



BS 11000: raising the standard of collaboration

PSL officials with representatives of the first five companies in the UK to receive PAS 11000 certification, recognising their leading role in partnering and alliance management, as they received their certificates. The companies represented are: EMCOR (UK) Group; Lockheed-Martin UK; National Air Traffic Service (NATS); Raytheon UK, and VT Group.

Partnership Sourcing Limited (PSL) is a self-financing, not-for-profit organisation which helps organisations of all sizes, in both the public and private sectors, to build and develop effective competitive business relationships based upon a collaborative approach. In this feature, David E Hawkins, Director of Operations at PSL, looks at the new British Standard – BS 11000 – which focuses on collaborative business relationships.

Depending on who you speak with across the defence sector, you may easily be convinced that collaborative working and partnering is either well established and delivering results, or a figment of senior management's imagination, whether in industry or the MOD.

In reality neither is wholly true, though it would be unfair not to recognise that there have been some examples of not only good practice but also future practice which have delivered, and are still delivering great value. Collaborative working is not simply about cutting cost; though clearly in the current environment it is an imperative. To maintain a viable defence sector to support the operational demands of the frontline services and, where appropriate, sovereignty over supply and acquisition, we have to be more proactive in engaging in innovative approaches.

There is a growing recognition that, given both the operational and financial challenges in the next decade and beyond, there can be little hope of success without a more integrated relationship between the MOD, the Services and industry. The interdependency of these three communities is both commercially desirable and necessary to meet tomorrow's defence requirements, whatever they may ultimately be. In order to achieve an optimised approach, it is clear that the traditional arms-length contracting/master-slave relationship is no longer adequate to support a viable defence capability and industry.

In every aspect of the defence acquisition process there is the potential opportunity to harness the benefits of collaborative working with industry, from optimising cost and delivering value for money to enhancing operational capability. To achieve this both industry and the defence acquisition process itself must be robust enough to create an environment where mutual benefit and risk and reward are not subjugated to short-term gain, and where contracts can incentivise success.

Implementation of effective collaborative working is not just about establishing policy statements; it must be integrated into the operational processes. It requires focus, investment and skills development in order to deliver value. There is a need in some areas to change traditional behaviours

but it is unrealistic to focus solely on this aspect without in parallel changing some of the processes and systems that create the environment within which people are expected to operate.

“Collaborative working has the potential to break down traditional boundaries to release value out of the supply and acquisition process”

The opposite is also true in that adoption of collaborative approaches is not always the solution, and for some aspects of the acquisition process the traditional arms-length contracting is not only appropriate but perhaps desirable. The challenge, however, is to ensure there is a clear process to delineate when it is the right approach. In the majority of cases the acquisition process focuses on a small group of primary players and clarity of approach is essential when these industry organisations may be involved in a number of relationships with varying degrees of integration. Understanding the rules of engagement in each case will provide a more robust and consistent platform to deliver value for money.

The publication of the Defence Industrial Strategy set the tone for future strategic engagement and the MOD's Partnering Handbook introduced a starting point for delineating where partnering must be considered. The MOD now needs to go further in terms of defining how to segregate requirements to harness the benefits of collaborative working down through the variety and complexity of acquisition challenges.

There is no doubt that a number of major programmes have benefited from the adoption of a more integrated and jointly managed approach.

Others unfortunately have floundered between collaborative concepts and principles, and a traditional risk assurance structure. To harness the potential of collaborative working there is a need to validate the approach more effectively within operating structures and establish more focused auditing and assurance to support these innovative models.

Clearly, defence acquisition is not just about equipment. It covers the much wider gambut of maintenance, communications facilities, construction, services, training and more. Much has changed in recent years as many aspects of defence spending have been routed to industry providers with some real successes and some not-so-good examples of collaborative working. The perception however is that collaborative working, while strategically recognised, is not embedded in the defence acquisition culture, resulting in innovative approaches foundering in a morass of policy, process and traditional contracting ethos.

The emergence of output-based contracts is also gaining momentum within government circles. The failure of many high-profile programmes has prompted the conclusion that traditional contracting only works effectively when there is a fully defined scope and specification. Such novel contracts need innovative terms of reference, but also a much greater emphasis on developing the right kind of relationship built on mutual trust and benefit.

The adoption of British Standard (PAS 11000), by the MOD and industry starts to address some of these issues and helps develop the appropriate relationships. The introduction of the PAS 11000 – a world first for collaborative working – provides a neutral centre point for developing more effective process integration and for deploying more focused skills development at every level of the acquisition hierarchy in order to provide the appropriate focus, support and confidence on both sides of the trading chasm. The establishment of the BSI certification programme in 2009 has provided an independent benchmark for organisational collaborative capability and a platform for sustaining collaborative approaches. Furthermore, the migration to BS 11000 later in 2010 will set the bar higher as a full national standard.

Some may view the current economic situation and budgetary constraints in defence as the death knell for fostering collaborative working initiatives. Based on the experiences of industry in general, the opposite is more probable.

Collaborative working has the potential to break down traditional boundaries to release value out of the supply and acquisition process. Implemented effectively, it can provide a more inclusive approach to strategic development and redirect resources more efficiently.

In the short term, better integrated engagements can provide a platform to address affordability, drawing more efficiently on the innovativeness of industry and perhaps avoiding the traditional costs impact of change and delay. In the medium term, increased collaboration can help to improve capability, skills and understanding to harness opportunities for enhanced service delivery and support. In the longer term, a greater understanding and openness between industry and government provides a more reliable platform on which industry can make measured strategic investment to maintain resources and capability.

Today industry has shown that effective partnering and collaborative working can deliver results. Some defence contracts have demonstrated this across a spectrum of applications. Now is not the time to take to the trenches to reduce costs by simply adopting traditional approaches in squeezing prices and deferring developments. Such an approach will ultimately reduce capability in the longer term, damage existing relationships, reduce market confidence to invest and eventually increase costs, or worse, it could cause the UK to lose a significant portion of its GDP and technical innovation from UK industry. The introduction of a British Standard collaborative framework provides the neutral platform on which to raise the bar and focus on mutual interest and sustainable capability.



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