Making Projects Work

Effective Stakeholder and Communication Management

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Introduction

The high point of my career in project management came in the late 1990s when I managed a project that really was successful. *Everybody* wanted it, and everybody was prepared to contribute to its successful implementation. My team and I received as much cooperation from all our stakeholders as we could desire. This project succeeded because everybody wanted the outcomes of the project and were prepared to collaborate with us to achieve them. They were willing to work with us to ensure that their needs were met—*and* they knew what they wanted.

My project was the development of an interface between the project management software selected by the organization (and loved by the project managers) and a corporate-wide enterprise resource planning (ERP) application.

THE COMPONENTS OF SUCCESS

The main feature contributing to the success of this project was the perception of how it would add value to the three main groups within the organization as well as to the vendors:

- *The finance and accounting community*: These individuals would benefit from an increasingly timely understanding of the expenditure incurred by projects expressed in a way that fitted the finance and accounting processes defined through the ERP system.
- *Senior management*: Senior management would benefit from more timely and accurate data about revenue and expenditure. This was part of the reason for the original decision to implement ERP so that the organization could keep track in a more timely fashion of revenue and expenditure in a way that best suited its reporting needs (internal and external). Senior management also appreciated more timely data on the progress and effectiveness and efficiency of the project.
- *The project team*: These individuals would benefit by avoiding duplicate data entry. Simply by the routine maintenance of time and cost

needed for the day-to-day management of the project, the new inter-face provided the ERP with useful organizational data.

- *The suppliers of the project management software*: These suppliers would benefit from contractual arrangements that allowed this company to market the interface as an additional solution for clients who have purchased the ERP software.

Kahneman (2011) defined success as a combination of hard work, skill and knowledge, and luck. This was also the case with this project—and any project. We learn so much from failure: In the world of projects, there are plenty of opportunities to learn. We also need a few successes; the memories of these successes are what enable us to continue to work on projects.

Those in the project management profession, both practitioners and academics, continue to seek to understand the factors that are essential to project success.[*] Many hypotheses have been developed; they all have merit but still do not answer the question, Why are we not learning from the past? At the time of writing, the spotlight was beginning to focus on relationships, the people side of planning, execution, and implementation of the outputs of the project or other organizational activity. This was my experience with the ERP interface—even though all stakeholders were supportive of the project's outcomes, we still had to communicate to share information and to build relationships.

Experienced project managers still love to return for new project "challenges," and a little self-deception goes a long way. The cultural myths of organizations and project management allow executives and governors of organizations to believe their own wishful thinking or the unrealistic promises made by proposers of something new. Management within the organization continues to delude itself that this time it will be different[†]—and so does the project manager.

This facility of self-deception is how we are able to take on challenges such as complex, difficult projects knowing (from the last time) that there will be minimal support and many issues standing between the project manager and team and acknowledged success of the project. The generation of such false beliefs is a function of how the brain makes sense of the

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[*] My research boundaries were from Pinto and Prescott (1990) to Samphire (2014) at the time of writing this book.

[†] The saying "insanity is repeating the same mistakes and expecting different results" has been attributed to Albert Einstein (but there is no reference to support it). Whoever said it clearly understood the nature of self-delusion.

environment. It is also a function of hope and optimism that excites us as we contemplate the unknown or the semi-unknown.

There are still many questions to be addressed: Who is responsible for managing the realization of the benefits to achieve the outcomes that will provide value to the organization? What are the boundaries of a project and therefore the boundaries of a project manager's responsibility? Defining the project boundaries provides clarity for the project team and the project's stakeholders. With this definition, everyone in the organization is clear on all the roles and responsibilities necessary for successful delivery of the project outcomes. If the boundaries are too restrictive, opportunity for the project manager to influence how the project is planned and implemented are also restricted.

The purpose of this book is to explore project relationships in the expectation that it will be read by project management students, practitioners, and possibly even those who have a project role as stakeholder, with a view to creating a pragmatic framework for routinely achieving project success.

Chapter 1, Making Projects Work, introduces the idea of the organization's communication ecosystem where information flows freely and readily within and among all the layers of the organization. Communication is the tool that builds and maintains relationships within the organization. There is a strong connection between these relationships and successful outcomes, particularly in the realm of programs and projects, because *projects are done by people for the benefit of other people*. To be successful, the relationships between the people involved in programs or projects (stakeholders) must be robust, sustainable, and effective. The involvement of stakeholders from all levels both within and outside the organization within the framework of the communication ecosystem is required to make projects successful.

In attempting to define how this might work, the rest of the chapter contains a discussion of the current state of thinking about how to make traditional project management more effective. Should we be defining the boundaries of a project in a different way? Should we be thinking about project success as more than delivering the project's output within time and budget constraints and to required scope and quality? By redefining how we think about projects and their function within the organization, we may also be able to improve the conditions in which projects are constructed and implemented. This redefinition includes recognizing the importance of the communication ecosystem and the role that everyone within that ecosystem must play to achieve value for the organization. It examines the culture

of project management as it is understood today—testing the commonly accepted beliefs about how project management should be performed and how the project manager should conduct the work of the project to deliver value to the organization.

Chapter 2, Stakeholders and Organizational Value, explores the importance of the relationships with the project's stakeholder community as keys to project success. The focus of this chapter is to define the stakeholder community and develop an approach to building those essential, but often unstable, relationships. Until the stakeholder community is known, efforts for meeting stakeholder expectations and building relationships with them will be less than effective. The task of defining the project's stakeholders depends on understanding who can be stakeholders. By revisiting the work of Freeman et al. (2010), the connection between the success of the organization and shareholder value is broken, and a stronger link between organizational success and delivering *stakeholder value* is proposed.

Definitions of stakeholders are discussed as a starting point to identification of the members of the project's stakeholder community, followed by descriptions of communication approaches to engage them. Effective stakeholder engagement delivers value to the organization and to the stakeholders and supports the work of the project in delivering successful project outcomes that add value to the organization.

Chapter 3, Focus on Leadership: Theories for Leading and Managing describes the theoretical underpinnings of leadership: What are the characteristics of effective leadership? The successful project manager needs to *be* a leader (of the team) and *understand* what a leader of stakeholders from all parts of the organization and outside does and must do. This chapter is a broad brush of theoretical approaches. Leaders may consciously or unconsciously use different approaches depending on their personality or considered responses to current circumstances or the characteristics of the stakeholder groups. A leader or potential leader can learn from the many different approaches defined in leadership theory, selecting the approaches that best fit the leader's circumstances or the current situation to meet the needs of the followers or the project.

Chapter 4, Focus on Downwards: *The Practicalities of Leading the Project Team*, begins the detailed analysis of the project's stakeholder community. Team members (and an organization's employees) are stakeholders—in many ways the most important stakeholders. They contribute to the success of the project through their knowledge, skills, and contribution to the work. For optimal contribution, they need an effective work environment.

This is the leadership role and responsibility of the project manager. The effective leader selects the appropriate style and behaviors to meet the needs of the team within the framework of the organization's culture and the type of project. At best, the leader's actions and behaviors foster collaboration and cooperation and minimize the distractions of conflict.

A team is formed when each team member is operating within an interdependent set of relationships with the other team members. Success depends on each member taking responsibility for the team's success, both individually and together as a team. In addition, success of the team depends on the actions and behaviors of the leader in creating an environment that nurtures the team members' interdependence and effective working. Included in this chapter are discussions of the more practical aspects of leading and managing downwards, such as the emotional intelligence (EI) of individuals and teams. Theories of team formation and suggestions for practical interventions in the process of team formation may reduce conflict and increase the effectiveness of the team's work. The essential skills for engaging downwards stakeholders—motivation, giving feedback, and managing conflict—are discussed.

Chapter 5, Focus on Managing Upwards, provides a perspective, and some guidelines, for understanding the project's senior stakeholders that will assist in developing credible and effective relationships with these stakeholders. The leadership theories described in Chapter 3 will also prove useful in helping the project manager understand the roles, responsibilities, and motivations of the senior stakeholders. A description of the "manager's dilemma" will help to build empathy through understanding the pressures of the roles and responsibilities of senior stakeholders.

Some of the most common problems facing the project team when dealing with senior managers are identified and guidelines offered to assist with building a reputation of credibility, dealing with difficult people (bosses), and learning to say 'no' to senior stakeholders.

Chapter 6, Focus on Sidewards *and* Outwards *Stakeholders,* describes and analyses relationships between the project team and the final two types of stakeholders: *sidewards* and *outwards*. Sidewards stakeholders are the peers of the project manager, and outwards stakeholders are all of the other stakeholders outside the project—the list is long, but includes government, suppliers, end users, and the public. Sometimes, it is not possible to directly influence these relationships, and other options become necessary, such as building alliances with third parties, utilizing networks to influence stakeholders that the project manager or team are not directly connected with,

or negotiation. Discussion of the theory and application of negotiation techniques will assist the project team to acquire scarce resources and support for the project from peers, "outsiders," and senior managers.

Chapter 7, Culture and Other Factors that Influence Communication, attempts to answer the question, "What makes us who we are and how we operate in our social world?" The answer lies somewhere in a complex web of our own "reality" formed by how our brain makes sense of our experiences, our culture, and our gender. It influences how we live, work, and relate to others. Within the work environment, the culture of organizations also affects the project and its stakeholders and often defines the methods and formats of formal communication with stakeholders.

What we "perceive" and how we make sense of that will also be affected by our personality and our preferences. The complexity of the multiple influences of culture must be understood to the extent that we are aware of cultural or personality differences—our own and other stakeholders—without making the mistake of assuming that we can then predict how any particular stakeholder will prefer to receive information or what the nature of that relationship will be. Understanding the complexity of these influences is necessary to make us aware of the variations within the stakeholder community that we must address when developing communication strategies and plans.

Finally, *Chapter 8, Communication,* does not describe processes or define forms—that information can be sourced from many different places. What this chapter does provide is guidance on developing the appropriate messages to meet the needs of the project and its stakeholders. Included in the chapter are the foundations of communication: the three types of stakeholder communication (reporting, project relations [PR]), and directed communication; a definition of communication; and descriptions of the mechanisms of communication. The communication strategies developed will take into account the type of stakeholder and the aspects that make each stakeholder unique, such as the different cultures, personalities, and expectations of important stakeholders. Finally, ways of measuring successful (and effective) communication are described.

About the Author

Dr. Lynda Bourne FAIM, FACS, PMP is a senior management consultant, professional speaker, trainer, and an award-winning project manager with more than 30 years of professional industry experience. She is the CEO and Managing Director of Stakeholder Management Pty Ltd focusing on the delivery of stakeholder engagement and other project- and organization-related consultancy, mentoring and training for clients worldwide. Her career has combined practical project experience with business management roles and academic research to deliver successful projects that meet stakeholders' expectations.

Lynda Bourne is a member of the International Faculty at EAN University, Colombia, teaching in the Masters of Project Management course and is also visiting International Professor in the Master's program at the Faculty of Exact Sciences and Innovative Technologies, Sholokhov Moscow State. The modules she teaches are focused on stakeholder engagement, communication and leadership.

Dr. Bourne is a Fellow of the Australian Institute of Management and a Fellow of the Australian Computer Society. She was awarded PMI Australia's "Project Manager of the Year," and was included in PMI's inaugural list of the "25 Influential Women in Project Management."

Lynda is a recognized international author, seminar leader, and speaker on the topic of stakeholder engagement and the *Stakeholder Circle* visualization tool. Her book *Stakeholder Relationship Management: A Maturity Model for Organisational Implementation* (Gower, 2009, 2011) defines the SRMM® model for stakeholder relationship management maturity.

She has presented and has been a key speaker on stakeholder engagement practices to audiences in the IT, construction, defense, and mining industries at meetings, workshops and conferences in Europe, Russia, Asia, Australasia, South America, and the Middle East. She edited the book *Advising Upwards* (Gower, 2011) containing practical advice for

those seeking to influence their senior stakeholders. She presents workshops regularly in the government sector on stakeholder engagement and project governance.

Dr. Bourne is a member of the Core Committee for PMBOK 6th edition; her contribution is on the stakeholder and communications knowledge areas.

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INTRODUCTION

Projects are performed by people for people; the key determinant of success is the relationships between the project team and other people involved in the project, collectively the project's stakeholders. This web of relationships will enable or obstruct the flow of information between people and, as a consequence, directly affect the ability of the project team to achieve the project's objectives and the organization's outcomes.

Projects do not exist in isolation; the communication ecosystem that supports the project is developed by the organization and extends beyond its boundaries to the wider community. A constructive ecosystem is formed by the combination of the organization's support framework and the development of a collaborative culture that recognizes that project success is everybody's business. This chapter focuses attention on successful project delivery through development and expansion of this communication ecosystem.

In a perfect communication ecosystem, the "right" messages will be communicated upwards, downwards, and across the organization to provide people with the information needed to make the right decisions at the right time. The design of the organization's culture and structures to support the communication ecosystem should encourage open and authentic exchange of information within a supportive framework. Within this structure and culture, the ability of people to collaborate effectively for project success is defined by their relationships and their ability to communicate effectively with each other.
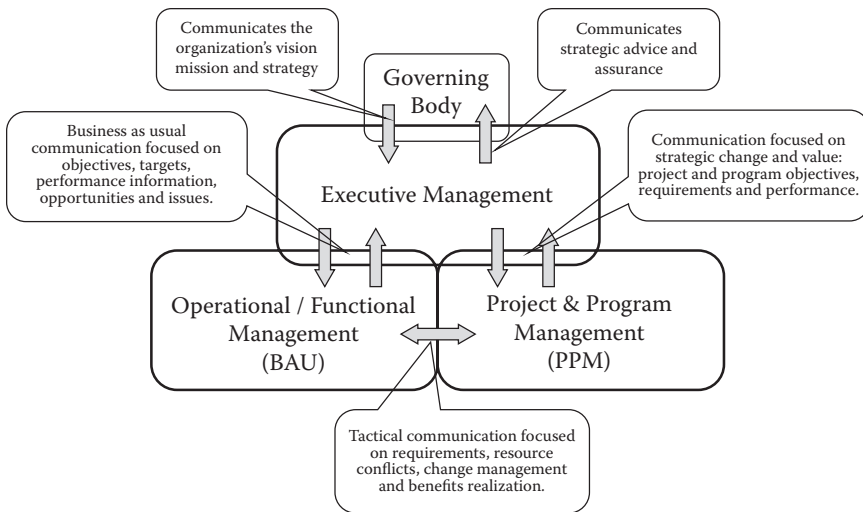
FIGURE 1.1

The communication ecosystem.

THE COMMUNICATION ECOSYSTEM

Figure 1.1 illustrates the communication roles necessary for the effective functioning of the ecosystem. First, the governing body—the executive of the organization or the "governors"—develop the vision, mission, and strategy of the organization and communicate it to the people in the organization. These strategic messages include processes and instructions that assist compliance and reporting mechanisms that provide direction for the organization's management. The various layers of management will then communicate the appropriate strategic advice to the levels below and provide assurance back to the governing body that the vision, mission, and strategy are understood and receive compliance.

Management provides oversight and directs the activities of those working in the operational areas (business as usual, BAU) or project and program management (PPM). It is through the funded and approved project management activities that changes to BAU are performed. Communication downwards to the PPM is in the form of requirements, objectives, and performance standards needed to implement the strategic changes necessary to realize value to the organization. The communication downwards to BAU management will be in the form of objectives, targets, performance

information, issues, and opportunities. Communication from both these groups upwards will consist of progress information against the project objectives and requirements and any other information necessary to provide assurance that the work is proceeding according to the expectations of the executive and management groups. Communication between the PPM area and the BAU area will be focused on efficient working relationships and transition from PPM to BAU operations. Information about stakeholder requirements, resource conflicts, change management actions and reporting, and benefits realization will be essential communication in this area. Understanding how the ecosystem operates for effective delivery of the organization's vision, mission, and strategy and operating effectively within it is essential for project success.

In today's organization and communication environments, there are often gaps in the structures and culture needed to build the communication ecosystem described. To close these gaps, organizations need to continue to enhance their ecosystem through improvements in the structures and processes of corporate governance and the strategic management of projects (project governance). Further improvements can be achieved through redrawing the boundaries of the project itself and thereby redefining the responsibilities of the project manager.

This chapter lays the foundation for the more detailed analysis of effective practices of stakeholder engagement and communication covered in subsequent chapters. These practices provide the foundation for delivering successful project outcomes by creating an effective communication ecosystem.

The first section of this chapter defines terms used to describe the outputs of the project and its connection to the processes and practices that provide value to the organization. The second section describes the framework that can deliver the communication ecosystem. These are the structures and communication systems of corporate governance, strategic project management (project governance), and the project itself. The next section proposes that project success is everybody's business, with descriptions of how project managers can create an atmosphere of high performance through using communication strategies specifically designed to create the most appropriate communication ecosystem for project people to work in. The final section is a reality check: what the state of project management is today and what needs to occur to expand or modify the accepted view of project management to move toward the perfect communication ecosystem.