



## Guidance Notes for Stakeholder Analysis

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*General Guidance for Using This Process:-*

*The complexity of the project [relationships] will dictate the level of detail required in this process.*

## **Guidance Notes for Stakeholder Analysis**

### **1 Reasons for Stakeholder Participation**

There are many reasons why we involve Stakeholders including:-

- *Ethics:* To be consistent with sustainable business practices we must involve our employees, business partners, clients and the community in the process of decision making either directly or indirectly.
- *Expediency:* People who are not involved in the decision making process may revoke, subvert, work against or ignore decisions made by others.
- *Expert Knowledge:* Certain decisions require expert knowledge and to ensure that knowledge influences the decisions made, the experts must be involved in the process.
- *Motivating Force:* Participation in the decision making process ensures that people are aware of the rationale for the decision and are more likely to want to see it implemented efficiently and effectively.

Involving Stakeholders does not mean that we are not accountable for the decisions made in our business but it does help achieve a better solution more efficiently.

Stakeholder Analysis can be an activity on its own but it is more effect as part of a suite of techniques including OGSMs and Risk.

### **2 The Aims of Stakeholder Analysis**

We need to identify organisations, local power bases, groups, individuals and process (processes are important and often not considered as we often consider incorrectly that stakeholders can only be people) which to build on.

We need to identify the Stakeholders' interests in, importance to and influence over what ever it is we are doing. Stakeholders should be considered when ever we are considering any change process – however small that change may be. Stakeholder analysis will provide a foundation and strategy for implementation of the project or change strategy.

Remember this analysis process will help your thinking and ultimately the success of any project you are planning.

### **3 Stakeholder Analysis**

We all do Stakeholder analysis now, either consciously or unconsciously, but usually we do not do it very well. So how do we do it better?

The answer is to approach it in a logical manner, do it from within your (project) team and include your board. It does not need to be a big event but does need to include the Project Sponsor (the change leader) and one other at least.

If what ever it is that you are planning has no team, bring in one or two colleagues, or even external consultants, to assist.

If you do not have a team member who can facilitate then you should consider using a consultant to lead the process.

### 3.1 Step 1 - Mind Mapping (Mental Modelling) to Identify Key Stakeholders

Mind Mapping, also called Mental modelling, is a useful technique for identifying all sorts of relationships between people, between things and between people and things.

When trying to understand who your stakeholders may be you will find the following questions helpful:-

- Who/what is affected?
- Who/what is involved?
- Who/what has influence over the outcome?
- Who are the potential beneficiaries?
- Who might be adversely impacted and why?
- Have interest groups been identified?
- Have supporters and opponents been identified?
- Have the processes that we work within been identified?
- What are the relationships between the Stakeholders?
- What people, assets or processes are missing?

Mind Mapping can be carried out on paper or using a computer programme such as Mind Genius <http://www.mindgenius.com/> . The programmes are very easy to use and can be output to Word or PowerPoint. You can also attach documents, files and resources to the activities. An example is provided in Figure 1.

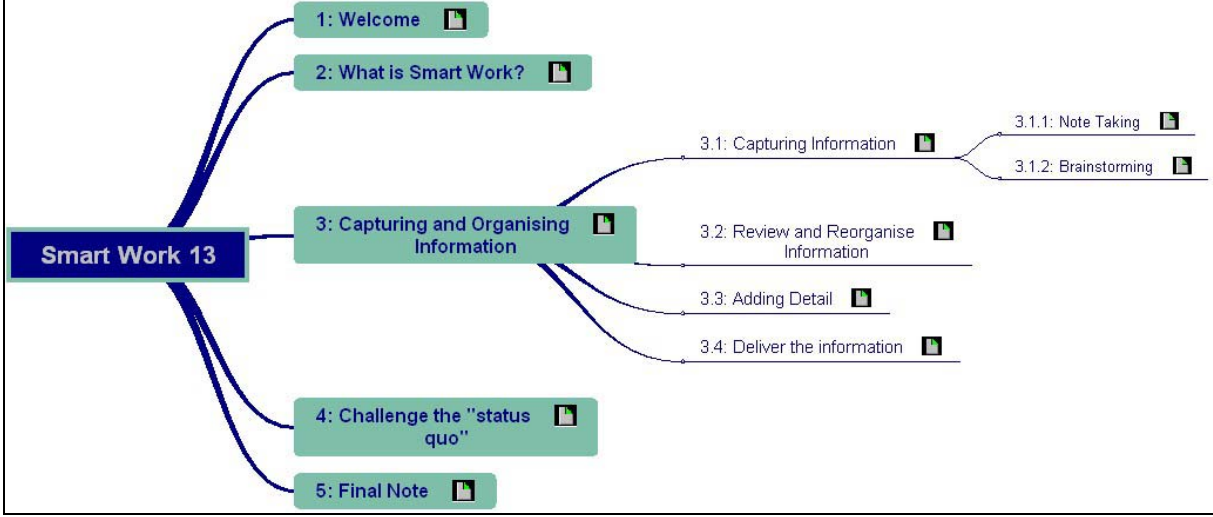


Figure 1  
A Mind Genius mind map

However, you can use paper just as well, Figure 2 provides a part of an actual Mind Map.

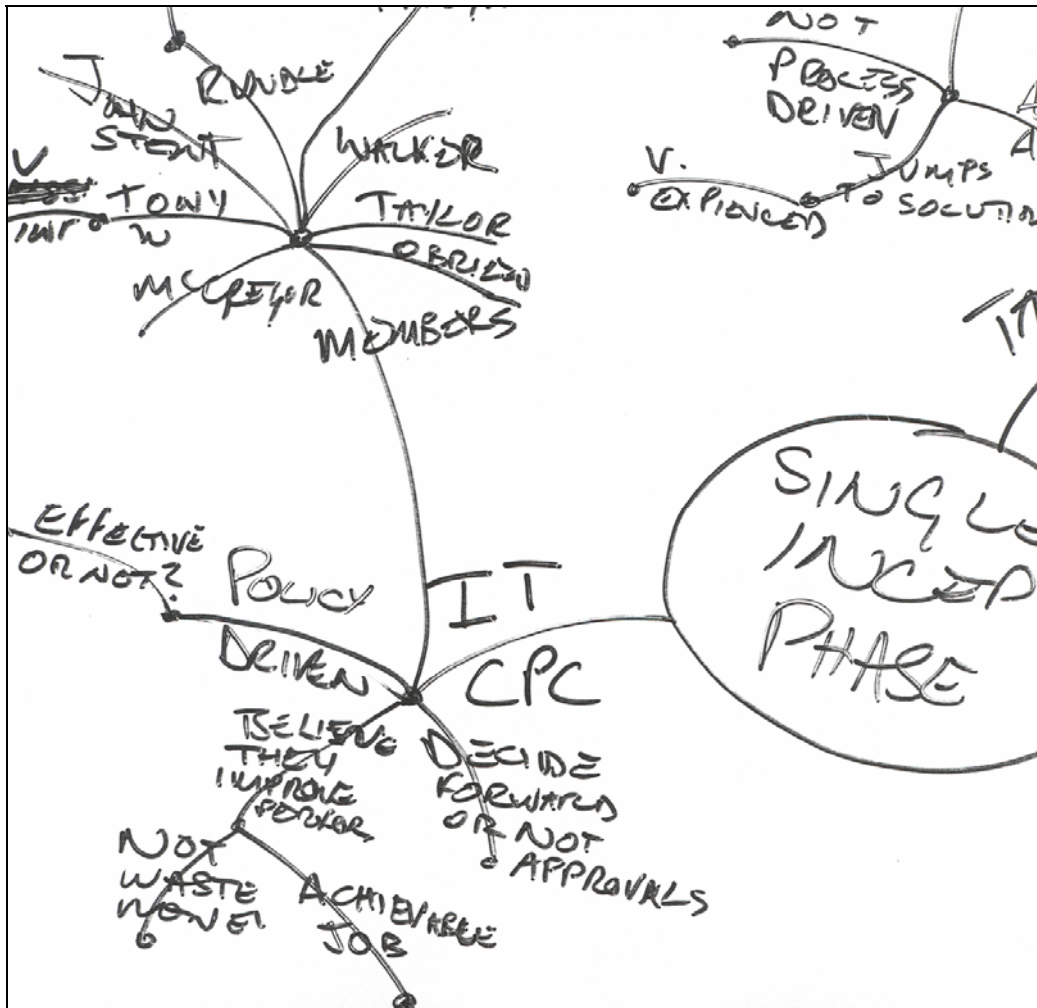


Figure 2  
An example of Mind Map

Adding colour and pictures provides interest and focus on different areas Figure 3.

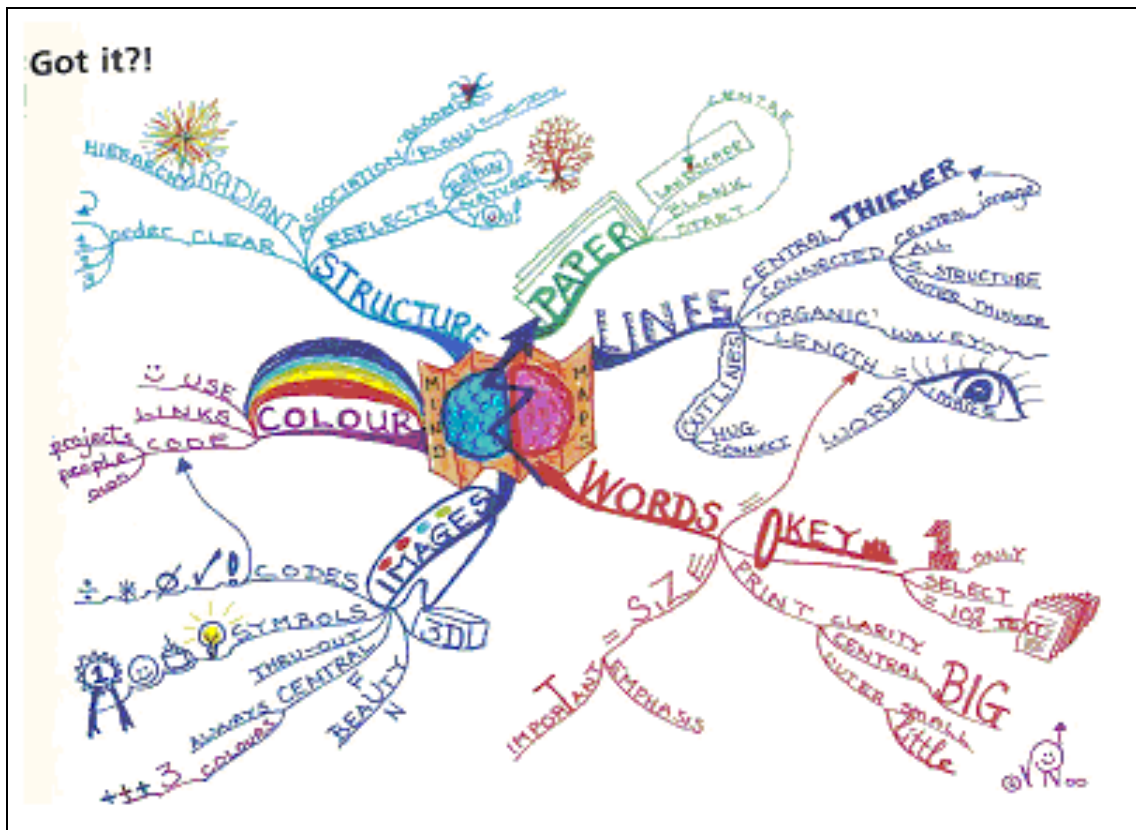


Figure 3  
A Mind Map in colour

### 3.2 Step 2 - Assessment of Stakeholder Interests and Impact

Using the results of the Mind Mapping exercise we can list the Stakeholders, their interests in, their potential impact on and their influence over the project using the following table (figure 4). The table can be downloaded from the Leadership web site <http://www.leadership.thesolutionorganisation.com/>

*Importance* in this case means:- The Stakeholders that have needs which need to be satisfied by the project and are, therefore, interested in the content and success of the project.

*Influence* in this case means:- The Stakeholders that are not necessarily impacted by the project but by position or role can exert an influence and effect direction, speed and outcome of the project or change.

**Identification of Stakeholder Groups and Individuals**

Stakeholder Groups and Individuals	Interest(s) at Stake in Relation to Project	Effect on Project of Interests			Importance of Stakeholder on Success of Project	Degree of influence of Stakeholder over Project
		+	0	-		

Grading

U = Unknown      1 = Little/None      2 = Some      3 = Moderate      4 = Significant      5 = Critical

Figure 4  
Stakeholder Identification Chart

The Effect column is given a numerical value from -5 through 0 to +5. The Importance and Influence columns are graded 1 to 5 as stated on the bottom of the form.

This now needs to be converted into a matrix format which is covered in the next section.

**3.3 Step 3 - Key Stakeholders Matrix.**

The chart in Figure 4 above can be reconfigured using a Matrix format as Figure 5 below:-

Key Stakeholders Matrix						
Importance Influence	Unknown	Little/No Importance	Some Importance	Moderate Importance	Significant Importance	Critical Player
Unknown						
Little/No Influence						
Some Influence						
Moderate Influence						
Significant Influence						
Critical Influence						

Figure 5  
Key Stakeholders Matrix

In this Matrix the people and processes are placed in the appropriate box for importance and influence.

We are now beginning to build up the picture of who can do what and to who the next step is to place each stakeholder into a Rating Chart (Figure 6) which provides a graphical representation of the Identification and matrix:-

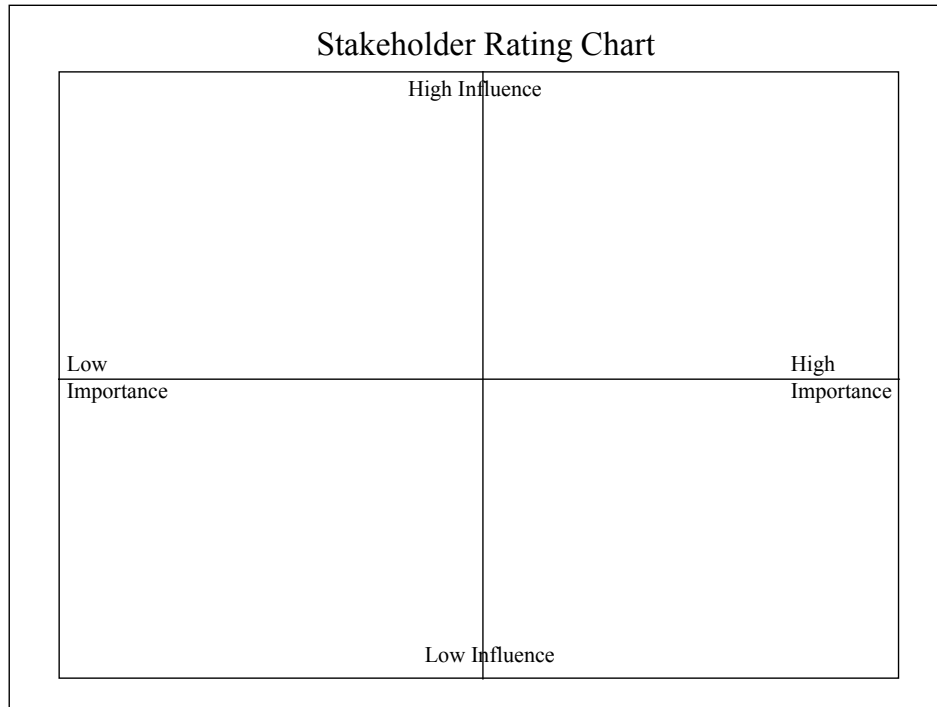


Figure 6  
Stakeholder Rating Chart

Once this stage is complete we are ready to begin developing strategies that will determine the how we will manage these relationships.

### 3.4 Stakeholder Involvement

The Stakeholder Rating Chart has identified the relative importance of each, now we need to define what we are going to do. The location of the Stakeholder in the Matrix will help us develop the strategy.

If the Stakeholder is in the:-

- High Influence - High Importance sector. They should be closely involved throughout the process to ensure their continued support for the project.
- High Influence - Low Importance sector. They are not the target of the project but they may oppose it therefore, they should be kept well informed and their views acknowledged to avoid disruptions.
- Low Influence - High Importance sector. This group requires special efforts to ensure their needs are met and their participation is meaningful. Be careful this is a critical sector as poor management here can lead to a lot of opposition.
- Low Influence - Low Importance sector. This group are unlikely to be closely involved and require no special participation strategies beyond good general information sharing. However, keep a watch on this category as as the change is introduced they may shift to a different category with a higher Influence or Importance.

We now need to understand the Stakeholders in context of how we can communicate the objectives of the change and to ensure they will actively support it. We also want to be able to focus our efforts where it is most needed.

The Participation Strategy provides this focus.

Stakeholder Participation Strategy				
Stage in this Process	Type of Participation			
	Show stopper High Influence and High Importance	Collaborate High Influence and Low Importance	Consult Low Influence and High Importance	Inform Low Influence and Low Importance

Note Name Stakeholder and describe strategy to be adopted in appropriate box

Figure 7  
Stakeholder Strategy

This form needs to be completed for each stage of the project, or change, since the Importance and Influence of individual Stakeholders may change.

In this form the Stakeholder is named in the appropriate column together with the strategy and who, within the team, will manage the relationship.

**4 How the Stakeholder Identification Event is Organised**

A small or simple project may not require a full workshop and only you can decide what level of sophistication is required.

However, if you are working on a significant or complex project or one that could have a high impact on your business you will need a facilitator with at least 2 flip charts, 2 sets of coloured markers and plenty of BluTack!

The time required for this event will vary enormously however, it is unlikely it can be completed in under 3 hours and you should not plan to make it last longer than 6 hours as it is mentally very intense and the effectiveness will diminish rapidly. Allow for frequent breaks and you can continue while eating lunch if you are nearing the end of the workshop, otherwise take a break of at least 45mins to recharge your mental batteries.

The whole group is involved in Mind Maps. Do not put too much on each flip chart - use more sheets. The first 1 or 2 will go slowly but the team will speed up as they do more. Try not to let them debate details just get it on the paper.

The following steps complete the forms that will describe your options and allow decision making. If you have a large number of stakeholders divide the team up into 2's to work in parallel and allocate stakeholders.