Statement 2: The major benefit of the "product" for a client is the supplier's ability to solve problems.

Statement 3: The success of performance can only be identified after the project process has closed (hence the dominance of performance risk).

Statement 4: Perceived risk is reduced by competence. This competence is asymmetric.

Statement 5: Communication of risk may moderate the uncertainties felt by the customer.

Statement 6: As confidence strengthens, supplier-buyer relationship reduces the risks perceived.

The verbatim transcripts of the discussions have been evaluated by content analysis.

FINDINGS

This section will provide a summary of the findings gained from the interviews according to the six main topics mentioned above.

1. Project uniqueness

The respondents agreed that projects are unique, especially due to the rapid technological and environmental changes. Therefore, in order to reduce the buyer's risk perception complex problems need to be divided into smaller, routine (modularised) tasks, whereas suppliers often make the mistake of developing highly standardised offers.

"...buyers do not want standardised answers... but they expect us to find a solution for them."

This challenge requires sophisticated service adaptation. In services standard solutions emerge due to the buyer's attitude and his time constraints. Uniqueness makes sales more difficult. Projects are unique systems that coupled with new products represents a knowledge gaps on the supplier side that he needs to fill.

"When we talk about project selling, we do not mean the sale of a physical thing, but rather that of a future intangible, and hence you have to provide some evidence to the client that we are able to implement the project, and hence he becomes more efficient and will also save some money."

Projects usually have a professional side and a methodological side. The methodology has always the same components, such as survey, needs assessment, planning and testing. Needs assessment is vital as sometimes by the time the project finished there was no need for the solution anymore. These tasks are repeated over and over again.

"When the client has a need…the best situation is, when we find out together what this needs it exactly, whereas some clients try to fix every problem in the same way every time irrelevant of the nature of the problem."

2. Problem solving as the supplier's main competitive advantage

The interviews revealed that the client side has several talented managers, who can find solutions for managing their own business processes, however, they do not take responsibility as they cannot influence other members of their organization. In this respect the governmental and non-profit clients are very different.

"Clients who have a set budget have a weak position in negotiations."

High-tech industries (e.g. telecommunication) take a proactive approach in problem solving, and they might also demand the imitation of a competitor's innovative system in a short period of time. Nowadays, cost efficiency is part of problem solving. In classical project markets, such as the construction industry, the effective recovery is a key factor. All in all, in some industries the involvement of the client is vital, whereas in some other industries the involvement is not required at all:

"The supplier is there so the client can get comfortable."

3. Interdependency in projects and its relation to performance risk

It should be noted that this topic was the hardest to interpret for most participants. Interdependency in projects means that if a project is abandoned then the outcome of it is destroyed.

> *"…we try to emphasize this. At every milestone our ties become stronger and hence it becomes clearer what we aim to achieve…Provided it is a long project, then we will have a situation analysis, a needs assessment, a concept plan, a concept and all of them should be approved by both, the client and the supplier, which becomes a joint knowledge that takes us further."*

Many companies aim to consciously reduce risk and their processes seems very much standard: continuous project monitoring or setting up milestones (status meetings) and iterations. Nevertheless, it is impossible to create a project briefing with flawless specifications as the outcome of the project provides new challenges in terms of its use. Hence, this post-delivery refinement creates a new learning curve for the supplier, which takes a year at least.

4) The role of competences in decreasing risk perception

It can happen that behind the communication/image of a particular competence there is no real content. Therefore, clients, in order to avoid this pitfall, usually look for tangible evidences of competences, such as accreditations (eg. ISO). The higher the competence level of the client the better they understand the problem, however, if it is missing a third (neutral) party might need to be involved. This phenomenon is commonly referred to as competence-asymmetry, which is high in some sectors (eg. finance), whereas low in others (eg. training), and again in others (eg. business tourism) the client tends to overestimate his competencies. Asymmetric competencies represent the biggest challenge in the pre-transaction phase due to client's need uncertainty, whereas the extent of asymmetry decreases over the course of the project. In the area of consulting, the client's professional competencies might outweigh that of the supplier, however, the consultant has higher levels of system and experience competencies. These asymmetries start to disappear as the client gets to know the system and the consultant gets familiar with the company's business processes. Finally it is to underline that the *impact of knowledge (functional competence) and relationships (relational competence) on the buyer's perceived risk* can be extremely different as it has been explored by Awuah (2001).

5) The role of risk communication in reducing uncertainty

Our findings in this issue confirmed the research results of, among others, Garner (1986) and Brashers (2001). The respondents agreed that the client's risk is larger than the cost of the project as the client's business is at stake.

> *"…it seems like a public relations exercise that at the start of every project we inform the clients about certain risk factors for self-defense."*

Solely communicating the risk factors will certainly increase the level of perceived risk, and thus, risks always have to presented with the solution in order to decrease the risk perception. Due to the risk communication of the supplier the client's risk perception changes during the sales process. At the start the client is usually open to various options, but subsequently – as his knowledge and involvement increases its risk perception also increases. Frequent communication between supplier and buyer can, however, lead to a decrease of perceived risk. Clients should be convinced about not to follow unrealistic objectives.

6) The role of supplier-buyer relationship in influencing perceived risk. The confidence-dimension.

Respondents thought that emphasizing trust in the buyer-supplier relationship is commonplace, however, eventually participants agreed that long-term relationships are disadvantageous and do not serve the client's needs. In several industries supplier changes are carefully planned.

If retention is the goal, then investment into the relationship is vital in order to increase the client's trust. Suppliers have to visit the client regularly in order to achieve a certain level of trust, which can also be institutionalised by introducing support contracts, which can lead to new projects.

"…if there is no contract like this, then maintaining the relationship is costly, but its return is uncertain.".

The value of the relationship is relative, therefore, both orientations (transaction, relationship) are present in the marketplace. Due to high level of trust in the consulting domain, everyone is perceived to be relationship-oriented. Although there are no calculations on the return on relationship (ROR) rather they intuitively manage their relationships with their clients.

On the international dimension

Taking into consideration that numerous project transactions are realized in an international environment, an additional dimension, namely the international one, has to be added to the analysis. In this dimension the uniqueness and the communication can be considered as of special concern. From the uniqueness point of view problems appear in a more intensified manner. International context of the project is a unique attribute in itself and its correct management needs special business competences. The difficulties of (risk) communication are similar to that of intercultural communication in the international business practice.

CONCLUSIONS

Finally, the following conclusions can be drawn from this research.

From the data collection it became clear that the size of the company has a significant impact on reducing the client's risk. This can be explained by the principle of substitution, which means smaller companies have 1 or 2 key people, whom the client interacts with. If they leave the company, this jeopardizes the success of the project. This principle is in contrast with the principle of flexibility, where smaller companies are more flexible in project implementation than bigger ones. Subsidiaries of multinational companies can tap into each others' organizational knowledge and hence experiences through accessing their global databases. However, ample differences (economic, legal, cultural, language, etc.) between contexts can make this knowledge look rather difficult to transfer.

The interviews further revealed that both parties' competencies contribute to value creation in projects, however, the competence-asymmetry should also be acknowledged. Most project actors feel that the other side lacks relevant competences, however, they also assume this asymmetry is of a small extent. The research revealed this asymmetry is mutual and hence these should be referred to as discrepancies. Clients usually do not learn much from projects and even if they do they do not internalize this knowledge, but rather they rely on creativity and routine at the start of the next project. The project team composition, selection and the human resource management process are of ad-hoc nature rather than systematic on both sides, which is a large risk factor in itself.

Quality assurance and control systems and references clearly communicate competence, and hence reduce the client's perceived risk, however, these do not work in every context. (eg. event management) Clients work with the same event management companies because in case of a failure the stakes are high, which will result in poor image and thus financial loss. Furthermore, mutual communication and interactivity can decrease risk perception and thus, represent enhanced problem solving capability. Nevertheless, risk communication has to focus on both, the risk factors as well as the solution.

Finally, this research confirmed that there are more common characteristics across project activities than differences between them. This research aimed to explore some of these characteristics, which can be a significant contribution towards the interrelationship between competences, risk perception and value creation. Further research will be aimed to undertake a quantitative survey to generalise our qualitative findings and to understand – as a conceptual framework of our study – in what way competence, confidence and communication affect minimization of risk attached to project performance.

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