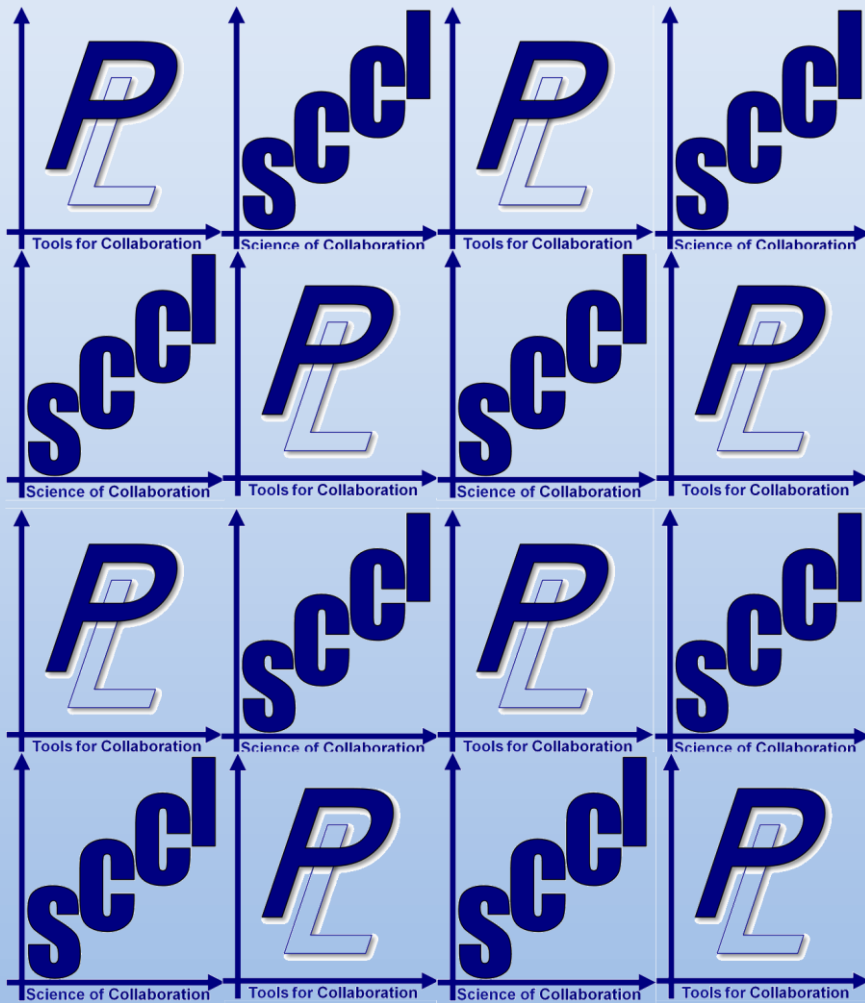


Research Summary

Defence Sector 2001-2010



Andrew Humphries & Linda McComie



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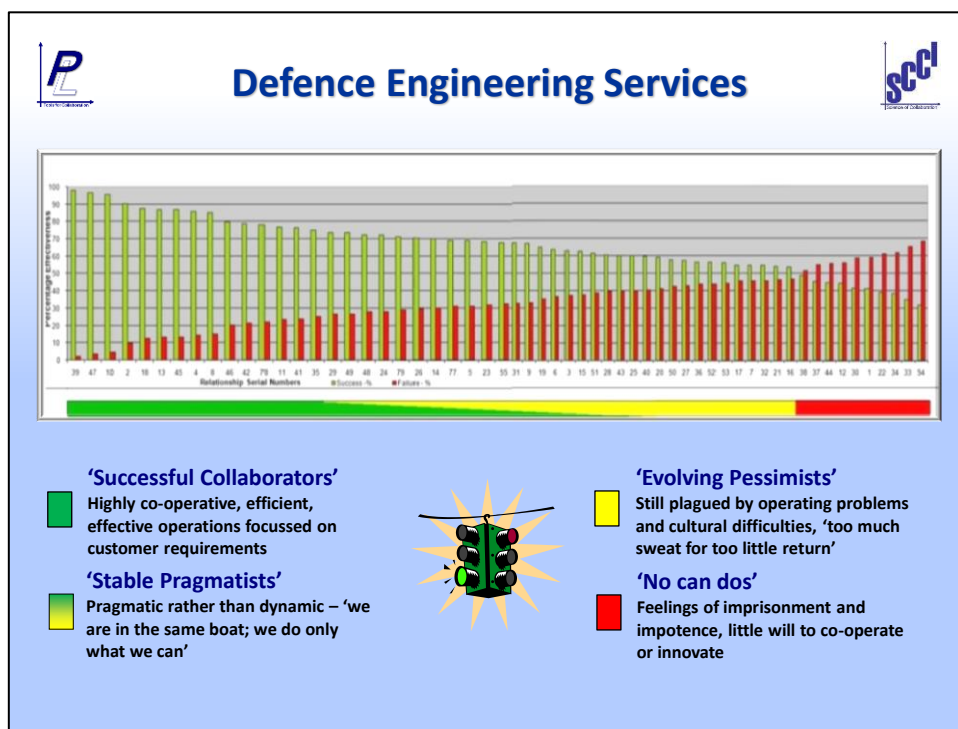
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Research Summary – Defence Sector 2001 - 2010

Executive Summary

Between 2001 and 2010 we examined 58 major Public/Private, UK Defence sector relationships valued at several £bn. This report summarises the findings from our research in an area of strategic national importance. It does not concentrate on the individual projects but rather on the particular relationship management features that characterise this sector. These are close, long-term relationships and there is a strong correlation between the survey data shown in the graph below and the opinions expressed by managers in interviews. This provides a particularly clear, honest, accurate view.



We summarise this work in two parts:

- Services and Maintenance, 2001- 2004 (1-55)
- Design and Build 2008 – 2010 (77- 79)

The portfolio relationship ratings are shown in the chart above. The majority are seen as Stable Pragmatists and Evolving Pessimists which indicates a general lack of continuous improvement and at best, acceptance of only average performance. It is also significant that the 10 lowest performing were the highest value relationships.

Overall Conclusions

This sector had existed for many years in a relatively stable state where productivity was only adequate and relationships were pragmatic rather than dynamic. The history was also characterised by cost and time over-runs and, political controversy. In the late 1980s and

early 1990s significant changes in the political and business environment resulted in demands for considerable cost cutting, greater efficiency and an overall reduction in public spending. In response the customer decided that collaborative working with suppliers was a key mechanism for facilitating the transformation and achieving the desired results. However, a range of cultural and systemic influences resulted in numerous difficulties that strained relationships and inhibited their development.

The research programme was well received by the individual project leaders and many felt that it acted as a 'wake-up call'. However, at Headquarters level the response was *"your findings are very useful but we are about to begin another reorganisation and we will not have time to take any action"*

At the time of writing this report the 2019 National Audit Office report, Managing Infrastructure Projects on Nuclear-Regulated Sites, found that in the three projects which started in 2011 with a current value of £2.5bn, there was a lack of clear relationship management. This adversely affected time and cost with estimated delays of between 1.7 to 6.3 years and a combined cost increase of £1.35bn. The report said it was disappointing to see the MoD making similar mistakes to ones it made 30 years ago.

Many of these lessons, which touch upon the fundamental principles of collaborative working, equally apply in other sectors.

- The customer policy makers must clearly define the meaning of collaboration and articulate how it is to be implemented in detail including the necessary management costs. This must then be agreed with the supplier policy makers
- The collaborative operating model must encompass all parties including operational personnel and stakeholders and, cover such aspects as governance, organisation structure, communications, business and administration processes and, continuity
- The contract must be framed in terms of the collaborative objectives. This does not mean 'business as usual' with some additional terms and conditions
- Implementation and the long-term 'collaborative operation' must be centrally managed to ensure that the initiative does not become fragmented
- An objective relationship performance overview that is refreshed frequently is crucial to enable effective management of both individual relationships and a portfolio of joint enterprises
- Collaboration must be instilled throughout the joint project organisation and maintained resolutely to enable the relationship to meet its objectives over the long-term, regardless of environmental changes
- Because of the fundamental importance of the commercial agreement, the commercial staff must play an active role as part of the joint team ensuring that the contract supports the aims of the collaboration rather than constraining it. This means taking an enlightened, co-operative approach

- A benefits tracking and sharing system is a central part of an incentivising package and must therefore be carefully crafted, implemented and managed to ensure that it remains a positive influence on performance and sustaining the relationship
- Power conflict situations such as in monopolies or size imbalances can be overcome by successful collaborative working – a levelling of the ‘playing field’ mechanism
- It is inevitable in Public/Private relationships that deep-seated ‘them and us’ attitudes will, unless carefully managed, have an adverse impact on collaborative performance. Good relationship management will build trust
- Where the significance of the collaborative change programme is high and the project duration is long, staff resistance to adopting new ways of joint working will need to be jointly managed. This will not just be during the implementation phase but also in the longer term operation
- Joint leadership is key to effective collaboration management. The leaders will have a belief in and commitment to the strategic intentions of the alliance, they will coordinate all in-house activities relating to the partnership and, they will be determined to work harmoniously with their opposite number to ensure the success of the joint enterprise

“It is almost policy that we let these relationships run without much management effort.”

“It was pure luck that a forward thinking, enlightened team happened to form.”

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155 pages

Defence Engineering Maintenance and Support Services 2001 - 2004

Background

This report reviews 55 relationships between maintenance and support engineering companies and public sector programme management organisations who worked together on several projects of varying sizes. Many of these relationships were long-term (some more than 10 years), strategically important (few/no alternative suppliers) and technically highly specialised. Recently the customer had introduced a partnering initiative to improve efficiency and effectiveness in response to a political initiative to reduce budgets.

With the prospect of lower government spending, the industry began to concentrate and the companies felt that their stability was threatened by internal reorganisations and takeovers.

“Our efforts to improve this relationship are frustrated by continuous change and management initiatives within our environment.”

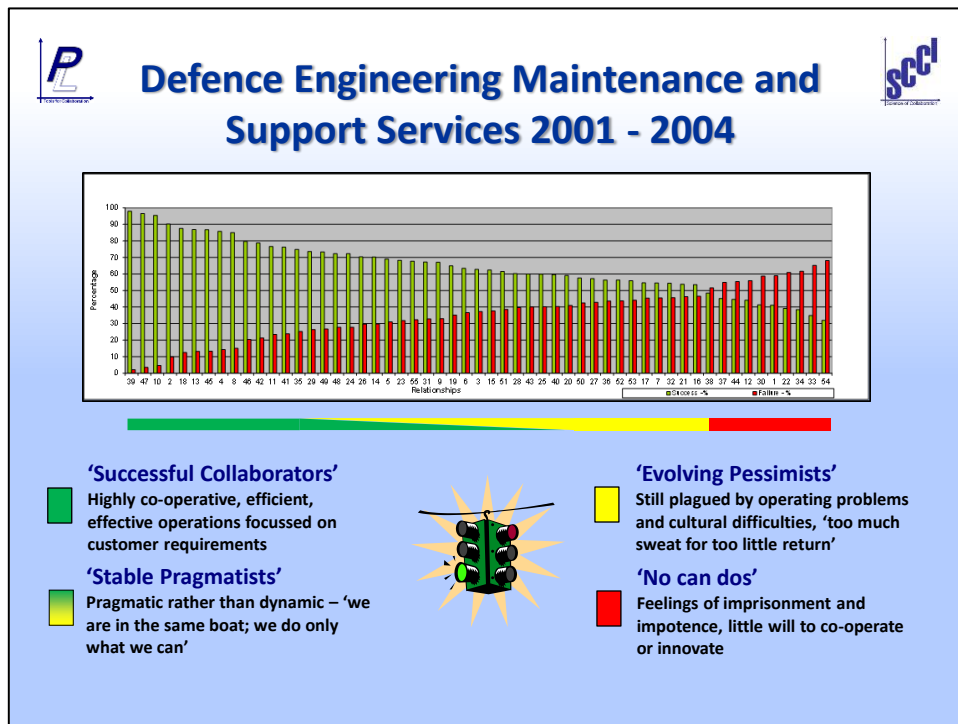
Companies also felt that they were at the mercy of the customer’s bureaucracy, budget instabilities and desire to make 20% savings at the expense of their profits.

“Our fear is the feast and famine situation of Defence spending. There are times when we must stop work, lay off experienced staff and then race to get back going again. I worry that we cannot respond fast enough and this adversely affects customer satisfaction.”

Managers on both sides felt their options were limited by the monopolistic nature of the business-to-business relationships, the need to maintain old products, unsettled staff and organisational upheavals, poor end-customer visibility and lack of investment in modern procedures and systems.

“We are maintaining 30 year old kit that’s used and abused. The spares are in short supply, there are obsolescence problems and we have difficulty finding people and sub-suppliers with the necessary skills. Thus neither of us is prepared for long-term service provision.”

The chart below shows the performance of each relationship in rank order – best on the left, worst on the right. Only a small proportion was considered to be Successful Collaborators.



Introduction

This research project took almost 2 years to complete. 758 people were surveyed, 150 managers were interviewed and over 700 expert comments were recorded. The findings are necessarily high-level and generalised but as usual, the honest, direct comments from managers were very revealing.

Traditional Working Practices

- High turnover of staff – This resulted in increased costs, inconsistent approaches, duplication and increased workload. It prevented the development of sound working practices, innovation and the accumulation of experience. Retaining good project managers and technical staff in a lethargic business, subject to unpredictable spending patterns was difficult

“My experience of dealing with the customer is one of frustration. They are set in their ways, won't take risks, have an adversarial mind set and they slow things down through time-consuming bureaucracy and regulatory requirements.”

“If we start a long term agreement for say 30 years, we must have top-level support to ensure we do not do the usual customer trick of cutting back the funding at little notice. If we have to spend the next three years under the threat of cancellation our key skill base will go elsewhere.”

“In engineering terms the equipment is old hat and our best people want to work on new projects. They don't seem to realise that we have great difficulty in finding and retaining

people with the right skills. If we do not receive orders we cannot afford to hang on to these people.”

- Old, stodgy relationships - Many of the companies were large, long-standing suppliers who had become complacent and used to arms-length relationships. Furthermore many of the customers had become accustomed to poor service and lack of innovation. This situation was making it difficult to adapt to a collaborative way of working

“Despite all the good words industry is still hide-bound by an order book mentality and an inability to change commercial practices to meet, deliver and cost schedules.”

“No one seems to own the problem. It's always been the same with this company.”

“Our standard terms do not include the concept of increasing joint rewards.”

“The equipment is mature, I don't want to invest any more effort; I am quite happy to have an adversarial relationship.”

“They do not take a long-term view of the relationship. Instead we appear to be trying to catch each other out and score points. They are still trying to punish us.”

“They seem to think the cheapest means Value for Money; their management is self-satisfied. We gave them a pukka solution. They said it was too expensive. We cut back and now we are all suffering.”

“We continue to be hounded by the customer to provide a level of technical performance which was not part of the original contract. They don't seem to realise that a fixed price contract limits our ability to react flexibly to changes once work has started. Their end customer cannot even provide us with a specification.”

- ‘Monopoly’ - In a number of relationships there was only one buyer and one supplier for the product or service and the partners felt ‘locked in’. This could result in negative behaviours

“We will never achieve a true business footing because there is no open market competition for this product and we are shackled to this supplier - and he knows it!”

“If we hadn't been tied to the company by IPR we would have gone elsewhere.”

“We are particularly concerned about competition from their repair organisation; it has a protected order book.”

“There's no point in exploiting our monopoly position because it prejudices our long-term business.”

Attitude to Change

- Resisting change - The collaboration initiative contained many challenges such as adopting completely new ways of working and the inevitable increase in outsourcing. Pockets of active and passive resistance were still evident after two years

“The supplier’s view of partnering is for us to hand over the whole business to them.”

“There are lots of dinosaurs still in the weeds of both companies which is why behaviours do not yet match aspirations - many see this as 'just another Management Initiative' rather than a life changing event.”

“The relationship is still immature and is not ready to face up to the hard issues to come. We have our own problems of adopting new partnering approaches. A long history of 'pushing water up-hill' has left the staff sceptical and disillusioned.”

“Their inability to change fills me with despair that they can ever become a partnership-oriented organisation.”

“We have invested by placing a man in the customer’s team but the proposal was not welcomed. They said they could take or leave the idea. We would have to pay his costs.”

- There was also a difference in attitude between the levels within organisations

“In the middle and above they accept the need to change. There seem to be some real barriers to progress at the lower levels.”

“The customer’s board and many staff do not understand fully the strategic and economic importance of the business or the challenges of modern contracts.”

- Moving forward - However, a number of organisations had embraced the need to change and were actively taking the initiative forward. These tended to be relationships where technological innovation was high and/or a more modern approach to process and management change was evident

“We recently held a Kisan event to talk openly about the ordering process. We are now doing activities in parallel rather than series and have eliminated the nastiness that has existed for years.”

“The supplier surprised us by 18 months ago taking up my challenge to face up to its lack of performance before looking forward to partnering. As a result, an atmosphere has been created for constructive dialogue.”

“They have provided a member of staff to work in our team at their expense. This shows their commitment to the development of the new partnering arrangement.”

- Achieving benefits - After two years a number of organisations were already starting to achieve benefits from collaboration

“My team is only 60 strong and small is beautiful. Many people can't understand they can do more with less. We concentrate on essentials; the nice to do only encourages growth in overheads.”

“We used to keep a pool of items to feed in to repair. With our new partnering arrangement we track individual items and have significantly cut down on their number.”

“The new framework contract runs for 5 years at a fixed cost. This gives us guaranteed availability and a 20% reduction in costs. The supplier is incentivised to increase reliability. They can plan, cut overheads and home in on fault trends because they have full responsibility for the end product.”

“We are 'future-proofed', uncertainty is removed, we can plan and, we can really focus on the customer.”

“Their contribution to the success of the relationship is most apparent when we have to deal with a significant engineering problem. They are responsive, constructive and work hard to resolve it whilst putting aside the commercial aspects.”

“Enabling arrangements with the customer reduces admin costs by not requiring us to compete.”

“Our relationship with the customer has improved significantly since the project has become collaborative. Prior to this the atmosphere was very combatant and occasionally devious.”

“As the reputation of the team within the business has grown this has helped to boost the confidence of the members and spurred them on to further gains. Recognition of the team's achievements through awards and publicity breeds further success.”

- Failure to understand - In some cases there was a fundamental misunderstanding of the meaning of collaborative working

“The true meanings of integrated and team are still to be learnt by the customer.”

“Time and money constraints and technical complexity will always have a bearing on the relationship success.”

“At the moment we are getting conflicting messages. Our bosses want us to enter into long term arrangements but the finance community is trying to hold back spending. We are not geared up to implement collaborative working.”

The Role of Commercial

- Intransigence - A key issue affecting the implementation of collaborative working was the attitude of the commercial function within organisations that clung to their traditional ways

“Our commercial staff have resisted integrating with us. They still have their own chain of command. Even the end customer can't sign anything without their ok.”

“For economy reasons the commercial department has been centralised. This is a big mistake. It is not focussed on the business output and doesn't appear to be accountable for its actions.”

“Their commercial people still have a 'cannot-do, jobs-worth' attitude. They are the main stumbling block to good, timely, efficient relationships. In recent negotiations many standard restrictions were included which would hold both sides back through lack of flexibility.”

“Their commercial attitude is: 'you have a problem, what are you going to do about it'. Mind you, we screw them into the ground and know every detail of their costs.”

“We just don't have time to take a strategic view. We are too busy looking after 30 other contracts.”

“Although our engineering relationships are very strong we sometimes suffer problems due to the various commercial requirements and frequently protracted negotiations.”

“The customer's willingness to competitively tender every requirement to the absolute lowest bidder does not help.”

“The tactical relationships developed between individuals generally are strong but tend to be forged in the face of a common enemy (commercial).”

- Positive attitudes breed success - On the other hand, where commercial personnel took an active part in supporting the new ways of working, it provided a significant relationship success factor

“A major success factor was the unusual combination of commercial staff on both sides with little guidance on the new ground they were breaking who were lateral thinking and open to new ways of doing business.”

“Now that we have a partnering arrangement around a good framework contract we just concentrate on the customer - we no longer refer to the small print.”

“The single-sourcing arrangement is working well because it is jointly micro-managed by the commercial staff.”

Opportunistic Behaviour

- Adversarial behaviour - appears to be widespread and results in each side looking for advantage at the expense of the other

“They drag their feet on modifications that improve reliability because the more they stop things going wrong the less they make on repairs.”

“The supplier is unwilling to disclose problems until it has produced a solution which is advantageous to him and cannot be changed except at significant cost.”

“There was a clash of wills with them wanting to make more money by adding extras and us digging-in for basic outputs.”

“Recently without warning, they marked-up prices by 2-300%.”

“The customer took unfair advantage by changing the delivery price arrangements in the small print of the contract without discussion.”

“The customer's attitude is: 'we'll share whatever you have got.'”

“I think they take the view that our equipment is legacy, we are an undemanding customer and they can use us as a 'cash cow'.”

Trust

- A legacy problem - As a result of historical instances of adversarial behaviour trust had suffered and staff realised that it would take time to recover. In the meantime progress towards working together was very slow

“In this day and age I believe no large company will try to rip-off this customer. The audit trail and accountability are there so why not trust us?”

“They must trust us to make a reasonable profit in exchange for a better value for money service. The current partnering debate has yet to address this thorny issue.”

“One of the real problems in trust-building is the rapid change of customer staff and especially because the newcomers want to stamp their persona on the relationship. We waste so much time. Progress is really slowed.”

“The contract margins are significantly lower than others. We thus don't do any work at risk because we do not trust the customer to pay for it even though our contract is fully funded.”

“We feel we are being 'ripped-off' by the supplier over prices and as a result we have real difficulty in reducing our costs.”

Culture

- The shadow of the past - The relationships were long-standing and between organisations with strong clashing cultures. Progress towards collaboration was often held back as a result

“There are often different expectations from them; it’s the Public sector v Private sector attitude. Today we don’t have time to provide a gilded solution; 95% has to do.”

“There is a prevalent view in the customer that we are not to be trusted otherwise it is not possible to obtain value for money.”

“The supplier lacks resources to change its culture and is a year behind us in progress.”

“They were very arrogant with a take it or leave it attitude. We have invested a huge amount of time on them socially to build bridges and influence their culture.”

Relationship Management

- The additional cost of relationship management was not always recognised

“Although we have produced good results for the end customer, the cost in management time has been huge; far more than anticipated.”

“The company has invested in a Key Account Manager to give the contract the appropriate focus.”

“This relationship is highly dependent on people. We are a small company and unfortunately a shortage of resources limits our ability to focus on developing the relationship.”

- Collaborative kick-start - The initiative required both relationship teams to undertake a ‘break through’ process as a foundation for collaborative working. However in many cases it did not work and moreover, there was no central overview as to the effectiveness of the policy

“When we first got together with the customer to establish our relationship we put it all up on the wall with an organised industry day and planned working groups to tackle issues. 18 months later they have not changed, we are again walking through treacle.”

“Our joint review of the business was a failure. Instead of adopting a positive attitude to building joint working it turned into a ‘blame game’. Now we are suspicious of each other, co-operation has been lost and some people even feel threatened.”

“We jointly attended a partnership team building workshop to improve our working relationship. The results have been agreed at senior level and we have since seen a steady improvement.”

- Relationship management in practice - Where there was close interaction in managing the joint business, the relationships were successful

“A sound, clearly understood working structure of contract and procedures has been an important success factor. Joint presentations externally provide a reinforcing image of the partnership.”

“Currently quotations take a long time to process. I am suggesting 2 monthly meetings with the Customer Commercial Officer to smooth the task.”

“We organised a training day on the customer's site (without being asked) in order to educate their staff about our company and its products. Knowledge about each other's' business is important to our professional relationship.”

“Frequent contacts, even as often as daily, build confidence, reduce risks of misunderstandings and keep the team focussed. Sometimes they would hop a plane and be here. 'You have a problem: how can we work it out?’”

- Lack of management focus - In a number of relationships it was clear that all the key aspects of the joint endeavour were not managed as a single operation

“The support chain is highly disjointed with a mix of in-house and industry participation. There is over-capacity and inefficiency. No one has an overview of the whole.”

“There is a lack of clear lines of responsibility for various aspects of the relationship within the customer.”

“It galls me to know that my staff know more about doing the customer's jobs than they do.”

“Because all our dealings with the customer seem to concentrate on problems the relationship is poor and we never get to consider the wider picture.”

“It was pure luck that a forward thinking, enlightened team happened to form.”

Performance Management

- Lack of collaborative PIs - Two years into the collaborative working initiative it is evident that in many relationships performance management systems were not in place. In others even though measurements were made their use was not understood

“There is a gulf in perception between the sides over performance which also extends to the end-customer. We are not sure what costs are so it will be difficult to measure the savings for a partnering agreement. Without a common understanding of how we are doing we cannot move forward.”

“Performance measurement is used but standards are never raised. They have no idea or system for judging our performance. Why invest more time and money for no benefit?”

“We are about to sign an incentivised contract and if they do well they will get paid more but, I have not got the money. Our new procurement procedures are not geared-up for this kind of flexibility.”

“Their performance against the contract continues to decline. I intend to increasingly use the contract to manage the situation.”

“Our standard terms do not include the concept of increasing joint rewards.”

“Their support performance is mediocre at best. I think this is because they don't see it as a money-earner and thus do not allocate enough manpower resources to supporting the contract.”

- Joint measurements work - In some instances managers worked jointly with their counterparts to develop effective performance systems

“All stakeholders were involved in the project including the end customers who helped design the performance targets. The same people are involved in implementation.”

“We're making progress with the company. At our last monthly meeting I was surprised to see they were portraying their performance figures honestly and without massaging.”

Impact of Appraisal

- Shining a light - Two thirds of the relationships were not in the ‘Successful Collaborators’ grouping. In many instances the comments confirmed that the report was a ‘wake-up call’ to the organisation to take action to improve the relationship. It also gave many their first opportunity to consider their relationship objectively with their partner and their stakeholders

“The fact that the company has pointed out in the report a number of reservations has come as a complete surprise to us. We are going to discuss the matter with them in a special meeting.”

“The report has been very useful; it has provoked a response. We intend to use it as a springboard to improve team working with the customer.”

“It is important that the results of your study are promulgated to the senior levels in the company so that they will allocate more resources to improve the service.”

“I hope the consultants will be able to implement some of the changes implied by your report. We don't have the time and resources; we are too busy fighting fires.”

Conclusion

The collaboration initiative was introduced as a massive change with a blizzard of guidance and mandated, external consultant-led 'break through' events for each individual team. Thereafter it was left to team leaders to carry out the implementation. However it is evident that the concept of collaborative working was not fully understood and the adoption of relationship management was 'hit or miss'. Moreover, no attempt was made by the customer's headquarters organisation to enforce the published standards and guidelines or to spread best practice. This included HR, IT and other common policy areas. Also it had no overview of relationship performance across its portfolio and thus no means of managing it.

The two areas of greatest impact on the implementation, operation and development of collaborative working were:

- The attitude of commercial staff - The impact of the commercial organisations (on both sides) on the collaborative working initiative was disproportionate. In the few successful relationships this was largely due to the enlightened, cooperative behaviour of the commercial staff involved. On the other hand in the majority, progress was held back by a myriad of problems caused by their intransigence

"Their team had to keep an eye on their commercial man; he had a tendency to go for the small print."

- Joint management - In over 75% of the teams there was no regular joint meeting or communications to objectively agree goals, discuss performance, solve problems and, consider continuous improvement and innovation. In many cases the reason given was *"confronting problems would sour the relationship"*. It is surprising that this fundamental principle of good management was disregarded

"It is almost policy that we let these relationships run without much management effort."

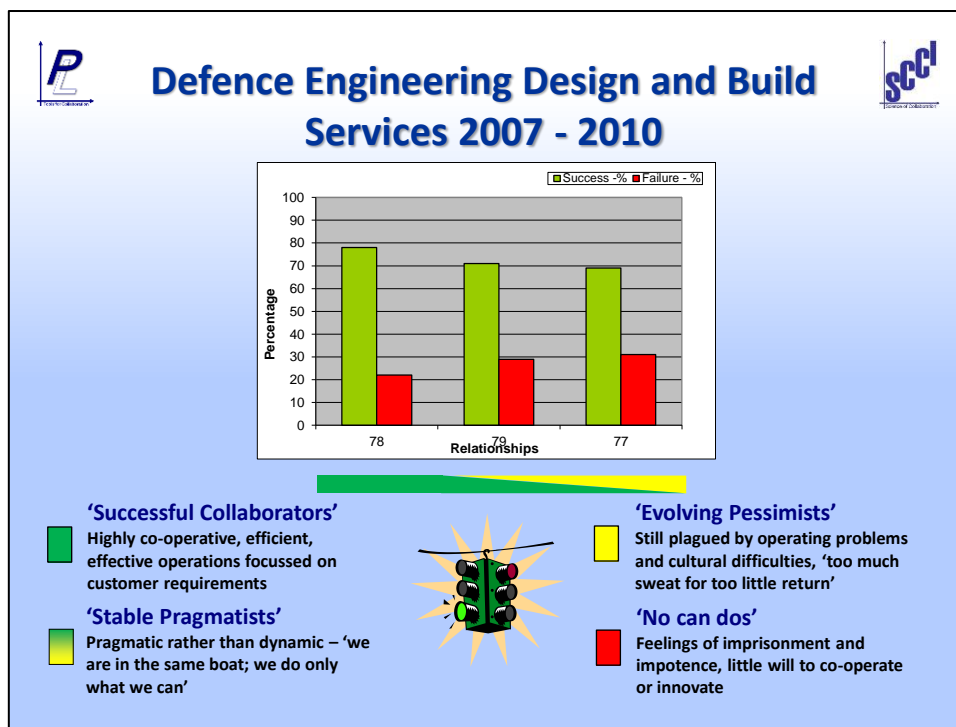
Defence Engineering Design and Build Services 2007 - 2010

Background

This report reviews 3 relationships between engineering design and build companies and public Defence sector programme management organisations working on 3, long-term, major multi-billion pound, advanced technological projects.

Although the customer’s procurement policy advocated competition in order to achieve value for money, the consolidation of the industry had resulted, in this instance, of only 3 suppliers capable of undertaking these projects. As a result in 1999 the UK Ministry of Defence introduced a collaborative working strategy and since that time the project teams had been working to implement this policy. Relationships #77 and #78 were valued at £6.5bn and the projects began in 1997 with predicted end delivery in 2024. Relationship #79 was a 25 year contract that commenced in 2000. The value was £248m per year with price re-negotiation every 3-5 years. Two of the projects were related to the delivery of a common product.

The chart below shows the performance of each relationship in rank order – best on the left, worst on the right. Only one was considered to be a Successful Collaborator. The others appeared to be wrestling with the technical difficulties associated with new product development and thus joint relationship management was not very effective.



Positive Dynamics

Although these relationships were subject to considerable political and technological pressures, significant efforts were being expended to achieve benefits from collaborative working.

Motivation to collaborate

- Accepting the new way of working - In this new world the customer's role changed significantly from being part of the operation to "eyes on, hands off" where the supplier took full responsibility for delivery

"The contract structure helps us to deliver innovation. It is about outputs rather than "do it like this"."

"We are now focussed on outputs and getting things right, not on details of process. Before, our partner wanted to tell us how to do the work. We think it is an uncomfortable place for our partner to be. The focus on output and longer term funding has helped this."

"However we still need to improve our joint understanding of budgetary processes".

- Gain-sharing - A key part of this change was the recognition that the sharing of financial gains was an important motivational factor

"We recognise benefits of the long-term programme; we are motivated and incentivised by the profit sharing scheme."

"Although the financial incentive is seemingly weighted in their favour, we have to work together to secure the long-term benefits."

"We are motivated by profit sharing and as a result large savings have been made."

Team Working

Where positive enterprise relationship management was in place there was effective collaborative team working.

- Quality communications -A critical success factor was the quality of communication

"The joint team is integrated together and includes a senior relationship improvement manager. It is working really fantastically. The team was hand-picked by interview, team delivered shape/size complementary."

"The team leader has been completely open with the MD and the hands-off, eyes on relationship has been and completely transparent. There is a weekly telephone conversation."

"We have regular, frequent, informal face-to-face meetings and phone conversations where both sides are comfortable exposing their agendas, concerns and risk."

"Our partner's on site team can go to any of our meetings."

- The beneficial results of joint working

“Under the old system project issues would result in a customer complaint. Now we work together to provide ideas and we take them forward.”

“There have been a couple of incidents where either one side or the other has been at fault. They have taken a pragmatic view and resolved the problems jointly.”

“We can't do it without each other. Some people have been here a long time through hell and high water.”

“The personal relationships between the programme office and us are very good and this is helped by having our secondees addressing issues as they occur.”

“We have a very healthy improved relationship with the external stakeholders.”

- Committed but not always - Although commitment was generally high amongst senior managers, it could wain significantly through the organisations at lower levels

“A joint programme of change to improve and cover all aspects of the relationship is now in place. There has been a significant improvement in many areas but still a long way to go.”

“Some individuals at lower levels still work in a ‘them and us’ way. It is important for them to realise that we are dependent on each other. “

Negative Dynamics

The customer had introduced a new initiative in 1999 depending heavily on the concept of partnership with industry. A range of cultural and systemic influences resulted in a number of difficulties that strained relationships and inhibited their development.

Resistance to Change

Although central guidance was provided, the responsibility for adoption was devolved to individual project teams. As a result there was varying success.

- Attitudes and practices - It was clear that after several years of ‘working together’ there was still considerable resistance and reluctance to adopt new attitudes and practices. Indeed in some cases progress was reversed

“There was resistance and people were taking a stance.”

“We don't like it so we will play games”.

“The pilot project makes sense, but it is counter cultural. The norm would be to take a poorly performing contractor and hit them with a big stick.”

“There is enormous baggage in the customer's organisation.”

“Lack of trust in, and openness on the customer's part has always made it a difficult working relationship.”

“Whilst not universal amongst the customer's team, there is a lack of willingness to drive through something novel that they did not invent. This has resulted in a reversion to standard/typical adversarial contracting behaviours.”

- Patchy implementation - The change initiative was not implemented uniformly across and within the projects, often manifested by ‘them and us’ attitudes

“At the most senior levels the commitment is there to develop the relationship, whereas at the grass roots level things are still difficult.”

“While goals at working level are often aligned, this is not always true at corporate level where it appears that the customer is still regarded as a 'cash cow'.”

“The attitude to the relationship is not universal. Inevitably there are differences in behaviour across both organisations with a lack of consistency.”

“The relationships vary ranging from the highest respect for scientific and engineering excellence to no respect whatsoever for programme management.”

“There are good examples of them going the extra mile but this is not widespread or consistent in the organisation levels.”

- Poor communication and information flows

“The intent of the leaders is NOT always promoted by the team beneath and this inconsistency can be damaging. We need to keep promoting and communicating the strengths of the partnership and what it delivers.”

“Information on the programme is subject to spin and joint, top-level objectives are not always communicated to the lower/working levels.”

“Work is being done within our partner's organisation but they are not currently discussing it with us. It would be easier to help answer the question if we understood why it was being asked.”

Shared environments and team working

The concept of joint team working was an original requirement. However, the creation of shared, stable, collaborative environments was still problematic.

- Constant re-organisations and staff churn

“Constant re-organisation by our partner weakens accountability and, combined with centralisation of decision making authority, can make it very difficult to resolve issues. In fairness, much the same is true of our side.”

“Reorganisation in our partner's HQ has resulted in poor leadership, cramped working conditions and low morale.”

“The almost complete change of the customer's team resulted in a reversion to old behaviours, evidence of a lack of commitment to the partnering principles and a feeling that the level of trust, particularly among the commercial people has been reduced.”

“We are going to cover integration, where the teams become one in our next workshop but for corporate governance reasons we can only take this so far.”

- Haphazard information sharing

“IT connectivity is one of the biggest communication issues as there is no shared working environment.”

“Our new business system will have a huge impact but as yet we have not told our partner about it.”

“We are open in sharing information but this is not reciprocated by our partner. I believe that the volume of data is sometimes provided at the expense of quality. We suspect they are manipulating the information.”

“Recently we have had to be pushy to be included.”

- Scattered teams

“Geographical separation and people not working together is a big issue.”

“There is a difference between the collaboration of the project teams depending on geography. Our engineering teams work together at the manufacturing site but the management site is not close enough to the decisions.”

Staffing woes

The relentless pressure to cut costs had a negative impact on the workforce, efficiency and collaboration. Furthermore retention and recruitment of good quality staff became more difficult.

“Our partner is under huge pressure to reduce manpower. More junior members are uncomfortable and uncertain and have concerns about the future. They are thinking seriously about jobs being lost.”

“Their key experts follow the problems but the trouble shooters overwork the capable people. Lack of supplier resources causes friction and difficulty delivering to agreed programme. “

“Lack of support lower down especially admin grades and we have 10% vacancies which we can't fill.”

“We have an aging, knowledgeable population but there is a gap. People need to be fed in at the bottom.”

“They don't take risks due to lack of experience in engineering.”

“They generally have best intentions to improve output, including ‘review and learn’ but, incompetence, stove pipe communications and a lack of good quality people consistently hinder progress.”

“Where personal relationships are weak, the default position is to fall back on process with its inherent, less pragmatic outlook.”

Lack of joint governance

Frustration over the lack of a joint approach to managing finance, commercial and approvals resulted in a range of relationship disconnects.

“Need to be more creative at setting stretch targets and defining the transfer of risk. We need to impose that regime.”

“Some artificially hard deadlines have been set that we can't possibly meet. Management are not setting and agreeing realistic targets.”

“Our forecasting ability is not good. We are not good at profiling costs. We end up roughly where we say we will but there is little confidence in how we got there.”

“They gave us responsibility for design and now are trying to unpick some of our decisions.”

“What drives the management team is telling our partner what he wants to hear in terms of on time and on programme delivery. They don't negotiate for delivery of an affordable product.”

“The 2 parties work fantastically well together if it is a technical problem, but appallingly if it is contractual.”

Stakeholder interference

Relationship management was over complicated by interventions from external stakeholders that circumvented the project communication channels.

“The relationship is complicated by the involvement of other stakeholders which are not well integrated by either party.”

“A constant issue is the interference of our end customer in this relationship that undermines our position.”

“I have observed them going to other departments within our HQ if they do not receive the answer, they desire from us. “

“There is poor alignment of the main stakeholders with the relationship objectives.”

“Main stakeholder personnel include secondees who are not providing sufficient strategic leadership.”

“There is a mistaken view by them that if the main stakeholder agrees to a change, it will be funded.”

“Our head office's motivation is massively complex and there are different ways of adding value. Scrutinizers believe that you add value by rejecting or criticising things.”

Profit share wrangling

The gain-share policy was designed to incentivise the parties to achieve a win-win situation. Continuous improvement would result in joint time, cost and quality benefits. Unfortunately the approach became a bone of contention and wrangling over details which impacted collaborative working.

“The customer's new members only see the risk to themselves as important and fail to recognise the risks to us.”

“They have given us everything we have asked for and therefore have scored high on profit but we believe they can do it for less money and pass the cost savings back to us.”

“Their culture is to see profit as a bad thing. It needs to be switched to ‘there is no problem with profit as long as it is earned’.”

“We are fed up of doing nothing but make cuts year after year.”

“In some areas the current contract does not provide enough challenge either the fees should be reduced, or the targets made harder.”

“The commercial view is that profit is bad, and to get them to change you have to be extremely strong.”

Conclusion

In order to set up very long-term programmes an essential element of preparation is the Enterprise Relationship Management Plan. It is a robust framework or target operating model for co-ordinating all the business processes and activities that are essential for successful collaboration. It is the communications hub where all plans, activities, decisions, changes and performance are recorded. It allows progress to be monitored, risks and issues to be managed and opportunities to be exploited and, is available to all participants. It is also a valuable resource for inducting new team members and for briefing stakeholders. In these projects effective relationship management was patchy from the outset.

Poor partnering implementation - Relationship performance will not generally improve if partnering implementation is fragmented. Collaboration must be instilled throughout the joint project organisation and maintained resolutely to enable the relationship to meet its objectives over the long-term regardless of environmental changes. An essential feature of this is the partners must continue to be incentivised by the benefits that accrue. In two out of these three projects relationship quality did not improve, if anything it actually deteriorated

“After an 8 year absence I was surprised by how much the relationship had changed for the worse.”

Role of stakeholders – Generally the part played by stakeholders was disruptive rather than supportive. Relationship management was often undermined by instances where the parties or their stakeholders bypassed the project management. This resulted in confusion, delay, expensive changes, wrangling over costs and funding and, lowering of staff morale

“Our partner's specialist groups want to make changes that have a significant cost and impact on the programme.”



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