

# A CASE STUDY OF PROJECT AND STAKEHOLDER MANAGEMENT FAILURES: LESSONS LEARNED

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## ABSTRACT

Stakeholder theory is a useful framework for analyzing the behavioral aspects of the project management process, particularly the complicated process of project management within the Department of Defense (DOD). Projects can be beset by the agenda of various stakeholders within the organizational structure. When this occurs, the implementation of a strong project stakeholder management strategy is necessary to increase the likelihood of success. This is a case study of a failed DOD project, even though it was fully justified and badly needed. Stakeholder theory serves as the theoretical underpinning of this case analysis, which identifies the potential causes of the project failure. Project management lessons learned from the failure and a project stakeholder management strategy framework are presented to facilitate better decision making on the part of project managers to increase the likelihood of successful project management outcomes.

**Keywords:** Project management; project stakeholder management; stakeholder theory; decision-making

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## Introduction

Project management within the United States Department of Defense (DOD) has been described as the one of the world's most complicated processes. Successful completion of a project may require several years and the development, implementation, and evaluation of a successful project management strategy. DOD projects are difficult to manage even under the best of circumstances due to various structural, behavioral, and environmental complexities. Many of the complexities stem from the fact that the project manager is likely to be beset by various project stakeholders from above and below. A thorough canvassing of the literature has disclosed that, while research on various project stakeholders has received attention, there is a lack of research that actually examines the process management process through the theoretical lens of stakeholder theory (e.g., Bourne & Walker, 2005, 2006), as well a lack of research that has applied both stakeholder theory and the strategic management process to the project management process (e.g., Ives, 2005; Jugdev & Muller, 2005; Norrie & Walker, 2004). Therefore, this paper fills a void in the literature by using stakeholder theory and the strategic management process as the theoretical lenses through which to analyze the case study of the DOD lighter amphibian heavy-lift (LAMP-H) project, and to offer a project stakeholder management (PSM) strategic framework.

The management of various project stakeholders from above and below the project manager can either positively or detrimentally impact large-scale projects within any organization. The type of impact can be largely influenced by the management of various project stakeholders as was the case with the DOD LAMP-H project. From above, senior financial executives are project stakeholders who are constantly seeking to re-allocate the funds that have been justified by a project manager for his or her program. From below, functional managers are project stakeholders who are solicitous of protecting their vested interests. Functional managers may consider the authority and latitude for independent action accorded the project manager by senior DOD management to be an encroachment upon their authority. They are concerned with full compliance, and therefore require the project manager to comply with each and every regulation pertaining to their separate functional areas. Oftentimes, this is counter to the project manager's acquisition-streamlining strategy and project completion timeline. In many cases, full compliance lengthens a DOD project's time to field to 10–15 years, which is an issue that can greatly increase project costs and timelines (Griffard, 2002; Office of Inspector General, 2001).

This case study of the DOD LAMP-H project is used to illustrate many of the conceivable stakeholder management pitfalls that a project manager can encounter if a PSM strategy is not effectively developed, implemented, and evaluated within the project management process. The format of this paper will include a brief background on stakeholder theory and the LAMP-H project. Next, the various LAMP-H project phases will be analyzed, along with the activities of the various functional concerns at each phase. This will be followed by lessons learned from the LAMP-H project. Lastly, a PSM strategy will be presented to fill a void in the literature and delineate a strategic framework that can be used to enhance project managers' abilities to effectively manage various project stakeholders earlier in the process. The proposed PSM strategic framework should also facilitate project managers' decision-making capabilities and increase the likelihood of successful project outcomes.

### **Stakeholder Theory**

A generally accepted definition of a *stakeholder* is any individual or group of individuals that are directly or indirectly impacted by an entity or a task. More specifically, the term *project stakeholder* will be used throughout this paper to refer to any individual or group of individuals that is directly or indirectly impacted by a project. Stakeholders can be internal or external to the project team or they can be internal or external to the project scope. Therefore, the determination of whether an individual or a group of individuals is internal or external to a project is dependent upon the point of view of the observer. Although there are various perspectives of stakeholder theory (e.g., social science stakeholder theory, instrumental stakeholder theory, and convergent stakeholder theory), one common denominator of all the perspectives is that stakeholders perceive that they have stake in the entity or task. As a result of their perceived stake in the entity or task, they have certain expectations, and consequently, engage in certain types of behavior, sometimes constructive and sometimes destructive (Bourne & Walker, 2006).

Within the project management process, various stakeholders have or perceive that they have various stakes in the project. Based on their perceived stakes in the project, stakeholders behave in ways in which they feel will help them accomplish their project objectives, which may be congruent or incongruent with the project manager's project mission, vision, and/or objectives. Therefore, it is incumbent upon the project manager to understand the objectives of each project stakeholder in order to effectively manage his or her needs and desires. In order to achieve a successful project outcome, the project manager must be adept at managing the interests of multiple stakeholders throughout the entire project management process. Therefore, it is argued that a strategic PSM framework can aid project managers in maximizing the potential positive impact, while minimizing the potential detrimental impact that project stakeholders can have on the outcome of a project. Hence, a PSM strategy will be offered after the analysis of the DOD's LAMP-H project.

### **LAMP-H Project Background**

The LAMP-H project was initiated by the U.S. Army to acquire crafts with amphibian (movement over land and water) and heavy-lifting capabilities. The Army had identified these requirements as essential for logistic resupply missions for numerous areas of interest around the world to support ground troops during amphibious assault missions. The LAMP-Hs would follow the troops from large carrier ships to land and provide them with the supplies necessary to sustain their ground assault. In order to be effective, the LAMP-Hs would have to meet certain payload and speed requirements.

Some stakeholders thought that the LAMP-H should be capable of carrying two M-70 tanks, a payload of approximately 140 tons, at a relatively low airspeed. Other stakeholders argued that it should have a lower payload and be able to fly at a greater airspeed. On a different front, some stakeholders believed that the LAMP-H should be powered by paddlewheels that would propel it through the water until it reached the beach, and thereafter by large deeply treaded tires over the sand. However, other internal stakeholders believed that two large Archimedean screws should power it. They argued that this would suffice for propulsion over sea or sand. Still other stakeholders argued that the LAMP-H should be driven with ducted propellers.

Along with all this diversity of opinion from various project stakeholders, there was also wide disagreement as to how many LAMP-H units should be purchased and at what unit price. Finally, the user of the system, the Transportation School (T-School), wavered on its want or need for the LAMP-H system. Although the program had floundered along for about 10 years, it is likely to have survived as a result of the "seductive appeal of collective belief" (Royer, 2003) by those involved with the project because of their perceptions regarding the importance and significance of having LAMP-Hs in the Army's arsenal.

### **Early Program Development**

The project manager of the LAMP-H project knew that he had to manage various LAMP-H stakeholders. However, he was surprised at the great diversity of opinion surrounding the LAMP-H project, and wondered how any project could have become so controversial. There was great diversity among the project stakeholders as to the technical requirements and configuration for the LAMP-Hs, the acquisition strategy for the system, and funding source and cost of the LAMP-Hs, with the threat of funding cuts being a showstopper. Thus, it became immediately evident to the project manager that in order to support funding for the LAMP-H, and to put an end to all speculation as to what the LAMP-H configuration should be and how it would be acquired, a requirements analysis was needed. Therefore, the project manager immediately initiated one with an independent systems analysis organization. Positive results from the requirements analysis breathed new life into the LAMP-H project. To grasp the vital importance of the requirements analysis in defending the budget for the LAMP-H project, it

is necessary to understand the organizational structure within the DOD, and specifically within the Department of Army. This can be better understood by viewing the organizational chart in Figure 1.

With this organizational structure, the line of authority for the watercraft project manager reached through the Troop Support Command, through the Army Materiel Command, and to the Department of Army staff. Practically, this meant that the Army Materiel Command controlled the funds for all watercraft project managers' programs and projects. The project manager used the positive results from the requirements analysis to build consensus among the various stakeholders to demonstrate the need for the LAMP-H project. This consensus building was done by starting with the highest levels of management within the Department of Army down to the DOD staff and briefing them on the results from the requirements analysis. Once the Department of Army staff had a basis for defending the LAMP-H project, the Army Materiel Command no longer cut funds and the project was able to make progress. The project manager also developed an acquisition strategy consistent with the technical requirements shown to be necessary for the LAMP-H craft, based on the results of the requirements analysis to further solidify the program.

After reviewing the final results of the requirements analysis, it became obvious that the initial payload and speed requirements had to be altered; but the project manager was finally able to identify the cost per unit. This provided the project manager with enough information to ensure that adequate funds were appropriated for the acquisition, and to refine the acquisition strategy. The T-School,

one of the stakeholders, became an enthusiastic supporter of the LAMP-H project when results from the final requirements analysis were available. However, because the technical specifications developed by the Watercraft R&D Center, another stakeholder, were shown to be technically incorrect, their support only appeared to be half-hearted. Nevertheless, the project manager had accomplished a major feat—the LAMP-H project was established as a viable project. As it turned out, problems with the LAMP-H project were only beginning.

#### *Mature Program Development*

Shortly after the LAMP-H project was solidified as a viable project, two very significant changes occurred in the senior leadership of the project manager's organization. First, a senior position called the program executive officer (PEO) was established and filled by a senior Department of Army staff member with no acquisition experience. Numerous PEO positions were established throughout the Department of Army to provide an executive sponsor for each program. Figure 2 shows how the new PEO structure affected the lines of authority in the Department of Army organizational structure.

After implementation of the new PEO structure, the project/program managers were taken from under the Troop Support Command, and placed under the authority of the new PEO. The PEOs reported directly to the Assistant Secretary of the Army for Research, Development and Acquisition (ASARDA). Practically, this meant that the PEOs were placed in charge of all programs/projects, and that the Army Materiel Command no longer had any management

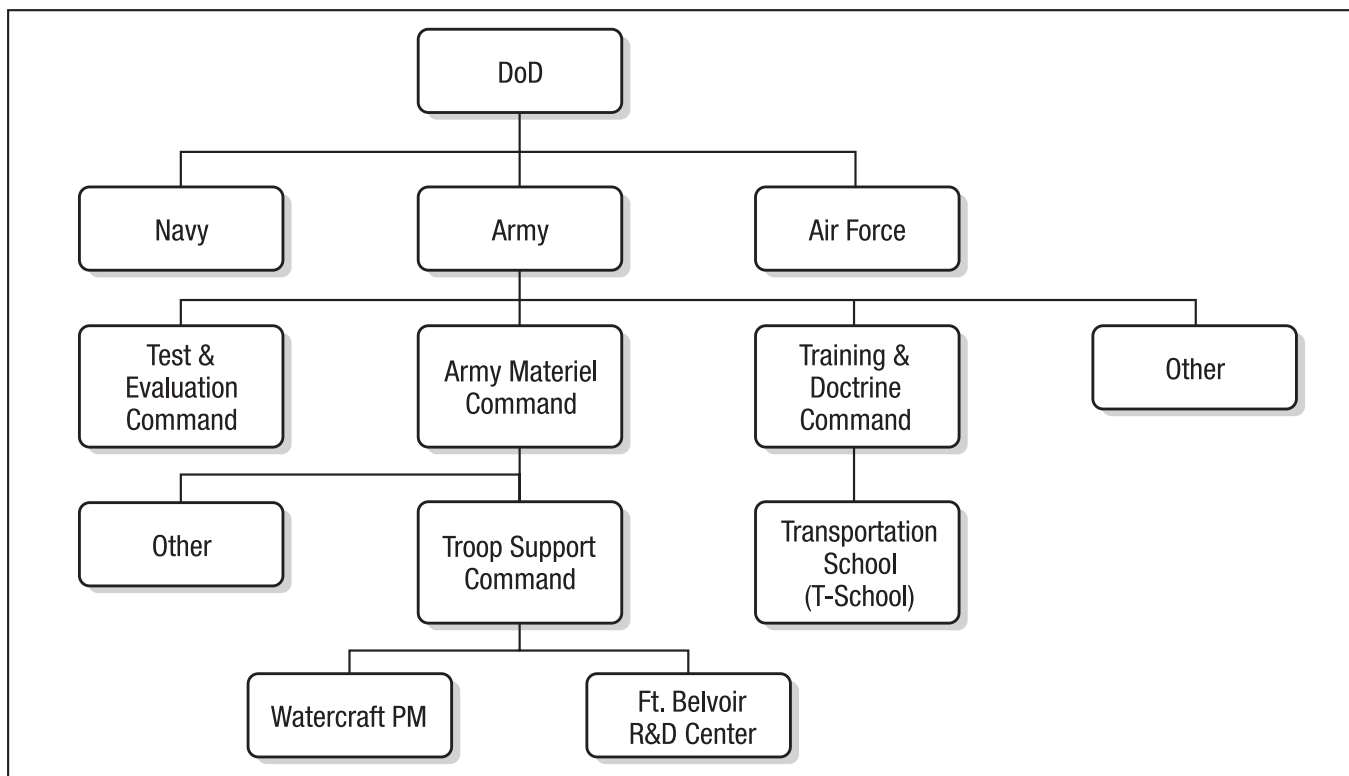
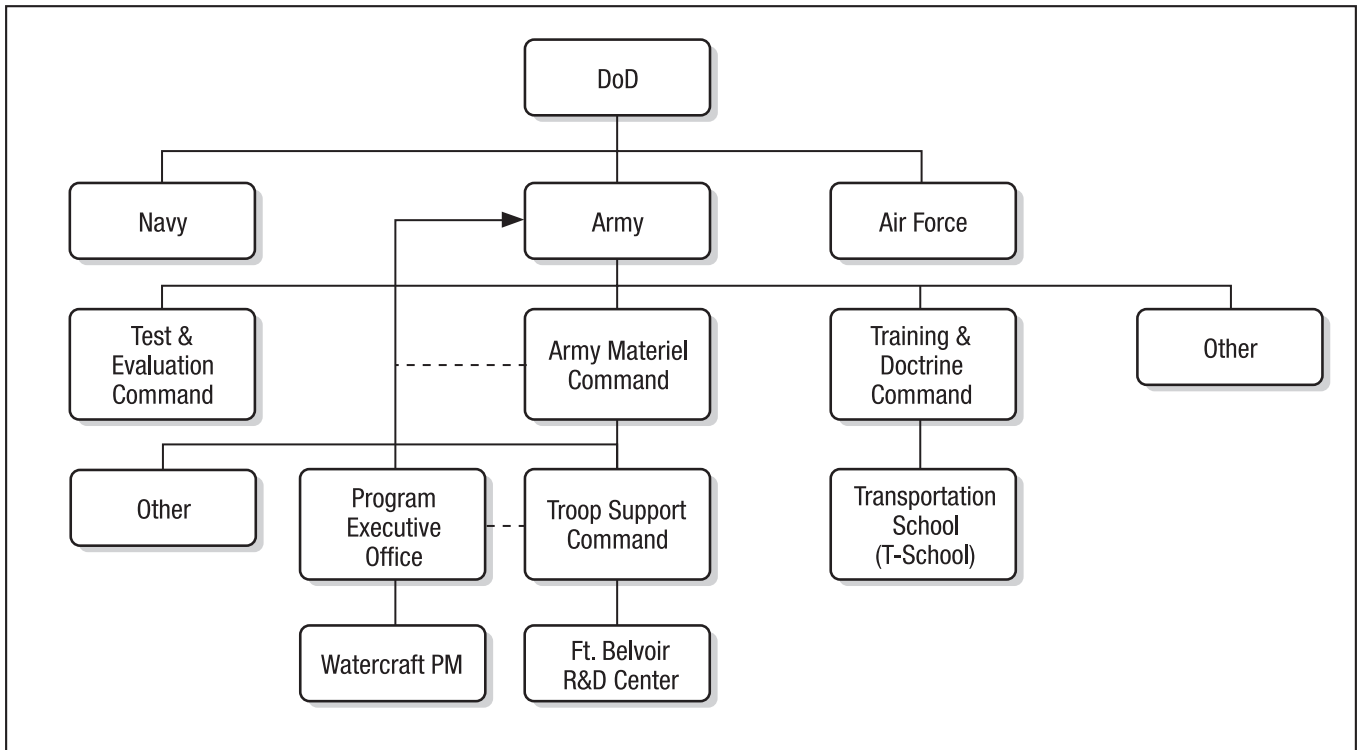


Figure 1: Army structure before implementing the PEO



**Figure 2:** Army structure after implementing the PEO

control of the programs and could no longer take funds from programs. This was an early attempt to achieve what Matta and Ashkenas (2003) called “balancing vertical and horizontal activities.” This combined with a matrix management approach provided the capability to achieve rapid results both vertically and horizontally. This is precisely what the Department of Army envisioned in reorganizing to the PEO structure (Kerzner, 2003).

The second change that occurred in the leadership of the watercraft project manager organization (the home of the LAMP-H) was the arrival of a new project manager. This new project manager had also come directly from the DOD with an excellent acquisition background. He had recently completed the program management school taught by the DOD where he had imbibed many new ideas and approaches as to how systems should be acquired. One such idea was that the project manager should be firmly in control of his programs. He also accepted new approaches regarding concurrent engineering and the need to build prototypes on production tooling in order to minimize the number of changes to a system configuration. He had become a staunch advocate of the Army Streamlined Acquisition Program (ASAP) approach to systems acquisition, and therefore, was an enthusiastic supporter of the LAMP-H acquisition strategy.

The former project manager had become the deputy project manager, and also believed in the validity of these ideas and approaches and was an enthusiastic supporter of them. This eventually proved to put the new project manager and his deputy in direct conflict with the functional managers and workers that the project managers relied on for matrix support (Kerzner, 2004; Killian, 1971). It also turned

out to put them at odds with their new boss, the PEO. Although he ostensibly supported the LAMP-H program, it was later discovered that he secretly entertained great reservations about it. Due to his lack of knowledge about the acquisition process, the PEO was very leery of adapting any new innovations to the acquisition process. Also, the new PEO preferred to avoid conflict with functional managers and workers. Consequently, he became very nervous with the disagreements that the functional managers and workers had regarding the new approaches taken by the new project manager and the deputy project manager.

The first indication of the PEO’s true intentions about the LAMP-H project came when the R&D funds for the LAMP-H project were cut. In order that the program not suffer a break in activity, it was essential that the R&D funds be restored. It was well within the power of the PEO to restore these funds; but he continually delayed in doing so until the entire acquisition strategy had to be revised and the program rejustified because of slippage. It later became clear that he supported the termination of the program due to the complexities associated with an R&D program with two IPRs.

Another factor that delayed the program was the failure of the T-School to complete the required operational capability (ROC) document in a timely fashion. In DOD acquisitions, the ROC is an indispensable document (Metzger, 2003). The ROC lends legitimacy to a project by specifying the exact capability to be acquired. This document had to be approved before R&D funds could be spent in further project development. Although this document should have been approved years before, it had only been circulated in draft form and had existed in that form for seven years with almost no attention, even though the T-School had been

repeatedly told that the ROC would have to be approved before funds could be spent on the LAMP-H program.

#### ***Program IPR Approval and Subsequent Development***

The IPR period proved to be a very interesting time for the project manager. Preparations were being made for the IPR that would authorize release of the request for proposal (RFP). The RFP invites submission of proposals as to how a contractor would, if selected, construct a vehicle to satisfy the LAMP-H requirements. These preparations included completion of four principal program management documents: the ROC, previously mentioned; the test and evaluation master plan (TEMP); the integrated logistics support plan (ILSP); and the acquisition strategy. Although the TEMP and the ILSP could be taken to the IPR in draft format, it was necessary that the ROC and the acquisition strategy be approved. In anticipation of the intense level of activity that would be required to complete the program management documents and other work in time for the IPR, a matrix team was formed and a small contract was executed for preparation of the acquisition strategy, the ILSP, and some of the program management documents. The TEMP was to be prepared by the Watercraft R&D Center for coordination with the test and evaluation command (TECOM).

#### ***Program Demise***

The RFP for the LAMP-H system was supposed to be released just after the IPR, which granted approval to proceed with the development phase. This deadline was not met. Shortly thereafter, both the project manager and the deputy project manager moved on to other positions. At the time of their departure, the RFP had still not been released. They were replaced by a novice project management team, which accommodated various stakeholders' requests, whether or not their requests were supported by the requirements. Finally, all of the special interests and expanded requirements had been accommodated within the RFP, and it was released almost 12 months late. Bids from contractors ranged from U.S. \$175 million to \$225 million for the R&D portion of the project, which had only been budgeted and approved for \$50 million. Also, the unit cost of the LAMP-H as bid by the contractors ranged from \$30 million to \$43 million, whereas only \$15 million per unit had been budgeted and approved. The new project manager requested more R&D funds and to extend the program for an additional year. This resulted in the withdrawal of the production funds and cancellation of the LAMP-H project shortly thereafter. So, after 15 years and the expenditure of many thousands of hours and dollars, a system badly needed by the military was terminated at a waste of \$5 million to U.S. taxpayers.

### **Project Management Lessons Learned from the DOD LAMP-H Project**

#### ***Lesson #1—Project Vision, Mission, and Objectives***

Christenson and Walker (2004), as well as Shimizu and Hitt (2004), purport that the development and articulation of a project vision are key to successful project outcomes. They

point out that it is the responsibility of senior management to maintain the vision. In the case of the LAMP-H project, the project manager and the deputy project manager regularly refreshed the project team on the project vision in staff and team meetings. Thus, momentum was gained and maintained. This perpetuation of the project's vision was vital to the LAMP-H project's advancing as far as it did. The strategic management literature suggests that a project mission to set forth the purpose of the project would also contribute to successful project outcomes (David, 2005). But, the LAMP-H mission or purpose did not receive the same type of reinforcement as the project vision.

Kerzner (2003) pointed out that a *project* is formally defined by specifying its objectives or requirements in a requirements analysis. This is the third of the life-cycle phases in normal civilian projects, but it is the second significant step in the military acquisition cycle, with the first being the concept phase at which time the project vision and mission should be developed (Kerzner, 2003; Kimmons, 1990). It is essential that this step be executed as early as possible in order to appropriate adequate program funds, and to defend and sustain the project. If this is not done early, then the project and its funding are absolutely defenseless and vulnerable to the whims of any budgeter who may wish to cut funds from a project. Also, unless the requirements analysis is performed early and accurately, it is impossible to properly appropriate program funds.

In the case of the LAMP-H project, a project mission was clearly conveyed by the project manager and the requirements analysis was not initiated until about 10 years after the need for the craft was first identified, or about 9.5 years later than it should have been. At the time that the requirements analysis was performed on the LAMP-H, the program was already in serious trouble and probably would have been terminated that very year had the requirements analysis not been undertaken. Thus, the first practical lesson is that, regardless of the type of organization, a project vision, mission, and requirements analysis should be developed and articulated to increase the likelihood of a successful project outcome.

#### ***Lesson #2—Project Sponsorship***

It is vitally important to the success of a project to have a project champion or sponsor (Helm & Remington, 2005; Kerzner, 2003). Although such sponsors are vitally important in normal civil and industrial projects, they are absolutely essential in military projects. In order for projects to succeed in either the civil or military sector, they must be supported by a consensus. Because military projects are influenced by so many stakeholders, including special interest groups, and have involvement from several different commands (see Figure 2), a great deal of effort must be devoted to consensus building. Further, the project sponsor must have the management span, appropriate knowledge, and organizational authority to harmonize the discordant voices. This is where the project sponsor in any type of organizational project can really make the difference between a



successful and an unsuccessful project. In this case, it was to this end that the PEO structure was established in the Department of Army. The PEO, a senior government executive, was intended to lend the power and influence of his or her office to forge the consensus necessary among various stakeholders to successfully complete a project or program. He or she can do this effectively only if he or she understands the acquisition process and is not apprehensive about providing project sponsorship. Unfortunately, this was not the case with the PEO for Troop Support, who came from an entirely different background and never understood the acquisition process. This caused the PEO to be apprehensive about forcefully sponsoring the LAMP-H project, while ignoring the recommendations of the project manager regarding the LAMP-H project. The PEO's inability to forge a stakeholder coalition on the LAMP-H project's account led to internal conflict and disharmony among many of the LAMP-H project stakeholders. In summary, an effective project sponsor who believes that the project is both viable and necessary is essential to the success of any organizational project. This sponsor must also be willing to use the authority vested in him or her to build a coalition of support among the various project stakeholders (Hosking, 2005). Adequate project sponsorship is important in relatively simple projects, so it is even more of a necessity in complex projects, such as defense acquisition projects (Hosking).

### *Lesson #3—Project Planning*

A third lesson learned was in the area of total project planning. It has been stated that "... good upfront planning may reduce the number of changes required" (Kerzner, 2003). A corollary to this is that effective project execution requires that the number of subsequent changes be minimized if effective project planning is done on the front end. It is impossible to perform effective project planning unless the project vision, mission, and all of the project requirements are taken into account at the beginning of the project (Christenson & Walker, 2004; Kerzner, 2003). In this case, no project mission was clearly articulated at the project's onset, and the project requirements were changed after much of the basic project planning was performed. Such changes in project scope result in an inability to effectively estimate and control project deliverables and costs (Kimmons, 1990). The T-School inflated its requirements after project planning was completed because it enthusiastically supported this project. However, the inclusion of inflated requirements invalidated all of the previous planning. When more funds had to be requested in order to comply with the inflated requirements, the LAMP-H project manager lost credibility with the Department of Army, resulting in program cancellation.

The problem of inflated requirements may be viewed from a mathematical perspective. Consider a symmetric hyperbola of the form  $x*y = c$ , and consider only positive values. The plot of this equation, then, is in the first quadrant. As  $x$  becomes very small,  $y$  becomes very large, and the curve becomes asymptotic to the  $y$  axis. On the other hand, as  $y$

becomes very small,  $x$  becomes very large and the curve becomes asymptotic to the  $x$  axis. Now, consider a similar function that describes the relationships among program risk, program cost, program schedule, and system performance. Such a function would be written as  $r = f(c,s,p)$ , where  $r$  equals risk,  $c$  equals cost,  $s$  equals schedule, and  $p$  equals performance.

This equation, because it is four dimensional, would yield, what mathematicians call, a hyper-surface where risk could be thought of as surfaces of constant value, analogous to the constant in the first equation. These surfaces, then, would be comprised of points such that  $f(c,s,p) = r = \text{constant}$ .

Any attempt to change one of the variables, say performance, without a corresponding change in the other variables would move the resulting point to another risk surface. More specifically, if one attempted to increase the performance without corresponding increases in cost and schedule one would move to a new surface corresponding to an increased level of risk. This is precisely what occurred with LAMP-H. The performance characteristics of LAMP-H were arbitrarily increased by the T-School while attempting to hold the cost and schedule constant. The result was an increased project scope, and a dramatically increased risk. Such changes in project scope as those attempted by the T-School amount to what Kerzner (2003) described as "unmanaged changes." He wrote ...

*Another critical interdependency is the relationship between change management and risk management. ... Risks and changes go hand in hand, which is one of the reasons companies usually integrate risk management and change management into a singular methodology. ... If changes are unmanaged, then more time and money are needed to perform risk management, which often takes on the appearance of and behavior of crisis management (Kerzner, 2003, p. 695).*

Kimmons (1990) expressed a similar viewpoint. Further, the following was stated in the *Risk Management Guide for DOD Acquisitions* (2002) regarding the responsibility for risk management:

*The prime contractor's support and assistance are required, even though the ultimate responsibility for risk management lies with the Government project manager.*

With such an abrupt change in project scope, the new project manager attempted to discharge his responsibility to manage the increased project risk, using the only means at his disposal, by attempting to increase the budgeted amounts and the schedule to lower the risk. At this point the project lost its credibility and was canceled. This is an example of strategic flexibility, which is defined as "... an organization's capability to identify major changes in the external environment ... to quickly commit resources to new courses of action in response to change ..." (Shimizu & Hitt, 2004). The new project manager attempted to strategically react to these changed circumstances with flexibility by attempting to obtain additional funds to comply with the newly inflated requirements introduced by the T-School. Unfortunately, what he did not grasp was that one group of

external stakeholders, those from the T-School who wished to inflate LAMP-H requirements beyond those necessary for the defined mission, stood in direct conflict with those from another external stakeholder group, those who had the authority to reprogram funds. Because of this conflict, the new program manager was unable to react with the strategic flexibility demanded by the situation. Regardless of the organizational project, the project manager must be adept at project planning and managing multiple project variables simultaneously throughout the planning and implementation phases to maximize the chance of keeping the project within its projected scope.

#### **Lesson #4—Project Specifications**

Another area that was extremely detrimental to the LAMP-H project was that of excessive specifications. It has been pointed out that a typical document contains twice as many pages as necessary and stresses quality far too little (Shimizu & Hitt, 2004). The LAMP-H project was no exception to this. The testers and the logisticians wanted far more data than was reasonably required, and were highly incensed when it was insisted that much of the data requirements and specifications be eliminated in the interest of tailoring the LAMP-H acquisition to the ASAP approach. Project managers should be more concerned with the quality of information contained in the specifications rather than the number of pages in the document. Quality information is much more likely to lead to successful project management outcomes rather than the inclusion of unrealistic information.

#### **Lesson #5—Managerial Conflict Management**

Al-Tabtabai, Alex, and Abou-alfotouh (2001) discussed some of the causes of organizational conflict. One such cause, according to these authors, is that of managerial conflict. Managerial conflict is said to arise from "... differing practices advocated by respective organizations under different managerial units" (Al-Tabtabai et al., 2001). It was this type of conflict that characterized the conflict experienced on the LAMP-H project. Although regulatory guidance supported and encouraged the LAMP-H acquisition strategy, the functional managers in the Troop Support Command, particularly (see Figure 2), combined their efforts to undermine the LAMP-H project. These functional managers were constantly in conflict with the LAMP-H management. The only way that such conflict could have been averted was through a strong senior leadership official with the authority and management span to insist that the LAMP-H acquisition strategy be followed (Kerzner, 2003).

Research has suggested the use of a cognitive analysis approach to conflict resolution in mega-projects and advanced a model for this approach (Al-Tabtabai et al., 2001; Bender, Cedeno, Cirone, & Klaus, 2000). Although the LAMP-H project was a fairly large and complex project, as many defense projects are, cognitive analysis would not have proven useful in the case of the LAMP-H project and probably not for other defense projects. The reason is that the approach assumes that decisions are always made without

the need to satisfy any overarching constraints. This is almost never the case with decisions for defense projects. Defense projects are almost always made within the context of overarching constraints, which must be satisfied regardless of any other considerations. Two of the most restrictive ones are time and cost. Projects must be completed on time and within cost or face termination. While there may be some latitude in other constraints, exceeding the cost of the project and the time to complete the project will not be met without a project facing termination. The reason for this is that funds for the completion are programmed several years ahead of project execution, and any serious deviations from programmed amounts require permission from Congress.

In the case of the LAMP-H project, the inflated requirements advocated by the T-School would have easily doubled and perhaps tripled the cost of the project. These inflated requirements would have also destroyed the schedule for executing the project. Further, the personnel conflicts did not impact *how* the LAMP-H project would be executed within existing constraints, as stipulated by the acquisition strategy and the operational requirements document (ORD). The conflicts had to do with the acquisition strategy and the ORD themselves, and only culminated near the milestone decision point for the project. Thus, when the conflicts became really intense, there was not sufficient time to react and salvage the project.

The only approach that would have worked would have been to prompt an early action by the PEO to resolve what conflict he could, within project constraints, and to demand compliance where no resolution was possible. Sadly, the PEO was deficient in his responsibilities and did neither. He never really asserted the necessary authority upon other organizations to ensure compliance. Thus, the intra-organizational conflict continued throughout the life of the project. In order to be effective and achieve successful project outcomes, project managers must become skilled at managing and resolving conflict between various project stakeholders while keeping the project on time and within budget.

#### **Lesson #6—Resistance to Change**

The LAMP-H project stands as a monument to the fact that functional personnel who supported the LAMP-H project were unwilling to accept new ways and approaches to doing business, even though those approaches were sanctioned by the Department of Army and were essential to making the project a success. The functional personnel were opposed to tailored specifications, tailored acquisition strategies, concurrent engineering, total quality management, robust designs, and best value awards (DSMC, 1989; Willoughby, 1986). This LAMP-H project showed beyond question that functional personnel, in the absence of a forceful, senior management official as a project sponsor, would resist change and undermine even the best-managed program. Project managers should help educate project stakeholders in new approaches to reduce their resistance to change.

### Project Stakeholder Management (PSM) Strategy Framework

By not effectively identifying and managing the hidden and oftentimes conflicting agendas of project stakeholders early in the project management process, many projects are doomed to experience costly failures like those experienced with the LAMP-H project. We offer the project stakeholder management (PSM) strategy framework to aid project managers in managing project stakeholders and their various agendas. This proposed strategic framework intertwines stakeholder theory and the strategic management process.

There are nine steps to the continuous and dynamic strategic PSM framework (see Figure 3), which is an adapted version of the strategic management process delineated in David (2005). Step 1 requires the project manager to identify and articulate the project vision and mission. Step 2 requires the project manager to conduct a project SWOT (strengths, weaknesses, opportunities, and threats) analysis. Within the SWOT analysis, the project manager needs to identify the internal strengths and weaknesses of the project team. Internal strengths and weaknesses are factors that the

project manager or team can control (David). The project manager also needs to identify the external opportunities and threats that face the project team. Opportunities and threats are factors that are external to the team and outside of its control (David).

Step 3 is where the project manager identifies all project stakeholders and their goals and stake in the project. In step 4, the project manager determines his or her selection criteria and identifies alternative strategies or plans of action for managing each project stakeholder and his or her goals. Step 5 is where the project manager selects the project stakeholder management strategies that he or she will employ to aid the project stakeholders in achieving his or her goals while the project manager is able to attain his or her project goals. Step 6 requires the project manager to acquire and allocate the resources he or she needs to implement the selected PSM strategies. Step 7 is the actual implementation of the selected PSM strategies. Step 8 requires the project manager to evaluate the implemented PSM strategies, and to make corrective changes in the implemented PSM strategies where necessary.

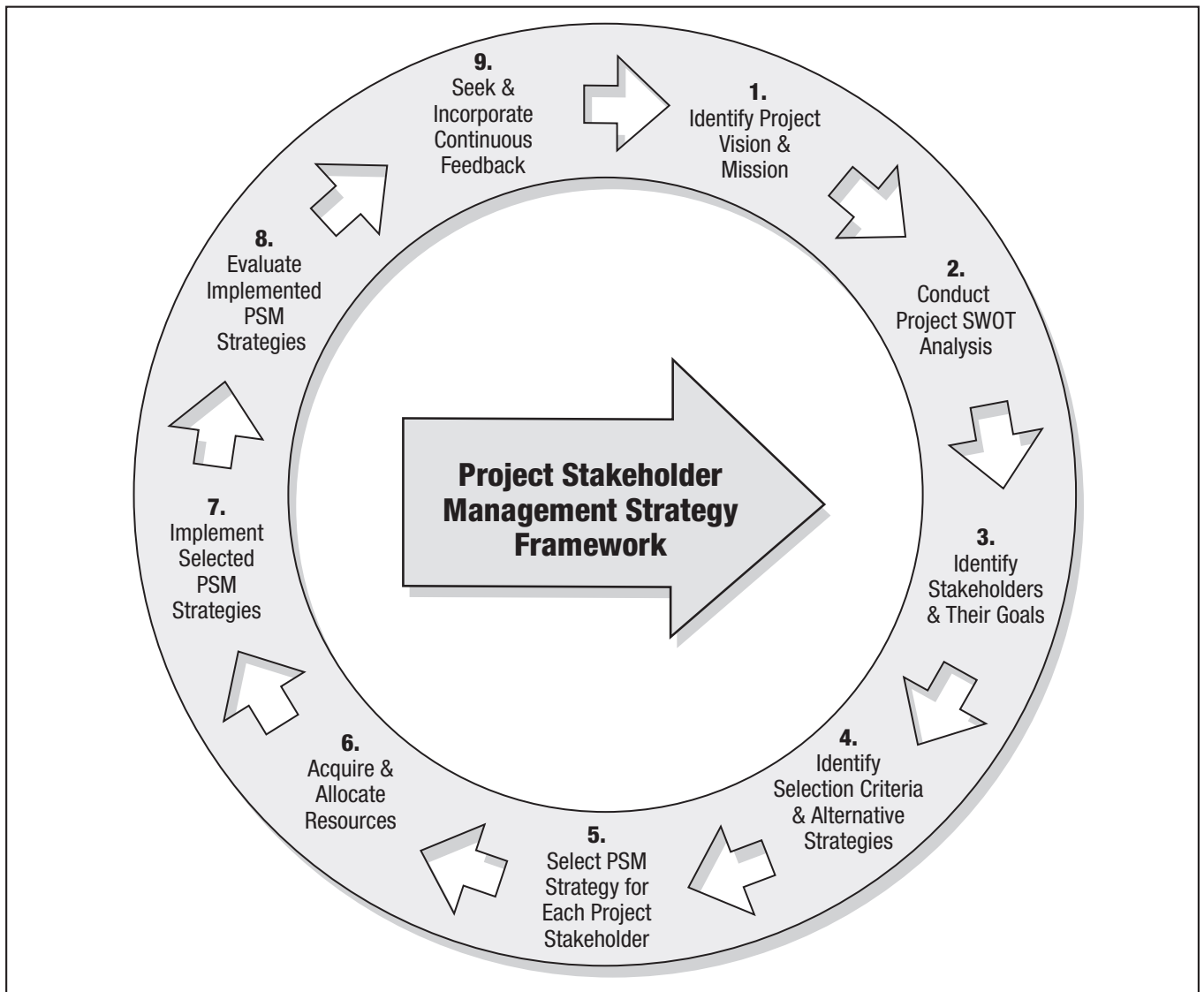


Figure 3: Project stakeholder management strategy framework



The ninth and final step requires the project manager to elicit feedback from the various project stakeholders on a regular basis. Given that change is a constant, it is important for project managers to not only elicit project stakeholder feedback on a continuous basis, but to also process the feedback and incorporate it into the strategic PSM process. The use of this strategic PSM framework will enable project managers to assess each project, each project stakeholder, and the situational factors to minimize the potential conflicts with the various project stakeholders while capitalizing on the strengths of the project team and the opportunities presented by the various project stakeholders. Project managers should remember that there is no one best PSM strategy. Rather, the best PSM strategy is dependent upon the contextual, behavioral, and structural variables of each project (Bourne & Walker, 2006).

### Conclusion

This paper fills a void in the project management literature by merging stakeholder theory and the strategic management process to provide a comprehensive project stakeholder management strategy framework for aiding project managers to manage simultaneously the interests of multiple project stakeholders. Many projects fail because the project manager is unable to effectively manage the sometimes hidden and conflicting agendas of the various project stakeholders (Bourne & Walker, 2005). The DOD LAMP-H project provides an excellent opportunity to illustrate how a project can fail and be terminated due to the ineffective management of various project stakeholders. The analysis of this project also provides us with a golden opportunity to identify valuable project management lessons. The lessons learned from this case study can be used to help project managers enhance their likelihood of successfully managing a project. Effective communication skills are indispensable skills for a project manager to possess. With the use of the PSM strategy framework and the use of effective communication skills, project managers will be more likely to reconcile stakeholder conflicts earlier in the process so as to minimize the chance of project failure.

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