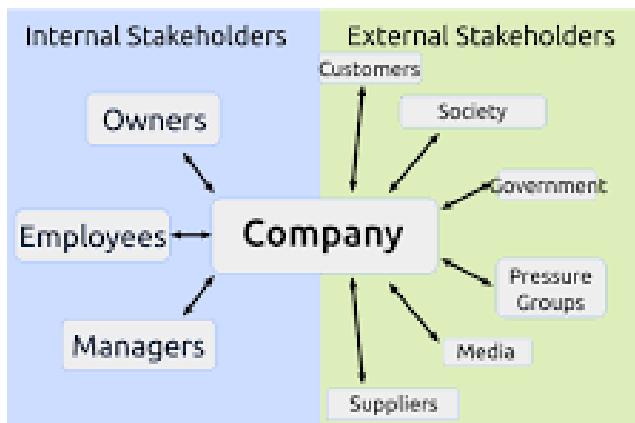


Introduction to Stakeholder Management

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Who are Stakeholders?

Stakeholders are individuals who get impacted by the project. A Stakeholder can be a supporter and a resistor. They are a member of "groups without whose support the organization would cease to exist. Any action taken by any organization or any group might affect those people who are linked with them in the private sector. For examples these are parents, children, customers, owners, employees, associates, partners, contractors, and suppliers, people that are related or located nearby.



Primary Stakeholders

Primary stakeholders are usually internal stakeholders, are those that engage in economic transactions with the business (for example stockholders, customers, suppliers, creditors, and employees).

Secondary Stakeholders

Secondary stakeholders are usually external stakeholders, although they do not engage in direct economic exchange with the business are affected by or can affect its actions (for example the general public, communities, activist groups, business support groups, and the media).

Excluded Stakeholders

Excluded stakeholders are those such as children or the disinterested public, originally as they had no economic impact on business. Now as the concept takes an anthropocentric perspective, while some groups like the general public may be recognized as stakeholders' others remain excluded. Such a perspective does not give plants, animals or even geology a voice as stakeholders, but only an instrumental value in relation to human groups or individuals.

Project Stakeholders

Project stakeholders may represent themselves, a group, or an organization. The project manager's approach to managing each stakeholder varies according to which of these categories the stakeholder fits into. Individuals representing themselves do not need to communicate with others in their constituency to develop consensus. They are the constituency. Groups and organizations, however, may have one person who is the main stakeholder representing the group or a combination of stakeholders each of whom must be dealt with individually. The effective project manager understands the level of authority each stakeholder has and reacts accordingly. Stakeholders have the option to make a

difference. Anyone who can or does make a difference in a project is a stakeholder. There are numerous ways a stakeholder can affect a project. A few examples are:

1. Conceive the idea for the project.
2. Initiate the project.
3. Set and/or approve the project budget.
4. Provide input into project scope.
5. Plan the project.
6. Approve the project.
7. Participate on the project team.
8. Publicly support or resist the project.
9. Rally a group to support or resist the project.

Stakeholder Theory

Stakeholder theory posits that a company is only successful when it delivers value to its stakeholders, and those values can come in many forms beyond financial benefits. One of the values produced by stakeholder theory includes greater productivity across the organization. If employees, who are considered stakeholders, feel as if they're being valued, then they're going to work harder and be more productive. This also means that companies will have greater retention of their employees, but also of customers. If the productivity is up, then the product or service delivered to the customer is improved. With that improvement comes more customer loyalty, especially as they are one of the many

stakeholders the company is considering when making decisions. Customers are also more likely to then refer other customers to the company. All this is leading to more investment from financiers. They too, of course, are stakeholders. While sometimes they are thought of as the only stakeholders or the most important to a company as they hold their hands on the level of capital, they're really connected to other stakeholders. As other stakeholders are valued, the value of the company grows, and investors are more likely to add money to production to take advantage of this increased market share. From there, it's not only capital that is infused into the company, but talent. Everyone loves a winner, and as the company grows and dominates because of its care for stakeholders, it will inevitably attract new talent to its doors. Stakeholder theory drives more than profits and productivity. There are ethical benefits of practicing it as well. Companies find that the mental health of the workforce is greatly improved as their job satisfaction increases. It also will elevate the status of the company's social-economic status in the local community. When one company practices stakeholder theory, it creates healthy competition among other companies, where all can thrive and help benefit their stakeholders.

Stakeholder Management Strategy

Stakeholder theory is a component of the larger stakeholder management, which creates positive relationships with stakeholders by managing their expectations and objectives. In order to control this process, a strategic plan is required. To begin, stakeholders are identified, their influence and interest determined, and a communication plan is devised to keep them informed. But not all stakeholders are created equally. This doesn't mean some are more important than others, just that prioritizing offers a structure in managing them effectively. Again, to manage stakeholders and develop an effective

strategic plan, it is crucial to understand them. Know their financial or emotional interests in the outcome of the work, what motivates them, what data do you require from you, how do they want to get information, what do they think of the job you're doing, who influences their opinions, etc. The key principle of stakeholder engagement is communication. Here are some key tips for making sure that stakeholder communication stays strong and efficient:

- Make sure messages are targeted and delivered timely
- Consult early and often
- Know that stakeholders are people with feelings and need to be treated as such to build trust
- Consider potential risks and opportunities with each stakeholder
- Compromise
- Know how success is defined
- Take responsibility

Stakeholder Analysis

A qualitative and quantitative analysis is required to systematically determine the interest of stakeholders throughout the project. The benefits of this analysis are:

- Stakeholder interests can be identified
- Stakeholder expectations can be identified
- Another benefit includes identification of stakeholder relationships that can be leveraged

to build partnerships with stakeholders to increase the probability of project success

Steps involved in stakeholder analysis process are:

- Identification of potential stakeholders including their roles, departments, interests, knowledge, expectations, and influence levels.
- Identify and analyze the potential impact each stakeholder could generate
- Classify the stakeholder's basis logical categories of potential impact
- Determine the likely reaction of these stakeholders to respond in various situations
- Plan the approach strategy to enhance their positive support and reduce negative influences

Multiple classification models are used for stakeholder analysis, but not limited to:

Power/Interest grid:

Bifurcation of stakeholders based on their level of authority and their level of concern regarding project outcomes.

Power/Influence grid:

Bifurcation of stakeholders based on their level of authority and their level of involvement in the project

Power/Impact grid:

Bifurcation of stakeholders based on their level of authority and their level of impacting changes on project activities

Salience model:

This model describes categories of stakeholders based on their power, urgency, and legitimacy.

Outputs of Identifying Stakeholders:

Stakeholder register is updated with details such as:

- Stakeholder information
- Includes their name, organizational position, location, role in the project, business phone number, email address, etc
- Stakeholder requirements
- Key expectations, major requirements, involvement in the project etc
- Stakeholder Classification