



Version 6.1 Updated for the 2021
Project Management Professional (PMP)[®] Exam



Crosswind Success Series: PMP[®] Exam Bootcamp Manual

www.crosswindpm.com

Tony Johnson, MBA, CAPM, PMP, PgMP, PfMP

Version 6.1 aligned with the Project Management Institute, *A Guide to the Project Management Body of Knowledge, (PMBOK[®] Guide)* - Sixth Edition, Project Management Institute Inc., 2017

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Chapter 6

Project Stakeholder Management

Project Stakeholder Management entails identifying stakeholders and planning, managing, and monitoring their engagement.

Stakeholders are the people, groups, or entities that may impact, be impacted by, or perceive to be impacted by, the work of the project.

The project team is responsible for evaluating the stakeholders' expectations and their impact on the project. The team is also responsible for involving stakeholders in the project and, if at all possible, persuading them to support the decisions and strategies developed for the work of the project and their implementation. Stakeholder involvement, or engagement, relies heavily on continuous and effective communication.

It's important to remember that stakeholder management is ongoing as new stakeholders are identified and as the expectations and impact of existing stakeholders evolve during the project.

Trends

New stakeholder trends designed to ensure project success are:

- The increased effort required during stakeholder identification due to the expanded definition of stakeholders
 - The traditional definition included employees, suppliers, and shareholders who may impact or be impacted by the project, as well as anyone who feels they may be impacted by the project
 - The expanded definition now includes regulatory, lobbying, and environmental groups that may impact or be impacted by the project, in addition to employees, suppliers, and shareholders who may impact or be impacted by the project, as well as anyone who feels they may be impacted by the project
- An increased emphasis on stakeholder engagement
 - The participation of all team members in stakeholder engagement
 - Regular review of stakeholders (which should be at the same rate as reviews of individual project risks)
 - Working with major stakeholders through the concept co-creation, i.e. including them as partners/part of the team
 - Tracking the value of effective stakeholder engagement: positive (benefits of active stakeholder support) and negative (true costs of not engaging stakeholders, typically product recall and/or loss of organization reputation)

Tailoring

Project tailoring, the manner in which the processes of a knowledge area are exercised, is employed to address the distinctive nature of each project.

Successful project tailoring is predicated on a careful consideration of:

- The diversity of stakeholders
- The complexity of stakeholder relationships (the more networks in which stakeholders participate, the greater the chances of their receiving both information and disinformation)
- The communication technology (not only availability, but effectiveness)

Agile/Adaptive Environment

In Agile/adaptive environments (environments where a high degree of change is expected) active and direct engagement of, and robust participation by, the stakeholders is crucial to the success of the project.

These environments advance aggressive transparency, including inviting stakeholders to attend meetings and reviews and publishing artifacts publicly, so that issues can be quickly discovered and addressed. Aggressive transparency is designed to facilitate a dynamic exchange of information between the customer, users, and developers through a co-creative process, which results in increased stakeholder involvement and satisfaction.

The source for the above text is the Project Management Institute, *A Guide to the Project Management Body of Knowledge, (PMBOK® Guide)* – Sixth Edition, Project Management Institute Inc., 2017, Pages 503-506

In this chapter, we discuss the following:

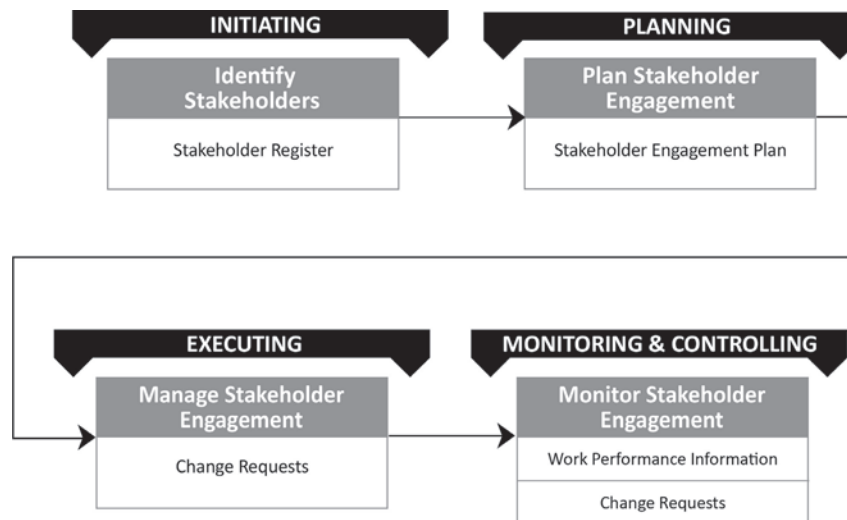


Figure 6-1: Stakeholder Processes

The source for the above figure is the Project Management Institute, *A Guide to the Project Management Body of Knowledge, (PMBOK® Guide)* – Sixth Edition, Project Management Institute Inc., 2017, Figure 13-1, Page 504



Crosswind “Must Knows” for Project Stakeholder Management

- Key Inputs, Tools & Techniques, and Outputs for Identify Stakeholders
- Key Inputs, Tools & Techniques, and Outputs for Plan Stakeholder Engagement
- Key Inputs, Tools & Techniques, and Outputs for Manage Stakeholder Engagement
- Key Inputs, Tools & Techniques, and Outputs for Monitor Stakeholder Engagement
- The role of the stakeholder and management of that position
- How to balance stakeholder interests
- What a stakeholder engagement plan is and its purpose

Although helpful, this list is not all-inclusive in regard to information needed for the exam. It is only suggested material that, if understood and memorized, may increase your exam score.

6.1. Stakeholder Management

Stakeholder management is a complex subject due to the number of people involved in the project, their individual agendas, and the varied situations that can be encountered.

Some project management training discusses “negotiation” instead of stakeholder management. It is fair to say that negotiation can often resolve issues encountered during the project, but management encompasses much more than negotiation.

A key characteristic of stakeholder management is that, early in the project, an individual stakeholder can have a great degree of influence, but that influence often decreases as the project evolves.

A key area of stakeholder management that needs to be considered is the **identification and analysis of each stakeholder**. It is vital that key stakeholders are engaged, as appropriate, throughout the project.

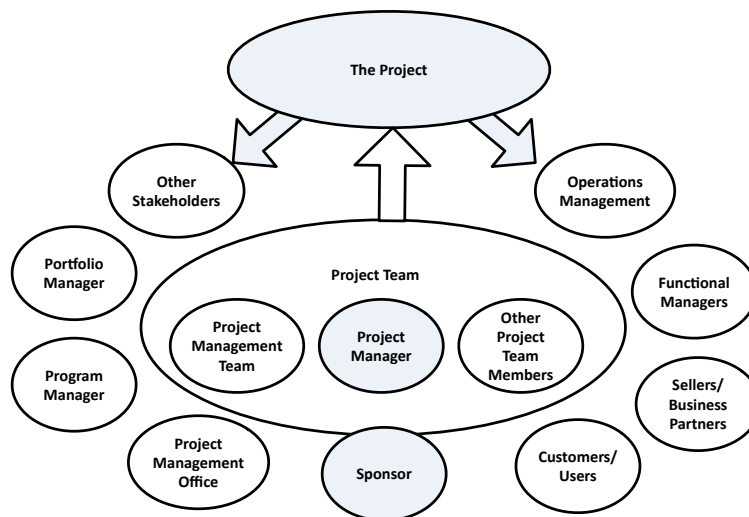


Figure 6-2: Project Stakeholders

Typical Stakeholders	
Customers/Users	Project Managers
Sponsor	Project Team
Portfolio Managers	Functional Managers
Portfolio Review Board	Operations Management
Program Managers	Sellers/Business Partners
Project Management Office	Regulatory/Governmental Entities

6.1.1. Balancing Conflicting Stakeholder Interests

There are three considerations, ordered by precedence, for approaching the conflicting stakeholder interests that may arise in the exam's situational questions:

1. The reasons for undertaking the project with a focus on the market conditions or business needs and the priority of the project compared to other projects
2. The requirements defined in the project charter
3. The project management plan



Sample question: You are the manager of a project where two stakeholders have conflicting ideas about the reporting application that will be used. Stakeholder one wants to use the existing application (a proprietary software) because he is familiar with it. Stakeholder two wants to use an alternate application (a cloud based software), because it is new and has good reviews. The project management plan references the proprietary software. The project charter references the cloud based software. The circumstances surrounding the project do not impact the reporting software choice. Which application should you choose?

To decide on the application, the project manager must first consider the reason for the project, the market conditions or business needs, and the project priority. Since none of those impact the decision, the project manager then considers the project charter. In this case, the project charter indicates the alternate application is to be used, so the correct answer is the alternate application. Even though the project management plan references the existing proprietary application, the application cited in the project charter takes precedence.

6.1.2. Managing Project Change Requests

With regard to addressing project-specific change requests by the customer/sponsor, the following order should help ensure success:

1. Never tell the customer/sponsor “no” when asked about a request. If the customer/sponsor is willing to encounter a delay or pay more to implement the change, it is the decision of the customer/sponsor.
2. Listen to the customer/sponsor regarding their request.
3. Involve the appropriate team members to determine the options associated with the request and their impact.
4. Communicate the options to the customer/sponsor.
5. Let the customer/sponsor make the final decision based on the options you have provided them.
6. If applicable, create a change request to accommodate the option decided upon by the customer/sponsor.

6.2. Identify Stakeholders (Initiating Process Group)

During the Identify Stakeholders process, a determination is made regarding which people and organizations impact and/or are impacted by the project.

Stakeholders may include sponsors, the customer, and those who impact, or perceive themselves to be impacted by, the project.

To manage a successful project, the project manager must ensure that all stakeholders are identified early and that their expectations, influence, importance, and levels of interest are analyzed and periodically reviewed in case adjustments are necessary.

An effective analysis enables the project manager to focus on the expectations of the stakeholders.



Know the Key Inputs, Tools & Techniques, and Outputs for Identify Stakeholders.