

PM WORLD TODAY – FEATURED PAPER – APRIL 2009**Early stakeholder involvement in projects**

ing. M.D. Tammer,

Institute for Business Engineering,

Utrecht University of Applied Science, Faculty of Natural Sciences & Technology, Utrecht

Projects are no longer defined by technical success and the triple constraints of time, budget and quality. In the last decades the complexity of project management was further aggravated by factors such as customer criteria and organisational and cultural impact of projects (O'Brochta, 2008) including the strategic role of projects and portfolio management and the need for integrated solutions (Brady et al 2005). In combination with technical more complex turbulent environments, decreasing project runtimes and resources, these influences and objectives ask for the development of close stakeholder relationships. But how should these relationships be managed throughout the project and what pitfalls should be looked out for?

The development of the project brief is often the first step in properly documenting project requirements and outcomes. The APM Body of knowledge (2006, page 128) defines a project brief as: "A high-level outline (strategic specification) of stakeholders (customers/clients) needs and requirements for a project." The definition itself implies that stakeholder involvement in this early project stage is indispensable for unambiguous specifications and alignment and the early identification of possible constraints, like technical difficulties. Poorly defined problems tend to give poor solutions. So key client and stakeholder presence is helpful during project brief meetings as the problem-owner can make the project more tangible and accessible by illustrating the problem and objectives and answering questions from parties involved. Thereby gaining commitment and support from both sides. Timely brainstorming over client resources, directly affected organisations, organisations that influence the project and attitudes and behaviours towards it, the statutory and regulatory bodies (APM Body of knowledge, 2006) and the criteria weighting is therefore crucial.

The stakeholder dialogue

Due to the nature of projects, key players or stakeholders may expect or even be entitled to exercise involvement. As they eventually judge the result they obviously should have a role in formulating the criteria for project success. However, in reality not all stakeholders' desires and interests can be guaranteed. It is important to timely acknowledge the stakeholder's needs during project start-up. But as projects often

include contradictory interests compromises must be made to reach general consensus. Communication and the exchange of opinions, interests and expectations are of the utmost importance. In practice some issues rise when trying to facilitate this process; which stakeholders also need to be contacted and which level of involvement is desirable. So an analysis at the early process stage is needed before interests become entrenched or feelings of exclusion rise.

This should also be clearly communicated to the potential stakeholders. In this phase the threat of not reaching the appropriate level of specification has to be tackled without silting up in excessive details or exaggerate stakeholders potential influence. Therefore a clear goal and order of ranking for each dialogue has to be set, the correct primary stakeholders and representatives spoken to, gaining mutual consent and confidence, but preventing unrealistic expectations.

The advantages of an effective early stakeholders dialogue will be mutual understanding of project goals and interests, early identification and dissolve of possible issues preventing costly incidents and juridical and regulatory conflicts leading to time and cost overruns. The establishment of shared agreement within the initiation will minimize surprises and provide a higher level of acceptance from the project team, client and stakeholders (Martin and Green, 1995). Also participation of stakeholders makes the initiative more credible and attractive for investing and financing.

The analysis of different points of view and the sharing of information may also lead to useful and creative propositions, collective development of techniques and more acceptable choices from economic, environmental and technical points of view. Stakeholder involvement also increases the legitimacy of the decision-making process and reinforcement of democratic practices (NEA, 2004). Perhaps even creating a shared vision as a base for future cooperation may be accomplished (Donaldson, 1999). The project team must also pay proper attention to the identification and impact assessment of project decisions made by stakeholders outside their influence and authority (Ireland, 2002).

In practice, stakeholder involvement in managing project objectives often stalls throughout the project execution. This is remarkable as projects contain a continuous decision-making process throughout the project phases as different issues and problems may rise and the variety of stakeholders may have different influences and needs during the project stages. The dialogue therefore should not become silent, as even properly aligned initial goals may tend to deviate substantially without proper provisional adjustment. As project monitoring consists of the collection and interpretation of data and reporting information in relation to the project plans,

planning, budgets and requirements (Nicholas and Steyn, 2008) close interaction with the stakeholders is needed. The assessment, reporting technique and collaboration frequency should depend on the size and complexity of the project and the stakeholder position.

A project communication plan may be used as a suitable tool for stakeholder management (APM Body of knowledge, 2006, P.21) As the stakeholders are identified and placed in a stakeholders grid, levels of involvement and influence, the expectations, needs, responsibilities and planned response are properly documented, the communication plan should be used and consistently updated in order to avoid differences from the specified common interest.

In order to do so proper information management must be deployed to distribute the information among the project participants and stakeholders in the form of project status reports. The project manager has to make decisions about which level of information and the means of communicating will be appropriate for the parties involved with the cost and purpose of the information provided in mind. For instance press announcements or exemption reports may be used for stakeholders, which ranked low in interest and power in the stakeholder grid.

Stakeholders ranking high on interest and power should at least monthly receive status reports including project changes and events that influence project scope, schedule or cost. Stakeholders ranking in between should at least receive brief project progress and outcomes (RGU, 2008). During the project information management and reporting may change as during the different phases different parties may be involved and trust and credibility is gained among stakeholders.

Possible pitfalls

The early involvement of stakeholders may also pose some disadvantages. The slowing-down of the decision making progress is often mentioned, which may turn out costly and very undesired for in the current economic situation. As the range and nature of stakeholders in projects will vary, the appropriate means and depth of dealing with parties should be properly assessed; spending valuable time on insignificant stakeholders is money down the drain (Lock, 2007). An increased number of stakeholders will mean more influence, so substantial alignment is needed.

Even so, more parties will be disappointed, as not all wishes may become reality and stakeholders may create excessive expectations (Onna and Koning, 2003). This will also be the case during decision-making under time-pressure or without consulting

stakeholders; as a result parties may feel passed-on and demotivated. Stakeholder involvement may also become entangled when the view and opinion of a stakeholder changes over time when complexity increases and insight may decrease.

Another argument is the fear that dominant stakeholders may exaggerate practiced power and overrun other stakeholders or even take over the project. During the composition of the brief and project team meetings the involvement of the client also poses the threat of undermining the project manager's initial position by taking attention away. So the project manager must always emphasize its position as project meeting chairman (Bremer-Ammann, 2006).

The possibility of 'borrowing' of sensitive project information with the wrong motives often makes participants careful, but suppressing information is equally devastating for proper collaboration and outcomes. When the key stakeholders are not involved in the post completion project review, important feedback and lessons learned cannot be properly evaluated.

Endpoint

The early participation of project stakeholders can offer a constructive dialogue and sense of ownership that may lead to positive interest utilized, increasing of credibility, more transparency and the early identification of constraints. But if not managed correctly, when stakeholders are not entirely committed or when the dialogue is not properly focussed and managed, it may turn out to be a (costly) burden. In order to properly align all points of view and even contradictory and diverging interests, a comprehensive and complete stakeholder identification and classification should take place during project initiation. The participation, communication and reporting procedures should be clearly prioritized, defined, updated and maintained during the project. Also, all stakeholders involved should assess the consequences of their participation and the rights and responsibilities accompanying their involvement, as a strong commitment is inevitably. To quote Dennis Lock (2007, page 26) "Consultation is always better than confrontation".

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About the Author:**Mark Tammer***Author*

ing. **Mark Tammer** is working as a lecturer at the Institute for Business Engineering, faculty of Natural Sciences & Technology, Utrecht University of Applied Science in The Netherlands. After gaining a degree in Industrial Management he specializes in Maintenance Engineering and is currently rounding up a Master of Engineering degree in Maintenance and Asset Management and an MSc in Asset Integrity Management. This paper was initiated by one of the MSc PM assignments. He can be contacted at mark.tammer@hu.nl.