

Impact of Business to Business Relationships in UK projects

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5th November 2025



UCL

The **Bartlett Faculty of the Built Environment** is the world's no. 1 university college for studies in the Built Environment (QS World University Rankings).



MIGSO-PCUBED

MIGSO-PCUBED is the world's largest programme and project management consultancy uniquely focused on Delivery & Change Management. Drawing from 30 years of our cross-industry experience, we have become trusted delivery partners for the most recognisable brands, supporting them in turning strategy into action.



Agenda.

1 | UK Project Management Complexity Gap

2 | B2B Relationships Research

3 | Nature of the Contract

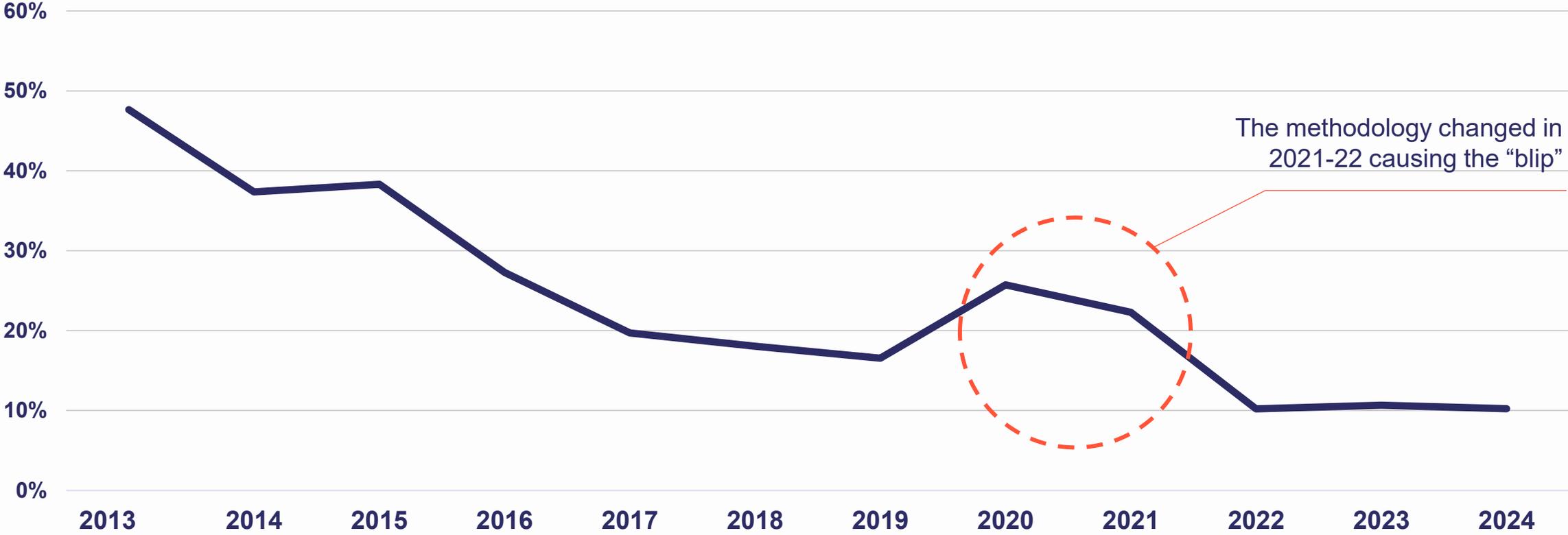
4 | Recommendations for project leaders

UK Project Management Complexity Gap

Section 1

Confidence in UK major projects is getting worse

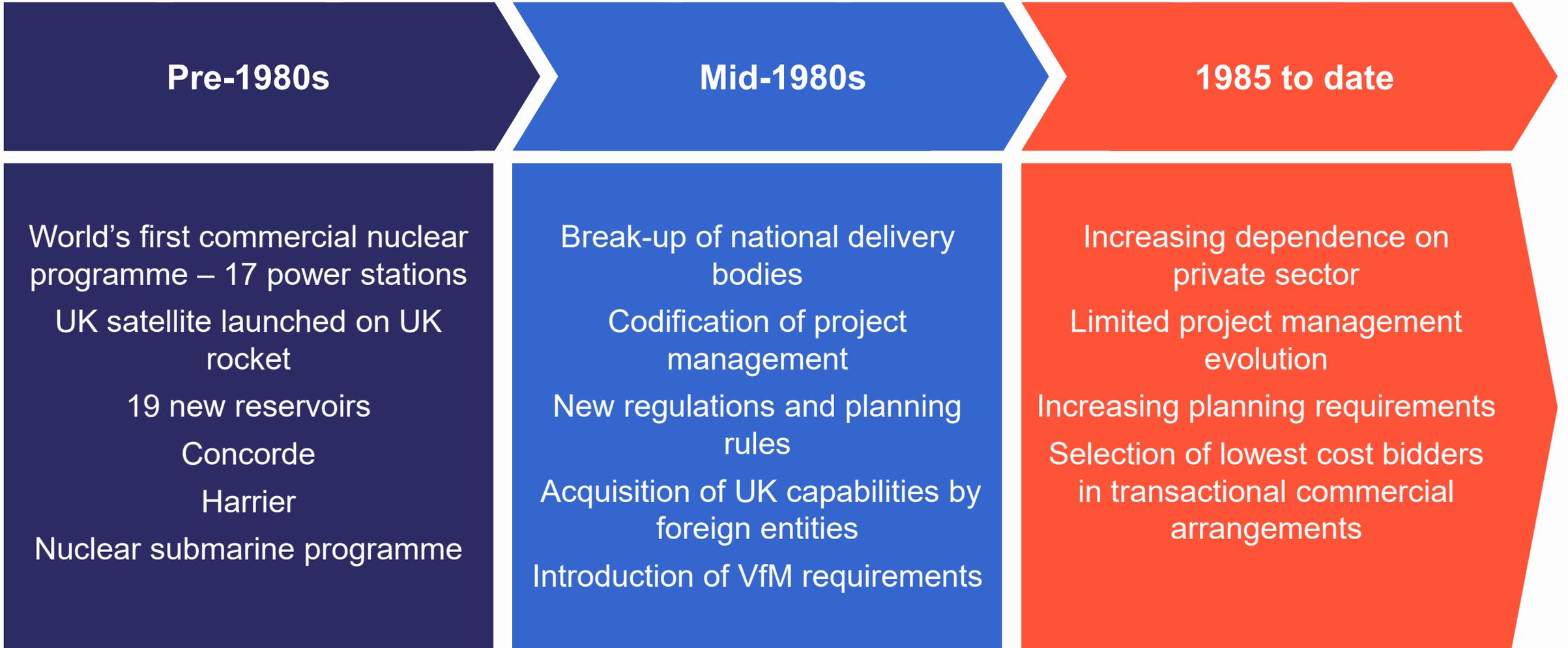
GMPP Projects rated 'green'



The methodology changed in 2021-22 causing the "blip"

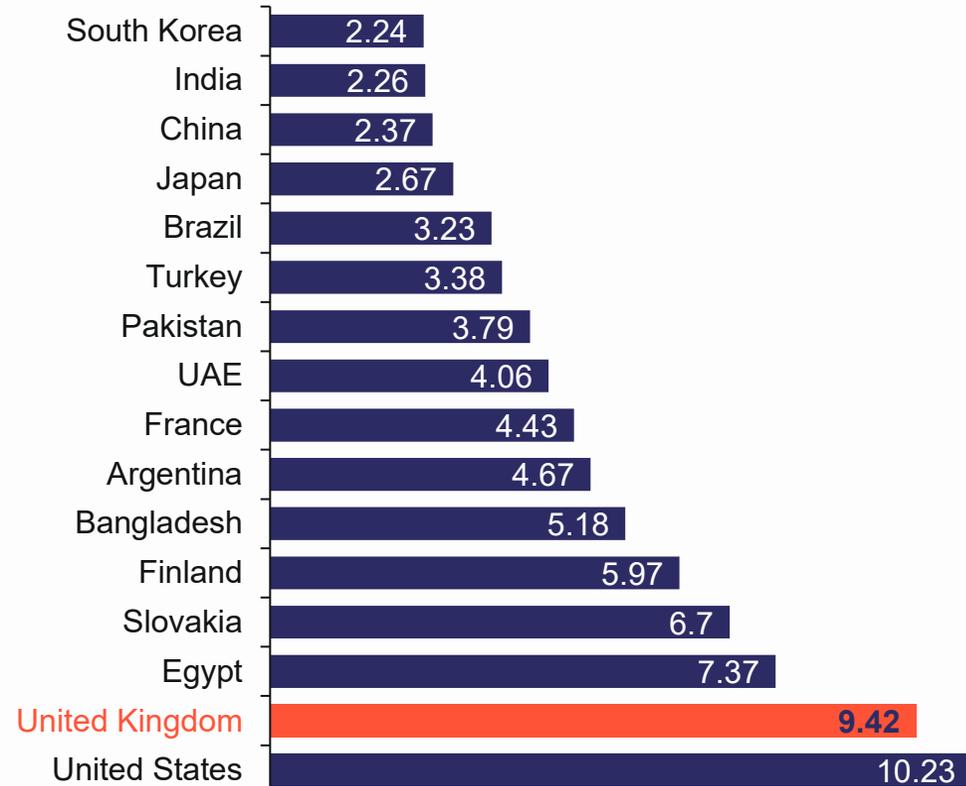
Delivery Confidence Assessment (DCA) for the Government Major Projects Portfolio

Performance peaked in the mid 1980s



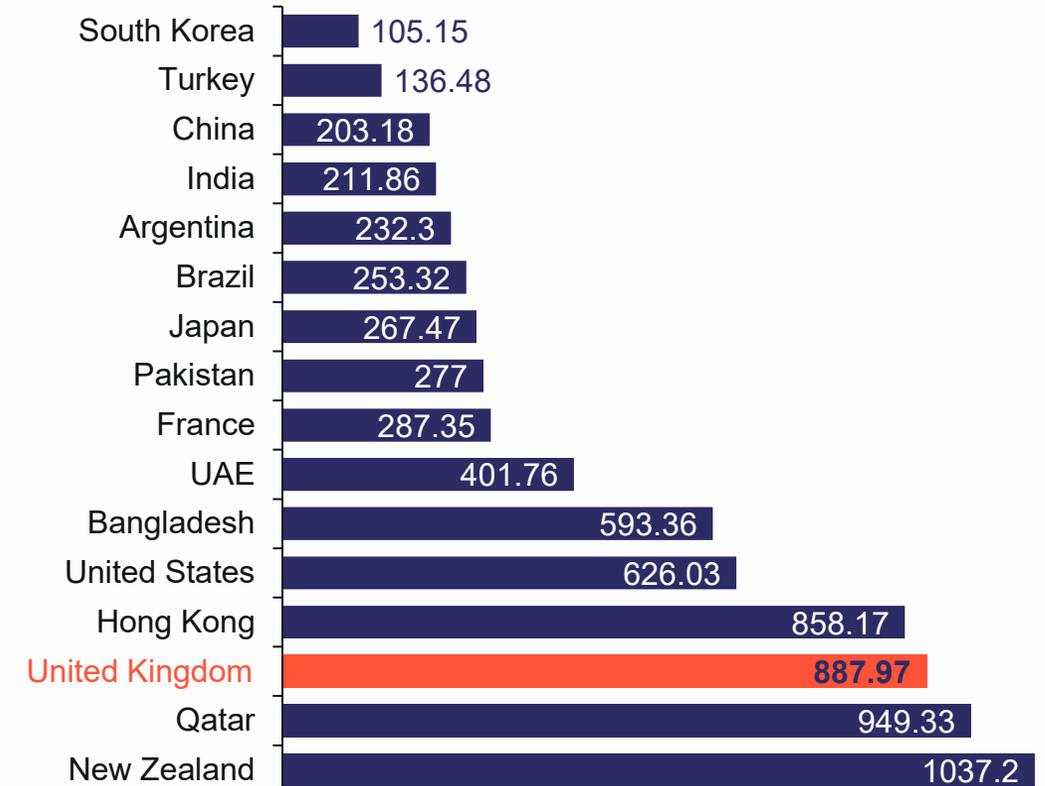
The UK is a very difficult place to deliver projects

Nuclear Average Cost/MW per Country



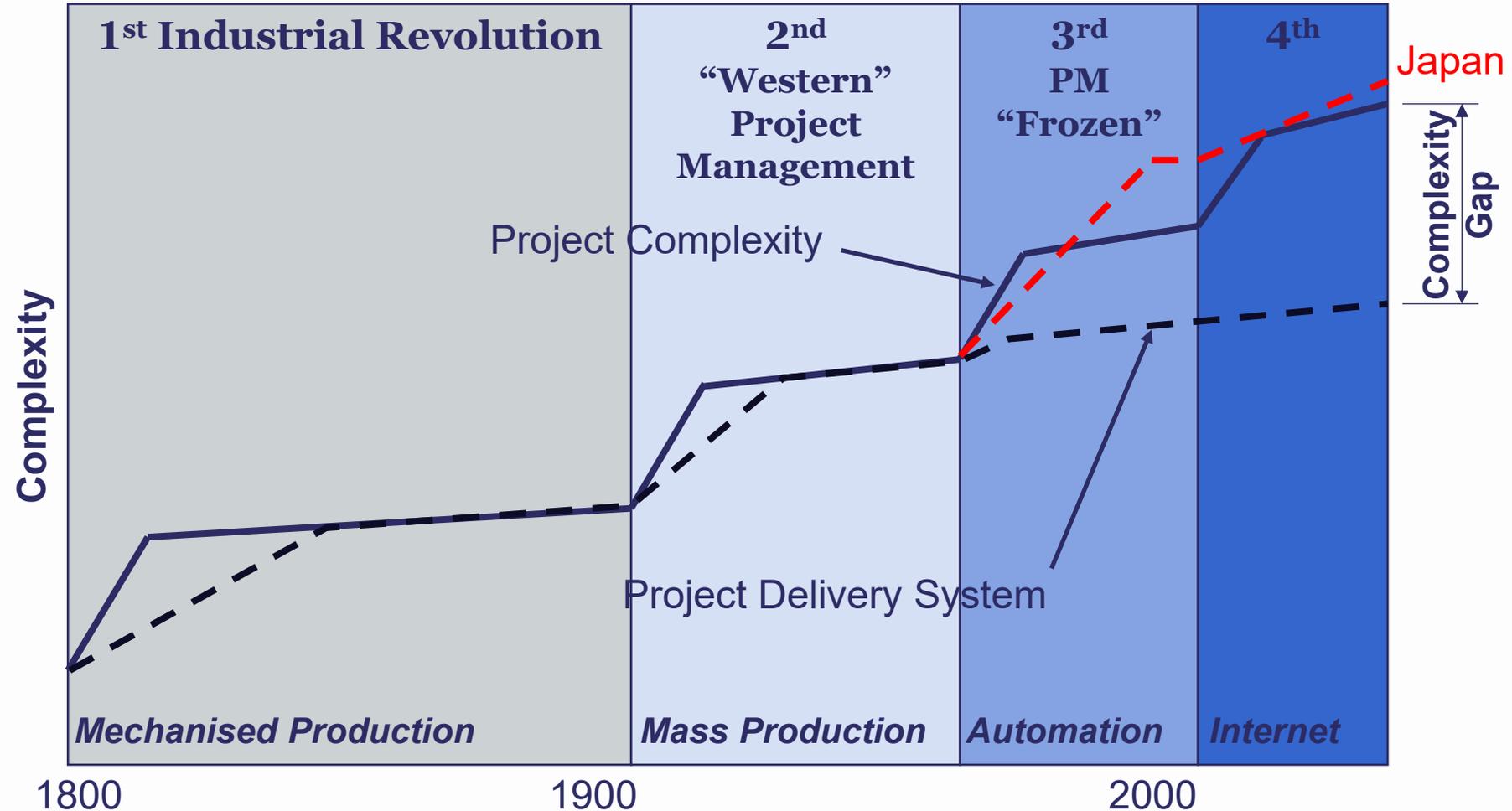
MW: MegaWatts

Rail Average Cost/km per Country



...also one of the most expensive places in the world to build infrastructure!

The hypothesis



We studied 80+ sources to find out what's really going wrong



Decision Making Speed

Slow decision-making hampers risk mitigation and innovation.



Agility & Modularity

Monolithic designs and waterfall project management make design changes hard to implement.



Digital Productivity

Silos of digital tools limit sharing of data between disciplines



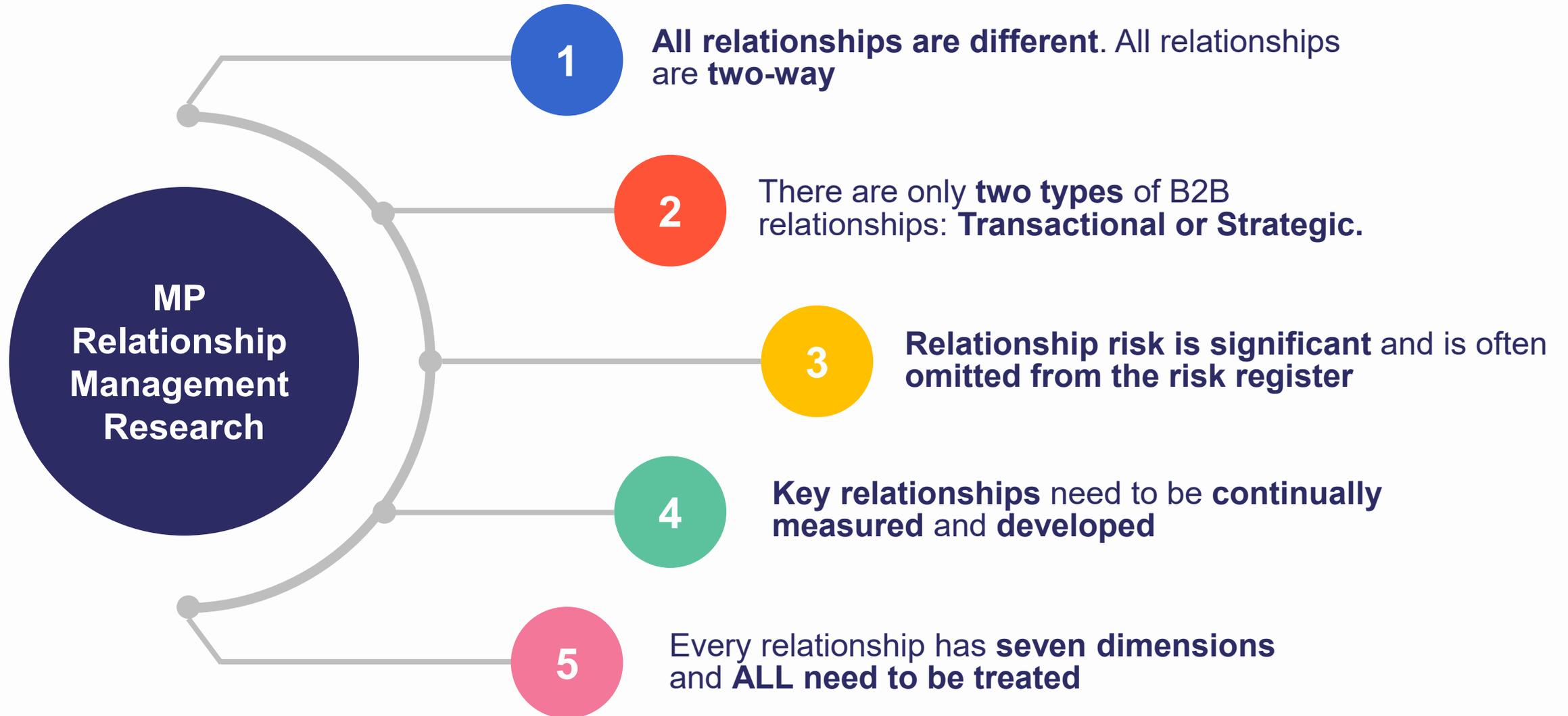
B2B Relationships

Poor understanding of how to build relationships to deal with complex environments.

B2B Relationships Research

Section 2

+15 Years of Research insights



Relationship Management Dimensions

Establishment

1. Partner selection

Who you choose to work with

2. Nature of the contract

Impact of the contract on the relationship and vice versa

3. Understanding each other

Understanding each other's expectations and perceptions

Development

4. Interpersonal relationships

One-on-one relationships at work and socially

5. Ways of working

Relationships at an organisational level

6. Dealing with problems

Dealing with and learning from problems

Measurement

7. Performance Management

Using measures to drive action and improvement

Not every partnership should be strategic

Transactional Relationships

Short-Term

Fixed Scope

Contract first

Output only

Time, Cost & Quality metrics

— But they should be consistent and aligned

Strategic Relationships

Long-term

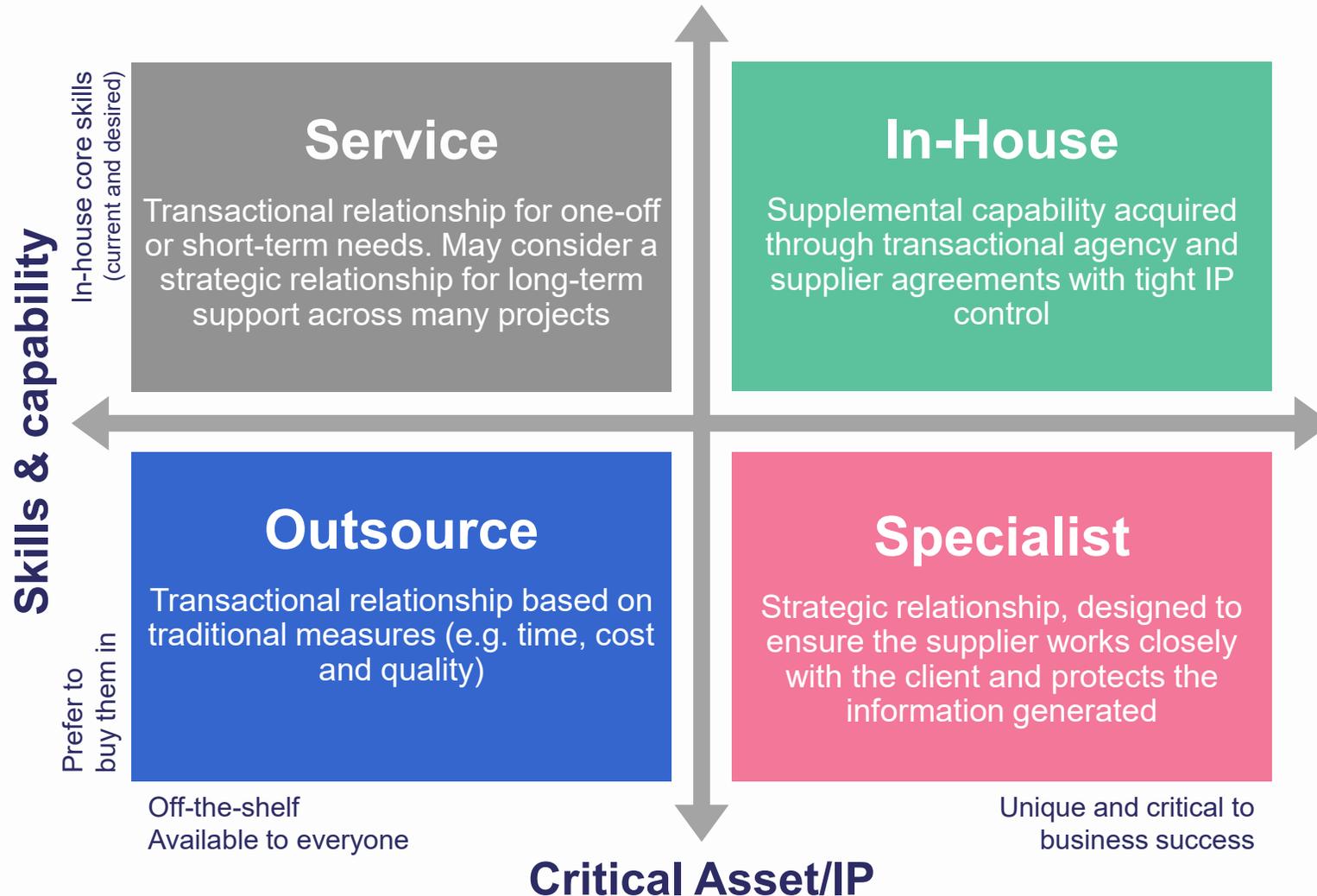
Shared risk

Trust first

Outcome driven

Relationship metrics

Strategic or Transactional?



Best Practice Transactional Relationships

“ The collaboration really started with early contractor involvement...We started very much around “We want to work together to deliver this” as opposed to an old school standoff.

*Although the **contractors are on conventional fixed price contracts, one of the big things we would say is we've looked to get rid of disputes early.... ”***

Asset Ownership Director at **Tideway London**

Best Practice Strategic Relationships

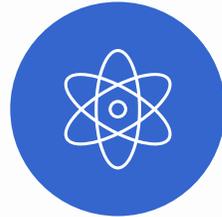
MP and UCL have conducted in-depth research by interviewing +45 senior executives from the UK's biggest projects to understand how relationships impact projects and to identify the best practices across the industry.



East-West Rail 2

Rail
£1Bn
2020-2024

Network Rail, Laing
O'Rourke, VolkerRail, and
Atkins



Programme & Project Partners

Nuclear
£7Bn
2019-2049

Sellafield,
KBR, Altrad Babcock, Morgan
Sindall Infrastructure &
Jacobs



Anglian Water @one Alliance

Water
£1.2Bn
2015-2030

Anglian Water, Balfour
Beatty, Barhale, Binnies, Mott
MacDonald Bentley | MMB,
MWH Treatment, Skanska
and Sweco



Smart Motorways Programme

Roads
£4.5Bn
2020-2030

National Highways, Fluor,
WSP, Jacobs, Balfour Beatty,
Costain and the BAM Morgan
Sindall JV

Best Practice Strategic Relationships

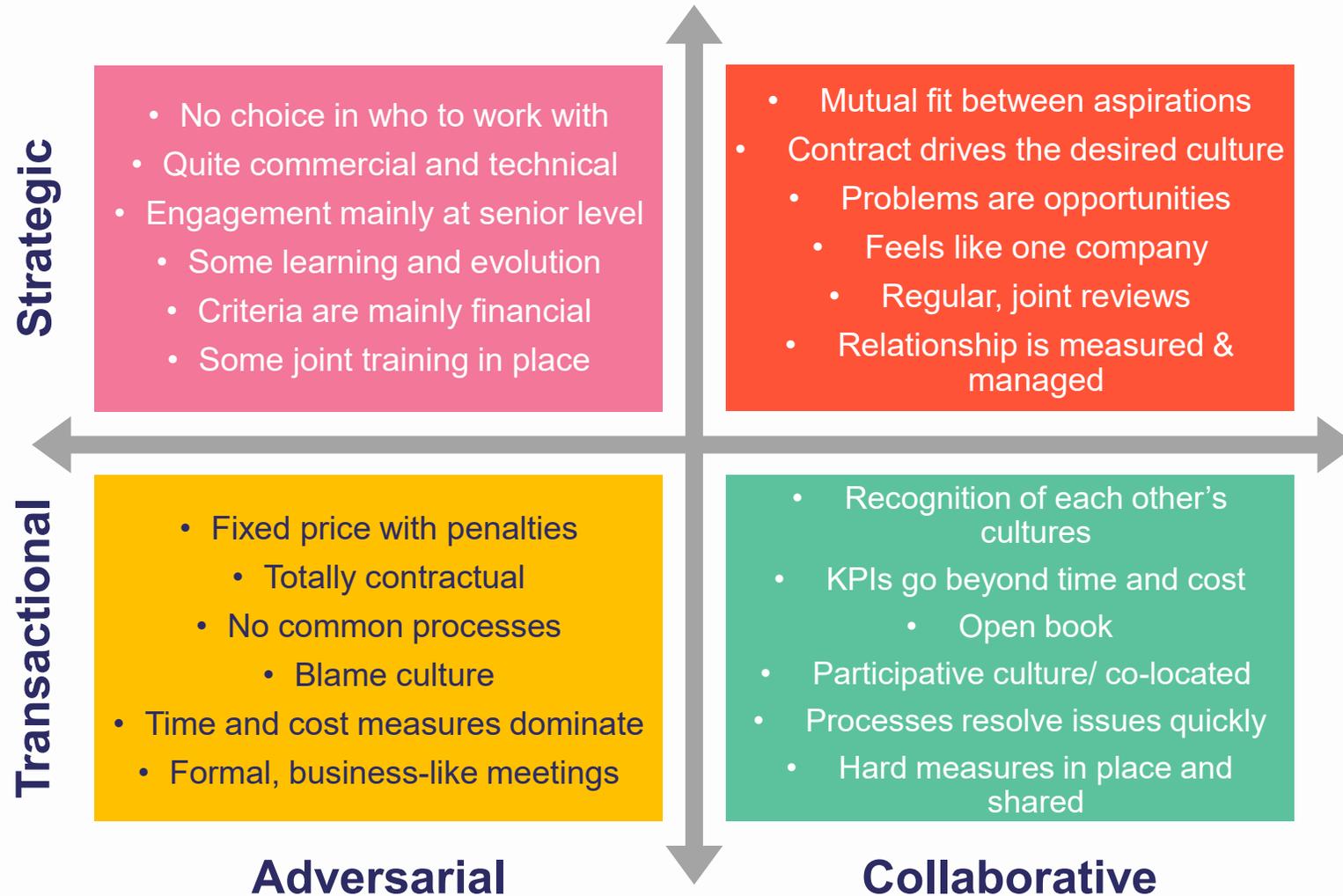
“ Before starting the contract, you get people together and start looking at the relationships, culture, and vision of what they will achieve...I’ve spent money because I would get it back by bringing the leadership together, learning how they will work together, bonding and forming relationships, aligning all their outcomes, and setting the project up for success before you do anything... ”

Major Project Delivery Director at **Sellafield Ltd.**

Nature of the Contract

Section 3

Adversarial or collaborative relationship?



Your Contract is Either Supporting Collaboration

—or Killing It



Type

Collaborative - Strategic

Adversarial - Transactional

Fit

- Bespoke
- Parity and mutual development
- Aligns strategies, goals & aspirations

- Standard, conventional
- Asymmetrical
- Intrinsically confrontational

Impact

- Delivery mindset
- Transparency, flexibility & collaboration
- Drives the desired culture

- Leads to poor performance
- Creates conflict and distractions
- Shifts focus from delivery to disputes

Risk

- Risk allocated to the party most able to manage it
- Shared ownership & incentives

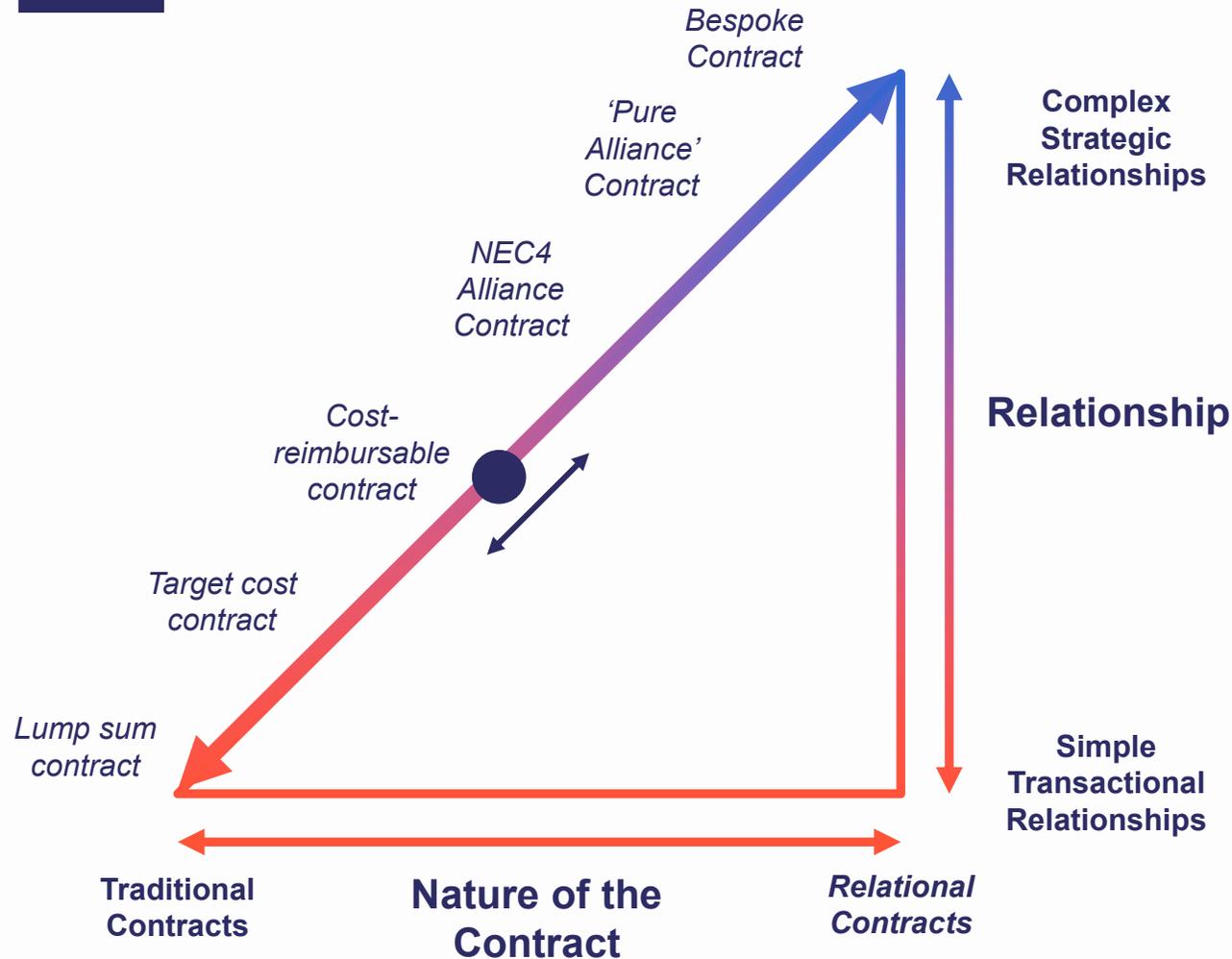
- Partner bears most of the risk
- Fixed price with penalties

Detail

- Multi-stage flexible procurement
- Emphasis on outcomes and behaviours
- Light touch - broad headers

- Procurement driven by one party
- Heavy emphasis on consequences of failure
- Finely detailed

Design the contract to match the relationship you need



—Not the other way around!

1. Analyse the desired relationship

Is it one-off project or a programme?

Should it be strategic or transactional?

2. Analyse your relational capability

Relationship development requires considerable time & effort

Relationship maturity affects contract choice

3. Choose the Right Contracting Model

Standard doesn't mean suitable

A detailed contract doesn't guarantee success

Most Partnerships Fail

Transactional incentives

Drive **short-term performance**, efficiency, and cost control.

Focuses on outputs or delivery milestones

Fixed price, **penalties**, bonuses for milestones

Low flexibility — predefined terms and limited adaptability.

One-way Governance, contract management

—Because the Incentives Tell a Different Story

Strategic incentives

Enable **long-term collaboration**, innovation, and mutual value

Focuses on outcomes, success, and continuous improvement.

Gain/pain share, **value-based** bonuses, **equity** participation

High flexibility — evolve as trust and relationship mature.

Joint governance, **shared decision-making** frameworks.

Recommendations

Section 4

01

If you're a project leader, here's what to do

02

Embed the seven dimensions into everyday practice

Define the relationship type — strategic isn't always better

03

Align the contract with the relationship you need

04

Add relationship failure to your risk register

Measure what matters to improve relationships

05

Focus on perceptions, not just behaviours

06

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 **Project Controls**
EXPO
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Thank You

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