

Stakeholder Perspective and Effective Relationship Management¹

A series of stakeholder-centered short guidance articles for increasing delivered value and success rate of projects

Introduction to the Series²

by Massimo Pirozzi

Each project is made by people to be delivered to other people; stakeholders, i.e. people and/or groups of people, are therefore central with respect to all projects. Indeed, stakeholders, including the project manager and the project team, are the doers of the project, as well as other stakeholders, including customers/users, and shareholders/investors/funders, who would like to benefit of project results, are the target groups of the project itself. In fact, stakeholders contribute to projects' success in all respects: they are, at the same time, the greatest generators both of the value to be delivered, and of the complexity to be faced and solved, they affect the delivered value even arithmetically, through their positive, neutral, or negative behaviors, and their satisfaction is – of all evidence – the critical success factor in all projects. Definitely, the role of stakeholders is crucial to determine both effectiveness and efficiency of all projects.

Nevertheless, most of project management literature, and of consequent project managers' training, relegated stakeholders in a secondary role for almost twenty-five years. In fact, in the original PMBOK (Project Management Institute, 1987) the stakeholders were considered just as participants to the project, and not as the protagonists they effectively are, as well as their role was subordinated to the role of communications – among themselves ... may be that the concept of people, i.e. stakeholders, being subordinated to their behaviors, i.e. their communications, it is a bit peculiar – until, twenty-five years later, ISO 21500:2012 (International Organization for Standardization, 2012) determined that “stakeholder” was a “subject group”, and, right after, in the PMBOK Guide Fifth Edition (Project Management Institute, 2013), “project stakeholder management” was promoted to one of the “knowledge areas”. After that, we should expect to evidence an important improvement in project success rates, mainly due to an increased people-centered maturity both in project managers and in their

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organizations, which, in turn, could lead to significant improvements in both efficacy and efficiency of projects ... but, unfortunately, this did not happen.

In fact, it seems that the path towards project effectiveness and efficiency is a steep ascending route. Quite recent qualified surveys (Project Management Institute, 2018) do still confirm to us that, on average, almost one third of projects do not meet their original goals/business intent – meaning that a large percentage of projects are ineffective, since they do not satisfy their stakeholders' expectations – , and, moreover, almost one half of projects experience scope creep (Harold Kerzner wrote, with a certain fatalism: “there are three things that most project managers know will happen with almost certainty: death, taxes, and scope creep ...”) and/or time delays and/or cost overruns – meaning that an even larger percentage of projects are inefficient, since they do not correspond to their initial project/stakeholder requirements.

In addition, if we examine in depth the past trends of these dramatic data – what would happen if we were to submit to a potential funder of our project statistics like those shown above trying to use them as a support? – we discover that, with respect to the previous eight years, there were improvements of some percent only, meaning probably that the increasing maturity in project management of the organizations has been, in any case, partially counterbalanced by the continuously increasing complexity of projects. Indeed, it is a fact that there are two barriers, the first, on average, is about 70% of projects effectiveness, while the second, still on average, is about 60% of projects efficiency, which both seem insuperable, whatever the approach is – classic, agile, or hybrid.

Above unsatisfactory performances of projects are, of course, due to several complex factors, but if we want to improve both effectiveness and efficiency, it is essential to understand, via a systemic approach, at least the main cause/effect relations. Since objective data are evidently unavailable, the best information we have are those coming directly from the opinions of both project managers and executives communities (Project Management Institute, 2018) about, specifically, which they feel are the main causes of the projects' failures, and relevant results are – may be surprisingly for many – all related to stakeholder relationship issues. Indeed, the first five reasons of project failures that were stated (multiple answers were of course allowed) have been, respectively, 1) change in organization's priorities (39%), 2) change in project objectives (37%), 3) inaccurate requirements gathering (35%), 4) inadequate vision or goal for the project (29%), 5) inadequate/poor communication (29%).

Therefore, main causes that lead to unsuccessful projects seem to be strictly related to relationships with key stakeholders, which either are part of the domain of investors (e.g. sponsor, top management), or are part the domain of purchasers (e.g. customers, users), or, more generally, are included in one of the two above domains. In addition, it is very interesting to notice that common understanding is evidently that an additional focus is needed on initiating, implementing, and closing process groups, while almost everybody, in both project managers and executives communities, feel absolutely confident about handling both planning and controlling process groups, and this perfectly fits with

decades in which rational, document-centered, plan-driven approaches have been preferred to relational, stakeholder-centered, value-driven approaches, while the unique correct approach to target project success would be, of course, integrating both.

Definitively, both using the stakeholder perspective, and managing effectively the stakeholder relationships, are key factors to increase the success rates of projects, and, ultimately, their efficacy and their efficiency too, and this is the reason because this Article Series is entitled to stakeholder perspective and to effective relationship management.

The idea, and the expected goal, is to provide to the Readers some stakeholder-centered short guidance articles in order to outline a structured path for increasing effectiveness, delivered value and the success rate of projects. These short guidance articles will be:

1. *The central role of stakeholders in projects and in project management*
2. *Stakeholder identification and analysis of their expectations.*
3. *Project communications 1.0 and 2.0: from information to interactivity.*
4. *Basic skills and behaviors: personal mastery, leadership, teaming, and ethics.*
5. *Managing high levels of project complexity via stakeholder perspective.*

All contents will be extracted from my book "[The Stakeholder Perspective: Relationship Management to Increase Value and Success Rates of Projects](#)", CRC Press, Taylor and Francis Group, Boca Raton (FL), U.S.A., October 2019, where Readers, if they wish, can find insights and further information.

This Article Series is dedicated to Russ Archibald, extraordinary Master, Author, and Person, who was so kind to repeatedly validate and promote my papers, and of encouraging me greatly and affectionately to proceed in my researches on stakeholders.

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About the Author



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Massimo Pirozzi, MSc cum laude, Electronic Engineering, University of Rome “La Sapienza”, Principal Consultant, Project Manager, and Educator. He is a Member and the Secretary of the Executive Board, a Member of the Scientific Committee, and an Accredited Master Teacher, of the Istituto Italiano di Project Management (Italian Institute of Project Management). He is certified as a Professional Project Manager, as an Information Security Management Systems Lead Auditor, and as an International Mediator. He is a Researcher, a Lecturer, and an Author about Stakeholder Management, Relationship Management, and Complex Projects Management, and his papers have been published in U.S.A., in Italy, and in Russia; in particular, he is the Author of the Book “*The Stakeholder Perspective: Relationship Management to enhance Project value and Success*”, CRC Press, Taylor & Francis Group, October 2019. He has a wide experience in managing large and complex projects in national and international contexts, and in managing relations with public and private organizations, including multinational companies, small and medium-sized enterprises, research institutes, and non-profit organizations. He worked successfully in several sectors, including Defense, Security, Health, Education, Cultural Heritage, Transport, Gaming, Services to Citizens, Consulting, and Web. He was also, for many years, a Top Manager in ICT Industry, and an Adjunct Professor in Organizational Psychology. He is registered as an Expert both of the European Commission, and of Italian Public Administrations.

Massimo Pirozzi serves as an International Correspondent in Italy for the *PM World Journal*. He received two 2019 *PM World Journal Editor’s Choice Awards* for his featured paper “*Stakeholders, Who Are They?*”, and for his report from Italy titled “*PM Expo® and PM Maturity Model ISIPM-Prado®*”. He received also the 2018 *PM World Journal Editor’s Choice Award* for his featured paper “*The Stakeholder Management Perspective to Increase the Success Rate of Complex Projects*”.

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