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*Identifying and Classifying Program/Project Stakeholders*
Alan Stretton
Second Edition[1]

# IDENTIFYING AND CLASSIFYING PROGRAM/PROJECT STAKEHOLDERS[1]

## *By Alan Stretton*

### ABSTRACT

There is substantial material in the program/project literature on program and project stakeholder management/engagement. This article amalgamates and summarises some of the most relevant material concerned with the identification and classification of program/project stakeholders.

Regarding stakeholder identification, I develop a model which is essentially an amalgamation of program/project stakeholders from four different sources. This provides a reasonably detailed checklist of potential stakeholders for an organization, and for its programs/projects.

Regarding stakeholder classifications, I start by identifying some two-type program/project stakeholder classifications, which may be useful in different contexts:

- Distinguishing between supply chain stakeholders and direct/indirect horizontal relationships
- Distinguishing between primary (or internal) and secondary (or external) stakeholders
- Distinguishing between proponent ("beneficiary") and opponent ("adversarial") stakeholders

This is followed by discussions of some four-type stakeholder classifications. These discussions include the mapping of program/project stakeholders, particularly in the context of power/interest diagrams, which essentially develop a four-type stakeholder classification. Methods of quantifying stakeholders' powers/interests, and plotting them on diagrams, are then discussed, along with some basic strategies related to these four types.

The aim of this paper is to help guide people who are interested in identifying and classifying stakeholders towards sources which examine some of these aspects in more detail.

### IDENTIFYING PROGRAM STAKEHOLDERS

The importance of identifying all the stakeholders to a program/project cannot be overstated. There are too many well documented cases of programs/projects being stalled or abandoned because of failures to identify and then engage stakeholders who had sufficient power and/or support to cause such stalling or abandonment.

We start with the most comprehensive coverage of potential stakeholders that I could develop, which is based on a framework relating to organizational stakeholders, supplemented with materials from three sources in the program/project literature.

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[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 published in the May 2010 edition of PM World Today. It is republished with the author's permission.*

This model identifies over 50 different potential stakeholders from four very different listings. The basic framework is adapted from De Wit & Meyer 2004:361, whose typical organizational stakeholders figure was brought to my notice in some unpublished notes made by Michel Thiry in 2006. Contributions from these sources in the following are marked [1]. Modifications and augmentations are derived from Tasmanian Government 2004 [2], PMI 2006a [3], and Tuman 2006 [4].

This model excludes some listed stakeholders who appeared to be too specialized to a particular area to be included in a generalised listing.
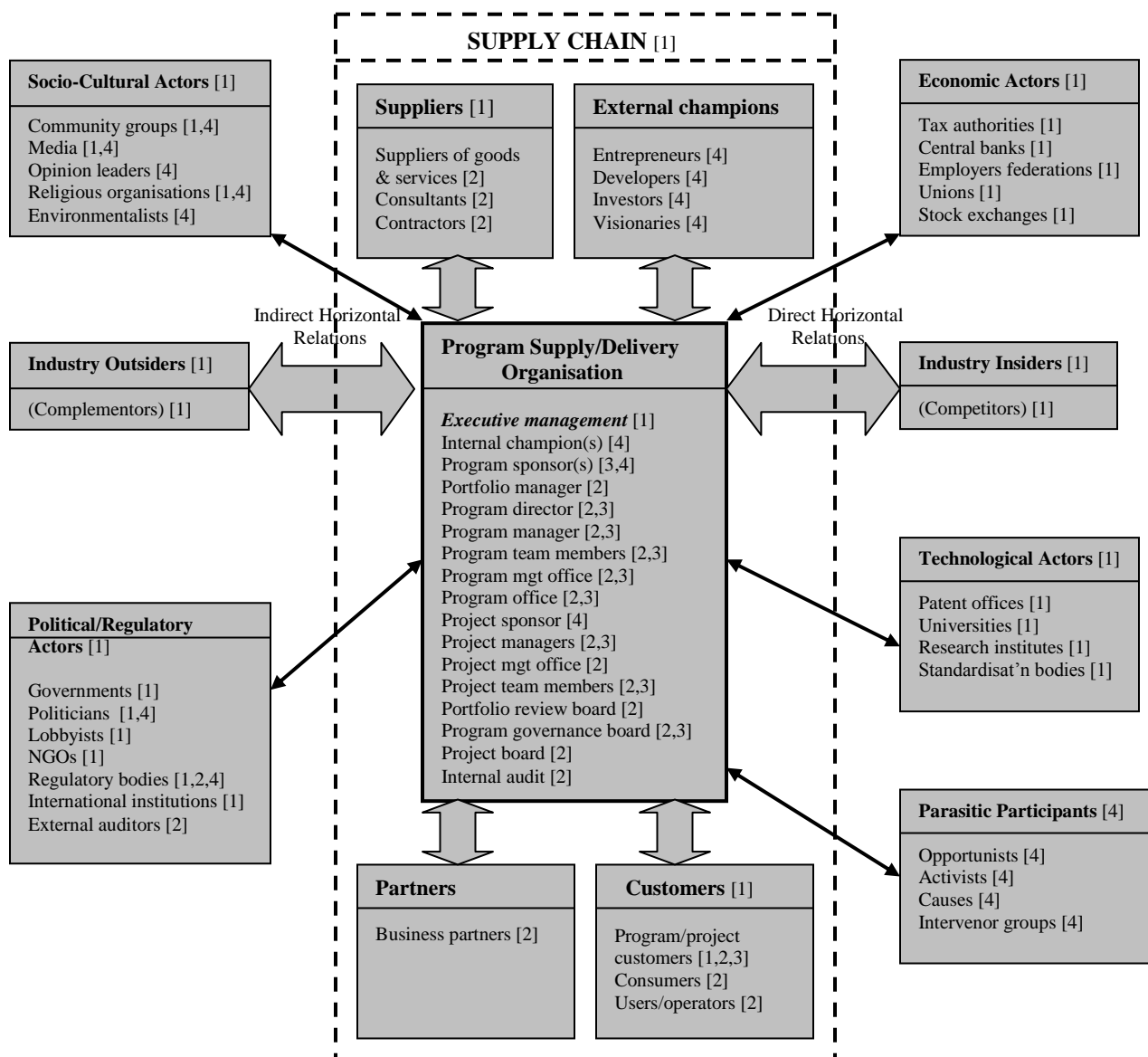


**Figure 1:  A synthesised cumulative organizational/program/project stakeholder identification/classification model, adapted from de Wit & Meyer 2004, with additional inputs from Tasmanian Government 2004, PMI 2006a, and Tuman 2006**

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Whilst this model has organizational stakeholders as its basic framework, it appears to constitute a reasonably detailed checklist for identifying potential stakeholders in a program/project environment. However, it does not claim to be totally comprehensive.

With regard to classifying so many stakeholders, there are many and varied approaches. We start with some two-type classifications, and then move on to four-type classifications.

## SOME TWO-TYPE PROGRAM/PROJECT STAKEHOLDER CLASSIFICATIONS

### Distinguishing between supply chain stakeholders and direct/indirect horizontal relationships

Figure 1 distinguishes between supply chain stakeholders (and many subgroups within this category), and direct and indirect horizontal relationships, which may be important in some contexts.

### Distinguishing between primary (or internal) and secondary (or external) stakeholders

In the project context, Cleland & Ireland 2002:176-8 distinguish between primary and secondary stakeholders, as follows:

> Primary stakeholders are those persons or groups on the project team who have a contractual or legal obligation to the project team and have the responsibility and authority to manage and commit resources according to schedule, cost and technical performance objectives. ….
> Secondary stakeholders are those who have not formal contractual relationship to the project but can have a strong interest in what is going on regarding the project. …

### Distinguishing between proponent (or "beneficiary") and opponent (or "adversarial") stakeholders

Two broad streams of "interested parties" to an organization and/or program/project have been identified by various parties in the literature. One of the earliest I know of is due to Drucker 1981, who classified those interested parties who have a positive and direct stake in the business and its prosperity as 'stakeholders', as opposed to "groups accepted as entitled to a say, or at least a veto, even though they may have little or no say in the institution's primary mission and purpose", whom he called 'constituencies'. The latter descriptor was not picked up by others, and the term 'stakeholders' is now in general use to cover both types of interested parties.

In a way this is a pity, because it is important to distinguish between the two in some situations, and it would be good to have generally accepted descriptors to distinguish them.

In the program/project context, Winch 2004:325 has described interested parties who have a positive and direct stake in the program/project and its prosperity as 'proponent' stakeholders, and those with potentially negative attitudes as 'opponent' stakeholders.

I have not seen these descriptors picked up by others. However, before I became aware of Winch's descriptors I had coined the descriptors 'beneficiary' and 'adversarial' stakeholders respectively. I propose to stick with the latter in the following.

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Curiously, most writers assume, usually implicitly, either a beneficiary or adversarial perspective, but few writers appear to acknowledge and discuss both.

### *Beneficiary stakeholders*

The beneficiary perception, exemplified by OGC 2007, Tasmanian Government 2004 and Thiry 2004a&b, focuses on those stakeholders who are targeted to receive specific benefits from the program. Such stakeholders have a positive interest in program outcomes, and in general will be readily accessible, and amenable to discussion and negotiation. The latter is vital to successful beneficiary stakeholder management, because of the fact that multiple stakeholders tend to have conflicting needs and expectations, and these need to be sorted out and 'satisficed" (a term originally coined by Simon in 1962) – that is,

> the solution in which enough of the constituencies [and stakeholders] can acquiesce. One tries to find a solution that will not create opposition, rather than one which will generate support.
>
> (Drucker 1981)

### *Adversarial stakeholders*

The adversarial perception is that most stakeholders are potentially or actually adversarial to the program, and may not be prepared to discuss and negotiate issues. Authors who perceive stakeholders in this way, and/or have substantial numbers of adversarial stakeholders in their listings include Cleland & Ireland 2002, Englund 2006, and Tuman 2006. A key challenge with adversarial stakeholders is to convert them to beneficiary stakeholders. As Winch says:

> An important part of stakeholder management is to find ways of changing opponents to proponents by
> o   Offering appropriate changes to the project mission, and
> o   Preventing possible proponents defecting to the opponent camp by offering to accommodate more explicitly their proposed problem solutions

## SOME FOUR-TYPE STAKEHOLDER CLASSIFICATIONS

### Identifying two stakeholder types within internal and external stakeholders

In the project context, Winch 2004:323-4 distinguishes between internal and external stakeholders, but directly identifies his 'internal' stakeholders with Cleland & Ireland's 'primary' stakeholders, and his 'external' stakeholders with 'secondary' stakeholders.

Further, he identifies two types of stakeholders in each of the two groups.

- Internal stakeholders:    Demand side (incl. client, sponsor, financiers)
                            Supply side (incl. consultants, contractors, suppliers)
- External stakeholders:    Private (incl. local residents etc, environmentalists etc)
                            Public (incl. regulatory agencies, local & national governments)

## A different four-type classification

Tuman 2006 has the following primary category of project stakeholders, which partly overlaps with the above.

- Project champions
- Project participants
- Community participants
- Parasitic participants

## Power/interest stakeholder classifications

Several authors have developed various versions of what I have called power/interest program/project stakeholder classifications.

### *Stakeholder influence diagram*

Thiry 2004b has developed what he calls a *stakeholder influence diagram*, which I have adapted slightly, as follows:
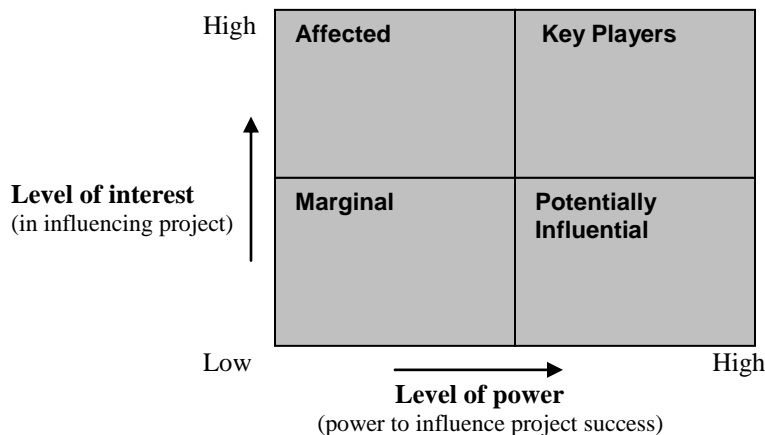
*Figure 2: A basic stakeholder power/interest diagram (based on Thiry 2006b)*

It will be noted that this is a four-type stakeholder classification, and that Thiry 2006b assigns names to each of the four types. He says that the purpose of categorising stakeholders thus is

- to measure their potential influence on the program or project processes and outcomes
- to then identify the key, or significant, stakeholders, who can be classified by
  o   power level (preponderant to affected party)
  o   area of interest (financial, technical, regulatory, etc)
  o   structure layer (regardless of direct influence)

OGC 2007:53 has quite a similar diagram which it calls an "Influence/interest matrix", in which the horizontal axis is described as "Influence of stakeholders over the programme", and the vertical axis as "Interest of stakeholders in the programme".

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Cleland & Ireland 2002 have developed the following table to help in assessing stakeholders' level of interest in influencing the project.

| | Stakeholder 1 | Stakeholder 2 | Stakeholder 3 | Stakeholder4 |
|---|---|---|---|---|
| o  Stakeholder relevance<br>o  Mission relevance<br>o  Economic interest<br>o  Legal right<br>o  Political support<br>o  Health and safety<br>o  Lifestyle<br>o  Opportunism<br>o  Survival | | *[Vested interest: H – high, M – medium, L – low]* | | |

*Figure 3: Cleland & Ireland Table 6.2 (in part) – Stakeholder interests*

Tuman 2006 has what he calls a "Project stakeholder success grid", in which the horizontal axis is essentially the same as the above two, being described as "Power Factors: power to influence project success". However, Tuman's vertical axis has a different focus, which he describes as "Success Factors: difficulty of meeting stakeholders' goals". We will come back to this in a moment.

**Quantifying stakeholder power/interest/success-factors**

Two authors use quantified scoring systems to evaluate levels of power/ interest/success factors in their power/interest/success-factor contexts

*Stakeholder spreadsheets*

Englund 2006 uses a quantified scoring system which he describes as a *stakeholder spreadsheet* to evaluate both the level of power and level of interest (which he calls "level of concern"), [plus a support/resistance index], exampled as follows [X and Y axes transposed; increasing scale, 0 to 5]

| Stakeholder | Power to Influence | | | Level of Concern/Interest | | | Z axis |
|---|---|---|---|---|---|---|---|
| | Influence of others (0.4) | Control of resources (0.6) | X axis score | Technical (0.35) | Social (0.65) | Y axis score | Support/ Resistance |
| **A** | 5.0 | 3.0 | 3.8 | 3.0 | 5.0 | 4.3 | 1.0 |
| **B** | 4.0 | 5.0 | 4.6 | 5.0 | 2.0 | 3.1 | 3.5 |
| **C** | 4.0 | 3.0 | 3.4 | 1.0 | 1.0 | 1.0 | 1.0 |
| **D** | 3.0 | 1.0 | 1.8 | 5.0 | 4.0 | 4.4 | 2.0 |

*Figure 4: Englund's Figure 27-3 (in part, modified) – An example stakeholder spreadsheet*

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Tuman 2006 outlines a comprehensive numerical technique which assesses and weights levels of power for each stakeholder ("power factors"), and also the difficult of meeting stakeholders' goals ("success goal factors").

| Project Stakeholders | Power Factors and Weights | | | Success Goal Factors and Weights | | | |
|---|---|---|---|---|---|---|---|
| | Impact Resources (0.35) | Impact Success (0.65) | Weighted Score (x-axis) | Difficulty (0.5) | Risk/ Unknowns (0.35) | Conflict (0.15) | Weighted Score (y-axis) |
| **Project Champions** | | | | | | | |
| A.  Developers | 3 | 4 | 3.65 | 5 | 4 | 2 | 4.20 |
| B.  Client/customers | 2 | 4 | 3.30 | 3 | 4 | 2 | 3.20 |
| C.  Politicians | 1 | 5 | 3.60 | 3 | 1 | 3 | 2.30 |
| D.  Community leaders | 4 | 5 | 4.65 | 5 | 1 | 4 | 3.45 |
| E.  Visionaries | 1 | 3 | 2.30 | 2 | 1 | 2 | 1.65 |
| **Project Participants** | | | | | | | |

*Figure 5: Tuman Table 13A-3 (part) – Technique for identifying & ranking success goals of stakeholders*

### Stakeholder success grid

Tuman's technique develops weighted scores for each factor, which are then plotted on what he calls a stakeholder success grid, resulting in a visual representation of the assessed potential of each stakeholder to impact project success, and the difficulty of meeting stakeholders' goals, as illustrated.
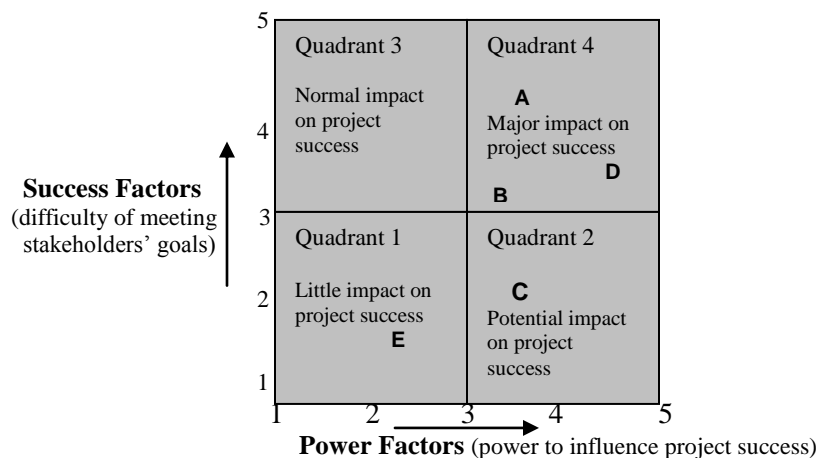


*Figure 6: Tuman Table 13A-4 (modified) – Stakeholder success grid*

The process of assigning weightings to each factor for each stakeholder is seen to be a strong advantage, as it should help overcome any tendency not to focus adequately on the position of each and every stakeholder. There is obvious potential for the power/interest scores from

Englund's stakeholder spreadsheet (Figure 4) to be similarly plotted onto the basic stakeholder power/interest diagram developed in Figure 2 above.

**Broad strategies for the four-type power/interest stakeholder classifications**

The following diagram of broad strategies is an amalgamation of materials from Thiry 2004b, Winch 2004, and OGC 2007, The top descriptors are Thiry's, *the middle italicised descriptors are Winch's,* and the lower descriptors (in Times New Roman) are OGC's (particularly applicable for A and D, but not quite as precisely applicable for B and C).
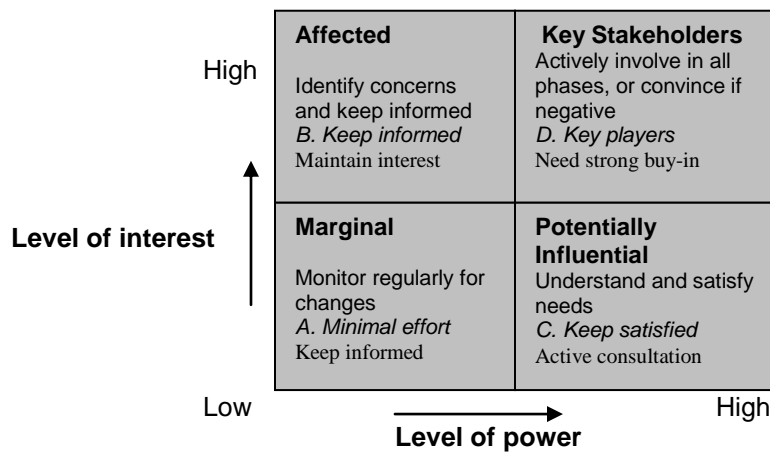


*Figure 7: Amalgamated stakeholder power/interest diagram, with three abbreviated management strategies added, adapted from OGC 2007, Tuman 2006 & Winch 2004.*

More detail strategies for ongoing management/engagement of program/project stakeholders will be discussed in a later paper.

**CONCLUDING**

The purpose of this article has been to develop a reasonably detailed checklist for identifying potential program/project stakeholders, and guides to classifying them, to help guide people who are interested in identifying and classifying stakeholders towards sources which examine some of these aspects in more detail.

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## About the Author

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**Alan Stretton** is one of the pioneers of modern project management.  He is currently a member of the Faculty Corps for the University of Management & Technology (UMT), USA.  In 2006 he retired from a position as Adjunct Professor of Project Management in the Faculty of Design, Architecture and Building at the University of Technology, Sydney (UTS), Australia, which he joined in 1988 to develop and deliver a Master of Project Management program.   Prior to joining UTS, Mr. Stretton worked in the building and construction industries in Australia, New Zealand and the USA for some 38 years, which included the project management of construction, R&D, introduction of information and control systems, internal management education programs and organizational change projects.  He has degrees in Civil Engineering (BE, Tasmania) and Mathematics (MA, Oxford), and an honorary PhD in strategy, programme and project management (ESC, Lille, France).  Alan was Chairman of the Standards (PMBOK) Committee of the Project Management Institute (PMI®) from late 1989 to early 1992.  He held a similar position with the Australian Institute of Project Management (AIPM), and was elected a Life Fellow of AIPM in 1996. He was a member of the Core Working Group in the development of the Australian National Competency Standards for Project Management.  He has published over 140 professional articles.  Alan can be contacted at alanailene@bigpond.com.au.