

Stakeholder Management

Seminar 118 held at the Institution of Civil Engineers, One Great George Street, London
17th May 2005

Summary

Key Points

- Stakeholder Management requires strategies and plans
- Identify and assess the relative influence of key stakeholders
- Classify the stakeholders by type and location and create a strategy for each set
- Concentrate on those stakeholders who could most influence the outcome of a project
- Involve suppliers early on in the project cycle
- Try to understand why people might support or oppose the project
- Train project leaders in stakeholder management
- Disseminate information at the right place and the right time over the whole life of the project
- Be transparent and allow the maximum amount of knowledge in the consultation process
- Constantly communicate
- Be sensitive and on the lookout for stakeholder fatigue

Introduction

Everyone who has an interest in, or can be affected by a project, is a stakeholder. The task of stakeholder management is relevant for promoters and those in all sectors responsible for delivering a project. It involves the development of an overall strategy to address all individuals and groups of individuals, internal and external who could influence its outcome for good or ill.

The purpose of consultation is that all concerned should have the opportunity to understand the scheme. It is therefore necessary to be transparent about the project and the planning behind it. The need to consult should not be seen as a negative part of an organisation's overall strategy, but something at the core of its management which gives fundamental strength to its activities. Plans should include a careful analysis of the necessary outcomes of the interaction and communication with stakeholders, an understanding of what tactical moves should be made, along with an assessment of what time and money should be allocated to achieve success.

The aim of the seminar was to consider the early identification of stakeholder management issues in the development of overall strategies, to receive updates on best practice and to learn from examples of recent projects that were difficult, but well handled. In the early part of the 20th century, when capital was the only resource that was considered, the only stakeholders were stockholders. That attitude has clearly changed and evolved. Project leaders have now to be experts, not only in technology and finance, but in political science, managing relationships, social psychology, communication and sales. In general, our understanding of physical systems is still more advanced than our understanding of social systems.

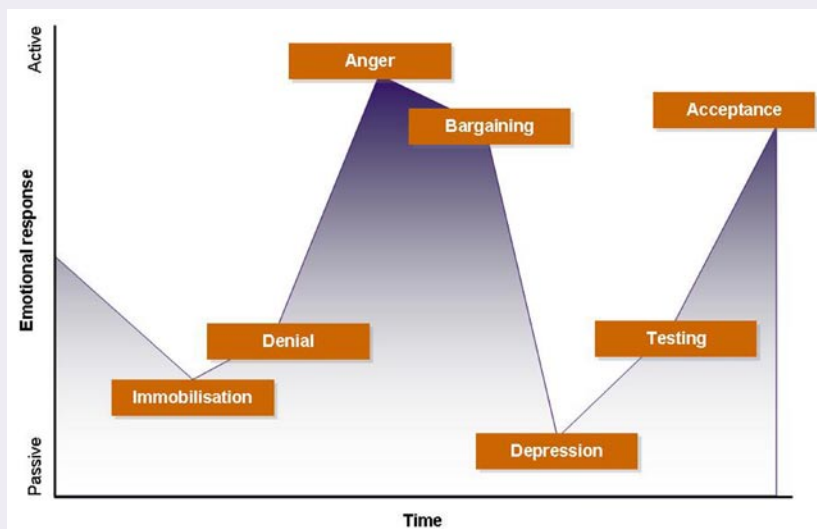
The change of ethos in stakeholder management can be summed up through the Shell example when the disposal of the oil rig Brent Spar persuaded them to move from the maxim 'decide, announce and defend' to 'dialogue, decide and deliver.' That incident was a catalyst for change in the way organisations approached their stakeholders.

The human element

People are much less predictable and their behaviours much more complicated than any of the other aspects of a project with which managers become involved, but it is of fundamental importance to try to understand why people might support or oppose the initiatives. To understand people is to have some ability to control their actions: stakeholder management is not about trying to make everybody happy, but about concentrating on those people who are in a position to influence the successful outcome of a project.

People on the whole do not like change, and may have to be led through a number of stages in moving them from a negative or passive attitude to an active and positive one. However, the move from passive to active emotional response is not a straightforward progression and people who may be half way up a positive slope often have to be prevented from sliding back down again.

Re-establishing Stakeholder Confidence



From the passive to the active in the emotional response

Good management

10 Commandments

1. Continuously review what 'success' is
2. Have a detailed, pro-active plan for this aspect
3. Profile and quantify your stakeholders, in depth
4. Consult early and overtly; and listen
5. Expect some frustration; it takes time
6. Exploit your network, any allies
7. What you say is not the same as what they hear
8. Communicate, communicate, communicate
9. Don't try to please everyone all the time
10. Don't lose your sense of humour, they're only humans

The ten commandments of stakeholder management

The value of relationships is difficult to quantify but it is a key source of competitive advantage. Understanding, predicting and influencing what other people think is essential for the project management workforce of the future. The key to success is not just about leading the task force, but also about dealing successfully with the issues surrounding the project. In other words there is a distinction to be made between project success and just bringing the project in on time, on budget and as near specification as possible.

It is often advantageous to bring contractors in during the early planning of a project, though it is important not to get bogged down in the consultation process. Therefore it is crucial to recognise the key points at which stakeholders can be involved in the decision making. It is also important to make it clear to stakeholders that decisions need to be taken at various points in the life cycle of a project and that the process needs to move through its various phases as smoothly as possible. Streamlining the approval process in the public sector means more projects for less money and savings to the taxpayer.

Communicate, communicate, communicate

Trying to convert somebody who is rigidly opposed to a project takes a lot of time and is almost never successful. It is therefore better to move those people that are neutral to a state of being actively positive. Good communication strategies are essential. Non-governmental organisations (NGOs) are now articulate, polished, efficient and dedicated issue seekers, and it is important to realise that today many NGOs are integrated with many government advisory bodies.

Synchronising the release of information with specific stakeholders is extremely important, as is cascading the releases logically, especially when dealing with the Houses of Parliament, government departments, local government or community groups. The time scale of a project can affect the whole stakeholder management programme and governments may change before it can be brought to fruition.

Employees are important stakeholders in an organisation. It is not just that they should have a 'performance related' or 'deliver on time' personal attitude – their satisfaction with general progress and outcome determines their ability to participate in delivery.

Transparency with problems and constant attention to information dissemination over the life of the project is necessary. There is always danger in standing back when an agreement with a stakeholder has been reached and thinking they can be ticked off the list. Stakeholders remain part of the total engagement process. Listen to local intelligence and use it. No national organisation can hope to have 'on the ground' knowledge to the same degree.

Research and plan

Discovering who the stakeholders are may take detailed research. They can be listed by type, such as government, statutory consent bodies, property owners, NGOs, local interest groups etc. Such groups can be further divided geographically, by status, type of community, ethnicity, gender and relative prosperity. Each stakeholder group will have its own hierarchy and large projects may deal with several groups or government departments. For example, a project where a purchaser buys into tidal land may find it belongs to the Queen. If there are schools in the immediate vicinity of a building project then that may have an important impact on the design and construction.

Stakeholder influence should be prioritised at national and local level. It is important to take advice in formulating policies. If the government is the ultimate client, existing statutes have to be taken into account and codes of practice must be adhered to.

Code of Practice on Dissemination of Information:

http://www.odpm.gov.uk/stellent/groups/odpm_planning/documents/page/odpm_plan_606210.hcsp

Re-establishing stakeholder confidence

There may be occasions when stakeholder confidence has been lost and needs to be regained. It may be that the costs are increasing or the time scale is stretching. A new strategy then has to be devised, around which a coalition must be built. Removing immediate obstacles to progress is a priority so a sense of urgency should be maintained, together with a drive for short wins. It is better to drip-feed success than keep people waiting for the major breakthrough; trust is built and maintained by delivering on commitments. Be consistent in following the strategy, talk the same language as the stakeholders, but accentuate the positive and avoid stakeholder fatigue from over-consultation. A strategy is a working tool to keep communication with the stakeholders alive. That view should not be lost in tactics.

Developing the skills

Project leaders can be trained in stakeholder management skills and one of the most useful books is the Transport for London (TfL) Consultation Toolkit which explains in detail the acquisition of public interest and public support for a project. However, for a global company operating outside the United Kingdom, identifying stakeholders is not always easy, and ways of working may be very different. People may have a different ethos and a different view on what transparency or consultation might mean. There is no such thing as a one-size-fits-all strategy. It must be tailored for a particular organisation and a particular project, and if necessary for different cultures.

MPA events are confidential, although this summary has been compiled so as not to breach confidentiality. Full proceedings and entry to MPA events are available only to members.

Participating Organisations

Arup
Atkins
Atkins Programme Management
Balfour Beatty
Bechtel Ltd
British Energy
Cross London Rail Links Ltd
CSCNetwork
CSE International Ltd
EC Harris
Environment Agency
Ernst & Young
Harris Management Services
Henley Management College
Imperial College London
KBR
KPMG LLP
Laing Rail
Lend Lease
Major Projects Association
Mouchel Parkman
Mouchel Parkman (Metro)
Osprey Mott MacDonald
PA Consulting Group
Prendo Ltd
Risk Solutions
Rolls Royce Naval Marine
Scott Wilson
Sir Robert McAlpine
Skanska Program Management
Strategic Rail Authority
Taylor Woodrow
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Templeton College
The Highways Agency
The Nichols Group
Transport for London
Turner & Townsend
Washington Group International