Expectation Management in Project Business: A Question of Renunciation

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Abstract

Customer expectations management is recognized as a major tool for every project manager. As such, it is of high interest for project marketing and project management. In order to manage expectations, which are supposed to appear during the project, Pinto and Rouhiainen (2001) have developed a model of the nature of customer agreement throughout the project. They delineate three major phases: sales, execution, and operation. On the basis of two case studies and throughout an abductive approach, this paper contributes to improve the management of expectations in project business by the taking into account of:

- A more detailed project phases model than the original one developed by Pinto and Rouhiainen;
- The introduction of the concept of 'suffering' of the customer as a result of dream-like expectation management;
- The renunciation of the customer and the stakeholders as the best means to manage expectations in project business.

The two cases confirm the critical relevance of time for expectations management: both the companies try to smooth and make stable the customer expectations, understanding that the entire relationship does count, not just the final delivery. The end of the project would always be charged of the history of the relationship. Although a project is finally and successfully accomplished, the negative points of the past would decrease the satisfaction/pleasure of the client.

Keywords: Construction, Dreams, Ideal building, Project phases, Suffering.

Introduction

Expectation management stands as a major issue in project business and especially in the construction industry. The long time frame between the signing of the contract and the final delivery (often more than two years) of the project lead the customer to go through different phases where he/she will dream then suffer and then accept what has been built by the supplier. Thus, expectation management in project business can be considered as an extreme case of expectations theory. As such, it allows us to refine this management issue and to propose new ways to deal with it. On the basis of two case studies of companies operating in the construction industry (one French, one Italian), this paper tries to contribute to the development of theory and practice of expectations management. In order to achieve this aim, the work is organised as follows:

- The first part summarizes the theoretical framework of expectation management as it has been developed in BtoC markets for services business. The BtoC context is compared with BtoB realities coherently with the IMP group approach, and in particular the construction industry realities;
- The second part details how two construction companies represent and solve the problem of expectation management along the life of a project;
- The third part highlights the enrichment made by and through these two case studies to the expectation management theory.

State of the art on expectation management

State of the art in BtoC marketing

In a traditional perspective of BtoC expectation management, expectations are the benchmark employed by the customer to assess her/his satisfaction drawn for a service (Zeithaml, Berry, Parasuraman, 1993). If a service is above the expectation, satisfaction arises. Expectations act as normative standards or a predictive standard. The former case is the reign of service quality literature, in which the service has an objective standard to reach in order to satisfy the customer. Expectations as predictive standard are more used in the customer satisfaction literature. The two streams of research do not overlap perfectly: company might provide a service of excellent quality that is not perceived by the customer, thus with no corresponding satisfaction. The final satisfaction is a function of expectation and service quality or congruency with the expectations. The firm can act both on the service drivers (interactions between front-end and customers, backend processes, design and other manageable factors) or on the customer expectation. The latter form of management is more difficult, since what is at stake is the cognitive process of expectations formation. Once established the foundations, the literature on expectation management and customer satisfaction was at odds with phenomena like the delight: a sense of particular pleasure due to a service which satisfies an unexpected need, thus disconfirming the model of expectation-level of service comparison. Starting from evidences which could not be fully explained by the traditional model, expectation management is moving forward with new contributions and proposals. In particular, two streams are emerging: dream-like consumption and consideration of expectations as function of time.

As to the first direction of evolution, recent streams of research distance from the expectation as a rational benchmark to assess satisfaction. Since the contribution by Spreng and Olshavsky (1993), the concept of desire has entered the field of expectation management. The customer does not compare the service level with her/his expectations, but with her/his desires (usually well beyond what can be really expected). Some authors are beginning to go further along this path. D'Astous and Deschênes (2005) had recently demonstrated that the consumption can totally occur inside the consumer's mind under the form of dreamy imagery. The dreamy consumption leaves memory traces which are perfectly comparable to those of an actual consumption in the 'real world'. The dream-like consumption is solicited by complex and costly services or products, such as luxury cars or houses. This view emphasises the inner world of customer (Campbell, 1987). Leveraging on this perspective, one can claim that expectations are not the only relevant benchmark anymore; dreams and desires can be the relevant factors affecting the customer's choice. The construction sector is particularly open to this 'daydreaming' consumption: a bigger or better located or more beautiful house is the second dream (after an exotic vacation) nurtured by consumers (Schon, 1998, 70).

A second relevant evolution of expectation management is the consideration of the timeline. Expectations cannot be considered as fixed marks. They evolve interacting with the service provided. Rust *et al.* (1999) show that expectations are constantly updated (using a Bayesian framework) and they should be treated as a distribution, not as a constant value. One of the implications is that a customer could prefer a service with a lower expected level, but with a more stable and low variance, since this would stabilize the expectation distribution. Moreover, a customer who receives a bad service is surely unsatisfied, but at the same time he/she updates her/his expectation distribution. This adjustment could compensate the disconfirmation. Models like this are particularly relevant for continuous services that create a long history of relationship between the firm and the customer. By pairing the two streams of research, the expectations of a customer become a 'moving target' for the company: they are rooted in desires and dreams (above all for relevant purchases) and they change according to a path dependency which is not totally related to the service effectively provided by the company.

State of the art in BtoB marketing

The management of expectations in BtoB marketing tends to be approached in a perspective which is both dyadic and dynamic and rather distant from the notion of a rational benchmark to assess satisfaction:

- Researchers do not so much take into consideration the expectations of one of the players than the 'mutual expectations' of the two opposing players and their convergences/divergences (Hallen and Wiedersheim-Paul, 1979; Hakansson, 1982; Smith, 1988);
- They do not so much take into consideration a before/after purchase analysis than to highlight the interaction process in which the expectations balance up and evolve over time (Ford, 1982) given the nature of the ongoing exchanges (Hakansson,1982).

The variable referred to as atmosphere is therefore put into play to re-embed the expectations of the two parties in the dynamic of the customer/supplier relationship (Hakansson, 1982, p. 28): "this atmosphere can be described in terms of the power-dependence relationship which exists between the companies, the state of conflict co-operation and overall closeness or distance of the relationship as well as by the companies' mutual expectations". When the frequency of the episodes increases within a customer/supplier relationship, the experience of the two players increases, the uncertainty and the distance between them is reduced and the closeness develops. Consequently, the mutual commitment increases (Ford, 1982) which leads the expectations of the two players to become "in line", each knowing very well what they can expect from the other.

However, there are exchange situations in BtoB which do not present such a frequency of episodes between customer and supplier (Cova et al., 2002): the purchasing and sale of so-called made-to-order projects. The discontinuity of exchanges does not therefore allow the development of an atmosphere of closeness between the two parties, each not entirely having the possibility to know what to expect from the other. Depending on sectors, this gives rise to a grey area concerning the expectations of the two parties. In aeronautics this grey area will be eased by the high level of coordination required in this activity given the complexity and the long duration of what is at stake and by the limited number of players. On the other hand, this grey area will be extreme in the construction sector given the opportunism and the high number of the players and the relative easiness of an *ad hoc* coordination (Dubois and Gadde, 2001).

State of the art in the construction industry

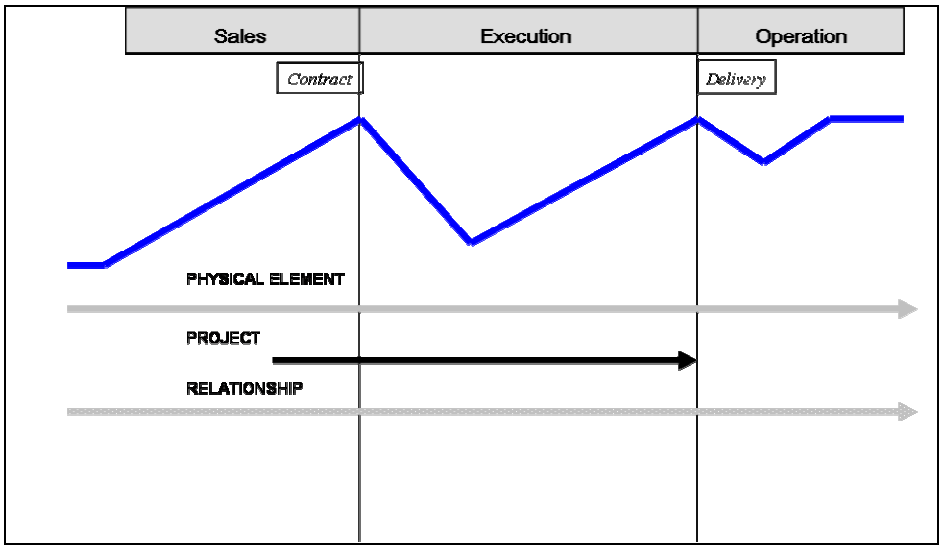
The Construction Industry has a reputation for delivering defective buildings late and over cost and consequently not to meet customer expectations. The majority of customers - business customers or end customers - daunted by the reputation of the construction industry are often nervous about seeking new construction and this lack of confidence in the industry may have quite a serious impact upon the quality of the relationship between the customer and the construction company (Cox and Thompson, 1997). At the same time, unrealistic expectations are very frequent in project business. Indeed, the customer faced with a specific and complex problem can develop numerous possible and diverse solutions. Everything is open and the interaction with suppliers during the sale phase of a project adds more uncertainty to this diversity that generates highly unrealistic expectations.

A survey of construction customers in the UK (cited by Morledge, 1999) showed that about a third of the projects surveyed were delivered both late and over budget. Another survey carried out by Morledge *et al* (1996) found that of 215 commercial and industrial building projects surveyed two thirds were delivered

late. A report, which was focused upon the problems of small and occasional clients of the construction industry (cited by Morledge, 1999), found that some 60% of construction clients experienced problems when dealing with the construction industry. Paradoxically in 70% of cases, the completed building itself met client expectations but the problems during the procurement process and during the 'after sales' period tended to tarnish the level of client satisfaction and to lead to complaint and conflict (Leung and Yu, 2003). A French survey[1] found that of 154 persons who had bought a new built flat 48% were not satisfied at all with the building process whereas only 29.2% were dissatisfied with the end result. Thus, the obvious problem is that by time the building project is completed, relationships may have become so soured between the customer and the construction company that the likelihood of future business seems impossible (Pinto and Rouhiainen, 2001).

Conflict during building projects cannot be eliminated, but can be managed (Leung and Yu, 2003). Rather than allowing the satisfaction of the customer to go through the various peaks and valleys across the project development and transfer, construction companies are now trying, as far as possible, to avoid adversarial relationships during the project life cycle (Cox and Thompson, 1997). In order to manage expectations, which are supposed to appear all along the project, construction companies can take proactive steps to manage the points of likely tension to ensure that misunderstandings do not build up to the point where the relationship becomes conflicting. By this way, they could aim at maintaining consistently high level of customer agreement throughout the three major phases of the project as suggested by Pinto and Rouhiainen (2001) in their customer-based project approach (see figure 1):

- *sales* refers to company activities aimed at selling the project to the customer. All marketing activities, engineering demonstrations and financial qualifications are included in this process. As a result of the intense wooing of the customer, the customer agreement curve is highly positive as are its expectations sometimes close to desires and dreams;
- by the contract signing and the beginning of the *execution* phase, both parties (customer and construction company) are in a very positive mind-frame. Ironically, almost immediately after contract signing, the honeymoon shows a tendency to end. The parties begin arguing over contract terminology, promised deliverables, schedule, and money, as well as a host of other issues. Predictably, the customer agreement curve takes a downward swing, relations become soured, and a general air of mistrust begins to infect project development. Here lies the critical point of expectation management in project business;
- the next fly (*operation* phase) in the process occurs during the final delivery stage. At this point, the users get involved and start to operate the physical element. As the users learn to use the new systems, the level of customer agreement goes up and reaches the final level.



[1] *Que Choisir,* N°411, January 2004.

Fig. 1: Customer Agreement in Projects
(Source: adapted from Pinto and Rouhiainen, 2001)

As a consequence our research question can be delineated as follows: *Do and how construction companies manage expectations all along the building project?* In order to answer this question, we need to investigate if construction companies:

- Have an explicit or tacit representation of the building project phases
- Take into account this representation in their relationship with the customer
- Modulate their action in the relationship according to these phases
- Focus or not their action on specific critical phases or sub-phases
- Deal with desires and dreams in one or several phases or sub-phases
- Mobilize specific means in order to manage these critical phase or sub-phases
- Develop a global approach that encapsulates expectations management all along the project such as partnering approaches (Cain, 2004).

Research project and results

Methodology

In the face of the debate on the objectives of case study research in the literature, i.e. greater coherence with theory building as opposed to theory testing, various authors explicitly recognise case study research is often appropriate for both theory building and theory testing (Woodside and Wilson, 2003). The objective of the present research is to stress the aspects of theory development rather than theory generation. Thus, a systematic approach that builds more on refinement of existing theories than on inventing new ones (Dubois and Gadde, 2002) would seem useful. This is an abductive approach based on the continuous interplay between theory and empirical observation, in order to develop a persistent comparison between the existing theoretical approaches and the information and observations taken from the cases, and so discover new things, relations and variables regarding existing models. One major difference, as compared with deductive and inductive studies, is the role of the framework. In studies relying on abduction, the original framework is subsequently modified, partly as a result of unanticipated empirical findings, but also of theoretical insights gained during the process (Dubois and Gadde, 2002). This approach creates fruitful cross-fertilisation, where new combinations are developed through a mixture of established theoretical models and new concepts derived from the confrontation with reality. This systematic combining requires an approach which integrates numerous sources in analysing the cases. The sources used were interviews with company personnel and analysis of internal and external documentation. We chose to analyse two company cases: SEC in France and Andria in Italy. Each case is organised into three parts: 1) the players involved in all construction projects; 2) problem representation by the constructor: 3) problem management by the constructor.

The SEC Case

Sud Est Construction (SEC) is a subsidiary of the group HBTP. SEC operates in the South Eastern quarter of France. Its 2003 turnover is € 193 million with a payroll of 625 people. Its activity is 40% centred on public markets and 60% on private markets. Three quarters of its turnover is made up of civil engineering and structures (bridges, tunnels, etc.) with the remaining quarter devoted to the building trade.

1) The players involved in all construction projects

The main players involved in a construction project are the following:

- The owner: this is the customer. He can get a constructor to carry out construction of a building to be used in his own activity (e.g. a company which will have their headquarters constructed). He can also have a building constructed and not be the user, i.e. to rent it out or to sell it to companies or individuals.
- An architect or a design and engineering office: chosen by the customer to define the characteristics of the building and supervise the realisation on behalf of the customer.

- A construction economist: he assists the customer in the costing of a building in its design phase. This economist relies on his great knowledge of the players of the construction sectors to define the price range which will be used as a basis for a customer's consultation.
- The constructor: he is the player who realises the building on the basis of the specifications of the architect or the design and engineering office. Most often he addresses co-contractors and subcontractors of different trades.
- Gravitating around these principle players are consultants and control organisations which intervene on specific points.

2) Expectations management: problem representation by the constructor
The SEC firm has been present for a long time in this type of market. At SEC the representations of the phases of a construction project are fashioned in an implicit manner (and non explicit with practical guides). On the basis of meetings and interviews treating several projects, we have brought out and created a model of the typical representation of key stages of an SEC project.

Phase 1: Conception of the project (Design development phase)
In this phase, the customer formalises the nature of his project through a succession of four sub-phases. (a)A first sub-phase during which the customer in collaboration with his architect sketches out a draft of the project; (b) a second sub-phase where the customer and the architect draw up a project draft outline which subsequently allows the economist to carry out a first cost assessment; (c) a third sub-phase during which the customer and the architect carry out a detailed project draft enabling the amount of the customer's financial commitment to be fixed; finally (d) in a fourth sub-phase, the customer files for the building permit.

Phase 2: Consultation of constructors (Tender phase)
The customer consults one or several firms apt to carry out the project. He can choose to entrust the complete project realisation to one firm alone or to buy through separate parties. In the first case, the customer selects a main contractor to coordinate the whole realisation; in the second case, the customer chooses with its architect separate building firms that they will coordinate together or otherwise entrust the coordination to a specialised company. Once consulted, SEC will evaluate the cost of realising the construction so as to be in a position to put in a tender. During this phase, the SEC sales-force through the relations they have with the architect or the economist (having already worked with them on prior projects or through out-of-project relations with them) can test the validity of their pricing. If the price falls within the budget and if SEC is technically able to realise the building, all is fine. However, this is not the most common case. If in this phase the price calculated by SEC does not fall within the customer's estimated budget the project engineer of SEC will attempt to "get the message across" concerning their incapacity to make an offer within their price range. The objective is to make the customer, the architect and the economist evolve. This phase is concluded by the constructors putting in their tenders. The customer subsequently compares the different offers.

Phase 3: Negotiation and contract award phase
In this negotiation phase, if there is a mismatch between the customer's budget and the tenders which have been put in by the constructors (insufficiency of customer budget / high tenders submitted by constructors), the customer will attempt to open discussions with the constructors who are the best placed. Most frequently the constructor has to lead the customer and the associated players to envisage making some renunciations. The choice of the constructor is brought about by this interaction between the customer and a limited number of short-listed constructors.

Phase 4: Construction phase
During this phase, there can be some non-respect of deadlines for the building construction. These deadlines are stipulated in the contract. The contract can cover the overall deadline and the delivery date, with or without penalties. This contract can also cover the overall deadline and partial deadlines specifying that the construction works must have reached a certain stage at a given date. This means that even if the constructor is late on a given phase and at the end of the day it is still on time for the final delivery, it will be subjected to a penalty anyway. For the constructor, it is easier to catch up lost time when the constructor has been awarded the contract of the overall works. In this case, the constructor coordinates

everything and there can be compensatory effects. On the other hand if the customer operates through separate building firms, the respect of per-phase deadlines affects the interventions of the different building firms.

We can have three different situations concerning the relations with the customer during this realisation phase:

- The customer does not come on site and is only present at the time of delivery of the finished building.
- The customer is always present on the site and monitors the works in real time to anticipate any possible disparity particularly when the deal has been clinched at rock bottom prices. He wants to be sure that at this price the constructor will not be tempted to downgrade a little the quality in order to be more profitable. For example, some property developers renowned for the quality of their buildings delegate one person to be permanently present on site to ensure a control in real time. In general, this type of customer addresses the same constructors.
- Finally, there is the customer who regularly requests modifications during the works. For example, for the construction of a hospital, if the standards change while the works are ongoing, the building must subsequently be changed. Here we see an evolution of specifications. We can also encounter this case when the architect is not happy with the realisation of what he has designed. This can go as far as creating tension in the relationship with the constructor.

Phase 5: Acceptance of work done
Immediately after the delivery to the customer all elements in the contract are raised point by point. Depending on the cases, there can be divergences between the customer associated to his architect and the constructor.

3) Expectations management: problem management by the constructor
Analysing the phases that a customer and the stakeholders go through during the course of a project, SEC associates a plan of action to the analysis. To this end, for each of the phases illustrated above, there is a specific action.

Phase 1: Conception of the project
SEC tries to be as present upstream as possible at the time of the conception of the customers project. Being positioned high upstream is affected by the way in which the customer manages his project. The customer can choose a traditional approach. This approach involves discrete design development, tender, contract award and construction delivery phases. In theory, each phase is separate and distinct. In this case, the SEC approach is indirect and “underground”. It relies on good knowledge of stakeholders (customers, architects, economists, consultants) gained through working relations in other projects. For SEC it is essential to intervene before filing for a building permit. The ideal case for SEC is to be ‘officially’ involved in this conception phase in contact with the customer when the project has not yet been finalised, i.e. during project draft outlining (phase 1.b) or possibly during project draft detailing (phase 1.c). In fact, the closer we are to filing the building permit, the less the customer can back-pedal. Changing several characteristics of the building that have been fixed at the time of filing for a building permit, results in the customer having to apply for a new building permit integrating the new characteristics. Depending on the cases, acceptation of a new building permit by the public administration can take a certain time. The new demand will possibly be refused or will have to be amended according to the administration’s remarks. By acting upstream in the customer requirements, SEC tries to go towards a logic of design and build, and apply an approach of alliance or partnering. This approach is the ideal in so far as SEC knows the customer’s budget and therefore can constantly optimise throughout the next phases. SEC can also react quicker. These logics allow SEC to co-develop the project and to avoid problems linked to the delicate passage between the conception and construction phases.

Phase 2 and 3: Consultation and Negotiation
Although SEC clearly differentiates these two phases, it encompasses both of them in the same approach which, when necessary, must steer (in the case of a traditional approach) the involved players to renounce in order to reach a compromise. The question is to know how to bring the customer, the architect and the economist to make changes to the initial characteristics of the project. It should be noted that if the economist has undervalued the cost of the customer’s project at the time of costing, this will

jeopardise his credibility as an expert who advises the customer. The architect may want to keep certain elements of the building intact as they reflect her/his architectural expression. It is therefore of key importance for SEC to target accurately what has a significant impact on the cost without downgrading the appearance and the functional quality of the building. To accomplish this work of cost reduction, there is no particular method nor rule of thumb: SEC considers each project individually. According to the characteristics of building use, the customer will not be sensitive to the same elements: for example if the building is used to store things or for a production line, the requirements will not be same as for corporate headquarters.

During these phases 2–3, SEC plays on the following points to steer the customer to give up certain elements and to bring him to modify his initial request:

- Revision of the architectural project. To illustrate this, let us consider the case of façades. Currently, architects like to design buildings with glass façades. However, this type of material is expensive. Proposing other types of materials for the façades means that the architect must file a demand for rectification of the building permit. This in turn implies that the project schedule will be delayed. In fact as this change has an impact on the appearance of the building this modification could be rejected by the architect.
- Working on energies. For example, different types of energies can be used in order to reduce costs.
- SEC can also be brought to make counter propositions. They have to be explained to the customer to allow the latter to make weigh up the pros and cons and to make his choice.

Also, in this approach each stakeholder has to make concessions. In this procedure, tension prevails insofar as there is inevitably a certain distance between the constructor on one hand and the customer, architect and economist on the other. Therefore there are phases of convergence and divergence between the players. The customer will accept to make some concessions and refuse others. He can also accept to increase his budget. For the construction it is therefore essential to manage to show that the alternative solutions put forward are not degrading. In fact, as soon as the customer is interested in a choice and that he has appropriated the characteristics of his project (type of building, architecture, appearance, price range), he can think that the counter proposition of SEC degrades his project. During these two phases, bringing the different stakeholders to make a compromise is not always very simple, notably with architects. In fact, for architects the façade of a building is what we see first, it gives a strong image to the building. For example architects like glass but this is expensive. SEC finds it difficult to make the architects change their opinions. The façade is a determining element in obtaining a building permit. In fact, in the file submitted to obtain the building permit, the building is presented in its context (photomontage). If the façade changes, this would result in the modification of the building permit.

Phase 4: The construction

After the signature of the contract between SEC and the customer, the responsibility of the project is transferred to the project engineer who has entrusted all the commercial process to the site manager who will carry out the construction. During this phase, under the responsibility of the site manager, SEC periodically organises site meetings (weekly) to give progress updates and take note of the customer's and architect's comments. These meetings are attended by all the companies present on the site (constructor, sub-contractors, co-contractors), the customer and the architect. All this enables SEC to undertake permanent monitoring of the validation of the works. In this construction phase, the customer might wish some modifications. SEC assesses the costs these modifications and the customer accepts or refuses the proposition. In the former case, an amendment is made to the contract. If not, SEC sticks to what has been negotiated and has been stipulated in the contract. The constructor and the different building firms that intervene can also propose improvements. For example for the new headquarters of a company, the constructor presented designers to the general management with a view to trying to put in more luxurious materials. For everything around the critical problem of deadlines, SEC's answer is scheduling and coordination.

Phase 5: Acceptance of work done

Monitoring during the realisation phase should normally lead SEC to anticipate any divergence from the terms and specifications. But this however does not avoid the terms and specifications to be interpreted differently, particularly in the case of complex constructions. When the customer collaborates little during

the construction, SEC must cope with conflicts. These conflicts can be settled in two ways: either by the parties coming to an arrangement, or, if the disagreement is too big, through legal proceedings.

The Andria case

Andria was founded in Correggio (Reggio Emilia, Italy) in 1975 as a cooperative of residents. Its aim is to satisfy the housing needs of its customers (who are also its members) by building good houses at reasonable costs while paying attention, in all its building projects, to the local area, conscious of the fabric of social interaction, for which a well-designed neighbourhood brings benefits both to the residents and to the rest of the area.

1) The actors involves in all construction projects

Of the various stakeholders in each Andrias' building project, the customers, the local authority and the local community play a central role. With regards the customers, it must be said first that for Andria, quality is not a question of square metres of space, but rather the quality of the developed neighbourhood. Coming to the local authority, the building projects are planned with the Correggio local authority not only because this is a legal requirement of town planning and building regulations. The collaboration between Andria and the local authority is based on a common need for a social service, to which Andria obviously adds the economic and entrepreneurial approach necessary for its survival. This collaboration has made it possible to house sections of the population which otherwise would have had difficulty. The relationship with the local authority is strictly tied to that with the local community. All of Andria's building projects are accompanied by involvement in infrastructural works to re-qualify the surrounding environment, e.g. sewers, pedestrian areas, roads and pavements, restoration of churches. Andria is convinced that the quality of its work can contribute significantly to the well-being of the town and the area.

2) Expectations management: problem representation by the constructor

More than twenty years experience and the thousands of contacts and customers have led Andria to identify and make explicit different phases through which the customer typically passes during the purchase and realisation of a house. This framework, substantiated by the co-operative's everyday experience, is the reference for its actions to obtain customer contentment during the project. Andria identifies four phases through which each project passes from the first contact with the customer to the effective birth of the new house. Andria interprets these different phases from the point of view of the customer's perceptions and sensations.

Phase 1: Interest

The customer searches for information about a clearly complex purchase, as is that of a new house. The market is full of traps, it is difficult to get reliable information about builders and offers. Lack of experience increases anxiety. If an interesting possibility is found, the bureaucracy to discover if the offer is good is complex: land registry surveys, any pending mortgage guarantees, checks on the status of the vendor. Assessing a project which is only on the drawing board is even more difficult.

Phase 2: Self-inspiration

This phase begins once the customer has accepted the Andria offer as the future home. Alternative offers by other companies have been rejected. The commitment to build the house is undertaken and the customisation phase of the project begins. In this phase, the customer, independently of what Andria can do and communicate, devises in his/her mind expectations which are in part unrealistic and therefore unrealisable. Customer contact is still through the Andria commercial staff who have difficulty managing these expectations. Often, the expectations are implicit and not communicated by the customer, in other cases, the commercial staff's tendency to accelerate the process has some effect, as they give some support to the customer's implicit dreams without entering excessively into technical discussions. As in the previous phase, fantasy, imagination and dreams are the raw material. However, now they are dreams which begin to be filled with reality, dreams which take shape in the customer's mind as what Andria will be able to construct, but dreams which, since they are dreams, do not worry about feasibility. If initially the customer dreamt of a house, now the dream is that house which Andria has evoked on the drawing board.

Phase 3: Stone-sickness

This phase starts with the beginning of the building works and ends when the house is completed. It is the building site phase in which, as Andria says metaphorically, 'blood runs'. The customer realises that for various reasons some to the expectations cannot be satisfied: for technical reasons found in every building job, or because of the occasionally sub-standard quality of the labour force. The customer's dreams begin to take the form of bricks, hard bricks which do not adapt to dreams, but which mainly respond to the laws of construction. Some problems emerge, delays as a result of unforeseen events may build up. Each time a problem is overcome, the customer's euphoria returns to disappear again at the next difficulty. The negative sensations that the building phase brings reach a negative peak when work finishes, and a long series of building site tensions have already come to rest the customer's shoulders.

Phase 4: Self-motivation
The house is finished and the family has moved in. Living in the house, some problems become less exaggerated than they appeared during the building works; others are resolved. The sense of possession and control add a certain security, further smoothing the edges of dissatisfaction. A vague sense of abandonment may intervene in this phase. Following almost daily contact with the building site to check on work progress, the customer must get used to a different relationship with the builder. The new resident begins to enter the life of the neighbourhood, to feel the house as his/her own space, to enjoy every positive aspect and not to over-emphasise the negative aspects which inevitably the complex experience of living in a house involve. To possess and live a house becomes a human experience coloured with values rather than with idealisations.

It is significant that Andria does not use the term 'satisfaction' but 'contentment'. Satisfaction is a term which implies the comparison between an expectation and an actual realisation. Contentment, it is true, makes reference to this aspect, but it also involves the pleasure/displeasure associated to a circumstance irrespective of what the subject expects. Contentment is a reference to an expectation which goes beyond the rational. This distinction is not unimportant, and is completed with the reference to the customer's 'suffering'. Andria traces out the trend during the various phases. Suffering is a state of discomfort independent of generally understood expectations. Suffering is not so much a disjunction of facts and expectations as facts and dreams, often not even explicitly present in the mind of the customer. The subject does not know what building site works imply. Once involved in the harshness of the environment, it is not an expectation which is betrayed, but a new and unexpected, unpleasant rather than unsatisfying fact which is experienced directly. According to Andria, the customer experiences two types of 'suffering':

- absurd suffering resulting from the divergence between the ideal house and the real house and tied to the product;
- grave suffering provoked by the difficulties involved in the construction process.

3) Expectations management: problem management by the constructor
Analysing the phases and the difficulties that a customer goes through during the course of a project, Andria associates a plan of action to the analysis. The aim is to reduce the oscillations, the negative peaks and the positive euphoria to which contentment is subject. To this end, for each of the phases illustrated above, there is a specific action.

Phase 1: Actions in the Interest phase
In this phase, it is fundamental for Andria to gain the customer's trust. Only in this way will the customer subsequently view Andria as a partner and not an 'adversary' or a generator of problems. Andria's particular communication with fairytale elements makes the project figurative but also expressive. It is not seen as a dwelling, but as a philosophy of life. The customer will not live in a house, but in a social context on which Andria has worked as much as on the individual house. Fundamentally, it is the service component which aims to resolve every doubt and perplexity of a still inexperienced customer.

Phase 2: Actions in the Self-inspiration phase
In this phase, Andria's explicit aim is to lower customer expectations. As far as possible, Andria attempts to anticipate and foresee in the project each customisation of the house to be built. This minimises subsequent needs to restore or demolish, which would represent an extra cost as well as a source of stress for the customer in later stages of the relation. On the other hand, it is in this phase that the customer meets for the first time the technical restrictions which limit his/her desires. As a matter of

course, the customer meets Andria's technical director. From the moment of purchase, the director is the customer's interlocutor for all needs. This simplifies the process, at the same time creating a reassuring figure of trust. The customer checks the project in general with the director, defines the layout of the internal walls and the location of the bathrooms

Phase 3: Actions in the Stone-sickness phase
This is the most delicate phase full of 'suffering' for the customer. During the building works, Andria's objective is to keep the customer up-to-date and involved in the process, while 'educating' him/her about life on the building site. The co-operative guarantees the quality of the work and the final result: not an unreal quality, but a possible quality. The guide's task is to accompany the customer to this quality and mitigate anxieties and fears. Despite the detail with which the project is designed, it is normal that the customer asks for some customisation when work has already begun. Andria has prepared and for a long time used a 'Guide to the Building Site' (*Guida al Cantiere*; see image below) which explains some rules of behaviour. The first is that the customer is accompanied to the site, as required by safety laws. Andria's technical director must therefore always be present with the customer on the site. The technical director mediates with the works foreman, so that the language of the customer's desires and the workers' 'language of the hammer' can understand each other. In addition to the optional meetings, Andria requires some fixed appointments with the customer to choose the internal fittings, windows, doors, interior paintwork and other details. Andria's attention to these details is linked to the need to empathise with the customer, in the knowledge that the house is comprised of details. With the aim of smoothing the path towards the final hand-over of the house, the Guide even suggests not setting important deadlines (the sales of property or changes of residence) close to the forecasted date of hand-over.

Phase 4: Actions in the Self-motivation phase
At the end of the building works, Andria supports the customer's self-motivation. The salesperson who negotiated the house in the sales phase hands over the keys and accompanies the purchaser on the inspection of the finished house. The details which previously were dispersed in the building site are now organised into a general impression which may in part not satisfy the customer. This is why it is important that the salesperson is present. Better than others, this figure knows how to adapt objective quality to subjective quality, and give value to the work undertaken. The handing over of the keys is a kind of ritual of paying for the previous suffering. The sense of abandonment which could affect the purchaser is managed through the constant presence of Andria, whose involvement with the customer continues in taking account of the new quality of life.

As far as possible, all customisations were anticipated on the project's paper in order to avoid annoying restorations afterwards, when works are ended and the family is living in the new house. Andria is particularly careful in those restoration works that could be necessary (i.e., a wall to be painted again, flaws to be corrected), keeping available a sort of rescue team that quickly intervenes when the family express some distress at the beginning of their new life in the home. Some of these works can be almost cosmetic, and not costly, but highly appreciated by the customers that feel not abandoned when the major works are ended. The satisfaction is quite high if compared to the costs of these works. Then, the co-operative prepares periodic questionnaires to test contentment, listens a lot to members view on the entire experience from the purchase decision to moving in.

Discussion and theoretical contributions

Focus on different phases

The two cases allow to distinguish the way of operating in two different contexts. SEC which is operating in a BtoB context focuses on phase 1 (Sales) of the Pinto and Rouhiainen's model (2001). SEC details this phase 1 in three different sub-phases where it manages expectations of the customer and of the stakeholders involved in the project under consideration. In this way, SEC acknowledges the fact that « the quality of construction projects can be regarded as the fulfilment of expectations of those participants involved » (Kärnä and Junnonen, 2005, p. 659). This is typically a kind of network approach to project expectation management. Andria which is operating in a BtoC context focuses on phase 2 (Execution) of the Pinto and Rouhiainen's model (2001). Andria details this phase 2 in two different sub-phases where it concentrates its action on customer's expectations (and not stakeholders' expectations). In this way, Andria agrees with the judgment that « one important feature in customer satisfaction in construction is that the customer might overemphasise the later stages of the projects as a consequence of the project's long duration and the fact that defects during the hand-over period stay clearly in the customer's mind » (Kärnä and Junnonen, 2005, p. 657). Thus, the two companies try to reduce ambiguities and possible divergences between the actors in phases 1 and 2. Phase 3 is not the object of a specific action of expectations management from the two companies. In this phase, they do their best to demonstrate the compliance between what has been signed and what they have realised.

The difference of focus between SEC (phase 1) and Andria (phase 2) can be explained by the different type and time of involvement of the customer in the project:

- For SEC, the customer mobilizes its architect in order to design the project. Then, it requires proposals from constructors in order to realize the project. As such, it is a kind of direct interaction between the customer and the constructor from the very beginning of the project;
- For Andria, the constructor is the designer of the project without any interaction with potential customers. Then, Andria markets and realizes the project. There starts the interaction with the customer but the possibility of modifying the project are limited and largely anticipated by Andria.

On the basis of the two cases, we can enrich the project phases of Pinto and Rouhiainen (2001) in detailing six phases:

- phase 1: conception of the project,
- phase 2: consultation,
- phase 3: negotiation,
- phase 4: self-inspiration,
- phase 5: stone-sickness,
- phase 6: operation.

Renunciation as a key concept

One word is constantly used by the managers of the two companies: the word 'renunciation'. More than trying to meet customer's expectations, they both aim at making the customer – at different phases of the project – renounce to part of its expectations on order to better match the remaining expectations. This renunciation usually centres the more utopian expectations of the customer and the stakeholders, the one that concern the 'ideal building'. For SEC customers, this ideal building includes both aesthetic and technical dimensions plus an economic optimum. For Andria customers, this ideal building includes both aesthetic and existential dimensions (more than an economic dimension which is the matter of the marketing strategy of the constructor which targets a specific segment). The idea of renunciation is present in many great religions and spiritual paths. All the religions, God-oriented or not God-oriented, have been teaching man to renounce to something in life. But, renunciation is no easy thing. This means that customers and other actors have to give up some of their dreams. On order to do that:

- Andria gives to the customers its 'guide to the building site' which aims at smoothing the life during project execution. Andria designates a unique interlocutor for the customer who will go with her/him all along the execution. Then, the way to help her/him to compensate her/his renunciation to the ideal house is to develop the communal link with other customers. There is a creation of a linking value of the project (Earls, 2003). Renunciation is compensated by the feeling of we-ness, the feeling of

belonging to a local community that the customer cannot betray by entering in a dispute with Andria for minor material details;

- SEC tries to be involved very early in the project. That helps to co-design the project with the customer taking into account all the economic aspects that usually demolish dreams and limit desires. Through an incremental action, SEC leads slowly the customer and the stakeholders to renounce to some of their ideas. This is more easily done when SEC operates in a D&B (Design & Build) process that improves project's integration (Pocock et al., 1996) and partnering. When it is not feasible for SEC to act in a D&B process, SEC tries to use the network to send messages to the customer using legitimate players such as the architect.

Renouncers suffer less

The aim of all these tactics of customer's renunciation is to lower customer's suffering from the conception to the stone-sickness phases, i.e. to renounce to customer's utopian expectations before and after the signing of the contract in order to avoid what Andria calls 'absurd suffering'. These tactics of customer's renunciation can be coupled with more classic expectations management actions in dealing with events which during the building phase conflict with the customer's implicit and vague expectations (successful realisation) and can lead to what Andria calls 'grave suffering'. If we use the Andria's framework, renunciation tactics have to be used to limit absurd suffering (see figure 2).

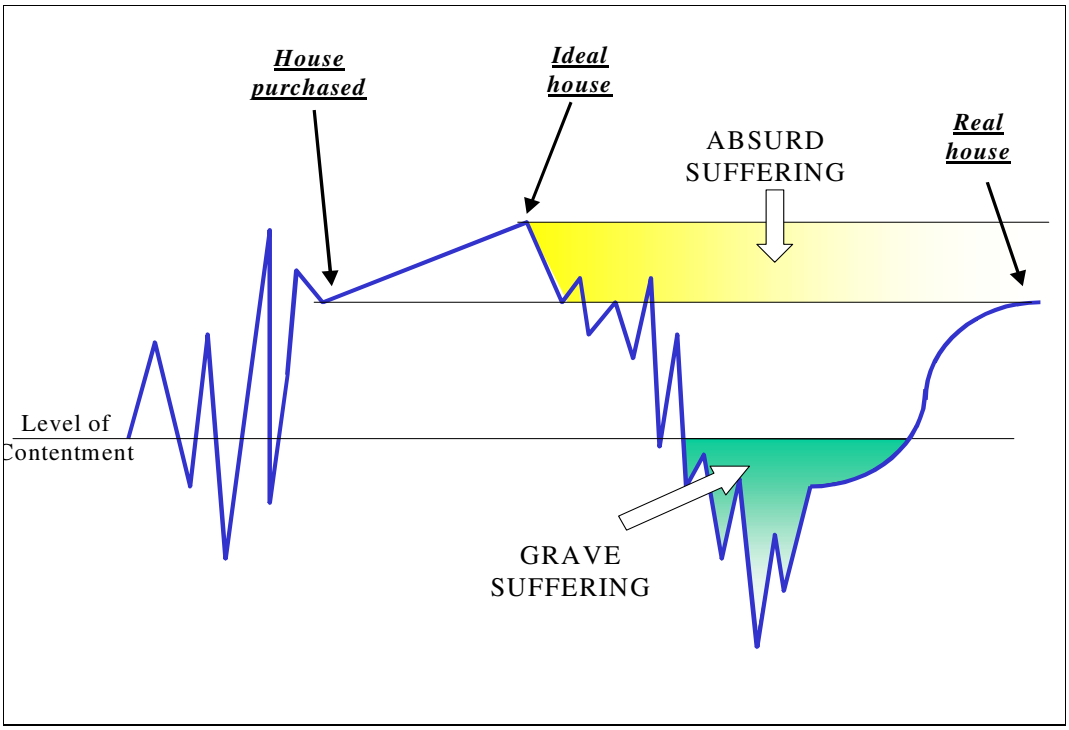


Fig. 2: Customer Suffering in Projects

Concerning this concept of 'suffering', we must note that expectations can be divided into five categories (Mittilä, 2002; Mittilä and Järvelin, 2001): realistic, unrealistic, implicit, explicit and fuzzy. While customers with explicit expectations know exactly what they want, customers with implicit expectations discover these expectations when they are not met by the supplier's offer. With fuzzy expectations, customers know when something goes wrong in the relationship, but they do not know what it is. An unrealistic expectation is that set at an unreachably high level for the supplier. Using this classification, expectation management aims to transform unrealistic expectations into realistic ones, implicit and fuzzy expectations into explicit ones. Expectation management aims to focus fuzzy expectations, reveal implicit expectations and calibrate unrealistic expectations. This last task is the most difficult one (Mittilä and Järvelin, 2001), since customers know what they want and it is not easy to modify their convictions. The best way to

achieve this is by openly communicating with the customer. Here, the two cases offer very interesting examples of interaction with the customer regarding the way to manage expectations and thus especially absurd and grave suffering. For example, in Andria, there is the ritual of the paying for previous suffering, acted out with the handing over of the keys.

Desires, dreams, suffering and hedonism

The two cases allow to enlarge the typology of expectations. The following table synthesises their contribution.

Type of expectations	*Expectations Management*	*Customer Recovery*	*Measurement and Difficulty to Control*
Realistic	Coherence between promised quality (by the company) and required quality (by the customer)	Repair	Satisfaction/Dissatisfaction: 'easy' to measure and control
Unrealistic	Level down the expectations, shift the focus towards realistic expectations	Explain	Illusion/Disappointment: illusion is easy to detect (too high quality, but real), but hard to control
Dream-like	Do not discard dreams as mere 'caprices', follow them in a rather non-technical fashion (open communication, rituals)	Exorcise	Gratification/Suffering: dreams are hard to detect and to control

Table1: From Realistic to Dream-Like Expectations

Marketing is considered (sometimes accused to be) the discipline which stimulates superfluous and hedonistic desires (O'Shaughnessy and O'Shaughnessy, 2002). The consumer is pulled by marketing towards a 'Diderot effect' (Schon, 1998, 145) of growing needs and wants in a consumption setting where each consumer is in competition with any others. Personal desires of materialism are seconded and fostered by marketing and advertising (Twitchell, 1999). Traditional marketing manuals would depict the product as a solution to a problem, a relief to the hardship of life, not a problem in itself. That of marketing is a bright world, according to this view, and the consumer can pretend everything. More is always better than less. Today's consumption can include suffering and renunciation. Consumption is a sort of sacred act and the sacred includes sacrifice too.

This posture towards consumption finds its extreme expression in some forms of consumer's behaviour, like the boycotts (Kozinets and Handelman, 1998), in which the sense of deprivation, 'de-consumption' and renunciation to some good is the core of the experience, as opposed to plenty of goods to consume and dispose. This lack of actual consumption can be lived by the customer as morally enhancing and a self-realisation achievement. If some consumer actively seeks for sacrifice, it is not surprising that suffering enters the broader marketing field even when it is not searched by the customer, but as a natural part of consumption when high economic and emotional investments are at stake. Modern marketers cannot discard this side of the consumption. Imaginative pleasure is the new metrics to understand consumers (Campbell, 1987), thus suffering is the natural backside. The only way to manage suffering is to ask the customer to give up some of her/his dreams. This view is not opposed to the hedonism and pleasure-seeking which would characterise consumption. A narrow form of hedonism, intended as immediate gratification, would not accept renunciation. A broader interpretation of hedonism (O'Shaughnessy and O'Shaughnessy, 2002) can include sacrifice and renunciation for a bigger goal, in our cases the completion of the project. (It may be compared by analogy to the Buddhist posture of reducing one's desires in order to have a broader happiness.)

Conclusion

The original framework of expectation management in project business has been modified by the discussion of the two cases, partly as a result of unanticipated empirical findings, such as the 'suffering stage' for the customer, but also through the theoretical insights gained during the research process, for example 'a broader interpretation of hedonism', as developed in recent marketing analyses (O'Shaughnessy and O'Shaughnessy, 2002). What we learn is articulated in the theoretical framework with the matching cases (Dubois and Gadde, 2002) and concerns the management of expectations in project business by the taking into account of:

- A more detailed project phases model than the original one developed by Pinto and Rouhiainen (2001);
- The introduction of the concept of 'suffering' of the customer as a result of dream-like expectation management;
- The renunciation of the customer and the stakeholders as the best means to manage expectations in project business.

Then, the two cases confirm the critical relevance of time for expectations management: both companies try to smooth and make stable the customer expectations, understanding that the entire relationship does count, not just the final delivery. The end of the project would always be charged of the history of the relationship. Although a project is finally and successfully accomplished, the negative points of the past would decrease the satisfaction/pleasure of the client. Although these results challenge our views of expectations management, they are limited by the nature of the research which is qualitative in its essence: first, the construction industry may represent a specific case of industry with very distinct features; second, the two companies under scrutiny may stand for a few part of the reality in terms of project marketing approach. Further research has to be undertaken in different industries dealing with projects to order and with a sample of companies ranging from reactive to proactive in terms of expectations management.

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