
A Practical and Holistic Approach to Engaging Stakeholders in Project Portfolio Management¹

By Huma Sohrwardy, PgMP, PMP, CSM

1. Introduction

This paper presents a practical and holistic approach to engaging stakeholders in Project Portfolio Management (PPM) and using effective communication touch points to achieve successful outcomes. Maintaining transparent communication is a key factor in successfully engaging stakeholders in the process.

Organizations with active project sponsors are more likely to have better project outcomes (PMI, 2013). The stakeholder engagement touch points need to be timely, relevant and most importantly, provide value. Ensuring clarity and understanding of overall purpose and vision including the resulting benefits is an effective approach.

Stakeholder Management best practices offer a variety of approaches from being very formal and structured to being informal and flexible. The key is to find one that best fits an organization's level of project portfolio management maturity, cultural environment and overall constraints.

The paper briefly emphasizes the importance and context of stakeholder management in project portfolio management and highlights the communication flows and interdependencies between portfolios, programs and projects to present a practical and holistic approach for PPM stakeholder management. The focus is on presenting a consolidated view of key stakeholder engagement in the PPM context than on the specific stakeholder engagement techniques.

The paper is divided into three main sections. The first section describes a high level overview of the PPM core areas, information flows and stakeholders and sets the context for the stakeholder engagement approach. The second section emphasizes the importance stakeholder engagement in PPM followed by a Stakeholder Engagement approach in the third section.

2. PPM Process, Stakeholders and Information Flow Overview

This section provides a high level overview of the PPM core areas, information flows and stakeholders. It highlights the key PPM stakeholder engagement touch points. PPM is the coordinated management of portfolio components (i.e. sub portfolios, programs and projects) to achieve specific organizational objectives (PMI, 2008).

¹ *Second Editions are previously published papers that have continued relevance in today's project management world, or which were originally published in conference proceedings or in a language other than English. Original publication acknowledged; authors retain copyright. This paper was originally presented at the 7th Annual UT Dallas Project Management Symposium in Richardson, Texas, USA in August 2013. It is republished here with permission of the author and UT Dallas.*

The high level PPM process typically encompasses the following core areas as described in *Figure 1*. These are:

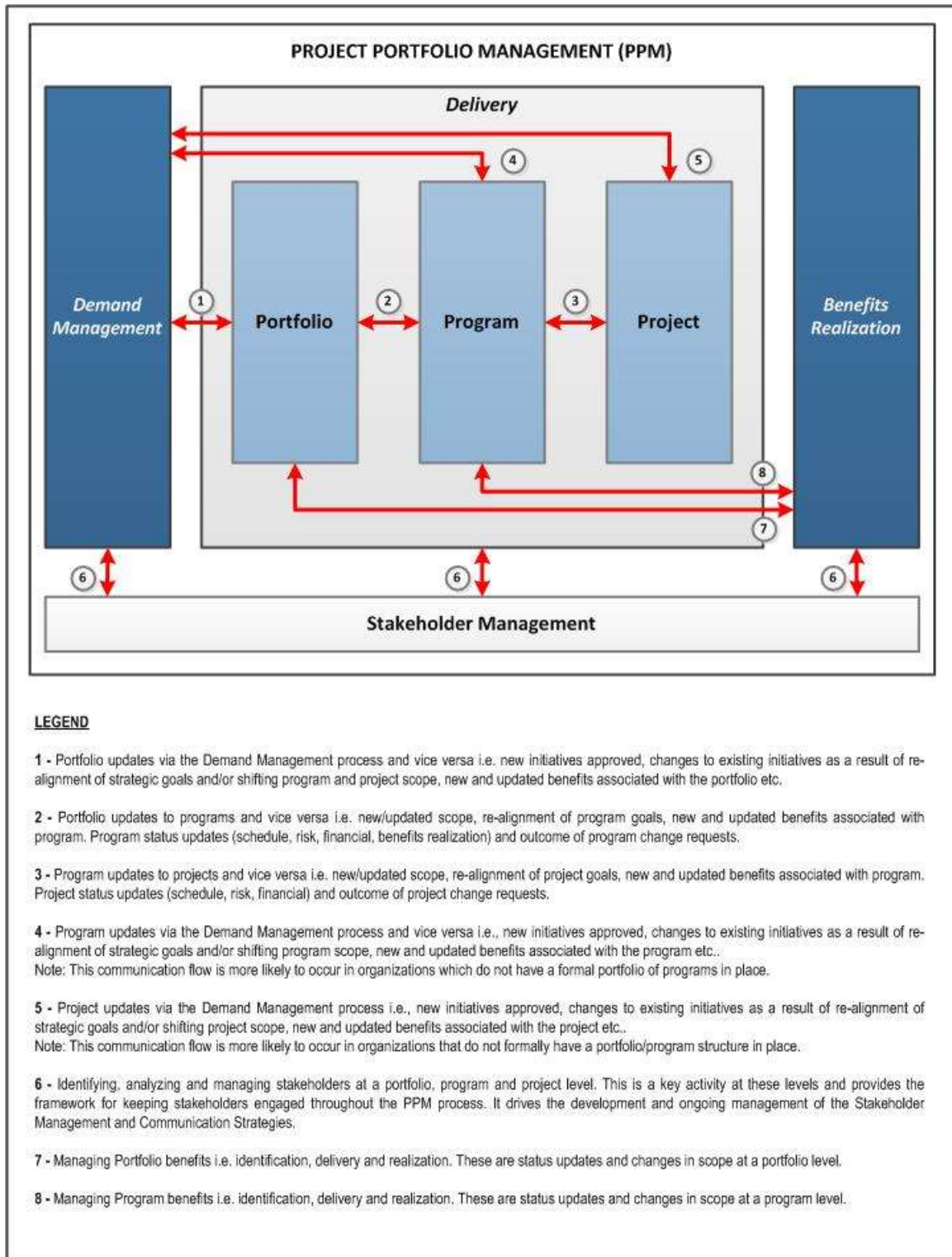


Figure 1: PPM Process and Information Flows

- **Demand Management**

This process manages the review, prioritization and approval of components (programs and projects). It ensures that these components are strategically aligned and that resources are effectively utilized to deliver organizational benefits. At this stage, high level stakeholders are identified based on scope, impact and success factors, amongst other criteria.

- **Delivery Management**

This process focuses on the actual delivery of strategic goals through execution of programs and projects. These components may be part of a portfolio(s) if the organization has implemented a portfolio/program/project model. At this stage, stakeholder engagement is a key focus of program and project managers. It is ongoing and new stakeholders are identified as needed. Transparent, timely and relevant communication is important and a key factor in overall success.

- **Benefits Realization**

This process manages the identification, analysis, monitoring and delivery of benefits that need to be delivered as part of strategic goals. At this stage, stakeholders are identified based on impact (positive or negative) and their responsibilities for ensuring that benefits are realized.

Also, the delivered benefits need to be sustained. To do so demands for continuing delivery need to be understood for resources to be applied to satisfy customer satisfaction (PMI - PgM, 2008).

- **Stakeholder Management**

This process encompasses the identification, analysis, engagement and management of stakeholders throughout the PPM lifecycle. Stakeholder Management is iterative in nature and commences early in the PPM lifecycle. It starts during the development of the Business Case and continues throughout the delivery and benefits realization phases.

Figure 1 describes the key stakeholder information flows between the PPM areas. These flows can be triggered as a result of an “event” e.g. approval of a component (program or project), change in an organization’s strategic objective that can impact overall portfolio objectives, change in project and/or project scope, etc., or be part of ongoing PPM communication at portfolio, program and project levels. These touch points are typically documented in communication plans containing details such as event triggers, communication recipients, purpose of the communication, method of communication, frequency, responsibility details, etc.

The information flows are typically bi-directional and the delivery method can be informal or formal, depending on which communication style is best suited. The information flows are described in the legend in *Figure 1*.

Stakeholders are individuals or groups that can be positively or negatively impacted by the portfolio/program and project process (Thiry, 2010). PPM stakeholders are a wide range of individuals, teams, groups and organizations, both internal and external to the performing organization. Some of the common stakeholders are described in *Table 1* below.

We need to understand their roles before delving into the approach for engaging them in the PPM process.

Stakeholder	Role
Portfolio Review Board (PRB)	Responsible for making decisions about component (programs and projects) investments and priorities. Ensure portfolio alignment with strategy and organizational goals. The board is typically comprised of portfolio managers, line and business managers.
Portfolio Managers (Business Managers)	Responsible for the execution the portfolio process. Review portfolio performance and make recommendations to the PRB. Liaison between the PRB and project and program managers. Responsible for establishing business strategy which is a subset of corporate strategy. Expected to coordinate use of resources across the organization and ensures portfolio/program/project alignment with business strategy (Thiry, 2010).
Senior Management	They exercise leadership to communicate vision and leadership and expect programs and projects to align with strategy. They generally rely on portfolio and/or business line managers to deliver. They are responsible for corporate governance and establishing strategy to achieve purpose of the organization (Thiry, 2010).
Sponsors	They champion approval of programs and projects within a portfolio. Ensure that the components execute per plan and achieve strategic goals. Responsible for ensuring resources are available to implement strategy.
Operations	Responsible for ongoing business operations. Typically involved in monitoring and managing Benefits Realization.
Program/Project Management Office (PMO)	Responsible for coordinating management of programs and projects, providing program/project management support, management of portfolio management processes ad systems and resourcing and in some cases, directly managing programs/projects within a portfolio (PMI, 2008).
Customers	Users of benefits delivered by the overall portfolio. Key stakeholders in term of customer satisfaction that drives overall success. Whether internal or external, they are at the core of the program management process (Thiry, 2010). This also applies to portfolios and projects, as in the end the ultimate goal is to provide value for customers.
Program Manager	Responsible for managing the program (PMI - PgM, 2008).
Project Manager	Responsible for managing individual projects within a program/portfolio.
Program Team	Responsible for performing program activities (PMI - PgM, 2008).
Project Team	Responsible for performing project activities.
Other	These are external and internal stakeholders that have a part to play in the PPM process: <ul style="list-style-type: none"> • External: Suppliers, regulatory agencies, competitors (current and potential) and special interest groups, funding organization. • Internal: Departments and teams impacted by programs/projects.

Table 1: Key PPM Stakeholders

This section highlighted the PPM process, the core components and the information flows between them and identified key PPM stakeholders. These areas lay the foundation for the recommended approach to engage stakeholders in the PPM process.

The next section briefly emphasizes the importance of stakeholder engagement in the PPM process followed by the approach to engage them in the PPM process.

3. Stakeholder Engagement in PPM

Stakeholder analysis is the identification of stakeholders and their expectations and needs. Stakeholder management is the softer side and includes monitoring and influencing. The monitoring process should take into account stakeholder fears, perceptions and concerns and the focus should be on the right message than on the right method. Stakeholder management/engagement is a two way street which focuses on what program and project managers need from the stakeholder(s) and what they can offer stakeholder(s) that they value (Thiry, 2010).

Success is viewed differently at the portfolio, program and project levels (PMI, 2008):

- Portfolio success is measured in terms of aggregate performance of portfolio components (i.e. sub portfolios, programs and projects);
- Program success is measured by the degree to which it satisfies the needs and benefits for which it was undertaken; and
- Project success is measured by product and project quality, timeliness, budget compliance and degree of customer satisfaction.

It is important to keep these criteria in mind when engaging stakeholders at different PPM levels as it helps in targeting the stakeholder management and communication approaches.

Projects can only be successful through contributions from stakeholders. They evaluate whether they find the project successful and the evaluation criteria extends beyond the project deliverables (Eskerod & Jepsen, 2012). This can also be applied at portfolio and program levels.

Stakeholder motivation to contribute is driven by expected consequences in terms of perceived benefits and dis-benefits and costs involved, what others think and possible outcomes. Therefore, to motivate stakeholders to contribute, it's crucial that overall benefits, stakeholder impacts (both positive and negative) and concerns are addressed and communicated with transparency (Eskerod & Jepsen, 2012).

The next section presents an approach for engaging stakeholders in the PPM process.

4. PPM Stakeholder Engagement Approach

Stakeholder analysis is not optional and while project portfolio management has roots in mathematics, people are a key to its success. Their support must be secured, personal benefits must be identified and associated with portfolio management and communicated to them (Maizlish & Handler, 2005).

It is important to identify perceived level of support to conduct effective stakeholder analysis. Those with a high level of support must be enrolled in providing active sponsorship. Those on the fence must be addressed directly to increase level of support. Those who are naysayers should be encouraged to increase their level of support or focus should be to minimize the damage their negativity brings to the initiative (Maizlish & Handler, 2005).

There are various ways to communicate and engage with stakeholders. Communication can be *impersonal* or *interpersonal*. Interpersonal communication takes place between people and in impersonal communication the sender is not an individual and receiver is not a specific person. Each communication style has its advantages and disadvantages. Impersonal is good for reaching many stakeholders at any one time in a cost effective manner (Thiry, 2010).

Appendix 1: High Level PPM Stakeholder Engagement Plan presents an approach for engaging stakeholders in the PPM process. It can be used as a blueprint for developing a PPM stakeholder engagement plan for all or specific PPM levels, i.e. portfolio, programs and/or projects. It can be tailored to specific needs of an organization based on the PPM maturity level.

In *Appendix 1*, each information flow described in *Figure 1* is associated with stakeholder engagement touch point(s) which contain details such as the recipient stakeholder, purpose, individual(s) responsible for communicating message, frequency of communication and method of communication. The stakeholders are based on the list in *Table 1*. Refer to *Appendix 1* for more details.

The purpose of the PPM Stakeholder Engagement Plan is to highlight the key stakeholder engagement touch points in PPM process and recommend ways to actively engage stakeholders. However, this does not minimize the importance of informal communication that is crucial to effectively engage and establish trust between and with stakeholders. Even though informal communication has not been specifically documented in PPM Stakeholder Engagement Plan, it is an important aspect of effectively engaging stakeholders.

Stakeholder management is the responsibility of the portfolio, program and project managers at the different PPM levels. They need to ensure that the core activities such as stakeholder identification, analysis and monitoring are constantly occurring in their domains. Here are some key steps that need to occur for engaging stakeholders in the PPM process:

- Develop a Communication Strategy and Stakeholder Management Plan. These are important as they provide a framework for portfolio, program and projects managers to effectively engage and manage stakeholder expectations.
- Identify and analyze key stakeholders. Focus on the ones that have the greater ability to have a positive or negative impact. There are several stakeholder analysis methods and tools available for this purpose.

- The communication should focus on the appropriate message and value provided to stakeholders. For example, senior management has specific needs that need to be factored in the communication strategy (Maizlish & Handler, 2005):
 - Chief Executive Officers (CEOs) focus on improving stock price and compliance with legislation.
 - Chief Financial Officers (CFOs) understand and embrace portfolio management. Legislative compliance, control of expenditures and return on investment are key issues.
 - Chief Information Officers (CIOs) focus is on the improvement of IT landscape and avoidance of major system failure.

The messages should be tailored for the audience.

- Actively engage stakeholders at all the PPM levels, informally and informally. Focus on the benefits to maximize stakeholder engagement.
- Closely monitor and manage portfolio, program and projects risks through transparent communication.
- Communicate, communicate, and communicate!

5. Conclusion

Stakeholder management is the responsibility of the portfolio, program and project managers at the various PPM levels.

Stakeholder motivation to contribute is driven by expected consequences in terms of perceived benefits and dis-benefits and costs involved, what others think and possible outcomes. Therefore, to motivate stakeholders to contribute, it's crucial that overall benefits, stakeholder impacts (both positive and negative) and concerns are addressed and communicated with transparency.

Stakeholder analysis is not optional and is key to successful outcomes. The stakeholder engagement touch points need to be timely, relevant and most importantly, provide value. Ensuring clarity and understanding of overall purpose and vision including the resulting benefits is an effective approach.

Bibliography

Eskerod, P., & Jepsen, A. (2012). *Project Stakeholder Management*. Gower.

Maizlish, B., & Handler, R. (2005). *IT Portfolio Management Step-by-Step*. Hoboken: John Wiley and Sons, Inc.

PMI - PgM. (2008). *The Standard for Program Management (Second Edition ed.)*. Newtown Square: PMI, Inc.

PMI. (2008). *The Standard for Portfolio Management (Second Edition ed.)*. Newtown Square: PMI, Inc.

PMI. (2013). *PMI's Pulse of the Profession 2013*. Newton Square: PMI, Inc.

Thiry, M. (2010). *Program Management*. Burlington: Gower.

Appendix 1: High Level PPM Stakeholder Engagement Plan

PPM Flow Ref # ²	PPM Component	Recipient	Purpose	Responsible	Frequency	Method	Notes
1	Portfolio (Demand Management)	Portfolio Manager, Sponsor, Senior Management	Review: <ul style="list-style-type: none"> New approved initiatives (programs and projects) Changes to existing initiatives 	PRB Team or PMO	As needed (recommended frequency is quarterly)	<ul style="list-style-type: none"> Executive Review Meetings Meeting Minutes distributed via email Reports (Demand Management dashboard) distributed via email and/or published in PPM tool or central intranet site 	Depending on the organizational structure the PMO can be responsible for managing the Demand Management process.
2	Portfolio	PRB, Sponsor, Program Manager, key Customers, PMO	Provide a status update on: <ul style="list-style-type: none"> Re-alignment of program goals Changes to program benefits Outcome of program change requests 	Portfolio Manager	As needed (recommended frequency is monthly)	<ul style="list-style-type: none"> Portfolio Review Meetings Meeting Minutes distributed via email Reports (Portfolio dashboard) distributed via email and/or published in PPM tool or central intranet site 	Key customers are those stakeholders that have a high degree of influence on the portfolio. Fine-tune the list as needed so that the message gets to the right audience.
1, 2	Portfolio Program	PRB, Sponsor, Program Manager, key Customers, PMO	Provide a status update on: <ul style="list-style-type: none"> Aggregate performance of portfolio components (schedule, budget, risk and benefit realization) 	Portfolio Manager or PMO	Monthly	<ul style="list-style-type: none"> Reports distributed via email and/or published in PPM tool or central intranet site 	As above.
2	Program	Portfolio Manager, Sponsor, Project Managers, key Customers, Operations, PMO	Provide a status update on: <ul style="list-style-type: none"> Program status (schedule, risk, financial) Benefit Realization status 	Program Manager	Monthly	<ul style="list-style-type: none"> Reports distributed via email and/or published in PPM tool or central intranet site 	As above.
3	Program	Portfolio Manager, Sponsor, Project Managers, key Customers, PMO	Provide a status update on: <ul style="list-style-type: none"> Re-alignment of program/project goals Changes to program/project benefits Outcome of project change requests 	Program Manager	As needed (recommended frequency is quarterly)	<ul style="list-style-type: none"> Reports distributed via email and/or published in PPM tool or central intranet site 	As above.
3	Project	Program Manager, Sponsor, Project Team Members, PMO, key Customers	Provide a status update on: <ul style="list-style-type: none"> Project status (schedule, risk, financial, quality) 	Project Manager	Monthly	<ul style="list-style-type: none"> Reports distributed via email and/or published in PPM tool or central intranet site 	Key customers are those stakeholders that have a high degree of influence on the project

² The numbers in the “PPM Flow Ref #” column correspond to the information flows in *Figure 1 PPM Process and Information Flows*.

PPM Flow Ref # ²	PPM Component	Recipient	Purpose	Responsible	Frequency	Method	Notes
4	Portfolio	Program Manager, Sponsor, Senior Management	Provide a status update on: <ul style="list-style-type: none"> New approved initiatives (programs) Changes to existing initiatives 	PRB Team or PMO	As needed (recommended frequency is quarterly)	<ul style="list-style-type: none"> Executive Review Meetings Meeting Minutes distributed via email Reports (Demand Management dashboard) distributed via email and/or published in PPM tool or central intranet site 	Only applicable if a formal portfolio/program structure is not in place The PMO can be responsible for managing the Demand Management process
4	Program	PRB, Sponsor, Senior Management, key Customers, PMO	Provide a status update on: <ul style="list-style-type: none"> Re-alignment of program goals Changes to program benefits Outcome of program change requests 	Program Manager	As needed (recommended frequency is quarterly)	<ul style="list-style-type: none"> Program Review Meetings Meeting Minutes distributed via email Reports (Portfolio dashboard) distributed via email and/or published in PPM tool or central intranet site 	Only applicable if a formal portfolio/program structure is not in place.
5	Portfolio	Project Manager, Sponsor, Senior Management	Provide a status update on: <ul style="list-style-type: none"> New approved initiatives (projects) Changes to existing initiatives 	PRB Team or PMO	As needed (recommended frequency is quarterly)	<ul style="list-style-type: none"> Executive Review Meetings Meeting Minutes distributed via email Reports (Demand Management dashboard) distributed via email and/or published in PPM tool or central intranet site 	Only applicable if a formal portfolio/program structure is not in place The PMO can be responsible for managing the Demand Management process
5	Project	PRB, Sponsor, Senior Management, key Customers, PMO	Provide a status update on: <ul style="list-style-type: none"> Re-alignment of project goals Changes to project benefits Outcome of project change requests 	Project Manager	As needed (recommended frequency is quarterly)	<ul style="list-style-type: none"> Project Review Meetings Meeting Minutes distributed via email Reports (Portfolio dashboard) distributed via email and/or published in PPM tool or central intranet site 	Only applicable if a formal portfolio/program structure is not in place.
6	Portfolio Program Project	All PPM stakeholders	Identify, analyze and monitor stakeholders throughout the PPM process	Portfolio Manager Program Manager Project Manager	Ongoing	<ul style="list-style-type: none"> Informal conversations Status meetings Surveys Workshops 	
7, 8	Portfolio Program (Benefits Realization)	Portfolio Manager, Sponsor, key Stakeholders, PMO, Operations	Identify, analyze and monitor benefits throughout the PPM process	Portfolio Manager Program Manager	Ongoing	<ul style="list-style-type: none"> Status meetings 	
All	Program Project	Sponsor, PMO, Program Team, Project Team, key Customers, Operations, PMO	Review "Actions to Green": <ul style="list-style-type: none"> Review high risks and identify actions to resolve and assign responsibility 	Program Manager Project Manager	Monthly (recommended frequency is bi-weekly)	<ul style="list-style-type: none"> Actions to Green meeting Centralized Risk Register distributed via email and/or published in PPM tool or central intranet site 	Includes project benefits management

About the Author



Huma Sohrwardy, PgMP, PMP, CSM

Dallas, Texas, USA

Huma Sohrwardy is an experienced IT practitioner with 20+ years of experience in the use and management of Information Technology as a means to delivering business goals and objectives. She has extensive experience in the Healthcare IT, Finance, Manufacturing and public sectors and has worked as a consultant for the Australian Federal Government. Huma is the principal consultant with HZ Technologies, LLC (HZT). The company provides Project Portfolio Management solutions to small and medium sized organizations. HZT is a registered vendor with the Texas State and Federal governments. Prior to starting a career in consulting, she led a PMO in Healthcare IT. She is an avid reader and in her spare time volunteers at the PMI Dallas Chapter. She runs the Chapter's Book Review Program and has recently started its first Book Club. She has been a guest speaker at the Applied Project Management Forum at University of Texas Dallas. Her presentation on "PPM Implementation" can be accessed at the [Jindal School Of Management](http://www.jindalschoolofmanagement.com) website.

Huma can be contacted at hsohrwardy@hztechnologies.com