

Looking For Project Success?

First know your Product Type and then your stakeholders!

This paper by R. Max Wideman was first published as part of Chapter 17
In *A Field Guide to Project Management*, 2nd Edition, edited by David I. Cleland
And published by John Wiley & Sons, Inc. New Jersey, 2004.

The original paper has received minor updates and is published here August 2015.

Introduction

The classic measure of project management success is "On time, and on budget and meeting specifications". Important though these criteria are, the real measure of project success is the level of "customer satisfaction" in the final product. How this is achieved depends very much on the type of product and this has a direct bearing on the best way to manage that particular project. So, there are several significantly different types of projects and the following are some examples:¹

- A project that results in a tangible product and is the result of craftwork, such as traditional building construction, i.e. traditional project management.
- A project to develop a new physical artifact resulting from intensive intellectual work, such as a new invention.
- A project in which the value of the product is really intangible but nonetheless is the result primarily of craftwork such as updating and editing a procedures manual.
- A project in which the value of the product is in its intangible and intellectual property, such as the development of new software.

Note that there are two dimensions at play here. Firstly, resulting products the value of which are in *tangible* assets, versus physical entities but the value of which are in their *intangible* properties. Secondly, there are products the creation of which requires primarily *manual* effort, versus those that require primarily *mental* effort. Thus we have a fundamental four-cell matrix consisting of project outputs that are solid or soft involving brain or brawn.

Each of these four kinds of projects is very different and needs different project management approaches because of the people involved. So, it is a good idea to identify these respective project stakeholders, especially during early project planning and, based on the findings, develop a list of related Key Success Indicators (KSIs) that reflect their reasonable expectations.

KSIs are project management indicators that should be identified at the beginning of the project; listed in order of priority; reflect directly on the perception of the project's product; and provide the basis for trade-off decisions during the execution phases of the project. Needless to say, KSIs should be measurable in some way, on some scale and after a relevant period of product time-in-use. Note, however, that KSIs should not be confused with so-called Critical Success Factors (CSFs).

CSFs are generally those factors in the project and organizational environment that contribute towards project success, or otherwise militate against it. They are typically an integral part of the project's environment and generally beyond the control of the project team. Certainly, they have a significant impact on the way some of the stakeholders think, and positive examples include: active management or public support; favorable labor or economic conditions; and sufficient time and/or budget to complete the work. In contrast, KSIs are essentially pro-active and within the planning and control of the project team. They measure the way people think about the results of the project.

For example, a major objective on a particular public engineering project could be a political one to create local employment. However, the real value of the project is in the facility's cost-effectiveness over many years in service. For this project, the use of labor would be preferable to the use of plant, especially where the total real costs are about the same. Given established and prioritized KSIs, it should be possible to observe if the success focus changes and shift direction accordingly. For instance, market conditions or ownership may change during the project leading to a new vision. Attention to relevant KSIs avoids a short-term project success becoming a white elephant in the long term.

Who are the Stakeholders?

Stakeholders can be many and various and called by different names. For example:

- Project owner, client, customer, or financial source;
- Project sponsor or director;
- Program manager, project manager, leader, or coordinator;
- Project team, group, or workforce;
- The project's users;
- Authorities having jurisdiction;
- Professional and business groups;
- The public, tax payers;
- The media;
- Special-interest groups.

Networking with these stakeholders occurs under two very different types of conditions. The first condition is if the project is undertaken entirely within the sponsoring organization, i.e. internally, usually for its own internal purposes. The second is if the project is undertaken for an outside client and involves some form of legal contract or agreement. We will discuss each in turn.

Internal Projects

Many organizations undertake projects entirely in-house for their own benefit. Typical projects include information systems and technology changes, organizational changes, or even the addition to physical plant. Whatever the project, it is vital to ensure that the project's stakeholders are all identified and brought into the network of contacts. If the project is to be successful, all must be fully committed and behind the project for its duration, even at the expense of some disruption to their own on-going work.

The project manager is obviously an important stakeholder and from his or her perspective the most important stakeholders are the project's owner or sponsor, possibly a departmental or division head. These are the project manager's clients. Note, however, that the owner and the sponsor of a project are not necessarily the same people. The first may provide the money while the second provides the overall direction usually in the interests of the users. Hopefully, both have the same goals in mind.

Nevertheless, the project owner is the ultimate beneficiary of the fruits of the project. The project owner is the one who will pay the bill, though the money to support it may be borrowed from someone else.

Therefore, the project manager must ensure that:

- Project objectives are clearly spelled out
- Project concepts are effectively developed and planned
- The project itself is efficiently executed and
- The project is properly transferred back to care, custody and control of the owner on completion

The problem with this scenario is that a group, rather than one individual, represents many project "owners". That is, the project owner may be an executive committee, company board, or even the company's shareholders and this does not make for the easy and rapid communication that the project manager needs to run a project efficiently. That is why the position of project sponsor, or project director, is an invaluable one holding, as it should, a more focused, liaison position. Indeed, if the project does not have a specific sponsor, it is a good idea for the project manager to lobby to have one as soon as possible. This is true no matter how brief or small the project is. The project manager should ask, "Who is my direct contact person?" and the answer to that question is the de facto project sponsor.

From the corporate perspective, project sponsor or director is the individual employee who holds the authority and responsibility to act for the corporation on the project. At first glance, it may appear that a project sponsor duplicates the efforts of the project manager but even on a small, short project, a well-briefed project sponsor can improve communication without any overlap of responsibilities. That is because the project sponsor's job is to:

- Participate in senior management's overall project prioritization and resource allocation
- Establish the project's level of priority and maintain that level of management's interest in the project
- Alert the project manager if circumstances, economics or the environment changes and, if necessary, arrange to either accelerate, slow down, redirect or even abort the project
- Have oversight responsibility for the project's progress, control, and successful delivery
- Report progress to upper management

This is a vital role and one that can greatly relieve the burden on the project manager, whose primary responsibility is to manage the work of the project.

Hidden Stakeholders

It is rare for a complete list of stakeholders to be identified at first pass. Unsuspected stakeholders have a habit of popping out of the woodwork at inconvenient times, often with very negative attitudes because they were somehow overlooked. A checklist of stakeholders of internal projects will typically include:

- People recruited directly to work on the project team
- People seconded to the project, full time or intermittently, who normally work for other departments
- Managers of those other departments who will be contributing human resources or services to the project, sometimes reluctantly at first
- People who represent other departments because the project will affect those departments. These people may be the users or operators
- Representatives from other remote-location divisions, subsidiary companies or even overseas branches, who will be affected by the project or required to conform to it
- Other project managers and their teams working on different projects within the organization but who may be competing for the same resources

In each case, it is the project manager's job to get these individuals enthusiastic about the project, and contributing their best. It is a question of motivation. The project manager can greatly improve working relationships with these stakeholders through several personal strategies. The following are some suggestions:

- Invite people to join the project team, with the option of turning down the offer without fear of retribution. A person, who joins the team voluntarily, as a privilege or opportunity, will do so with a positive attitude and will offer his or her best.
- Interview every team member, preferably individually, to ensure everyone's support for the project. If support is lacking, bring out and resolve obstructing issues.
- Sell managers of the functional departments, who will be contributing people or services to the project, on the project importance and relative priority within the enterprise.
- Have users form their own users' group, particularly if the users will be many and various. The group can then have a designated spokesperson formally representing them on the project team. This tactic may or may not be successful depending on the following:
 - The perception of isolation
 - The extended line of communication
 - The potential lack of discipline in conforming to the project timetable

This issue of discipline may require the intervention of the project sponsor. If other project managers are competing for the same resources, form a project managers' coordinating-committee. If this group is unable to agree, then call on the project sponsor to resolve the issue with senior management. While these recommendations require the project manager's personal and individual attention and can be very time-consuming, it is well worth the effort.

Keeping Internal Stakeholders on Your Side

Having recruited members to the project team, the next step is to form a viable working group. It is a question of team building covered in detail in this book in Section V: "Team Management". However, a few pointers are worth mentioning here in the context of motivating stakeholders:

- Make sure that the project is in alignment with the enterprise's strategic objectives. An excellent approach to this end is the Hierarchy of Objectives tool described by Robert Youker² in his paper *Defining the Hierarchy of Project Objectives: Linking Organizational Strategy, Programs and Projects*.³
- Decide on and maintain an appropriate level of stakeholder involvement, particularly for those who are not directly involved in the project team.
- Start the team-building process by holding a project start-up workshop including both the principal stakeholders and those who will be doing the actual work. A checklist for this workshop should include:
 - Description of existing situation
 - Goals and objectives of the project, or problems the project is designed to solve
 - Consequent assumptions, benefits, risks, and constraints
 - Tentative overall schedule and work plan or operating mode
 - Allocation or delegation of responsibilities
 - How communication will be conducted, formally and informally
 - Technical interactivity expectations
- Working as a team, develop the project intent into a viable scope-of-work that obtains buy-in to the project's objectives

- Similarly, list the project's KSIs such as:
 - Reduced customer complaints as measured by the number of entries in the complaints log
 - Improved processing of accounting as measured by time to invoice
 - Improved product quality as measured by reduced mean time between failure
 - Better public image as measured by increased positive publicity and reduced negative publicity
 - Improved profitability as measured by reduced processing costs
 - Better market penetration as measured by increased market share
- Encourage full and part-time team members to continue doing their best by maintaining a positive project culture. This requires the following:
 - Maintaining visible, clear and consistent objectives, that are understood and well worthwhile
 - Ensuring open, honest, accurate, and continuing communication
 - Demonstrating evident benefit to individual team members by way of experience and/or enjoyable effort
 - Rapid removal of obstacles to performance
 - Visible recognition and reward for excellence

External Projects

External projects are those undertaken by the organization for an independent client or, alternatively, by an external project management company for the sponsoring organization. Either way, the project is the subject of a legal agreement and, since the parties are otherwise independent of one another are said to be "at arm's length". The presence of a legal agreement tends to put project management's emphasis on the external stakeholders. However, the internal stakeholders should not be overlooked and should still be treated as described in the previous section.

The following recommendations are written for a public construction project, but it is not difficult to apply the principles to other types of project with appropriate changes in wording.

Why External Project Stakeholders are Different

There is a big difference in external project stakeholders. This is because all communications in an external project are subject to the terms of the legal agreements involved and external projects characteristically include many public stakeholders.

Jack Lemley, formerly chief executive of Transmanche-Link (TML), had this to say about image versus reality in managing the immense English Channel tunnel project:⁴

"Today, managing the public image of major civil engineering projects is at least as important as managing their physical creation. Poor public perception can damage or stop a project as surely as bad ground or shortage of labor and materials. The Channel Tunnel is a classic example: for much of its formative period it existed in an often-destructive climate of adverse public opinion. Most of this was avoidable but it resulted in the project team spending much of its time fighting a rearguard action rather than simply getting on with the job."

Therefore, it is quite wrong for the project manager to think that the client is the only real stakeholder to worry about. For example, on a construction project there are many stakeholders involved.⁵ They may include the following:

- Prime contractor
- Subcontractors
- Competitors
- Suppliers
- Financial institutions and bonding companies
- Government agencies and commissions; judicial, legislative and executive bodies.

Of course not all these turn up on every construction project, but many of them do. Figure 1 shows the potential complexity of this type of project.⁶

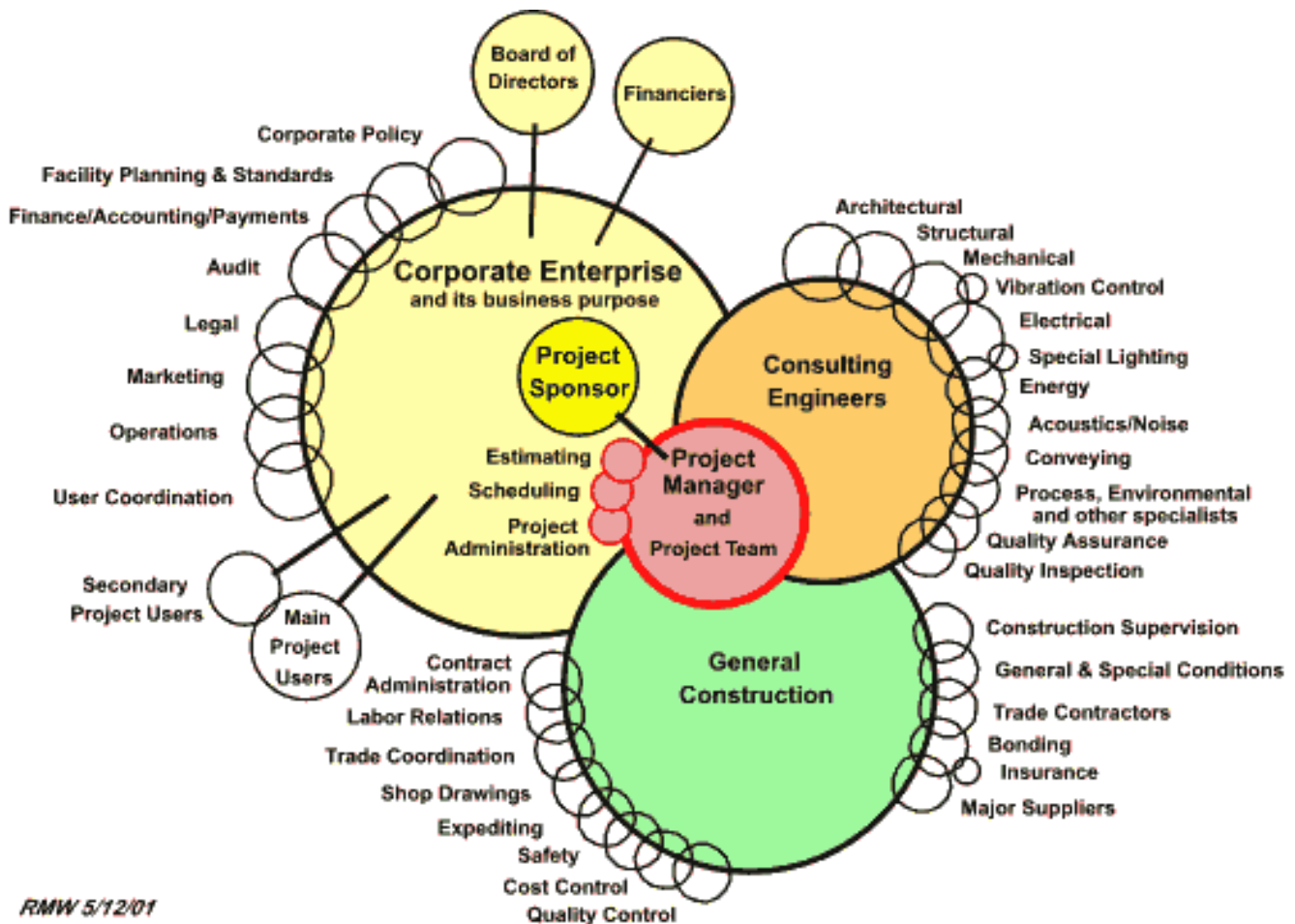


Figure 1: Typical "Stakeholders" in a Construction Project

Just as important are the members of the public, some of whom can have a significant influence over the course of the project and the project management process. They may include the following:

- The local community that is affected by the project
- The general public, often represented by advocacy groups, such as consumer, environmental, social, political, and others

These people are not stakeholders in the sense that they have an invested stake in the project and expect to get money out of it. Rather, they have a stake in the project because they are affected by its results and/or can have varying degrees of influence over its conduct. In this case, perhaps constituent is a better label than stakeholder for describing such people.

Through various legislations, members of the public can have the power to stop the project entirely if their concerns are not heeded and give appropriate consideration. Therefore, even on medium sized projects, project managers should give some attention to the project's public.

How to Identify Public Stakeholders

The following are recommended steps to identify a project's public stakeholders or constituents.

1. Examine the environment

The first step is to examine the public environment surrounding the project. Identify any individual or group, who may be affected by the project, or even have an influential opinion about it. An excellent starting point is to hold a project team brainstorming session for this purpose. This has several benefits.

- It enables people to contribute ideas and suggestions from their knowledge and experience of local conditions and politics.
- It may be one of the first opportunities for members of the project team to show they can make a positive contribution.
- The process starts the feeling of community of interest in the project.
- The process is fun and the project manager can put the results to good use.

If the project is significant, the project manager might seek expert advice after the brainstorming exercise.

2. Determine the type of influence

The second step is to sort the findings into groups according to the type of influence each may have. These can be described as:

- Those who come into direct contact as suppliers of inputs or consumers of outputs
- Those who have influence over the physical, infrastructural, technological, commercial, financial, socioeconomic, or political and legal conditions
- Those who have a hierarchical relationship to the project such as government authorities at local, regional, and national levels
- Those individuals, groups and associations, who have vested interests, that are sometimes quite unrelated to the project, yet who see the project as an opportunity to pursue their own ends.

3. Categorize the level of influence

The third step is to categorize each group according to the level of influence they may have over the project. The following are examples:

- Those over whom it may be possible to exercise some degree of control by way of compensation
- Those who can be influenced by some form of communication
- Those who need to be appreciated and, if necessary, planned for

4. Gather information

This fourth step can be systematized. The following questions should be asked when developing stakeholder information:⁷

- What do you need to know about each stakeholder?
- Where and how can you obtain the information?
- Who will have responsibility for gathering, analyzing, and interpreting the information?
- How and to whom will you distribute the information?
- Who will use the information to make decisions?
- How can you protect the information from misuse?

It is quite possible that some of the information collected will be sensitive material. Also, do not assume that all stakeholders and constituents operate ethically. So, treat all information as if it were sensitive and possibly questionable. This poses a problem for some government operations, which may be subject to the requirements of a Freedom of Information Act (FOIA). In any case, project managers should observe strict security over the information to avoid undermining the integrity of the effort.

The following is a summary of typical sources of stakeholder information:⁸

a. Internal

- Project team members
- Key managers
- Customers and users
- Suppliers
- The professional associations of members of the team
- Articles and papers presented at professional meetings
- Trade associations of those directly involved

b. External

- Local press
- Trade press
- Annual corporate reports
- Public meetings
- Government sources
- Business periodicals such as *The Wall Street Journal*, *Business Week*, and *Forbes*
- Business reference services such as *Moody's Industrial Manual* and *Value Line Investment Survey*

5. Use the information gathered

The final step after gathering the information is to do something with it and this is probably the biggest challenge of all. If the project is small, project managers can share the communication workload among members of the project team. Each team member can assume responsibility for specific areas and groups. By maintaining stakeholder and constituent linkages in this way, the project has the best chance for ultimate success. The project manager should see that respective responsibilities are documented in a project communication plan.

If, however, the project is not so small then a more elaborate approach is necessary. For these situations, see the companion paper: *Achieving Success on Large Projects through Public Relations*.

¹ Shenhar, A. J. & Wideman, R. M. *Towards a fundamental differentiation between projects*. Research paper under development, University of Minnesota, 1996

² Youker, Robert. *Defining the Hierarchy of Project Objectives: Linking Organizational Strategy, Programs and Projects*. See <http://www.maxwideman.com/guests/hierarchy/abstract.htm>

³ You can find Robert Youker's paper at <http://www.maxwideman.com/guests/hierarchy/abstract.htm>

⁴ From *Civil Engineer International*, April 1996, p34

⁵ Cleland, D. I., *Project Management: Strategic Design and Implementation*. Blue Ridge Summit, PA: TAB Professional Reference Books, 1990, p105

⁶ Wideman, R. M., *Cost Control of Capital Projects*, Vancouver, BC: BiTech, 1995, p1-6

⁷ Cleland, *Project Management*, p107

⁸ *Ibid*, p108