Identify Stakeholders Best Practices

Bill Carswell

Abstract

Identifying stakeholders is an enabling activity, leading to development of the stakeholder register and the stakeholder management plan. The reasons for identifying stakeholders includes evaluating their priorities for project performance or deliverables, evaluating their influence over project funding and/or performance, capturing their risk considerations and whether they have resources to commit for risk mitigation, and determining their success criteria to make sure they are satisfied at the end of the project. Stakeholders include customers, performing organization members, project partners, competitors, and sometimes even the public. A useful tool for developing a stakeholder management strategy is the power/interest table. This table assesses the power stakeholders have over a project and their level of interested in the project, and from that recommends whether they should be managed closely, simply monitored, kept satisfied or kept informed. Recommended content for the stakeholder register include the stakeholder name and position, their power/interest category, their primary role on the project and what information they need and when or how often they need it.

Why Identify Stakeholders

A stakeholder is anyone who has an interest in the successful completion of a project. Their interest can be positive or negative, and their interests might be large or small. It is important to identify all the stakeholders in the project initiation phase for several reasons. The primary reason is that many stakeholders will have different priorities on what they consider project success. So even though a particular stakeholder's success criteria might be different from the formal or contractual success criteria, by capturing and tracking those criteria early, even informally, those stakeholder expectations can be managed throughout the project, reducing pushback and conflict as the project is completed.

In some cases it is useful to identify stakeholders who have influence over other stakeholders. This can help the project manager effect changes in the project plan if it needs adjustment and help propagate interest and commitment to the project.

Risk management is also dependent on the early involvement of all stakeholders. Risks are best identified as early as possible in a project and the more stakeholders involved in risk identification, the more likely the majority of risks will be identified before they become issues. It's also important to engage stakeholders in planning risk mitigation. Some stakeholders will have an interest in mitigating certain risks for their own reasons outside your specific project, and some may have resources they can bring to the project to assist in risk mitigation.

The outputs of the "Identify Stakeholders" process, the Stakeholder Register and the Stakeholder Management Strategy, are important inputs for many project management process later in the project, especially in the planning phase. The stakeholder register is used for collecting requirements and planning quality, and the stakeholder management strategy is used in planning communications and managing stakeholder expectations.

The PMBOK Approach to Identifying Stakeholders

"Identify Stakeholders" is identified by the Project Management Institute Project Management Body of Knowledge (PMBOK) (2008) as process 10.1. It is the Project Communications Management process implemented by the Initiating Process Group. It involves the process of identifying everyone impacted by the project and documenting their role on the project or how they are impacted. Stakeholders include customers, sponsors, the performing organization, and even the public if it is involved in or affected by the project. Stakeholders can play major or minor roles in the project. The PMBOK section 2.3 identifies examples of stakeholders. Some are obvious, some not so obvious.

- <u>Customers/Users</u>: People who will use a product, service or result of a project.
- <u>Sponsors</u>: Those who are paying for the project. The sponsor plays a significant role in project initiation and project charter development, and serves as an escalation path for resolving important issues, mitigating serious risks and even cancelling projects that get too far off track.
- <u>Program Managers</u>: Responsible for managing company resources across multiple projects.
- <u>Project Management Office</u>: Central point of coordination for project resources, providing administrative support, training and process tools.
- <u>Project Manager</u>:
- <u>Project Team</u>:

- Functional Managers:
- Sellers and Business Partners: Vendors, suppliers and contractors often play key roles for project teams and performing organizations and become stakeholders.

The early identification of stakeholders permits the creation of a “Stakeholder Register” and an analysis of their level of interest, influence and expectations for the project. This latter allows a “Stakeholder Management Strategy” to be developed for managing each stakeholder’s expectation in the best interest of the project. Since it is easy for a large number of stakeholders to be identified, the project manager must prioritize the stakeholders according to their interest, influence and participation in the project.

PMBOK Inputs

The inputs for the “Identify Stakeholder Process” include the project charter and procurement documents. The project charter identifies the key stakeholders with greatest involvement or interest in the project, including the project sponsor, the customer, and key project team members. If the project is the direct result of a procurement effort or contract, then those documents identify key stakeholders from the supplier or customer team.

PMBOK Tools and Techniques

The project manager should use stakeholder analysis and expert judgment to build the “Stakeholder Register” and develop a “Stakeholder Management Strategy”, the two outputs of the “Identify Stakeholders” process. Stakeholder Analysis generally follows three steps:

1. Identify all stakeholders and write down their roles, interests, expectations, influence etc… This is generally done through interviews
2. Classify stakeholders according to their power and interest or influence on the project. For example, a "Power/Interest" assessment enables the project manager to develop the stakeholder management strategy. Table 1 shows how combinations of stakeholder power and interest can be considered to determine whether a stakeholder will be managed closely, simple monitored, or kept satisfied or informed.

Table 1

Power/Interest Table For Developing Stakeholder Management Strategy

Category	Level of Power	Level of Interest	Management Strategy
1	High	High	Manage Closely
2	High	Low	Keep Satisfied
3	Low	High	Keep Informed
4	Low	Low	Monitor

3. Assess how stakeholders are likely to respond to unfolding project conditions and prepare approaches to influence them in the best interest of the project.

The project manager also uses expert judgment from others to prepare a stakeholder register and management strategy. These others might include:

- Senior management
- Other groups inside the performing organization
- Key stakeholders
- Industry Groups and Professional Organizations

PMBOK Outputs

1. The Stakeholder Register identifies and contains all relevant details related to the stakeholders, including identification information, assessment information and stakeholder classification.
2. The Stakeholder Management Strategy sorts the stakeholder classifications into groups according to the power/interest categories in Table 2. This information might be sensitive and the project manager should exercise care in deciding how much to include in publicly available documents.

Non-PMBOK Sources

Sanghera

Sanghera (2008) emphasizes that stakeholders can fall into one of two categories, positive and negative (Ch. 2). Positive stakeholders benefit from the project's successful completion and negative stakeholders receive some kind of disadvantage from the project. Sanghera is careful to observe that there is a natural tendency to ignore positive stakeholders. He cautions against this, pointing out that doing so increases project risk. He advises to identify them and deal with them in the same way you do positive stakeholders.

Sanghera also does a creative job of identifying potential external stakeholders not normally considered. For example he lists competitors as negative stakeholders, government regulatory agencies that might affect your program with new policies or regulations and media outlets that have enormous potential to make or break a program in the modern information age.

True Solutions Inc.

True Solutions (2012) offers a couple of techniques for identifying and evaluating stakeholders, as well as a template for the Stakeholder Register. They suggest using a questionnaire to identify stakeholder needs and expectations. The questionnaire asks five questions of stakeholders. The questions are very detailed and well-formulated. For more information please see the Truesolutions.com web site. The questions are paraphrased and summarized only briefly here:

1. What do you expect to get out of the project?
2. What are your success criteria?
3. How will project success affect you?
4. What is your role in the project?
5. What are your deliverables, if any, for the project?

They also have a stakeholder register template. The template identifies, for each stakeholder:

1. What information do they need and how often?
2. What are their project areas of interest?
3. What is their impact on the project?
4. What is their role on the project?

Thompson

Rachel Thompson (2012) has generated a list of key questions to help you understand your stakeholders. Her questions are very detailed and paraphrased and summarized only briefly here:

1. What is their financial/emotional interest in the project?
2. In general, what motivates them?

3. What project information do they need?
4. What is their opinion of you?
5. Who are their strongest influencers?
6. If they are negative, can you win their support?
7. If you can't win their support how do you control their impact?
8. Whom do they influence?

Recommended Best Practice

Considering the author's interest in small- to medium-sized projects, this best practice is being made in the interest of providing a novice or part-time project manager with a tool for stakeholder identification that is simple, but effective. All of the above suggestions for making a list of stakeholders should be considered. In most cases the roles identified below should be one person, the key player in that role for the organization being considered:

- Customer Team
    - Sponsor
    - Contract authority
    - Project Manager
    - Users/operator
- Performing Organizations
    - Executive
    - Project Manger
    - Key technical or product development lead
- Others

- Suppliers/Subcontractors/Partners
- Competitors

The Power/Interest approach is good for evaluating a stakeholder management strategy. This strategy is captured in the risk register, which should include:

Stakeholder Register			
Name/Position	**Power/Interest Category**	**Primary Role** **(funding/user/deliverable etc…)**	**What information do they need/when**
John Doe/Sponsor	Manage Closely	Funding Source	Weekly Briefing Monthly Report
Jane Doe/VP Performing Org	Keep Informed	Oversight, P/L	Monthly briefing

Figure 1. Stakeholder Register template for use by small- to medium-sized projects

On occasion it might be useful to tailor this register to add additional columns. For example, a column for "Comments" might be added to capture special interests of stakeholders, but for small projects these details are usually kept in the project manager's head.

References

Project Management Institute (2008). *Project Management Body of Knowledge* (4th ed.). Newton Square, PA. PMI Publications.

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