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## LSA Global | White Paper

## Project Management Stakeholder Risk Management

Is it really true that on time, on budget, and fulfilling all requirements means project success? Whose requirements are we really trying to meet anyway? And who decides if the original due date can be changed when the scope grows?

In this article we'll address the people swirling around your project: stakeholders. You'll find some tips and other resources for optimizing stakeholder involvement in your project.

- "Who cares?"
- "What do they care about?"
- "What am I going to do about it?"

Those are the three simple questions a project team can ask to understand their stakeholders and develop a strategy for keeping them happy.

As we developed a workshop on stakeholder management built on those three questions one of our project management experts, put all the pieces together when he said, "That's just risk management for people."

We think he's right. Review this classic risk management process. Can you see the parallel?

1. Identify risks.
2. Analyze and quantify the risk.
3. Develop a risk response.

So on your next (or current) project consider treating your stakeholders as opportunities or threats.

### Step One: Identify risks (stakeholders)

Just as with risk management, we can only manage stakeholders that we are aware of, so be creative and energetic in identifying stakeholders. Cast your net wide and consider all those stakeholders that won't make a peep unless you step on their toes. Regulators, end-users, your customer's customers, and internal support staff such as accounting or procurement. Too many project managers don't include these secondary stakeholders in their normal communication plans yet get indignant when they obstruct the project. In risk management we identify threats and opportunities. Stakeholders can be project adversaries just as easily as advocates.

While you are trying to uncover the hidden stakeholders, don't forget about the obvious ones: your team, your sponsor, and the people who will be approving the funding.

TIP: Make sure your stakeholders have a name and email id. Stakeholders are people, not organizations. "Facilities" isn't going to sign off on your change request, but Cindy, who runs the department, might.



## Step Two: Analyze and quantify the risk (what do they care about?)

Risk management calls for prioritizing the risks according to probability and impact. We can prioritize stakeholders similarly – by authority and interest. Interest means “how much do they care?” and authority equates to their ability to affect the project.

Now analyze the high priority stakeholders. You won’t be able to quantify your stakeholders as much as your project risks, but you can organize some key information: What do they care about? How will the project affect them? How does this project fit into their priorities? What do you need from them for the project to run smoothly?

## Step Three: Develop a risk response (What are you going to do about it?)

What we do to leverage our supporters and minimize the effect of our opponents will depend upon the answers to the questions above. The more we know about our stakeholders, the better we can plan to work with them. One thing is certain: ignoring them will sap their support and inflame their opposition, so plan for communication.

Rapid changes in information technology continue to bring us new ways to flood our stakeholders with data, but that doesn’t necessarily make us effective communicators. Who needs information? What information? How often? In what format? These questions form the basis of your communication plan. As you develop your communication plan remember these two tips:

1. Positive personal relationships are the foundation of effective communication. Personal relationships magnify the value of the technology we use to deliver information.
2. Use two or more mediums of communication for every stakeholder. For example, meetings should be accompanied by documentation.

## The Secret to Success

What’s the secret to risk management? Do it. Proactive, systematic risk management means finding the problems before they find you. Risk management doesn’t have to be complex, but it does have to be disciplined. The same holds true for our stakeholders. Understanding who they are and what they want often isn’t that difficult. The key is to be proactive, to reach out, and influence them before they influence you.

## About LSA Global

Since 1995, LSA has helped organizations create and maintain distinct competitive advantages through human capital. We work with leading organizations to drive success through their people and the strategies, structures, systems, and processes that attract, inspire, develop, and retain top talent. Our solutions focus on the areas of:

- Sales Revenue Growth
- Leadership and Management Performance
- Human Resource Performance
- Strategy Execution and Transformation
- Customer Service, Satisfaction, and Loyalty
- Project Management Performance
- Engineering Performance

We believe our clients’ success in the marketplace is realized through increased revenue, decreased costs, and higher productivity. We are fiercely devoted to the success of our clients and proud that over 85% of our business comes from repeat business with satisfied clients and that we have a 97%+ customer satisfaction rating.

