

## **SHAPING PROJECTS: A CASE STUDY OF UNSOLICITED PROPOSALS IN PUBLIC PRIVATE PARTNERSHIP**

### **ABSTRACT**

To improve its chances of success, a project supplier will look at shaping the projects very early in the project cycle. These shaping approaches are well known for being particularly difficult to apply within the framework of public markets where the purchasing procedure is highly regulated. However, for Public Private Partnerships (PPP) a specific approach is covered by the regulations for a very precise case, that of unsolicited proposals. Through the case study of a company which presented an unsolicited proposal to the Italian Minister of the Interior aimed at reducing the financial outlay of the Italian State in the fight against fires, this paper aims at conceptualizing new macro-shaping practices that enable the nature of the project to be co-defined. The case makes it possible to bring the understanding of project marketing and the marketing of solutions up to date by investigating in detail the combination of the dual upstream-downstream movement of project suppliers and of the enlargement of the offering.

### **KEYWORDS**

Downstream, Public Private Partnerships, PPP, Project marketing, Project shaping, Upstream.

## INTRODUCTION

Due to the specific characteristics of project business - i.e discontinuity, uniqueness and complexity (Mandjak and Veres, 1998) - marketing practices of companies selling projects to order appear to be different from those of companies managing continuous s/c relationships (Skaates and Tikkanen, 2003). In order to avoid adopting mostly reactive approaches to call for tender, companies have developed proactive approaches, known as project marketing approaches (Cova, Ghauri and Salle, 2002; Cova and Salle, 2007) which are based on the mobilisation of different kinds of resources according to four temporalities (upstream to downstream): (1) independent of any project; (2) project generation; (3) tender preparation; (4) project completion. In these approaches, it is the interaction developed very early (in the project cycle) with different stakeholders that makes it possible to co-define the nature of the project (Jalkala et al., 2010). To improve its chances of success, a supplier will therefore look at shaping the projects by combining resources that are as far upstream as possible in order to develop value creative offerings and to mobilize potential stakeholders that it is going to build relations with. So, some scholars distinguish four project shaping practices: macro shaping, joint shaping, micro shaping and marginal shaping (Cova and Salle, 2011) according to the level of starting upstream. In the case of macro shaping, there are no projects in sight at the clients in the market segment targeted by the supplier (phase independent of any project), this requires the supplier - the contractor - to shape the competitive arena in conjunction with other potential participants like market makers. These shaping approaches are well known for being particularly difficult to apply within the framework of public markets where the purchasing procedures are highly regulated. However, for Public private partnerships (PPP), a specific approach is covered by the regulations for a very precise case, that of unsolicited proposals.

Public private partnerships (PPP) started in the early 1990s and are now expanding in a number of countries. PPP is a new investment model which allows a public sector client to draw on the technical and financial expertise of the private sector. Most of the partnership contracts are concerned with public infrastructure projects: energy, transport, water, telecommunications, social infrastructures (e.g. hospitals, prisons, courts, museums, schools). In a PPP, the Public Authority makes the choice of not resorting to the traditional direct public sector procurement, and leaves the private sector to design, finance, build and operate a facility according to the Public Authority specifications. In this approach, it is the Public Authority that initially decides on the type of facility that will be covered by the PPP. There are a lot of countries where private companies are allowed to make unsolicited proposals even though the Public Authority has not manifested its intention to resort to a PPP procedure. In this situation, it is the unsolicited proposal that is going to make the Public Authority consider the validity of resorting to a PPP procedure. Thus, the possibility of making unsolicited proposals puts companies in a position of being able to shape demand that has not been formulated by the Public Authority.

The objective of this paper is to consider unsolicited proposals in the PPPs as a way of shaping projects so as to increase the chances of winning. For that, the paper utilizes a case study of an unsolicited proposal (Albatros project) proposed by a private company (ETNA) to the Public Authority. The project concerns the renewal of a fleet of fire-fighting aircraft to fight forest fires. First, we will summarize the state of the art on project shaping practices, then unsolicited proposals and Public Private Partnerships. After we have explained the methodology used, we will present the case study. Finally the discussion will enable a

contribution to the renewal of theoretical thinking in project marketing according to two precise themes, the dual upstream-downstream movement of project suppliers and of the enlargement of the offering, and their combination.

### SHAPING PRACTICES

The concept of shaping has been introduced in marketing by “market practices” studies (Araujo, 2007; Araujo and Kjellberg, 2009; Araujo, Kjellberg and Spencer, 2008; Kjellberg and Helgesson, 2006 and 2007). Broadly defined, market practices comprise all concrete activities that contribute to constitute markets, including efforts to shape markets and market in markets. Thus, market practices studies (Araujo and Kjellberg, 2009) focus on the continuous construction of markets: “Rather than assume that marketing operates in pre-defined markets, we need to see market processes as the (partial) outcome of particular constellations of marketing practices and mobilization of heterogeneous expertise” (Araujo, 2007, p. 224).

According to this stream of research, different actors may shape markets at the level of exchanges, normalizing practices and representational practices (Kjellberg and Helgesson, 2006). A good example of shaping practices is given by the research conducted by Rinallo and Golfetto (2006) on market making activities of *Première Vision*, Paris, the leading trade fair in the clothing fabric industry. The authors show that through collective action and powerful representational practices, *Première Vision*'s exhibitors affirm their style innovation and position themselves as trend setters. For a company, this means being part of the inner circle composed of the few companies that sit at the concertation tables and are thus able to influence the entire network's innovation trajectories. Translated in managerial terms, this approach has given birth to normative strategies such as the “Blue Ocean” ones (Kim and Mauborgne, 2005): Rather than compete in the bloody red ocean where all competitors are, why not be better off by finding a blue ocean where no one else is in yet! In blue oceans, demand is created rather than fought over. In blue oceans, competition is irrelevant because the rules of the game are waiting to be set. Indeed, blue Ocean is an analogy to describe the wider, deeper potential of market space that is not yet explore. Under a blue ocean (reconstructionist) approach, strategy is developed to reconstruct the industrial and economic environment and, as a consequence, the structure of companies (Kim and Mauborgne, 2009).

Interestingly, this idea of reconstructionist approach has already been used in project marketing more than a decade ago. Cova and Hoskins (1997, p. 547) stated that “contractors have developed marketing practices designed to position the company in the demand environment and enable them to react effectively to project opportunities well in advance of any invitation to tender by: anticipating the competitive arena and the rules of the game (deterministic approach) or becoming actively involved in shaping the competitive arena and the rules of the game (constructivistic approach)”. Indeed, today marketing strategies in project business mostly aim to (re)shape demand with the customer, chiefly relying on the very long definition, implementation and completion process of the project (three years on average). “Rather than preparing a proposal in response to a particular bid, it is creating demand for the project, i.e., the invitation to bid and its specifications” (Cova and Salle, 2005, p. 358).

Project marketing is mainly centred on the possibility of shaping demand and projects throughout the project temporality with emphasis on early stages (Cova, Ghauri and Salle,

2002; Skaates and Tikkanen, 2003). By using the frame of the four phases of the project temporality, it is possible to identify four shaping practices (Table 1). These four practices can be mobilised by a contractor either quite independently or with each one following on from the other. Each one of these practices contributes towards the strengthening of the contractor's functional and relational positions thereby maximising its performance in the project.

Form Of Shaping	Phase Of Project Temporality	Ability To Shape The Project	Output Of Project Shaping
Macro Shaping	Independent of any project	Strong	Creation of the demand and the project
Joint Shaping	Project generation	Average	Specification of the project
Micro Shaping	Tender preparation	Weak	Definition of fine points of the project
Marginal Shaping	Project implementation	Very Weak	Amendment of details the project

**Table 1: A Typology of Project Shaping Practices**  
(Source: Cova and Salle, 2011, p. 399)

#### *Macro-shaping*

When there are no projects in sight at the clients in the market segment targeted by the contractor (phase independent of any project), this requires the contractor to shape the competitive arena in conjunction with other potential participants like market makers. At this stage, the contractor tries to develop a relational position in the milieu, i.e. the segment viewed as a network of actors. Such a position is made up of relations between business and non-business actors, who are potential stakeholders in pending projects. The contractor develops its functional position through the framing of its client value proposition, i.e. its core offering plus possible external contributions from partners belonging to the milieu and/or to the contractor's network. In this phase the ideal type of action is called macro shaping: the aim is to create the demand and the project. The contractor sets the project up and therefore is the leader of the game and its rules. In the milieu, the company detects and analyses a project opportunity that could correspond to a requirement that is not yet formulated. In this way he is able to position himself ahead of the potential demand and construct the client's demand and sometimes even construct the client. This approach therefore consists of creating the project by proposing a study and a project dealing with the problem that the client has not yet clearly formulated. The contractor creates the concept of the project, carries out the feasibility study, settles the financing and identifies, for example, the actors who constitute a mixed commercial company (type BOOT, Built Owned Operated Transferred) that will become his client. In certain companies all this creative approach is entrusted to the marketing function, the tasks of which are summed up in the following: "the upstream marketing role is firstly to listen to the client, to understand his culture, to help him, to incite him to think X (the name of the company). Then compatibilities have to be matched and incompatibilities have to be limited. Our role can be broken down into three points; to understand the client and open our minds to his wishes, to accompany him when a possible issue has been identified and to play the role of internal service provider to help project operators." Other companies set up approaches called "pseudo-projects", i.e. a way of setting the client's preferences by

presenting him with a virtual offer (in the sense that it does not really exist) as being a base on which he can project his requirements and wishes. This offer exists only on paper (or nowadays even better, as a virtual artefact); it incorporates a pseudo-product as a technical solution (for example a type of convention centre), a pseudo-contract (a set of conditions and financial simulations) and a pseudo-network of partners on the offer (network offer) which will be put into play only if the client reacts to the stimulus. This pseudo-project is the result of the contractor's learning process experienced in previous projects.

#### *Joint-shaping*

When a project emerges (phase project generation), the contractor tries to adapt to the specific characteristics of the demand like influencing it in a way that is advantageous to it. In this phase, the contractor tries to secure its relational position in the network of actors around the pending project (i.e., the project network) and to develop its functional position by re-focussing its internal and external offer on the client issues in the project (i.e. project offering). In this phase the ideal type of action is called joint shaping. The approach seeks to define the specifications of the project in conjunction with the client. If the contractor is the driving force behind the project, it will enter an active phase of interaction with the client and the client's network. If the contractor is not the driving force in the development of the project and the client has personally developed his project, there can be peripheral development on less rigid parts of the project.

#### *Micro-shaping*

When the project purchasing process is launched by the client (phase tender preparation), the contractor tries to mobilise all its relations in the network of actors inside and around the buyer (i.e., the buying network) and to make a functional proposition. In this phase the ideal type of action is called micro shaping. The aim is to clearly set out certain details of the project. If the contractor is not the driving force in the development of the project, it tries to break the established rules in order to enable the development of new rules of the game. In this case, the contractor finds itself confronted with the terms and conditions set up autonomously by the client or under the influence of a competitor or another participant. According to the degree of the client's openness to the interaction with the contractor, i.e. its capacity to accept possible modifications to the terms and conditions, the contractor could make the client's demand evolve.

#### *Marginal shaping*

When the project has been attributed (phase project completion), the contractor co-ordinates the group of actors concerned in the completion of the project (i.e. the implementation network) to successfully ensure control over costs, quality and deadlines. In this phase the ideal type of action is called marginal shaping. The aim is to draw up creative value-added proposals regarding specific aspects of the project under completion. However, the contractor can also make use of his established position to change the project in a direction that suits him without distorting the aim of the project.

Today, efficient contractors in project business are more and more those able to shape the client problem and its solution by very early close collaboration with him as opposed to those who content themselves with responding to the requirement expressed by the client in the terms and conditions. The entire approach of project marketing encourages the contractor into going upstream in order to act at the very the front-end definition stages of a project.

## UNSOLICITED PROPOSALS AND PUBLIC PRIVATE PARTNERSHIPS

PPPs started in the early 1990s and is now expanding in many countries around the world. According to Grimsey and Lewis (2002, p. 108): “PPPs can be defined as agreements where public sector bodies enter into long-term contractual agreements with private sector entities for the construction or management of public sector infrastructure facilities by the private sector entity, or the provision of services (using infrastructure facilities) by the private sector entity to the community on behalf of a public sector entity”.

Resorting to PPPs is in fact an alternative to the traditional procurement approaches by the Public Authority (Public Sector Procurement). According to Yescombe (2010, pp. 3-4), “in a typical public sector procurement (known as ‘design-bid-build’), the Public Authority sets out the specifications and the design of the Facility, calls for bids on the basis of the detailed design, and pays for the construction of the Facility by a private-sector contractor. The Public Authority has to find the full cost of construction, including any cost overruns. Operation and maintenance of the Facility are entirely handled by the Public Authority, and the contractor takes no responsibility for the long term performance of the Facility after the (relatively short) construction-warranty period has expired. In a PPP, the Public Authority specifies its requirements in terms of ‘output’, which set out the public services which the Facility is intended to provide, but which do not specify how these are to be provided. It is then left to the private sector to design, finance, build and operate the Facility to meet these long-term output specifications. The Project Company receives payments (‘Services fees’) over the life of the PPP Contract (perhaps 25 years on average) - on a pre-agreed basis - which are intended to repay the financing costs and give a return to investors”. According to the choice made by the Public Authority (Public Sector Procurement vs PPP), significant risks are transferred from the Public Authority to the project company.

The use of partnership contracts by the Public Authority is tightly controlled from a legal standpoint in every country. These contracts are only possible under certain conditions. More often than not, three criteria justify resorting to PPPs:

- The complexity of the project, in other words when the Public Authority is not objectively in a position to itself define the means that are able to meet the needs of the project.
- The urgency of the project, i.e. it is about making up a delay that is detrimental to the public interest affecting the completion of community facilities or the carrying out of a public department mission.
- Economic efficiency, in other words when the assessment of the advantages and drawbacks is more favourable than that of other public sector contract orders.

The procedure for the signing of partnership contracts (when the sovereign area of the state is concerned) is carried out by an agent that has a signature mandate authorizing him to sign a contract. The procedure for an operation covering a project handled in PPP is carried out in 4 stages (Yescombe, 2010).

The first stage is the one of initial feasibility. This evaluation is not aimed at determining whether carrying out the projected investment by the Public Authority (transport infrastructure, hospital, museum, stadium, prison) has a public use to justify a decision to put it into action. The latter has to be taken beforehand. The evaluation of a project is tightly controlled by the law since it is the most delicate phase in the process. It requires a very

rigorous methodology. In this initial feasibility the Public Authority checks to see that the project conforms to at least one of the three criteria justifying a resort to a PPP. In this phase, the Public Authority evaluates whether direct public-sector procurement or indirect procurement through a PPP is the relevant option. A project team is set up to study the feasibility of the PPP. The project team can bring in external advisers for the financial, legal, technical and insurance aspects.

The second stage of a PPP is the one of procurement phase which is constituted by 3 phases :

- First phases-- Pre-qualification: this is a request for qualifications (RFQ) procedure or call for “Expression of Interest” (EOI) that is sent to the prospective bidders. The project is advertised in official publications. Interested bidding groups are provided with a summary of the project and its requirements and they are invited to set out their qualifications to undertake the project. In this phase, the Public Authority publishes the selection criteria for the bidders. This phase mainly concerns selecting the operators or groups of operators according to their competences and the guarantees that they offer. A short list of operators is retained in this phase; usually 3 or 4 companies or groups of companies.
- Second phase - Invitation to competitive dialogue (ICD) for the companies retained. The Public Authority enters into a dialogue with each operator or group of operators on the short list. The dialogue focuses on all the technical, legal and financial aspects of the project. Its purpose is for the operators to refine their proposal and for the authority to clarify its project. When the Public Authority feels that it has identified the solution(s) that is/are likely to meet its needs, it invites the candidates to submit a final bid (*Invitation to submit final bids*) based on the solution(s) presented and clarified during the dialogue. Throughout this ICD phase, it is important for the Public Authority to maintain watertight dialogues so as to protect the interests of each candidate operator.
- Third phase - Bid evaluation and awarding the contract. The contract is awarded to the candidate that presents the most advantageous bid from an economic standpoint, taking into account the specified criteria.

The third stage of a PPP is the one of construction and the fourth is the one of operation. Given the aim of this paper, we are not going to go into detail about these two stages.

In the process, such as we have described, it is for the Public Authority to choose the type of project that is going to be submitted for the initial feasibility that will, among other things, give a ruling on whether to carry it out according to a PPP or Public sector procurement procedure. In fact the question comes up in cases where a private entity has designed a project of public interest that is likely to interest the Public Authorities and that presupposes a partnership contract for it to be put into action. In this example, the proposer would have to invest substantial amounts of its own resources, both financial and intellectual, in the project before it even knows whether it will win the bid. Once the unsolicited proposal has been put to the Public Authority, the latter will follow the procedure that we have outlined, in other words, a call for bidding. The literature points out that given the significant amount of preparatory work, companies that have submitted an unsolicited proposal to the Public Authority stand a very good chance of winning the final contract.

## RESEARCH METHOD

The paper focuses on the practice of macro shaping leading to an unsolicited proposal within the framework of a Public Private Partnership (PPP) type procedure. In fact, in a procedure of this nature, it is the authority that, after taking expert advice, decides on the validity of the PPP, generally leading to a call for tender on the basis of an expression of need (Morris, Pinto and Söderlund, 2011). To study such a practice in all its complexity, a unique case study appears as the best alternative methodology (Dubois and Gibbert, 2010). The case study that our research is based on describes how a company makes an unsolicited proposal to bring out the need to resort to a PPP, shaping the project in such a way as to be in a position to be able to win the contract. The case study enables us to go deeper into the mechanisms brought into play in this practice of macro shaping.

It is based on a number of long interviews carried out by the two researchers with the key managers at the supplier in question as well as on archive (press) documents and interviews with experts. The choice of the case under study stems from a unique opportunity. Indeed, this phenomenon of unsolicited proposal is fairly confidential and non accessible for a non participant observer. This is a major issue for researchers in this realm. We have been able to detect this case because the company under consideration (ETNA) has decided to use the popular press in order to communicate to several stakeholders involved in its process of unsolicited proposal on the Albatros project. This communication was part of its overall process of project shaping. On the basis of the article published in the press, we have been able to contact the Responsible for Projects of Public Externalization at the marketing department of ETNA. This person has thus become our key person or key informant (Kumar, Stern and Anderson, 1993). He has been chosen because he is “supposedly knowledgeable about the issues being researched and able and willing to communicate about them” (Kumar, Stern and Anderson, 1993, p. 1634). Then, through snowballing technique, we get access to three other informants within the company: the CEO and two market researchers specialized in defense projects. With the key informant, we have made three face-to-face long interviews plus several phone calls and exchanges of emails. The first interview lasted half a day: it was dedicated to put into context – the one of the company and the one of the industry – the project of unsolicited proposal under consideration and to define the major steps of this process (phases, actors, activities, resources, outcomes, issues). With the other informants, the interview was focused on detailing one of the other of the phases of the process. It lasted from 60 to 90 minutes. We took notes of all these interviews - recording was not allowed - and analyze these notes in order to build the frameworks of the process of unsolicited proposal for the Albatros project and the overall shaping approach developed by the ETNA company. In order to protect the identity of the company involved in large projects currently in progress, all the key data have been changed (company, town, country).

## CASE STUDY

### The ETNA mission and the unsolicited proposals

ETNA is a private company that was created quite recently. Its mission: to be the pioneer in the field of public outsourcing for the state defence and security sector with a specific emphasis on aeronautics. The initial development is carried out in Italy to acquire the necessary legitimacy; it then planned to quickly develop internationally in countries that have good relationships with Italy. ETNA is a small company that is growing very quickly and that wants to benefit from the pioneering advantage of being in the market of facility management

companies related to defence and security. Most of its executives are former officers that had key positions in the Italian army.

A long period of investment is needed for such an activity to take off. The top managers of ETNA are aware of this and as a result, there is no pressure to churn out offers to tender. The role of ETNA is that of an agitator that shakes up the army practices. Today, in a number of countries, outsourcing defence still smacks of heresy: there are both separatist misgivings as well as anti-liberal positions. ETNA wants to shake up all this. ETNA intends to exploit the opening made for “unsolicited proposals” in defence markets. The strategy is to propose territorial facilities to the state ministries with one rule: always go towards outsourcing when outside the core activity of the public entity. It is about “support” functions. Given its size and characteristics, the choice of ETNA on this new market is to be an assembler of competences, not a manufacturer.

In 2010, ETNA made two unsolicited proposals. It is planning to make five in 2011. The objective is to bring these unsolicited proposals to make the public actors face up to their problem - rather than trying to bury it so as to pass it on to their successors. These unsolicited proposals do not only concern problems that need to be solved urgently in spite of (or because of) the public actors total silence or failure to act.

ETNA’s marketing process is structured as follows:

- First of all, a look at parliamentary work enables opportunities to be updated. In fact, parliamentary commissions meet around special themes linked to the operation of the Public Authority. This work generates detailed reports. ETNA also analyses the security environment: has it deteriorated? Is it polluted? Then, for ETNA, the initial trigger of an unsolicited proposal is of an administrative-political nature. The reports of the Administration monitoring authorities (e.g. Armies for the defence ministries, the Administration monitoring authority for the Home Office) like the parliamentary reports, regularly point to the operational difficulties of such and such public department mission. Among these difficulties, ETNA pays specific attention to those that are related to the renewal of capacities or on a broader basis to the need for investment.
- Once these difficulties have been identified, it’s a question of working out if, in the individual case, resorting to outsourcing would present any advantage in terms of the efficiency criteria defined by the Administration itself on the one hand and on the other hand in terms of economic feasibility criteria for the private partner, namely, ETNA. Finally, ETNA examines the political maturity of the project very carefully; ETNA has strictly no interest at all in proposing an unsolicited proposal that it knows in advance could “backfire”.
- Finally, to make an unsolicited proposal, ETNA needs 6 months’ work and a considerable amount of information by depending on the open sources of the ministries and on the monitoring authorities’ reports. An unsolicited proposal is not a document that is legally normed. In fact the document is usually set out in two parts. The first part highlights the current and future difficulties that the public authority is having or will have while the second part demonstrates the economic relevance of resorting to outsourcing under partnership contract. This proposal document is very well supported but under no circumstances can it be an advertising proposal. The

proposition must be legally and technically perfect, simply because it will be examined by both by practitioners and senior civil servants. The accuracy of the project depends on the accuracy of the economic calculations and, as a corollary, on the accuracy of the information collected. In addition, if there is no legal proof of the eligibility of the partnership contract in the individual case, the project is dead before it starts.

#### The Albatros unsolicited offer

ETNA presented in 2010 a public-private partnership project to the Italian Minister of the Interior aimed at reducing the financial outlay of the Italian State in the fight against fires. The fight against fires is today under the direct responsibility of the Civil Security (state agency in charge of emergency services for natural disasters) that manages an ageing fleet of 26 aircraft (Canadair and Tracker) that have got to be replaced before 2020. The Milan-based company is offering, in exchange for a rental charge that takes account of the duration of the agreement (27 years) and the number of flying hours, to put 18 new fire-fighting aircraft with the latest technology produced by the Russian company Beriev, at the disposal of the State. The maintenance of the aircraft will be carried out by the Milan based company at less than today's cost. This company will not be taking the place of the Civil Security for everything else (firefighting): it will only sign a contract to supply the means by going as far downstream as possible in the project management. It is planning, for example, to make the aircraft available to other European countries outside the fire season, for emergency service missions, in order to reduce the burden incumbent on the Italian State.

In the Albatros fire-fighting aircraft project, it should be pointed out that since 2003, various reports have identified the problem of renewing the fleet. The civil servants concerned are interested in their difficulties being looked at and analysed, something that they cannot do easily. In fact, the administration has trouble identifying and having its own projects emerge as priority because the system discourages any proactivity by the top civil servants. Thus, some top civil servants view favourably the arrival of an unsolicited proposal from ETNA to the extent that they cannot say it directly themselves. Even so, they know that in the current state of affairs, the future costs are going to be very high. The Civil Security is using very old aircraft that no one uses any more in Europe and that are no longer built by the manufacturer. The technical teams at the Civil Security have worked miracles to allow these aircraft to continue operating. The strategy of the military is not to take any decision but to leave it to those who arrive in 2012 after the government elections in Italy. There is a plan for the gradual replacement of the aircraft to allow the expenditure and the gradual putting into service of the new aircraft to be spread between now and 2020. But this is not a satisfactory approach given the condition of the aircraft. In fact, in this decision, there are only shocks awaiting the civil servant who opens the file. For ETNA, we are nonetheless in 2010 at a time when things must move because the Civil Security is very quickly going to find itself with a deteriorating fleet unable to provide a service. For the State, given the public finances, it is impossible to bring half a billion € into play to purchase new aircraft. Therefore, the best and only way out is the PPP.

At the end of 2010, ETNA therefore decides to make an unsolicited proposal to bring the problem out into the open with a solution available. This proposal sets out an availability rate (obligation to achieve result) of the aircraft by using a hypothesis of high aircraft utilization: the exceptional drought in 2003. This means an availability ratio of 90% in summer because

of the high frequency of fires. ETNA also offers a system of sharing the aircraft with other European countries in the fight against fires. .

This proposal is addressed direct to the Minister because it is he who has the right to sign the contract. The committees concerned are the law commission for the Civil Security and the finance committee. To date, the Minister has not acknowledged receipt of the proposal because of the next elections. In this situation, the announcement of the Albatros project in the national press and on regional radio at the end of 2010 is part of the proposal strategy adopted by ETNA that is trying to show that the project exists, even though the ministry concerned has not acknowledged its receipt, meaning, that in their eyes, the project does not exist.

The ETNA managers support the proposal by developing a network activity that is more industrial than political. They have had some contact with the office of the Home Office Minister but their efforts to build contacts concentrate on the big industrial partner that the proposal has to be carried out with (as well as a financial partner for the PPP financing plan). To make their offer, ETNA is supported by a large firm of Italian legal advisers that specialize in PPP.

In 2011, ETNA works on the Albatros project with some discussions on a political level to find out what is happening (“*it’s not moving*”), daily industrial negotiations and an approach to a parliamentary “friend” to produce a written question. In addition, they try not to give the players (unions, pilots, etc.) at the aircraft take-off base a rough ride. Finally, the strategy is to take the proposal to the European and political level in Brussels. An attempt was made to approach the MIC (European Mechanism of Civil Protection) with the programme to share European aircraft resources but ETNA was refused any form of discussion “*we do not speak to private companies*”.

## DISCUSSION

This case makes it possible to bring the understanding of project marketing and the marketing of solutions up to date by investigating in detail the combination of the dual upstream-downstream movement of project suppliers and of the enlargement of the offering. This combination has been identified (Jalkala et al., 2010) as major issue for the future of project business (trends 6 and 7 from Jalkala et al., 2010) which requires an effort in theory development (Table 2).

<b>Identified changing orientation</b>	<b>Proposed shift</b>	<b>Proposed directions for project marketing research</b>	<b>Implication for project marketing practitioners</b>
<i>6. A dual upstream-downstream movement of project suppliers</i>	From an upstream logic to an upstream/downstream logic	Need to examine the contextual factors that may lead to adoption of an upstream/downstream or a dual logic	Adopt new skills and capabilities (system integration, operational services, business consulting, and financing)
<i>7. Enlargement of the offering</i>	From project offering to solution offering	Integrated view of project and solution offerings	Assess the impacts of different offering elements and develop an offering

<p>which is in line with the overall business strategy of the firm.</p>
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**Table 2: Two changing orientations connected with project shaping (Adapted from Jalkala, Cova, Salle and Salminen, 2010, p. 132).**

Our contribution therefore, is first dedicated to conceptualizing these new macro-shaping practices that enable the nature of the project to be co-defined.

Concerning the dual upstream-downstream movement of project suppliers, in addition to the core project itself, companies involved in project business often offer to design and plan the project together with the customer and provide services to operate, maintain, and even finance the project during its life cycle (Jalkala et al., 2010). Thus, many project suppliers are involved in the pre-requirements and in the customer requirement definition of the project, and at the same time they are involved in the post-deployment customer support, through maintenance, upgrading, training, or even marketing. For example, a company may be selling projects to customers abroad and at the same time be helping these customers to find end customers and markets for their products. Thus, it can be seen that many companies involved in the project business are trying to go more and more upstream and to participate in the definition of customer requirements. At the same time they are also going downstream by providing services and other elements after the project.

The PPP approach leads to a high level of investment by the supplier both in the upstream and in the downstream phases of the project cycle. In the PPP, public sector bodies enter into a long term contractual agreements with private sector entities for the construction or management of public sector infrastructure facilities by the private sector entity. As a result, throughout the duration of the contract, the supplier is going to have to deliver a service with characteristics that are predetermined by the Public Authority. In the case study presented, if the Public Authority gives a positive response to the proposal made for the Albatros project, ETNA will have to make firefighting aircraft available in accordance with a planning that is contractually defined whereas the fires are totally unpredictable. Thus, for the private supplier, it seems that the downstream logic is very important. In the case of the Albatros unsolicited proposal, the content of the proposal has to be drawn up in advance, even though the company is still in the upstream period denoted by the absence of a customer demand.

Consequently, the possibility of making unsolicited proposals on the PPPs results in the supplier attaching great importance to the upstream phase that is going to lead to shaping the customer's demand. This upstream phase has three objectives:

- (1) Determine and target what could be the subject of an unsolicited proposal. In fact, it's about a private company imagining "in the place of" the Public Authority what type of public utility project could be chosen and made the subject of a PPP type procedure. In the ETNA case, it is the research for information (primary and secondary) relating to the faults and inadequacies of the state's public services in the framework of its sovereign missions that is at the centre of the plan. This research led to targeting the Albatros project, among other potential projects.
- (2) Identify and mobilize the various stakeholders that are open, or capable of being open to the project. For this, the private supplier has to demonstrate that it meets the

criteria that justify resorting to the PPPs, in other words that it is more advantageous from an economic point of view and that there is a degree of urgency or a high level of complexity. Beyond the rationality of the criteria that justifies resorting to the PPPs, for the supplier, it's a question of identifying and mobilising the actors capable of taking on the project and sustaining it. It's a question, in a way, of giving these actors the arguments that will lead them to "take the floor". As a result, for these actors, the project can represent a resource enabling them to develop their position in their own organization in particular and of advancing their career in general. Thus, for some civil servants, the fact that the Albatros project comes from outside constitutes an opportunity for a solution that can create the demand, there, where all the internal reports were identifying a problem that had never been solved. Also, the fact that ETNA gives some publicity to the Albatros project by using the national and regional media helps to make the general public aware of it. In fact citizens are witnesses of the more or less effective actions of the fire-fighting aircraft during forest fires. Consequently, new equipment is synonymous with being more effective. The final objective is to lead the public authority to the point of launching the project feasibility study: direct public-sector procurement or indirect procurement through PPP. In most countries the bureaucracy in Public Authorities results in very long decision making processes in this upstream phase. Hence the need for private companies engaged in unsolicited proposals in the PPPs to have quite a diversified business portfolio.

- (3) To mobilise several complementary companies to develop the solution proposal, in other words to find a solution that will give a decisive competitive advantage once the procurement phase has started, that is when the Public Authority has agreed to carry out the project as a PPP. In the case of the Albatros project, ETNA decides to include Beriev fire-fighting aircraft that are recognized as being among the most effective in the world. Proceeding in this way, ETNA deprives competitors of access to this resource, competitors that would want to respond to future consultation on the Albatros project.

Concerning the enlargement of the offering, this includes three intertwined dimensions: 1) enlargement of the contents of the offering and diversity of the elements of the offering; 2) enlargement of the target of the offering with stakeholders inside and outside the customer, and 3) enlargement of the economic partners on the supply side (Jalkala et al., 2010). The offerings of project business companies now include elements previously produced internally by their customers, such as training, system operation, financial arrangements, and even legal services. Especially, the role of services has become an important element in many project business companies' offerings. As a result, elements of the offering are more diverse than before, including products, services, financial services, and legal services.

When dealing with the enlargement of the contents of the offering, Kapletia and Probert 2010's survey of system support in the UK defence industry provide a useful map of solutions models that exist. They show how the latest developments in the defence industry lead to go beyond "platform support contracts" to set up solutions where the supplier plays the role of "System of Systems Integrator" (SOSI). With the role of "System of Systems Integrator" (SOSI), suppliers have to take in charge programme management, systems of engineering and integration, alliance development and coherence across all platforms. A defining feature of the SOSI contracts is the client preference for a divide between system suppliers competing for the SOSI role and those competing to bid for "platform support contracts" (Kapletia and Probert, 2010). Thus, there is a shift in orientation, going beyond just being concerned with the viability of products. Rather, there is a concern with addressing how problems with the

availability of equipment have a systemic impact on other elements (staff, infrastructure, etc.). This notion is linked to the need to ensure successful enterprise-level integration when planning for and carrying out military activities and operations (enterprise system support).

With the case of the Albatros unsolicited proposal, ETNA goes beyond the *life cycle product system support* contract to get closer to the *enterprise system support*. As in the case of an SOSI, ETNA is not, in fact, a system supplier (Beriev is proposed for this): the choice of ETNA is to be an assembler of competences, not a manufacturer. In addition, like a SOSI, ETNA is concerned with the systemic aspect of the availability of equipment on the rest of the organization. This type of facility management approach is close to full service contracts defined as “comprehensive bundles of products and/or services, that fully satisfy the needs and wants of a customer related to a specific event or problem” (Stremersch, Wuyts and Frambach, 2001) in which full-service suppliers are evaluated related to the full-service offering's effect on general plant performance. On the other hand, the integration between different platforms or technical systems in the Albatros case does not seem to be very easy: the 18 Beriev aircraft seem to be able to fulfil the civil security missions with interfaces with other systems but without needing to be integrated. We are not therefore completely in an SOSI.

What is remarkable in the Albatros case is precisely the combination between the dual upstream-downstream movement of project suppliers and of the enlargement of the offering. The unsolicited proposal procedure leads to the production of a proposal that is very well put together from both a technical operation and financial point of view for it is aimed at launching the feasibility study at the customer that should conclude with the need to go through a PPP. The upstream movement is a key approach to the shaping of the project and to having it emerge, but especially in ensuring that it is handled by a PPP for it could very well not be handled by a PPP and go through a classic state aircraft purchasing procedure. In fact, the proposal is shaped in the upstream movement, both in terms of content and as a triggering element of the PPP procedure. This is very much the specificity of unsolicited proposals in the project marketing approach.

Overall, one can compare what was observed in the case of the unsolicited proposals in the PPPs with the tactics of creative offering type proposals revealed in the private markets (Cova, Ghauri and Salle, 2002). Some aspects are identical, others are different:

- The content of the offer is very similar in both cases: technical operation, financial, political and societal. The content of the offer is probably not carried out in an identical fashion but the ETNA case does not enable us to be clear on this point. In the tactics of the creative offering type proposals, the combination of the four following dimensions increases the supplier's chances of success: quality of the financial package, existence of a strong societal support (varies according to project), quality of the technical operation arrangements based on the appropriate choice of partners in the group (it is usually the complexity of the project that governs the organization of the group), importance of political support.
- There are also differences. In the case of unsolicited proposals in PPP, there is an additional initial phase that extends the duration of the project cycle compared with the creative offering approaches in private markets. It is the phase that is going to lead the public authority into accepting the validity of resorting to a consultation in PPP.

The case study also contributes to the understanding of the shaping of business markets and thus to market practices studies as a whole. It proposes a specific contribution because it stems from a highly normalized context and because it focuses on the shaping of a single project. Indeed, the existence of highly restricted procedures in public contracting gives rise to very specific shaping practices:

- These shaping practices are specific because they are dedicated to shape a project and not a market or an industry (Rinallo et Golfetto, 2006);
- They are specific because they are seen from the angle of a single company seeking to shape projects and from inside this company (Zwick and Cayla, 2011);
- They are specific because they are consciously enacted by the managers of this company as a set of practices which constitutes the core activity of the firm (Zwick and Cayla, 2011).

All in all, this case study enhances the understanding of shaping at the micro-level, the one of the actor and of the project, which is not the chosen level in previous market practices studies.

## CONCLUSION

The case studied is typical of a macro shaping approach as defined in project marketing (Cova and Salle, 2011) even though it is applied to the specific case of a public market. The case confirms and illustrates what has already been written on the subject of the enlargement of the offering in project marketing (Jalkala et al., 2010). Above all, the case contributes to a better understanding of the dual upstream-downstream movement of project suppliers by intensifying the investment made in the most upstream phase of the process. In fact, in the light of the case, the unsolicited proposals in PPP seem to concentrate a higher level of investment in the upstream phase, to the extent that the private supplier has to succeed in targeting the projects that will be recognized by the state as being able to come under a PPP. It is not simply a question of project detection by relying on monitoring. It's a more complex and iterative process. Concerning the downstream, in the light of the case, the unsolicited proposals in PPP are comparable to what exists elsewhere in a solution marketing logic (Tuli, Kohli and Bharadwaj, 2007).

The case study contributes to the understanding of shaping practices in the very specific context of PPP in public contracts when unsolicited proposals are allowed. However, in many cases of public contracts, unsolicited proposals are not allowed. This is one major limitation of this contribution. A second limitation has to be found in the very fact that the process of unsolicited proposal has not gone to its end in this case study. We in fact only see the start of the process and we do not know what is going to happen afterwards. Future research will have to concentrate on cases of unsolicited proposals that go right to the end, in other words where the contracts are signed and the operation has at least been started. We will therefore better understand the specificities of these approaches compared with the so called creative offering approaches in project shaping.

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