"STAKEHOLDER KNOWLEDGE MANAGEMENT PROCESSES"

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ABSTRACT
This paper examines the knowledge management processes used by the project manager practitioner relative to stakeholder management based on an actual contract project budgeted at billions of dollars. Key challenges consisted of: level setting expectations in a global environment, fine tuning stakeholder perceptions in a multi-cultural, diverse organization and reengineering business processes in a resistive dogmatic environment. A well-rounded project management repertoire is required to effectively manage the sometimes orthogonal requirements of various stakeholders. Knowledge Management processes critical to success include: conducting stakeholder content intelligence, classifying stakeholder content, decoding stakeholder content, evaluating stakeholder content readiness, and preparing stakeholder content for distribution.

KEY WORDS
Stakeholder, stakeholder management, knowledge management, planning, building, project management.

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INTRODUCTION
The importance of gaining stakeholder consensus has been documented repeatedly in project archives and Lessons Learned documents. The serious consequences of remission during project formation may result in project schedule delays and cost overruns caused by missed requirements, scope expansion, rework, customer dissatisfaction and loss of credibility. As customer confidence erodes, the project is placed in a compromised position with the attendant loss of trust in the project manager’s ability to execute successfully.

Stakeholder, for purposes of this paper, is defined as “any person or entity that has a stake in the outcome of the project.” This inclusive definition is being used intentionally to allow for stakeholder differences of perception as to whether or not they have a stake in the project. Stakeholder management is defined in the context of this paper is defined as “the ability to effectively deal with stakeholders in order to ensure successful project outcomes.” Stakeholder management is especially important in complex fields such as building and construction as Cooper, Bruce and Wootten (1999) described in the interactive process of collecting the stakeholders’ requirements as requirement engineering (RE). Effective RE results in clear, unambiguous, complete and accurate technical requirements that satisfy the customer’s business requirements. The processes that are examined in this paper are intended to support the broad definition of stakeholder. Knowledge management is defined as “a multi-disciplined approach to achieving organizational objectives by making best use of knowledge. It involves the design, review and implementation of both social and technological processes to improve the application of knowledge, in the collective interest of stakeholders. AS 5037 Clause 1.2.4.”

SUBJECTS
The stakeholders who represented the various constituencies of their particular business functions, approximately 25, became extremely concerned about the lack of information and began to contact their officials who then notified the contractor’s leadership. There was an exceptional amount of attention devoted to the project to repair the torn relationship between the internal project contractor stakeholders and customer stakeholders as well as other external concerned stakeholders. The contractor development team was comprised of one prime contractor and almost 50 subcontractors. A communication plan was initiated with the intent of coordinating activities to prevent duplication or gaps.

RATIONALE
This paper will outline the knowledge management processes that can be applied by the project manager to promote stakeholder understanding from the stakeholder’s unique perspective in order to meet project objectives. The project, a global, complex endeavor, was created to bring business processes into alignment in order to streamline daily operations by adherence to consistent operating procedures through uniform technology. This involved a major world-wide communication plan to inform all stakeholders of the purpose and business case for the organizational change and how it might impact their particular business unit.

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METHODOLOGY
Processes will be reviewed describing practices for maximum stakeholder satisfaction and will be compared to what actually took place during the project. Analyses will be provided in the Results section of the paper.

PROCESS I. INVESTIGATING STAKEHOLDER CONTENT INTELLIGENCE
Investigating stakeholder content intelligence is critical to the accurate understanding of stakeholder business processes that can then be extrapolated and translated to technical requirements to satisfy customer business needs and objectives of the project. The first step is to identify all pertinent stakeholders. Clusters of stakeholders gravitate to key stakeholders while others remain outliers distancing themselves. See Figure 1 below.

![Figure 1: Stakeholders Cluster and Outliers](image)

During the formation of the project team, it is imperative for the project manager to seek out the peripheral and outlier stakeholders through the initiation of a PR campaign to draw as many unknown or “X” stakeholders as possible. Push alerts are useful and should be applied as well as repository or web site pull inviting stakeholders to visit the common shared repository to access information. One of the most important functions during the initial stages of the project is to hold a town meeting or similar open invitation to request public stakeholders’ concerns and issues. Inviting the dissonant voices to be heard early can help the project manager gain valuable insight into stakeholder concerns and issues that are translated to risks that need to be identified, prioritized, and managed during the project. Concurrent with this activity is the formation of the Governance structure for handling issues. The editor and PR resource work closely to ensure that the substantive information aligns with the audience and is presented to promote stakeholder understanding. Prior to releasing stakeholder information, it is advisable to have the key stakeholder’s signoff.

CASE STUDY COMPARISON
Key stakeholders were viewed as having higher status than peripheral or outlier stakeholders and thus were usually attributed higher importance by the project manager. However, the key stakeholders may or may not have actually had a higher status than peripheral and outlier stakeholders who are often unknown or “X” entities to the project manager. Communications were deficient and out of sync with stakeholder concerns because stakeholder knowledge management processes were deficient. Content intelligence was limited to a select few key stakeholders who did not represent the peripheral, outlier or public stakeholders’ concerns as invitations were not extended. The Biehl Model on the next page illustrates the recommended stakeholder content intelligent processes.
Figure 2: Biehl Model Investigating Stakeholder Knowledge Management Content Intelligence Diagram
PROCESS II. DETERMINING SOCIAL RESPONSIBILITY AND SHARED ETHICS

The concept of “company social responsibility” is grounded in the stakeholder approach of responsibility toward all stakeholder groups and as such is viewed as the capability of the company’s longevity in terms of growth, success and survival (Carroll 1995, 48-51).

Mintzberg (1999) sums up the current view held by many today regarding stakeholder responsibility.

“Who should control the corporation? How? And for the pursuit of what goals? Historically, the corporation was controlled by its owners – through direct control of the managers if not through direct management – for the pursuit of economic goals. But as shareholding became dispersed, owner control weakened, and as the corporation grew to very large size, its economic actions came to have increasing social consequences. The giant, widely-held corporation came increasingly under the implicit control of its managers, and the concept of social responsibility – the voluntary consideration of public social goals alongside the private economic ones – arose to provide a basis of legitimacy for their actions.”

Ethical Stakeholder Management

Social responsibility implies ethical behavior when dealing with stakeholders. The role of trust in stakeholder satisfaction was studied (Strong, Ringer, Taylor, 2001) and their findings revealed that timeliness in communicating, honesty and completeness of information, and empathy and equity of treatment by management were the three most valuable elements in dealing with stakeholders to ensure a trusting relationship. What was interesting about this study was the fact that even though the stakeholders’ expectations were not met, they rated the experience as satisfactory, based on qualitative analysis of respondents’ descriptions of their experiences, based on management’s behaviors of concern for treating individuals fairly, integrity of the information provided, and timely response rates to stakeholders. These are not so different from commonly-held viewpoints on customer service behavior. It is more in the attitude than what actually transpires. Being perceived to be bound by high ethics, then, one may extrapolate, is key to effective stakeholder management. The behaviors that drive effective stakeholder management must be inherent and internally derived, not superficial to meet a project’s objectives.

Stakeholder Evolution and the Learning Organization

This is not so different from Senge’s (Senge, 1990) systematic view of organizations that learn in systematic synchronicity. Senge posited that generative learning could not be sustained in an organization if people’s thinking is dominated by short-term goals. He stated that it is merely the prediction of an event and reaction afterward and not the ability to “learn to create” (1990, p. 22).

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7 Senge, Peter. 1990. The Fifth Discipline.
8 Source: http://home.nycap.rr.com/klarsen/learnorg
This is metanoia and used by Senge (1994)\(^9\) to describe a new way of looking at things and developing mental models based on group thinking rather than individual thinking. The attributes of stakeholders, when analyzed as a whole, reveal a composite of the group and, as such, can be examined by individual analysis and then rebuilding as a collective unit. In order for the organization to learn together, it must trust together. The need to trust the information sent to them can be relied upon and that the information they provide will be used judiciously. (Buckman, 2004, p. 105-6)\(^{10}\)

**CASE STUDY COMPARISON**

The project manager and seller acted in accordance with high ethics at all times. However, because of conflicting information, late information, and lack of information, it was perceived by the buyer that the seller was not acting at all times in the best interest of the buyer. Therefore, there was a trust breakdown that caused a further slowdown in communication as a result of extra time spent on verifying information two and three times from different sources to attempt to regain confidence in the seller’s ability to provide reliable information. This caused unnecessary expense and time delays as well as extra client relationship tension.

**PROCESS III. DECIPHERING STAKEHOLDER INFLUENCE AND IMPORTANCE**

This process, deciphering critical stakeholders, is one of the most important processes as it paves the way for future actions. The initial stakeholders provide valuable content intelligence and social process content intelligence that leads to better RE.

A commonly-held notion in stakeholder management involves the amount of interaction with stakeholders based on their perceived influence on the project but this can be wrought with problems, especially if perceptions of importance are incorrectly assumed of certain stakeholders. Problems with identifying and classifying or as I term it, “deciphering” the stakeholder process, run rampant and many projects have experienced disastrous effects as a result of incorrect classification. Viney(2007) outlines his four-way approach using this approach. See Table 1.

<table>
<thead>
<tr>
<th>Behavior</th>
<th>Stakeholder Classification</th>
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<tbody>
<tr>
<td>Partner</td>
<td>High Influence, High Importance</td>
</tr>
<tr>
<td>Consult</td>
<td>High Influence, Lower Importance</td>
</tr>
<tr>
<td>Inform</td>
<td>Lower Influence, Higher Importance</td>
</tr>
<tr>
<td>Control</td>
<td>Lower Influence, Lower Importance</td>
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</table>

**CASE STUDY COMPARISON:**

A reexamination of deciphering the important stakeholders – internal and external – was performed by the project manager and team. The project leaders asked existing key


\(^{11}\) Stakeholder Analysis and stakeholder Management, Viney, D. Source: http://EzineArticles.com/?expert=David_Viney
stakeholders for information and it proved to be futile. It can be conjectured that key stakeholders feared the objections that might be raised by peripheral and outlier stakeholders would cause delays and cost overruns or that they would face negative reactions causing a public relations fiasco because their constituency might voice that their concerns had not been represented accurately, if at all, by the key stakeholders. It was not until the project manager raised the issue with high level officials in charge of the key stakeholders’ business areas that other stakeholders were informed, invited to participate, and began to voice their opinions. It was determined that certain peripheral and outlier stakeholders were extremely important.

**PROCESS IV. NEGOTIATING TO RESOLVE ISSUES**

Complex situations require investment in developing strategies to understand, communicate, and resolve challenges in a collaborative environment. Negotiation offers the stakeholders an opportunity to build together and work together to find solutions. Transparency to stakeholders is supportive of this approach because the challenges are placed in front of all stakeholders and invitations are open to offer suggestions and dialogue to reach consensus. As Watson, Osborne-Brown and Longhurst (2002) revealed in their study, leaders can no longer use diplomacy to develop trust and maintain stakeholder trust. Today’s stakeholders require candor and a willingness to share information in a direct manner.

Today’s stakeholder wants to be “fully informed” (Kumaraswamy, Ugwu, Palaneeswaran & Rahman, 2004)

Disclosure is key to the negotiation process but it is all in the timing. Stakeholders want the communications in a timely manner as discussed previously but they reveal information as they begin to trust and develop a sense of unity with the group of stakeholders through the consensus process. The possibility of creating win-win situations increases. This is akin to Senge’s philosophy about shared learning and the knowledge delivery of participants of the group to benefit all.

**CASE STUDY COMPARISON**

Since the stakeholder knowledge management processes were inadequate from the outset and information was not presented in a timely manner to stakeholders – key, peripheral and outliers – the negotiating leverage of the project manager was weak. In order to maintain a firm stance at the negotiating table, it is vital to have established the processes at initiation. There was little leverage and the seller ended up absorbing additional costs as a result of enlisting additional resources to ramp up for schedule containment.

**PROCESS V. UNCOVERING HIDDEN AGENDAS AND BREAKING DOWN BARRIERS**

When there are opposing sides rather than the group learning together to solve challenges, it’s common to find stakeholders who do not want to divulge true thoughts and feelings. Without others knowing the source of their dissatisfaction, there is little anyone can do to reconcile the situation. It is only when the two open up and honestly reveal their issues that progress can be made. One of the most successful ways to break down the barriers and open communication is by anonymous computer-aided voting to reach consensus. Discussions are

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facilitated and issues are addressed in front of the whole team without creating a negative atmosphere. All are equally important and facilitation is handled in a professional manner.

**CASE STUDY COMPARISON**

The stakeholders were unclear about their expectations of each other as well as their true thoughts and feelings. During meetings it was common to see non-verbal behavior belie the friendly chatter between the stakeholders. Behind the scenes there were finger pointing sessions and candid, often loud, boisterous discussions about what should be done. The stakeholder who spoke the loudest at meetings often received the most attention. Unfortunately, it was negative attention and this caused others at the meeting to retreat further behind their hidden agendas.

**PROCESS VI. ESTABLISHING THE KNOWLEDGE MANAGEMENT REPOSITORY DATABASE**

Stakeholders want and deserve to know information in order for the group to maintain continued trust. One of the easiest and best ways to share information with stakeholders is to establish a common database or repository that is easily accessible over the web and inclusive of team information as well as project information. When all information is shared and current, stakeholders are given confidence that they are informed, important, and valued as a team member. As more and more teams are virtual in nature, the team site becomes an integral part of the stakeholder’s access to information and the project delivery content intelligence to its stakeholders.

**CASE STUDY COMPARISON**

The project developed a communication repository but it neglected to follow some of the key recommended processes such as developing a communications plan that included the public relations activities to support it during times of discontent and when different stakeholder targeted audiences needed to receive important information. The information was created with a narrow focus and it was not adjusted for different audiences. There were fragmented attempts at times to reconcile the two such as specialized emails or newsletters periodically to reduce damage caused by a negative report or event. Stakeholder knowledge management communications were not stratified for different audiences or distributed using a release management approach. The recommended processes are outlined below in Table 2.

<table>
<thead>
<tr>
<th>Table 2. Recommended Processes</th>
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<tbody>
<tr>
<td><strong>Recommended Process</strong></td>
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<tr>
<td>Identify Core Stakeholders During Project Formation</td>
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<td>Gather Internal &amp; External Core Stakeholders</td>
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<td>Expand Core to Peripheral Outliers</td>
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<tr>
<td>Hold Town Meetings Immediately Post-Contract Signing</td>
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<tr>
<td>Develop PR Campaign - Multimedia to gather Public Opinion</td>
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<td>Initiate Two-Pronged Communication Plan (Internal Stakeholders &amp; External Stakeholders)</td>
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<tr>
<td>Establish the Common Communication Repository for Pull</td>
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<tr>
<td>Establish Email Alert System for Push</td>
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<tr>
<td>Funnel and Compile all Input into Database - Do Not Filter or Adjust (Keep Verbatim to Extent Possible Using Person’s Words)</td>
</tr>
<tr>
<td>Classify and Decode</td>
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<tr>
<td>Quantify Decoding process with weighting criteria based on project needs</td>
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<tr>
<td>Evaluate Content Readiness for Release</td>
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<tr>
<td>Determine Release Management Approach</td>
</tr>
<tr>
<td>Final Edit Prior to Submission to Key Stakeholders Signoff and Publishing</td>
</tr>
<tr>
<td>PR Final Review To Ensure Stakeholders (All Perspectives) Concerns Are Addressed in Message</td>
</tr>
<tr>
<td>Publish According to Release Management Approach</td>
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<tr>
<td>Request Feedback for Integration</td>
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</table>
VII. Process of Information Reporting and Analytics

This is a special type of communication that is usually distributed to internal stakeholders and selected individuals for decision making purposes. The distribution list is carefully determined and if the information is entered into the database it may be partitioned and invisible to non-credentialed individuals only or locked for viewing only. If the information is time sensitive only, there may be a timed release or edited for a general release such as a newsletter or press release. Metrics reporting and progress updates are usually routed and distributed to a wider audience of stakeholders, especially if the integration of teams depends on certain information in order to progress with their activities on the project. The importance of an evaluation of outgoing information and analytics regarding the project cannot be stressed enough.

Case Study Comparison

The information was distributed on a regular basis. This was a strength of the project, particularly with analytics and metrics such as progress reports.

Results

The results of not having a clear strategy for stakeholder knowledge management processes, as indicated in the paper through a discussion of the recommended processes and the case study comparison, clearly indicates problematic project occurrences such as scope increases that lead to new requirements extending the length of the project, cost overruns and customer dissatisfaction.

Conclusions

It is in the best interest of project managers of building and construction, as well as other industries, to develop a clear strategy for stakeholder knowledge management processes at the outset of the project during initiation and make the strategy an important part of the overall project management plan. The processes that at first glance appear to increase the cost of the project actually assist in preventing cost overruns and are a wise investment.
REFERENCES


