Continuous Improvement Toolkit

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Stakeholder Analysis

A **Stakeholder** is any party who may have an interest in an organization action or will be affected by its outcomes. Stakeholders can be organizations, business units, departments, groups or individuals. **Primary stakeholders** are those who are part of the economic transactions of the business, such as shareholders, customers and employees, while **secondary stakeholders** are those who are affected by or can affect the business in someway, such as the government and the community.

Stakeholder analysis is the process of identifying and analyzing the stakeholders that are likely to affect or be affected by a
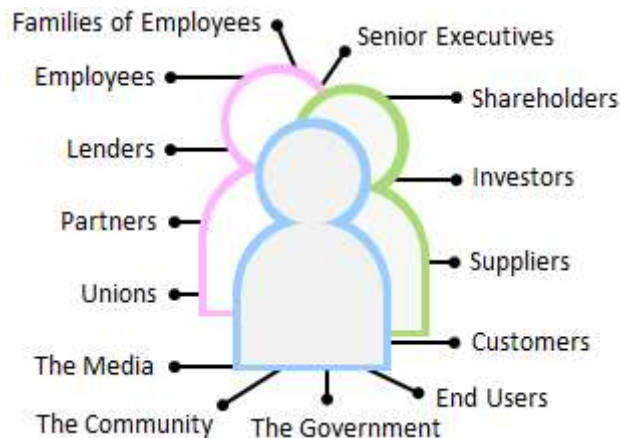
proposed action (positively or negatively) in order to manage them appropriately and effectively. It can be done once or on a regular basis to track the attitudes of stakeholders overtime. It is widely used in project management, especially during the project definition phase to better manage stakeholders and ensure smooth implementation of the proposed action.

One of the goals of stakeholder analysis is to develop cooperation between the stakeholders and the project team. This will lead to less conflict and more cooperation during the project implementation. It helps to identify the people to be informed during implementation, the key people to be involved and consulted, and the people who may have potential negative impact on the project. Stakeholder analysis can also be used in conflict resolution and organizational transformation.

Examples of stakeholders for a particular project may include: the project
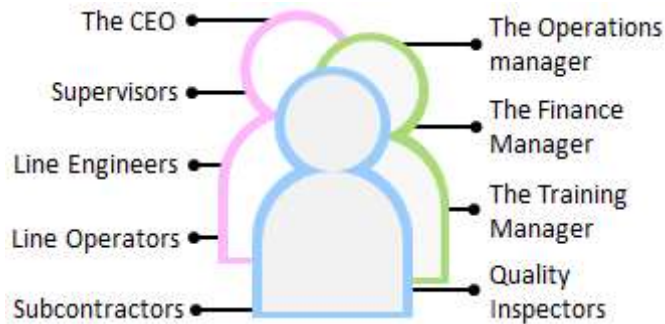
leader, project team members, users of the project outputs, quality inspectors, the training manager, the finance manager, HR personnel, procurement personnel, senior executives, etc.

The **power/interest grid** is a two-dimensional matrix that classifies stakeholders into four groups according to the power they hold and to the degree to which they are likely to show interest (which their positions impose on them):
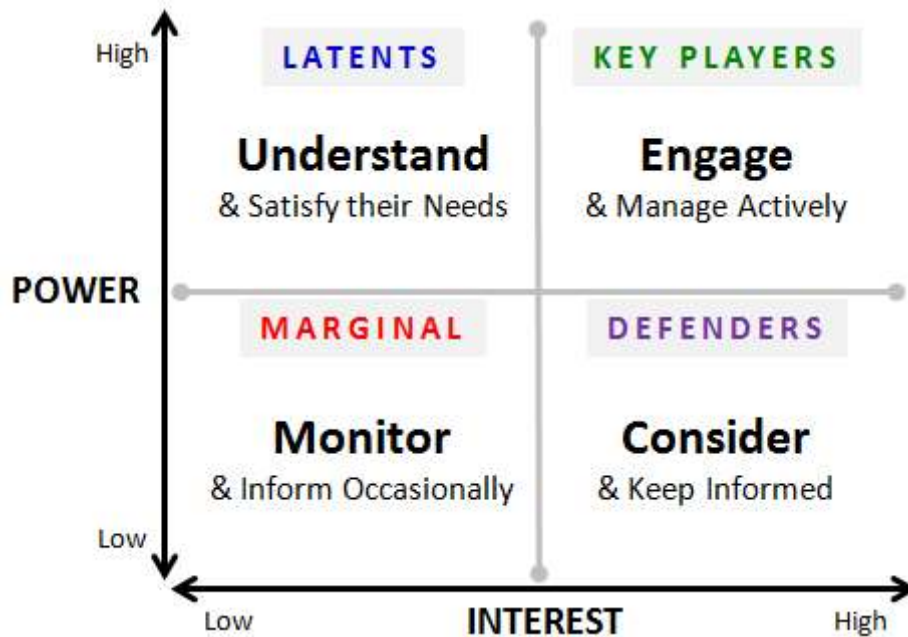
High power and high interest stakeholders: These stakeholders need to be kept informed and closely involved in all project phases. Nothing should come as a surprise to them publicly and all recommendations and actions agreed should have been discussed with them.

High power and low interest stakeholders: These are the senior stakeholders who need to be kept satisfied to gain their support during project or change implementation. They need to be kept informed where necessary to maintain their interest in the project. These stakeholders are able to reach to more powerful groups such as the organization's owners or even the media.

Low power and high interest stakeholders: These stakeholders are highly interested in the project outcomes, however, they have little power as individuals to influence any decision. There should be regular communication with them so that they are kept as informed as is necessary. Examples of these stakeholders are the staff who will apply the improved processes.

Low power and low interest stakeholders: These stakeholders do not have a great deal of influence, nor they have any interest in the proposed action. The results are likely to have little impact on them, therefore, they don't require a great deal of consideration. However, there should be an occasional communication with them so that they are kept informed about important issues and changes.

Stakeholders often move around the grid. Some Stakeholders will become more interested as the implementation progresses and they begin to see that the changes will affect them. Others may become more powerful through internal promotion or transfer. Hence, the analysis needs to be carried out regularly throughout the project.

How to Use the Tool:

The stakeholder analysis is normally led by the project or change leader to guide the team through the following steps:

- With your team, brainstorm the individuals or groups who may have a stake in the project or change effort.
- Sort them by the power they have and by their interest in the proposed action.
- Plot each individual or group on the power/interest matrix. Attempt to specify individuals within each stakeholder group.
- Use the **commitment review sheet** to identify how each stakeholder is likely to feel about and respond to the proposed action.

Name	Oppose	No commitment	Help it Happens	Make it Happens

- Discuss with your team how to manage the opposition and lack of interest.

- Use the **communication action sheet** to plan how to engage each stakeholder into the project and how to communicate with them (weekly informal chat, invite to team meetings, emails, etc.).

Name	Method	Frequency	Record feedback

- Agree on who is going to communicate with each stakeholder, then talk directly with them. You may ask them:
  - What is their current opinion of the proposed action?
  - What information do they want from you?
  - How do they want to receive information?

Example:

Consider the below power/interest table, then plot the stakeholders on an empty power/interest matrix.

Stakeholder	Role / Position	Role in the project	Aware?	Interested?	Power
Adam	Finance manager	Financial Adviser	Somehow	No	High
Sami	Operation manager	Process owner	Yes	Somehow	Medium
Line operators	Line operators	Users of improved process	Somehow	Somehow	Low
Zekaria	COO	Project sponsor	Yes	Yes	High
Procurement	Procurement	-	No	No	Medium
Sara	Training manager	Training facilitator	Yes	Yes	Medium
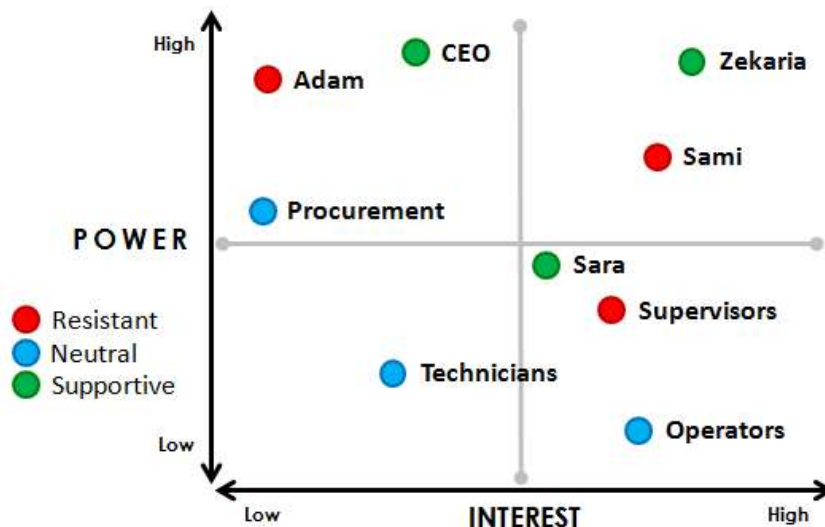
The example also illustrates assessing whether the

stakeholder is likely to be an advocate or blocker of the project or change effort. A good way of doing this is by color coding. The commitment review sheet (mentioned above) can be used here to identify the attitudes of each stakeholder.

Further Information:

- There are other complex versions of the grid, such as the one that uses a 3X3 matrix which divides the stakeholders into more categories.
- A variant of this technique is the power/interest grid that is used when planning the implementation of change.
- Although individuals working at the operational level can have little influence, they can achieve more power and influence by banding together.

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