

Introduction to Effective Stakeholder Management and Communication

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Today, we'll talk about Effective Stakeholder Management and Communication, what they are, and how you can develop the skills you need to make the most of them.

Stakeholder Management is maintaining the best possible relationships with the people who have the biggest impact on your work. This could be customers, investors, suppliers, and even governments. If you don't know how to manage your relationships with your stakeholders, you're going to find yourself in trouble.

Let's get going.

So, let's start with the most obvious question that's likely on your mind right now: what even is a stakeholder? In the simplest possible terms, a stakeholder is anyone with an interest in your company or project. If a party can be affected by your business and the decisions that you make, that's a stakeholder.

Really, the clue is in the name. A stakeholder is anyone who has a stake in your project.

Which leads us to the next important question: who exactly are *your* stakeholders? After all, effectively managing and communicating with your stakeholders is going to be a lot more difficult if you have no idea who they are. The tricky part is that who your stakeholders are will depend heavily on your project.

Let's take the most obvious example: running a business. The most obvious stakeholders that might jump to mind are investors. It's not difficult to recognise the stake that someone has in a business if they've literally invested money into it. However, it doesn't stop there. Employees are stakeholders. Each and every one of them relies on the business to help them earn a living. One of the largest groups of

stakeholders is customers. After all, customers have a vested interest in being able to continue to purchase products and services.

But that's not a definitive list, and there are often more details to note. In the modern era, things like corporate social responsibility have created an environment where your list of stakeholders also includes communities and even governments.

To make it easy to spot your stakeholders, here's a simple tip: take a step back and try to recognise who are the people who care about your project. Who would be affected by its success or failure? Those are your stakeholders.

Of course, you might have realised that there's a pretty important stakeholder we haven't mentioned yet: you. And that's absolutely right! However, if you're having trouble managing and communicating with yourself, that might be an issue for a different track.

Alright, now you know what stakeholders are. You even know who your specific stakeholders are. The next question is: who cares? Why does any of that matter?

You've probably heard the phrase "no man is an island" before, right? Well, Poet John Donne might not have been thinking of running a successful business when he wrote those words in 1624, but they're absolutely as true today as they were then.

As much as people love to tout the idea of being entirely "self-made," that's really not how things work. If you want a project to succeed, you're going to need stakeholders. No stakeholders, no project. It's that simple. Whether it's money, supply chains, expertise or decision-making, the importance of stakeholders really can't be overstated.

So, you know what stakeholders are, and you know why you should care, so let's get back to the original question: how do you manage and communicate with those stakeholders as effectively as possible?

If you want to manage your stakeholders, you first need to analyse them. According to engineer and planetary scientist Alan Stern: "To keep everyone invested in your vision, you have to back up a little bit and really analyse who the different stakeholders are and what they individually respond to."

You can typically divide stakeholders into two categories, internal and external. Internal stakeholders are your employees, your shareholders, the board of directors, and the people working within your business. External stakeholders are those on the outside. This would include customers, suppliers, investors, governments, and regulators.

You then need to figure out where your priorities should be. Not all stakeholders are created equal, and if you want to manage them effectively, you need to know where to direct your attention. Once you've figured out who your stakeholders are, it's time to

analyse them and figure out what level of power and interest each individual stakeholder has. After all, the more power and interest they have, the more they can influence the success of your project.

The Institute of Project Management uses a fantastic four-quadrant system to help you prioritise stakeholders. Those four quadrants are

1. **Low power, low interest:** These are the stakeholders who neither have a great deal of influence over your project nor are they especially interested in it. That doesn't mean that these stakeholders aren't important, just that they don't need the majority of your attention. The goal is to keep these stakeholders happy and to prevent them from turning on your project.
2. **Low power, high interest:** These stakeholders don't have much power over your project, but they're very interested in it. Don't make the mistake of assuming that you can dismiss these stakeholders. If you do that, they're likely to lose interest. If you want to maintain a positive relationship with these stakeholders, reaching out and keeping them informed is essential to keep them interested.
3. **High Power, low interest:** High-power stakeholders are the ones that you really need to keep happy. If these stakeholders are unhappy, then they can put up serious roadblocks to your project. If they have low interest in the project, the key is to keep them satisfied and make sure that they're never left completely out of the loop.
4. **High Power, high interest:** This is the big one. These stakeholders are the ones that the majority of your attention is going to be aimed at. Not only do they want to be involved as much as possible, but they have the kind of influence that could sink the entire project if they wanted. Conversely, they could be the key to its success. You shouldn't ignore any of your stakeholders, but these are the ones you really want to prioritise. Studies have shown that, in business, transformations are four times more likely to be successful when influential employees are involved [1].

Right about now, you might be feeling as though you're stuck juggling a whole bunch of stakeholders with no sense of how to actually manage them. Well, don't worry. By breaking it down, that whole process gets a lot easier.

The first and most important aspect of stakeholder management is communication. If you're not communicating with your stakeholders, your entire relationship is going to break down. Your stakeholders should be involved with every significant moment of your project from beginning to end. From the kick-off meeting to check-ins all the way through to the project review, bringing stakeholders into your decision-making process and keeping them informed every step of the way is absolutely essential. Ron Arp, president of the Amplify Group [2], says: "I view it as character expression. It is a process of helping people understand who you are, what you stand for, and why you do the things you do. Character is anchored in honesty, integrity, and trust. It is the essence of your brand."

The strength of your bonds with your stakeholders comes down to how much regular, honest, and open communication you're willing to have.

Regular emails with updates they will care about and presentations and meetings that allow them to express concerns or ask questions are pure gold for maintaining the best possible relationships with your stakeholders. You can even get more out of informal events. Take your stakeholders to lunch. Not only will you find people are more likely to share their thoughts more freely in an informal setting, but there are few better ways to get someone on your side than to feed them a delicious meal!

Managing your stakeholders can seem overwhelming, but by taking the time to identify who they are and what they need and recognising how you can offer those things, you'll be able to build the kinds of business relationships that truly last.

And one last thing to remember: projects and businesses change. It's a natural part of the process. But that means that your stakeholders' needs are going to change too. Don't just tell them what you're doing; get them involved.

Remember: communication is always a two-way street, especially with something as complex as stakeholder management. So, get out there and make some connections with the people who really matter.

That's all for today. This week, think of a project you're managing. Delve into the specifics by naming individuals or organisations with involvements and investments. Next to each of these, write how the project would look without them. Then, know the last time you communicated with them and when you plan to speak with them again. Are you up to date with keeping individuals in the loop? Does everyone know what they need to know?

[1] *Beyond Performance 2.0: A Proven Approach to Leading Large-Scale Change*, Bill Schaninger and Scott Keller (2019)

<https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/beyond-performance-2-a-proven-approach-to-leading-large-scale-change>

[2] *The Case For Character: Applied Public Relations, Cases In Stakeholder Management*, Lawrence F. Lamb and Kathy Brittain McKee (2010)

https://www.google.co.uk/books/edition/Applied_Public_Relations/RkCPAGAAQBAJ?hl=en&gbpv=0