

La Crosse Urban Street Improvements  
La Crosse, Wisconsin  
Construction project partnering

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**CONSTRUCTION PARTNERING  
CHARTER WORK BOOK  
La Crosse Urban Street  
Improvements  
La Crosse, Wisconsin**

**Date:** Wednesday May 28, 1997

**Location:** La Crosse, Wisconsin

**Time:** 08:00 A.M. to 05:00 P.M.

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# Urban Street Improvements - City of La Crosse

## La Crosse, Wisconsin

### PROJECT PARTNERING MEETING AGENDA

Wednesday May 28, 1997

07:30 to 08:00 a.m. - Coffee for attendees

08:00 to 08:10 a.m. - Introduction of participants - By principals for key stakeholder organizations

08:10 to 08:20 a.m. - Brief review of project status and characteristics - by project staff

08:20 to 09:15 a.m. - Introduction to partnering, partnering methods, and workshops - Ralph J. Stephenson, chair.

09:15 to 10:00 a.m. - Break out work sessions - comments to be recorded by team secretary on flip charts.

- Workshop #1 - "What actions do others take that create problems for us on projects like the La Cross program?" See pages 9 and 10 for examples.

- Presentation and explanation of problem statements by teams

- Workshop #2 - "What actions do we take that create problems for others on projects like the La Crosse?" See pages 9 and 10 for examples.

- Presentation and explanation of problem statements by teams

10:00 to 10:15 a.m. - Coffee break

10:15 to 11:00 a.m. - Continue Workshops #1 and #2 discussions

11:00 to 11:15 a.m. - Attendees write individual mission statements

- Workshop #3 - "What is the single most important goal to be achieved by my organization and me by the La Crosse project being successfully completed?" See pages 10 and 11 for examples.

11:15 to 12:00 noon - Recommendations for helping achieve project success on the La Crosse urban street improvement project.

- Workshop #4 - "Considering your team's comments in Workshops #1 and #2, and the mission you wrote in Workshop #3 what can all of us do to encourage good relations and excellent performance on the La Crosse project?" See pages 11 and 12, and 13 through 21 for examples.

- Begin preparing team recommendations to assist in achieving the individual missions of the stakeholders.

- As a starting point we should consider the following alphabetical listing of subjects within which many current design and construction problems are found to originate.

- 01) Approval processes.
- 02) Backcharges.
- 03) Constructibility.
- 04) Construction document quality.
- 05) Cost growth.
- 06) Closing out the project.
- 07) Contract interpretation.
- 08) Communicating with others.
- 09) Decision making.
- 10) Documents and documentation.
- 11) Equipment and material problems.
- 12) Financial problems
- 13) Issue, conflict and problem resolution.
- 14) Inspecting and testing.
- 15) Job management.
- 16) Labor conditions
- 17) Legal matters.
- 18) Maintaining regular project evaluations.

- 19) Organization, authority & responsibility
- 20) Being a good off-site neighbor.
- 21) Being a good on-site neighbor.
- 22) Planning and scheduling.
- 23) Paper and administrative work.
- 24) Project cost structure.
- 25) Policies and procedures.
- 26) Payment processing.
- 27) Personnel quality and problems.
- 28) Procurement of materials and equipment.
- 29) Program conditions.
- 30) Quality management.
- 31) Regulatory agency matters.
- 32) Revision processing.
- 33) Safety.
- 34) Substitutions and alternates.
- 35) Staff morale and attitudes.
- 36) Submittal processing.
- 37) Staffing and manpower.
- 38) Timely action.
- 39) Time growth.
- 40) Training.
- 41) User group interaction.
- 42) Value engineering.
- 43) Warranty conditions.
- 44) Weather conditions.
- 45) Work site conditions.

12:00 noon to 01:00 p.m. - Lunch

12:45 to 01:20 p.m.

- Workshop #5 - Mission task force prepare 1st draft of project mission statement on overhead transparency and flip chart. Twenty five words or less - separate breakout session

01:00 to 01:20 p.m. - Orientation on partnering evaluation and issue resolution -  
Ralph J. Stephenson, chair

Review elements of project charter evaluation system and project issue

resolution system as appropriate from charter provisions being considered.  
Points to consider include:

- What is an evaluation system?
- What is to be evaluated and how?
- Who prepares the evaluation system?
- Who makes the evaluations?
- What is a dispute resolution system?
- Who prepares the dispute resolution system?
- How are disputes resolved within the system?
- How are the evaluation and issue resolution systems updated?

01:20 to 01:30 p.m. - Full group prepare 2nd draft of project mission statement for charter.

01:30 to 02:30 p.m.

- Workshop #6 - Identify job construction objectives and refine mission statement to incorporate into charter.

02:30 to 03:00 p.m.

- Workshop #7 - Begin writing partnering charter. See pages 13 through 21 for examples.

03:00 to 03:15 p.m. - Coffee break

03:15 to 04:50 p.m.

- Continue Workshop #7 - Complete write partnering charter, and print

04:50 to 05:00 p.m. - Sign charter and award memento

05:00 P. M. - Adjourn

## Urban Street Improvements - City of La Crosse

La Crosse, Wisconsin

Wednesday May 28, 1997

### Partnering Reference Material

#### Purpose of meeting:

To prepare and adopt a partnering construction charter for the guidance of the La Crosse street improvement team.

#### Definitions:

- *Alternative dispute resolution*

A method of resolving disputed construction claims outside the courtroom.

- *Issue resolution*

A method of reaching agreement and closing out disputes at the originating management level, in the shortest possible time, and with the lowest potential for residual hard feelings.

- *Mission*

The single most important goal to achieve by being successful in the project organization's principal efforts.

- *Must list*

Those items that must be included in the scope of work to make the project a go. If any of the items in the must list are not able to be included the project is abandoned.

- *Objectives*

Quantified targets derived from the established *mission* and goals.

- *Partnering*

A way of achieving an optimum relationship between a customer and a supplier. A method of doing business in which a person's word is their bond, and where people accept responsibility for their actions.

Partnering is not a business contract, but a recognition that every business contract includes an implied covenant of good faith - from AGC definition

- *Partnering*

A method of conducting business in the planning, design, and construction profession without unnecessary, excessive, or disruptive external party involvement.

- *Partnering charter*

The basic manual for operating a partnering system. Contains the mission statement of the project team, and their objectives for the project. Usually is signed by all those writing the document.

The charter is an agreement in principle and *must not supersede or supplant the design and construction contracts in place or to be written.*

- *Resolution*

A course of action determined or decided upon that can result in clearing conflict or dispute.

- *Task force*

A temporary grouping of forces and resources designed to achieve a specific objective.

- *UDM*

Ultimate decision maker - the individual or group at the lowest management level that has the authority to make a final binding decision in any job related matter.

- *Want list*

Those items that are wanted and can be included in the scope of work, over and above the must list items, since they provide a definable and acceptable rate of return on their cost.

- *Wish list*

Those items that the owner and the user wish they could include but might not



be able to due to budgetary or other reasons. Wish list items are best added, not deleted, as the project moves into construction.

- *Workshop*

The meeting structure through which table or full partnering discussions are conducted. Usually participation is required of all attending.

**Workshop Reference information:**

- **Workshops #1 and 2** - "What actions do others take that create problems for us?", and "What actions do we take that create problems for others?"

Examples of specific answers within the above categories to these questions are listed below. These are sample responses taken from actual charter meeting.

- Giving directions to proceed without a timely change order.
- Failing to establish clear chain of command.
- Lack of timely acceptance of work.
- Lack of timely responses.
- Slow payment.
- Closed mind (preconceived solution).
- Failure to solicit subdesign expertise.
- Design without feedback.
- Failure to understand goals.
- Not thinking hard enough; using easy choice instead of best choice.
- Lack of support for value engineering, sometimes fail to seek out value.
- Inaccurate estimated.
- Inaccurate schedules.
- Clear definition of must, wants, and wishes.
- Challenge too late.
- Clear definition of what approval means.
- Thoughtful/meaningful review and participation in design/program process.
- Timely delivery information on owner supplied equipment.
- Be available.
- Surprises.
- Sharing goals and vision at early stage.
- Firm budget (*proforma*).
- Space squeeze.
- Clear understanding of design criteria.
- Second guessing after decisions.

- Lack of understanding of owner's goals.
- Weak or late code research.
- Willingness to consider constructibility.
- Must be candid in our review and assessment of design information.
- Give equal consideration to all design disciplines.

• **Workshop #3** - Example of responses to the question -" What is the single most important goal to be achieved by my organization and me by the Green Bay Main Street Bascule Bridge project being successfully completed?" (edited samples from an actual charter meeting)

- To build a quality project with the total commitment of all involved from owner to tradesperson, and finish the project with pride and satisfaction to all.
- To complete the project within budget, on time, to the quality standards desired by the owners. To develop a prequalified team that can be used on future projects.
- Our *mission* is to complete the project safely, on time, and within budget, working in a spirit of cooperativeness & respect for all parties involved.
- We seek to work together as a team to produce a quality project on time, safely, and within budget, with a fair profit realized by all parties involved.
- We recognize the common goal to finish this project with the highest quality, on time, and within budget, & agree to work together safely, as a team with trust and cooperation.
- Complete the project with the highest level of quality, on time, and within the budget so that all of the team members want to do the next project together.
- To provide a quality building within the budgeted time & cost - earning a fair profit & having fun doing it.
- To work in harmony with all team players to provide a project that everyone can be proud of.
- Work together as a team to build a quality building in a safe and cost effective way.

- To furnish to the owner a quality installed system in a timely manner, considering all people involved, at a profit.
- To have the customer delighted with the project at its completion.
- To achieve the highest quality building possible for the owner that satisfies their needs and objectives, within budget and schedule parameters.

• **Workshop #4** - Example of responses to the question - "Considering your team's comments in Workshops #1, and #2, and the mission you wrote in Workshop #3 what can all of us do to encourage good relations and excellent performance on this specific project?" (below are listed some edited samples from an actual charter meeting)

- Exhibit less defensiveness/more openness.
- Resolve disputes fast.
- Don't take issues personally.
- Be willing to propose/suggest solutions.
- Prioritize submittals.
- Recognize owner's need to eventually occupy, operate and maintain the facility and systems.
- Recognize the importance of paper work.
- Allow necessary contract time for training.
- Prepare & publish FFE budget.
- Prepare & publish preconstruction guidelines.
- Make decisions promptly.
- Prepare & publish payment policy.
- Prepare, publish and update schedule for entire project.
- Maintain an effective mode of communication on project.
- Provide approvals promptly from proper management level.
- Provide forum for periodic total project review by entire preconstruction team.
- Do it right the first time.
- Define community image to be projected by project team and the facility.
- Establish an issue resolution process.
- Resolve issue promptly at originating level.
- Strive to avoid litigation.
- Generate and maintain high levels of project morale.
- Exhibit and expect others to exhibit good partnering practices.
- Encourage participation of all parties in the partnering process and the partnering spirit.

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- Maintain an adequate management and work force to fulfill contract commitments.
- Periodically prepare and provide a current anticipated construction traffic and parking plan to area businesses and the local community
- Provide reasonable access to needed work areas in accordance with the current project schedule.
- Empower on-site personnel to make decisions with the objective of shortening lines of communications, thus expediting responses and decision making.
- Maintain high job morale and cooperative attitudes among all project participants.
- Anticipate and communicate the conditions and disruptive circumstances that may adversely affect businesses and the local community.

## Partnering Charter Objectives

The list of objectives below is designed to assist the stakeholders to write a sound, well expressed charter. If a numbered objective fits a particular recommendation your team wishes to make, note the number of the objective and any revisions you wish to make to it. We will then consider the objective for inclusion as we write the project charter.

Major topics appearing below include:

- A. Approval Processes
- B. Being A Good Off/On Site Neighbor
- C. Closing Out the Project
- D. Communicating With Others
- E. Decision Making
- F. Documents and Documentation
- G. Financial Matters
- H. Inspection and Testing
- I. Issue, Conflict, and Problem Resolution
- J. Job Management
- K. Legal Matters
- L. Maintaining Regular Project Evaluations
- M. Organization, Authority, and Responsibility
- N. Planning and Scheduling
- O. Payment Processing
- P. Personnel Quality and Problems
- Q. Regulatory Agency Matters
- R. Revision Processing
- S. Staff Morale and Attitudes
- T. Submittal Processing
- U. Work-site Conditions

Don't hesitate to change wordings since it is entirely possible that your expression of a desired objective may be different than that of the original.

### A. Approval Processes

1. Provide required documentation and approvals within the mutually agreed upon time frame.

2. Make and document all decisions, and provide all approvals at their management level promptly, fairly and with consideration of the requirements of the project.

#### B. Being A Good Off/On Site Neighbor

3. Maintain a clean, safe, accessible , and well-planned work site.
4. Recognize that project conditions and decisions affect other partners in achieving the overall design intent.
5. Maintain, in conjunction with other stakeholders, a work area plan to be implemented by affected stakeholders.

#### C. Closing Out the Project

6. Establish close-out guidelines that provide clearly understood direction for punching out the job, issuing Certificates of Substantial Completion, establishing intermediate occupancy dates, and maintaining and transmitting contract record documents.
7. Prepare and specify a close out plan.
8. Prepare and specify a rolling punch list and close out procedure.
9. Establish and implement guidelines that provide direction for accepting the work and closing out the job.
10. Do it right the first time and strive to achieve a minimal punch list.

#### D. Communicating With Others

11. Prepare, publish, keep current and respect a chart of channels of communication, responsibility, and authority.
12. Limit the release of public information through the owner's designated representative only.
13. Anticipate, identify, and accurately communicate potential job problems.
14. Ask questions and request information clearly and accurately
15. Be sensitive to the informational needs of the design and construction team partners.
16. Communicate all issues in a timely fashion to all those affected by the issues.
17. Communicate clearly, accurately and in a timely manner through appropriate project channels.
18. Communicate effectively in an open, honest manner with all appropriate stakeholders.
19. Anticipate and communicate the conditions and disruptive circumstances

inherent in demolition and construction activities, to the staffs of the various facilities that are a part of this total program.

20. Communicate the principles of partnering on this project to all participating organizations and individuals.
21. Identify planned and required shut downs, and outages from and to the designers, builders, and the Capitol Complex operations staffs.
22. Ensure the design is understood and acknowledged by all the partners.
23. Maintain open lines of communication.
24. Make progress and technical meetings productive and brief by preparing well, and bringing both problems and solutions to the table.
25. Prepare and publish a communications flow chart showing roles and responsibilities of all project team members.
26. Prepare well for progress meetings and make them brief and productive.
27. Promptly prepare and respond to requests for information, substitutions, and clarifications of project documents.
28. Provide adequate data re: user-furnished equipment for construction to proceed as desired.
29. Provide timely communications, responses, decisions... and be available.
30. Recognize that project conditions and decisions affect other partners in achieving the overall design intent.
31. Regularly monitor and discuss, all anticipated outages with utility company and subcontractor input and provide maximum possible notice to the user of anticipated outages.
32. Respond promptly to requests for information and clarifications of contract documents.
33. Stay in touch with the project, i.e. reading meeting minutes, attending meetings as needed, and being available for input.
34. Prepare, publish and adhere to the lines of communication, authority, and responsibility for the school building partnering team.
35. Prepare and respond promptly and completely to requests for information and clarification of contract documents.

#### E. Decision Making

36. Make decisions in a timely manner and stand by the agreements you have made.
37. Make timely decisions in all project related matters.
38. Provide adequate backup data, within expectations, to allow timely and accurate decisions to be made by members of the project team.
39. Recognize that project conditions and decisions affect other partners in

achieving the overall design intent.

#### E. Documents and Documentation

40. Accurately prepare and properly distribute project documentation in a timely manner.

#### G. Financial Matters

41. Practice fairness in price proposals, backcharges, and all other financial matters.

#### H. Inspection and Testing

42. Provide for timely and professional technical inspection services with appropriate documentation and feedback to those affected.

#### I. Issue, Conflict, and Problem Resolution

43. Maintain the current issue resolution policy. (The current policy stresses the resolution of conflict at the originating or lowest possible working level.)

44. Minimize disputes and resolve conflicts quickly and at the lowest possible management level.

45. Prepare and publish an issue resolution policy which stresses the timely resolution of conflict at the originating or lowest possible management level and seeks to avoid litigation.

46. Prepare, publish, and implement a dispute resolution system designed to resolve conflicts at the lowest possible management level.

47. Strive to resolve job conflicts quickly and at the originating or lowest possible level.

#### J. Job Management

48. Anticipate events - be proactive.

49. Avoid surprises!

50. Be familiar with the contract documents.

51. Carefully evaluate and be sensitive to the impact that construction activities may have on the environmental integrity and safety of all ongoing hospital operations.

52. Continue to implement the partnering evaluation system (involving new



participants).

53. Continue to improve and implement agreed-upon project procedures that provide all stakeholders guidelines for:

54. Time commitments for procedures.

55. Prioritizing assignments.

56. Design and construct a facility that is built so as to recognize the need for the builders and the designers to achieve a reasonable financial profit on their work.

57. Design and construct a facility that is built within the time and cost terms of the lease-purchase documents.

58. Develop a organizational matrix showing lines of communication and responsibility to be maintained on the project.

59. Encourage the participation of all parties at all project levels in the partnering process and the partnering spirit.

60. Enforce the construction traffic and parking plans.

61. Foster understanding of construction documents

62. Identify and remedy incorrect performance in a timely manner.

63. Insure that each of their management team members is fully aware of the requirements of the project.

64. Keep current with project status and requirements.

65. Keep paperwork to a minimum.

66. Maintain a close relationship between expectations and reality

67. Maintain a continuous and efficient work force and effective procurement to ensure quality, sequence, and schedule

68. Maintain an adequate management and work force to fulfill contract commitments.

69. Maintain client safety and user satisfaction during construction.

70. No surprises

71. Plan for and meet the human resource requirements of the project, and maximize opportunities for women and minorities.

72. Plan for future service access to equipment during mechanical, electrical and plumbing installation.

73. Plan for the future not for the past.

74. Prepare and publish a calendar of project events indicating when key personnel are required to participate in project management activities. Partners will attend and participate in all required meetings and provide backup management where necessary.

75. Preplan work recognizing the impact plans have on achieving the design intent.

76. Properly staff and maintain competent personnel, and equipment required on the project.

77. Provide proper resources to support the agreed-upon plan and schedule of work.
78. Provide resources to fulfill contract & charter obligations.
79. Recognize and be sensitive to the needs of other stakeholders on the project.
80. Strive for a zero punch list.
81. Use human and technological resources to their maximum effectiveness.
82. Meet individual and organizational obligations.
83. Maintain a clean, safe, accessible and well-planned job site.
84. Maintain a clean, secure, accessible and well-planned job site.
85. Work to improve submittal and request for information (rfi) processing, including agreed-upon schedules and response times to meet the needs of all parties.
86. Work to maintain prompt payment processing including retention.
87. Work to improve revision and change order processing, including a streamlined process for minor changes (\$1000 or less).

#### K. Legal Matters

88. Strive to avoid litigation.
89. No litigation.

#### L. Maintaining Regular Project Evaluations

90. Prepare, publish, and implement a partnering evaluation system by which the effectiveness of the system is regularly monitored. (stakeholders task force)
91. Prepare, publish and implement a project partnering evaluation system.

#### M. Organization, Authority and Responsibility

92. Be accountable for your actions.
93. Fulfill respective responsibilities and commitments to permit on-time completion of the project.
94. Maintain continuity of key job personnel.
95. Prepare and publish a project directory showing people, work category, position and alternate contact.
96. Prepare, publish, and use a project chain of command
97. Prepare, publish, and keep current a chart of channels for communication, responsibility, and authority.

#### N. Planning and Scheduling

98. Adhere to agreed upon schedules and resource commitments.
99. Adhere to the current master construction schedule in effect on the project.
100. Develop a realistic plan of work and project schedule and honor it.
101. Distribute and regularly monitor and discuss, with subcontractor input, a master project schedule, and update schedules as required.
102. Mutually prepare, publish, implement, and keep current a project action plan and schedule of work that is useful to all stakeholders.
103. Prepare, distribute and regularly monitor and discuss, with subcontractor input, a master project schedule, and update schedule as required.
104. Solicit all team member's input for planning and scheduling

#### O. Payment Processing

105. Promptly prepare, submit, and process all payment requests.
106. Submit properly prepared requests for payment.

#### P. Personnel Quality and Problems

107. Do it right the first time and strive to achieve a zero punch list.
108. Prepare, publish, promote, and adhere to standards of work place conduct.

#### Q. Regulatory Agency Matters

109. Work closely with all regulatory agencies to assure compliance to their current standards and regulations.

#### R. Revision Processing

110. Accurately price changes to the project in a timely, reasonable and fair manner.
111. Approve and process changes in a timely manner.
112. Approve changes in a timely manner including formal issuance of supplemental agreements.
113. Control revisions being considered for the project to maintain the planned budget.
114. Prepare and implement guidelines for screening proposed changes to the project prior to requesting formal pricing of the changes. (owner, user, designers)
115. Provide accurate data and adequate time to ensure pricing changes that are fair and timely.

116. Provide reasonable change request budgets and identify insufficient budgets promptly.
117. Provide reasonable field change orders and change issue budgets, and accurately price changes to the project in a timely, reasonable, and fair manner.

#### S. Staff Morale and Attitudes

118. Be available.
119. Be cooperative.
120. Be willing to suggest and consider cost and time effective options.
121. Establish a trustful work environment with other stakeholders.
122. Establish and maintain good informal working relations on the job.
123. Extend the spirit of partnering to all project participants.
124. Have fun!
125. Have fun and celebrate the successful completion of the project.
126. Maintain high job morale and cooperative attitudes among all project participants.
127. Make the project a fun place to work and to meet new friends.
128. Promote and adhere to acceptable standards of conduct by the project team on the site.
129. Recognize individual and team accomplishments.
130. Respect all project participants and their work.
131. Respect and treat other's and their work as you wish you and your work to be treated; accept responsibility for damage to other's work.
132. Respect design and construction excellence as a fundamental goal to be achieved.
133. Respect financial profit as an incentive for private sector stakeholders.
134. Respect other team members' work and abilities.
135. Take pride in our work, respect the ideas and work of others and treat others as you would have them treat you.
136. Treat others as you would have them treat you.
137. Practice fairness in price proposals, back charges, and all other financial matters.

#### T. Submittal Processing

138. Prepare, package, and process submittals in a timely, fair, and considerate manner consistent with the priorities of the contractors, designers, and owner.
139. Promptly review and determine the merit of properly submitted requests for extensions of time.

U. Work-site Conditions

140. Continue to maintain continuity of work points between trades. (Work points refer to building control coordinates and elevations.)
141. Maintain a safe, orderly, well organized work site.
142. Maintain a well planned and clean work site.
143. Maintain continuity of work points between trades.
144. Maintain, in conjunction with other stakeholders, a work area plan to be implemented by affected stakeholders.
145. Prepare and publish a construction traffic and parking plan.
146. Prepare, publish, and implement a project clean up program for contractors on site.
147. Promote a clean and safe job environment.
148. Provide complete and unencumbered access to needed work areas in accordance with the project schedule.
149. Respect and treat others and their work as you wish you and your work to be treated. Take responsibility for damage to other's work. Amen!

## **DESTRUCTIVE CONFLICT**

**Animosity or disagreement  
which results in lowering  
the potential for an  
individual or organization  
to succeed.**

## PEOPLE

**Most people are honest,  
concerned, desirous of  
challenge, need attention,  
and welcome help in times  
of turmoil.**

## **POSITIVE CONFLICT**

**Hostility that is managed so that its resolution raises the potential for individuals or organizations to succeed at being excellent.**



## **WHAT IS PARTNERING?**

- 1. Partnering is a **system of conducting business** that maximizes the potential for:
  - a) Achievement of project **intent**.
  - b) Obtaining specified **quality**.
  - c) Encouraging healthy, ethical customer/supplier **relationships**.
  - d) Adding **value**.
  - e) Improving **communication**.
  - f) Providing methods of project condition **measurement & feedback**.

g) Providing methods of quickly **resolving conflicts** by non destructive means at optimal levels of management.

- 2. Partnering provides the basis for **preventive** methods of **dispute resolution**.
- 3. Partnering is an agreement in **principle**, and **must not supersede** or supplant the planning, design, and construction **contracts** in place or to be written and executed.

## PARTNERING

A way of achieving an optimum relationship between a customer and a supplier. A method of doing business in which a person's word is their bond and where people accept responsibility for their actions.

Partnering is not a business contract, but a recognition that every business contract includes an implied covenant of good faith.

Associated General Contractors of America

## COMPONENTS OF A PROJECT PARTNERING SYSTEM

**Charter** - Defines the mission and the partnering goals and objectives of the project team.

**Evaluation System** - Describes how the project partnering status will be measured, evaluated and maintained.

**Issue Resolution System** - Defines steps to be taken to resolve project disputes as they occur on the job.

## Partnering systems in use today

- Project partnering

A method of conducting business in the planning, design, and construction profession without the need for unnecessary, excessive and/or debilitating external party involvement. Mainly used project-by-project, and tailored to specific job conditions. It addresses a moral agreement in non contract matters.

- Strategic partnering

A formal partnering relationship specifically designed to enhance the success of multi-project experiences on a long term basis. Just as each individual project partnering system must be maintained, strategic partnerships must also be maintained by periodic review of all projects currently being performed.

- **Organizational partnering**

A system of internal relationships established when the spirit of project partnering is incorporated into the total operating mode of an organization. Organizational partnering, well done, is designed to improve the probability of short and long term operating success. Often organizational partnering is applied with little awareness of it being in use. Organizational partnering should be made an integral part of project and strategic partnering applications for it to add its full value to the organization.

## Mission

**A statement of the most important result to be achieved by this project being successfully completed.**

## **PROBLEM MENTIONS**

**Total assignments of problem types from 2,855 responses to the questions "What job difficulties are caused by us and by others?" Listed by frequency of appearance.**

01. 1146 - Job management.
02. 0984 - Communicating with others.
03. 0684 - Staff morale and attitudes.
04. 0593 - Personnel quality and problems.
05. 0475 - Being a good on-site neighbor.
06. 0467 - Timely action.
07. 0396 - Planning and scheduling.
08. 0371 - Organization, authority, and responsibility.
09. 0288 - Work site conditions.
10. 0268 - Revision processing.
11. 0267 - Construction document quality.
12. 0233 - Program conditions.
13. 0205 - Submittal processing.
14. 0166 - Issue, conflict, and problem resolution.
15. 0166 - User group interaction.
16. 0145 - Equipment and material problems.
17. 0141 - Documents and documentation.
18. 0133 - Decision making.
19. 0125 - Procurement of materials and equipment.
20. 0116 - Project cost structure.

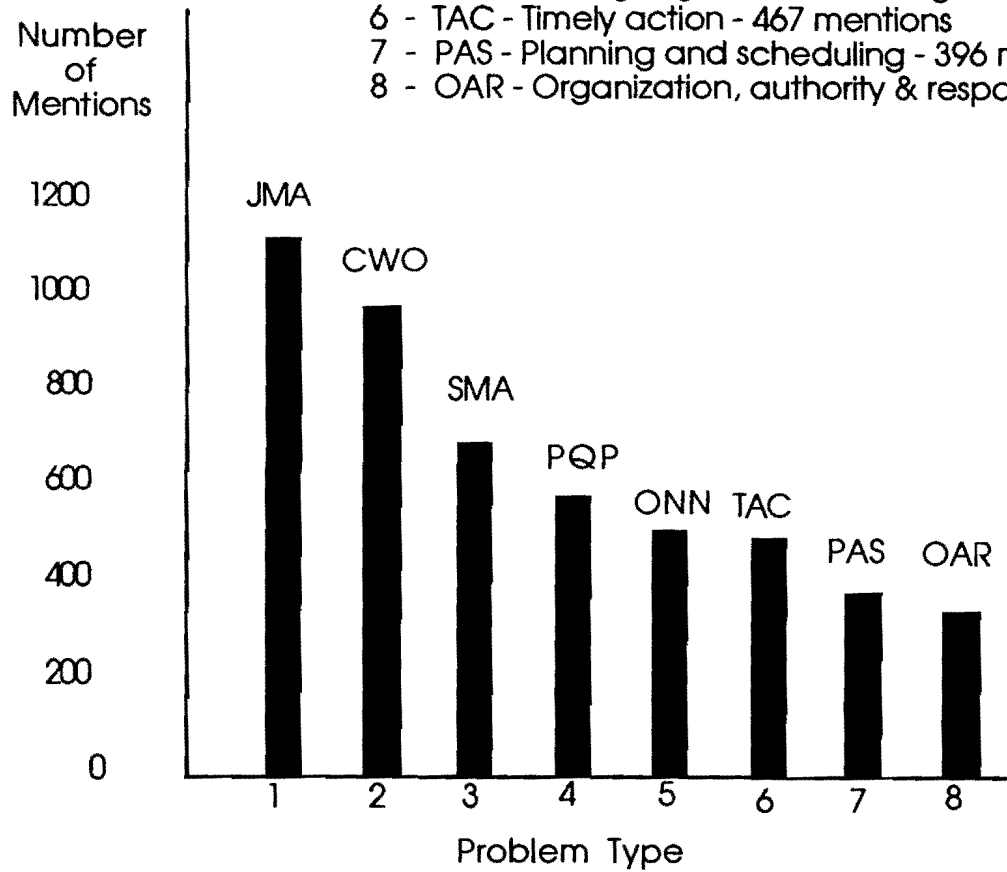


21. 0112 - Closing out the project.
22. 0097 - Contract interpretation.
23. 0097 - Quality management.
24. 0095 - Payment processing.
25. 0092 - Paper and administrative work.
26. 0090 - Approval processes.
27. 0088 - Being a good off-site neighbor.
28. 0073 - Time growth.
29. 0070 - Policies and procedures.
30. 0069 - Inspecting and testing.
31. 0069 - Staffing and manpower.
32. 0064 - Cost growth.
33. 0058 - Substitutions and alternates.
34. 0052 - Maintaining regular project evaluations.
35. 0052 - Safety.
36. 0049 - Regulatory agency matters.
37. 0022 - Constructibility.
38. 0022 - Training.
39. 0022 - Value engineering.
40. 0014 - Labor conditions.
41. 0014 - Legal matters.
42. 0011 - Backcharges.
43. 0011 - Financial problems.
44. 0010 - Weather conditions.
45. 0005 - Warranty conditions

- The eight most frequently mentioned design & construction problems. From a total of 2,855 responses to the question "what job difficulties are caused by us and by others?"

Problem Type

- 1 - JMA - Job management - 1146 mentions
- 2 - CWO - Communicating with others - 984 mentions
- 3 - SMA - Staff morale & attitudes - 684 mentions
- 4 - PQP - Personnel quality & problems - 593 mentions
- 5 - ONN - Being a good on-site neighbor - 475 mentions
- 6 - TAC - Timely action - 467 mentions
- 7 - PAS - Planning and scheduling - 396 mentions
- 8 - OAR - Organization, authority & responsibility - 371 mentions



## A Partnering Overview

- I. Partnering is a system of conducting business with minimal destructive conflict.
  - A. Other names for partnering
    1. A gentleman's agreement
    2. "Let's look at the drawings a bit more closely."
    3. "Let's tally up the favor score?"
    4. "Let's settle this over a beer."
    5. A handshake agreement.
  - II. Why is partnering applicable in today's construction industry?
    - A. What value is added by partnering?
      1. Lower costs to resolve conflicts.
      2. Quicker settlement of conflicts.
      3. Knowledgeable professionals make the resolution decisions.
      4. Decision makers are closer to the resolution process.
      5. Nature of decisions rendered lessen the probability of appeal.
      6. Participants gain privacy in the resolution process.
      7. Probability of fair resolution is increased by more timely consideration of the dispute.
      8. Helps cross critical transition points by setting the ground rules for the crossing
    - B. Where and why has partnering been successful?
      1. Comments on partnering from the Albuquerque District Corps of Engineers staff in a guide to partnering dated February, 1991

*"Our experience is positive based on six contracts with four of them substantially complete." Benefits include:*

- a) Disputes reduced - no formal claims.
- b) Common objectives achieved (schedule, safety, etc.).
- c) Increased responsiveness.
- d) Higher trust levels.
- e) Improved communication.
- f) Excellent cooperation & teamwork.
- g) Increased value engineering proposals.
- h) Developed expedited process for tracking and resolving open items.
2. Comments on partnering by Colonel Charles E. Cowen - Commander Portland District Corps of Engineers in a strategy for partnering in the public sector - April 15, 1991
  - a) 80 to 100 % reduction in cost growth over the life of major contracts.
  - b) Time growth in schedules virtually eliminated.
  - c) Paper work reduced by 66%.
  - d) All project engineering goals met or exceeded.
  - e) Completion with no outstanding claims or litigation.
  - f) Safety records significantly improved.
  - g) Pleasure put back in the process for all participants.
3. Combination partnering relationships surveyed & studied by the Construction Industry Institute and reported in the publication ("In Search of Partnering Excellence" - July 1991).
  - a) Shell Oil/SIP Engineering - 1984.
  - b) DuPont/Fluor Daniel - 1986.

- c) Proctor & Gamble/Fluor Daniel - 1986.
- d) Proctor & Gamble/BGP - 1986.
- e) Shell Oil/Bechtel - 1987.
- f) DuPont/MK - Ferguson - 1987.
- g) Shell Oil/The Ralph M. Parsons Company - 1987.
- h) Alcan/Fluor Daniel - 1988.
- i) Union Carbide/Bechtel - 1988.
- j) DuPont/Day & Zimmerman - 1988.
- k) Great Northern Nekoosa/Rust International - 1988.
- l) Pillsbury/Fluor Daniel - 1989.
- m) Hoffman-LaRoche/Day & Zimmerman - 1989.
- n) Chevron/Bechtel - 1989.
- o) Bethlehem Steel/United Engineers & Constructors - 1989.
- p) Proctor & Gamble/M. W. Kellogg - 1989.
- q) Chevron/Besteel - 1990.
- r) DuPont/H. B. Zachry.

C. Situations in which partnering may be difficult to use

- 1. Where the parties intend to pay lip service only to the partnering effort.
- 2. Where individuals in key technical or management positions choose to resist intelligent discussion and fair decision making.
- 3. Where early commitments by the owner have made good intercontract relationships difficult or impossible to maintain.
- 4. Where construction contracts are let as the documents are being released for field use.
- 5. Where several parties to the contract prefer to resolve disputes by contested claiming & binding resolution.
- 6. Where poor contract documents are made the basis of the partnering effort.
- 7. Where excessive, one sided conditions are placed on sub contractors by prime contractors.
- 8. Where unfair or obscure payment processing systems are specified and enforced.
- 9. Where risk has been poorly defined and unfairly allocated.

III. What are some of the ingredients of a successful partnering effort plan ?

- A. Develop and maintain a strong desire to achieve project success for all.
- B. Make intelligent commitments.
- C. Avoid accepting or imposing unreasonable risk.
- D. Work and act ethically, morally, and with integrity.
- E. Work and act from a position of fairness rather than a position of power.
- F. Suppress greed.
- G. Try to establish an honest feeling of trust among participants.
- H. Assign experience, competent people to responsible management positions.
- I. Have empathy.
- J. Prepare a good charter, a good partnership evaluation system, and a good issue resolution process.

IV. Experiences and applications of the partnering concept.

- A. What actions do others engage in that create problems for us, or do we engage in that create problems for others? (sample responses from an actual charter meeting.)
  - 1. Giving directions to proceed without a timely change order.
  - 2. Failing to establish clear chain of command.
  - 3. General contractor covering general conditions costs by charging subs.

4. Lack of timely acceptance of work.
  5. Lack of timely responses to
    - a) RFI's.
    - b) Approval of shop drawings.
    - c) Site activity restrictions.
    - d) Change orders.
    - e) Value engineering.
    - f) Acceptance of work.
  6. Improper passing of general conditions responsibility to subs.
  7. Lack of forum to evaluate and resolve open issues.
  8. Slow submittal turn around.
  9. Unreasonable punch lists.
  10. Failure to recognize impact of changes on ongoing work.
  11. Late submission of proposals.
  12. Untimely submission of as-builts, operating & maintenance manuals, and training of user personnel.
  13. Failure to maintain clean efficient, safe working conditions.
  14. Do your own punchlists.
  15. Pretest special systems - equipment start-up.
  16. Untimely delivery of owner equipment.
  17. Slow payment.
  18. Design errors and omissions.
  19. Resistance to solving problems perceived as *contractor problems*.
  20. Changes issued in incomplete form (sketches & narrative).
  21. Slow owner response to concurrent reviews & changes.
  22. Pass through attitude by general contractor.
  23. Bid shopping.
- B. Recommendations to help resolve some of the problems we or others cause. (samples from an actual charter meeting.)
1. Better communications.
  2. Less defensiveness/more openness.
  3. Fast dispute resolution.
  4. Don't take issues personally.
  5. Contractor review requests for information & submittals before processing.
  6. Be willing to propose/suggest solutions.
  7. Submittal schedule provided.
  8. Prioritization of submittals.
  9. Complete/thorough questions.
  10. Positive attitude.
  11. Recognition of owner's need to eventually occupy, operate and maintain facility/systems.
  12. Recognition of importance of paper work.
  13. Allowing necessary contract time for training.
- V. Guidelines for the application and use of partnering concepts.
- A. Determine the need for a partnering system.
  - B. Set goals and objectives to be gained from a partnering system.
  - C. Obtain management commitment for use of a partnering system.
  - D. Develop a partnering plan of action (the charter).

- E. Obtain management commitment to a partnering plan.
  - F. Train and educate project participants in the partnering concept.
  - G. Create and implement an issue resolution system.
  - H. Create and implement a partnering review and evaluation process.
- VI. Charters - provided by courtesy of project management and staff noted
- A. Veteran's Administration Medical Center Replacement Hospital - Detroit, Michigan

1. Mission statement

- We the undersigned recognize that we all have common objectives. We therefore agree to strive together to construct the Detroit VAMC safely, on time and within budget to the highest quality standards commensurate with its mission of serving veterans and the community.
- To achieve our mission we believe in the following principles
  - Commitment
  - Mutual trust
  - Integrity
  - Personal pride

2. Charter objectives

- a) 01. Maintain open lines of communications.
  - (1) a. Recognize the need for quality information
  - (2) b. Minimize submittal and response times in all matters
- b) 02. Keep paper and administrative work to a minimum.
- c) 03. Develop and implement an alternative conflict resolution system.
  - (1) a. Prompt resolution of conflicts at lowest possible level
  - (2) b. Eliminate need for Contracting Officer decisions
  - (3) c. Fair interpretation of ambiguities
  - (4) d. Be proactive (not reactive) in problem solving
  - (5) e. Maintain objective attitude toward constructability and practicality
  - (6) f. Accept responsibility for your actions or inactions
  - (7) g. Have empathy in all matters
  - (8) h. Clearly describe changes to contract work
- d) 04. Limit cost growth.
  - (1) a. Develop cost effective measures
- e) 05. Maintain clean, efficient, secure work site.
  - (1) a. No lost time due to accidents
  - (2) b. Properly staff project
  - (3) c. Be a good neighbor
- f) 06. Seek to maintain good job morale and attitudes.
  - (1) a. Promotion of partnering attitudes at all levels of contract administration
  - (2) b. Have fun
  - (3) c. Have pride in your product
- g) 07. Commit to quality control in all project related matters.
  - (1) a. Do it right the first time
  - (2) b. Maintain proper work sequence

- (3) c. Meet design intent
  - (4) d. Recognize owner's needs in occupation and operation of the facility
  - h) 08. Close out job in proper and timely manner.
  - i) 09. Maintain and implement a partnering evaluation system.
- B. Michigan Millers Mutual Insurance Addition & Renovation - Lansing, Michigan
- 1. Mission
    - a) We the Project Team commit to construct a quality facility, on time and within budget, maximizing safety, communication, & cooperation so that all participants can be proud and profitable in their accomplishments.
  - 2. Objectives - to accomplish our mission we recognize a need to work to the following goals and objectives.
    - a) Submittals
      - (1) Clarify objectives and expectations of the submittal process.
      - (2) Minimize submittal and approval times.
      - (3) Provide accurate, prompt, clear, concise approvals.
    - b) Payments
      - (1) Make payments in accordance with the published flow chart process.
    - c) Information processing & paperwork
      - (1) Expedite all information and indicate desired response times .
      - (2) Maintain open lines of communication among Project Team members.
      - (3) Be available.
      - (4) Attempt to offer possible solutions to questions within a proper scope.
      - (5) Provide clear responses to requests for information.
    - d) Legal matters
      - (1) No litigation.
      - (2) Settle disputes at originating level .
    - e) Abatement
      - (1) Establish, approve and publish a plan of abatement.
      - (2) Abate promptly.
    - f) Planning and scheduling
      - (1) Provide, obtain, and use accurate activity information.
      - (2) Clearly monitor the project against the plan and schedule.
      - (3) Commit to, and fulfill man hour projections.
    - g) Decision making
      - (1) A/E team to regularly inspect work and advise compliance.
      - (2) Define and clearly communicate quality expectations.
      - (3) Properly empower those at all decision making levels.
    - h) Policies and procedures
      - (1) Prepare, review, approve and publish policies and procedures that will serve as guidelines to manage the project.
    - i) Site layout and management
      - (1) Formulate and publish a trash removal & parking plan.
      - (2) Properly establish and maintain bench marks and control lines.
    - j) Processing revisions
      - (1) Provide written authorization prior to work proceeding.
      - (2) Respond to requests for information, bulletins and change orders promptly.
      - (3) Prepare, approve & publish a flow chart for processing revisions.

- k) Be a good partnering neighbor
    - (1) Commit to protecting your work and the work of others.
    - (2) Show all participants due respect and acknowledgement.
    - (3) Maintain proper work sequences.
  - l) Total quality management (TQM)
    - (1) Prepare, approve, publish, and commit to a TQM program.
- VII. Alternative dispute resolution (ADR) systems and their application in construction.
- A. Some resolution methods available
1. Non binding
- a) *Prevention methods* - produces maximum harmony - usually least cost.
    - (1) Intelligent and proper risk allocation
      - (a) Risk should be assigned to the parties that can best manage or control the risk, i.e.
        - i) The owner, if the architect/engineer is expected to assemble and write the program.
        - ii) The architect/engineer, if the owner has prepared a well conceived and clearly stated program.
        - iii) The owner, where construction is expected to begin before construction documents are complete.
        - iv) The contractor, where full, well prepared, and checked construction documents are available prior to the start of construction.
      - (b) Attempts to shift risks to architects, engineers or contractors not able to absorb these risks is not cost-effective
        - i) Reduces competition
        - ii) Increases costs due to greater contingency allowances.
        - iii) Increases costs and reduces effectiveness because of the potential for increased numbers and intensity of design & construction project disputes.
    - (2) Incentives for cooperation
      - (a) Incentives or bonus provisions
      - (b) Disincentives or penalty provisions
    - (3) Partnering
      - (a) Stresses good faith agreements
      - (b) Emphasizes teamwork
      - (c) Encourages good communications
  - b) *Internal negotiation methods* - parties involved conduct negotiations - requires consensus - relatively cost free.
    - (1) Direct negotiations (often starts at UDM level)
    - (2) Step negotiations (starts at dispute originating level)
  - c) *Informal external neutral methods* - preselected external neutral serves as a informal dispute-resolver - relatively low cost.
    - (1) Architect/engineer rulings
      - (a) May be respected even though not legally binding.
      - (b) Must be impartial
    - (2) Dispute resolution board
      - (a) One member selected by owner and approved by contractor; one by the contractor and approved by the owner; a third by the first two members.



Third selection usually acts as chairman.

- (b) Those selected should be from the design & construction industry.
- (c) Must have no conflict of interest.
- (d) Conduct investigations and hearings on disputes and publish prompt opinions re the dispute.

(3) Independent advisory opinion.

- (a) Mutually agreed upon neutral expert meets informally with interested parties, obtains information from both, and render prediction as to the ultimate outcome if not resolved at meeting level.

d) *Formal external neutral method* - preselected external neutral(s) serves as formal dispute resolver - relatively low cost - usually requires considerable preparation, and may require legal assistance.

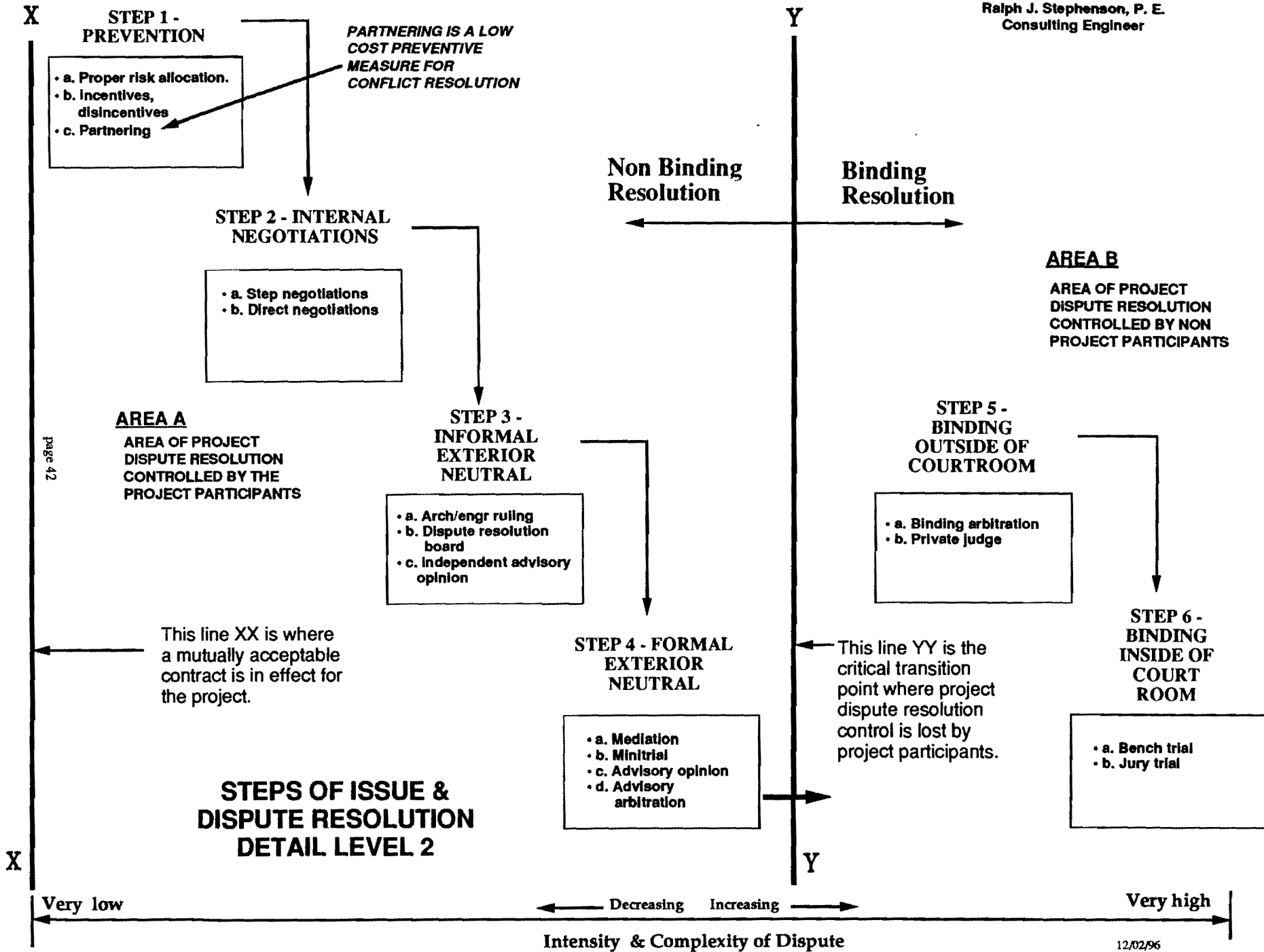
- (1) Mediation - settlement conferences and informal hearings conducted by a neutral third party.
- (2) Minitrial - private settlement method usually initiated by an agreement between the parties - less formal than mediation.
- (3) Advisory opinion - neutral expert meets with both parties, obtains information from both, and render prediction as to the ultimate outcome if adjudicated.
- (4) Advisory arbitration - abbreviated hearing before neutral expert(s). Arbitrator(s) issue advisory award, and render prediction as to ultimate outcome if adjudicated.

2. Binding

- a) *Outside of courtroom* - dispute given to knowledgeable third party - moderate cost - may require legal assistance.
  - (1) Binding arbitration
  - (2) Private judge
- b) *Inside of courtroom* - most expensive - usually requires legal assistance.
  - (1) Bench trial - before a judge
  - (2) Jury trial - before a jury

B. To achieve successful dispute resolution requires:

- 1. A desire for a win - win result;
- 2. A desire for a fair settlement;
- 3. People in charge who want a fair resolution;
- 4. A negotiation technique that is acceptable to those involved;
- 5. Knowledge of how to arrive at a resolution system that can produce a decision;
- 6. Understanding that unresolved conflict and disputes often requires that a neutral view be considered as a tool for positive change;
- 7. A belief that if you aren't entitled to it don't try to get it!



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**Sample Charter**

**I. Charter for new Detroit, Michigan Post Office, Area P**

**A. Mission**

This partnering team commits to deliver a quality project on time, within budget, safely, profitably for all, and of the intended quality, through mutual cooperation among the participants.

**B. Objectives**

1. Maintain a clean and well maintained work site
  - a) Experience no lost time from accidents.
  - b) Be a good neighbor.
  - c) Use good construction site housekeeping practices.
2. Effectively administer the project
  - a) Prepare & publish an acceptable payment procedure.
  - b) All parties submit complete, accurate & timely billings.
  - c) Prepare & publish an acceptable submittal processing procedure.
  - d) Treat each other fairly
3. Close out the project in a proper & timely fashion
  - a) Prepare & publish acceptable close out guidelines.
  - b) Establish clearly defined punch out procedures and standards early in the project.
4. Maintain effective lines of communication.
  - a) Recognize the need for quality information.
  - b) Minimize response times in all matters.
  - c) Maintain an appropriate level of documentation.
  - d) Be available.
5. Resolve problems effectively
  - a) Develop, approve, and implement a responsive conflict resolution system
  - b) Resolve disputes and conflicts at the originating level if at all possible.
  - c) Resolve disputes and conflicts as quickly as possible.
  - d) Eliminate the need for third party legal involvement
6. Limit cost growth
  - a) Maintain objective attitude toward constructibility.
  - b) Develop cost effective measures to apply to all job related activities.
  - c) Recognize owner's needs in occupation and operation of project.
7. Maintain technical excellence in all program, design & construction work.
  - a) Owner abate promptly as required
  - b) Define and clearly communicate quality standards expected
  - c) Maintain constructibility of the project.
  - d) Properly plan and schedule the work.
  - e) Do it right the first time.
8. Maintain good job morale & attitudes
  - a) Promote partnering attitudes at all levels of contract administration.
  - b) Have pride in your work.
  - c) Have fun.
9. Maintain partnering effectiveness
  - a) Prepare and publish a partnering effectiveness measurement system.

- b) Meet on a scheduled, regular bases and formally evaluate the partnering effectiveness.
- c) Take prompt steps to correct any deterioration of partnering effectiveness on the project.

## II. Issue resolution

### A. Policy

It is the objective of the Area P Post Office project team management to first and foremost avoid unnecessary disputes and conflict on the job. It is the intent to do this by achieving the objectives of the charter, particularly to resolve an issue promptly and at the level at which it originates. If this is not possible the issue will be referred promptly to the next highest level for resolution.

In all cases, individuals who are involved in a difference should be businesslike and not resort to personal attack. The principles outlined in the Partnering Charter mission and charter should be followed at all times in resolving differences.

Upon request, site meetings will be convened to discuss any unresolved issue and to attempt to reach resolution. Any issue presented should be clearly defined and alternative solutions suggested. The resolution process is to work through open communication and looking at the other side's point of view. In addition, issues are to be kept in the forefront to ensure resolution in a timely manner. A log of unresolved issues will be maintained from meeting to meeting.

if resolution cannot be reached at the job site, the principals of the involved firms or agencies should attempt to reach resolution through informal discussion before the formal process outlined in the contract documents is used.

In seeking resolution to an issue, involved parties will attempt to:

- Thoroughly understand the issues.
- Maintain empathy for the other point of view.
- Communicate thoughts openly and clearly.
- Clearly document the issue resolution.

### B. Methodology

Goal - To encourage and provide a forum for resolution of issues at the lowest possible level, but to provide a mechanism to elevate the issue if needed.

If resolution is not achieved at the lowest level forum, the principals in the firms in conflict will attempt to reach resolution thorough informal discussion.

## III. Partnering evaluation

Each objective in the Charter is to initially be given a par weight as indicated below. The par weight indicates how important the item is in relation to achieving the project mission. Weights are assigned from 1 to 5. A weight of 5 indicates that the objective is of critical importance in achieving the project mission. A weight of 1 indicates that the objective is of least importance when evaluated against the highest weighted objectives.

The weight of the objectives remains constant throughout the project. Therefore care must be taken in assigning them properly at the onset of the evaluation process.

**Ralph J. Stephenson P. E.**  
Consulting Engineer

The quality of the project performance in relation to the Partnering Charter objectives is to be measured once per month by representatives of all organizations participating in writing the Charter. Partnering performance quality ratings are to be from 1 to 5.

A quality rating of 1 indicates very poor performance and little adherence to the standards set out by the objective. A quality rating of 5 indicates high and excellent adherence to standards set by the objectives.

The total evaluation of the objective is the constant weight multiplied by the quality for each objective for each evaluation. The total partnering performance is measured at each evaluation.

Total partnering performance = total of the (objective weights x the objective quality) for the period.

1 - objective	2 - par weight (w)	3 - par quality (q)	4 - par (w) x (q)	current quality	current (w) x (q)
01. Maintain a clean and well arranged work site	3.00	2.50	7.50	2.25	6.75
02. Effectively administer the project	4.50	3.75	16.88	3.50	15.75
03. Close out project in a proper and timely fashion	4.00	3.50	14.00	2.00	8.00
04. Maintain effective lines of communication	4.25	3.75	15.94	3.00	12.75
05. Resolve problems effectively	4.50	4.00	18.00	4.00	18.00
06. Limit cost growth	2.50	2.25	5.63	2.25	5.63
07. Maintain technical excellence in all program, design and construction work	3.50	3.00	10.50	3.25	11.38
08. Maintain good job morale and attitudes	2.50	2.25	5.63	2.00	5.00
09. Maintain partnering effectiveness	4.00	3.75	15.00	3.25	13.00
<b>Average:</b>	3.64	3.19	12.12	2.83	10.69

Area P Post office, Detroit, Michigan - 100%