

Partnering: The Way to Build It Right from Ground Zero



BY GARRETT J. SULLIVAN

In the younger days of contracting, problems on the jobsite were solved with minimal angst and cost. Jobs were completed on a handshake. Everyone worked toward the common goal.

Fast forward to 2013. Contracting is now a highly risky business, riddled with liability. Jobs are significantly larger and more complicated. We live in a litigious society. All this points me to the topic of this month's article—why I recommend that contractors minimize claims through a process called “partnering.”

What is Partnering?

The dictionary defines partnering as a formal management process in which all parties voluntarily agree, at the outset of a project, to adopt a cooperative, team-based approach to conflict resolution. In essence, it sets forth the rules and protocols in order to mitigate potential conflicts long before the project ever breaks ground.

Partnering was developed by the Army Corps of Engineers and was quickly embraced by various state Departments of Transportation across the nation. The process is usually required by the owner and can be part of the contract bid documents (with the costs paid from the contract). Although typically an owner-initiated process, you, as a contractor, can use it to help achieve your planned profit on the job while building a better relationship with the owner and the project team.

Why Use Partnering?

One of the drawbacks to partnering is the upfront investment it requires. However, the rewards can be substantial. Imagine the benefits of quick conflict resolution instead of the pain of problems that drag on (and potentially end up in litigation). The process calls for considerable time and effort to set

up—and hard work to maintain—but, those who use it have found it extremely useful, and even enjoyable. The benefits can include:

- increased customer satisfaction
- better value for the client
- recognition and protection of profit margin for the contractors, subcontractors and suppliers
- better understanding between partners and the driving down of project costs
- a shorter overall delivery period

Where to Start?

For partnering to be successful, all parties must be honest and transparent, and have a willingness to overlook differences to achieve common goals. When these parameters are agreed to by all parties, an experienced facilitator then needs to step in to lead a planning retreat. Then, the following five primary elements take place:

• Team Survey

Prior to the retreat, the facilitator should conduct a survey of all participants in order to develop a sense of the culture of the participants, potential project issues and what types of breakout sessions will be most useful for participants.

• Partner Retreat

Depending on the size of the project, a one- or two-day offsite retreat is held with all the main employees of the contractor and owner/client. This builds solid relationships and allows participants to identify and discuss any potential areas of friction that could hinder project success. It is imperative that accurate notes of the retreat be taken to develop a “group memory” that can be referred to later, should an issue arise.

• Problem Resolution

It is vital that a joint resolution mechanism is established to enable problem/issue reviews to be made quickly and effectively. This process should be focused on seeking the best solution, without apportioning blame. To prevent minor problems from developing into major disputes, decisions should be made jointly within a predetermined period of time. If this cannot be accommodated, the problem should be referred up to the next level until it's resolved. There are various names for this process, such as the Problem Resolution Flow Chart or the Problem Escalation Ladder.

• Project Charter

The project charter is a retreat closure document. It serves as a “moral contract” but does not replace the actual contract. It sets forth a series of principles and guidelines as to how problems will be resolved and how team members will engage each other.

• Ongoing Evaluation

Quite often there is a high degree of optimism after the retreat. However, without ongoing evaluation, participants can often revert back to old, antagonistic business practices. Ongoing evaluation should occur monthly or quarterly, given the size of the project. These can be facilitated by the contractor's project manager. When consistently reviewed, the rate of success is extremely high.

When a project is successfully partnered, there is a much higher level of communication between the parties to the contract. A new sense of teamwork is fostered, and a higher level of trust typically sets the stage for future business. **BI**

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