



FIDIC – GAMA 2017: SUBMISSION OF PAPER ON PARTNERSHIPS

AUTHOR: ENG. JAMES N. MWANGI, CEO KURRENT TECHNOLOGIES

IMMEDIATE PAST CHAIRMAN AND COUNCIL MEMBER OF ACEK.

EMAIL ADDRESS: jnmwangi@kurrent.co.ke

Introduction

As Africa Continues to experience increased growth in infrastructure development the number of consulting firms is increasing. Almost all consulting firms are started by one or a few partners with experience in a specific area. The firms tend to focus on their area of expertise and over time create brand recognition for that area. As the number and size of the clients increase, the need for services in other areas increase. In order for the firms to attract and retain clients requiring bigger and multifaceted projects, the firms normally turn to other firms for additional capacity and additional skills.

Public procurement legal requirements also tend to force firms to partner in order to submit bids especially for larger projects so that they have a good chance of success. At the beginning most partnerships between firms or individuals are loose and informal and are based mainly on trust. Challenges experienced in such relationships include: -

- Misalignment in quality and delivery of services
- Clash of cultures
- Misalignment of management systems (may lack good systems)
- Lack of integrity
- Betray of trust etc.
- Inadequate capacity for effective due diligence

As the projects become bigger and more complex, most firms have to increase their capacity, diversify their skills offering and put in place robust management systems that can help them grow and sustain their businesses. However, the need for partnerships still exists given the level of specialization(complexity) and size of the projects and this renders many firms to look for structured and sustainable partnerships.



Partnerships occur at different levels and are summarized as follows: -

- Firms within the same country
- Firms within regional economic blocks
- Firms within the continent
- Partnerships within global firms

All these levels require the following: -

- Open communication between firms
 - o capacities,
 - o skills offering,
 - o Financial strength
 - o Vision
 - o Values
 - o e.t.c

Partnerships can be in the form of sub-consultancies or joint venture partnerships. It is important for the firms to clearly understand the other firms and where possible to do some due diligence to confirm the information shared and integrity of the firms.

Most partnerships start based on specific projects and over time, partnerships become close with the firms bidding together on as many projects as possible and sharing business intelligence to enable them prepare for upcoming tenders or business opportunities.

Benefits of partnerships include: -

- Complementing each other on skills
- Complementing each other with capacity
- Reduction of cost through optimization of resources
- Higher chances of winning bids through strength of preparation, offering
- Wider network
- More cooperation in skills development including opportunities for cross posting of staff
- Better branding (Clients likely to be more comfortable) and more marketing
- Sharing business intelligence and emerging trends of client requirements
- Wide opportunities (geographical, areas of specialization etc.)
- Sharing of risks



Way forward

With the growing local content requirements in many African countries, partnerships are important in ensuring capacity building, skills development and transfer. We expect to see even greater competition in bids and greater focus on Africa by global firms. We further expect even better quality delivery especially for very large projects and projects requiring very specialized skills. Partnerships will also help local firms not only build capacity but also embrace better management skills and processes, use of sophisticated software for engineering solutions and enhancement of integrity.

We see a more active role of membership associations as references for firms looking for partnership, training of staff from the firms in an effort to enhance capacities and integrity. Associations also are expected to have their members sign codes of conduct and promote corporate governance.

Memberships Associations under GAMA have the potential to enhance partnerships between firms in Africa by sharing data on the members and encouraging regional forums for members to meet and engage on among other topics, opportunities in their countries/economic blocks etc.

Conclusion

In conclusion, well-structured partnerships have the potential to grow local consulting firms into large well established firms that can compete effectively in the global arena.