

Practitioner's Corner

Consulting and the Public Sector: The Role of Consultants as Brokers of Local Business Development: A Case Study

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This case study explores the work consultants do for their clients. It also sheds light on the consultant mindset, focusing on how consultants within a large public authority enterprise unit go about the task of delivering urban regeneration benefits from physical construction schemes. The article demonstrates that consultants can work effectively with other council departments and that consultants are able to establish successful enterprise initiatives, which yield significant regeneration results, by using a private sector approach to broker local business engagement.

Local Authority and Business Enterprise

In an era of lean organizations and re-engineered businesses where middle managers are thin on the ground, management consultants are often used as a flexible resource to implement plans, execute projects and deliver results. One of the less familiar roles consultants can also play is that of brokers, people who introduce and bring different parties together for mutual benefit. Consultants are well placed to play this brokering role as they:

- Are independent of the history and normal functioning associated with the commissioning organization
- Can bring new ideas and relationships to meet challenges and chart new territories
- Should be able to bring a fresh approach, a different (and at its best an objective) perspective to situations

It was to a brokering role that consultants were commissioned when the Islington Business Enterprise Team (IBET) was established by the U.K. local government, London Borough of Islington. Working within the economic regeneration department, two consultants were commissioned to broker commercially productive relationships between large private sector developers/main contractors and small local builders and trades companies.

Consulting, Brokering and Partnership Arrangements

In common with many consultancy assignments, the consultancy role was not defined as “brokers” when the consultants were commissioned. The assignment started with a clear rationale, that of “maximising the economic benefits (of a major construction project) for local businesses.” Whilst not stating exactly which economic factors were to be addressed, this phrase did point the consultants in a clear direction towards the business community. They knew something had to be done, which the local business community would both appreciate and value. Beginning with the basic premise that “all businesses want more business,” we decided to try and find out two things. First, if there were any construction businesses in the local area and secondly, if there was any part of a major construction development scheme which had not yet been assigned a builder. If there was a gap, we would approach the developer with the idea of using a local construction team to undertake the work (on the assumption that we could find a builder or form a working consortium). Other aspects of the consultancy terms of engagement that were defined included:

- The length of the assignment (one year)
- The reporting line and the need to agree to a delivery plan (in hindsight I think that the need to agree to a delivery plan was a clue that the assignment needed a clearer definition as to what it was going to achieve and the key performance indicators it could be measured against)
- The requirement to have a good understanding of urban economic regeneration, project management and the private sector
- The target of providing a specific number of businesses with at least two hours of consultancy advice

As the IBET consultancy assignment was directly associated with the physical construction of a mixed construction development that included building a 60,000-seater football stadium, a small amount of commercial space and over 2,000 housing units, it seemed natural to try and engage the local construction trade in all the building work that would be undertaken. The two key early tasks we undertook as consultants were, first to contact and meet the developers, the main contractors and their large sub-contractors, and secondly to research what, if any, local construction companies were based in the area.

Structure and Process

The identity and formal contact details of the developers and main contractors were known and easily obtainable from documents submitted for formal planning agreements with the Islington Council town planners. Early meetings with the town planners, to understand more fully what the terms and obligations were for the developers/main contractors to work with us and to glean any useful intelligence about things in general, were met with uneasy suspicion. The town planners were not used to working closely with other departments or their consultants. Nevertheless good cooperation was forthcoming once the planners understood that we were engaged to assist the developer/main contractor meet their “best endeavours” obligation “to wherever possible work with and involve local businesses” in the construction scheme.

Arranging a meeting directly with the relevant senior management of the developers required that we be persistent and firmly insist that they needed to meet with us (despite them meeting regularly with our planning colleagues), as we had a distinct set of requirements that needed to be addressed. The meeting itself, when held, was reasonable and resulted in both parties having a clear understanding of their responsibilities and the next steps each would have to take. For the developer this meant agreeing to meet with us again in six months and writing to their main contractors, reminding them that they were under an obligation to use their “best endeavours to work with and involve local businesses” in the building project, and advising them to “meet with IBET to see how best they could progress this matter.”

Business Benefits of Local Companies

Once the developer’s letter was sent, we followed it up with a telephone call to the contractor to set a date and time for meeting them. From our conversations with the town planners, we were aware of the tight timescales for completion of the building and so worked with equal haste to meet with the main contractors. Again, our meeting with the main contractor was reasonable and resulted in a similar outcome with the scheme’s developers: an agreement to meet again and an opportunity to meet with their sub-contractors. It was at these sub-contractor meetings that we were able to advance the business benefits of using local companies; that of lower cost, better logistics and the opportunity to bench mark and refresh their existing supply chain. At these meetings, we also introduced and brokered local companies for consideration for different work packages.

Alongside meeting with the developer and the contractors, as consultants we had to quickly research and identify local companies who could possibly contribute to the development. Once local firms were identified, we had to enquire if they were interested in winning work on the development. Some firms were not interested either because they were busy enough, or they did not believe it was worth their while participating because the main contractors and large sub-contractors had their own supply chain in place and so they would not seriously consider using them. We were aware that this concern was widely held and knew it had some validity. Our response was to openly discuss this with the contractors and receive an undertaking from them that they would not do this; and for our part we would monitor closely whether local companies were just being used as “tender fodder” by contractors who had no intention of awarding work to them.

Matchmaking and Performance Measures

We tried to meet all the local companies that were interested in tendering for work to understand what they did and also confirm that they met a minimum set of criteria, including policies, procedures and industry accreditations which the contractors had told us they required if local companies had any chance of being approached or invited to tender for work. Local companies that had these qualifications were profiled and listed in a directory we produced and circulated to the contractors.

Early on we arranged for a specific briefing event to take place where the developer, their main contractor and the large sub-contractors outlined to all the interested local companies what they were seeking to achieve, how they were going about their work and how local companies could possibly get involved and win work from them.

Our work then essentially was to ensure that the main contractor and their large sub-contractors reviewed their procurement requirements on an on-going basis to identify any work packages that local companies from our directory could potentially undertake, so they could approach and invite them to bid for work. Of course, this match making and brokering of relationships involved much effort and goodwill from all parties involved. Sometimes the work packages were slightly larger than the contractor would usually place with a new supplier. At other times small local companies had to make certain organizational investments before receiving tender invitations which were not guaranteed. The outcome of these adjustments and our brokering was that local companies were given the opportunity to tender for work and work packages were indeed awarded on a competitive basis.

The results achieved through this brokerage service were measured across three key performance indicators: the number of local companies who received pre-tender enquiries, the number of local companies formally being invited to tender for work, and the total value of contracts won by local companies.

Table 1

Achievements in the first year

Number of local companies who received pre-tender enquiries	95
Number of local companies being invited to tender for work	67
Number of companies winning contracts	12
Total value of contracts won	£3.0m (approximately \$5m USD)

These outcomes were considered of sufficient merit by both the local authority and the regional government funders. As a result, we were retained as consultants for a further year to expand the local procurement project across all construction developments that took place in the defined local authority area. Again, using the same methodology, results achieved in the second year were credible.

Table 2

Achievements in the second year

Number of local companies who received pre-tender enquiries	130
Number of local companies being invited to tender for work	109
Number of companies winning contracts	26
Total value of contracts won	£6.8m (approximately \$11m USD)

The project was then asked to expand its offer to service a large £2bn, 10 year regeneration construction scheme, which was taking place in a neighbouring borough. The results for year three are shown below and confirm that the project could be expanded not only within local administrative boundaries and continue to deliver results, but outside and across administrative boundaries.

Table 3
Achievements in the third year

Number of local companies who received pre-tender enquiries	195
Number of local companies being invited to tender for work	160
Number of companies winning contracts	55
Total value of contracts won	£11.5m

Future Brokering Prospects

Now in its fourth year, the business brokerage project is on target to again double the value of contracts won by local construction firms to over £25m. The project is also now beginning to assess its impact in terms of employment, the number of jobs which it has created or safeguarded and the work which has been won through its specific “brokerage” services. An exit strategy which proposes the establishment of a permanent business brokerage team is also being drawn up to put the project on a more permanent footing.

Key factors which have contributed to the success of this business brokerage and which may guide other consulting organizations with a broad community or public sector remit include:

1. *Professional partnerships*
Consultants build professional partnerships where they work with town planners and other regeneration officers who have previous experience of working with the developer or main contractor.
2. *Service ethic*
It is important for consultants to bring a responsive service ethic to their role.
3. *Customer orientation*
Consultants should employ an effective customer relationship system, which tracks, reports and raises reminders as necessary.
4. *“Positive engagement” and trust*
This is the determined, professional approach adopted by the consultants who pursued small wins and pragmatic solutions. The consultants on this project were friendly and open, not demanding compliance or officious exchanges; they were able to build trust with both the large contractors and local companies, and not become distracted with sly taunts or unproductive arguments.
5. *Understanding and confidence building*
The consultants made an effort to try to understand the work of both the contractors and the local companies. This resulted in the consultants having confidence in the work of the local companies they brokered.

Conclusion

The results of this assignment show that the use of consultants as business brokers can work and yield positive outcomes. IBET demonstrated that using consultants as a flexible resource to implement and test the viability of an innovative idea and gain added value, has been successful. Central to the success of the assignment was the positive, pragmatic professionalism of the consultants. This is something commissioning clients typically seek and conscientious consultants should be keen to deliver.

About the Author

Glenroy Anderson is the director of the Islington Business Enterprise Team (IBET), which is a key department of the London Borough of Islington in London, UK. He holds an MBA and Masters in Economic Development and specializes in urban economic development and regeneration, specializing in small- and micro-enterprise development. Mr. Anderson has worked as an enterprise projects and policy adviser with a number of public organizations and private companies at both local and regional government levels. With a particular interest in corporate social responsibility as a tool for unleashing the potential of small local business through enterprise initiatives, Glenroy continues to direct and accept consulting assignments as a business enterprise leader and mentor.

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