

Introduction to Stakeholder Management

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Stakeholder Management is an essential aspect of the product development process. To fully understand the concept, it is first necessary to understand what a stakeholder actually is. It's a broad term encompassing numerous groups and individuals, and different kinds of projects will necessitate different stakeholders.

In this track, we'll cover

- What stakeholders are
- How to identify your project's stakeholders,
- How to prioritise your stakeholders, and
- How to create a stakeholder map

The Project Management Institute offered this formal definition in the official guide to their Body of Knowledge, which is also known as the PMBOK Guide [1]:

Stakeholders are individuals and organisations who are actively involved in the project or whose interests may be positively or negatively affected as a result of project execution or successful project completion.

A project's list of stakeholders would typically include the project manager, their team members, any project sponsors, and perhaps most importantly, the customer. Considering these, it's important to know that, despite the term 'Stakeholder Management', you are not necessarily managing your project's stakeholders so much as you are managing your engagement with them.

Each of these parties contributes to the projected end game, and achieving the best possible result relies on maintaining consistent engagement with all of them. Good stakeholder management requires a set of established skills, empathy being the most important, and it's not something that can be exclusively focused on in the project's early stages and then forgotten about as the process moves forward.

It must be made an integral function of everyday activities. Doing this will build trust, enhance your reputation, speed up communication and problem-solving, and minimise overall project risks.

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Let's discuss how you might envision a stakeholder management plan that you can seamlessly integrate into any product development project:

Your first action must be to identify every stakeholder and their connection to the project. Each of them will necessitate different levels of attention and engagement depending on their importance, but you must be aware of them before making that distinction. A dedicated process for identification should be your first step to ensure you don't omit anyone.

Meet with your team and conduct a brainstorming session to determine who your stakeholders are. As everyone contributes, you are likely to end up with a substantial list of potential stakeholders that you must narrow down into a group of only those whose effect on the project is tangible.

In an analysis of stakeholder identification for HBR [2], Graham Kenny outlined five questions that can decrease the list to a manageable length. The questions are:

- *Does the stakeholder have a fundamental impact on your organisation's performance?*
- *Can you clearly identify what you want from the stakeholder?*
- *Is the relationship dynamic—that is, do you want it to grow?*
- *Can you exist without or replace the stakeholder?*
- *Has the stakeholder already been identified through another relationship?*

These five questions will clarify who you can classify as a stakeholder on the list. The revised list will include both your internal stakeholders, such as the project manager, the team, and any employees contributing to the project, and your external stakeholders, such as sponsors, suppliers, unions, and customers.

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Now, you can move on to the next phase of the process, which is prioritising all of them based on their roles. The importance of this prioritisation is explained in an article within Teamwork's Project Management Guide [3]:

Prioritising your stakeholders is important because it helps you to understand where to invest your resources. In other words, it helps you—as the project manager—to identify who the key decision-makers are at any given moment so you can ensure you're talking to the right people at the right time.

An effective way to do this is to consider your stakeholders in terms of their levels of power and interest in the project's completion. Naturally, they will all have a certain degree of either or both, but some will have a lot, and these are the ones who need the highest level of engagement.

Through these metrics, you will be able to put together your stakeholder map. This concept has many different iterations because it can vary depending on the type of project or industry. Still, it always separates stakeholders into defined groups that you can manage accordingly.

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Visualise your stakeholder map as four quadrants on an X and Y axis determined by our two defined metrics of power and interest. The four quadrants can be labelled based on how you manage the parties within them. When writing for Medium [4], Christian Verwijs gave the quadrants the titles of Promoters, Defenders, Latents, and Audience.

- **Promoters** are the stakeholders that have a significant stake in the product *and* a lot of influence over its shape. For example, they could be key customers, big investors, or vocal and important users.”
- “**Defenders** are the stakeholders that have a significant stake in the product *and* a moderate or low influence over it. For example, they could be frequent users of your product or people that made smaller investments.”
- “**Latents** are the people that have significant influence over your product but don’t have a significant stake in it.”
- and “Your **audience** is the group of people that neither have a stake in your product nor influence over it.”

He also made an important point to consider when separating your list [4]:

The distribution of stakeholders across the map is a snapshot. It’s entirely likely that stakeholders shift into other quadrants over time as your team focuses on different needs.

Keep this in mind as we delve deeper into the map’s layout. If we are clear on the rationale behind the distribution, such shifts will happen seamlessly. Let’s consider some examples to understand who would fall into each quadrant.

The project manager would fall into the category of a Promoter. They have more power than anyone over the progress of the project. They are the primary decision-maker who allocates roles to the rest of the team. Similarly, they also have a keen interest, as the project’s completion is ultimately their responsibility.

It’s important for everyone involved to recognise that the project manager is one stakeholder that requires maximum engagement, as are any others who also rank high in both power and interest. You need to manage these very closely.

You must provide them with daily updates on the project’s progress, inform them of every decision before implementation, consult them on matters of risk or redirections, and regularly ask them for any input they may have on the project’s future.

For the Latent category, let’s imagine the project is a large-scale construction job. You can consider suppliers of essential materials to be Latents as their contribution is massively important. Without it, the project cannot be completed. But their interest level in its completion is minimal.

In this case, it's best to always keep them satisfied. A close relationship can ensure that their contribution remains stable throughout the process. Because of the lesser interest of the Latents, the responsibility for maintaining this engagement will usually fall to the team.

Defenders have a large interest in the project but very little power. For Hype's Innovation Blog [5], Oana-Maria Pop analysed how a less powerful stakeholder should still be engaged because they possess both legitimacy and urgency:

Legitimacy refers to whether something is at risk to a potential stakeholder (property rights, moral claims etc.)...Urgency refers to whether the relationship with the potential stakeholder is time sensitive and critical to them.

Hearing this definition may lead you to question why these are considered stakeholders at all, but their support can be extremely valuable long term. Consider your customers, as they will usually fall in this quadrant.

If you produce advanced software for improving internal communication within large businesses, the businesses using your product are among your Defenders. They can't influence the project's trajectory, but their interest in it is vital.

Managing Defenders is usually as simple as keeping them actively informed. Deliver updates on your progress, and invite them to some of your regular meetings, too. It's easy to let your commitment to the Defenders slip as they are not an immediate necessity or threat, but you must make them a priority to avoid losing their support.

Your Audience makes up the final quadrant. These parties have minimal interest and power, and their primary relevance to your project is often the possibility that they could shift to one of the other quadrants.

Your Audience members are potential stakeholders. Organisations that you could look to for sponsorship if necessary, a customer base that may be worth exploring in the future, or any other outside observers. The best course for managing these stakeholders is to monitor them closely and inform them of anything relevant.

Though this may be as simple as the occasional press release or survey, it's wise to cover all your bases by acknowledging and reacting to the Audience category.

In short, managing your stakeholders is a multi-step process that begins before the project launches and doesn't end until its completion. You must first identify your stakeholders and then prioritise them by creating a map that divides them into one of four relevant quadrants.

So, when you are kicking off your next project, meet with your team first to brainstorm who your stakeholders are and put together your map, making stakeholder management a smooth, stress-free process.

Thanks for listening.

[1] *A Guide to the Project Management Body of Knowledge*, Project Management Institute, Inc. (2017)

<http://faspa.ir/wp-content/uploads/2017/09/PMBOK6-2017.pdf>

[2] *Five Questions to Identify Key Stakeholders*, Graham Kenny (2014)

<https://hbr.org/2014/03/five-questions-to-identify-key-stakeholders>

[3] *Project Stakeholders: Who Are They and Why Are They Important?*, Teamwork.com

<https://www.teamwork.com/project-management-guide/project-stakeholders/>

[4] *How To Find Your Stakeholders?*, Christiaan Verwijs (2021)

<https://medium.com/the-liberators/how-to-find-your-stakeholders-e6d96fa2e5a8>

[5] *Identifying Stakeholders: A Quick Innovation Managers Guide*, Oana-Maria Pop (2018)

<https://www.hypeinnovation.com/blog/innovation-stakeholders-guide>