



# Rethinking Construction Stakeholder Management In the Construction Industry

Dr Lynda Bourne DPM PMP  
Director Training Mosaic Project Services



CIOB HK 2007

1

## Agenda

- Do Construction projects fail?
- Decreasing the chances of failure
- Increasing the chance of success
  - Whatever 'success' means
- The *Stakeholder Circle*™ methodology
- Applying the methodology

CIOB HK 2007

2



# Do Construction projects fail?

CIOB HK 2007

3



# Wembley Stadium



CIOB HK 2007

4



## Wembley Stadium

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

CIOB HK 2007

5

mosaic

## Sydney Opera House



www.GreatBuildings.com

CIOB HK 2007

6

mosaic

## Sydney Opera House

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

CIOB HK 2007

7



## Success or Failure?

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

CIOB HK 2007

8



## Stakeholders Defined

### Stakeholders:

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

CIOB HK 2007

9



## Why Stakeholders matter



- They giveth and they taketh away!  
Money, people, support  
Without funding ....
- Without the right team members...
- Without practical support and advocacy...



But their influence and involvement fluctuates



CIOB HK 2007

10



## Managing Stakeholders

How to understand:

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

CIOB HK 2007

11



## *The Stakeholder Circle™*

A methodology supported by software

- Shows a project's or organisation's unique stakeholder community
  - Identifies key stakeholders and their needs and expectations
  - Allows/supports analysis of this community
- Supports development of appropriate communications strategies

CIOB HK 2007

12



## The Methodology

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

CIOB HK 2007

13



## Supported by software

The software, a relational database

- Collects all data necessary for prioritisation and engagement
- Performs prioritisation calculations
- Develops reports
- Guides team through stages of developing their communications plan
- Supports changes to stakeholder community as conditions change within and around the project

CIOB HK 2007

14



## Steps 1 and 2

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

CIOB HK 2007

15



## Results of Steps 1 and 2

- A ranked list of project stakeholders
- Knowledge of:
  - Expectations
  - Importance
  - Influence on the project

CIOB HK 2007

16



## Step 3 - Visualise

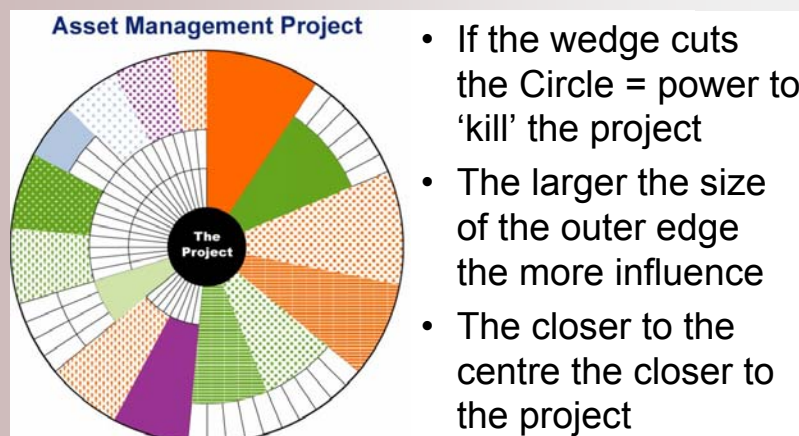
- The list can be converted into a map of the stakeholder community
- Through this map, the project team can see who is “on the radar”
- This is the *Stakeholder Circle*

CIOB HK 2007

17

mosaic

## Reading the Stakeholder Circle



CIOB HK 2007

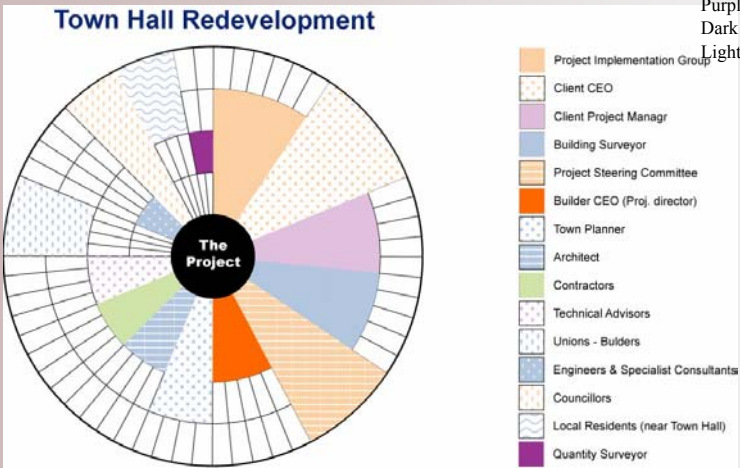
18

mosaic



# Commercial PM organisation

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



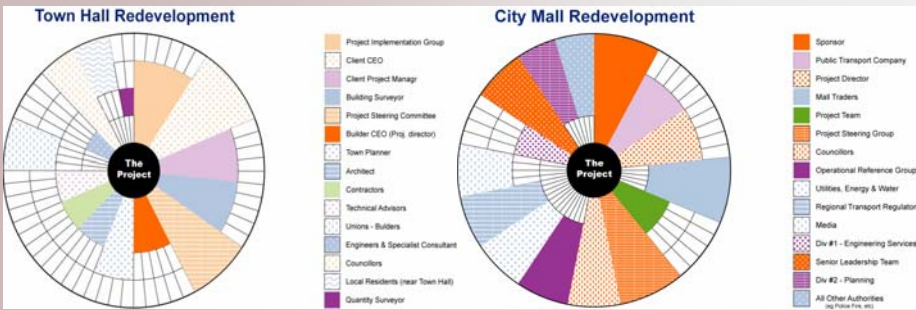
CIOB HK 2007

21



# Construction Project – two perspectives

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

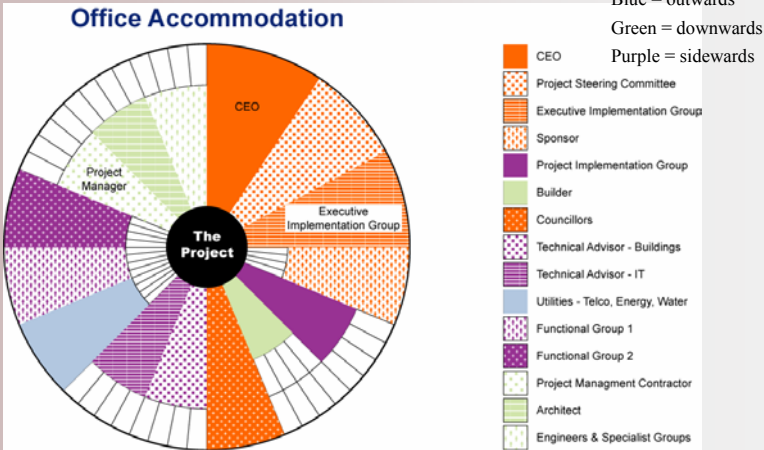


CIOB HK 2007

22



# The Construction Project – Staff perspective



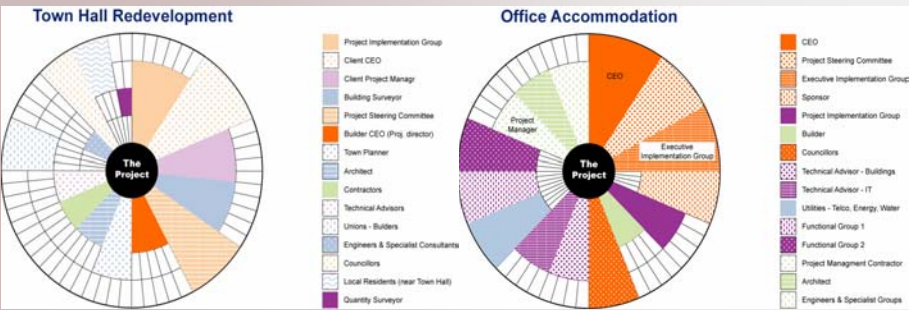
CIOB HK 2007

23



# Construction Project – two perspectives

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



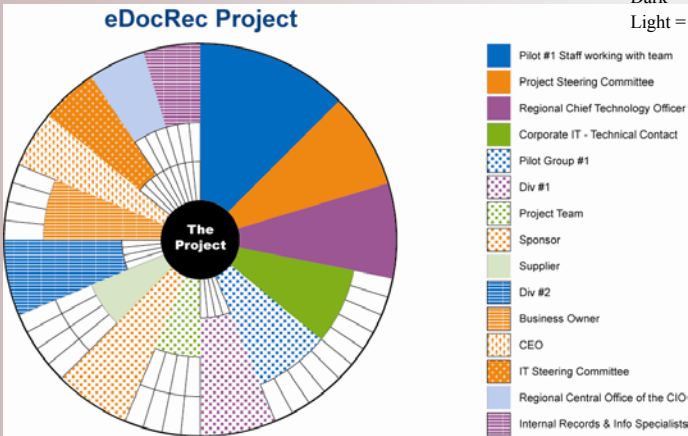
CIOB HK 2007

24



# Department 1

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



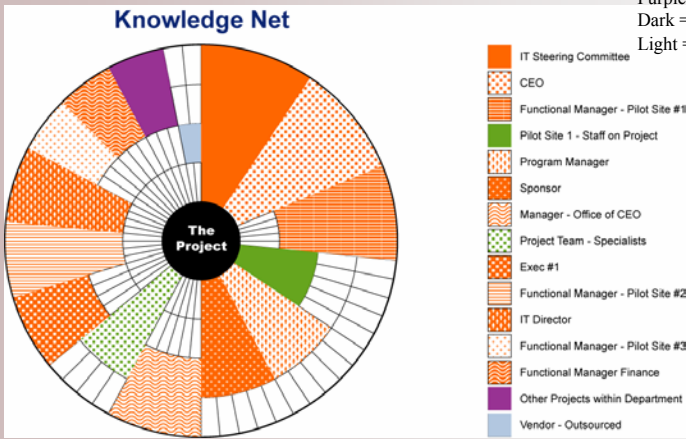
CIOB HK 2007

25



# Department 2

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

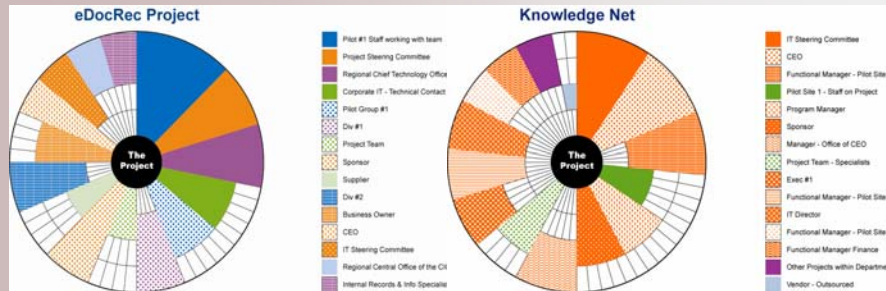


CIOB HK 2007

26



## Corporate Projects two perspectives



For more on the **Stakeholder Circle**® see: [www.stakeholder-management.com](http://www.stakeholder-management.com)

CIOB HK 2007

27

mosaic

## Engagement

Supports focus:

- On the communication needs of key stakeholders

Supports understanding of:

- *Who* is important and *why*
- Best ways to ensure the plan is aligned to the project's strategy
- How the plan can support successful projects/programs

CIOB HK 2007

28

mosaic

## Stakeholder Engagement

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

CIOB HK 2007

29



## Engagement Profile

Before developing the Communication Plan the team must define and agree on:

- Levels of stakeholder support
- How receptive are stakeholders to :
  - Messages
  - Messengers

CIOB HK 2007

30



## Levels of *Support* (for project)

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

CIOB HK 2007

31



## Levels of *Receptiveness*

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

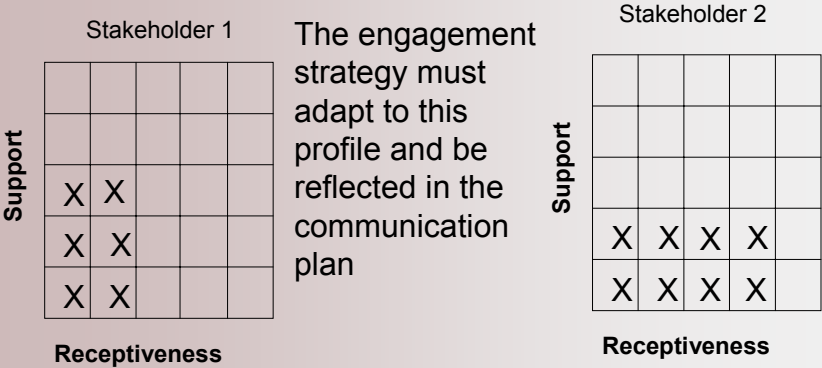
CIOB HK 2007

32



# An Engagement Profile

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



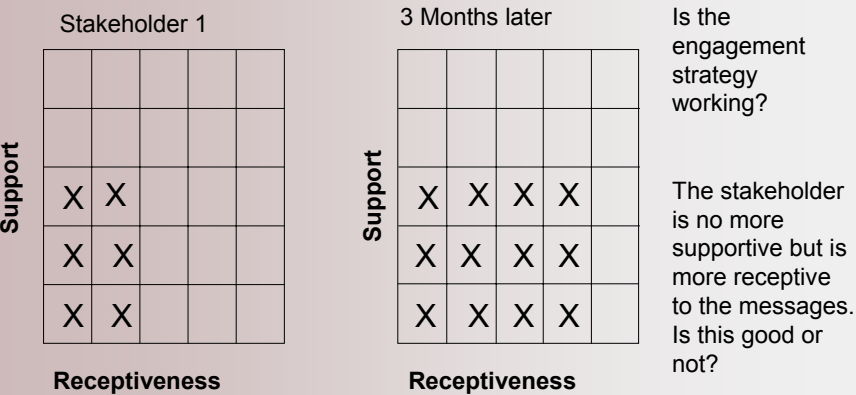
CIOB HK 2007

33



# An Engagement Profile

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



CIOB HK 2007

34

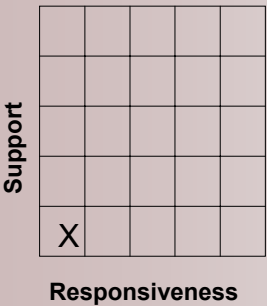


# An Engagement Profile

What happened here?

Stakeholder loss of power?

6 Months later



This stakeholder is even less interested and less supportive than before

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

Another project becomes more important?

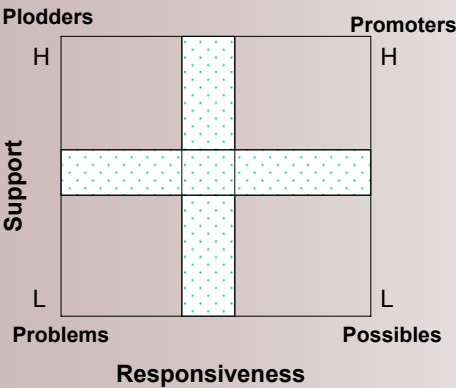
CIOB HK 2007

35



# Overall Engagement Matrix

Individual measures can be aggregated



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

Improvement can be measured by monitoring both aggregate data and individual data

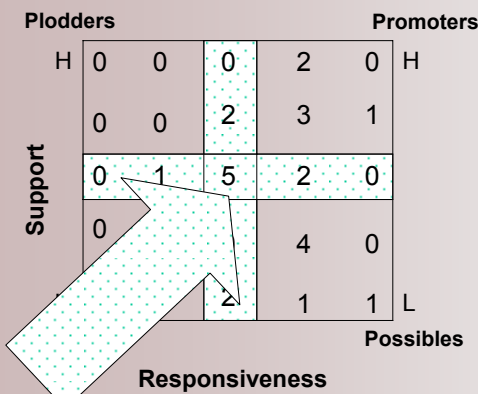
CIOB HK 2007

36



# Overall Engagement Matrix

Individual measures can be aggregated



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

Improvement can be measured by monitoring both aggregate data and individual data

# Engagement Profile

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

## Value to the Organisation

Reduce wastage of scarce resources:

- \$\$\$\$
- People and skills
- Encourages project team to understand and 'buy-in' to an organisation's culture
  - Project team career advancement

CIOB HK 2007

39



## Value to the Stakeholders

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

CIOB HK 2007

40



## Questions Please



Dr Lynda Bourne

lyndab@mosaicprojects.com.au

**+613 96861424**

**WEB-SITE for papers**

**[www.mosaicprojects.com.au/Resources.html](http://www.mosaicprojects.com.au/Resources.html)**