

Role of Customers and Markets in Project Management

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Abstract— In this article about the role of customers and markets in project management lifecycle has been discussed. For this reason the tools of project manager has defined and the role of customers and markets in project management in all of project phases that include all of inputs tools and out puts has considered.

Keywords– Project Management, Customer Factor, Marketing Factor and Life Cycle

I. INTRODUCTION

A customer (also known as a client, buyer, or purchaser) is usually used to refer to a current or potential buyer or user of the products of an individual or organization, called the supplier, seller, or vendor. This is typically through purchasing or renting goods or services. However, in certain contexts, the term customer also includes by extension any entity that uses or experiences the services of another. A customer may also be a viewer of the product or service that is being sold despite deciding not to buy them. The general distinction between a customer and a client is that a customer purchases products, whereas a client purchases services. In a survey of nearly 200 senior marketing managers, 67 percent responded that they found customer metrics very useful [1]. Three metrics are used to count customers and track customer activity irrespective of the number of transactions (or monetary value of those transactions) made by each customer:

Customer Counts: These are the number of customers of a firm for a specified time period [1].

Recency: This refers to the length of time since a customer's last purchase. A six-month customer is someone who purchased from the firm at least once within the last six months [1].

Retention Rate: This is the ratio of the number of retained customers to the number at risk [1].

In contractual situations, it makes sense to talk about the number of customers currently under contract and the percentage retained when the contract period runs out. In non-contractual situations (such as catalogue sales), it makes less sense to talk about the current number of customers, but instead to count the number of customers of a specified recency [1]. The word derives from "custom," meaning "habit"; a customer was someone who frequented a particular shop, who made it a habit to purchase goods of the sort the shop sold there rather than elsewhere, and with whom the

shopkeeper had to maintain a relationship to keep his or her "custom," meaning expected purchases in the future. The slogans "the customer is king" or "the customer is god" or "the customer is always right" indicate the importance of customers to businesses – although the last expression is sometimes used ironically. However, "customer" also has a more generalized meaning as in customer service and a less commercialized meaning in not-for-profit areas. To avoid unwanted implications in some areas such as government services, community services, and education, the term "customer" is sometimes substituted by words such as "constituent" or "stakeholder". This is done to address concerns that the word "customer" implies a narrowly commercial relationship involving the purchase of products and services. However, some managers in this environment, in which the emphasis is on being helpful to the people one is dealing with rather than on commercial sales, comfortably use the word "customer" to both internal and external customers. OBSOLETE meaning: In the early 17th century customer was defined as a "common prostitute. This meaning is important for understanding historical literary works. ("I marry her! What, a customer?") Othello, or ("I think thee now a common customer") All's Well that Ends well [2]. Today the meaning of "customer" has been inverted in this usage.

II. MARKET RESEARCH

Throughout the lifespan of one company, the people that are being sold to are studied so that they can be provided with more attractive products or services. The main market doing the buying is, of course, that company's consumer base. Analyzing and understanding such customers is the main method of keeping them, and is why most assets are poured into Research and Development (R&D). R&D is the process by which old products and new ideas become refined into better, more profitable packages. It consists of a lot of customer data: interviews, observation, product testing, and plenty of questions. Innumerable details are dug up to gain an insight into who the core customers are, and what they want or need. This is where branding creation, market consideration, and market testing comes into play. Anything that the customer base will not buy will not be made [3]. How a company listens to their customers is vital. Listening to what they say they want and providing that is a sure-fire means to failure. It turns out that it's not as simple as just listening, because customers often do not know what they want or why they want it. Customers do

not really understand the creation process, and should only be asked concise questions that a company's R&D team can make into something their customers would value [4]. It is through this careful insight into customer minds that a business improves their product and gains more buyers and more revenue.

III. BUSINESS MODEL

Most current C2C sites, such as eBay, have both streamlined and globalized traditional person-to-person trading, which was usually conducted through such forms as garage sales, collectibles shows, flea markets and more, with their web interface. This facilitates easy exploration for buyers and enables the sellers to immediately list an item for sale within minutes of registering [5]. When an item is listed on a C2C site, a nonrefundable insertion fee is charged based on the seller's opening bid on the item. Once the auction is completed, a final value fee is charged. This fee generally ranges from 1.25 percent to 5 percent of the final sale price [6]. After the C2C site sets up the system in which bids could be placed, items can be put up for sale, transactions can be completed, seller fees are charged, and feedback can be left, while the C2C site stays in the background. For example, at the end of an auction, the C2C site notifies the buyer via e-mail that he or she has won. The C2C site also e-mails the seller to report who won and at what price the auction finished. At that point it's up to the seller and buyer finish the transaction independently of the C2C site. C2C sites make money by charging fees to sellers. Although it's free to shop and place bids, sellers place fees to list items for sale, add on promotional features, and successfully complete transactions [7]. Many C2C sites have expanded and developed existing product categories by introducing category-specific bulletin boards and chat rooms, integrating category-specific content, advertising its service in targeted publications and participating in targeted trade shows. EBay specifically has also broadened the range of products that it offers to facilitate trading on the site, including payment services, shipping services, authentication, appraisal, vehicle inspection and escrow services. Specialty marketplaces have also been added to serve the specialized needs of buyers and sellers. For example eBay Motors serves the automotive marketplace, including vehicles, parts and accessories; and Half.com is focused on providing a fixed-price trading environment, initially for books music, videos and video games [8]. Many online auction sites use a system called PayPal for sellers to receive online payments securely and quickly. A traditional credit card is not required to use this site because PayPal can be linked directly to your bank account [9].

IV. COMMUNICATIONS

A. Advertising

Advertising is essential towards the success of any business. In the case of customer to customer marketing, advertising often relates to online auctions and listings. As opposed to the pricey costs to advertise in medias such as

newspapers and magazines, products are already being promoted and publicized once users decide to officially put them on the internet. Potential buyers will become aware of products or services by conducting searches on the websites. Aside from possible fees and commissions imposed by the auction or listing site, advertising in this market does not require a substantial amount of money.

B. Advantages

Customer to customer marketing has become very popular in the recent years. Customers can directly contact sellers and eliminate the middle man. More importantly, anyone can now sell and advertise a product in the convenience of one's home – enabling one to easily start a business. Therefore, a wide variety of products can often be found on auction sites such as eBay, including second-hand goods. Since majority of these sales occur over the internet, sellers can reach both national and international customers and greatly increase their market. Feedback on the purchased product is often requested to aid both the seller and potential customers. The actual buying and searching process is simplified and search costs, distribution costs, and inventory costs are all reduced. Moreover, the transactions occur at a swift rate with the use of online payment systems such as PayPal [10].

C. Disadvantages

Although online auctions allow one to display his or her products, there is often a fee associated with such exhibitions. Other times, websites may charge a commission when products are sold [11]. With the growing use of online auctions, the number of internet-related auction frauds has also increased. For instance, a seller may create two accounts on an auction site. When an interested buyer bids for an item, the seller will use another account to bid on the same item and thus, increasing the price. Consequently, many users have purchased products at unnecessarily inflated prices [12]. On a more serious note, identity theft has become a rising issue. Scam artists often create sites with popular domain names such as "ebay" in order to attract unknowing eBay customers. These sites will ask for personal information including credit card numbers. Numerous cases have been documented in which users find unknown charges on their credit card statements and withdrawals in their bank statements after purchasing something online. Unfortunately, websites often have a liability statement claiming that they are not responsible for any losses or damages. Furthermore, illegal or restricted products and services have been found on auction sites. Anything from illegal drugs, pirated works, prayers, and even sex have appeared on such sites. Although most of these items are blacklisted, some still find their way onto the internet [12].

V. FRAMEWORK & PROJECT LIFE CYCLE MANAGEMENT: PROJECT MANAGEMENT FRAMEWORK

In our research about Project Management Framework in many reference such as Professor Jafaari, PMBOK, Kerzner, Terner, Larcen, Methodology Michigan and etc, we just found

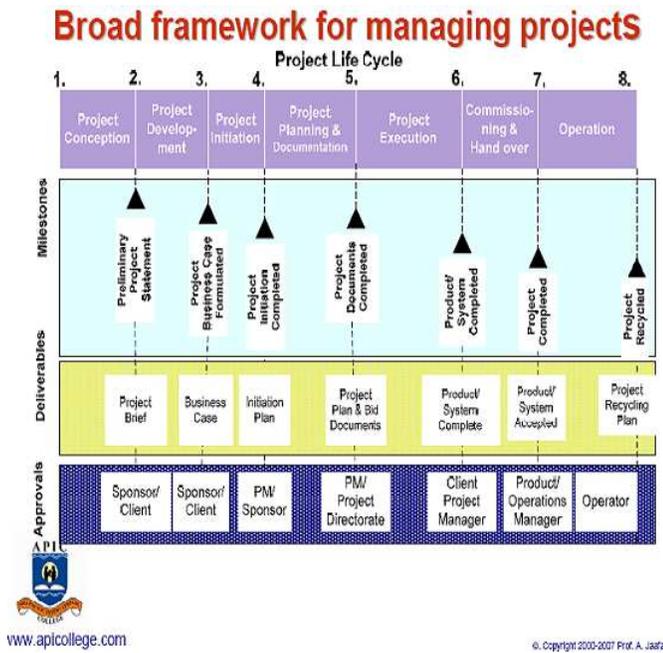


Fig. 1: Project life cycle model Reference: Project Planning and Control

this subject in Professor Jafaari's lectures and PMBOK, so all of my present are of this two reference. The first step to create a best practice model for a project is to define a proper framework that it comprises all activity involved in the project from the conception to its handover.

The considering of many framework and life cycle model has summarized in Table 1.

Table 1: Summarized of many framework and life cycle model

Phase	Definition	Output	Approved by
1	Project Conception	Project brief & list of option available	Approved by Sponsor/Client
2	Project Development	Business case (project definition report)	Approved by Sponsor/Client
3	Project Initiation	Initiation plan	Approve by PM/Sponsor
4	Project planning and documentation	Project plan and bid documents	Approve by PM/Project directorate
5	Project execution	Product/ system completion/testing	Approve by PM/Client
6	Project monitoring & control	Project monitoring & control	Approve by PM/Client
7	Commissioning and handover	Product/ system monitored/controlled	Approve by Product/operation manager
8	Operation	Operation	Project recycling plan

VI. PROJECT MANAGEMENT PLAN

The objective of this best practice model is to provide standard methods and guidelines to ensure that projects are conducted in a disciplined, well-managed, and consistent

manner that promotes the delivery of quality products that meet the customer's needs and results in projects that are completed on time and within budget. This model delineates which goals are set to meet the project client/stakeholders needs and requirements. Furthermore, this model is used to extract the project KPI's. Also, this model defines how to apply an integrated process and tools in 9 strategic management functions and 9 implementation functions. Moreover, the identified criteria for project are embedded in the model. Based on the defined KPI's, the assessment of the project will be performed according to allocated criteria and indicators. Also, the key success factors (KSFs) of each function are defined to guide the project to its successes.

Finally, the requested changes will be considered and integrated in all 18 strategic and implementation functions to find and identify their impacts on the other areas. Upon stakeholders' approval, the changes will be applied. The concept of this methodology, and how it fits in the overall project life cycle methodology At first, our methodology was inspired and set according to the level 3 of APIC's PH-Check methodology but according to PHC of the project, meetings with project team, data gathering of site and central office review of the contract, we found that level 3 is not applicable for most of 18 functions of the project. So, we have to revise our BPM according to project team feedback due to the existing barriers. Our goal in this project is to provide a basis for the methodology to grow the level of project into level 2 & 3 which is realistic for petrochemical projects in Iran.

VII. PROJECT STRATEGIC CORE FUNCTIONS

The concentration of project management in PMBOK is from initiation phase to the rest downstream phases, whereas it is too late to step in a project when there is not a defined strategy for managerial function and their integration with other core area in project management. The main purpose to plan and manage all core functions (e.g., the STC, QRP) is to deliver the project to its business case and priorities, to derive a reliable estimate and set a STC, QRP management plan, to ensure they are integrated with other project areas (scope, time, risk, quality, procurement are inter-dependent) and to monitor and apply initiatives that will address high variance.

The following flowcharts and matrices have been derived from Professor Jaafari lectures and APIC's materials and it defines the role of 18 core function in strategic and high level stages of forging a project and their relation to each other and client/stakeholders, their integration.

It is to mention that any changes in 18 core function will be evaluated in project management plan and the result must meet the acceptance of the client and stakeholders.

VIII. MANAGEMENT OF CUSTOMERS & MARKETS

Most projects' objectives refer to project's customers and relevant markets. These two influence project viability. Since we had begun to study on our case project, we found out that most work in the context of project's upstream phases was done in the project's relevant business unit and portfolio that were in NPC organization. The responsible department in NPC

for our case project’s customers & markets is Iran Petrochemical Commercial Co. (IPCC) and we had to distinguish what part of work is done in IPCC and what part in project team then we tried to customize our best practice model in order to satisfy our project management team.

In a series of meetings, held with our project team, our best practice model concerning customers and markets was explained to them. What information are required as input, what tools must be applied, and what are the output of each phase of project. We have tried to inform the project management team to distinguish which phases are done by IPCC and which phases by project team and what information they must attain from IPCC. All inputs and tools were set in accordance with the maturity of project’s management team

Table 2: Project life cycle model (Key Success)

1.	The efficiency of business priorities, innovation and branding emerges in early phases of the project
2.	Business priorities, innovation and branding would be effective in case the project organization has a through surveillance on the current status of market and to track the trend of market and their competitor companies
3.	Business priorities, innovation and branding would be effective if continuously updated
4.	The efficiency of customer vision, values & culture emerges in early phases of the project
5.	Customer vision, values & culture would be effective in case the project organization has a through surveillance on the current status of customer vision, values & culture and to track the trend of them
6.	Customer vision, values & culture would be effective if continuously updated
7.	Alignment with sponsor organization’s strategy would be effective in case it be updated

Table 3: Project Conception (Needs/Requirements)

	Input	Tools	Output
1	Customer expectations of product’s quality (customer satisfaction)	<ul style="list-style-type: none"> Input/output analysis supplier/customer analysis People Involvement Tools and Techniques <ul style="list-style-type: none"> Team meeting Communication Presentation Brainstorming Benchmarking Selection grid Consensus decision making technique Voting is a technique Selection matrix Quality function deployment 	Goals for integrated management of scope related to customer & market
2	Sponsor/Organization strategy		
3	Sponsor/Organization Needs		
4	Needed innovation to attain the customer satisfaction		
5	Information of other project with the same product across the world at the verge of retirement		
6	Information of other project with the same product across the world under construction		
7	Statistic and information of target market and project’s products		

and in order to succeed in applying the BPM a number of KSFs were set by interaction of project management team. Table 2 shows the key factor in design and do a project about customer and marketing. Doesn’t attention to these factors cause to destroy the project.

Table 3 shows the most important conception phase inputs for customer and market factors, such as customers, sponsors, needs, and other factors is given. Also required tools at this stage to analyze the input stage are shown.

Table 4 shows important and essential input items project development phase at markets and customer factors such as Financial targets NPV, IRR, cost/ worth, Sponsor / Organization strategy. Requirements tools for the analysis of inputs and the outputs of this phase in the second and third columns are shown respectively.

Table 5 illustrated the first stage after finalizing the initial specifications of the project. Key inputs, tools and finally the output of this stage of the initial phase of the project a boat customer and market factors are shown in this Table 5.

Table 4: Project Development/Definition

	Input	Tools	Output
1	Financial targets NPV, IRR, cost/ worth, ...	<ul style="list-style-type: none"> Stakeholders consultation Developing options to meet the customer’s needs Check with time and cost Risk and sensitivity studies SOWT analysis 	Goals for integrated management of scope related to customer & market
2	Sponsor / Organization strategy		
3	Project duration		
4	Broad scope, time and cost		
5	Appraisal		
6	Needs Analysis		
7	Business case requirements		
8	Goals for integrated management of scope related to customer & market		

Table 5: Project Initiation

	Input	Tools	Output
1	Customer & market strategy	<ul style="list-style-type: none"> Project selection methods Project management methodology Project information systems Expert judgments Historical information 	Customer & market’s work packages
2	Needed innovation to attain the customer satisfaction		
3	satisfaction		
4	Sponsor/Organization Needs		
5	Organizational Process Assets		
6	Statement of work		

Table 6 shows the planning phase and documentation of a project. Important inputs, decision tools and finally outputs could have seen in this table a boat customer and marketing factor.

Table 6: Project Planning and Documentation

	Input	Tools	Output
1	Project Management Plan	<ul style="list-style-type: none"> • A consolidated IT system • Consultation with relevant stakeholders and experts judgment • Strategic Performance Information • External Factor Evaluation • Internal Factor Evaluation • Internal/External Matrix • Project strategic program • Risk analysis • Templates, Forms, Standards • SWOT Analysis 	Customer & market's Activities
2	Preliminary Project Scope Statement		
3	Project Charter		
4	Enterprise Environmental Factors		
5	Enterprise Environmental Factors		
6	Customer & market obligations		
7	Statistic and information of target market and project's products		
8	Customer & market's work packages		

Table 7: Project Execution

Input	Tools	Output
Customer & market's Activities	<ul style="list-style-type: none"> • Knowledge of Preceding projects • Brainstorming • Statistical process control • Cost of poor quality 	Customer & market's activity execution

Table 8: Monitoring & Controlling

	Input	Tools	Output
1	Customer and market performance information	<ul style="list-style-type: none"> • Meeting of project's customer & market management performance • Customer & market trend study • Competitor performance analyses • Customer & market strategies accomplished analysis 	Customer & market's monitoring and corrective actions
2	Customer & market trend change		
3	Customer & market expectation accomplishment rate		
4	Customer & market change request		
5	Corrective and preventive action suggestion		
6	Customer & market's activity execution		

Table 7 shows the implementation phase of a project. Table 8 shows the monitoring and control phase of a project. All important inputs, decision tools and finally outputs could have seen in this table a boat customer and marketing factor.

IX. CONCLUSION

According to studies, project success depends on many factors such as project teams, decision tools, sponsors relations, Owner and Executive, Services project Management Office, efficient tools, understanding of the situation in the region, its people and the environment, environmental conditions and others factor. In this paper, has attention more on project life cycle phase. The effect of customer and marketing factors has studied from the beginning of the project to end. The standard model for each phase of a project requires some input, analyzing tools for correct decision and outputs. In this study all of the inputs, tools and output requirement about customers and marketing factor in implementation project have defined.

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