A stakeholder mapping approach management essay

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Abstract

In the area of project management a lot of different stressing areas and concerns can be emphasized. This paper is emphasises a specific area that has received less attention in the PMP group assignment, its importance and impact on project results - stakeholder's management. For this purpose it will be developed on this paper the analysis, identification and characterization of stakeholders. This work was developed under the project " Al Wahda Mall 2" case study that helped reasoning and explaining assertions.

Introduction

Stakeholders are the most common factor in challenged or failed projects. External stakeholders have been proven to be one of the major influences to any project, they are responsible for most of the time and budget overruns. In the primary phases of a project, project manager must analyses and identify all the people and organization which might represent possible threats or influence to the project, as well as all the other ones that might be impacted by the project. A " stakeholder" is any person or organization which is involved in a project, or whose interests may affect positively or negatively the project execution. This paper analyses the project stakeholders for the " Wahda Mall 2" case study, their interest over the project as well as the respective influence/impact on the same. The theoretical approach considered in this work, for stakeholders' classification and mapping is based on the analysis of their power, predictability and level of interest in the project (Newcombe, 1999). Stakeholders can be divides into two main categories (Winch, 2002): internal and external regarding their relation with the project. Internal stakeholders can be subcategorized regarding their development approach in demand or supply side, and the external in private or public depending on their involvement with the project. The stakeholders are mapped, using power/predictability and power/level of interest matrixes. To intersect the stakeholders influence on the project and the subsequent impact, Winch identifies four different areas where stakeholders might execute their influence, these are: economic, technological, social and political.

Project stakeholders

The interactions and interrelationships between the main participants (contractor, architect, engineer) largely determine the overall performance of a construction project, and these are the main responsible for the successful completion. However, these are not the only influence factors, there are much more attributes that contribute to the project success, which depends on the various decisions made during the project live-cycle. These internal and external influences generator are recognised as stakeholders who are involved in the project, or whose interests may affected as a result of project execution. A stakeholder in a construction project is a person or organization that has an interest, in the project outcome (BSI, 2002). For example, the project owner and the final users of the project are stakeholders in the project. A building project has different types of stakeholders and their interests are very diverse. Project manager has to identify different stakeholders, manage any risks associated with their interests/power through communication. The communication management is therefore such important in order to avoid misunderstandings or communication failures. The project manager should seek to fit the stakeholder's expectations within the project scope and objectives. To manage the different stakeholders associated with a project, it is important to categorise them. This will identify different interest groups as well as will indicate the project manager which stakeholders have more power to influence the project. Winch enumerates two classifications of stakeholders, namely internal or external. Internal stakeholders are people " who are formally members of the project coalition and hence usually support the

project" and subcategorize internal stakeholders based on the demand and supply relationship with the client. Stakeholders on the demand side would include employees, customers, end-users and financiers while those on the supply side include engineers, architects, contractors and sub-contractor and material suppliers. Winch proposes as well that external stakeholders, who are usually affected by the project, can be subcategorised as either private or public actors; private actors include neighbours, local community, local landowners, environmentalist and archaeologists while public actors include regulatory agencies, local governments and national governments. The analyses of stakeholders influence accordingly to Winch can be classified as: Economic – stakeholders who can influence the profitability of the project, or the cash flow or work progress on a project. Technological – stakeholders who can affect the project because they are gatekeepers or have access to the necessary technology needed to complete the project. Social – stakeholders who can affect the success of the project by altering public opinion or by campaigning against the project or by using their social position to affect the development of the project through planning, and or other means. Political – stakeholders who can enact and enforce legislation that can affect the wellbeing of the project. It can be seen that designers and users are key players in the project identified and so project managers need to ensure that their management approaches take into account the multi-directional nature of influences on the success of the project. The process of identifying and categorize stakeholder in a construction project must evidence some vital information as:(all) interested stakeholders; their

interests; any legitimate requirements or any constraints they might impose on the project; the influence they are able to exercise.

The project scenario

The scope of this project is to perform the construction of the Al Wahda Mall 2. The plot size is approximately 25 000m2, located in Abu Dhabi, UAE, for the client Al Wahda Sports Cultural Club. Plot to be executed in six levels, four floors of car parking, and three floors of retail space. This is targeted to provide high quality commercial and leisure space. The stakeholder identification is a critical process since it needs to be balanced: inquiring into a shortfall means some stakeholders are not taken into account, so there would be no response strategy if needed, increasing the stakeholder's power to threaten the project. Therefore, every possible stakeholder must be taken into account. Figure – Key stakeholders of Al Wahda Mall 2 project. The key stakeholders involved in the construction of " Al Wahda Mall 2" are shown in Figure 1, and they are: The client, " Al Wahda Sports Cultural Club" The contractorThe design, engineer and architect contractorThe insurance companythe local authoritythe final usersthe local residentsThis are the key stakeholders however there might be some other involved in this project, as the project manager, the materials suppliers, the medias, the employees, etc. Concerning " Al Wahda Mall 2" project stakeholders classification they can be divided into the presented below. Figure – " Al Wahda Mall 2" project stakeholder's identification. The internal stakeholder classification is: Demand side: The client, Al Wahda Sports Cultural Club - The client is the

most relevant project stakeholder and is mostly affected by the project

success. Supply side: The design, engineer and architects contractor.

The contractor

Designers, engineer and architect contractor, contractors and subcontractors

- This group of stakeholders contributes with products and services to the

implementation of the project. Before construction begins, the designer is

the most important stakeholder, while afterwards the contractor becomes

the most relevant. The project manager - The project manager is the

instrument used by the client to achieve the project goals and objectives. In

order to meet all the specifications and requirements established for the

project, the project manager should hold sufficient empowerment and

embrace all necessary competences. The external stakeholder classification

is: Private: Local residents – Local residents may be affected by the project

and because of that may be considered an external stakeholder. Any project

has positive and negative externalities mostly emerging during the

construction and the utilization stages. Environmental impacts might be

example of externalities and may be related to the construction stage, to the

utilization stage or to both of them. End-users - The ultimate reason to

launch a construction project obviously depends on the needs of these

stakeholders. Public: Local authorities - These are very important

stakeholders because they have the power to influence project decisions by

issuing final approvals on the project. These stakeholders are ruled by

mayors, ministers, secretaries of state, directors, etc., therefore project

conformance with legislation partially depends on their interpretation on

those rules. Once the project team knows which are the external stakeholders involved, it is needed to classify them in order to know which are the more important, or those which implies a higher threat to the project.

Stakeholder mapping

Analysis of Interest and Power

Identifying stakeholders and scoring their level of interest and influence in the project, might be done through the use some of a tool like a rating scale, a matrix to identify the level of power, influence or interest that stakeholders have on the project. Not only the analysis of stakeholders power to influence people and works is important as well as it is also important to rate in which area the stakeholders will exert their power. In it's presented the power/interest matrix (Newcombe, 1999) which classifies stakeholders accordingly to the following questions: Which is each stakeholder interest on the project decision? Which is they will to influence those decisions? How much power do they have to exert that influence? Figure - Stakeholder mapping: power and interest matrix. (Newcombe, 1999)The " Minimal effort" stakeholders group neither does have a high interest in project decisions nor does have power to exert much influence. Project manager should keep this group informed as necessary, but should do it through the " minimal effort" approach, not investing too much effort into them. The " Keep informed" stakeholders group has a high interest in the project decisions, such as land owners, neighbor residents, general public, and environmentalists. Nevertheless, their capacity to influence those decisions is quite, this means they have low power. The " Keep satisfied" stakeholders group usually

integrates investors, legislative bodies, and media. They demonstrate low interest in project decisions and behave passively most of the time, however that they can have enormous influence on the project decisions. The " Key player" stakeholders group comprises the most important stakeholders, this group has high interests and high power. They must be involved in all relevant project decision. The power and interest matrix for the " Al Wahda Mall 2" project will be as shown in the figure below. Figure – Power/interest matrix for the " Al Wahda Mall 2" project." Minimal effort" - The local residents have little power to influence the project and have little interest in the project activity. The project manager should not spend too much effort on the local residents." Keep informed" - The contractor and the local authorities have interest in the project, but have low power to influence the activity of the project. The local authority has a high level of interest in the project but after approval of the project they have little power to influence events." Keep satisfied" - The client and the insurance company are need to be kept satisfied of the progress of the activity of project, they have enormous power but have little interest in the project activities itself, as long as the objectives are accomplished." Key players" - The designers, engineers and architects need to be carefully managed, they have high power level for changing the project course but they have as well high interest in the project success, once that they have a reputation to maintain. The end-users have high power and great interest in final product so they should be treated with respect. The second stakeholders classification is done through assess the level of power and predictability, see the matrix below. Figure - Stakeholder mapping: power and predictability matrix. (Newcombe, 1999)The " Few

problems" stakeholders are highly predictable with low power representing minimal influence on the project and few problems. The " Unpredictable but manageable" stakeholders group are unpredictable but once that they have little power are easily controllable. The " Powerful but predictable" stakeholders group, they have the power to give funds or not. Thus, they can have a conservative and constraining influence on project strategy which may not be a problem during periods of continuity and stability but may mitigate against fundamental change in response to pressures in the project environment. Finally the stakeholders representing the greatest danger, this are most difficult stakeholders to manage are those who are unpredictable but powerful. These groups of stakeholders may use their substantial power to implant changes to the project without considering such consequences as delays, costs, realization, etc. For the " Al Wahda Mall 2" project case study the power/interest matrix is shown in the Figure ." Few problems" - The contractor at this stage do not have much influence and is highly predictable: he will build what the design team has designed. To the project manager the contractor will generate few problems because there is continuity of work. The local authority represents as well few problems because they have approved the project at the principle so during the development of the activities they do not have power to influence the project." Unpredictable but manageable" - The local residents have little power which means they do not have direct influence in the project however their public attitudes during the development are unpredictable. Figure - Power/predictability matrix for the " Al Wahda Mall 2" project." Powerful but predictable" – " Al Wahda Sport Cultural Club" and the insurance company

have high power are highly predictability as well. Have power to enforce their demands." Greatest danger or Opportunity" - Designers appear to be the greatest danger, because they have the power to shape the project course because the nature and quality of their works is unpredictable. The end-users are determinate in their demands, once they will be the user of the mall. They have enormous power and are, as the designers, highly unpredictable. If this two stakeholders act in coalition can demand for higher specifications and costs.

Case analysis

Project manager has the responsibility to conduct all stakeholders' interests and the project objectives. If project manager underestimate stakeholders power and influence, or the communications between them is not good enough allowing misunderstandings or leaks of communication, some problems can arise in the project scenario. The power and influence of stakeholders can originate direct and indirectly economic, technological, social or political problems. Economic problems are caused by stakeholders who can influence the profitability of the project, such as any design variation done by the design team that might not take into account the economic consequences of that variation. It is also important to choose and experimented and reliable contractor, avoiding cost and final budget increases. At the scope of technological development of the project, some (technological) stakeholders might have enough power to block the project team access to certain technology needed to complete the project – e. g. technological suppliers. The social impact is also important once that the

general public opinion influences directly the stability of the project. These stakeholders might react directly to the project activities or indirectly through the interference of third parties. The instability on their opinion might affect the project development and planning. Given the neighbours are outside the project boundaries, it is impossible to enroll or align them within the project. The main reason of local residents to stop/influence the project would be any error/interference during the project development concerning the building or environmental codes. Project manager should excel on all the manager phases in order to avoid giving them any tool to use against the project. Regarding the political stakeholders, these are the ones that have enough power to apply legislation that can affect the interests of the project, it is mandatory to be familiar with all the requirements, laws, codes etc. refereeing to the project's area in order to ensure everything is right and avoid reasons and opportunities for project legal delays. Thus, it is extremely important to establish a good communications with all stakeholders, giving details, as it is applicable, to each of them. This analysis must be done frequently during the project development once that the different projects phases might change stakeholders' opinion or interfere with their expectative.

Conclusions

Failed and challenged projects can provoke large losses in revenues or enormous costs in wasted. The project manager has today, enough tools to programme and manage the project development at the enough detail to avoid those discrepancies, being able to give a fast response to any problem

during the project lifecycle. In these paper was done the analysis the stakeholders relation with the " Al Wahda Mall 2" project, describing their power, influence and predictability. From the case study analysis it's possible to conclude that the communication with the stakeholders is essential to understand their needs and expectations avoiding conflict during the project execution. This must be a continuous task developed by project manager due to the constants variations on the project works and their impact on third parties. Mapping stakeholders is a useful tool to support stakeholders' analysis. These provide project manager identification and classification of the entities/groups involved or affected by the project, allowing their interest control, needs clarifications and response to any problem. It must be considered at all the time that external stakeholders might have such impact on the project execution as internal stakeholders. From the project study it was possible to apply the methods and theoretical knowledge behind stakeholders mapping providing project manager an indication of priority groups, based on power, interest and predictability analysis, and their possible range of impact on the project.