Stakeholder Commitment: Why Is It Important?

By Wilf Voge for ExecutiveBrief

If that carrot-at-the-end-of-the-stick tactic seems useless to get commitment from your stakeholders, try these how-to's shared by experts.

Commitment is important in any relationship. It is the value that galvanises diverse entities so that all can work together unilaterally and seamlessly. Without it, there is no bond and no common purpose. Romantic, family or even business-wise, commitment is the force that drives the relationship forward, toward a mutually desirable goal that usually points to growth and/or profitability.

Securing commitment is difficult, more so if two parties do not see the carrot at the end of the stick. There are many barriers to securing commitment, and there are many levels of commitment that may not necessarily guarantee a carrot at the end of it, nor parties who will enjoy the rewards.

In business, one can never downplay the importance of stakeholder commitment. The meaning of "stakeholder" is crucial here. It is quite surprising to find multiple meanings of stakeholders in business and in project management, but one catches attention. You may realise that one such definition you have hung on to, based on the Project Management Body of Knowledge (PMBOK), could use a more compelling version. In as early as 1963, the Stanford Research Institute defined stakeholders as "those groups without whose support the organisation will cease to exist." The core concept, in other words, was "survival;" without the support of such key groups, the firm will not survive.

As management guru Stephen Covey succinctly puts it, "Your organisation is a complex ecosystem of multiple, interdependent parts both inside and outside its formal boundaries, and your stakeholders are its most important elements."

Considering this, and some organisation's reactions to simply ignore stakeholders because managing them is just "too hard," means, "suicide." The concrete messiness of managing stakeholder commitment has to be accepted as an issue critical to success, even if it is not as sexy as defining the perfect solution or building the new [office] intranet.

Covey adds: "The process of building total stakeholder commitment is challenging. Stakeholders have needs in conflict: employees want more pay, shareholders want higher dividends, and customers want lower prices and higher service levels. It is difficult for any one stakeholder group, even departments within the same organisation, to appreciate or understand each other's needs and how they must all work together to maximise the long-term benefit for all."
Across all organisations and projects, securing stakeholder commitment has its lofty rewards:

- Education organisations that cultivate stakeholder relationships are better positioned to incorporate technology-based solutions and practices that can have a transformational effect on learning, teaching, and managing, according to the North Central Regional Educational Laboratory of the US Department of Education.
- Stakeholder participation is essential for system design and the support and interaction of stakeholders would help in solving many societal problems, according to Russel Ackoff, an American systems scientist.
- The factor that determines levels of emergency aid will often be the degree of stakeholder commitment, the strength and persistence of the network humanitarian organisations operating on the ground.
- Firms which create, and sustain stakeholder relationships based on mutual trust and co-operation will have a competitive advantage over other firms that do not act in this way (cf. Barney & Hansen, 1994).

How does one go about securing stakeholder commitment? One has to first define who the stakeholders are. Each organisation has an array of stakeholders lined up, the PMBOK has a ready list, project manager, customer, performing organisation, project team members, and sponsors. Generally, they are groups or individuals who have a stake in the success or failure of the project as a whole. Not just funders, they also include parties who are in contact with the project for example, audiences, competitors, and project employees.

They can also be grouped according to roles. There are five key roles that a stakeholder can play:

- **Partners**, who support the project by contributing finance, staff, direction, etc.
- **Sponsors**, major funders.
- **Advocates**, who may not have any legitimate power to influence the project, but have a stake in the outcome and can help maintain sponsor's commitment.
- **Change Agents**, who are involved in the operations such as major suppliers and the project team.
- **Targets**, the individuals or the groups affected by the project and are the focus of [change] efforts.

Listing and grouping the stakeholders is not enough to define who they are. It would help (and would be interesting) to determine their typology as well. This could help in "separating the chaff from the wheat," as the typology exercise would clearly let you know who among the stakeholders could create real and lasting impact. Given the probable time and budget crunch, these are the types of stakeholders (and their interests) who can and need to be prioritised. They are the ones who have all three critical attributes, namely, power, legitimacy and urgency. This type of stakeholder can be plotted in Figure 1 as the Definitive Stakeholder (Item 7 intersecting all parts of the diagram).
In securing stakeholder commitment, one may need to undergo some form of hand-holding across what we call a "Commitment Curve" (see Figure 2). The Commitment Curve simply tells us that it would be best to instill awareness, build understanding, and create buy-in before commitment can be secured from stakeholders. Interestingly, there are also pitfalls represented in the diagram that need to be avoided as these will cause stakeholders to break away from the goal.

Keeping stakeholders committed also has its challenges as each stakeholder can experience difficulties at different stages [of commitment]. Fortunately, there are tips and advice offered by experts in sustaining stakeholder commitment:

- Stephen Covey's 360° feedback: A key to developing total stakeholder commitment is to institute "stakeholder information systems" that provide regular 360° feedback concerning the perceptions of your primary constituents in all aspects of your organisation. These systems can become the core catalyst for catapulting your organisation to its next level of high performance and quality by using this data to grow powerful, trusting relationships.
- Focus additional energy on activities that both educate and expand understanding. For
example, include education workshops or one-on-one meetings to enhance a sponsor's level of commitment, engage the sponsor in strengthening ownership by the change agents, or introduce agents to the proposed benefits of the project and the direct effect the activities will have on them.

- You have to treat stakeholders like customers, and if you have to change their minds, you must do so slowly and subtly ensuring that they believe their WIIFMs (What's In It For Me) are being satisfied by your strategies.

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