

Overview

With a project as large as Hinkley Point C the scale of the contracts will sometimes best be responded to through collaboration.

This information sheet sets out introductory information on the following:

- ◆ What collaboration is
- ◆ Why collaborate

We also explain how the Hinkley Supply Chain Professional Services Group can assist you in collaboration strategy and planning.

Relevance

Hinkley Point C is a nationally critical infrastructure project, the construction of which will last for over 10 years. Service and construction contracts will run for many years and hence the opportunities for the supply chain are likely to exist and persist for much longer than in a typical construction project. The opportunity to benefit and grow from the catalyst provided by Hinkley Point C is a 'once in a generation' opportunity which should be grasped. Whilst suppliers may have the capability to deliver the majority of a requirement identified there may be significant gaps in specific experience or the size of the requirement would be too risky for one supplier to consider. A collaboration between suppliers bringing either complimentary capabilities or sufficient capacity can strengthen a bid significantly.

To meet the needs of the client (EDF Energy or main contractor) it will be critical that the new collaboration developed can bring success for the project, the client and the suppliers.

What?

Collaboration can be either be between suppliers with different capabilities that offered together deliver what the client requires or suppliers with similar capabilities that combined offer sufficient scale for the requirement.

The collaboration needs strong leadership and management and will need to demonstrate clear lines of responsibilities as well as prove resilience in delivery if one party is unable to deliver as expected.

Collaboration can take many forms:

- ◆ **Collaboration structures.** Collaborations can be contractually structured in a myriad of different ways. Which contractual structure is appropriate will depend on elements such as how well matched parties' strengths and weaknesses are, who will own the results of the collaboration and take the risks, and how profits from the collaboration are to be treated. The collaboration mechanisms can range from the relatively informal agreement covered by a memorandum of understanding to tight legal structures with relevant agreements. Choosing the right collaboration mechanism can help to ensure all stakeholders are protected when sharing their expertise, that

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responsibility and risk is managed between the collaborators, and that the collaboration's agreed goals and deliverables are produced on time.

- ◆ **Meeting core requirements.** The core suppliers in the collaboration need to demonstrate they have the experience to deliver on the key requirements of the work package. Where there are gaps in the capability required a further supply chain can be sourced to deliver any specialist services or provide additional resource.
- ◆ **Contract management (NEC).** Most opportunities at Hinkley C will use the NEC form of contract. The NEC form of contract states that all parties must act in the 'spirit of mutual trust and cooperation' and promotes an open-book policy amongst parties. This helps promote collaborative behaviours amongst all member organisations within the team.
- ◆ **Communication strategy.** To collaborate effectively a clear communication strategy amongst members must be in place. This must include how, when and who will be communicated with, where project information will be stored and who the key decision makers within the arrangement are.

Collaborative ventures need to consider the following stages:

1. Collaboration strategy

- ◇ Understand the client requirement
- ◇ Form a collaborative team that contributes to core requirements
- ◇ Develop a vision – objectives, scope, commercial alignment
- ◇ Assess collaborative risks and barriers

2. Plan the solution

- ◇ Design team roles and nature of participation and responsibilities
- ◇ Map project process – key steps, collaborative behaviour, integration
- ◇ Agree outputs and timetables

3. Implement the solution

- ◇ Form the project delivery team
- ◇ Implement the key stages and project procedures
- ◇ Provide ongoing training and validation

Why?

The benefits of collaboration

Here are just some benefits for consideration:

- ◆ **Synergy.** The process of collaboration between suppliers and their management teams will encourage shared best practice and develop confidence in tackling contract opportunities otherwise beyond reach.

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- ◆ **Larger pool of resource and skills.** Organisations that work collaboratively and in partnership with one another can utilise additional resource and skill sets from other organisations.
- ◆ **Shared responsibilities and goals.** Working collaboratively means all organisations have agreed to and are working towards the same goal and objectives. This promotes a better culture, behaviours and trust amongst organisations and its individuals.
- ◆ **Enhanced knowledge and experience.** All members can benefit from the experience and knowledge of other organisations when working collaboratively. Contracts in new sectors can be successfully developed by combining the market intelligence within the group.
- ◆ **Promotes innovation and best practice.** Collaborative working can introduce new ways of working and thinking through system and process creation. By drawing on the experience and knowledge of other organisations within the sector it can encourage innovative thinking and new best practice initiatives to be developed.
- ◆ **Improves risk management.** Collaboration allows organisation to better manage risk in relation to resources. If an organisation has a skill or resource gap they know that under a collaborative arrangement they can reliably source additional support from other organisations.
- ◆ **Creating a legacy.** Collaboration will forge and strengthen partnerships to allow new entrants and experienced companies to take advantage of the legacy that Hinkley Point C will create.

Where next?

The Professional Services Group is a **collaborative group of key professional service providers** in the region that have been briefed on the project and understand the processes involved in the bidding, winning, mobilisation and delivery of contracts, either with EDF Energy or Tier 1 contractors.

The Professional Services Group, **co-ordinated by the Hinkley Supply Chain Team**, is able to offer critical services to suppliers seeking support, through their collective expertise in: **Accounting and Finance, Legal Services, Human Resources, and Project Management.**

We have experience of assessing capability and developing a strategy with action plans to grow organisations and assemble winning teams, and can assist you with information and advice that you will need to develop your capability and readiness to deliver.