Project Management Maturity, culture and stakeholder impacts on a project

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Abstract

This report analyzed a failed IS project to determine how project stakeholders, an organization’s project management maturity and culture impacted it. It was found that these factors significantly influenced the project performance and some of the project management practices used in the project. The project was established to integrate duplicate business processes and to replace duplicate computer systems used to support these processes with a single system. The project was sponsored in an organization that had grown by acquisition. However, the acquired unit’s business processes and computer systems were not fully integrated into a single set of processes and systems at the time of acquisition. As a reflection of this lack of integration, the organization had two co-presidents. The organization’s staff were anxious about the future because a strategic organizational review had been initiated and put on hold because of the macroeconomic environment. Moreover, there was concern that the project outcomes would lead to staff reductions. Project management literature was reviewed to identify project management best practices; stakeholder management best practices and frameworks; and how an organization’s project management maturity and culture may impact project performance. It was found that no one set of project management best practices will guarantee success, because project and organizational variables make each situation unique. Some project knowledge areas have greater impact on success. These are time management, risk management, scope management and human resource management. Some project management frameworks emphasized the importance of project management values like: understanding that change in projects is inevitable; honest communication; trusting
people; motivating the team; maintaining commitment from stakeholders and keeping things simple. Analysis showed that some project management practices were performed well and contributed positively to project performance. These included project planning, time management, team leadership and monitoring and controlling. The project was planned, monitored and controlled effectively. The team understood their roles and was flexible in its project approach, adapting to stakeholder feedback and changes in priorities. Team leadership was competent. However a conflict arose between two team members. Both perceived the other had a hidden agenda, which developed into poor collaboration and lack of trust between them, adversely affecting the project. Project management addressed the issue. However, full resolution was not realized before the project was cancelled. Project risk and scope management were not effective. Because of influences of the organization’s project management maturity and organizational culture, project management was directed to use an initial project presentation to the executive leadership instead of a formal project charter. Stakeholder management frameworks analyzed included stakeholder identification and analysis; strategy development; communication and implementation. One approach to stakeholder analysis can be shown in a power/interest grid, which shows a stakeholder’s interest in the project and power over it. Project stakeholders were thoroughly identified; analyzed; and communication strategies were developed to manage these stakeholders and their expectations. However, a process to continually review stakeholder analysis was not put in place. Stakeholder expectations and priorities are likely to change over time. So, it is important to continually monitor them. The organization’s project management maturity was assessed at an initial ad hoc level.
This influenced some project management practices to make them appear simpler, less formal and non-bureaucratic. The organizational culture showed characteristics of a clan culture, which is a supportive and collaborative culture. However, the organization viewed the project team as outsiders, with suspicion and generally did not trust them. Recommendations include: ensure a project has a clear definition of completion and success; defining a concise and comprehensive project charter; actively manage project risks; proactively manage project stakeholders; and paying attention to the influence an organization’s project management maturity and culture can have on a project.
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Introduction

This report will analyze how project stakeholders, an organization’s project management maturity and culture impact an information system (IS) project by analyzing a cancelled project. This study falls within the project management domain. The scope of the study will be limited to the first four months of a project that will be called the Business Process Optimization (BPO) project in this report to ensure the organization’s anonymity. At that point the project was informally cancelled. The BPO project was initiated with the objective to optimize business processes in one of the two business units within a mid-size publicly traded corporation. This business unit will be called Division M in this report. The report will conclude with an analysis of the project from the perspective of project management best practices, stakeholder management, project management maturity and organizational culture.

Division M, like many other organizations, had struggled with implementing effective IS project management processes and practices. Most of Division M’s IS activity had involved operational issues related to maintenance and support of computer systems. These issues were resolved with a relatively small amount of work, and were not managed as projects. My observation was that over the years the few projects that had been executed had received mixed responses of stakeholder satisfaction. In industry it is generally considered that project management has the potential to help organizations become more successful (Kerzner, 2009). Moreover, project management is thought to enable an important competitive advantage for organizations (Kerzner, 2009).
There is considerable literature on project management best practices and frameworks, including project management maturity. For example, the Project Management Institute has published the global standard, the Organizational Project Management Maturity Model (OPM3), to assess organization’s project management maturity.

Further, failing to manage stakeholders effectively (DeCarlo, 2004) and failing to consider an organization’s cultural impact on a project (Pinto & Trailer, 1998) can negatively impact a project significantly.

Division M, one of the corporation’s two main business units, had experienced rapid growth in recent years and was generally perceived to be successful within the organization. However, the corporation reported a third quarter financial restatement in 2007. The financial restatement occurred primarily because transactions within the division resulted in overstating inventory balances. Some of the division’s personnel perceived that the root cause of the restatement was a combination of ineffective process and supporting computer systems. Others argued that computer systems were not at fault, and that it was purely a process issue. The restatement led to an internal audit. The audit report was a key driver in initiating the BPO project. The project was sponsored and initiated with the following objectives:

- Implement processes and supporting systems to provide accurate, transparent product costing.
- Implement integrated processes supported by a common system, from deal capture through invoicing.
- Automate high value manual processes, so that related mission critical data or processes are not dependent on standalone applications or spreadsheets.

Division M grew primarily by acquisition. However, integration of business processes into a single set of processes did not fully accompany this growth. With this rapid growth the newly acquired organizations were allowed to continue with their existing processes to some extent. This led to the use of between two and four business process variations to accomplish the same business activity among the various groups and departments within the division. For example, contract management occurred in four different ways within the division depending on which group or department was involved in managing the contract. These disparate processes in the division were supported by different computer or manual systems which included a custom designed computer system; a commercial software product; excel spreadsheets and manual filing systems.

The division was led by two co-presidents. One of the co-presidents supported the BPO project by signing the project approval, while the other did not sign it. The executive sponsor of the project was the corporation’s Chief Operating Officer. There was no direct interaction between the executive sponsor and the project team during the project life cycle. The executive sponsor received project updates from the division’s Information Technology (IT) Manager, who in turn received project status reports from the project manager. The Director of Finance essentially became the key day to day business customer of the project. The project team also referred to the Director of Finance as the business owner of the project objectives. This meant the Director of
Finance provided the primary day-to-day business guidance for the project team. The Director of Finance had been recently appointed during the last reorganization and did not have authority over other project stakeholder departments, like Marketing.

Before the project began, the corporation undertook a strategic review of its organization. As part of this review one option considered was the separation of the two divisions within the corporation, forming two separate companies. The outcome of the strategic review was that the corporation would remain structured as it was because of the existing macroeconomic environment, which included low commodity prices and volatility in financial markets. My observation was that the firm’s employees perceived that structurally the company would eventually change, since the economic environment that influenced the strategic review was viewed as temporary. However, they were unsure how or when things would change. This led to a great deal of anxiety among the employees about the organization’s future and theirs. My observation was that this anxiety and uncertainty undermined their motivation to help advance the BPO project since staff perceived the new organizational structure could impact the project or its outcomes. The division stakeholders were comfortable with ongoing maintenance and support of their computer systems. There was no strong consensus to replace these systems with a single system. There was a prevailing attitude in the division that a major issue caused by multiple processes and systems, similar to the issue that caused the financial restatement, would not happen again. Division M had recently undergone a reorganization, which assigned new managers to groups within the division. This meant that new managers needed to invest more time in understanding and evaluating
their departments. This reduced the time available to invest in performance improvement initiatives, like the BPO project.

When the BPO project began, the division’s IS department had no formal project management practices and lacked extensive project experience. This meant that the organization was unfamiliar with basic project management practices. The project team learned that it could not assume that stakeholders understood the basic components of a project when communicating about the project to stakeholders. This meant that the project team needed to ensure their communication with stakeholders was simple and clearly understood. My observation is that Division M personnel had mixed perceptions of how successful previous projects were. Some personnel perceived that previous projects were failed, while others considered them successful. This led to some cynicism about the value and anticipated outcome of the BPO project among stakeholders. This motivated the project team to aim to deliver business value as early and as often as possible during the project life cycle to demonstrate benefits and progress.

**Research purpose and research questions**

The objective of this report is to analyze how project stakeholders, an organization’s project management maturity and an organization’s culture impact an information system (IS) project by analyzing a cancelled project. The research will review the Business Process Optimization project from initiation through early execution phases until it was cancelled.

The research questions that will be analyzed in this report include:
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- How did key project management best practices contribute to the BPO project success or failure?
- How did project stakeholders affect the project?
- How did project management maturity and organizational culture impact the project success?

Research Design

This research paper analyzed how project management best practices, project stakeholders, an organization’s project management maturity and culture impact an IS project by analyzing a cancelled project.

Current project management literature was reviewed. The literature review included a review of project management success; stakeholder management; and project management maturity models; and how organizational culture impacts project management.

Information about the BPO project and stakeholder interaction with the project was provided from the author’s experience managing the project and communications with project stakeholders during the life of the project. The frameworks identified in the literature review were used to analyze the project.

Project Management best practices impact on project success

Literature Review

Definition of project success. First, it is important to understand what is meant by project success, because it is not clearly understood in industry. The maturing of
project management has not led to a clear definition of project success (Ika, 2009). Pinto and Slevin (1988) argue there is no agreed upon definition of project success. In fact, success may likely well mean different things to different people. Success depends on the stakeholder’s perception of the project (Ika, 2009). Moreover, stakeholder’s perception of success may very well change over the course of a project life cycle. Fincham asserts that project success is not necessarily the opposite of project failure (2002, as cited in Ika, 2009). Hartman (2000) states that it is important to understand that there are degrees of success and failure. For projects to succeed it is essential that stakeholder expectations need to be effectively managed, because expectations influence the perception of project success. Hartman (2000, p. 11) simplified the definition of project success as: “a project is successful if all the stakeholders are happy.” A compelling project vision can make an important contribution to project success (Christenson & Walker, 2004). To achieve a successful project effective project management should include: careful consideration of critical success factors; identifying the key stakeholders and understanding their definitions of project success; developing good relationships with stakeholders; ensuring frequent and open communication with stakeholders; and continually throughout the project life cycle reviewing and updating project success criteria, because it is likely to change as the project advances (Jugdev & Muller, 2005).

There is a distinction between project management and a project, even though they are often confused in industry. Therefore, there is a difference between project management success and project success. Project management success is a subset of project success. Typically project management objectives are related to project cost,
schedule and scope objectives. A project may be deemed successful even if the project management was not considered successful. The opposite may also be true. Project success is related to achieving the expected longer term benefits of the product or outcome of the project. These outcomes are more appropriately measured after the project deliverables are handed over to the client. This is typically understood to be when project management ends. De Wit (1988, as cited in Cooke-Davies, 2002) states that project success is measured against the project objectives, while project management success is measured against the traditional criteria of time, cost and quality. Shenhar, Tishler, Dvir, Lipovetsky and Lechler (2002, as cited in Kloppenborg, Tesch, Manolis, & Heitkamp, 2006) grouped measures of success into: meeting design objectives; benefits to the customers; commercial success and future potential. Pinto (2004, as cited in Kloppenborg et al., 2006) described four success factors: “project efficiency, impact on the customer, business success, and future potential.” Morris and Hugh (1986, as cited in Munns & Bjeirmi, 2006) state that project success depends on “a realistic goal; competition; client satisfaction; a definite goal; third parties; market availability; the implementation process; the perceived value of the project.” From this list, only the definition of the goal and the implementation process are directly within the responsibility of project management. Kerzner (1989, as cited in Munns & Bjiermi, 1996) argues that the project team has the primary responsibility for project success. Since there are other factors that impact project success that are not under the direct responsibility of project management, this suggests project stakeholders must also affect project success (Munns & Bjiermi, 1996).
Kerzner (2009) argues there are primary and secondary project success factors. The primary success factors include: managing the project within time; within cost; within quality limits (also known as the triple constraint); and delivering the project to satisfy the customer. The degree of success in these factors is ultimately judged by the customer. Secondary success factors are often internal benefits like using the customer as a reference.

Project management best practices. There is no single prescriptive set of best practices that is guaranteed to deliver projects successfully (Forsberg, Mooz & Cotterman, 2000; Hartman, 2000). Different types of projects require different project management approaches (Crawford, Hobbs & Turner as cited in Muller & Turner, 2007). Project managers involved in the whole project life cycle are more likely to deliver projects successfully. Fixed price contract projects seem to be managed more successfully than other types (Muller & Turner, 2007).

A number of project management frameworks and guidelines have been published to help project managers succeed. The Project Management Institute identifies nine key knowledge areas in the Guide to the Project Management Body of Knowledge (PMBOK). These knowledge areas are: project integration management, scope management, time management, cost management, quality management, human resource management, communications management, risk management and procurement management. These are areas a project manager should focus on in managing a project (PMI, 2008a).

Not all PMBOK knowledge areas, however, have the same level of importance or degree of impact on project success. Knowledge areas involved in project planning with
the greatest impact on project success are time management, risk management, scope management and human resource management. The knowledge areas with the least impact on project success are cost management and procurement management. Moreover, there are differences in project management practices in different industries. The importance and the level of effort applied by project managers differ in time and scope management in different industries (Zwikael, 2009). The fact that some knowledge areas have a greater impact on project success is consistent with the Pareto principle or the 80/20 rule, which states that focusing on 20% of the possible causes, will impact about 80% of the result (Craft & Leake, 2002, as cited in Zwikael, 2009).

Cooke-Davies (2002) lists the following twelve practices that are associated with project success:

- a clear company-wide understanding of risk management;
- maturity of the process for assigning risk ownership;
- effective maintenance of a visible risk register;
- a current risk management plan;
- clearly understood assigned project responsibilities;
- keeping a project or phase as short as possible (and not more than 3 years);
- an effective scope change management process;
- maintaining a project baseline to measure against;
- an effective benefits delivery management process where both project management and functional management cooperate;
• portfolio management practices to select and resource project ensuring they align with the corporation’s strategy;
• a set of project and portfolio metrics that ensure a direct line of sight feedback to project performance (This helps align the portfolio and projects to corporate decisions.); and
• an effective method to capture and apply the learnings from projects which will be a key part of project management continuous improvement processes.

Kerzner’s (2009) approach aligns with PMI’s nine knowledge areas mentioned earlier. At a high level, Kerzner (2009) emphasizes an iron triangle (scope, time, and cost) view of project management. He asserts project management needs to focus on managing resources on a set of activities, within time, cost and performance specifications in implementing a project. And, if the project is delivered for an outside customer, then good customer relations should also be included.

Forsberg, Mooz and Cotterman (2000) broke down the project management process into the basic components comprising three project principles and ten project management essentials. The first project principle is that the team must have a common vocabulary. This supports effective communication and teamwork. The second principle is that the team must have common goals; understood interdependency and trust; shared rewards; team spirit; and a common set of expectations of each other. The third principle is that projects have a sequence of phases within their life cycle, which can be decomposed into layers: business, budget and technical. The business layer contains the strategy for completing the project. The
budget layer describes how the project funding is acquired and funded. The technical layer describes how the detail activities are to be defined, assigned and sequenced in order to deliver the project deliverables. The ten project management essential elements are:

- project requirements – need to be identified, described, validated and managed;
- organization – the project team needs to be organized appropriately for the project;
- project roles and skills – needs to be staffed with the right roles and skills to deliver the project deliverables;
- project planning – the team must plan the project work effectively and ensure the project plan is kept up to date;
- opportunity and risk management – identifies and manages the opportunities and risks associated with the project;
- project control – ensures the project proceeds as planned and unplanned events are managed;
- project visibility – ensures the project communication is open and effective with all stakeholders;
- project status – measures the project progress against a set of performance metrics;
- corrective action – are actions taken to bring the project back on track; and
• project leadership – is the integration activity that ensures all the other elements are implemented.

Thomsett’s (2002) project management model is made up of: planning; project tracking; project reporting and change control; and post implementation reviews, and is based on five values that are:

• participative – stakeholders are encouraged to participate in the project;
• proactive – proactive problem-solving is actively used;
• open – all project information is openly shared with stakeholders;
• outward-focused – the project manager pays attention to the stakeholders; and
• trust – the project team is treated with respect and trust.

DeCarlo (2004) defines a project management model he calls eXtreme project management, which is a project management approach to be used in eXtreme projects. eXtreme projects are defined as complex, fast paced projects with a high degree of unpredictability. It is made up of four principles that encourage motivation and innovation; ten values that create trust and confidence; four business questions that are continually reviewed to ensure the customer receives value throughout the project; and five critical success factors that are acted on in delivering the project. The principles are:

• Welcome change because change is inevitable in projects. The team needs to accept this, deal with the change, and press on.
• Encourage people by showing them how they can make a difference in a project. People are more motivated when they understand how their efforts can make a difference.

• Trust people’s expertise and give them an opportunity to have input on the project.

• Keep things simple. Keep policies, procedures and administration to a minimum.

The ten values are:

• Eliminate barriers to people doing good work;
• Communicate honestly;
• Plan for people to have a work life balance;
• Having the courage to do the right things;
• Actively collaborate with the customer;
• Address the most difficult or risky activities early;
• Ensure elements of the project, such as plans, progress, deliverables and issues are visible to all;
• Ensure the project goals are clear;
• Focus on results; and
• Provide value early to customers (DeCarlo, 2004).

The four business questions remind the stakeholders that the project is a business venture. They are:

1. “Who needs what and why?”
2. “What will it take to do it?”
The five critical success factors are:

- The project manager should manage himself and not feel or act like the project is managing him.
- Obtain and maintain commitment for the project from stakeholders.
- Implement a flexible project delivery approach.
- Ensure communications are effective and timely.
- Provide an organizational environment that can support different kinds of projects ranging from traditional to eXtreme projects (DeCarlo, 2004).

Hartman (2000) developed a project management framework called SMART which is a set of practices and techniques that is designed to help improve project performance. It is a flexible set of guidelines to allow the project management team to manage a project their own way, while managing and controlling the project effectively. The SMART framework is people oriented; balanced between a higher level view of the project and the day to day details; and flexible. SMART is an acronym decomposed as follows: “SM – Strategically Managed; A – Aligned; R – Regenerative work environment; T – Transitional management” (p. 6). A number of key project management best practices are worth further discussion.

*Clear description of project completion and success.* The SMART framework necessitates that three key questions need to be answered about the project before the project starts. They are: how will we know the project is complete? The answer to this question is expected to identify the drivers for the project. How will we know if the
project was a success? The response to this question is expected to identify expectations related to project completion. Who decides on these questions? The answer to the last question identifies the key decision makers and the key stakeholders. These questions will test the alignment of the stakeholders. The answers to these questions should be documented in the project charter. Defining the project clearly in terms of completion and success helps to focus and align the project team and the stakeholders. It can also help to manage stakeholder expectations (Hartman, 2000).

*Clear project objective.* Project management should ensure the project has a clear goal. This will help the team focus on it while working on project deliverables. Moreover, this will assist project management in monitoring and controlling the project carefully so that the team has the best chance of delivering the project to achieve this goal (DeCarlo, 2004; Hartman, 2000).

*Project planning.* Project planning is essential for effective project management. Planning is also a tool to help manage stakeholder expectations. Plans should be presented at the appropriate level of detail to communicate the plan to the audience. The project plan should be continually reviewed and kept up to date, adjusting it for any changes that occur as the project proceeds. The project schedule should show when major deliverables will be completed. Project planning should also include roles and responsibilities. Since projects are a risky endeavor risk management plans should also be included in project planning. In developing the plan, range estimates should be used for effort, cost and duration estimates, instead of single point estimates. Range estimates are more informative because they show the degree of uncertainty and risk associated with a particular activity or deliverable. The project team should be involved
in developing the project plan, because they will be the ones performing the work. Moreover, this helps to increase support and alignment with the plan (Hartman, 2000; Kerzner, 2009; Thomsett, 2002).

The project charter. The project charter is a key project planning tool and is considered an important best practice. An overview of the project will be described in the project charter. The charter contents may vary by organization and industry. However, it is expected to typically include the following descriptive components of the project:

- Project overview description;
- Project objectives and key deliverables;
- Project scope, schedule and budget;
- Key stakeholders;
- Resource requirements;
- Project manager’s authority; and
- Managerial approval (DeCarlo, 2004; Hartman, 2000; Kerzner, 2009; PMI, 2008a).

Stakeholder and expectation management. Project management needs to manage stakeholder’s expectations effectively to achieve project success. This can be very challenging because often key stakeholders do not clearly understand or agree on what constitutes project success. The project manager should understand that stakeholder’s expectations are a key factor in evaluating project success. As mentioned earlier in Hartman’s (2000) definition of project success – the project is a success when all the stakeholders are happy. Stakeholder’s expectations and priorities will probably
change over the project life cycle. Project management should be prepared for this and should monitor expectations continually. The project team needs to understand which stakeholders have the key power or influence over the project. Their influence can have a great affect on project success. The stakeholders need to be communicated with appropriately so that the project team understands their current expectations and priorities and in return the stakeholders understand the current state of the project. The project team’s communication should be clear to help the team receive what it needs from stakeholders; especially key stakeholders, like the project sponsor. Moreover, communication is required to keep stakeholders aligned to the project objectives throughout the evolution of the project (DeCarlo, 2004; Hartman, 2000; PMI, 2008a).

*Risk management.* Projects in their very nature are uncertain. Ben-David and Raz (as cited in Kutsch & Hall, 2010) defined project risk management as “an activity that deals with planning actions that will be implemented in order to reduce the exposure to risk”. Project risk management should be performed. Otherwise too much of the project is left to chance. The four major activities of risk management are: planning, identification, analysis, and response (Hartman, 2000; Kerzner, Kutsch & Hall, 2010; PMI, 2008a).

Project risk management may be influenced by human behavior. This behavior can affect the effectiveness of risk management. Risk management can be adversely affected by behaviors of: untopicality, undecidability and taboo. Untopicality is the argument that some information is not on topic or within the scope of what should be considered and therefore not to be indentified and analyzed in the risk management activity. This results in limiting the scope of risk identification and analysis.
Undecidability is the understanding of whether the information is considered to be true or false. Stakeholders may not come to an agreement on whether or not a risk may affect the project. Therefore the risk may not be analyzed. Taboo is the fear of identifying a risk because it may cause a high degree of anxiety among stakeholders. For example, a fear may arise that the project will be cancelled if a certain risk is identified. If project risk management is impacted by any of these behaviors it will reduce its effectiveness. It is in danger of becoming simply an administrative activity (Kutsch & Hall, 2010).

*Communication management.* Effective communication is crucial to a successful project. This is also needed for managing stakeholder expectations. Communications will help stakeholders understand the current state of the project and the future outlook and what they can expect from the project. Effective communication at the right level to the right people at the right time is a key practice that will impact project success (DeCarlo, 2004; Hartman, 2000; Kerzner, 2009; PMI, 2008a).

*Leading the team.* Katzenbach and Smith (1993) state that a team has a “common purpose for which they hold themselves mutually accountable”. Problems in software projects are primarily related to management, organizational, human and cultural issues, as opposed to technical issues (Johnston, 1995; Martin, 1994; Whitten, 1995, as cited in Hartman, 2000 & Ashrafi, 2002). This suggests an effective team is crucial to project success. The project team should have the right skills to deliver the project. The project manager must instill and foster the following elements of a successful team:

- The team should communicate openly and honestly.
• Team members trust each other and value each other’s contribution. Trust is a fundamental principle of team member communication.

• Team members accept responsibility for completing activities and deliverables.

• The team culture is fun and rewarding. There is a positive team spirit. A rewarding and satisfying workplace encourages motivation (DeCarlo, 2004; Hartman, 2000; Kerzner, 2009).

Hartman (2000) adds the following characteristics of a successful team:

• Team members are willing to take risks. Project performance improvements or breakthroughs have come from people or teams taking risks.

• Creativity is encouraged. Projects are about the creative process and doing something that is innovative.

Thamhain (2004a) makes the following recommendations for effective team management:

• The project team should be involved in project planning as early as possible in the project;

• Ensure team roles, responsibilities, lines of reporting and communication channels are clear;

• Staff and organize the team appropriately;

• Instill in the team a clear sense of purpose and confidence in their project objective;

• Encourage enthusiasm and professional interest;
• Implement reward and recognition processes;
• Gain senior management support;
• Obtain and sustain team commitment to plans, objectives and results;
• Address conflicts and problems promptly;
• Implement team building activities;
• Provide leadership and direction; and
• Encourage a team culture of continuous improvement.

Monitoring and controlling. Monitoring and controlling a project involves tracking, reviewing and directing the project progress; and implementing any changes necessary to advance the project as effectively as possible (PMI, 2008a). Project plans need to be a living document. Plans should be actively kept up to date throughout the life of the project. The project plan describes what needs to be done by when and by whom. Project control should incorporate a feedback loop to monitor progress and possibly refine the plan. This communication feedback loop is the two way communication about the project with the project team and stakeholders. Plans are more effective when they are deliverable based, because the sum of the deliverables become the final outcome of the project. Planning in the near term should be more detailed than in the longer term. Change throughout a project is inevitable. All changes need to be managed effectively. The change management process should be understood by all stakeholders. This is also related to managing expectations related to the project (DeCarlo, 2004; Hartman, 2000; Kerzner, 2009).

Analysis
The analysis will cover the first four months of the BPO project. At that point it was cancelled, because of a corporate cost cutting measure. Essentially, the corporate cost reductions became a higher priority than continuing to fund the BPO project to achieve the planned project benefits. When the BPO project was cancelled all project work ended, except for work on the business process analysis and design deliverable for a process area that was partially through the analysis. This work was planned to continue until the deliverable was completed. That was estimated to complete three months later. During that time the rest of the project team was assigned computer system remediation activities to correct a number of problems identified by the key business representatives as important items.

The Standish Group’s (2010) CHAOS Report describes failed projects as “cancelled prior to completion or delivered and never used.” Since the BPO project was cancelled, according to the CHAOS Report project categorization, it is a failed project. According to Hartman (2000) failing to satisfy the stakeholders also describes a project as a failure. Because the BPO project was cancelled it did not achieve any of its objectives, and therefore can be judged a failure.

Christenson and Walker (2004) argue that a compelling project vision can be an important contributor to project success. After the BPO project was authorized a presentation was made to the corporation’s executive leadership team to gain their support. This presentation listed six characteristics of the project vision. However, the presentation entitled these project vision characteristics as guiding principles rather than a project vision. They were to:

- implement a single point of responsibility for all business processes;
implement one business process for a business activity;

- maintain business efficiencies;
- automate processes wherever possible;
- provide a consolidated view of the division’s business; and
- position the division to be ready to become a standalone business.

The executive project presentation listing the guiding principles did not convey a single project vision. Moreover, it was communicated as a set of principles, instead of a vision. These principles seem to be more of a collection of outcomes rather than a vision that could be easily recalled and could encourage interest, enthusiasm and support among stakeholders. Even though judging whether a vision is compelling or not is a personal decision, I suggest presenting these guiding principles fell short of creating a compelling vision with the project stakeholders.

The BPO project analysis will continue using the nine key project management elements identified in the SMART (Hartman, 2000) project framework. These are:

- Clear description of project completion and success;
- Clear project objective;
- Project planning;
- The project charter;
- Stakeholder and expectation management;
- Risk management;
- Communication management;
- Leading the team; and
- Monitoring and controlling.
Analysis of the description of the project completion and success. The definition of project completion and success helps to align stakeholders, which is crucial to project success (Hartman, 2000). The BPO project did not have a clear definition of completion and success. One could attempt to rely on the BPO project objectives to derive the definition of project completion and success, but it would miss stakeholder input. It could be argued that the project is complete and a success if each business process had one person responsible for it and that there was only one business process for each business activity. The other project guiding principles are vague and open to interpretation and could not be used to clearly define completion and success. In conclusion, the BPO project objectives lack clarity in describing what project completion entails. It was not confirmed if all stakeholders were in agreement regarding the definition of project completion. The lack of stakeholder agreement regarding project completion and success would impact the project team’s ability to bring the project to completion, and in turn could impact the stakeholder’s perception of project success.

Similarly, project success was not clearly defined in the BPO project. Hartman (2000) states it is common for stakeholders to disagree on the definition of project success. However, without project success defined clearly, determining if the project was a success or failure becomes much more open to interpretation, than if the project is clearly defined and agreed upon in advance.

Without answers to the questions related to project completion and project success there is a risk that expectations related to completion and success will not be clearly defined and understood. These questions are also intended to identify key stakeholders. Without this information the key stakeholders may not be correctly
identified. Without knowing the various responses to these questions the project team may be hindered in achieving stakeholder alignment with the project objectives. Discussing the answers to these questions can lead to stakeholders understanding the challenges in the project; improved communication; a more realistic project plan; and improved expectation management among stakeholders (Hartman, 2000)

*Analysis of the project objective.* Projects should have a clear goal or goals. This helps the team focus on it while advancing the project. It supports effective project monitoring and control and motivates the team to complete the project successfully (DeCarlo, 2004; Hartman, 2000). The executive project presentation listed the following guiding principles:

- implement a single point of responsibility for all business processes;
- implement one business process for a business activity;
- maintain business efficiencies;
- automate processes wherever possible;
- provide a consolidated view of the division’s business; and
- position the division to be ready to become a standalone business.

The project’s objective to implement a single point of responsibility for all business processes is somewhat misleading. The objective was actually intended to have one person responsible for each business process. The challenge the BPO project was trying to address was that some business processes did not have a person clearly responsible for it. Personnel did not always know who had responsibility for a process in case an escalation was required. In other cases various staff thought more than one person was responsible for a process. The way the objective is written could
leave the understanding that one person will become responsible for all the business processes in the organization.

The objective to have one business process for a business activity is the clearest objective. All stakeholders in the division understood that for any given business activity there existed up to four business processes involved to perform the work. For example, the contract management process involved four different processes. Depending on the type of contract, the contracts were managed using one of four processes. Further, contract information was stored and maintained in one of two computer systems, a spreadsheet or in a filing cabinet.

The objective to maintain business efficiencies is a questionable objective, because it implies that there is a potential that a project outcome may reduce business efficiencies. This raises the fear in the reader that there is a project risk that business efficiencies could be jeopardized by the project deliverables or outcomes.

Some of the BPO project guiding principles as stated above are vague. The only criterion stated within the objective for automating a process is whether it is possible. This objective cannot be effectively measured to assess success, because the phrase to automate processes wherever possible is subject to interpretation. Some stakeholders may argue that it is possible to automate certain processes. While others could argue that the automation may be possible, but it is not feasible.

Similarly, providing a “consolidated view” of the division’s business is not clear. The type of business view or the level of detail is not defined. Is this a financial or market view? A consolidated view could be achieved at a high enough summary data reporting level, even with duplicative business processes and systems. For example at
the corporate financial reporting level the business appears as a single business entity.

Preparing Division M to be ready to become a standalone business is also vague. What does this readiness mean? Does this objective mean that the division should have a full set of separate systems and processes in place, ready for the final decision to create the standalone business? Or, does the objective mean that the division is prepared to begin the process of implementing separate systems and organizational structure? The vagueness is related to the degree of readiness the division should be put into.

**Analysis of the project planning.** Zwikael (2009) argues that project planning can have a great impact on project success. Hartman (2000) states that project planning should include:

- Identifying the main project deliverables based on the scope;
- Developing the project schedule;
- Defining project roles and assigning responsibilities;
- Planning project risk management;
- Promoting active participation and input from the project team; and
- Developing a plan to monitor the project.

DeCarlo (2004) contends that project planning should include:

- Clarifying the sponsor’s vision of the project, and the reasons for the project;
- Identifying the project objective, the main project deliverable(s), and the project outcome;
- Identifying sponsor expectations;
- Identifying stakeholders;
• Defining project scope;
• Defining project success relative to stakeholder satisfaction, schedule, budget, scope, quality, return on investment and team satisfaction;
• Risk management planning;
• Estimating the project; and
• Defining people and skills requirements.

Both Hartman (2000) and DeCarlo (2004) agree that project planning is not a onetime event, but is performed continually throughout the project.

The BPO project executive sponsor was clearly identified when the project manager joined the project after project initiation. It soon became evident that the executive project sponsor would not be very involved in the project. Rather, the division’s Director of Finance, who reported to the Chief Financial Officer, effectively became the key business stakeholder and project sponsor. In conjunction with this change sponsor priorities shifted to providing tangible project benefits within the next six months, because there was a concern that the division situation and requirements would change dramatically if the company reorganized to establish the division as a standalone company.

The BPO stakeholders were identified during project planning. Stakeholder expectation management was assessed by the project team. The project scope was defined and documented during planning. Project planning also included estimating the project; developing a risk register to identify and assess risks; and determining the team and skills needed to carry out the project. Unfortunately, meeting to discuss project success expectations with the key stakeholders was not done. Project planning would
have been more effective if the project manager solicited each of the key stakeholder’s expectations

The BPO project schedule was developed with involvement from key project team members – the lead business analyst and the technical lead. It showed the detailed schedule for delivering the deliverables for phase one and higher level schedules for phases two through five. It was reviewed with the whole team and with key business stakeholders. Refinements were made to the project schedule based on their feedback. At that point it was considered realistic and achievable. Project planning with the participation of the project team and stakeholders helps to clarify expectations and results in greater support for the project (Thomsett, 2002). Moreover, this approach to developing a project schedule improves team motivation and performance (DeCarlo, 2004; Thamhain, 2004b). Support for the BPO project among key stakeholders seemed relatively strong. Additionally, the project team was motivated to advance the project.

*Analysis of the project charter.* A project charter was drafted by the project manager when he started on the project, after project initiation. The project manager was preparing to review the project charter with the executive sponsor when the IT Manager decided that a project charter was not required. He reasoned that the executive leadership had approved the project based on the executive project presentation, and that the executive sponsor would not understand the project charter and the request to approve it. The IT Manager argued that the presentation would therefore serve as the project charter.
The project charter is a very important project planning tool (DeCarlo, 2004; Hartman, 2000; Kerzner, 2009; PMI, 2008a). A project charter could have been used to redefine the objectives using SMART criteria (Specific, Measurable, Attainable, Realistic and Time-bound). Moreover it could have been used to clearly state the project aspects not clearly articulated in the executive project presentation. These would have included project vision, objectives, scope, assumptions, costs, deliverables, schedule, success criteria, project approach, constraints, interdependencies, expected benefits, initial risks, key stakeholders, priorities, team roles and responsibilities, and project change management. This would have supported key project management activities such as planning, communication, stakeholder management and monitoring and control. The absence of a formal project charter was a serious disadvantage to the project.

Analysis of the project stakeholder and expectation management. The IT Manager wanted stakeholder management to be divided between the IT Manager and the project manager. The strategy assigned responsibility for stakeholder management involving the sponsor and divisional co-presidents to the IT Manager. The project manager would manage the stakeholder relationships with the division’s line managers and their staff. This strategy worked effectively. A number of stakeholder management strategies incorporate the activity to assign the most appropriate person to manage a particular stakeholder relationship (Bourne & Walker, 2006; DeCarlo, 2004). An advantage to this strategy was that the IT Manager had existing relationships with the executive sponsor and co-presidents. This is important because effective stakeholder management relies on a good working relationship (DeCarlo, 2004).
Hartman (2000) states that stakeholder expectations and priorities are likely to change over the course of the project. In fact, this happened when the project was cancelled because cost reductions were deemed more important than to continue funding the BPO project with the aim of realizing the project benefits. In other words, cost reduction became a higher priority than project investment. It is doubtful that the stakeholder management strategy would have had any impact on this change in stakeholder priorities. At best, the stakeholder management strategy may have helped the team anticipate the priority change to develop a response to it.

The stakeholder power/interest grid (Johnson and Scholes 1999, 2002, as cited in Pinto, Cleland and Slevin, 2003) was used to identify and analyze stakeholders. This analysis was performed during the project planning with input from key project team members and the IT Manager. However, the analysis was not done again as the project progressed. This analysis should have been performed continuously throughout the project, because Hartman (2000) argues that stakeholder expectations and priorities are likely to change as the project advances.

Analysis of the project risk management. Risk management includes risk management planning, identification, analysis, response planning, and risk monitoring and controlling (PMI, 2008a). BPO project risks were identified, assessed and documented in a risk register. However, an exhaustive list of risks was not produced. The risk to the project of the corporation’s plan to split the two business units, creating two standalone businesses was not recorded in the risk register, because identifying this risk may have caused increased anxiety among stakeholders. Kutsch and Hall
(2010) call this type of bias in risk identification as taboo behavior. This behavior limited risk management effectiveness by not identifying a significant risk.

**Analysis of the project communication management.** The BPO project manager developed a communication plan and refined it based on feedback from the IT Manager. The communication plan defined who was to communicate what to which stakeholder and how frequently. The plan included communications with the team, key line manager stakeholders, key executives, and to the broader set of stakeholders in the division. Effective communication at the right level to the right people at the right time is a key practice that will impact project success (DeCarlo, 2004; Hartman, 2000; Kerzner, 2009; PMI, 2008a). The BPO project communications was effectively planned and executed.

**Analysis of the project team leadership.** Human resource management includes the processes to “organize, manage and lead the team” (PMI, 2008a). Effective team leadership is vital in a software project because many problems stem from management, organizational, human resource and cultural issues (Johnston, 1995; Martin, 1994; Whitten, 1995, as cited in Hartman, 2000 & Ashrafi, 2002).

The BPO project team members were added to the project over the first three months. The team was made up of five full time staff and three part time staff. Four of the full time team members were contractors. Team roles and responsibilities were defined and reviewed with the team. One of the contractors was the most qualified for the technical lead role. However, one of the employee developers had extensive experience in the current computer systems, which formed a key part in the project system deliverable. Moreover, the employee developer had a good understanding of
the business. But he lacked experience in computer system architecture design and best practices. The project manager discussed the situation with the IT Manager and together they decided to assign the employee developer to the technical lead role, primarily because they thought this would increase the developer’s alignment with the project objectives.

As the project progressed a conflict arose between the lead business analyst (BA) and the technical lead. The technical lead wanted the existing in-house computer system to be enhanced to become an integral part of the new computer system that the project would deliver. The lead BA wanted to replace the existing in-house computer system with a commercial computer system product. Both of them were firm in their positions. The decision making process regarding major decisions involved coming to a consensus among the lead BA, technical lead and the project manager. However, the lead BA and the technical lead did not communicate and collaborate effectively because of this conflict. When the project manager recognized the problem he discussed it with the IT Manager. A meeting was held with the lead BA, the technical lead, the project manager and the IT Manager where the issue was discussed openly. The lack of trust between the two protagonists came out. The meeting concluded with a commitment from the two of them to resolve the issue. The project manager and the IT Manager committed to monitoring the situation. The conflict between the two team members had not fully been resolved when the project was cancelled.

Conflict within a team can arise from team role definitions and assignments, communication problems, differing priorities, lack of clear responsibilities, and lack of commitment. Many of these types of conflicts can be addressed with engaging the
team in planning and active communication with team members (Kerzner, 2009). Team leadership should foster an environment where communication is open and honest; team members trust each other and take responsibility for their assignments; and the team culture is fun and rewarding (DeCarlo, 2004; Hartman, 2000; Kerzner, 2009). The BPO project manager actively communicated with team members in daily stand-up meetings and individually. Moreover, team members were involved in project planning. However, project leadership was unable to resolve the conflict between the lead BA and the technical lead.

Analysis of the project monitoring and controlling processes. The BPO project was subdivided into two week iterations or time boxes. At the beginning of each iteration, deliverables were identified and assigned to team members. Then daily the team met briefly in a stand up meeting to review each team member’s progress. At the end of the iteration actual progress was compared to planned progress, and the next iteration was planned. A key business representative participated in the iteration planning. Project progress and status was reviewed with key business stakeholders weekly. The iteration planning and daily stand up meetings provided feedback to the project plan. The BPO project was effectively monitored and controlled by focusing the team and stakeholders on the deliverables assigned to the team for the iteration. Any project plan changes were implemented in the iteration planning session. Maintaining the BPO project focused on deliverables to be completed within iterations aligns with project monitoring and controlling best practices (DeCarlo, 2004; Hartman, 2000; Kerzner, 2009).

Project Stakeholder impact on project success
Literature Review

PMI (2008a, p. 23) defines stakeholders as “persons or organizations who are actively involved in the project or whose interests may be positively or negatively affected by the performance or completion of the project.” Bourne and Walker (2006) add that a stakeholder can also contribute to the project.

The impact stakeholders have on a project varies by stakeholder and project. Moreover, the stakeholder’s influence is not well understood. In any project there are stakeholders who will be impacted directly or indirectly by the project, or they may be in a position to influence the project. These stakeholders may be directly involved in the project, or they may have peripheral involvement. It may not be easy to identify all stakeholders and their anticipated influence on the project. The project team is responsible for managing the impact stakeholders may have on the project’s objectives and outcome (Bourne & Walker, 2006; PMI. 2008a). The method of engaging stakeholders will likely differ for each project. It is important to understand that the relationship with stakeholders is two-way – projects need something from stakeholders and stakeholders have needs from the project (Bourne & Walker, 2006).

Stakeholder management in projects is crucial (Christenson & Walker, 2003; Cooke-Davies, 2000, as cited in Bourne & Walker, 2006). Failing to manage project stakeholders effectively is a common root cause of projects losing control. It is important for project managers to understand that in any project, stakeholders are likely to vary in their support of the project and in their ability to influence the project. The project manager’s main role is to manage the relationships with the project stakeholders (DeCarlo, 2004). A stakeholder’s influence or support of the project may change over
time. Some projects have failed because the project team did not identify this change or did not take appropriate corrective action (Bourne & Walker, 2006). Other problems resulting from poor stakeholder management may include: poor communications; insufficient project resources provided to the project; changes in scope; negative perceptions of the project; lack of cooperation; uncertainty and conflict (Karlsen, 2002).

Stakeholder management is a key element of project risk management. The Project risk management process has similarities to stakeholder management. Risk responses can provide a helpful guide in addressing the risks in relationships. For instance, avoidance can be managed by improving communications – both content and frequency. Transference can be dealt with by ensuring the most appropriate project team member engages a certain stakeholder. The positive aspects of risk, which are opportunities, should also be taken advantage of in the stakeholder engagement strategies (Bourne & Walker, 2006). Karlsen (2002) asserts that stakeholder management in many projects is ad hoc and reactionary, which can produce uncertain results.

The number and type of stakeholders can change with project complexity. All stakeholders have one thing in common – they feel they have a stake or interest in the project. This perception leads to expectations, which in turn lead to certain behaviors – some may be helpful to the project, while others may adversely affect a project. Therefore it is critical for the project manager to understand the various stakeholder expectations and potential influence on the project, and determine the most effective way to address these; in order to ensure the project objectives are met. The project
manager must be able to manage stakeholder expectations throughout the project lifecycle (Sutterfield, Friday-Stroud, & Shivers-Blackwell, 2006).

The executive sponsor is the senior executive who provides the authority and funding for a project and whose organization will realize the benefits of the project’s outcome. As a key project stakeholder, the executive sponsor’s effectiveness has a significant impact on project success. Thomsett (2002) argues that the project sponsor’s effectiveness is the “single best predictor” (p. 287) of project success. A committed executive sponsor must be able to take the necessary steps to help the project succeed. Two sponsor behaviors are considered important for project success: defining project success and project performance characteristics; and providing mentorship to the project manager. Other sponsor behaviors that contribute to project success include: project commitment and effective communications; clearly defining and aligning the project; prioritizing the project appropriately; and selecting the project team (Kloppenborg et al., 2006).

For a project to succeed it is essential for the sponsor to believe in the project and support it, because the sponsor is a key stakeholder. Sponsors must have the authority and influence to align stakeholder views of the project; and help build support for the project. Sponsor influence like this can significantly help a project succeed. Moreover, the sponsor must be willing to use influence and authority to build project support (Sutterfield et al., 2006).

Thomsett (2002) describes the following lessons that he has learned from his experience and research regarding project managers and sponsors:
• The best sponsor is the one with the greatest degree of spending authority and the greatest scope of authority in an organization. These characteristics identify a sponsor who can use this authority to help remove obstacles to project advancement.

• The project manager should work with the project sponsor when issues arise that the project manager has been unable to resolve on his/her own. The sponsor owns the project and needs to be involved in these cases.

• The way the project manager engages the sponsor influences how the sponsor can support the project. For example, if the project manager is timely, clear and open in his communication, the sponsor will be better positioned to help the project. Conversely, if the project manager delays communication, the sponsor may find himself in a reactionary decision making position.

• The project manager should provide clear, accurate and timely information to the sponsor to support informed decision making.

• The project manager should educate the sponsor and key business stakeholders about project work, because many sponsors and business stakeholders have come from an operational background and do not understand project characteristics.

• The project manager should communicate with the sponsor and key business stakeholders in a way that they can understand. The communication should be at the appropriate level of detail and minimize or eliminate technical details and jargon.
• The sponsor is the most important stakeholder. A professional project manager should not start a project without a sponsor.

Projects function within organizations, which have their own unique culture and power structure. The project team needs to understand that and know how to engage stakeholders within the organization’s culture, political environment and informal (e.g., friendships) and formal power structure (illustrated by an organizational chart), because projects are impacted by these organizational characteristics. There are many different types of power that can exist in an organization. Yukel (1998, as cited in Bourne & Walker, 2006) defines three types of power relevant to stakeholder management:

• Position power is obtained from one’s position of authority (e.g., a manager);

• Personal power comes from one’s relationship with others (e.g., friendship); and

• Political power, which is acquired by influence in the decision making process (Bourne & Walker, 2006).

The project manager should use the knowledge or politics in an organization to assist him or her in developing relationships with stakeholders to gain support for the project. If project managers can establish credibility and a good working relationship with stakeholders, it will pay dividends when difficult situations arise at some point in a project. Developing networks within the organization can be very helpful to the project manager. Communications are critical in developing and maintaining relationships with stakeholders. An effective project manager will be able to judge and adjust to any stakeholder relationship (Briner, Hastings, & Geddes, 1996, as cited in Bourne &
Walker, 2006). Thomsett (2002) asserts that the relationship between the project manager and the sponsor is the most crucial stakeholder relationship. Often project managers do not have authority over their team members, who are part of a functional group. A project manager needs to exercise leadership and manage conflict and competing priorities to get the optimum performance from team members (Bourne & Walker, 2006).

Not understanding the politics within an organization has led to many project failures. It is important to understand the political power within the organization and the stakeholders involved. This will help the project manager know how to work within the organization to advance the project (Lovell, 1993). Political power in an organization is widespread and can have a considerable impact on a project. Project management is uniquely influenced by political activities. The reasons for this are, first, project managers don’t have the authority to acquire resources. They must use influence and negotiation to get needed resources and support for their project. Second, projects typically exist outside the traditional functional structure. Finally, project managers do not have the authority to conduct performance appraisals on their project staff. There are a number of steps that project managers can take to become more politically savvy, in order to help advance their project. The steps are:

- Understand and acknowledge politics in an organization. Before a project manager can use politics to advance their project he/she must acknowledge the existence of politics and potential impact to their project.
- Learn appropriate political tactics. This includes making alliances with powerful stakeholders; being sensitive to other’s concerns; negotiating
mutually beneficial solutions; and understanding that most organizational interactions are based on compromise.

- Understand the ‘what’s in it for me?’ (WIIFM) attitude that stakeholders may have. It’s common for departments to consider their own interests above the corporate interests. Individuals or departments will often want to know how they benefit from a project before providing their support. A project manager may need to strike a deal in order to gain their support.

- Learn how to influence. Keys and Case (1990, as cited in Pinto, 2000) identified some key principles to increase one’s influence:
  - Develop a reputation as an expert;
  - Give priority to relationships based on work, rather than based on preference;
  - Develop a network of other experts who can provide assistance when needed;
  - Choose the best approach to influence someone. For example, an in person meeting may be better than a phone call; and
  - Influence with sensitivity, flexibility and clear communications.

- Develop or improve negotiation skills; and

- Understand that conflict is a natural part of project management (Pinto, 2000).

Different types of relationships may exist between various people. This is also true of project stakeholder relationships. French and Granrose (1995, as cited in Bourne & Walker, 2006) define relationship types as:
• Exploitation – a person selfishly uses another for their own gain without consideration for the other;
• Reciprocity – two parties use each other for gain. It involves the “give and take” approach.
• Mutuality – each party is interested in the other’s goals and needs.

Mutuality is the ideal relationship. At the very least stakeholder management should aspire to be at least one of reciprocity. However, mutuality is the most beneficial project relationship (French & Ganrose, 1995, as cited in Bourne & Walker, 2006).

Trust is a major factor that influences a collaborative relationship, as mentioned earlier (Savage et al., 1991). Cannon and Doney (1997, as cited in Herzog, 2001) assert that, “trust is based on perceptions” and these perceptions should be addressed to build trust. Trust is developed through collaborative sharing, which involves open and honest communication in an environment where team members get along with each other (Herzog, 2001). Trust can develop when people interact and get to know each other and when expectations of each other are met. The project manager should create opportunities for interaction to occur with stakeholders to improve stakeholder engagement (Hartman & Romahn, 1999).

Conceptually, stakeholder management involves identifying the stakeholders and their power and influence on the project. This will help the project team understand the potential impact a stakeholder may have on the project. Strategies should then be developed and implemented to minimize any negative impact and maximize any positive leverage on the project (Bourne and Walker, 2006).
A few of the published stakeholder management frameworks will be described in this paper. A Project Stakeholder Management (PSM) framework can be a useful tool in helping manage project stakeholder expectations – maximizing positive stakeholder influence while minimizing adverse affects. Bourne and Walker (2006) published a stakeholder management framework that incorporates a tool, called the Stakeholder Circle, which shows each stakeholder’s relative influence on the project (Weaver & Bourne, 2002, as cited in Bourne & Walker, 2006). The framework has three steps:

1. Identify stakeholders. This also identifies what each stakeholder needs from the project and the importance of the project to them.

2. Prioritizing stakeholders. Each stakeholder’s relative importance is described using three factors:
   a. Proximity – defines how close are the stakeholders to the project?
   b. Power – describes the stakeholder’s power of influence?
   c. Urgency – identifies how prepared are they to satisfy their goals or interests?

3. Developing a stakeholder strategy. In this step the top 15 stakeholders are identified. Then the most suitable approach for engaging these stakeholders is developed. The initial portion of the strategies will involve building the relationship. The strategy development will also involve identifying the stakeholder’s degree of interest in the project. This might range from committed to antagonistic. Next, the stakeholder level of support for the project is identified. This might range from active support to active opposition. The next step is to determine how the message will
be communicated to the stakeholder and who will deliver the message. Examples are oral, written, formal or informal. Finally, the message content will be defined.

A principle in this framework is that identifying, prioritizing stakeholders and measuring and monitoring the stakeholder engagement strategies is an ongoing exercise throughout the project lifecycle. This is important because stakeholders may change positions in the organization or their impact on the project may change during the project.

Sutterfield et al. (2006) proposed a stakeholder management framework that consists of nine steps:

1. Identify and communicate project vision and mission;
2. Conduct a project SWOT (strengths, weaknesses, opportunities and threats) analysis;
3. Identify all project stakeholders; their stake in the project and their expectations;
4. Identify possible strategies to manage each stakeholder and their expectations;
5. Select the best strategies to manage stakeholders;
6. Obtain and allocate the resources to implement these strategies;
7. Implement the selected strategies;
8. Evaluate the performance of these strategies and take any necessary corrective action; and
9. Gather feedback regularly from the stakeholders throughout the project life cycle.

DeCarlo (2004) proposed a framework to manage stakeholders, which includes a stakeholder categorization, since not all stakeholders have the same potential influence on a project. These categories are:

- Crucial stakeholders have the power to kill the project.
- Key players are stakeholders that can delay the project.
- Important stakeholders need to be kept informed about the project status and how it will affect them.

The framework describes the following stakeholder management activities:

- Identify stakeholders and assess their potential influence. These stakeholders should be identified by name and not just their role. These stakeholders should be placed into one of the categories identified above.
- Identify each stakeholder’s responsibility.
- Assess how the project will potentially impact each stakeholder.
- Assess stakeholders’ likely concerned regarding the project and the expected demands the project will place on them.
- Determine each stakeholder’s personal win conditions. In other words, what can be done to keep them content or at least neutral toward the project?
- Assign someone to manage the relationship with various stakeholders.

Pinto et al. (2003) describe a two by two power/interest matrix tool (Johnson and Scholes 1999, 2002, as cited in Pinto et al., 2003) that can be used in identifying and
analyzing stakeholders. One dimension in the power/interest matrix shows a stakeholder’s level of interest in the project. The other dimension shows the stakeholder’s power to influence the project. Using these two characteristics a stakeholder is placed within the appropriate quadrant depending on their level of interest and their power to influence the project. This produces four categories of stakeholders as shown in figure 1. The stakeholders in category A need minimal effort, but still require monitoring in case their interest or influence changes. The stakeholders in category B need to be kept informed of project progress. The stakeholders in category C need to be kept satisfied. The stakeholders in category D are key stakeholders who are completely committed to the project. The degree to which stakeholders are dispersed on the power/interest matrix will help the project manager develop his/her stakeholder communication strategies. Moreover, it will help identify the possible compromises that may need to be considered to increase support for a project.

![Power/Interest Matrix]  

Figure 1: Categorization of Stakeholders (Johnson & Scholes 1999, 2002)
Karlsen (2002) published a six step stakeholder management process that incorporated the power/interest matrix:

1. **Plan.** The stakeholder management process should be planned and organized.

2. **Identify.** The stakeholders and potential stakeholders are identified. Various methods could be used, such as brainstorming and checklists.

3. **Analyze.** Each stakeholder should be analyzed from two perspectives – the potential to affect the project and the potential to collaborate with the project. This allows classification of stakeholders into four categories – supportive, marginal, non-supportive, and mixed blessing. The supportive stakeholder is ideal because of their low potential to affect the project and high potential to collaborate with the project. Marginal stakeholders are not especially collaborative and neither have a high potential to affect the project. In general they are not concerned about project issues. Non-supportive stakeholders are a concern for the project manager, because they have a high potential to affect the project and a low potential to collaborate with the project. The mixed blessing stakeholder can play a major role in the project because they have a high potential to affect the project and a high potential to collaborate with the project. End users are an example of this type of stakeholder (Savage, Nix, Whitehead, & Blair, 1991).

4. **Communicate.** The whole project team should understand who the stakeholders are and their potential impact on the project.
5. Act. This step involves implementing the strategies for the various stakeholders based on how they were categorized. The four strategies for the stakeholder categories are: involve, monitor, collaborate, and defend (Savage et al., 1991). The supportive stakeholder should be involved. This will help maximize their cooperative potential. The marginal stakeholder potential for affecting the project or cooperating with it is low. So, minimal effort should be used to manage these stakeholders. A marginal stakeholder’s interest in the project is typically narrow and usually focused on specific issues. The project manager should monitor these stakeholders when addressing a particular issue they are interested in. A defensive strategy should be used for non-supportive stakeholders. Some argue that it is best to always keep these stakeholders satisfied. A collaboration strategy is best for the mixed blessing stakeholder. The collaborative relationship must be based on trust and mutually beneficial. Figure 2 shows a Diagnostic Typology of Organizational Stakeholders (Savage et al., 1991).

6. Follow-up. The final step involves monitoring the process and making any refinements by applying any feedback on the strategies.

Savage et al (1991) argue that project management should aim to change the stakeholder relationships so that they are transformed from a less supportive position to a more positive one. As mentioned earlier Pinto (2000) states the project manager should use influence and negotiation to help gain support for the project.
Identification of stakeholder impact on the project. Some BPO project stakeholders were more involved in the project and affected by the project than others. For example, the contract management group was directly affected by the project, but the marketing group was minimally affected. Further, some stakeholders had a greater influence over the project than others. For instance, the division Co-Presidents had significant potential for project influence by promoting project support and alignment with the project objectives. Some stakeholder groups had much to gain through improved business process and computer system efficiencies from the project outcomes. These groups included Finance, Accounting, Contract Management and Transportation Management. However, some of the group managers had preconceived
ideas of what the project computer system deliverable should be. Some thought it should be a commercial computer system product, while others were biased toward a custom built solution.

From an executive perspective, the Chief Operating Officer (COO), who was the project sponsor and the Chief Financial Officer (CFO), had the most to gain from the project deliverables. Both of these executive stakeholders expected a reduced risk of a financial restatement and improved operations from the project. Further, they had the power to kill the project. However, they did not show a high level of interest in the project with the project team. The division Co-Presidents wanted improved operations from the project. One Co-President supported the project, while the other did not. That Co-President did not support the project because he had experienced a number of similar project failures in his past, and doubted that this project would succeed. The Director of Finance, the Accounting Manager and staff, the Contract Management team lead, the Transportation Management Team and the IT Manager all supported the project because it would lead to improved business process efficiencies and a single computer system. The two Vice-Presidents of Marketing did not want to be impacted by any new set of business processes or computer system. They wanted to make deals with customers and provide the deal information to the contract management group for data entry and management. The greatest champions of the project were the IT Manager and the Director of Finance.

The IT Manager, the lead BA and the project manager collaborated in identifying stakeholders. However, a few stakeholders were not identified by mistake. The transportation manager from the Eastern region was not identified as a stakeholder.
This stakeholder was supportive of the project and would have been directly impacted by the project. The other omission was not identifying two IT developers as stakeholders. One of the developers was planned to have a part time project role. They were suspicious, unsupportive and critical of the project. They wanted to see the project enhance the existing computer systems to become the project system deliverable. They had extensive personal networks within the division and often shared their views and perceptions of the project with others. These stakeholders should have been identified and strategies should have been developed to manage them. This failure meant that project management reacted to their influence instead of taking a proactive approach. This reduced the effectiveness of the project stakeholder management (PSM). This was significant because DeCarlo (2004) argues that stakeholder management is crucial to project success. The project also experienced some side effects of the stakeholder management strategy. Karlsen (2002) identified these side effects as communication issues; negative perceptions about the project; lack of cooperation; uncertainty; and conflict.

Risks associated with project stakeholders. The PSM implemented transference in managing the sponsor and division Co-Presidents. The PMBOK (PMI, 2008a) states that transferring a risk gives another party responsibility for managing it. The IT Manager managed the relationships with the sponsor and Co-Presidents while the project manager managed the relationships with line managers and their staff. This strategy was implemented because the IT Manager had a good working relationship with the sponsor and Co-Presidents. Managing the stakeholder relationships with the
two IT developers was ad hoc, which as Karlsen (2002) argued produced uncertain results.

*Stakeholder expectations.* The COO, the CFO, the division Co-Presidents, Director of Finance, Accounting Manager and the Contract Management Team Lead, Transportation Management Team and IT Manager expected business process and system improvements from the project. Additionally, the Director of Finance and the Accounting Manager wanted the project to deliver some benefits early. The Accounting Manager perceived that a commercial computer product was the best solution for the division, while the Contracts Management Team Lead believed that only a custom designed computer system would meet the division’s requirements. The Director of Finance was un-biased. The Vice Presidents of Marketing did not want their groups to be impacted by the project deliverables. The two IT developers expected a custom designed computer solution from the project, because they believed a commercial product would not meet the division’s requirements. Sutterfield et al (2006) argue that the project manager is responsible for full range of stakeholder expectations. Stakeholder relationships were being developed and most of the stakeholder communications was proactive. However, some stakeholders were not initially included in a strategy. This led to reactionary responses.

*The project sponsor.* The project sponsor was the corporation’s COO. He expected improved business processes from the project and, like the CFO, a reduced risk of a material accounting error which would lead to a financial restatement. To him project success meant accurate inventory information management. He did not interact
directly with the project team. Rather, he communicated with the IT Manager about the project.

The IT Manager was the most active and involved non-project team stakeholder in helping the project succeed. He assumed a number of the behaviors of an effective sponsor. The IT Manager demonstrated commitment to the project; effectively communicated project support and status throughout the division; clarifying the project definition; and selecting the project team. These are characteristics of an effective sponsor (Kloppenborg et al., 2006). Perhaps, if the sponsor had performed some of these characteristics more stakeholders would have taken a greater positive interest in the project.

Sponsor support for the project. The sponsor was in a position of authority to influence other stakeholders. For example, he could have influenced the division Co-Presidents to show greater support for the project. Sutterfield et al (2006) assert that the sponsor must be willing to use influence and authority to increase project support. Unfortunately, the sponsor did not use influence and authority to benefit the project. Project support could have been greater with more positive influence from the sponsor.

The sponsor, as COO, had the greatest degree of spending authority in the corporation, next to the President. This provided excellent financial support for the project. However, the sponsor did not have an active involvement in the project. On a day to day basis, the Director of Finance acted as the project sponsor. The IT Manager also assumed some sponsor responsibilities. For instance, the project manager worked with the Director of Finance and the IT Manager to resolve project issues.

Communication between the project manager and the Director of Finance and the IT
Manager was at least once per week. The IT Manager communicated with the sponsor about the project. Essentially, the project sponsor responsibilities were divided among the sponsor, the Director of Finance and the IT Manager. It was not clear whether this was a benefit or a disadvantage to the project.

Organizational characteristics stakeholder powers. It was my observation that many division staff were suspicious of the project because they did not understand its objectives. Suspicions seem to increase when the project team met behind closed doors. Some personnel were afraid that the project may impact or eliminate their position.

The IT Manager and the Director of Finance both had position power within the division, but lacked personal power because they were relatively new to their positions. One of the IT Developers had significant personal power, because he had been with the organization a long time. However, he had little positional power. Understanding the organization and the types of power stakeholders possessed is an important element in assessing stakeholders (Bourne & Walker, 2006).

Stakeholder relationships. The project manager established relationships with the key project stakeholders. He made a point of getting to know them personally, which led to harmonious relationships. The project manager adjusted his approach to the various relationships depending on what was needed.

A conflict arose between one of the IT developers and the project lead BA. They both perceived the other was biased in analyzing options for the project computer system deliverable. This resulted in a lack of trust between the two. The project manager and the IT Manager collaborated in addressing this conflict.
Organizational politics. The IT Manager described the political environment to the project manager when he was oriented to the project. Some groups or departments had greater loyalty to their work group than to the organization. There were two influential factions within the division. They seemed to be aligned with the type of computer system they used. One group wanted to have a project deliverable computer system from the vendor of their current computer system. The other group believed strongly that only a custom solution would meet the division’s requirements. Some stakeholder’s behaviors showed the “what's in it for me” concern. For example one accountant did not see the need to improve or replace any of the computer systems. The project team perceived he didn’t see any benefit to him. And in fact may have feared for his job because a new computer system would have likely eliminated a key part of his job function. He probably did not realize that eliminating this function would have given him more time for higher value analytical work.

The project team leveraged the lead BA’s business domain expertise to influence stakeholders. The lead BA had extensive experience in the type of business the division was involved in. Stakeholders respected this expertise. The lead BA was able to influence the stakeholders by leveraging his expertise. At the same time, he needed to use sensitivity in his communications and be clear, because some stakeholders also perceived that he was biased in his analytical work. This hurt his credibility.

Pinto (2000) argues it is important to understand the political environment in an organization and to be able to work effectively within it. The project team understood the politics within the division primarily because the IT Manager and the lead BA knew the organization well. The project manager was developing relationships with
stakeholders which would help influence stakeholders later in the project. One thing that hurt the team's ability to influence stakeholders was the perception that the lead BA, and by association the project team, was biased in their assessments and recommendations.

Types of relationships. The project manager aimed to develop mutuality type of relationships with stakeholders. This type of relationship takes an interest in each other's goals and needs. For instance, the project manager refined the project schedule by incorporating feedback from Director of Finance and Manager of Accounting to provide some project benefits earlier, while still maintaining a schedule to achieve the primary project objectives. Developing mutuality type of relationships are the most beneficial to a project (French & Ganrose, 1995, as cited in Bourne & Walker, 2006).

Trust. Trust is a key factor in building collaborative relationships (Savage et al., 1991). Unfortunately, a conflict developed between the lead BA and one of the IT developers who became the technical lead in the project. This conflict arose because each perceived the other was biased in their analysis and recommendations. This resulted in a lack of trust between them. In turn, this led to a poor level of cooperation and collaboration between the two. The project manager was able to improve trust somewhat by involving the technical lead in planning, incorporating his suggestions, and by increasing communications with him. Trust can develop when people interact and get to know each other and when expectations of each other are met. The project manager should create opportunities for interaction to occur with stakeholders to improve stakeholder engagement (Hartman & Romahn, 1999).
Stakeholder power/interest and potential for threat and cooperation. The BPO PSM will be analyzed using Karlsen’s (2002) PSM framework. The project manager worked with the lead BA and the IT Manager to identify and analyze the project stakeholders and develop the PSM strategies. As part of the stakeholder analysis the stakeholder names were placed on a power/interest matrix (Johnson and Scholes 1999, 2002, as cited in Pinto et al., 2003). The developed power/interest matrix is shown in figure 3.
The power/interest matrix shows the key stakeholders in the high interest high power quadrant. The most important part of the strategy to manage these stakeholders was that the project manager and the IT Manager met with these stakeholders weekly to apprise them of project status, discuss any issues and gather any feedback on the project.

The stakeholders with high power and low interest included the project sponsor, the CFO, the division Co-Presidents and the two Vice Presidents of Marketing. The manager of transportation for the Eastern region was not identified in the matrix. This was a significant omission, because she was an important and supportive stakeholder. It’s interesting to note that the sponsor was categorized as high influence but low interest in the project. This may suggest, at least in part, why the sponsor was willing to cancel the project to cut costs.

A failing in the stakeholder management identification was that it did not identify the IT Manager or the two IT developers. This was a mistake because they had high power and high interest in the project. The IT developer’s power was in their ability to influence others, rather than in their positional power.

The stakeholder management analysis and strategy was not shared with the whole team. Rather this information was kept between the project manager and the IT Manager. This weakened the implementation of the strategy, because the team could have helped implement the strategy and supported the strategy. Sharing the stakeholder assessment of the IT developers with the team may have caused concerns
among some team members because of pre-existing relationships. To avoid that, the IT developer stakeholder assessment could have been kept off the power/interest matrix.

Figure 4 shows an alternative assessment of the BPO project stakeholders using the Diagnostic Typology of Organizational Stakeholders (Savage et al., 1991). The potential for threat and cooperation matrix shows the key stakeholders, the sponsor, the CFO, accounting staff and transportation team would have a low potential to threaten the project and a high potential to cooperate with the project. Savage et al (1991) categorize this type of stakeholder as supportive. An involvement strategy should be employed with this type of stakeholder. The project team had a high degree of involvement with the key stakeholders. Additionally, the IT Manager interacted with the sponsor and the CFO as much as their schedules would allow.

The marketing manager is categorized as a stakeholder with a high potential to threaten the project, but with a low potential to cooperate with it. According to Savage (1991) this is non-supportive stakeholder. A defensive strategy is recommended for this type of stakeholder. However, the BPO PSM strategy tried to use the involve approach. Results were mixed. Three stakeholders are categorized in the high potential to threaten the project and high potential to cooperate with the project. Savage et al (1991) describes these mixed blessing stakeholders. A collaborative strategy is recommended. One of these stakeholders was the division Co-President that did not sign the project approval document. The stakeholder strategy implemented involved the IT Manager attempting to collaborate with him. The results seemed positive. That is, his actions were more cooperative than threatening. The two IT developers were also placed in this category. They were not included in the power/interest matrix.
These developers had a great potential to cooperate with the project because of their knowledge. However, they felt threatened by the project and therefore were uncooperative. They perceived the project team was biased by promoting a solution that was not the best solution for the organization. They threatened the project indirectly by criticizing the project among various stakeholders.

Figure 4: BPO project stakeholders using the Diagnostic Typology of Organizational Stakeholders (Savage et al., 1991).

Stakeholder management strategy follow-up was continually performed throughout the project. Karlsen (2002) argues monitoring the implementation of the
stakeholder management strategies and making any improvements to it based on results improves the PSM strategy.

**Organizational Project Management Maturity and organizational culture impacts on Project Success**

**Literature Review**

A 2000 survey conducted by Ibbs and Kwak (2000) revealed IS project management maturity scored the lowest among surveyed companies, while engineering and construction project management maturity scored the highest. Among the surveyed companies the cost management process and the project planning phase show the highest level of maturity, while risk management and the project execution phase had the lowest maturity. Companies are finding it challenging to determine the current state of their project management capabilities. Further, companies are having a difficult time implementing effective project management practices and improving their current project management practices. This is in part because some companies have trouble justifying project management training. Moreover, measurement of project management maturity is relatively new to industry. For example, the second edition of PMI’s OPM3 was published in 2008 (PMI, 2008b). Companies should benchmark their project management capabilities in order to help them understand how to improve their project management. Assessing project management maturity is an important first step in improving project management capability (Ibbs & Kwak, 2000).

It is common for software development projects to complete late and over budget (Gray & Larson, 2003, as cited by Yazici, 2009). Moreover, over 75% of business
transformation projects fail (Yazici, 2009). Besner and Hobbs (2008) found that organizations with a higher level of project management maturity will use project management tools more frequently than less mature organizations. A 2004 survey conducted by PriceWaterhouseCoopers (as cited by Yazici, 2009) concluded the more advanced an organization’s project management maturity, the greater the probability of project success. Herbsleb, Zubrow, Goldenson, Hayes and Paulk, (1997, as cited in Grant & Pennypacker, 2006) argue there is increasing research that concludes there is a correlation between an organization’s maturity and organizational performance. However, Yazici’s (2009) analysis does not show a correlation between project performance and a high level of project management maturity.

**Project Management Maturity Models.** Project management maturity is an organization wide project management method that includes methodology, strategy and decision making processes. An organization’s level of maturity will depend on the organization’s strategy, capability and requirements (PM Solutions, 2010).

The importance of project management has increased since the 1950s and 1960s beginning in the U.S. defense and aerospace industries and then transitioning to become a key competence across industry. The Project Management Institute (PMI) further defined and promoted project management in the 1980s with the publication of the Project Management Book of Knowledge (PMBOK Guide) (Morris, 2001; PMI, 2008a). PMI continued to advance the field of project management by publishing the first edition of the Organizational Project Management Maturity Model (OPM3) in 2003 (Morris & Pinto, 2007). Projects and project management are widely regarded as being an important aspect of implementing corporate strategy. However, project
management’s role in implementing this strategy is not well understood (Morris & Jamieson, 2005). Morris (2008) argues that projects continue to fail at a high rate, which is estimated to be between 60 percent and 82 percent. The Standish Group’s Chaos report (1995, as cited in Morris, 2008) lists the most common reasons for project failure to be: “lack of executive support, lack of user involvement, inexperienced project managers, unclear business objectives, poor estimates and lack of a formal methodology.”

A number of project management maturity models (PMMM) have been published. In order for organizations to be successful in project management they need to become more mature in these practices progressing from informal ad hoc project management to more repeatable and disciplined approaches that continually improve in the more mature organizations (Morris & Pinto, 2007).

PMI’s Organizational Project Management Maturity Model (OPM3) is related to the PMBOK Guide. It addresses project management, program management and portfolio management. It relates the management of projects to organizational strategy. The basic components of OPM3 are:

- Project management best practices;
- Capabilities, which are prerequisites to best practices;
- Outcomes that result from capabilities;
- Key performance indicators and metrics that measure outcomes; and
- Pathways that identify the capabilities linked to the best practices (Morris & Pinto, 2007).
Kerzner (2004) described project management maturity as a set of systems and processes that can be repeated to increase the likelihood of project success. One PMMM described by Kerzner (2004) divides the project management life cycle into five phases:

- **Embryonic.** The embryonic phase involves recognition of the need and benefits of project management.
- **Executive Management Acceptance.** The executive management acceptance phase involves executives understanding project management need and expected benefits within the context of their organization and their willingness to commit to it.
- **Line Management Acceptance.** Line management acceptance phase incorporates line managers supporting project management and their support to train employees.
- **Growth.** The growth phase implements a project management methodology and project management practices.
- **Maturity.** The maturity phase builds on the previous phases by adding cost and schedule controls.

Wysocki (2004) describes the PMMM in terms of a progression of maturity over five levels:

- **Level 1: Initial Process.** No standards exist in this level. Project management processes are ad hoc.
- **Level 2: Structured Process.** Processes are defined and documented. Project management process usage is voluntary.
Project Management Maturity, culture and stakeholder impacts on a project

- Level 3: Institutionalized Process. Processes and standards are well defined and mandatory.
- Level 4: Managed Process. Project management and corporate management are integrated. Metrics are established and used to measure project performance. Senior management understands their role in project management.
- Level 5: Optimizing Process. Project management process improvement is in place. This includes applying lessons learned and best practices to improve processes.

Organizational Culture. Organizational culture is defined as “the set of values, beliefs and behavioral norms” that influence how organizational personnel do their work. “Organizational context is defined as management processes, organization culture, and organizational systems that exist within an organization” (Yazici, 2009). Hyvari (2006) found little research on the interdependencies between organizational context and project management critical success factors. The PriceWaterhouseCoopers 2004 survey (as cited in Wheatley, 2007) concluded that organizational factors, such as culture and attitudes toward quality and improvement can often lead to project failures.

Organizational culture significantly impacts project performance, as well as the organization's performance. Yazici (2009) used the Organizational Culture Assessment Instrument (OCAI) developed by Cameron and Quinn (1999, as cited in Yazici, 2009) in analyzing the relationship between organizational culture and project performance. The OCAI framework categorizes organizational cultures into four categories: clan, adhocracy, hierarchy, and market. The clan culture values participation, common
values, cohesion and positive group morale. The adhocracy culture expects that innovation and initiative produce success. This culture encourages entrepreneurial, creative and visionary attitudes. The hierarchical culture is a structured work environment with formal procedures and policies. It values efficiency, timeliness and control. The market culture values results and production orientation. It views the external environment as hostile. Organizational culture significantly impacts project performance and an organization’s long-term success. The OCAI clan culture can have a positive impact on project performance. This suggests more employee empowerment, participation, cross-functional teamwork, peer communication, recognition and a more caring atmosphere have a positive impact on projects. The OCAI culture categories of clan and market seem to have a relationship with positive project performance. An organizational culture with both clan and market characteristics would be the most suitable culture to manage project uncertainty (Yazici, 2009).

**Analysis of organizational project management maturity and organizational cultural impacts on project success**

When orienting the project manager to the project and the organization, the IT Manager described the organization as being relatively unfamiliar with IS projects. Therefore the IT Manager coached the project manager to communicate with the stakeholders in terms that they would understand and to avoid project jargon, like critical path.

The division was familiar with the engineering and operational aspects of acquiring fixed assets, like a plant. The division personnel understood that a project
was required to integrate and modify or update a newly acquired plant into the
operation, and that a project needed to be planned, executed, monitored and controlled
and finally closed before the fixed asset could be operationalized. However, the division
personnel did not have the same view or understanding of IS projects. It was a
common perception within the organization that software code could easily and quickly
be changed to meet the business needs.

The organization did not have an IS project methodology standard. Therefore,
the IT Manager and the project manager collaborated to develop a high level project
methodology framework. It was relatively simple. It was to be used primarily as a
communication tool with key business stakeholders and the IT staff in order to provide
common terminology, understanding and approach to initiate, execute and close a
project. The framework also described the project process, major activities and
deliverables of a project. These characteristics categorize the organization at the initial
or ad hoc level or level 1 stage of project management maturity, because no project
management process was in place and project management processes were ad hoc.

The organization’s project management maturity led to the decision to forgo a
project charter approved by the sponsor. The decision was made to use the BPO
project presentation to the executive leadership as “the charter”. The project manager
did draft a project charter. However, it was not reviewed with the sponsor. This
decision handicapped the project because the draft project charter was much more
comprehensive than the presentation. The charter would have been an effective project
communication and stakeholder management tool.
The organization’s level of project management maturity and general lack of understanding of IS projects and project management led to a project risk that stakeholders may develop negative perceptions of the project. Stakeholders’ perceptions of a project are important, because Ika (2009) asserts project success depends on the stakeholder’s perceptions of a project. Further, Hartman (2000) argues that a project is successful if the stakeholders are happy with it.

The organization’s level of project management maturity influenced the project in a couple of ways. Some stakeholders expected that some project deliverables should have been produced sooner than they were. Stakeholders did not understand the reason for some activities in the project process. This lack of understanding encouraged some stakeholders to be dissatisfied with the project and criticize it.

The division showed characteristics of the clan culture from the OCAI framework. The organizational culture valued positive group morale, participation, employee group cohesion and common values. It was my perception that the organizational clan culture did not fully include the whole project team, because several members of the project team were relatively new to the organization. Essentially, the whole team was not completely integrated into the culture. The organization also showed some characteristics of the market culture, because results were valued. Yazici (2009) argues that a clan and market culture seem to have a relationship to positive project performance. Yazici’s (2009) study appears to assume that the project team is fully integrated into the organizational culture, and not comprised of outsiders or new comers. It is suggested that further research is needed to understand how organizational culture impacts project performance when the project team is not part of
the culture or organization. Yazici (2009) asserts that organizations that show a high
degree of collaboration and effective communication are expected to have better project
performance. It was my observation that the level of organizational collaboration and
communication was higher among the project stakeholders than between the project
team and the stakeholders. This is understandable, since a few of the project team
members had not developed relationships with the stakeholders to the same extent that
many of the stakeholders had with each other.

**Recommendations**

The BPO project analysis revealed some project failings. In fact, according to
the Standish Group’s (2010) CHAOS Report project categorization, the project was a
failure. A number of things contributed to this failure, including: project management
practices; stakeholder management issues; the organization’s project management
maturity and organizational culture.

The recommendations from this analysis will focus on three main areas of a
project. These areas are described as:

- Defining and establishing a project clearly and effectively;
- Defining the project purpose and objective; and
- Understanding the stakeholders and managing them and their
  expectations effectively.

These focus areas could be rephrased into the following questions:

- What is the project? This entails describing the project and plan, its
  objectives, success and completion factors, and risks.
• Who is involved? This identifies the stakeholders; their relative importance to the project; strategies for managing them and their expectations.

• What’s the context of the project? The project context describes the organizational culture that the project must work within and the level of the organization’s project management maturity.

*CLEAR DEFINITION OF COMPLETION AND SUCCESS.* It is recommended that projects be established with a clear definition of completion and success. Sponsors should understand the project objectives and what constitutes project completion and success when initiating a project. It is the project manager’s responsibility to understand these terms from the sponsor and to begin aligning stakeholders by soliciting their perspectives of completion and success. Different stakeholders may have different views of completion and success and their views may not be clearly described. Regardless, the project manager should persist in acquiring this information and clearly articulating it, so that once finalized, it can be communicated to all stakeholders. The benefit of communicating project completion and success to all stakeholders is that it helps identify stakeholders; aligns stakeholders; focuses the project team; helps manage stakeholders and their expectations; can lead to a more realistic project plan; and is a useful communication tool.

*Project Charter.* It is recommended that all projects have a project charter or equivalent document. The project charter is the first step in implementing the project and one of the most important. The project charter is a valuable project document that authorizes the project and gives the project manager the authority to implement the
project. Moreover, it is an important and useful project communication tool. The project charter concisely describes the project vision, establishes the project direction and defines the measures of success. It is like a contract describing the accountabilities of the sponsor, the project team and key stakeholders. Other key aspects of a project described in the charter typically are: project objectives, scope, assumptions, costs, deliverables, schedule, project approach, constraints, interdependencies, expected benefits, initial risks, key stakeholders, priorities, team roles and responsibilities, and project change management. It formally initiates the project; is used to communicate the project; and is helpful in managing stakeholders and their expectations. Without a charter the project team could deliver something not needed or wanted; the project could drift inefficiently and without focus; or be difficult to monitor and control.

**Risk management.** It is recommended that project risks be managed in a disciplined manner. It is important to manage project risks throughout the project lifecycle. Projects are temporary endeavors established to deliver benefits to an organization. Therefore, it is understandable that this would come with risks. Risks must be identified in a thoughtful manner involving as many stakeholders as practicable. It is important for the project team to be aware that risk identification may be influenced by biases. Strategies to counter biases may need to be identified. Once they have been identified they must be analyzed because risks may have varying impacts and probabilities of occurring. Taking this analysis into account the project team must determine which risks will be accepted and which will require a mitigation plan. Risks must then be monitored continually throughout the project. Communicating risks can also help manage stakeholder expectations. The idiom, prevention is better than the
cure, applies to risk management. Poor risk management practices can result in adverse impacts to the project schedule, scope or budget. Moreover, poorly managed risk may impact stakeholder’s confidence in the project. Ultimately, it can impact project success.

**Stakeholder management.** It is recommended that stakeholder management be performed in managing projects. Delivering a project that does not satisfy stakeholders can ultimately label the project a failure, even if the project was completed “on-time and under-budget”. Stakeholder management begins with identification. This also includes their role in the organization; how they are impacted; their interest in the project; and to what extent they can impact the project. Stakeholders may be supportive; non-supportive; or indifferent toward the project. Some tools exist to help project teams identify and analyze stakeholder, like the power/interest matrix (Johnson and Scholes 1999, 2002, as cited in Pinto et al., 2003). Then when stakeholders have been analyzed the project team needs to determine the best strategy for managing them and their expectations. Effective communication is a key practice in managing stakeholders. Their expectations and perspectives need to be understood, while ensuring they understand the project purpose, definition and objectives.

**Awareness of cultural context and organizational PM maturity.** It is recommended that the project team be acutely aware of the organizational culture and project management maturity. The things learned about the organization in this context should then be used in risk and stakeholder management. The organization’s culture and project management maturity will likely have an impact on a project. This impact may be adverse or it could be beneficial depending on the organization.
Results

This report analyzed secondary sources of data, including literature and public company documents. The literature review showed that project stakeholders, organizational culture and project management maturity can have a significant impact on IS project management success.

The project stakeholders significantly impacted the project. Some stakeholders were critical of the project for various reasons, including: not understanding its objectives and approach and not trusting the team. At the same time a number of stakeholders in managerial positions supported the project. Senior leadership did not strongly champion the project. The two co-presidents were not aligned in their support of the project – one supported the project while the other did not. These impacts led to reduced support for the project within the organization.

The culture was a clan culture, which Yazici (2009) argues is supportive of projects. However, the culture did not view the team as being part of it. Rather, the team was viewed as outsiders. The team was viewed with suspicion and lack of trust. This also reduced support for the project.

The organization’s project management maturity was at an initial ad hoc level. This motivated compromises in project management practices to make them appear simple, informal and non-bureaucratic. For example, the project was directed to use an executive project presentation in place of a project charter. These changes weakened the project management practices and their subsequent benefits.
Perhaps, some of these issues may have contributed to the project cancellation; but this cannot be known for certain, because the only communicated reason for cancellation was cost cutting.

**Conclusion**

This report analyzed an IS project to determine how project stakeholders, an organization’s project management maturity and culture impacted it. It was found that these factors influenced the project performance and some of the project management practices. Projects are unique endeavors that can be quite complex involving the coordination of many activities to deliver a result to meet a planned objective. In addition to the complexities within a project there may exist quite a number of stakeholders with varying degrees of interest in the project and power to influence it. The project team is responsible for managing these stakeholders. Further, projects are implemented within an organization or some context that may impact it. This study underscores the importance of project planning; team leadership; risk management; continuous stakeholder management; and understanding an organization’s cultural impact on a project.

The project management literature reviewed showed that project success is generally not well defined. There is no industry standard for the definition of project success. The classic definition of success references the iron triangle of cost, schedule and scope. However, this definition seems inadequate, because it does not account for stakeholder satisfaction. Hartman (2000, p. 11) simplified the definition of project success as: “a project is successful if all the stakeholders are happy.” This definition
encompasses a number of aspects which include: managing stakeholders and their expectations; and meeting budget, schedule and scope objectives.

In the BPO project a number of project management practices were performed effectively and contributed to improved project performance. These included project planning, time management, team leadership and monitoring and controlling. Moreover, the project team was adaptable to project changes and feedback from stakeholders. The BPO project approach was adapted to align with stakeholder priorities. The team understood their responsibilities and the project objectives.

However, a few things detracted from effective project management. These included: a lack of comprehensive risk and scope management. A project charter was drafted and the information within it was used by the team. The sponsor had authorized the project. However, the charter was not formally approved by the sponsor. An approved project charter would have been useful in stakeholder management. A conflict between two of the project team members impacted team trust and collaboration. The project manager understood that the conflict needed to be resolved in order for the project to succeed. Therefore, the project manager and IT Manager took steps to resolve the conflict. However, the project was cancelled before the situation was completely resolved.

Project management identified and analyzed the project stakeholders. The two by two power/interest matrix tool (Johnson and Scholes 1999, 2002, as cited in Pinto et al., 2003) was used in the analysis. Communication strategies were developed to manage the key stakeholders. However, an ongoing process to re-assess stakeholders throughout the project lifecycle was not established. This is important because project stakeholder priorities, expectations and interest in the project may change over time.
Some stakeholders are more important to a project than others. For example, the project sponsor is crucial to a project. Stakeholders may be supportive, non-supportive of the project; and interested in the project or indifferent towards it. It is important for the sponsor to use their positional and political power to support and champion the project, to help the project succeed. Further research could be performed in analyzing potential strategies to move a stakeholder from not supporting a project to a supportive position, or at the very least an indifferent position.

This study showed that organizational culture can impact a project. The organization viewed the BPO project team as an outside entity. This led to some groups within the organization not understanding the project objectives and approach. Moreover, it led to criticism of the project. In turn this reduced overall support for the project. However, the study found a dearth of research on how organizational culture impacts projects.

Suggested research topics could include how an organizational culture impacts a project, if the project team is part of the organization or a separate entity. Further, research could be performed on how organizational culture impacts projects in different industries. The project in this study was an IS project. Could organization cultural impacts be different in an engineering or construction project, for example?
References


