

Series on Effective Stakeholder Engagement¹

Stakeholder Identification and Prioritisation

By Dr. Lynda Bourne

Whilst the old adage ‘*you cannot manage what you cannot measure*’ may not be true in every circumstance, ESEI stakeholder management benefits from knowing who is in the community, understanding who is important, and deciding what do you need to do to improve the overall supportiveness of the people affected by your project, program or business activity (the work).

Applying disciplined **Stakeholder Analytics** is the key to efficient and effective stakeholder engagement. You start by establishing a baseline, and then decide who within the community is important at ‘this point in time’; and for these important stakeholders, what needs to be done to either maintain their support or improve their attitude towards the work. Subsequent reviews will tell you whether your engagement efforts are being successful; and if they are not working, alert you to situations where a change in approach is needed.

Analysing your stakeholder community will always involve a degree of subjectivity, but applying the ideas described in this article will go a long way towards establishing normalised data that can be relied on to inform actions and decisions.

Identification

The first step in developing an effective stakeholder register is simply identifying the people, groups and organisations that can affect, or will be affected by the work, including those who merely perceive they will be affected.

The process of stakeholder identification focuses on developing a complete list of stakeholders with their key attributes, including:

- A **unique name** (this may be a personal name, position/title or group name)
- Their **role** relative to the project
- Their ‘**direction of influence**’ relative to the Project Manager
 - Upwards (eg, management or the project control group)
 - Outwards (eg, suppliers, the general public, or government agencies)
 - Sideways (eg, peers and colleagues of the Project Manager – typically working for the same organization)
 - Downwards (eg, the project team, usually including contractors working as part of the team)
- Is the stakeholder **Internal or External** to the performing organization’s management and staff structure? Both the opportunities and the way of

¹ This series of articles on effective stakeholder engagement is by Dr. Lynda Bourne, Managing Director of Stakeholder Pty Ltd (Australia) and author of the books *Stakeholder Relationship Management* and *Advising Upwards*, both published by Gower (UK). Dr. Bourne is one of the world’s leading authorities on program/project stakeholder relations. Her author profile can be found at the end of this article.

communicating with internal stakeholders are likely to be different from the way communications are managed with external stakeholders.

- **Mutuality**; your assessment of what the stakeholder wants from the project and what the project needs from the stakeholder. Identifying and managing stakeholder expectations (requirements) are a key part of effective stakeholder management. Understanding what the stakeholder requires from the project helps in the negotiations to obtain the support the project needs from the stakeholder. To determine the two sides of mutuality you need to assess what is the stakeholder's:
 - 'Stake' in the project? The stakeholders stake may be financial, reputational, protecting or enhancing some 'right' or 'property' owned by the stakeholder, or simply positional.
 - Importance to the project? What does the project needs from the stakeholder?
 - Requirements from the project? What does the stakeholder expect or require from the project?
- **Contact information** for use in communication:
 - Email
 - Telephone
 - Address, etc.
- **Notes and comments.**

Developing this list can start with a document review, many stakeholders are identified in business cases, contracts, procurement documents, and the like. However, reviewing and completing the list is best done by a small team consisting of the Project Manager, a senior manager (possibly the Sponsor), the client (if possible), and one or two domain experts. A team of around 5 people with diverse experience and views of the work and its environment seems to work best.

The list should be completed, checked and reviewed before starting on the next step in the process, prioritisation.

Prioritisation

The ESEI way to assess the relative importance of stakeholders is by considering three factors, their:

- **Power** - is their power to influence the project significant or relatively limited?
- **Proximity** - are they closely associated or relatively remote from the project?
- **Urgency** - what lengths are they prepared to go to, to achieve their outcomes?

Ideally, the same team that developed the stakeholder list will (at their next meeting) rate each stakeholder (and documents reasons for these ratings) against the following scales:

Power, considered from the stakeholder's ability to impose changes:

1. A stakeholder at this level has a relatively low level of power (ie, cannot generally cause much change).
2. A stakeholder at this level has significant informal capacity to cause change (eg, a supplier with input to design, unions in respect to working conditions).

3. A stakeholder at this level has some capacity to formally instruct change (the key element is a formal right to be consulted or a right to approve elements of the design or works).
4. A stakeholder at this level has a high capacity to formally instruct change (ie, can have the project stopped).

Proximity, how close is the stakeholder to the work (people involved in the work need more management attention than people remote for the work):

1. A stakeholder at this level is relatively remote from the work (ie, does not have direct involvement with the project processes; eg, shareholders)
2. A stakeholder at this level is detached from the work but has regular contact with, or input to, the its processes (eg, clients and most senior managers)
3. A stakeholder at this level is routinely involved in the work (eg, part time members of a project team and external suppliers)
4. A stakeholder at this level is directly involved in the work (eg, full time team members and contractors working as a part of the team)

Urgency - Urgency is assessed by considering two separate components:

- The **Vested Stake** the stakeholder has in the work; this may be financial, emotional or reputational. A high vested stake means the person or group perceives they have a lot to gain or lose based on the outcome of the work. The range is 1(low) to 5(high):
 1. The *vested stake* of a stakeholder at this level is very low - has very limited or no stake in the outcome (eg, potential visitors to a new development).
 2. The *vested stake* of a stakeholder at this level is low - is aware of project and has an indirect stake in the outcome (eg, potential users of a new software system).
 3. The *vested stake* of a stakeholder at this level is medium - has some direct stake in the outcome of the work (eg, suppliers).
 4. The *vested stake* of a stakeholder at this level is high - sees its outcome as being an important benefit or threat (eg, senior managers involved in approving the project).
 5. The *vested stake* of a stakeholder at this level is very high - has great personal stake in the outcome of the work (eg, a vocal project champion or a committed client).
- The **Importance To** the stakeholder of the work: some stakeholders may have very little vested stake in a project but perceive it to be of the utmost importance to them: conversely a stakeholder may have a very high vested stake (eg, \$millions committed) but pay very little attention to the project. The level of 'importance' is assessed, based on how much effort the stakeholder is likely to expend to achieve its objectives (good or bad) for the project. The range is 1(low) to 5(high).
 1. The *importance* of the work to this stakeholder is very low - is unlikely to attempt to influence the project
 2. The *importance* of the work to this stakeholder is low - has the potential to attempt to influence project

3. The *importance* of the work to this stakeholder is medium - may be prepared to make an effort to influence project
4. The *importance* of the work to this stakeholder is high - is likely to make a significant effort to influence project
5. The *importance* of the work to this stakeholder is very high - will go to almost any length to influence project

The calculation of the stakeholder’s level of Urgency can be a simple addition of these two factors, or use a more sophisticated assessment similar to the matrix below (the three tables are sorted by the highlighted field).

Vested Stake	Importance To	Urgency	Vested Stake	Importance To	Urgency	Vested Stake	Importance To	Urgency
5	5	5	5	5	5	5	5	5
5	4	4	4	5	4	5	4	4
5	3	3	3	5	3	4	5	4
5	2	3	2	5	3	4	4	4
5	1	2	1	5	2	5	3	3
4	5	4	5	4	4	5	2	3
4	4	4	4	4	4	4	3	3
4	3	3	3	4	3	3	5	3
4	2	2	2	4	2	3	4	3
4	1	2	1	4	2	3	3	3
3	5	3	5	3	3	2	5	3
3	4	3	4	3	3	5	1	2
3	3	3	3	3	3	4	2	2
3	2	2	2	3	2	4	1	2
3	1	1	1	3	1	3	2	2
2	5	3	5	2	3	2	4	2
2	4	2	4	2	2	2	3	2
2	3	2	3	2	2	2	2	2
2	2	2	2	2	2	1	5	2
2	1	1	1	2	1	1	4	2
1	5	2	5	1	2	3	1	1
1	4	2	4	1	2	2	1	1
1	3	1	3	1	1	1	3	1
1	2	1	2	1	1	1	2	1
1	1	1	1	1	1	1	1	1

$$\text{Urgency} = \text{INT}(\text{SQRT}(\text{Vested Stake} * \text{Importance To} / 25) * 5)$$

The resulting level of ‘urgency’ implies the need for action by the project team; the results are:

1. There is little need for team action outside of routine communication.
2. Planned team action is warranted within the medium term.
3. Planned team action is warranted within a relatively short timeframe.
4. Urgent team action is warranted provided it can be accommodated within current commitments.
5. Immediate team action is warranted, irrespective of other work commitments.

Stakeholder Index Value

Based on these three factors (power, proximity and urgency), an ‘Index Value’ is calculated for each stakeholder – the higher the index, the more important the stakeholder. The relative value assigned to each factor should be weighted to adjust their relative importance based on the culture and political environment the work is occurring within. Politically sensitive

endeavours may weight urgency higher than power, simple internal projects are likely to assign a more significant weighting to power².

The prioritization of the stakeholders uses these Index values to arrange the stakeholders in order of importance and allocate a unique priority number. The higher the 'Index', the more important the stakeholder is at that time and consequently, the higher the priority.

This process deliberately ignores the supportiveness (or opposition) of the stakeholder; its purpose is to determine who is really important at this point in time. The next key step is visualising this data, to understand who is important at this point in time so that informed decisions can be made about where to direct the limited resources available for managing the stakeholder community to achieve the most beneficial outcomes for both the stakeholders and the work being managed.

² The index may be a simple addition of the values (with or without weightings) or use a more sophisticated calculation. The **Stakeholder Circle**® SIMS dB uses a normalised calculation so that the index values between different projects can be compared. Selecting different values will cause the Index to change, favouring a factor with a higher weighting over one with a lower weighting. For more on the calculations see:

<http://www.stakeholder-management.com/shopcontent.asp?type=help-9>

About the Author



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Dr. Lynda Bourne is Managing Director of Stakeholder Management Pty Ltd – an Australian based company with partners in South America and Europe. Through this global network she works with organisations to manage change through managing the relationships essential for successful delivery of organisational outcomes. Lynda was the first graduate of the RMIT University, Doctor of Project Management course, where her research was focussed on tools and techniques for more effective stakeholder engagement. She has been recognised in the field of project management through her work on development of project and program management standards. She was also included in PMI's list of 50 most influential women in PM.

She is a Fellow of the Australian Institute of Management (AIM) and a Fellow of the Australian Computer Society (ACS). She is a recognized international speaker and seminar leader on the topic of stakeholder management, the Stakeholder Circle® visualization tool, and building credibility and reputation for more effective communication. She has extensive experience as a Senior Project Manager and Project Director specializing in delivery of information technology and other business-related projects within the telecommunications sector, working as a Senior IT Project Management Consultant with various telecommunications companies in Australia and South East Asia (primarily in Malaysia) including senior roles with Optus and Telstra.

Dr Bourne's publications include: [Stakeholder Relationship Management](#), now in 2nd edition, published in 2009, [Advising Upwards](#) published in 2011, and [Making Projects Work](#), published in 2015. She has also contributed to books on stakeholder engagement, and has published papers in many academic and professional journals and is blogger for PMI's *Voices on Project Management*.

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