WHY STAKEHOLDER RELATIONSHIPS ARE CRITICAL TO IT SUCCESS

What is a Stakeholder, Really?

A stakeholder is anyone that has an interest in your project, process, product or service. This can include customers, project managers, vendors, outside regulators, VP's, senior leadership or even co-workers. For purposes of this article, I'm going to exclude customers as a stakeholder. "Why" you ask? It's because that I believe customer relationships should be approached in a different manner and thought of as a topic that stands on its own.

What do you mean by Relationship?

A relationship goes far beyond a business transaction such has a sale, or project delivery. There are 3 key components of stakeholder relationship:

Trust – Will you do what you say you are going to do? Can (and does) the stakeholder make business decisions based on what you have promised. Do you trust the stakeholder to deliver the support and resources that they have committed to?

Communication – Do you regularly let the stakeholders know what is going on? Do you keep them up to date? Do the stakeholders communicate with you and keep you informed on external

influences that may affect your project?

Understanding – Do you and the stakeholder approach challenges with a sense of understanding? If something goes wrong, is the assumption incompetence, or do you and the stakeholder(s) assume positive intent of each other? Are you able to inform stakeholders of challenges without them assuming the worst?

The 4 Benefits of Stakeholder Relationships

Overcome unexpected challenges

The number one reason for building relationships with stakeholders is to plan for the unexpected. Every project, every initiative, will have something occur that is not expected. When unexpected problems occur without a relationship, it gives sponsors the feeling that you are incompetent. When unexpected problems occur with a relationship, sponsors have a feeling of confidence. Since I always like using construction analogies, here's an example of what I mean:

Let's say I'm getting some windows replaced on my house.

No Relationship Scenario:

Contractor says, "Well Joe, when I took your window out I discovered that there was some rot in the casing. It's going to be a few hundred more to do this right." My first thought is "why didn't you plan for this? Surely, you've done a window install before. Why didn't you tell me this could happen?"

Good Relationship Scenario:

Contractor says, "Well Joe, when I took your window out I discovered that there was some rot in the casing. It's going to be a few hundred more to do this right." My response is "well Jim, you've done work for me before and I trust your craftsmanship. Just do what it takes and let me know how much it's going to be"

Reach compromises when needed

Seldom do we get to work on a project where we get everything we want, and everyone agrees on the work. Most of the time leading a project involves several conversations and compromises. Sometimes the key stakeholders will want the impossible. Other times they may be shooting too low. If you have built a good relationship, it becomes easier to have open honest conversations with your stakeholders. They'll listen to your opinion and allow for flexibility in meeting the project goals.

Cut through bureaucracy, deliver faster

Have you ever been frustrated at the amount of time it took to complete a business process? Did that form you submitted slow down your project? If you talk to the senior leaders in the organization, you'll find that for some reason they don't experience some of the same delays you do. Most of us think that is because of their position in the organization, and sometimes that is the case. However, most of the time it is because of the relationships they have built in every area of the organization. They've had lunch with, been to soccer games, donated to causes, played golf with, had a coffee with, or shared a good time with at least one key person in each department. They can pick up the phone and say "hey bob, I submitted that form, but it's been a couple days. Can you check on that

for me?"

Take the time to build a relationship with people in other departments. You'll be surprised what you can accomplish with the aid of a few allies. This will pay off in the long run when one of those allies ends up being a stakeholder on one of your projects.

Promise of future projects

If you have built good relationships with your project stakeholders (and potential stakeholders), they will keep you in mind the next time a project comes up.

Key Stakeholder Relationships

Vendors & Suppliers

Many of us don't consider a vendor to be a stakeholder in our projects. If you are of the same opinion, then I would ask you to consider an alternate perspective and approach. If you have built a strong relationship with your vendors, then they are invested in your success. If you succeed, then they will also succeed through additional sales, and even marketing your project's success. We've all read the whitepapers on how product "X" helped company "Y" accomplish "Z" goal. No vendor wants their product to be the reason a project failed. However, if you work with you vendors, let them invest in your success, and treat them as a stakeholder, you'll find that they will act like a stakeholder and do everything they can to help.

Go beyond a partnership with your vendors, make them a stakeholder.

Investors & Shareholders

This is the most obvious stakeholder in your organization. Having good relationships with the people who directly invest your organizations success is always a good idea. However, the investor relationship can (and should) be slightly different. Oftentimes with your more direct stakeholders, project details bring comfort and trust to the relationship. Investors are usually more interested in the big picture. The key to having a good relationship with your investors is to start with the bottom line up front (or BLUF). Harvard Business Review has a great article on email communications using this method[1] Basically, when they ask how a project is going give them the one sentence summary. Then, if they ask for details provide them. This will show that you understand their time is important. By also providing the details (second) you provide them the information they need to reach their own independent conclusion. This communication style goes a long way towards building trust.

Other Employees

Peers in an organization are probably the most frequently overlooked stakeholder. While they may not be a key stakeholder and have a direct influence on your project, peer relationships are just as important. With a few exceptions, most employees want an organization to do well. A successful project means higher profits, better service, or efficiency in process (or at least it should). If your project does poorly, the health of the organization can suffer. Your peers may be able to help you out when you get in a bind if you take the time to get to know them and build a strong relationship

Government / Regulators

I have been involved in several organizations that looked at government or regulatory agencies as adversaries. With all the complicated policies and guidelines that must be followed, it can be easy to forget that they are actually people, getting paid to achieve an objective, just like you. Treat the regulators like the real people that they are. Get to know the names of key employees at the Agencey. Oftentimes you can get a "heads up" on a potential problem before it shows up in an audit report. If you approach your agency relationships this way, you'll find your regulatory reviews will start going a lot smoother.

Potential Stakeholders

When is a stakeholder not a stakeholder? When they are a future stakeholder. I've been involved in several projects where the sponsor is the CIO or IT lead. I've also been on projects with HR directors and CFO's as sponsors. I try to make sure I take the time to build a relationship with potential sponsors of future projects. Inevitably, in our conversations they'll say, "What are you working on for Sally?" Don't be shy. Tell them what's going on including the challenges and how you overcame them. This is a great way to build trust and let them know what it's like to work with you. The goal is to make the next conversation be: "I think you did a great job for Sally; do you think you could bring the same success to one of my projects?"

Project Sponsor

For most of us, the project sponsor is the senior business leader who has invested in your project. Oftentimes project leaders will think of the sponsor as "the person with the checkbook" and treat them as such. With this approach, one can unintentionally assume that the sponsor only wants to hear about what's going well. I've seen more than one project manager hide challenges and try to resolve them on their own just to keep the sponsor happy. A good project manager may operate this way for years and do just fine. However, moving from good to great takes a different approach.

To help your projects go great, leverage the three concepts above (trust, communication, and understanding) to build a better relationship with your sponsors. Share what goes well and what doesn't. Sponsors will oftentimes have the relationships in an organization to "pull some strings" and help remove any obstacles in the way of your project.