

STAKEHOLDER MANAGEMENT IN INTERNATIONAL PROJECTS

HANS-ERLAND HOFFMANN (ANDALIA BUSINESSGATE GMBH)

Personal relationships always play a role in business life. In some countries this role is more important than in others. If, as a project manager, you are not aware of who can influence your project from outside, and are not capable of gaining the support of these people, you are condemned to failure from the start.

Would you have thought of involving the local religious leader in the set-up of a new production plant in Morocco? A French project leader who forgot to do so, found out that he was unable to recruit motivated local personnel as a consequence of this omission. A hint from the neglected Imam was sufficient to effectively prevent people from applying for jobs in spite of high unemployment in the region.

Therefore it is always important

1. to identify stakeholders liable to have a strong influence on your project and
2. to gain their support or at least neutrality.

1. IDENTIFYING RELEVANT STAKEHOLDERS

Who are the stakeholders relevant for your project? In other words: „Who could cause major damage to your project or provide substantial support?“ A stakeholder is anyone who believes that the project or its result may have an impact on him or her. That can be any member of the project management or project team as well as people outside the project, such as sponsors, managers providing resources, financiers, future users of the project outcome, local politicians, trade union representatives, local environmental groups, local dignitaries, etc.

Although it is self evident, that project leader and team members are affected by the project, it makes sense to include them in a stakeholder analysis. By doing so, you point your awareness to the fact, that each of them also has interests and ties which go beyond the project as such, yet might have a substantial impact on its success. Examples of relevant factors in this context could be family or other relationships to import suppliers, government bodies, competitors or any other outside stakeholder.

The steps in identifying stakeholders are:

1. Realise that you probably do not have all necessary information.

As a project leader, you may of course try to identify all relevant stakeholders on your own. However, if you are honest to yourself, in an international project you will probably lack some important background information about the situation in countries or companies with whom you have not worked on a daily basis for a longer period of time. Realising the potential relevance of this lacking information is the first important step.

2. List possible contact persons.

The second step is, to discover as many reliable sources of information as possible. A “cultural interpreter“, that is someone who understands both your own culture and the foreign culture you need information about, can be very helpful in this situation. He or she will understand which kind of information you need and be able to explain, why you need it, if it is something that would not come to your mind in your own country. The more familiar this person is with your target environment, the better he or she will be able to point out who the important stakeholders in your project are or who could give you this information. If you approach these people in a diplomatic way they may also point out further contacts and information sources to you.

3. Identify the most important stakeholders.

Once you have listed a good number of potentially interesting stakeholders, it is important to reduce this list to those, who are liable to have the biggest impact on your project. The challenge consists on the one hand in making sure you do not forget important people (as the Imam in the example above), and on the other hand in not losing too much time on people with little true relevance.

In order not to miss important stakeholders the following checklist has proved helpful:

- Who are our competitors?
- Who will be the users of the project result?
- Who will do the servicing after the project ends?
- In case of product development: Who will be manufacturing the product?
- Who is financing the project?

- Who must provide personnel or other resources?
- Who is likely to profit from the results of the project?
- Who is likely to have disadvantages from the results of the project?
- Who is likely to profit from the project during its implementation?
- Who is likely to have disadvantages from the project during its implementation?
- Who are important local opinion leaders (politicians, clan elders, religious authorities, trade union representatives, etc.) in the relevant organisations or organisational units?
- Who, within these organisations has a special relationship or access to some of these opinion leaders?

In some countries you may get this type of information by asking for it directly. In others you will need to establish a personal relationship with your interlocutor first. The ways of doing so vary substantially between cultures. In France the right chemistry is normally established during lengthy joint meals with extensive small talk. In Egypt the personal introduction through a mutual acquaintance is very important. The person who introduces you personally vouches for your integrity and competence in doing so.

In countries, where hierarchies are steep, employees cannot easily access their superiors or company management. A project leader may have to ask his own superiors back home, to establish a relationship with them, in order to access information which he is not entitled to, due to his position in the hierarchy.

Helpful for identifying stakeholders is drawing an organisational landscape as shown in figure 1.

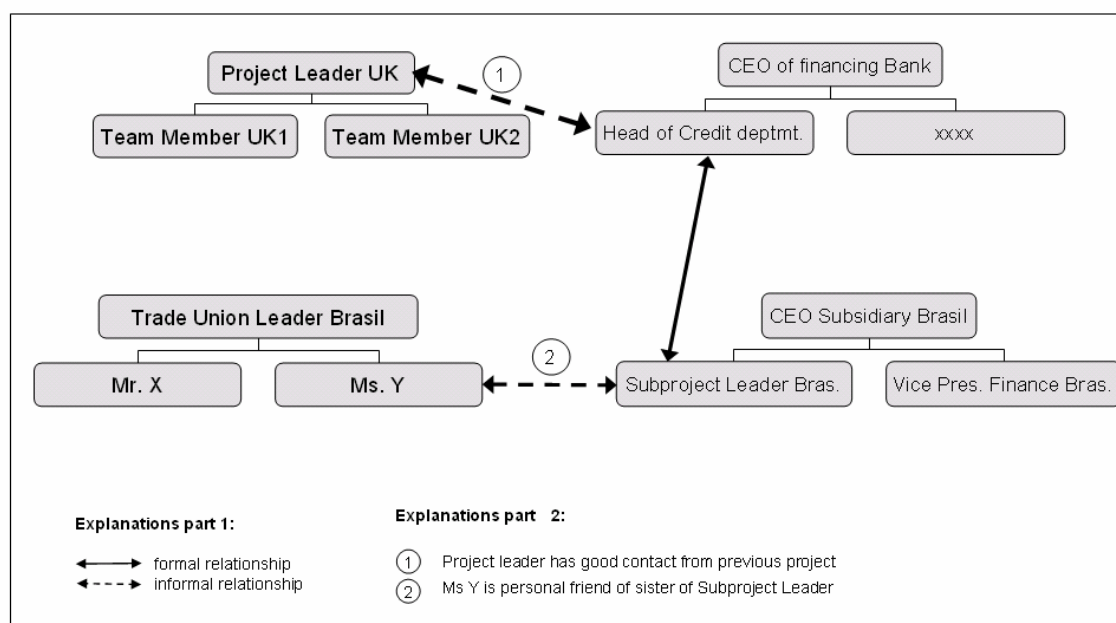


fig. 1: Example of an Organisational Landscape

An organisational landscape consists of the organisations, organisational units and stakeholders most relevant for your project. The arrows stand for formal and informal and informal relationships between the stakeholders. This picture can be expanded upon as required, e.g. through numbered footnotes about the quality of the relationship. For each group of people in the landscape you can ask: “Who else are they in contact with? Which other important people could be reached through them?”

By drawing up this landscape together with different people involved in the project, you can identify people and questions you would not have easily thought about alone.

2. ANALYSING THE STAKEHOLDER-SITUATION

If you want to win over stakeholders to support your project, it is helpful to broaden your information basis still further. Other interesting questions to ask could be:

1. What is stakeholder X's attitude towards the project?
2. What kind of influence can he exercise?
3. How can you influence him/her?
4. Which cultural aspects are relevant in this context? E.g. how steep are hierarchies in his country/organisation? How do they plan projects?

In order to have an easy overview of the answers to these questions, a matrix, as in figure 2, is helpful.

	e.g. question 1: Which influence does this person have on the project?	e.g. question 2: How does the project impact this person?	e.g. question 3: What motivates this person?	e.g. question 4: What is this person's attitude towards hierarchy?	e.g. question 5: Does this person have a more direct or indirect communication style?	e.g. question 6: How does this person view planning?
Stakeholder 1						
Stakeholder 2						
Stakeholder 3						
Stakeholder 4						
⋮						
⋮						

fig. 2: Stakeholder-Analysis in matrix form

The matrix is filled out in six steps:

1. Enter the names in the first column
2. Determine which questions are relevant in the context of your project, and write them down as headings of the following columns
3. Answer these questions for each stakeholder, as far as you are able to do so,
4. Put a question mark, wherever you are not sure, if your answer is correct
5. Develop a strategy for answering open questions (boxes that are empty or have a question mark)
6. Identify the risks and opportunities arising from this stakeholder-situation and record them on a separate paper.

To get a comprehensive picture of the relevant relationships between the stakeholders, we recommend to then take the following steps:

1. Write down questions that arise from the Organisational Landscape. For example: Which kind of relationships exist between whom? Which kind of information flows between whom? Who does the most important work? Who understands the business? Who knows the confidential information?

2. Answer the questions with the help of numbers on the arrows representing critical relations and an explanation of the details of this relation on a separate sheet of paper.
3. Identify answers that you are not certain about with a question mark.
4. Define a strategy for finding the answers you do not yet have or are uncertain about.
5. Identify opportunities and risks for your project arising from your organisational analysis.

The project leader can use the stakeholder analysis on his/her own already before the project team has been set up. This is a good starting point. However he/she will risk omitting important stakeholders and aspects of the stakeholder situation, not visible to him/her. Conducting this analysis in the project team helps avoid such blind spots. If all major cultures present in the project are represented in the group doing the stakeholder analysis, it will also help to cover the different cultural points of view.

On the other hand this analysis may generate sensitive information that should not be available to everyone. The project leader should therefore consider very carefully, whom to involve in such this exercise.

3. METHODS OF INFLUENCING STAKEHOLDERS

After identifying opportunities and risks of the stakeholder situation, the project leader should define a strategy for taking advantage of the former and minimising the latter. The main approaches he/she can take are:

1. Personal and telephone conversations
The strategy hereby also lies in the questions to ask, the arguments to use, the time and place you choose for the conversation.
2. A joint meeting or workshop of with several stakeholders.
3. Indirect influence, using a third party as intermediary.
4. Exchange in writing (e-mail, fax, letters).

Joint Start-up Workshops with several stakeholders at an early stage of the project are often the method of choice for clarifying and agreeing upon project objectives, harmonising the stakeholders' expectations and establishing personal relationships between players in the higher levels of hierarchy. Critical cultural differences can be addressed and common working rules can be established for the co-operation.

What makes an international Start-up Workshop particularly challenging is for example:

1. a project language that often is not everybody's mother tongue
2. a need for additional time, because communication in a foreign language is always slower
3. different expectations about how a meeting should be conducted and what determines its success

4. CULTIVATING STAKEHOLDER RELATIONSHIPS

So far we have addressed activities during the start-up of a project. Unfortunately active stakeholder management often stops there – especially in international projects. On the other hand misunderstandings will arise much more easily between people of different cultural background and between colleagues working at different locations. Distance makes it more difficult to clarify differences in a relaxed personal chat. Rumours about “those lazy, stupid, bad intentioned, etc. others” will start and grow quickly. If not addressed, these misunderstandings and rumours can grow into serious conflict. Therefore it is very important to consciously cultivate the relationships established in the start-up phase. International steering committees should be established and regular meetings organised. Three months' intervals have shown to be an adequate spacing in many cases.

Make sure the project manager has a sufficient travel budget for cultivating the necessary contacts, for keeping important stakeholders well informed, securing their continued support, and preventing destructive rumours. Make sure, you come back to the stakeholder analysis from time to time and integrate newly gained insights. That helps you realise changes in stakeholder landscape and react appropriately at an early point in time. Often we hear comments such as this: “We saved €20.000 in travel expenses and lost €200.000 in additional work due to subsequent misunderstandings.”

Gifts and bribes

In some cultures gifts are an important show of esteem for the person you deal with. They must not be confused with bribes.

Make sure you understand local customs in this respect and act accordingly.