

*Hawkesmore*

*Defence & Aerospace Insights*

*Building a National Champion*



# The importance of a National Champion

The global pandemic and ever changing geopolitics are encouraging many nations to focus on the expansion of their own domestic capabilities, and a reduction on the dependence on other nations, companies and imports.

National Champions are designed to deliver this objective. They are expected to be the main vehicle to increase national domestic capabilities in chosen sectors and drive industrial development across the domestic landscape.

These National Champions are government sponsored, usually initially government funded, and necessarily closely aligned with the achievement of national goals, objectives and strategies.

These organisations are often well supported and financed, and with this comes substantial pressure to deliver on national visions and goals in ambitious timelines to meet government commitments.

There are numerous examples of sectors that employ National Champions, and defence is no exception, with many of these National Champions now found on lists of the leading global defence companies.

We can learn from these existing National Champions, and identify common challenges in their establishment and capability expansion.

## Common challenges of National Champions



### Lack of a clear strategy

Most National Champions are built from little/no existing capability, so having a clear capability development strategy is essential for initial success, long term growth & enduring sustainment.



### Style over substance

There are numerous examples of National Champions signing unsubstantial international agreements that lead to little actual development, resulting only in hollow marketing ploys.



### Accumulation over addition

A National Champion's mandate is sustained capability growth. This is often misconstrued, and to show short term progress, leads to consolidation of existing national capabilities as opposed to real value add & new entrants into the landscape.



### Lack of agility

Once a strategy has been agreed by the National Champion, due to the pressure of short term successes they become wedded to the initial approved route map and lose any agility to react to previously unseen opportunities.

# Characteristics of a National Champion

Utilising the lessons learnt from existing National Champions, those that are both successful and not, there are some key characteristics that new National Champions should embody to be successful over the long term.



## Have a clearly defined but agile strategy

A strategy is essential, you cannot develop without it. However, it should not cripple a company from change as needed and should be an enabler, not a block to innovation. The Board and Shareholders need to understand this.



## Balanced long term strategic goals with quick wins

Short term improvements and value add is a must for a new National Champion. It proves the concept, justifies investments & reduces pressure allowing for controlled and gradual development. But this must not be at the expense of long term positioning.



## Capability Development – Make or Buy?

With often ambitious timelines to show progress, pure organic capability growth is often not possible. Acquisition of capability is there essential for growth, but this must be considered and carefully applied and in line with strategy.



## Considered partnerships that add value

There is a pressure for National Champions to sign international partnerships to build an image and show progress and interest in the nation. Although partnerships are essential for success, they should be carefully considered and ensure that they add real value.



## Build strong & connected regulatory relationships

Any National Champion must have a symbiotic relationship with the regulator to ensure success and strategic alignment. In the instance where such regulators do not yet exist, flexibility must be in place for necessary changes made to accommodate the maturity.



## Key Performance Indicators are vital

KPIs are especially important for National Champions, as they are often funded by government money and have to be held accountable. KPIs should provide focus, require external monitoring, and provide evidence of tangible progress.

# National Champion Focal Points

**Based on these lessons learnt and common challenges, a newly established National Champion should focus on the following initial aspects to ensure long term success.**



## **Build a good reputation**

Building a strong reputation is vital and cannot be overstated. You need to decide what you want to be known for in the market and ensure you are always driving towards this. A poor reputation is very hard to recover from.



## **Become easy to do business with**

A National Champion starting out must be easy to do business with, with clear T&C's, flexible pricing models and clear boundaries. Too many National Champions over promise and become difficult partners to work with.



## **Do not over focus on internal matters**

There is a temptation to create the perfect organisation with perfect processes from the start, which is often unachievable. A new company should not burden external teams with internal process challenges and allow for organic improvements over time.



## **Securing initial orders is vital**

Initial focus must be securing orders and the company must be commercially flexible enough to do so. Client relationships should be a focal point, and vital capability added to deliver on these initial orders.



## **Balance short term focus with long term sustainment**

Immediate success must be shown, however small, in order to demonstrate progress to investors. This must be coupled with longer term growth and sustainment strategies, which are clearly defined but agile enough for future change.



## **Accept that regulation may not yet exist**

Regulation is not always fully established when National Champions are created, leading to unclear guidelines, boundaries and stakeholder tensions. You must be agile enough to both fill this gap and respond to regulatory change.



## Hawkesmore

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If you would like to know more about how we can support you with your National Champion development or wider industrial development needs, please do contact us:

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