

Aligning purpose, risk and reward between partners in a consortium.

Focus:

Risk/Reward. Drivers of performance in a consortium. Team dynamics and conflict. PPI. Strategy mapping used in unusual context..

Client:

A consortium of five organisations bidding for a large and prestigious public-private initiative. We were brought in by one organisation to help the bid manager.¹

Client need:

The consortium brought together five organisations, with differing skills and contributions, to the table. This was a big opportunity for them all, with high pay-offs, high bid costs and various risks to be managed.

However, the overall bid manager recognised that problems were brewing. The consortium members disagreed on both means and ends, as well as contribution, risks and rewards. Even within individual companies, there were differences. We were asked to help the consortium make explicit their joint and individual objectives so they could align them. Our role was to help the key players confront these issues amongst themselves so they could start to resolve them.

Overview of project:

The problems were already starting to take their toll. There were concerns over the agenda of some players. Others thought that some were after financial reward at no risk. Whilst the value they could bring to the bid was clear, some thought others were holding back. Different agendas within the companies were surfacing, between those on the project and those who held the budgets back at head quarters. If the focus turned inwards and these were not resolved, then the bid would be a waste of 6 months and millions of pounds, for everyone.

We carried out carefully prepared structured interviews with the key players from each member of the consortium, in three different countries. Our approach enabled them to get to the perspectives that people were reluctant to come out with in the group.

Each discussion centred on the consortium's objectives, the individual company's desires and their expectations for profit sharing and risk sharing. We reviewed their financial expectations, where they could best contribute to the end customer's objectives, how they saw their role both uniquely and in collaboration, and the competencies that they had to develop as a consortium to achieve all of these objectives. Most importantly we got explicit views on their expectations of risk and reward from the project.

From the discussions we developed a rich, yet simple, view of how the partners saw the various drivers of performance, where they agreed and where they disagreed. This was done using a modified strategy map.

From this, it became clear that they all shared a view of the success for their client and the public sector bodies involved. However, there were clear places where:

The partners must reach agreement on how they should share risk,
Which capabilities would actually make the bid successful and
The need to recognise each other's potential contribution to the consortium.

Further more, it was individual players, even in the same company, rather than the companies themselves, that had different expectations. These needed to be managed to make sure that the whole bid was successful.

Results and Benefits:

This work enabled the consortium members to discuss and resolve the issues amongst themselves. By using a neutral, and sensitive, third party, the consortium had provided itself with the facts and a method to address the underlying issues that would fracture the consortium if not addressed.

Moreover we provided mechanisms and visual tools they could used to monitor and share how they were doing towards these common objectives. These helped bring out the issues and solve them. They took this on and used a similar approach when talking with their target customers about risk and reward and common objectives. The strategy map was monitor progress towards their joint objectives.

The consortium addressed the issues and moved on to make a well-received bid as well as being invited to bid for other parts of the public-private initiative.

Want to know more?

This is one of a series of case studies and discussion papers published by Excitant Ltd.

About *Excitant Ltd*

Our name represents what we do:

Stimulate and improve organisations to perform better.

We are a niche consultancy. We specialise in helping Management teams:

- Develop, clarify and agree their strategy
- Communicate the strategy so the whole organisation is mobilised
- Work more effectively as a team, learning together, as the strategy evolves
- To bring about change in organisations, by developing the beliefs, culture and behaviours of high performance
- Ensure strategy and performance leads to results.

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Note:

1 This engagement was carried out by Excitant staff, prior to Excitant being formed. The client still maintains a relationship with Excitant.