



For Better or for Worse

What defines success when teaming?

BY LINDA WOLSTENCROFT

In an era where governments and OEMs are dealing with a smaller number of suppliers, more and more companies are pursuing new business in teams. OEM initiatives include supplier rationalization, bundling of activities, as well as risk sharing. Governments are using performance-based, bundled procurement strategies such as Performance-Based Logistics (PBL) and Optimized Weapon System Management (OWSM). In Canada, DND is using the approach of Single Point of Accountability.

As an example of teaming, the National Shipbuilding Procurement Strategy (NSPS) required several companies to join forces and work together with the successful bidders, Irving and Seaspan. With the award of the program, all team members across all companies involved will benefit well into the future.

What are the motivations behind teaming? Increasing the probability of success is the primary reason. And there are several ways in which teaming can improve a company's chances of overall success, such as:

Decrease competition. In some cases, choosing the right teammate can take a competitor out of the game - not only does this eliminate them as a competitor, but the combination itself could serve as a greater probability of success for both team members.

Increase your expertise and experience. In certain cases, it is essential that a company team up because it lacks a certain required capability that can be gained elsewhere through teaming.

Improve your customer relationship. Customer relationship is always key - particularly in international projects. It is difficult to

become the preferred choice when a customer doesn't know you. So, if you can work with a company that lacks a capability you happen to possess and has a great relationship with the customer, you have a win-win formula.

Lower your price. The price benefit of leveraging existing design work, investment sunk in capital equipment, and/or existing infrastructure can improve your team's price offering.

Build on existing relationships. Consider taking an already strong relationship to the next level by working together on new business. A team that worked well on a previous project can more easily find common ground and mutual success when working together on the next project.

When there are several options for teaming partners, how can you best select your teammates? Some considerations are:

Ensure the team increases your probability of success. It is imperative that the over-riding objective is that the team's probability of success increases. If this is not the case, there is no point in teaming - obviously. Further, if the overriding objective of improving probability of win is lost sight of during teaming negotiations, then the details of the teaming arrangement can actually decrease the win probability - along the lines of the well-known saying "the devil is in the details".

Recognize that businesses and environments change over time. As teaming arrangements are put in place, and the business progresses, companies' strategies and businesses change. Sometimes they change in a manner that won't facilitate a closer relationship in the future. Be careful to recognize the out-years: What will each of us want to do five years from now? How will this affect our

teaming relationship? Understand that the team may not be forever.

"Win-win" still works best. Over the long term, if one party is not receiving fair benefit, discord will result. Discord will negatively affect the operations and success of the entire team.

Trust is a must. In one example, a signed Teaming Agreement wasn't acted upon when the program was awarded, leaving a member out of the project. If the Teaming Agreement is not actually invoked when the program is secured, one team member has acted in a self-serving manner and the team will collapse - so too will the possibility of working on any more future projects together.

Consider long-term future business. What are projects and markets that can be accessed together as follow-on to the immediate project? Working together on one project can lead to working together on more. As long as the trust and win-win elements are retained, the advantage of having a strong company-to-company relationship can lead to many other projects.

Explore past performance. One other factor to consider is how well your potential teammates have performed in the past. Some companies naturally team well with others, while others like to be more independent, or worse, see the teaming arrangement as a means to strengthen themselves and weaken their partner. When choosing a team member, be cognizant of these abilities. The ability to work well together and integrate functions within the team is essential. It's not pure dollars and cents - there are intangible benefits that come when entities work well together.

These considerations, when thought about early in the pursuit process, are critical to improving your probability of success. The right team, with the right capabilities, relationships and price can, make all the difference. ■

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