Project Initiation and Business Cases Handbook

Chapter 6

Stakeholder Analysis

Contents:

Introduction

1.1. People are at the heart of every project and successful delivery of projects depends on the effectiveness of the engagement with them. It is often the case that project complexity derives from the complexity of the stakeholder environment rather than from the complexity of the construction of the physical asset itself, therefore time spent understanding the needs of stakeholders will be an investment in successful delivery. This requires the project sponsor and the project team to ensure that the stakeholder landscape is fully understood and engaged early on during project initiation.

Overview

2.1. Stakeholders are all those people and organisations which have some form of relationship with the project, the asset and the benefits delivered as a consequence of it. The nature of the relationships will be as diverse as the nature of the stakeholders themselves and understanding that diversity is central to being able to properly engage with them.

2.2. Engaging stakeholders serves a number of purposes including to:

- Define the purpose

- Develop the design

- Inform interested parties

- Influence debate

- Manage messages and people

- Promote inclusion

2.3. There are five steps to improving stakeholder relationships:

- Plan - think about what you want to achieve and whose views you want to consider.

- Build understanding – understand what motivates stakeholders, what they are thinking and what expertise they have.

- Engage – talk and listen to your stakeholders.

- Build trust – maintain relationships by taking on board stakeholders' suggestions and concerns.

- Evaluate – consider whether the engagement has been successful and what it means for the project and the next steps of engagement.
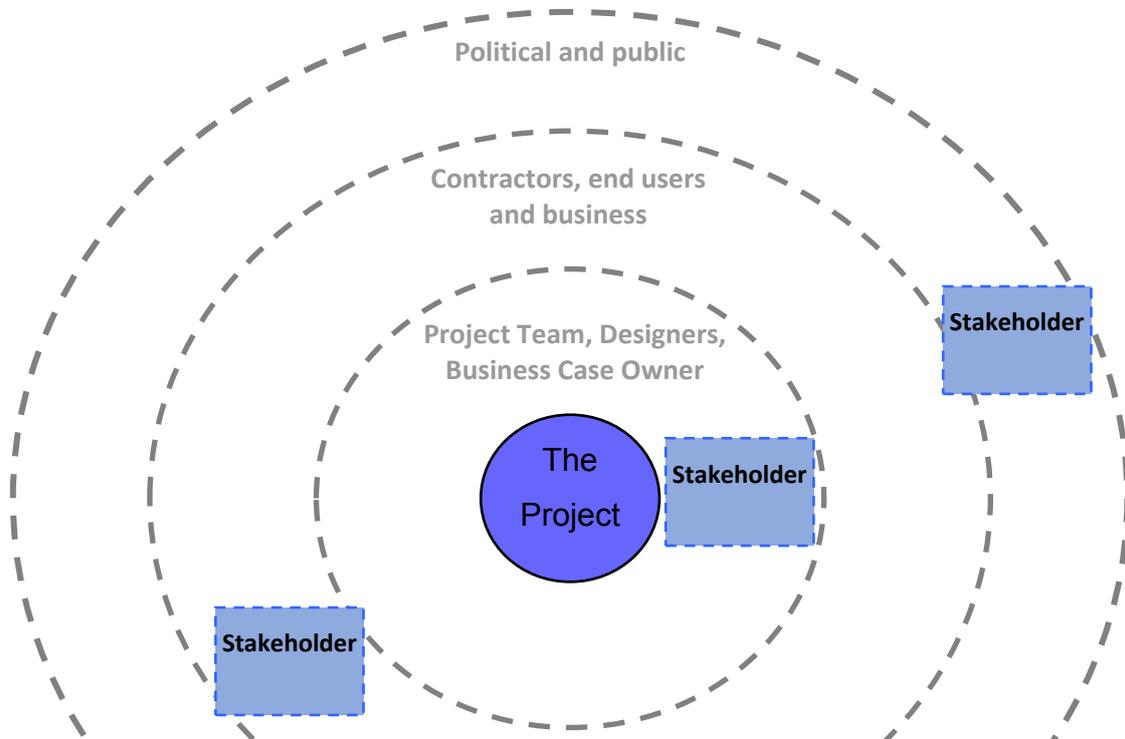
Tools

3.1.   Tools are provided at Annex A and Annex B which will help clients understand the stakeholder environment as it relates to their projects.

Summary

4.1.   Engaging with stakeholders is essential to project success and should be an ongoing activity from project inception and throughout the project period.

Annex A

Stakeholder Mapping Tool

Political and public

Contractors, end users and business

Project Team, Designers, Business Case Owner

The Project

Stakeholder

Stakeholder

Stakeholder

Consider the questions below to identify the stakeholders and their proximity to the project (categories shown in the circles are examples only)		
Questions	Example stakeholder groups	
Who is interested in your work? Why?	Academics	Media representatives
Who are you interested in? Why?	Businesses	Members of the general public
Who influences what you do? How?	Client senior management	Non-governmental organisations
Who should you work with now and in the future? Why?	Client team	Other governments
Who can help you deliver our outcomes?	Community leaders	Other policy interests
Who has good ideas, even if they are challenging?	Community-based organisations like	Pressure groups
Who will potentially be impacted by the outcomes?	Consultants	Professional bodies
Who will contribute resources?	Contractors (main and sub)	Project team
Who can slow or stop the project?	Education and training organisations	Public bodies
Have you considered marginalised or harder to reach stakeholders?	End users (inc. staff, the public and other customers)	Scottish Ministers
	Environmental groups	Senior Officials
	Equality organisations	Suppliers
	Faith groups	the Scottish Parliament
	Health authorities	Trade unions and trade associations
	Local Authorities	UK government departments
	Local residents	Voluntary or welfare organisations
		Youth groups and women's groups

Annex B

Influence and Interest Matrix

1.   The influence/interest matrix is a useful tool for prioritising stakeholders once your initial mapping exercise is complete. It analyses:

- how interested the stakeholder is in impressing its views and expectations on what you are trying to achieve.

- whether the stakeholder has sufficient power to influence what you are trying to achieve.

2.   This provides valuable information on how to work with particular stakeholders, and helps determine which stakeholders you need to prioritise.

Using the matrix

Influence: Score the level of influence each stakeholder can exert using the following assessment criteria (each criteria should have a maximum of five points, and a minimum of zero):

- How capable are they of influencing others?

- What's the risk posed by challenge from this stakeholder?

- Can they contribute to successful delivery?

Interest: Score each stakeholder's level of interest in your work using the following assessment criteria (each criteria should have a maximum of five points, minimum zero):

- How well established is the relationship?

- How active has the stakeholder been on this particular policy area?

- How keen is the stakeholder to express their views on the work you are doing?

STAKEHOLDER	INFLUENCE				INTEREST			
	Capacity to influence others	Risk from challenge	Contribution to delivery	TOTAL SCORE	Maturity of relationship	Activity level	Propensity to express views	TOTAL SCORE
[insert name]								
[insert name]								
[insert name]								
[insert name]								
[insert name]								
[insert name]								

Use the scores for each stakeholder to plot them on the template below:
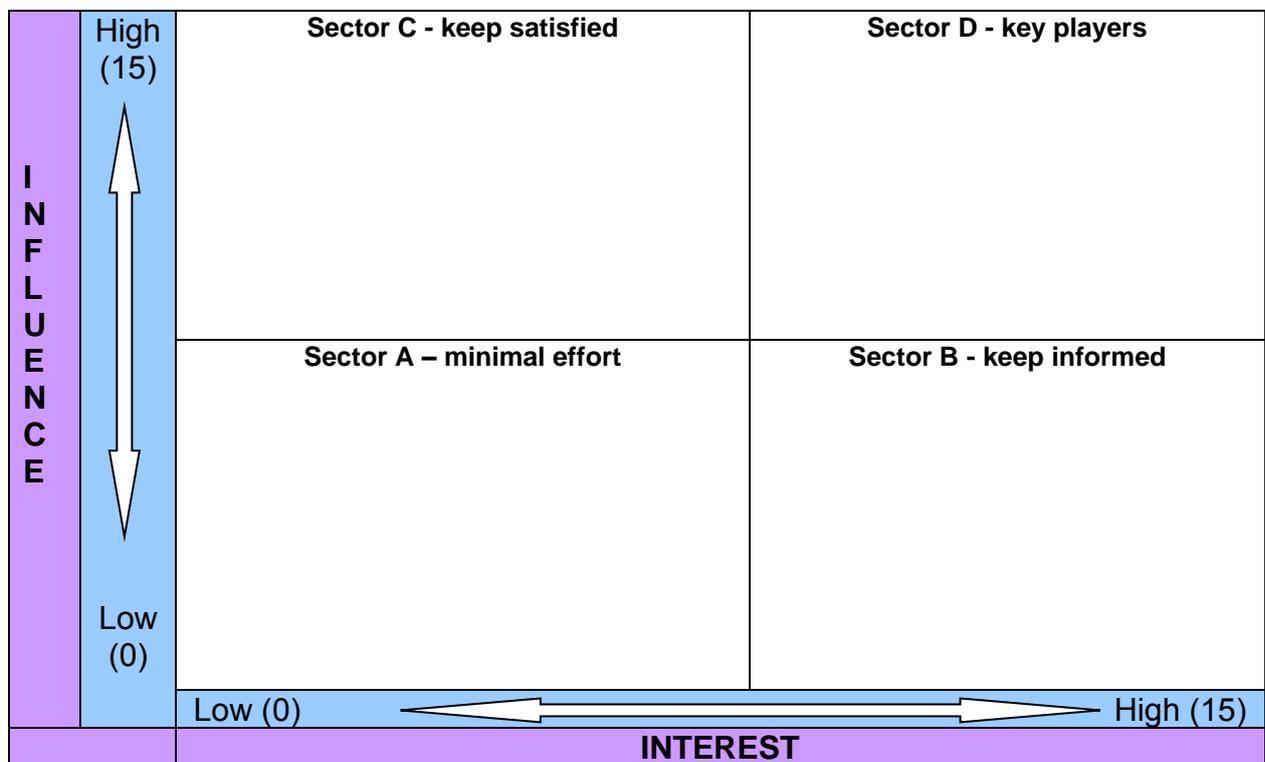
Stakeholders in **sector A** have neither a high interest in the project nor the power to exert significant impact. You should keep these stakeholders informed as necessary, without investing too much effort into relationships with them.

Stakeholders in **sector B** have a high interest in specific areas of the project, but limited means of influence. Nonetheless, they could be valuable allies. It is therefore useful to keep them informed about the issues they are interested in.

Relationships with stakeholders in **sector C** could be difficult. They behave passively most of the time and show a low interest in the work you are doing. Despite this, they can exert an enormous impact if they see fit. It is therefore important to analyse the

potential intentions and reactions of these stakeholders in all major developments, and involve them according to their interests.

The most important stakeholders are those with high interest and high influence in **sector D**. They must be involved in all relevant developments.