Collaborative Working
– Best Value or Blank Cheque?

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What is Collaborative Working?

Both parties believe they are likely to achieve a better outcome for themselves if they voluntarily give up some of their freedom of operation, or limit the potential benefits they could otherwise achieve in favour of a mutually beneficial partnership which may provide a more secure, strategic, or long term outcome.
Why Collaborative Working?

Outcome:
- Not necessarily purely financial
- Cultural or behavioural
- Product development
- Not guaranteed
- Long term view

Forms of Collaboration

Common UK forms:
- Strategic Partnering
- Framework Agreements
- Project Partnering
- Alliancing
Strategic Partnering

- High level partnership
- Limited number of partners
- Seek to improve product or delivery
- Board Level agreement - cascaded down
- Medium to long term
- No guarantee to workload

Framework Agreement

- Usually alongside Strategic Partnership
- Address collaborative terms contractually
- May include rates of pay, programme data
- Common to refresh Annually
- Improvements measured by KPIs
- Useful for on going repetitive works
Project Partnering

- Single Project delivery
- Partnering Agreement or Charter
- Partners influence the works of others
- Benefits shared between partners
- Relationship may or may not extend beyond project

Alliancing

- Single integrated management team
- Best man for Job
- Supervisory Board
- Alliance Objectives align partner interests
- All benefits shared between partners
- Reduced interfaces increased delivery capability
Benefits

**Client**
- Select partners early
- Fewer partners to manage
- Speedier procurement
- Better defined cash-flow
- Agreed margins
- Draw focus to key issues
- Monitor performance & demand corrective action
- Greater confidence in delivery ability
- Influence partners management style/capability
- Improved visibility on cost/programme
- Reduced likelihood of costly disputes

**Contracting partners**
- Supportive client
- Less competition
- More secure (?) workload
- More secure return
- More secure cash-flow
- Opportunity to earn bonus'
- Reduced risk profile
- Client more likely to be sympathetic
- Potential to influence client procurement decision making
- Reduced tendering costs – lower frequency of tendering
- Reduced likelihood of costly disputes

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**Benefits**

- Strategic Partnering
- Alliancing

**Degree of Collaboration**
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<tr>
<th>Drawbacks</th>
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<tr>
<td><strong>Client</strong></td>
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<tr>
<td>- Reduced supply chain</td>
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<td>- Competitive prices?</td>
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<td>- Cash-flow commitments</td>
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<td>- Reduced flexibility of</td>
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<td>procurement</td>
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<td>- Exposed to partner failings</td>
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<td>- Exposed to undue influence from partner</td>
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<td>- Need to define risk transfer</td>
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<tr>
<td><strong>Contracting partners</strong></td>
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<td>- Single client focus</td>
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<td>- Long term security of</td>
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<tr>
<td>workload?</td>
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<td>- What if partnership is</td>
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<td>terminated?</td>
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<td>- Limited opportunity for</td>
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<td>increasing margin</td>
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<td>- Exposed to partner failings</td>
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<td>- Aligning business to suit client could cause internal difficulties</td>
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<td>- Possible restrictions on flexibility</td>
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<table>
<thead>
<tr>
<th>Best Value or Blank Cheque?</th>
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<tbody>
<tr>
<td>- Excellent platform for performance improvement</td>
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<td>- Success dependent upon commitment</td>
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<td>- Success not just financial</td>
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<td>- Long term/bigger picture</td>
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<td>- Potential is limitless</td>
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Best Value or Blank Cheque?

• Success not always obvious to outsider
• Need to measure progress objectively
• Manage change in staff & directors
• Influence of those outside the alliance
• Perception – blank cheque
• Independence

Conclusion

• Potential to achieve something special
• Objectives need to be clear & measurable
• Personal relationships are fundamental
• Reinforce & refresh principles regularly
• Best Value or Blank Cheque? – down to perception
Institution Of Civil Engineering Surveyors