



## Collaborative Working Tools Guidance Notes

The document outlines the CIPS Collaborative Working Tools created to help you to realise the benefits of collaborating and enhance the value created in the supply chain.



This knowledge paper is supportive of Procurement professionals operating at operational level of the CIPS Global Standard



CIPS members  
can record  
one CPD hour



## CIPS Collaboration Tools Guidance Notes

Collaborative procurement is a method by which companies can engage with each other to enhance the effectiveness and add value within the supply chain.

Collaboration is based around sharing needs, expertise, experience, resources, risk and overheads to promote cost reduction, added value and innovation.

By a procurement professional or their organisation forming a collaborative relationship or working on collaborative procurement the benefits can be vast. Through open communication and strong team work ideas can be increased, time to market reduced and the overall expenditure significantly reduced without compromising on quality .

The objectives and goals can be shared, the results jointly embraced and the risks and challenges distributed to ease the pressure on one party.

Collaborative procurement can also relate to gaining economies of scale through pooling requirements to obtain a lower cost. By using the combined buying power of several organisations, greater efficiencies can be achieved. Buying groups and co-operatives are champions of this form of collaborative procurement and in doing so obtain lower costs for their members and stakeholders.

You can also access further CIPS Collaborative Working [guidance here](#).

This document will cover the following tools which CIPS members can [download here](#).

### Tools

- Trust
- Optimum Collaboration
- Cross-Functional Teams
- Drivers For Collaboration
- Collaboration Promotes
- Benefits Of Collaborative Procurement
- Sharing In collaboration
- Economies Of Scale
- Collaborative Buying Groups
- Challenges Of Collaboration
- Managing Collaborative Relationships

## 1. Trust

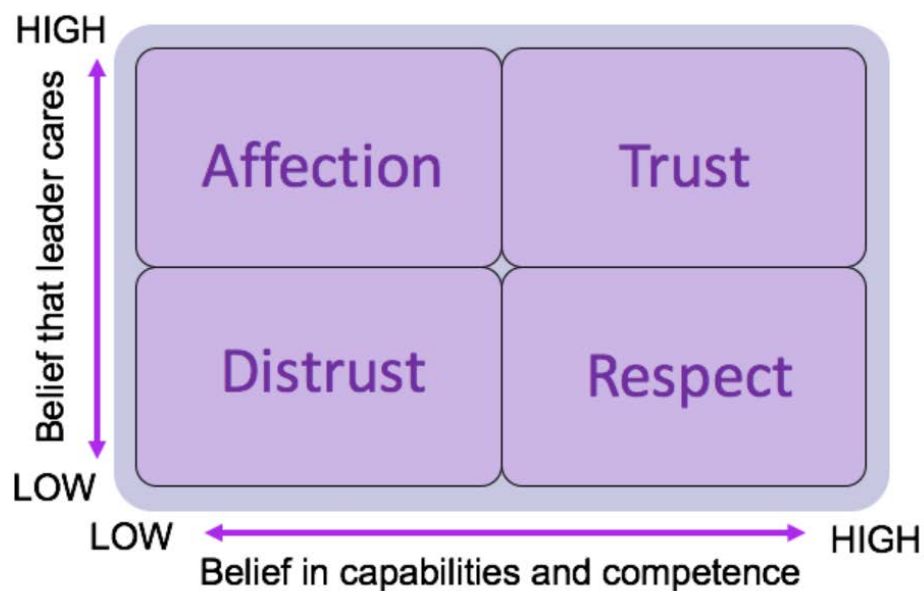
For a collaborative relationship or collaborative procurement to be successful there must be trust within the relationship and willingness from all parties to both trust and be trusted.

This model has four quadrants which are based on the outcome on the two axes. The horizontal axis represents the level of belief in capabilities and competences and the vertical axis shows the belief that is held in the other party.

Only when there is high belief in both areas is trust fully represented.

Other emotions can be present from lower levels of belief such as respect and affection.

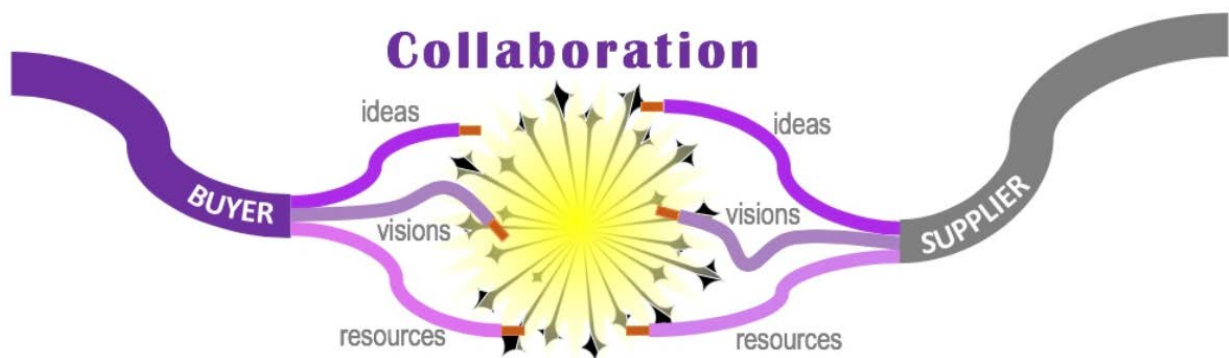
Where there are low levels of believe on both axis the outcome is distrust and this suggests a severe problem and risk to a project or relationship.



(Source: Jarvis-Grove, 2020)

## 2. Optimum Collaboration

This model shows that when the buying organisation or the procurement professional and the supplier or the supplying organisation both offer ideas, visions and resources the result is optimum collaboration.

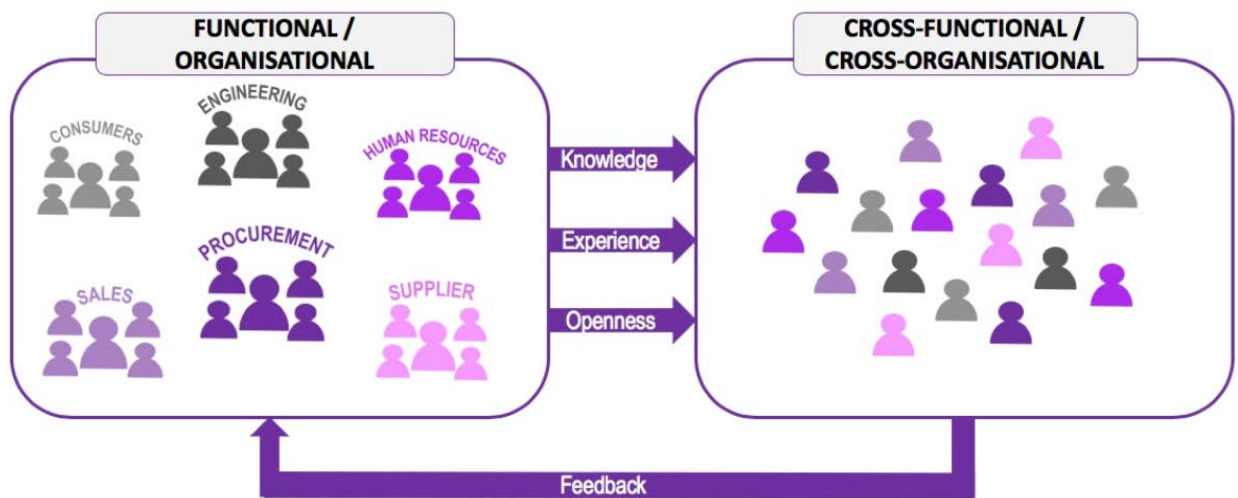


(Source: Jarvis-Grove, 2020)

### 3. Cross-Functional Teams

Collaboration requires cross-functional working.

This model shows how in a collaborative situation functions within an organisation and suppliers external to the company can come together to form cross-functional/organisational teams. This mix of individuals, cultures and views plus the increase in experience and expertise contributes towards to the positive results of collaboration within the supply chain.



(Source: Jarvis-Grove, 2020)

## 4. Drivers For Collaboration

The main objective for collaboration is the opportunity to reduce costs, pay less and achieve more.

Drivers for collaboration also include several other key elements.

This model shows how if all the drivers between parties wishing to achieve collaboration are achieved the results can be significant.

Drivers such as sharing technology to benefit from other companies' advances or knowledge may be a key incentive. Another driver may be seeking out opportunities to innovate.

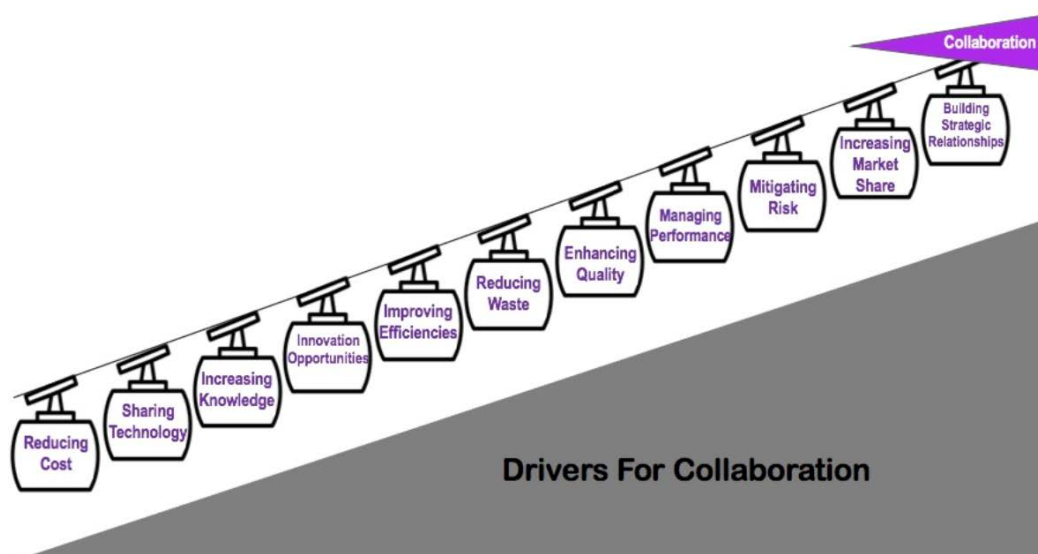
Within procurement the reduction of waste should always be on the agenda and as such this, along with enhancing quality, as per the [LEAN](#) theory and [quality management](#) approach, could be a reason to seek collaboration.

Enhanced performance within the supply chain adds value to all [stakeholders](#) and therefore a driver for collaboration could be related to this.

[Risk](#) if well understood and shared is much easier to mitigate against, making it another driver for seeking collaborative relationships and procurement.

Within the private sector increasing market share is frequently on the agenda. Through collaboration this is easier to achieve than working alone so could drive an organisation to adopt a collaborative approach.

The final driver as the cable car nears the top of the mountain of collaboration is the aim to build strategic relationships. Strong and strategic [relationships](#) lead themselves to collaboration and once achieved all the other drivers within the model will come more naturally.



(Source: Jarvis-Grove, 2020)

## 5. Collaboration Promotes

This model demonstrates how, when working collaboratively, various factors are promoted. These factors include team work and cross-functional team development.

Diversity is also encouraged due to the variety of cultures and backgrounds that may come together. Enhanced ethical awareness of issues such as working conditions and corruption will be brought to the forefront through open and strong communication.

Finally the model shows that sustainability will be promoted. Collaboration creates added value, environmental awareness and economic positivity which collectively contribute strongly towards a sustainable future for all parties and stakeholders.



(Source: Jarvis-Grove, 2020)

## 6. Benefits Of Collaborative Procurement

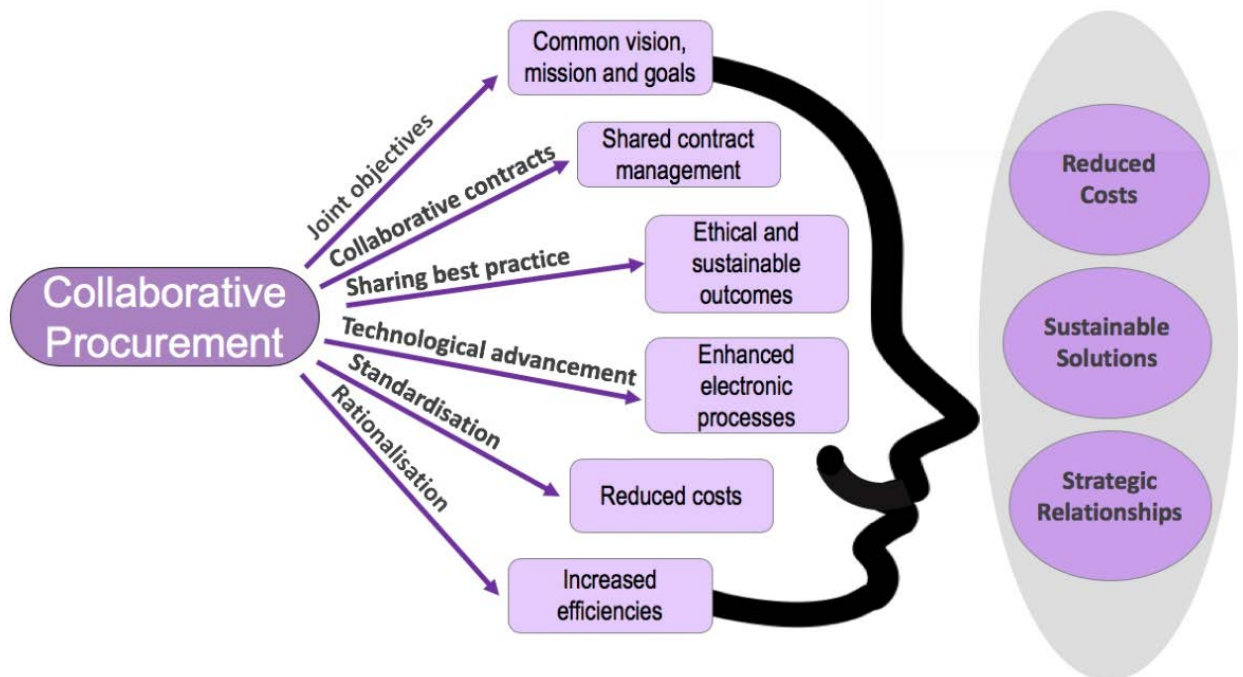
Collaborative procurement is formed through having joint objectives between buying and supplying organisations.

Contracts can be collaborative to show a commitment to long term working relationships.

Best practice methods can be shared and adopted by all parties along with the adoption of technological developments and new systems or working such as EDI.

Standardisation of component parts can occur as well as rationalisation of supplier data bases or process which contributes towards the benefit of increased efficiencies, reduces costs, enhanced processes and ethical and sustainable outcomes.

Benefits such as shared contract management by collectively monitoring performance in the way of KPIs will be achieved through collaborative procurement and ultimately all parties within the collaboration will have a common vision, mission and shared goals.



(Source: Jarvis-Grove, 2020)



## 7. Sharing In collaboration

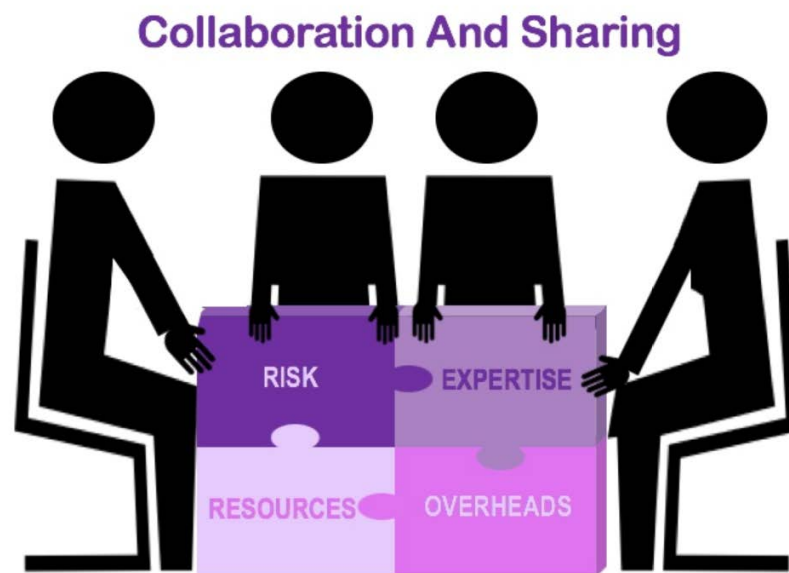
Collaboration will not reach its potential unless all parties within the contract or project agree to share.

The risk associated with the project or procurement has to be shared in order for optimum mitigation to be prepared.

Pooling everyone's knowledge and experience is part of the sharing required for collaborative relationships and procurement to generate the best outcomes.

Resources such as time, skills and money should be pooled. Collaboration relies on trust and open communication and honest feedback and as such these key areas should be shared in the relationships.

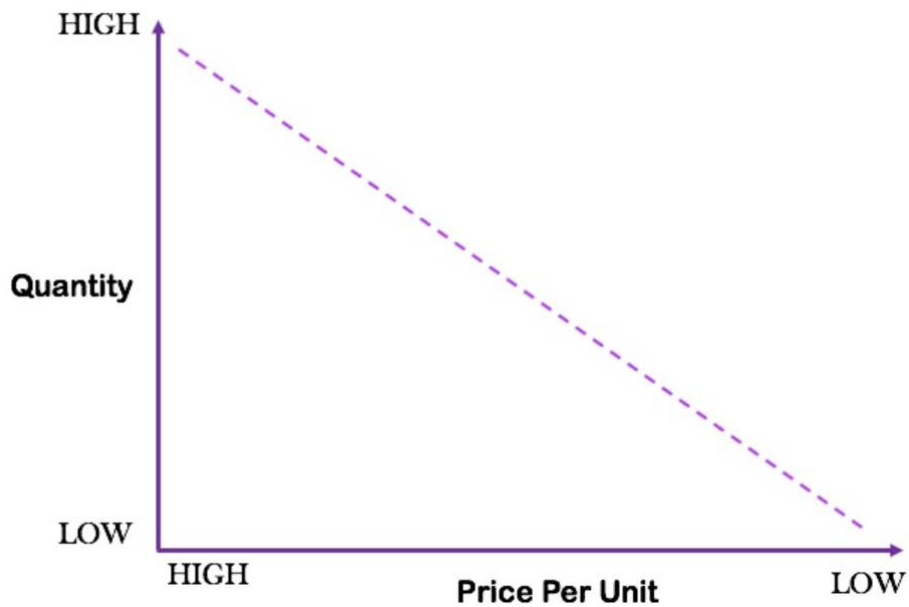
Finally the costs associated with the project, research, development, specification creation or contract management should also be shared to show willingness create and maintain collaborative relations.



## 8. Economies Of Scale

This model demonstrates that through collaboration, and coming together with needs as well as resources, the price paid for a product or service can be significantly reduced if volume is increased.

Economies of scale are achieved by the fixed costs of a supplier remaining stable so additional volume results in a lower piece part price being able to be charged to the buying organisation.

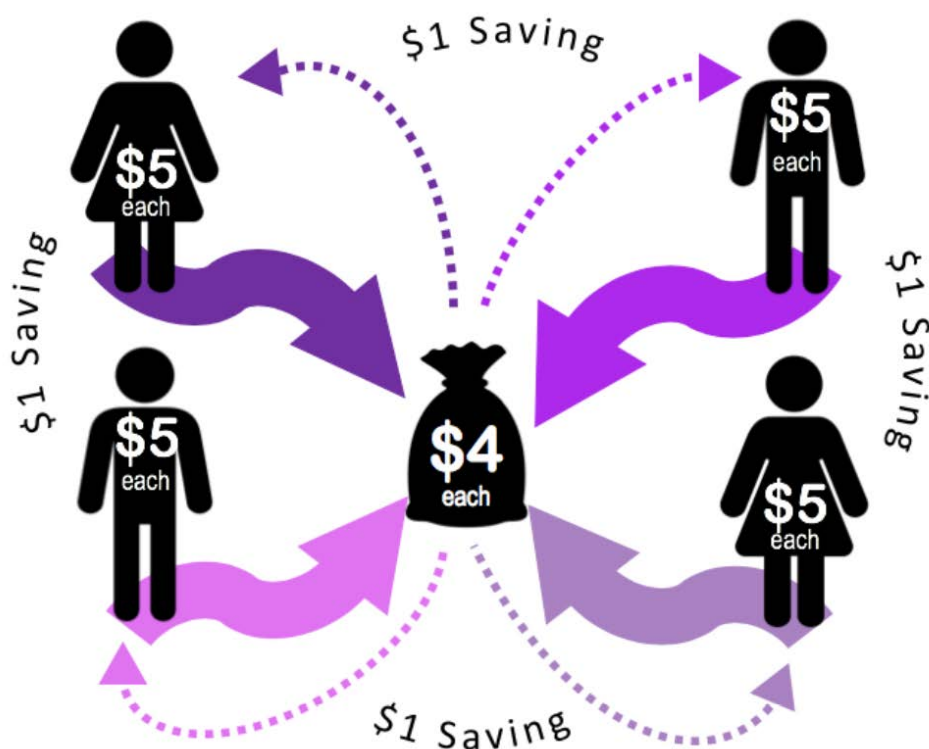


(Source: Jarvis-Grove, 2020)

## 9. Collaborative Buying Groups

Collaborative procurement can also take the form of collective buying. This model shows how by pooling volumes/quantities the prices that can be achieved in a collaborative style are more favourable than individuals or individual organisations buying alone. This style of buying promotes economies of scale.

This option may not be suitable for all procurements and organisations but where collaboration can be achieved through close working relationships and consolidating volumes, procurement professionals will experience lower costs in sourcing their requirements.



(Source: Jarvis-Grove, 2020)

## 10. Challenges Of Collaboration

Whilst collaborative procurement, achieving and managing collaborative [relationships](#) is a positive aspect of working within a supply chain, there are challenges. This model outlines the challenges that a procurement professional may face.

The model represents a staircase – each step showing a challenge that could be faced on the way to reaching the top.

Trust or lack of it is a challenge: building a high level of trust can take time.

Collaboration should be about being equal and sharing. However on the way to achieving such a working relationship, there could be power struggles. Individuals that have previously had higher levels of control than others may struggle to relinquish that power. This could lead to conflict which would need to be [resolved](#) quickly and effectively for the collaboration to develop.

Different cultures, backgrounds, organisational structures or working methods could result in a setback on the journey to collaboration. Understanding and respecting all opinion, traditions, religions and beliefs is paramount for success within the development of a collaborative procurement opportunity.

Control relates to which party or individual has the final say in key decisions. This links closely to power and some difficult conversations may have to take place to decide which party or individual has the control within a project or relationship should a decision need making.

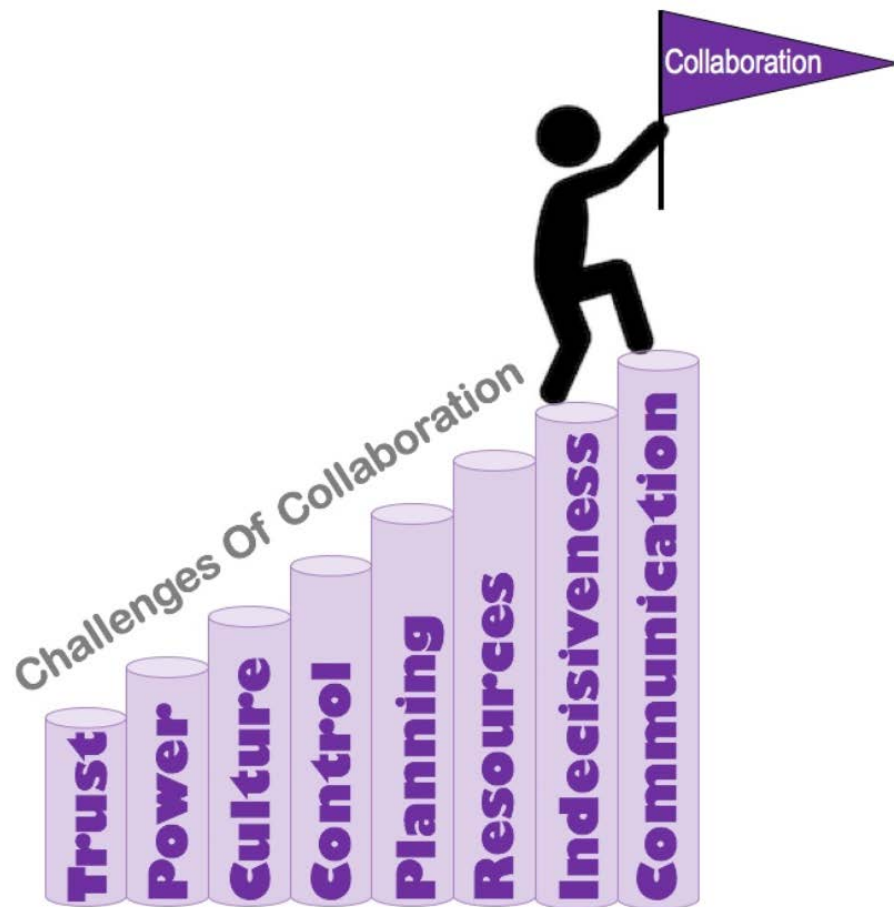
Poor planning can cause collaboration to fail. All parties have their responsibilities and roles and should take them seriously, meeting all deadlines to ensure the whole collaboration process can be effective.

Without enough resources collaborative procurement could fail. Enough resources should be available from all parties to ensure that the shared objectives, goals and visions are achievable.

Decision makers are key to productive collaboration and as such indecisiveness should not occur. Decisions need to be made in a professional and timely manner to keep collaborative operations moving.

The final step on the model is [communication](#). Without effective communication collaboration will not work. Communication can be a challenge if things are not shared with the cross-functional team, if concerns are not raised or feedback delivered. Communication may be the last step on the model but it is probably the most important challenge within collaboration. If communication is not happening in a two-way form, collaboration will neither occur nor succeed.





(Source: Jarvis-Grove, 2020)

## 11. Managing Collaborative Relationships

As with all contracts and relationships within procurement, the creation, execution and implementation is not enough to secure a sustainable future.

For collaboration to be successful the relationships involved within the process, procurement or project have to be managed.

This model shows seven stages involved in the creation and management of collaborative relationships.

The first stage suggests the identification of a common goal – this could be anything derived from a multitude of drivers.

Within the relationship each individual needs to have clearly identified roles and responsibilities.

The next stage is about engaging the [stakeholders](#). Without engaged stakeholders no collaborative relationship will get the best outcome.

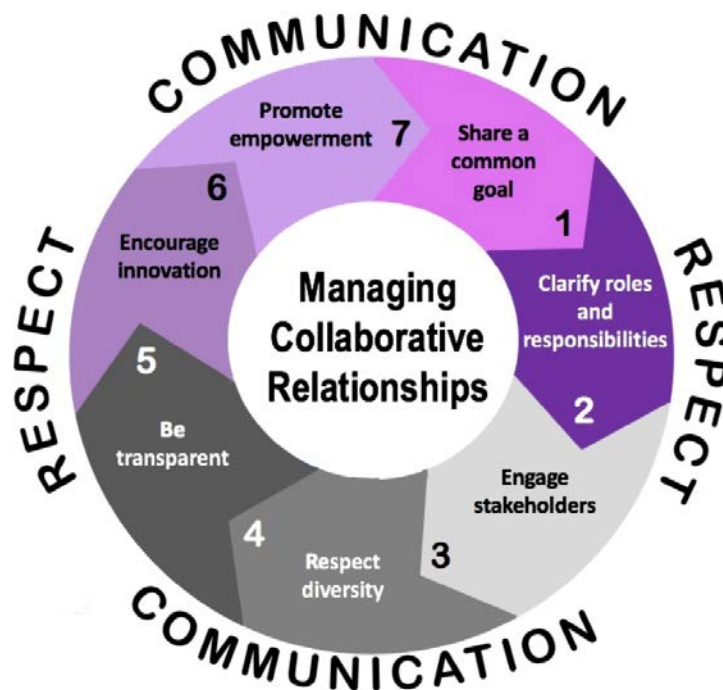
[Diversity](#) should be seen as positive and respected within collaborative and all relationships.

Transparency and honesty are critical. If there is no transparency or honesty trust is unlikely to form.

[Innovation](#) should be encouraged from all parties within the collaboration to ensure that the best ideas and opportunities are presented and grasped.

The final stage is the promotion of empowerment. All members of a collaborative project should feel empowered to become stronger and more confident within their designated roles.

Surrounding the seven stages are two key factors. [Communication](#) and respect. By communicating with the [stakeholders](#) and showing the respect, collaboration should develop and continue to grow indefinitely.



(Source: Jarvis-Grove, 2020)

You can access further CIPS Collaborative Working [guidance here](#).

CIPS members can download the tools [covered here](#).

