



What is stakeholder analysis and why should you do it?

Scottish poet Robert Burns coined the phrase: "The best laid schemes of mice and men gang aft agley". It happens often with project management.

You put a great plan together, hire contractors, procure equipment, train staff and get management on board. Then, out of nowhere it comes unstuck because somebody you didn't even think about has concerns with the way the project is running and you have to start again from scratch or, worse still, scrap the whole thing.

People can just as easily grease a project's wheels as stop it in its tracks. Stakeholder analysis is about identifying all persons, groups and institutions who may have an interest in a project and taking steps to manage their interests and expectations so that the project runs as smoothly as possible.

This analysis needs to be done in the early stages of a project so that any risks and required communication can be included in the overall project plan. In this respect, stakeholder analysis is closely linked to risk management and change management.

Organisations and people at different levels have different motives, expectations and interests. Contemporary project management considers not only the needs of the customer and the organisation but looks further afield to the way in which it impacts on society as a whole. Environmental considerations are a classic example of this.

What is a stakeholder?

In general, a stakeholder is anyone who will make use of, develop, or have an impact on any aspect of your project. Stakeholders can be either direct or indirect.

Direct stakeholders are those people (developers, managers, customers) whose actions can directly impact your project - they are involved in the project life cycle, or are impacted by the project – they use the system or output the project puts in place.

Indirect Stakeholders are those who have some political power to influence the project or those who are interested in its outcomes. In short - stakeholders are those who have a stake in the project.

Identifying stakeholders

Stakeholder identification and analysis is best conducted using brainstorming techniques. This procedure is generally carried out in a workshop setting, with representatives of key participants in a project.

The first step is to list all parties which are likely to be affected by the development, both positively or negatively, directly or indirectly.

It sometimes helps to use categories and think of all the individuals and sub groups within that category. Common categories include: Management, staff, customers, media, community, finance.

Through the brainstorm process capture all the names of stakeholders who might:

- Be concerned in any way with the project
- Hold an influential position, or
- Be affected by the problems addressed in the project

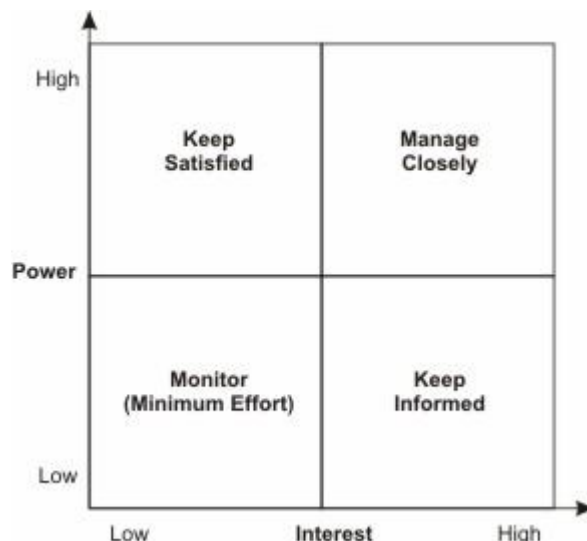
Often the project team will know the stakeholders intimately and have a good idea of their concerns. In other cases - particularly if the stakeholders are removed from the project - the team will need to find out information to help assess stakeholder needs. To do this research is conducted.

Research can be through one-on-one interviews with important people, focus groups of representative people or an online or phone survey to general users and other interested people.

Assessing Stakeholders

Once you have a good list of stakeholders and you know what makes them tick, you can then make some judgements about how much effort to put into dealing with their needs. This depends on their level of interest and their power to influence project outcomes.

The interest/power grid below is a useful tool. You can plot each stakeholder or group on the grid and take appropriate action as specified in the grid.



For those in the left and top squares, you then need to answer and record some basic questions about them to guide your actions. This information can form the basis of a stakeholder report. The questions are:

- What makes them stakeholders?
- What do they need from the project team?
- What does the project team need from them?
- What issues does the project team need to brief them on?
- What methods would be the best way to brief them?
- How frequently do they need to be briefed?

Stakeholder Report

You can then start to prepare your Project Stakeholder Analysis report using all the information you have collected to summarise stakeholder interests and recommend action.

For smaller projects a summary table is sufficient to capture the information on stakeholders. Prepare a table with the following headings and contents:

Stakeholder group - broad heading for the group (e.g.: Executive, community, users)

Specific groups - List sub-groups within these (e.g.: Management team, CIO, Minister)

Main issues/concerns - Summarise what are the areas of interest you have learnt from your research. What are the key risks posed by each?

Major communications channels - List the media with which you will communicate with each group (e.g.: Formal meetings, email, fact sheet).

Frequency - State how often you will communicate with this group (e.g.: daily, weekly, quarterly, ad hoc).

Communicating with Stakeholders

The end product of a stakeholder analysis is a communication plan that forms part of the overall project plan.

Communication effort, mode and frequency depends on the cost and the level of influence of the stakeholder. Some will require simple and infrequent updates, others will require regular, detailed and frequent communications.

Information will need to be tailored to effectively communicate with, and sufficiently inform, different stakeholder groups. Communications tools and channels can include:

Formal Meetings – with powerful stakeholders

Informal Meetings – with interested people

Mailing list – to disseminate information to people on project progress

Newsletters – either through the mailing list, email or printed – more information

Information displays – visual representation of project progress in public venues

Web site – regular updates of project information for ‘self service’

Individual briefings – for those with more interest who are prepared to attend

Tours and Demonstrations – for interested external people and organisations

Public forums – more appropriate where there are community stakeholders

Media releases – report on achievement of significant project milestones

Advertisements and Postings – Newspapers, magazines, notice boards

Liaison Committee – Representatives of larger groups. Distribute minutes.

Summary

A good project manager recognises the key impact stakeholders can have both in assisting and impeding project progress.

A thorough stakeholder analysis and communication plan will maximise a projects chances of success in achieving deliverables on time and on budget.

Michael Young is Principal Consultant with 'Transformed' – Project Management Unleashed. www.transformed.com.au

Contact Transformed for information and assistance in conducting stakeholder analysis.