



Stakeholder Relationship Management Maturity:

*Value of implementing effective stakeholder
engagement*

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Today

- Stakeholders and project success
- Improving stakeholder engagement
- SRMM
- The debate over stakeholder value
- Defining ROI and other value creation measures

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Stakeholder? Multi-language views

- Definitions of *stakeholder* vary in other languages:
- Chinese, Spanish, French, German, Danish
 - interested, or involved;
 - ?assumption of power?
- English (comprehensive) view
 - wide range of groups and individuals and their 'perceptions'
- Will influence engagement strategies

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Which stakeholders for success?

- Narrow view of stakeholders includes owners/shareholders, customers (and sometimes employees)
- Wider view includes many other categories
- In organisations that 'do projects' the narrow view will exclude many of the most important
 - End users, suppliers, lobby groups, Governments
- Trading ethical view for 'shareholder value'
 - Enron, Worldcom etc

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Improving stakeholder engagement

- Research (and experience) shows support and involvement (or at least not opposed):
 - Sponsor (and other upwards)
 - Team (includes contractors, specialists)
 - Peers (collaborative or competitive)
 - Government, suppliers, public, media, unions,
- Knowing who is important at any stage of the project (or activity)
- With appropriate level of communication
 - Regular reports or special additional
- Often those who are ignored (or perceive they are) cause the most problems

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SRMM: organisational readiness

- In any effort to engage stakeholders the organisation plays a large part
- Methodologies, stakeholder culture, management recognition of time to build and maintain relationships
- This can be measured through Stakeholder Relationship Management Maturity model (SRMM)
- Defines characteristics of the stakeholder engagement process and activity as levels of maturity

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Aspects of 'organisational readiness'

- Standard processes for stakeholder engagement
- Centralised support
- Improvements in stakeholder relationship management part of manager KPIs
- Organisation-wide implementation
- Developing baselines
- Proactive (and predictive) reporting on stakeholder relationship management

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Organisational readiness

- Adhoc – some use of stakeholder processes
- Procedural: focus = process + tools
- Relational: focus = stakeholder + mutual benefits
- Integrated: methodology repeatable, integrated
- Collaborative: allowing co-design and other innovative solutions

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What is the value of a stakeholder?

- Organisation
 - Corporate reputation, CSR, preferred employer, preferred supplier
 - Reduction in 'rework' of product recalls or customer satisfaction fixes
- Project/portfolio
 - On time/on budget, reduction of risk (people = 95%)
- Teams
 - Fewer alligators and tactical fixes, support from stakeholders

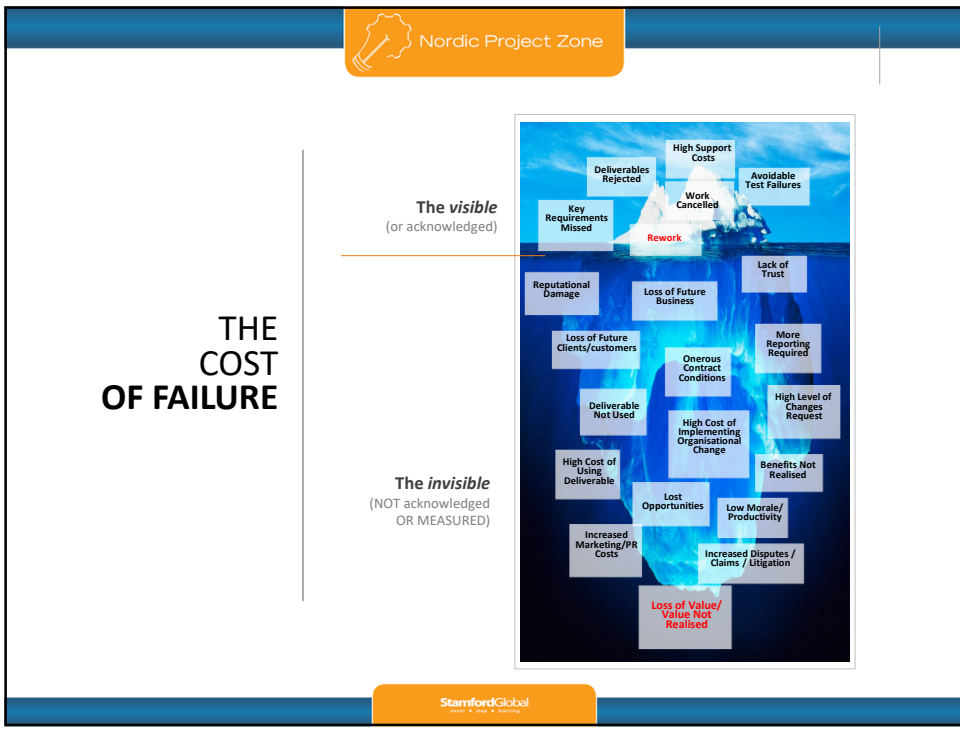
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What is the cost of a stakeholder?

- Improving stakeholder engagement practices will cost the organisation time and money
 - Upgraded methodologies and tools
 - Training of personnel
 - Allowances of additional time to spend in building and maintaining the relationships
 - Will take focus away from shareholder value to a more inclusive mix
 - More stakeholders = more time to engage

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The cost of failure

Research data: 'Failure dollars' spent on products and services that do not meet customer requirements

"The cost of poor quality make up as much as 15% to 30% of all costs"

(J. DeFeo 2011 "The Tip of the Iceberg," Quality progress)

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An ROI view

- Analogy to quality
- 'zero cost of quality' = 'zero cost of effective stakeholder engagement'
- Investment in improvements **neutralised by**
- Reduced costs through
 - Reduction in rework
 - Cost of lost reputation
 - Share price and customer loyalty
 - Improvement in project delivery times

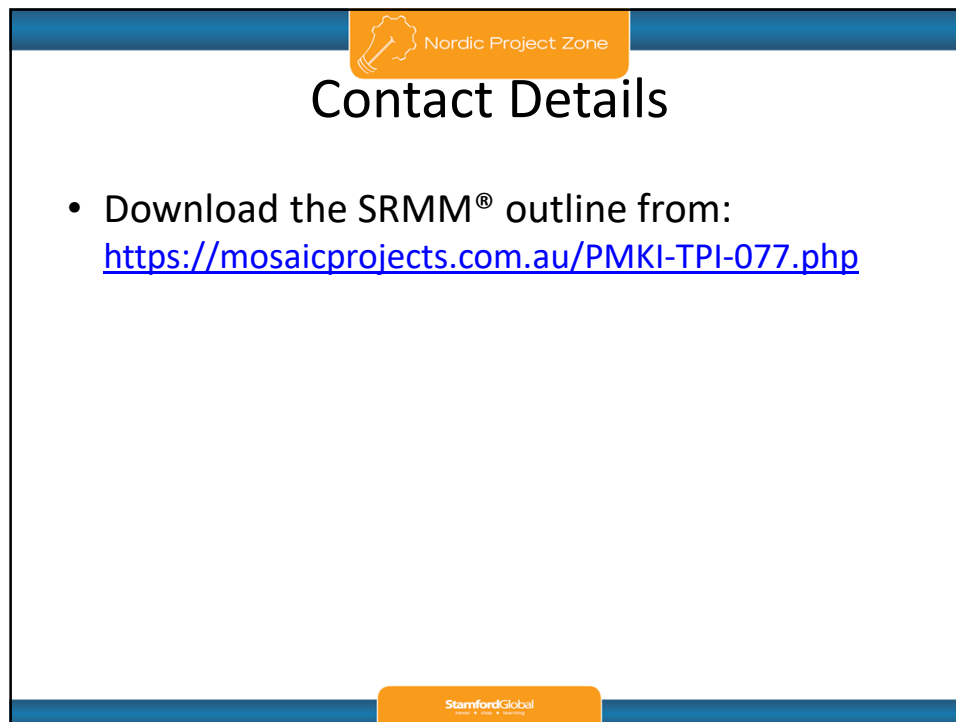
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Conclusion

- Effective stakeholder engagement can generate ROI AND enhance reputation
- Organisations MUST measure the hidden costs associated with poor stakeholder engagement – for further evidence for their business case
- Existing standards and frameworks provide 'what must be done'
- SRMM provides the 'how to'
 - Implement effectively
 - Engage effectively and
 - Measure success

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Contact Details

- Download the SRMM® outline from:
<https://mosaicprojects.com.au/PMKI-TPI-077.php>

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