

Managing Stakeholder Expectations

Jeff Oltmann
oltmannj@ohsu.edu

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Topics

1. What is a Project?
2. A Method for Managing Stakeholders
3. Some Tips

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What is a Project, Anyway?

Technical Definition

- **Temporary**
 - Has a beginning and an end
 - Not ongoing operations
- Produces *unique* product, service, or process
- [Often used to cause *change*]

Measures of Success

"Deliver agreed upon product or service on time and budget"

"Satisfy the customer"

"Realize business benefits"

image: Tom Curiff
http://blog.wired.com/2008/08/18/ohsu-social-media-101-big-for-oh-oh-good/ **3**

Project Process Flow

Gates to synchronize & approve

Define

Plan

Execute

Close

DEFINE

- Initiate
- Define why & what

PLAN

- Refine scope
- Plan what & how

EXECUTE

- Do it!
- Steer course
- Remove roadblocks

CLOSE

- Learn
- Wrap up
- Transfer

Why → What → How → Do

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Stakeholder Management

“ **Stakeholder management** is one of three major themes that permeate all activities of a program. It is a key to the success of a program. (para. from sect 2.2, sect 1.7 of *The Standard for Program Management*)”

Why is it important?

1. Successfully compete for resources and priority
2. Generate support and commitment
3. Head off obstacles that can kill your project
4. Create a better working environment
5. Advance your career

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Vision Casting

How to Cast the Vision for a Program

1. Paint positive picture of outcome
2. Show why program is important
3. Help individuals personally connect with delivering the outcome

“The very essence of leadership is that you have to have vision. You can't blow an uncertain trumpet.” - Theodore M. Hesburgh

Results

1. Build excitement, motivation, and commitment
2. Enable individuals to make better decisions
3. Aim everyone in same direction

Tips

1. PM is responsible
2. Communicate throughout program
3. Use all available media and channels

Team Mission

Collect data
Deliver data
Prepare data

Team Vision

Get the Work Done
Do our best to achieve the goals and objectives of the program

Team Values

Continuous Improvement
Teamwork
Contribution
Succeed or Fail Together
Timeliness
Fun

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Start with Clear Rules of Engagement

Area	Example
1. Decision processes	Who will make decisions?
2. Meeting management	How will planned absences be handled?
3. E-mail usage	When will email discussions be moved to face-to-face?
4. Conflict resolution	What types of conflicts will be escalated and to who?
5. Crisis management	What after-hours communication is expected?
6. Feedback processes	How will team leader and members give feedback?
7. Professionalism	How will we deal with yelling and cursing?

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Stakeholder Management Process

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Step 1: Identify Key Stakeholders

Stakeholder: an individual or organization who can make or break the project
- Mersino

See also *Emotional Intelligence for Project Managers*, fig 6-3

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Step 2: Prioritize

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Step 3: Learn and Understand

- Influence relative to project
- Current commitment to project

From prioritization matrix

WiiFM: What's in it for me?

- Role
- Stakeholder objectives
- Facts, passions, and areas of interest
- Preferred communication style

- Sources of power
- Methods of exerting influence

Emotional Intelligence for Project Managers, p 119 – 121
The Standard for Program Management, 1.7.2

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Influencing to Get Commitments

Covey's habit 5: Seek first to understand

	Motivators You Can Connect With	Support You Can Provide
Personal	Individual desires and value (Herzberg's "motivating factors")	Provide information and teach skills needed for success
Social	Peer pressure	Help people unite to support each other
Structural	Organizational reward, punishment, and accountability systems	Build a constructive work environment

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Step 4: Develop Relationship Strategy

What actions will increase stakeholder's commitment?

	Approve	Indifferent	Disapprove
Initiate	Commit	Indifferent	Sabotage
Tell	Support		Resist
Respond	Comply		Object

1. Aligned vision
2. Relation to concrete, personal objectives (WIIFM)
3. Trust
4. Frequent communication
5. Recognition of value

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Step 5: Take Action

Stakeholder name: _____
 Comments: _____

Action	Owner	Due Date

Example Action Steps

- 1:1's
- Customized briefing
- Off-hours events
- Action log
- Lunch meetings

Mersino, p. 125 - 127


“Something akin to marketing is often needed.”
 - The Standard for Program Management 1.7.2

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Exercise: Action Plan Exercise



- For the stakeholder you analyzed, write a strategy for how you will get and maintain that person's commitment. Make sure you consider:
 - What are the stakeholder's needs?
 - How will you meet his needs?
 - What does the project need from the stakeholder?
 - How will you obtain it?

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Step 6: Maintain Commitment

- Create simple commitment strategies for key stakeholders
- Communicate with them frequently
- Renew commitment periodically



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Some Tips

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“Truth Telling” and Stakeholder Expectations

“Remember your “sacred responsibility to disappoint.”

- David Schmalz

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Actively Manage Stakeholders' Expectations

1. It's all about relationships
2. Lead your stakeholders




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Actively Manage Stakeholders' Expectations

3. Confront the facts
4. Make your sausage behind closed doors
5. Insist on clear scope definition and change management



Sausage Making is Not Pretty

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Negotiating Clear Commitments

Conceptual Approach

1. Superior commitments come from personal ownership
2. Giving orders and nagging don't work well
3. Stakeholders commit because of:
 - Shared vision or recognition of value
 - WiiFM
 - Trust
 - Being "in the loop"
 - Fingerprints

Techniques

1. Explain the "why"
2. Frame the commitment clearly
3. Agree on monitoring and follow-up



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Decision Methods

Method	Usage	Pro	Con
Consensus	<ul style="list-style-type: none"> ■ All understand problem, create options, and agree on decision ■ Best for complex decisions with far-reaching consequences 	<ul style="list-style-type: none"> ■ Diverse ideas lead to high quality decision ■ Builds strong commitment 	<ul style="list-style-type: none"> ■ Takes lots of time ■ Can gridlock ■ Practical use limited to small groups
Democracy	<ul style="list-style-type: none"> ■ Majority vote wins ■ Best for large group deciding on well understood options 	<ul style="list-style-type: none"> ■ Fast assessment of large group ■ Can include many people 	<ul style="list-style-type: none"> ■ Losing side may have low commitment ■ Poor when options are complex or many
Delegating	<ul style="list-style-type: none"> ■ Delegate decision to specialist team members ■ Best when specialized knowledge is required 	<ul style="list-style-type: none"> ■ Simplifies by reducing involvement ■ Experts make decision 	<ul style="list-style-type: none"> ■ Everyone must trust the experts
Consultative	<ul style="list-style-type: none"> ■ Decider gathers broad input and attempts to gain consensus ■ Makes autocratic decision when necessary 	<ul style="list-style-type: none"> ■ Intermediate quality, speed, commitment ■ Single person responsibility 	<ul style="list-style-type: none"> ■ Doesn't work if decider does not genuinely listen
Autocratic	<ul style="list-style-type: none"> ■ Team leader makes decision, often with little input ■ Best when speed is important or agreement is unnecessary 	<ul style="list-style-type: none"> ■ Fast, "decisive" ■ Takes advantage of leader's different perspective 	<ul style="list-style-type: none"> ■ Uninformed decisions can be disastrous ■ Can destroy trust ■ Poor commitment

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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.

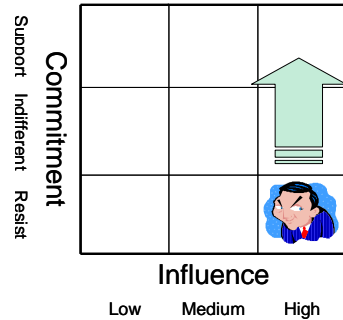
To help you think of key players, consider the following five categories. Look for people who must:

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.



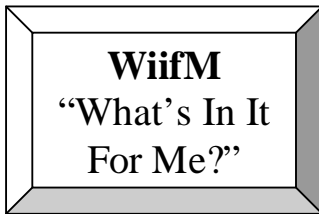
In the example chart, a project manager has identified an influential user who will be crucial to the successful deployment of new CRM software. The user is resisting the project because it will make major changes to the way he does his job. The project manager plans to remedy this by moving the user’s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

Jeff Oltmann is on the faculty of the department of Management of Science and Technology at the OGI School of Oregon Health and Science University. He is also a principal consultant at Synergy Professional Services, LLC in Portland, Oregon (www.spspro.com). Jeff welcomes your questions and ideas. You can contact him at jeff@spspro.com.