



Sustainability of GBEs – Why Projects Succeed and Fail

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15 RULES

Rule 1: Know what you want/are supposed to do:

- Should be simple but often isn't (or what problem are you trying to fix)
- Needs a systematic consideration of the public policy result sought
- What is the goal?

Keep the long term in mind when defining what the GBE is supposed to do:

- Why?
 - The answer to this question can be different for the government than for the GBE
 - Get this out of the newspaper now vs. substantive goal

Rule 2: Make sure you are still doing what someone wants or needs:

- This needs periodic refreshing
- Wheat Board fight
 - It lost the government and a large chunk of the farmers.
 - AECL: what does it do when research is gone and commercial reactor companies are beating it

Rule 3: Not everything is right for a GBE:

- Pick the tool to match the problem:
 - P3 - \$50 million threshold
 - Revenue risk and private sector
 - Structure matched to level of private and public subsidy

Rule 4: Get the values right:

- Public sector values and private sector values are NOT the same
- Part 1
 - Bonuses
 - Entertainment and meals

Get the values right:

- Part 2
 - Arrogance can kill
 - “Entitled to my entitlements”

Get the values right:

- Part 3
 - Keep the public context in mind

Rule 5: Who's the Boss?

Part 1

- First rule is that politician's were elected, not you.
- They have arbitrary authority – best to keep them happy.
- PMO, Minister and Deputy: Need someone, CEO, Chair, or Board member with good antenna and connections

Who's the Boss?

Part 2

- Think about structure:
 - Who appoints the CEO and, therefore, who is she really accountable to.
 - Independence from political interference and honouring the accountabilities.
- Who makes what decisions

Rule 6: Get the public framework right:

- How you are perceived can make a big difference in whether you are cut any slack, have any credibility, can get market participants to respond.

Get the public framework right:

- The importance of early success:
 - SSHA - \$800 million and no public evidence that there is a single E.H.R. to show for it.
 - IO – early build-finances, market acceptance, government credibility, ministerial happiness, media boredom.

Rule 7: The process of setting up the GBE can be as important as how it is structured

- Building a constituency for the result can create huge latitude:
 - 1995 deficit fight
 - 1998 CPPIB story: deficits outstripping contributions:
 - Year-long consultation – public, provincial and market buy-in
 - Code of conduct
 - Independence from political decision-making
 - Board appointment process
 - Freeing it up from political influence.

Rule 8: Keep the Public Interest Front and Centre:

- Know who speaks for it
- Don't jam the politician
- Who speaks to policy vs. who speaks to program

Rule 9: Watch out for scope creep:

- If you do something right, chances are you will get asked to do more

Rule 10: Transparency and Accountability matter:

- Err on the side of public disclosure – suspicion is more insidious than truth
- Federal civil service and staff expense disclosure as example.
- IO – posts everything re P3 agreements

“Making decisions in a fish tank”

Rule 11: Implementation is hard, requires discipline, focus and structure

- A. Keep front and centre what you are supposed to be doing – fighting the alligators or draining the swamp.
 - This means clear internal accountability for results

Implementation is hard, requires discipline, focus and structure

- B.** More important for the GBE than the government:
- Governments will lose sight of the longer term.

Implementation is hard, requires discipline, focus and structure

C. Early success can be lost:

- IO: Procurement successes vs. monitoring of on-going projects
 - What are the incentives?
 - Doing good things well
 - Doing what people believe they need

Implementation is hard, requires discipline, focus and structure

- D.** Succession in an organization can be a challenge
- Importance of personality

Rule 12: Keep your stakeholders happy, informed, engaged:

- Be clear on who they are:
 - Political masters
 - Users
 - Suppliers/Contractors
 - Clients
 - Opposition MPPs
 - Outreach
 - Public Forums
 - Holiday Inn: “no surprises”

Keep your stakeholders happy, informed, engaged:

- Why do they matter?
 - They can be:
 - Opinion shapers
 - Defenders in times of crisis (although don't hold your breath)
 - Ambassadors

Keep your stakeholders happy, informed, engaged:

- **Examples:**

- IO – Keeps its political masters engaged – delivered on time and on budget and got a great reputation.
- Rick Hillier – DND Chief of Staff – he figured out his were 70,000 armed forces members

Keep your stakeholders happy, informed, engaged:

- GBE's need to think outside of the box of what their organizational imperative requires and think hard about political masters and constituents needs:
 - Organizational imperative
 - vs.
 - Public Interest

Rule 13: Build private sector credibility:

- Reduce political interference on key commercial decisions
- Make the policy framework responsive to political demands but the commercial frame should be one the private sector can believe is driven by merit

Build private sector credibility:

- Transparency on criteria
- Create a deal flow and a reliable market message
- Standardize your documents and your process
- Reduce transaction costs (IO 2% to 1.5%)

Rule 14: The Media Aren't Your Friends:

1. They are driven by their imperatives not yours
2. They can't be trusted
3. 24 hour news cycle means allegations beat truth every time

BUT...

The Media Aren't Your Friends:

- You need a clear comms strategy from the start
- Get government buy-in and clarity on roles
- Get someone in charge with the authority to enforce

Rule 15: You Can't Plan for Everything

...or bad things happen to good people

- Example:
 - Wheat Board
 - Ontario Lottery and Gaming and OLG directors



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