CONTINUOUS PARTNERING
HELPS ENSURE PROJECT SUCCESS

AN INITIAL PARTNERSHIP AGREEMENT
FOLLOWED UP WITH ONGOING REINFORCEMENT
CAN HELP ENSURE A PROJECT'S TIMELY AND PROBLEM-FREE COMPLETION

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Whether you are a planner, designer, or contractor, it is likely you have been exposed to the term "partnering." It is just as likely that you have heard some of the disparate opinions on the topic, which generally range between two extremes:

- Partnering is a waste of time. It is just a way to give away the store to the contractor.

- Partnering is the greatest thing to happen to project management in this century. It has saved millions of dollars. It has ended project delays and litigious claims.

The latter perspective is generally held by the. Louisville, Kentucky office of the US Army Corps of Engineers, which reported achieving substantial monetary savings on projects in which it had exercised partnering agreements.[1]

In the State of Washington, the Washington Department of Transportation (WDOT) reported that significant cost savings were realized after partnering agreements were used on several of its multi-million dollar projects. According to WDOT, partnering agreements were used in 45 of its construction projects, which have ranged in value from $1 million to $75 million. Throughout all 45 of those projects, only $8,500 was paid in consideration of litigious claims.[2]

The US Army Corps of Engineers office in Portland, Oregon, reported that partnering allowed it to virtually eliminate time growth on its projects, substantially reduce cost growth, eliminate all new litigation, and even reduce paperwork by two thirds. That office also reported that partnering also resulted in higher levels of mutual respect among project participants.[3]

The Arizona Department of Transportation, which has been a longtime user of partnering, reported the following statistics for partnering projects that were carried out from July 1991 through June 2000:[4]

- 829 completed contracts
- a total of $2.1 billion in construction costs for completed projects
- only two arbitration claims
- time saved on projects averaged 8.7%
- 11,102 contract days saved
- a total of $32.3 million in cost savings

These impressive statistics, however, do not tell the entire story of partnering. As the owner in a large water treatment plant project said, "Even if no savings had resulted from partnering, it

has created the most congenial construction environment I have dealt with in my 20 years of local government."[5] His project was completed on time with no claims.

Partnering is more likely to produce favorable results when implemented as a continuous process rather than as a one-time event. Differing opinions held by individuals on the subject are often based on whether a partnering agreement was executed as a continuous process.

WHY USE PARTNERING?

The reasons for using partnering can be illustrated by the following quotation from a 1991 editorial in *Engineering News Record:*

> *When we choose to live by the spirit rather than the letter of the law—offering our hand and word as bond—we distinguish ourselves. When we don't, we give up treasured values and mirror the dark, litigious side of construction.*

Lawsuits are inimical to the basic nature and goal of the industry. Construction is not an individual endeavor like long-distance running, but rather a business of team building. The fabric of the industry depends on strong weaving of owner, architect, engineer, and contractor into a team. Successful teams are built on the strengths of each member, while successful lawsuits are founded on capitalizing on the weaknesses of each team member.[6]

PARTNERING DEFINED

Partnering is a systematic approach to overall project management that promotes a positive working environment among project participants. The partnering environment fosters trust and teamwork while simultaneously countering dispute through cooperative working arrangements. Partnering is a process in which a neutral party assembles the key players (owner, designer, contractor, subcontractor, supplier, and regulatory agency) of a project before work commences. These parties to the project agree on project goals and establish a process for resolving conflict. Even though partnering is implemented strategically through a series of procedures, the true essence of partnering is derived from the attitudes and commitments of its participants.

Partnering is a commitment to several attitudes—an attitude of collaborative problem solving, an attitude toward open communication, and an attitude that discourages gain at others' expense.

In partnering, the term "project team" refers to all those who are involved in designing and building a project. A direct correlation exists between the number of serious conflicts that arise on a project and the quality of interpersonal relationships among the parties (team members) to the project. A key objective of the partnering process is the building of relationships among the team members.

Partnering fosters problem solving by providing a process through which challenging project issues may be addressed. In this process, the owner, designer, and contractor can each mitigate the effects of certain situations that arise by gaining an understanding of these situations before events surrounding them can be misconstrued. Most problems on projects escalate because of miscommunication, a lack of communication, a lack of trust, unverified assumptions, or a breakdown in working relationships. Typically, project planning and monitoring focus on budgets, schedules, and technical issues rather than on the relationship tools that are needed to manage a project successfully. Partnering addresses this shortcoming.

Partnering does not replace a contract. Partnering stresses principled negotiation rather than a win-lose position-based type of negotiation. A very important aspect of partnering is its problem-solving process, which enables unresolved issues to be elevated up through the chain of command. This enabling process reduces conflict that may arise from behavioral style differences. Inaction on issues is not acceptable—timely resolution is a focus of the partnering process.

The partnering process has been shown to reduce the frustrations that arise from a lack of communication and trust, from differences in contract interpretation, from widely differing business practices, and from the general friction that occurs between owners, designers, contractors, and key agencies. All of these factors impede the flow of information and affect decision making, and ultimately, they damage the schedule, budget, and quality of the project. Some differences between partnering and the traditional project management approach are summarized in Table 1.

TABLE 1   Differences Between Partnering and the Traditional Project Management Approach

Item	Partnering	Traditional Approach
Trust	High	Low
Hidden Agendas	Unlikely	Common
Communication Lines	Open	Limited
Relationship Building	Conscious, focused effort	Incidental, often ineffective
Negotiations	Interest based (win-win)	Position based (win-lose)
Dispute Resolution	Informal, expeditious	Adversarial, slow
Communication	Active, constantly checking assumptions	Reactive, often contentious
Respect	Based on role and actions	Based on authority
Performance Measurement	Ongoing, regular monitoring	Usually discussed only when there is a problem

PARTNERING PROCESS RELIES ON BASIC STEPS

The partnering process is typically executed by performing the following steps in order:

1. Establish a well-defined partnering strategy before the project begins.
2. Gain an acceptance of and a commitment to the partnering strategy by the top managers from each party to the project.
3. Conduct an initial partnering workshop.
4. Conduct periodic review meetings and workshops during the project to monitor and evaluate progress on the project and the effectiveness of the partnering process.
5. Make modifications if necessary, and then reevaluate.

INITIAL WORKSHOP TAKES PREPARATION

A key step is assembling a workshop that is attended by all parties to the project. This process promotes team building and establishes a common strategy for accomplishing the goals and objectives under the project mission. It is essential that goals and objectives be jointly developed and mutually agreed to — which creates an overlying management team that has a common philosophy. This initial workshop is typically led and moderated by an unbiased outsider who facilitates the execution of the partnering agreement. Before the initial workshop, the facilitator visits each participant separately to establish rapport and define his or her role. Each person's expectations are also discussed to help define and support the upcoming initial workshop. Each individual is asked a series of questions similar to the following:

- What are your organization's goals regarding this project?

- What are your personal goals regarding this project?

- What are some key words or language that you believe should be incorporated into the project's mission statement?

- What kind of communication and behavior guidelines would you like the team to agree on before the project is initiated?

- Are there any problems you anticipate on this project?

- What has worked well for you on previous projects regarding procedures and communication with other parties?

- What suggestions do you have for developing the criteria that will be used to evaluate the project at the periodic review meetings?

This advance preparation results in each participant arriving at the workshop with his or her key issues in mind. It also allows the facilitator to gain an understanding of each participant, including his or her goals and behavioral style, so that a workshop agenda can be designed around the specific issues of all participants.

The partnering process also considers behavioral characteristics of each of the participating team members. The process may require participants to complete a personal style questionnaire (such as the Myers-Briggs Type Indicator questionnaire). Partnering emphasizes that recognizing and understanding differences in personality and behavioral styles are a key element in developing good relationships.

INITIAL WORKSHOP COVERS TWO DAYS

A variety of formats can be used in the initial workshop, often depending on the project size and complexity ranging from a half-day to two days. For large, complex projects, it usually covers two consecutive days, with an evening break in between. This break gives participants time to integrate concepts and reflect on what they have learned. It also gives them some time to generate questions, which they can present to the workshop group on the following day. Shorter workshops might be scheduled if the parties have worked together in the past or the project is small, with only a few key team members. The following individuals should he included in an initial workshop:
- the owner
- project managers
- the construction manager
- the general contractor

- key subcontractors
- the designer
- any regulatory agencies

A typical initial workshop should cover the following topics:

Orientation - The role of each project participant should be explained to other participants. Doing this allows everyone to better understand the expectations and perspectives held by each party to the project. Identifying common goals-is a step toward getting everyone to work in the same direction.

Behavioral styles - An awareness of the differences in behavioral styles among participants should be brought to the partnering process. The workshop prepares participants to respect differences in personalities and behavioral styles. Emphasis is placed on how to deal with these differences in style.

Identification of potential problems - The goal is to prevent problems rather than relying on reactionary behavior later. For example, for a project that was under an extremely tight schedule, the project team recognized that the time required to review shop drawings was likely to be a problem. A subgroup was formed comprising owner representatives, the designer, and the contractor. This subgroup developed a flowchart outlining the drawing review process. Developing the flowchart allowed problems to be recognized, and solutions acceptable to all parties were identified. Rather than waiting for the problem to manifest itself, the team prevented the problem from occurring.

Dispute resolution - Establish a dispute resolution process in which it is understood how long an issue can remain unresolved before it is elevated to the next level. It can be decided at this initial step of the process who will preside at each level. For example, it may be agreed that field representatives of each party have 24 hours to resolve a dispute. If the dispute is not resolved within 24 hours, the next highest level is notified, and the dispute is elevated to that level for consideration. The dispute continues to rise to the next level until it is resolved. If it is not resolved by means of the partnering process, the dispute is resolved according to the contractual dispute resolution process (e.g., a dispute resolution board or a binding arbitration) as a last resort. However, hostilities and costs usually escalate when dispute resolution moves from the partnering process to such steps as binding arbitration or litigation. The goal is to establish and use a partnering process that all parties agree can be used to resolve disputes more expeditiously than do the traditional processes typically set forth in contract documents. The dispute resolution process used in partnering reduces the likelihood that these more severe contractual processes will be used.

Partnering reinforcement - Develop a specific partnering implementation plan that includes both a schedule and a procedure for periodic reviewing of the project to ensure that the benefits of partnering are being maintained. Partnering works best when it is treated as a continuous process. The benefits of partnering are not fully realized unless the process is evaluated periodically and then modified as is appropriate. A failure to treat partnering as a continuous process is the primary reason that the process fails. A failure to schedule partnering activities after the initial workshop is a red flag that partnering is not being treated as a continuous process.

Partnering agreement - At this stage, there is a recognition of shared goals that helps to align the efforts of the various parties. The partnering agreement incorporates the shared goals, a code of behavior, a dispute resolution process, and a reinforcement plan into a written document that is signed by all parties to the project. The agreement should identify critical success factors or performance objectives that the group can use to measure and discuss performance. It is also helpful if the team can agree on a simple tool to assist members in monitoring performance. In one case, a team decided to use a traffic light analogy for each specific area of the partnering agreement. At every team meeting, each team member ranked the team's performance for each area of the agreement by giving it a green light (going well), a yellow light (needs adjustment), or a red light (not working, needs immediate attention to avoid a crisis). The partnering agreement is not legally binding, but it is a written commitment by all parties to follow the guidelines outlined in the workshop. A representation of a partnering agreement generated from a workshop facilitated by the authors is presented in the following Partnering Agreement.

PARTNERING AGREEMENT
Southern Transfer Interurban Project Partnering Agreement

MISSION STATEMENT

We the partners of the Southern Transfer Interurban Project commit to combine our strengths and expertise as a team to safely construct a quality project in an atmosphere of mutual trust and respect, achieving the following goals:

PERFORMANCE GOALS

On time and within budget
Safe project
Quality project that satisfies the client
No claims
Minimize impact of environmental problems
Professionalism in dealing with submittal processing, change-order resolution, decision-making, and payment processing
Good neighbor with community and utilities
Meet women and minority business enterprise goals
Innovative project

COMMUNICATION GOALS

Positive working relationship; be courteous, cordial, and honest; listen
Open communication between all levels
Decision and resolution at the lowest possible level
Early notification of problems and identification of solutions
Follow established communication protocol
Keep an open mind about others' points of view
Focus on the issues, not personalities
Check out the facts before acting
Specify reasonable response timeframes
Timely acknowledgement and response to a specified request
Have productive meetings
Give verbal communication before written communication
Accept responsibility for one's own actions
Have fun

Partnering is a commitment to an attitude of collaborative problem solving, an attitude toward open communication, and an attitude that discourages gain at others' expense.

REINFORCEMENT IS THE KEY TO PARTNERING

Partnering is a continuous process whereby initial partnering relationships are reinforced through daily practices that are agreed to at the onset. Failed attempts at partnering often result from lack of participation in the partnering process beyond the initial workshop.

Success in partnering is only achieved when team members meet periodically after the initial workshop to review the status of activities on the project and to evaluate the effectiveness of the partnering process.

Initial partnering workshop: x Ongoing Partnering Reinforcement = Project Success

Some other commonly encountered barriers to successful partnering and their solutions are shown in Table 2. It can be difficult to change the age-old philosophy that design and construction projects have to be situations in which one party succeeds at the expense of another. Constant reinforcement and monitoring by project managers is necessary in order for the partnering process to gain acceptance.

TABLE 2 Potential Barriers to Partnering Success	
Barrier	**Solution**
No regular, periodic team review of how well each part of the partnering agreement is working	Include an agenda item in every team meeting to discuss how well each part is working, and make appropriate adjustment
Someone bypasses the dispute resolution process and makes an "end run" to a manager, hoping to get his or her desired answer	Managers must demonstrate – not just talk about – their commitment to partnering, advising the other party that the process must be followed before a response will be given
Conflicts arise that seem unresolvable to the team	Bring in an outside resource to work with the two parties that are in conflict
Managers don't call to task people on their teams who are giving lip service, rather than a commitment, to partnering	Vigilance and follow up by managers – confronting those involved, determining what is in the way of their commitment, and making appropriate adjustments; remove the person from the team if the problem persists
People revert to adversarial behavior if they don't agree with another party or if they question another's commitment to partnering	Agree to check out assumptions; call for a follow up workshop if the relationship deteriorates
Lawyers are pulled in too quickly	Give the process a chance; communicate openly about what is not working in the process, and change it

When disappointments, problems, and conflicts arise, various follow-up procedures and strategies will give the team members opportunities to build on the mutual respect that was developed in the initial workshop. The following activities help in assessing project progress and obstacles, motivating project staff, and implementing course corrections:

- Schedule monthly meetings to monitor attainment of partnering goals and project objectives.

- Address how well each area of the partnering agreement is working by means of an agenda item in weekly project meetings. Make any needed adjustments.

- Celebrate key milestones (a groundbreaking, the end of a phase, and so forth).

- Recognize individual and collaborative partnering efforts at meetings.

- Measure achievement of partnering goals by periodically surveying team members.

- Periodically conduct half-day reinforcement workshops.

For example, recent partnering practices on a large public works project helped pave the way to successful project execution. Participants developed a reinforcement plan that included a number of the previously outlined partnering activities. At a follow-up meeting, a survey was distributed to all participants in the partnering agreement. In addition to asking them to rate progress on goals, narrative comments were requested. Evaluation of the survey responses revealed that, basically, partnering issues were not being addressed at weekly project meetings. Because there was a lack of partnering discussion at weekly meetings, it followed that there would be only minimal, if any, partnering reinforcement activity occurring. Based on these findings, it was decided to include the facilitator in monthly meetings and also to have the facilitator conduct partnering exercises during those meetings to promote reinforcement. Participants were rewarded, in a sense, by having the facilitator recognize their commitment to the partnering process. Positive reinforcement resulted as project success stories were told, especially when the success was directly attributable to partnering. For example, meeting attendees were informed that a particular subcontractor had saved the owner approximately $100,000 as a result of discussions with the owner - discussions that had been conducted through communication channels established in the partnering process. During meetings, the participants discussed which areas needed improvement and developed action items to deal with relevant issues.[7]

A second survey was distributed to participants four months later. Some of the narrative responses indicated that a pattern of conflicts had developed between individual participants based on their individual behavioral styles. Building on the work done in the initial partnering workshop, a second follow-up workshop focused on how different behavioral styles react in the type of work situations encountered on the project. In the workshop, the participants applied their understanding of behavioral style differences to actual work situations. This allowed the participants to acknowledge, laugh about, and accept different stylistic approaches to a variety of on-the-job situations, a process that may not have been possible under the added pressure of dealing with problems in the field. Individuals were able to come up with action plans for dealing with their own reactions and behaviors that were getting in the way of resolving disputes.

At the conclusion of the project, the partnering team collaborated on an article that highlighted the benefits that partnering had brought to the project. Realized benefits included the following:

- Millions of dollars were saved by implementing innovative construction techniques that grew out of discussions generated in the communication channels established during the partnering process.

- The project was finished before the scheduled completion date.

- The existing facility remained in service during construction.

- No litigious claims were made.

CONCLUSION

Ongoing reinforcement is the key to partnering success. Partnering can produce significant benefits by helping manage the relationship, communication, and expectation aspects of projects. This may lead to lower costs, fewer or no delays, and fewer or no claims. The following guidelines are key components of a successful partnering program:[8]

- Understand one another's styles so we can work together despite our differences.

- Understand all partners' concerns and points of view.

- Measure the level of success at achieving partnering goals and project objectives.

- Make adjustments if people are not working together in the agreed-on way.

- Focus on what is going right, as well as on fixing problems.

- Use outside resources to help the partnering team when conflicts cannot be resolved internally.

- Stay committed to the process.

- Project managers need to set an example.

- Keep on doing it; stick to the plan even if the going gets tough.

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