



Stakeholder Analysis Part 2

The success of any business, policy or project is usually judged by how satisfied stakeholders are. In an ideal world, all stakeholders would be completely satisfied – but things are rarely so easy. When stakeholders have different issues and objectives, keeping everyone happy is not as straightforward as it might appear. To give themselves a fighting chance, businesses can conduct simple stakeholder analysis to improve their understanding of stakeholder dynamics and how they might affect the project in hand.

In order to achieve this it is vital to not only identify all stakeholders (groups and individuals) but to ensure they are treated appropriately according to the role they play. The last issue of Stakeholder Satisfaction explored two straightforward techniques for identifying stakeholders and categorising them to gain a greater

understanding of how they need to be treated. Firstly, the article explained how the simplest way to identify stakeholders is to hold workshops or focus groups with employees and gather their feedback, creating an extensive list of stakeholders. Secondly, it described how compiling a Power versus Interest grid (based on

stakeholders' power to affect the project and interest in the project) creates a framework that shows clearly how stakeholders should be managed. Again, employees can potentially play a key role at this stage of the analysis by feeding back their views on stakeholders' 'power' and 'interest'.

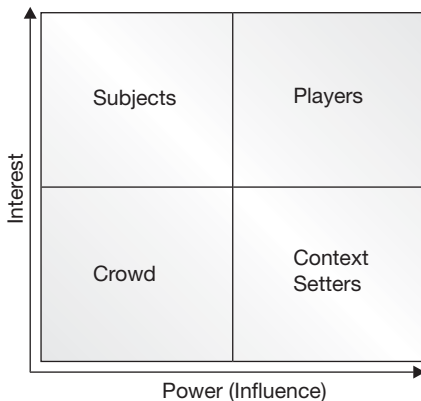


Involving employees

There are numerous techniques available for analysing stakeholder involvement and gaining a greater understanding of stakeholder relationships. This article builds on those covered previously and introduces some techniques that take the analysis a stage further, using the Power versus Interest grid as a starting point. One of the greatest benefits of these techniques is that they provide a basis for discussion, and more than likely, heated debate. Employees often know more than they think they do and it is more than likely that they store a wealth of information about stakeholders but, too often, lack the forum to share their knowledge and compare and contrast it with their colleagues' viewpoints. For the purpose of stakeholder analysis, it is particularly beneficial to include a wide range of staff, from a variety of job roles, in the discussions to get as wide a range of opinion as possible.

To recap - the power versus interest grid, considers the Stakeholders' interest in the project and Stakeholders' power to affect the project and is shown in Figure 1. Stakeholders are placed in the appropriate quadrant based on their characteristics.

Figure 1: Power versus Influence Grid.



Source: Eden and Ackermann (1998)

Briefly:

Players – Good working relationship is essential for the project to succeed. Develop a partnership approach.

Subjects – Could present a risk to the success of the project. Identify and pro-



tect. The project is a failure if it doesn't meet subjects' needs.

Context setters – Could present a risk to the success of the project. Take a proactive approach. Manage and monitor their activity.

Crowd – Require only limited monitoring and evaluation. Keep at arms length to reduce costs.

Stakeholder influence diagrams

Stakeholders on the Power versus Interest grid not only affect the outcome of the business or organisation's project (whether it is a success or not) but they can also have an effect, or impact, on each other. The purpose of stakeholder influence diagrams is to explore these inter-relationships and uncover any new relationships that may have previously been unrecognised. Shown as Figure 2, the approach is straight forward.

Start with the completed Power versus Interest grid – stakeholders will

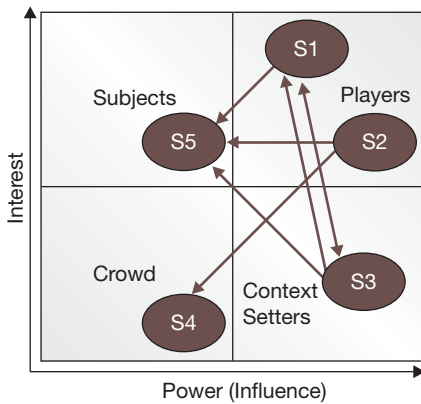
appear in each quadrant. The easiest way to view this is to stick this on the wall or flip chart.

- In the group environment (with colleagues), discuss which stakeholders influence each other. Draw lines on the chart, from one stakeholder to another, to suggest the lines of influence.
- Draw an arrowhead to indicate the direction of the influence. (It is useful to bear in mind that two-way influences are possible.)
- Discuss which of the relationships is the strongest or most influential. The thickness of the line can be used to represent the strength of the relationship.

As the diagram develops it is easy to see which stakeholders are likely to be under pressure from a number of other sources. The chart will also show which stakeholders exert the pressure. This approach helps when it comes to viewing the project from a stakeholder's angle as well as gaining an overview of the project as a whole and the stakeholder dynamics.



Figure 2: Stakeholder Influence Diagram



- Under guidance from the group, arrange the circles on the triangle to reflect their influence and the strength of their relationships with other stakeholders.
- Take time to discuss the positioning of the circles and understanding the range of views from the group. Where the relationship between stakeholders is strong – this can be represented by placing the circles closer together.
- Keep a record of the final diagram for future reference.

common ground amongst stakeholders 2) They provide background information that will help planners understand the way stakeholders react to problems or proposals.

- To create a 'Bases of Power' diagram, start with a flipchart and write the stakeholder's name in the middle.
- In a group setting, brainstorm the 'bases of power' as they apply to the stakeholder and write these on the bottom half of the sheet. This is about understanding what gives the stakeholder its strength. Draw an arrow on the sheet to indicate the direction of power.

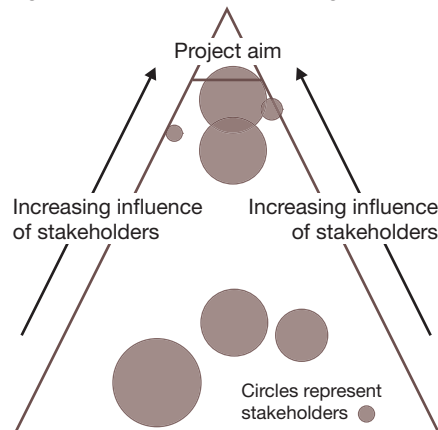


Stakeholder influence mapping

The Stakeholder influence triangle is an alternative way of looking at the relative influence stakeholders have over decision-making. Shown as Figure 3, the diagram shows the relative size of stakeholder groups, how much influence they exert and their relationships with each other. As with the other techniques, this is best created in a group environment where opinions and views can be shared and challenged.

- To create the triangle, define the project and the time period being mapped.
- If it has not already been done - identify the stakeholders that have an impact or interest in the project.
- Draw a triangle on a large sheet of paper. A selection of various sizes of paper circles will also be useful.
- Revisit the list of stakeholders. Write the name of the largest stakeholder groups on the biggest paper circles.

Figure 3: Stakeholder Influence Triangle

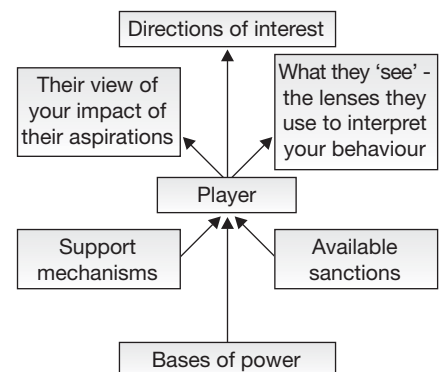


Bases of power - directions of interest analysis

The 'bases of power' analysis highlights the tools that are available to key stakeholders (i.e. the sources of power) and what they hope to achieve. The purpose of constructing the diagram is to identify the powers that might have influence on a project. An example is shown as Figure 4. The benefits of constructing the diagrams are two fold: 1) They help identify

- After this has been done, brainstorm the 'directions of interests' (goals) the stakeholder may have. Write these on the top half of the sheet. Draw an arrow on the sheet to indicate the direction of interest.
- Exploring the power and interest of each stakeholder in this way, is extremely useful for gaining a greater insight into the nature of stakeholders. Much of the value lies in the discussion process itself.

Figure 4: Bases of Power





Issue interrelationship

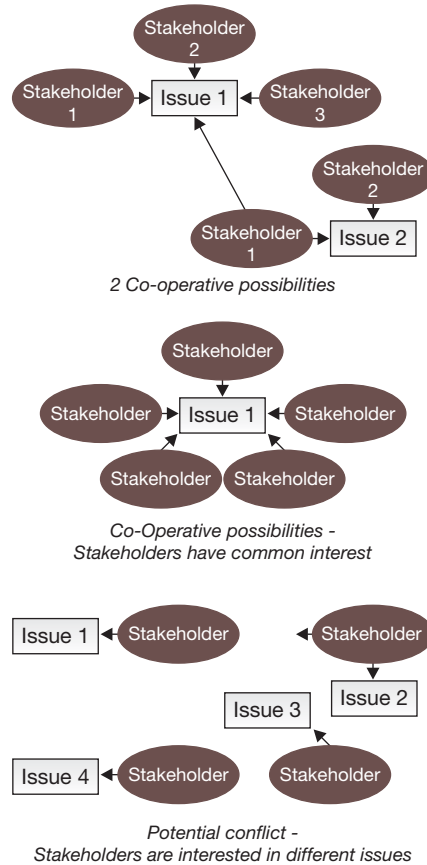
Stakeholders may be 'related' to each other through their common interest in certain issues connected with the project. The Stakeholder-issue interrelationship diagram helps understand the issues that could potentially be a source of disagreement or agreement between stakeholders. It uncovers common ground and therefore provides planners with useful insight and an example is shown as Figure 5. Once more, the technique used to gather this information is straightforward to employ.

- Use four sheets of paper to create a grid. Fix to the wall.
- In a group setting, brainstorm the names of stakeholders. (If a Power versus Interest grid has already been created, a list of stakeholders will already be available). Write the name of each stakeholder on a Post-It note.
- Brainstorm a list of issues connected with the project being planned. Write each issue on a Post-It note, using a different colour note from those used for stakeholders.
- Fix the issues on the grid then, around each issue, place the stakeholders with a link to that issue.
- Draw arrows to illustrate the stakeholder's interest in the issue. Write on the arrow the nature of the interest in the issue.
- Discuss the findings. Are there any potential areas of co-operation or conflict emerging?

Problem-free Stakeholder maps

Stakeholders could form coalitions in the face of problems or adversity. These coalitions could play a strong role in swaying opinions on various issues – either positively or negatively. Equally, project planners may want to consider creating coalitions to help them overcome particular problems or issues. Problem-frame analysis allows project planners to see the links that exist between stakeholders and problems. This approach is helpful when putting together proposals and anticipating the degree of support that is likely to be forthcoming as well as understanding how tweaking proposals can lead to an increased degree of support.

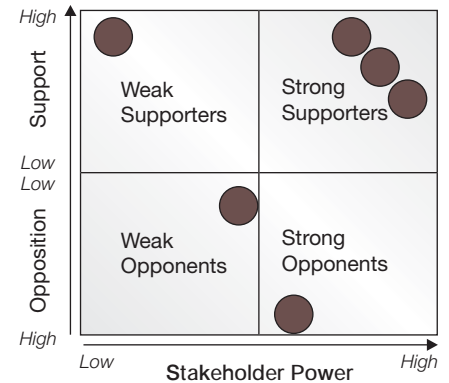
Figure 5: Issue Interrelationship Diagrams



- Use four sheets of paper to create a grid. Fix to the wall.
- Mark the grid, as seen on Figure 6 with Stakeholder Power on the horizontal axis (low to high) and Opposition/Support on the vertical axis (high to low, low to high).
- In the group, brainstorm a list of problems that might occur during the project.

- Again, in the group, brainstorm a list of stakeholders involved/concerned/connected to the problems. Time may be saved, if this list is available from earlier analysis.
- As with earlier analysis techniques – write the names of stakeholders on Post-It notes (one stakeholder per note).
- For each problem, consider the stakeholder and place them on the grid in the appropriate position. Deliberate and debate the position until the group is in agreement.

Figure 6: Problem Frame Analysis



When the grid is completed, particular attention should be focused on the stakeholders that appear in the top right hand quadrant. These stakeholders are the most powerful. The greater the number of strong supporters the better the chance of overcoming the problem or issue.

Conclusion

By employing a range of simple analysis techniques, project planners can increase their understanding of stakeholder groups and how they are likely to affect the project at hand. The approaches covered are not only straightforward to facilitate, they are also flexible and can be adapted to suit a range of situations regardless of size. They can be successfully adopted to assist with making major strategic policy decisions or at the other end of the spectrum for making smaller scale departmental changes. At the end of the day, they are designed to furnish planners with the type of information that enables them to make sensible informed decisions that will succeed in satisfying a wide range of stakeholders and gain support early in the project. **S**



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Rachel works with a wide range of organisations from RBS to the YHA and from Littlewoods Shop Direct to the Forensic Science Service. This makes her far too busy to waste time watching football matches but she does ride horses and do outdoorsy stuff.

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