



## **The Importance of Stakeholder Management in Process Improvement** By Michael Reames and Gabriel Kemeny

To paraphrase a wise Master Black Belt, “I never saw a process improvement fail because of a bad Pareto; but I see process improvement efforts fail all the time because of poor stakeholder management.” Identifying and understanding stakeholders is a critically important initial step in any process improvement effort.

Here is another way to think about stakeholder management. We are all familiar with the scientific history of comets and meteors colliding with the earth during ancient history. Many scientists are convinced that, given enough time, there is a high probability that another large body will strike our planet, with perhaps dire consequences. Sophisticated telescopes and other instruments search the skies for such previously unidentified bodies, and orbits are calculated to determine if they pose a threat to the earth. Various emerging technologies may even allow us to alter the trajectory of a meteor ever so slightly to prevent a future impact. BUT – the action must be taken well in advance of the impending collision.

Potential meteor impacts provide a good analogy for the importance of stakeholder analysis and management. The organizations’ leadership establishes a team to address a chronic process issue. It’s a good thing to do, and the team is well-equipped to handle it (i.e., a well-trained team leader, a team of subject matter experts). But lurking within the organization are individuals and groups that can easily undermine the effort, no matter how valuable or well-intentioned the solutions to the problem might be. If the team waits until it has solutions to implement, those stakeholders (who may have been resistant to the project from its inception) can easily cause the project to fail. If, on the other hand, the team identifies the stakeholders early on [using the telescope to find potential problems], and develops a plan to address their concerns and issues [a methodology for nudging them into a different trajectory], then they will have significantly increased the likelihood that they can successfully implement their solutions [avoiding a devastating collision] and thus improve the process. Therefore, it’s not just coming up with a good technical solution; it’s as important to address the underlying resistance to change. Stakeholder management allows us to do that.

A Stakeholder Analysis helps the project team in many ways. The team identifies key individuals and/or work groups that can be significantly affected (positively or negatively) by the project. They also identify key individuals and/or entities that can have a major influence on the process improvement project. By discussing the project and its potential advantages, the team is able to understand the current position of these individuals with regard to the project. For instance, do they

support or resist the project plan and execution (sometimes in very subtle ways)? How much influence do they have? In this way, the team can create a strategy to persuade the stakeholders to act in ways that do not undermine the project, but that favor organizational change and successful project completion.

The benefits of stakeholder analysis are that:

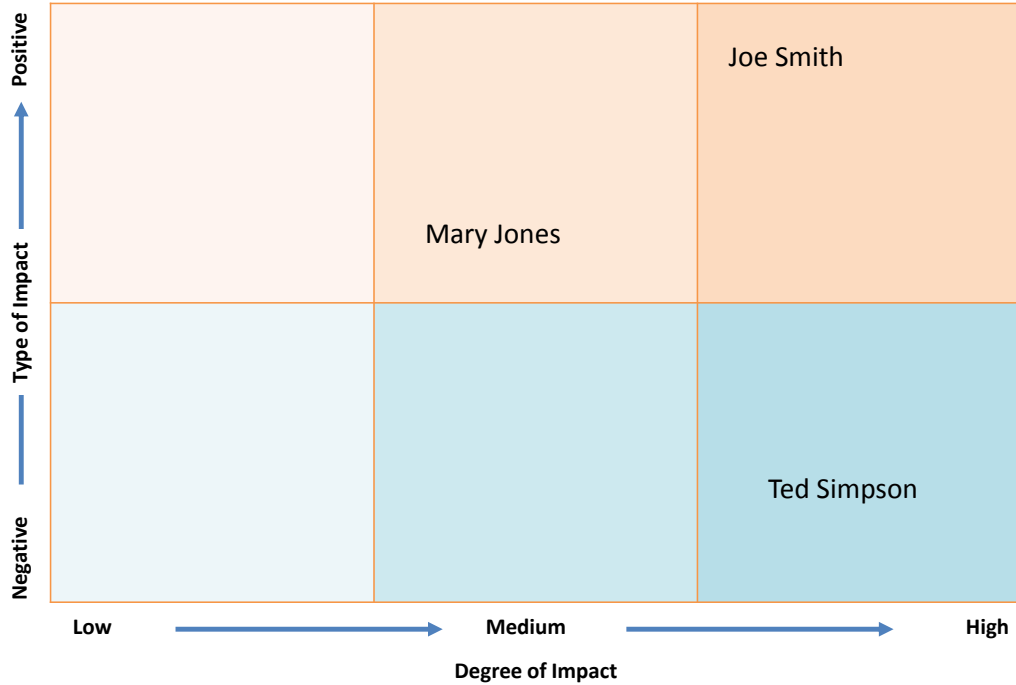
- It provides for an unbroken leadership chain, from top to bottom of the organization, in support of the improvement project.
- It helps the team acquire a unified approach to “selling” the project to the organization.
- It helps to monitor the progress of key stakeholders towards becoming strong supporters of the project, its tasks, and its solutions.
- It provides the opportunity for the team to learn about and deal with the potential “ripple effects” of the project on individuals, functions, and processes in the organization.

Conducting a stakeholder analysis is straightforward. Use the examples and templates in the following diagrams and follow these steps:

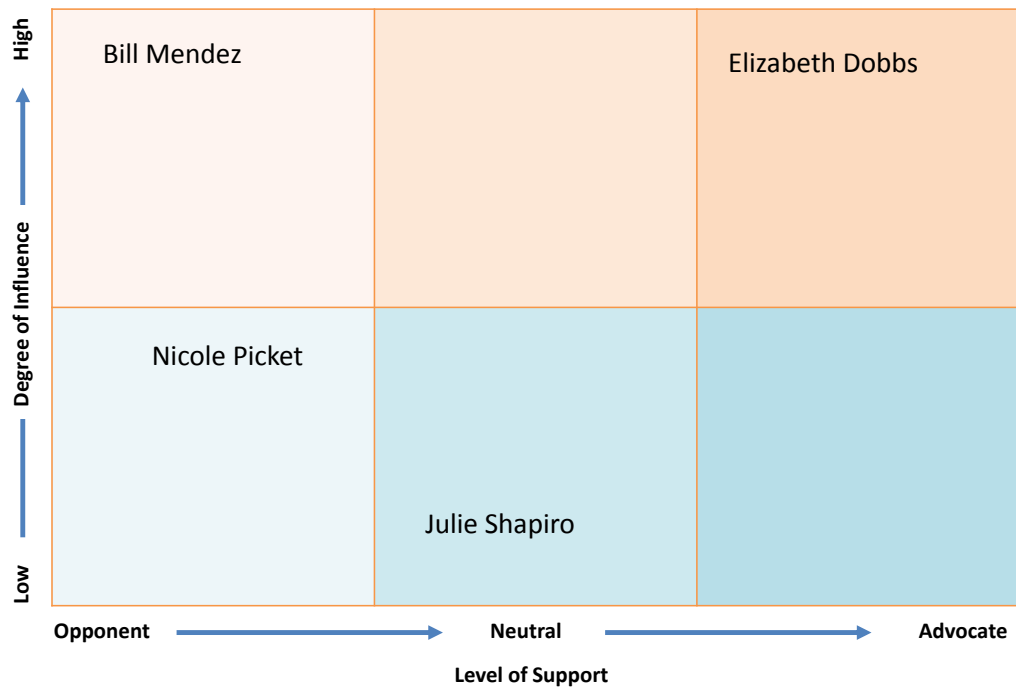
1. Identify and list stakeholders (both individuals and groups) that the project can potentially affect.
  - a. *Note 1:* Although customers may naturally be considered to be stakeholders, we consider them a unique type of stakeholder and handle them as part of the “Voice of the Customer” determination, which results in identification of Critical Customer Requirements. For this reason, they are generally not part of a classic stakeholder analysis and are addressed elsewhere in the project.
  - b. *Note 2:* Managers within the process (and management in general) are often stakeholders of the process, but are not customers of the process. Think of it this way: The process does not exist for the benefit of the manager, but for the revenue (or, generally, the satisfaction) of a customer – external or internal – who is outside of the process. In our coaching of process improvement efforts, when we see process maps (called SIPOC) identifying a manager as a customer, we advocate removing them as “customers” and handling them in the stakeholder analysis.
2. Refer to the diagram and example below. Place the name of the stakeholders in the appropriate location in the “Impact of Project on Stakeholder” diagram, according to the degree of impact and according to how positive or negative the impact may be.  
*(Note: the document becomes confidential – team eyes only – at this point)*
3. Add to the existing list any additional stakeholders (both individuals and groups) that can potentially affect the project.
4. Refer to the diagram and example below. Place the name of the stakeholders in the appropriate location in the “Impact on Project” diagram, according to their level of support and according to their degree of influence on the project.  
*(Note: as with the previous chart, the document becomes confidential – team eyes only – at this point)*

- Build an action plan to move each stakeholder to the top of the “Impact of Project on Stakeholder” or to the right of the “Impact on Project”; or enlist the help of a stakeholder who is favorably leveraged to help others.

### Stakeholder Analysis – Impact of Project on Stakeholder



### Stakeholder Analysis – Impact of Stakeholder on Project



Next the team creates an action plan, which can be as simple and straightforward as:

- Project Sponsor Sue will meet with Bill Mendez by April 4 to understand what issues he has with this project. Sue will report to the team on specific issues.
- Team member John to ask Elizabeth Dobbs if she can use her influence to persuade Nicole Picket to understand that the project will eventually help her significantly. The team will prepare a list of benefits that the project will eventually provide to Nicole and her department. To be completed by April 17.
- Team members George and Edna will work with Ted Simpson and discuss ideas to minimize the adverse effects the project can cause to his people. Deadline: May 1.

Finally, here are some tips on the subject of stakeholder identification, analysis, and management:

- Project teams often consider a stakeholder analysis to be confidential, only to be discussed and shared among team members. This may be the only way to be candid in your placement of a key stakeholder on the chart. Protect the confidentiality of this document and don't let it get into the wrong hands.
- Stakeholder Analysis is dynamic and needs to be updated regularly as the action plan is completed. Modify the action plan, as required, to move the key stakeholders in a supportive direction.
- The objective is not to embarrass or to antagonize stakeholders who resist, but to enable the team to demonstrate data and facts that help persuade resistant or neutral stakeholders.
- Stakeholders who oppose the project may have valid objections that have not been recognized or addressed by the team. In these cases, project scopes, goals and/or solutions need to be adjusted for good reason.
- Early stakeholder management is critical to the success of any improvement project. Key stakeholders, especially senior managers, will eventually have to approve the solutions recommended by your project team. The earlier you inform and involve stakeholders, the better the chances of successful implementation of the solutions.
- A communication plan is the typical action plan that flows out of a stakeholder analysis. Figure out what must be communicated, by what method, and with what frequency. The best communication plans also provide a feedback mechanism to ascertain if the stakeholders understand what is being communicated to them.



**Gabe Kemeny and Michael Reames**  
**Partners and Co-Founders, ProcessGPS, LLC**

[gabe@ProcessGPS.com](mailto:gabe@ProcessGPS.com) (801) GPS-0606  
[michael@ProcessGPS.com](mailto:michael@ProcessGPS.com) (484) 2020-GPS

Website: [www.ProcessGPS.com](http://www.ProcessGPS.com)

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