



TOOLBOX



Stakeholder Analysis

Winning support to your projects

Stakeholder management is critical to the success of every project in every organization... By engaging the right people in the right way in your project, you can make a big difference to its success...

A project affects many people. The more people you affect, the more likely it is that your actions will impact people who have power and influence over your project. These people could be strong supporters of your work - or they could block it.

Stakeholder Analysis is the technique used to identify the key people who have to be won over. You then use *Stakeholder Planning* to build the support that helps you succeed.

The benefits of using a stakeholder-based approach are that:

- You can use the opinions of the most powerful stakeholders to shape your projects at an early stage. Not only does this make it more likely that they will support you, their input can also improve the quality of your project
- Gaining support from powerful stakeholders can help you to win more resources - this makes it more likely that your projects will be successful
- By communicating with stakeholders early and frequently, you can ensure that they fully understand what you are doing and understand the benefits of your project - this means they can support you actively when necessary
- You can anticipate what people's reaction to your project may be, and build into your plan the actions that win people's support

Definition of a Stakeholder:

All parties who are affected by or have an interest in the execution and outcome of an enterprise/ project.

A note on terminology

There are a variety of key words used to differentiate between different types of stakeholder. A summary of the terminology generally used is provided below:

Name	Definition
1. Stakeholders	Individuals or institutions that may – directly or indirectly, positively or negatively – affect or be affected by a project or programme.
2. Beneficiaries	Those who benefit in whatever way from the implementation of the project.
(a) Target group(s)	The group/entity who will be directly positively affected by the project at the Project Purpose level. This may include the staff from partner organisations

(b) Final beneficiaries	Those who benefit from the project in the long term at the level of the society or sector at large, e.g. “children” due to increased spending on health and education, “consumers” due to improved agricultural production and marketing.
3. Project partners	Those who implement the projects in-country (who are also stakeholders, and may be a ‘target group’).

What is stakeholder Analysis?

Stakeholder analysis is a technique which aims to examine the **interests** and potential **influence** of all stakeholders who might be affected by an enterprise, and to then plan how the involvement of certain stakeholders might **enhance the enterprise** as well as putting in place **mitigating interventions** with respect to those stakeholders who might act against an enterprise.

Stakeholder analysis allows managers to identify the interests of different groups and find ways of **harnessing or building the support** of those in favour of the activity, while **managing the risks** posed by stakeholders who are against it.

It can play a central role in identifying the real development need, to the extent that you may end up devising a different product or service from the one first thought of.

Stakeholder Analysis at different stages of the project

Stakeholder analysis fulfils different functions at different stages:

- In **Identification**: it is important to identify important and influential stakeholders and decide how to involve them in design and appraisal
- In **Design and Appraisal**: involving stakeholders is used as a basis for design and risk analysis
- At **Inception (start-up)**: to plan the involvement of different stakeholders in starting up the project
- At **Implementation (including monitoring)**: to ensure effective involvement of stakeholders who support the programme and to monitor stakeholders who are opposed to it
- At **Evaluation**: to plan the involvement of different stakeholders in reviewing and evaluating the project.

Steps in Carrying Out a Stakeholder Analysis

There are different ways of undertaking stakeholder analysis and workshops, focus group discussions and individual interviews are some of a range of techniques.

Ideally all relevant stakeholders themselves should be involved in this analysis, but enterprise/project managers need to use their judgements vis-à-vis the practicality of doing so. At the same time, it is important to avoid skewing the analysis by failing to take into account the legitimate concerns of stakeholders simply because they are hard to reach or difficult to incorporate into your planning.

The basic steps in carrying out a stakeholder analysis are:

- **Identify** the key stakeholders and their interests in the project or enterprise
- **Assess** the **influence** and **importance** of each of these stakeholders in the project/enterprise
- **Identifying the risks** that may affect activity design and discussing how they can be dealt with, and
- **Identifying the strategies for effective involvement** of stakeholders

“**Influence**” above refers to the power a stakeholder has to **facilitate or impede** the achievement of a project or enterprise’s objectives. “**Importance**” refers to the extent to which the project is either important to the stakeholder’s own interests or the priority given to **satisfying the needs and interests** of each stakeholder.

Once stakeholders are identified (ideally through consultations with a wide range of stakeholders themselves), strategies need to be developed to ensure “engagement”.

1. Identify Your Stakeholders

Brainstorm who your stakeholders are.

Remember: Any individuals, groups of people, institutions or firms that may have a significant interest in the success or failure of a project (either as implementers, facilitators, beneficiaries or adversaries) are defined as 'stakeholders'. Think of all the people who are affected by your work, who have influence or power over it, or have an interest in its successful conclusion.

Remember that although stakeholders may be both organizations and people, ultimately you must communicate with people. Make sure that you identify the correct individual stakeholders within a stakeholder organization.

List the stakeholders of your project in the table below:

Stakeholders and main characteristics	Interests and how affected

2. Prioritize Your Stakeholders

You may now have a long list of people and organizations that are affected by your work. Some of these may have the power either to block or advance. Some may be interested in what you are doing, others may not care.

Map out your stakeholder on the Power/Interest Grid (see below) and classify them by their power over your work and by their interest in your work. For example, your boss is likely to have high power and influence over your projects and high interest. Your family may have high interest, but are unlikely to have power over it. You can summarize the understanding you have gained on the stakeholder map, so that you can easily see which stakeholders are expected to be blockers or critics, and which stakeholders are likely to be advocates and supporters of your project. Use a color coding: showing advocates and supporters in green, blockers and critics in red, and others who are neutral in orange.

Someone's position on the grid shows you the actions you have to take with them:

- **High power, interested people:** these are the people you must fully engage and make the greatest efforts to satisfy.
- **High power, less interested people:** put enough work in with these people to keep them satisfied, but not so much that they become bored with your message.
- **Low power, interested people:** keep these people adequately informed, and talk to them to ensure that no major issues are arising. These people can often be very useful with the detail of your project.

- **Low power, low interest:** again monitor these people, but do not bore them with excessive communication.

3. Understanding your stakeholders

You now need to know more about your key stakeholders. You need to know they are likely to feel about and react to your project. You also need to know best to engage them in your project and how best to communicate with them.

Key questions that can help you understand your stakeholders are:

- **Interest/motivation** - What financial or emotional interest do they have in the outcome of your work? Is it positive or negative? What motivates them most of all?
- **Information** - What is their current opinion of your work? is it based on good information? What information do they want from you? How do they want to receive information from you? What is the best way of communicating your message to them?
- **Opinion/influence/support** - Who influences their opinion generally, and who influences their opinion of you? Do some of these influencers therefore should be considered as stakeholders? If they are not likely to be positive, what will win them around, how will you manage their opposition? Who else might be influenced by their opinions? Should these people be considered as stakeholders in their turn?

Try to answer these questions for some of the most important stakeholders. Remember that a very good way of answering these questions will be to talk to your stakeholders directly - people are often quite open about their views and asking people's opinions is often the first step in building a successful relationship with them.

To summarize your conclusions, complete the table below (See example on following page):

Stakeholder Analysis Matrix

Stakeholder and basic characteristics	Interests and how affected	Capacity and motivation to bring about change	Possible actions to address stakeholders' interests