Creating Successful Public Private Partnerships – Examining External Success Factors

Background
The literature regarding the need for or advantages of a Public Private Partnership abounds. This literature often covers *internal* success factors such as creating realistic and measurable goals, having a detailed business plan, broad stakeholder engagement, transparent financials, well defined organizational and governance structures, sustainable and diversified revenue streams or the value of a strong governmental champion. It is common to find a discussion of risk factors such as changing socio or political climate, competing value propositions, lack of clear and consistent communications or lack of leadership. It is much less common, rare in fact, to find a discussion about the kind of *external* pressure a newly formed partnership will face as it develops the product, output or innovation it has been chartered to deliver.

The work of a Public Private Partnership is by its nature transformative and innovative. A successful Public Private Partnership will face many of the same challenges found in private sector emerging markets. These efforts are similar in many ways. Both have lofty visions centered around what are currently new or uncommon outcomes. In both cases, there is a window of opportunity to address a niche need created by socio-economic conditions. Both are intended to be disruptive in the marketplace resulting in the creation of a “new normal”.

This is a discussion of the external considerations of a Public Private Partnership brought on by the very nature of developing and implementing disruptive innovation. Included is a diagram of the innovation process along with the challenges and opportunities leaders will face at each step. We are comfortable with the understanding that knowing what to expect helps leadership remain focused and navigate the difficult situations. Having an understanding of the principals of disruptive innovation when the goal is to change the economical landscape can significantly increase opportunities for success.

The Innovation Framework
In our before and after visions, we move from point A to point B in a smooth transition. In reality, that is not likely to be the case. It is more likely to be a bumpy ride, filled with twists and turns. It is important to understand that Public Private Partnerships are new territory for most involved. You as the leader of the effort, your stakeholders and your partners don’t always know what to expect. Failure may be perceived due to outside influences when in fact
you are on a path to success. Without a reference model to rely upon, it is hard to know whether what you are experiencing is normal change pressures or something else. This can allow fear, uncertainty and doubt to set in. This fear, uncertainty and doubt create significant risk, not because your project is failing, but because your stakeholders, sponsors and counterparts are afraid it is failing. One of the most difficult things to manage in a Public Private Partnership, or any kind of disruptive innovation for that matter, is fear, uncertainty and doubt.

There is a way to reduce the risk of your project spiraling out of control when change feels daunting, but it has to happen before you begin. Adopting an innovation framework prior to the launch of the project will help your stakeholders, your partners and sponsors better understand that what you face are normal and expected challenges, not catastrophes. To be sure, this is not a once and done conversation. Your chosen innovation framework should be forefront in your mind while identifying and tracking issues and risks throughout the project. By doing so, it gives you and your extended team a sense of perspective, and an understanding that some change related challenges can be anticipated and are temporal.

There are several frameworks you can use. I have chosen 'Typology of sociotechnical transition pathways' developed by Frank Geels and Johan Schot at the Eindhoven University of Technology, The Netherlands, to provide an understanding of the social, political and market shift found in changes brought on by innovation.¹

If you have not examined this research in full, I encourage you to do so. For this discussion, I will walk you through a compilation of the primary diagrams of the disruptive innovation process contained in that work. This diagram became a standard reference for my work in Public Private Partnerships at various governmental agencies for nearly a decade and now is just as valuable in my work in a not-for-profit.

There are three forces which drive innovation, including a Public Private Partnership to success or failure. They are:

- Socio-economical landscape
- Socio-economical Regime
- Niche-innovations

**Socio-economical landscape**

Socio-economical pressures create windows of opportunities that might not otherwise exist. Identifying these socio-economic pressures is the first step. These are the problems you are trying to solve with your Public Private Partnership. One of the reasons why so many Public Private Partnerships fail is because while everyone may seem to agree on what the problem is, can be the assumption that the solution is the partnership itself. The partnership is not the solution. The partnership is the force for innovation.

The partnership is that external influence that pushes toward a solution. Without a clear understanding of what the expected outcomes are politically, socially and financially, the partnership is of little or no value. It is those outcomes which are the solution. The partnership is the tool.
**Socio-economical Regime**

Take a look at the two octagons in the diagram, one on the left and the other on the right. They depict the starting and the ending point. Notice that the one on the left says “Existing socio-economical regime is dynamically stable” and the one on the right says “New socio-economical regime is dynamically stable”. Here is what is implied, the process of moving from one state to another is not stable.

With our Public Private Partnership we are moving from one point of socio-economical stability to a completely different point of socio-economical stability. What is depicted by the blue arrows in the center is a period of instability. This should be expected as the innovation brought on by the partnership is transitioning the socio-economical status from the current state to a new normal. It is important to remind ourselves that the process of change is not a stabilizing force. What we are doing through the Public Private Partnership is driving change.

Notice the indicator that says “Landscape developments put pressure on existing regime”. That is where the blue arrows which indicate instability are coming from. The pressure on the existing regime creates the instability which is both a catalyst for change and the outcome of change as it happens. You can see that the pressure is on the “existing regime”, meaning the pressure is being felt by people who have a stake in the way things have always been.

Once change begins, the voices which seek to maintain the current status increase in strength. This in turn will increase the voices of the forces for change. I like to say this is the point when the people in and around the project start vibrating. The internal work of the project itself is moving along, but external forces sense the landscape changing. What is at issue here is how people inside and outside of the project are feeling about their personal landscape, the environment they live in. As people start responding to the pull of change verses the pull of maintaining current status, people will start to experience that fear, uncertainty and doubt. This is an external issue that must be taken as seriously as any internal project issue.

**Niche-innovations**

Take a look at the green and red arrows beginning at the lower left of the diagram. Those arrows represent implementation of innovation trials. Note that those arrows are also scattered. The green arrows indicate successes and the red arrows indicate failures. It is important to note that not every avenue of innovation you attempt is going to be a success. You will have to make adjustments along the way.

**Area of Highest Risk**

As you look along the timeline, you will see that the downward pressure, that vibrating as I call it, begins before the niche innovations stabilizes. This is where the project is at the highest risk of succumbing to fear.

To the right of the innovation process is a description of the stages of change. Tracking with these in your meetings and status briefing will help provide context and calm fears.
Stages of Change

- Your partnership is the “Small NETWORKS of actors” impacting multiple factors within each of your own realms. You create the “novelties on the basis of expectations and visions”, meaning the partnership will create new approaches to solving the identified problems. This is the need that was foundational in creating the Public Private Partnership. Success is based upon a collective expectation of outcomes and the vision of the partnership.

- There will be “Experiments: Learning processes take place on multiple dimensions (co-produced). This means that the multiple entities in your partnership, public, private and stakeholders, will experiment together with different approaches to solve the identified problem. These are your green and red arrows. Some are working (green), some are not (red), but there is forward motion. Both successes and failures are expected. Yet, to those outside of the project or to those with a political stake in the success or failure of the project, this will be unnerving. If you have walked them through the process before you begin and remind them that this is the expectation as you move forward, you can help alleviate their concerns.

- “Elements become aligned and stabilize into a dominate design. Internal momentum increases.” Here is where the vibration begins to quiet down within the project. It is at this point where any internal fear uncertainty and doubt begin to shift to a focus on successful delivery. This is where the innovation starts to stabilize.

It is important to note that even though innovation is stabilizing at this point, the socio-economical regime and the socio-economical landscape have not yet stabilized. They are both experiencing a disruption. It is very important to understand that **just because the partnership has reached the point of a dominate design and is stabilizing, the external areas won’t stabilize until that design is fully implemented.**

This is another point of potential failure. If the design for this new future state is not clearly communicated, external resistance will increase, not decrease. Take a look at the blue arrows at the point where the red pointer indicating “Niche Stabilization” meets that stream. There is more disruption at that moment than before. The good news is that the disruption here tends to be brief. It is also easier for the partnership to navigate because the innovative work of the partnership is nearly complete.

**The breakthrough**
Finally, there is a breakthrough. The partnership has begun to implement a workable model that will take advantage of the window of opportunity which opened creating the need for the Public Private Partnership. Adjustments occur in the socio-economical regime as implementation continues. The fully implemented strategy becomes the new normal.
Conclusions
The success of a Public Private Partnership depends on managing both the internal workings of the project and the external forces at play during times of significant change. An understanding of the innovation process will go a long way toward helping sponsors, stakeholders, and project partners stay focused on delivering the anticipated outcomes. Change is disruptive. It creates a new normal. That is after all, what a Public Private Partnership is designed to do.