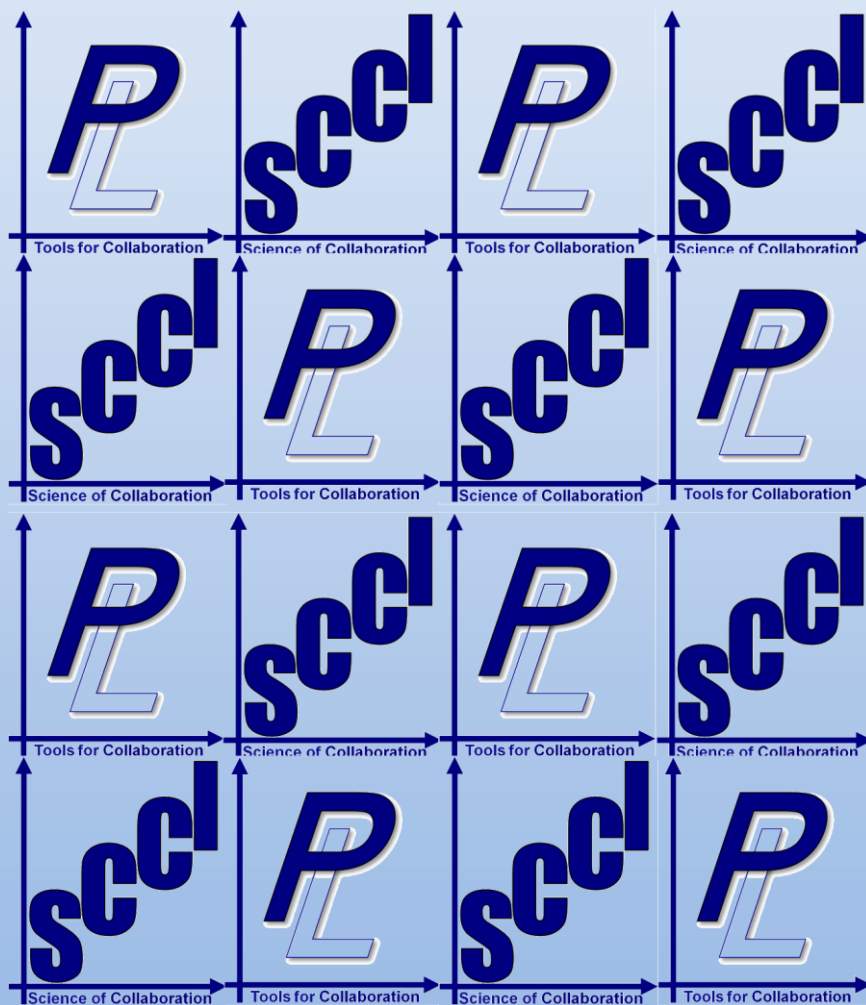


Case Study: Rail Sector Consortium 'On The Back-foot'



Andrew Humphries & Linda McComie



Second Edition 2022

First published in Great Britain in 2018 by Humphries and McComie.

Copyright Andrew Humphries and Linda McComie

The right of Andrew Humphries and Linda McComie to be identified as the authors of this work has been asserted by them in accordance with the Copyright, Designs and Patents Act 1988.

Every possible effort has been made to ensure that the information contained in this publication is accurate at the time of going to press and the authors cannot accept responsibility for any errors or omission, however caused. No responsibility for loss or damaged occasioned to any person acting, or refraining from action, as a result of the material in this publication can be accepted by the editors, publishers or any of the authors.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopy, recording or otherwise, without prior written permission of the copyright owner. Nor can it be circulated in any form of binding or cover other than that in which it is published and without similar condition including this condition being imposed on a subsequent purchaser.

Published by

SCCI Ltd
Milton Keynes,
England

Case Study – On The Back-foot

By Andrew Humphries & Linda McComie

1 Year Old Rail Industry Engineering Consortium – value £17bn 30 year contract:

- Consortium – Specialist Rail Engineering Consortium of 5 major shareholders

Objectives:

- To reveal the dynamics of the long-term, collaborative business relationship capabilities of the recently formed Consortium using a self-assessed PartnerLink
- To allow best practice targets to be developed and action to be taken to secure rapid and continuous improvements
- To achieve effective collaborative working within the Consortium and with their customer

Issues Revealed:

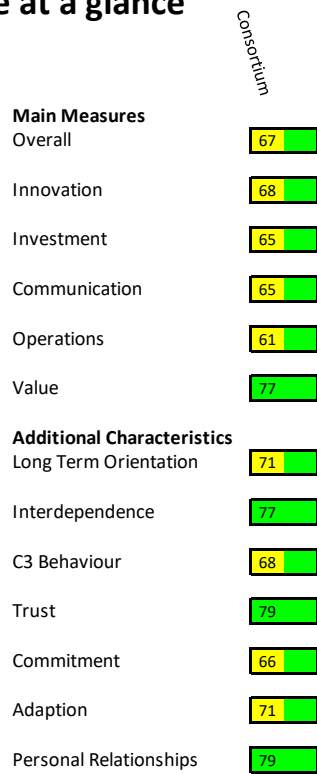
- Policy/process problems exist which hold back progress in the development of improved customer relationships
- Some difficulty in accepting cultural change
- Lack of clear business processes is undermining staff determination and dynamism
- There was a resigned attitude rather than a more dynamic, innovative approach
- Failure to fully communicate performance requirements to supply chain partners

“Both our customer and ourselves are still struggling in some areas to appreciate that our relationship is now governed by a contract”

Notes

The Consortium was formed from a group of specialist engineering companies to provide maintenance, renewal, and upgrade of rail infrastructure. Many of the staff had originally worked within a public sector organisation and had been absorbed by the new venture which was still structured in silos around the contributing companies' functions.

Performance at a glance



- **Innovation** – the leap of faith, being creative, flexible and resilient
- **Investment** – Alignment of objectives, investment in people, know-how, infrastructure and management effort and, long-term vision
- **Communication** – open and transparent, frequent and extensive, learning, planning and anticipating
- **Operations** – focusing on service and product delivery, lowering joint costs and risks, building trust
- **Value** – perceived and actual benefits, satisfaction
- **Long-term Orientation** – encouraging stability, continuity, predictability and long-term, joint gains
- **Interdependence** – loss in autonomy is compensated through the expected gains
- **C3 Behaviour** – Collaboration, Co-operation, Co-ordination, joint resourcing to achieve effective operations
- **Trust** – richer interaction between parties to create goodwill and the incentive to go the extra mile
- **Commitment** – the relationship is so important that it warrants maximum effort to maintain it
- **Adaption** – willingness to adapt products, procedures, inventory, management, attitudes, values and goals to the needs of the relationship
- **Personal Relationships** – generating trust and openness through personal interaction

Q1f	The alliance partners are reliable and consistent in dealing with each other	38
Q2e	The alliance provides a dynamic business environment within which the partners can seek increasing rewards	38
Q3b	The alliance partners welcome a shared data 'environment' where market, planning, technical and pricing information are made freely available	43
Q3c	The alliance partners understand the information requirements of all participants in the business chain from suppliers to customers	43
Q4b	The quality of service e.g. billing, prompt payment, administration, delivery is entirely satisfactory	29
Q4c	The alliance is characterised by a continually improving product quality philosophy	38
Q5b	My organisation does not feel 'imprisoned'/restricted within the alliance	38

Bandings	Colour	Response
0-49%	Red	Urgent Action Required
50-59%	Amber	Corrective Action Required
60-74%	Amber Green	Corrective Action Recommended
75-100%	Green	OK Unless High Priority

These traffic lights show an organisation struggling to create an effective joint enterprise whilst coping with the pressures of dealing with the Customer's requirements. These difficulties are highlighted by the individual question traffic lights which show that operations are suffering because of poor administrative management.

“We are a big organisation with confusing, multi-point contacts. Follow-up is only on a personal rather than a formal basis. Even then there is no individual accountability culture”

Findings

- The Consortium is perceived as being as unreliable and inconsistent as a partner. It is very difficult to improve these issues and raise standards when accountabilities and interfaces are not absolutely clear
- An over bureaucratic system and instances where there is no clear decision maker leads to slow and erratic problem solving. This is sometimes compounded, when in an effort to provide resolution, formal methods are circumvented and more confusion results. Furthermore, when dispute resolution is invoked the process is inherently protracted
- Despite high level agreement on partners' objectives this has not been translated into a working model for day to day interfaces. This leads to multiple interpretations, uncertainty and the perception that the partners' objectives are incompatible
- The Consortium's objectives are clearly stated in the contract but these fail to translate into tangible guidelines for use by individuals when dealing with partners on a day to day basis. This can lead to teams working at cross purposes within the organisation
- The Consortium has a very clear understanding of the Customer's data and performance requirements. However, the same is not true of other partners in the supply chain who have a critical contribution to make to meet the contract
- The mutual benefit of shared data and informal exchange is well understood. However, information is currently withheld due to a fear that it may be used against the Consortium
- There is a perception that the Consortium is attempting to make a profit at the expense of the Customer which leads to guarded interactions between the parties
- There is a perception within the Consortium that its partners are not dedicated to the long-term needs of the contract and that friction is preventing integrated team working from being established
- Often promises are made and delivery is found wanting. People are not held to account in such instances which leads to the perception that this is acceptable. The Consortium's credibility suffers as a result
- Contacts with the Customer are very complex, mapping people to many levels within each organisation with varying degrees of authority. There are no clear guidelines for this interaction leading to inconsistencies, confusion and conflicts
- The Consortium personnel feel constrained by the commercial environment they now find themselves in. They are unsure of their boundaries thus they err on the side of caution. This inhibits delivery of the Customer's objectives, despite these being well understood
- The partners fully understand and are committed to, a long term constructive relationship within the Consortium. The uncertainty lies in how to achieve this given the immediacy and demands of working with the Customer

“With so many people interacting in our overly complex organisation we get 'right hand, left hand' conflicting information problems. Also promises are not followed through. This gives us a poor reputation”

Recommendations

- Improved organisational and management arrangements are needed to prevent the loss of staff goodwill. People will not be good business partners if they are concerned that their organisation is not supporting them efficiently and effectively
- Policy and procedures covering areas such as customer strategy, interface mapping and rules of engagement are urgently required to equip the Consortium to function effectively in its new commercial environment
- Joint policy and procedures including performance standards to improve inter-organisational working, behaviour and trust-building are urgently required
- Contract performance and incentive measures need to be cascaded down to staff who are managing the partnerships on a daily basis
- The supply chain is critical to success and requires urgent management action to improve its ability to contribute as a team to the contract outputs

Outcomes

- The Consortium failed to apply the recommendations of the appraisal and it went into Administration four years later with losses of £430m

“All the infracos needed to do to meet their availability benchmarks was to perform only a little worse than in the past. On most lines, they did not even manage that”

Notes

When establishing a joint venture it is essential to devote time and resources to designing and implementing the necessary infrastructure, lines of communication, responsibilities, performance management and business processes. Then team building is crucial. All this needs to take place before work commences.

This consortium was comprised of reputable companies and experienced staff but the chance of success was significantly reduced by failure to properly prepare for collaborative working.



For Further information contact:

Telephone: +44 1 908 561892

Email: sales@sccindex.com

Website: www.sccindex.com