



Project Services Pty Ltd

## **PRACTICE NOTE:**

# **ADVANCING THEORY AND PRACTICE FOR SUCCESSFUL IMPLEMENTATION OF STAKEHOLDER MANAGEMENT IN ORGANISATIONS**

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## Advancing theory and practice for successful implementation of Stakeholder Management in organisations

### ***Biographical details***

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She is a recognised international authority on stakeholder management and the 'Stakeholder Circle' visualisation tool, presenting at conferences and seminars in Europe, Russia, Asia, USA, New Zealand and Australia, and has published papers in many academic and professional journals.

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## **Abstract**

### ***Purpose***

The aim of this paper is to report on the advancement, in theory and practice, in stakeholder management as a result of the author's experiences, and to invite other practitioners and researchers to collaborate in, or contribute to, research to further advance stakeholder management theory and practice in both project management and organisations.

### ***Methodology/approach***

The process of developing theory and practice from ideas based on work experiences and reflection, through action learning, practical application and reference to a "collaborative community of enquiry" composed of colleagues, clients, academic researchers and practitioners is reported in this paper.

### ***Findings***

The process of developing a methodology and ways to assist organisations is not static: each organisation is different with different needs and goals. It is therefore essential to facilitate the continuous improvement and development of tools and processes that support stakeholder relationship management in organisations. This is best achieved through exposure of the ideas to researchers and practitioners.

### ***Research implications***

The Stakeholder Relationship Management Maturity approach to assisting organisations successfully implement a stakeholder 'mindset' or culture, has been developed to the level described in this paper through a process of reflection, action research and continuous improvement. The ideas expressed in this paper need to be tested further. This paper includes an invitation to researchers and practitioners to contribute to or collaborate in this process.

### ***Practical implications***

This paper provides a framework that any individual or organisation can use as a basis for immediate implementation of stakeholder relationship management in any project or organisation.

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### **Originality/value**

This paper provides a summary of how a doctoral dissertation can be adapted, improved and used to benefit project and organisation management world-wide.

### **Keywords:**

Organisational maturity, stakeholder management, project management, maturity models, practitioner research, stakeholder management methodology, communities of inquiry.

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## Introduction

A methodology to extend the effectiveness of stakeholder management was described in the doctoral thesis: *Project Relationship Management and the Stakeholder Circle*® (Bourne, 2005). This methodology provided guidance in the identification of a project's key stakeholders and through a graphical display of the stakeholder community, ensured awareness of the key stakeholders as the project moved through its various stages from Initiation to Closeout. The methodology incorporates five steps: *identify, prioritise, visualise, engage* and *monitor*. As a result of actual application with projects, and suggestions for improvement from clients, colleagues and peers, software tools were developed to support its effective and efficient use and implementation in organisations (Bourne and Walker, 2005; Bourne, 2008; Walker, Bourne and Rowlinson, 2008). At the time of writing, the methodology is in use in projects and organisations in many sectors and in many countries. The purpose of this paper is to report on advancements in the theory and practice of stakeholder management as a result of the author's experiences, and to invite other practitioners and researchers to collaborate in, or contribute to, research to further advance stakeholder management theory and practice.

This paper will be organised as follows: firstly, the evolution of this methodology from a project management tool into a multi-purpose organisational relationship management tool through the concept of organisational maturity and its extension into the concept of 'organisational readiness' will be described. The second section will discuss the application of the concept of organisational maturity to stakeholder management implementation, firstly with a description of maturity models that have contributed to organisation success and then a description of their application to a description of the 'readiness' of an organisation to successfully implement stakeholder management culture and practice. The third section provides examples of organisations exhibiting different levels of 'readiness'; and in the last section implications for practitioners will be identified and suggestions for additional research developed.

## The 'journey' from individual experience to organisational methodology

Raelin (2007:501) describes a process, "a practice epistemology", that combines reflective practice and introspection, with "communicative action" in the form of conversations with colleagues in a "participatory structure". These "reflective communities ...become more trusting and collaborative" and encourage "transitions across theory and practice" that are "seamless and occur as if they do not exist in separate domains of consciousness" (Raelin, 2007:505). Practitioners and researchers become a "collaborative community of inquiry". This theory matches my own experiences in developing the *Stakeholder Circle*® methodology and its continuous adaptation to meet the needs of, and in consultation with, practitioners in organisations.

My doctoral thesis (Bourne, 2005) was the result of reflections on questions from over 25 years working in large organisations: the question was "how better to identify and manage relationships

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with stakeholders to ensure ongoing project success and to avoid ‘nasty surprises’.” A methodology for identification and prioritisation of project stakeholders was developed and tested with 6 projects in Australian organisations, mostly Government. The work to research and write the material for the dissertation was the result of four years of reflection and enquiry, with the focus being on a combination of action research and multiple iterations of modifications of the methodology in response to the feedback of the research participants and their managers (Bourne and Walker, 2008).

A summary of the ‘journey’ follows:

1. Individual reflection on unsatisfactory relationships that led to unsuccessful delivery of projects or other assignments, and development of some remedies for these events (1980 – 2001);
2. The idea of dynamic communities of stakeholders that changed as the project moved through its different phases or as organisational structures or strategies changed was developed and incorporated in my personal ‘tool kit’ or ways of working (1990 – 2003);
3. Through the RMIT doctoral program (DPM), from the foundation of existing research devised a research question focussed on improvement of stakeholder managements theory and practice (2001 – 2005);
4. Developed and refined a methodology that met the needs of the six action research teams (and their management) that were part of the DPM research (2002 – 2005);
5. A series of presentations of the methodology to project management conferences globally, led to further refinements and enhancements (2002 – 2005): (Bourne and Walker, 2003; Bourne and Walker, 2004; Bourne and Walker, 2005);
6. The PMI research conference in 2006 in Montreal provided a forum for further exchange of ideas, with both academic researchers and practitioner/consultants (Bourne, 2006);
7. Workshops, conference presentations and consulting assignments with organisations led to further refinements of the methodology and its implementation (Bourne and Walker, 2006)
8. The inclusion of the concept of stakeholder engagement and then monitoring of the effect of communication with the stakeholder community led to further enhancements of the methodology; now described in terms of five steps: identify, prioritise, visualise, engage and monitor (Bourne, 2007a; Bourne, 2007b) ;
9. Adapting implementation of the stakeholder management process pragmatically through a targeted mix of methodology steps caused the following conclusions:
  - The methodology was an organisation tool NOT just a single project tool;
  - Different organisations exhibited a different level of ‘readiness’ to implement stakeholder management practices;
  - It was essential to measure the organisation’s level of ‘readiness’ before planning any implementation – too ambitious and the change would fail; too low a level of change meant that the implementation was not seen to be potentially effective and therefore not worth the effort;
  - The result was the concept of levels of ‘readiness’ - Stakeholder Relationship Management Maturity (SRMM®) - to assist in targeted appropriate level of process and practice according to the level of ‘readiness’ of the organisation (Bourne, 2008);
10. **The present:** based on the ideas of (Raelin, 2007), an invitation to the extended project and organisation management Communities of Practices to collaboratively work to improve the concept of organisational maturity in the field of stakeholder relationship management methodology for successful stakeholder management implementation in organisations.

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### Organisational Maturity and Maturity Models

The concept of SRMM<sup>®</sup> builds on the work of (Hillson, 1997; Collins, 2001; Kerzner, 2005) in describing practical frameworks for supporting organisations to improve in essential functions. This framework of maturity through comparison with best practice is the foundation of OPM3 (PMI - Project Management Institute, 2003), CMMI (Carnegie Mellon Institute, 2006) and the author's own experiences working with organisations seeking to implement a culture of proactive stakeholder engagement using the *Stakeholder Circle*<sup>®</sup> methodology and support tools.

#### **What is organisational maturity?**

While recent thinking on organisational maturity has been focussed primarily on how an organisation selects the 'right' projects and how process and practice are used to manage these projects consistently in the 'right' way, the origins of such thinking are embedded in the quality movement. The Capability Maturity Model (CMM) from the Software Engineering Institute (SEI) was built on the founding principles that predictability and repeatability in the way an organisation managed its software engineering was essential for effective delivery of software (Cooke-Davies, 2004). Maturity was expressed as achievement in a series of stages with the idea being that an organisation should strive to move through each of these stages to attain a higher level of predictability and therefore, maturity. This is perhaps the best known of models of staged views of organisational maturity, although recently CMMI assessments have included the option of being carried out as 'continuous representations' (Carnegie Mellon Institute, 2006). The five levels of CMMI maturity are usually described as: initial (1), managed (2), defined (3), quantitatively managed (4) and optimizing (5).

The idea of differing levels of maturity in organisational and project management has also been extended to other disciplines to identify the aspects that will lead to improvement and to provide guidelines on how to get there. A Risk Maturity Model was developed and documented as early as 1997 (Hillson, 1997). This model describes four levels of maturity – Naïve (ad hoc), Novice (initial), Normalised (repeatable) and Natural (managed). Given that most risk within an organisational or project has a human source<sup>1</sup>; also (Youker, 1992)<sup>2</sup>, it makes sense to consider the concept of an organisation, or the projects within an organisation, having varying stages of maturity or 'readiness' to manage stakeholder relationships.

Kerzner's model of PM maturity attempts a similar exercise, developing a maturity model that goes from: Level 1 (common language) where the organisation recognises the importance of project management and the need for understanding basic project management knowledge; level 2 (common processes); level 3 (singular methodology); level 4 (benchmarking) and level 5 (continuous improvement).

Jim Collins has developed the idea of five levels of leadership (Collins, 2001). Level 5 leadership describes the highest level of leadership, the top of the hierarchy of a series of 'leadership' qualities that individuals may develop or build on throughout their time in organisations:

- Level 1 highly capable individual
- Level 2 contributing team member
- Level 3 competent manager
- Level 4 effective leader
- Level 5 executive

<sup>1</sup> The author's own experience and discussions with (about 500) participants of the *Successful Stakeholder Management* workshops, held over the past three years in all parts of the world indicate that more than 95% of risk is about people not delivering as promised, or not supporting, or actively working against, project outcomes for any specific project.

<sup>2</sup> The author corresponded with Bob Youker for a short time in 2008; this reference was a result of that dialogue.

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The five-level leadership concept was developed by Collins to explain the qualities of leadership that the CEO of his *built to last* companies displayed. These qualities were not the ‘CEO as hero’ qualities generally expected in modern organisations, this describes level 4 leadership, instead “humility + will” characterise the qualities of level 5 leadership.

CMM, and now the updated CMMI, describe organisational characteristics in the context of software engineering, with project management processes recognised as essential but not major aspects of organisational maturity. OPM3 on the other hand was developed specifically for organisations that did most of their work through projects, or aspired to do so. Through comparison of results of assessment of project management practices and processes compared to a set of World’s Best organisations, the organisations can define the starting point unique to their situation and then develop an improvement program once again defined to meet the unique business and needs of that organisation.

While it was never intended with any of the maturity models described above that the level (the ‘number’) would be a point of commercial advantage, in the early 90s many organisations gained high market profile and therefore market advantage through the achievement of CMM level 5. Nevertheless it is clear that the concept of differing levels of maturity as way for organisations to measure current position and then to work to achieve a better position through guidelines still has currency.

### **Components of successful Stakeholder Relationship Management (SRM)**

Whilst the *Stakeholder Circle*<sup>®</sup> methodology<sup>3</sup> is used as the process framework to describe SRMM<sup>®</sup> within this paper, it is important to note SRMM<sup>®</sup> is not dependent on the use of any particular stakeholder management methodology. The methodology simply provides the means for the project team to identify and prioritise a project’s key stakeholders, and to develop an appropriate engagement strategy and communications plan to ensure that the needs and expectations of these key stakeholders are understood and managed.

### **SRMM<sup>®</sup> Defined**

As with all maturity models, the level of ‘readiness’, or maturity, described in SRMM<sup>®</sup> simply defines the starting point for planning the implementation of process improvements to enhance the effective management of ‘stakeholder engagement’ within and around projects (or the organisation). In developing this concept, a number of levels of organisational ‘readiness’ have been described that link organisational willingness to engage proactively in developing and maintaining relationships with stakeholders to techniques or processes that can assist in achieving those objectives. Recognising which level of readiness an organisation is closest to defines the starting point for these process improvements. Using SRMM<sup>®</sup> will enable the most effective and pragmatic implementation of stakeholder management and engagement practices within an organisation. It achieves this outcome by providing a framework for progressively building capability, in alignment with organisational maturity, towards proactively managing stakeholder relationships.

The process model used in this paper is the *Stakeholder Circle*<sup>®</sup> methodology and supporting tools, simply because it has been the basis of the author’s research program for the last six years, and data is readily available to support the on-going development of the SRMM<sup>®</sup> concept. However it is important to note that SRMM<sup>®</sup> is independent of any particular methodology, the only requirement to use SRMM<sup>®</sup> effectively is to use a structured series of processes (repeatable and measurable) that can be built into ‘the methodology’ used by an organisation.

<sup>3</sup> For detailed information about the *Stakeholder Circle*<sup>®</sup> methodology see <https://mosaicprojects.com.au/PMKI-TPI-075.php>

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The 5 levels of SRMM® are:

1. Ad hoc: some use of processes;
2. Procedural: focus on processes and tools;
3. Relational: focus on the stakeholders and mutual benefits;
4. Integrated: methodology is repeatable and integrated across all programs and projects;
5. Predictive: used for health checks and predictive risk assessment and management.

Figure 1 summarises the five levels of SRMM®. Each level is described in more detail in the next section and the description of each level will be further enhanced by a focus on six different attributes:

- Use of standardised processes;
- Centralised support;
- Organisation-wide implementation with stakeholder relationship management (SRM) included in management key performance indicators (KPIs);
- Application of SRM methodology and processes beyond projects, programs and portfolios;
- Development of typical view of a ‘normal stakeholder community’ for each project type or division;
- Proactive use of the ‘typical view’ of a stakeholder community (compared to a specific project) for risk assessment, ‘health reviews’, etc.

<b>SRMM Stages</b>	<b>Standard processes</b>	<b>Central support</b>	<b>Org-wide use</b>	<b>Beyond projects</b>	<b>Typical ‘stakeholder communities’</b>	<b>Risk handling &amp; ‘health reviews’</b>
<b>1. Ad hoc:</b> some use of processes	<b>Some</b>	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>
<b>2. Procedural:</b> focus on processes and tools	<b>Yes</b>	<b>Some</b>	<b>No</b>	<b>Some</b>	<b>No</b>	<b>No</b>
<b>3. Relational:</b> focus on the stakeholders and mutual benefits	<b>Yes</b>	<b>Yes</b>	<b>Some.</b>	<b>Some</b>	<b>Some</b>	<b>No</b>
<b>4. Integrated:</b> methodology repeatable, integrated	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Some</b>	<b>Some</b>	<b>Some</b>
<b>5. Predictive:</b> health checks and other predictive assessments	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>

Figure 1: Summary of SRMM® levels

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**The five Levels of SRMM®**

**Level 1: Ad hoc:**

This level is characterised by isolated pockets of awareness of the need for stakeholder management and through the use of simple tools.

<b>Standardised Processes</b>	<b>Some</b>	Isolated attempts to use various stakeholder management methodologies
<b>Centralised Support</b>	<b>No</b>	Support where it exists is through personal networks
<b>Organisation-wide implementation: SRM part of KPIs</b>	<b>No</b>	Some relationship management 'heroes'; but the implementation is specific and disappears when the 'hero' moves to another role or leaves the organisation.
<b>Application of SRM beyond projects, programs and portfolios</b>	<b>No</b>	SRM usually only focussed on a few projects or specific problems
<b>Development of a typical view of a 'normal stakeholder community'</b>	<b>No</b>	Where used, stakeholder data and communication plans developed in isolation during the planning phase and rarely updated
<b>Proactive use of the typical view of a 'normal stakeholder community' for risk assessment, 'health reviews', etc</b>	<b>No</b>	

Figure 2: Details of SRMM® level 1 characteristics

**Level 2: Procedural**

This level is characterised by some individuals having knowledge of the importance of SRM, routine use of tools and processes, with an internal focus on measurement and the 'Project benefits' of these activities.

<b>Standardised Processes</b>	<b>Yes</b>	But processes not widely accepted or used. Organisation focus is on 'rolling out' standard tools and processes.
<b>Centralised Support</b>	<b>Some</b>	Support exists through manuals, supplier support mechanisms, or local 'experts'
<b>Organisation-wide implementation; SRM part of KPIs</b>	<b>No</b>	Process or tools may generate reports that can be included either whole or in summary for reporting where used
<b>Application of SRM beyond projects, programs and portfolios</b>	<b>Some</b>	Limited recognition of the need to focus on SRM beyond projects: for programs or organisation-specific needs such as pre-qualification of tender bids
<b>Development of a typical view of a 'normal stakeholder community'</b>	<b>No.</b>	The value of tracking and updating information on each projects' unique community is recognised but not integrated across the organisation
<b>Proactive use of the typical view of a 'normal stakeholder community' for risk assessment, 'health reviews', etc</b>	<b>No</b>	

Figure 3: details of SRMM® level 2 characteristics



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**Level 3: Relational**

This level is characterised by more generalised understanding of the importance of SRM, with an external focus on engaging stakeholders and use of tools and processes to achieve and measure this, along with a specific focus on ‘mutual benefits’.

<b>Standardised Processes</b>	<b>Yes</b>	The use of a standard methodology is recognised and expected. Effective Stakeholder management is seen as important in the successful delivery of business initiatives and projects. Managers focus on mutuality and shared benefits.
<b>Centralised Support</b>	<b>Yes</b>	a PMO (or similar) provides some formal support, mentoring and training
<b>Organisation-wide implementation; SRM part of KPIs</b>	<b>Some</b>	The use of SRM starts to expand beyond projects and programs. Some aspect of SRM are included in some managers’ KPIs. Information, data and graphical reporting formats showing changes/ improvements in stakeholder attitudes used to guide some decision making
<b>Application of SRM beyond projects, programs and portfolios</b>	<b>Some</b>	The recognition of the benefit of SRM for applications such as mergers and acquisitions, bid preparation analysis, competitor analysis and management spreads
<b>Development of a typical view of a ‘normal stakeholder community’</b>	<b>Some</b>	There is a recognition of the need to maintain updated data on each stakeholder community; standardised process and tools support this and incorporate the means to illustrate the community in an organisation-specific manner. Spreadsheets or multi-dimension graphical representation becomes important
<b>Proactive use of the typical view of a ‘normal stakeholder community’ for risk assessment, ‘health reviews’, etc</b>	<b>No</b>	

Figure 4: details of SRMM® level 3 characteristics

**Level 4: Integrated**

This level is characterised by commitment to continuous improvement and strong internal support within the organisation; a focus that recognises individual stakeholders may be involved in many projects / programs and transfer expectations / experience; Multi faceted focus; Use of tools and processes to integrate information and gain ‘insight’; recognition of overall benefit / win-win’.

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<b>Standardised Processes</b>	<b>Yes</b>	The organisation's focus moves to measuring the practical benefits of effective stakeholder engagement and management.
<b>Centralised Support</b>	<b>Yes</b>	Central Support Unit dedicated to SRM training, support and mentoring
<b>Organisation-wide implementation; SRM part of KPIs</b>	<b>Yes</b>	
<b>Application of beyond projects, programs and portfolios</b>	<b>Some</b>	The development of specific applications to meet the organisation's unique needs may occur to facilitate the development of specific communication strategies and plans
<b>Development of a typical view of a 'normal stakeholder community'</b>	<b>Some</b>	Standardised data allows analysis of stakeholder issues, opportunities and threats on an ad hoc basis
<b>Proactive use of typical view of a 'normal stakeholder community' for risk, 'health reviews'</b>	<b>Some</b>	The assessment of Stakeholders is a routine part of the organisation's assessment of risk, opportunities, etc.

Figure 5: details of SRMM® level 4 characteristics

**Level 5: Predictive**

This level is characterised by corporate management focus with collection of Lessons Learned (historical) data; and regular use of information for project 'health checks' (is the project 'normal') and predictive risk assessment. There is a genuine commitment to improved Corporate Social Responsibility (CSR) as an organisational principle.

<b>Standardised Processes</b>	<b>Yes</b>
<b>Centralised Support</b>	<b>Yes</b>
<b>Organisation-wide implementation; SRM part of KPIs</b>	<b>Yes</b>
<b>Application of beyond projects, programs and portfolios</b>	<b>Yes</b>
<b>Development of a typical view of a 'normal stakeholder community'</b>	<b>Yes</b>
<b>Proactive use of the typical view of a 'normal stakeholder community' for risk assessment, 'health reviews', etc</b>	<b>Yes</b>

Figure 6: Details of SRMM® level 5 characteristics

**Using the SRMM® assessments**

As stated in the introduction to this paper, an organisation must understand its current level of stakeholder relationship management maturity because this maturity or 'readiness' defines a practical starting point for the implementation of appropriate processes and practices.

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SRMM Stage	Features	Methodology Steps	Reporting / Tools	Comments
<b>1. Ad hoc:</b> some use of processes	One area recognises the need for improved SHM	Generally focuses on simplified selected steps. Sometimes just Steps 4 and 5	Self-developed tools - Word templates - Spreadsheet lists	Requires continuous and significant management 'push' to maintain impetus
<b>2. Procedural:</b> focus on processes and tools	SHM introduced as part of implementation of consistent processes (perhaps result of CMMI assessment)	Sometimes all five steps but truncated and simplified	Standardised tools - Word templates - Spreadsheets with macros - Simple database	Require continuous and significant management 'push' to maintain impetus
<b>3. Relational:</b> focus on the stakeholders and mutual benefits	Recognition of usefulness for competitor analysis, or support for mergers/acquisition	All five steps implemented. Move towards valuing insights / information in decision making	Fully functional tools - Spreadsheets with macros - Sophisticated databases	Useful for specific applications or events; rarely with an intention of continuous application
<b>4. Integrated:</b> methodology is repeatable and integrated	'Business as usual' application using the full methodology for all projects and selected operational work	Steps 1 – 5 with Step 4: engage and Step 5: being vital for evidence of success	Graphic reports, visualisation, engagement profiles, etc, used in management reports and KPIs	The methodology and tool are used as a demonstration of repeatable application within that part of the organisation
<b>5. Predictive:</b> used for health checks, predictive risk assessment and management:	Implementation of the full methodology and supporting tools tool	Steps 1 - 5. 'Lessons Learned' & comparative data. Integrated data across programs, etc.	Trend reporting, pro-active risk identification (unusual profiles) Comparison between projects and different categories of work	Organisation –wide and complete focus on continuous improvement as competitive advantage

Figure 7: Guidelines for defining focus of SRM implementation

The methodology 'steps' referred to in Figure 7 are based on the *Stakeholder Circle*<sup>®</sup>:

- Step 1 – Identify all stakeholders;
- Step 2 – Prioritise stakeholders;
- Step 3 – Visualise the key stakeholder community (through a graphical display);
- Step 4 – Engage stakeholder (through measuring each stakeholder's *attitude* to the work);
- Step 5 – Monitor the effectiveness of communication

A pragmatic implementation strategy that is not too ambitious and which builds on recognised aspects of stakeholder relationship management already achieved has a better chance of success,<sup>4</sup> Figure 7 suggests such a pragmatic implementation approach based on SRMM<sup>®</sup> assessments.<sup>5</sup>

<sup>4</sup> My experience in implementing programs for stakeholder relationship management in organisations both government and private in Australia and Europe, led me to this conclusion. See the description of case studies for more information.

<sup>5</sup> I introduced the concept of SRMM at a SHM workshop in the UK for construction related project team members, academics and consultants. This group of 16 people reviewed the concept and the detail of the SRMM levels and some modifications were made as a result. However, the consensus of the participants was that this model would be useful in their organisations for supporting pragmatic implementations of stakeholder engagement practices.

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### SRMM® Case Studies

The idea and the data that forms the SRMM® categories have originated from my experiences in working with organisations around the world in implementing the *Stakeholder Circle*® methodology and in some cases the SHC database tool as well. This next section describes the typical organisations that formed the basis for these SRMM categorisations.

#### **Level 1: Major European transport company**

This organisation was a division of a global transport company. It operates in an increasingly competitive market: all opportunities for expansion are hard fought. Management recognised that one winning strategy would be to develop a culture of ‘stakeholder engagement’ to ensure that important stakeholder relationships were developed and nurtured, and that methods for competitor analysis were formalised and documented. One group in the division led the initiative. Initially management of this group believed that the ‘mindset’ would be changed through a series of training workshops delivered to each of the regions. This group fulfilled all the criteria for level 1 – with the aim to achieve level 2 criteria within 12 months.

Eighteen months after the initiative began, and the regional training program has been completed, the organisation reported that the “level of understanding on stakeholder engagement ... exceeds the approach practiced in many companies in other sectors. Recently we had McKinsey representatives here and they considered the approach world-class!”<sup>6</sup> The organisation actually leapt from level 1 to level 3 because of its decision to implement all five steps of the methodology and develop its own software (an Excel spreadsheet) to support the use of the methodology. Further initiatives to ‘change the mind-set’ included delivering the course material to the COO, and to participants in their executive development program as well as ensuring that ‘engagement maps’ were part of manager’s KPIs. Under the current leadership team and management strategy the culture of “thinking about stakeholders” appears to be self-sustaining. It is being managed internally and a manager of the organisation now has the accountability for ensuring that the program continues and reaches new staff members.

#### **Level 2: Australian State Govt. Department #1**

The exemplar for this level was a program group within an Australian Government department after they had been directed to conduct a CMMI assessment. The results of the assessment showed, among other things, that there was a need for standard tools and processes to support stakeholder management. As part of this rollout, the SHC database was used to analyse and manage stakeholders for a highly complex, high profile, politically sensitive program. The team spent two days, identified over 100 stakeholders, set up the communications plan, and never updated this original data again, always claiming to be too busy on the tactical issues surrounding completion of the program. While they aspired to achieve level 3, they would never actually achieve this because maintaining the data and the relationships were left solely to the project team. The project team was overwhelmed with day to day ‘stuff’. The Director of this group recognised the usefulness of the methodology and the database tool and has used them both to support other initiatives that he has been given accountability for.

#### **Level 3: Phase 2 of Example 1 – European Transport Company**

As stated in the description of this organisation’s introduction to stakeholder ‘engagement’ through implementation of the methodology and software to support it has caused this division of the organisation to gain level 3 status. This organisation has made the decision to consolidate for now, but has future plans to move to more sophisticated application of the reports they generate.

<sup>6</sup> Letter from manager of the initiative received June 2008

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### **Level 4: Australian State Government Department #2**

A growing environmental protection attitude is leading the movement away from uncontrolled use of private vehicle to developing strategies for co-ordinated and more efficient networks of different types of public transport within the state boundaries. In commissioning the strategy and developing recommendations for implementation, it was realised that management of the conflicting and diverse needs and requirements of all those groups and individuals who felt that they needed to have input was key to success. The SHC was adopted in full with multiple workshops being held to identify the summary (or program level) of stakeholders along with the lower regional levels of stakeholders. In an efficiently and documented project, using both the methodology and the software, this organisation demonstrated level 4 'readiness', even proposing a creative additional use of the methodology and software in the guise of providing the ability to develop program reports from the rolling up of the various regional reports.

The participants of the early workshops reported that the process of analysis supported by the steps of the methodology were extremely useful in the identification, prioritisation of the many stakeholders affected by this program and that the principles of engaging and monitoring effectiveness would also be integral to the management of the consultation process

### **Level 5: Australian Federal Govt. Department**

An initiative was begun in an Australian Federal Government Department to develop a series of reports for continuously checking the 'health' of large complex projects. The projects undertaken by this department were complex, would take years to deliver and were constantly beset by political issues and interference from high ranking government officials. The review process would consist of developing benchmark report – showing both project team members and management alike what a healthy project in this culture and at this stage would look like. Reviews would be a simple matter of comparing the baseline with the existing report and attempting to reconcile or explain the differences. From a stakeholder management and communication perspective, baselines would be developed from a series of stakeholder analyses on the projects at each phase and overtime a view of the typical stakeholder community developed as a baseline.

The sponsor and project manager for this initiative were transferred to other programs as a result of an internal re-organisation, but many of the aspects of the review process were retained including the necessity to continuously engage and monitor the effectiveness of this engagement with key stakeholders.

## Conclusion

This paper explores the concept of Stakeholder Relationship Management Maturity (SRMM<sup>®</sup>) as a measure of the 'readiness' of an organisation to introduce stakeholder management process and practices. The purpose of this paper was to report on the process of development of theory and practice as an iterative process involving not just the researcher but many others including colleagues, other organisational management professionals and clients. This methodology and further thinking about how best to assist organisations in implementing sustainable programs for stakeholder management and engagement is at a stage where additional academic and practitioner research is required and collaboration is welcomed.

My own research and practitioner experience has shown that while SRMM<sup>®</sup> can be of significant benefit when used to support the development of stakeholder management within 'a project', it will be of greater benefit when applied to all organisational activities (project and operational) in a staged approach, supported by a well constructed methodology and tools set such as the *Stakeholder Circle*<sup>®</sup>.

## Advancing theory and practice for successful implementation of Stakeholder Management in organisations

Implementing a stakeholder engagement practice is a major organisational change and needs sustained management support; recognition of its long-term nature, and consistent and frequent targeted communication about the SRMM® 'improvement project'. Developing a full SRMM® capability is a costly exercise for an organisation; using a staged approach such as the one described in this paper will increase the chance of success and assist the organisation in realising the objectives of its investment in its people and its processes.

There is still much work to be done in gathering evidence of the success of such an approach. This work will be in the form of research undertaken by the author and colleagues and well as responses from participants in stakeholder management workshops and conference delegates.

### ***Some suggestions for research***

1. The SRMM® approach is a result of the experiences of the author in assignments with valued clients both in Australia and in Europe. I have had positive response in both the UK and the US from project professionals and consultants who have attended my course: "Successful Stakeholder Management"<sup>7</sup>. As part of the course I have asked participants to identify the level of 'readiness' of their own organisation and have facilitated discussions about its relevance and usefulness in their own work environments. To date (over the period of 2008) the response has been positive: one quote from a management consultant organisation was, "we are level 2 or 3, but we will be happy to assist any organisation to achieve level 5". An important research topic would be to test the validity of the model and guidelines in as many organisations as possible.
2. A longitudinal study of an implementation of stakeholder management methodology and culture into an organisation or a group of organisations. Has this staged approach been more beneficial and longer-lasting than the usual 'big bang' approach?
3. What are the differences between implementation and sustained application using this model in different parts of the world; eg Europe or UK and the US or Asia?

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<sup>7</sup> Offered in the US as part of PMI SeminarsWorld program in 2007 and 2008

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Practice Note:

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