

Project Business Management ^{1,2}

Make the Project Customer Happy! Really Happy!

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“Do what you do so well that they will want to see it again and bring their friends.”
- Walt Disney



Summary

In Project Business, true customer happiness involves delight and memorable experiences. The Kano Model categorizes needs to enhance satisfaction and turn it into happiness. Implementing the model helps meet requirements and exceed expectations, essential for successful cross-corporate projects and winning valuable future business.

Here is an explanation of how it works.

¹This is an article in a series by Oliver Lehmann, author of the book “[Project Business Management](#)” (ISBN 9781138197503), published by Auerbach / Taylor & Francis. See full author profile at the end of this article. A list of the other articles in PM World Journal can be found at <https://peworldlibrary.net/authors/oliver-f-lehmann>.

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A Case Story

Jack Thompson, a seasoned contractor known for his meticulous attention to detail and quality craftsmanship, was confident as he submitted his bid for a high-profile commercial renovation project. Over the years, Jack had built a reputation for delivering projects on time and within budget, earning the satisfaction of his customers. His company, Thompson Construction, was often praised for its transparent communication and unwavering dedication to client needs.

For this particular project, Jack went above and beyond. He conducted a thorough site assessment, engaged with the client to understand their vision, and crafted a comprehensive proposal. His bid highlighted a detailed project plan, a timeline with key milestones, and a competitive yet fair price. Jack also included testimonials from previous clients and a portfolio showcasing similar projects completed successfully.

Unbeknownst to Jack, his primary competitor, Emily Clarke of Clarke Contracting, had also submitted a bid for the same project. Emily was not only known for satisfying her customers but also for consistently delighting them with unexpected extras and a personal touch that went beyond the contractual obligations. Her company's motto, "Exceeding Expectations Every Time," was more than just a slogan; it was a promise she had lived up to time and again.

Emily's bid was equally competitive and detailed. However, she included a few additional elements: a 3D visualization of the proposed renovations, a detailed sustainability plan that aligned with the client's green initiatives, and a promise of a post-project celebration event for the staff once the renovation was completed.

The client, a mid-sized tech company looking to revamp its headquarters, found itself in a dilemma. Both proposals were impressive and showed a deep understanding of their needs. Thompson Construction's bid was precise and demonstrated a proven track record of satisfying customers. Clarke Contracting's proposal, on the other hand, not only met all the requirements but also added value in ways the client hadn't initially considered.

After much deliberation, the client decided to award the contract to Clarke Contracting. The decision was influenced by Emily's history of delighting her customers and the extra touches she promised, which resonated with the company's culture of innovation and employee appreciation.

Jack was disappointed but gracious in his defeat. He reached out to the client, expressing his gratitude for the opportunity to bid and his willingness to collaborate on future projects. His professionalism and positive attitude left a lasting impression on the client, who promised to keep him in mind for upcoming opportunities.

Meanwhile, Emily delivered on her promises. The project was completed not only to the client's satisfaction but also to their delight. The 3D visualizations helped the client's team feel involved and excited about the changes, and the sustainability initiatives earned the company accolades in the local community. The post-project celebration was a hit, further solidifying Clarke Contracting's reputation for going above and beyond.

Jack took this experience as a learning opportunity. He realized that in the highly competitive world of contracting, satisfying customers was essential, but to truly stand out, delighting them was key. He began incorporating more innovative ideas and extra touches into his proposals, inspired by Emily's approach.

In time, Thompson Construction started to win more bids, not just because of their quality work but also because of the added value they promised and delivered. Jack's journey taught him that in business, as in life, going the extra mile can make all the difference.

Introduction

Happiness is more than mere satisfaction.

In Project Business, customer satisfaction is achieved by meeting expectations and fulfilling contractual obligations. However, customer happiness encompasses delight, emotional engagement, and the creation of memorable experiences. When customers are truly happy, it brings a smile to their faces, inspires them to return for more, encourages them to bring friends, and motivates them to share their positive experiences publicly.

Satisfied customers may not remain loyal, as their satisfaction is fleeting and can be swayed by a competitor's promises and lower price. True loyalty is born from happiness.

When we manage Project Business, projects are no longer just there to help the business. They are the business.³ The customer outsources the project, partially or in full, and depends on the contractor's contribution. For the contractor, the project is a profit center, often the core business, that must bring money home and generate the income that the company needs to survive. Often, Project Business involves more than two organizations, and of course, ensuring customer satisfaction is crucial for each of the contractors. Meeting expectations and obligations protects the company from trouble with the customer and the legal system. However, it's not enough. Happy customers lead much more to valuable future business than satisfaction can ever do.

And often enough, customers are even left dissatisfied and frustrated. As contractors, we can do better.

How can we understand what it takes to make the customer happy? The Kano Model is an effective tool for understanding and prioritizing customer needs, enhancing satisfaction, and ultimately ensuring project success.

The Kano Model helps in achieving this happiness by identifying and incorporating Excitement Needs, transforming satisfied customers into happy ones. In project business, this means delivering unexpected value, innovative solutions, and outstanding service, making customers not just content but truly happy.

³ See the more detailed explanation [in the Appendix](#).

Understanding the Kano Model

Noriaki Kano is a prominent Japanese researcher and consultant, best known for developing the Kano Model, a theory of product development and customer satisfaction. Born in 1940, Kano graduated from the University of Tokyo where he studied under Kaoru Ishikawa, another Japanese “Guru” of quality. Influenced by Abraham Maslow’s Hierarchy of Needs and Herzberg’s Hygiene factors/Motivators theory, but also by Aristotle⁴, He has contributed significantly to quality management, emphasizing the understanding and categorizing customer needs to improve product design and service delivery. The Kano Model, introduced in the 1980s, categorizes features and functions from a customer or user perspective into three categories of positive requirements:

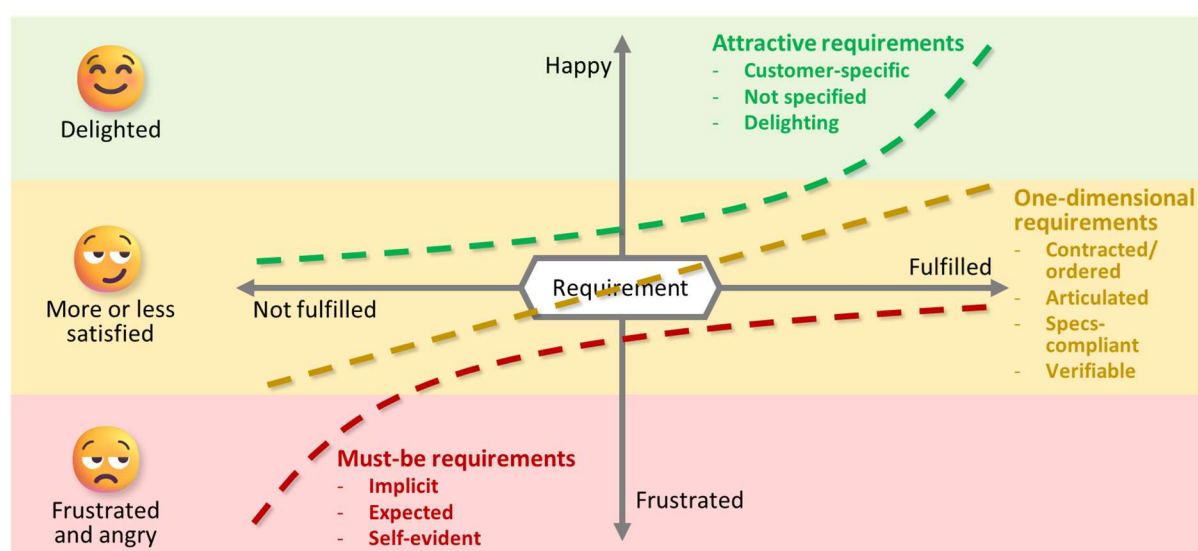


Figure 1: The Kano model

- **Must-Be (or Basic) Requirements:** These are essential features that customers expect. Their absence causes dissatisfaction, but their presence doesn’t significantly increase satisfaction. In project business, examples include meeting deadlines, ensuring safety, and adhering to agreed-upon specifications.
 - **Example:** A new car must have a windshield wiper-washer system, even if this was not explicitly ordered and specified by the customer. A car delivered without it would be deeply frustrating, but the fact that it is present on the new car does not lead to satisfaction or even delight.
- **One-Dimensional (or Performance) Requirements:** These features directly correlate with customer satisfaction. The better these features are executed, the higher the satisfaction. Examples include delivering the project under budget, exceeding quality standards, and providing timely updates.
 - **Example:** A customer's satisfaction increases to the extent that his/her new car is delivered as he/she ordered, configured and specified. However, the

⁴ (Turner, 2020)

fact that a car has been delivered as ordered does not arouse enthusiasm and delight.

- **Excitement Requirements (Delighters):** These are unexpected features that delight customers. Their presence causes significant satisfaction, but their absence does not lead to dissatisfaction. In project business, this could be innovative solutions or additional services that weren't initially anticipated.
 - **Example:** A vehicle manufacturer or dealer can endeavor to make taking delivery of the car a special experience by surprising the customer with special rewards. A bottle of expensive Champagne could be an example so that the customer can celebrate the car in the night with the spouse or friends.

There are two more types of requirements that do not contribute to

- **Indifferent Requirements:** These features do not impact customer satisfaction significantly. They may be nice to have but are not critical to the project's success. Identifying these helps avoid unnecessary resource allocation.
 - **Example:** A bottle of champagne may not have a positive effect on a die-hard beer drinker. the investment in the happy customer fizzles out without any effect
- **Reverse:** Features that can cause dissatisfaction if present. These are often specific to customer preferences and require careful management to avoid negative impacts.
 - **Example:** The bottle of champagne may have a deterrent effect for a radical opponent of alcohol and the investment in the happy customer backfires - instead of delight, there is anger.
- **Questionable needs:** Signal that don't know the customer well enough.
 - **Example:** The dealer doesn't know your likes and dislikes and refrains from gifts that may be contentious. A bouquet of flowers could fit

Applying the Kano Model in Project Business Management

Kano modeling is a useful tool for prioritizing customer requirements based on their impact on customer satisfaction. Here's an explanation of the order in which requirements should be met, along with the reasons behind it:

1. **Must-Be Requirements:** These should be addressed first because their absence leads to dissatisfaction and frustrated, in which case it is impossible to make the customer satisfied or even the delighted.
2. **One-Dimensional Requirements:** After basic needs have been met, these should be the next focus as they directly enhance customer satisfaction.
3. **Attractive Requirements:** These should be addressed after ensuring basic and performance needs are met because they provide a competitive edge and can significantly enhance customer loyalty.

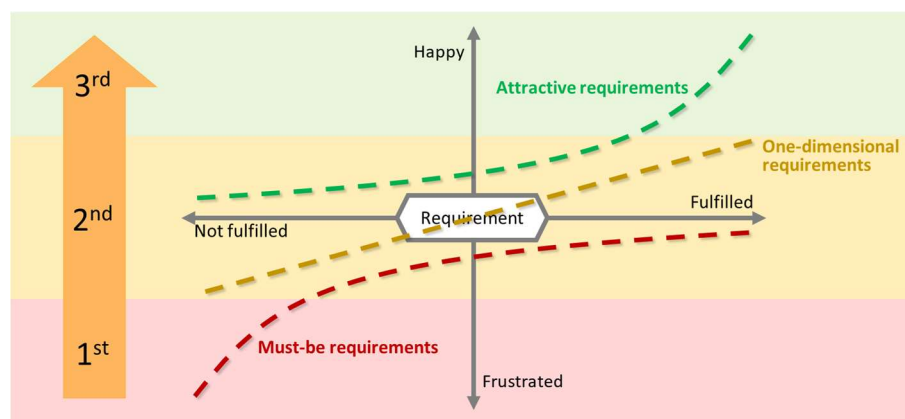


Figure 2: The order in which Kano requirements should be met.

A Requirement has been Identified – How can You Know, to which Kano Level it Belongs?

Noriaki Kano developed a questionnaire which is very helpful. The Kano questionnaire consists of a pair of questions asked and evaluated for each requirement:

Functional Question (Positive Form):

- "How do you feel if this requirement is met in the product?"

Dysfunctional Question (Negative Form):

- "How do you feel if this requirement is not met in the product?"

For use in product management, where products and services are offered to many similar customers, there is an evaluation sheet, which identifies the requirements type based on the combination of the answer to the functional question and the dysfunctional one⁵:

⁵ For product management, the further use of the evaluation is described at Holicki (2021).

	↓ Dysfunctional ↓				
↓ Functional ↓	I like it that way	I expect it that way	I am neutral	I can tolerate it that way	I dislike it that way
I like it that way	Q	A	A	A	O
I expect it that way	R	I	I	I	M
I am neutral	R	I	I	I	M
I can tolerate it	R	I	I	I	M
I dislike it	R	R	R	R	Q

M: Must be, O: One-dimensional, A: Attractive, I: Indifferent, R: Reverse, Q: Questionable

For example:

- When customers are asked how they would feel when the new car has a windscreen wiper/washer system, most will answer “I expect it that way”.
- Asked how they would feel when the new car comes without the system, most will respond “I dislike it that way.”

The combination of the responses makes it clear that the windscreen wiping/washing system is an “M”, a Must-be requirement.

	↓ Dysfunctional ↓				
↓ Functional ↓	I like it that way	I expect it that way	I am neutral	I can tolerate it that way	I dislike it that way
I like it that way	Q	A	A	A	O
I expect it that way	R	I	I	I	M
I am neutral	R	I	I	I	M
I can tolerate it	R	I	I	I	M
I dislike it	R	R	R	R	Q

Figure 3: Evaluating the Kano Questionnaire

In the context of working on projects for paying customers, it is important to recognize the distinctions from the mostly operational product management discipline. One significant difference lies in the fact that instead of working for a general, often anonymous group of buyers and users, we are dealing with a specific paying project customer. This often eliminates the necessity of using a questionnaire. The success of Project Business hinges upon the profound understanding of the customer's needs, encapsulated in the principle “Know your customer!”

Consequently, it is imperative to have a thorough comprehension of the requirements and their respective classifications. In cases where the customer is not yet fully understood, but the relationship is founded on transparency and mutual trust, we can simply ask to establish the Kano level of a requirement, then employing the model to gain valuable insights.

Case Study: Successful Kano Model Implementation

Consider a software implementation project involving multiple contractors and a demanding customer. By applying the Kano Model, the project teams identified that on-time delivery and adherence to data protection and privacy standards and laws were Must-be requirements. Meeting contractual specifications and clauses were On-dimensional requirements, and the team applied a modern state-of-the-art look-and-feel not only of the user surface but also for maintenance functions, improving learning and increasing the productivity through the new system, which delighted the customer.

By focusing on these insights, the project not only met all basic requirements but also exceeded expectations, resulting in a happy customer and a successful collaboration among all involved organizations.

Conclusion

In Project Business Management, where projects are the business and involve complex collaborations, the Kano Model offers a strategic approach to understanding and exceeding customer expectations. By effectively categorizing and prioritizing project features, you can ensure that your project not only meets its goals but also makes your project customer really happy. Embrace the Kano Model in your project business practices, enhancing customer satisfaction, driving project success, and strengthening business relationships.

Implementing the Kano Model can transform your approach to project management, ensuring that every feature and aspect of your project is tailored to delight your customers and deliver maximum value.

Appendix: What is Project Business?

Project Business takes place when two or more organizations do a project together as customers and contractors. In Project Business, the project is no longer solely there to support a business. It is the business.

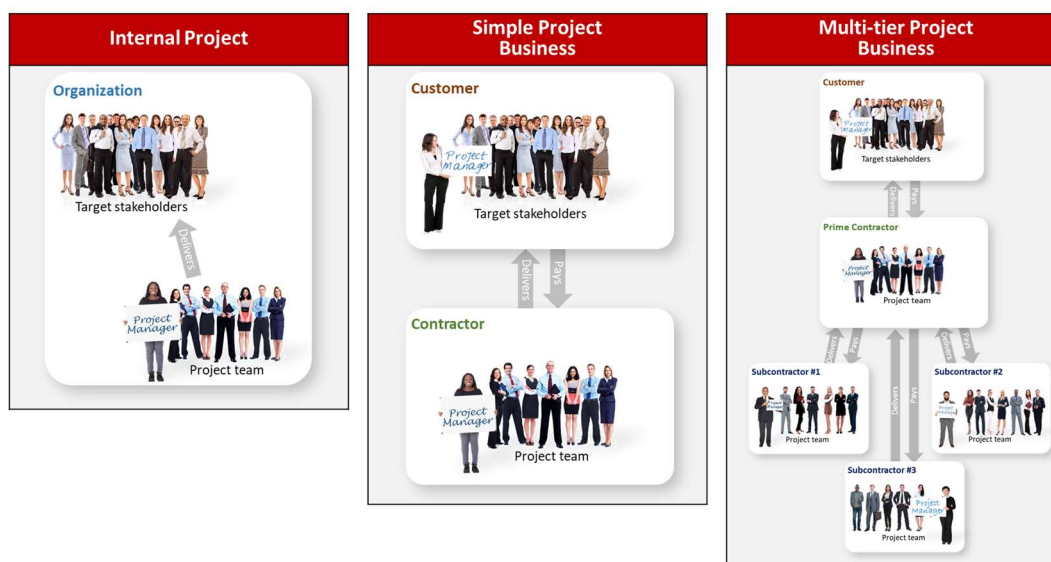


Figure 4: In contrast to internal projects, where the target stakeholders of the project and its performing team are located in the same organization, Project Business is cross-corporate with two or more—often many more—organizations involved.

Project Business is different from internal, cross-functional projects. In a simple scenario, just two organizations may be involved: A customer and a contractor. In mega-projects, such as major infrastructure, aerospace and defense programs, or even Olympic games, hundreds of organizations may work together towards a common goal. Typically, these organizations build complex and dynamic multi-tier project supply networks. For most of them, the project is not a cost center but a customer project—a profit center. It must bring money home and safeguard the organization's credit line.

Many companies rely on project business as their sole source of income. As contractors, they sell project services and products against payment. Others include customer projects as a component in their proposition packages: They sell hardware, software, or ongoing services, and the project to implement these on the customer side is part of their success formula for the paying customer.

The high art of Project Business is forging the different organizations together and making them follow a common mission: The successful completion of the project. Ideally, contract parties become project partners teaming up for the benefit of each of them and for the smile on everyone's face when they have achieved a desired and distinguished result together, a result that one organization alone could not have achieved.

Project Business is not a fringe topic of project management—it's a big, global trend across all industries.

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Oliver F. Lehmann, MSc, ACE, PMP, is a project management educator, author, consultant, and speaker. In addition, he is the owner of the website Project Business Foundation, a non-profit think tank for professionals and organizations involved in cross-corporate project business.

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Oliver believes in three driving forces for personal improvement in project management: formal learning, experience, and observations. He resides in Munich, Bavaria, Germany, and can be contacted at oliver@oliverlehmann.com.

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- "[Project Business Management](#)" (ISBN 9781138197503), published by Auerbach / Taylor & Francis in 2018.

His previous articles and papers for PM World Journal can be found here:

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