

4.2: Identifying Stakeholders and Managing Their Expectations

A project starts with two processes – developing the project charter and identifying stakeholders^[1]. Triple constraints (scope, schedule, cost) and stakeholders constitute the main pillars of a project. If stakeholders are not identified properly, the project and its outcomes cannot address all the stakeholders' expectations and concerns. Incomplete elicitation of the requirements from stakeholders might leave some key requirements out of the equation, putting the project and its outcomes in danger.

Stakeholders are those who have a positive or negative influence on the project, or who are or might be positively or negatively affected by the project, or its activities, decisions, and outcomes. Stakeholders can be anyone including, but not limited to, individuals, groups, teams, businesses, corporations, communities, government agencies, not-for-profit organizations, international bodies, and non-governmental organizations. They may affect the whole project, or only one or some of the decisions or activities, or the outcomes of the project negatively or positively. Stakeholders may be involved actively or passively in the project, or its activities and decisions. When you manage a project to add lanes to a highway, motorists are stakeholders who are positively affected by the outcome of this project whereas they may be affected negatively during the construction due to the closed roads and detours. However, your project may negatively affect residents who live near the highway during your project (with construction noise) and after your project with far-reaching implications (increased traffic noise and pollution). Stakeholders can be inside the implementing or client organization (e.g., subcontractors who undertake the construction work of additional lanes) or outside it (e.g., motorists, residents).

Internal stakeholders which are inside the organization, but not limited to, are:

- Project sponsor
- Project manager
- Project team members
- PMO (Project Management Office)
- Program manager
- Project/Portfolio steering committee
- Board of trustees
- Company owners/founders
- Top management (e.g., C-level executives)
- Project managers of other projects in the organization
- Functional departments/units in the organization, their managers, and all employees (e.g., research & development, finance, accounting, human resources, sales, marketing, manufacturing)
- End users in functional departments, regional offices, and international offices of the organization
- Regional offices/branches of the organization
- International offices/branches of the organization

External stakeholders which are outside the organization, but not limited to, are:

- Customers
- End users outside the organization
- Suppliers
- Contractors and subcontractors
- Shareholders
- Regulatory bodies
- Government agencies (e.g., federal, state, local, county)
- Current and potential competitors

Often there is more than one major stakeholder in the project. An increase in the number of stakeholders adds stress to the project and influences the project's complexity level. The business or emotional investment of the stakeholder in the project and the ability of the stakeholder to influence the project outcomes or execution approach also impact the stakeholder complexity of the project. In addition to the number of stakeholders and their level of investment, the degree to which the project stakeholders agree or disagree also influences the project's complexity and outcomes.

While identifying stakeholders, in the initiation stage of a project, a project charter generally consists of key stakeholders whose power or interest levels are at a high level. Key stakeholders can make or break the success of a project. Even if all the deliverables

are met and the objectives are satisfied, if your key stakeholders aren't happy, nobody's happy. This is why all the key stakeholders must be identified before proceeding with the preparation of the project management plan. However, identifying the stakeholders doesn't finish in the initiation stage, but is an ongoing process through which project managers should review and analyze their interests, involvement, interdependencies, influences, and potential impact on project success regularly during the project life cycle^[2]. Data representation techniques such as stakeholder power/interest grid/matrix help a lot to review where stakeholders are positioned based on the criteria used and be prepared and implement strategies to manage stakeholders. In the following subsection, we will discuss one of the common data representation techniques, power/interest grid (matrix) based on a scenario.

There are many project decelerators, one of which is the lack of stakeholder support. Whether the stakeholders support our project or not, if they are important to the project, we must secure their support. How do you we that? First, we must identify who our stakeholders are. Just because they are important in the organization does not necessarily mean they are important to our project. Just because they think they are important does not mean they are. Just because they don't think they need to be involved does not mean they do not have to be. The typical suspects that we should consider would be our top managers, relevant departments' managers, supervisors or key employees, and the project sponsor (champion), our internal or external client, subject matter experts (SMEs) we need to consult, and the selection or steering committee reviewing and approving our project. In some situations, some think they are stakeholders in our project. Even though they aren't, as they perceive that they are affected by the project and its activities and decisions, we should consider them as stakeholders. From our perspective, they may not be, but we should be careful while handling them. They could be influential with those who have the power to impact our project. We shouldn't dismiss them out of hand.

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1. Project Management Institute. (2017). A guide to the Project Management Body of Knowledge (PMBOK guide) (6th ed.). Project Management Institute. ↩
 2. Project Management Institute. (2017). A guide to the Project Management Body of Knowledge (PMBOK guide) (6th ed.). Project Management Institute. ↩
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