

Project-ending competence in networks: Two cases of large inter-organizational projects

Competitive Paper

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Abstract

Continuing restructure of business driven by global economic change and new technology often requires closure of existing manufacturing facilities. In cases where these terminations are unexpected and premature, the understanding and skills of project management can be applied to the closure. A network perspective that accounts for the influence of suppliers, end customers and other stakeholders over time, presents a new perspective on project management under premature termination. The paper examines, through two cases of premature termination, the changing role of external stakeholders. The first case is about the closure of a car manufacturing plant owned by Mitsubishi Motors Australia Limited. The second case is an aircraft plant owned by Saab of Sweden. The importance of external stakeholders is shown to increase with closure. The ability of external stakeholders to react and influence a terminating firm's long-term profit is shown to substantially change the dynamics. Therefore, we suggest that particular project-ending competences are needed to ensure smooth project terminations. Our focus on these competences contributes to the literature on project management, and in particular, illustrates the need for managers to consider the future when terminating complex projects.

Key words: project management, ending, closure, car industry, airline industry, network dynamics, project-ending competence

INTRODUCTION

Closing down of factories and production lines is a continuing feature of global business. These closures have fundamental effects on business networks, and call for special actions from the involved companies. The managerial challenges are high, as the closure affects not only the units that are closing and their employees, but also connected parties. This paper analyzes these challenges.

In today's world, business is increasingly conducted as projects (Prabhakar 2009). Manufacturing plants are designed as layers of embedded projects. Plant closures, when they are premature, reflect a special form of project-ending – a termination of business (Lock 2003). While project management literature is extensive, the ending phase of projects has typically been given less attention. Recently, scholars have shown more interest in terminations (Atkinson, Crawford & Ward 2006; De 2001; Havila & Salmi 2009). However, there is very little guidance on how to deal with premature termination. For example, there is no advice on which activities are critical for the project manager to consider. Further, there is no advice on prioritising actions within the project-ending framework.

Another emerging theme is to examine projects within their context (Manning 2008). This view pays attention to the external stakeholders of a project (Olsson 2006). For example, suppliers, customers and governments may all be affected by project endings. In premature endings the roles and the importance of stakeholders change. The ramifications of the ending can play out in different ways so that the roles of suppliers, customers and other stakeholders change. This viewpoint follows from a network perspective. Researchers of business networks have been active in analysing the termination of relationships, and these insights can aid understanding of premature project terminations. Thus, we contribute to the knowledge of project ending by examining the processes from a network perspective. In particular, we are interested in the managerial and organizational competences required in project ending.

In this paper we investigate two premature project closures in different network contexts: one from the car industry and the other from the airline industry. The first study is the premature closing of the Mitsubishi Motors Australia Ltd (MMAL) car manufacturing plant in Adelaide, South Australia. The 380 model family sedan was an opportunity for MMAL to maintain car manufacturing in Australia. The six-cylinder model was introduced in a highly competitive environment, after a five-year pre-production phase, just as petrol prices climbed steeply. The second is a case study of production ending for two civil aircraft models, the Saab 340 and the Saab 2000. All parties involved in the development and production of these two aircraft models expected them to be sales successes. The Saab 340 lived up to these expectations and met with success, whereas production of the Saab 2000 was halted after five years, when only 63 planes had been produced.

The paper is organized as follows. First, we review the literature on projects and project endings, focusing on complex projects that are going through premature termination. In the section that follows, we present the two case studies of premature closure. Third, we compare the cases in our discussion and provide a theoretical perspective on how the future matters in premature project closures. This allows us to make some comments about a new capability: project-ending competence.

LITERATURE REVIEW

Projects are embedded in multiple contexts (Manning 2008). These contexts can also be characterized as a network (Havila & Salmi 2009). The network context is composed of connections between firms, end-customers and other stakeholders spread through time (Johanson & Mattsson 1985). Within a network context the role of different stakeholders to the project becomes especially important when and if the project undergoes fundamental changes (Olsson 2006; Söderholm 2008).

Our focus is on unexpected events that led to a re-examination of a project (Söderholm, 2008: 83). Indeed in our case the events lead to a complete reconsideration and a decision to prematurely terminate the project. In complex projects there are usually several stakeholders that are deeply involved. For example, suppliers are often deeply integrated (Martinsuo & Ahola 2009). Change management is an issue in normal project ending (Steffens, Martinsuo & Arto 2007). However, change management is critical in complex projects, and management extends beyond the firm boundary when other stakeholders are considered.

Termination of large projects is naturally problematic. Project managers meet with a range of problems, which have new nuances. For example, managers need to negotiate claims with the clients (De 2001), while senior management must negotiate with government actors and manage delicate public relations issues. Each of these matters can be viewed as a straightforward functional task. However, in a premature ending not only the practical issues require resolution, there is also a strategic dimension to every task.

The strategic dimension is associated with other stakeholders, who are placed in a commercial risk situation or who may develop negative feelings towards the terminating firm. These stakeholders can influence the closing process and potentially have a negative impact on the firm in the future. Therefore, premature project termination calls for special project-ending competences. Enthusiasm, action and experiences all tend to relate to the launching of new projects. Closure, however, is usually linked with negative feelings both within and beyond the firm. The original project members may have great difficulties accepting that the project is terminated. As noted by a manager involved in a premature closure, *“no one wants any part of the funeral”* (Havila & Salmi 2009: 72).

Recently, writings on project management have raised the issue of the competences that should be developed (Suikki, Tromstedt & Haapasalo 2006). We add on these writings by proposing project-ending competence. We shall focus on the ending competence in our investigation of the two empirical cases. The discussion is based on the following definition of project-ending competence: *‘the ability and skills of the organization and its employees to terminate the project so that internal and external project stakeholders and company relations incur as little harm as possible’* (Havila & Salmi 2009: 63). Accordingly, project-ending competence is composed of two elements; the organizational capacity and commitment to support the operational managers affecting the closure, and secondly the quality and capacity of the employees. This resonates well with the argument by Kasvi et al. (2003) that *‘Successful project management is based, on the one hand on accumulated knowledge, and, on the other hand, on individual and collective competences.’* Thus, both individuals as well as an organisation’s ability to store and re-use earlier knowledge are important – it seems that the community features become stressed in ending situations too.

EMPIRICAL STUDY: THE TWO CASES OF PREMATURE PROJECT ENDING

The ‘Saab 2000 project’ and the ‘Mitsubishi 380 project’ are projects that were ended before they reached their goals. In the case of the Mitsubishi 380 the goal was to produce about 30,000 cars per year for 10 years. This goal was never reached as the production was ended after two and a half years and 32,000 cars. In the case of the Saab 2000 the goal was to develop an aircraft that would be like its predecessor, the Saab 340 aircraft, but bigger and better in several aspects. The Saab 340 was a sales success and this was the goal also regarding the new Saab 2000. However, the project was ended after five years, when only 63 planes had been produced. To recoup all the investment costs that Saab Aircraft AB, its suppliers and its launching customer had put into the development of the new model would have required the production of at least 200 aircraft.

Ending Production of Mitsubishi 380 Cars

When the long running Magna model was coming to the end of its effective life, a decision was taken by Mitsubishi Motor Corporation of Japan in 2002 to begin production of the 380 model at Mitsubishi Motors Australia Ltd.’s (MMAL) production facility, the Tonsley plant, in Adelaide, South Australia¹. MMAL is a wholly owned subsidiary of Mitsubishi Motors Corporation (MMC) of Japan. The Tonsley plant was started in 1964 as a Chrysler factory, later on it became a production plant for Mitsubishi cars. The first Mitsubishi-designed car that was produced at the Tonsley plant was the Magna. Between February 1984 and August 2005 a total of 793,521 Magna cars were produced at the plant.

Once the decision to build the 380 model was made suppliers were chosen and agreements were prepared between the suppliers, MMAL and MMC of Japan. The design and development process took about two and a half year. When the production of the 380 model began in Adelaide in September 2005 the goal was to produce 30,000 units per annum. At the same time when the production of the new 380 model started, the production of the Magna model ceased.

However, consumer and business demand for the 380 model never became strong. The 380 model, a large car with considerable petrol consumption, was introduced at the same time as petrol prices began to rise. There was also increased competitive pressure in the market at the time of the introduction. This meant that the production never reached the planned 30,000 units per annum. Instead the production structure at the plant was rearranged to produce 10,500 units per annum. These production numbers meant that the capital costs of the Adelaide car plant could not be recouped.

On the 5th February 2008, two and a half year after production started, Mitsubishi Motors Corporation of Japan announced in a press release that its production facility in Australia was to be closed at 30th March 2008:

“Tokyo, February 5, 2008 — Mitsubishi Motors Corporation (MMC) today announced its sales and financial results for the first nine months of the fiscal year ending March 31, 2008 and its full-year forecasts. [...] Mitsubishi Motors leaves its full-year net income forecast of 20 billion yen unchanged as it expects to make up extraordinary losses incurred through the

¹ In total, the case study is based on 18 interviews with 15 persons (one person was interviewed three times and one twice). Of these, five persons worked at Mitsubishi Motors Australia Ltd (MMAL) and nine at seven different supplier companies. Also one end-customer was interviewed. All the interviews were recorded and transcribed. A wide range of secondary material, such as information from the different companies’ web sites and news articles, was collected.

closure of its production facility in Australia by raising the profitability of its operations.”
(//media.mitsubishi-motors.com/pressrelease/e/corporate/detail1726.html, 2009-03-03)

For MMAL this meant that from the 30th March 2008 the company became a full importer, meaning that no more Mitsubishi cars were manufactured in Australia from that date. At the announcement time, official car sales figures showed that Australians had made an all-time record in buying new vehicles (business.smh.com.au/Adelaide-plant-was-on-road-to-nowhere-20080205).

Immediately after the announcement media channels in South Australia went out with the information. For example, ABC News pointed out that the local economy might be influenced both directly, as about 900 workers at the plant would lose their jobs, as well as indirectly as components suppliers would lose parts of their business:

“The fall-out from the closure of Mitsubishi in Adelaide is starting to spread through the local economy. [...] It is the first of what is expected to be a wave of job losses to be felt in the components sector after Mitsubishi announced it would close its Tonsley Park plant – sacking more than 900 workers.” (ABC News 9th February, 2008)

That day the “phones ran hot” at the plant (General Manager, Supply Division).

Informing external stakeholders

A few key suppliers received prior warning of the closure before the public announcement. For example, the CEO of the company delivering cockpits for the 380 model was notified via a telephone call before the announcement. At that time he was asked not to disclose anything. As one of the managers at a supplier company expressed it: “We were both told, until the official document came out there was an embargo on it. So we were given some notice prior to its release to the press” (National account Manager, CEVA). The information he received was that Mitsubishi was to end the production of the 380 model and accordingly close the Tonsley plant. He also received information that it was still under discussion whether it would take six months or a year to actually release the closure:

“I got notified via a telephone call from Mitsubishi to tell me that this is what would be happening in advance of any press releases or public announcements, because we are such a key supplier.” (CEO Continental)

Also another company received information some hours prior to the public announcement:

The last day of production at the Tonsley plant in Adelaide was set to coincide with the end of the Japanese fiscal year. This gave MMAL about seven weeks to finish production and start to deal with the 900 or so persons working at the plant. Another important issue to deal with was the 137 component suppliers that would not be able to recoup their investments as production ceased several years and several thousand cars earlier than planned:

“... the last car that was to be built out of this plan; the time was given as the 30th of March; that was given as a time to our supply base and there would be no more production.”
(General Manager, Supply Division)

After the announcement a letter was sent to the suppliers about the decision to close the plant and the reasons for that:

“The formal way it came out was a letter from the supply group and with [the CEO of MMAL] signature to it, advising of the decision and an explanation of the reasons behind it.” (National account Manager, CEVA)

After that, the operational managers in the Supply Division of MMAL made on-site visits to each of the Australian suppliers:

“...initially we went out to all of the suppliers, the buyers went, [...] to every supplier here in Australia. We went and knocked on the door and gave an introduction, go through our process what we were going to do.” (Manager OE & Aftersales Purchasing).

At these meetings a PowerPoint presentation was used to inform the suppliers of MMAL’s intentions and to provide an initial indication of the process to be followed. After these first visits the negotiations with each supplier was started.

Negotiating with external stakeholders

The Supply Division was assigned the specific project of closing the 137 supplier relationships. Budget for this work was already set by the senior management at MMAL and MMC:

“...through a lot of negotiations and discussions with MMC and so forth, a budget was formulated and we are tasked to that budget” (General Manager, Supply Division).

Within the car manufacturing industry there is an agreement that a manufacturer will service each car for 10 years. For Mitsubishi this meant that the company needed to supply 380 spare parts until March 2018 and Magna parts to earlier dates. The goal for the Supply Division during the negotiations was to avoid 10-years of stockholding of spare parts if possible. This meant that one task for the Supply Division was to close those supplier relationships that were not needed for the future or those were the supplier company was not able/did not want to continue to supply spare parts:

“... so purchasing guys on the one hand are trying to negotiate closure on what is the original equipment parts, but at the same time come to an understanding with the suppliers on what is their commitment to support ongoing requirement...” (Manager Corporate Logistics, Supply Division)

One example of this type of company is the supplier of cockpits for the 380 model. As the cockpit is a type of product that only needs spare parts when a car is involved in an accident or someone wants to replace a defective part, the need for spare parts is low. As the CEO of the company expressed it: *“...this would be unworkable for us” (CEO Continental)*. Accordingly, that was a relationship requiring termination:

“What we achieved with Mitsubishi Australia was an all-time-build of the cockpit and an all-time-build of the components that we supply from our Melbourne facility.[...] We can pack up the tools, pack up the line and never have to make it again. So that was a good outcome.” (CEO Continental)

The standard supply contract that had been used between MMAL and their suppliers was for 90 days. The fact the period from announcement to close was only about two months meant that several suppliers already had more stock than required by MMAL. As a result the negotiators from the Supply Division went to suppliers on the basis that they would need to re-pay suppliers for parts produced beyond the number required:

“We didn’t initially go out to suppliers and say “this is what we think we owe you”, we went out the other way [...] we basically put it on the table of the suppliers to say, you know what your authorizations are, you’ve all got your orders, you know what the schedules are, [...] please work out, and we gave them a template, [...] what you think that we owe you” (Manager OE & Aftersales Purchasing).

The management at the Supply Division reported weekly to the board of MMAL the progress made in the negotiations. This meant a report on *“... exactly where we are and where we’re going...”*

(*Manager OE & Aftersales Purchasing*). The management also faced a new situation during the negotiation process as they continuously needed to seek advice from the company lawyers:

“...you also have legal obligations. [...] And that’s totally changed my world as well because we basically have to seek advice constantly from lawyers now to say, ‘Well what are our legal obligations here?’” (Manager OE & Aftersales Purchasing)

Before the agreement with each supplier was signed the lawyers controlled that everything was as it should be, and finally each agreement was sent to MMC in Japan for approval.

“... we had to work through them here, package them for MMC, send them to MMC, return from MMC. Then the claim is finalized...” (Manager OE & Aftersales Purchasing)

The deadline for the closure of supplier relationships was set to the end of the year 2008. The management at the Supply Division saw this as an important goal as people involved at the Supply Division would leave for other jobs:

“We wanted to finish up as soon as possible of course. [...] We really definitely don’t want to go over Christmas [9 months after close], the sooner the better as far as we’re concerned. It’s not only for the company, but it is also for the people, our people involved, they’ve got lives to go to and they have jobs they possibly can get also.” (General Manager, Supply Division).

For some of the suppliers the closure was not a matter of strategic importance. One reason was that the volume of manufactured cars had been reducing over a longer time period, so that the relative effect was low. This also made future expectations more realistic:

“...but once we got down to 50 cars and then the volumes didn’t move for nearly 12 months, we realised that the writing was on the wall” (National account Manager, CEVA)

For example, the company involved with inbound and in-plant logistics had already some months earlier made 12 people redundant as the plant was downsized (*National account Manager, CEVA*). Also, the company delivering cockpits for the 380 model had reduced its fixed costs over the past months (*CEO Continental*). So, as the business shrank gradually over time, the suppliers had time to adjust their business at least to a certain degree.

Epilogue

Before and immediately after, there was a worry about whether the closure would affect the sales of imported Mitsubishi cars:

“... they were worried on how an announcement of closing was going to affect their overall market share. There was a history with Nissan and when Nissan closed down their whole market share went "whoop". We were in a period where they are going through a revitalisation; they had all these new products like new Pajero, new Triton and a new Outlander. (Manager OE & Aftersales Purchasing)

The close of the Adelaide plant does not appear to have influenced sales of MMAL imported cars. In 2008, sales of imported MMAL new cars increased by 5.4% on 2007 sales. Even in South Australia, where the impact of the plant closure was felt most strongly amongst workers and spare parts manufacturers, sales of Mitsubishi imported cars was not affected. In fact Mitsubishi increased their share of imported new cars in the South Australian market from 7.5% to 7.9% over the years 2007 and 2008.

Ending production of the Saab 2000 aircraft

The Saab 2000 is an aircraft that can carry up to 50 passengers. The first plans for the new aircraft were presented on 15 December 1988^{2 3}. This new aircraft was planned to be the fastest turboprop airplane on the market, with a speed of 670 km/h and range of 2,340 km. It was also planned to be more passenger-friendly, with a more spacious interior and *'generous seat and aisle widths, plus excellent headroom'*. Slow-turning propellers that would guarantee a low noise level in the cabin would also enhance passenger comfort. At that stage, nothing seemed to indicate anything but another successful product for the company Saab Aircraft AB, succeeding their sales success, with the Saab 340.

The first customer, the regional airliner Crossair, started to operate the Saab 2000 in August 1994, and the last Saab 2000 was delivered also to Crossair on 29 April 1999. For all the suppliers involved in development of the Saab 2000 - approximately 230 - the premature ending was a disappointment. It was not what the parties involved had expected would happen. As one of Saab Aircraft AB's managers stated: *'Everyone [...] had expected to be able to produce at least a few hundred of the aircraft'*.

An aircraft is a product that has a long life, around 25–30 years. Throughout its life each individual airplane must be in a perfect shape, equipped with modern technical equipment. Therefore, even though the production of new aircraft ended, the need to produce spare parts and to provide maintenance did not. Thus, it was not seen as an easy task, as noted by one of Saab Aircraft AB's managers:

'... it was very delicate [...] to find the overall strategy and the message that would then be channelled out to the supplier market and customer market. We were forced to cudgel our brains to find the best solution on this.'

Why premature ending?

During summer 1997 the management of Saab AB started to discuss whether the company was in fact facing a situation that would perhaps force it to discontinue the production of regional aircraft. The results of an analysis completed in spring 1997 were so stark that the decision process was short. This was expressed as follows by the managing director of Saab Aircraft AB: *'It was in fact very easy to come to the conclusion that it is impossible for Saab to continue in this business – with development and construction of civil aircraft. It was so apparent that it never became an issue for discussions in itself.'* The decision to terminate production was taken by the Board of Directors of Saab AB in August 1997. However, the official decision and announcement was made first on 15 December 1997.

² This case is described more thoroughly in Havila & Salmi, 2009.

³ For the case study, 13 persons at different levels and in different involved companies in four countries were interviewed. These included Saab Aircraft AB, some of its key suppliers and one of its customers. The interviews were conducted between April 1999 and March 2000. All the interviews were recorded and transcribed, and the case manuscript was read and commented on in 2008 by three managers of the SAAB Group. In addition, we have made extensive use of written material, including documents and publications, concerning the companies and their products.

The new product, the Saab 2000, seemed to be the right one to develop and all the parties involved agreed that the product-development decision was the right one at the time when it was made. For several reasons, however, an excellent product never became a sales success.

First, several competitors introduced jet aircraft of the same size as Saab's regional aircraft. Jet aircraft started to gain more market share even though turboprop aircraft were more economical. As one manager at Saab Aircraft AB said, regional jets had *'high acquisition costs [...], were expensive to operate and maintain [...], and more often require better paid pilots'*. The reason was that passengers felt the jet aircraft were safer than rotating propeller aircraft. As both the Saab 340 and the Saab 2000 were propeller aircraft, they were deemed 'old-fashioned and less safe aircraft' by the passengers.

Second, the market for regional aircraft was limited and competition was fierce. The aircraft industry is divided into two: manufacturers producing large aircraft from 100 seats and up, and those producing the so-called regional aircraft. In 1997, following structural changes, only two producers remained in the first group: Boeing and Airbus. They produced, in total, around 700–800 aircraft per year, and had together about 95 per cent of the total commercial aircraft market. The regional aircraft market, in which Saab Aircraft AB was competing, accounted for the remaining 5 per cent. In 1997 there were six producers competing in this segment, which was characterised by considerable overcapacity. The six companies had an annual production capacity of about 800 aircraft, but only some 200 were built each year. This meant that there was fierce competition between the companies, and the way to compete was to offer lower prices. During the 1990s, Saab Aircraft AB had sold aircraft at prices below production costs. During a four-year period, for instance, Saab Aircraft AB had made a loss of 4 billion Swedish crowns.

Finally, some technical problems occurred during development of the Saab 2000, which delayed launch of the aircraft. For example, change from a mechanical to a hydraulic control system took about a year, as a large number of parts and tools had to be redesigned. In addition, several of the suppliers were involved. This together with the fact that some technical problems had occurred in the early development of the Saab 340 may have influenced potential customers to 'wait and see', letting others do the costly development work. According to one person at Crossair's technical department: *'Many customers who had the Saab 340 said, I'm going to look first before I buy the 2000 [...] I'll wait until they're here and then I'll buy. I'm not going to make all these modifications.'*

Informing external stakeholders

After the decision was made to terminate aircraft production in August 1997, a period of two months was used for internal discussion as to how the message to external parties should be formulated. The internal discussions concerned the overall strategy and the information to be given to the suppliers and to operators flying Saab aircraft. For suppliers, Saab decided the message would be that the production of regional aircraft will be closed down, all ordered aircraft will be produced and that customers will be guaranteed future maintenance and access to spare parts. The total cost of termination, including the settlement of obligations to personnel, was estimated at 4 billion Swedish crowns.

In October Saab Aircraft AB visited all the strategically important suppliers, some 60–70 companies accounting for about 80 per cent of the value of an aircraft. They were given information about what would happen, and they were asked to start planning for the end of

production. The suppliers were told that Saab's Board of Directors would take the final decision in December. Information was also given regarding the coming organisational changes concerning customer support, involving about 300 people. The important message was to convince the suppliers that Saab would continue to take care of the aircraft they had produced together. As one of the managers at a supplier company stated: *'They came, they told us what was going to happen, they had written a letter to us which they asked us to sign. So it was, if you like, proof that we had indeed been told [...] and we had understood what they had told us [...] And I think we signed it and we [added] some words to it.'* The same person continued: *'I think Saab actually handled it very well [...]. Giving bad news is hard [...]. Saab actually [...] did it in person, they told us and then went away and left us to digest it. I think that was quite valuable....'* The suppliers thus had the immediate possibility to ask questions. Saab Aircraft AB strove to make the suppliers accept that the previous agreement regarding the after-sales market would still be valid.

The less strategically important suppliers received a letter with the same information that had been delivered personally to the first supplier category. The suppliers were asked to sign and return the letter, thus confirming that they had understood the situation and would not have any demands in the future. If they had any demands, the suppliers were asked to present them immediately.

The fact that Saab actually did take this decision came as a surprise to many of the suppliers. Although the suppliers had seen the number of orders decline, and although Saab Aircraft AB had given notice that this might happen, the final decision still came as a surprise. One of the managers at Saab Aircraft AB noted that *'For many it came as a surprise that we in fact did make the decision, even though we had given notice several times that the situation looked grim.'*

No information was given to the press during autumn 1997, because at the same time Saab Aircraft AB had negotiations with potential customers regarding sales of new aircraft. Customers were highly anxious about Saab Aircraft AB's ability to provide technical support and spare parts for the aircraft in the coming years. What would be the future prices of aircraft maintenance, for instance, once Saab was no longer producing the aircraft? The Managing Director visited all the main customers in mid-October 1997 and told them frankly that the production of regional aircraft was threatened. As he said, *'We put all our cards on the table, we showed all the figures and everything.'* He also informed the customers that this was the time to act if they wanted to have more Saab aircraft. The customers were given three months to study their situation and to order as many aircraft as they needed before switching to another aircraft producer. It is not easy for operators to switch to another aircraft type, and so they needed time. The customers were satisfied with this procedure, as they *'...could continue to live in peace and quiet with this fleet.'* The outcome was 35 new orders during autumn 1997, which was seen as a good result. As the Managing Director notes: *'We received more orders when we had told [operators] that we were going to close than we had received when we tried to sell new aircraft.'*

The continued trust of customers was an important consideration for Saab. Many customers were leasing their aircraft, so continuing trust in Saab and its ability to maintain the existing aircraft was important. Had Saab been unable to convince customers that the company would provide service, the operators would probably have returned the aircraft as soon as possible. For Saab this would have resulted in additional loss. The severity of the situation was expressed by the Managing Director, as follows:

'If we had not been able to convince customers that we would continue to take care of the aircraft so that they could continue to fly with them, we would have received them back. And in the worst case, that would have cost 11 billion.'

Negotiating with external stakeholders

During autumn 1997, Saab Aircraft AB notified and negotiated with the Swedish government, which had invested 1.5 billion Swedish crowns in risk capital. These negotiations took about two months.

The Purchasing Department of Saab Aircraft AB, which originally had a staff of 25 persons, took care of renegotiating the contracts with suppliers. The time between the decision to terminate production and the cessation of production in spring 1999 was used to produce the last aircraft and to negotiate on contract termination or the conversion to a 'spare parts supply phase' with the roughly 230 suppliers. While construction of the last aircraft and contract renegotiation were in progress, the whole production setup, including the tools and jigs used for production, was being dismantled.

For Saab it was important to maintain a good relationship with all of the suppliers who would supply spare parts in future. Considerable increases in spare part prices would make it dramatically more expensive for the operators of the Saab 340 and the Saab 2000. This, in turn, would mean that the operators would switch to other aircraft as soon as possible, leaving the Saab fleet on the ground. One of the managers at Saab Aircraft AB expressed this as follows: *'Our ambition was to try to keep the prices of spare parts at a low level so that we, in turn, would be able to offer normal prices to our operators.'* Thus, one of the Purchasing Department's key goals in their negotiations was to negotiate agreements with suppliers that would guarantee the supply of spare parts, at costs as low as possible.

At the same time as the negotiations with suppliers were launched, the final orders for components were placed with suppliers. These orders included components for the new aircraft to be produced and spare parts that would be needed during the coming five to eight years. It was not an easy task to estimate this need; in the words of one of the managers: *'...it was rather sensitive to determine exactly where we were, how many more shipsets we would need, and how many spare parts should be added on ...'*

When the Purchasing Department and the suppliers went through the contracts, it became clear that the agreement did not cover termination caused by 'the market'. The operators were not buying the product, which meant that the minimum sales level was never reached. As expressed by one of the managers at a supplier company: *'It became obvious that, in fact, the agreement had no provision applicable to such a situation.'* According to one of the suppliers, one reason for the lack of contract terms was that terminations are usually not expected; production lines usually more or less 'fizzle out', with a company seldom making a conscious decision to close a fully operational production line at a certain point in time.

DISCUSSION

First, we focus on the concept of project-ending competence. In both cases the situation was not "business as usual", rather there was a premature ending of projects that were expected to last much longer. In the Mitsubishi case, the company and the managers were more used to closing projects as car models have a planned life of five or ten years. In the Saab case, the situation was totally new for the company and its managers, as there was no set end date for the Saab 2000 project. All the

involved parties, with Saab, expected that the production would ‘fizzle out’ one day, but not before they had been able to recoup their investments.

However, in both cases the managers did not have earlier experiences with completely closing production lines at short notice. These closures involved a complete, and unexpected, change in the logic of how spare parts and maintenance would be provided in the future. As both were large inter-organizational projects with several external stakeholder, the managers needed to put much effort on planning how to deal with these external parties. Especially, the managers needed another type of competence than before. For example, company lawyers became important internal actors who the managers were in contact with, but who were not directly involved with the company external stakeholders. Thus, the roles of the managers changed both vis-à-vis the internal stakeholders as well as the external stakeholders.

Both case companies were active and early in informing the external stakeholders about the termination. On-site visits and personal communication were used to deliver the message to the key stakeholders, and the communication covered both the reasons for the termination and the companies’ plans for future actions. The new situation called for intensive negotiations, in particular when dealing with the suppliers. Both active information sharing and negotiation skills are elements of project-ending competence. These reflect competences at the operational level, for which the ending project managers are mainly responsible.

Even more importantly, the cases show that the general and top management took a strategic view to the situation. The wider and longer-term ramifications of the termination were considered, and the companies paid careful attention to their relationships with different stakeholders and the networks where they were embedded. This illustrates the strategic dimension of ending competences. Indeed, in addition to the skilful negotiators and adaptive project managers, the ending processes needed planning, vision and support from the general and top management. Thus there are two key components of project-ending competence: firstly, the top management needs to develop a vision and a plan on how to deal with the stakeholders, and secondly, the organization must have the abilities and skills to follow the plans in practice (Havila & Salmi, 2009:104). Therefore, both the general management and the project managers need to develop their (different) competences in project termination.

We focus next on the connections to different external stakeholders, such as suppliers and customers. The premature ending of projects influences many different connected actors. Importantly, however, the terminating firm faces consequences from these actors during and also after the closing period. For example, suppliers, customers and government agencies can drastically change their attitude and behaviour toward the firm that prematurely terminates. These changes not only impact locally, but also internationally, according to the strength of connections between actors in the network. For example, when customers see a firm cut commitment to locally manufactured products, their level of trust in the firm can change and their beliefs concerning warranty support can influence sales.

The cases demonstrate how knowledge of external stakeholders is important in premature project endings. In both the Mitsubishi and Saab cases the role of external stakeholders was important in the outcome of the project closure. In the Mitsubishi case, potential customers and suppliers were the most important stakeholders. In the Saab case, customers, suppliers, and the Swedish Government were the most important stakeholders during the ending process.

Our second key finding concerns the time aspects in project closure. A network perspective brings to the fore, change through time (Halinen 1998; Medlin 2004). It seems that understanding of the potential futures is crucial in a premature project close. Changes observed when a project is ended have ramifications that extend through time. A project does not just close; such an action cannot be instantaneous. Connections and interdependencies mean that the project ending is not only about the present and so concerning only cost saving and efficiency. Rather project ending has future consequences.

As a result organizations must balance the benefits and costs of premature project ending, with the benefits and costs that may only be realized over a future period. Both cases show that the “future matters” in premature project ending. In the Mitsubishi case the cars must be supported for 10 years and in the Saab case the support period is 25-30 years. This lengthened perspective is not presently evident in the project management literature.

The shadow of the future is especially evident in the Saab case, where the length of time between end of production and end of product life is so extended. Over this time period the availability of spare parts determines the economic life of the Saab 2000. The suppliers become key players that influence the attitude and behavior of the aircraft operators. Saab’s brand name and corporate reputation are in the hands of the key suppliers. This is especially the case because Saab continues to manufacture aircraft locally. Saab management is forced to continue relationships long into the future, even offering contracts to suppliers as new aircraft are developed. The lock-in effect across the network is quite strong.

However in the Mitsubishi case, the level of commitment into the future is not so strong. Mitsubishi must provide support for a car over only a ten-year period. Further, local manufacture was terminated, and so the network lock-in effect from suppliers is less than in the Saab case. However, the role of future customers was strong in shaping Mitsubishi’s approach to terminating manufacture. The last Japanese manufacturer to close a car plant in Australia had suffered sales declines in the order of 66% (Public Relations Manager, Mitsubishi, personal interview 2009). Mitsubishi could not afford such an affect on their imported car business, which even before the closure was around 80% of total sales. Thus, future reactions from Mitsubishi’s potential customers were a deciding factor in how the premature termination was handled.

CONCLUSIONS

The role of managers in project ending is paramount, as is the flexibility and resolution of the organization to support the responsible managers. These two abilities we term project ending competence. Firms with multiple business units have increased possibility of facing events that lead to premature project termination. The CEO and Board of Directors of these firms need to carefully consider the firm’s state of preparation for managing premature closures. Project ending competence calls on managers to act with respect, as they make changes to contracts of employment, supply and warranty support; as well as implied contracts based on moral grounds. All of these agreements are changed when a premature termination occurs, and each presents a means to place external stakeholders offside. The flow back effect of poor closure practises from external stakeholders can be delayed and powerful. Further, the terminating firm may have little opportunity to redress the situation at a later stage, especially if the firm has completely terminated business in that specific industry.

In premature endings, the roles and the importance of stakeholders change, relative to the terminating firm. Stakeholders became more important when ending; especially given the ramifications external stakeholders can have on a firm's future ability to create a profit. In prematurely terminating projects it is not "history that matters", rather "the future matters".

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