
Mastering Projects Series
Stakeholder Commitment

The Cost of Failure

Warren McFarlan of Harvard Business School tells the story of Access+, a major IT and business re-engineering project. The project used previously proven technology, but McFarlan says it was an “accident waiting to happen.”¹ Stakeholder commitment was abysmal and political games abounded. Users fiercely resisted Access+ because of the changes it would force to their jobs. Most senior managers were apathetic about the project, thinking it was someone else’s responsibility.

The result? Access+ exceeded its \$18M budget to the tune of \$58M. Eventually its owners sold the company to a competitor. A major factor in the Access+ failure was that the sponsor and the project leader did not effectively consider the many contentious project stakeholders.

Five Steps for Stakeholder Management

Unfortunately, project managers often do not manage stakeholders well. The stakes are high, so here is a five-step process to help you avoid that pitfall.

1. Identify stakeholders
2. Prioritize
3. Understand needs and goals
4. Respond
5. Maintain commitment

Let’s look at each step in more detail.

Step 1: Identify Stakeholders

Who are the key players on your project? Look especially carefully for non-obvious people who could be bottlenecks or have a significant impact on your project’s success. As an example, perhaps you plan to build a critical prototype using innovative new parts from an outside supplier. Your procurement officer may be a key stakeholder because his lack of commitment could delay the entire project.

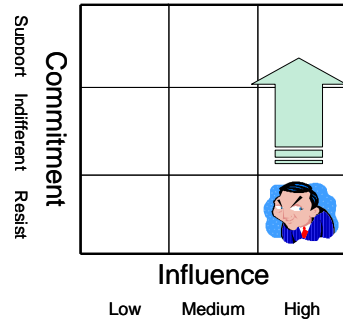
To help you think of key players, consider the following five categories. Look for people who must:

1. Provide things to your project, such as suppliers and other teams
2. Pay for the project, for example sponsors and managers
3. Use the results of the project
4. Support the results of the project, such as a customer service group, a help desk or manufacturing
5. Do the work on the project – the project team!

Step 2: Prioritize

In step 1, you probably came up with a long list of stakeholders – more than you possibly have time to manage. How do you narrow the list to the key players who will have the most effect on the success of your project?

A *stakeholder analysis chart* will help you prioritize. Plot the position of each stakeholder according to two dimensions - his level of commitment to your project and his influence on it. Focus your attention on changing the attitude of stakeholders who have high influence but not enough commitment.



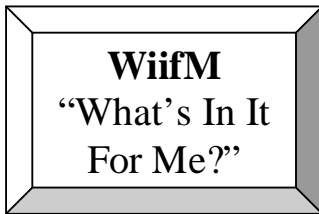
In the example chart, a project manager has identified an influential user who will be crucial to the successful deployment of new CRM software. The user is resisting the project because it will make major changes to the way he does his job. The project manager plans to remedy this by moving the user’s commitment level on the chart from “resist” to “support.”

Step 3: Understand

Now you know which stakeholders to focus on. How do you turn that knowledge into action? The starting point is the same for each stakeholder: understand before you attempt to persuade.

First, learn what motivates people in your organization to commit their personal energy to specific projects, considering the dozens of other things they could focus on. Here are some common reasons:

- They are aligned with the project’s vision and recognize the value that it will bring to the organization or the end users
- They see how it will benefit their concrete, personal objectives
- They trust you, the project team or the project sponsor
- They are “in the loop” about the project through frequent communications



Next, ask two questions about each key stakeholder.

1. WiiFM - What specific things motivate this key person? Ask the WiiFM question from the stakeholder’s point of view.
2. What can you or your project offer to help him achieve his goals?

Step 4: Respond

You are thoroughly prepared, so take action. Hold a commitment conversation with each key stakeholder. Smooth talk is not required! Your ability to understand and offer strong value to each stakeholder will be more persuasive than any slick presentation.

Your meeting can follow this format:

1. Present project vision
2. Find alignment
 - Listen carefully to discover needs and goals
 - Show how your project aligns
3. Create win-win
 - Actively listen to comments and objections
 - Clarify, validate and find solutions that benefit both project and stakeholder
4. Agree on stakeholder's role and involvement
5. Establish follow up steps



After the commitment conversation, write a short management plan for each key stakeholder, listing specific actions that you and your team will take and the target dates for those actions.

Step 5: Maintain



Congratulations! You have improved the commitment level of your key stakeholders. Do not stop there. Like relationships, commitment decays with neglect. Successful project managers continuously maintain and improve the commitment levels of key stakeholders.

1. Communicate frequently. Find out how your critical stakeholders prefer to be “kept in the loop,” then create an appropriate way to do it, whether it is as simple as a conversation every Friday at lunch or as formal as preparing a quarterly performance dashboard.
2. Renew commitment. You may think that things are going well with your key stakeholders, but they may perceive a problem. Periodically renew the commitment conversation by asking stakeholders whether their needs or their role have changed.

Endpoint

Stakeholder management skills are an essential tool in the toolbox of a successful project manager, but they are not natural for most of us. The good news is that you do not have to be born with these skills. When you apply this five-step process, you will start improving your stakeholder commitment immediately.

¹ McFarlan, F. Warren, *Providian Trust: Tradition and Technology*, Harvard Business School case 9-398-008.

About the Author

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