Ambiguity in choice of entry modes in project marketing: a case study

Bernard Cova, ESCP-EAP, 6 Av. de la Porte de Champerret, 75017 Paris, France,
Tel: 00 33 1 44 09 35 59, Fax : 00 33 1 44 09 30 71, email: bcova@eap.net

Florence Crespin-Mazet, Tel: 00 33 4 74 01 41 86, email : f.crespin@infonie.fr

Robert Salle, E.M. LYON, 23 AV ; Guy de Collongue, 69132 Ecully Cedex,
Tel: 00 33 4 78 33 77 73, Fax : 00 33 4 78 33 79 26, email: salle@em-lyon.com

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Abstract

Projects, such as construction projects, are complex transactions which require suppliers to group their competencies into a consortium of firms in order to formulate an offer meeting customer's specifications. This gives rise for the project suppliers to a wide range of options by which to enter the project pyramid ranging from prime contractor to subcontractors roles. As such, the project entry mode can be directly related to the bidding strategy. But, at the same time, the selection of the mode of entry on a specific project goes beyond this single bidding strategy. This decision is encapsulated into more long-term marketing priorities such as the development of inter-organisational relationships and the buiding up of a position in a specific market.

This paper follows the chronological study of a cement plant project (CP4) in Vietnam for a customer called CVT. The focus is on the intercction between two potential actors of the project supply consortium: a French engineering firm (Petech) willing to act as prime contractor and a posssible supplier for the electrical lot which is a French industrial company (Grinlec). The paper highlights the three conflicting logics that are at play between the actors of the consortium: (1)the project perspective, (2)the relational perspective between actors and (3)the market perspective. The paper highlights the fact that, for a given actor of the supply side, the choice of project entry mode in the consortium is the result of its own combination of these three logics.

1. INTRODUCTION: THE LEVEL OF ENTRY INTO THE PROJECT AS A SYMPTOM

Projects are complex transactions which require suppliers to group their competencies into a consortium of firms (Mattsson, 1977) in order to formulate an offer meeting customer's specifications. This gives rise for the suppliers to a multitude of options by which to enter the project pyramid ranging from strategic alliances to deliver fully integrated 'turnkey' solutions to straightforward, single discipline sub-contractor roles. It will be fairly evident that a supplier's position in the project hierarchy will reflect the degree of responsibility for delivering stage specific objectives and, consequently, the extent to which it is prepared to accept such risk will relate to both its capability to perform the defined scope of work (competitive position) and the attractiveness of the project. As such, the level of entry into the project pyramid (from sole prime contractor to sub-contractor) can be directly related to the bidding strategy. But, at the same time, the selection of the level of entry on a specific project goes beyond this single bidding strategy. This decision must be encapsulated into more long-term marketing priorities, such as the development of inter-organisational relationships and the building up of a position in a specific market.

This paper focuses on the process linked to the choice of a project entry mode. Its contribution is to highlight the various logics at play – sometimes conflicting- between the actors of a consortium, working on the development of an offer and having to choose their project entry mode. This paper is based on the chronological study of a cement plant project (CP4) in Vietnam for a customer called CVT. In this project, we focus on the relationships between two potential actors of the project consortium: a French engineering firm (Petech) acting as prime contractor and the supplier for the electrical supplies lot - a French industrial group (Grinlec)-. In the case analysis, we more specifically focus on Grinlec's approach – the actor having the most opened alternatives in terms of choice of entry mode-.

2. MODES OF ENTRY IN PROJECT MARKETING

Project marketing extends well beyond the tactical considerations associated with 'competitive bidding' to an activity which might be illustrated in terms of the tactical options available to a supplier at three key stages of the project development (Cova and Salle, 1999):

- *Phase 1: Independent of any project*, when a specific requirement has yet to be firmly established, requiring the supplier to anticipate and/or create the project in conjunction with other potential participants.

- *Phase2: Pre – tender*, when the supplier aims to anticipate and/or influence the characteristics of the project with the customer and other influential actors.

- *Phase3: Tender preparation*, when the supplier bids for the project.

In the project marketing literature, the choice of project entry mode is often linked to the project screening stage; it is approached as its "side-product". The pre-bid analysis (Paranka,

1971) or screening process is the intermediate stage between the pre-tender phase (phase 2) of project marketing and the offer development (phase 3).

The main criteria used to screen a project are (Cova, Salle and Vincent, 2000):

- *Attractiveness* of the project to the supplier in terms of the alignment with company goals and objectives, the anticipated resource and expertise requirements, the importance of the project to the client, security of funding, client attitudes towards the supplier, risk/reward judgements, likelihood of follow on projects, opportunity costs etc...

- *Competitive Strengths* of the supplier on the project in terms of its credibility and past experience, the level of influence among key project stakeholders, the ability to satisfy customer business objectives and/or generate innovative solutions, the availability of knowledgeable staff and strong partners, readiness to proceed etc.

The principle aims of the screening process are twofold:

- To enable project opportunities to be prioritised and informed decisions made as to the allocation of internal resources. However, Scoubeau (2000) in her study of Belgian industrial firms working on projects puts to light two different behaviours at the screening level: “the first one consists in trying to obtain a maximum of projects without a real selection and the second one uses the experience of managers to select the best ones”. In the latter case of a selective approach, the screening decision is based on the managers’ multidimensional assessment ; it is not attached to the implementation of a normative tool.

- To determine the optimum entry mode into the project pyramid and any corresponding external resource requirements. Some of the more usual modes of entry are: sole prime contractor, prime contractor in consortium, contractor for a lot, trade contractor, sub-contractor, supplier to a contractor, sub-contractor to a supplier etc.

This deterministic approach of the choice of a project entry mode can be criticized along the following dimensions :

- It takes for granted a unique view of the project entry mode aiming at an ideal position in the project pyramid, independent of the behaviours and stakes of the other actors of the pyramid. In fact, there is some interdependency in the decisions taken by the network of actors involved in the project when choosing an entry mode. A processual approach therefore appears to be more relevant to properly tackle the interactions at play during that choice ;

- It also takes for granted that all the firms involved can equally access the entry modes listed above whereas practice reveals major differences in the choice spectrum of firms ;

- It looks at this choice as a “black box” whereas various logics are at play in each organization, each being supported by specific actors privileging a specific choice.

Finally, the normative approach of the entry mode linked to the screening process can be questioned in so far as it is not supported by any empirical evidence. The majority of present

research works in project marketing are centered on the relational development stages independent of any project (Skaates and Tikkanen, 2000).

To understand the dynamic of the entry mode decision process, we have developed a qualitative approach based on a case study. This approach detailed the business context embedding the decision. The case study relied on several interviews. A preliminary interview with a key person aimed at gaining the cooperation of the majority of the people involved in the decision process in the two project organisations involved. Six other interviews were carried out at the head office level and at the operational level (commercial and technical) in both organisations. A chronological approach has been chosen to analyse the interviews.

3. PRESENTATION OF THE CEMVIET (CVT) CASE

The action takes place in Vietnam at the start of the 90's. After 40 years of war, then isolation, Vietnam began to open up to the international community. A number of industrial investment projects were set up, particularly in the cement industry sector. The following case concerns the CP4 cement works.

3.1.Presentation of the main actors involved

Below is some information concerning the three main actors : CVT, Petech, Grinlec.

3.1.1.CVT

Cemviet is a state-run company.

3.1.2.Petech

Petech is a large international French engineering firm. It designs and builds industrial and tertiary plants. It is able to perform each step of the project; from feasibility study to turnkey delivery of plant. It has a 9 billion FF turnover, 85% of which comes from a wide range of activities :Oil and gas production, refining, petrochemicals, and the rest from the agro-industries, cement, power generation…. 85 % of its turnover comes from turnkey plants. The major part of its turnover comes from abroad. 20 % from Asia. Early in 1990, unlike its competitors, Petech had only completed a relatively low number of cement plants, mostly average sized even though the company includes a central core of engineers among its resources who were recruited following the takeover of a company producing turnkey cement works. At the start of the 90's, Petech decided to renew its efforts in this field, to diversify its activities and also because the market (new cement plants ; expansions and upgrading of existing facilities) offers good opportunities on an international market.
In the cement industry, Petech competes against other international engineering companies, all of which are able to offer turnkey cement works: FLSchmidt (Denmark) , Kawasaki (Japan) KHD (Germany), Polysius (Germany), Technip (France), UBE Industries (Japan), and also industrial cement groups with integrated engineering departments (for example Lafarge, Blue Circle…).
The company has a matrix structure:

- There are five product lines for the international markets. These are used for processes, technologies and plants which operate in the industrial sector. In each product line there are divisions which are responsible for the preparation of offers and their creation. In the present case, the Cement Division, as part of the product line industries, is concerned.

- There are also 5 geographical zones which are responsible for detecting projects and monitoring Petech's presence in various countries. For this, Petech has a global network of 50 affiliates and representative offices. In Vietnam, Petech has an office in Hanoi.

3.1.3.Grinlec

In 1995, Grinlec had a turnover of approximately 60 billion FF: Europe (65 %), North America (20%), Asia (15%). For Grinlec, the Asian zone is important.
The group specialises in low, mid and high tension electrical equipment for factories and energy transfer. The competition is global and confronts such internationally powerful groups as: ABB, AEG, Alsthom, General Electric, Mitsubishi, Schneider, Siemens, …
The company has a matrix structure:

- There are the Business Units, responsible for offer strategy: defining products lines and related services, pricing, launch of new products,…. Some BUs concentrate on groups of components with specific functions and technological attributes (for example automatization,…). Two BUs in fact group together several fields of expertise. One is an applied BU which is responsible for integrated electrical equipment systems for sector-based applications (ex : cement, petrochemicals..). Other than offer strategy, this BU also ensures the technical design of the offers then the work on the site once the deal has been signed.
- There are also geographical zones which ensure an industrial and technical presence for the clients. Grinlec's worldwide geographical presence is ensured by affiliates and agents depending on the importance of the country for Grinlec.

Also, Grinlec has a transversal commercial structure, with the International Projects Department (IPD) which is divided into geographical zones. This is based in Paris and is responsible for detecting and coordinating new project opportunities by using the local affiliates. In IPD several commercial are in charge of specific sector-based applications. In this case study one commercial is dedicated to the worldwide cement industry. These commercials resort to BU when designing the proposal and then when building a plant.
There is a new international key account management division, also based in Paris. Both entities, with very different logics, "key projects" versus "key accounts", appear incompatible and antagonistic within Grinlec. So, conflicts exist between these two units.

Like all its major industrial competitors, (ABB, Siemens..), Grinlec has a push-pull strategy. Grinlec has direct relations with its industrial customers.

- For example, for the renovation of a factory's electrical equipment. The material is bought directly by the customer.
- When the material has been integrated into a much broader offer, proposed by an engineering company, acting as a project manager (a turnkey factory for example), the material is bought directly by the engineering company, which is Grinlec's direct customer. Similarly, Grinlec seeks to advocate its electrical equipment via direct commercial action with its industrial customers.

In the choice for electrical equipment, the customer can adopt different approaches: not to choose a supplier and allow the company to decide, propose a short list of suppliers, or even propose just one.

3.1.4.Petech-Grinlec relationship
As an engineering company, Petech is one of Grinlec's main customers (tens of millions of the annual turnover). Up until the 90's, Grinlec had never sold any electrical equipment for cement plants made by Petech.

3.2.Chronology of the case

3.2.1.Grinlec's first major contract in the transfer of electricity : entering the Vietnamese market
For Grinlec, Vietnam has great potential for development. Before the opening up of the economy, Grinlec had a Vietnamese agent in the country.
At the start of the year (1990), Grinlec won a 500 m FF contract to supply an all-important north-south high-tension line. To win, the fight was hard between the major international groups in the sector. They were all looking to enter the market and were prepared to "make sacrifices". This deal was the first contract to be offered to a foreign company since Vietnam decided to open its borders.
The contract had a huge impact in Vietnam. As a Grinlec manager said « we became well known, in the local press, there were articles about us».
Following the signing of the contract and to begin a marketing campaign, Grinlec created a team made up of one French engineer and three Vietnamese engineers. Following the deal, Grinlec now has two branches in Vietnam: Ho Chi Minh Ville (ex Saigon) and Hanoi.

3.2.2.Cement in Vietnam : a need to invest
The cement industry is deficient, particularly concerning its global offer. Indeed, the country imports 1 M tons /year. Moreover, regional production levels are unbalanced since 3 of the 4 existing cement works are in the North of the country. In terms of productivity, the equipment is often out of date and badly maintained.
Faced with the double constraint of having to develop infrastructure and the increasing needs of the building industry, the government has defined the modernisation and the expansion of the cement industry as one of its priorities. A governmental programme plans the construction of 7 cement plants. The projects are not linked, because they are to financed differently: JV, Vietnamese investment.

3.2.3.Grinlec's first move
Grinlec already has made a name for itself in the electrical equipment sector for cement works, following twenty years experience worldwide. To promote its offer, Grinlec works with both the Vietnamese final client and all people involved in the cement sector (particularly the engineering companies). At the beginning of the 90's, Grinlec organised a conference to promote its offer in Vietnam for the CVT(the cement works operator) and the engineering companies.

3.2.4.Cement works project n°1 (1991): Cement Plant 1 (CP1)
CVT, the customer, consults a number of engineering companies. Finally, FLS, a Danish engineering company and world leader, wins. FLS "naturally" consults Grinlec for the supply of electrical equipment. There is already a relationship between FLS and Grinlec, they have already worked together on a number of projects. At the end of the day, Grinlec receives no order for the CP1.
According to a manager from Grinlec working on the CP1 project, « FLS wanted to show they were the boss and would decide everything by themselves » «my interpretation of this is

that they (FLS) wanted to prove they had the power, in front of Grinlec's promotional campaign in Vietnam».

3.2.5.Cement works project n° 2 (1992) : Cement Plant 2 (CP2)

This project is based on a JV between CVT and another company. In 1992, several engineering companies are contacted for the CP2 project.
Petech decides to invest heavily in the project. At that time, Vietnam is a target company for Petech which has a project for a petrochemicals plant with a French petroleum company. The cement works project means Petech has to continue its progression for one and a half years. Finally, UBE (Japanese engineering company) wins the contract. For Petech: «they had better relations ».
For the project, Grinlec receives an order from UBE for all the electrical installations (low, mid and high tension) and for the feasibility studies. According to Grinlec: «our prices were extremely attractive because it was our first opportunity to work with UBE. This was only possible because the client CVT knew us and was able to recommend us.»

3.2.6.The abandoned project : Cement Plant 3 (CP3)

Then, Petech became involved in the initial feasibility studies for a project for a cement works, led by a French company in association with CVT. The project never got off the ground because the French cement group refused to take it any further.

3.2.7.Cement works project n°3 (1993) : Cement Plant 4 (CP4)

- Consultation by CVT

In January 93, CVT launched the CP4 project, a medium-sized cement works worth 500m FF, 20% of which corresponds to the electrical equipment. The consultation was based on the information contained in the specifications made by a Japanese engineering firm for CP2. The specifications corresponded to Japanese specifications (which are different for Europe and the U.S.).
The invitation to tender was sent to 6 engineering firms : FLSchmidt (Denmark) , KHD (Germany), Kawasaki (Japan), Petech (France) ,Polysius (Germany) and UBE (Japan). The invitation to tender includes a 1% "bid bond".

- Petech's decision: go or no go

The decision to go or not to go for the CP4 project meant taking several different opinions into consideration and the involvement of numerous Petech managers.. The manager in charge of the project tells us :
« For Petech Cement Division , this represents a huge deal, particularly as the division's annual objectives are FF 1billion, in other words, a lot. A contract of this size represents about three year's work: one for the tender, and 2 or 3 until completion».
"When there is a bid bond, we look at it closely. The Director then approves it. Each position is reassessed, and a commercial margin is added, we also look to see what could be sub-contracted out».
«The cost of a bid is around 1 and 3 million FF, a number of people have to be present in the country for about 6 months. This is calculated carefully beforehand, and one criteria is the composition of the sector. In some countries which are dominated by the competition, we no longer even bother".

«Ok, let me tell you that to go to Vietnam at this time, believing we could win was a little mad. Crazy as we say here. On paper, Polysius were in the strongest position, because for CVN, a Mercedes is better than a Peugeot. However we knew a few things that could alter the

situation….particularly the political and financial dimension. … Why Polysius? In fact, at this time, Vietnam was still fairly shut off. And as the Vietnamese have a Russian culture, they knew more through reputation about the Germans than the French. The Germans had a technical head start over us».
Despite Polysisus's position as favourite, Petech decided to go for the CP4 project and to make an offer. It should be mentioned that the technology required was not a problem for Petech who had already completed several similar projects throughout the world.

- The engineering companies approach Grinlec for the CP4 electrical equipment

Grinlec are informed about CP4 at the same time as the engineering companies.
To set up their technical offers and establish prices, the engineering companies then consult the electrical equipment suppliers. Some consult for material only (batch approach) others for material plus studies (package approach).

Grinlec are approached by UBE who they had already won the CP2 with. UBE approached Grinlec for a batch.. Following the CP2, which, according to Grinlec was a good job, relationships between the two companies are good.

Grinlec are also approached by FLS and makes a proposal for the electrical equipment.

Some time later, the International projects manager at Grinlec is approached by Petech's sales manager who suggests creating a kind of partnership to seek ways of financing the project and to work together until the deal is won. (prime contractor in joint venture).

- Grinlec's response to Petech for the CP4

Because of the competitors in the running and their previous experience of the Vietnamese market, Grinlec thinks that Petech have little chance of winning the CP4 and that FLS are likely to win.
"At the start of the project, they approached us with the idea of working together. At the time we thought they had little chance of winning because they hadn't won any cement works contracts for a while. We decided not to say no and were ready to make a proposal, but not to go all the way to striking up a partnership…because behind the request, they were obviously going to claim some form of exclusivity. We finally refused their proposal for a partnership. In fact, at the time, we thought FLS would win. FLS were in a strong position.. so we didn't completely shut Petech out, but didn't really leave the door open either.. we helped them a little when they were out there. We told them Grinlec people were available whenever needed. They met, but we could not go the whole way since we were convinced FLS would win. Over there, we helped them like fellow Frenchmen, but it's true we didn't really approach the client all together at any time. Simply because if ever FLS had got wind of it…" (a Grinlec manager involved in the CP4 project)
Basically, Grinlec refused any partnership with Petech, but put in a bid for the electrical equipment for the cement works.

- Petech's financial arrangement

Following this refusal, another form of financial arrangement is set up : with French and Japanese money. The Japanese money coming from a Japanese shosha.
According to a Petech manager, « we joined up with this shosha because it's a Japanese company and we didn't want to be 100% French. Also, they have an office in Hanoi which could be used as a commercial office, excellent relations and information network. We were able to benefit from their information on a daily basis thanks to their local agents…..".

- The progressive elimination of the competition

There is a complex questioning and tender assessment session based on very specific criteria. For the perusal of the tenders, there were approximately 40 people from either CVT or the Vietnamese consultancy. Only 4 of whom had really any influence.

In all, there are 6 rounds, each time a competitor is eliminated. FLS and Petech are the last two in the running.

In August 1994, after about one year of negotiation, Petech wins the CP4 project. The cost is extremely low and delays short. For Petech, the cost is low but represents the price to pay to enter the market and make a name to subsequently win the petrochemicals factory with the French petroleum group.
This means costs are closely supervised and delays must be respected. There is little room for manoeuvre.

- Petech-Grinlec relations following Petech's victory

Having signed the contract, a project team is created by Petech : there is a project leader, a purchasing group, a feasibility studies group including specialists for each area. First, the team makes various feasibility studies, delegates others, consults suppliers, negotiates markets etc.

In general, with such a project, Grinlec try to negotiate not to have batch orders, but rather a package in the form of a unique call for tender for the complete system (equipment and studies). This is the same approach as used by all industrial groups in the electrical equipment sector. For Grinlec, the global package call for tender rather than separate batches presents the following advantages:

- Greater business volume
- The possibility of working with greater sums therefore of offering more competitive prices
- It enhances the added value of the company for the project leaders from the Industrial Relations Division.
- And allows to keep a global responsibility for the coordination of the project.

Petech have a supplier-consultation method which is characteristic of engineering companies in the petroleum industry. In other words, batches. Specifications are detailed, then suppliers are consulted. As a Petech manager says : « our problem is not to put all our eggs in the same basket. The risk of the package is the non-respect of deadlines, which can lead to penalties. This is not part of our company culture".
It should be added that in this case, as Petech are not very busy at the time, they prefer to divide everything into batches and to perform the feasibility studies themselves, internally. With a package approach, this is the role of the supplier.
To stick to the costs for the CP4, Petech decide to sub-contract internationally, while keeping everything that is crucial in France. The fact that part of the investment is French, means Petech have to buy from French companies.
The contract signed with CVT is fairly precise and rigid as far as supplier choice is concerned: Grinlec and three other electrical equipment suppliers have been short-listed. But, as long as Grinlec respects the list, they are free to choose. Thus, four batches are made up

and four invitations to tender are sent to the different suppliers. Because of the prices Petech put forward to win the CP4 contract, they have to put the pressure on the suppliers.

At the outset, there was a little tension between the two parties, the different company logics differ. For Grinlec, this tension is due to the fact that Petech want to give one of the short-listed companies an advantage. And have them pay for their low involvement in the preparation of the proposal. A priori, this competitor is technically less efficient, but prepared to cut prices.
With the four different batches, Grinlec decide to bid for all four and use only one manager for all four, the idea being to bring them round to thinking again about the idea of a package. Little by little the atmosphere improves, more so because faces change at Petech which makes cooperation easier.
So, Petech work with Grinlec to create alternatives and to find competitive solutions. For a Grinlec manager : « they were looking the wrong way, working in petroleum is not the same as cement. Petroleum is much more complex than cement, they wanted the best, but didn't have a penny, so we helped them find solutions which were more suited to the cement industry".
So, Grinlec help Petech find cheaper solutions in order to create better conditions for a move towards a package deal. To improve cooperation, Petech transmit the CVT specifications to Grinlec to allow them to make the best possible proposals. Grinlec find a technically clever and inexpensive solution. Petech put two of the batches together for Grinlec, but not the four.

October 1998, CP4 begins producing.

4. CASE ANALYSIS

We focus on the logics implemented in the choice of Grinlec's project entry mode by analyzing the power game between Grinlec and Petech on the CP4 project. We analyze this game along two perspectives :

- the network position perspective (Hakansson and Snehota, 1995; Johanson and Mattsson, 1992) : it takes into account the relationships of each actor with the other actors of the related project network : the customer CVT, politicians, institutions, actors involved in the proposal (engineering firms)… We analyse the position of a given actor in the network.
- A chronological perspective taking into account the relational investments of each actor and leading to positional changes at various periods of time: independent of any project phase, pre-tender phase, and within the CP4 project (Cova and Salle, 1999).

4.1. The position of each actor before the CP4 project

The position of Grinlec is the result of several relational investments and of its involvement in various successful or unsuccessful projects. The investments made over several episodes enabled Grinlec to understand how the decision networks in Vietnam function, and to know about the local Vietnamese "milieus", in particular in the cement field. We summarise these various episodes hereafter:

- beginning of the 90s, Grinlec wins a first electricity transportation project: development of its knowledge of the Vietnamese environment and of state decision

networks, and identification of the major potential partners and competitors on future projects.

- Positive communication in the local press and acquisition of a local reference.

- Change of local sales organisation: increased staff and creation of an agency with two offices.

- First promotional conference of Grinlec's products in the field of electrical equipments with cement applications in front of potential customers (CVT) and engineering firms.

- CP1 : Grinlec has proposed the electrical equipment lot to FLS (engineering firm) who won the project but finally chose another partner in its proposal.

- CP2 : Grinlec has offered the electrical equipment lot to UBE (engineering firm) who won the project. UBE chose to work with Grinlec.

Thus, when the call for tender of the CP4 project is issued by CVT in 1993, Grinlec has built a strong position in the milieu involved in the development of cement production units in Vietnam. Grinlec also benefits from a high technical expertise on electrical equipments for cement plants. Therefore,

- Grinlec represents for engineering firms, an attractive partner on the CP4 project,
- Grinlec has major chances to be short listed as an electrical equipment supplier supported by CVT.

Petech's position at the time when CVT is issuing its bid on CP4 is quite weak. Two episodes were unsuccessful and did not enable Petech to develop important relational investments nor to show its project realisation capacities in the Vietnamese context:

- the CP2 project won by UBE,
- the CP3 project which never came true.

The position of these two engineering firms –FLS and UBE- is quite favourable in so far as each one of them has won and realised a project (CP1 and CP2).
Thus, when the CP4 bid is issued, Petech does not occupy the best position in the Vietnamese cement plant milieu as compared to other engineering firms. Petech is well aware of this unfavourable position. The hypotheses made by Petech on the engineering firms having the most chances to win the CP4 project (Polysius according to Petech) reveals a weak knowledge of the project milieu in 1993: Petech refers more to the cultural proximity between Polysius and CVT than to the careful analysis of the positions of competing engineering firms such as FLS and UBE.

4.2. Petech and Grinlec action logics in the CP4 project

We adopt the perspective of each actor developing an offer in partnership with other actors on the CP4 project.

Through the CP4 project, Petech intends to build its position in Vietnam. This requires to win a project as quickly as possible so as to acquire the knowledge of the actors in the local milieu and of their relationships, as well as an industrial reference. Based on this position, Petech can then access central actors of the milieu and anticipate the existence of customer's projects. The partnership with Grinlec has several origins:

- access the relationships enabled by Grinlec's current position in the Vietnamese cement plant milieu: on the one hand, the relationships with central actors of the local milieu, and on the other hand, the expertise in electrical equipments for cement applications.
- The obligation to source some equipment with French suppliers due to the nature of the financial agreement developed on the CP4 project.

For Grinlec, Petech's position in the Vietnamese milieu as compared to that of the two other engineering firms FLS and UBE, is not strong enough to win the CP4 project. We thus have a diverging viewpoint of the respective attractiveness of Petech for Grinlec and of Grinlec for Petech in the development of the CP4 project offer. This leads to drastically different behaviours of the two firms :

- Petech's intent is to increase the attractiveness of its proposal to CVT by presenting Grinlec as its co-contractor on the CP4 project. This should also increase Grinlec's involvement on the CP4 project (due to a perspective of increased turnover and direct relationship with CVT). This approach is supported both at Petech's and at Grinlec's by hierarchical levels in charge of rather global issues and not by operational levels managing the CP4 project. This means that Petech plays on the global, worldwide relationship existing between the two firms. For Petech, the CP4 project is (or would be) embedded in their global and long term relationship and represents in fact an episode in this relationship. We can also make the hypothesis that the focusing on this relational perspective is an alibi hiding a more opportunistic approach on the CP4 project, or even a threat based on the relationship atmosphere. The sales of electrical equipments on turnkey projects (the electrical lot) is actually closely linked to the success of the engineering firm integrating this lot in their proposal. The electrical equipment supplier is thus dependent on the engineering firm. If Grinlec does not make an effort to develop a partnership with Petech on the CP4 project, they might have to pay for it on future turnkey projects.

  We can therefore analyse Petech's relationship approach along various time perspectives:

  - CP4 is an episode in the relationship between Petech and Grinlec,
  - CP4 is the final objective of Petech's actions towards Grinlec and the relationship is in a way embedding itself in the project as one component influencing its atmosphere.

- On the opposite, Grinlec adopts an avoidance behaviour, a « low profile » attitude towards Petech. The objective is to remain neutral with engineering firms by keeping a status of electrical equipment supplier on a lot, and only taking the CP4 project into account. Thus, Grinlec:

- implements direct actions at the customer's CVT so as to be recommended as a supplier whatever the engineering firm winning the project ;

- denies the existence of relationships with Petech in the cement field in so far as they have never realised any project in common in this field. We are faced with a reduction of the relationship arena between Grinlec and Petech and in particular of its technological arena ;

- denies the existence of relationships on Vietnamese projects : reduction of the relevant geographical arena ;

- takes into account the existence of relationships with FLS and UBE both in the technological arena and in the geographical arena.

- Faced with Grinlec's refusal to develop a partnership, Petech's approach consists in increasing its chances of success. Its turn to the Japanese shosha can be looked at as a means to:

  - improve its position through a link with an organisation that perfectly knows the Vietnamese decision networks ;
  - to develop a unique financial agreement that could form a sound competitive advantage.

4.3. Petech and Grinlec actions' logics in the CP4 electrical equipment project

Once the CP4 project won by Petech, Grinlec receives a call for tender as it is short listed by the customer CVT. Initially, two opposite rationales are at play: Grinlec defends a global package approach for all the electrical equipments whereas Petech defends a systematic bidding approach on all the lots. The existence of a French financing compells the two firms to work together. In a first stage, Petech tries to impose its working routine and to dominate Grinlec through the pressure exerted by its leaning on a competitor. This confrontation logic is strictly bound to the project. Then, a logic of cooperation and of agreement on conflicting viewpoints is being implemented, trust is emerging and Grinlec manages to establish a new power balance within the project relationship.

5. DISCUSSION AND LINKS TO THEORY

Through this case study, we highlight Grinlec's action logics on the CP4 project. Grinlec combines three interdependent perspectives to play on the relationship atmosphere with Petech along the CP4 project development:

- The CVT project perspective. This short-term, opportunistic approach focuses exclusively on winning the project. Adopting this approach would lead Grinlec to play with FLS (taking only into account FLS favourable position on the project). For Petech however, integrating Grinlec in its proposal would raise its chances of winning the deal.

- The relational perspective. This approach which takes into account the existing relationship between Grinlec and Petech would lead to

privilege and integrate the continuity of the relationship in the CVT project.

- The market perspective. The two firms -Petech and Grinlec- also make strategic choices depending on geographical and technical factors. Given these choices, the offer partnership between the two firms on the CP4 project can more or less contribute to the creation or development of the position of each party.

The case confirms that one of the key issues in project marketing relies in having the capacity to develop proposals and offers once a customer project has been identified. This capacity is not easy to develop because a firm has to cope with short term heterogeneity of demand over time. Easton and Araujo (1997) developed a model of the possible responses to this heterogeneity. Six response modes are suggested : selection, reflexion, adaptation, absorption, transmission, configuration. According to these authors, transmission and configuration are the most adapted modes of response to situations met in project marketing. Transmission is "the process whereby the nodal firm passes on the effects of the changes in demand over the time to others actors to whom they are connected. By and large those actors will be their own suppliers, but they could be complementary suppliers cooperating competitors, or suppliers' suppliers". Configuration "involves the creation of temporary network configurations to meet the heterogeneous demands of the customers as they change over time".

In order to assemble external resources in temporary networks configurations (a project), firms combine different approaches which vary along the three following time frames : independent of any project, pre-tender, tender preparation.

- **independent of any project**. It consists for a given firm in identifying possible partners and to start establishing a relationship that could lead to cooperation on a given project. When the relationship is already existing, it consists in perpetuating the contacts so as to avoid falling into a « sleeping relationship » that would be difficult to activate on a specific project. Given the necessary investments to initiate and maintain such relationships, this can only be achieved with a limited number of partners (Hakansson and Snehota, 1995) –i.e. those having the required expertise to add value to the proposal made to a customer on a given project. In some companies, these firms managed as a portfolio of partners are referred to « major partners ». The problem raised and illustrated in this case lies in the fact that some of these major partners do not have identical positions depending on the geographical areas concerned and on the technologies used. Therefore, several partners can be used in parallel, but with specific geographical or technological allocations.

- **pre-tender phase**. In this phase, a project has been detected. According to Easton and Araujo (1997), : "projects provide the opportunity to mobilizing the virtual network and making it coalesce into a visible and temporary organization, which will evolve as the project unfolds." The concept of virtual network is very similar to our concept of milieu. The partnership approaches in a project also vary according to the existence of previous investments in partner relationships independently of any project (virtual network or milieu). In this phase, it is easier for a firm to work with firms which they are already involved with rather than to seek unknows (reputation in the virtual network according to Easton and Araujo, 1997).

- If prior investments have been made. This consists in mobilising the partners identified in the previous phase (independently of any project) as soon as the project is identified.

- If no prior investments have been made. This consists in identifying and mobilizing external resources as soon as a customer project is identified with a view to developing the proposal. In this case, the relationship can perpetuate and lead either to other common projects or only to a single project. Therefore, the partnerships negotiated on a single project can be either one shot or give rise to common projects depending on the feed back made by the two organisations concerned. This pre-relational stage (Ford, 1980) thus represents a high level of uncertainty for the two organisations.

- **tender preparation**. The customer has already launched the call for tender. At this stage, the company has to coordinate (Lundgren, 1992) the key external resources (major partners) that have been mobilized. At this stage of the project development, it is unlikely that the few key external resources that have not already been mobilized by competitors can be activated (unavailability). At this stage, only non-key external resources for product supplies or sub-contracting purposes can be identified and mobilised before being coordinated.

CONCLUSION

The choice of a project entry mode has long been normatively presented in project marketing literature as a "side-product" of screening procedures (bid/no bid). It consisted in knowing at which level and with which firms a project firm should enter the project so as to maximize its chances of winning the project. A tool based on a strength and attractiveness matrix has even been developed to take the decision. The analysis of the case presented in this paper highlights a far more complex reality in which the entry mode decision only represents an episode in the management of the firm's external resources. Depending on the importance of these resources for the project and on their impact on the proposal value for the customer, companies will identify, mobilize and coordinate these resources with a more or less important degree of anticipation (independent of any project phase, pre-tender phase proposal preparation phase). Then, the relative positions of each actor in the project will strongly influence the available choices in terms of entry mode. Finally, the choice of entry mode will represent a compromise between the three different action logics at play on a given project : the project logic, the relationship logic, and the market logic. Far from being solely the outcome of a matrix decision tool, the choice of a project entry mode results from a complex process mixing an external resources management process and a compromise between actors and marketing action logics.

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