



# Smart Guide to Collaborative Business Relationships

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# Collaborative Business Relationships

Enhancing performance and competitive edge

Collaborative business relationships can take many forms:

- Strategic business partnerships
- Supplier relationships
- Consortia and alliances
- Outsourcing and shared services
- Divisional relationships
- Client or customer relationships



Small and medium-sized enterprises help drive the UK economy often through innovative product and service offerings. While the SME plays a vital role in numerous supply chains, many do not maximize their capability to collaborate. Those that do may see multiple benefits through adopting a proactive approach to collaboration.

## What are the benefits of collaboration?

For any organization building and maintaining good supplier relations is vital. Cash-flow and budget pressures, complex distribution channels and staff resource can test the strength of supply-chain relationships, of contract terms and customer loyalty.

Following a collaborative approach need not be costly or resource-heavy as forging partnerships may ease such pressures and help to:

- Foster innovation between parties
- Build sustainable and mutually beneficial relationships
- Increase competitive edge, open up wider markets and supply chains
- Drive-down costs/prices
- Support change management and integration
- Improve operations and efficiency
- Optimise shared service delivery
- Create value for money

A survey of heads of procurement from the public sector<sup>1</sup> found that 72 per cent said that following collaborative arrangements resulted in their organizations achieving better value for money than could have been achieved alone. Additionally, global research announced at the World Economic forum in Davos in 2013 revealed a desire to move towards greater levels of collaboration. Ninety per cent of the 2,000 business, government and NGOs surveyed across twelve countries agreed that collaboration is essential and that more should be done to support and assert the benefits of partnering, collaboration and connectivity.<sup>2</sup>

One standard approach to collaboration which has gained recognition in large supply chains and is providing a platform for sustainable partnerships is BS 11000.

<sup>1</sup> A Review of Collaborative Procurement across the Public Sector. National Audit Office and Audit Commission, 2010

<sup>2</sup> The Connection Imperative Survey. Conducted by PSB on behalf of Bank of America, 2013

## BS 11000 - The first standard for collaborative working

BS 11000 is a two-part standard developed by BSI with industry and government. In short, it is a framework to support collaborative relationships.

**Part 1, BS 11000-1 contains the requirements and principles of effective collaboration - the key stages.**

**Part 2, BS 11000-2 provides additional practical guidance to aid implementation of BS 11000-1.**

## The key stages for effective collaboration

The first thing to establish before entering into a partnership is whether it will create value. If so, consider how the benefits fit with the long-term objectives of your organization.

### Awareness, knowledge and internal assessment

Ahead of identifying potential partners, internal knowledge gathering and assessment must be carried out to ascertain whether your organization is ready to collaborate. The key questions to ask:

- Will your organization support a culture of collaboration?
- What are the drivers/objectives for collaboration?
- Where and how can the business collaborate?
- What data, IP or resources can be shared?
- What internal resources/skills do we have?

Furthermore, test the viability and potential for collaboration by asking:

- What are the blockers to collaboration?
- Who will lead within the organization?

The internal assessment is vital to help organizations identify what they have to offer potential partners and what they are looking for in return.

### Identifying and selecting partners

Some questions to ask before entering into the selection process:

- What will our ideal partners look like?
- How can we reach them?
- How do potential partners view us?
- What happens if partnerships fail and we want to exit?

When seeking a partner organization it is important to identify where collaboration will have the greatest impact in terms of value and performance. A full analysis of opportunities and threats should be undertaken at this point. When clarifying joint objectives, responsibilities and assessing competences the following will need to be considered:

- Deficiencies across the partnership
- Common objectives: short and long-term
- Barriers: including those that might be overcome
- Who are the internal sponsors?

The rules of engagement must be commonly understood when entering into discussions with prospective partners - transparency from all parties is vital in identifying common goals. This will help your business when it comes to the negotiation process and will set the tone for any resulting partnership. Contracts should embed the principles of collaboration and should be cooperatively developed.

### Working together - managing the relationship and staying together

Relationships should be constantly monitored and continually improved to optimize performance. A breakdown in a relationship may introduce risks and cost in the time spent resolving disputes. Key Performance Indicators (whether productivity, quality or customer satisfaction) and Service Level Agreements must be developed together and with a shared understanding of the terms. Above all, it is important to maintain appropriate behaviours, openness and trust.

A joint Relationship Management Plan (see back cover) will help support continuity and ensure a consistent approach at an operational level. Key to success is understanding how the following areas will be managed:

- Risk planning and assessment: is there a joint team in place?
- Professional development: what training/skills needs have been identified?
- Information: how can we most effectively gather and share information?
- Value creation: do we share/understand the same goals and Key Performance Indicators?
- Deficiencies: can they be improved and how?
- Communications plans: how effective is communication and what are the shared brand and organizational values?
- Metrics: must be developed together and with a shared understanding

### The importance of a joint exit strategy

Planning for an exit strategy does not always mean contract termination as it may be a legal or regulatory requirement to re-tender. Therefore, it is advisable to have in place a business continuity plan detailing how existing customer/client service levels will be managed beyond the partnership, an example could be the transition to another service vendor.

When a relationship is coming to an end, communication is all-important to ensure that reputations are protected and the partnership ends amicably. This ensures the organization remains receptive in the eyes of potential partners to future opportunities for collaboration.



## Overview of the Relationship Management Plan

- The RMP is essentially a process document created by collaborating organizations for operational staff, which defines the relationship scope, drivers, performance measures and progress against each stage
- It should guide users/staff through the stages of the relationship, the processes and procedures, contractual arrangements and the exact nature of shared systems and services
- The RMP could be produced as a handbook, a spreadsheet or a secure online database
- It should contain KPIs, the SLA, contact details of key personnel and the management structure
- The RMP records, documents and provides an evaluation of:
  - Bottlenecks or problems
  - Successes
  - Experiences and testimonials (from staff or clients)
- It is jointly owned and updated regularly to reflect change and known issues
- The RMP can be used to audit the success of the relationship

### Further information

To find out more about the BS 11000 series visit [www.bsigroup.com/collaboration](http://www.bsigroup.com/collaboration)



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