

A note on identifying needs of multiple internal customers within a client organisation

By Alan Stretton

INTRODUCTION

A paper I wrote some time ago in the *PM World Journal*, entitled “*Identifying/verifying customers’ needs before specifying product/service requirements in the program/project context*” (Stretton 2009e), attracted more feedback than any other of my other fifty-odd contributions to *PM World Today* and *PM World Journal*. I also mentioned the importance of effective needs determination in a recent paper in this journal (Stretton 2013b), and this prompted me to offer this further short note on the subject.

The context of Stretton 2009e was a project management organization providing services to a client organisation. In particular, it focused on a specialist needs analyst within the former helping the client organization identify or verify its business needs, before proceeding towards developing an appropriate project to help satisfy these needs. That paper discussed general aspects of identifying client organisation’s needs; client organisation’s strategic plans, or lack thereof; the importance of accurate needs analysis; some consequences of inadequate analysis; and traits of effective needs analysts. The paper went on to discuss processes for identifying client organisation’s needs. These processes were seen as a partnership between the needs analyst and the client organisation, involving the following steps:

- Step 1: Understand the total context of the client organisation’s situation
- Step 2: Help the client organisation identify its business needs
- Step 3: Identify and reconcile needs of internal customers

The focus of this note is on Step 3.

IDENTIFYING AND RECONCILING NEEDS OF INTERNAL CUSTOMERS

Typically there are multiple internal customers within a client organization, who commonly have different sets of interests. As Frame 1994:97 says:

The project team often faces the difficult task of sorting through the contending needs of different customers in order to define customer needs and requirements. Needless to say, this can be a challenging undertaking. Satisfaction of one set of needs may generate hostility from customers with opposing interests. The needs definition process must be filled with compromise and balance.

Some consequences of this situation are now discussed.

Legitimately conflicting interests of internal customers

In my own experience, two types of differing interests can be identified. One type has to do with ego-centred interests, where personal agendas may tend to be rather more prominent than many would deem desirable. I have little to contribute re this type.

The other type of differing interests derives from legitimately conflicting perceptions of what is best for the organisation. I have developed the following synthesised case study, in this case in the context of a manufacturing facility, to illustrate how such legitimately conflicting perceptions arise rather naturally.

Case Study: Reconciling conflicting perceptions between multiple internal customers

This case study is a synthesised example of practical difficulties involved in reconciling legitimately conflicting perceptions of key people within an organisation about what course of action is best for that organisation. The example used here is of a small manufacturing facility with limited production capabilities, in which:

- The production manager prefers long uninterrupted production runs of one set of manufactured items before re-jigging for producing a different set of items. This helps keep production costs low, which the production manager sees as providing the organisation with a competitive benefit.
- The sales manager, on the other hand, might reasonably prefer frequent re-jigging of the manufactured items, so as to have an inventory which covers all items in sufficient quantities to enable prompt delivery after making a sale of any particular item(s). The sales manager sees this as the best way to maintain and enhance customer satisfaction, to the organisation's longer-term benefit.
- However, the finance manager would regard a large inventory as contrary to the best financial interests of the organisation, because a large inventory means money lying idle. Therefore, the finance manager would favour keeping the inventory as small as practicably feasible, thus keeping the organisation's holding costs to a reasonable minimum.

The perceptions of each of the three individual managers as to what is best for the organisation are very different. Taken in isolation, each perception appears to be quite reasonable. However, obviously a compromise position must be found which is best for the organisation as a whole. It is evidently not a trivial undertaking to reconcile these three conflicting viewpoints, and to obtain the best overall outcome, even in this simple example.

Balancing legitimately conflicting perceptions, and optimising overall benefits to the organisation, are even more challenging in a real-world environment. Typically, there will be many more internal parties with legitimately conflicting positions. Additionally, most real-world situations are fluid, and each change of circumstance will require on-going action to re-optimize the overall benefits.

In the context of this case study, maintaining the best balance for the organisation as a whole is the task of a manager. Indeed, one of the classical definitions of a manager specifically centres around providing and maintaining such a balance.

More specifically, we can define a manager as someone who is so placed organizationally that only he has perspective, objectivity, and balance with respect to the varying and sometimes conflicting need of his subordinates. (Allen 1962)

Returning to the project context, it is unlikely to be an easy task to resolve legitimately conflicting interests of multiple internal customers, and come up with acceptable solutions. Amongst other things, the needs analyst would be wise to involve appropriate levels of higher management in helping decide on solutions which optimise the overall picture.

Some complications

However, in practice, it is sometimes not possible to embed oneself within the client organisation to facilitate an effective needs determination. In Stretton 2009e I discussed two situations which sometimes occur, namely:

- when the client organisation simply hands down its requirements
- when the client organisation allows partial participation in the needs identification process

In both cases, the onus is very much on the external needs analyst to probe the client brief with energy, scepticism, diligence and persistence.

Complications may also arise out of other influences which could impact on the way internal customers perceive their needs. These may include such influences as overseas parents, cultural differences, cross shareholding (board influence), middle men and agents, committee decision making bodies, cases when government funding is involved, joint ventures, and other forms of multiple clients (Civil & Civic 1980).

Traits of effective needs analysts

In Stretton 2009e I set down some traits of effective needs analysts, derived from Frame 1994, as follows.

1. The analysts must have a strong ability to deal with customers and extract from them a sense of what they truly need
2. They must have good political skills. This means they must recognise that all customers are not equal in a political sense.
3. They must be technically competent. They should be able to match customers' ill-defined needs to possible solutions

4. They must be open-minded and possess a good imagination. Open-mindedness is necessary so that they do not close off possible solutions to problems because of a narrow outlook
5. They must have a high tolerance for ambiguity. Because customers do not generally know what they need or want, they will provide the needs analyst with mixed signals.
6. They must be articulate.

These traits not only appear to be relevant to identifying needs of multiple internal customers, but also particularly relevant to the context of reconciling their legitimately conflicting interests.

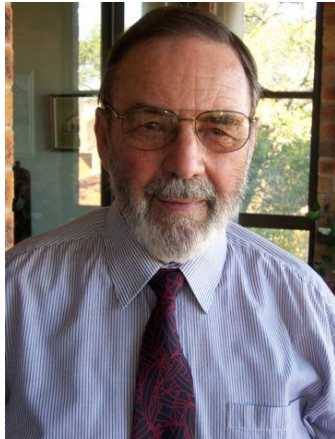
CONCLUDING

As so often applies in the project management world, there is no one-size-fits-all solution to establishing client organisations' needs, particularly when it comes to identifying and reconciling the needs of their multiple internal customers. It is hoped that this note, which is mainly concerned with handling legitimately conflicting interests amongst internal customers, may be seen as a useful contribution to this important area.

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Alan Stretton is one of the pioneers of modern project management. He is currently a member of the Faculty Corps for the University of Management & Technology (UMT), USA. In 2006 he retired from a position as Adjunct Professor of Project Management in the Faculty of Design, Architecture and Building at the University of Technology, Sydney (UTS), Australia, which he joined in 1988 to develop and deliver a Master of Project Management program. Prior to joining UTS, Mr. Stretton worked in the building and construction industries in Australia, New Zealand and the USA for some 38 years, which included the project management of construction, R&D, introduction of information and control systems, internal management education programs and organizational change projects. He has degrees in Civil Engineering (BE, Tasmania) and Mathematics (MA, Oxford), and an honorary PhD in strategy, programme and project management (ESC, Lille, France). Alan was Chairman of the Standards (PMBOK) Committee of the Project Management Institute (PMI®) from late 1989 to early 1992. He held a similar position with the Australian Institute of Project Management (AIPM), and was elected a Life Fellow of AIPM in 1996. He was a member of the Core Working Group in the development of the Australian National Competency Standards for Project Management. He has published over 120 professional articles and papers. Alan can be contacted at alanailene@bigpond.com.au.