



INNOVATION
SHOP WINDOW

love every drop
anglianwater



RESPONSIBLE
BUSINESS OF
THE YEAR 2017
BUSINESS IN THE
COMMUNITY



NEW MODELS FOR COLLABORATIVE WORKING

A GUIDE TO INNOVATION FROM OUR SHOP WINDOW

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FOREWORD



Anglian Water is immensely proud to be Business in the Community's Responsible Business of the Year 2017.

We received the accolade for our innovative approach to tackling challenges in the environment and communities, and driving sustainable business through innovation and collaboration.

When we received the award, we committed to sharing our learning through three guides on key collaborative programmes: our innovation Shop Window initiative, community regeneration in Wisbech and Water Resources East (WRE).

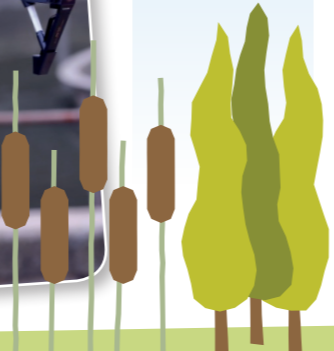
The Shop Window is leading the way in driving a culture of open innovation and collaboration across the whole of our business. With the major challenges of economic and population growth, and against a backdrop of a changing climate, the Shop Window is demonstrating how we can deliver our ambitious goals through strong leadership, a culture of innovation and supply chain collaborations. Along with a customer-led approach this will contribute to creating a successful and sustainable future.

"THE SHOP WINDOW IS DEMONSTRATING HOW WE CAN DELIVER OUR AMBITIOUS GOALS THROUGH STRONG LEADERSHIP, A CULTURE OF INNOVATION AND SUPPLY CHAIN COLLABORATIONS".



Peter Simpson

Peter Simpson
Chief Executive
Anglian Water



WHAT IS THE SHOP WINDOW?

Unique to our industry, the Shop Window is set in the real town of Newmarket where 22,000 of our customers go about their daily lives.

As well as 150km of water pipes, 130km of sewers, seven water treatment works, two water recycling centres and numerous other assets, this is where we work with over 100 partner organisations, local communities, schools and households to create the water company of the future, today.

How did we get here?
From humble beginnings to now



Now we are working with over 100 organisations across 95 projects, and are engaging with our customers at the level easiest for them – their water use at home. We have developed The Smarter Drop brand and engagement campaign, aiming to reduce household water consumption and to communicate with them about all our innovations and smart infrastructure. This is allowing us to bring the project to the people of Newmarket, co-create ideas and work with them in a fun and engaging way.

"A SHOPKEEPER PUTS ALL THEIR BEST GOODS IN THE SHOP WINDOW – AND THAT'S EXACTLY WHAT WE'RE DOING HERE."

The Newmarket Shop Window started off as a trial project to optimise water pressure and calm our network in the area. However, it soon became obvious we could take this opportunity as a way to work more closely with our suppliers and customers on addressing our challenges, while raising the visibility of innovation within our business – inspiring and communicating greater innovation amongst employees.

This developed into a properly-identified catchment area, known as the Shop Window, that we could use as a live test-bed involving real customers to pilot our suppliers' best products and approaches. If successful, we could roll them out across our business.

A SHARED OPPORTUNITY

The Shop Window is not just ours. It's an opportunity for our entire supply chain to showcase and trial their products, and to better develop them in a safe, but live, environment with real customers.

We may have the aspirations, and the assets in the ground, but we know we don't have all the ideas and solutions. That's where our partners and customers come in.

We present our challenges externally through our **Water Innovation Network (WIN)** – a strategic partnership to support small and medium enterprises (SMEs) in developing their ideas – and engage with our customers through The Smarter Drop campaign. Working together, we can see how innovations respond in a real-life environment and how they interact with one another, helping to unlock the synergies between them, and boosting our learning.

But don't just take our word for it!

Suppliers see it as...

"As a manufacturer of a new construction material, it can be very difficult to generate awareness within large organisations. The WIN portal not only enabled us to easily pitch our innovation to Anglian Water, but also helped us understand the challenges and requirements so we could focus on presenting key benefits that were relevant"

Lee Church, Concrete Canvas



Academics see it as...

"For the past ten years my main research areas have been supply chain management and collaborative innovation. The Shop Window project views customers as value co-creators and allows them to co-design new products and services. The approach enables Anglian Water to obtain knowledge and information from consumers to jointly produce a mutually valued outcome."

Dr Min Zhang, Senior Lecturer in Operations Management at the University of East Anglia



Colleagues see it as...

"The Shop Window allows people outside the core Innovation Team to engage with what we're doing and to develop their own ideas. This is really important because we can't tackle our biggest challenges alone – we need to bring the whole business along on that journey. It's this collaborative approach which makes the Shop Window different from other water industry innovation initiatives."

Emily Anderson, Innovation Projects Manager



Customers see it as...

"My family has taken part in the Smarter Drop campaign and has both enjoyed the challenge and learnt a lot from doing it. Anglian Water's engagement methods are interactive, fun and imaginative which has created an enthusiasm to spread the message and to build on what we are now doing in terms of water efficiency. Continue the good work!"

Hannah Wilson, Newmarket Customer



We welcome the opportunity to collaborate with other like-minded businesses and share this platform with all those committed to innovative solutions.

OUR INNOVATION FRAMEWORK

This guide is designed to lead you through the steps to achieving a culture of innovation in your business. It expands on what we have identified as the key aspects in our journey in the order which has seen the most success for us.

We hope this becomes a valuable resource you can use and adapt in plotting your own journey of innovation and collaboration to achieve transformation in your department or business.



What you can do next.



1. COLLABORATE FROM THE OUTSET

Open collaboration is fundamental for innovation to thrive and a cross-sector approach helps to bring together different schools of thought. It is the ideas and contributions from our suppliers which make the Shop Window the hub of innovation it is. The Shop Window is currently working with 105 organisations across 101 projects.

The unique opportunity it provides makes it an attractive test-bed for entrepreneurs to showcase and develop their ideas, a process supported by our collaborative programmes.

The **Water Innovation Network (WIN)** is a partnership between Anglian Water and Allia, where we invite prospective suppliers big and small to submit their innovative solutions and share specific problems and challenges we face. This gives them the opportunity to get their ideas seen by the right people.

Bringing innovations to market is notoriously difficult for small and medium enterprises (SMEs) operating alone. Through WIN, we help them overcome those difficulties, allowing them to compete on a level playing field with larger, established firms.

Through WIN we've engaged with more than 1,000 businesses, academics and entrepreneurs, helping them to grow. In doing so, it's helping us meet the challenges we face and supporting our wider region.



Sector-first Carbon and Energy Leaders Conference (2015).



Don't forget those closest to you!

We have 30 internal teams working with the Shop Window. To include the whole business, an online ideas sharing platform can enable greater cross-team collaboration.

"WITHOUT WIN'S IMPARTIAL, PRAGMATIC AND METHODICAL APPROACH TO INNOVATION, IT IS HIGHLY UNLIKELY THAT WE WOULD BE ANYWHERE NEAR THIS POINT"

Will Garrod, R2M

"THIS COLLABORATION THROUGH THE WIN HAS PRODUCED RESULTS THE WHOLE INDUSTRY CAN MAKE USE OF TO REDUCE COSTS AND AVOID UNNECESSARY USE OF ENGINEERS' TIME. WE ENCOURAGE OTHERS TO REVIEW THIS CASE STUDY AND EXPLORE THE POTENTIAL BENEFITS IT CAN BRING TO THEIR BUSINESS."

Dave Holcroft, Siemens

"THIS IS AN EXCELLENT EXAMPLE OF HOW COLLABORATION CAN BRING SUBSTANTIAL RESULTS AND FACILITATE KNOWLEDGE EXCHANGE FOR THE BENEFIT OF THE WATER INDUSTRY"

Nilam Patel, WIN Manager

The **Anglian Centre for Water Studies (ACFWS)**, our partnership between Anglian Water and the University of East Anglia, engages academics and focusses research on topics from circular economy and behavioural change, to pressure changes in our pipes, and new water recycling treatment processes.



"THE ANGLIAN WATER SHOP WINDOW PROJECT PROVIDES A FANTASTIC OPPORTUNITY TO TRIAL WORLD LEADING RESEARCH IN A REAL WORLD SETTING. OUR WORK AT THE ACFWS IS DRIVING INNOVATION IN THE USE OF SOCIAL AND ENVIRONMENTAL SCIENCE IN THE WATER INDUSTRY AND WE ARE ALREADY WORKING WITHIN THE SHOP WINDOW TO UNDERSTAND HOW PSYCHOLOGY APPROACHES CAN REDUCE WATER CONSUMPTION. THE SHOP WINDOW IS A VALUABLE RESOURCE WE WILL BE USING IN THE FUTURE AS WE WORK TOGETHER ON NEW PROJECTS."

Vittoria Danino, Head of the ACFWS

Half of our infrastructure investment programme is carried out by our **@one Alliance** – a collection of leading construction and engineering partners working in a unique, collaborative way.

Our @one Alliance has unparalleled integration and alignment with us and each other, and a radically different system of incentivising partners for their work. This is built on strong relationships, setting stretching targets and the security of 15-year contracts. Partners in the @one Alliance only make a return when they outperform. If they underperform, the opposite is true. This ‘total incentivisation’ model is unique, and it means the @one Alliance partners need – and want – to invest, innovate and find more efficient ways of working – all of which ultimately benefits our customers and helps keep bills low. The mind-set of ‘we are all in this together’ created by sharing the journey, along with the risks and rewards, is how we achieve collaboration and innovation.



What can I do?

- Reach out to external organisations, particularly those facing similar challenges. These could be academic institutions researching the impact of climate change or suppliers offering a new innovative product.
- Build and expand your relationships with these third parties.
- Be clear about and share your goals.
- Organise internal events, or set up an online ideas sharing platform, to encourage teams across your business to innovate.

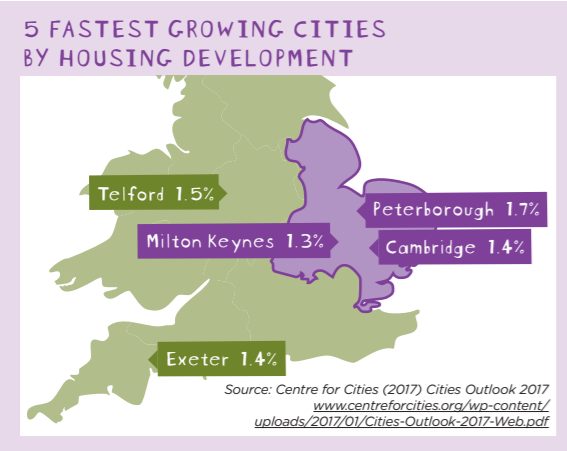
Just a few of our 105 partners



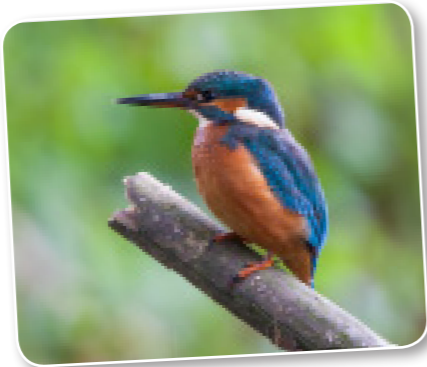
2. IDENTIFY YOUR CHALLENGES TOGETHER

It is important to understand the context in which you work, and not only look at the problems of today but address the challenges of tomorrow. In a volatile, uncertain, complex and ambiguous (VUCA) environment, identifying mutual challenges and setting goals to tackle these, can make all the difference. You are not alone in dealing with political and economic uncertainty, societal pressures, technological advancements and climatic challenges.

A combination of climate change, population growth and the need to protect the environment could halve the water we have available in the next 20 years. The following section outlines our major challenges – **how many of these do you share with us?**



Our climate is changing, and this region will be among the worst hit. It is flat, low lying and dry, and droughts, floods and rising sea levels are a real and increasing threats for us. Resource availability and low lying lands pose risks across the UK, especially in our region.



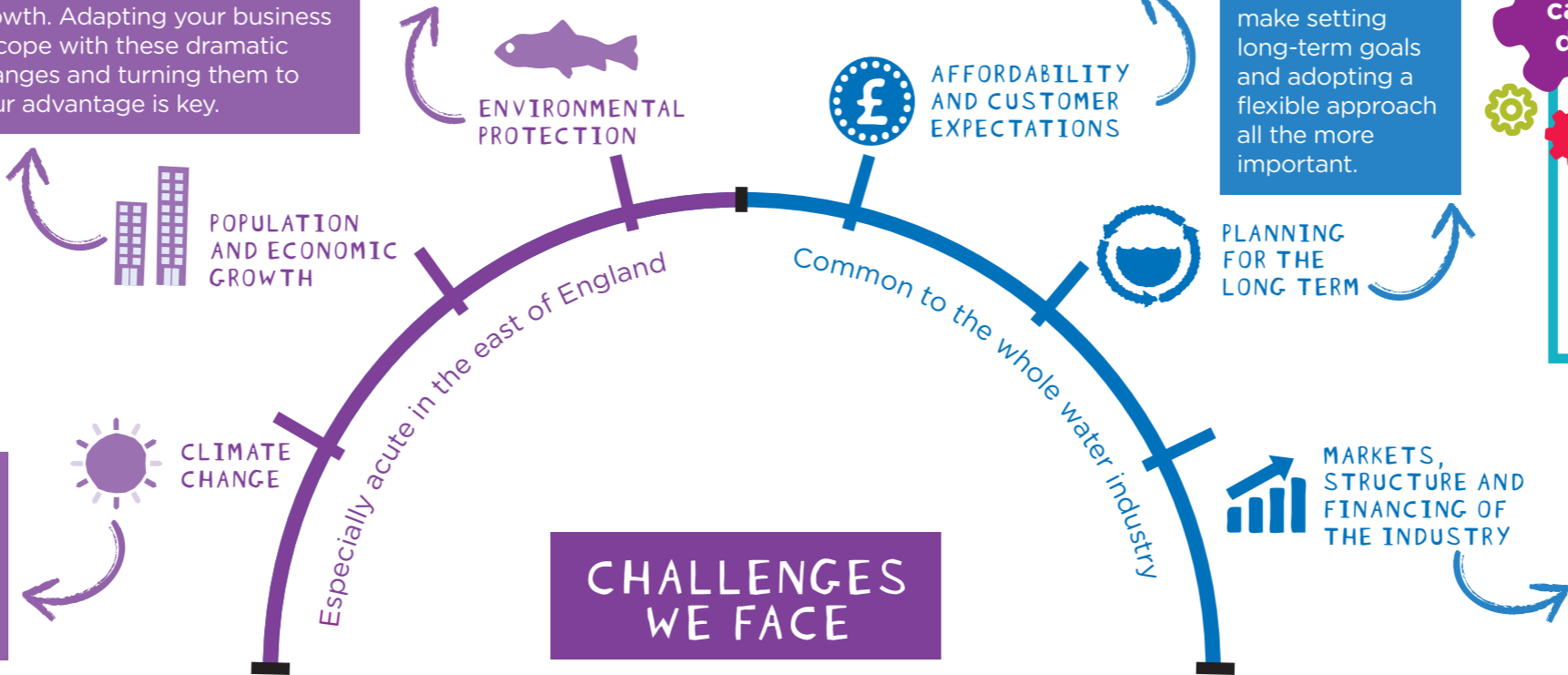
Our region is changing fast, with increasing pressures resulting from population and economic growth. Adapting your business to cope with these dramatic changes and turning them to your advantage is key.

We rely on a healthy environment for our business to be sustainable. Reducing the pressures on your environment is a challenge we must all work together towards.

We constantly strive for efficiencies in our business to increase affordability for our customers. Keeping prices down will help maintain a competitive edge in your sector.

How did we identify our challenges?

- Kept up to date with national and international reporting on the future of our region.
- Worked with local authorities to build a picture up from the local level.
- Asked our customers what was most important to them.
- Engaged internally with our own experts.



What can I do?

What are your challenges?

- Identify your most significant challenges and opportunities.
- Engage with key stakeholders across your business.
- Develop and maintain relationships with national and local bodies to keep in touch with future challenges.

We face significant structural changes in the water industry. Securing long-term, stable investment and embracing the opening of markets can increase efficiency and add value to your business.

3. CO-CREATE WITH YOUR CUSTOMERS

Considering the man-made water cycle – from source to tap and sink to sea – without thinking about our customers is impossible. Each individual, their water usage, their ability to pay their bill, their vulnerability and their habits, all have an impact on our operations and the services we need to offer. They pay their bills, so we need to invest in what is most important to them.

Customers are something we all have in common and the benefits of integrating them into every stage of your business are endless. It is particularly important that society is engaged and included in innovation, otherwise it is unlikely to be sustainable.

At Anglian Water, regular interaction with our customers has helped shape our ambitions and direction.

To get the most out of your customer engagement it is important to understand the local context, and speaking to local people helps you do this.

Our customer engagement work:

The Smarter Drop campaign aims to turn Newmarket into the water-saving capital of the UK. Having installed nearly 7000 smart meters across the town, we have set ourselves the ambitious goal of reducing consumption from 130 litres to only 80 litres per person per day! We also want to share and engage with customers about the latest technology and infrastructure on trial in Newmarket. These include predictive weather modelling in our water and sewer networks, and virtual reality and 3D mapping. Here are just some of the innovative ways we are going about achieving this:

- We have hosted a number of community engagement events to drive awareness and enthusiasm in the local community.

"IT'S GOOD TO KNOW THAT ANGLIAN WATER IS TRYING TO HELP THE CUSTOMER AND THE ENVIRONMENT. I HAVE PICKED UP SOME USEFUL WATER SAVING TIPS FROM BOTH ANGLIAN WATER AND THE INCLING COMMUNITY MEMBERS WHICH HAVE BECOME PART OF OUR EVERYDAY LIVES"

Anglian Water Newmarket customer



- Our Smarter Drop shop offers our customers the chance to interact with our innovative technologies and give us their opinions on the big questions, while helping them save water and money.
- An online community of customers, ran by Incling, has been discussing the issues that matter to them and to the future of their water and sewerage services.
- We seize every opportunity to co-create with our customers to identify effective and imaginative ways of inspiring water use reductions.



"THERE WAS NO SHORTAGE OF EYE-CATCHING GADGETS AND TECHNOLOGY BUT FOR ME THE MOST IMPRESSIVE THING WAS HOW ANGLIAN WATER IS ENGAGING AND MOTIVATING REAL PEOPLE"

Mike Keil, Head of Policy and Research, Consumer Council for Water

"THE SMARTER DROP IS A GREAT INITIATIVE AND THE WAY ANGLIAN WATER ENGAGE WITH THEIR CUSTOMERS IS FANTASTIC – IT SHOULD BE A LEADING EXAMPLE IN THE WATER INDUSTRY"

Anglian Water Newmarket customer



- Consistently interact with your customers, get to know them and allow them to shape your direction and ambitions.
- Include your customers in your journey towards greater innovation.



4. SET YOURSELF ASPIRATIONAL GOALS

We believe ambitious, aspirational goals are powerful drivers for change. They provide a clear direction for our business and inspire our people and partners about what can be achieved. In the Shop Window, we have set ourselves seven of these goals.

These are stretching, challenging goals, but they are already dramatically changing the way we work.

In your business, setting clear, defined and measurable goals allows for multiple innovative solutions to work simultaneously towards them. It sets a vision to where your business, supply chain and customers should strive to be. This is how our Shop Window goals are transforming the way we work:

- An outcome-driven approach underpins all our work: our business planning – the way we report and are rewarded for our performance, and the way we work day-to-day.
- The Shop Window goals are more ambitious than those of the business as a whole, as they were created to continually drive greater innovation.
- We have included clear measurable targets to each goal to make teams aware of what they are working to.

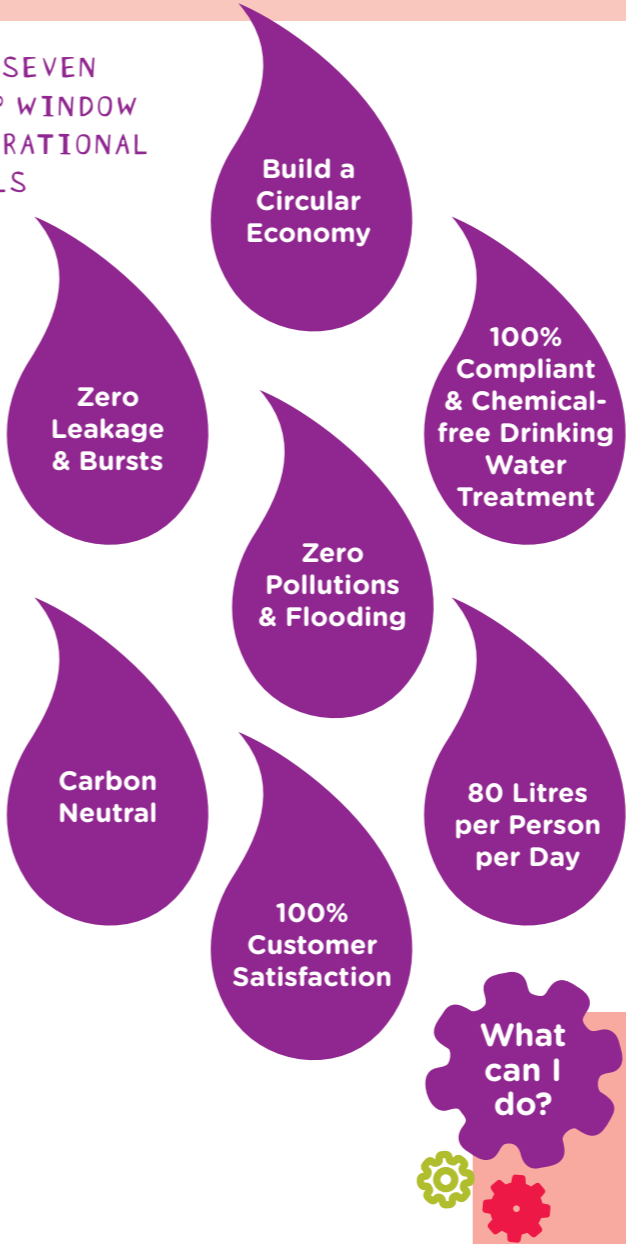
Progress towards our carbon neutrality goal has taken huge steps forward through our @one Alliance programme – see the Carbon Challenge case study in the next section.



@one

We invite students from universities across the country to work with us each year. Natalie Lamb, from the University of Sheffield, is carrying out research with us for her PhD, to investigate to what extent we can push the boundaries of chemical-free water treatment.

THE SEVEN SHOP WINDOW ASPIRATIONAL GOALS



"AT ANGLIAN WATER WE ARE AWARE THAT BEING TRULY SUCCESSFUL IN MEETING OUR CHALLENGES CAN ONLY COME ABOUT BY INNOVATION. OUR SUPPLY CHAIN IS A VITAL PART IN THIS. THAT IS WHY THE INNOVATION SHOP WINDOW WAS CREATED, WHERE WE CAN ALLOW NEW COLLABORATIONS TO BE FORMED WITH ORGANISATIONS WHO ARE PUSHING THE FRONTIERS ON NOT ONLY TECHNOLOGY AND PRODUCTS, BUT IN EVERY ASPECT OF HOW WE IMPROVE OUR SERVICE TO OUR CUSTOMERS AND OUR STEWARDSHIP OF THE ENVIRONMENT"

Jason Tucker,
Director of Alliances and
Integrated Supply Chain

- Set a series of aspirational goals based on your major challenges to drive innovation.
- Ensure these goals are defined, made clear across the business and can be measured.

5. LEAD FROM ALL LEVELS



Creating a ‘line of sight’ on all levels between directors and employees on the front line is crucial in driving innovation. Director leadership, encouragement and effective communication across the business all help to create this line of sight.

As part of this director-employee interaction, ensuring there is visible support and an expectation from directors for teams to innovate, encourages innovation.

If directors challenge certain teams to meet new goals, while supporting them throughout, then innovation can be driven.

Multi-stakeholder groups such as our Innovation Review Board- a strategic group on innovation- helps to align this process.

What can I do?

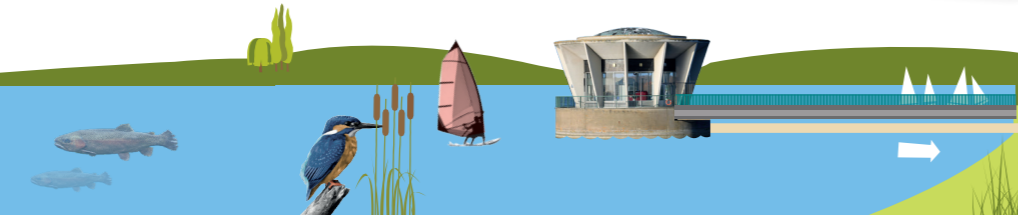
- Produce a series of public commitments from directors and managers pushing for innovation at all levels.
- Regularly issue challenges from a director level for specific teams to achieve certain targets.



An example of this is our Carbon Challenge; in 2008, we and our construction partners committed to halve carbon in the things we built between 2010 and 2015. Everyone in the business shared this commitment.

Halving carbon demanded a fundamental step-change. It meant challenging the way things were done at every level of the business and required an unwavering belief that it was possible.

The challenge galvanised and inspired our engineers. It led to an explosion of innovation in digital technologies, construction techniques, the development of standard products and new ways of working.



6. PROMOTE IT

Ensuring the drive for innovation is visible, both internally and externally, acts as an additional catalyst for innovative ideas. As well as through director endorsement, the visibility of innovation can be promoted by hosting events, workshops and presentations and maintaining a presence at external events.

Internal visibility:

- Sparks innovative conversation and maintains momentum and drive for innovation.
- Opens the door to suggestions from across the business.
- Our Shop Window team spread the word at internal events through presentations, workshops and market stalls.

Examples of external visibility:

- We love showing our regulators the great work we are doing in Newmarket, with recent visits from the Consumer Council for Water and OFWAT.
- Our customers can walk in and speak to us in person at our Smarter Drop shop in Newmarket.
- We ensure public visibility at conferences and local or national press.

"WHILE AT AN INTERNAL WORKSHOP DISCUSSING THE POTENTIAL USE OF DRONES IN THE WATER INDUSTRY, I SUGGESTED WE COMBINE THERMAL IMAGING AND DRONE TECHNOLOGY TO HELP DETECT LEAKS. AS A RESULT, ANGLIAN WATER BECAME THE FIRST WATER COMPANY IN THE UK TO USE THERMAL IMAGING TECHNOLOGY IN LEAKAGE DETECTION. WE'RE FINDING HARD-TO-SPOT LEAKS FASTER THAN BEFORE, MAKING OUR REPAIR WORK MORE EFFICIENT. IN THE FIRST 10 COMPLETED SURVEYS WE HAVE IDENTIFIED FOUR HARD-TO-LOCATE LEAKS, SAVING AROUND 0.7ML/DAY."

Chris Utton, Intensive Leakage Delivery Support Manager

"WITH ANGLIAN WATER'S FOCUS ON INNOVATION AND THE CONTINUAL DRIVE FOR IDEAS ACROSS THE BUSINESS, I FELT CONFIDENT PUTTING FORWARD MY SUGGESTION AND THAT IT WOULD BE TAKEN SERIOUSLY."

Chris Utton, Intensive Leakage Delivery Support Manager



We are busy in the skies, combining drones with thermal imaging cameras to spot leaks on frosty winter mornings! We continue to test how this can be used in the summer, too.



Our latest technology could be in places you would walk past without a second thought! A lot of our assets are underground, so we are exploring ways we can monitor and pre-empt any changes in how things are running.



- For businesses with a department dedicated to innovation, take the time to engage with more isolated teams, reminding them of the need to innovate.
- Set up a mailbox for innovative ideas to be sent to and shared, no matter how ambitious.



7. CREATE A SAFE ENVIRONMENT

Whilst promoting innovation leads to many benefits and allows challenges to be tackled, it can also lead to projects not meeting the expected or desired results. To get the most out of innovation, employees must feel confident and supported in taking on innovative projects. There must be security and reassurance surrounding new projects and an expectation set to push through blockers. This has been our experience:

- Innovation involves walking on uncharted territory, so there is a greater risk for projects or technologies to hit a bump in the road.
- Security, reassurance and expectation provide employees with the confidence and drive to overcome barriers when otherwise they may not take the risk.
- In order to innovate we need to understand and learn from failures.
- At Anglian Water we have set up a system of risk-based decision-making, where the focus is not on avoiding risk but understanding it. This understanding informs decision-making and minimises the fear of failure.



We're testing how we meet the challenges of the future with new technologies and processes. Nereda, a chemical-free process for phosphorous removal from sewage, is both cheaper to run and more environmentally friendly, with a smaller geographical footprint. It was a great success when piloted in Newmarket. We are now building a full-scale plant in Essex.



What can I do?

- Create internal awards to recognise both successful and unsuccessful innovative ideas in order to encourage ambition and reduce fear of failure.
- Ensure director level encouragement and support for innovative ideas are made clear throughout your business.

"INNOVATION INVOLVES TAKING RISKS, AND SOMETIMES THESE RISKS DON'T WORK OUT. THAT'S OK, AND IF ANYTHING, IT IS STILL VALUABLE LEARNING. CREATING A SAFE ENVIRONMENT TO FAIL, ALL THE WHILE MANAGING OUR RISKS AND CELEBRATING FAILURE, LEADS TO OUR PEOPLE TRYING NEW THINGS. THIS, AT ITS CORE, IS INNOVATION".

Ghislain Juvanon, Shop Window Programme Manager

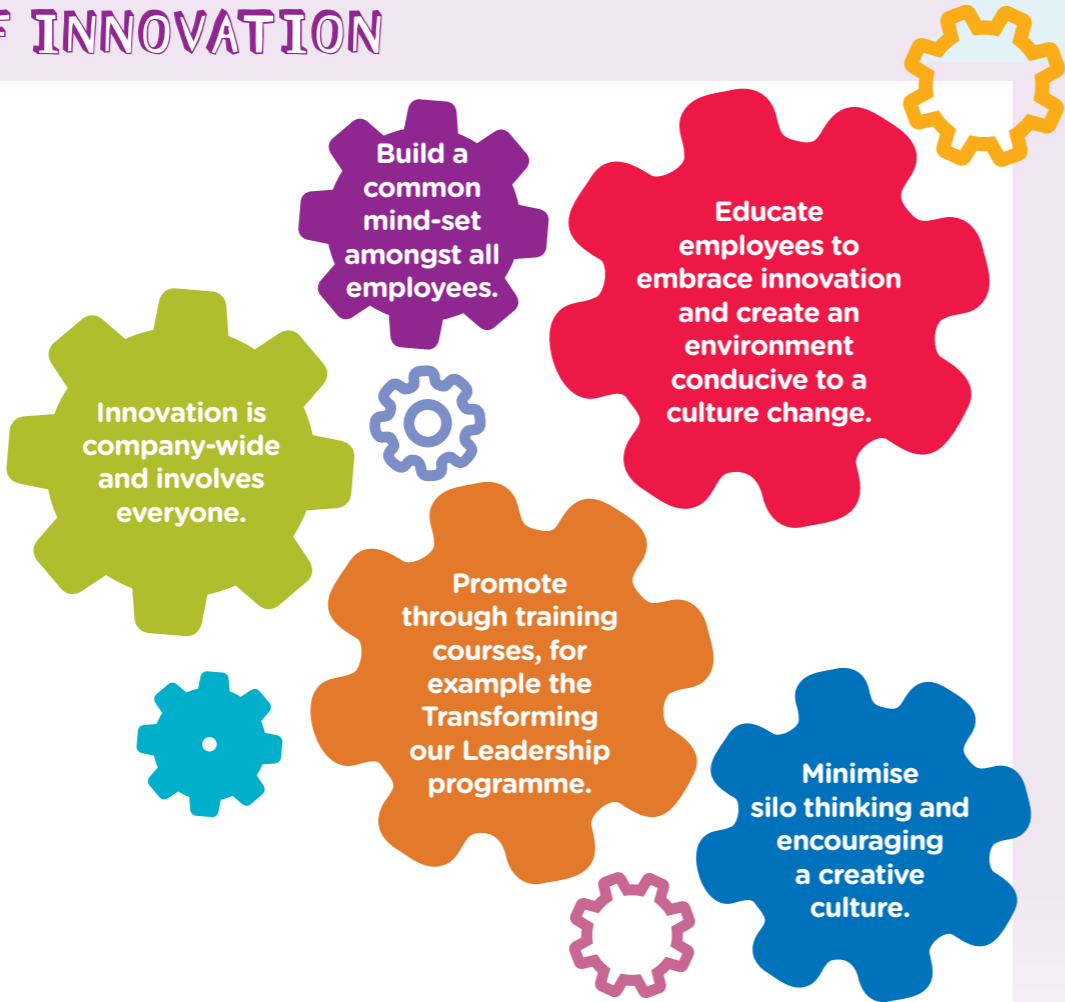


A CULTURE OF INNOVATION

Successful innovation is cultural: it is not a process or a programme, or one business unit. It has to underpin the way the business thinks.

We believe that if you can incorporate the previous six tips into your business then a culture of innovation can be achieved. Along with dedicated training courses encouraging innovative thinking, each tip helps to embed innovation at the core of your company and prepare for a successful future.

"CULTURE EATS STRATEGY FOR BREAKFAST."



SUMMARY OF TOP TIPS

1. COLLABORATE FROM THE OUTSET:

engage and share openly with partners, both internal and external, and form strong alliances with your supply chain.

2. IDENTIFY YOUR CHALLENGES TOGETHER:

work with your partners to establish your major challenges, both now and in the future.

3. CO-CREATE WITH YOUR CUSTOMERS:

put your customers at the heart of everything you do, engage with them to guide your business.

4. SET YOURSELF ASPIRATIONAL GOALS:

set challenging, defined and measurable goals to lead your journey to greater innovation.

5. LEAD FROM ALL LEVELS:

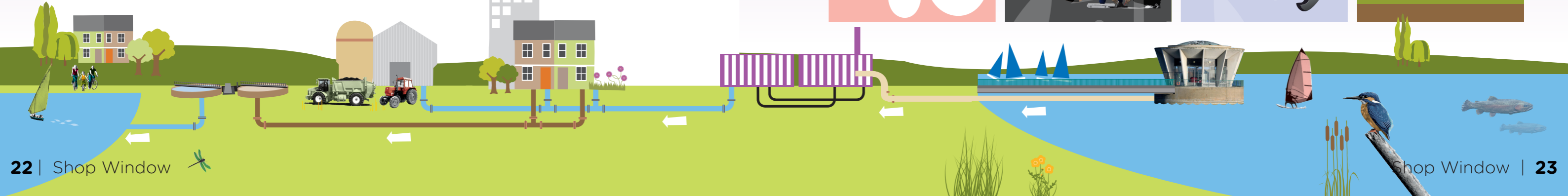
ensure explicit director support and an expectation for teams to innovate, and set regular challenges.

6. PROMOTE IT:

shout about the importance of innovation, and share your progress, across the business and externally.

7. CREATE A SAFE ENVIRONMENT:

emphasise the expectation to innovate and don't be afraid.





love every drop
anglianwater.



THANK YOU

To all our partners, supply chain and customers who have contributed so far – without them the Shop Window wouldn't be the hub of innovation that it is. We look forward to tackling our mutual challenges and opportunities together. If you want to become part of our journey and help shape our vision for the future then look no further, our doors are always open to new, innovative ideas.