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Collaborative business relationships – Part 1: A framework specification

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Summary of pages

This document comprises a front cover, an inside front cover, pages i to ii, pages 1 to 40, an inside back cover and a back cover.

Foreword

Publishing information

This British Standard is published by BSI and came into effect on 31 October 2010. It was prepared by Technical Committee SVS/1, *Business services*. A list of organizations represented on this committee can be obtained on request to its secretary.

Supersession

Together with BS 11000-2¹⁾, this part of BS 11000 supersedes PAS 11000:2006, which is withdrawn.

Relationship with other publications

BS 11000 is published in two parts:

- *Part 1: A framework specification;*
- *Part 2: Guide.*¹⁾

Presentational conventions

The provisions of this standard are presented in roman (i.e. upright) type. Its requirements are expressed in sentences in which the principal auxiliary verb is “shall”.

Commentary, explanation and general informative material is presented in smaller italic type, and does not constitute a normative element.

Contractual and legal considerations

This publication does not purport to include all the necessary provisions of a contract. Users are responsible for its correct application.

Compliance with a British Standard cannot confer immunity from legal obligations.

¹⁾ In preparation.

0 Introduction

0.1 General

The aim of this British Standard is to provide a strategic framework to establish and improve collaborative relationships in organizations of all sizes. It addresses the requirements for collaborative relationships to ensure they are effective, optimized and deliver enhanced benefit to the stakeholders.

Collaborative approaches have been shown to deliver a wide range of benefits, which enhance competitiveness and performance (for example, but not limited to, better cost management, improved time, improved resource and risk management and delivering incremental business value and innovation). Compliance with this British Standard will help enable collaborative partners to effectively share knowledge, skills and resources to meet mutually defined objectives and to provide new levels of value creation.

Effective collaboration will, over time, create an environment that engenders trust between organizations. This in turn will increase their ability to deliver joint efficiency improvements, challenge traditional working practices and explore new ways of working, enhance transparency and openness, strengthen their ability to challenge and innovate, understand and overlay each party's governance and assurance processes.

Relationships impact every aspect of business operations. In developing any form of relationship management programme, it is important that organizations target their activities to ensure there is a clear direction for investment. The timescale for the relationship building process will vary, depending on the nature and complexity of the relationship. After they are established, business relationships might last for many years and could change considerably over their lifetime.

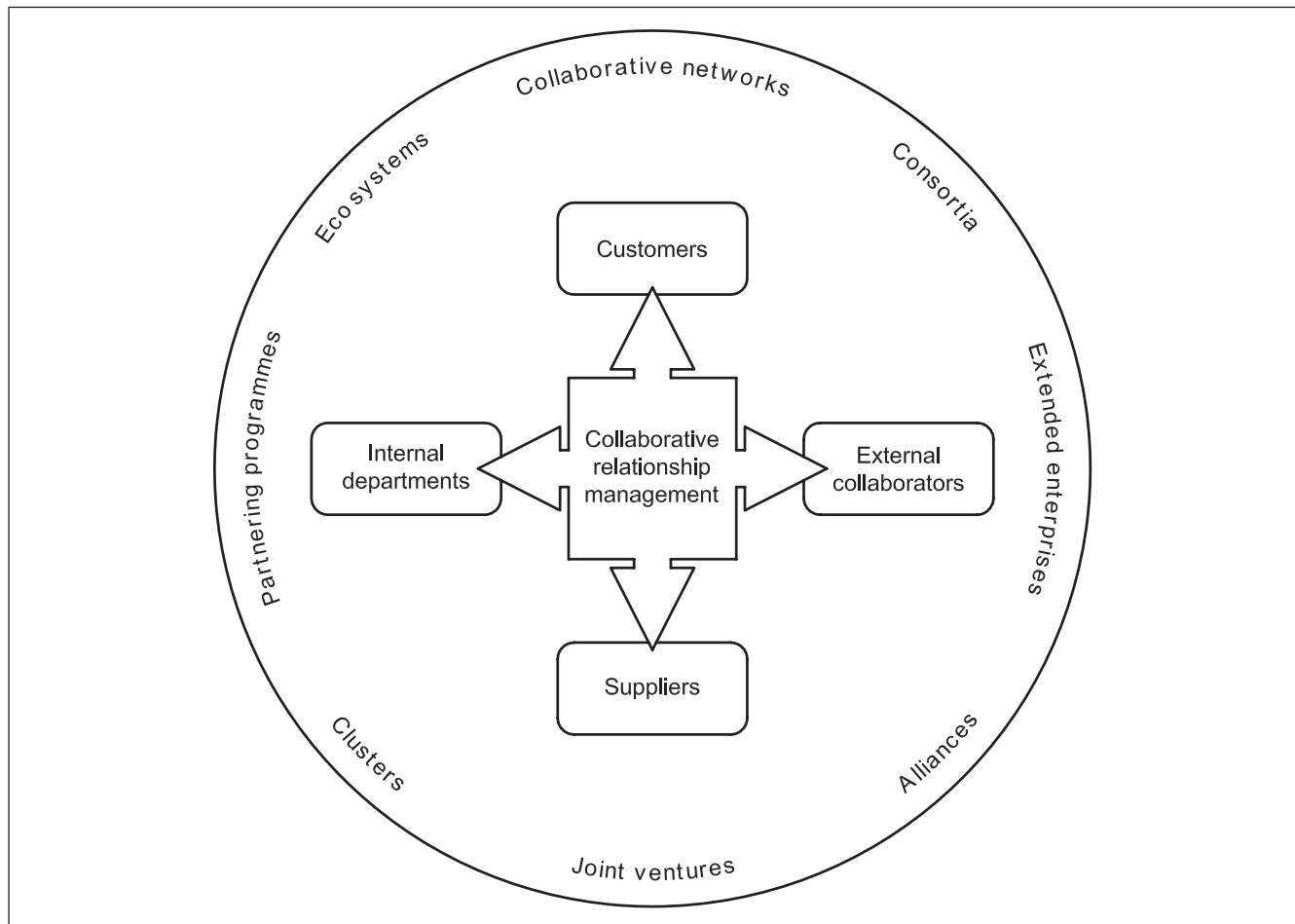
Collaborative relationships in the context of BS 11000 can be multidimensional (see Figure 1). They can be individual one-to-one relationships but more frequently they are networked relationships which might involve multiple parties, including external collaborators/partners or alliance partners, suppliers, various internal divisions and often customers, working together. These are often described as business networks, supply chains, clusters, ecosystems or extended enterprises. It might also be applicable to consortia and joint ventures, even where the individual organizations might not be implementing the standard overall.

The overall process as defined within this British Standard has been established to provide a framework that will allow organizations to incorporate their existing best practice approaches. It is also recognized that given the diversity, complexity and size of organizations covered by this British Standard, the degree of application will by necessity vary within the overall framework. This is particularly important when considering the potential of collaboration between organizations of differing sizes, capability and resources, such as large multinationals dealing with smaller organizations.

The intent of this British Standard is not to create a single one-size solution but to establish a consistent framework that can be applied by organizations of all sizes. The process and applications within this British Standard highlight the key areas which all organizations

should address. The checklist contained in Annex A provides a guide to the key issues and forms the foundation for those organizations seeking to comply with this British Standard.

Figure 1 **Multidimensional relationships**



The structure of this British Standard has been based on pan-industry sector good practice approaches based on the collective experiences and evidence of a broad range of practitioners, the adoption of the PAS 11000 framework and the feedback from pilot programmes. The standard follows the three-phase approach (Strategic, Engagement, Management), containing eight stages as described in the Scope. The first three stages, Awareness, Knowledge and Internal Assessment, provide the strategic foundation that links collaborative approaches to the overall business operation. These stages include the evaluation and benchmarking of collaborative approaches within the industry sectors or across industry in general, as well as focusing on the capability of an organization to collaborate.

When the strategic elements of collaboration have been addressed, the organization will be ready to engage with others. The Partner Selection stage should be used to identify potential new partners or to validate existing relationships, while the Working Together stage sets out how the collaboration will function in practice. Value creation in many organizations might initially start as part of the engagement process and continue on through the management of the relationship.

The management of the relationship is covered by the Staying Together (through delivering the agreed and expected services/benefits, including continual value creation) and Exit Strategy stages, which focus on an individual relationship. However, organizations should consider these stages more broadly when addressing internal processes that might need to be adapted or developed when implementing this British Standard.

Collaborative relationship management is a complex area where the specific demands of organizations will provide a wide range of customization in order to build towards the most effective outcome. This British Standard has been specifically developed to highlight the key elements for success, provide a common route map for ease of integration and a measurable platform to monitor progress.

0.2 Common themes of relationship management

There are a number of common themes throughout the eight-stage framework which are fundamental to the success of any collaborative venture. These are:

- alignment with business objectives and desired outcomes, both internal and those agreed with external partners;
- agreement, governance and alignment of common operations and activities;
- the creation of value and delivery of mutual benefits;
- effective integration of appropriate risk management.

All of these can be captured in the relationship management plan (see 0.9).

0.3 Objectives and desired outcomes

The successful adoption of collaborative approaches should be anchored in the ability of initiatives to deliver defined objectives and outcomes that are integrated with those of the organizations and stakeholders involved, and which need to be regularly revisited to ensure they remain relevant over time. These might not always be fully aligned but should be as a minimum complementary or neutral in terms of the key objectives. Organizations might find that working in a collaborative relationship could introduce challenges to existing operating structures. It is therefore essential that collaborative relationships are seen to be clearly linked to the organization's business objectives.

0.4 Performance, competencies and behaviours

Openness and trust are key facets of any effective collaboration and thus policies, processes and governance should be continuously reinforced to ensure optimum performance and a sustainable relationship. Operating in a collaborative environment and integrating with external parties requires competencies and skills in order to build and maintain an environment that will promote the appropriate behaviours that will underpin the performance. Performance is crucial in any collaborative relationship in terms of maintaining optimized output and behaviours, such as meeting objectives and obligations at all stages of development and implementation.

0.5 Creation of value

The activities of any organization should be focused on delivering value to the stakeholders, however that might be defined by the organization. Collaborative working can provide the basis to create new value which could not be achieved by the organization working independently. Collaboration with external parties can also be a catalyst for innovation, whether this is customer or market driven, process and performance improvement, resource optimization or technology development. It is also important that whilst collaborative initiatives may be set up against a specific value proposition, continual improvement programmes should be maintained.

0.6 Risk management

Collaborative working can provide an effective basis for reducing risk but increasing interdependence could introduce some new elements of risk that had not previously been identified. Any initiating organization wishing to take a collaborative approach to risk management with their partners should first have a foundation of defined processes on which to base such approaches. The organization should have defined processes for risk management. As a minimum, these processes should include defined approaches for:

- identification of risks;
- analysis of risks;
- mitigation of risks;
- ongoing management;
- review of risks, with particular reference to the impacts of collaborative working.

Most organizations with mature processes are likely to have a defined approach to risk management. Therefore, the focus for adoption of collaborative working would be to develop and enhance the process to facilitate a joint approach to be taken to the risk management activities.

0.7 Operations, activities and performance

The objective of this standard is to provide a framework for collaborative business relationships that is integrated into an organization's established operations, activities, processes and procedures, to optimize the benefits of collaboration. In this context, the adoption of a collaborative approach should enhance and not detract from the obligations and responsibilities agreed between the parties. Failure to meet the agreed obligations and performance established between the parties or to manage challenges that could arise is likely to create fundamental pressures on the relationship.

0.8 Exit strategy

The exit strategy is shown as the last stage in the relationship life cycle but is in fact a key aspect that should be addressed and maintained throughout the whole life cycle. The strategy should focus on how the parties plan to disengage when necessary by identifying the triggers and ensuring effective business continuity and customer support. Clarity of focus will strengthen the relationship by recognizing the value of jointly

monitoring and ensuring that the concerns and needs of each partner are duly addressed. It is important to ensure that whilst one particular initiative might come to its useful end due to a variety of factors, others could emerge from successful collaboration. The implication of terminating an agreement might be appropriate but how this is presented and interpreted will influence the way each party proactively approaches engagement, disengagement and future relationships.

0.9 Relationship management plan

The relationship management plan (RMP) functions at two levels of the organization. As a corporate model, it signposts or incorporates the processes to be adopted in the case of collaborative programmes. The RMP could be a single document or a suite of documents that identifies how collaborative relationship management will be applied within each organization. It is important that documentation is proportional to the level of complexity concerned and is kept to the minimum required for effectiveness and efficiency.

The RMP can be used both as a baseline corporate process and adapted as necessary for individual strategic relationships or individual collaborative initiatives. The RMP should capture the links across existing operating practices or alternatively integrate the approaches within existing processes such as customer–relationship management, project management, contract management and supplier–relationship management.

The RMP should evolve over the lifetime of a relationship, providing a core record of the pre-contract development as background information to operating team members. It also establishes a working platform for relationship management through the life of the collaboration, ensuring that relationship management is effectively communicated at all levels and integrated into execution and delivery for all stakeholders.

1 Scope

This British Standard specifies requirements for the effective identification, development and management of collaborative business relationships between discrete organizations. It is applicable to organizations of all sizes from large multinational corporations to micro/small businesses.

The application of this British Standard has to be tailored to the size of the organizations involved.

Application of and/or compliance with this British Standard can be on several different levels, for example:

- a single application (including operating unit, operating division, single project or programme, mergers and acquisitions);
- an individual relationship (including one-to-one relationships, alliance, partnership, joint venture);
- multiple identified relationships (including multiple partner alliances, consortia, joint ventures, networks, and end-to-end supply chains);
- full application companywide for all identified relationship types.

The adoption of collaborative working complements and enhances the operation of existing business activities to provide an improved

relationship that adds value to the parties involved. It can provide a more effective way of working and help to build a more strategic environment that opens the way to create increased performance. The deployment of collaborative approaches does not deflect from any requirements to maintain open and free competition.

The adoption of a collaborative relationship standard is also intended to complement and enhance existing contracting processes. Collaborative approaches are expected to be able to operate in unison with either legislative and regulatory requirements or policies, whether corporate or governmental, aimed at ensuring open and free competition, such as the European Procurement Directives [1 and 2].

This British Standard does not cover business-to-consumer relationships or employer–employee relationships.

The eight-stage framework specified in this British Standard reflects the overall life cycle of a collaborative relationship to assist organizations to assess and develop their own particular approach to collaborative business relationships. These are reflected in the three distinct phases of development, Strategic, Engagement and Management, as shown in Figure 2. It is recognized that in some cases, organizations might not through their specific operating practices execute programmes strictly in accordance with the order of the elements included but would overall address all aspects as appropriate to their business requirements. The key eight stages are as follows.

- Stage 1 (Awareness). Clause 3 addresses the overall strategic corporate policy and processes which lead towards incorporating collaborative working as a recognized approach where it can identify added value.
- Stage 2 (Knowledge). Clause 4 focuses on the development of knowledge against a specifically identified opportunity to create a business case and benefits analysis.
- Stage 3 (Internal assessment). Clause 5 is intended to ensure that organizations undertake a structured assessment of their capability and maturity to successfully engage in a collaborative initiative.
- Stage 4 (Partner selection). Clause 6 addresses the need to undertake a structured approach to the identification, evaluation and selection of appropriate partners.
- Stage 5 (Working together). Clause 7 focuses on ensuring that the partners establish the appropriate operational structure, governance, roles and responsibilities to effectively achieve desired business objectives.
- Stage 6 (Value creation). Clause 8 is specifically focused on the need to establish approaches that seek to build value out of the joint relationship.
- Stage 7 (Staying together). Clause 9 addresses the need to ensure effective measurement and monitoring of the relationship to maintain its optimum performance.
- Stage 8 (Exit strategy). Clause 10 addresses the need to develop and maintain an effective strategy for disengagement where appropriate.

Figure 2 Overview of the principal components of successful collaborative business relationships

Strategic	Awareness (Clause 3)	Establish executive responsible and organizational policy	Identify business objectives and value proposition	Identify and prioritize relationships	Establish resources, competencies and behaviours	Undertake initial risk assessment
	Knowledge (Clause 4)	Develop specific business strategy	Establish knowledge management process	Establish objectives, strategy, business case and identify potential collaborative organizations	Establish initial exit strategy	Incorporate relationship management with risk management processes
	Internal assessment (Clause 5)	Undertake self assessment	Establish collaborative profile	Establish collaborative leadership	Establish partner selection criteria	Establish and implement action plan
Engagement	Partner selection (Clause 6)	Nominate potential partners	Evaluate potential partners	Establish partner selection plans	Create joint objectives and negotiation strategy	Select partner
	Working together (Clause 7)	Establish governance, joint objectives and leadership	Establish organizational structure, roles, responsibilities and processes	Establish performance measurement	Establish joint risk management and exit strategy	Establish contract arrangements
	Value creation (Clause 8)	Establish value creation programme	Define value drivers	Establish improvement team	Establish learning from experience	Implement innovation process
Management	Staying together (Clause 9)	Ongoing management, monitor and measure the relationship	Continual innovation	Maintain behaviours and trust	Manage delivery and performance	Manage issue resolution and monitor joint exit strategy
	Exit strategy (Clause 10)	Develop and maintain joint exit strategy	Establish boundaries for the relationship	Monitor and evaluate changes	Manage business continuity and transition	Evaluate future opportunities

Relationship Management Plan

Whilst these stages are shown as a linear set of activities, it is recognized that in many cases this will be a series of iterative processes in the light of information obtained, the assessment of it and lessons learned, both inside each individual phase and between phases. For example, during the Strategic phase, aspects relating to the decisions on who to collaborate with, and why, are likely to be re-assessed and modified. In the Engagement phase, information arising during the process will influence which partners to work with, and could modify or change the arrangements for or contents of the relationship between the parties. During the lifetime of the Management phase, changes arising internal to the business or between the parties, or from external factors, will often impact on the outcomes and processes. In addition, the experiences gained from the set-up and running of collaborative business relationships are likely to be fed through to their overall strategy and future direction.

It is also probable that, in some cases, existing relationships might start from differing points in the process. It is recommended that in these cases, organizations should address the earlier stages to establish a firm platform before moving forward. It should also be recognized that after evaluation of the potential benefits and challenges, some relationships might not warrant the investment required for following the collaborative working process, such as purely transactional activities.

2 Terms and definitions

For the purposes of this British Standard, the following terms and definitions apply.

- 2.1 action plan**
process by which an organization identifies and monitors required actions to achieve stated objectives
- 2.2 business objectives**
targets set for specific operations within the organization
- 2.3 collaborative business relationships**
formal and/or informal business arrangements where two or more discrete organizations collaborate to create mutual value
- 2.4 collaborative opportunities**
processes or activities which can be improved through collaboration
- 2.5 collaborative partner**
organization which conducts a business relationship with the initiating organization
- 2.6 competence**
demonstrated ability to apply knowledge and skills to carry out functions or discharge responsibilities effectively
- 2.7 defined procedure**
specified way to carry out an activity or process which has been approved at an appropriate level within the organization
- 2.8 discrete organizations**
organizations with separate management structures, internal or external

2.9 executive management

team including Senior Executive Responsible (SER) from each partner, together with any other agreed executive participants with responsibility for the effective implementation and operation of the collaboration

2.10 extended enterprise

arrangement whereby independent organizations collaborate to create a product or service which they could not provide independently, whilst remaining as separate business entities

2.11 initiating organization

organization initiating the potential relationship

2.12 improvement team

appointed individuals or team selected from members of the collaborating organizations (or from outside if competence needs dictate) who bring complementary knowledge and competencies together, to develop, facilitate and achieve improvement solutions in areas that can improve operating processes, performance or improve on the desired outcomes of the collaboration

2.13 joint management team

individuals or team agreed between the parties that will have day-to-day management of the collaborative programme and its performance to objectives and outcomes

2.14 leadership

individual or group appointed by the SER to create or drive a collaborative initiative

NOTE Initially, this might be from the initiating organization but it will encompass the counterparts within partner organizations once established.

2.15 organization

company, corporation, firm, enterprise, authority or institution, or part or combination thereof, whether incorporated or not, public or private, that has its own functions and administration

[BS EN ISO 14001:2004]

2.16 partner

discrete organization participating in the collaborative relationship

2.17 partner selection criteria

key criteria required to evaluate a potential partner's overall match to principal values of the collaboration

2.18 supply chain

linking interfaces between a series of entities through which products/ services are supplied by one entity to the other entity within each link

3 Awareness

COMMENTARY ON Clause 3

The initial stage of the collaborative business relationship programme requires awareness within the initiating organization in order to establish the basis for proceeding. The rationale behind adoption is clearly defined in order to ensure that it is consistent with the overall business objectives of the initiating organization. Collaborative working can offer benefits

to support business objectives, but might require additional investment for the development and implementation. It is important to ensure that available resources are focused to provide maximum benefit and to recognize that in some cases, the adoption of collaborative approaches might not be necessary to achieve business objectives or could even be counterproductive. Areas where it is anticipated that collaborative relationships can add value should be evaluated over time and if no benefits are identified, organizations should consider whether it is appropriate to proceed with the investment of resources.

3.1 Senior executive

The organization shall appoint a Senior Executive Responsible (SER) for the development and implementation of the collaborative business relationship management process with defined responsibility and authority for ensuring that the policies, processes, culture and behaviours required are established, implemented and maintained.

NOTE The SER should provide executive leadership and facilitate the effective deployment of the collaborative relationship programme.

3.2 Policy

The SER shall define and authorize the organization's policy for collaborative working and ensure that within the defined scope of its collaborative working management system, the policy:

- is appropriate to the nature and scale of the collaborations;
- includes a commitment to continual improvement;
- provides a framework for setting and reviewing objectives;
- is documented, implemented and maintained;
- is effectively communicated throughout the organization;
- is available to interested parties and stakeholders;
- is periodically reviewed to ensure its ongoing relevance and applicability.

3.3 Objectives

The organization shall identify its own strategic business objectives and identify where they might be enhanced through collaborative working or require external collaboration in order to be successfully achieved. In order to ensure that collaborative business relationships are appropriate and their related objectives are integrated into and consistent with the organization's strategic business objectives and economic goals, the organization shall:

- clearly identify its strategic business objectives and economic goals;
- establish objectives for collaborative working that are measurable and consistent with the collaborative working policy;
- establish and document the means and time frame by which they are to be achieved;
- designate responsibilities and evaluate and allocate appropriate resources for achieving the objectives.