

STAKEHOLDER MANAGEMENT

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Introduction

When working on a project, there are many people or organizations that are dependent on and/or are affected by the final product or output. These people are the stakeholders of a project.

Stakeholder management involves taking into consideration the different interests and values stakeholders have and addressing them during the duration of the project to ensure that all stakeholders are happy at the end.

This branch of management is important because it helps an organization to achieve its strategic objectives by involving both the external and internal environments and by creating a positive relationship with stakeholders through good management of their expectations.

Stakeholder management is also important because it helps identify positive existing relationships with stakeholders. These relationships can be converted to coalitions and partnerships, which go on to build trust and encourage collaboration among the stakeholders.

How Does Stakeholder Management Work?

Stakeholder management, in a business project sense, works through a strategy. This strategy is created using information gathered through the following processes:

- **Stakeholder Identification** - It is first important to note all the stakeholders involved, whether internal or external. An ideal way to do this is by creating a stakeholder map.
- **Stakeholder Analysis** - Through stakeholder analysis, it is the manager's job to identify a stakeholder's needs, interfaces, expectations, authority and common relationship.
- **Stakeholder Matrix** - During this process, managers position stakeholders using information gathered during the stakeholder analysis process. Stakeholders are positioned according to their level of influence or enrichment they provide to the project.
- **Stakeholder Engagement** - This is one of the most important processes of stakeholder management where all stakeholders engage with the manager to get to know each other and understand each other better, at an executive level.

This communication is important for it gives both the manager and stakeholder a chance to discuss and concur upon expectations and most importantly agree on a common set of Values and Principals, which all stakeholders will stand by.

- **Communicating Information** - Here, expectations of communication are agreed upon and the manner in which communication is managed between the stakeholders is established, that is, how and when communication is received and who receives it.
- **Stakeholder Agreements** - This is the Lexicon of the project or the objectives set forth. All key stakeholders sign this stakeholder agreement, which is a collection of all the agreed decisions.

In today's modern management project practice, managers and stakeholders favor an honest and transparent stakeholder relationship.

Failures in Stakeholder Management

Some organizations still endure poor stakeholder management practices and this arises because of:

- Communicating with a stakeholder too late. This does not allow for ample revision of stakeholder expectations and hence their views may not be taken into consideration.
- Inviting stakeholders to take part in the decision making process too early. This results in a complicated decision making process.

- Involving the wrong stakeholders in a project. This results in a reduction in the value of their contribution and this leads to external criticism in the end.
- The management does not value the contribution of stakeholders. Their participation is viewed as unimportant and inconsequential.

Whatever way stakeholder management is approached, it should be done attentively so as to achieve the best results.

Achieving Good Stakeholder Management

Insufficient involvement and ineffective communication with stakeholders can lead to project failure. The following are a few ideas that can be used to achieve good stakeholder management practices:

- Management and stakeholders should work together to draw up a realistic list of goals and objectives. Engaging stakeholders will improve business performance and they take an active interest in the project.
- Communication is the key. It is important for stakeholders and management to communicate throughout the course of the project on a regular basis. This ensures that both parties will be actively engaged and ensure smooth sailing during the course of the project.
- Agreeing on deliverables is important. This makes sure there is no undue disappointment at the end. Prototypes and samples during the course of the project helps stakeholders have a clear understanding regarding the end project.

Conclusion

In conclusion, in order to achieve an outcome from the projects, good stakeholder management practices are required. Stakeholder management is the effective management of all participants in a project, be it external or internal contributors.

Arguably, the most important element in stakeholder management is communication where a manager has to spend his 99% time in doing meetings, checking and replying e-mails and updating and distributing reports, etc.