Collaboration: A value enabler for procurement and supply chain
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INTRODUCTION

Defining the need for collaboration

The need for collaboration has never been so great given the growing complexity of global supply chains, manufacturing techniques, advances in technology from AI (Artificial Intelligence) to RPA (Robotic Process automation) and more besides. At the beginning of any collaborative effort we must be explicitly clear about the outcomes we are seeking to achieve, the collective objective (as they may differ from organisation to organisation and individual to individual) and what skills are needed to bring about a successful outcome.

The concept of supply chain collaboration in its simplest form means that two or more independent organisations mutually agree to work jointly to plan and execute supply chain operations with greater success than when acting in isolation. Although collaboration is based on a mutual objective, collaboration is a self-interested process in which firms will participate only if it contributes to their own survival. Further, where there is clear opportunity to achieve individual benefits such as eliminating redundant functions, reducing transactions, achieving lower inventory, increasing responsiveness, better customer service, etc. However, the focus of a mutual objective should be on the outcome and experience of their combined efforts to achieve a higher/better experience by the end customer. By sharing their resources and capabilities, chain members can exploit profit-making opportunities that they cannot create alone.

As we live in VUCA (Vulnerable, Uncertain, Complex and Ambiguous) times, a term derived from the US military in 1987, the need to respond and therefore collaborate to seek effective solutions or opportunities from change as a result of VUCA times. David Hawkins COO & Knowledge Architect of the Institute for Collaborative Working (ICW) in Supply Management (April 2020) stated “change is a certainty” and will take on an even greater pace where organisations will need increased flexibility and agility to survive and grow.

At the core of the reason d’être for collaboration we can state the following.

- Enhancing the collective performance in terms of value (total cost)
- More effective risk management
- Collective ownership for quality and timely delivery/execution
- Supportive environment for innovation
- Collective ethos that supports ethical, sustainable, and responsible business

Collaboration at its core by definition, and there are variants which I will set out later, are ostensibly the agreement of two parties or more to work together to jointly achieve more than if they had worked independently. In this arena of collaboration, it requires all parties to make changes or adaptations to the way they behave themselves and towards others, whether this is a small or a large change to create a new collaborative ecosystem. This ecosystem is likely to embrace aspects such as demand management,
risk management, more sustainable sourcing, responsible sourcing, assurance of supply and generally more unified and consistent ways of working between them. Various platforms and portals exist to enable such activities such as those offered through SEDEX.

**Why it is critical for businesses and procurements strategic role**

In an article published in Supply Management (May 2020) entitled “Are we entering a new era of collaboration” stated that a recent poll, in response to the Covid-19 pandemic 41% or organisations had stated that they intended to maintain the collaboration borne out of necessity in areas such as procurement and logistics. The covid-19 pandemic has been a single unifying common enemy of the last half century, but with it has common initiatives requiring extensive collaboration at little to no notice such as producing medical ventilator units (8,000 in 12 weeks in the consortium I have personally been involved with many other colleagues at Rolls Royce along with Accenture, GKN and Smiths to name a few of the organisations involved).

The recognised role of procurement professionals in bringing cross functional teams together, managing stakeholders and suppliers make it a natural strategic fit for enabling and orchestrating collaboration. However, there are other functions and roles that can equally discharge this role based on their skills and knowledge relative to the objective in focus. In research carried out by Ardent Partners on 27th April 2020 stated that of the five elements of procurement mastery 41% related to collaborative skills. More recent polls by Procurement Leaders of 57 CPO’s in the ovation series of events in July 2020 every recognised that collaborative skills were an absolute necessity.

Both management practitioners and researchers thus stress that one of the main reasons for the rise of inter-organisational collaboration has to do with its potential for allowing organisations to combine resources, skills, and knowledge from a wide range of stakeholders in order to address various challenges; all of these factors help create value (Gray and Stites 2013). This combining of resources is particularly relevant in the sustainable development field, which, by definition, raises challenges in different systems (environmental, social, and economic). Several surveys have confirmed this increasing trend in the business world. First, a UN Global Compact–Accenture survey of 766 CEOs in 100 countries concluded that 78 % of the surveyed CEOs believed that companies should engage in industry collaborations and multi-stakeholder partnerships to address development goals (Lacy et al. 2010, p. 11).

Therefore, acquiring the right skills and competencies as a procurement professional should be the focus of professional development above and beyond the standard curriculum.

**Behavioural changes needed**

I have referenced below a section of my book (3.2) Soft Skills for Hard Business in terms of what I consider to be the positive indicators of collaborative behaviour below, highlighting trust and fairness as the most critical of all:

- **Fairness**
- **Trust**
- **Transparency**
- Integrity
- Promotion of reciprocity
- Motivation
- Passion
- Empathy
- Cooperation
- Consistency
- Balanced
- Realistic
- Constructive
- Mindfulness
- Selfless
- Active listening
- Open minded
- Creating the right environment
- Displaying the right attitudes to elicit the right behaviours
- Professional

This list is not exhaustive, but covers the major attributes and relate to the whole team, in playing their part to the best of their ability to secure the intended goal or objective.

The importance of collaboration and the delivery of a minimum consistent standard should be the concern of any medium or large organisation to ensure it is operating optimally. This has culminated in the development (and publication) of a recognised international standard ISO44001 collaborative business relationship management systems — requirements and framework (replacing British Standard for Collaborative Business Relationships BS11000). Since its publication it has been adopted mainly in the construction and infrastructure sectors. However, there is now evidence of its further momentum into other sectors.

This standard attempts to bring order and structure to collaboration in multiple environments and as such can only be regarded as a core platform. This core platform provides the groundwork to enable organisations to adapt and modify this to suit their needs, just like any other operating system. Keeping the approach simple and as structured framework to begin with, allows organisations to become familiar with the principles and intended outcomes.
Hence, the emergence of ISO 44001 has given rise to debate among practitioners as to its reach and impact alongside established collaborative delivery models. However, now having an international standard for a strategic framework through which organisations can develop, implement, and sustain their approach to collaborative business relationships is established. Essentially, a high-level model that supports a variety of collaborative contracting arrangements, with flexibility as a key advantage in the modern business environment.

The essence of ISO 44001 is that productive collaborative working requires appropriate behaviours together with supporting processes, collective leadership and contracting arrangements that do not constrain collaboration, but actively facilitate it via the alignment of objectives and creation of incentives. This has spawned a number of organisations to specialise on this area, such as the Institute for Collaborative Working (ICW), who set out their aims as follows;

- To be recognised and acknowledged as the thought leader on business collaborative working.
- To carry out research to further develop collaborative working principles, practices, and processes.
- To ensure the widespread development of collaborative working skills through training and development.
- To progressively build a global collaborative working knowledge sharing community.

This has led the ICW leadership to develop their “CRAFT” (Collaborative, Relationship, Assessment, Fulfilment, and Transformation) methodology from the collective experience of the Institute’s Executive Knowledge Network. With many similarities and parallels for procurement of capital related goods and services and/or projects as you will see from their approach.

This continues to reinforce that the procurement and allied professions cannot sustain an approach that sits in a vacuum, but constantly seeks other collateral and information that has parallel or dual applicability in order to stay current and relevant with the right behaviours in place.

**CONCEPTUAL MODEL FOR COLLABORATION**

In the process of compiling the research and reading for this knowledge paper it struck me that there were many models and variants to be offered ranging from the confusing to the very simplistic and therefore decided to create a model with procurement in mind and simplicity at its core. Accordingly, I have refined and developed a 7 step process that transcends all other models that have been developed or written with specific or theoretical applications in mind to create one general approach that can be applied to procurement across both direct and indirect categories alike.

**7 Step process to collaboration**

The approach enables you to consider the complete cycle as well as once the benefits begins to be realised how they can then be optimised, accelerated, or improved to augment value delivery (Figure 2.1).
Deciding when and where to collaborate is of course a key decision point too and can perhaps be best addressed by applying a categorisation from the Kraljic matrix (Figure 2.2) to inform that decision. Therefore, if we are considering areas where we need assurance of supply, looking to develop long term relationships/partnerships with joint innovation, etc. we should consider both the strategic and bottleneck quadrants as areas for collaboration.
As collaboration requires additional effort and greater skills, we should consider only those categories and projects/programmes that will benefit from that additional effort in terms of time and cost invested in collaboration.

**Definitions of collaboration from academic research**

In research over 80 or more academic journals and a whole host of articles and papers from a variety of sources it became clear that there is more than one accepted definition of collaboration. The following have been extracted from various research papers, primarily: Procedia – Social and Behavioural Sciences 133 (2014) 189-202 and Cross mark Journal of business Ethics – 2018. I have chosen to limit the selection to just ten variants from published and respected academic sources. The table (Figure 2.3) below also cites the sources of these definitions for future reference.

<table>
<thead>
<tr>
<th>No.</th>
<th>Source</th>
<th>Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Simatupang et al. 2004</td>
<td>Collaboration is a cooperative strategy of supply chain partners with a common goal of serving customer through integrated solutions for lowering cost and increasing revenue</td>
</tr>
<tr>
<td>2</td>
<td>Samaddar and Kadiyala, 2006</td>
<td>Collaborative relationship as one in which an organisation initiates and implements a knowledge creation endeavour, and a collaborating organisation shares the expense and benefits of newly created knowledge, including its joint ownership through patents and licenses</td>
</tr>
<tr>
<td>3</td>
<td>Kampstra et al. 2006</td>
<td>Financially independent entities try to get the dependent parts of the chain to “play” together, i.e. ensuring that the entities in a chain interact successfully to provide the necessary coordinated outputs</td>
</tr>
<tr>
<td>4</td>
<td>Fawcett et al. 2008</td>
<td>The ability to work across organisational boundaries to build and manage unique value-added processes to better meet customer needs</td>
</tr>
<tr>
<td>5</td>
<td>Simatupang and Sridharan (2008)</td>
<td>Collaboration describes the cooperation among independent, but related firms to share resources and capabilities to meet their customers’ most extraordinary or dynamically changing needs</td>
</tr>
<tr>
<td>6</td>
<td>Cao and Zhang, 2011</td>
<td>A partnership process where two or more autonomous firms work closely to plan and execute supply chain operations toward common goals and mutual benefits</td>
</tr>
<tr>
<td>7</td>
<td>Bedwell, et al 2012</td>
<td>An evolving process whereby two or more social entities actively and reciprocally engage in joint activities aimed at achieving at least one shared goal</td>
</tr>
<tr>
<td>8</td>
<td>Bryson et al 2006</td>
<td>The linking or sharing of information, resources, activities, and capabilities by organisations to achieve an outcome that could not be achieved by the organisations separately</td>
</tr>
<tr>
<td></td>
<td>Author(s) &amp; Year</td>
<td>Definition</td>
</tr>
<tr>
<td>---</td>
<td>---------------------------</td>
<td>----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>9</td>
<td>Wood and Gray - 1991</td>
<td>Collaboration occurs when a group of autonomous stakeholders of a problem domain engage in an interactive process, using shared rules, norms, and structures to act or decide on issues related to that domain.</td>
</tr>
<tr>
<td>10</td>
<td>Mattessich and Monsey - 1992</td>
<td>A mutually beneficial and well-defined relationship entered into by two or more organizations to achieve common goals. The relationship includes a commitment to: a definition of mutual relationships and goals; a jointly developed structure and shared responsibility; mutual authority and accountability for success; and sharing of resources and rewards.</td>
</tr>
</tbody>
</table>

Figure 2.3 Definitions of collaboration from academic sources
THE SKILLS AND ATTRIBUTES FOR EFFECTIVE COLLABORATION

Overview of the personal and team effectiveness indicators

Given the extensive amount of written literature on the subject of collaboration I have attempted to synthesise and distil some of the key attributes both positive and negative both from a personal and a team/organisational perspective. I have provided a section at the end of this paper to provide a wide but representative set of additional reading for those that wish to delve into the area of collaboration at greater level of detail.

Looking at the either the personal or team perspective of both positive and negative attributes I have compiled the table below (Figure 3.1). There are a number of antecedents to this, namely, understands the enterprise(s) involved, sufficient technical and/or commercial prerequisites for the project or task, has the authority of the organisation to act in the capacity designated:

<table>
<thead>
<tr>
<th>POSITIVE ATTRIBUTES</th>
<th>NEGATIVE ATTRIBUTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open minded</td>
<td>Tactical</td>
</tr>
<tr>
<td>Effective communicator</td>
<td>Task orientated</td>
</tr>
<tr>
<td>Self-control</td>
<td>Short termist</td>
</tr>
<tr>
<td>Active listening skills</td>
<td>Lone or solo worker</td>
</tr>
<tr>
<td>Long term vision (strategic)</td>
<td>Introverted or closed to the team</td>
</tr>
<tr>
<td>Team player</td>
<td>Acts with bias or prejudice</td>
</tr>
<tr>
<td>Considers the wider benefits</td>
<td>Self-interest over anything</td>
</tr>
<tr>
<td>Strong influencer</td>
<td>Difficult to accept challenge or feedback</td>
</tr>
<tr>
<td>Considers others interests</td>
<td>Selective hearing</td>
</tr>
<tr>
<td>Recognises when to lead and when to follow</td>
<td>Biased or judgemental</td>
</tr>
<tr>
<td>Motivator</td>
<td>Lacks objectivity</td>
</tr>
<tr>
<td>Sharing mentality</td>
<td>Over optimistic/pessimistic</td>
</tr>
<tr>
<td>Trusted</td>
<td>Confrontational</td>
</tr>
<tr>
<td>Fair</td>
<td>Indecisive</td>
</tr>
<tr>
<td>Realist</td>
<td>Seeks cost versus value</td>
</tr>
<tr>
<td>Ethical</td>
<td>Unethical</td>
</tr>
<tr>
<td>High Emotional Intelligence (EQ)</td>
<td>Low empathy and low EQ</td>
</tr>
<tr>
<td>Believes in the value of collaboration</td>
<td>Sceptical or disbelieving (collaboration)</td>
</tr>
<tr>
<td>Recognises cognitive diversity</td>
<td>Singular or myopic view</td>
</tr>
<tr>
<td>Balanced approach to risk</td>
<td>Extremely conservative/low risk</td>
</tr>
<tr>
<td>High integrity and morality self-code</td>
<td>Gambler/high risk</td>
</tr>
<tr>
<td>Organised and prepared</td>
<td>Chaotic and unstructured in approach</td>
</tr>
</tbody>
</table>

Figure 3.1 Positive and negative attributes of team effectiveness indicators
From an academic standpoint Hudnurkar, et al captured the following having reviewed 69 research papers dated between 1995 and 2011, which detailed the factors affecting collaboration in supply chain, which comprehensively supports the list I have compiled below (Figure 3.2)?
<table>
<thead>
<tr>
<th>Item</th>
<th>Factor</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Commitment</td>
<td>Commitment refers to the willingness of trading partners to exert effort on behalf of the relationship and suggests a future orientation in which firms attempt to build a relationship that can be sustained in the face of unanticipated problems.</td>
</tr>
<tr>
<td>2</td>
<td>Trust</td>
<td>A positive belief, attitude, or expectation of one party concerning the likelihood that the action or outcomes of another will be satisfactory.</td>
</tr>
<tr>
<td>3</td>
<td>Adaptations</td>
<td>As investments of a customer in the supplier's knowledge, structures, and processes to make use of its resources.</td>
</tr>
<tr>
<td>4</td>
<td>Relationship promoter of the customer</td>
<td>RP are persons who intensively shape and advance inter-organisational exchange processes, they do so on the basis of their network of good personal relationships.</td>
</tr>
<tr>
<td>5</td>
<td>Stakeholders</td>
<td>All the players of the supply chain are referred as stakeholders. The supplier, the manufacturer, the distributor, the wholesaler, the retailers and the customer.</td>
</tr>
<tr>
<td>6</td>
<td>Topology</td>
<td>Supply chain configuration is referred as topology. Example convergent or divergent.</td>
</tr>
<tr>
<td>7</td>
<td>Enabling technology</td>
<td>Information technology used in supply chain is referred to enabling technology. Example MIS, TPS, DSS, ERP, EIS etc.</td>
</tr>
<tr>
<td>8</td>
<td>Level of collaboration</td>
<td>The decision on which level(s) collaboration is suitable and beneficial is determined by the market environment and business strategy. Levels of collaboration defined are at operational, tactical, and strategic level.</td>
</tr>
<tr>
<td>9</td>
<td>Business strategy/good congruence</td>
<td>Goal congruence between supply chain partners is the extent to which supply chain partners perceive their own objectives are satisfied by accomplishing the supply chain objectives. It is the degree of goal alignment among supply chain partners. &quot;The degree to which objectives of two entities are compatible.&quot;</td>
</tr>
<tr>
<td>10</td>
<td>Processes integrated supply chain processes refer to the extent to which the chain members design efficient supply chain processes that deliver products to end customers in a timely manner at lower costs.</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Collaborative communication</td>
<td>Collaborative communication is the contact and the message transmission process among supply chain partners in terms of frequency, direction, mode, and influence strategy.</td>
</tr>
<tr>
<td>12</td>
<td>Long term relationship</td>
<td>Long term relationship affects a firm's need to maintain an exchange relationship to achieve desired goals. The structure (magnitude and relative symmetry) of this 'reciprocal' dependency characterizes the level of interdependence in the relationship and has important implications for interaction, joint effort, such as planning, goal setting, performance measurement, and problem solving, is essential for successful collaborative relationships.</td>
</tr>
<tr>
<td>13</td>
<td>Co-operation</td>
<td>Co-operation refers to situations in which firms work together to achieve mutual goals.</td>
</tr>
<tr>
<td>14</td>
<td>Legal protection</td>
<td>Legal protection is the extent to which detailed formal legal rules and doctrine exist, the structure and operation of the institutions that implement them, and the so-called legal culture encompassing customs, opinions, and the ways of doing and thinking that define people's practices of and attitudes toward laws. Collaborative agreement is another essential element to manage differences in an integrative inter-firm relationship. Collaborative structures and mechanisms are a result of a series of activities, structurally identical to inter-firm agreement, contracts, through which the distribution of joint rights and responsibilities are developed and perform by which the supplier and the customer are given a better understanding of the relationship.</td>
</tr>
<tr>
<td>15</td>
<td>Government support</td>
<td>Governmental intervention in business activities. Local governments exert more direct influences by implementing formal and informal policies related to economic activity.</td>
</tr>
<tr>
<td>16</td>
<td>Interpersonal relationships</td>
<td>The term Guanxi refers to networks of informal, personal relationships and exchanges of favours that dominate business activities.</td>
</tr>
<tr>
<td>17</td>
<td>Information sharing</td>
<td>Information sharing is the exchange of critical, open, and proprietary information between supply chain members through media such as face-to-face meetings, telephone, fax, mail, and the Internet, to the extent to which a firm shares a variety of relevant, accurate, complete, and confidential information in a timely manner with its supply chain partners.</td>
</tr>
<tr>
<td>18</td>
<td>Collaborative decision making</td>
<td>Collaborative planning refers to collaborations among trading partners to develop various plans such as product design and scheduling, new product development, pricing, advertising, promotion, and customer service. Collaborative planning includes internal integration and cooperation with supply chain partners. Collaborative decision making refers to the process by which supply chain partners orchestrate decisions in supply chain planning and operations that optimise the supply chain benefits.</td>
</tr>
<tr>
<td>19</td>
<td>Incentive alignment</td>
<td>Incentive alignment refers to the process of sharing costs, risks, and benefits among supply chain partners.</td>
</tr>
<tr>
<td>20</td>
<td>Resource sharing</td>
<td>Resource sharing refers to the process of leveraging capabilities and assets and investing in capabilities and assets with supply chain partners. Resources include physical resources, such as machines, equipment, facility, and technology. Dedicated investments refer to investments made by a buyer or supplier that are dedicated to a relationship with a specific supplier or buyer, respectively.</td>
</tr>
<tr>
<td>21</td>
<td>Joint knowledge creation</td>
<td>Joint knowledge creation refers to the extent to which supply chain partners develop a better understanding of and response to the market and competitive environment by working together.</td>
</tr>
<tr>
<td>22</td>
<td>Information availability</td>
<td>Information availability is the extent to which relevant information is available to all participants within a supply chain equally, beyond the information which is actively shared between partners within the supply chain.</td>
</tr>
<tr>
<td>23</td>
<td>Information quality</td>
<td>Information quality includes aspects such as the accuracy, timeliness, adequacy, reliability, completeness, understandability and ease of use of the information exchange.</td>
</tr>
<tr>
<td>24</td>
<td>Behavioural uncertainty</td>
<td>Behavioural uncertainty refers to the potential inherent in a situation that is difficult to anticipate and understanding actions of partners.</td>
</tr>
<tr>
<td>25</td>
<td>Cultural difference</td>
<td>Organizational culture is defined as a shared values and belief that can help to understand organizational functioning and provide behavioral norms. Cultural difference refers to the potential inherent in a situation that is difficult to anticipate and understanding actions of partners.</td>
</tr>
<tr>
<td>26</td>
<td>Management control</td>
<td>Management control refers to the process of ensuring that the strategies are carried out as planned and the results are achieved as intended. Behavioural control is the use of rewards and punishments to influence the behavior of others. The management control system should be fair and consistent.</td>
</tr>
<tr>
<td>27</td>
<td>Management commitment</td>
<td>The management from both companies have to view the partnership as a shared growth strategy and be fully committed so that they trust each other to act in their mutual best interest.</td>
</tr>
<tr>
<td>28</td>
<td>Supplier performance</td>
<td>Supplier performance is the extent to which the supplier meets or exceeds the buyer's expectations. Supplier performance is a critical factor in the success of a supply chain.</td>
</tr>
</tbody>
</table>
In essence the academic literature has found that information sharing plays a vital role in supply chain collaboration and further it significantly impacts the cost reduction objective and hence delivers competitive advantage for those that adopt this approach (Cheng, 2013 Jain, Wadhwa and Deshmukh 2009). In an effort to achieve this, many companies have decentralised their value-adding activities by outsourcing and developing virtual enterprise. All these highlight the importance of information technology (IT) in integrating suppliers/partners firms in virtual enterprise and supply chain (Jain, Wadhwa and Deshmukh, 2009). Information is seen as the "glue" that holds together the business structures that allow supply chains to be agile in responding to the competitive challenges (Sanders and Premus, 2002). Further, the authors (Hudnurkar, et al 2014) argued that the role of information sharing is found to be highly significant in effective supply chain collaborations. The main identified benefits are cost saving, inventory reduction, increase visibility, reduction in bullwhip effect etc.

A review of ISO 44001

The aim of the standard is to provide a framework to ensure collaborative relationships are effective and optimised. Collaborative relationships in the context of ISO 44001 can be individual 1-2-1 relationships. However, more commonly they will involve multiple parties, including external alliance partners, suppliers, and internal functions. ISO 44001 maps the key areas that organisations should address, which are set out in this guide. Managing collaborative relationships is, if done correctly, a complex task and this is where ISO 44001 provides a structured life-cycle route map to help guide you through this complexity.

ISO 440001 enables partners to effectively share knowledge, skills, and resources to meet mutually defined objectives and to provide additional areas of value creation. The primary objective of the ISO Standard is to provide a framework that is integrated into an organisation’s established operations, activities, processes, and procedures, to optimise the benefits of collaboration. The standard addresses both the overall requirements to establish a management system and operational process requirements for specific or individual organisational relationship engagement. The framework addresses a number of themes that cascade from the high level management system and will vary within the context and maturity of a specific relationship life-cycle. The framework is illustrated below in Figure 3.3;

Figure 3.3 ISO 44001 Framework diagrammatically represented

In the ISO standard, the detailed specific requirements for establishing, developing, and managing third party relationships utilising the eight stages have been addressed within Clause 8 (Operations) of the Standard and are reflected in the lifecycle model in the collaborative business relationship framework.
The standard itself is like most other standards very comprehensive and sets out all the necessary terms, definitions, roles required to operate the framework and moves through the chapters (phases) in the run up to implementation form resources, leadership and governance with the majority of the performance aspects covered in chapter 8 (entitled: operation). This section covers: controls and planning, knowledge, internal partner selection, working together, value creation, staying together and exit strategy activation. It is by nature primarily focused on an entirely new set up and is not well adapted to established, existing or poor performing collaborations, as it needs a high degree of knowledge and interpretation for these instances.

The ISO standard itself incorporates a number of sample procedures (or templates) that the practitioner can use, as seen from the list of 10 procedures below;

1. Procedure for risk management
2. Procedure for training
3. Procedure for document control
4. Procedure for planning for operational collaboration
5. Procedure for knowledge management
6. Procedure for internal assessment
7. Procedure for partner selection and working together
8. Procedure for monitoring and measuring the effectiveness of its collaborative business relationship
9. Procedure for internal audit
10. Procedure for management review

This is further supplemented by 19 standard blank formats that it refers to as blank forms required to maintain records as well as establish control and make “the system” itself. They are offered as a guide and are not a compulsory part of the standard itself.

1. Customer feedback form
2. Operational collaboration plan
3. Internal assessment report
4. Master list cum distribution list of documents
5. Change note
6. Corrective action report
7. Master list of records
8. Objective monitoring report
9. Audit plan/schedule
10. Internal audit non-conformity report
Further there are audit and risk templates. Given its complexity it is not for those without prior knowledge or skill to adopt and early usage is best facilitated by practitioners who have prior experience.

**Ingredients for success**
This can be summed up in a few bullets;

- Willingness and a “want” to collaborate
- Clear and demonstrable benefits
- Effective and proactive sponsorship
- In for the long term
- Clear scope and clarity of how the collaboration (partnership) will work: The who and how each party gets the share of the benefits
- Absolute transparency
- Unquestionable trust (organisational and individual)
- Effective listening and communication by all parties

Other distinct advantages arise for co-location, resource sharing, no blame cultures, common identity (not the identity of one or other of the parties exclusively), behaviourally unbiased (as far as is humanly possible).

**ADDRESSING THE WHY**

**Purpose, process and pay-off**

**PURPOSE**
Defining your purpose – in other words, your direction – means setting a clear framework for how you propose to collaborate, further recognising that you should be reviewing and continuously improving
your value proposition. Finally, ensuring that the scope is clear and not deviated from, unless there is universal agreement that the initial scope is incapable of being achieved, or delivered or significantly improves the outcome.

Traditionally, companies would ask themselves the "make or buy" question: Should they offer a particular product or service themselves, or should they buy it in from a third party. However, in today's "value network" world, rather than deciding whether to make or buy, companies must excel in delivering their unique selling points (USP’s) and collaborate to deliver this. In other words, they must focus exclusively on activities within their own sphere of competency – activities that fulfil their value proposition to customers and which they are in a position not just to "make" but to "excel".

Adherence to an agreed methodology or process is critical for keeping investments in check. Oscillating and circling around ambiguous concepts or approaches will impact the size of your investment and the degree of complexity will grow rapidly, eventually not only eating up money but also stifling the organisation. Many of your ideas will be wrong; that is simply a fact of business life. However, adopt the fail fast approach as nine in ten ideas will fail statistically.

Critically for collaboration, you need to cultivate the skill of effective and consistent communication and information sharing as an imperative. Further, framing and asking the right questions. Constantly challenging yourself on the effectiveness and completeness of your communication and information sharing is crucial for driving innovation and generating "pull", rather than the "push" in collaboration.

**PROCESS**

Whatever process or methodology you adopt in the collaboration you will need to set this out and agree this at the outset. As mentioned earlier there is a clearly defined process set out in ISO44001, but there are other approaches that are equally valid. Below is an extract sample from a category of procurement.
PAYOFF

By way of example and to provide a supply chain context I have chosen to illustrate the payoff from collaboration based upon research involving INSEAD:

In late 2003, Accenture published a cross-industry paper titled “Connecting with the Bottom Line: A Global Study of Supply Chain Leadership and Its Contribution to the High-Performance Business” that was based on research conducted with INSEAD and Stanford University. Among the report’s conclusions were two particularly salient findings. First, a direct, statistically viable connection was made between supply chain excellence and increased market capitalization levels. In effect, the report demonstrated that supply chain improvements pay. Second, the team of Accenture, INSEAD and Stanford researchers reported that as companies migrate from internal-only to extended supply chains, collaboration will become one of the most strategic capabilities - because supply chains are becoming too complex for any one entity to manage effectively.

In this report the summary findings centred on two principal areas, “cost reduction” and “operational effectiveness” being the primary drivers of collaborative undertakings in supply chain management. Further, revenue-enhancing benefits also accrued from collaboration too. In summary the report cited the following results or outcomes in tangible terms for the parties that were observed in the survey and research work carried out:

- Reduce inventory levels by an average of 30 percent
- Cut transportation costs by an average of 10 percent
- Lower warehousing costs by an average of 13 percent

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Review macro plan and milestones (including process and programme management);</td>
<td>Introduce macro plan and sense of timings.</td>
<td>Category Facilitator to review macro plan and highlight key milestones. Joint discussion of ramifications and implications.</td>
<td>Joint understanding of implications and actions built.</td>
<td>0:15</td>
</tr>
<tr>
<td>Review current category status.</td>
<td>Build background understanding.</td>
<td>Category Manager to review current status of the category including strategies, vendors, relationships, etc.</td>
<td>Understanding of current category status built.</td>
<td>0:30</td>
</tr>
<tr>
<td>Review available category data.</td>
<td>Understand current data.</td>
<td>Category Manager to review current category data and discuss with the Category Facilitator.</td>
<td>Joint understanding of current data built.</td>
<td>0:15</td>
</tr>
<tr>
<td>Determine data gaps and methods to obtain information.</td>
<td>Enable data collection prior to team kick-off meeting.</td>
<td>Category Facilitator to present types of data needed and Category Manager to discuss availability of required information. Joint action planning of data collection activities including all noted gaps such as: 1. Initiate D &amp; B reviews of all suppliers. 2. Search industry and trade associations through the Internet, etc. 3. Build supplier profiles.</td>
<td>Data gaps known and actions assigned to close gaps.</td>
<td>0:45</td>
</tr>
<tr>
<td>Review RFI template, tailor to fit the category, identify target vendors, and RFI logistics.</td>
<td>Begin RFI process.</td>
<td>Category Facilitator to review the standard RFI template and process. Joint discussion of category-related edits and detailed planning of RFI logistics (including production, shipping, and analysis of results).</td>
<td>RFI tailored and process editing, issuance, and analysis agreed.</td>
<td>1:30</td>
</tr>
<tr>
<td>Review charter template and confirm Sponsor, Leadership Team Support, and identify team members.</td>
<td>Continue to build draft team charter.</td>
<td>Category Facilitator to check status of Sponsor and Leadership Team Support. Category Facilitator to facilitate the Category Manager through: 1) a review of key stakeholders, and 2) possible team members.</td>
<td>Draft charter established and possible team members noted.</td>
<td>0:30</td>
</tr>
</tbody>
</table>

Figure 4.1: Extract of Category plan for collaboration (Loseby 2003)
- Shorten lead times by an average of 50 percent
- Improve customer service by an average of 10 percent

The study also noted that collaborative relationships help retailers:

- Raise store-shelf stock rates by 5 percent to 8 percent
- Reduce inventories by an average of 10 percent
- Cut logistics costs by 3 percent to 4 percent

At the same time, the survey respondents cited a wide variety of collaborative benefits and opportunities that are not specifically cost-related. For example, increased sales and top-line growth as the largest benefit gleaned from collaboration, in addition, the strategic and revenue enhancing capabilities over and above cost reduction.

**Some common misconceptions**

One of the more common misconceptions surrounding collaboration is that it is a one-way route for purchasing organisations to gain short term wins and advantages - clearly this not only unethical but unsustainable and significantly damaging to the companies and individuals that embark upon collaboration in this way. Collaboration is far more complex than many truly appreciate, but conversely far more productive than they imagine. Collaboration is significantly more about behaviour and culture than tools and activities.

In short, the misconceptions can probably be categorised into the following;

- They oversimplify what it is
- There is no formal or structured process needed
- It just needs a few smart creative people in a room
- Any collaboration process is long winded and doesn’t deliver
- They fail to frame and scope the “why” from the outset
- Others need to change and adapt not you!
- Collaboration is only for certain functions or type of people

And I’m sure the list goes on but adopting a positive mental outlook devoid of preconceptions will always be a good start into the process.
Summarising the advantages and effective approaches

In the November-December 2019 Harvard Business Review (HBR) by Professor Francesca Gino: Cracking the code of sustained collaboration – six new tools for training people to work together, she cited the following as effective approaches.

1. Teach people to listen not talk
2. Train people to practice empathy
3. Make people more comfortable with feedback
4. Teach people to lead and follow
5. Speak with clarity and avoid abstractions
6. Train people to have win-win interactions

The six techniques are designed to be mutually supportive and independent too. Advocating a balanced approach and showing respect for others ensures that the collaboration fosters enthusiasm, respect, openness as well as being motivational. Finally, leaders need to ensure that are self-reflective in regard to how they have enabled and promoted collaboration or conversely prevented it!

WHAT RESEARCH HAS BEEN CARRIED OUT AND WHAT IT INFORMS

Approximately 4.7 million academic research papers have been written on or around the subject of collaboration for many perspectives so there is plenty to choose from! This knowledge paper has intentionally narrowed the collection to those relating to procurement or supply chain, but still embraces well over 1 million papers! A further refinement of more nascent research between 2015 -2020 narrows this to a mere 57,100 papers. Accordingly, the articles selected have been those that are pertinent to the cross over between the two disciplines of cover literature reviews in the collective and hence narrow further to 17,000 papers with a high emphasis on green, sustainable or ethical themes as their key focus. Further, more recent research has centred on the access and delivery of medicines globally.

Approaches

Many approaches have been taken and summarised and to list all the variants may well be confusing and therefore I have elected to share the version set out in a more recent paper by Morgane Le Pennec and Emmanuel Raufflet: Value Creation in Inter-Organizational Collaboration: An Empirical Study – 2018.

This empirical analysis from the paper suggests strongly that different types of value are created sequentially in a critical path, which emerges progressively on a critical path that begins with associational value and ended with potential synergistic value, see below. The researchers were keen to point out that by mentioning a critical path; they were not suggesting that value creation is strictly linear. Instead, it is a continuum of value creation that begins with associational value and can extend to
synergistic value creation. Further, each form of value creation (Austin and Seitanidi 2012) corresponds to the generation of specific examples of learning in an inter-organisational partnership. Accordingly, Fink’s taxonomy of learning allows the identification of the different processes of learning that occur in different stages of value creation, as seen in the table below.

Figure 5.1: Pyramid of value creation in an inter-organisational process (Fink 2003)

<table>
<thead>
<tr>
<th>Ref:</th>
<th>Type of value created</th>
<th>Learning</th>
<th>Illustrations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Associational</td>
<td>Limited learning “Halo effect,” raising the profiles of partnering organisations engaged in a collaboration</td>
<td>Increased profiles of partnering organisations locally, nationally, and internationally</td>
</tr>
<tr>
<td>2</td>
<td>Transferred</td>
<td>Application-related learning mainly related to skills. Skills: ability to perform a task</td>
<td>Administrative skills: methods to “get things done” efficiently and effectively</td>
</tr>
<tr>
<td>3</td>
<td>Interactional</td>
<td>Integration-related and human learning: connecting ideas and realms of organisational life with one’s sense of mission and one’s understanding of oneself</td>
<td>Building a more participatory and gender-sensitive organisational culture</td>
</tr>
<tr>
<td>4</td>
<td>Synergistic</td>
<td>Caring and “learning how to learn” learning</td>
<td>Paradigm shift and renewal of organisational business model and mission; targeting new groups with the social mission</td>
</tr>
</tbody>
</table>

Figure 5.2: Taxonomy of learning (abbreviated): Fink (2003)
Evolution of supply chain collaboration across academic research

From the early 1970s, collaboration became prevalent between various organisations in a variety of sectors with the advent of Material Requirement Planning (MRP). A system mainly devoted to inventory and production planning. This was then quickly followed by the addition of the financial systems of the company, which spawned MRP II in the late 1970s. In order to increase productivity and profit, companies needed information within the Supply Chain (SC) itself, which gave rise to Enterprise Resource Planning (ERP). Adapting the utilisation of IT was critical as a differentiator to allow organisations to manage customer relations, along with the uncertainty in unplanned and planned demand to allow organisations to optimise their supply chains. To address these issues the next generation software was Advanced Planning and Scheduling (APS) which is used for optimum production scheduling and planning. To augment this software organisations began to make advancements in APS as Business Process Optimisation (BPO) to increase the flow of information and material.

Efficient Consumer Response (ECR), and pertinently Vendor Managed Inventory (VMI) became essential in global supply chains of length and complexity. VMI is an important partnering concept to increase collaboration in supply chain partners, whereby the vendor maintains required level of inventory and retailers give real time information about inventory at point of sale (POS). VMI gains competitive advantage (value) for partner organisations by improving product availability, improved service levels, decreased order costs, reducing the bullwhip effect and better replenishment. Some companies use Electronic Data Exchange (EDI) as a means by which to share POS data among all supply chain partners. A mix of all the three practices; VMI and EDI, also known as Efficient Consumer Response (ECR) increases information accuracy and reduction in lead time.

Finally, the collaboration between marketing and logistic brings a new strategic approach to Collaborative Planning, Forecasting, and Replenishment (CPFR). It was started in the United States and published by Voluntary Inter-industry Commerce Standards (VICS) Association. CPFR enhances the collaboration and reduces uncertainty in demand and supply, ultimately adding to the value in the supply chain.

How it has been interpreted

The literature outlines three major perspectives to classify Supply Chain Collaboration (SCC), including transactional, relational, and resource-based. Powell (1998) notes that research on SCC has focused primarily on either a transactional, exchange oriented focus or a more relational, process-based focus. While the transactional view serves as a coordinating mechanism both within and outside the firm (Williamson, 1975), the relational view focuses on multi-firm efforts that seek to benefit the supply chain as a whole (Powell, 1998). In addition, authors like Jap (1999) note a resource-based view as also being critical, and Lavie (2006) expands upon that by mentioning an extended resource-based view whereby collaborating firms combine resources to gain a competitive advantage (Cao and Zhang, 2011).

Case study overview

There are fortunately many case studies to point to in the area of collaboration, all with quantifiable results.

My recommendation is that as part of the understanding drawn from direct applicability the following are good case studies to read and review;
**Complex projects/programmes**

Heathrow Terminal 5 (BAA), UK: Tee, Davies and Whyte, Modular designs and integrating practices: Managing collaboration through coordination and cooperation (2018).


**Intra sector**

Constructing Excellence: Modern collaborative working (2019) – UK Construction sector (14 cross sector projects and their findings)

**Ethical/sustainable projects/programmes**

Jaguar Land Rover (Tata) – (Global) Natural Capital Protocol: Life Cycle Assessments of products since 2008


**COLLABORATION IN THE SUPPLY CHAIN**

**Comparisons across sectors**

In terms of sectors more likely and less likely to collaborate I have compiled this short overview drawn from a variety of sources that are comparative across geographic regions alike in general.

![Figure 6.1: Sector comparison of propensity to collaborate (Loseby 2020)](image-url)
Horizontal and vertical collaboration

Vertically and horizontally integrated supply chains are effectively strategies adopted by organisations to take advantage of synergies in the whole value chain to achieve competitive advantage. In the context where many supply chains are global and complex successful performance depends on the collective decisions and actions of all members of a supply chain rather than that of a single member. Further, increased competition exists between supply chains rather than between individual firms (Naslund and Williamson, 2010). Hence, organisations are faced with the challenge of making decisions regarding appropriate supply chain strategies that will deliver their objectives based on their capabilities, needs and circumstances. Vertical and horizontal supply chain integration are two such strategies that enable companies to manage their organisations and their relationships with other companies in the same supply chain/value chain (Hill and Jones, 2012).

From a supply chain management perspective, vertical and horizontal integration aim to achieve cost savings, higher profits, greater efficiency and customer satisfaction by improving supply chain processes and performance through value-adding investment and activities that benefit all supply chain members (Stonebraker and Liao, 2003). For example, achieving cost reductions, improved performance and better target market access as a result of eliminating redundancies/duplications, lowering inventories, shorter lead times, greater control over supply and distribution, access to partner networks and lower fixed costs (Mentzer et al., 2008).

Supply chain integration strategies are network-based business models used by organisations to align strategic decisions and processes across the network from supplier/manufacturer end to the customer end in order to achieve competitive advantages, synergy and efficiency in their operations as well as to gain more control in the input and output of their operations (Hill and Jones, 2012). Network-based business models are organisational structures that allow companies to operate as interconnected configurations across its value chain usually consisting of partnerships, collaborations and optimised cross-organisational activities (Mentzer, 2008).

Vertical integration is a coordination strategy in which an organisation owns its supply chain by incorporating supplier and/or distributor supply chains in its operations strategy or by expanding its operations to perform activities traditionally performed by suppliers and distributors (Hill and Jones, 2012). This strategy helps organisations to ensure high levels of control and to avoid the “hold up” problem, a situation in which an organisation’s contract with another party in its supply chain results in delays and loss of profit due to delays, non-performance of contract or imbalance of bargaining power between the 2 parties (Hill and Jones, 2012).

A vertical integrated supply chain can be implemented to varying degrees, broadly classified into 3 categories:

1. Backward vertical integration, in which a company owns subsidiaries that produce the inputs/components used in production. For example, the Ford River Rouge Factory with its own timberland and glass making companies (Slywotzky, 1996).
2. Forward vertical Integration in which a company owns or controls its distribution centres and/or retailers, thereby having direct contact with customers at the bottom of the value chain. For example, airlines performing the traditional roles of travel agents (Hill and Jones, 2012).

3. Balanced vertical Integration in which a company implements both backward and forward integration by owning/controlling its supply, production, marketing and/or retail centres. Apple is a good example of a company implementing balanced vertical integration by owning their own data centres, manufacturing equipment to produce their own chips and other proprietary components, as well as their own marketing and retail stores, content platforms and support centres (Hill and Jones, 2012).

As a strategic tool, a vertically integrated supply chain can provide companies with solutions to mitigate or remove the threat of powerful suppliers, decrease bargaining powers of suppliers, distributors and customers as well as reduce transaction costs. When properly implemented, a vertically integrated supply chain can help companies achieve competitive advantage and higher profits through economies of scale and scope (Fresard et al., 2014).

Horizontal integration is a single industry strategy whereby companies seek to achieve competitive advantage and profitable growth through value creation activities that are focused on a single business or industry. A horizontally integrated supply chain is a business model whereby companies acquire or merge with industry competitors to achieve competitive advantage through economies of scale and scope (Fresard et al., 2014).

Horizontal integration provides the advantage of focus and scope, particularly in fast growing, dynamic industries where companies are required to focus substantial resources and capabilities on competing in one area in order to achieve long term competitive advantage (Lambert, 2008). Technological advancements, changing customer needs, fierce competition and low levels of entry barriers are common features of horizontally integrated supply chains. Due to changing customer needs, new competition and the pace of change in such industries, companies often find it difficult to sustain competitive advantage without changing/adapting their business model (Juttner et al. 2010).

A successfully implemented horizontal integration strategy can increase a company’s profitability due to reduction in cost structures as a result of (Hill and Jones, 2012): Economies of scale, particularly in industries with high fixed cost structures;

Increased product differentiation due to the combined product lines from merger or acquisition which enables the company to be able to offer product bundles and innovative new products to customers at different price points;

Horizontal integration has limitations that are worth noting and ensuring there is a mitigating strategy to address this. Similar to vertical integration, horizontal integration is a complex and difficult strategy to implement. This is particularly salient in terms of mergers or takeovers where the two company cultures are markedly different. Further, antitrust laws are a clear watch out too.
Vertically and horizontally integrated supply chains are usually complex and capital intensive to implement. Both are also similar in the sense that they are business models that are aimed at optimising value chain processes and performance in order to achieve competitive advantage through economies of scale and scope. However, organisations need to consider several factors to ascertain the right strategy and whether it will be a profitable investment, including (Fresard et al., 2014):

In a vertical integration, the company enters new industries to support the business model of its core industry, whereas in a horizontal integration, the company competes in a single industry but expands through mergers, acquisitions and strategic alliances and/or collaborations. Vertical integration is more closed/proprietary model compared to horizontal integration which is more open because of the involvement of partners and the need to cooperate/collaborate. A key watch out in all integrative activity predicated on collaboration is the recognition that internal functions and groups also need to be fully aligned and integrated in a way that both pre-existing functions take ownership and embrace the new construct.

Creating more resilience through collaboration

Global and complex business environments as an imperative need to have lean and global yet flexible operations, and therefore are ever more vulnerable to supply chain disruptions. In 2013, 75 per cent of companies experienced at least one disruption, of which 21 per cent suffered more than €1 million in costs for a single incident ranging from equipment malfunctions, unforeseen discontinuities in supply, and information technology breakdowns to natural hazards and disasters (Business Continuity Institute, 2013). Hence, supply chain resilience, a concept that reduces the impact of a disruption by proactively identifying strategies that allow the supply chain to react while recovering to its original or an even better functional state (Jüttner and Maklan, 2011), is of increasing interest to organisations.

As most supply chain disruptions (58 per cent) occur at the first-tier supplier (Business Continuity Institute, 2013) and as such will clearly be a top priority in terms of risk mitigation. Therefore, it is of vital importance that a supply chain considers its adaptive capacity to respond to disruption and risk and become more resilient. This can be considered in a number of contexts:

<table>
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<tr>
<th>Ref.</th>
<th>Context</th>
<th>Derivative</th>
<th>Attributes or how its defined</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Flexibility</td>
<td>Agility/flexibility</td>
<td>The ease and options available to respond to external events in normal trading</td>
</tr>
<tr>
<td>2</td>
<td>Velocity</td>
<td>Speed of response</td>
<td>The ability to react to market/external events and changes</td>
</tr>
<tr>
<td>3</td>
<td>Visibility</td>
<td>Total view of all factors</td>
<td>Timely sharing and visibility of all necessary information relative to an event or impact in the supply chain</td>
</tr>
<tr>
<td>4</td>
<td>Collaboration factor</td>
<td>Mutual information sharing</td>
<td>Extent and frequency of shared information relative to the total supply chain</td>
</tr>
<tr>
<td>5</td>
<td>Goal alignment</td>
<td></td>
<td>The extent to which all parties agree or recognise that their joint actions achieve their individual goals or objectives</td>
</tr>
</tbody>
</table>
Ensuring that there is a balanced decision making process to deliver benefits in the optimal way for all parties.

Jointly agreed mechanisms/systems to share and market the benefits of the collaboration.

Leveraging capabilities wherever they may sit relative to the organisations collaborating.

The process and efficiency of expediently communicating up and down the supply chain.

Continuously developing a better understanding and response collectively to the market and associated direct and indirect events.

Figure 6.2: Supply chain resilience (Loseby 2020)

Finally, longevity of a collaborative relationship/partnership can also be seen as a measure of how resilient organisations can be to market events and incidents.

**Barriers to supply chain collaboration**

Aside from the issues of trust and poor communication or lack of effective and total information sharing at a macro level Singh et al (2018), summarised the principal barriers from 45 salient research papers findings as follows;

- Turf wars (10 counts)
- Poor strategic planning (11 counts)
- Poor supply chain vision (10 counts)
- Lack of trust (11 Counts)
- Lack of top management commitment (8 Counts)
- Lack of training (11 Counts)
- Disparity in technology (10 Counts)
- Organisational culture (11 Counts)
- Lack of performance measures (4 Counts)
- Inadequate information sharing (6 Counts)
- Lack of competitiveness (7 Counts)
Lack of flexibility in the supply chain (3 Counts)

Resistance to change (8 Counts)

An area referenced in a number of the research papers in relation to public procurement referenced the impact of political and regulatory impacts/impediments to collaboration (Letaifa and Rabeau 2013, Gelderman et al 2018).

A recently commissioned report by Ivalua conducted by Forrester Consulting (Collaborate to Win June 2020) made the following observations based on a survey of 425 people from across the globe: A major barrier to enhanced collaboration is the lack of tools to overcome physical and cultural divides. Respondents rate physical and time zone gaps as the top obstacle to collaboration with business units (50%) and strategic suppliers (43%). Lack of mechanisms to collaborate well is the top barrier to collaboration with the wider supply base (42%). Performance goals and KPIs that emphasise greater collaboration (76%), technology that enables better information sharing (63%) and communication (56%) are key elements to improving collaboration.

MEASURING AND CALLIBRATING EFFECTIVENESS

Collaboration consumes resources across the organisation both in terms of people, fiscal and non-fiscal resources as well leadership investment and therefore needs to be measured to ensure the investment is delivering. Further, it needs to be frequently “tuned” to ensure that aspects such as scope, changes in external factors, blockages/breakdowns, etc. are quickly addressed to keep the investment on track.

A review of current practice

The Forrester (Ivalua) survey and report (Collaborate to Win) commented on the sharp focus on collaboration in response to the Covid-19 pandemic. This is both in the internal and external environments that collaboration is needed for procurement and supply chain management. In particular:

- Late changes to production and delivery schedules

The unprecedented events have made demand forecasts wildly inaccurate. Buyers have struggled to communicate effectively with suppliers about urgent changes to requirements and priorities. Similarly, suppliers have been unable to adequately warn customers about possible late deliveries due to their own capacity constraints.

- New product introduction

Manufacturers have had to pivot their organisations to make completely new (to them) products, including switching from vacuum cleaners to ventilators, whiskey to hand sanitizer, and electronic systems to face masks. This requires agile, iterative co-creation with suppliers, in addition to the traditional RFx (request for information/quotations/price) response: award-winning style of sourcing.
**Rapid on boarding of new suppliers**

Inefficient, overly risk-averse supplier validation processes have prevented hospitals from buying desperately needed personal protective equipment (PPE) from local suppliers that had inventory. At the same time, many companies have bypassed normal due diligence only to find that they have wasted money on defective equipment. Better collaboration between the users who need equipment and the potential suppliers of that equipment would enable procurement to achieve the right balance between speed and safety.

This new emphasis can potentially augment or instigate collaboration to the procurement activities and objectives.

**Thought leadership**

A change from a cost-based to a value-based way of thinking requires a paradigm shift in many organisations which is often hard to achieve. Further, the true and complete quantum of value generated by collaborating is generally hard to quantify, especially when organisations are also geared towards a more conventional procurement and supply-chain approach. Further, having the requisite skills, knowledge and processes as well as structures take years to fully realise.

One area of consideration from more mature organisations is the setting up of supplier advisory or collaboration boards. This serves as a neutral and collaborative forum for the exchange of ideas between the host company and a group of strategic suppliers. The role may encompass advice on key industry trends, risks, and potentially disruptive threats in the supplier ecosystem. Or they may provide a place for companies to explore the potential impact of business decisions on sourcing strategy. Equally, it may facilitate role for improvement projects, special projects, sustainability initiatives, etc.

An advisory board is usually chaired by an executive business sponsor and senior procurement/sourcing person. It is also constituted by people form the procuring body/organisation with representatives from multiple functions; engineering, bids, marketing, legal, HSE, R&D, etc. On the supplier side, companies usually nominate a lead strategic procurement professional and the necessary cross functional representatives to ensure coverage of the collaboration being considered.

Recognition of collaboration with competitor organisation, subject to all due diligence and applicable legal instruments could also be an option in certain circumstances too.

Behavioural changes are a prerequisite of truly differentiated collaboration and the development of the sift skills needed is essential by all team members from the sponsor to ad hoc subject matter expert used at critical intervals on a collaboration programme.

**CONCLUSION AND SUMMARY**

Rather than trying to simply summarise the sections I will leave you with these few quotes to ponder upon:

“Your corn is ripe today; mine will be so tomorrow. 'Tis profitable for us both, that I should labour with you today, and that you should aid me tomorrow. I have no kindness for you, and know you have as little
for me. I will not, therefore, take any pains upon your account; and should I labour with you upon my own account, in expectation of a return, I know I should be disappointed, and that I should in vain depend upon your gratitude. Here then I leave you to labour alone; you treat me in the same manner. The seasons change; and both of us lose our harvests for want of mutual confidence and security.”

— David Hume (Scottish historian, philosopher, economist, diplomat, and essayist known today especially for his radical philosophical empiricism and scepticism. 1711-1776)

“The industrial economy put a premium on the repetitive delivery of process-driven factory work. This is what delivered quality products, consistently. The knowledge economy is quite different in that it puts a premium on cognitive decision making, collaborative problem solving and creative thinking. This is what delivers innovation”


“You won’t benefit from diverse perspectives if you aren’t open to utilising differences.”

— Eunice Parisi-Carew, Collaboration Begins with You: Be a Silo Buster

“Collaboration like team sports is within all of us, it just needs one great leader to give permission and make it happen”

David L. Loseby pracademic and procurement evangelist

Further reading

Avasthy T. (project Director) Forrester consulting thought leadership paper commissioned by Ivalua: Collaborate to win – June 2020 – includes associated research statistics released by kind permission of the parties.


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Lacy, P., Cooper, T., Hayward, R., & Neuberger, L. (2010). A new era of sustainability, CEO reflections on progress to date, challenges ahead and the impact of the journey toward a sustainable economy. UN Global Compact–Accenture CEO Study (pp. 1–59). Retrieved December 3, 2014 from


Moran M, Collaboration in a crisis – Project summer 2020

Supply Management Articles:
Lack of collaboration leaving immense value on the table – 11th July 2017
Seven tips on collaboration in procurement – 10th September 2018
Roadmap for the future – A14 – September 2019
The role of soft skills in SCM – 24th May 2019
Collaborative procurement is helping construction grow – June 2019
Collaboration threatened by competing interests – 14th August 2019
Golden rules for collaboration – 6th September 2019
Let’s use these opportunities to change procurement for the good – 17th April 2020
Are we entering a new era of collaboration – 17th April 2020
Collaborating in a competitive environment -May 2020

Thomas K., Chair and coach of the Collaborative Working Champions of Constructing Excellence and Founding Director of Integrated Project Initiatives: Modern Collaborative Working; The top 10 of what to do and how to do it – 2019


World Business council for Sustainable Development: Collaboration, innovation, transformation – 2011 (www.wbscd.org)

References


