INTERNATIONAL STANDARD

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Collaborative business relationship management — Guidelines for large organizations seeking collaboration with micro, small and medium-sized enterprises (MSMEs)

Management collaboratif des relations d'affaires — Lignes directrices pour les organisations cherchant à collaborer avec des micro, petites et moyennes entreprises (MPME)

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Foreword

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This document was prepared by Technical Committee ISO/TC 286, *Collaborative business relationship management*.

Any feedback or questions on this document should be directed to the user's national standards body. A complete listing of these bodies can be found at www.iso.org/members.html.

Introduction

The aim of this document is to establish guidelines for how large organizations can adjust their approach when collaborating with MSMEs. It is based on the principles for successful collaborative business relationship management described in ISO/TR 44000. A similar document, ISO 44003, provides guidelines to MSMEs on how to adopt the same principles. When read in conjunction, ISO/TR 44004 and ISO 44003 facilitate an understanding of how to apply the principles for successful collaboration from both a large company working with MSMEs and an MSME perspective.

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Collaborative business relationship management — Guidelines for large organizations seeking collaboration with micro, small and medium-sized enterprises (MSMEs)

1 Scope

This document gives guidance for large organizations seeking to engage micro, small and medium-sized enterprises (MSMEs) within their collaborative relationship programmes.

It uses the 12 collaborative relationship management principles given in ISO 44001.

2 Normative references

There are no normative references in this document.

3 Terms and definitions

No terms and definitions are listed in this document.

ISO and IEC maintain terminology databases for use in standardization at the following addresses:

— ISO Online browsing platform: available at https://www.iso.org/obp

— IEC Electropedia: available at https://www.electropedia.org/

4 Context

The recommendations in this document are based on the premise and experience that many large organizations tend to have evolved requirements, processes, templates and systems in place that are optimized to work within their own business while working primarily for and together with other large organizations. In some cases, these processes and systems give rise to an increased focus on internal requirements, causing the organization to be perceived as self-centred on compliance rather than interested in identifying and paying attention to the needs of partners, especially MSMEs, which are smaller and tend to have less need for complex governance structures.

MSMEs typically bring more agility and flexibility to a collaborative relationship. They are also likely to have more limited resources and structures when it comes to management processes. They are often overwhelmed by the requirements imposed through the processes and systems of larger organizations.

Large organizations are likely to have processes and tools for collaboration, but they are not designed to bring out the best performance of MSMEs in collaborative relationships. Often where large organizations have taken the lead in the process and governance of collaboration initiatives with MSMEs, one-size-fits-all processes and requirements have weighed down their smaller partners, who have tried to conform to a way of working that is unnatural to them. When this mismatch occurs, all parties miss out on the intended and expected value return of the collaboration, and real financial, resourcing and efficiency barriers occur for the MSMEs.

Large organizations experiencing some or all of the issues described above are likely to benefit from learning to pragmatically adjust their way of working to more MSME-friendly terms and to achieve better alignment, in line with the recommendations in this document. Consequently, this leads to greater value from the relationship and a more positive experience for the MSME when working with the large organization.

5 Implementation

5.1 Relationship management

A structured process to manage and sustain collaborative relationships underpins their success. To be sustainable over time, a collaborative relationship needs to be based on systems and processes, whether internal or jointly developed, together with a continued focus on monitoring and developing competence and behaviours. Collaborative relationships that are based solely on personal relationships, although important, are vulnerable since personnel can change over time.

When larger and more complex organizations evaluate the robustness of small company processes, they should be aware of the need of the smaller organizations for less complex processes. It is the lean management approach that allows smaller organizations to be more dynamic, creative and flexible.

A policy that acknowledges the need for scaling the relationship approach to be fit for purpose with smaller organizations can be a key enabler for realizing the value of collaboration initiatives between large organizations and MSMEs.

Complex processes, systems and organizational structures of larger organizations can be difficult for any partner to navigate and are likely to be particularly complex for smaller organizations. An MSME relationship manager can act as direction finder for smaller organizations to navigate internal structures and support engagement.

For larger organizations used to working in, with and for other large organizations, internal processes are often set up to operate together with single entities. Among MSMEs, however, it is not uncommon to form clusters or ecosystems to deliver as single but connected entities. This can be challenging for larger organizations and can cause them to miss out on valuable collaborative relationship opportunities. It requires top level support and processes to ensure appropriate risk management for all parties.

The large organization should:

a) consider establishing a policy for encouraging engagement with smaller organizations;

b) consider appointing a MSME relationship manager with appropriate accountability to specifically support smaller organizations as appropriate;

c) establish a platform to address the engagement process for all partners;

    NOTE   This can be done by producing a joint relationship management plan in which the partners mutually define how they will work together to achieve single and joint objectives in the relationship. It also helps each organization understand the structure and workings of the other.

d) ensure, if appropriate, that it has the top-level support along with processes and capabilities to work with MSME clusters or ecosystems of MSMEs.

5.2 Visions and values

The visions and values of organizations wanting to work together have an impact on the effectiveness of the collaboration. Operating a collaborative business relationship inevitably involves the reputation, ethics and culture of partner organizations. As each party considers the value of a collaborative relationship, the profile of the organization and potential compatibility with partners is a key factor in establishing and aligning its capabilities and joint performance.

The visions and values of larger organizations can have significant internal and external implications which can result in reputational risks when engaging with third parties. As a result, they can have extensive requirements to ensure compliance to their policies that smaller organizations do not have the resources or systems in place to accommodate. Larger organizations that operate multiple and often complex compliance requirements can benefit from adopting a more flexible approach when dealing with smaller organizations.

MSMEs do not always have high profile issues to consider. However, they can have a focus and often personal commitments on corresponding visions and values that can be a key performance driver in the relationship. Therefore, larger organizations benefit from including visions and values when evaluating smaller organizations. For example, standardized partner evaluation criteria based largely on size and processes can disqualify a smaller organization with great value potential that works strongly aligned with the larger organization's vision and values. Clarified alignment and familiarity with the visions and values of its MSME partners strengthens the relationship. Lack of alignment can pose issues that need to be mutually addressed.

The large organization should:

a) ensure partner selection criteria take into greater account the visions and values of MSMEs;

b) consider accepting a self-declaration where appropriate to address compliance;

c) consider using facilitated discussion around visions and values to identify influences, share perceptions and ensure effective engagement.

5.3 Business objectives

Only when drivers for collaboration support the business objectives of each partner organization, large or small, does a collaborative relationship make sense. Collaborative relationships can enhance competitive advantage; however, such approaches require effort and resources to achieve the desired goals and objectives of each of the partners. As a result, there should be clearly defined business drivers where such investment is validated, warranted and sustainable. Implementing a collaborative relationship can require individuals and functions within the organizations to undertake changes to their normal operating practices. These changes need to be ratified against a robust business case where the success of the collaboration is fundamental to the overall success of the organizations, and is effectively communicated across all internal functions to ensure consistency. Ensuring that each partner's objectives can be achieved through the relationship supports continued effective engagement at both organizational and individual levels to sustain mutual benefit.

It is a key task for larger organizations to ensure they fully understand what smaller organizations hope to achieve and how this can benefit the collaboration. When engaging with smaller organizations, it should be recognized that their ability and resources can be constrained. By working together, a larger organization can strengthen the relationship and its outcomes by supporting MSMEs. For example, rather than solely focusing on its own desired outcomes, the wide reach and resources of the large organization can complement the capabilities of smaller organizations to achieve joint success.

The large organization should:

a) learn about the objectives of the MSME partner in order to identify points of additional value to the objectives of both organizations, as well as to the joint objectives of the collaborative venture;

b) concern itself with the objectives of the MSME partner, and consider investing time and resources to help the MSME to be successful, see 5.4 c).

5.4 Collaborative leadership

Senior leadership responsibility and operational leadership accountability is crucial to underpin successful collaborative relationships. In a collaborative relationship, the more traditional command and control models of leadership are inappropriate. Collaborative leaders embrace influence models, consensus building, leading by example and forging alignment to a shared vision.

In larger organizations, the more senior leadership typically have a broad range of duties and responsibilities and, therefore, limited capability to handle face-to-face engagements on a daily basis with several smaller organizations. Larger organizations also have room for more specialist management appointments, while in smaller organizations it is frequently the case that leadership and operation activities are combined with a single individual undertaking multiple roles. This is one reason why decision-making and agility are more effective in smaller organizations. On the other hand,

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such concentrations of responsibilities can limit the ability of these individuals to respond to multiple demands. Senior leadership can facilitate collaborative leadership throughout the relationship by ensuring that weight and focus is also given to the issues and objectives of MSME partners.

The large organization should:

a) ensure that those handling the relationships with MSMEs have appropriate collaborative competences and skills, and are empowered as far as practical to manage the interface and focus internal multiple requirements through simplified channels;

b) ensure that senior leadership remains accessible when necessary, see 5.5 c) and e);

c) include leadership that provides help and guidance to MSMEs, as well as being both an advocate and a mentor, see 5.6.

5.5 Governance and processes

Relationships between organizations require governance structures that support collaborative decision-making to ensure success. Management processes and accountabilities sometimes need to adapt to ensure that collaborative working is effective both internally and across joint activities.

Large organizations by their very nature can and do develop a broad range of policies, processes and systems supported by the appropriate resources. This usually sets them aside from smaller organizations. Frequently, larger organizations expect and often demand specific alignment to their business processes which can be unfavourable for getting the best performance from smaller organizations. Large organizations frequently have significant reporting requirements and, as a result, the resources to service these. In smaller organizations, there are often fewer resources available and excessive reporting can divert scarce resources from performance-related activities. Adopting an MSME-friendly approach does not mean diluting critical requirements but making sure that they are proportional and balanced, including the allocation of risk (see 5.10) and contractual terms. Smaller organizations often have internal quality management processes that are proportionate to the size of their business.

When assessing smaller organizations, the larger organization should not expect process and systems which mirror its internal approaches, as these are frequently not practical in smaller organizations. This can highlight the need for a more streamlined approach. The partners need to establish working procedures and responsibilities to provide clarity and evaluate what is practical in terms of satisfying their needs. If not addressed, they are likely to influence performance, confidence and, subsequently, the level of engagement and behaviours.

The large organization should:

a) consider the applicability of processes based on practical need, risk, complexity and scope;

b) ensure contracting models are assessed and balanced with the desired outcomes;

c) set up and agree on a joint management for the relationship;

d) evaluate if it can assume a proportionally bigger share of reporting requirements where appropriate to enabling operational performance;

e) ensure practical and effective communication approaches are in place;

f) be aware that a wide range of meetings can quickly become resource intensive and hindering for smaller organizations where a few people are likely to have many roles;

g) align its management processes to those of its MSME partners wherever possible.