

Classifying project management customers: Representing their interests/needs in relevant project processes¹

By Alan Stretton

INTRODUCTION

In the last edition of this journal, I discussed the important topic of adding a genuine customer-oriented focus to project management's currently dominant project-product focus (Stretton 2024b). That article discussed the role of customers in the project context in rather a generalised mode, in keeping with the main thrust of its arguments.

This article will look at some ways of classifying project management customers, particularly in relation to how their interests and/or needs can be properly recognised and incorporated into relevant project processes.

We will start with a basic four-type classification of types of customers – two internal and two external, to the providing organisation – which will backstop other proposed classifications. We then turn to Shenhar & Dvir 2007, whose Table 10-1 proposes “some characteristics of projects for various customers” – the latter comprising three different types of external customers, and over a dozen characteristic attributes for each type. We will then adapt and extend the Shenhar & Dvir Table 10-1 beyond its three external customer groups, to include the previously identified two types of internal customers, and propose corresponding characteristic attributes.

Finally, I will draw on the above to identify and discuss three broad customer groups which require very different processes for determining and incorporating their needs and interests into relevant projects.

I conclude this introduction with a quotation from Shenhar & Dvir 2007:189, which reinforces the importance of project managers recognising and understanding the customers and their individual circumstances, and managing their projects accordingly.

Different customers and markets behave and think differently. Thus, knowledge of the customer is one of the most important issues any project manager must face. Project teams must know how their customers think, what their major problems are, and how they make decisions, finance the project, and communicate. Project teams should also know how their customer organizations function and know the people who represent their customers.

The relevance of these observations to project performance appears to be self-evident. We will begin by looking at a basic classification of project management customers.

¹ How to cite this work: Stretton, A. (2024). *Classifying project management customers: Representing their interests/needs in relevant project processes*, *PM World Journal*, Vol. XIII, Issue III, March.

A BASIC FOUR-TYPE CLASSIFICATION OF CUSTOMERS

Many years ago, in Stretton 2009c, I proposed a classification of the customers/clients of program/project activities. This was reproduced quite recently, unchanged, as a Second Edition in this journal (Stretton 2023e).

For the purposes of this article, I have modified some of the descriptors in this earlier classification, to those summarised in Figure 1 below.

EARLIER CUSTOMER CLASSIFICATION In Stretton 2009c. 2023e	CHANGES TO EARLIER CUSTOMER CLASSIFICATION	REVISED CUSTOMER CLASSIFICATION adopted for this article
1. The client organisation is a unit within the providing organisation	<i>Provision made for more than one organisational unit as customer</i>	INTERNAL CUSTOMERS <i>Specific organisational unit(s)</i>
2. The client organisation is the providing organisation itself	<i>Descriptor changed to identify the relevant multiple internal customers and users, who may comprise part, or all, of the organisation</i>	INTERNAL CUSTOMERS <i>Multiple internal customers/users</i>
3.1 A single uniquely identified external client organization	<i>“Uniquely” replaced by “specifically”. Provision now made for more than one specifically identified organisation</i>	EXTERNAL CUSTOMERS <i>Specifically identified organisation(s)</i>
3.2 Multiple external client organizations some of whom may be difficult to identify	<i>Mass individual customers added, to cater for the many production-based organisations which mainly sell consumer goods</i>	EXTERNAL CUSTOMERS <i>Multiple individual customers (Personal consumers, or organisations)</i>

Figure 1. Classifications of customers for project undertakings

Both the internal and external customers are in two groupings. The first in each case has one or just a few customers who are specifically identifiable; whilst the lower in each group has multitudinous customers. We will look first at internal customers.

Internal customers of project management activities

I have written a good deal in this journal about what are described in these text-boxed headers as internal – i.e. in-company – customers of project activities.

INTERNAL CUSTOMERS
Specific organisational unit(s)

My most recent contribution on specific internal organisation units was in Stretton 2023d, which included discussions on *Internal customers of product/service development projects*, who invariably comprise *specific organisational units*.

INTERNAL CUSTOMERS
Multiple internal customers/users

Stretton 2023d also briefly discussed *Internal customers of working efficiency projects*, who typically comprise *multiple internal customers/users*. Those discussions mainly centred around Business Change Managers representing the interests and/ or needs of the multiple customers/ users.

However, there are other ways in which such multiple interests/needs can be represented, and we will look at these further later in this article.

External customers of project management activities

EXTERNAL CUSTOMERS
 Specifically identified organisation(s)

Most of my previous discussions in this journal about external customers of project activities have related directly to *specifically identified organisations*. The most recent was in Stretton 2023d, which discussed *Direct project delivery to external customers* who were specifically identified. I have written quite extensively on confirming, or helping external customers clarify, their business (or equivalent) needs before attempting to determine relevant project requirements, most recently in some detail in Stretton 2022k

EXTERNAL CUSTOMERS
 Multiple individual customers
 (Personal consumers or organisations)

On the other hand, I have had little to say on ascertaining the needs of multiple external customers. This undoubtedly reflects my basic background in project-based organisations, rather than with relevant production-based organisations

However, projects associated with multiple individual external customers for production-based owner organisations are very substantial indeed and are specifically included here. Although this category covers both multiple individual consumers and multiple organisations, the following will be mainly concerned with multiple consumers.

We now turn to Shenhar & Dvir 2007, who identified three main types of external customers of project-related services.

SHENHAR & DVIR’S THREE TYPES OF EXTERNAL CUSTOMERS, AND EXAMPLE OF THEIR CHARACTERISTIC PROJECT-RELATED ATTRIBUTES

Figure 2 shows the basic headings used by Shenhar & Dvir in their Table 10-1, which, as indicated, is concerned with setting down characteristic of projects for various customers. The three customer groups they nominate are

- Consumers (business to consumer, or B2C)
- Industrial or business organisations (business to business, or B2B)
- Government (business to government, or B2G)

These are represented in the headings to Table 10-1 as shown in Figure 2

Characteristics of projects for various customers			
CUSTOMER TYPE			
Characteristics	Consumer (B2C)	Industrial/Business (B2B)	Government/Public (B2G)

Figure 2. Headings of Shenhar & Dvir’s Table 10-1

My intention in this article is to allocate the three customer groups in Figure 2 into the two external customer groups proposed in Figure 1, and then add the two internal customer groups from the latter into an adaptation of Shenhar & Dvir’s Table 10-1.

I start by first amending the headings of the latter to reflect the allocation of the external customer groups. I then give examples of the fifteen “characteristics” in the first column, (comprising the second and third entries from Table 10-1), together with their characteristic attributes for each of the three customer groups as set down by the authors, as shown.

Characteristics of projects for various customers			
CUSTOMER TYPE			
Characteristics	EXTERNAL CUSTOMERS Specifically identified organisation(s)		EXTERNAL CUSTOMERS Multiple individual customers
	Government/Public	Industrial/Business	Consumer
Value to customer	Impact on public goals and needs	Impact on business	Impact on quality of life
Producer's objective	Long term relationships	Industry leadership, preferred provider	High volume; market share

Figure 3. Amended outline of Table 10-1, and examples of characteristics for each customer group

We now move on to adding the two types of internal customer groups from Figure 1, and proposing characteristic attributes for each of them.

ADDING TWO INTERNAL CUSTOMER SECTIONS, AND CHARACTERISTIC ATTRIBUTES, TO A MORE DETAILED ADAPTATION OF SHENHAR & DVIR TABLE

Detailed adaptation of Shenhar & Dvir’s table, and internal customer additions

Figure 4 below comprises the more detailed adaptation of Shenhar & Dvir’s Table 10-1, and the two internal customer additions.

The layout of the external and internal customer columns

The order of presentation of the three external customer columns has been changed from the original as shown in Figure 3. The specifically identifiable internal customer organisational units follow its two broadly equivalent external customers, and the internal multiple type customers their broadly equivalent external one.

Types of “Attributes” in the left-hand column

I have chosen ten of what appear to me to be the most relevant of the other Shenhar & Dvir’s “Characteristics” for the purposes of this article, and these are now listed under the descriptor “Attributes” in the left-hand column of Figure 4, but in a substantially different order from the original Table 10-1. Additionally, these attributes are presented in two groupings. The first group of two attributes is concerned with somewhat more generalised contexts than the other eight, and this is indicated by the heading “Characteristic attributes of overall involvement by, and product definition for, various customer types, including internal customers”.

The remaining eight attributes are more project-specific, as is indicated by the footer descriptor “Eight more directly project-related characteristic attributes for various types of customers”

The detailed characteristic attributes for each customer type

The project-related characteristic attributes in the internal customer sections are my own contribution, based on substantial personal experience in managing such projects, as indicated by my initials [AMS]. The contributions from Shenhar & Dvir’s Table 10-1, are basically unchanged, and are identified by the [S&D] abbreviation.

Characteristic attributes of overall involvement by, and product definition for, various types of customers					
Attributes	EXTERNAL CUSTOMERS Specifically identified organisation(s)		INTERNAL CUSTOMERS Specific organisational unit(s) [AMS]	EXTERNAL CUSTOMERS Multiple individual customers (consumers) [S&D]	INTERNAL CUSTOMERS Multiple internal customers/users [AMS]
	Government/public customers [S&D]	Industrial/business customers [S&D]			
Customer involvement	Intense customer involvement; often a full time customer representative on team	Sometimes direct customer involvement	Direct internal customer involvement throughout	No direct involvement; customer opinion through focus groups or market trial	Customers/users must be involved, typically via formal or informal representatives
Product definition	Defined by, or with customer	Continuous customer involvement	Product defined by, or with, internal customer	Defined by marketing; based on perceived customer needs, market research, and projections	Defined by provider, in conjunction with customer/user rep’s, and other key stakeholders
Project scope: work, goals, deliverables	Defined by, or with, customer	Defined by provider, with customer	Defined by provider with customer	Defined by provider	Defined by provider in conjunction with customer/user reps.
Contractual obligations	Contracted project, obligations to customer	Either external contract or internal commitment	Internal commitment	No contract, internal commitment	Internal commitment
Financing	Financed by customer according to contract	Internally financed, or contracted by customer	Internally financed	Internally financed	Internally financed
Project focus	High focus on performance	High focus on time and cost	Focus depends on customers’ needs	High focus on time, cost and quality	Focus depends on customer/user reps.
Importance of time	Time sometimes sacrificed for other concerns	Time to delivery is critical to customer	Varies in accordance with customer and user needs	Time to market is a competitive advantage	Varies in accordance with customer and user needs
Risk issues	Public or political concerns, safety	Time delays	Varies, but can include time delays	Safety, health, environmental	Varies, but can include time delays
Reviews	Customer reviews	Internal or external reviews	Internal, with customers	Internal reviews	Internal – customers & user representatives
Product support	Training, documentation, on-call support	Training, documentation, on-call support	As needed or requested by customers	Service availability	As needed or requested by customers/user representatives
Eight more directly project-related characteristic attributes for various types of customers					

Figure 4. Two internal customer sections added to an adaptation of Shenhar & Dvir’s Table 10-1

I do not know how useful the extended table shown in Figure 4 might prove to be. The characteristic attributes are necessarily somewhat generalised, and perhaps not particularly insightful if taken in isolation. However, the evident intention of the original Table 10-1 was to highlight differences between different types of customers – and we have added two different types of internal customers to the original three external ones.

Some broad similarities and differences between types of customers

It can be seen that *specific organisational unit* types of internal customers have a good deal in common with *specifically identified organisation(s)* types of external customers, particularly in the broader attributes of *Customer involvement* and *Product definition*. Of course, there are differences between the two, but also sufficient shared characteristic attributes to broadly consider them in one grouping, particularly in relation to involving the customers in relevant project processes.

However, when we come to *multiple internal customers/users* types of internal customers, we find little in common with the characteristic attributes of the *multiple individual consumer* type of external customers.

Regarding the latter, the needs of *multiple external customers* (in this case *consumers*) can only be assessed by indirect approaches. For example, the S&D entry against *customer involvement* nominates focus groups and market trial. This, in turn, can be seen as part of the broader approach indicated against *product definition*, which nominates a broad marketing approach, and particularly *market research*.

In contrast with multiple external customers, *multiple internal customers/users* are directly accessible. Their interests are commonly represented by a formally elected or de facto customer/user representative. The challenge for the latter is to obtain a balanced assessment of the overall needs of often multitudinous customers/users. In short, *multiple internal customers/users* represent an entirely different type of customer to the others when it comes to considering how the customers' needs and interests can be best represented and incorporated into relevant project processes.

We will now look in a little more detail at the above three broad types of customers, and how their interests and needs can best be incorporated into their projects.

DISTINGUISHING THREE BROAD CUSTOMER GROUPS WITH VERY DIFFERENT PROCESSES FOR INCORPORATING THEIR NEEDS INTO RELEVANT PROJECTS

External and internal specifically identified customers

Stretton 2024b emphasised the need for project management teams to develop a more genuine customer-oriented focus than is commonly the case at present, in order to ensure that the customer needs have been properly established, and that they remain at the forefront of subsequent project management work to help satisfy these needs.

I have long contended that the project management literature offers far too little guidance on the subject of ensuring that the customer's basic business (or equivalent) needs have been properly established before any attempt is made to establish relevant project requirements. We do have substantial material on Front End Loading (FEL) in the literature on major projects, but little of this has found its way into the mainstream project management literature. In the latter context, I have written quite extensively on confirming, or helping external customers clarify, their basic needs before developing project requirements – most recently, and in some detail, in Stretton 2022k. But more needs to be done to develop and promulgate appropriate guidelines in project management standards and the like.

External multiple customers (consumers)

As noted earlier, with external multiple consumers, Shenhar & Dvir discuss the task of identifying the needs of these types of customers via market research, projections, market trial, focus groups, and the like. These are commonly seen as marketing tools, and part of marketing management – but are little discussed in the project management context. Shenhar & Dvir summarise the marketing characteristics for their three types of customers as follows.

Characteristics of projects for various customers			
CUSTOMER TYPE			
Characteristics	Government/public customers	Industrial/business customers	Consumer customers
Marketing	Competition for bids; focused on major decision makers	Mass production, or tailored to customer	Mass marketing, advertisement; brand management; distribution channels

Figure 5. Marketing characteristics for three customer types, from Shenhar & Dvir's Table 10-1

I briefly discussed marketing management in the Lend Lease context in Stretton 2024b, and in more general contexts in Stretton 2009c. There appear to be few contributions on marketing management in the project management context. Barkley & Saylor 2001 are concerned with "Customer driven project management", but mainly focus on quality aspects. There may be other relevant publications which I have missed – and indeed I hope there are, or that they will be developed, because broader discussions and guidelines on customer driven aspects would benefit us all.

Internal multiple customers/users

Multiple internal customers/users move us into territory not covered by the other types of customers. In particular, they differ very significantly from *external mass consumer customers* – because *multiple internal customers/users* are directly accessible, usually via appointed or de facto representatives. This entails a totally different approach to accessing and involving customers/users, this time via their internal representatives.

The most relevant sections of the project management literature which involve internal customers/users appear to be those I describe as organisational working efficiency projects. These can be conveniently grouped as follows.

- Organisational change projects
- Operational improvement projects, and
- Operations maintenance projects

Organisational change projects are quite extensively covered in the literature – as for example in the well known “Managing successful programmes” publications of the UK’s Office of Government Commerce (e.g. OGC 2007), which feature Business Change Managers (BCMs) as the customers/users representatives. However, the focus of the latter is mainly on BCMs and the projects/programs, with little discussion of what BCMs actually do to ensure they are accurately representing their customers/users needs.

There appear to be fewer materials on operational improvement projects, and even less on operations maintenance projects – and, in both cases, very little indeed about how the needs of the customers/users are ascertained/verified by their representatives.

The latter is quite major topic in its own right, and further discussion of this somewhat neglected subject is well beyond the scope of this modest enquiry. However, it is an important topic, and I hope to be able to discuss some aspects of representing multiple internal customers/users in a future article in this journal.

SUMMARY/DISCUSSION

This article has looked at some ways of classifying project management customers, particularly in relation to how their interests and/or needs can be properly recognised and incorporated into relevant project processes.

We started with a basic four-type classification of customers – two internal to the providing organisation, and two external to it, and each of these divided into individually identifiable customers, and multitudinous customers.

We then introduced the basic format of Table 10-1 from Shenhar & Dvir 2007, which sets down “some characteristics of projects for various customers”. The authors nominated three types of external customers, which were then related to the two broader types of external customers in the basic four-type classification.

We then added the two types of internal customers to a more detailed adaptation of their table, and included characteristic attributes for each type of customer as they applied to nine of the project-related attributes listed by Shenhar & Dvir. This was done in two tranches. The first was a broad group which covered characteristic attributes related to overall involvement by, and product definition for the various external and internal customer types. This tended to set a broad pattern for the second tranche, which added seven more directly project-related characteristic attributes.

Discussions on this detailed adaptation led to identifying some broad similarities and differences between types of customers. This, in turn, led to distinguishing between three broad customer groups which require very different processes for determining and incorporating their needs and interests into relevant projects. These three customer groups were described as

- External and internal specifically identified customers
- External multiple consumer customers
- Internal multiple customers/users

Whilst there are some relevant materials in the mainstream literature on each of the first two customer groups, I also noted that more still needs to be done to adequately cover these two types of customers, particularly in ensuring that their needs are properly established in the first place. However, there is little material in the literature on this aspect of internal multiple customers/users, and I concluded by signalling an intention to investigate this rather neglected, but important, topic in more detail in a following article.

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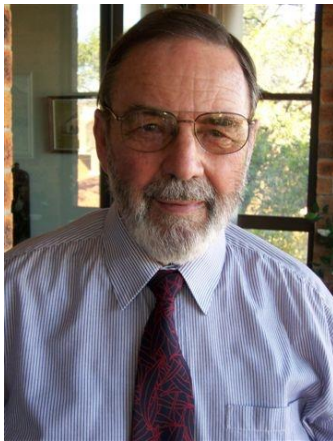
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Alan Stretton is one of the pioneers of modern project management. In 2006 he retired from a position as Adjunct Professor of Project Management in the Faculty of Design, Architecture and Building at the University of Technology, Sydney (UTS), Australia, 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. Alan 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 250+ professional articles and papers. Alan can be contacted at alanailene@bigpond.com.au.