

COLLABORATION RE-DEFINED: POSITIONING FOR SUCCESS AT PR19

How collaboration will be key for water company success in AMP7.



by Ken Gedman
Business Consulting Director,
Stantec

Why is collaboration important?

There are many challenges ahead for the water industry. Water companies need to deliver reliable, resilient and affordable water and wastewater services for the future, against a backdrop of uncertainties such as climate change, economic disruption and changing cultural and social values and attitudes. Ofwat has set out its key priorities for water company plans through its four key themes - customer engagement, affordability, resilience and innovation.

PR19 business plans are being prepared on the basis of keeping bills low, by driving efficiencies through focusing on customer priorities, innovative approaches and co-delivery of solutions with customers and a wide range of stakeholders. All with a continued emphasis, by the regulator, of driving companies towards upper quartile performance.

The focus on customer priorities and outcomes builds on the changes set by the regulator at PR14, albeit with a push for companies to set a much longer-term declared set of performance commitments.

The stimulus for innovation is being driven by the setting of more ambitious benchmarks for performance, managing threats to the long-term resilience, whilst balancing the need of keeping bills affordable.

However, probably one of the greatest challenges companies face is the 'co-' prefix - i.e. co-imagining, co-creation and co-delivery. How well companies address the need to collaborate with customers, stakeholders and other water companies will determine their success of delivering their outcomes for AMP7 and beyond.

OFWAT THEMES	MAJOR UNCERTAINTIES	DELIVERING WATER & WASTEWATER SERVICES THAT ARE...
Customer Engagement	Climate Change	Low Cost to Customers
Affordability		Highly Efficient
Resilience	Economic Disruption	High Performing
Innovation		Reliable for the Future
Ofwat Themes	Cultural & Social Change	Customer Focused

THE CHALLENGING FUTURE FOR THE WATER INDUSTRY...

The trouble with collaboration...

Collaboration comes a myriad of challenges. It brings uncertainty. It may be a new way of working for some. It may have already been tried, with the potential that renewed efforts may be tainted by unsuccessful previous attempts. It also takes a lot more time and effort - bringing people together, seeking consensus and agreement to work together towards a common goal. It also needs to be sustained if long-term outcomes are to be achieved.

Success in collaborating with customers, will be dictated by their understanding and awareness of issues. Their willingness to collaborate will also be driven by their experiences - i.e. what they have experienced in terms of customer service, response to their issues, whether it has been good bad or indifferent. How recent these experiences have been will also have an influence.

For instance it might be surprising learn that a customer who experienced internal sewer flooding (probably the worst of what can happen to a customer), might not be seen as such an unacceptable risk as you would expect - "Yes its happened to me, but they came out, sorted it all out and were really good...these things happen..." (Not made up, but an actual, recent quote from a customer).

Understanding diverse and different views on what matters to customers, and what might incentivise them to do things differently, is clearly key to making collaboration work with customers.

Collaborating with a wider range of stakeholder groups, brings further complexity. Success will be driven by appetites and available funding to support and contribute time and effort to initiatives. Engagement at a leadership level is critical to testing and gaining support for collaboration across stakeholder groups. It is also critical for decision-making, particularly when timescale and budgets are tight.

Uncertainty surrounding any long-term roles, responsibilities, liabilities for solutions can also be a significant blocker to collaboration. Collaboration with stakeholders requires creating trust between groups, through the transparency of actions and intentions, and the active management of threats and uncertainties to collaborative working.

Water companies opening the door to more active collaboration with customers and stakeholders, if not managed carefully, can lead to exactly the opposite effects it was intended to achieve. Expectations need to be managed about budgets and funding, after all it's very much about spending less on solutions, not becoming a wealthy donor to support collaborative efforts.

Similarly it's important to consider the long-term or resulting liabilities, such as the future maintenance of collaborative solutions. Companies also need to consider whether they have the right skills and capabilities to collaborate. These skills need to be learned, developed and sustained by organisations to drive successful outcomes from collaboration.

Strategies and approaches for collaboration

In the run up to PR19, many companies are trying a range of collaborative approaches to clearly demonstrate that business plans have been co-imagined, co-create and (will be) co-delivered by customers and wider stakeholders.

Different visualisation approaches are being adopted to provide a more appreciable understanding of risks and issues, in order to seek a greater contribution to the definition and delivery of solutions. Visualisation can also tease out a better appreciation of the wider societal and social benefits solutions can provide.

For potential solutions involving more complex and multi-actor contributions, organisations are also adopting other collaborative planning approaches. The can be focused on specific projects like a new housing development, engaging with developers and local authority planning departments, through to more ambitious, strategic, regional collaborative strategies, e.g. 'Living with Water' for the City Hull.

Charrettes (often defined as 'a public meeting or workshop devoted to a concerted effort to solve a problem or plan the design of something' and pioneered in the US) provide forums for the development of ideas and provide opportunities for immediate feedback on the design of projects. More importantly, it allows everyone who participates to be a 'mutual author of the plan' - again another step toward really demonstrating co-imagining and co-creating solutions through collaboration.

Seeking more collaborative approaches to innovation, companies have also been applying collaborative approaches such as sprints, hackathons and in one case an entire festival devoted to innovation - attracting a broad range of participants and diversity to collaborative problem solving.

In examining and having participated in many of these examples of more active collaboration in the water industry, there appear to be six broad strategies to consider to enable greater collaboration with customers and stakeholders:

1. WAIT - Waiting may be a considered option when the political climate is not right or there is high risk of reputational damage which could undermine future efforts and approaches to collaborate

WHAT INFLUENCES COLLABORATION...?

CUSTOMERS	STAKEHOLDERS	WATER COMPANIES
<ul style="list-style-type: none"> Awareness and Understanding Experiences Incentives 	<ul style="list-style-type: none"> Appetite to support and contribute Leadership Roles and responsibilities in solutions Trust, transparency, certainty (uncertainty) 	<ul style="list-style-type: none"> Funding Long-term or resulting liabilities Skills and capabilities to collaborate



2. EDUCATE - Education to create greater understanding and awareness of the range of solutions and opportunities should be considered both to identify opportunities, and drive behavioural change as part of a solution - e.g. encouraging customers to be more water efficient by a better understanding of their water usage compared to others

3. INVESTIGATE - Investigation can be used to seek out leading edge approaches and test how applicable they may be in a local context to collaborate - e.g. Hackathons, collaborate planning approach, visualisation tools, etc

4. FACILITATE - Companying can provide collaborative to support others in the delivery of solutions, either financially, administratively or from a technical resource perspective. This form of collaboration may hold the key to more effective catchment management strategies

5. LEGISLATE - Establishing sustainable and enduring solutions may require legislative support, including regulatory frameworks and the development of, or compliance with, appropriate design standards

6. PARTICIPATE - Different participation models may be required for the implementation

of solutions. Some solutions may be best individually or jointly funded through a myriad of stakeholder and stakeholder group combinations.

Leading collaboration into AMP7...

Whatever strategies or approaches companies apply to the development of their plans for PR19, a sustained effort of collaboration is going to be key to enabling companies to be successful in AMP7.

Companies will need to take a leading role in building collaboration with their customers and stakeholders.

By fully embracing the ideals of co-imagining, co-creating and co-delivery, the broader benefits of greater security, resilience, improved service levels, transparency and accountability in their regions will be delivered.

How well companies embrace and apply the principles of collaboration will clearly determine their success for AMP7 and beyond.