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USING A VISUALISING TOOL TO STUDY STAKEHOLDER INFLUENCE - TWO AUSTRALIAN EXAMPLES -

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Abstract

Purpose of this paper

This paper will introduce and illustrate a tool for measuring and visualising stakeholder influence for managing projects drawing upon two case study examples. Development of the tool was based upon stakeholder and project management theory and it extends our appreciation of the potential impact that stakeholders may exert that unearths vital risk management and customer relationship implications for the project management profession.

Design/methodology/approach

Using a case study and action learning approach, this paper draws upon emerging project management and wider strands of management decision-making literature. The paper is exploratory in nature and the case studies used provide a useful vehicle for reflection and sense making.

Findings

The results of the analysis showed significant differences in the processes needed to manage the respective groups. The project teams recognised they needed to adopt significantly different strategies to achieve stakeholder engagement, leading to stakeholder satisfaction and a successful project. The tool was found by the case study respondents to be useful and that it also complements and enhances risk management approaches.

Research implications

Key implications include the need for those involved in project management in these conditions to be politically astute and sensitive to the needs and pressures of a wide range of project stakeholders. A tool the *Stakeholder Circle™,* for visualising the influence of stakeholders can be of considerable use and we argue that it be required to cope with the complex issue of stakeholder engagement.

Keywords
Management Styles; Stakeholders, Project Management, Risk Management

Introduction

Stakeholders and the influence that they can exert upon project management teams are variable and poorly understood. For example it is easy to see how a major stakeholder such as the paying client/customer can make or break project success through positive supportive or negative reactionary behaviour. It is less easy to visualise the way in which this level of behaviour can influence operational management of delivering projects. At the less visible end of the stakeholder continuum are hidden stakeholders with little apparent influence, but strong connections that turn innocuous power into a real threat or strong support. For example, the influence of a favourite daughter of a powerful politician on the planning committee of a local council who has a house close to where a proposed entertainment complex is to be built. This one individual, through unseen power and influence links is capable of causing major disruption to the development if she has concerns about its impact upon her and other residents.

Previous papers (Bourne and Walker 2003; Bourne and Walker 2005) have explained in more depth how stakeholders might influence the outcome of projects and illustrated how they can be identified and their power and influence measured. In these papers the authors argued that project managers are required to develop robust relationships with project stakeholders to ensure successful delivery of the project outcomes and that this requirement calls for a set of skills beyond managing and leading that enables the PM to work within the culture and political environment of the organisation to ensure greater organisational support for project success.

This paper describes the results of two case studies undertaken as part of a Doctor of Project Management research project. These case studies examine a construction project and an ICT business project undertaken within the same organisation and affecting the working environment of a common group of people. The results of the research suggest that the 'correct' approach to engaging stakeholders is different for every project, even when the stakeholders are the same people.

The case studies used the *Stakeholder Circle™* to identify, prioritise and visualise the relative influence of each stakeholder. This tool implements a straightforward methodology that allows any project team to make a meaningful assessment of its stakeholders and understand their relative power and influence. An interpretation of these results in the project environment and organisational context also provides some interesting insights into the relative importance of the same stakeholders in each project, the project team's view of their influence and the difference between the behaviours of the stakeholder community.

This paper describes the methodology that underpins research into the nature of relationship management in projects. The paper will be organised in the following way: first a brief rationale for the research is presented, followed by a discussion of stakeholder theory. This is followed by a section that defines the methodological framework of identification and prioritisation of project stakeholders leading to development of the *Stakeholder Circle™*. The next two sections describe the case studies – both the organisation itself and the two projects that formed part of the research in that organisation. This is followed by discussion of the case study in terms of the visualisation tool. The next section is focused on the implications for the

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theories of stakeholder identification and engagement that arise from the findings of the research. Finally, conclusions are presented that summarise core issues.

Why Study Stakeholder Influence?

Organisations change constantly; a project's stakeholder set will change as stakeholders change roles within the organisation, move into different roles or leave the organisation to take up roles in other organisations. For whatever reason, the ability of individual stakeholders to influence the project may increase or decrease. Most project management methodologies define ways to identify project stakeholders, and then base their entire communications strategies on this initial, and only, identification. Many projects fail because stakeholders do not continue to support the vision or objectives of the project. In many cases this is because the team does not recognise changes in the relative power or position of key stakeholders and fails to make appropriate adjustments in their stakeholder management activities.

The research reported upon in this paper is focussed on support for project managers in building and maintaining relationships with project stakeholders. This is accomplished through using a practical methodology that allows the project team to identify and prioritise the project's stakeholders and then through understanding the reciprocal needs – the project's needs of the stakeholders and the stakeholders' needs of the project – to develop an appropriate relationship management strategy.

The underlying assumption for this research is that stakeholder management is extremely difficult; the project manager and his/her project team members must identify, engage and sustain relationships with a diverse set of groups and individuals (including themselves) who can impact the project in many ways. The research also investigated the effectiveness of a methodology and tool - the *Stakeholder Circle™* – in supporting the project manager and project team in managing the project's relationships. *The Stakeholder Circle™* is described later in this paper as are the *Stakeholder Circle™* visualisations developed for the two case study projects.

The research was conducted as Action Research developing six case studies from five different medium-sized organisations on IT and construction projects. This paper reports on two of these case studies. Further papers will report on the effectiveness of the *Stakeholder Circle™* to other organisations participating in the research.

Stakeholder Theory

Stakeholders have been described variously as "the guy who holds the beef" (Dinsmore 1999), those who have an interest (Boddy and Buchanan 1999), as being essential in "people-oriented project cultures" (Vaupel *et al.* 1999), and as being essential at all points in the project from 'initiation' to 'closeout' (Cleland 1995).

The methodology underpinning the *Stakeholder Circle* ™ uses the idea of reciprocity and continual assessment to ensure that stakeholders' expectations and needs are known, recognised and incorporated into the management of the relationships. have argued that relationships with an organisation's entire network of stakeholders are essential for its long-term survival. While the focus of the research described in this

4

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paper is on the contribution of relationship management to project success for the life of the project, it is important to understand that relationships don't begin and end with the initiation and closure of a project, but are continuing aspects of the life of a professional project manager.

It may be necessary to consider what a stakeholder's stake actually is when trying to define what his/her needs or requirements are or how he/she could impact the project. According to , a *stake* could be an Interest, a Right or Ownership. An Interest is a circumstance in which "a person or group will be affected by a decision; it has an interest in that decision." A Right is either a "legal right when a person or group has a legal claim to be treated in a certain way or to have a particular right protected" or a "moral right". Ownership is a circumstance "when a person or group has a legal title to an asset or a property" (Carroll and Buchholtz 2000, p65). Most project stakeholders will have an Interest, many will have a Right – people with a disability or citizens with a right to privacy, and some will have Ownership – as in worker's right to earn their living from their knowledge or shareholders in an organisation.

The definition of *stakeholder* that will be the basis for research into relationships is:

> *Stakeholders are individuals or groups who have an interest or some aspect of rights or ownership in the project, and can contribute to, or be impacted by, the outcomes of the project.*

Understanding of the different types of stake, and thus expectations, that stakeholders may hold, is reflected in the different perspectives offered by stakeholder theory (Bourne and Walker 2005). *Social science stakeholder theory* tends to focus around concepts of justice, equity and social rights having a major impact on the way that stakeholder's exert moral suasion over project development or change initiatives (Gibson 2000). *Instrumental stakeholder theory* holds that stakeholders and managers interact and the relationship is contingent upon the nature, quality and characteristics of their interaction (Donaldson and Preston 1995). This view implies a need for negotiation, and expected reactions ranging from stand-off to mutual adjustment depending on such intermediate variables such as trust and commitment, motivational forces (being harmonised or in conflict). Jones and Wicks (1999) offer a *convergent stakeholder theory* that explains stakeholder actions and reaction to change in these terms, much of this leads to a need for project managers to strive to develop mutual trusting and cooperative relationships with stakeholders and that their actions should be morally based on ethical standards.

What becomes clear, whatever philosophy one holds regarding stakeholder theory, is that 'legitimate and valid' stakeholders need to be identified and their power and influence understood so that their potential impact on the project can be better managed. Appropriate strategies can then be formulated and enacted to maximise a stakeholder's positive influence and minimise any negative influence. This becomes a key leadership and risk management issue for project managers. Failure to appreciate this has led to countless project failures as has been detailed in the literature, for example in (Morris and Hough 1993; Drummond 1998).

(Brinner *et al.* 1996) identified four sets of stakeholders: client; project leader's organisation; outside services; and invisible team members. Figure 1 provides a

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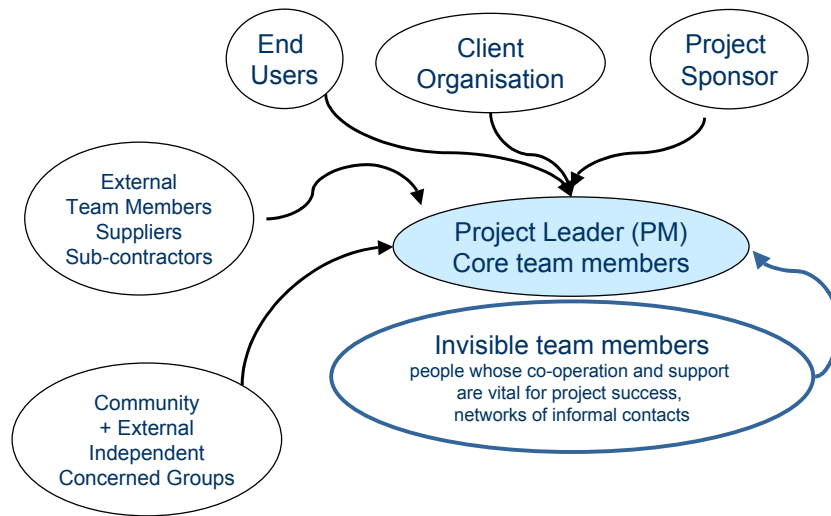generic stakeholder model that helps visualise where stakeholders may emerge from (Walker 2003, p261).

Figure 1 – Generic Stakeholder Model :Source (Walker 2003, p261)

Table 1 summarises a small (and random) selection of methodologies developed by individuals, companies, universities and government bodies for stakeholder identification and management.

Table 1 A selection of methodologies for identification and management of stakeholders

Methodology	Individual, Group or Organisation	Comments
Stakeholder Identification and Management (without categorisation)	(Elliot 2001), (Svendsen *et al.* 2004) http://www.cim.sfu.ca/) , (Thomsett 2002)	The methodologies are robust and can be effective in an environment that supports performance management and planning
Definition of categories of stakeholders	(Savage *et al.* 1991) (Mitchell *et al.* 1997)	Four generic types – supportive, mixed blessing, no-supportive, marginal; Eight part stakeholder typology based on assessments of the strengths of three attributes, power, legitimacy and urgency
Comprehensive stakeholder identification, assessment and engagement	(Cleland 1999) (Briner *et al.* 1996)	Identify stakeholders and their interest, measure this interest, attempt to predict stakeholder's future behaviour and its impact on the project and project team. Focus on communication as important part of stakeholder management
Focus on enhancing economic value and organisational wealth as well as recording what stakeholders require from the project	(Fletcher *et al.* 2003) (Veil and Turner 2002)	A process for mapping stakeholder expectations based on value hierarchies and Key Performance Areas (KPA), An analysis of ways organisations can plan their stakeholder management strategies, rather than response strategies. A more holistic process of identification, assessment of awareness, support, influence, culminating in development of a stakeholder knowledge base
Stakeholder Circle ™ visualisation tool and methodology	(Bourne and Walker 2005)	Continual process for identification, prioritisation, engagement strategy for developing long-term relationships

As a first step in assessing the potential impact of a stakeholder's interest in terms of contributing to project success, the product of an interest-strength and its influence-impact potential (as used in Risk Management assessments) may provide a useful form for visualising these two dimensions of stakeholder interest. This simple idea is illustrated in Error! Reference source not found.. From the stakeholder perspective they have a vested interest in the project's success that varies in intensity from very low to very high. Also the impact of that interest can be assessed in terms ranging from very high to very low.

Table 2- Stakeholder Interest Intensity Index (ViII)

Stakeholder Interest	Stakeholders Vested Interest Intensity Index (ViII) Value									
For Developing a Facilities Management System :	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Develop team's skill base	VH	H	N	N	L	VL	H	VH	L	N
Sustainable development										
Linkages to procurement data base of suppliers/contractors										
Demonstrated lessons learned										
Exemplar of better practice										
High-profile/strategic project										

Vested Interest (v) levels 5 = Very high, 4 = High, 3 = Neutral, 2 = Low, 1 = Very low
Influence impact levels (i) 5 = Very high, 4 = High, 3 = Neutral, 2 = Low, 1 = Very low

Vested interest-Impact Index (ViII) = $\sqrt{(v*i/25)}$ e.g. if Vested Interest (v) level = 4 (high) and
Influence impact levels (i) then ViII = $\sqrt{(4*4/25)}$ = $\sqrt{(16/25)}$ = 0.80 = high

This provides one means by which a stakeholder interest intensity map can be developed. It can also be segmented as seen above and can be applied to a sub-set of stakeholders. This stakeholder interest intensity map illustrates a facilities management system development. This could be useful in designing strategies for commitment to a policy of sustainable development for example, or help in developing a knowledge management system. The 'impact' part of the index relates to the power that these individuals may have to exert influence. Their influence is bounded by their source of power.

The Importance of Stakeholder Engagement for Project Success

The critical importance of stakeholder engagement and alignment of their goals and vision has been well established (Cooke-Davies 2000; Christensen and Walker 2003). By providing more project managers with a methodology and a tool to better visualise stakeholder potential impact, it is possible to ensure a greater set of potential responses of project managers to the environment they need to operate in (Cooke-Davies 2000, p211).

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Stakeholder engagement is a formal process of relationship management through which companies, industries or projects engage with a set of stakeholders in an effort to align their mutual interests, to reduce risk and to advance the organisation's economic advantage.

Project relationships can be best defined by the relationships between the Project Manager and the project stakeholders. These relationships are also defined as 'lookings' by Briner et al (1996) and as 'directions of influence' by Bourne and Walker (2003), and they focus on how different stakeholders – including senior management, project team members, users - have different expectations of the project and different definitions of success and therefore require different methods of management. Briner et al (1996, p12) have defined the role of 'project leader' as a combination of management of stakeholders, management of the project life cycle and management of the performance of individuals involved in the project. This concept has been further refined to become the *Project Environment*, a seven-element framework as the network or 'sphere of influence and support' on which a project depends for its very existence (Bourne 2004). It represents of all the relationships within and around the project.
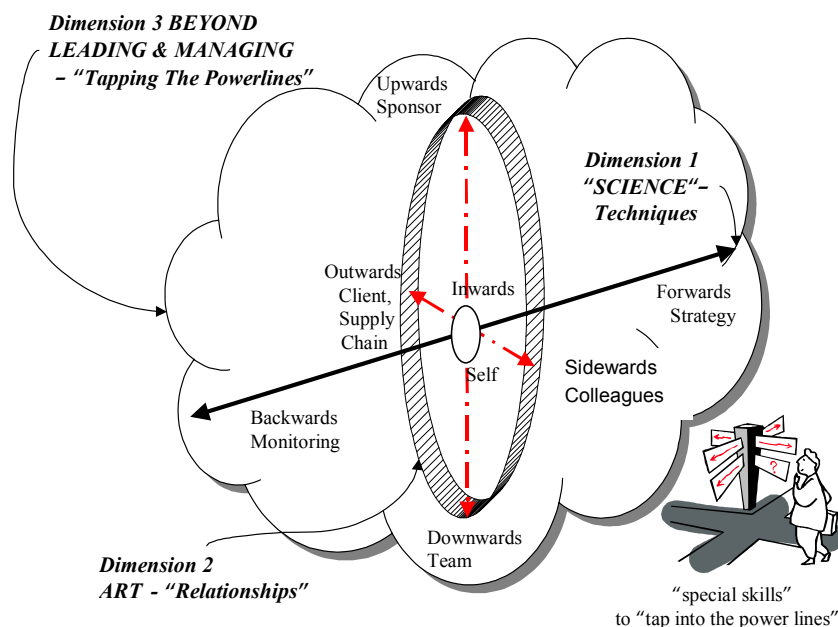

Figure 2 - Dimensions of Project Influence Source (Bourne and Walker 2004, p228)

Figure 2 defines what a project manager must do to manage stakeholder relationships for project success. The project manager must manage the processes to develop the plans, schedules, reports, lessons learnt and forecasts that will serve as communication devices to everyone who has an Interest. This is 'Dimension 1' looking forwards and backwards. The project manager must also manage him/herself, from the point of view of personal discipline, but also from the point of view of having needs and wants that must also be met through successful completion of the project. This aspect of stakeholder management – looking *inwards* - is often neglected. If the project manager's needs and wants have not been satisfactorily delivered, it cannot be termed a successful project, because all stakeholders have not had their interests fulfilled. Looking *outwards,* managing the needs of clients, suppliers and users, requires a mix of management and leadership. Looking

downwards, requires considerable leadership skills to motivate followers and ensure all team members have their needs and wants satisfied. Looking *sideways and upwards,* managing relationships with peers and senior management respectively, also require acute leadership skills. Looking *inwards, outwards* and *downwards, sideways and upwards* are 'Dimension 2' skills (Bourne and Walker 2004, p228).

Dimension 3 in **Figure 2** focuses on satisfying the needs and wants of important project stakeholders that require skills beyond management and leadership. These Dimension 3 skills demand significant interpersonal skills that call upon flexible and appropriate responses to situations when these stakeholders threaten the success of the project. It requires the project manager and his/her team to operate within the organisation's culture and 'politics', managing stakeholders' needs and expectations in a creative way.

Understanding the power environment within the organisation and the position of the actors within it for particular issues is crucial (Lovell 1993). With experience, this understanding is developed through a combination of conscious and intuitive, almost instinctive, thought processes leading to action. It occurs through changing situations and adapting attitudes to be more in line with the project's goals (Block 1983). This sounds deceptively simple, but requires knowledge of the environment and all the 'players' in this process and what their drivers (needs and wants) are. The methodology described in the previous section will show who is important, what the relative importance of these stakeholders are, what their needs are and what the project needs from these groups or individuals to be successful.

Even when the project manager lacks formal power, he/she needs to be able to influence people and outcomes; through building and nurturing what power they have in optimising "coalitions of support" (Boddy and Buchanan 1999). Failure to understand and control the political process has led to the downfall of many projects (Senge 1990; Lovell 1993). To successfully manage within an organisation's power structures, it is also necessary to understand the organisation's formal structure (an organisation chart will illustrate this), its informal structure, the social network discussed earlier in this paper, (friendships, alliances, maintaining acquaintance with former work colleagues) and thirdly its environment (each player's motivation, priorities and values) (Block 1983). Supporting the methodology are artefacts such as the project organisation chart, the chart of the project environment with definitions of the 'directions of influence' leading to the first spreadsheet –"stakeholder identification", the definition of each stakeholder's relative influence – "stakeholder prioritisation" and finally the "stakeholder engagement" chart which defines the who, what, when and how of the communication strategy and action plan.

French and Granrose (1995) define relationships in the following way:
- 'exploitation' – One person uses another to achieve his/her own selfish objectives without considering any benefit to the other.
- 'reciprocity' - two persons are each using the other in a way that ensures each benefits. In this type of relationship there is a sense of stability and balance absent from exploitation relationships. These relationships are based on rewards and 'give and take'.

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- 'mutuality' – This relationship is beyond exploitation and reciprocity. The two parties treat each other not as means but as themselves, by taking an interest in the other's goals and needs.

'Mutuality' is the superior of the three relationships. Whether they are organisations working to form partnerships or organisations dealing with employees, each party must have 'mutuality' as their goal. The concept of organisations working with their employees or with other organisations in less than superior exploitation relationships is one where it will be more likely to breech ethical bounds because of the idea of mutual benefit is ignored or not understood. The minimal that any stakeholder engagement strategy must aim for is 'reciprocity', but by the definitions of 'mutuality' will ensure the building and maintenance of robust and successful project relationships (French and Granrose 1995).

The Stakeholder Circle Visualisation Tool

While Error! Reference source not found. provides a useful visual representation it can be made more informative through employing a greater degree of graphical imagery such as an Influence Map or Social Network Map based on an organisation's formal structure and showing who has strong or weak influence in the project environment. Project stakeholders may have deep (extensive) or shallow (limited) influence in terms of their network of others that may be proxies for their interest. For example, an individual with weak influence on the project driving power force may have very deep and strong influence on another individual or group that may in turn have a very strong influence on the project power source. Information about these relationships may come through interviews, formal and informal documentation, the 'grapevine'. Astute project managers keep their antennae active constantly, and know when and how to use such influence maps to achieve success through others who may be able to influence the outcomes.

Following from the use of techniques discussed above to map stakeholders and their influence patterns, a visualisation of stakeholder power and impact can now be constructed. Figure 3 illustrates the concept (referred to as the *Stakeholder Circle™*) that one of the authors has developed (Weaver and Bourne 2002).

Key elements of the *Stakeholder Circle* are: concentric circle lines that indicate distance of stakeholders from the project or project delivery entity; patterns of stakeholder entities that indicate their homogeneity, for example a solid shade indicates solidarity while shading or patterning can indicate heterogeneity in presenting an interest; the size of the block, its relative area, indicates the scale and scope of influence; and the radial depth can indicate the degree of impact (Bourne and Walker 2005). This tool can be very useful for project managers trying to understand and remain alert to, the nature of stakeholder impact. The model has been tested through research conducted by one of the authors, and presented at Project Management Institute (PMI) chapter meetings and conferences (Weaver and Bourne 2002) on several continents—in each case the presenter received many interesting questions and comments that indicated its resonance with practicing project managers.
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It is important to the success of a project for the project team to identify the potential project stakeholder set or the PM's networks, and to analyse and assess these potential stakeholders to understand what must be done to recruit them for project success.
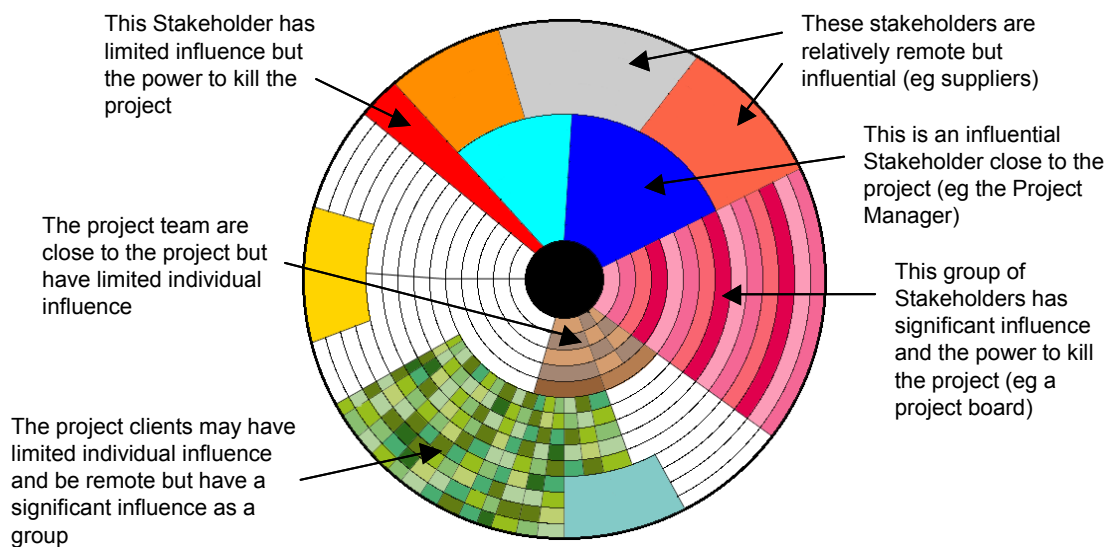

Figure 3 - The Stakeholder Circle

Step 1 - Identifying Stakeholders

The *Stakeholder Circle™* methodology consists of three parts. The first part is the identification of project stakeholders in the categories described as part of the project environment earlier in this paper, including a definition of what each individual or group '*requires from the project* as well as a definition of the *significance to the project* of these individuals or groups. This concept is based on the idea of 'mutuality' as discussed earlier in this paper. This exercise is conducted by workshops with individuals who are familiar with the project deliverables and constraints, and with the organisation structure (and the organisational politics).

Step 2 - Prioritising Stakeholders

The second part of the methodology is the prioritisation of these stakeholders. Considering three factors can assess the relative importance of Stakeholders:

- Proximity - are they closely associated or relatively remote from the project?
- Power - is their power to influence significant or relatively limited? Urgency – are they prepared to go to any lengths to achieve their outcomes

Proximity as used in this methodology is self-explanatory. The team must rate the stakeholders on a scale of 1 – 4, where 4 is: 'Directly working in the project (team members working on the project most of the time)' and 1 is: 'Relatively remote form the project (does not have direct involvement with the project processes)'.

The simple definition of *power* used in the prioritisation workshops is the relative power to 'kill the project' and is rated by the workshop participants on a scale of 1 – 4, where 4 is: 'High capacity to formally instruct change (can have the project stopped)' and 1 is: 'Relatively low levels of power (cannot generally cause much change)'.

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Urgency is based on the concept described in (Mitchell *et al.* 1997, p867), whose theory defined two conditions to be met from an urgency perspective: "(1) when a relationship or claim is of a time-sensitive nature and (2) what that relationship or claim is important or critical to the stakeholder". They view urgency has having two attributes: time sensitivity and criticality. Based on these conditions the methodology requires workshop participants to rate stakeholders on a scale of 1 – 5, where 5 is: 'Immediate action is warranted, irrespective of other work commitments' and 1 is: 'There is little need for action outside of routine communications'.

There is scope for an extra set of weightings offered by the ability to change the relative weightings of the full set, through changing values of power, proximity and urgency to independent values of 1 – 9, depending on which aspect of the prioritisation the organisation deems more important for that project. The *Stakeholder Circle™* visualisation chart can then be developed using the tool from this data.

Step 3 – Developing a Stakeholder Engagement Strategy

The third part of the *Stakeholder Circle™* tool methodology is centred on identifying, particularly for the top 15 stakeholders (previously prioritised), engagement approaches tailored to the expectations and needs of these individuals or groups. After all, they have been defined as the most important and influential of the project relationships so it is essential to regard this part of building the relationships as an essential part of the planning process providing essential data – role of the stakeholder, what the project needs from that relationship, and what that particular stakeholder, individual or group, will gain from supporting a successful project. Examples of the 'what's in it for me – WIIFM' aspect will be enhancement of personal or organisational reputation, satisfaction of a measure in an individual's Key Performance Indicator (KPI) set, perhaps for delivery of project benefits. Understand this 'mutuality' will enable the team to identify the levels of support and interest that these stakeholders have in supporting the outcomes of the project. The first set of analysis is around identifying the level of interest of the stakeholder(s), at 5 levels from committed, through ambivalent to antagonistic. Next step is to analyse the stakeholder level of support, at 5 levels from active support, through non-committal to active opposition. If an important stakeholder is both antagonistic and actively opposed he/she/they will need to have a different engagement approach from stakeholder(s) who are highly interested and highly supportive.

The next step is to define how the message (any message) will be delivered – written, oral, formal and/or informal and who should deliver it and at what frequency. It does not need to be just the project manager, other members of the project team may be more appropriate and sometimes the project manager may have to brief another person who has more influence with the target of the message. The frequency and regularity of delivery of these messages will vary with the interests and level of support of the stakeholder as well as the stage of the project. Finally it is important to define the content of the message itself. Often the message will be regular project updates or notification of issues and their resolutions. But care must also be taken to ensure that the content and tenor of the message is in accord with what has been defined as what the stakeholder 'requires from the project' - the WIIFM.

The next section of this paper describes data from the research, the analysis of which will help in understanding of relationship management in projects. Some instances

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are: how the same person can have different roles and different importance depending on the type of project, and the project team's assessment of the impact of the stakeholder on the project as well as the impact of the project on the stakeholder. The descriptions of the case studies are based on cultural measurement approach of Martin (2002)). The stakeholder circles were developed from meetings with members of the project team and stepping through the mechanics of gathering data from them as described above.

Case Study 1 – IT Project - Council 1

'Council 1' is a local Government body serving an Australian inner city constituency, with a very diverse set of residents and ratepayers, from wealthy professionals to single parents and the unemployed; from long-term residents to transients. This organisation has been undergoing a culture change program over the last two years to develop an organisation characterised by open communication, mutual trust, respect and recognition. This culture change and the organisation so developed are based on the work of Wheatley (1999) who uses precepts of chaos theory to provide a template for different organisational behaviours and different organisations based on an emphasis on values, vision and ethics. She proposes change events where the 'whole system is involved' (Wheatley 1999, p67)), from all parts of the organisation and including external stakeholders, thus creating a sense of 'ownership' and personal connection not only to the results of the coming together but to the organisation itself. The objective is the development of a culture where trust and co-operation have replaced competition and control.

The culture of Council 1 is characterised by content themes observed through extensive interviews that one of the authors conducted with Council 1 staff, secondary documentation and direct observations:

- History – through amalgamations, one single entity has been formed from three distinct town councils. Some staff have worked their entire lives here, some have recently joined (often from other councils – of the five team members that the researcher worked closely with, four had joined within the last three years and from other councils). The 'old guard' being conservative, have generally been resistant to changes being introduced both through new technology and the culture change program.
- The formal hierarchy is headed by the CEO reporting directly to the Councillors – the elected representatives of the ratepayers and residents of Council 1. This formal hierarchical structure is a five-layered traditional structure (Mintzberg 1979).
- Politics takes on a number of forms:
  - o the external politics due to fixed terms of the elected representatives and their needs to satisfy their constituencies,
  - o internal politics of competing demands for funding, resources, influence and power
- Through the influence of the culture change program, the recognition of matrix structures, flexibility and open communication were constant themes in my discussions with the five research participants.

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Council 1 Practices:
- Formal practices were exemplified by the procedures of acquisition of services through a long, involved but ultimately fair process, the participation of staff members in projects or tasks outside their normal work responsibilities
- Financial controls of the lengthy and complex tender process, the need to gain council approval for expenditures over a certain level
- Technology support through new IT solutions to enable and ensure compliance with rules and procedures for managing council assets and services
- Informal structures based on influence, getting things done informally, forming alliances.

Cultural Forms:
- Stories - 'folklore',
- Rituals – coffee meetings at Café across the road (not in Council cafeteria), a practice used by all three managers who participated in the research
- Jargon – 'folklore' as the term for stories, promises and doubtful information, and acronyms for many external bodies and internal divisions
- Physical arrangements:
    - Aging and shabby surroundings – the building is about to undergo a major refurbishment as part of the re-development of the Town Hall which houses staff both administrative and professional and enquiry functions, Council chambers and areas for public use.
    - Open plan general accommodation, with offices for Directors (reporting to CEO) and the next layer of management.
    - There are few meeting rooms
    - Examples of the Council's valuable art collection are displayed in the staff accommodation, both on the walls of offices and in the general areas.
    - The staff areas have reasonable security. The researcher was issued with a visitor pass and escorted in and out of the building for every visit.

One IT project that was studied as part of the doctoral research project reported upon in this paper was an Asset Management System. This system assisted Council 1 in complying with Government requirements and in ensuring greater efficiency in managing Council 1's assets which included roads, curbing, buildings, and drains.

The phase of the IT project under study was the selection of company to provide asset management software and implementation support (through a complex tender process) as well as the planning and implementation phase. The IT project funding had been approved, but the selection process was taking much longer than expected. The original, aggressive plan for implementation included having a significant part of the solution delivered within six months of the time the research began. The organisation did not appear to have many PM skills and underestimated the effort involved in gathering requirements, developing databases and processes and integrating a number of existing systems.

The project manager of the Asset Management System was an experienced functional manager, with significant background and experience in property management in

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local government, and therefore, in the asset management aspects of the project, but little experience in managing projects such as this one. The project team would be relying on the successful tenderer to take the lead in the PM activities. The Asset Management team was involved in the identification, prioritisation and engagement management processes developed to support the *Stakeholder Circle™* visualisation tool. They were very politically aware and were able to grasp the requirements of the tool quickly. Their evaluation of the methodology and the tool was very positive.

The sponsor for the project was the Director who had accountability for the Asset Management Group. This sponsor understood his role as being responsible for the funds and realisation of benefits and also for ensuring roadblocks to project success are removed. He was very supportive of both the project and the project manager. He played an active role in this project; the PM communicated daily on issues and updates and regularly sought his advice on matters of politics within the organisation. The Stakeholders identified by the project team through the methodology are shown in the *Stakeholder Circle™* in **Figure 4** below.
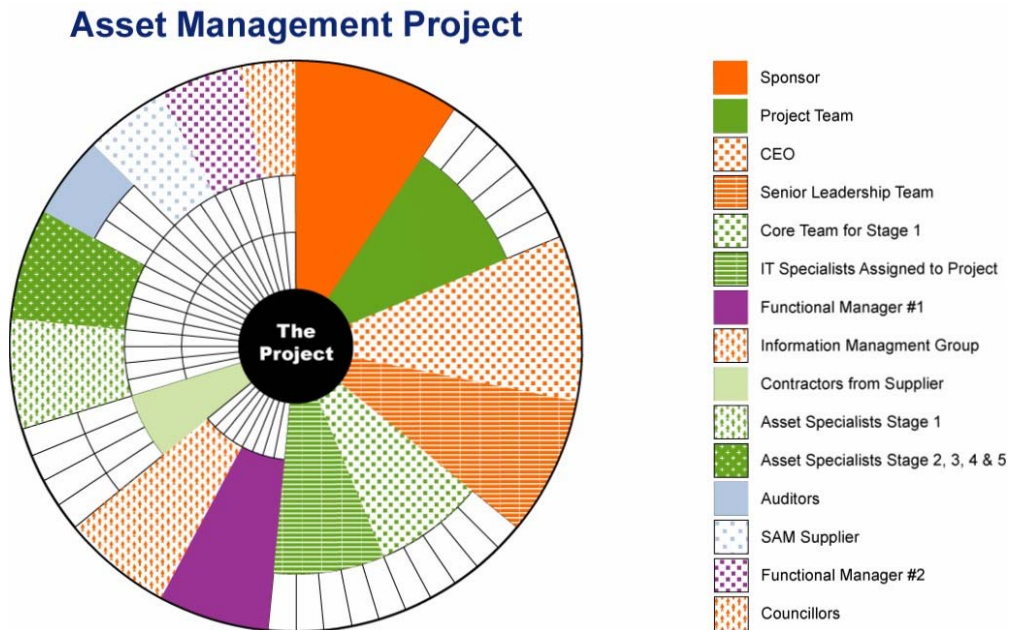

Figure 4 - *Stakeholder Circle™* for Council 1

The top fifteen identified and prioritised through the methodology were, in order of priority with their 'direction of influence' in parenthesis:

- The Sponsor **(Upwards – managing up)**
- Project team members (staff) **(Downwards – part of the team)**
- Chief Executive Officer **(Upwards – managing up)**
- Senior Leadership Team **(Upwards – managing up)**
- Core Team for Stage 1 comprising managers of those areas where the Asset Management solution would be implemented first along with some individuals, either managers or specialists who would be essential to the success of the total project implementation. **(Downwards –part of the team)**
- IT Specialists assigned to the project **(Downwards –part of the team)**

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- Manager of one of the Functional groups in the organisation (#1) **(Sidewards)**
- Information Management Group **(Upwards – managing up)**
- Contractors provided from the successful tenderer of the asset management solution who will be working as part of the project team. Included in this group will be individuals responsible for setting and maintain a schedule and other project administration tasks throughout the implementation of the solution. **(Downwards –part of the team)**
- Members of each of the areas to be implemented in Stage 1 who will act as specialists and Business Analysts as well as represent their area's needs for implementation and training. **(Downwards –part of the team)**
- Members of each of the areas to be implemented in subsequent stages, Stages 2 – 5, who will act as specialists and Business Analysts as well as represent their area's needs for implementation and training. **(Downwards –part of the team)**
- Auditors **(Outwards)**
- Software vendor **(Downwards)**
- Manager of one of the Functional groups in the Council (#2) **(Sidewards)**
- Councillors **(Upwards)**

In this *Stakeholder Circle™* the instances of 'team' are the same as the instances of 'manager', while instances of managing outwards or sidewards (contractors or peers) is quite low – two for peers and one for contractors. Only managers have the power to 'kill' the project, the Sponsor and the CEO have equal power and influence and there is very little 'white space' in this *Stakeholder Circle™*. This *Stakeholder Circle™* was quite different form the other five that were developed as part of the research. This difference was that the instances of 'team' were significantly greater than in other projects. When the team reviewed their project's *Stakeholder Circle™* they attributed this focus on team as a result of the organisational change program being introduced into Council 1.

The second part of the research methodology was about developing an engagement strategy based on the requirements of the project on the stakeholders and the stakeholders' requirements of the project. The project manager of the IT project understood the need to develop strong, regular and effective communications plans and to use the influence of others (either peers or managers) when she felt she was unable to influence individuals herself. However, in this instance there was no such communication plan, so the project team was very keen to map out a strategy which covers the 'how', 'what', 'when' and 'who' of communication to these prioritised stakeholders as well as all others identified in the process.

Case Study 2 – Construction Project - Builder

Builder is a private business infrastructure solutions company, offering services in the areas of projects, property, both management services and development services. Builder has been selected to manage the Town Hall re-development project for Council 1, providing project management services, in the form of managing the architect group, engineering specialists, and responsible for project administration of schedules, budgets, issue and risk management.

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Content Themes:
- History – Builder is a family company, having been in the construction and infrastructure services industry for many years with a strategy of moving to a more commercial culture.
- Led by the MD, it has a very flat structure – the MD is also the Project Director for the construction project. The MD, recently appointed, has described himself as a 'man with a mission' to increase the company's effectiveness through introducing contemporary project management skills, sustainable profitability and global expansion beyond Australia. To this end he has introduced regular meetings of the full team and encouraged all members to attend.
- He also has espoused a strategy of 'growing' the younger members of his team through pairing them with more experienced PMs and then "throwing them in at the deep end" with support from the more experienced members of the company.

Practices:
- The MD is planning to make procedures more efficient through the purchase of a project management toolset that supports bidding, client management and automated workflows.
- Informal structures based on influence, getting things done informally, forming alliances.

Cultural Forms:
- Physical arrangements:
  - Modern, functional reception area, with an area for visitors to wait, a staff kitchen partitioned off form the main reception area, and some meeting rooms, named after some of the services offered by Builder.
  - As a visitor, the researcher (one of the authors) have only seen the project meeting rooms and have not visited their site office or head office accommodation to judge what cultural artefacts may reveal.

The project was one of many of Builder's projects, a Town Hall re-development project, where Builder's role was of contracted project management, managing all the professional service providers as well as the overall program. This seems to be the usual structure of construction projects.

The MD of the company was the project director, assisted by the project manager, who had progressed his career through the construction ranks from contract administrator to construction manager and project manager roles. The project manager convened regular meetings with the architects, engineers and other specialists, managing issues, maintaining the schedule ('program') and at the time the researcher was working with this project, he was trying to tie down the design and therefore the scope and budget for the project. There were separate meetings with the staff from Council. While the PM was responsible for much of the communication with clients and professional service providers, the project director managed communications and relationship management with the senior managers of Council 1.

The Sponsor for this project was the client CEO. The accommodation project was well supported by the CEO as affecting both staff and residents and was seen to

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reflect the reputation of the Council and the Councillors. Because this project was of such a high profile, the CEO was taking a personal interest in the development of the design and managing the budget at the time of data collection.

The Stakeholders identified by the project team through the methodology are shown in the *Stakeholder Circle™* in **Figure 5** below.

Town Hall Redevelopment

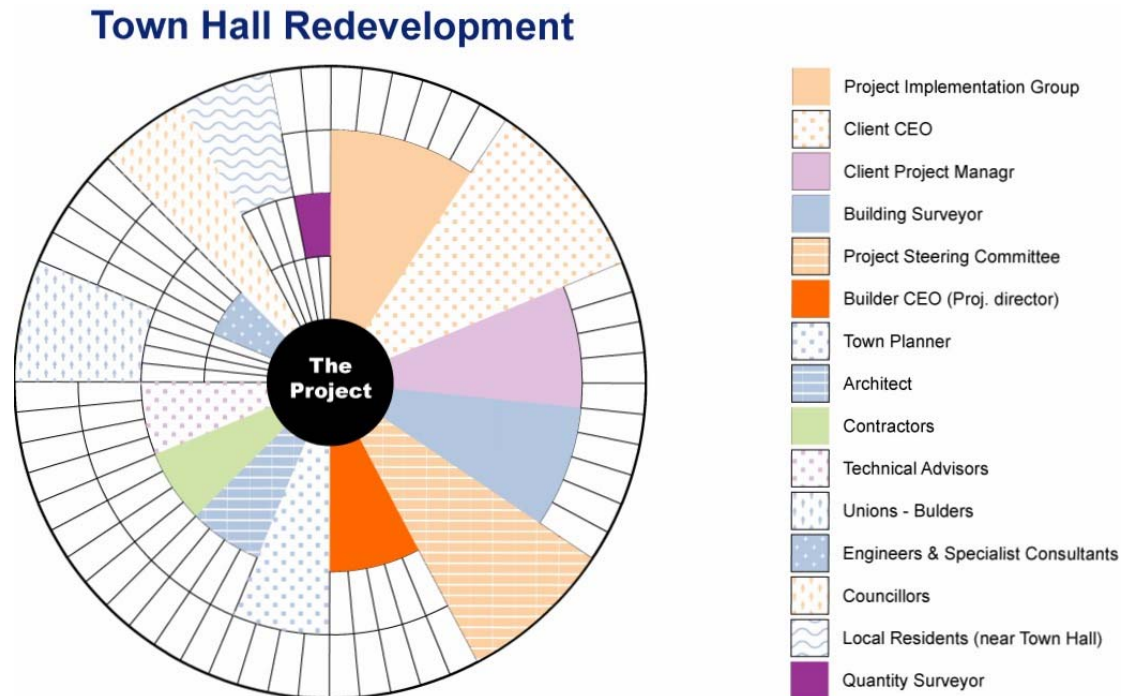|	
Project Implementation Group	
Client CEO	
Client Project Managr	
Building Surveyor	
Project Steering Committee	
Builder CEO (Proj. director)	
Town Planner	
Architect	
Contractors	
Technical Advisors	
Unions - Bulders	
Engineers & Specialist Consultants	
Councillors	
Local Residents (near Town Hall)	
Quantity Surveyor	

Figure 5 - *Stakeholder Circle™* for Builder

The top fifteen identified and prioritised through the methodology were, in order of priority:

- Project Implementation Group **(Upwards – managing up)**
- Client Chief Executive Officer **(Upwards – managing up)**
- Client Project Manager **(Sidewards – peers of PM)**
- Building Surveyor **(Outwards)**
- Project Steering Committee **(Upwards – managing up)**
- 'Builder' MD/Project Director **(Upwards – managing up)**
- Town Planner **(Outwards)**
- Architect **(Outwards)**
- Contractors **(Downwards –part of the team)**
- Technical Advisors **(Outwards)**
- Unions – Building Trade **(Outwards)**
- Engineers and Specialist Consultants **(Outwards)**
- Councillors **(Upwards – managing up)**
- Local Residents (near Town Hall) **(Outwards)**
- Quantity Surveyor **(Sidewards – peers of PM)**

In this *Stakeholder Circle™* the instances of managing outwards or sidewards (contractors or peers) are highest, with only one instance for 'team' and five instances

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of 'managing up'. Only managers (the Client CEO the 'sponsor', the, and the Councillors of the client organisation have the power to 'kill' the project, the Sponsor and the Project Steering Committee have equal power and influence while the Councillors have less influence although as much power. There is over 50% for 'white space' around the external perimeter of the *Stakeholder Circle™*, and no 'white space' at all around the internal perimeter.

There was no Stakeholder Engagement strategy developed for this project. While Builder's MD and PM thought that the use of Stakeholder Identification and Prioritisation methodology added value to their organisation, they had already developed communication processes that they could apply to the prioritised stakeholder list that they considered sufficiently useful to their purposes.

Discussion and Analysis of Case Study 1 and 2

In this section of the paper we will provide initial observations from the data. The scope of this discussion will be limited by paper word-limits and so we acknowledge that we cannot provide as full and detailed a discussion that we would prefer. However, we feel that valuable insights can be drawn from using the Stakeholder Circle to map stakeholders and the primary purpose of this paper is to illustrate how this tool can be used rather than provide a full analysis of these interesting case studies. We first outline the similarities and differences apparent from the visualisation and then we will discuss how this illuminates the processes of developing and maintaining relationships, how stakeholders were engaged, how this might affect risk management. This will lead us into our conclusions in terms of project management implications on how to manage power relationships with stakeholders, leadership and how to maintain engagement.

<u>Similarities and Differences</u>
The output of each of the two Circles is summarised in the **Table 3** below. This provides some indication of the "what" and "who" of the stakeholder visualisation output in terms of the directions of management attention required.

Table 3 - Results of circles summarised

	Council 1	**Builder**
Managing **Upward**	6 (40%)	5 (33%)
Managing **downwards** (part of the team)	6 (40%)	1 (7%)
Sidewards (peers)	1 (7%)	1 (7%)
Outwards	2 (13%)	8 (53%)
Inner perimeter 'white space'	7 segments (22%)	0 segments
Outer perimeter 'white space'	1 segment (3%)	18 segments (56%)
Power to 'kill' project	3 'managers' – 1, 2 and 4 on the priority list	3 'managers' – 1, 2 and 5 on the priority list

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There is a similar degree of managing upwards and sidewards for both projects. However, as the Council 1 project team was a hybrid of mostly internal staff and close collaboration with a vendor, there appears to be more downward managing within the Council 1 team and limited outward management with the vendor's staff than was the case for the Builder case study. As stated previously in this paper, the high instance of 'team' shown in Council 1's Circle is unusual and could indicate that the two-year organisational change program was having an effect. This correlation is the subject of further research. For Builder, the construction project was procured with a wide array of suppliers and sub-contractors (as is normal for this segment of the construction industry), so for this type of project the need is for substantial outwards management with members of the supply chain.

Although both projects will provide deliverables to the same organisation – Council 1, there are some factors that have caused the *Stakeholder Circle™* developed for each to be significantly different in appearance. Managing upwards was conducted in a similar way for both projects.

The most obvious differences are:
- The Asset Management system is an IT project, managed by Council staff, and whose team is primarily also Council staff. Contractors will be provided from the vendor of the asset management package that will be customised to the Council's requirements whereas:
- The Town Hall re-development is a construction project managed by Builder, a commercial project management and services organisation, with a PM provided by Builder and a client PM provided by Council to work with the team provided and managed by Builder
- Council has the same number of prioritised stakeholders in the project implementation 'team' as in 'management'. This can be explained by the hierarchical nature of the Council organisation; the sponsor, the CEO, the Senior Leadership Team, the Information Management Group (IMG) are all essential to protect the project from other competing priorities. Two possible explanations for the relatively large number of individuals and groups 'in the team' are the inclusive management style of the Project Manager and the effect of the culture change program being implemented in the Council.
- The only 'manager' from the Builder organisation is the MD of the Company (who also holds a project role, that of project Director). The other 'managers' are from the Client organisation: the Project Implementation Group, the CEO, the Project Steering Committee, and the Councillors. The only 'team' members were the contractors engaged in the design and refurbishment activities for the Town Hall, reporting directly to the Builder PM.

It is clear from a preliminary view of the results of the identification and prioritisation of the two projects that it is not possible to predict who the most important stakeholders will be and what mix of management techniques is most appropriate. Having determined the 'what' and 'who' stakeholder identification through using the visualisation tool we turn our attention to 'how' issues. This leads to the third part of the *Stakeholder Circle™* methodology – stakeholder engagement and the way the development and maintenance of project relationships can be achieved.

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Project Management Implications for Improved Stakeholder Relationships Using the Stakeholder Circle Tool

Implications for improved stakeholder relationship lie primarily in risk management, communication and project leadership, so each of these will be discussed.

The issue with any methodology and supporting tools is maintenance of the processes, timely review of the stakeholders, and a forum for measurement and monitoring of the engagement strategies defined as part of the methodology. This can be accomplished effectively through ensuring that the engagement plan is reported at each Risk Review and at regular project meetings to ensure that the prioritised stakeholder list is current and that each stakeholder or stakeholder group is being appropriately engaged.

This paper will now explore three concepts in relation to the *Stakeholder Circle ™* methodology and toolset together with observation and open dialogue evidence and reference to the wider literature:

1. The idea of stakeholders to be managed or engaged as part of the Risk Management process
2. An exploration of power in terms of how stakeholders may wield power, and how the PM recognises a stakeholder's power and wielding of it, and how the PM with little personal authority can ensure that stakeholders defined as essential to the project can be managed to maintain their commitment to the success of the project
3. An exploration of leadership and how the PM can exercise this important attribute for project success, and how the PM can direct the leadership potential of project stakeholder's for project success.

Risk Management

It is important to recognise that management of the engagement process of prioritised stakeholders is an essential part of a risk management plan for the project. Consider the impact on a project if a stakeholder's lack of interest or lack of co-operation causes a crisis, or exacerbates an issue. It is far more difficult to 'save' an issue caused by a stakeholder and then to turn the negative impact of this stakeholder on the project into a positive one going forward. This has been the philosophy of Builder – that it is important to ensure risk is managed at all phases of the project, even to the extent of facilitating a day long conference of all those impacted by or involved in the construction project – Town Hall re-development.

The process identified in the PMBOK (PMI 2004, Chapter 11) for the identification, registration, ranking and management of risks is similar to the early part of the *Stakeholder Circle™* methodology: brainstorm a list of all stakeholders, rank them according to perceived importance, categorise, register and manage according to an agreed plan with regular monitoring and review.

The risk responses defined by the PMBOK (PMI 2004) can be useful as a guide for managing the risk aspect of relationships. Avoidance (eliminating the threat posed) can be managed through improved communication with stakeholders. Transference

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(the negative impact of the threat) can be managed through ensuring that the team member who engages a particular stakeholder is one who has empathy with him or her. Transfer is not just about insurance premiums, and may not involve payment of any sort when dealing with stakeholders. When the difficult stakeholder is 'outwards' – for instance a contractor delivering services to the project, (Bourne and Walker 2003), transference as a strategy can mean the development of a contract to balance (or shift) the risk. Transference can also take the form of "performance bonds, warranties, guarantees" (PMI 2004, p262). Mitigation is about reducing the probability or impact of the risk related to the actions (or lack of action) of an important stakeholder, possible through early action, or through the *Stakeholder Circle™* identification, prioritisation methodology and subsequent engagement planning.

Communication as part of stakeholder risk management is vital for project managers for relationships with not only close, supportive 'tame' stakeholders but also those that may be hostile to their priorities of project goals and vision. These power structures are complex and constantly changing requiring a high level of maintenance. Maintenance in the form of 'active communication' systems with appropriate stakeholders will also provide 'early warning 'systems' (Briner *et al.* 1996). Inevitably, 'rogue' stakeholders (supporting one of the warring parties in the project team, or seeking to establish ascendancy over 'tame' stakeholders, or with other hidden agendas) will incite conflict or cause trouble for the project manager and seek to cancel the project or even worse, change some aspect of the project; change the scope, technical direction, reduce the funding, require additional or different reporting. If project managers can established a credible foundation of understanding stakeholder influence and its intensity then they can engage influential stakeholders in active communication, and disaster may be averted in problematic situations. Conversely, stakeholder influence can be used as a subtle positive driver for project success.

A project manager must also be able to recognise the danger signals, the 'early warning systems' the warning of possible trouble, particularly with senior stakeholders. (Boddy and Buchanan 1999) list these danger signals as: interfering without consultation, not providing support when needed, poor communication links – too many reporting levels between the project manager and the senior stakeholder, unfounded promises or commitments. Only a project manager who has built credibility, and knows how to tap into the power structures of his/her organisation (through deep knowledge of stakeholders and their potential influence) can recognise these signs, and defuse potential crises before disaster strikes. We argue that the qualities and actions that make a good leader will support a project manager working successfully within the power structure of an organisation to maintain the objectives illustrated in the project vision and mission.

Risk is not just about negative occurrences. The positive aspects of risk, opportunity, are often neglected, but essential to consider in any plan to manage and engage a project's stakeholders. The three response suggested by the PMBOK are exploit, share or enhance. (PMI 2004, p262). These three responses are the essential elements in the engagement strategy that is part of the *Stakeholder Circle™* methodology.

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Opportunity exploitation is appropriate for risks with potential positive impacts and is focussed on making an opportunity happen. Directly exploiting responses for relationship management include assigning the most appropriate person to engage the stakeholder, to ensure that that stakeholders needs and wants are delivered. Sharing a positive risk involves "allocating ownership to a third party who is best able to capture the opportunity for the benefit of the project" such as the formation of partnerships or joint ventures. Enhancement "increases the probability and/or positive impacts by identifying and maximising key drivers of these positive-impact risks" (PMI 2004, p262).

The Stakeholder Engagement Plan should be regarded as being an important aspect of the Risk Management Plan, while being recognised that Stakeholder Management is not Risk Management. A thorough knowledge of each important stakeholder's risk tolerance, and indications of triggers or 'early warning systems' that may indicate a stakeholder's loss of interest or support for the project can be managed through the reporting and monitoring aspects of the Stakeholder Engagement Strategy in the same way that risk must be managed.

The Case Study of the reasons for the Challenger disaster (Vaughan 1996) describes how Senior Management 'bullied' the engineers opposing the launch at that time into acquiescing, how economic and political pressure caused tradeoffs with safety, and how the whole design was compromised by NASA's pact with the military to carry military pay-loads to their specifications but without appropriate funding contributions. Vaughan's thesis was that is was entrenched organisational culture and management behaviour that was behind the 'technical and management failures' that were blamed for the Challenger disaster. It is this organisational culture and behaviour that is important to manage for project success – understanding the culture and being able to manage within the environment; the PM must understand the power relationships and be able to manage them without authority.

Power and Authority

It is necessary to define more clearly what is meant by *power* in the project context. Yukl (1998) defines three source groups of power and describes their characteristics.
1. *Position power* derived from statutory or organisational authority: formal authority; control over rewards; control over punishments; control over information; and ecological (physical/social environment, technology and organisation) control.
2. *Personal power* derived from human relationship influences or traits: expertise; friendship/loyalty; and charisma.
3. *Political power* derived from formally vested or conveniently transient concurrence of objective and means to achieve these: control over decision processes; coalitions; co-option; and institutionalisation.

There are many other definitions of power for example (Greiner and Schein 1988; Greene and Elfrers 1999), the foregoing is offered for its simplicity and usefulness in the context of this paper.

The project manager must know how to work within the organisation's cultural and political environment. Projects are affected by the both 'hidden agendas' and the overt actions of people or groups referred to earlier in this paper as being project

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stakeholders. In large complex organisations, understanding the power structures and using them to benefit project outcomes this often understood as 'politics'.

Crawford and Da Ros (2002) conducted quantitative and qualitative research into the impacts of organisational politics on the outcomes of projects and the importance of the development of political skills for project personnel, particularly the project manager. The starting point was that project success depends on the positive perceptions of project outcomes of key people as well as on positive schedule and budget performance. This then leads to the conclusion that "the concept of project success … appears to be, of itself, inherently political" (Crawford and Da Ros 2002, p20). Their research of was designed to investigate the relationship between organisational politics and the perceived outcomes of projects. The study focussed on projects conducted within and between large organisations. Using quantitative (questionnaire) data and case studies (interviews), the findings supported the following:

- There is strong correlation between organisational politics and acquisition of project resources
- The ability of the project manager to make effective use of organisation politics contributed significantly to project success
- The qualitative survey did reveal difficulties in assessing how political influences affect the perceived outcomes of projects, due to inconsistencies of definition of clear measures of project success.

The contribution that Pinto (2000) makes is to focus on behaviours and tasks that project managers can use to make organisational politics work for project success. "Political behaviour, sometimes defined as any process by which individual and groups seek, acquire and maintain power, is pervasive in modern corporations" (Pinto 2000, p86). This behaviour is important for a project manager to acquire because:

- Project managers do not always have a "stable base of power" but must "cultivate other methods of influence" to secure the resources necessary for their project to succeed
- These projects often exist outside the "traditional line (functional) structure". Resources (financial, human, material and informational) must be negotiated.

Project managers are not assigned the authority or status to manage their team members who will still be organisationally attached to functional groups elsewhere in the organisation. At best these members will be 'loaned' to the project and may have roles on multiple projects. Ensuring the best performance from these team members is therefore based on leadership qualities and the ability to manage conflict and the competing claims on their project resources.

Developing networks is something that the successful project manager does in the course of his/her daily activities. It is sometimes important to consider types of networks and their values for supporting project success. Social networks are an important part of the project manager's skills and knowledge set. They are often the best way to get things done. Both the PM of the council project and the project director of the construction project understand this approach well and constantly seek to use and expand their networks for the benefit of their projects and organisations. Some useful ways of thinking about social networks are in terms of their function: *advice network* – who in the organisation can help solve problems and provide

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specialised information (technical, accounting), *trust network* – who can the project manager share delicate information with, the *communication network* – who can the project manager regularly talk to about work-related matters (Krackhardte and Hanson 1993). Such informal networks can be used for good to remove roadblocks, understand hidden agenda or can sabotage company initiatives through opposition to change.

Leadership

Effective leadership style depends on a follower's ability (and willingness) to follow a leader (Hersey *et al.* 1996). Leadership of project team members is not the subject of this paper, but is important to raise in the context of an effective leadership style depending upon the perceived and apparent power base of the leader as well as the power relationships between leader and led. It should not be assumed that project leadership only applies to the PM's team. Qualities of leadership must be present and utilised constantly and flexibly in all aspects of relationship management.

Hersey et al (1996) defined forms of leadership power and influence as:

Table 4 Forms of power influencing leadership styles and effects on followers

Coercive	Based on fear. Failure to comply results in punishment
Connection	Based on 'connections' to networks or people with influential or important persons inside or outside organisations.
Reward	Based on ability to provide rewards through incentives to comply. Is expected that suggestions be followed
Legitimate	Based on organisational or hierarchical position
Referent	Based on personality traits such as likeable, admired etc, thus able to influence
Information	Based on possession to or access to information perceived as valuable
Expert	Based on expertise, skill, knowledge which through respect influences others

This theory of how power relationships affect leadership effectiveness is useful at a high level, because it provides a useful guideline for establishing the framework for understanding and managing organisation power structures. However, it is important to note "The power base of the individual PM depends on the status of the particular project as well as his/her reputation and influencing skills…. Knowing which styles of persuasion to use and when depends to large extent to the political skills and courage of the particular PM" (Lovell 1993).

(Kotter 1990, p3) writes that *leadership* is an age-old *art* while *management* is a more recently established *craft*. Kotter also defines management as "coping with complexity" and leadership as "coping with change".

Projects are about change, and the managers of these projects should be considered as agents of change, particularly projects in the non-traditional, non-construction Projects such as IT or Business Process change. There are times throughout the life of the project when the PM has to decide whether to "pull – inspire or persuade" or "push – direct or control" (Bennis and Nanus 1997, p20). The experienced PM knows when to 'push' and when to 'pull'; and how he/she does this depends on the 'style' of the PM. Some aspects of "style" can be learned but others are personal traits and can either be modified or enhanced to be effective.

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The idea of "the 'leader and the led' in organisations is not monolithic, but is composed of varying levels of relationships, contact and situations"(Popper and Zakkai 1994). This statement holds even within the most rigid hierarchical organisational structures, such as the mature bureaucratic organisation of the large corporations (Mintzberg 1989). According to Popper and Zakkai, response to leadership can be emotional, as defined by (Bennis and Nanus 1997), or 'give and take' relationships as defined by (Hersey *et al.* 1996). Leadership is about the "effect of the leader on people, individually or collectively, in relation to their environment". In this context leadership has three forms; Inspirational Leadership is "Heart Leadership"; Strategic leadership is "Head Leadership" and Supervisory Leadership is "Hands Leadership" According to (Bass 1985) there are also three major types of leadership: transactional based on expectation of reward, charismatic central to transformational leadership, and transformational leaders intellectually stimulate followers. Transformational Leaders recognise existing needs in followers but tend to go further, seeking to arouse and engage the full person of the follower, this is where the skills of applying tools like the Stakeholder Circle and similar variants can be more effectively deployed.

The methodology of identifying, prioritising and engaging project stakeholders cannot be a once-only event. Stakeholders change as they move within the organisation, or leave it or their relative importance to the project and power and influence changes. As the project moves through the project lifecycle or implementation stages, different stakeholders may have more or less impact the project. The process may have to be repeated in whole or in part many times.

The strategy of who, what, when and how of delivering the tailored messages defined for the important stakeholders must be converted into action through being part of the project schedule and being reported on through team meetings and regular reports. In addition, it is essential to regard stakeholder management as an important part of a risk management plan. While stakeholder management or even communication management is not part of risk management, it contributes to the integrated whole that is successful project management. Uncertainty and risk management aspects of relationship management will be dealt with in another paper.

Only a very small number of managers are good at anticipating, identifying and knowing how to dilute disasters caused through unequal power relationships. "Generally, managers who have survived over the years have the skills…Project managers who have delivered successful major systems have by necessity become politically skilled" (Block 1983). Block has also defined "Project politics as actions and interactions between project team members and people outside the team that have impact on the success of the project, its system, the project team, and the project manager" (Block 1983, p21).

According to Briner et al (1996), every organisation has its own dynamics, distinctive patterns of action and reaction. An effective project Manager is one who can read the relationships and adapt to those relationships that can be unique for every single relationship (Briner *et al.* 1996).

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Conclusion

Project management does not occur in a vacuum. It requires an infusion of enthusiasm and commitment powered by the full range of project stakeholder energy sources, particularly from project management colleagues, that can be tapped much like connecting to an energy grid. The key is for project managers to know how and when to connect to this organisational grid and identifying who the key connectors (stakeholders) should be. Without attention to the needs and expectations of a diverse range of project stakeholders, a project will probably not be regarded as successful even if the project manager was able to stay within the original time, budget and scope. This paper brings together stakeholder and elements of risk management and leadership theory. It shows how a tool for identifying and visualising stakeholder influence can help project managers shape a strategy for providing transformational leadership through a greater understanding of stakeholders' power and influence. It also indicates how this can be used for undertaking risk mitigation strategies in terms of stakeholder influence.

The two case studies outlined in this paper illustrate the point that every project is unique and so are its stakeholders – in fact the stakeholders may be unique to each part of the project from feasibility, through planning to execution. Ignoring this point will place project success at risk.

The purpose of the paper was to use two case studies that provide a useful vehicle for showing how a stakeholder visualisation tool such as the *Stakeholder Circle™* may be fruitfully used. The conclusions to be drawn from these case studies include:

- Using a standardised methodology (such as the *Stakeholder Circle™*) contributes to the effectiveness of the analysis process.

- Undertaking a formal stakeholder analysis assists in delivering successful projects.

- The same person can exhibit significant differences in his/her characteristics as a stakeholder when impacted by projects of a different type.

- There are many similarities and synergies between stakeholder and risk management.

- There are demonstrable differences in the behaviours of the stakeholder community between ICT and construction projects.

- These differences change the demands placed on the project management process to deliver successful outcomes.

The paper highlights the critical need for project managers to fully understand the politics of projects and for them to be able to not only make sense of the array of forces that stakeholders can influence to be brought to bear but also have the insight and capability to develop strategies to align stakeholder interests and the project vision in a manner that reduces the potential and strong risk represented by stakeholders and those they can influence.

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