

Stakeholder Relationship Management Maturity (SRMM): The ROI from investing in building and effective stakeholder management culture



Lynda Bourne
Stakeholder Engagement
Consultant
Projectmanagers.org

Dr. Lynda Bourne of Stakeholder Management P/L discusses the importance of implementing stakeholder engagement. Specifically, she addresses the importance of stakeholders to

projects' success and why it is worth the time and effort to identify who is important and how best to communicate with them. She also addresses the value of stakeholders and an organization's senior management's engagement with these key players. Lastly, she recommends using a maturity model to help organizations understand how they engage stakeholders and what they can do to improve. Bourne acknowledges that there are varying definitions of stakeholders; there isn't a general consensus. Some believe they are customers or shareholders only, while others believe the group is much broader. She explains that, in Spanish-speaking countries, the word "stakeholders" translates to "interested parties" which encompasses much more than just those who have direct influence over a project. In German, the word translates to "those who are involved". And in Chinese, the definition is "people you have a relationship with". This larger net of people is how she views stakeholders.

Bourne suggests that we shouldn't just view importance in terms of the traditional "shareholder value", but rather, we should see stakeholders like team members and employees as equally important. She offers a different view that categorizes stakeholders into four types:

1. Stakeowners: those who have a legitimate claim on the firm, such as employees, customers, and suppliers
2. Stakewatchers: pressure groups who possess only an indirect claim, such as lobby groups
3. Stakekeepers: regulators who impose external control and regulations on the firm, like government organizations
4. Stakeseekers: those who have a voice in the public debate and pretend to have a claim on the firm

With these various types of stakeholders, Bourne identifies a need for different forms of communication to engage them. It's important to view this communication not as "managing" the stakeholders, but as "engaging" with them and building a relationship. Everything about stakeholder engagement is about communication. At a primary level, all project artifacts like schedules, reports, and plans are built to manage communication between the groups.

Bourne explains that it's critical to define the important stakeholders, especially when managing a very large project with potentially hundreds of them. To do so, she identifies three important questions:

1. Power: What power does the person or group have? Can they stop the work?

2. Involvement: How close is the person to the work of the project?
3. Urgency: Does the person have stake in the outcome (either positive or negative) of the project? If they do have a high-stake, what are they prepared to do about it?

Bourne believes that once these questions have been assessed, it is possible to identify the key stakeholders who are important to the project at a given time and plan effective communication accordingly. She also advises that the community of important stakeholders may change throughout the stages of the project, so it's important to re-assess regularly. Another way to assess importance is to map the stakeholders on a standard matrix provided by the Project Management Book of Knowledge's (PMBOK) Guide. This matrix rates the stakeholder on three axes: Power, Importance, and Involvement. For long-term, complex projects, Bourne has developed another tool called "Stakeholder Circles" which allows for the assessment of the health of an entire stakeholder community.

One critical component of effective stakeholder engagement is being able to understand expectations. Once identified, messages can be delivered appropriately, and stakeholders will see the project as successful. It can also be helpful to assess his or her satisfaction throughout the process, and upon a project's completion, through surveys or other questionnaires. Also, when delivering negative information that will put the stakeholder at some disadvantage, Bourne recommends delivering this information in the clearest manner possible, indicating specifically how it will impact him or her personally, and potentially multiple times. This will provide adequate time for them to plan for and deal with it, significantly neutralizing the situation. People typically just want to be informed. Again, effective communication is essential.

Bourne continues with a brief point on the value of effective stakeholder engagement to the organization, the project or portfolio, and the teams. Organizations can experience strong reputations and highly satisfied customers. They may also see a reduction in "re-work" to fix problems. Projects have a better likelihood of being on-time and on-budget with less risk due to stakeholder dissatisfaction, and teams are more likely to be engaged and satisfied, which reduces stress.

Finally, Bourne suggests that an organization use some type of maturity model to understand and improve stakeholder management within its group. These models will help it to explore important questions: What processes do we have for stakeholder engagement? Is there centralized support from management? Is it organization-wide, or does every project have its own method? Is there proactive reporting like the stakeholder circle to understand who the key players are? Answering these questions will allow an organization to gauge how effective it is now, how ready it is for change, and how it may start improving.