeholder's index number is calculated from the four sets of ratings developed by the team. Calculations are inbuilt in the *Stakeholder Circle* software or the Excel worksheet. For paper-based use of the methodology, the arithmetic addition of all four ratings will be sufficient. The consideration of *urgency* ensures visibility of stakeholders who may not be considered as important to the project or the work within the prevailing organisational culture (Mitchell, Agle et al. 1997; Bourne and Walker 2008)⁹.

Step 3: Visualise - mapping complex data

The objective of every stakeholder mapping process is to:

- Develop a useful list of current stakeholders;
- Assess some of their key characteristics;
- Present data to assist the team's planning for engaging these stakeholders;
- Reduce subjectivity;
- Make the assessment process transparent;
- Make the complex data collected about the stakeholders easy to understand;
- Provide a sound basis for analysis and discussion.

Presenting complex data effectively will be directly useful to two important stakeholder groups: the organisation's management generally requires information in the form of lists, tables, pictures or graphics, whereas the project team responsible will need charts and graphics for analysis of the

⁸ This research, conducted in the 1980s may soon be superseded by research into Generation Y's communication preferences for online forms and text messaging. The *Stakeholder Circle* simply defines *proximity* by involvement in the work of the teams

⁹ By weighting *urgency* more highly than *power* or *proximity* the methodology helps team members identify less obvious, or less outspoken, stakeholders thus ensuring that 'surprises' are minimised. Generally, those stakeholders with power in the project environment will be relatively easy to identify, but those with high levels of *urgency* may not be.

community to highlight potential issues. The mapping from the *Stakeholder Circle* fulfils all these requirements.

The Stakeholder Circle

The *Stakeholder Circle* (Figure 3) shows a multidimensional map of the activity's stakeholder community, produced from data gathered during *steps 1 and 2* of the *Stakeholder Circle* methodology.

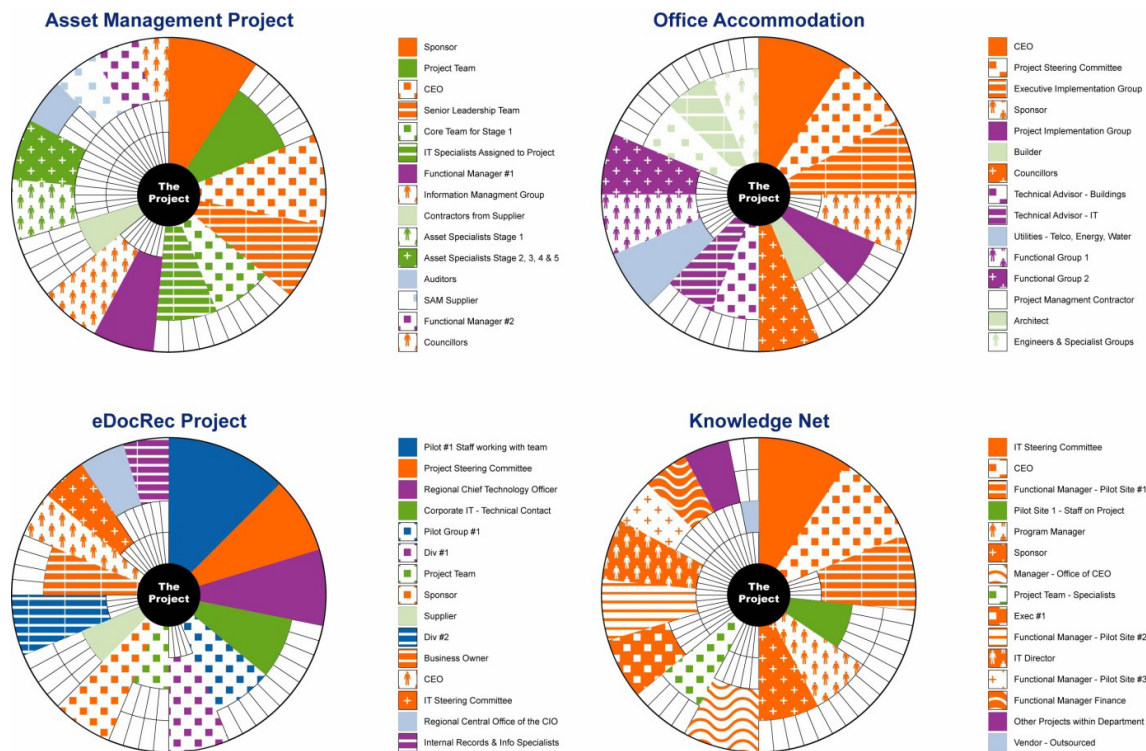


Figure 3 - examples of stakeholder mapping

Colours indicate the stakeholder's *direction of influence* relative to the activity:

- Orange indicates an *upwards* direction – these stakeholders are senior managers within the performing organisation that are necessary for ongoing organisational commitment to the activity;
- Green indicates a *downwards* direction – these stakeholders are typically members of the project team or suppliers of services needed by the activity;
- Purple indicates a *sideways* direction – peers of the activity manager either as collaborators or competitors; and
- Blue indicates *outwards* – these stakeholders represent those outside the activity such as end users, Government, the public and shareholders.

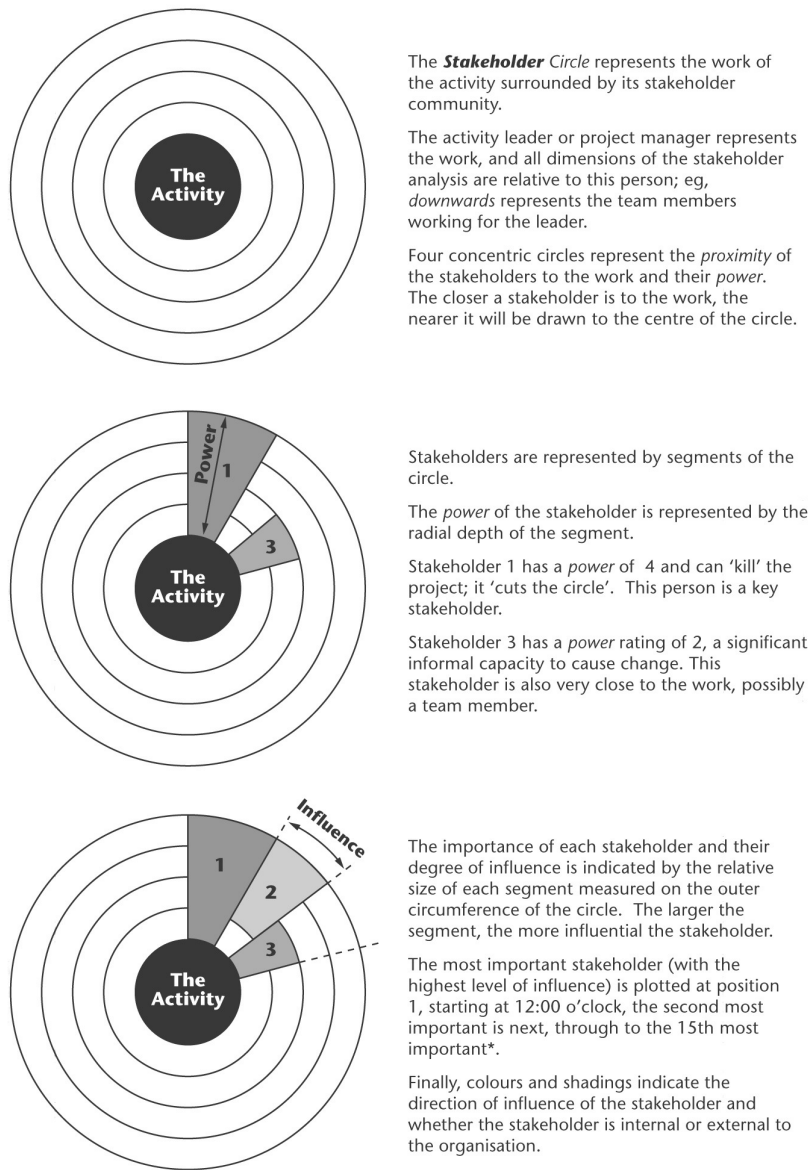
Colour intensity differentiates stakeholders *internal* to the organisation (dark hues and patterns) and light hues and patterns for those *external* to the organisation¹⁰.

Some changes within a stakeholder community are to be expected. For example, the degree of importance attached to the end users of a new airport terminal may be relatively low during the early phases of the work where the key focus is on obtaining design approvals and funding. However, as the opening day approaches, the expectations and actual experiences of both airline staff and passengers (the end users) will become increasingly important and this should correspond to a higher ranking in the *Stakeholder Circle*.

¹⁰ To view a colour representation from the *Stakeholder Circle* database, refer (Bourne, 2009)

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Figure 4 provides the key for reading the *Stakeholder Circle*.



***Note:** The design constraint in the **Stakeholder Circle** to plot the top 15 stakeholders does not mean these are the only important stakeholders or that every activity should always manage all 15. The number of important stakeholders that need active management is entirely dependent on the nature of the activity. The choice of 15 stakeholders for the **Stakeholder Circle** display was based on empirical observation of 'who mattered' during the development of the tool.

Figure 4 - reading the Stakeholder Circle

Key elements of the *Stakeholder Circle* are:

- Concentric circles that indicate distance of stakeholders from the work of the activity or project;
- The size of the block represented by its relative length on the outer circumference, indicates the scale and scope of influence of the stakeholder; and
- The radial depth of the segment indicates the stakeholder's degree of power;

Step: 4 engage

The team must understand the expectations of all stakeholders and how those expectations can be managed to maintain supportive relationships and to mitigate the consequences of unsupportive stakeholders. The process of documenting stakeholder *attitude* is developed through application of *step 4: engage*.

A stakeholder's *attitude* towards an organisation or any of its activities can be driven by many factors including:

- Whether involvement is voluntary or involuntary;
- Whether involvement is beneficial personally or organisationally;
- The level of a stakeholder's investment either financial or emotional in the activity.

If the individual or group's stake in the activity is perceived to be beneficial, or potentially beneficial to them, they are more likely to have a positive attitude to the activity and be prepared to contribute to the work to deliver it. If on the other hand, they see themselves as victims, they will be more likely to hold a negative attitude to that activity. Any assessment of *attitude* will need to take into account the following elements:

- Culture of the organisation doing the activity and a stakeholder organisation;
- Identification with the activity and its outcomes or purpose;
- Perceived importance of the activity and its outcomes;
- Personal attributes, such as personality or position in the organisation.

Engagement profiles are developed by assessing the actual *attitude* of selected stakeholders and the target *attitude* of these stakeholders necessary for success of the activity. The steps in this process are (Bourne 2010):

- Identify the current level of *support* of the stakeholder(s) at five levels: from *active support* (committed – rated as 5), through neutral (rated as 3), to *actively opposed* (antagonistic – rated as 1).
- Analyse the current level of *receptiveness* of each stakeholder to messages about the activity: from *eager to receive information* (direct personal contacts encouraged – rated as 5), through *ambivalent* (rated as 3), to *completely uninterested* (rated as 1).
- Identify the optimal engagement position: the level of support and receptiveness that would best¹¹ meet the needs of both the activity and the stakeholder. If an important stakeholder is both actively opposed and will not receive messages about the activity, he or she will need to have a different engagement approach from stakeholder(s) who are highly supportive and encourage personal delivery of messages.

The result will be a matrix that compares the current and target *attitude* of any particular stakeholder. The first of these matrices will provide a baseline for measuring the effectiveness of any communication planned to engage a stakeholder. It will also indicate which stakeholders will require additional communication beyond the regular reports and other communication through meetings.

Figure 5 shows the results of this *step* for three different stakeholders.

¹¹ 'Best' involves balancing what is realistically achievable against the importance of the stakeholder moderated by the amount of effort that team can allocate to the communication process.

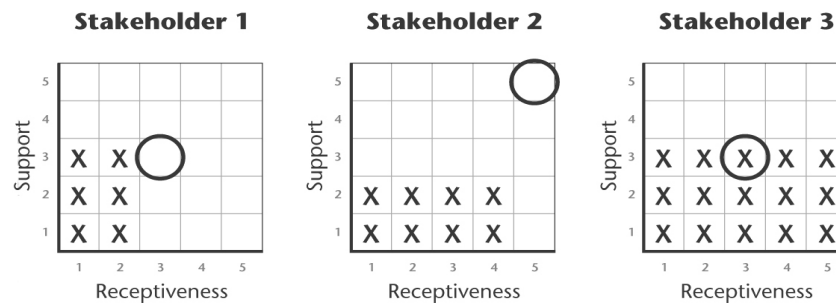


Figure 5 - example of attitude

Stakeholder 1 has been assessed as being ambivalent about the activity, neither supportive nor unsupportive (3), and not really interested in receiving any information about the activity (2). These results are shown by 'X' in the appropriate boxes in the matrix. However, the team has decided that the target *attitude* SHOULD BE *neutral* (3) and *ambivalent about information* (3); this is shown with a bold circle. In this assessment there is only a small gap between the stakeholder's current *attitude* and the *attitude* the team has agreed is essential for the success of the activity: the engagement profile is shown as being close to optimal.¹²

Stakeholder 2 has been assessed as *passive unsupportive* (2) and at a *medium level of interest* in receiving information about the activity (4). The engagement profile SHOULD BE *actively supportive* (5) and *eager to receive information at any time* (5). In this case, the gap between the current engagement profile and the optimal profile indicates that a high level of effort will be required to develop communication strategies for this stakeholder, to encourage their support and interest in information about the activity, generally this level of support is only needed from key stakeholders such as the sponsor, steering committee, or a member of the steering committee.

Stakeholder 3 has been assessed as being *neither supportive nor unsupportive* (3), but *eager to receive information any time* (5). The team has assessed that this stakeholder SHOULD BE at a level of receptiveness of *ambivalent: neither supportive nor non-supportive* (3). This is a situation where the current profile is quite different from the optimal profile and will require careful handling from the team, to avoid alienating the stakeholder.

Based on the overall level of engagement and the *mutuality* factors identified in *step 1*, a targeted communications plan can be developed focusing on the important stakeholders and stakeholders with a significant gap between their current *attitude* and the target attitude.

Communication

In any project, the major constraints will be availability of resources, both human and financial. The timeframe for completion of the activity will usually provide an additional constraint. For these logistical reasons alone, the team will need to consider how best to manage its communication activities for maximum efficiency and effectiveness. A structured approach to understanding which stakeholders are most important, what their expectations and *attitude* to the activity are, an understanding of potential conflicts between stakeholders expectations of the activity can be exposed and addressed early.

¹² It is not essential that all stakeholders have a high level of support and receptiveness toward the activity: part of the key decision the team has to make is whether the stakeholder in question is important enough to warrant any work that is necessary to achieve this high level of support.

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The basis for an effective communication plan is defining for each stakeholder:

- The purpose of the communication: what do the team need to achieve through the communication
- The most appropriate information: to meet the expectations and requirements of the stakeholder;
- The most effect message format and delivery method.

Purpose

The purpose of the message will affect the format, content and frequency of its delivery, as well as the decision about who should deliver it. To prepare a purposeful message the question must be asked: *What does the team want to achieve through the distribution of this information?* Is it:

- Raising the profile of the project;
- Providing stakeholders with information to maintain credibility or to build credibility for the team;
- Improve support of important stakeholders;
- Reduce resistance to change resulting from the work.

The most effective message

Mutuality (from *step 1: identify*) will define the focus of the message. If the message is crafted to give the stakeholder information that shows that his requirements are known and being considered, this will sustain a perception that the activity is well-managed.

The most efficient methods

The following guidelines provide the team with an understanding of where to focus their communication efforts. It is based on the analysis of engagement profiles described earlier (*step 4: engage*), and by defining different levels of communication activities depending on whether the current engagement position:

- Is *equal to* the optimal position – the current and target *attitude* are the same;
- Is *less than* the optimal position (see stakeholder 2);
- Is *greater than* the optimal position (see stakeholder 3).

In the first instance where the current *attitude* is *equal to* the target *attitude* communication can be maintained at its current level: the defined level and frequency of regular reports, meetings, and presentations can be safely maintained. For the situation where the current engagement position is *greater than* the optimal position, two possible approaches need to be considered, depending on the results of the engagement matrix. Stakeholder 3 is rated as being well above the level of receptiveness to messages necessary for success of the activity, but at the appropriate level of support of the activity to ensure success of support. The decision the team has to make regarding stakeholder 3 is whether to reduce the level of information flowing to this stakeholder (and risk a reduction in support from this stakeholder) or to maintain the current level of communication. The decision can only be made in the light of the knowledge the team has gained during the preceding steps of the stakeholder analysis.

The third category where the current engagement position is *less than* the optimal position; if the stakeholder is important, the team needs to focus communication efforts on *heroic* communication; stakeholders 1 and 2 are in this category. *Heroic* communication is generally needed for only a small percentage of stakeholders, but any effort expended on increasing the levels of support and receptiveness to the optimal position will significantly benefit the work of the team, and its potential for success.

The Communication Plan

Based on each stakeholder's engagement strategy, a communication plan can be developed. The communication plan should contain:

- *Mutuality*:
 - How the stakeholder is important to the activity;
 - The stakeholder's *stake* and expectations;
- Categorisation of influence (*upwards, downwards, outwards, sideways, internal and external*);
- Engagement profile preferably in graphical form:
 - Level of support for the activity;
 - Level of receptiveness to information about the activity;
 - Target engagement: target levels of support and receptiveness;
- Strategies for delivering the message:
 - *Who* will deliver the message
 - *What* the message will be: regular activity reports or special messages
 - *How* it will be delivered: formal and/or informal, written and/or oral; technology of communication – emails, written memos, meetings
 - *When*: how frequently it will be delivered; and over what timeframe (where applicable)
 - *Why*: the purpose for the communication: this is a function of mutuality – why the stakeholder is important for activity success, and what the stakeholder requires from the activity
 - *Communication item*: the information that will be distributed – the content of the report or message

Effective Communication

Irrespective of how well the communication strategy and plan are crafted, other factors must be considered:

- The different levels of power or influence between the team and the stakeholder: it may not be considered appropriate for an individual from the team to communicate with a stakeholder at a higher level in the organisation or the community outside the organisation;
- Role of the stakeholder
 - Sponsor or other political activity supporters may require exception reports, briefing data sufficient to be able to defend the activity; and no surprises;
 - Middle managers who supply activity resources need timeframes, resource data and reports on adherence to resource plans and effectiveness of resources provided; more comprehensive information;
 - Staff working on the activity and other activity team members need detailed but focussed information that will enable them to perform their activity roles effectively;
 - Other staff need updates on progress of activity, particularly information on how it will affect their own work roles;
 - External stakeholders will also require regular planned and managed updates on the activity, its deliverables, its impact, its progress;
- Credibility of the messenger and the message: the more the team has worked to build trust and a perception of trustworthiness and competence the more readily a stakeholder will receive, and act on, information. Credibility of this nature takes time to develop and is often the result of previous positive experiences, a reputation for being trustworthy, or through being seen by stakeholders as delivering information in a proactive and timely manner, even if it is bad news;

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- The relevance of the information to the recipient: The team must ensure that information is of interest to the stakeholder and delivered in a manner that is most easily read and absorbed;
- The format and content of the message: the most appropriate level of detail and presentation style will also assist in ensuring that information is received and responded to in the most suitable way.

Other barriers

Other factors may act as barriers to effective communication: some of those listed below can be managed through accessing information already available through data collection within the *Stakeholder Circle* methodology itself, other factors, such as environmental and personal distraction may be temporary. Awareness of these factors and their consequences may drive the timing and context of the communication activity.

- Personal reality: conscious and unconscious thought processes will influence how individuals receive and process any information they receive;
- Cultural differences: differences in communication requirements may be caused by cultural norms influencing the preferred style of presentation, content, delivery of information. These differences may be national, generational, professional, and organisational;
- Personal preferences: personality differences may also dictate the how and what of effective communication. A senior manager with limited available time and a preference for summary information will have no patience for information delivered as a story, whereas a team member or a stakeholder with a different personality style may find the delivery of facts not interesting enough;
- Environmental and personal distractions will include noise, lack of interest, fatigue, emotions - if either the sender or the receiver is known to 'have a bad day', or is feeling unhappy, it is better to postpone any face-to-face communication until another occasion.

Measure Communication Effectiveness

Step 5: Monitor the effectiveness of the communication

The process of monitoring the effectiveness of communication involves:

1. Review of the stakeholder community to ensure that the membership is current – the right stakeholders for the current phase or time;
2. Review of the stakeholder engagement profile.

Maintenance of the Stakeholder Community

The process of identifying, prioritising, and engaging stakeholders cannot be a once-only event. The work of managing relationships with stakeholders does not stop with planning. The nature and membership of the stakeholder community changes as stakeholders are re-assigned or leave the organisation, assume different levels of relative importance to the activity, experience fluctuations in their power, interest or influence.

The key to managing stakeholder relationships is in understanding that the stakeholder community is a network of people. It is not possible to develop relationships that will never change, just as it is not possible to make objective decisions about people. At best, a methodology should aim to reduce the subjectivity inherent in people making decisions about how to develop and maintain robust relationships with other people.

Because relationships are not fixed, it is necessary to review the membership of the stakeholder community regularly and continuously. Regular reviews should be programmed when the work of the activity moves from one stage of its implementation to the next: that is from planning to build, or build to implement; at regular intervals within a particular phase, if that phase is intended to go for a long time. A typical interval for this type of review would be three months.

The team also needs to continuously scan their stakeholder community for unplanned occurrences that may trigger a review when the activity moves from one stage of its implementation to the next or new personnel join the team. Each time the dynamics of the stakeholder community change, membership of the community must be re-assessed.

Review of the stakeholder engagement profile

Each time the stakeholder community is re-assessed and the *Stakeholder Circle* updated, the corresponding engagement profile should also be reviewed, any movement in the gap between the stakeholder's current *attitude* and the target *attitude* must be considered. This movement will provide an indicator of the effectiveness of the communication. Additional adhoc reviews are triggered when the team observes an unexpected change in *attitude* in a key stakeholder.

The process of review is a re-assessment of the ratings for *attitude*, consisting of assessing the current level of *support* and *receptiveness*. The new ratings are compared to the defined target *attitude* and any previous assessment, to measure any changes in the gaps between the current assessment and the target assessment and the current and previous assessment.

Some examples of results of reviews

Stakeholder 1 fits the profile of a government agency that is significant through its power to provide approvals (Figure 6). Like most government bodies it is neutral in *support* but requires more information (regular reports, other regulatory requirements). The first assessment of stakeholder 1 showed that there was not a large gap between the current attitude and the target attitude. To maintain this relationship the team must provide any and all information necessary to meet the agency's requirements, and meet the team's needs for the approvals. On the next scheduled review, the *attitude* of stakeholder 1 has reached the target. No new action will be necessary as a result of this review. The 3rd assessment shows that the engagement profile is still at the target level: no additional communication effort is necessary under the current conditions.

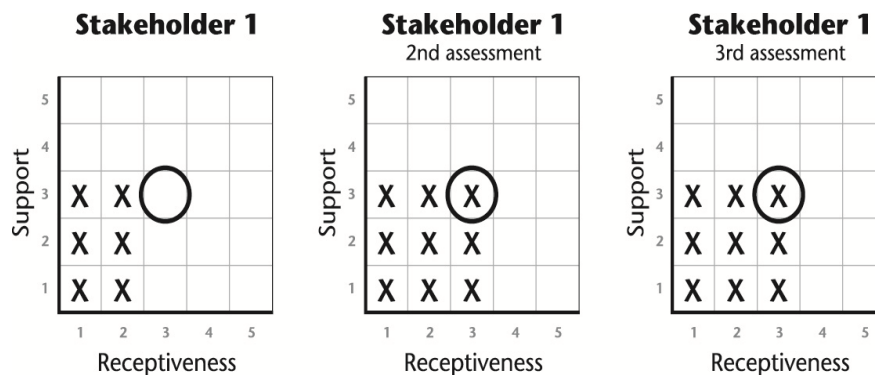


Figure 6 - measuring communication effectiveness (stakeholder 1)

Stakeholder 2 (Figure 7) fits the profile of a senior manager in the organisation, perhaps the sponsor or a group such as the Senior Leadership Team. It may also describe a stakeholder outside the organisation, such as a Government Minister, or a powerful lobby group. For stakeholder 2, the first assessment shows that *heroic* communication efforts are required to close the gap between current and target *attitude*. In this case, the intention of any communication must be to increase the stakeholder's level of *support* and *receptiveness*. The second assessment reveals that some progress had been made, but more work is necessary to achieve the desired level of engagement. The decision the team needs to make at this point is whether to continue at the same level of communication expecting a steady growth in this stakeholder's attitude, or to include additional techniques and messages to raise the levels of *support* and *receptiveness* to the desired level.

In the case of stakeholder 2, whatever the team decided to do, their efforts (measured after a defined period of time) were moderately successful: the stakeholder was rated as *passively supportive*, where the target had been defined as *actively supportive*. The decision the team must make at this stage is whether to aim for the highest level of support, or be satisfied with the result achieved to date. This decision must be made in the context of the needs of the activity, the amount of available time and personnel that can be devoted to this task and whether the team can actually gain any more of stakeholder's time and attention. The team may need to seek advice from other stakeholders with more knowledge and experience of the politics of the organisation expectations of the stakeholder under consideration.

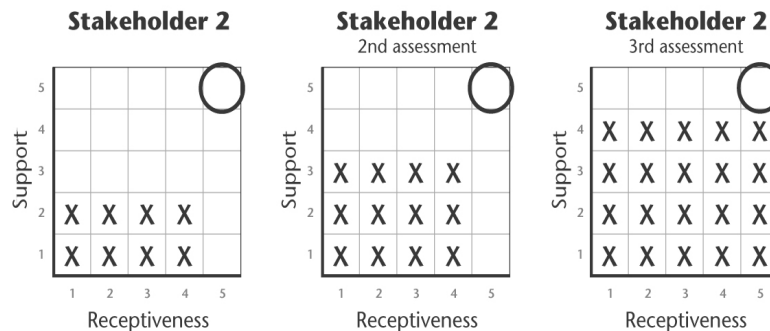


Figure 7 - measuring effectiveness (stakeholder 2)

Monitoring trends

As noted earlier, it is not possible to develop a methodology that is able to objectively measure the relationships between an activity and its stakeholders. The process of this methodology and every other methodology that attempts to define relationships depends on one group of people making decisions about the needs, requirements and attitudes of other people. There are two issues: firstly, peoples' needs, requirements and attitudes do not remain fixed and secondly we cannot read the hearts and minds of others no matter how empathetic we believe we are, or how close our relationship is with them.

Rather than attempt to measure absolutes, trend reporting is commonly used for measuring intangible or unmeasurable data, through measuring progress, such as actual against planned or other changes usually assessed against the first record – the baseline. Through a comparison of each new set of data against the baseline, or previous sets of data, the changes or differences will provide an indication of the success or otherwise of what is being measured.

The Difficulty of Stakeholder Management

The project to open T5 suffered the same issues that many projects face:

- One stakeholder (the CEO) was more demanding (and had more power) than others;
- His expectations were in conflict with the expectations of other important stakeholders;
- The aggressive timeframe he imposed caused the project team to operate in 'urgent' mode, believing that there was no time to properly analyse the stakeholder community and negotiate the conflicting expectations;
- Staff morale was low, there had been ongoing issues between staff (and the unions) and management, so management's request for volunteers was ignored.

These issues alone would be enough to prevent the team from fully defining their stakeholder community and applying any structure to their approach. Before the team could think strategically

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about the best way to identify and engage all stakeholders, they would have to manage the CEO's unrealistic expectations.

Advising upwards

Managing (or advising) upwards is a universal problem for project teams. The actions and reactions of a stakeholder such as the BA CEO will be familiar to countless project managers and teams as they strive to deliver outcomes for organisations. Some aspects that project managers and their teams need to consider are:

- The drivers for management 'deadlines': what does the stakeholder expect to achieve through meeting these deadlines (expectations)?
- Being heard – being able to discuss these expectations with a senior stakeholder and being listened to takes time. The manager needs to act strategically and build credibility with stakeholders (credibility bank).
- The manager may also need to develop a network of allies: influential stakeholders who are supportive of the work and are prepared to be an advocate for the work and the team (influence networks).
- Using the approach of a methodology such as the Stakeholder Circle to understand who all the important stakeholders are and how best to engage them through purposeful, targeted and appropriate communication.

Using the methodological approach

Using the approach of the methodology described in the previous sections, the project manager and team responsible for managing the opening of T5 could have identified the following stakeholders as most important:

- Travelling public
- Front-line staff
- Baggage handlers
- Sponsor (Willie Walsh)
- BA management team
- Infrastructure development teams
- Media
- BA marketing and PR teams

There were probably many more stakeholders whose requirements needed to be acknowledged, but from the transcripts of the report of the (House of Commons Transport Committee 2008), this list identifies the most important. As is often the case, the requirements of the sponsor to meet a particular timeframe overwhelmed and conflicted with the requirements of other equally important stakeholders – the staff and the travelling public. The project manager and team were not able to convince the CEO and BA's management team of the importance of the expectations of these stakeholders. The results of this situation speak for themselves.

The minimum application of the methodology would have been to work with the list of stakeholders described above and using the *step 4: engage* processes develop an understanding of the *attitude* of each of these stakeholders – how supportive were they of the objectives of management and the opening, and how willing were they to receive and respond to the information about the importance of the new terminal and its opening at that particular time. If the project team and BA's management team had not informed them properly of the benefits to the organisation and themselves, BA's staff

and their unions would not be prepared to meet the requests of management to volunteer their time and their services to meet the management drivers.

Making stakeholder management work

There are other factors that contribute to successful stakeholder relationship management. Firstly, the importance of the team approach to developing knowledge about the stakeholder community. Many teams and individuals believe that if they are working within time constraints that they don't 'have enough time' to assemble and brief a team or to reach a decision. Research (Bourne 2009) has shown that even though working with teams may take a little extra time, the decisions that result are more robust and sustainable. Secondly, many teams will have concerns that using a structured methodology such as the *Stakeholder Circle* will be too complex and too time-consuming.

Using aspects of the methodology according to the needs of the team and the maturity of the organisation (Bourne 2009) supports a flexible approach that enables the team focus on the parts of the methodology that matter.

Finally, projects such as the opening of T5 show what happens when the stakeholder community is not understood. In the tradition of continuous improvement (Deming 1982; Tague 2004) the benefit of the reduction of rework far outweighs the cost of using appropriate processes and practices in the first place. For stakeholder relationship management it is better to take a little extra time to better understand the stakeholder community and how best to engage important stakeholders, than to have to deal with the aftermath of the disinterest or lack of support of neglected stakeholders.

Developing Stakeholder Management Maturity

The central role of stakeholders in the successful delivery of projects is becoming increasingly recognised. However, whilst critical to success, these roles are neither passive nor predetermined. The organisation has significant opportunities to influence stakeholder's perceptions and expectations for the benefit of both the stakeholders and the project; but only when there are effective relationships in place with each key stakeholder.

Engaging effectively and ethically with key stakeholders to help create a successful project outcome requires significant levels of skill and maturity. The Stakeholder Relationship Management Maturity (SRMM)¹³ model defines five levels of maturity and suggests a route most organisations can follow to progress from 'Level 1' to 'Level 5'.

The 5 levels of SRMM® are:

1. Ad hoc: some use of processes
2. Procedural: focus on processes and tools
3. Relational: focus on the Stakeholders and mutual benefits
4. Integrated: methodology is repeatable and integrated across all programs and projects
5. Predictive: used for health checks and predictive risk assessment.

SRMM is based on the *Stakeholder Circle* methodology outlined above, but any effective stakeholder management process can be used to develop 'stakeholder management maturity'.

¹³ For more on SRMM® see: <https://mosaicprojects.com.au/PMKI-TPI-077.php>

The five Levels of SRMM®

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

Figure 8 – SRMM Stages

Level 1: Ad hoc

This level is characterised by isolated pockets of awareness of the need for stakeholder management and through the use of simple tools.

- **Standardised Processes: Some** - Isolated attempts to use various stakeholder management methodologies
- **Centralised Support: No** - Support where it exists is through personal networks
- **Organisation-wide implementation; SRM part of KPIs: No** - Some relationship management 'heroes'; but the implementation is specific and disappears when the 'hero' moves to another role or leaves the organisation.
- **Application of beyond projects, programs and portfolios: No** - SRM usually only focussed on a few projects or specific problems
- **Development of a typical view of a 'normal stakeholder community': No** - Where used, stakeholder data and communication plans developed in isolation during the planning phase and rarely updated
- **Proactive use of the typical view of a 'normal stakeholder community' for risk assessment, 'health reviews', etc: No.**

Level 2: Procedural

This level is characterised by some individuals having knowledge of the importance of SRM, routine use of tools and processes, with an internal focus on measurement and the 'Project benefits' of these activities.

- **Standardised Processes: Yes** - But processes not widely accepted or used. Organisation focus is on 'rolling out' standard tools and processes.

- **Centralised Support: Some** - Support exists through manuals, supplier support mechanisms, or local 'experts'
- **Organisation-wide implementation; SRM part of KPIs: No** - Process or tools may generate reports that can be included either whole or in summary for reporting where used
- **Application of beyond projects, programs and portfolios: Some** - Limited recognition of the need to focus on SRM beyond projects: for programs or organisation-specific needs such as pre-qualification of tender bids
- **Development of a typical view of a 'normal stakeholder community': No.** The value of tracking and updating information on each projects' unique community is recognised but not integrated across the organisation
- **Proactive use of the typical view of a 'normal stakeholder community' for risk assessment, 'health reviews', etc: No.**

Level 3: Relational

This level is characterised by more generalised understanding of the importance of SRM, with an external focus on engaging stakeholders and use of tools and processes to achieve and measure this, along with a specific focus on 'mutual benefits'.

- **Standardised Processes: Yes** - The use of a standard methodology is recognised and expected. Effective Stakeholder management is seen as important in the successful delivery of business initiatives and projects. Managers focus on mutuality and shared benefits.
- **Centralised Support: Yes** – a PMO (or similar) provides some formal support, mentoring and training
- **Organisation-wide implementation; SRM part of KPIs: Some** - The use of SRM starts to expand beyond projects and programs. Some aspect of SRM are included in some managers' KPIs. Information, data and graphical reporting formats showing changes/ improvements in stakeholder attitudes used to guide some decision making
- **Application of beyond projects, programs and portfolios: Some.** The recognition of the benefit of SRM for applications such as mergers and acquisitions, bid preparation analysis, competitor analysis and management spreads
- **Development of a typical view of a 'normal stakeholder community': Some** – There is a recognition of the need to maintain updated data on each stakeholder community; standardised process and tools support this and incorporate the means to illustrate the community in an organisation-specific manner. Spreadsheets or multi-dimension graphical representation becomes important
- **Proactive use of the typical view of a 'normal stakeholder community' for risk assessment, 'health reviews', etc: No.**

Level 4: Integrated

This level is characterised by commitment to continuous improvement and strong internal support within the organisation; a focus that recognises individual stakeholders may be involved in many projects / programs and transfer expectations / experience; Multi faceted focus; Use of tools and processes to integrate information and gain 'insight'; recognition of overall benefit / win-win'

- **Standardised Processes: Yes** - The organisation's focus moves to measuring the practical benefits of effective stakeholder engagement and management.
- **Centralised Support: Yes** - Central Support Unit dedicated to SRM training, support and mentoring
- **Organisation-wide implementation; SRM part of KPIs: Yes**
- **Application of beyond projects, programs and portfolios: Some** - The development of specific applications to meet the organisation's unique needs may occur to facilitate the development of specific communication strategies and plans

- **Development of a typical view of a ‘normal stakeholder community’:** Some -Standardised data allows analysis of stakeholder issues, opportunities and threats on an ad hoc basis
- **Proactive use of the typical view of a ‘normal stakeholder community’ for risk assessment, ‘health reviews’, etc:** Some - The assessment of Stakeholders is a routine part of the organisation’s assessment of risk, opportunities, etc.

Level 5: Predictive

This level is characterised by corporate management focus with collection of Lessons Learned (historical) data; and regular use of information for project ‘health checks’ (is the project ‘normal’) and predictive risk assessment. There is a genuine commitment to improved ‘CSR’ as an organisational principle.

Implementing SRMM¹⁴

Whilst SRMM® can be of significant benefit when used to support the development of stakeholder management within ‘a project’, it will be of greater benefit when applied to all organisational activities (project and operational) in a staged approach, supported by a well constructed methodology and tools set such as the *Stakeholder Circle*®.

Implementing a stakeholder engagement practice is a major organisational change and needs sustained management support; recognition of its long-term nature, and consistent and frequent targeted communication about the SRMM® ‘improvement project’. Developing a full SRMM® capability is a costly exercise for an organisation; using a staged approach such as the one described in this paper will increase the chance of success and assist the organisation in realising the objectives of its investment in its people and its processes.

Conclusion

Communication is itself a human endeavour, and the complex communication that may be necessary for managing stakeholder relationships within an organisation or around its activities requires planning, monitoring and also leadership. The team must apply analysis, skills and experience to succeed in communicating to engage stakeholders. The structured approach offered by the five *steps* of the *Stakeholder Circle* methodology in tandem with proactive communication approaches and willingness to operate in the power structures of the organisation are the keys to successful delivery of outcomes through projects or other activities that an organisation undertakes.

The T5 construction project team used the principles of the Egan report to radically reduce the time and cost of delivery and to produce a safety record far superior to the culture of construction in UK at the time. Its success was based on acknowledgement of the importance of people (stakeholders) to its success, and understanding and developing appropriate relationships with these stakeholders. BA management, on the other hand, placed management objectives foremost: to open despite the risks of unfinished infrastructure and inadequate preparation of staff. BA failed to properly engage its important stakeholders – staff – yet expected them to be able to offer service to BA’s other important stakeholders – travelling public. BA failed because it failed its stakeholders, and paid the price of a tarnished reputation.

Case studies such as the opening of T5 show what happens when the stakeholder community is not understood. Rather than being recognised for its customer-oriented approach to travel in the innovative T5 infrastructure and practices it is still remembered for the lost baggage and disaffected traveller

¹⁴ Form more on SRMM® see: <https://mosaicprojects.com.au/PMKI-TPI-077.php>

when it first opened in 2008. Managing stakeholder relationships is difficult and takes more time than expected, but the costs of not engaging stakeholders are significantly higher.

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