Project Management: Stakeholder Risk Management

~ By Tris Brown

In this article, we’ll address the people swirling around your project - stakeholders. You’ll find some tips and other resources for optimising stakeholder involvement in your project:

- Who cares?
- What do they care about?
- What am I going to do about it?

Those are the three simple questions a project team can ask to understand their stakeholders and develop a strategy for keeping them happy.

As we developed a workshop on stakeholder management built on those three questions, one of our project management experts put all the pieces together when he said, “That’s just risk management for people.”

We think he’s right. Review this classic risk management process. Can you see the parallel?

1. Identify risks
2. Analyse and quantify the risk
3. Develop a risk response

So on your next (or current) project consider treating your stakeholders as opportunities or threats.

Step One: Identify Risks (Who Cares?)

Just as with risk management, we can only manage stakeholders that we are aware of, so be creative and energetic in identifying stakeholders. Cast your net wide and consider all those stakeholders that won’t make a peep unless you step on their toes. Regulators, end-users, your customer’s customers, and internal support staff such as accounting or procurement. Too many project managers don’t include these secondary stakeholders in their normal communication plans yet get indignant when they obstruct the project. In risk management, we identify threats and opportunities. Stakeholders can be project adversaries just as easily as advocates.

While you are trying to uncover the hidden stakeholders, don’t forget about the obvious ones: your team, your sponsor, and the people who will be approving the funding.

Tip: Make sure your stakeholders have a name and email id. Stakeholders are people, not organisations. “Facilities” isn’t going to sign off on your change request, but Cindy, who runs the department, might.
Step Two: Analyse and Quantify the Risk (What Do They Care About?)

Risk management calls for prioritising the risks according to probability and impact. We can prioritise stakeholders similarly - by authority and interest. Interest means "how much do they care?" and authority equates to their ability to affect the project.

Now analyse the high priority stakeholders. You won't be able to quantify your stakeholders as much as your project risks, but you can organise some key information: What do they care about? How will the project affect them? How does this project fit into their priorities? What do you need from them for the project to run smoothly?

Step Three: Develop a Risk Response (What Are You Going to Do About It?)

What we do to leverage our supporters and minimise the effect of our opponents will depend upon the answers to the questions above. The more we know about our stakeholders, the better we can plan to work with them. One thing is certain: ignoring them will sap their support and inflame their opposition, so plan for communication.

Rapid changes in information technology continue to bring us new ways to flood our stakeholders with data, but that doesn't necessarily make us effective communicators. Who needs information? What information? How often? In what format? These questions form the basis of your communication plan. As you develop your communication plan remember these two tips:

1. Positive personal relationships are the foundation of effective communication. Personal relationships magnify the value of the technology we use to deliver information.
2. Use two or more mediums of communication for every stakeholder. For example, meetings should be accompanied by documentation.

The Secret to Success

What's the secret to risk management? Do it. Proactive, systematic risk management means finding the problems before they find you. Risk management doesn’t have to be complex, but it does have to be disciplined. The same holds true for our stakeholders. Understanding who they are and what they want often isn't that difficult. The key is to be proactive, to reach out and influence them before they influence you.

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