



RISK DOCTOR BRIEFING

MANAGING RISKY STAKEHOLDERS

© December 2016, Dr David Hillson FIRM, HonFAPM, PMI Fellow

david@risk-doctor.com



Stakeholders can pose a real risk to our businesses and projects – at least some of them can – and managers and their teams need to be aware of this so they can take steps to control the risks that arise from risky stakeholders. As with all “uncertainties that matter”, stakeholders present both positive as well as negative risks, and we need robust ways of identifying which stakeholders offer opportunities, and where potential threats might lie.

Risk-based stakeholder analysis can help us find risky stakeholders. A number of stakeholder analysis models exist, most of which consider two dimensions, such as power/interest, power/influence, influence/impact. Two-dimensional models are useful but limited, and a better analysis is possible if we consider the following **three dimensions**:

- **Attitude.** Does the stakeholder support the business or project, or are they opposed? Attitude can be either positive or negative, so a stakeholder might be a Backer or a Blocker.
- **Interest.** How much does the stakeholder care about the outcome? Will they take an active interest in how things are progressing, or will they just observe passively?
- **Power.** Can the stakeholder affect the outcome significantly, or are they unable to exercise any influence?

By assessing these three dimensions for each stakeholder, we can decide how risky they are:

- **Attitude indicates whether a stakeholder is a threat or an opportunity.** Stakeholders who are negative towards the business or project might pose a threat if they try to hinder progress. Those with a positive Attitude might provide opportunities by assisting us to achieve our objectives.
- **Interest determines the probability that a stakeholder will seek to influence the outcome.** If a stakeholder has a high level of Interest, they are more likely to get involved and try to affect the way things turn out, either positively or negatively. High Interest means high probability; low Interest means low probability.
- **Power reflects the potential degree of impact that a stakeholder might have on the outcome.** Low-Power stakeholders are unable to have a big impact on outcomes, but those with high levels of Power could have a major effect. High Power means high impact; low Power means low impact.

If we understand the Attitude, Interest and Power of each stakeholder, we can decide which ones are most risky. Here are some examples at project level:

- Consider a senior manager who has a positive attitude towards your project, who is very interested in its outcome, and who is in a position to affect the project outcome. This person presents a major opportunity for the project, and we should aim to engage her actively as an advocate for the project, using her power to help the project to succeed.
- Imagine a key supplier who thinks that your project is diverting their resources away from more important work. If they withdrew resources from your project it would cause major problems. Their negative attitude to the project, combined with high levels of power and interest, mean that they should be treated as a significant threat to the project.
- The manager of another project is your friend and knows that you are under pressure to deliver on time. He really wants to help you, but he is not allowed to interfere in your project. Although he has a positive attitude and a high level of interest, his low power means that he does not offer any real opportunity to help the project.

Using **risk-based stakeholder analysis**, we can identify the individuals and groups who pose the biggest threat or offer the greatest opportunity. Then we can focus our efforts on influencing them, using standard risk response strategies where appropriate. We can seek to avoid harmful effects arising from the most negative stakeholders, or protect our business or project from their involvement. We can also take advantage of the support available from positive stakeholders, engaging their help wherever possible to assist us in achieving our goals. Many stakeholders are risky, but if we identify them and act appropriately, we can maximise our chances of success.