

**Project Management for Managers**  
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**Lecture – 05**  
**Stakeholders Management**

Hello friends, welcome you in fifth section. Let us discuss something about the differences between project managers and PMO. To a different set ups and they have got different responsibilities. So, let us look at their responsibilities. A project manager is responsible for the objectives of the project he does not have to think much about what are the organization objectives; he should focus only on projects objective and to achieve those project objectives and there are certain constraints. So, he has to work within those constraints.

On the other hand PMO that fellow has to look the enterprise wide perspective, he should not focus on one individual project is responsible for all the projects which are there in PMO. So, PMO manager’s major programs to better achieve business objectives. So, objectives are entirely different as for as these 2 people concern.

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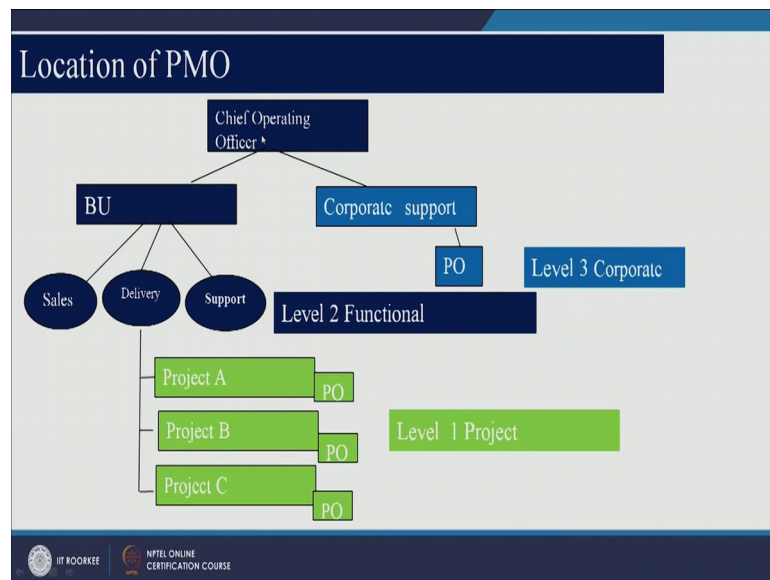
Differences between project managers and a PMO may include the following:	
Project Manager	PMO
Responsible for delivering <b>specific project objectives</b> (within constraints).	PMO is an organizational structure with specific mandates that can include an <b>enterprise-wide perspective</b> . PMO manages major program to better achieve <b>business objectives</b> .
Controls the assigned <b>project resources</b> to best meet project objectives.	While the PMO optimizes the use of <b>shared</b> organizational resources across all projects.
Project manager manages <b>the scope, schedule, cost, and quality</b> of the products of the work packages.	While the PMO manages <b>overall risk, overall opportunity, and the interdependencies among projects</b> .
The project manager <b>reports</b> on project progress and other project specific information.	PMO provides <b>consolidated reporting</b> and an enterprise view of projects under its purview

The next difference is the project manager controls the resources assign to him and he would best utilize those resources while PMO optimizes the use of shared organizational resources across all the project. So, PMO has to look after all the projects and yes and

these people have to share resources across all the projects. Project managers manage the scope schedule cost and quality of the project while people at PMO they will manage overall risk overall opportunity and interdependency among projects. Then you have got project manager reports on project progress 2 PMO while PMO provides consolidated reporting and enterprise view of project under its purview to CO of the organization, right.

So, these are couple of differences now let us look at where you should locate project management office, should we locate at the top level or middle level or some other level and there are basically 3 levels possible and of course, not necessarily all this 3 levels you can have some more levels also.

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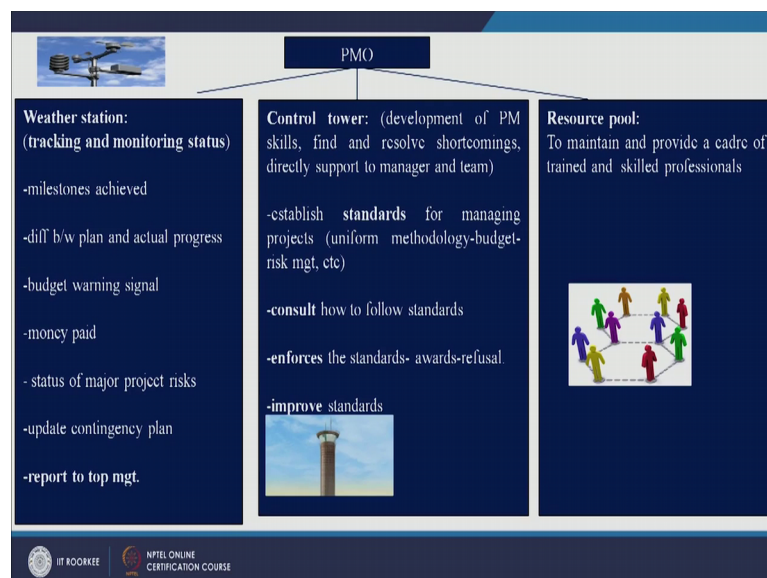
So, there is a chief operating officer and there is a corporate support. So, you can have project office here itself at corporate level, in most of the organizations you have got project office at corporate level.

So, these let us call this level 3; the highest level project management office. You can also have project management office at level 2 which is at functional level. So, this is your business unit you can have sales you can have delivery, you can have support, you can have after sale service you can have technical support and so on; you can have customer complaint handling business; business units and so on, right. So, you can also have project management office or project office at functional level not at corporate level

or you can have project office at project level. So, you can have project and you have project office project b project office.

Now, if a project is large and if it has got several sub projects then you can have project office even at that level also. So, it all depends on again location what kind of product you are making what kind of what kind of entity you are whether you are a private entity or a public sector entity or a combination of these 2 are any other form of activity for example, if you are a car if you are a cooperative societies then you will have different level of project management office.

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Now there are basically 3 types of project management office you have got first is weather station type of PMO weather station by the name itself they would be sensor sensing what is happening at different at in different projects.

So, they would be tracking and monitoring status of different projects. So, they are called weather station type of project management office. So, they would be looking at what are the milestones achieved in different projects in milestones could be let say a phase of a project is complete now that could be a milestone the difference between plan and actual progress. So, this type of weather station would look at the variance what was planned and how much has been achieved then budget warning signal. So, if you are hour spending on a project or if you are under spending on a project then you would be receiving warning signals from weather station type of PMO and they will tell you that

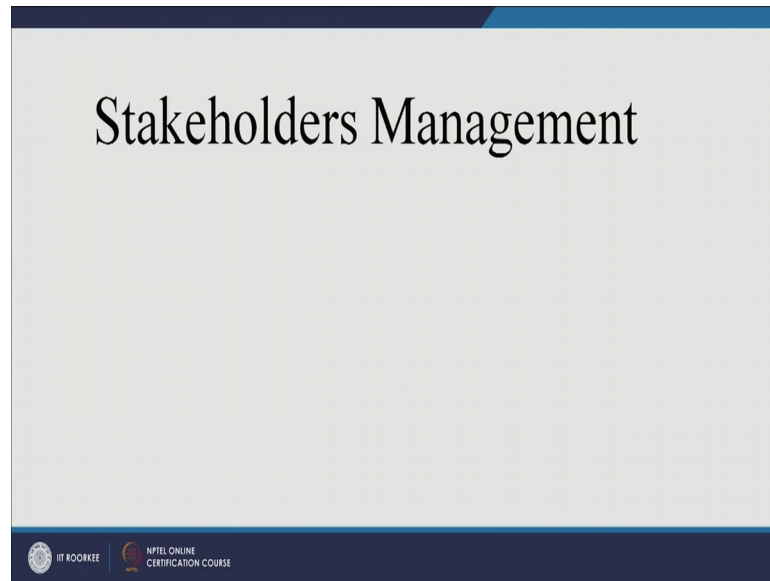
what is the reason for our spending or understanding and if possible they will try to come up with solution, right.

So, money paid how much money has already been sanctioned then status of major projects risk update contingency plan every project has got different contingency funds. So, how much contingency funds have been used and soon and then report to top management then you have got control type of project management office you have got development of project management skills. So, this type of PMO helps in skill development they find what are the problems they come up with different solutions to those problems, they prepare different standards and they also prepare mythology which are which is to be applied across projects. So, this is quite an important type of PMO because they not only prepare standards plans and policies, but they also help you in implementing those plans and standards consult how to follow standards. So, they will tell you that this is the new standard and you are supposed to follow this particular standard enforce the standards and if a project is doing good; they will give awards and if not they will give you stick also; right.

So, they can they can apply a policy of carrot and stick, right. So, they also improve the existing standards right. So, quiet and quite an important type of project management office control tower and then the third type is resource pool. So, this type of PMO maintains and provides a cadre of trend and skilled professionals. So, if I say if a skilled person is needed in at a particular project, these people will supply that fellow on that project. So, resource pool type of PMO. So, after these 3 what do we think which is the most important or what kind of PMO under whom you would like to work its weather station control tower or resource pool just think for few seconds yeah you are right it is control tower type of PMO why because they not only plans something, but they also help you in implementing those plans right.

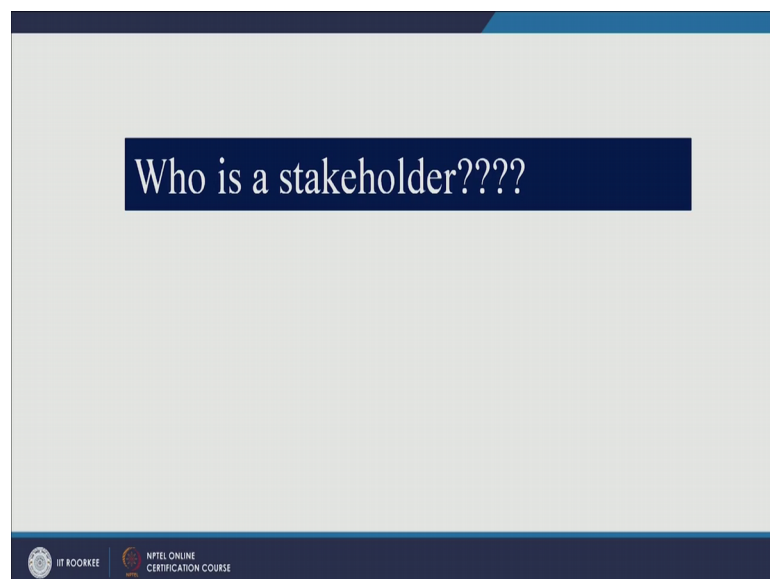


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Now, we will look at a very important topic it is stakeholders management this is one of the knowledge areas and one should know who are stakeholders what are their requirements and so on; right.

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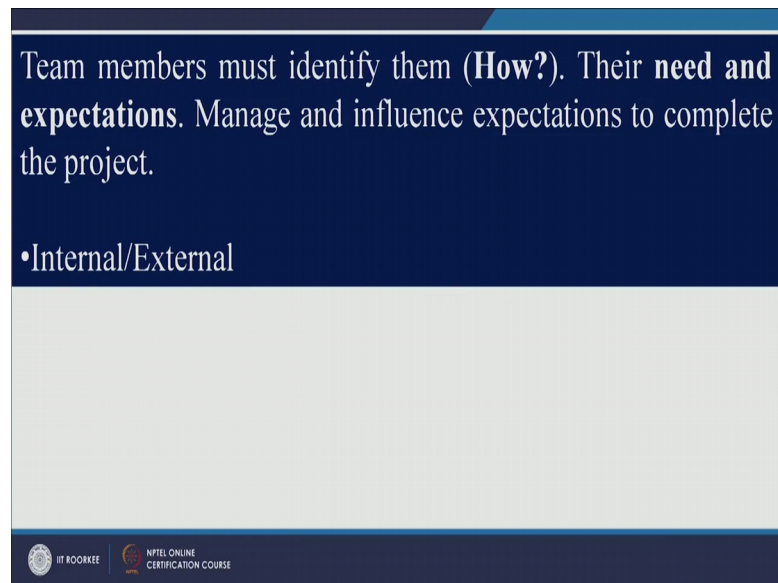
So, let us first define who is a stakeholder can you tell me who is a stakeholder in a project. So, stakeholder is a person or an agency who have active stake in project and they can influence your project positively or negatively. So, any person or agency affecting your project positively or negatively is a stakeholder I will give you an example

let us say suppose if I want to buy a flat in a housing society let say if I want to buy a flat from a builder. So, who are the possible stakeholders in this process definitely I am buying the flat. So, I will be a stakeholder builder will also be a stakeholder.

Now, since I am taking loan from bank. So, bank is also a stakeholder now when I take loan from bank the bank will give me insurance policy of my life. So, insurance company is a stakeholder and a life insurance company is also a stakeholder since I am buying a flat I should protect that flat from natural calamities. So, bank will also give me a general insurance policy so that I can protect flat from natural calamities. So, now, general life insurance; general insurance companies also a stakeholder apart from life insurance company who else could be the stakeholders apart from this these which I have just mentioned do you think state government is stakeholder. Yes, state government is also stake holder do you think municipal corporation is also stakeholder, yes, municipal corporation is also stakeholder because they would be collecting next from me who else could be the stakeholders of course, my neighbors would be stakeholders because my life would be affected by neighbors and I would be affecting their lives as well. So, just think of these stakeholders which are there in just small project of buying a flat.

Now, you can think of number of stakeholders in real life situations where organizations do several activities and they have got several projects. So, you will have several stakeholders; right. So, first of all you need to identify stakeholders and you should know what are their needs and expectations in a project what happens project manager is a stakeholder team members are stakeholders the members of the team the family members of the project team they are also stakeholders right.

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Team members must identify them (**How?**). Their **need and expectations**. Manage and influence expectations to complete the project.

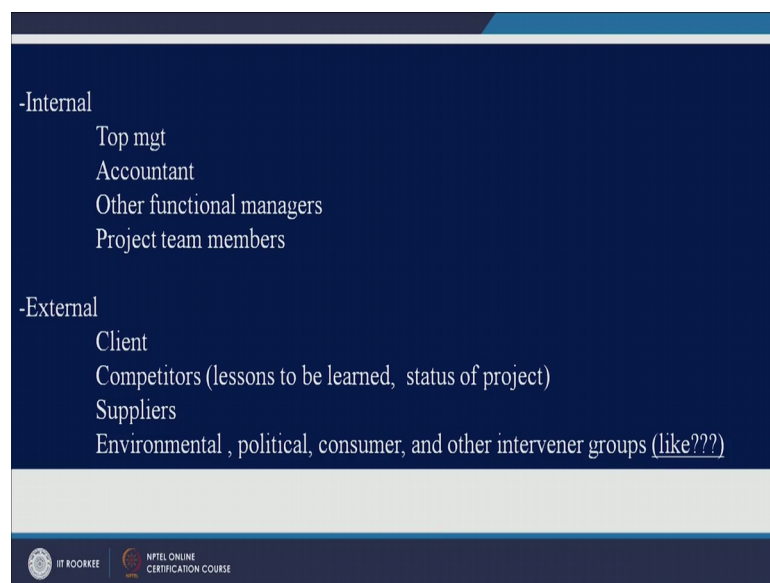
- Internal/External

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So, you need to identify stakeholders properly. So, you can have different types of stakeholders you can have internal and external stakeholders of course, external stakeholders are not from the organization right external to the organization and of course, you can have internal stakeholders.

Let us look at internal stakeholders you can have top management you can have accountants you can have other functional managers you can you project team members.

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-Internal

- Top mgt
- Accountant
- Other functional managers
- Project team members

-External

- Client
- Competitors (lessons to be learned, status of project)
- Suppliers
- Environmental , political, consumer, and other intervener groups (like???)

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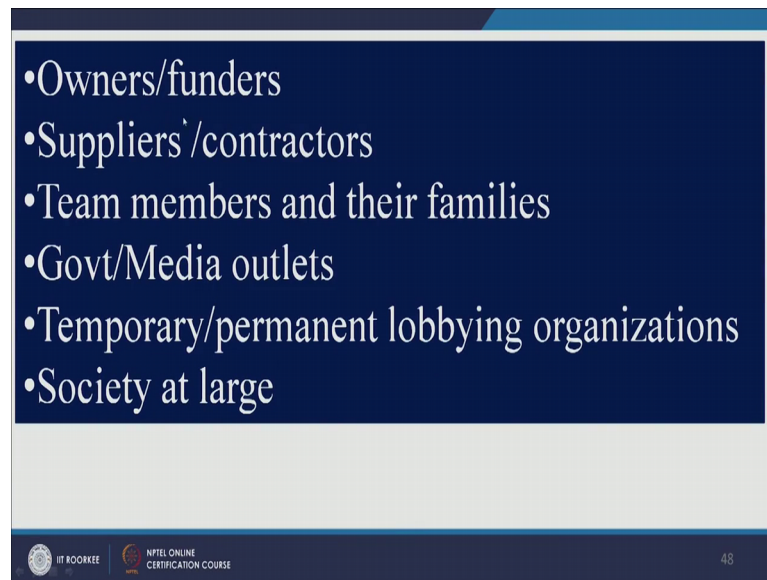
So, all these are internal stakeholders you can have some more in this list you can have some more in this list then you have got external stakeholders and there are several many times you do not know that they are also a stakeholders. So, you can have clients of course, competitors do you think competitors are stakeholders just come to your competitors is also a stakeholder because your profit gets affected by his sis is projects his activities. So, your competitors is a stakeholder you can learn from the mistakes of your competitor that is why he is also a stakeholder status of the project of competitors project would also affect your project.

Let say if I am a builder I am making let us say 100 flats, but my computer makes hundred flats before I make hundred flats I would be at loss right. So, what is the status of the competitor's project will affect my projects. So, competitors are stakeholders, suppliers of course, and there are many more environmental protection group they are also stakeholders political parties consumer groups and there are several intervener groups who would be affecting your project I will take an example of let us say a pharmaceutical supply chain and I will talk about different stakeholders.

So, I am a pharmaceutical manufacturer and let us look at different stakeholders and I want to supply my drugs to let say state b right I am in Uttarakhand, I have to supply drugs to let say Tamil Nadu for example, so, who are the possible stakeholders of course,. So, I am being a manufacturer I am a stakeholder my suppliers, my funds providers my bank insurance companies. Now I will have some more stakeholders like logistic company I would be having some more stakeholders for example, let us say the local administration of different states through which my truck is moving. So, all those are stakeholders in this process, but if you look at these pharmaceutical supply chain then there are some stakeholders which you will not even see for example, bacteria if you do not carry your products at a particular temperature then there would be bacteria in that particular drug. So, bacteria are negatively affecting your business, so, they also; stakeholder, so how to see bacteria; right.

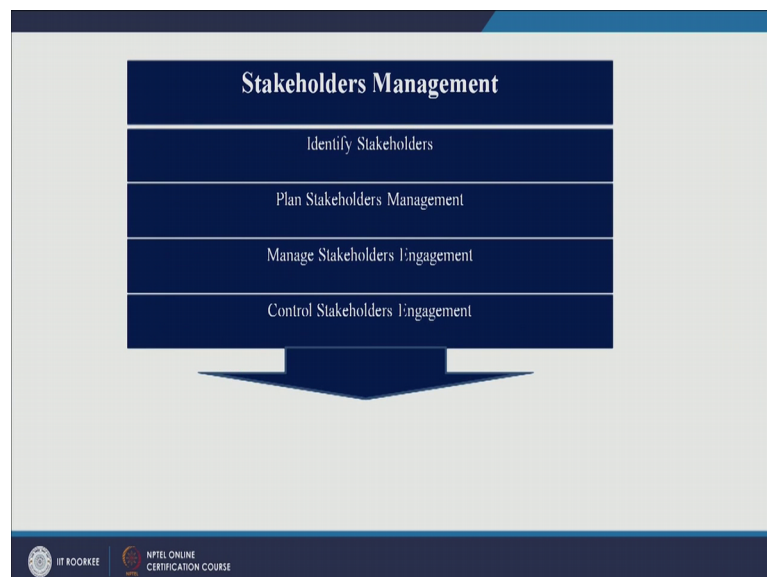
So, many times it happens that you do not know; which are the stakeholders are; who are the stakeholders in your supply chain. So, you need to identify stakeholders properly and then identify what they want right if you are done with these 2 things then you can manage them easily, right. Now as I set apart from internal and external stakeholders you can also have owners and funders of the project suppliers.

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And contractor's team members and their family members; government is also stakeholder and nowadays media is also stakeholder you can have temporary and permanent lobbying organizations and society at large. So, these are couple of stakeholders.

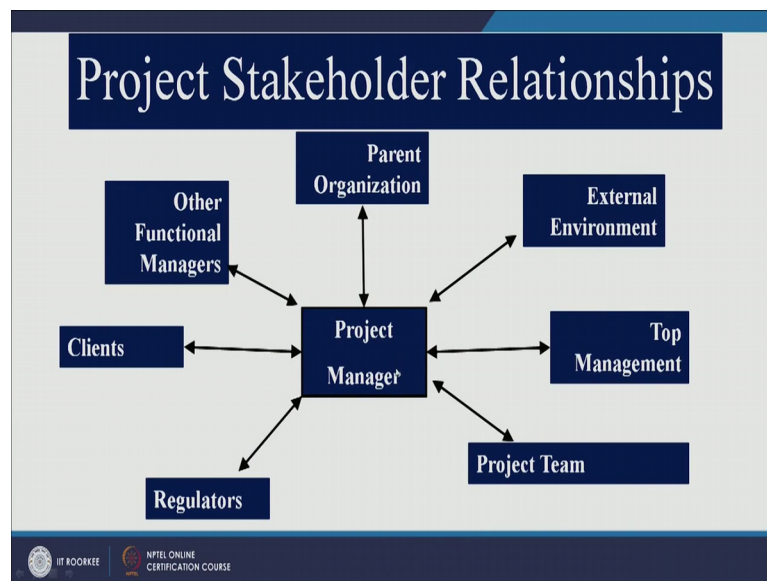
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So, whenever you take a penny project you need to identify who are stakeholders of that project how to manage stakeholders. So, the first thing is identify them right then there is something called planning stakeholders management process. So, stakeholder

management is a process need to plan this process very carefully once you plan them you need to manage stakeholder engagement you need to talk to them you need to talk to each and every stakeholder because more the talking you would understand them in a better way and when you understand stakeholders in a better way you can sell through your project easily. So, you need to engage with stakeholders and of course, you need to control stakeholder's engagement process.

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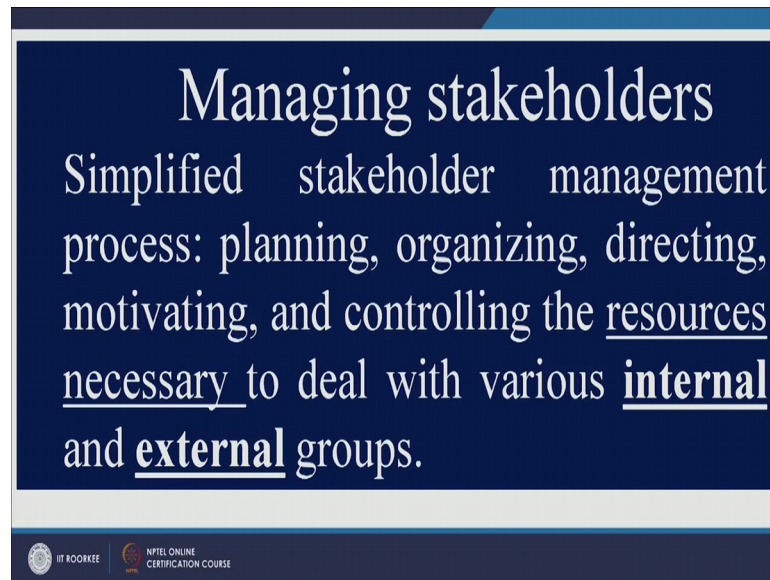


So, project stakeholder relationship. So, let us say there is a project manager and this is parent organization of course, parent organization is a stakeholder you have got external environment you have got top management you have got project team you put regulator I will talk about regulator after sometime you have got clients and you have got other functional managers. Let say if you are coming up with a let say a new mobile company now existing companies would be stakeholders people at large would be stakeholders, but in this case telecom regulatory authority of India try would also be a stakeholder because they would regulate your business.

So, regulator's play an important role these days in businesses if you look at banking sector then RBI regulates all the banks. So, RBI is a regulator; if you look at insurance sector then you have got IRDA insurance regulator regulatory development authority. So, you have got IRDA we should be regulating insurance business. So, these are regulator and they are also stakeholders because they would there they would be making policies

for different businesses and your business would definitely be affected by those policies. So, regulators are very important stakeholders now managing stakeholders how to manage them.

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So, you need to plan you need to organize direct motivate and control the resources necessary to deal with various internal and external groups. So, it is a very simple process, but very complex also because when I say planning organizing directing motivating everything comes into this right. So, you need to look at all these things very carefully and you need to manage stakeholders and this is the stakeholder management process assess the environment how to assess environment you need to look at the market research you need to look at different environments you need to look at let say for example, political environment you need to look at technical environment social environment legal environment economic environment. So, assess all these environments carefully and then plan your strategies then you have got identify the goal of principal actors this is very important principle actors are principal stakeholder.



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**Managing stakeholders**

1. Assess the environment (market research)
2. Identifying the goal of principal actors (low cost software- cost data base, follow up business- mind device, look for hidden agendas)

Manager- low cost MIS  
System architect- technical excellence  
Programming contractor- Max profit

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Many times you really do not know what a particular stakeholder is looking for he would he might be having some hidden agendas see you need to look at those things carefully let say if you are organizing a conference for example, and organization of a conference is a project. So, many times people will come to you let us say they will come to you for selling conference kit. So, they will sell at quite a low price. So, you should. So, their hidden agenda is they just want that business they want to enter in your organization through conference they will sell at lower prices, but there hidden agenda is something different.

So, you need to be very careful what is; what the stakeholder wants identify very clearly I will give you another example let say if I am a manager of let say it department and I am looking for a low cost software management information software. So, being a manager I want low cost software, but the system architect who is also a stakeholder in this project he will look after technical excellence in that project on the other hand programming contractor they will try to maximize their profit. So, 3 stakeholder's different objectives, so, we need to identify stakeholders and what they want right; let us look at another example of having different stakeholders.

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**New product success at electronics firm**  
VP (Research)-State- of- the art technology  
VP (Mfg.)- World class practices  
VP (Mkt)- No. of new feature

**Estate development project**  
Owner- Timely delivery  
Local Govt- More taxes  
Environmental group-Minimum impact  
Nearby residents- Relocation

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Let say estate development project let say I want to buy a house. So, being and being an owner of the house I have given some money to the builder, but at the end of the day my objective is to have timely delivery I want my house at a particular time, right the state government the local government municipal corporation and soon they want more and more taxes from the people who are residing in that particular area environmental groups what they want minimum impact to the environment and nearby residents they do not want a new project nearby them because their lives would be affected may be positively or negatively. So, these stakeholders have got different objectives you need to identify them and identify their requirements.

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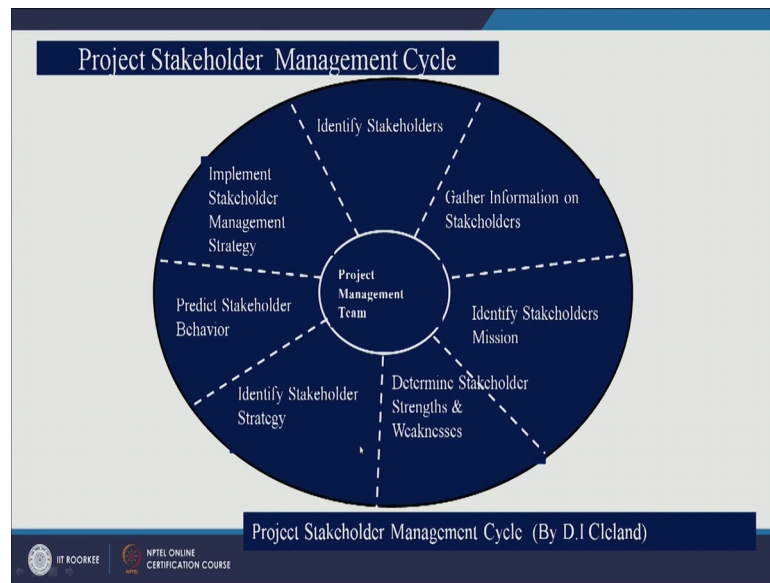
**Managing stakeholders**

3. Assess your own capabilities: tech, political (parties-consultants?), financial, etc.
4. Develop solution: for needs of stakeholders by creating action plans.
5. Test and refine the solution.

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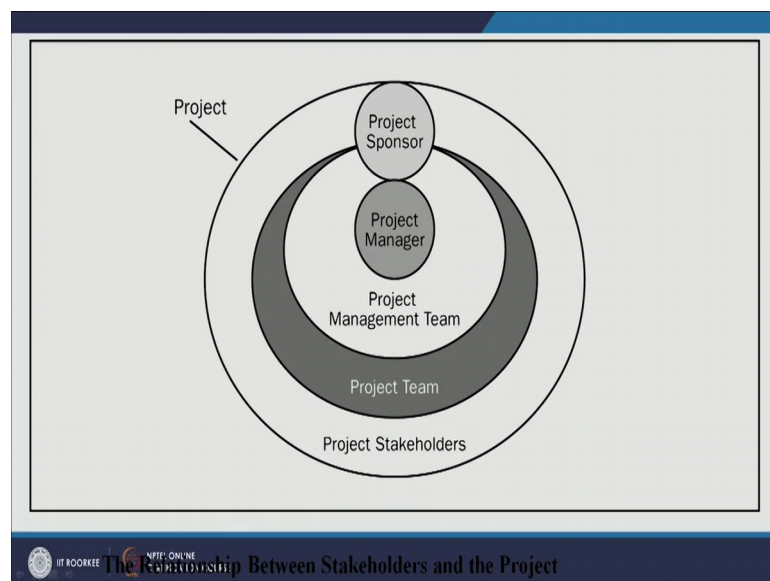
The third step is assess your own capabilities you see you can manage stakeholders if you assess your own capabilities properly you should go for your own SWOT analysis being a project manager assess your technical skills your financial strength and so on. In fact, nowadays political parties are hiring consultants. So, those consultants are also stakeholders right I will not go into detail of this, but what I am trying to say is before managing your stakeholders whenever you talk to a stakeholder you should identify your strengths and weaknesses as well as stakeholders strengths and weaknesses that is even more important than only you can have a fair negotiation between 2 parties right develop solution if there is any problem test and refinery solution.

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So, this is your stakeholder management process stakeholder management cycle. So, this is a cycle. In fact, this is similar to what we have just seen identify stakeholders gather there in information related to them what is there mission determine stakeholder strength and weaknesses identify the strategy predict their behavior implement stakeholder management system. So, this is this is the project stakeholder management cycle given by the D. I Cloland. So, this is all about stakeholder management let us look at the relationship between stakeholder and the project of course.

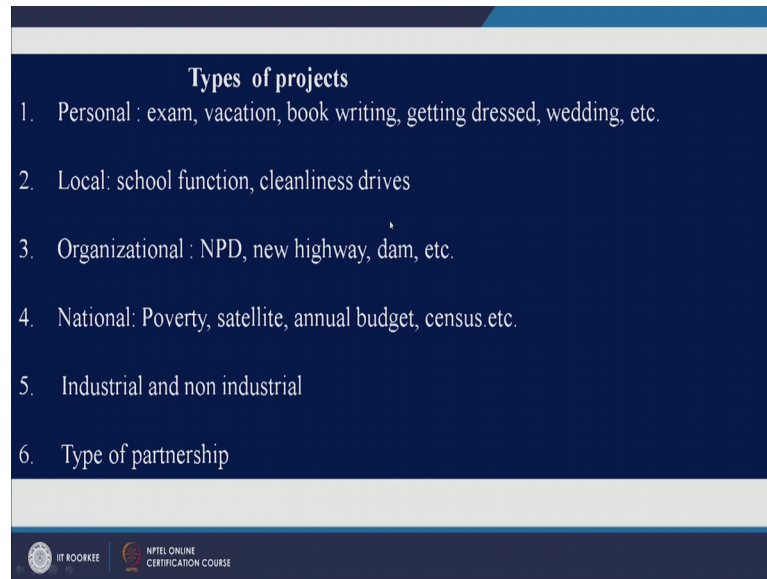
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So, this is your project right and you have got project manager at the centre because he is responsible for the project you have got team right project management team, right.

So, this is how you can say that there is a relationship between stakeholders and project; right.

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Now, there are several types of projects and we can classify them on the basis of several criteria. So, you can have personal projects writing a book writing a research paper right planning for wedding purchasing house. So, all these are personal projects you can have local projects also for example, school function cleanliness drive you can have let say blood donation camp and so on right.


You can have new product development project new highway dam power plant fertilizer plant and so on, coal plant and so on right, you can have projects at national level poverty eradication program right you can have let us say satellite development program you have got NASA with us, right. So, NASA is looking after all these programs. So, that is that would be a national project preparation of annual budget census; Skill India, Clean India; all these are national level projects you can have industrial and non industrial projects. So, this is quite simple then you have got projects on the basis of type of partnership and it can be it can be let say you can have single proprietary business partnership a private limited you can have sometimes pure government project you can have private project you can have PPP mode project and shown, right.

So, who on the basis of partnership also you can have projects. So, you can have let us say national projection and you can have international project also.

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**Types of projects**

7. European Organization for Nuclear Research ([French](#): Organisation européenne pour la recherche nucléaire), known as CERN .



8. High and low tech

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So, this is an example of international projects; CERN project, so, European organization for nuclear research. So, this is nothing, but an international project and you can also have a high tech and low tech project right. So, this is basically a very high tech project right you can have a low tech project also right. So, these are couple of criteria on which you can divide projects right. So, let us look at types of projects based on duration. So, you can have long term project you can have short term project you can have medium term project there is no fixed timings these timings vary from project to project. Generally if a project last for 10 plus years then we will call it long term project if a project is having let us say life span of 5 to 10 years will we can call it a medium term project and then the remaining once are short term projects, right.



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**Types of Projects**  
a) Based on duration: Long term 10 +, medium ?, short less than ?.  
b) Based on investment: High 200m and above, medium 30-200m, low between 5-30m, cottage 5m lac. (States, Departments, Products)

**MSMEs in India**

Classification	Manufacturing enterprises*	Service enterprises**
Micro	Rs 25 lac	Rs 10 lac
Small	Rs 5 crore	Rs 2 crore
Medium	Rs 10 crore	Rs 5 crore

\* Plant and machinery \*\* Equipment

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So, project can be divided on the basis of investment also you can have high investment project medium investment project and low investment project right and this investment depends on state government to state government product to product department to department. In fact, this MSMEs is sector in India has been classified into 2 types of sectors you have got manufacturing enterprises and you have got service sector enterprises. So, we can classify a manufacturing enterprises if the investment on plant and machineries up to 25 lakh. So, we will call it a micro industry if it is a rupees 10 crore then we will call it medium, right.

Similarly, service enterprises; so, in service enterprises is you have got investment on equipment only not on land and building right. So, for example, a pathology lab it can be put under service enterprise. So, if the investment is up to 5 crore will call it medium otherwise if it is 10 lakh will call it micro. So, let me stop here for the time being in next session we will take up some other types of projects and we will see those in details.

Thank you very much for attending this session.