

**StART 3 Good
Practice Report**
December 2017

Delivering Highways England's ambitions will require innovation, talent, and collaboration with our supply chain partners. Your expertise, investment and passion are vital to helping us deliver our programme safely and improve our customers' experience on our network. Making sure that you share our values, understand our imperatives, and are aligned with our strategies and plans is essential to our common success.

The Strategic Alignment Review Tool (StART) was developed in collaboration with highways suppliers and tests the alignment of our key suppliers to the Highways England strategic agenda as part of the supplier selection and development process. It tests not only how our suppliers' strategic objectives support ours, but also how they align our priorities across their business and through their wider supply chain.

Highways England cannot succeed alone, and it is ever more important that we work with the best in the business. The StART process is a key part of ensuring that, in the challenges ahead, we are all working together towards achieving the same outcomes.

David Poole – Executive Director, Commercial and Procurement

Introduction

The Strategic Alignment Review Tool (StART) has been developed by Highways England in collaboration with representatives of the construction and maintenance industry. It provides Highways England with an assessment of key suppliers' alignment to our strategic direction. It tests how alignment is supported by the way the supplier works, and how this is being driven through their business and supply chain. Importantly, it provides a platform from which a supplier can seek to develop and improve its alignment with Highways England.

The purpose of this report is to identify examples of good practice shown by suppliers as an aid to all companies in developing their StART improvement plans. The report is based on the StART 3 assessments carried out in the spring and summer of 2017. Twenty three companies were assessed across all six StART principles, and a further nine companies were assessed against the Equality, Diversity and Inclusion principle only.

The points covered in this report relate to the focus of the StART assessment, namely strategic alignment to Highways England, and the way that is promoted through the working practices of the suppliers. It can only capture observations from the assessment visits, so there could be other good practices that were not presented to the assessors. The report does not address suppliers' approaches to the StART assessment process itself, such as presentation style, numbers of presenters, and so on.

In our view, every supplier has good practice to contribute and something to learn or gain from their peers. Some of the examples given in this report are already widely adopted, if not universal, while others stood out as distinctively different. However, it is important to note that some specific examples of good practice may not suit all shapes and sizes of supplier. StART does not aim to make all suppliers the same, but it is hoped that the material in this report will prompt some improvement and innovation for all Highways England suppliers.

Cross-cutting points of good practice

The points of good practice identified here may relate to any or all of the StART principles.

- **Creating a positive legacy:** directly within the project and for the local community, and more widely in the industry, for example in enabling the building of skills and expertise or in sharing game-changing approaches.
- **Active on national and international agendas:** active participants in establishing and developing the agenda for all clients and suppliers; helping to influence the influencers.
- **Willingness to share good ideas:** being open-handed, and in some cases non-proprietary, in sharing and spreading good practice, especially where the benefits to the industry are greatest, for example with safety initiatives.
- **Application of digital techniques:** particularly integrating digital techniques to exploit the value of “big data” for maximum effectiveness.
- **Enthusiastic engagement:** clear signs that employees are passionately engaged in improving their organisation in ways that stimulate radical thinking; systematic approach to empowerment as a catalyst for innovation; the pride and satisfaction employees demonstrate; always having something new to talk about.
- **Supporting Highways England:** including secondments and developing tools and resources for Highways England; active participation in groups and forums to benefit their own organisation, their client and the group as a whole.
- **Strong sense of identity and strategic direction:** fundamental and effective use of vision and values to direct the business; robust rationale for objectives and targets, clearly communicated and followed through into performance measures and actions; decisive and disciplined execution.
- **Behaving as an intelligent supplier:** having the confidence to go beyond client requirements and expectations; doing things beyond those mandated by the client; prepared to challenge the client in a constructive and helpful way; influencing Highways England and other clients to do things that change industry practice; influencing clients’ strategies - taking an active leadership role rather than passively responding to needs.
- **Coherent client stakeholder engagement plan:** non-project specific and appreciative of the value of engaging with Highways England on key topics such as the imperatives; clear linkages at all levels; relationships continuously maintained – long term; knowledge and understanding is comprehensively shared - individuals feed back to the business.
- **Effective measurement:** disciplined use of measurement, review and improvement cycles; reviewing the effectiveness of approaches as well as the results achieved; effective use of structured leading and lagging metrics; establishing meaningful comparative measures with their peers and wider; comparing against leaders, not averages.

Leadership and Collaboration

Highways England has been set an unprecedented investment and performance improvement challenge. To drive best value for road users and the communities we serve, we need to establish strong and enduring relationships with suppliers who support us not only by delivering exemplary contracts, but also by working with us to fulfil our strategic agenda. We will choose to work with strongly led, responsive organisations who are able to commit the skills and resources we need, who work collaboratively across boundaries, who actively promote sharing and openness to build trust, manage risk and drive value, and who contribute to and influence our strategic direction.

For the 23 companies assessed in spring and summer 2017, the scores for Leadership and Collaboration ranged from 12 to 27, with a median score of 20.

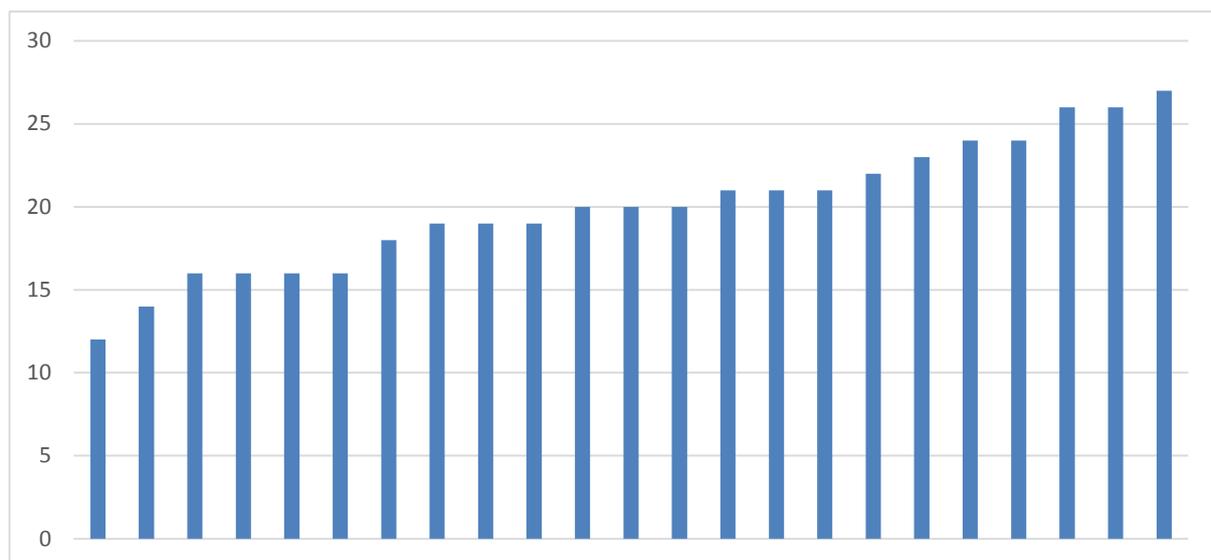


Figure 1: Scores for Leadership and Collaboration

The good practice observed by the Highways England StART assessment team can be summarised as follows:

- **Clear sense of purpose and identity:** strong sense of organisational purpose; aspirational; clear company identity and strategy; clear sense of shared cohesive vision and what the company stands for, deployed in such a way that it shapes individual employee decisions and actions; strategic direction is focused and described with great clarity; distinctive use of storytelling techniques to embed direction and values, and to create a strong shared narrative for the organisation.

- **Clear relationship with the wider corporate group (when part of a group structure):** clear how group policies and strategies influence, shape and support company strategies and actions; mobilisation of group expertise and talent; demonstrating the value to Highways England of the capabilities of the group.
- **Strong leadership:** leaders who clearly exemplify the behaviours they promote; companies whose structure gives them a long-term, far-sighted perspective; structures that enable quick decisions and effective communications; clear systems and governance to assure control.
- **Effective leadership development:** clear processes for selecting and developing future leaders; development processes include current leaders – no presumption that they are already fully developed; effective feedback mechanisms on leaders' performance, not limited to appraisal processes and not excluding any of the workforce.
- **Selective about who they work with:** seeking strong alignment; selective of clients and partners; evident that they do walk away from prospective clients when ethics and behaviours don't align; leaders applying a structured assessment of clients against defined criteria to ensure that there is a strong likelihood of developing a positive and collaborative working relationship.
- **Clear alignment with Highways England:** alignment is by design; spanning all relevant areas, including all areas of the StART framework; relationships developed and maintained over time; active engagement with Highways England working groups and with key stakeholders to influence the strategic agenda; clarity of thinking to shape and influence the UK roads agenda.
- **Effective client relationship management:** productive use of key account plans prompted by BS11000 or otherwise; multi-level 1:1 relationships with all key Highways England personnel, top to bottom; objective evaluation of relationship health.
- **Evidently collaborative:** clear through values and behaviours, processes; thoroughly assessed – effectiveness of collaborative behaviours is evidence based.
- **Upskilling the industry:** significant investment in training and skill development programmes; opening access to specific training/development resources for the benefit of the supply chain and the industry.
- **Receptive to change:** leadership open to ideas and ready to make change; building agility and responsiveness into the organisation; a programme-managed approach to change to secure the benefits.
- **Performance management:** effective measurement and review processes and cycles; meaningful selection of measures to allow leaders to focus on priorities.

Health, Safety and Wellbeing

Health, safety and wellbeing are imperative. Our aim is that no-one should be harmed when travelling or working on the strategic road network. We therefore require our suppliers to collaborate with us and with their peers to achieve a major shift in health and safety performance by showing leadership, building competence, managing risks and enhancing wellbeing.

For the 23 companies assessed in spring and summer 2017, the scores for Health, Safety and Wellbeing ranged from 15 to 27, with a median score of 21. It was clear in the assessments that workplace safety is treated with the utmost gravity by every supplier.

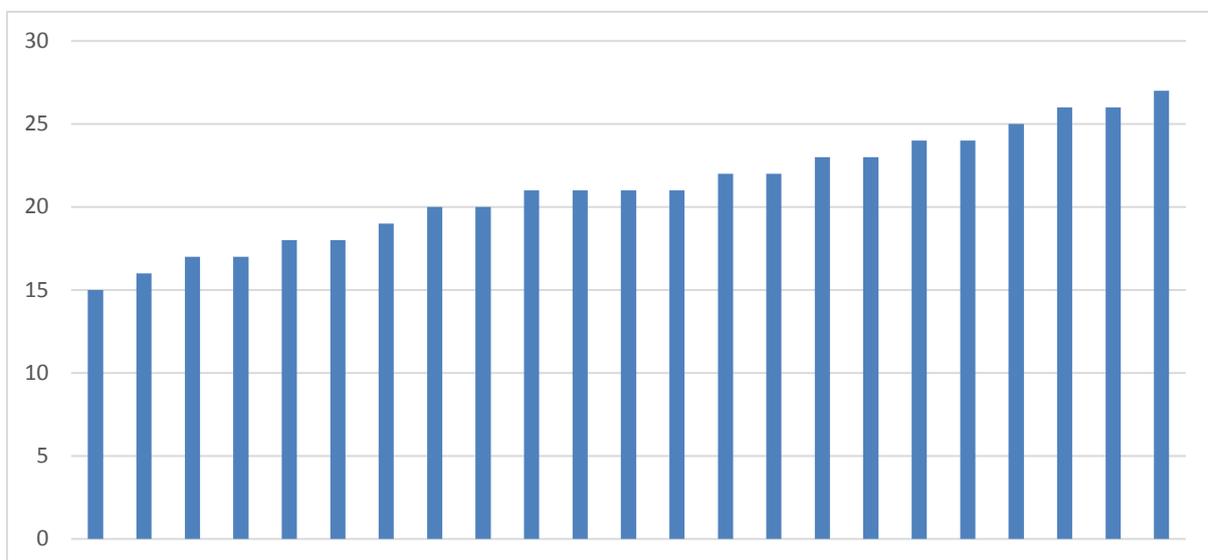


Figure 2: Scores for Health, Safety and Wellbeing

The good practice observed by the Highways England StART assessment team can be summarised as follows:

- **Visibility and approach of leaders:** leaders making it evident through their actions that health, safety and wellbeing is an absolute imperative; non-negotiable; constant leadership emphasis on health, safety and wellbeing, visibly demonstrated at all levels; positive and active engagement of leaders on site safety tours.
- **Balanced focus on inputs and outcomes:** maintaining focus on leading and lagging indicators, with clear understanding of the causal links; serious attention given to assessing the cultural aspects, especially around blame issues and readiness to act.
- **Making safety everybody's responsibility – empowering people to act:** stop work authority cards signed by the MD and carried by all staff; creative approaches to engage and to ensure people ascribe value to desired behaviours; inclusive approaches engaging

everyone on site; use of videos of staff at work to point out how practices could be safer, and heighten risk awareness (videos deleted after use to support no-blame culture).

- **Supportive of client needs:** working with Highways England beyond projects to drive improvement and change practices.
- **Building trust through well-established approaches:** behavioural approaches embedded over a number of years; demonstrating clearly to workforce that all observations are addressed, for example on “You said, we did” boards; making it easy for people to raise observations through multiple media; building trust around health approaches, for example by ensuring that anonymity is protected or by addressing specific men’s health issues in a primarily male workforce.
- **Providing strong support:** developing supervisor roles as safety coaches/champions, with training and support; specialist health and safety coaches; selecting coaches carefully to ensure they have the credibility to make them the right people for this role.
- **Introducing new thinking:** bringing in ideas from other safety-critical industries, including nuclear, oil and gas; university links to develop and introduce new ideas on health and wellbeing; focusing on processes and systems to minimise the reliance on human factors.
- **Simple solutions, including:** use of distinctive coloured hats to make roles and responsibilities highly visible; red stop work and green start work cards giving clear visual signals of their meaning; medical details on helmets.
- **Smart technical solutions to protect the workforce, including:** electronic systems implemented to help maintain segregation of workers from live traffic or to give early warning of stray vehicles at roadworks; body-worn video cameras to guard against road users’ aggression.
- **Wellbeing approaches:** breadth and depth in wellbeing practices, established over time; adjusting work patterns to tackle fatigue and stress issues, for example by changing shift patterns or by including journey to work in the working day; comprehensive calendar/plan of activities to promote wellbeing; integrating approaches to health, safety and wellbeing, not just to eliminate risks but to make the team fitter at the end of the project.

Supply Chain

We need a supply chain which is completely coherent with our strategic agenda, and with the capability to be deployed effectively so that our programmes can deliver different and better outcomes for customers. We therefore rely on our suppliers to develop the understanding, capabilities and working practices of their own internal and external supply chains in order to deliver effective results consistent with our strategic agenda.

For the 23 companies assessed in spring and summer 2017, the scores for Supply Chain ranged from 11 to 26, with a median score of 18.

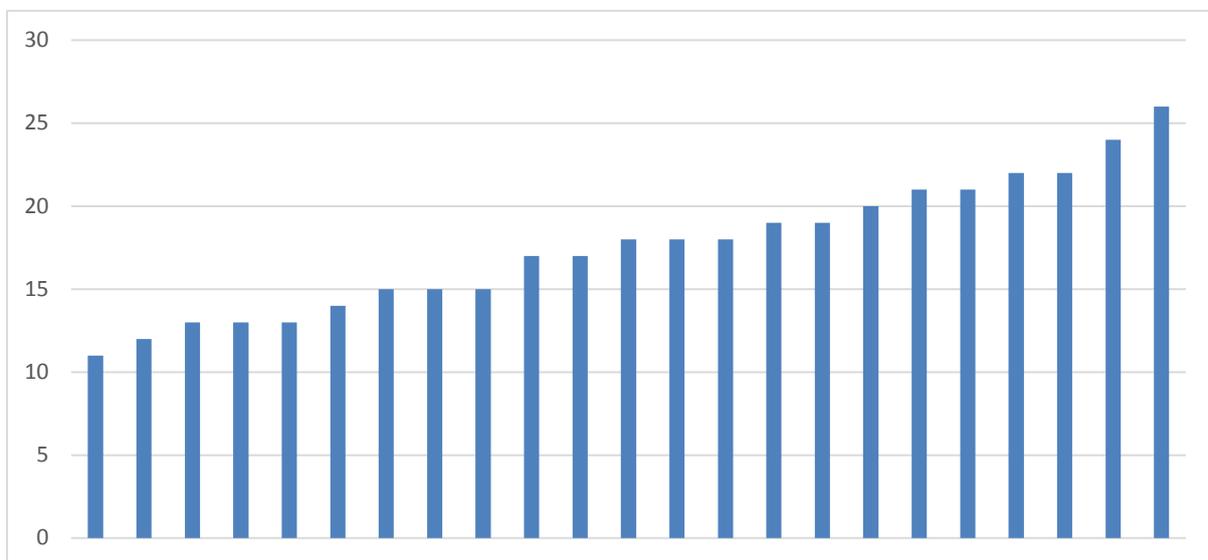


Figure 3: Scores for Supply Chain

The good practice observed by the Highways England StART assessment team can be summarised as follows:

- **Clear supply chain/procurement strategy:** a widely understood strategy and sense of how the company wants their supply chain relationships to be; clearly communicated and readily understandable by the supply chain; strategy relates to Highways England's strategies to support their objectives.
- **Actively supporting clients' strategies:** actively engaged with Highways England to develop and deliver Highways England's supply chain strategy; applying their own supply chain experience and expertise to help Highways England develop their approaches.
- **Developing a strategic supply chain:** focus on a selected group of mutually dependent key supply chain members; identifying and building long term relationships with certain suppliers, with clearly articulated and understood mutual benefits.

- **Working closely with supply chain:** as appropriate, forming integrated teams on site; active collaboration with supply chain members, based on an agreed approach to quality, teamwork, service and price; formalised processes for supply chain review with preparation on both sides to ensure effectiveness and completeness of the process.
- **Promoting innovation in the supply chain:** supporting suppliers to innovate and develop new practices; funding supply chain members to develop new equipment and methods; Dragon's Den type approaches with supply chain; providing test beds for new developments by the supply chain; in some cases clearly becoming the go-to resource for their supply chain, enabling them to innovate.
- **Effective supplier selection:** processes as open as possible to new entrants; attention given to cultural fit with supply chain.
- **Working effectively with the extended supply chain:** engaging directly with tier-2 and below suppliers to ensure that Highways England principles feed all the way through the supply chain; ensuring equity of treatment throughout the supply chain; more than continuity of contractual terms – supporting extended supply chain to develop in areas such as diversity and sustainability.
- **Engaging key supply chain members early:** seeking to engage important supply chain members early in projects to secure their contribution to ideas and solutions development.
- **Supply chain approaches fit for purpose:** continually refined supply chain processes targeting loyalty and resilience; technical expert roles (for example on category management), resulting in more informed, effective and strategic procurement practices; 360° review that actively seeks to improve the company's practices for the benefit of their supply chain and their clients; a focus on being the customer of choice for the supply chain.
- **Supporting SMEs in the supply chain:** strong emphasis on selection of local suppliers for projects; supporting smaller supply chain members with dedicated procurement managers, training etc.; bundling and reshaping of packages of work to make them more attractive, particularly to SMEs; shaping work packages for supply chain; capacity building and driving the diversity agenda to leave a local legacy.
- **Supporting the supply chain to develop its people and capabilities:** actively engaging with supply chain to promote their development; open access to company's training resources; promoting the enrolment of the company's suppliers in the Supply Chain Sustainability School (SCSS); actively supporting the School.

Efficiency and Effectiveness

A modern network that keeps pace with the country’s growing demands requires efficient and effective delivery that improves service to our customers. We therefore need our suppliers to mobilise all their talents and resources to manage risk and deliver smarter and more efficient ways of working that deliver improvements in all aspects of performance.

For the 23 companies assessed in spring and summer 2017, the scores for Efficiency and Effectiveness ranged from 13 to 27, with a median score of 19.

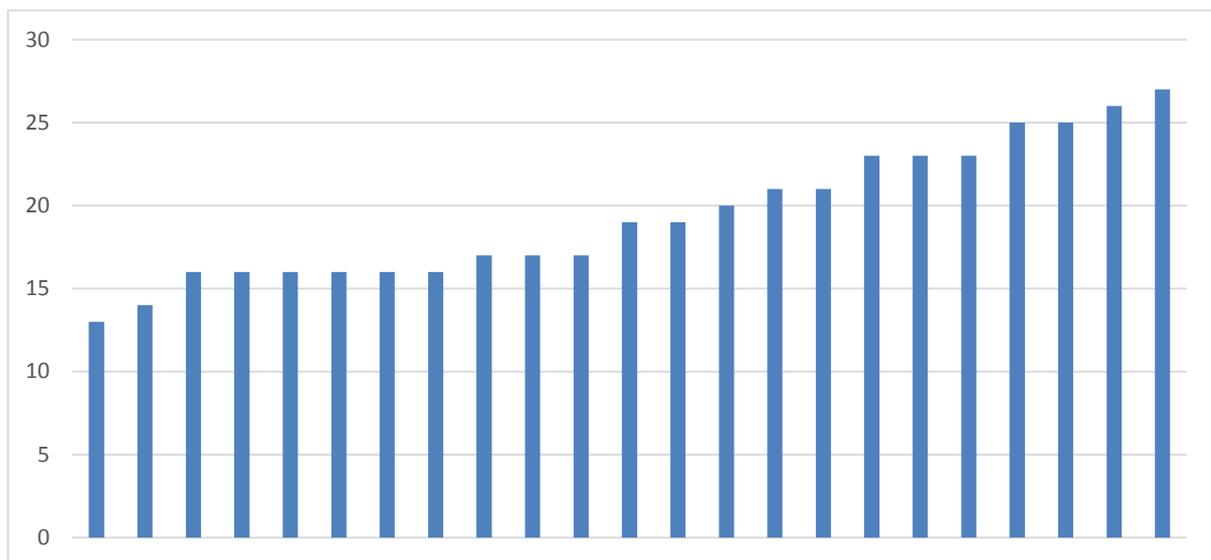


Figure 4: Scores for Efficiency and Effectiveness

The good practice observed by the Highways England StART assessment team can be summarised as follows:

- **Clear strategy:** a clear strategy and sense of what the company is trying to achieve, giving focus to actions and the ability to prioritise resources; creating a strategic and focused efficiency and effectiveness transformation programme.
- **Creating a supportive culture to drive improvement:** demonstrating thoughtfulness in approaches; understanding that effective innovation and improvement requires development of an appropriate environment and culture; efficiency and effectiveness programme that is a balance between top down direction and empowered bottom-up stimulation of good ideas and encouragement of diverse thinking.
- **Driving high levels of performance:** making exemplary levels of performance tangible, for example through Perfect Delivery, Healthy Site, Perfect Day types of concept as an aspirational driver of improvement; engaging in specific competitions and challenges such as the 1000 tonne lean project.

- **Integration of approaches and techniques:** delivering a single programme for efficiency and effectiveness integrating, for example, Lean and BIM; minimising the risk of competing initiatives creating conflict for resources.
- **Integration of data:** consolidating data from all digital sources to provide a real-time virtual environment for effective planning and decision making; use of real-time monitoring technology, for example for plant and machinery.
- **Maximising learning from project to project:** effective project/contract start through mobilisation hub; end of project reporting which is effective in securing and spreading learning.
- **Sharing and learning with peers and with clients:** sharing and using ideas in the Lean Tracker; openness to sharing innovations; sharing capability and effective techniques from other clients/industries/areas of work; engagement with peer groups such as the Pavement Efficiency Group.
- **Innovative working without prompting from the client:** going beyond the requirements of contract, value engineering etc. to identify and implement efficiencies; cost/time efficiencies delivering savings for the good of the overall programme.
- **Applying focused expertise, including:** a clear engineering-led approach; drawing on Lean expertise from other industries; Lean practitioners embedded in every scheme; drawing on specialist expertise; research and development groups, and relationships with universities and other research bodies.
- **Implementing efficiencies/innovations that minimise environmental impact, including:** innovative and integrated logistics strategies to move materials and minimise road journeys; delivering efficiencies through the circular economy.
- **Visual techniques:** use of control rooms and a range of visualisation systems.
- **Measuring the benefits:** Lean and innovation benefits measured in terms of return on investment.
- **Reducing barriers to change:** efficiency and innovation agenda given high status within the company.

Equality, Diversity and Inclusion

Our objective is to embed the principles of equality, diversity and inclusion into all areas of our business, driving real change in how we work with our customers and communities, our supply chain and our employees. Our ambition is to lead the improvement in how all parts of society view and experience the highways sector. We therefore require our suppliers to consider the diverse needs of customers and communities when making decisions, to become more effective at attracting and recruiting a more diverse workforce, and at creating inclusive working cultures that allow everyone to perform to their potential.

For the 32 companies assessed in spring and summer 2017, the scores for Equality, Diversity and Inclusion ranged from 8 to 27, with a median score of 16.5. This includes those nine companies who were only assessed against this one principle.

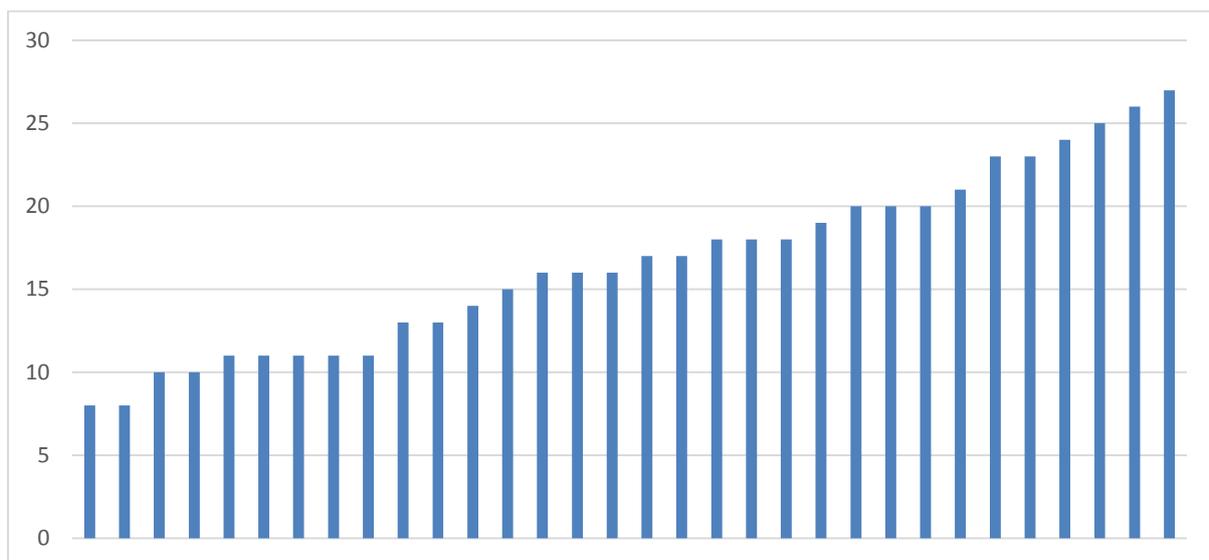


Figure 5: Scores for Equality, Diversity and Inclusion

The good practice observed by the Highways England StART assessment team can be summarised as follows:

- Clearly business led:** clear justification for investment in promoting equality, diversity and inclusion (EDI) based on well understood and articulated business benefits; distinctive emphasis on diversity of thinking, validated by external research; emphasis on strengthening the organisation through increased diversity of thinking rather than on filling resource holes; business case, strategy, objectives and plan for EDI deployed and communicated across the business; business strategy driving EDI strategy, implemented through individuals' personal objectives, resulting in clear line of sight and effective control and governance.

- **Clear accountability:** policy and strategy clearly owned and promoted by the senior person in the company; business-owned accountability for progress on EDI; leaders acting to remove constraints and promote improvements.
- **Clear understanding of current performance and priorities:** able to articulate clearly how the organisation is performing now; showing a strongly improving trend; good at attracting and retaining a diverse workforce.
- **Established practice showing application, impact and a sense of urgency:** doing the right things for the business, clients and the community, rather than just doing lots of things; EDI practices that have been in place for some time and are well embedded; established practices on a much broader base than just gender.
- **Engaging the workforce:** addressing the behavioural aspects of EDI; volunteer EDI champions to ensure deep embedment; inclusive behaviours identified with employee participation and implemented through personal pledges.
- **Drawing on experience elsewhere:** building on experience gained in other countries with legal and practical requirements to engage a diverse workforce (for example in terms of religion or ethnicity), to support their needs and to be able to report on progress; techniques applied on sites overseas to assist staff in understanding the culture of locally employed labour and customers; strategy well informed by good practices from sectors with longer experience of addressing EDI.
- **Drawing on internal experience:** synergy between advisory/consulting skills on EDI delivered to clients and internal programmes.
- **Responding to the voices of customers and the community:** understand the needs of customers and community; design/construct to promote inclusion; appointment of a 'technical director for inclusive design'; use of tools to measure the social value of projects.
- **Challenging invisible boundaries:** rethinking roles and removing constraints in role descriptions that limit access; changing working practices, such as shift patterns; addressing diversity on site, for example including women driving plant.
- **Including supply chain in EDI activities:** requiring action, not just reporting; going beyond standard policies.
- **Drawing on external expertise:** making use of WISE type approaches, and applying them more widely to drive improvement.
- **Innovative recruitment:** creative approaches to advertising/promoting openings to challenge perceptions and widen access; working with specialist organisations to promote opportunities in the sector to a wider audience.

Sustainability

We are working to contribute to a sustainable future and to deliver a positive impact on the natural and built environment, and on neighbouring communities through our work. We therefore need our suppliers to deliver better products and services that help to meet the sustainability challenges that we face as an industry.

For the 23 companies assessed in spring and summer 2017, the scores for Sustainability ranged from 13 to 27, with a median score of 22. This makes Sustainability the highest scoring principle overall.

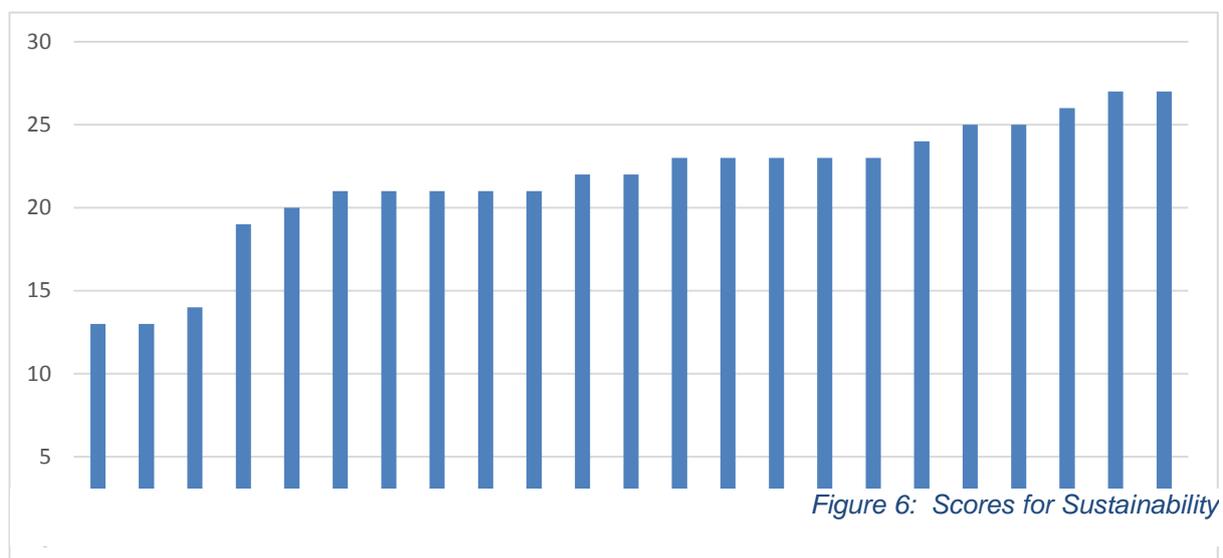


Figure 6: Scores for Sustainability

The good practice observed by the Highways England StART assessment team can be summarised as follows:

- **Business led sustainability:** clear integration of sustainability strategy and plan into the company business plan; actively led from the very top of the company; focus across the five capitals and across the triple bottom line; materiality studies in collaboration with a wide and representative selection of stakeholders.
- **Close alignment with Highways England strategy:** clear parallels between company's and Highways England's strategies for sustainability; drawing from the same sources as Highways England; regular dialogue with Highways England sustainability specialists.
- **Led with energy and imagination:** enthusiastic, visionary, outgoing corporate leader for sustainability; sustainability agenda supported by a substantial team of sustainability professionals; mechanisms in place to unleash the creativity of every employee.
- **Setting high standards:** challenging targets; becoming carbon neutral company-wide; company vehicles restricted to maximum, not average, emission levels; clear red lines that

the business will not cross for any client or in any geography; use of overarching strategic measure for sustainability; established practices over many years.

- **Showing employees that you're serious about it:** encouraging embedment of sustainability thinking by providing tools/advice to replicate sustainable practices at home; providing more paid days' leave for volunteering than the standard one or two; establishing action plans that go beyond client requirements on every project; turning the joinery school over to the production of toys at Christmas.
- **Clear focus on legacy for customers and communities:** application of tools for measuring social value.
- **Innovation in sustainability:** use of technology to measure/manage approaches (e.g. for waste management); adopting circular economy approaches; many specific examples of innovative approaches include the use of newt-sniffing dogs, the construction of dormouse bridges and other wildlife corridors.
- **Project-level assessment setting high expectations:** one planet living index; measurement and reporting systems for projects that allow comparison of achievement between projects and that make high performance tangible.
- **Ethical measurement of results:** hard metrics in sustainability reports independently verified; measurement processes that allow for meaningful benchmarking with the industry; individual constituency sustainability reports provided to Members of Parliament.

Common challenges

A pattern of common challenges became apparent across the assessments. They are not universal, but they are challenges that many suppliers face. The headings below identify the areas that suppliers appear to have difficulty with, followed by the specific issues that illustrate each one.

- **Clear business cases driving action – the issues:** Limited clarity or understanding of the business case for the actions that are being taken by the company. Lack of a clear and compelling sense of direction. Actions with little or no apparent strategic rationale, leading to a sense of directionless reaction to events.
- **Effective measurement – the issues:** Lack of trend data and comparators – lack of ability to benchmark against others and demonstrate what sets the company apart from its peers. Not having the external reference points to challenge the company’s own views of performance. Substituting benchmarked performance evidence with industry awards to demonstrate industry leading performance.
- **Mechanisms for maintaining alignment with Highways England – the issues:** Lack of reliable mechanisms to ensure ongoing alignment. Lack of demonstration of designed processes to achieve ongoing alignment – post-rationalisation for review purposes only.
- **Effective measurement/assessment of behavioural culture – the issues:** Confidence that preferred behaviours are embedded, without any real evidence. “They’d tell us if it wasn’t working”; “It’s just what we do”; “It’s in our DNA”. Lack of robust tests for deployment of desired behaviours.
- **Establishing and embedding processes – the issues:** Lack of embedment is often an impact of continual reorganisation, leadership changes, and so on. Lack of embedment of new processes – past experience and established practice left behind.
- **Effectiveness of review and improvement – the issues:** Lack of clarity of mechanisms, methodology, structure through which approaches work. Not measuring effectiveness of approaches – unable to demonstrate effective use of resources. Review focused on results rather than underlying processes.