

# Stakeholder Management

*Get key influencers involved and on your side.*

**S**takeholder management helps you identify key stakeholders—people who have a vested interest in your innovation project—along with each person’s level of support or resistance. Whether you’re enhancing your existing products or services, adding something new to your offerings, or pioneering a breakthrough business model, you are in essence changing the status quo. Where there is change, there is pain, and where there is pain, there is resistance.

Resistance comes in all forms, from outright disagreement to subtle opposition, even subconscious sabotage. Stakeholder management helps you identify and understand the opposition your project may face so you can convert disbelievers into disciples—or at least minimize the damage they may cause. The Stakeholder Management technique includes three tools that will get you started, although formal change leadership training can take your skills in this area to a more effective level.

## Steps

*Scenario:* In addition to using stakeholder management to gain support for an innovation project, you most certainly should leverage it when undertaking any large organizational initiative. For instance, imagine that your CEO feels strongly that innovation is the key to your company’s growth, and charges you with leading an innovation deployment. Stakeholder management can help you identify who besides the CEO is in favor of the initiative so you can leverage supporters and move detractors in the right direction.

## 1. Identify Key Stakeholders

A *stakeholder diagnostic* identifies key stakeholders, along with their current level of support for the project (Exhibit 8.1). Most importantly, it documents how supportive you need each stakeholder to be to help make the project a success. As you complete the stakeholder diagnostic, keep the following in mind:

- *Key Stakeholders:* These are individuals who have direct influence over the project, or who will be directly affected by it, and who can influence other stakeholders, employees, vendors, and even customers.
- *Role in Organization:* List the stakeholder's title. Make sure that every affected organizational area is covered (including often neglected areas such as Marketing or Information Technology).
- *Impact of Project on Stakeholder:* Estimate the impact of the project on each stakeholder. How much will the project change the way they work?
- *Power/Influence Category:* This column tracks how much power the stakeholder has in the organization, relative to the influence they hold over the project. Skip it until step 3.
- *Current/Desired Level of Support:* Indicate what you perceive to be the stakeholder's *current* level of support for the project. Note: you'll determine the stakeholder's *desired* level of support in step 3.
- *Reasons for Resistance or Support:* Document why you believe the stakeholder is opposed to or in support of the project. If you're not sure why the person leans one way or the other, ask them.

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Remember, the information uncovered in the stakeholder management process is confidential. It is only for use by the project leader and team.

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## 2. Determine Stakeholder Power and Influence

Now that you know who your stakeholders are, and to what degree they support the project, you need to decide where to focus the majority of your stakeholder management efforts. Using a *power and influence map*, indicate where each stakeholder lies relative to their power in the organization

Stakeholder Diagnostic										
#	Key Stakeholder	Role in Organization	Impact of Project on Stakeholder (H, M, L)	Power/Influence Category	Strongly Opposed	Opposed	Neutral	Supportive	Strongly Supportive	Reasons for Resistance or Support
1	W. Satag	CEO	M	A					●●	As CEO, believes that innovation is a key to the company's future growth.
2	K. Judge	CFO	L	A		●		○		Satisfied with current product development process, believes major shift would affect profitability in short term and alarm shareholders.
3	M. Rieger	VP Business Development	H	C		●		○		Believes organization is suffering from initiative fatigue, management overwhelmed with day to day, sees significant resource limitations.
4	M. Owen	CIO	L	C			●●			No obvious resistance, current IT systems are solid and can support the innovation deployment with few changes.
5	J. Stapleton	VP Research and Development	H	A		●			○	Resistant because he sees innovation deployment as criticism of many years of R&D effort, fears loss of power and respect in organization.
6	K. Berger	VP Customer Relations	L	D				●	○	As customer advocate, believes that any organization can always do more for the customer and innovation is one way to demonstrate it.
7	P. Smith	VP Marketing	M	B				●	○	Limited awareness of innovation deployment vision, has solid network of grassroots team members.

Step 3

**EXHIBIT 8.1 (Downloadable).** This is a partial list of stakeholders for the innovation deployment example. An initiative of this type would likely have more stakeholders, depending on the size and structure of the organization.

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and their influence over the innovation project. On the map, each quadrant represents a specific power and influence ratio, as follows:

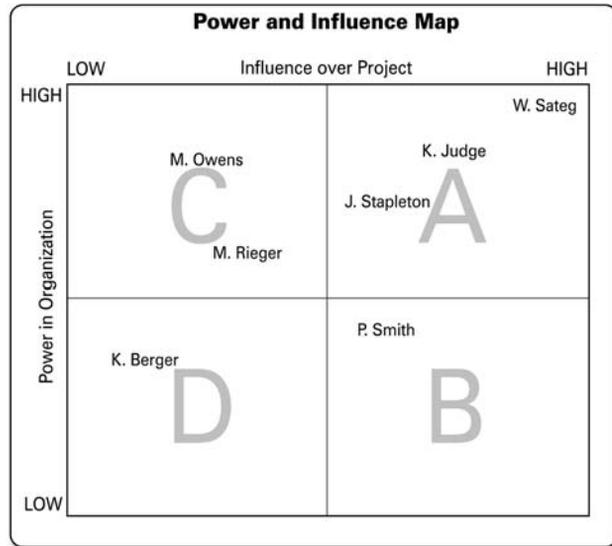
Quadrant A = HIGH power and HIGH influence

Quadrant B = LOW power and HIGH influence

Quadrant C = HIGH power and LOW influence

Quadrant D = LOW power and LOW influence

In our example, M. Rieger has high power in the organization but less influence over the innovation deployment than most other stakeholders (Exhibit 8.2). Thus, any resistance on her part will be less consequential than those who have more control over the deployment.



**EXHIBIT 8.2 (Downloadable).** Stakeholders in Quadrant A have high power in the organization and a lot of influence over the project, making them the most important to manage.

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### 3. Revisit Stakeholder Diagnostic

After filling out the power and influence matrix, return to the stakeholder diagnostic and fill in the remaining items:

- *Power/Influence Category:* Enter the corresponding quadrant letter for each stakeholder (from step 2).
- *Desired Level of Support:* In the same area where you documented the stakeholders' current level of support, indicate the desired level of support (how supportive you need each stakeholder to be). This will depend on both the impact of the project on the stakeholder, as well as

the stakeholder's level of power and influence (you'll want all the A's to be *supportive* or *strongly supportive*).

#### 4. Develop Plan to Reduce Resistance

Now that you know whose support you must gain, there are several approaches you can use (see the list that follows) to convert the most powerful and influential naysayers into advocates. The approach you take to move each stakeholder in the right direction will be based on many factors, including the reasons that spawned the resistance in the first place.

- *Education and Communication:* If there is a lack of understanding about the project or its objectives, focus on upfront communication and education. In our example, the vice president of marketing could attend an innovation class or read more about the benefits of an innovation deployment. This would improve her support and she would also be able to help convey the benefits to others.
- *Participation and Involvement:* If you have stakeholders with considerable power to resist, find ways for them to participate early and throughout the project. This gives them the opportunity to influence the project proactively instead of reactively. In our example, the very resistant vice president of research and development should definitely be involved early and remain a key player in the innovation deployment.
- *Facilitation and Support:* If stakeholders are resisting the project due to fear and anxiety, provide extra facilitation and support. This could mean putting anxious stakeholders in touch with others who have gone through similar efforts—an approach that might convince our fictional CFO that an innovation program, if deployed properly, will raise profitability instead of threatening it.
- *Negotiation and Agreement:* If a stakeholder or group will be negatively affected by the project, try to negotiate a compromise that will please both sides. For instance, you could work with the vice president of business development to prioritize and possibly reduce some of the daily workload so the innovation deployment resource needs can be met.

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### Common Reasons for Resistance

- *Misunderstanding*: Based on communication failures and inadequate information.
  - *Low Tolerance to Change*: Based on job insecurity or lack of organizational stability.
  - *Different Assessments of the Situation*: Based on disagreement over the advantages and disadvantages of the project or resulting change.
  - *Parochial Self-Interest*: Based on concern over how the project or change will impact an individual's own interests.
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### 5. Complete a Leverage Matrix

A *leverage matrix* is used to rank the level of influence stakeholders have on each other. This comes in handy when, for instance, you need to move a stakeholder's support level from *opposed* to *supportive*, and you realize that another stakeholder can help move this person in the right direction.

Next to each name on the matrix, there is a number to the left. Corresponding numbers appear across the top of the matrix. For each stakeholder, move from left to right across the matrix and indicate how much influence the stakeholder in that row has on the other stakeholders (H = high; M = medium; L = low). For example, our fictional CEO (W. Sateg) has medium influence over stakeholders #2 (CFO) and #4 (CIO), but high influence over everyone else (Exhibit 8.3).

		Leverage Matrix						
		Who They Influence						
#	Key Stakeholder	1	2	3	4	5	6	7
1	W. Sateg, CEO	X	M	H	M	H	H	H
2	K. Judge, CFO	M	X	H	M	H	L	L
3	M. Rieger, VP Bus. Dev.	M	M	X	L	M	L	L
4	M. Owens, CIO	M	H	L	X	M	L	L
5	J. Stapleton, VP R & D	L	L	M	L	X	L	M
6	K. Berger, VP Cust. Relations	L	L	M	L	L	X	M
7	P. Smith, VP Marketing	L	L	L	L	L	M	X

#### EXHIBIT 8.3 (Downloadable)

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## 6. Update Documents as Needed

Stakeholder management is not a one-time check in the box. As you move through your project, it is important to update your approach based on new stakeholders and shifts in stakeholder support.

## Resources

To learn more about stakeholder management and change leadership, read:

Kotter, J. *Leading Change*. Watertown, MA: Harvard Business School Press, 1996.