

Stakeholder Management

Keeping your stakeholders thoroughly happy

Pedro Serrador
Serrador Project Management

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What is a Stakeholder?

- a person, group, organization, or system who affects or can be affected by a project's actions
- Stakeholders are the specific people or groups who have a stake, or an interest, in the outcome of the project.
- A person, group or authority who is involved in or may be affected by project activities and who could act against the project if their needs are not considered.



What is a Stakeholder? – PMBOK Version

- **Stakeholders are persons or organizations (e.g., customers, sponsors, the performing organization, or the public), who are actively involved in the project or whose interests may be positively or negatively affected by the performance or completion of the project.**



Spectacular Project Failures

- FoxMeyer ERP program

- In 1993, the fourth largest distributor of pharmaceuticals in the U.S., worth \$5 billion.
- the warehouse employees whose jobs were affected by the automated system were not supportive of the project.
- The first warehouse to be automated was plagued by sabotage, with inventory damaged by workers and orders going unfilled.
- By 1996, the company was bankrupt; sold to a competitor for a mere \$80 million.



Spectacular Project Failures

- Homeland Security's virtual fence
 - a network of radar, satellites, sensors and communication links -- a "virtual fence."
 - awarded to Boeing, which was given \$20 million to construct a 28-mile pilot
 - Congress learned that the pilot project was being delayed because users had been excluded from the process
 - program manager resigned, citing lack of a system design as just one specific concern.



Spectacular Project Failures

- Canada's Fire Arm Registry system

- In June 1997, work started on a Canadian national firearm registration system.
- IT project that would cost taxpayers only \$2 million -- \$119 million for implementation, offset by \$117 million in licensing fees.
- more than 1,000 change orders in the first two years.
- Changes involved having to interface with more than 50 agencies
- By 2001, the annual maintenance costs alone were running \$75 million a year. A 2002 audit estimated that the program would wind up costing more than \$1 billion by 2004

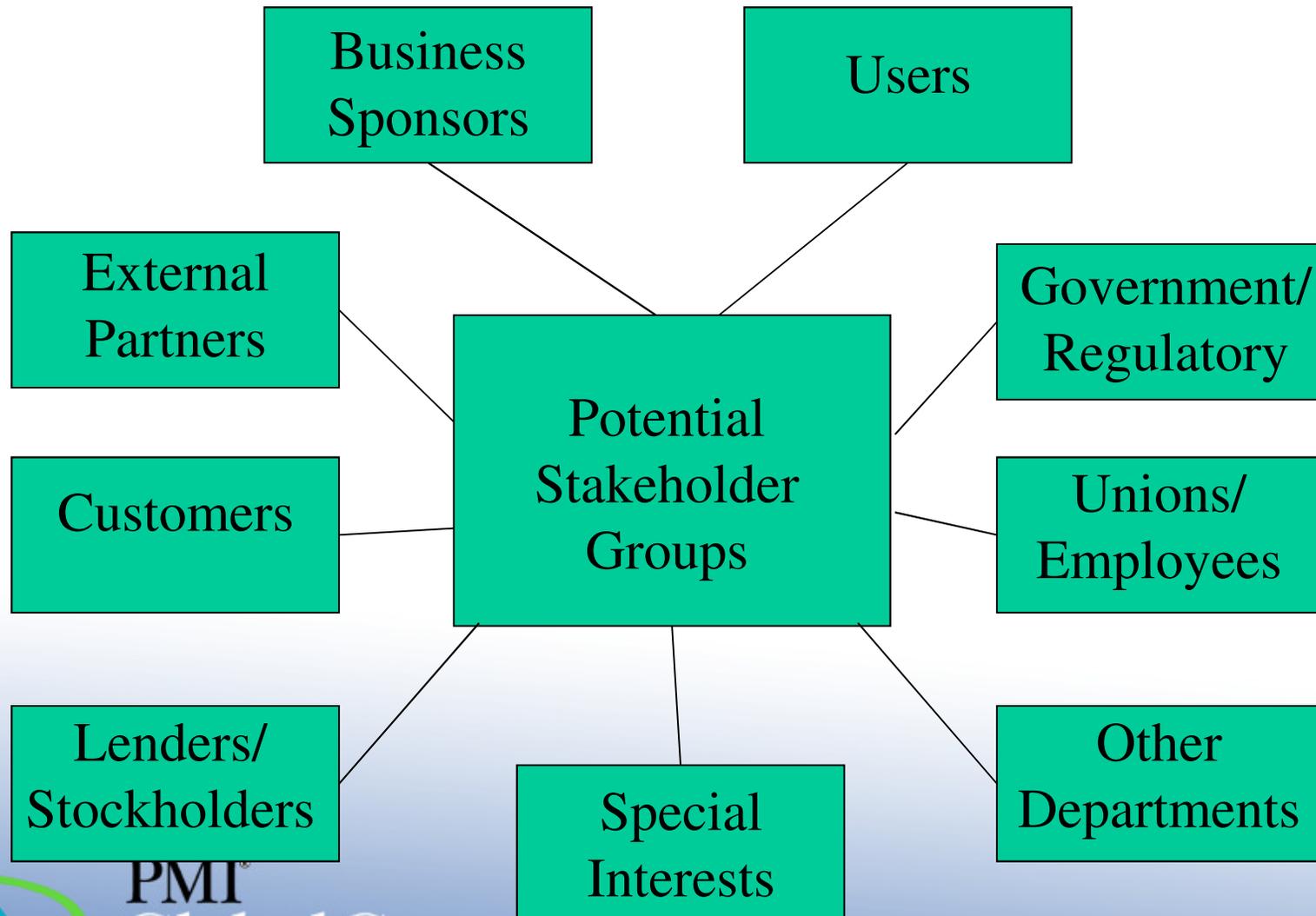


Analyzing Stakeholders

- **Identify the stakeholders**
- **Understand their needs**
- **Manage all stakeholders**
- **Confirm that stakeholder roles or needs have not changed**



Stakeholder Groups

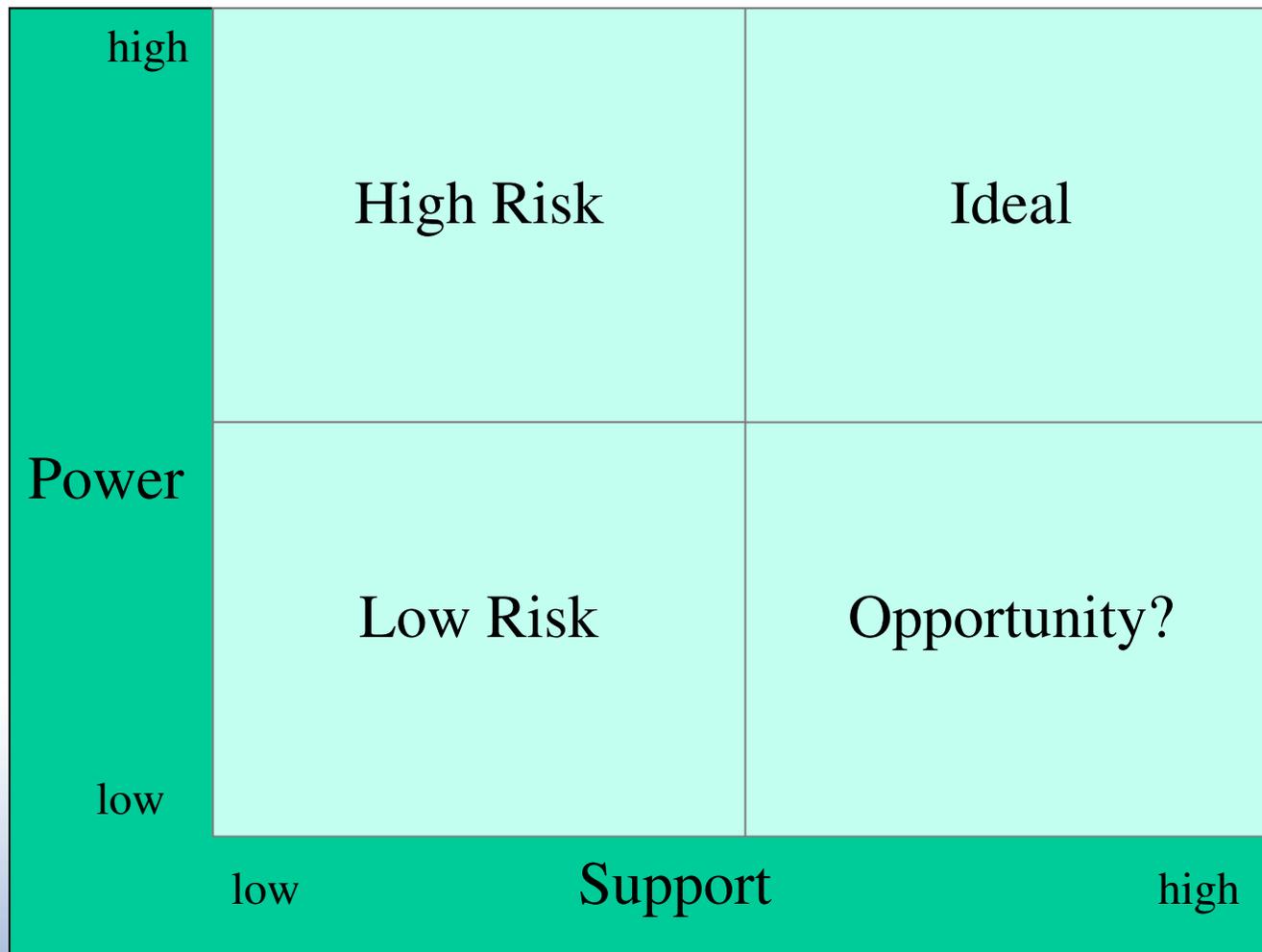


Who are the Key Stakeholders?

- **Not your team**
- **Not everyone who could potentially be involved be impacted by the project.**
- **Not your management who has directed you to complete the project.**
- **How do we identify the key stakeholders?**



Interest/Influence Chart



Understanding Stakeholders

- “Stakeholder management is a neverending task of balancing and integrating multiple relationships and multiple objectives. “

- “A Stakeholder Approach to Strategic Management, R. Edward Freeman And John McVea”

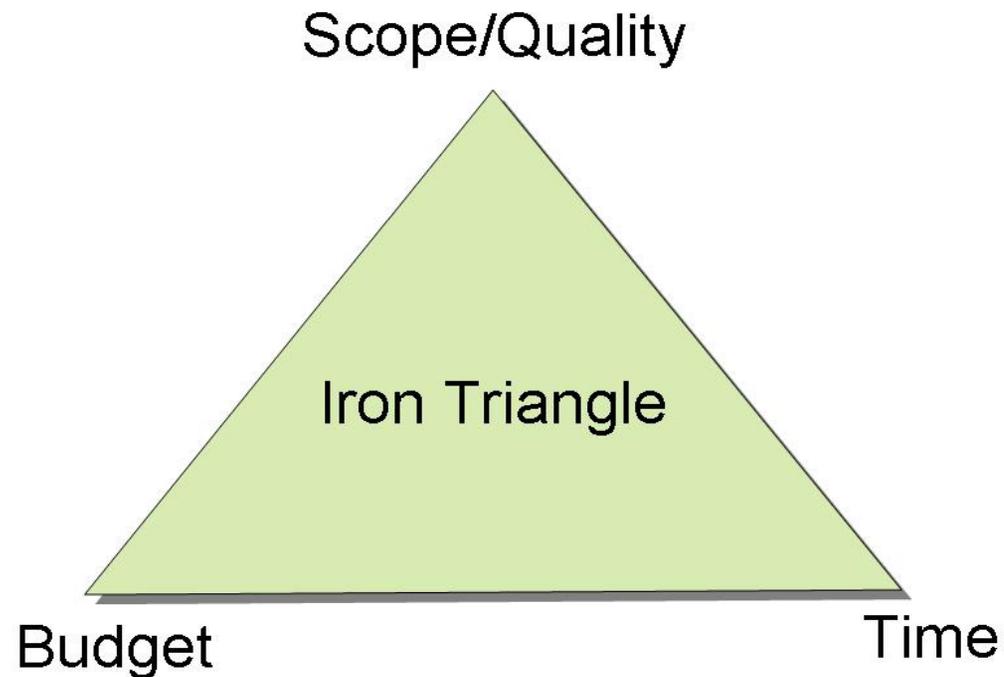


Understanding Stakeholders

- How would you react to the following:
 - Inaccurate status reports
 - Hiding problems until the last minute
 - Ignores your requests
 - Argues when a change is requested
 - Bills for every small item.



The Project Management Triangle



Steering Meetings

- Crisp presentations for the sponsor
- Don't gloss over challenges
- Review Joint Issues and Risks



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Joint Action Items

- Keep the stakeholders' deliverables in sight every week
- Update them regularly



Joint Risk Reviews

- Make sure they know what the project risks are
- Don't assume they understand their internal risks



Under Promise – Over Deliver

- Give yourself some buffer
- Don't give in to dates you can't make
- Try to beat your own deadlines



Tell Them What You're Doing for Them

- If the team is working hard, say so
- Report internal successes
- Talk about project hurdles overcome



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Heads Up on problems

- When's the best time to report a problem?
 - After it's been solved!
- When's the worst time to report a problem?
 - When it's too late to fix!



Panic Under the Water

- Don't panic when problems appear!
- Analyze the issues first before presenting to the stakeholders



Scary Problem Stakeholders

- Micro-mangers
- Pushies
- Doubting Thomases
- Procrastinators
- Scope Creeps
- Saboteurs



Micro-managers



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Pushies (Aggressive Stakeholders)



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Doubting Thomases (Skeptical Stakeholders)

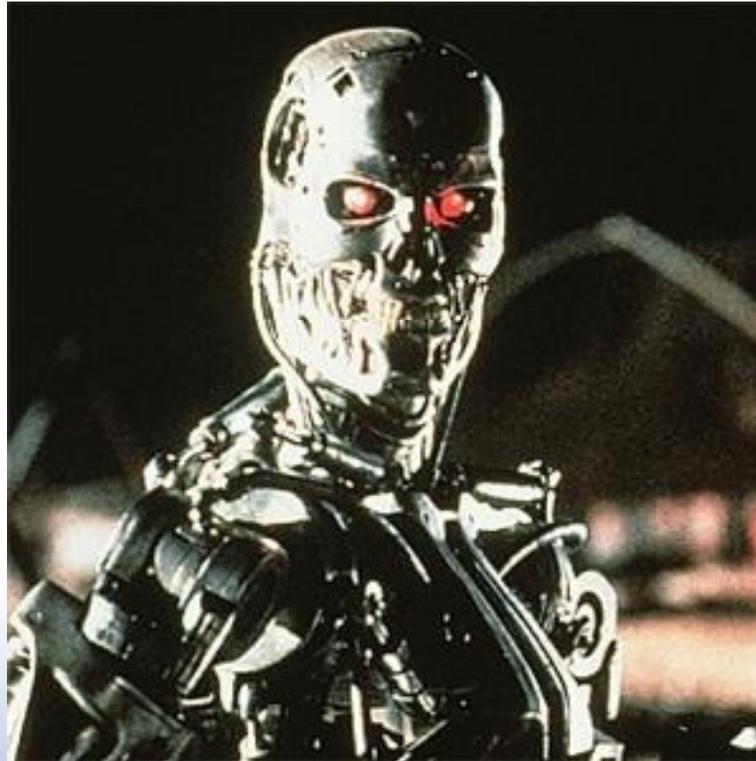


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Procrastinators



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Scope Creeps (Scope Expanders)



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Saboteurs (Hostile Stakeholders)



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Stakeholder Concerns

- Remember that stakeholders probably have extensive experience
- Listen to their concerns
- Understand the concern and reassure



Ask Questions

- Don't assume everyone's done their homework
- Are the tools or vendors vetted?
- Is the project design optimum?
- Is the design built for future needs?



Case Study

- Outsourcing Contract
- Sold to the CIO by a recruitment agency starting to get into outsourcing.
- Managers responsible for hardware support not consulted and not on board.
- Managers and team responsible for software support not on board



Contact Information

- Pedro Serrador, MBA, PMP, P.Eng.
- Serrador Project Management
- pedro@serrador.net
- www.serrador.net
- 1-866-927-0506
- Find me on LinkedIn.com
- Session Number # FND09

