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WHITEPAPER

SECURING
STAKEHOLDER
ENGAGEMENT
& PROJECT
MANAGEMENT
SUCCESS
THROUGH BETTER
COMMUNICATIONS

EXECUTIVE SUMMARY

Most project managers would agree that stakeholder engagement is key to the success of projects. Yet in the real world too many projects are foundering on the failure to communicate effectively with stakeholders of all kinds.

The reasons project managers provide for weak stakeholder communications are the usual suspects – lack of time and money. Or project managers know they have to ‘do communications’ but they fail to recognise that this is a specialist skill on a par with other technical and business skills.

Communication is commonly defined as ‘the transfer of information’. However, this definition is incomplete – effective communication is not just about broadcasting, it’s really about ensuring the message has been received and understood. A better definition of communication may be to succeed in conveying information or evoking understanding, incorporating a measure of whether the communication has changed hearts and minds.

This whitepaper will provide guidance on how to get communications right to build stakeholder engagement and deliver more successful project outcomes.

POOR COMMUNICATIONS AT THE HEART OF PROJECT FAILURE

Of the top 10 factors causing project failure¹, six relate to communicating with stakeholders. These are failure to set expectations and manage them; lack of communication at any level; culture or ethical misalignment; inefficient documentation and tracking of progress; competing priorities; and disregard of project warning signs. The remaining four factors that contribute project failure are poor planning and/or inadequate process; poor leadership; inadequately trained project managers; and inaccurate cost estimates.

If the stakeholders do not understand fully how the project is progressing, that is down to miscommunication. Poor communications can result in a dangerous disregard of warning signs that the project is not going well. If management has incorrect expectations of the project, again that is down to communications breakdown. Projects must start with a real conversation about what they are expected to achieve and with a reality check about what is possible. It must be clear to the project manager what is important to stakeholders and what makes them tick as individual people.

When project managers believe that communication is simply a transfer of information there is a real danger that recipients will not interact with the messages being sent out and communications will be ineffective. The onus is on the person communicating to ensure that communications are successful and check that what they have said has been understood.



There are five key success factors for projects² – and stakeholder communication is at the heart of them: the project must have defined and well communicated goals and objectives; there should be top management support as a result; the project schedule should be clear; client consultation will be at the heart of the project; and a competent, motivated team will be in place to carry out the project.

Effective communications are particularly important when it comes to client consultation and has much to do with communicating and managing expectations. However, talking to clients is just a starting point when it comes to wider stakeholder engagement – it is not effective to agree a project with clients without communication with a wide range of stakeholders. This might include talking to suppliers about what is actually technically possible, talking to other project managers about what else is going on in the organisation, and to top line managers and individual team members. What are the constraints in terms of other priorities and resources? All this communication should not fall solely on the lap of the project manager – the business sponsor has a role to play as well in defining who needs to be communicated with and what they need to understand.

Sometimes the project manager is not the best person to carry out stakeholder engagement. The person leading stakeholder communications should have a clear vision of all the stakeholders involved and the message that need to be communicated to each one. If a project manager carries out this function without proper research and preparation, and a clearly defined feedback loop for responses to the communications, mistakes will be made and there will be gaps in communication.

SPAM – THE STEPS TO SUCCESS⁵

There are four steps to effective stakeholder communications planning – strategy, plan, action, measure (creating the acronym Spam!).



Strategy



Plan



Action



Measure

1. STRATEGY: The first stage involves identifying all the stakeholders, understanding what each one of them wants from you and prioritising their needs. This is about setting high-level key messages – yet the devil is in the detail. It can be a mistake to homogenise categories of stakeholders, such as ‘customers’, who may in fact want very different things out of the product and service that you are developing.

It is vital to take a leaf out of the marketer’s book and segment the customer base according to what you want to communicate to them and how you plan to do that. Map out the stakeholders involved. Initially this is about quantity over quality, identifying all the possible

stakeholders. Then there is a transition towards subdividing and segmenting what first appeared to be large homogenous groups, drilling down to individual motivations and requirements for information.

This type of segmentation exercise is a core competence for retailers and marketers, but may be less familiar to project managers. It is time to recognise that creating nuanced communications and fostering engagement is a skill on a par with any business or technical skill and requires skilled people. Project managers can either look to build those skills themselves or ensure that they are recruited for within their teams.

2. PLAN: Plan to resource communications in the same way that you would resource any other part of the project. Ensure the time and skills requirement for communications are planned for – for every phase of the project who is doing what when it comes to stakeholder communications? When are they doing it? As with all other aspects of project planning, drill down into the detail of costing stakeholder communication and making it happen.

The project manager may be able to do some of the communications for a small project. Larger projects may need to tap into the resources of an external communications resource.

If project managers invest in planning and resourcing communications, making sure that the right people are in place and building on lessons learnt on previous projects, the likelihood of making mistakes is greatly reduced. There is clear evidence that increased spend on the initial stages of projects results in a decreased cost of failure and lower total costs⁴. If you check that what you are doing is right before you do it then the chances of it going wrong are hugely reduced and the costs of having to redo things decrease.

3. ACTION: This stage is commonly viewed as the core stage of the project where plans are put into place and the project is worked through to completion. Stakeholder communications continue to be important during this stage to keep everyone updated and to flag up clearly any issues.

4. MEASURE: The measurement stage is arguably the most critical, evaluating that communications are working by employing some kind of feedback loop to check that people have understood communications. It is important to build in a mechanism for people to respond and acknowledge that they have read and understood what you are saying to them.

This may mean requiring high-level stakeholders to sign documentation to establish that they have read and understood it. This is particularly vital when sending out communications that are flagging up issues with the project. In contrast, the effectiveness of communications to stakeholders such as the general public might be measured by testing awareness of the communication. If communications are not working, revisit how and what you are delivering and whether it is the appropriate message and means of delivery.

STAKEHOLDER COMMUNICATIONS DEFINE SUCCESS

Up to about 70% of projects are considered failures. But this is based on the success of projects being defined as meeting deadlines or coming in on budget. In the past, mainstream definitions of projects have not adequately stressed the importance of change. The BS6079 standard defines a project as a 'unique process, consisting of a set of coordinated and controlled activities with start and finish dates, undertaken to achieve an objective conforming to specific requirements, including constraints of time, cost and resources'. The PRINCE2® framework says: *'A project is a temporary organisation that is created for the purpose of delivering one or more business products according to an agreed business case'*. Yet the sole purpose of the project is to enable change.



A project could be late, but if everyone uses it then it delivers the benefits it was designed for. Real change only happens when people are both willing and able to use the output of the project. That is the true measure of success yet most project success metrics are focused on delivery. In fact, there's no such thing as an IT or technology project, all projects are about people and change.

Generally, people will only be willing to use the output of a project if stakeholder engagement and communication has been effective. For example, if a plain vanilla system is installed and people are not consulted about their requirements, the solution may tick boxes in terms of being implemented on time and in budget, but is not used effectively so fails to deliver the hoped-for business benefits.

Project Management Institute research³ has found that organisations that under-engage their stakeholders tend to see more of their 'recipients of change' – these may be stakeholders such as employees or customers – either resisting or accepting change, but not committing to the change without additional support from the organisation. In fact, its research shows that only 25% of employees in these organisations ever fully commit to a specific change, with the remaining 75% simply accepting or resisting the change.

Organisations spend a lot of money gauging whether not their external communications, marketing and PR are working. If they spent even a fraction of that on stakeholder engagement communications, chances are that the products and services they brought to market would be very much enhanced. Communication should not be an afterthought and must be a fundamental part of any project – a distinct work stream that is expected to take time and effort. Only when stakeholder engagement is put at the heart of project management will we see a real increase in the number of successful project outcomes.

TOP TIPS FOR STAKEHOLDER ENGAGEMENT

Here are five top tips for enhancing communications to foster greater stakeholder engagement:

- ✓ **Allocate budget to communications**, even at the expense of some of the bells and whistles of the planned product or service. It may well be better to spend money on making sure that there is user or customer buy-in to a more limited version of the product or service rather than delivering a fully featured output that is not used because there is no engagement with it.
- ✓ **Communication should be appropriate**, aligned to the number and importance of the stakeholders and certainly not just defined by the size of the project.
- ✓ **Consider tapping into existing organisational communications resources**. Marketing departments, for example, have deep expertise in customer segmentation.
- ✓ **Always link your stakeholder analysis to your risk analysis**. Assess what will happen if you don't communicate effectively with stakeholders.
- ✓ **Plan to develop competence in communications**, specifying communications competencies in job descriptions for new recruits and including them in performance management reviews and training and development plans.



REFERENCES

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- ⁵ The Effective Change Manager's Handbook. 2014. Kogan Page
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