Rethinking Construction Stakeholder Management
In the Construction Industry

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Agenda

• Do Construction projects fail?
• Decreasing the chances of failure
• Increasing the chance of success
  • Whatever ‘success’ means
• The Stakeholder Circle™ methodology
• Applying the methodology
Do Construction projects fail?

Wembley Stadium
Wembley Stadium

• Commenced September 2002 for FA Cup final 2006
  – March 2006 a loss of £106million
  – One month (!) behind schedule
• Multiplex:
  – “Change of steel contractors”
  – “Global steel shortages and rising prices”
• Other analysts:
  – Multiplex bid too low to get the work and expected contractors and suppliers to also accept low costs
• Safety – one worker killed; other incidents (falling beam) stopped work

Sydney Opera House
Sydney Opera House

- Opened in 1973
  - The Opera theatre was reported as an “aesthetic and acoustic disaster.”
- Engineering technology unproven
  - Utzon did not plan or document the project – ‘keeping it all in his head’
- Vision took time to realise causing delays and cost escalations
  - 10 times the original estimate: A$102 million
- Change of Government caused Utzon to leave the project and Australia
  - The designs were significantly changed

Success or Failure?

- Over time over budget
- Success or failure?
- The element of time
- What changes?
- Perception
  - Of public
  - Of analysts
- Stakeholders
Stakeholders Defined

Stakeholders:

- Individuals or groups who:
  - May have an interest in the outcomes of the project
  - May have rights or ownership
  - Can contribute through knowledge or support
  - Are impacted by, or can impact the outcomes of the project

Why Stakeholders matter

- They giveth and they taketh away!
  - Money, people, support
  - Without funding ….
- Without the right team members…
- Without practical support and advocacy…
  - But their influence and involvement fluctuates
Managing Stakeholders

How to understand:
• Who are stakeholders?
  – At any particular time in the project
• Who are key?
• What are their expectations?
• How to build and maintain relationships
  • Support
  • No sabotage

The Stakeholder Circle™

A methodology supported by software
• Shows a project’s or organisation's unique stakeholder community
  – Identifies key stakeholders and their needs and expectations
  – Allows/supports analysis of this community
• Supports development of appropriate communications strategies
The Methodology

1. Identifies all stakeholders
   – For any particular time
2. Prioritises these stakeholders
3. Maps the key stakeholders
4. Supports the project team develop an engagement strategy
   – For all identified stakeholders
5. Provides mechanisms for monitoring effectiveness of communications

Supported by software

The software, a relational database
- Collects all data necessary for prioritisation and engagement
- Performs prioritisation calculations
- Develops reports
- Guides team through stages of developing their communications plan
- Supports changes to stakeholder community as conditions change within and around the project
Steps 1 and 2

1. Identify the list of stakeholders
   • Why they are important to the project
     • Don’t forget the managers
   • What they require from the project
     – Their expectations
2. Relative importance
   – Ratings of:
     – Power, proximity
     – Urgency (‘vested stake’ ‘Importance to’)

Results of Steps 1 and 2

• A ranked list of project stakeholders
• Knowledge of:
  – Expectations
  – Importance
  – Influence on the project
Step 3 - Visualise

- The list can be converted into a map of the stakeholder community
- Through this map, the project team can see who is “on the radar”
- This is the **Stakeholder Circle**

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Reading the Stakeholder Circle

- If the wedge cuts the Circle = power to ‘kill’ the project
- The larger the size of the outer edge the more influence
- The closer to the centre the closer to the project
Stakeholder Management in the Construction Industry

Stakeholder Influences

- **Upwards**
  - Managing the PM, sponsors and maintaining organisational commitment
  - Control systems and application of learning

- **Outwards**
  - Clients, unions, end users, suppliers, 'the public', shareholders, government

- **Sideways**
  - Competition and relationship with peers and Communities of Practice

- **Forwards**
  - Procurement and planning

- **Inwards**
  - Managing oneself to ensure positive contribution
  - Managing the team

**Key to Skills**
- Craft of Management
- Art of Leadership
- Art and Craft Combined
- Third Dimension skills

Local Government

City Mall Redevelopment

- Orange = upwards
- Blue = outwards
- Green = downwards
- Purple = sidewards
- Dark = Internal
- Light = External
Stakeholder Management in the Construction Industry

Commercial PM organisation

Construction Project – two perspectives
The Construction Project –
Staff perspective

Legend
Orange = upwards
Blue = outwards
Green = downwards
Purple = sideways

Construction Project –
two perspectives

Orange = upwards
Blue = outwards
Green = downwards
Purple = sideways
Dark = Internal
Light = External
Stakeholder Management in the Construction Industry

Department 1

Orange = upwards
Blue = outwards
Green = downwards
Purple = sidewards
Dark = Internal
Light = External

Department 2

Orange = upwards
Blue = outwards
Green = downwards
Purple = sidewards
Dark = Internal
Light = External
**Corporate Projects**

**two perspectives**

For more on the *Stakeholder Circle®* see: www.stakeholder-management.com

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**Engagement**

Supports focus:
- On the communication needs of key stakeholders

Supports understanding of:
- *Who* is important and *why*
- Best ways to ensure the plan is aligned to the project’s strategy
- How the plan can support successful projects/programs
Stakeholder Engagement

- Identifying and prioritising a project’s stakeholders is only the first step
- Gaining key stakeholder’s support and maintaining interest is essential
- Developing an engagement strategy is the next step
- A Communication Plan developed from this strategy
- Effectiveness must be monitored

Engagement Profile

Before developing the Communication Plan the team must define and agree on:
- Levels of stakeholder support
- How receptive are stakeholders to:
  - Messages
  - Messengers
Levels of Support (for project)

5. Active support  
4. Passive support  
3. Non-committal  
2. Passive opposition  
1. Active opposition

Levels of Receptiveness

5. High – Direct personal contacts  
4. Medium – Indirect personal access  
3. Ambivalent – Receives reports  
2. Not interested – On mail list but unlikely to read reports  
1. Completely uninterested – Refuses to accept reports
### An Engagement Profile

The engagement profile of each stakeholder is built by the team based on their assessment of receptiveness to the project's message and perceived support for the project.

<table>
<thead>
<tr>
<th>Stakeholder 1</th>
<th>The engagement strategy must adapt to this profile and be reflected in the communication plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receptiveness</td>
<td>Support</td>
</tr>
<tr>
<td></td>
<td>X X</td>
</tr>
<tr>
<td></td>
<td>X X</td>
</tr>
<tr>
<td></td>
<td>X X</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stakeholder 2</th>
<th>Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receptiveness</td>
<td>X X X X</td>
</tr>
<tr>
<td></td>
<td>X X X X</td>
</tr>
</tbody>
</table>

Over time, with subsequent reviews it is possible to note and analyse changes in this profile.

<table>
<thead>
<tr>
<th>Stakeholder 1</th>
<th>3 Months later</th>
<th>Is the engagement strategy working?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support</td>
<td>X X X X</td>
<td>The stakeholder is no more supportive but is more receptive to the messages. Is this good or not?</td>
</tr>
<tr>
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Is the engagement strategy working?

The stakeholder is no more supportive but is more receptive to the messages. Is this good or not?
An Engagement Profile

What happened here?
Stakeholder loss of power?
6 Months later

This stakeholder is even less interested and less supportive than before

The engagement strategy must be reviewed and re-assessed to raise the stakeholder’s responsiveness and level of support

Another project becomes more important?

Overall Engagement Matrix

Individual measures can be aggregated

Plodders Promoters
H H

Support
L L

Problems
Possibles
Responsiveness

This summary data could show general receptiveness and support of specific groups of stakeholders

Improvement can be measured by monitoring both aggregate data and individual data
Overall Engagement Matrix

Individual measures can be aggregated

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Engagement Profile

- Measuring support, interest and receptiveness to message
- Baselining
- Evidence of success OR
- Indication of need to try something different
- Data to monitor and measure improvements
Value to the Organisation

Reduce wastage of scarce resources:
- $$$
- People and skills
- Encourages project team to understand and ‘buy-in’ to an organisation's culture
- Project team career advancement

Value to the Stakeholders

- Stakeholder requirements expectations and needs are:
  - Understood
  - Managed
  - Negotiated with other stakeholders
  - Used to focus communications
Questions Please

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