

Managing Risk with Delivery Partners

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Talk agenda

- Partnering – what is it?
- How/when do partnering arrangements support the organisation?
- Who should manage the risk?
- Making or breaking the relationship

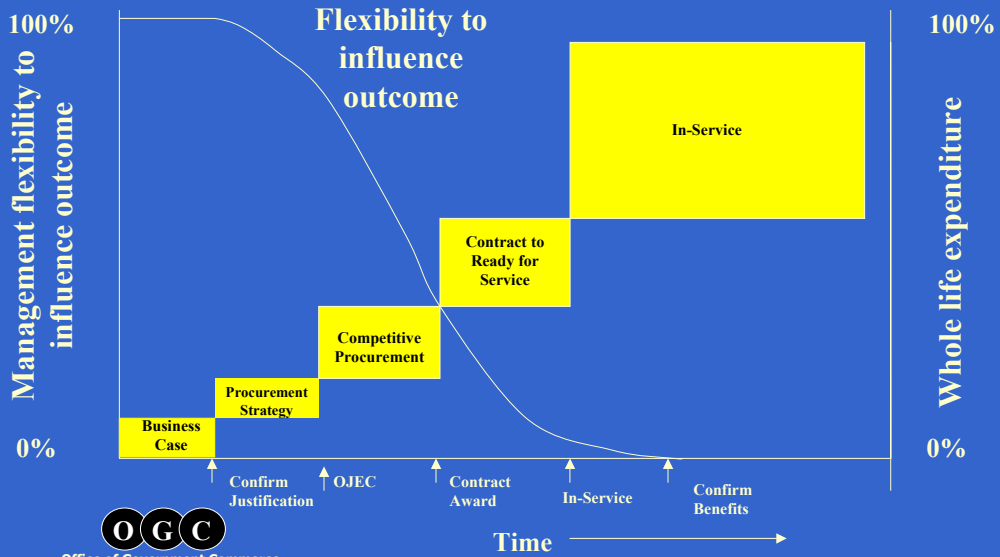


Partnering - what is it?



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Acquisition Phases



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Common causes of project failure

1. Lack of link between project and strategic priorities
2. Lack of senior management ownership and leadership
3. Lack of effective engagement with stakeholders
4. Lack of skills (project and risk management)
5. Inadequate breaking down of development and implementation activities
6. Focus on initial price, not long-term VFM
7. Lack of understanding of the supply industry
8. Lack of effective team integration



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Visible information on risk

Information on risk and its management needs to reach the people who have to take action or make decisions.

- Partners need to share information
- Different expectations drive each partner
- Co-operative, not adversarial, approach gives best solution



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Risk Allocation and risk transfer

Do we understand the risks?

What can we do about risks?

What are the options for allocating risks?

Negotiating risk transfer/ownership

Have we allocated risks appropriately?

Can we avoid taking transferred risks back?



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Risk Allocation: categories of risk

Business risks:

- non-transferable
- Relate to the business requirement
- Includes risks concerning:
 - reputation*
 - 'politics'*
 - business environment*
 - consequential financial risks*



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Risk Allocation: categories of risk

Service risks include :

- availability and performance
- service continuity
- revenue and residual value
- business change
- obsolescence

Supplier marketplace risk

- supplier must get a return commensurate to the risk it takes on.



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making or breaking the relationship



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OGC related guidance

Successful Delivery Toolkit includes:

- High-level briefing on Management of Risk (M_o_R®)
- Effective Partnering
- Risk Allocation in Long-term contracts
- Managing Partnering Relationships
- Dispute Resolution Guidance
- Guidelines on Business Continuity Management

Also working with HM Treasury on 'Managing risk with delivery Partners' – briefing in draft



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Further Information

Visit OGC website at www.ogc.gov.uk

Successful Delivery Toolkit can be found at
www.ogc.gov.uk/sdtoolkit

Contact OGC Service Desk

- Telephone 0845 000 4999
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Questions?



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