



# Benefits of Collaboration



October 2022

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Over the past 8 years the ICW Awards programme has been recognising those organisations that have adopted a collaborative working approach. These submissions have covered a wide range of topics, sectors and applications. They offer an insight into the multiple and varied ways closer collaboration has been used to address many operational issues. Understanding the concept of 'collaborative value' can be challenging, and will depend substantially on the organisation itself and the outcome it was seeking to achieve by collaborating. In the following pages we hope to focus on some of these, but because many have sensitivities, we have decided not to identify specific organisations.

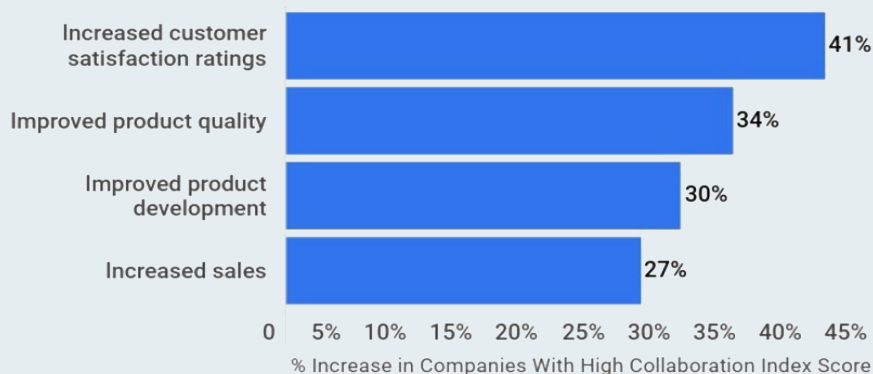


The challenge for many that see the performance advantages, though, is the perennial question of "what's the return on investment?" when looking to deploy and maintain a structured approach to collaboration. Clearly as with any business initiative the focus should always be how can collaboration support the desired objectives. Collaboration takes effort and resources to varying degrees and should be balanced against 'Value', and what has been evident through the awards is that value comes in many different guises.

What are the tangible benefits of adopting a collaborative working approach? It's one of the most frequently asked questions posed to ICW. We all recognise that a good working relationship can deliver many benefits across a wide spectrum of issues. However, it still comes down to evaluating the return on investment when considering implementing a structured approach. In discussing this topic with organisations, one can fall back on rhetoric and hearsay. Partnering in the 1990s was heralded as potentially delivering 30% savings which sadly few achieved. More recently in discussions with an organisation working in this field in the USA their data suggests that for civil programmes the average is around 8% savings, which would be good given the low margins that construction must deal with. Frost and Sullivan published some data as outlined below which looks to identify a broader perspective around company success and rather than looking at pure savings they focused on the effects of collaboration which in turn will almost certainly drive financial returns.

A company's collaboration index increases sales by 27% and improves customer satisfaction ratings by 41%, according to data from Frost & Sullivan. The study also showed that collaboration improves product quality by 34% and improves product development by 30%.

### EFFECTS OF COLLABORATION ON COMPANY SUCCESS



When looking to identify the benefits from collaboration, Warwick Business School researched the main drivers. These included:

- Better problem solving
- Reputation
- Customer satisfaction
- Increased trust
- Business performance
- Innovation
- Continuous improvement
- Better supply chain relationships
- New competences & skills development
- Employee satisfaction
- Customer retention
- Lower operating costs

More recently we see other aspects coming to the fore such as cost avoidance, waste reduction, social impacts, staff wellbeing, environmental challenges, NGOs all looking to harness the power of a more collaborative approach.

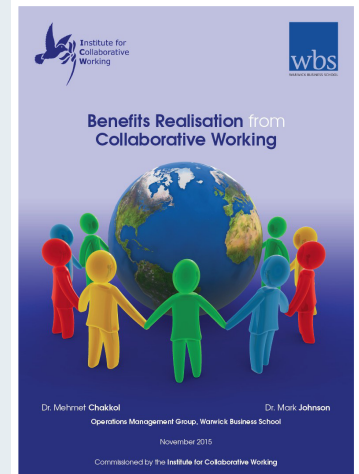
One of the other observations has been the use and impact of the international standard for collaboration, ISO 44001. This too has been very diverse, and it must be said that some of the case studies evaluated have utilised the Standard fully and achieved certification, whilst some simply followed the principles and others just went ahead using their own approaches because it was the natural thing to do for them as an organisation. The one benefit we have recognised is that adopting a structured approach does build consistency and sustainability into longer term activities.

So as we look back it is interesting to identify trends where collaborative working has migrated from following what some might consider the hype towards an understanding that it actually makes sense when involved in complex multi-party operations in many different contexts. As examples we have selected a number of case studies and looked to categorise these and drive down into specific benefits that organisations have identified.

## Financial Return

In some cases, the direct financial benefit of collaboration can be determined and these by far will represent the most immediate and compelling reasons for organisations to consider working together for mutual benefit.

- In any business environment *Return on Investment* has to be a consideration, and the adoption of collaborative working in relative terms should not be incurring major investment. In the main deploying this approach is using the same resources better or frequently through building trust and transparency and resource optimisation. A major design consultancy and construction company found that by working together and integrating their approach they recovered £28m+ in value engineering savings.
- A highways programme that collaborated to co-ordinate traffic management saved £10,000 in temporary traffic closures, which as a byproduct reduced road users' time and frustration.
- A consortium of traditional competing consultancies collaboratively harnessed a range of specialists to support urban towns to address sustainable economic growth and regeneration, helping 101 towns to develop plans which attracted over £2.4bn of investment. These benefits extend beyond the financial savings and support substantial social value contributions.
- A facilities management programme for one government department has recently identified substantial savings of £750K and improved performance as a direct result of collaborative working.



- The collaboration that developed time-based separation has delivered for Heathrow Airport overall savings including in holding and delay more than c. €23m a year and improved end-to-end airport punctuality by 1.5 per cent. 80 per cent of aircraft receive shorter arrival separations in all wind conditions - more than 62 per cent reduction in arrival delays due to headwinds and more stability in landing and flow rates.
- A London station development recorded approximately £24m of savings, which could be attributed to collaborative working. The benefits have not only been realised by the alliance partners, but the success of the project has had a positive impact on all those involved, the open working and learning environment enabling knowledge transfer that has resulted in upskilling across the workforce.
- MOD working collaboratively with an industry partner resulted in 20% reduction in software products over the life of the contract. Migration of applications to a single, purpose-designed Data Centre, resulted in better resilience, risk reduction and enhanced security. Benefits included a saving of £10m per annum.
- Motorway widening scheme benefitted from collaborative process mapping, which harnessed savings of £415K. Adopting collaborative planning techniques on a motorway viaduct scheme resulted in savings of £1.4m on a project valued at £ 600m.
- Traffic management enhanced through Integration of four prime contractors generating £600K savings in supplies and plant and 20% reduction of the commissioning programme.
- The nuclear project PFCS including design, manufacture, construction, and installation - focused through collaboration by reducing time and cost - produced savings of circa £400m.
- A major highways project that involved an integrated delivery team of client, contractors and key suppliers as part of a £1.5 billion programme found major savings running into tens of millions of pounds through a collaborative approach.

For every organisation, cost savings are always welcome. However, in a competitive environment few organisations have the confidence in achieving financial collaboration to build those efficiencies into their pricing to enable them to develop more competitive solutions. The confidence in making future savings based on effective collaboration will come down to the collaborative maturity of the organisations involved in the collaboration, which is why the concept of Beyond Compliance takes on such a significance.

## Innovation

Innovation is a key topic for many organisations but the more established often fail to innovate without external stimulus, though adopting a more collaborative approach to the use of alternative technology and cross-sector ideas can introduce dynamic thinking and outcomes.

- A major Government Department working with a construction partner and external drone technology provided a low-cost high-level survey capability to address a housing development of 1200 new homes, accelerating design and construction.
- The Programme and Project Partners (PPP) ideas portal empowers the collaboration partners to seek and share innovative opportunities. So far 69 of these have been taken forward, one of which alone has identified £42m in savings.

## Greater Agility

The building of collaborative relationships can enable access to a wider knowledge-base and the harnessing of capability:

- With reducing internal capability many government departments are becoming more reliant on industry to build future capability, and working in collaboration with industry partners large and small opens up access to future technology.
- An RAF technical support programme, where the relationship was built around both specific deliverables but also the desire to drive innovation and continual improvement, has generated both higher performance and greater agility to support front line operations through a culture of openness, trust and mutual respect.

## Environmental Impacts

As a direct threat to the planet, global warming is now a major consideration and alongside sustainability is a key consideration for both industry and governments. The publication of the UN 17 goals recognised for the first time that partnering was a crucial factor in all aspects of the future ability to address issues from reducing poverty and leveling up to addressing global warming.



- Working in partnership with the British Antarctic Survey to bring a modernisation programme to support scientists in one of the most inaccessible locations on earth, brought with it the need to balance a construction programme with perhaps one of the most complex logistics challenges, whilst operating to avoid environmental and wildlife impacts within a specially protected area.
- A major construction organisation in developing its approach to carbon reduction brought together in a collaborative venture technologists, operators, and their own teams to focus on green fuels. Having tested the approach this was then shared with their supply chain, thus reducing emissions across their sites with a side benefit of cost reduction in facilities.
- As we consider non-fossil fuel solutions for sustainable power generation, handling nuclear waste is a major concern for future generations. Through collaborative working and innovative partnership, a UK site can safely and cost-effectively remove radioactive waste, whilst at the same time utilising their collective capability to develop the local skills base and thus deliver social value.

## Infrastructure Development

The scale, cost and challenge of today's infrastructure developments demands harnessing a multiplicity of partners working together in cohesive and unified engagements. Traditional cascading contracting models have become too cumbersome and expensive, limiting investment and time. New models are essential to optimise investment and resources.



- A rail digitalisation programme required the participation of some 40 organisations as an imperative to a successful outcome. Collaboration by necessity was a key feature to align and focus these parties.
- A major rail investment programme in Wales involved a public-private consortium to transform local communities, which increased labour mobility to employment centres. At the same time, this programme invested throughout the local area and as such contributed to the localised economy.

- A relatively small rail project of £34m was converted from a conventional construction contract to a collaborative alliance, resulting in a shortened completion time and came within the overall budget, to the delight of the 15 stakeholders who benefited from the decongestion that it delivered. It should be said that some of the sceptics argued that it cost more than the original contract, but the more experienced recognised that any construction project that came in early would inevitably save on the traditional outturn cost profile.

## Health Sector

The Covid-19 pandemic demonstrated that so much can be achieved through collaboration and organisations being motivated to deliver joint goals together. Demands on the health sector are increasing exponentially as populations live longer, and treatment options increase the need to maximise capability and resources becomes increasing critical. This leads to the need for health providers and technology companies to find more collaborative ways to focus on patient outcomes to reduce costs and release capacity.

- A foundation trust working with an international electronics company enabled the close relationship between clinical specialist and technology developers to research and deploy innovative solutions whilst addressing the challenges of a pandemic.
- A city of more than 3 million citizens benefited from a dynamic collaboration between Healthtech industry, regional partnership, NHS, local council, and universities to accelerate innovation and economic growth.

## Social Impact and Welfare

Few in industry consider collaborative working outside the confines of their business sectors. However, much of the Third Sector relies heavily on collaboration to deliver their social outcomes. The focus on social value has become ever greater in the last couple of years as central public procurements now mandate the consideration of societal impact in the evaluation of contract awards. It is recognised that this effect has



been felt in local authority procurement since the Public Services Act nearly 10 years ago.

Whether meeting local social challenges or supporting more effective environmental working, the adoption of collaborative working approaches brings together public and private sector organisations to find more focused ways of delivering cost effective improvements in the working and living environments. Often these engagements can be constrained by cultures and long-established processes.

- Long term challenge of the defence sectors has been balancing investment between defence hardware, combat resources and support accommodation. Working with a facilities management organisation and defence infrastructure clients they were able to significantly improve the experience for service personnel and their families.
- Whilst working on a major rail programme, the delivery team sought to look at contributing back to the local community by working with a global Generation charity as part of a wider programme of building better for society. The result was known as the story garden, and provided an urban opportunity to explore and grow produce in what would have been wasteland. The collaboration involved a range of contractor provided skills, equipment and resources.

- Borders Railway is the longest new domestic railway to be constructed in Britain for 100 years. It re-opened the Waverly line from Edinburgh to Tweedbank. The development and construction had to be undertaken in consideration of the community and housing that had grown up after years of non-usage. The collaboration extended to a wide group of stakeholders and required the contractor to manage not only the construction but recognise the potential impact on the community at large. The programme was delivered on time and on budget.
- The ANTZ Mentor Programme trains employees as mentors, who in turn support individuals in local prisons and charities, helping them find jobs, education and social inclusion. This has created over £1.2m in societal savings in the previous 6 years.
- HS2 collaborative partners worked with charities and supply chain partners to provide shelter, security and employment for homeless people across London. The team developed job opportunities, the ability to learn new skills and to gain further education, and supported the local economy delivering £120m in social value.

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