



Knowledge  
Perspectives

# Teaming with other firms:

## A very short guide to ISO 44001

(Collaborative business relationships)

ISO 44001 was released by the International Organization for Standardization in March 2017. It was developed from and supersedes the British Standard 11000: Collaborative Business Relationship Framework.

The important Operations Framework of ISO 44001 is in the map below (see page 6).. ISO's high-level structure of management systems is retained.



For more information or assistance with adopting ISO 44001 contact



**Knowledge Perspectives**

David Pender, Principal

Email [david@kp3.com.au](mailto:david@kp3.com.au)

+61 408804490

## Why bother teaming with other firms?



Change is the only constant in life and business. We know the rate of change is accelerating. We do not know if response to this rapid change is equal to challenge.

Can we thrive alone? Or can we thrive by teaming with other firms?

As our business world becomes more and more complex, it is nearly impossible for a company to do everything itself. Technology disrupts the way we do things. Consumers think differently. Supply

chains are less effective and efficient. Agility, productivity, risk management and governance are now essential and becoming critical.

The business landscape in many countries is populated with small and medium sized enterprises. Within that landscape, we know they have three challenges in common

**Hidden costs and delays.** They occur at the crossover of the boundaries between firms. These are eventually passed on to the customer or absorbed by the companies involved.

**Redundancy.** Many companies are essentially developing the same competencies and capabilities. Could the costs and benefits be shared?

**Collaborative Advantages.** Large companies are looking for ways to reduce costs in their supply chain and in managing that supply chain.

Why bother teaming with other firms? A recent survey in the manufacturing sector (May 2018) identified a host of reasons SMEs may consider teaming with other SMEs. They included

Creating scale

Creating scope

Accessing competence

Visibility

Sharing risk

Reducing costs

Solving common problems

Investment in new competence

Jointly preparing for a digitised future

Taken individually or together, the single best reason for teaming with other firms is obvious; firms can achieve more together than any one company can achieve by themselves.

Today's market place is more about what we bring to the market than simply what we produce as individual organisations.

## What is a collaborative business relationship?

Relationships start by building trust between strangers.

How the business relationships work today builds on that trust into informal or formal strategies and structures.



An informal start could be as simple as working collaboratively with a supplier or customer to solve a problem. Maybe later create a business opportunity together to remove some of the hidden costs. More formal starts could be jointly tendering for work that none of the participants could perform by themselves (scale or scope). Perhaps, a group of SMEs develop an understanding of how automation and advanced manufacturing techniques will affect them and plan for implementation. There are many others. For example:

<b>Alliance</b>	Formal relationships between 2 or more entities that share assets, expertise, risks, rewards and control to create greater value for their customer and themselves. An incomplete contract.
<b>Cluster</b>	A geographic concentration of organisations in a particular field (customers, suppliers, distributors, services). Characterised by both formal/direct and informal/indirect open-ended connections.
<b>Collaborative network</b>	An overarching term that describes a multi-party collaboration that drives toward common or compatible goals or visions. Multi-lateral, open ended agreements.
<b>Consortium</b>	Associated entities directly cooperate in a project (usually fixed timeline) where joint engagement and management activities are formally defined in a contract.
<b>Extended enterprise</b>	Associated entities that collaborate directly and formally in the design, development, production, and delivery of a product or service to the end user. Contract or network based.
<b>Joint venture</b>	Can be a separate legal entity or may be a “partnership” between 2 or more autonomous firms, which invest time, money, people and effort to collaborate for an agreed purpose. May have a separate management structure. Formal contract. Innumerable forms.
<b>Outsourcing</b>	A contractual arrangement between 2 or more firms to provide specific services for a fixed period of time. Managed through agreed governance arrangements.
<b>Partnering program</b>	A direct and formal agreement for organisations to cooperate to accomplish clear business objectives with shared risks and profits.

*This paper is not concerned with the legal structure of the arrangement; just the collaborative relationship itself. Independent, professional advice should be sought when structuring any arrangement with other firms.*

## Why an international standard?

Going forward, your company's reputation as a partner will become an important corporate asset. Although intangible in nature at first, firms with this teaming asset will be sought out later because of their culture and ability to effectively collaborate with other organisations.



For most organisations, the hardest part in starting a program like this is to find a suitable framework to work with and develop ideas. ISO 44001 provides that framework. ISO's high-level standard and structure for management systems enhances adaptation and adoption of best practices in a manner harmonious with the rest of the organisation.

The standard can be applied at multiple levels including

- At operating unit, project or program level,
- To an individual relationship,
- To multiple identified relationships, and
- Full organisation-wide application.

Meeting a recognised international standard like ISO 44001 is a sure way of proving your company isn't giving lip service to the collaboration concept. By walking the talk, you demonstrate you know how to collaborate effectively and efficiently.

## How is ISO 44001 structured?



ISO's high-level structure of management systems is retained in ISO 44001. This is similar to all recently updated ISO standards (e.g., ISO 9001: 2015).

In this sense

- Organisation context
- Leadership
- Planning
- Support
- Performance and evaluation
- Improvement

are all similar in nature to other updated ISO standards.

For companies with multiple standard certifications, the common higher-level structure for diverse management systems makes it much easier for companies to deal with all their standard certifications in the same way. For the seven areas listed above, only individual standard-specific matters must be added to the common backbone. A multitude of approaches is not required – the standards are now designed to work with each other, not just as standalone documents.

The Collaborative Business Relationship Framework (the Operations area of the Standard) is based on the whole of relationship life cycle approach shown at the top of page 2.

That life cycle approach has three underlying phases:



**Getting started** in an effective way is the most important aspect to develop collaborative working relationships. Your start needs to be a “warts and all” examination to identify the hurdles to be overcome and the quicksand to be avoided. The biggest issues are never technical (e.g., structure) but adaptive (e.g., behaviours and beliefs). Collaborative working relationships are not for everybody.

## Phase 1: Getting started

Operational awareness	Knowledge capital	Internal assessment
Duties of the senior responsible executive and delegations.	Strategy and business case.	Existing capabilities and environment (culture) for collaboration.
Identify changes needed to existing company governance structure.	Identify key individuals, knowledge, competencies and behaviours.	Assessment of strengths.
Identify objectives and priorities.	Knowledge capital management issues. (KCM)	Acknowledgement of potential weaknesses.
Initial assessments.	Supply chain and “extended enterprise” threats and opportunities.	Assessment of the company’s collaborative profile.
Identify necessary corporate knowledge, competency and behaviours. Gap analysis.	Identify key issues for risk management.	Appointment of collaborative leadership.
Assess risks.	Incorporate knowledge into the relationship management plan.	Definition of partner selection criteria.
Establish the broad relationship management plan.		Implementation of the relationship management plan (first iteration).

The second phase, **Making it work** has a dual aspect.

First is to think through the *principles* you would like to apply in partner selection, value creation and staying together. How will you treat your partner(s)? How would you like them to treat you? Can you cope with the asymmetries of inputs and outputs that invariably occur? How will you ensure that appropriate trust grows in the relationship(s)? Can you insist that you and your partners thrive within the relationship and on their own account? The old Roman idea of “friendship” in the sidebar address a useful way to think about trust in collaborative business relationships.

Second, each of these must be eventually negotiated and agreed with prospective collaboration partners.

### Amitica\* in collaborative relationships

Unlike the bond of trust, ‘amitica’ is not open-ended or unconditional. Implicit in ‘amitica’ are the conditions that people accept obligations and are committed to their fulfilment, but never to the degree that one person in the relationship will expect the other to endure harm and neglect self-interest. Obligations are mutual and therefore one member does not ask for conduct that will create an imbalance. (\*Latin- Friendship.)

## Phase 2: Making it work

Partner selection	Working together	Value creation	Staying together
Nomination, evaluation and selection of potential partner(s).	Joint governance structure.	New ideas and innovation.	Executive oversight.
Development of engagement and negotiation strategy.	Identify joint objectives.	Improvement and setting targets.	Monitoring behaviours.
Initial engagement with potential partners.	Operational leadership.	Lessons learned.	Trust indicators.
Assessment of joint objectives and exit strategy.	Joint management approach.	Best advice.	Continual value creation.
Initiation of joint relationship management plan.	Joint communications strategy.		Delivery on joint objectives.
	Joint knowledge capital management processes.		Analysis of results.
	Joint risk management processes.		Issue resolution.
	Review, measurement.		Maintenance of the joint relationship management plan.
	Improving collaborative competence.		
	Issue resolution.		
	Joint relationship management plan.		

Finally, the third phase, the **Exit strategy**. Adapting to changes in the environment and market influences is a crucial part of developing an effective collaboration strategy and plan. The best time to negotiate exit strategies is at the beginning. We call this “endsight” – start with the end in sight.

### What are the benefits?

Meeting a recognised international standard like ISO 44001 is a sure way of proving your company isn't giving lip service to the collaboration concept. By walking the talk, you demonstrate you know how to collaborate effectively and efficiently.

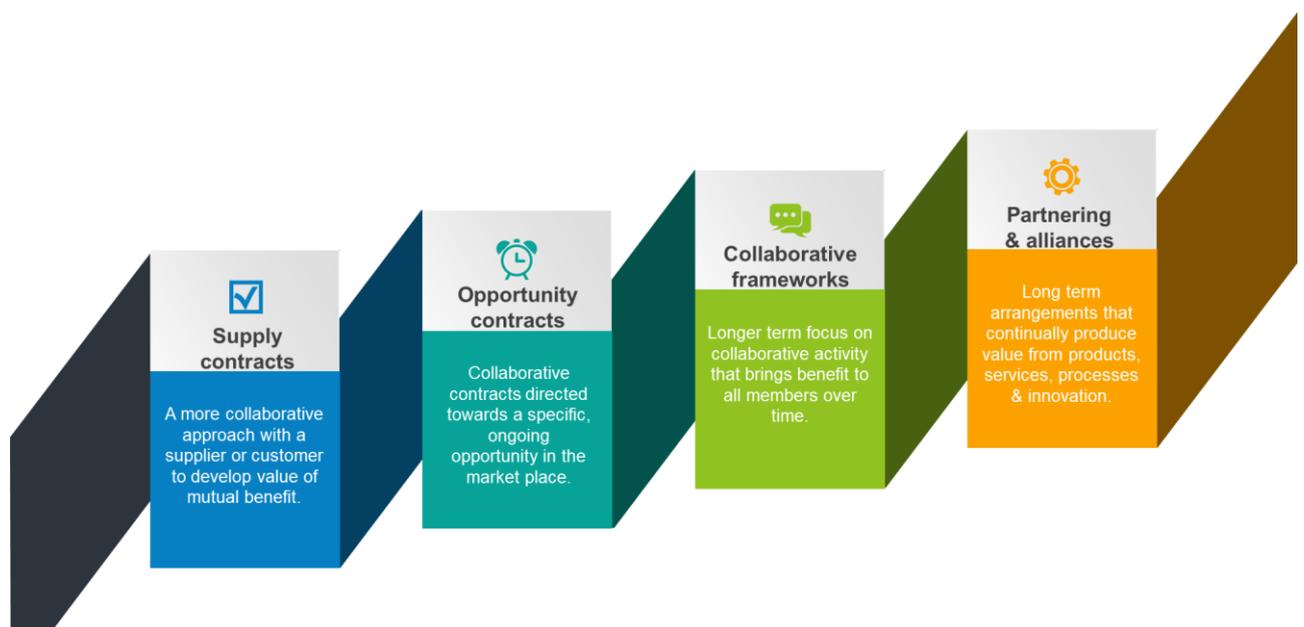
### Better Business Relationships and Results

Recent UK research shows that collaboration efforts with other firms (and in particular with those companies using a similar framework to the Operations diagram above) were positively correlated with operational performance, business performance and innovation in products, services, processes and technology.

In a recent survey of Australian SMEs in the manufacturing sector, an overwhelming majority considered they could be more successful in the market place if they were part of something bigger or were able to increase the scope of what they do.

## Is ISO 44001 for our company?

Taking into account cost, risk, complexity and the need for interdependence, we see a 4-step progression in collaborative arrangements. From a straightforward, but improved relationship with a supplier or customer, through a long term, value creating alliances (and everything in between). One may suit your company.



The most important issue in collaborative arrangements is not the form of agreement, but is in behaviours and trust. In a world where have been brought up to be independent, how will the company cope with the concept of interdependence?

## How can we get started?

**Search inside yourself.** Will you be able to work in a collaborative arrangement where you must rely on influence rather than power to generate outcomes?

**Gather some more literature.** Obtain a deeper understanding of what is involved and the benefits of the ISO Standard. Perhaps, attend a workshop. Talk to others who may be considering the same move.

**Ask Questions.** For example, Knowledge Perspectives has the tools, questionnaires, processes and programs that can help you get there.

## Certification

Certification for ISO 44001 is not yet available. It is expected soon. Compliance audits are available.

Those who choose to work with Knowledge Perspectives will know that the systems developed will meet the certification requirements of the Standard.

## ISO 30401: Knowledge Management Systems

Released in 2019. It has many crossovers with ISO standards, particularly ISO 44001 and ISO 9001:2015. Effectiveness and efficiency of adopting ISO 44001 may well be enhanced by building competence in ISO 30401 simultaneously.



**Knowledge  
Perspectives**

David Pender, Principal

Email [david@kp3.com.au](mailto:david@kp3.com.au)

+61 408804490

David Pender is a member of the Institute for Collaborative Working (UK)