CEC/Michigan's Management Development/New Leaders Committee
hosts the
February 17, 1994 Seminar & General Membership Meeting

"PARTNERING"

Ralph Stephenson

University Club of MSU
3435 Forest Road
Lansing (see map on back)
Registration: $26.00

Mel Jones

Schedule

2:30-3:00 p.m. - Registration (Room C)
3:00-4:55 p.m. - Partnering Seminar
4:55-5:00 p.m. - Overview of committees
5:00-5:30 p.m. - Socialize/roundtables (FIREPLACE ROOM)
5:30-6:15 p.m. - Dinner (FIREPLACE ROOM)
6:15-6:30 p.m. - ACEC Update
6:30-7:00 p.m. - Recognition Ceremony (FIREPLACE ROOM)
7:00-7:15 p.m. - CEC Update

Partnering

The afternoon session will begin with a seminar on "Partnering". Ralph Stephenson, PE will be the keynote speaker. He will explain partnering, how it has been used on construction projects and how owners, design professionals, and contractors can produce partnering agreements. A panel discussion will follow with representatives from Spicer Engineering, Harley Ellington Pierce Yee and MDOT describing their experiences with partnering.

Overview of Committees

CEC/M Vice-President, Liaison with the Management Development/New Leaders Committee, will explain how CEC/M committees operate and the benefits of serving on a committee. Committee leaders will be sitting at specific tables during dinner so members can ask questions and discuss their needs.

Ralph J. Stephenson, P. E., P. C.
Consulting Engineer

CEC partnering index

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About Ralph J. Stephenson, P.E.

Ralph J. Stephenson, P.E., is an engineering consultant who has a diversified background in land planning , facilities location, building design, and construction.

Mr. Stephenson earned degrees at Lawrence Institute of Technology (Bachelor of Science, Mechanical Engineering), and Michigan State University (Master of Science, Civil Engineering). He has been associated with such firms as Smith, Hinchman, and Grylls, Victor Gruen Associates, Benjamin Schulz Associates, and the H. F. Campbell Company. With the latter three organizations Mr. Stephenson occupied executive positions as vice president. In 1962 he started his own consulting practice, specializing primarily in providing operational and management direction to owners, designers, and contracting firms.

He is a registered professional engineer in Michigan, Wisconsin, Illinois, Indiana, Ohio, Pennsylvania, West Virginia, Virginia, Florida, and Minnesota. He is a member of the Engineering Society of Detroit, the Michigan and National Society of Professional Engineers, the American Planning Association, the Detroit Area Economic Forum, and the Mid-America Economic Development Council.

Since 1952 Mr. Stephenson has been involved at middle and upper management levels in the planning, programming, design, construction, and operation of several billion dollars worth of construction related projects. These include work on industrial, commercial, and institutional programs throughout North America.

Mr. Stephenson has also chaired numerous partnering charter meetings for both public and private sector projects, and has lectured extensively on the subjects of alternative dispute resolution and partnering .

He has also taught hundreds of technical and management seminars in the United States, Canada, and Europe and is the author of several magazine articles and is the co-author of a book on critical path method. His broad experience has given him an understanding of the nature of small, medium, and large size companies, and of the need to solve their management problems through creative, systematic, and workable approaches.

PARTNERING

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

Ralph J. Stephenson PE PC
Consulting Engineer

PEOPLE

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

Ralph J. Stephenson PE PC
Consulting Engineer

POSITIVE CONFLICT

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

Ralph J. Stephenson PE PC
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DESTRUCTIVE CONFLICT

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

OBLIGATIONS & PROFESSIONAL NEEDS

- **The design and construction professional is obliged, above all, to protect the health, welfare and safety of the public.**

- **The legal professional is obliged, above all, to protect the interest of his or her client. These interests are supposed to be defined by the body of law. Thus the body of law, not the legal professional, is depended upon to protect the health, welfare & safety of the public - relative to the law.**

OBLIGATIONS & BUSINESS NEEDS

- **To profitably produce services & facilities.**
- **To provide solutions.**
- **To measure the quality of the process you provide.**
- **To help manage destructive conflict.**
- **To encourage early action on potentially damaging events.**
- **To reduce professional liability costs.**

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.

THE COMPONENTS OF A PARTNERING SYSTEM ARE:

- 1. A **project mission** statement.

- 2. A set of **specific goals and objectives** to be achieved within the requirements of the project contract documents.

- 3. An **evaluation system** that encourages and permits regular, well based evaluations of how well the project team is achieving the mission, the goals, and the objectives defined in the charter.

• 4. An **issue resolution system** that encourages agreement and the closing out of disputes promptly, at the lowest possible management level, and with little, if any, potential for damage to the parties.

Ralph J. Stephenson, P.E., P.C.
Consulting Engineer

THE SEVERAL FACES OF PARTNERING - IT IS:

- 1. A preventive action to reduce destructive conflict.

- 2. A preconstruction management system to set operating ground rules not covered by the contract.

- 3. A predesign management system to set operating ground rules not covered in the professional services contract.

- 4. A marketing tool to assist competent planning, design, and construction firms reduce the potential for debilitating competition.

• 5. A preprogram system to set concept, ideas, intent and direction for the internal staff of the owner and client.

• 6. A revisiting & updating action to validate, confirm, reinforce, or revise original operating ground rules that need review.

• 7. A planning, design, construction, and turnover guide for the unspecified, non contract conduct of the project team.

I. Alternative Dispute Resolution and Partnering - an overview - ho 388

A. Introduction
   1. Why has construction become so adversarial?
      a) The process of dispute resolution is not well understood
      b) We are having increasing difficulty controlling the indirect predictable, and the unpredictable impacts on our jobs.
      c) Professional success requires we consider the following:
         (1) The design and construction professional is obliged, above all, to protect the health, welfare and safety of the public.
         (2) The legal professional is obliged, above all, to protect the interest of his or her client. These interests are defined by the body of law. Thus the body of law, not the law professional, is depended upon in legal resolutions to protect the health, welfare & safety of the public.
         (3) The legal process has moved too far outside the control of those depending on its proper use to fairly resolve damaging conflict.
      d) Business success requires we take certain business actions.
         (1) Provide a quality process leading to a well constructed facility.
         (2) Focus on profitable production of services and facilities.
         (3) Provide a mechanism by which destructive conflict can be managed by intelligent leaders.
         (4) Encourage early action on potentially damaging events.
         (5) Reduce exposure to professional liability claims and costs.
   2. The existence of unresolved conflict and disputes often requires that a neutral view be considered useful as a tool for positive change.

B. Partnering is a system of conducting business with minimal destructive conflict.
   1. Other names for partnering
      a) A gentleman's agreement
      b) "Let's look at the drawings a bit more closely."
      c) "Let's tally up the favor score?"
      d) "Let's settle this over a beer."
      e) A handshake agreement.

C. Why is partnering applicable in today's construction industry?
   1. What value is added by partnering?
      a) Lower costs to resolve conflicts.
      b) Quicker settlement of conflicts.
      c) Knowledgeable professionals make the resolution decisions.
      d) Decision makers are closer to the resolution process.
      e) Nature of decisions rendered lessen the probability of appeal.
      f) Participants gain privacy in the resolution process.
      g) Probability of fair resolution is increased by more timely consideration of the dispute.
      h) Helps cross critical transition points by setting the ground rules for the crossing
   2. Where and why has partnering been successful?
      a) 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:***

(1) Disputes reduced - no formal claims.
(2) Common objectives achieved (schedule, safety, etc.).
(3) Increased responsiveness.
(4) Higher trust levels.
(5) Improved communication.
(6) Excellent cooperation & teamwork.
(7) Increased value engineering proposals.
(8) Developed expedited process for tracking and resolving open items.

b) 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
(1) 80 to 100 % reduction in cost growth over the life of major contracts.
(2) Time growth in schedules virtually eliminated.
(3) Paper work reduced by 66%.
(4) All project engineering goals met or exceeded.
(5) Completion with no outstanding claims or litigation.
(6) Safety records significantly improved.
(7) Pleasure put back in the process for all participants.

c) Combination partnering relationships surveyed & studied by the Construction Industry Institute and reported in the publication ("In Search of Partnering Excellence" - July 1991).
(1) Shell Oil/SIP Engineering - 1984.
(2) DuPont/Fluor Daniel - 1986.
(3) Proctor & Gamble/Fluor Daniel - 1986.
(4) Proctor & Gamble/BGP - 1986.
(5) Shell Oil/Bechtel - 1987.
(6) DuPont/MK - Ferguson - 1987.
(7) Shell Oil/The Ralph M. Parsons Company - 1987.
(8) Alcan/Fluor Daniel - 1988.
(9) Union Carbide/Bechtel - 1988.
(10) DuPont/Day & Zimmerman - 1988.
(11) Great Northern Nekoosa/Rust International - 1988.
(12) Pillsbury/Fluor Daniel - 1989.
(13) Hoffman-LaRoche/Day & Zimmerman - 1989.
(14) Chevron/Bechtel - 1989.
(15) Bethlehem Steel/United Engineers & Constructors - 1989.
(16) Proctor & Gamble/M. W. Kellogg - 1989.
(17) Chevron/Besteel - 1990.
(18) DuPont/H. B. Zachry.

3. Situations in which partnering may be difficult to use
a) Where the parties intend to pay lip service only to the partnering effort.
b) Where individuals in key technical or management positions choose to resist intelligent discussion and fair decision making.
c) Where early commitments by the owner have made made good intercontract relationships difficult or impossible to maintain.
d) Where construction contracts are let as the documents are being released for field use.
e) Where several parties to the contract prefer to resolve disputes by contested claiming & binding resolution.
f) Where poor contract documents are made the basis of the partnering effort.

g) Where excessive, one sided conditions are placed on sub contractors by prime contractors.
h) Where unfair or obscure payment processing systems are specified and enforced.
i) Where risk has been poorly defined and unfairly allocated.

D. What are some of the ingredients of a successful partnering effort plan ?
1. Develop and maintain a strong desire to achieve project success for all.
2. Make intelligent commitments.
3. Avoid accepting or imposing unreasonable risk.
4. Work and act ethically, morally, and with integrity.
5. Work and act from a position of fairness rather than a position of power.
6. Suppress greed.
7. Try to establish an honest feeling of trust among participants.
8. Assign experience, competent people to responsible management positions.
9. Have empathy.
10. Prepare a good charter, a good partnership evaluation system, and a good issue resolution process.

E. Experiences and applications of the partnering concept.
1. 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.)
a) Giving directions to proceed without a timely change order.
b) Failing to establish clear chain of command.
c) General contractor covering general conditions costs by charging subs.
d) Lack of timely acceptance of work.
e) Lack of timely responses to
(1) RFI's.
(2) Approval of shop drawings.
(3) Site activity restrictions.
(4) Change orders.
(5) Value engineering.
(6) Acceptance of work.
f) Improper passing of general conditions responsibility to subs.
g) Lack of forum to evaluate and resolve open issues.
h) Slow submittal turn around.
i) Unreasonable punch lists.
j) Failure to recognize impact of changes on ongoing work.
k) Late submission of proposals.
l) Untimely submission of as-builts, operating & maintenance manuals, and training of user personnel.
m) Failure to maintain clean efficient, safe working conditions.
n) Do your own punchlists.
o) Pretest special systems - equipment start-up.
p) Untimely delivery of owner equipment.
q) Slow payment.
r) Design errors and omissions.
s) Resistance to solving problems perceived as *contractor problems.*
t) Changes issued in incomplete form (sketches & narrative).
u) Slow owner response to concurrent reviews & changes.
v) Pass through attitude by general contractor.
w) Bid shopping.

2. Recommendations to help resolve some of the problems we or others cause. (samples from an actual charter meeting.)
   a) Better communications.
   b) Less defensiveness/more openness.
   c) Fast dispute resolution.
   d) Don't take issues personally.
   e) Contractor review requests for information & submittals before processing.
   f) Be willing to propose/suggest solutions.
   g) Submittal schedule provided.
   h) Prioritization of submittals.
   i) Complete/thorough questions.
   j) Positive attitude.
   k) Recognition of owner's need to eventually occupy, operate and maintain facility/systems.
   l) Recognition of importance of paper work.
   m) Allowing necessary contract time for training.

F. Guidelines for the application and use of partnering concepts.
1. Determine the need for a partnering system.
2. Set goals and objectives to be gained from a partnering system.
3. Obtain management commitment for use of a partnering system.
4. Develop a partnering plan of action (the charter).
5. Obtain management commitment to a partnering plan.
6. Train and educate project participants in the partnering concept.
7. Create and implement an issue resolution system.
8. Create and implement a partnering review and evaluation process.
9. Charters - provided by courtesy of project management and staff as 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.
            i) a. Recognize the need for quality information
            ii) 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.
            i) a. Prompt resolution of conflicts at lowest possible level
            ii) b. Eliminate need for Contracting Officer decisions
            iii) c. Fair interpretation of ambiguities

iv) d. Be proactive (not reactive) in problem solving
v) e. Maintain objective attitude toward constructability and practicality
vi) f. Accept responsibility for your actions or inactions
vii) g. Have empathy in all matters
viii) h. Clearly describe changes to contract work

(d) 04. Limit cost growth.
i) a. Develop cost effective measures

(e) 05. Maintain clean, efficient, secure work site.
i) a. No lost time due to accidents
ii) b. Properly staff project
iii) c. Be a good neighbor

(f) 06. Seek to maintain good job morale and attitudes.
i) a. Promotion of partnering attitudes at all levels of contract administration
ii) b. Have fun
iii) c. Have pride in your product

(g) 07. Commit to quality control in all project related matters.
i) a. Do it right the first time
ii) b. Maintain proper work sequence
iii) c. Meet design intent
iv) 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
i) Clarify objectives and expectations of the submittal process.
ii) Minimize submittal and approval times.
iii) Provide accurate, prompt, clear, concise approvals.

(b) Payments
i) Make payments in accordance with the published flow chart process.

(c) Information processing & paperwork
i) Expedite all information and indicate desired response times .
ii) Maintain open lines of communication among Project Team members.
iii) Be available.
iv) Attempt to offer possible solutions to questions within a proper scope.
v) Provide clear responses to requests for information.

(d) Legal matters
i) No litigation.
ii) Settle disputes at originating level .

(e) Abatement
i) Establish, approve and publish a plan of abatement.
ii) Abate promptly.

(f) Planning and scheduling
  i) Provide, obtain, and use accurate activity information.
  ii) Clearly monitor the project against the plan and schedule.
  iii) Commit to, and fulfill man hour projections.
(g) Decision making
  i) A/E team to regularly inspect work and advise compliance.
  ii) Define and clearly communicate quality expectations.
  iii) Properly empower those at all decision making levels.
(h) Policies and procedures
  i) Prepare, review, approve and publish policies and procedures that will serve as guidelines to manage the project.
(i) Site layout and management
  i) Formulate and publish a trash removal & parking plan.
  ii) Properly establish and maintain bench marks and control lines.
(j) Processing revisions
  i) Provide written authorization prior to work proceeding.
  ii) Respond to requests for information, bulletins and change orders promptly.
  iii) Prepare, approve & publish a flow chart for processing revisions.
(k) Be a good partnering neighbor
  i) Commit to protecting your work and the work of others.
  ii) Show all participants due respect and acknowledgement.
  iii) Maintain proper work sequences.
(l) Total quality management (TQM)
  i) Prepare, approve, publish, and commit to a TQM program.

G. Alternative dispute resolution (ADR) systems and their application in construction.
1. What is ADR?
  a) In broadest terms, ADR is a method of resolving disputed design and construction claims outside the courtroom.
2. Why are disputes often not resolved promptly and fairly.
  a) Differences in goals and objectives of parties to the project
  b) Lack of clear understandings about the design and construction industry needs.
  c) Lack of value-added for outside interests through prompt and fair settlements.
  d) Excessive resort to legal based delays and road blocks to resolution.
  e) Excessive demands on resolution resources (courts, arbitrators, judges and other agencies involved).
  f) Greed.
3. The origin of the negotiated methods of dispute resolution.
  a) Informal negotiation *was* the delivery technique before excessive legal systems were imposed upon the industry. (or were accepted by us)
  b) Varies with the time.
    (1) In periods of exceptionally high economic activity money can be spent on expensive resolution methods to gamble on a high return on the investment.
    (2) In periods of low economic activity money must not be wasted on high risk, uncontrollable methods of expensive resolution.
  c) Today we cannot afford to spend our, nor our client's, money on high risk gambles. Therefore relatively low cost. non binding resolution processes have become popular.
  d) The acrimonious atmosphere surrounding binding resolution methods has proven demeaning, unpopular, negative, and harmful to how the professional can best do

business.

4. ADR guidelines for effective project use
   a) A basic ADR principle - The earlier in a construction project that the participants employ dispute resolution techniques, the more these techniques will contribute to project success.
   b) Even when problems turn into disputes, litigation should not be the initial method used to resolve them.
   c) Non-binding dispute resolution should be attempted before resorting to binding dispute resolution.
   d) Advance commitment to ADR methods, contributes to effectively and fairly solving problems as they arise.
   e) A cooperative project environment helps prevent disputes.
   f) Jobsite dispute resolution often helps dispose of problems as they arise & before they multiply.
   g) Dispute resolution proceedings should be conducted expertly, and effectively by experienced design and construction practitioners.
5. Some resolution methods available
   a) Non binding
      (1) *Prevention methods* - produces maximum harmony - usually least cost.
         (a) Intelligent and proper risk allocation
            i) Risk should be assigned to the parties that can best manage or control the risk, i.e.
               (1) The owner, where construction begins before construction documents are complete - the contractor, where full, well prepared, and checked construction documents are available.
               (2) The architect, if the owner has prepared a well conceived and clearly stated program - the owner, if the a/e is expected to assemble and write the program.
            ii) Attempts to shift risks to architects, engineers or contractors not able to absorb these risks is not cost-effective
               (1) Reduces competition
               (2) Increases costs due to greater contingency allowances.
               (3) Increases costs and reduces effectiveness because of the potential for increased numbers and intensity of design & construction project disputes.
         (b) Incentives for cooperation
            i) Incentives or bonus provisions
            ii) Disincentives or penalty provisions
         (c) Partnering
            i) Stresses good faith agreements
            ii) Emphasizes teamwork
            iii) Encourages good communications
      (2) *Internal negotiation methods* - parties involved conduct negotiations - requires consensus - relatively cost free.
         (a) Direct negotiations (often starts at UDM level)
         (b) Step negotiations (starts at dispute originating level)
      (3) *Informal external neutral methods* - preselected external neutral serves as a informal dispute-resolver - relatively low cost.
         (a) Architect/engineer rulings

i) May be respected even though not legally binding.
ii) Must be impartial

(b) Dispute resolution board
i) 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.
ii) Those selected should be from the design & construction industry.
iii) Must have no conflict of interest.
iv) Conduct investigations and hearings on disputes and publish prompt opinions re the dispute.

(c) Independent advisory opinion.
i) 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.

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

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

6. What is needed for success in resolving disputes?
a) A desire for a win - win resolution.
b) A desire for a fair resolution.
c) People in charge who want a resolution.
d) A dispute resolution technique that is acceptable to those involved.
e) Knowledge of how to arrive at a resolution system that can produce a decision.
f) An understanding of the belief that if you aren't entitled to it don't try to get it!

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December 22, 1993

Guidelines for the Application and Use of Partnering Concepts

I. Definitions

A. *Ethics*
The study of the general nature of morals and of the specific moral choices to be made by the individual in his relation with others.

B. *Goals*
The unquantified desires of an organization or individual expressed without time or other resources assigned.

C. *Leadership*
The process of persuasion or example by which an individual induces a group to pursue objectives held by the leader or shared by the leader and his or her followers.

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

E. *Moral*
Of or concerned with the judgment principles of right and wrong in relation to human action and character.

F. *Objectives*
Quantified targets derived from established goals. The most commonly used resources in converting goals to objectives are money, time, human abilities, human actions, equipment, and space.

G. *Sum zero*
A situation in which there is a winner and a loser. The loser often usually loses what the winner wins.

H. *System*
An assemblage or combination of things or parts forming a complex or unitary whole.

II. Determine the need for a partnering system.

A. Suggestions and ideas to help in deciding about the use of partnering.

1. Litigation *should not* be considered as an initial method used to resolve construction disputes.
2. Partnering is most effective when used early in the project.
3. Advance commitment to partnering methods helps solve problems at their source and as they arise.
4. Support for partnering must be gained at all project team levels, particularly at the senior management level in those organizations involved.
5. Non-binding dispute resolution methods should be considered before resorting to binding dispute resolution.
6. Job site dispute resolution helps dispose of problems before they multiply.
7. All partnering participants must take responsibility for their thoughts and actions.
8. All managers must provide leadership where they can, or where they are expected to lead.
9. Don't play sum zero games.
10. Understand and use ethical principles to gauge your behavior
11. Partnering assumes most people are honest, concerned, desirous of challenge, need attention, and welcome help in times of turmoil.

III. Set goals and objectives to be gained from a partnering system.

A. The goals of a partnering system should be broadly stated by the project mission defined during a charter meeting.

1. Typical mission statements - from actual charters

a) We seek to work together as a team producing valuable, accurate , high-quality hydrographic surveys at a fairly negotiated price.
b) We, the partners for construction of the Bonneville Navigation Lock, commit to trust, cooperation an excellence for the benefit of all stakeholders.
c) We, the Project Team commit to construct a quality facility, on time and within budget, maximizing safety, communications, & cooperation so that all participants can be proud and profitable in their accomplishments.
d) Our mission is to work together in a trustworthy and professional manner to produce a quality project completed within budget, safely, and on time.

B. The objectives of a partnering system should be specific, understandable, and possible.

1. Typical partnering goals and objectives at random - from actual charters (some paraphrased).

a) Address the problem not the person.
b) Construction employees should maintain professional relationship with the client's employees and the public.
c) Be a good construction neighborhood.
d) Build it right the first time.
e) Close out the job in a proper and timely manner.
f) Define and clearly communicate quality expectations.
g) Encourage value engineering.
h) Have fun.
i) Hold changes to a minimum.
j) Hold regular team progress meetings and prepare and publish minutes.
k) Limit cost growth to less than 5 %.
l) Make timely release of retainage.
m) Minimize paperwork.
n) Minimize submittal and approval times for shop drawings.
o) No litigation.
p) Pay promptly.
q) Plan, organize and publish site layout and organization.
r) Prepare and implement a partnering evaluation system.
s) Prepare and implement an effective alternative dispute resolution system.
t) Prepare and publish close out procedures for all trades
u) Prepare and publish organizational chain of command (with phone and fax numbers).
v) Prepare and publish program to regularly monitor and report on job quality.
w) Prepare and publish progress schedule and update regularly.
x) Prepare and publish standard procedures for payment, changes, questions and other documentation.
y) Prepare and submit complete and accurate submittals and shop drawings in a timely manner.
z) Prepare, approve, and commit to a total quality management program.
aa) Promptly resolve conflicts at the lowest possible level.

ab) Stress and encourage pride in good workmanship.
ac) Treat this project as if you were the owner.

IV. **Obtain management commitment for use of a partnering system.**
  A. **Top management commitment to non binding resolution of conflict issues is vital to partnering success.**
  B. **All levels of management and operations must be shown where value is added for them by use of the partnering process.**

V. **Develop a partnering plan of action (the charter).**
  A. **Tips for planning the partnering process.**
    1. **During the project programming period, encourage the owner, user, and design team to learn about, and consider, a partnering effort.**
    2. **During the construction proposal period, encourage prospective prime contractors, vendors and specialty contractors to learn about, and consider a partnering effort.**
    3. **Alert all parties that the project staff may, or will, be expected to be operate within a partnering system by which the facility is built.**
    4. **May be desirable to hold some early partnering orientation sessions to insure adequate understanding of partnering assumptions and requirements.**
    5. **Award contracts on the basis of well thought out partnering principles and guidelines.**
    6. **Gain and display the owner/user team support for the use of partnering to all involved.**
    7. **Adopt and display the design team support for the use of partnering to all involved.**
    8. **Inform and gain as much support for partnering from associations and other trade organizations as may influence the project implementation**
    9. **Continually review the partnering guidelines and assumptions for improvement.**
  B. **Tips for writing the basic partnering document - the charter.**
    1. **Staff assistance recommended - you may not have all of these people available, but somebody has to do the following if you are going to write the charter in a single day.**
      a) Someone to introduce the subject - these are the top managers of the project team organizations.
      b) Someone to chair the meeting - usually an outside neutral individual, a leader who is knowledgeable about the design and construction profession.
      c) Someone to help take notes during combined group discussions.
      d) Someone to help break out and reassemble groups.
      e) Someone to display flip charts and other material as needed.
      f) Someone to tend, as needed, to the break out groups.
      g) Someone to make and distribute copies.
    2. **Equipment recommended**
      a) Lap top or portable word processor & someone who knows how to use it.
        (1) The meeting chair may type notes and other material as the meeting proceeds.
      b) Copier near at hand - must be capable of quickly producing high quality copies of material prepared in the charter meeting.
      c) Flip charts - probably as many as 5 to 7 with felt pens of various colors available for each.
      d) Marker boards, markers, & erasers.
      e) Wall space for display of charts.
      f) Drafting tape - non paint destructive.
      g) Push pins.
      h) Transparent scotch tape.

i) Overhead transparency projector with spare bulb.
j) Large screen - 6′ x 6′ at least

3. **Select who is to be in charge of the initial organizing effort**
   a) Owner?
   b) User?
   c) Designer?
   d) Contractor?
   e) Neutral party?
   f) Other?
4. **Set the date, time and place of the charter meeting.**
   a) Make certain all key people can attend!
5. **Invite all involved in responsible project decision making and operations actions to the charter meeting.**
   a) Owner.
   b) Users.
   c) Financing sources.
   d) Planners.
   e) Architects.
   f) Engineers.
   g) Specialty designers.
   h) Prime contractors.
   i) Sub contractors.
   j) Key vendors.
   k) Key suppliers.
   l) Operators of the facility.
   m) Regulatory representatives - who among these benefits from a good project?
   n) Guests - who do you want to see you in action? Who might benefit from observing the session?
6. **Provide a briefing document to all expected to attend - to be sent over signature of senior management executive (of the owner, designer, or principal contractor).**
   a) State objectives of the meeting.
   b) Explain who is invited and expected to attend.
   c) Present an agenda - well thought out & well written.
7. **Conduct the partnering meeting & write the charter in one day.**

VI. **Award a memento of the day's work to all participants.**
   A. **Specially lettered celebration coffee cup.**
   B. **Baseball cap with event lettering.**
   C. **Calculation tablet in windproof folder lettered with the project name and the event.**
   D. **Special badges with partnering meeting lettering and a message.**
   E. **Certificate, specially lettered to celebrate the event.**
   F. **Lettered T shirts (may be expensive).**
   G. **Later, a special parchment copy of the signed charter.**
   H. **Other?**

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Negotiated dispute resolution and project success

I. Definitions
   A. *Binding resolution*
      A third party imposed solution to a contested claim in which the conditions are legally binding on the parties.
   B. *Litigation*
      The process of formal legal proceedings. Usually results in permanent or temporarily binding resolution.
   C. *Non binding resolution*
      A suggested solution to a contested claim or problem in which the conditions are not legally binding on the parties, but are an expert's recommendations for resolution.
   D. *Pro Forma*
      A financial model unusually built early in a construction program to show by projecting income and expenses, how the money flow to and from the project will occur. It is often used to establish the capital amount to be allocated to a project based on simulated operating conditions. The term pro forma means according to form.
   E. *Project*
      A set of work actions having identifiable objectives, and a beginning and an end.
   F. *Project Delivery System*
      A method of assembling, grouping, organizing & managing project resources so as to best achieve project goals & objectives.

II. Introduction
   A. Unresolved conflict and disputes often require that a neutral view be considered where positive change is desired.

III. What is alternative dispute resolution (ADR)?
   A. In broadest terms, ADR is a method of resolving disputed design and construction claims outside the courtroom.

IV. Origins of negotiated methods of dispute resolution.
   A. Informal negotiation was the delivery technique before excessive legal systems were imposed upon the industry (or were accepted by us)
   B. Varies with the time.
      1. In periods of exceptionally high economic activity, speculative money can be spent on expensive resolution methods to gamble for a high return on the investment.
      2. In periods of low economic activity money is usually not be spent on high risk, uncontrollable methods of expensive resolution, hoping for a favorable result.
   C. Today we cannot afford to spend our, nor our client's, money on high risk gambles. Therefore relatively low cost, non binding resolution processes have become popular.
   D. The long lasting acrimonious atmosphere surrounding binding resolution methods has proven demeaning, unpopular, negative, and harmful to the design and construction professional who wants to practice effectively.
   E. Temporary adversarial positions taken during short time alternative dispute resolution often helps heal business and professional wounds very rapidly,.

V. ADR guidelines for effective project use
   A. A basic ADR principle - The earlier in a construction project that the participants employ alternative dispute resolution techniques, the more these techniques will contribute to project success.

B. Even when problems turn into disputes, litigation should not be the initial method used to resolve them.
C. Non-binding dispute resolution should be attempted before resorting to binding dispute resolution.
D. Advance commitment to ADR methods, contributes to effectively and fairly solving problems as they arise.
E. A cooperative project environment helps prevent disputes.
F. Job site dispute resolution often helps dispose of problems as they arise & before they multiply.
G. Dispute resolution proceedings should be conducted expertly, and effectively by experienced *design and construction* practitioners.

VI. What is needed for success in resolving disputes?
A. A comprehensive, clearly written initial program statement that clearly defines measurement yardsticks for the entire project.
1. The character and needs of the proposed user operation.
2. The requirements of the user and owner
3. The nature of the environment to be planned, designed and built
4. The characteristics of the space that will satisfy the user and owner's needs and requirements.
5. A proforma analysis and project budget that properly accommodates three levels of user and owner needs.
a) 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 a no-go.
b) Want list
Those items that are wanted and might be possible to include 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.
c) 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.
(1) Note that affordable wish list items are best added, not deleted, as the project moves into construction.
6. An analysis and preliminary recommendation of the project delivery system best suited to the project.
B. A strong desire for a fair resolution, equitable for all involved.
C. People in charge who want a fair resolution.
D. A dispute resolution technique that is acceptable to those involved.
E. The knowledge of how to arrive at a resolution system that can produce a decision.
F. An understanding and agreement with the belief that *if you aren't entitled to it don't try to get it!*

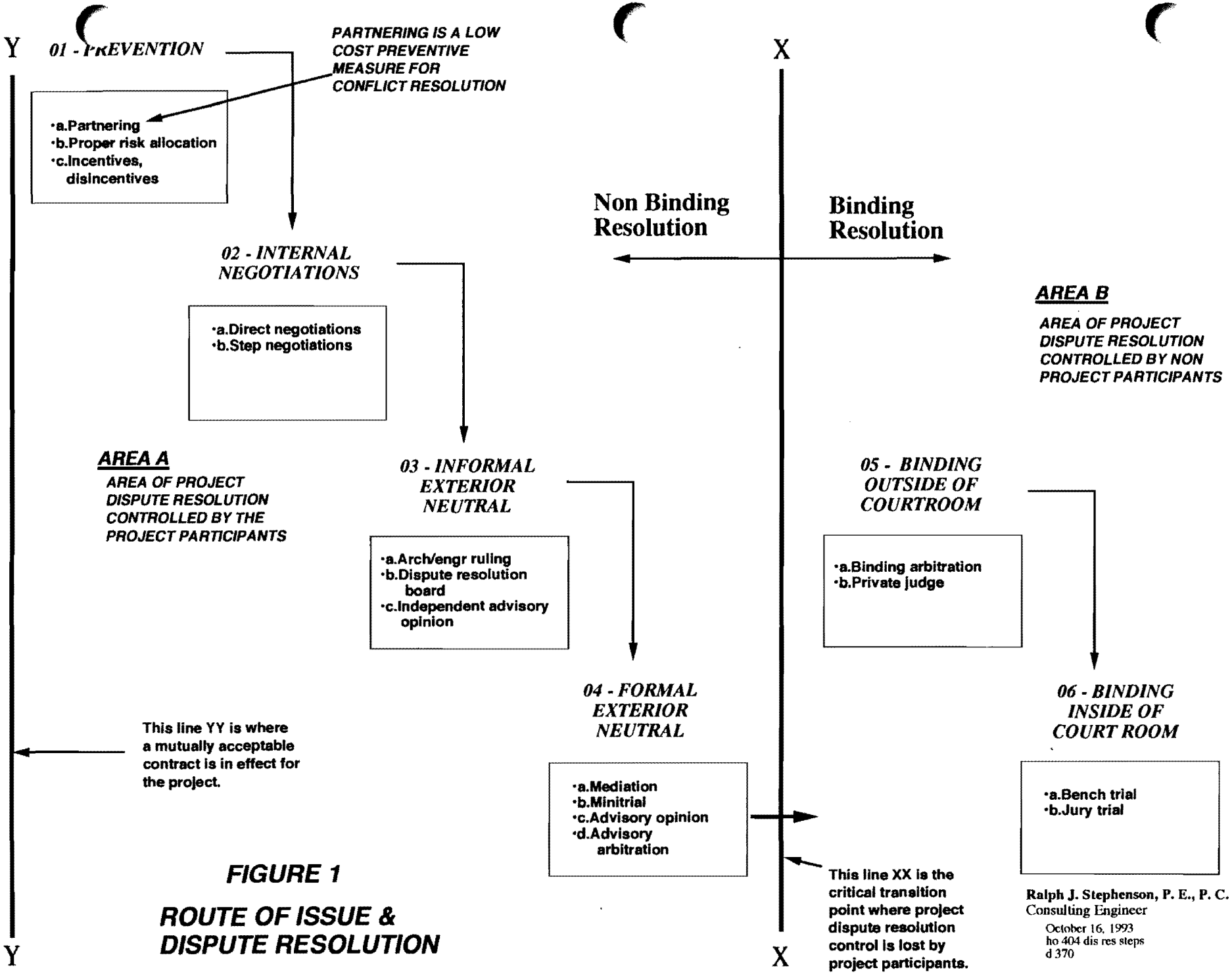

FIGURE 1

ROUTE OF ISSUE & DISPUTE RESOLUTION

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October 16, 1993
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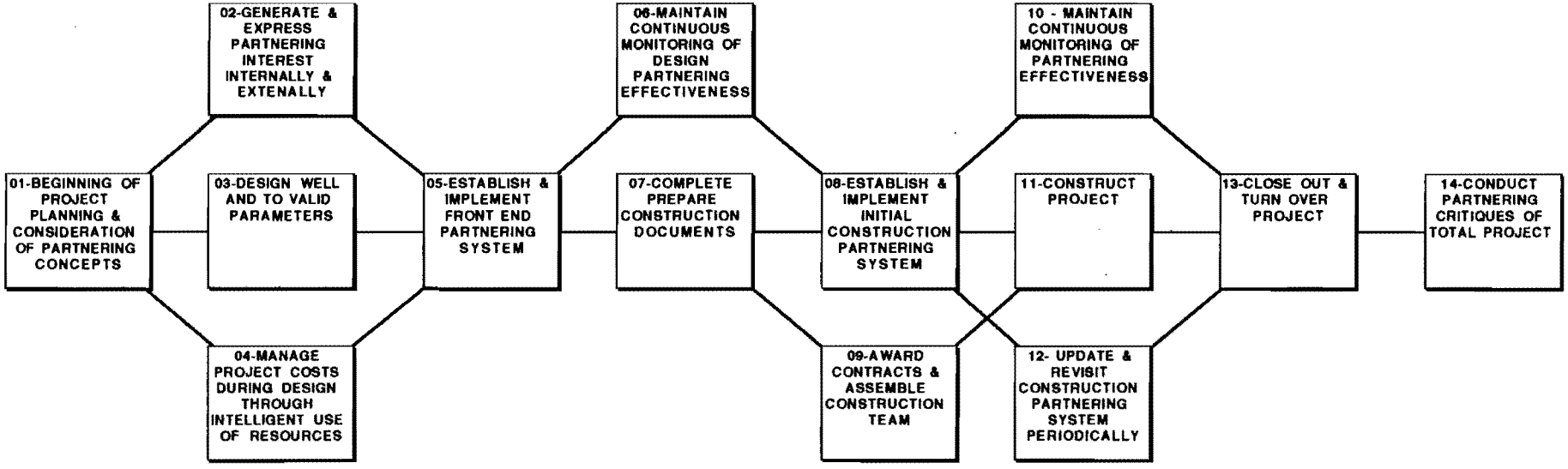

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partnering sequence

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Outline of Steps to be Taken in Planning and Implementing a Partnering System

I. Generate and express interest - from internal or external source.
II. Verbally brief those expressing interest on key points in the system.
III. Determine the ultimate decision maker in the system.
IV. Provide the ultimate decision maker (UDM) with a written description of the partnering system.
  A. Your understanding of the project, its characteristics, and its function.
  B. A definition of what is to be accomplished in the charter meeting.
  C. Definitions of key terms in partnering.
  D. Cost of the charter meeting and of maintaining the partnering system.
  E. A description of the follow up work after writing the charter.
V. In conjunction with the UDM select those who will attend the charter workshop - participants & observers.
VI. UDM give approval to proceed with the partnering meeting.
VII. Provide the UDM with suggested details of the charter meeting.
  A. Project name and brief description.
  B. Date of meeting.
  C. Location of meeting.
  D. Time of meeting.
  E. List of desired participants and visitors - prepared with UDM.
  F. Suggested letter to be sent to attendees.
  G. Agenda for meeting.
  H. Meeting room set up.
  I. Equipment needs.
  J. Award memento suggestions.
  K. Meeting follow up suggestions.
  L. List of key definitions.
VIII. Obtain formal approval to proceed with meeting.
IX. Prepare working notebook for meeting - should include at minimum
  A. Title page
  B. Agenda
  C. Key definitions
  D. Meeting outline and details
  E. Possible team groupings
  F. Route of dispute resolution
  G. Sample charters
  H. Sample issue resolution description.
  I. Sample partnering evaluation work sheet.
X. Conduct charter writing work shop analysis workshop.
XI. Write charter.
XII. Sign charter.
XIII. Award memento.
XIV. Have celebration session.
XV. Project task force prepare and implement issue resolution policy.
XVI. Project task force prepare and implement partnering evaluation system

XVII. **Reconvene and reconsider the partnering system at major milestone points in project.**
XVIII. **At the close of the project conduct a partnering critique of the systems characteristics.**